

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
July 26, 2021**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

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TO: Agenda – Commission Conference – July 26, 2021

FROM: PUBLIC STAFF – North Carolina Utilities Commission

C. COMMUNICATIONS

P1. FILING OF INTERCONNECTION AGREEMENT AND AMENDMENTS BY FRONTIER COMMUNICATIONS, VERIZON SOUTH, AND CENTURYLINK

EXPLANATION: The following interconnection agreement and amendments were filed for Commission approval between May 5, 2021, and June 1, 2021:

Frontier Communications of the Carolinas LLC

Docket No. P-1488, Sub 33 – Amendment filed on May 5, 2021, replaced by a filing on May 7, 2021, to an existing interconnection agreement with CenturyLink Communications, LLC (formerly Qwest Communications Company, LLC d/b/a CenturyLink QCC), approved on May 15, 2013. The amendment implements the changes mandated by the Federal Communications Commission (FCC) in two orders issued in WC Docket No. 18-141, specifically: FCC 19-66, released on July 12, 2019, and FCC 19-72, released on August 2, 2019 (collectively, the “FCC UNE and Resale Forbearance Order”).

Docket No. P-1488, Sub 2 – Amendment filed on June 1, 2021, to an existing interconnection agreement with Global Crossing Local Services, Inc., approved on January 25, 2011. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order.

Verizon South Inc. (Verizon South)

Docket No. P-19, Sub 524 – Amendment filed on May 6, 2021, to an existing interconnection agreement with PNG Telecommunications, Inc. (d/b/a PowerNet Global Communications), approved on August 8, 2008. The amendment implements changes mandated by the Federal Communications Commission (FCC) in FCC 20-152, released on October 28, 2020, in WC Docket No. 19-308 (the “FCC 2020 UNE Order”). The FCC 2020 UNE Order eliminates legacy unbundling of certain network elements, subject to certain conditions and multiyear transition periods, and resale rules where they stifle technology transitions and broadband deployment.

Docket No. P-19, Sub 409 – Amendment filed on May 6, 2021, to an existing interconnection agreement with Matrix Telecom, LLC (d/b/a Matrix Business Technologies), approved on August 22, 2001, when Matrix Telecom, LLC, operated as Z-Tel Telecommunications, Inc. The amendment implements the changes mandated by the FCC 2020 UNE Order.

Docket No. P-19, Sub 427 – Amendment filed on May 6, 2021, to an existing interconnection agreement with Matrix Telecom, LLC (d/b/a Vartec Telecom),

formerly Vartec Telecom, Inc., which the Commission approved on January 25, 2002. The amendment implements the changes mandated by the FCC 2020 UNE Order.

Docket No. P-19, Sub 437 – Amendment filed on May 6, 2021, to an existing interconnection agreement with Matrix Telecom, LLC (d/b/a Excel Telecommunications), formerly Excel Telecommunications, Inc., which the Commission approved on June 27, 2002. The amendment implements the changes mandated by the FCC 2020 UNE Order.

Docket No. P-19, Sub 503 – Amendment filed on May 24, 2021, to an existing interconnection agreement with Time Warner Cable Information Services (North Carolina), LLC, approved on January 10, 2001. The amendment implements the changes mandated by the FCC 2020 UNE Order.

Docket No. P-19, Sub 511 – Amendment filed on May 28, 2021, to an existing interconnection agreement with DukeNet Communications, LLC, approved on September 22, 2006. The amendment implements the changes mandated by the FCC 2020 UNE Order.

Mebtel, Inc. d/b/a CenturyLink

Docket No. P-35, Sub 152 – Agreement with Frontier Communications of America, Inc., filed on May 13, 2021, subsequently replaced by the agreement filed on July 1, 2021, to provide a corrected Table 1.

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 has reviewed the filings and recommends Commission approval.

RECOMMENDATION: (Proffitt/Coxton) That orders be issued approving the agreement and amendments effective on the date they were filed. The Public Staff has provided proposed orders to the Commission Staff.

