

B. On November 18, 2021, the Commission issued an order scheduling hearings, establishing discovery guidelines, and requiring public notice requiring, among other things, that the application is scheduled for an expert witness hearing beginning at 10:00 am on Tuesday, April 5, 2022, and continuing as necessary until conclusion. The Commission attached as Appendix A to its Scheduling Order a Notice to Customers stating that a public witness hearing had not yet been scheduled and that the Commission may decide the matter without a public witness hearing if no significant protests are received within 45 days of the date of the notice.

C. On November 30, 2021, Sandler filed a certificate of service stating that the Notice to Customers was mailed or hand delivered to all effected customers by the date specified in the Scheduling Order, on November 24, 2021.

D. In the meantime, the Parties have engaged in substantial discovery. Hearings to receive the testimony of the Eagle Creek customers took place on February 2, 2022.

E. On February 4, 2022, Currituck filed the direct testimony of Michael J. Myers, Secretary of Currituck, and Sandler filed the direct testimony of Brittney Willis, Senior Project Manager, L. M. Sandler & Sons.

F. On March 2, 2022, the Public Staff filed the direct testimony and exhibits of Iris Morgan, Financial Analyst in the Water Section of the Public Staff Accounting Division, D. Michael Franklin, Public Utilities Engineer with the Water, Sewer, and Telephone Division of the Public Staff, and Phat H. Tran, Financial

Analyst in the Economic Research Division of the Public Staff. The Public Staff also filed the joint testimony and exhibits of David May, Regional Supervisor of the Water Quality Regional Operations Section in the Washington Regional Office of the North Carolina Department of Environmental Quality (DEQ), Division of Water Resources (DWR), and Robert Tankard, Assistant Regional Supervisor of the Water Quality Regional Operations Section in the Washington Regional Office of the DEQ.

G. On March 22, 2022, Sandler filed the rebuttal testimony of witness Brittney Willis.

H. On March 31, 2022, Currituck filed the rebuttal testimony of Michael Myers, William Freed, Mark Bissell, Zach Basnight, Paul Beaumont, Robert Hanig, Gary Lickfeld, and Tracy Miller.

I. On May 4, 2022, Sandler filed corrected rebuttal testimony of witness Brittney Willis.

J. On May 6, 2022, the Commission issued an order continuing the hearing to receive the expert prefiled testimony on June 8, 2022.

K. Based upon its investigation, the Public Staff has determined that Currituck has the financial resources to undertake appropriate public utility service within the Eagle Creek subdivision.

L. In its testimony, the Public Staff has recommended that the Commission hold the joint application in abeyance until Sandler satisfies the terms

of the Amended Consent Judgment and Sandler satisfies any related DWR legal proceedings. Alternatively, the Public Staff recommended that the Commission hold the joint application in abeyance until and unless Sandler, in accordance with ordering paragraph 4 of the Amended Consent Judgment, files a motion joining Currituck as a defendant such that the Amended Consent Judgment is binding upon Currituck and the Currituck County Superior Court issues an order granting such motion.

M. Disputes among the parties include the extent to which purchase price should be included in rate base and the amount of bond that Currituck should be required to post as a condition to receiving the transfer of the certificate of public convenience and necessity. The Public Staff has recommended a bond of \$1,000,000. Currituck maintains that a \$1,000,000 bond for a system such as Eagle Creek is excessive but is amenable to a substantial bond but in a lower amount that demonstrates its commitment to upgrading/replacing the collection system.

N. On July 1, 2021, a Consent Judgment was entered in the Superior Court imposing certain requirements on Sandler to address service issues. This Consent Judgment was replaced by an Amended Consent Judgment entered in the Superior Court on December 28, 2021.

O. On June 6, 2022, Currituck reached agreement on a Second Amended Consent Judgment with the DEQ, which is attached hereto as Exhibit II and incorporated herein by reference. DEQ, Sandler, and Currituck will move for

entry of the Second Amended Consent Judgment by the Superior Court. The Second Amended Consent Judgment will not bind Currituck until all required permits are transferred to Currituck.