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D. ELECTRIC

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

EXPLANATION: The following application is for an amended certificate of public convenience and necessity for construction of a solar photovoltaic (PV) electric generating facility, pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Duke Energy Carolinas:

- Docket No. SP-19877, Sub 0 – Application of Healing Springs Solar, LLC, for an amended certificate of public convenience and necessity to construct a 55-MW solar PV generating facility in Davidson County, North Carolina. An amendment is requested because land has been added to the facility. (no registration statement)

The Public Staff has reviewed the application and determined that it complies with the requirements of N.C.G.S. § 62-110.1 and Commission Rule R8-64.

The original CPCN was issued on March 9, 2020, and expires five years thereafter if construction has not begun unless it is revoked, pursuant to Commission Rule R8-64(d)(1), or renewed, pursuant to Commission Rule R8-64(d)(2). The requested amendment will not extend, or otherwise alter, the term of the CPCN.

RECOMMENDATION: (Lawrence) That the Commission issue an order approving the application and issuing the requested amended certificate for the facility. A proposed order has been provided to the Commission Staff.

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E. WATER

P1. DOCKET NO. W-354, Sub 384 – APPLICATION OF CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA, FOR A GENERAL INCREASE IN RATES AND CHARGES

EXPLANATION: On July 2, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC) filed an application with the Commission seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in North Carolina. CWSNC serves approximately 34,229 water customers and 20,995 sewer customers in 38 counties throughout the State of North Carolina.

CWSNC's uniform water and sewer rates, and Bradfield Farms/Fairfield Harbour/Treasure Cove water and sewer rates have been in effect since March 31, 2020, pursuant to the Commission's Order in Docket No. W-354, Sub 364.

The Public Staff recommends that an order be issued establishing a general rate case and suspending rates. A proposed order scheduling public hearings and requiring customer notice will be brought before the Commission at a later date.

EXHIBIT: A proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Darden/Feasel/Little) That the Commission issue the proposed order establishing a general rate case and suspending rates.

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P2. DOCKET NO. W-1021, SUB 17 – WATERCREST ESTATES – REQUEST FOR TARIFF REVISION

EXPLANATION: On June 30, 2021, Watercrest Estates (Watercrest) filed a verified petition with the Commission requesting authority to amend its tariff for the purpose of passing along to its customers in Watercrest Estates Mobile Home Park in Iredell County, North Carolina, the increases in costs of purchasing water and sewer services from the City of Statesville (City).

Effective July 1, 2021, the City increased its rates to Watercrest from \$8.26 per 1,000 gallons to \$9.92 per 1,000 gallons for water usage and from \$13.77 per 1,000 gallons to \$16.52 per 1,000 gallons for sewer usage. The City increased the base charge from \$20.91 to \$25.09 for water service and from \$31.33 to \$37.60 for sewer service.

Watercrest's current rates have been in effect since July 13, 2020, when they were approved by the Commission in its Order Approving Tariff Revision and Requiring Customer Notice issued in Docket No. W-1021, Sub 16.

The Public Staff has reviewed Watercrest's request and recommends that Watercrest be allowed to increase its rates as shown below:

<u>Metered Water Rates:</u>	<u>Present</u>	<u>Recommended</u>
Base Charge, zero usage	\$ 3.47	\$ 3.52
Usage Charge, per 1,000 gallons	\$ 8.88	\$10.54
 <u>Metered Sewer Rates:</u>		
Base Charge, zero usage	\$ 3.40	\$ 3.86
Usage Charge, per 1,000 gallons	\$14.62	\$17.37

Under the new rates, the average residential customer's monthly water and sewer bill will increase by \$12.86, from \$72.67 to \$85.53 based upon 2,800 gallons usage. Watercrest agrees with the Public Staff's recommendation.

EXHIBIT: A proposed order is attached as [Exhibit No. P-2](#).

RECOMMENDATION: (Franklin/Magarira) That the Commission issue the proposed order approving the tariff revision at the rates recommended by the Public Staff.