P. Subsequent to the filing of Currituck's Application in this docket, the Public Staff engaged in substantial discovery of Currituck and Sandler regarding the matters addressed by the Company's Application and supplemental and additional materials submitted in support of its Application.

Q. After settlement negotiations, in which concessions from their litigation positions were made by all Parties and an additional agreement was reached between Currituck and DEQ, which resulted in the parties agreeing to move for entry of a Second Amended Consent Judgment, the Stipulating Parties were ultimately able to arrive at a settlement, the terms of which are reflected in the following sections of this Stipulation.

II. STIPULATION AND AGREEMENT OF THE STIPULATING PARTIES

The Stipulating Parties agree and stipulate as follows:

A. Currituck agrees to post a bond or letter of credit in the amount of \$650,000 for the Eagle Creek service area subject to Commission acceptance and approval prior to closing.

B. Pursuant to the Second Amended Consent Judgment referenced above, Sandler is not authorized to transfer any of the assets of the utility, including the Permit or the Collection System, unless and until Sandler moves to join the

transferee (Currituck) as a defendant in the case such that the Second Amended Consent Judgment is binding upon Currituck and the Court issues an order granting such motion. The Second Amended Consent Judgment attached hereto is meant to accomplish this requirement. In light of the foregoing conditions to the transfer of the Eagle Creek system to Currituck, the Stipulating Parties recommend approval of the transfer of the Eagle Creek wastewater system to Currituck be conditioned upon the Second Amended Consent Judgment with such modifications as may be required by the Superior Court of Currituck County being entered in an order of the Superior Court and upon all other regulatory approvals for operation of the wastewater system being obtained.

C. Currituck agrees not to pursue an acquisition adjustment related to the Eagle Creek system in this or any future proceeding associated with the transferred assets.

D. The Stipulating Parties agree that rate base for the Eagle Creek system should be \$424,779, which is the lesser of the purchase price and original cost net investment, subject to inclusion of reasonable and prudent costs¹ associated with a new control panel for the vacuum system that may be incurred by Sandler prior to closing. The \$424,779 of rate base does not include inventory purchased by Sandler that would be deemed Materials and Supplies in Working Capital. Any post-transfer rate case brought by Currituck may include in rate base

¹ Sandler will be required to provide paid invoices to the Public Staff for review and certify the asset is in service prior to the Public Staff making its recommendation regarding inclusion of any costs in utility plant in service.

the reasonable and prudent amounts of Material and Supplies, as part of Working Capital, and any reasonable used and useful investment by Currituck in the Control Panel. The rate base agreed to by the Stipulating Parties is set forth in Exhibit I, which is attached hereto and incorporated herein by reference.

E. The Amended Asset Purchase Agreement (APA) between Sandler and Currituck, dated April 14, 2021, provides that the purchase price to be paid by Currituck to Sandler shall be \$250,000 plus costs incurred by Sandler through closing that are acceptable to Currituck and the Commission. The Public Staff has determined the net plant in service since the APA date to be \$363,623, and Sandler and Currituck agree to that amount for purposes of settlement. Thus, the purchase price that the parties accept and recommend for Commission approval, for purposes of the transfer, is \$613,623. This does not include the amount of additional purchase price of up to \$88,900 that Currituck has agreed to pay to Sandler for future connections at the Fost and Flora subdivisions. Currituck remains contractually obligated under the APA to make those Fost and Flora connection fee payments to Sandler in the future, under the terms and conditions provided in the APA, but that amount is not part of the purchase price determined in this transfer proceeding.² The calculation of the purchase price and the amount agreed to by the Stipulating Parties to be approved by the Commission is set forth in Exhibit I, which is attached hereto and incorporated herein by reference.

² The Public Staff reserves the right to address the additional purchase price associated with the Fost and Flora subdivisions in the applicable dockets, including but not limited to Docket No. W-1333, Sub 1.

F. Currituck agrees to compile and file with the Commission and the Public Staff periodic reports informing the Commission of progress in meeting service obligations and expenditure of funds on repairing and making improvements to the vacuum wastewater treatment system.