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P3. DOCKET NO. W-1300, SUB 60 – OLD NORTH STATE WATER COMPANY, LLC
– APPLICATION FOR RATE INCREASE

EXPLANATION: On June 29, 2021, Old North State Water Company, LLC (ONSWC), filed an application with the Commission seeking authority to adjust and increase its rates for providing water utility service in all of its service areas in North Carolina. ONSWC serves approximately 1,576 water customers in eight counties in the state. This is the first time ONSWC has come before the Commission requesting an adjustment and increase in its rates.

ONSWC was first granted a certificate of public convenience and necessity to provide water utility service in Leone Landing Subdivision by Commission order issued on July 21, 2014 in Docket No. W-1300, Sub 4. Since that time, ONSWC has acquired 36 water systems and been approved to charge rates that vary by system. In its application, ONSWC requests uniform rates for all its water service areas in North Carolina.

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

EXHIBIT: A proposed order is attached as [Exhibit No. P-3](#).

RECOMMENDATION: (Junis/Morgan/Coxton) That the Commission issue the proposed order establishing a general rate case and suspending rates.

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P4. DOCKET NO. W-1328, SUB 7 – RED BIRD UTILITY OPERATING COMPANY, LLC – ORDER REQUIRING CUSTOMER NOTICE

EXPLANATION: On November 5, 2020, Red Bird Utility Operating Company, LLC (Red Bird), filed with the North Carolina Utilities Commission (Commission) an Application for a Certificate of Public Convenience and Necessity and for Approval of Rates (Application) to provide wastewater utility service to the Ocean Terrace, Pine Knoll Townes I, Pine Knoll Townes II, and Pine Knoll Townes III townhome communities in Carteret County, North Carolina. Red Bird filed with the Commission supplemental and additional materials in support of its Application on February 19, February 22, and May 13, 2021.

Each of Ocean Terrace, and Pine Knoll Townes I, II, and III has a separate wastewater utility system owned by its homeowner's association. The Ocean Terrace wastewater utility system serves 32 residences and the Pine Knoll Townes I, II, and III wastewater utility systems serve 46 residences each, for a combined total of 170 residences. Presently, these wastewater systems are exempt from Commission regulation. The homeowner's associations for each of these properties voted to sell their respective wastewater utility systems to Red Bird. Red Bird plans to purchase the four wastewater utility systems and to bill the Ocean Terrace and Pine Knoll Townes I, II, and III homeowner's associations for the cost of wastewater utility service.

Ocean Terrace had an activated sludge treatment plant that was significantly damaged by a fire in 2020 and is no longer operable. Pine Knoll Townes II has an activated sludge treatment plant. Pine Knoll Townes I and III have simple septic systems that discharge to subsurface drain fields.

Upon acquisition of the four systems, Red Bird plans to make capital improvements including installation of a centralized wastewater treatment plant (WWTP) located at the existing Ocean Terrace treatment facility, which would require approval by the North Carolina Department of Health and Human Services and Carteret County. This new WWTP would receive raw wastewater from Ocean Terrace and all three Pine Knoll Townes collection systems. Once treated, Red Bird intends to evenly distribute the effluent to each of the four existing subsurface drainage systems. This would eliminate the current need for pumping and hauling at Ocean Terrace and the treatment facility at Pine Knoll Townes II and would provide improved wastewater treatment at Pine Knoll Townes I and III. Red Bird estimates the costs of these upgrades to the wastewater system to be approximately \$1,141,000. Based on these estimated costs, the approximate annual revenue requirement associated with the planned capital improvements is \$145,528, which equates to \$71.34 per month per residence for 25 years.

Ocean Terrace currently has a contract with a vendor to pump and haul wastewater at a cost of \$1,600 per month, which equates to \$50 per residence. Pine Knoll Townes II contracts with a different vendor to operate, monitor and maintain their wastewater treatment plant at a cost of approximately \$1,800 per month, which equates to approximately \$39 per month per residence. The monthly wastewater charges for Ocean Terrace and Pine Knoll Townes II do not include the costs of any repairs. Pine Knoll Townes I and III are simple septic systems and do not currently incur routine expenses for wastewater system operation.

In its Application, Red Bird proposes charging monthly flat rates of \$60 per residence, or a total of \$1,920, to the Ocean Terrace homeowner's association, \$40 per residence, or a total of \$1,840 to the Pine Knoll Townes II homeowner's association, and \$20 per residence, or a total of \$920 to each of the Pine Knoll Townes I and III homeowner's associations. Based on the above, upon acquisition, the initial wastewater utility services rates proposed by Red Bird are as shown in the below table.

Red Bird states that a monthly wastewater flat rate increase to \$92.46 per residence is assumed to be implemented approximately 14 months post-acquisition subject to Commission approval.

Subject to Commission approval, the present rates and the effect of increased rates proposed by Red Bird are as follows:

Current and Projected Monthly Wastewater Flat Rate for Each Homeowner's Association as Proposed by Red Bird

<u>Timeframe</u>	<u>Ocean Terrace</u>	<u>PKT¹ I</u>	<u>PKT II</u>	<u>PKT III</u>
Present	\$1,600	\$ 0	\$1,800	\$ 0
Year 1	\$1,920	\$ 920	\$1,840	\$ 920
Year 2 ²	\$2,786	\$3,698	\$3,851	\$3,698
Years 3 through 5	\$2,959	\$4,253	\$4,253	\$4,253

The Public Staff – North Carolina Utilities Commission (Public Staff) recommends that the matter be decided without a public hearing if no significant protests are received subsequent to customer notice.

EXHIBIT: A proposed order is attached as [Exhibit No. P-4](#).

RECOMMENDATION: (Franklin/Morgan/Jost) That the Commission issue the proposed order requiring customer notice as recommended by the Public Staff.

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¹ PKT I refers to Pine Knoll Townes I, PKT II to Pine Knoll Townes II, etc.

² Red Bird has indicated it intends to request approval of a rate increase approximately 14 months post-acquisition. Values are based on 2 months at Year 1 rates and 10 months at the higher proposed rate of \$92.46 per residence.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 384

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
 Application of Carolina Water Service, Inc. of)
 North Carolina, 4944 Parkway Plaza) ORDER ESTABLISHING
 Boulevard, Suite 375, Charlotte, North) GENERAL RATE CASE AND
 Carolina 28217 for Authority to Adjust and) SUSPENDING RATES
 Increase Rates for Water and Sewer Utility)
 Service in All Service Areas in North Carolina)

BY THE COMMISSION: On July 2, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC) filed an application with the Commission seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in North Carolina. CWSNC serves approximately 34,229 water customers and 20,995 sewer customers in 38 counties throughout the State of North Carolina.

CWSNC's uniform water and sewer rates, and Bradfield Farms/Fairfield Harbour/Treasure Cove water and sewer rates have been in effect since March 31, 2020, pursuant to the Commission's Order in Docket No. W-354, Sub 364.

The Commission is of the opinion that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to N.C. Gen Stat. § 62-137.
2. That the proposed new rates are suspended for up to 270 days pursuant to N.C.G.S. § 62-134.
3. That the test year period is established as the 12-month period ending March 31, 2021.
4. That an order scheduling hearings and requiring customer notice shall be issued by the Commission at a later date.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1021, SUB 17

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Watercrest Estates, Post Office)
Box 68, Barium Springs, North Carolina 28010,)
for Authority to Amend Its Tariff to Increase)
Rates for Water and Sewer Utility Service for)
the Increased Cost of Purchased Water and)
Sewer from the City of Statesville in Watercrest)
Estates Mobile Home Park in Iredell County,)
North Carolina)
	ORDER APPROVING
	TARIFF REVISION
	AND REQUIRING
	CUSTOMER NOTICE

BY THE COMMISSION: On June 30, 2021, Watercrest Estates (Watercrest or Applicant), filed a verified petition with the Commission pursuant to N.C. Gen. Stat. § 62-133.11 requesting authority to amend its tariff for the purpose of passing along to its customers in Watercrest Estates Mobile Home Park in Iredell County, North Carolina, the increases in costs of purchasing water and sewer services from the City of Statesville (City).