G. Currituck agrees that it will not request a rate increase until such time as the Eagle Creek vacuum system is replaced.

H. Currituck will file with the Commission and DEQ a New System Upgrade Plan.

I. By no later than March 31, June 30, September 30, and December 31 of each calendar year, Currituck shall provide a status report containing documentation sufficient to verify that all elements of the Interim Service and Restoration Plan have been completed during the prior quarter and status related to the execution of the New System Upgrade Plan. Such status reports shall document the occurrence of any Sanitary Sewer Overflow (SSO) regardless of volume, actual cost versus budgeted cost, estimated total project cost, and updated estimated completion date for each activity. If a reportable SSO or material system or equipment failure occurs and upon request from DWR, Currituck will submit status reports at the end of each calendar month. These status reports shall be submitted via e-mail to David May or his successor at DWR and be filed with the Commission.

J. Currituck agrees to file for Commission approval its agreement with Envirolink pursuant to N.C.G.S. § 62-153 after the Commission has approved the transfer application and prior to closing.

III. AGREEMENT TO SUPPORT SETTLEMENT; NON-WAIVER.

A. The Stipulating Parties, and their agents, witnesses, and representatives, will act in good faith to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket, provided, however, that the settlement of any issue pursuant to this Stipulation shall not be cited as precedent by any of the Stipulating Parties in any other proceeding or docket before this Commission or on appeal before the North Carolina Court of Appeals or North Carolina Supreme Court. The provisions of this Stipulation do not necessarily reflect any position asserted by any of the Stipulating Parties. Rather, they reflect settlement among the Stipulating Parties as to all issues and, notwithstanding the items agreed and stipulated to in Section II above, no Stipulating Party waives the right to assert any position on any issue in any future docket before the Commission. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take settlement of contested issues.

B. This Stipulation is a product of negotiation among the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

IV. Introduction of Testimony and Waiver of Cross-Examination.

A. The Stipulating Parties agree that all prefiled testimony and exhibits of the Stipulating Parties, including any supplemental testimony filed in support of this Stipulation, may be received in evidence without objection, and each Stipulating Party waives all right to cross examine all of the Stipulating Parties' witnesses with respect to prefiled testimony and exhibits. If, however, questions are asked by any Commissioner or non-Stipulating Party, then any Stipulating Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits, provided, however, that such testimony and/or exhibits shall not be inconsistent with this Stipulation.

V. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Parties unless the entire Settlement Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any

Party withdraws from the Stipulation, each Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

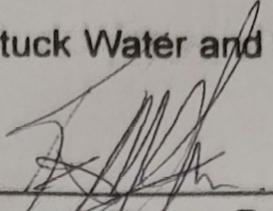
VI. COUNTERPARTS

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Execution by electronic signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated to this the 6th day of June, 2022.

Currituck Water and Sewer, LLC

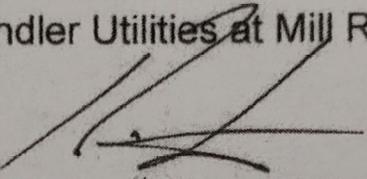
By:



Kenneth Raber, President

Sandler Utilities at Mill Run, LLC

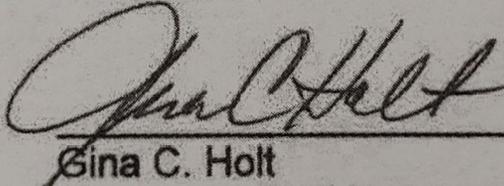
By:



Raymond Gottlieb, Manager

Public Staff – North Carolina Utilities
Commission

By:



Gina C. Holt
Manager, Legal Division, Natural Gas, Water,
Sewer, Telephone, and Transportation
Sections

4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110
Email: Gina.Holt@psncuc.nc.gov

Jun 23 2022

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INDEX TO SETTLEMENT EXHIBIT I

Line No.	<u>Title</u>	<u>Schedule Number</u>
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CURRITUCK WATER AND SEWER, LLC
 Docket No. W-1333, Sub 0
CALCULATION OF NET PLANT IN SERVICE
 As of June 30, 2022