Effective July 1, 2021, the City increased its rates to Watercrest from \$8.26 per 1,000 gallons to \$9.92 per 1,000 gallons for water usage and from \$13.77 per 1,000 gallons to \$16.52 per 1,000 gallons for sewer usage. The City increased the base charge from \$20.91 to \$25.09 for water service and from \$31.33 to \$37.60 for sewer service.

Watercrest's current rates have been in effect since July 13, 2020, when they were approved by the Commission in its Order Approving Tariff Revision and Requiring Customer Notice issued in Docket No. W-1021, Sub 16.

On July 26, 2021, the Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference. The Public Staff stated that it had reviewed Watercrest's request and recommends that Watercrest be allowed to increase its rates as shown below:

<u>Metered Water Rates:</u>	<u>Present</u>	<u>Recommended</u>
Base Charge, zero usage	\$ 3.47	\$ 3.52
Usage Charge, per 1,000 gallons	\$ 8.88	\$10.54

<u>Metered Sewer Rates:</u>		
Base Charge, zero usage	\$ 3.40	\$ 3.86
Usage Charge, per 1,000 gallons	\$14.62	\$17.37

Under the new rates, the average residential customer's monthly water and sewer bill will increase by \$12.86, from \$72.67 to \$85.53 based upon 2,800 gallons usage. The Public Staff stated that Watercrest has agreed with the Public Staff's recommendation.

Based upon the foregoing, and the recommendation of the Public Staff, the Commission finds that Watercrest should be allowed to pass through the costs associated with the increased purchased water and sewer expense.

IT IS, THEREFORE, ORDERED as follows:

1. That Watercrest Estates is granted a tariff revision as set forth herein.
2. That the Schedule of Rates, attached hereto as Appendix A, is approved and is deemed filed with the Commission pursuant to N.C.G.S. § 62-138. This Schedule of Rates shall become effective for service rendered on and after the date of this Order.
3. That a copy of this Order, including Appendix A, shall be mailed with sufficient postage or hand delivered by the Applicant to all its customers in Watercrest Estates Mobile Home Park contemporaneously with the next billing of customers; and that the Applicant shall submit the attached Certificate of Service, properly signed and notarized, no later than 10 days after the date of the next billing of customers.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

SCHEDULE OF RATES

for

WATERCREST ESTATES

for providing water and sewer utility service in

WATERCREST ESTATES MOBILE HOME PARK

Iredell County, North Carolina

Metered Water Rates:

Base Charge, zero usage	\$ 3.52
Usage Charge, per 1,000 gallons	\$10.54

Metered Sewer Rates:

Base Charge, zero usage	\$ 3.86
Usage Charge, per 1,000 gallons	\$17.37

Reconnection Charge:

If water service cut off by utility for good cause:	\$ 4.80
If sewer service cut off by utility for good cause:	\$ 4.70

Returned Check Charge: \$14.40

Bills Due: On billing date

Bills Past Due: 20 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charges for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1021, Sub 17 on this the _____ day of July, 2021.

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the Order issued by the North Carolina Utilities Commission in Docket No. W-1021, Sub 17, and such Order was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2021.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required copy of the Commission Order was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-1021, Sub 17.

Witness my hand and notarial seal, this the ____ day of _____, 2021.

Notary Public

Printed Name

(SEAL) My Commission Expires: _____
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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1300, SUB 60

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
 Application by Old North State Water Company, LLC, 3212 6th Avenue South, Suite 200, Birmingham, Alabama 35222, for Authority to Adjust and Increase Rates for Water Utility Service in All Its Service Areas in North Carolina)
) ORDER ESTABLISHING
) GENERAL RATE CASE AND
) SUSPENDING RATES
)
)

BY THE COMMISSION: On June 29, 2021, Old North State Water Company, LLC (ONSWC), filed an application with the Commission seeking authority to adjust and increase its rates for providing water utility service in all of its service areas in North Carolina. ONSWC serves approximately 1,576 water customers in eight counties in the state. This is the first time ONSWC has come before the Commission requesting an adjustment and increase in its rates.

ONSWC was first granted a certificate of public convenience and necessity to provide water utility service in Leone Landing Subdivision by Commission order issued on July 21, 2014 in Docket No. W-1300, Sub 4. Since that time, ONSWC has acquired 36 water systems and been approved to charge rates that vary by system. In its application, ONSWC requests uniform rates for all its water service areas in North Carolina.

The Commission finds that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to N.C. Gen. Stat. § 62-137;
2. That the proposed new rates are hereby suspended for up to 270 days pursuant to N.C.G.S. § 62-134;
3. That the test year period is established as the 12-month period ending December 31, 2020; and

4. That the Commission shall issue an order establishing discovery guidelines, scheduling hearings, and requiring customer notice at a later date.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1328, SUB 7

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Red Bird Utility Operating)
Company, LLC, 1650 Des Peres Road, Suite)
303, St. Louis, Missouri 63131, for a Certificate)
of Public Convenience and Necessity to)
Provide Wastewater Utility Service in the)
Ocean Terrace and Pine Knoll Townes I, II and)
III Service Areas in Carteret County, North)
Carolina, and for Approval of Rates)
	ORDER REQUIRING
	CUSTOMER NOTICE

BY THE COMMISSION: On November 5, 2020, Red Bird Utility Operating Company, LLC (Red Bird), filed with the North Carolina Utilities Commission (Commission) an Application for a Certificate of Public Convenience and Necessity and for Approval of Rates (Application) to provide wastewater utility service to the Ocean Terrace, Pine Knoll Townes I, Pine Knoll Townes II, and Pine Knoll Townes III townhome communities in Carteret County, North Carolina. Red Bird filed with the Commission supplemental and additional materials in support of its Application on February 19, February 22, and May 13, 2021.

Each of Ocean Terrace, and Pine Knoll Townes I, II, and III has a separate wastewater utility system owned by its homeowner’s association. The Ocean Terrace wastewater utility system serves 32 residences and the Pine Knoll Townes I, II, and III wastewater utility systems serve 46 residences each, for a combined total of 170 residences. Presently, these wastewater systems are exempt from Commission regulation. The homeowner’s association for each of these properties voted to sell their respective wastewater systems to Red Bird. Red Bird plans to purchase the four wastewater utility systems and to bill the Ocean Terrace and Pine Knoll Townes I, II, and III homeowner’s associations for the cost of wastewater utility service.

Ocean Terrace had an activated sludge treatment plant that was significantly damaged by a fire in 2020 and is no longer operable. Pine Knoll Townes II has an activated sludge treatment plant. Pine Knoll Townes I and III have simple septic systems that discharge to subsurface drain fields.

Upon acquisition of the four systems, Red Bird plans to make capital improvements including installation of a centralized wastewater treatment plant (WWTP). The proposed WWTP would consist of two passive membrane aerated biofilm reactor treatment units at the location of the existing Ocean Terrace treatment facility and would require approval by the North Carolina Department of Health and Human Services and Carteret County. This new WWTP would receive raw wastewater from Ocean Terrace and all three Pine Knoll Townes collection systems. Once treated, Red Bird intends to evenly distribute the effluent to each of the four existing subsurface drainage systems. This would eliminate the current need for pumping and hauling at Ocean Terrace and the treatment facility at Pine Knoll Townes II and would provide improved wastewater treatment at Pine Knoll Townes I and III. Red Bird estimates the costs of these upgrades to the wastewater system to be approximately \$1,141,000. Based on these estimated costs, the approximate annual revenue requirement associated with the planned capital improvements is \$145,528, which equates to \$71.34 per month per residence for 25 years.

Ocean Terrace currently has a contract with a vendor to pump and haul wastewater at a cost of \$1,600 per month, which equates to \$50 per residence. Pine Knoll Townes II contracts with a different vendor to operate, monitor and maintain their wastewater treatment plant at a cost of approximately \$1,800 per month, which equates to approximately \$39 per month per residence. The monthly wastewater charges for Ocean Terrace and Pine Knoll Townes II do not include the costs of any repairs. Pine Knoll Townes I and III are simple septic systems and do not currently incur routine expenses for wastewater system operation.