Settlement Exhibit I
 Schedule 1

Line No.	<u>Item</u>	Amount Per Sub 8 Rate Case (a)	Additions Since Sub 8 Rate Case (b)	Total Net Plant In Service [6] (c)
1	Plant in service	\$2,206,202 [1]	\$515,820 [4]	\$2,722,022
2	Accumulated depreciation	(268,603) [2]	(\$91,041) [5]	(359,644)
3	Contributions in aid of construction	<u>(1,937,599) [3]</u>	<u>0</u>	<u>(1,937,599)</u>
4	Net plant in service (Sum of L1 thru L3)	<u>\$0</u>	<u>\$424,779</u>	<u>\$424,779</u>

[1] Settlement Exhibit I, Schedule 3, Column (a), Line 111.
 [2] Settlement Exhibit I, Schedule 3, Column (f), Line 111.
 [3] Settlement Exhibit I, Schedule 3, Column (a), Line 43.
 [4] Settlement Exhibit I, Schedule 4, Column (a), Line 47.
 [5] Settlement Exhibit I, Schedule 4, Column (f), Line 47.
 [6] Column (a) + Column (b).

CURRITUCK WATER AND SEWER, LLC
Docket No. W-1333, Sub 0
CALCULATION OF PURCHASE PRICE
As of June 30, 2022

Settlement Exhibit I
Schedule 2

Line No.	<u>Item</u>	<u>Amount</u>
1	Purchase price	<u>\$250,000</u> [1]
2	Post April 2021 plant additions	413,590 [2]
3	Post April 2021 plant additions accumulated depreciation	<u>(49,967)</u> [3]
4	Post April 2021 net plant in service (L2 + L3)	<u>363,623</u>
5	Total purchase price (L1 + L4)	<u><u>\$613,623</u></u>

[1] Per Asset Purchase Agreement.
 [2] Settlement Exhibit I, Schedule 4, Column (a), Line 46.
 [3] Settlement Exhibit I, Schedule 4, Column (f), Line 46.

CURRITUCK WATER AND SEWER, LLC
 Docket No. W-1333, Sub 0
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE - SUB 8 RATE CASE**
 As Of June 30, 2022

Settlement Exhibit I
Schedule 3

Line No.	Item	Plant In Service Per Public Staff (a)	Year Placed In Service (b)	Life (c)	Years in Service [2] (d)	Annual Depreciation [3] (e)	Accumulated Depreciation [4] (f)
Plant in service allowed in Sub 8 rate case proceeding:							
1	Installation: EQ pumps & Bar screen	\$13,000 [1]	2004 [1]	10	[1] 18 0	\$0	\$13,000
2	Replacement: 2 hp surge pump	5,301 [1]	2005 [1]	5	[1] 17 0	0	5,301
3	Replacement: Busch 0630 vacuum pump	10,687 [1]	2005 [1]	10	[1] 17 0	0	10,687
4	Noise reduction at plant	2,066 [1]	2005 [1]	5	[1] 17 0	0	2,066
5	Rewind Myers pump	874 [1]	2005 [1]	5	[1] 17 0	0	874
6	Rebuild 50 hp motor	1,176 [1]	2005 [1]	5	[1] 17 0	0	1,176
7	Repair: blower motor	1,969 [1]	2005 [1]	5	[1] 17 0	0	1,969
8	Replacement: relay, pressure switch fill cap	897 [1]	2006 [1]	5	[1] 16 0	0	897
9	Replacement: vacuum pump	13,458 [1]	2006 [1]	5	[1] 16 0	0	13,458
10	Repair: collapsed pit (labor)	3,000 [1]	2006 [1]	5	[1] 16 0	0	3,000
11	Replacement: surge pump at plant (labor)	330 [1]	2006 [1]	5	[1] 16 0	0	330
12	Replacement: motor and pulley	680 [1]	2006 [1]	5	[1] 16 0	0	680
13	3" rebuild kit and diaphragm	393 [1]	2006 [1]	5	[1] 16 0	0	393
14	77' valve pit flex hose & diaphragm	468 [1]	2006 [1]	5	[1] 16 0	0	468
15	Replacement: valves, controller and surge compressor	1,870 [1]	2006 [1]	5	[1] 16 0	0	1,870
16	Replacement: controllers	960 [1]	2006 [1]	5	[1] 16 0	0	960
17	Controller/Sensor	5,746 [1]	2006 [1]	5	[1] 16 0	0	5,746
18	Control relay	508 [1]	2006 [1]	5	[1] 16 0	0	508
19	Controller/Valve	793 [1]	2006 [1]	5	[1] 16 0	0	793
20	Pump tanks repair	10,572 [1]	2007 [1]	5	[1] 15 0	0	10,572
21	Motor removal & repair	720 [1]	2007 [1]	5	[1] 15 0	0	720
22	Motor repair	1,065 [1]	2007 [1]	5	[1] 15 0	0	1,065
23	Materials	2,607 [1]	2007 [1]	5	[1] 15 0	0	2,607
24	Motor repair	1,007 [1]	2007 [1]	5	[1] 15 0	0	1,007
25	Motor repair	869 [1]	2007 [1]	5	[1] 15 0	0	869
26	8" Milliken valve	1,813 [1]	2008 [1]	5	[1] 14 0	0	1,813
27	Repair: collapsed pit (102 Eagleton)	2,380 [1]	2008 [1]	5	[1] 14 0	0	2,380
28	Pump	903 [1]	2008 [1]	5	[1] 14 0	0	903
29	Valve replacement	1,323 [1]	2008 [1]	5	[1] 14 0	0	1,323
30	Replacement: collapsed pit (St. Andrews)	2,432 [1]	2008 [1]	5	[1] 14 0	0	2,432
31	Painting at wastewater treatment plant	1,992 [1]	2008 [1]	5	[1] 14 0	0	1,992
32	Pump	731 [1]	2008 [1]	5	[1] 14 0	0	731
33	Repair: collapsed pit (Greenview)	2,490 [1]	2008 [1]	5	[1] 14 0	0	2,490
34	Installation: rebuilt pit (Greenview)	1,923 [1]	2008 [1]	5	[1] 14 0	0	1,923
35	Motor	428 [1]	2008 [1]	5	[1] 14 0	0	428
36	Install 6 controller rebuild kits	540 [1]	2008 [1]	5	[1] 14 0	0	540
37	Replacement: controller valve	120 [1]	2008 [1]	5	[1] 14 0	0	120
38	Replacement: controller valve	120 [1]	2008 [1]	5	[1] 14 0	0	120

CURRITUCK WATER AND SEWER, LLC
 Docket No. W-1333, Sub 0
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE - SUB 8 RATE CASE**
 As Of June 30, 2022