In its Application, Red Bird proposes charging monthly flat rates of \$60 per residence, or a total of \$1,920, to the Ocean Terrace homeowner's association, \$40 per residence, or a total of \$1,840 to the Pine Knoll Townes II homeowner's association, and \$20 per residence, or a total of \$920 to each of the Pine Knoll Townes I and III homeowner's associations. Based on the above, upon acquisition, the initial wastewater utility services rates proposed by Red Bird are as shown in the below table.

<u>Homeowner's Association (HOA)</u>	<u>Monthly Rate Per Residence</u>	X	<u>Number of Residences</u>	=	<u>Monthly Rate Per HOA</u>
Ocean Terrace	\$60		32		\$1,920
Pine Knoll Townes I	\$20		46		\$ 920
Pine Knoll Townes II	\$40		46		\$1,840
Pine Knoll Townes III	\$20		46		\$ 920

Non-confidential Attachment E.1 to the Application states that a monthly wastewater flat rate increase to \$92.46 per residence is assumed to be implemented approximately 14 months post-acquisition subject to Commission approval.¹ If this assumed rate were approved by the Commission in the timeframe proposed by Red Bird, the monthly rate charged to each homeowner's association for wastewater utility service would be as follows:

<u>Homeowner's Association (HOA)</u>	<u>Monthly Rate Per Residence</u>	X	<u>Number of Residences</u>	=	<u>Monthly Rate Per HOA</u>
Ocean Terrace	\$92.46		32		\$2,959
Pine Knoll Townes I	\$92.46		46		\$4,253
Pine Knoll Townes II	\$92.46		46		\$4,253
Pine Knoll Townes III	\$92.46		46		\$4,253

Subject to Commission approval, the present rates and the effect of increased rates proposed by Red Bird are as follows:

Current and Projected Monthly Wastewater Flat Rate for Each Homeowner's Association as Proposed by Red Bird

<u>Timeframe</u>	<u>Ocean Terrace</u>	<u>PKT² I</u>	<u>PKT II</u>	<u>PKT III</u>
Present	\$1,600	\$ 0	\$1,800	\$ 0
Year 1	\$1,920	\$ 920	\$1,840	\$ 920
Year 2 ³	\$2,786	\$3,698	\$3,851	\$3,698
Years 3 through 5	\$2,959	\$4,253	\$4,253	\$4,253

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Staff Conference on July 26, 2021. The Public Staff recommended that the matter be decided without a public hearing if no significant protests are received subsequent to customer notice.

Based upon the foregoing, and the recommendation of the Public Staff, the Commission is of the opinion that the matter may be decided without public hearing if no significant protests are received on or before August 27, 2021.

¹ Any future changes in rates proposed by Red Bird would require filing a general rate case pursuant to N.C. Gen. Stat. § 62-134. Future rates are subject to change and could be less or more than \$92.46 per residence.

² PKT I refers to Pine Knoll Townes I, PKT II to Pine Knoll Townes II, etc.

³ Red Bird has indicated it intends to request approval of a rate increase approximately 14 months post-acquisition. Values are based on 2 months at Year 1 rates and 10 months at the higher proposed rate of \$92.46 per residence. Although Red Bird plans to request a rate increase, no increase can be implemented until approved by the North Carolina Utilities Commission.

IT IS, THEREFORE, ORDERED that the Notice to Customers, attached hereto as Appendix A, shall be mailed with sufficient postage or hand delivered by Red Bird to the four respective homeowner's associations no later than 3 days after the date of this Order, and that Red Bird shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than 7 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-1328, SUB 7
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that Red Bird Utility Operating Company, LLC (Red Bird), 1650 Des Peres Road, Suite 303, St. Louis, Missouri 63131, filed an Application with the North Carolina Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity and for Approval of Rates (Application) to provide wastewater utility service to the Ocean Terrace, Pine Knoll Townes I, Pine Knoll Townes II and Pine Knoll Townes III townhome communities, in Carteret County, North Carolina. Presently, these wastewater systems are exempt from Commission regulation.

Upon acquisition of the four wastewater utility systems, Red Bird plans to make capital improvements and install a new centralized wastewater treatment plant (WWTP) at a cost of approximately \$1,141,000 that will serve Ocean Terrace and Pine Knoll Townes I, II, and III. When Red Bird files a general rate case, Red Bird intends to include its investment for the new WWTP in rate base, which would allow Red Bird to recover in rates the reasonable depreciation expense and allow Red Bird the opportunity to earn a return approved by the Commission on its investment.

EFFECT OF RATES:

In its Application, Red Bird proposes charging monthly flat rates of \$60 per residence, or a total of \$1,920, to the Ocean Terrace homeowner's association, \$40 per residence, or a total of \$1,840, to the Pine Knoll Townes II homeowner's association, and \$20 per residence, or a total of \$920 each, to the Pine Knoll Townes I and III homeowner's associations.

Red Bird states that a monthly wastewater flat rate increase to \$92.46 per residence is assumed to be implemented approximately 14 months post-acquisition subject to Commission approval.¹

Subject to Commission approval, the present rates and the effect of increased rates proposed by Red Bird are as follows:

¹ Any future changes in rates proposed by Red Bird would require filing a general rate case pursuant to N.C. Gen. Stat. § 62-134. Future rates are subject to change and could be less or more than \$92.46 per residence

Current and Projected Monthly Wastewater Flat Rate for Each Homeowner’s Association as Proposed by Red Bird

<u>Timeframe</u>	<u>Ocean Terrace</u>	<u>PKT² I</u>	<u>PKT II</u>	<u>PKT III</u>
Present	\$1,600	\$ 0	\$1,800	\$ 0
Year 1	\$1,920	\$ 920	\$1,840	\$ 920
Year 2 ³	\$2,786	\$3,698	\$3,851	\$3,698
Years 3 through 5	\$2,959	\$4,253	\$4,253	\$4,253

PROCEDURE FOR PUBLIC HEARING:

At this time, no hearing has been scheduled. *The Commission may decide this matter without a public hearing if no significant protests are received from customers on or before August 27, 2021.*

Correspondence concerning the application for certificate, proposed rate increase, service problems, or any public hearing should be directed to the Public Staff – North Carolina Utilities Commission (Public Staff).

The Public Staff is authorized by statute to represent the consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the subdivision, contact information, and any information the writer wishes to be considered by the Public Staff in its investigation of the matter. These statements should be addressed to Mr. Christopher J. Ayers, Executive Director – Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300. Written statements can also be faxed to (919) 715-6704 or e-mailed to statements@ncuc.net.

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General of North Carolina, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

Written statements are not evidence unless those persons submitting the statements appear at a public hearing and testify concerning the information contained in their written statements.

² PKT I refers to Pine Knoll Townes I, PKT II to Pine Knoll Townes II, etc.

³ Red Bird has indicated it intends to request approval of a rate increase approximately 14 months post-acquisition. Values are based on 2 months at Year 1 rates and 10 months at the higher proposed rate of \$92.46 per residence. Although Red Bird plans to request a rate increase, no increase can be implemented until approved by the North Carolina Utilities Commission.

EXHIBIT NO. P-4
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APPENDIX A
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Persons desiring to intervene in this matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5 and R1-19, *on or before Friday, August 27, 2021*. Any such petition should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Information regarding this proceeding can also be accessed from the Commission's website at www.ncuc.net under the Docket Number W-1328, Sub 7.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to each of the four respective homeowner’s associations copies of the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-1328, Sub 7, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____ 2021.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to each of the four homeowner’s associations, as required by the Commission Order dated _____ in Docket No. W-1328, Sub 7.

Witness my hand and notarial seal, this the ____ day of _____ 2021.

Notary Public

[Back to Agenda](#)

Address

(SEAL) My Commission Expires: _____
Date