Settlement Exhibit I
Schedule 3

Line No.	Item	Plant In Service Per Public Staff (a)	Year Placed In Service (b)	Life (c)	Years in Service [2] (d)	Annual Depreciation [3] (e)	Accumulated Depreciation [4] (f)
39	Replacement: controller valve & surge	120 [1]	2008	5	[1] 14 0	0	120
40	Replacement: 7 controllers & 5 valves	600 [1]	2008	5	[1] 14 0	0	600
41	Replacement: controller	120 [1]	2008	5	[1] 14 0	0	120
42	Replacement: pit and troubleshoot pit at Eagleton	4,911 [1]	2009	5	[1] 13 0	0	4,911
43	Fully contributed plant from W-1130, Sub 2 rate case proceeding	1,937,599 [1]				0	0
44	Rainbird stratus II irrigation computer	10,622 [1]	2009	5	[1] 13 0	0	10,622
45	Replace pit 266 Greenview Road	2,389 [1]	2009	5	[1] 13 0	0	2,389
46	Repair pits replace valves and controllers (Nov storm)	9,916 [1]	2009	5	[1] 13 0	0	9,916
47	Replace pit 252/254 Greeview Road	4,201 [1]	2010	5	[1] 12 0	0	4,201
48	Replace pit 197/199 Greenview Road	3,159 [1]	2010	5	[1] 12 0	0	3,159
49	Replace clarifier arm	614 [1]	2010	5	[1] 12 0	0	614
50	Replace blower motor	7,999 [1]	2010	5	[1] 12 0	0	7,999
51	Consulting fees on expansion of plant	4,195 [1]	2010	5	[1] 12 0	0	4,195
52	Replacement transformer on EQ panel	440 [1]	2010	5	[1] 12 0	0	440
53	Replace EQ panel	420 [1]	2010	5	[1] 12 0	0	420
54	Replace vacuum canister	708 [1]	2010	5	[1] 12 0	0	708
55	Replace skimmer motor	1,198 [1]	2010	5	[1] 12 0	0	1,198
56	Replace pit 266 Greenview Road	3,584 [1]	2010	5	[1] 12 0	0	3,584
57	Pond repair	7,600 [1]	2010	5	[1] 12 0	0	7,600
58	Backwash pump filter	439 [1]	2010	5	[1] 12 0	0	439
59	150 signs	2,700 [1]	2011	5	[1] 11 0	0	2,700
60	Electric blower motor	4,799 [1]	2011	5	[1] 11 0	0	4,799
61	Replace solenoid valve	1,303 [1]	2011	5	[1] 11 0	0	1,303
62	Rainbird rain watch system	3,170 [1]	2011	5	[1] 11 0	0	3,170
63	Bridge filter	1,228 [1]	2011	5	[1] 11 0	0	1,228
64	Replace EQ panel	1,610 [1]	2011	5	[1] 11 0	0	1,610
65	Hurricane Irene repairs	2,910 [1]	2011	5	[1] 11 0	0	2,910
66	Repair pit 220 Greenview Road	2,925 [1]	2011	5	[1] 11 0	0	2,925
67	Replace mud well pump	613 [1]	2011	5	[1] 11 0	0	613
68	Replace auto dialer	2,665 [1]	2011	5	[1] 11 0	0	2,665
69	Airvac pumps and valves	4,587 [1]	2011	5	[1] 11 0	0	4,587
70	Replace beaker blower #2	627 [1]	2012	5	[1] 10 0	0	627
71	Repair blower motor	420 [1]	2012	5	[1] 10 0	0	420
72	Replace mud well pump	939 [1]	2012	5	[1] 10 0	0	939
73	Replace mud well pump	939 [1]	2012	5	[1] 10 0	0	939
74	Repair pit 163 Eagleton	1,140 [1]	2012	5	[1] 10 0	0	1,140
75	Repair UV system	360 [1]	2012	5	[1] 10 0	0	360
76	Replacing bearing one blower #1	293 [1]	2012	5	[1] 10 0	0	293
77	Repair blower control	842 [1]	2012	5	[1] 10 0	0	842

CURRITUCK WATER AND SEWER, LLC
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 As Of June 30, 2022

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Line No.	Item	Plant In Service Per Public Staff		Year Placed In Service		Life		Years in Service [2]	Annual Depreciation [3]	Accumulated Depreciation [4]
		(a)	(b)	(c)	(d)	(e)	(f)			
78	Gravel driveway	1,630	[1]	2012	[1]	5	[1]	10.0	0	1,630
79	Controller rebuild	3,230	[1]	2012	[1]	5	[1]	10.0	0	3,230
80	Pump	1,823	[1]	2012	[1]	5	[1]	10.0	0	1,823
81	Replace Pit 282 GVR	1,831	[1]	2013	[1]	5	[1]	9.0	0	1,831
82	Rebuild starter	643	[1]	2013	[1]	5	[1]	9.0	0	643
83	Replace dich pump motor	3,201	[1]	2013	[1]	5	[1]	9.0	0	3,201
84	Replace rebuuilt EQ Pump	963	[1]	2013	[1]	5	[1]	9.0	0	963
85	Repair leak in main vacuum line	1,718	[1]	2013	[1]	5	[1]	9.0	0	1,718
86	Replace EQ pump at the WWTP	2,325	[1]	2013	[1]	5	[1]	9.0	0	2,325
87	Replace Controller Valve 259 GVR	600	[1]	2013	[1]	5	[1]	9.0	0	600
88	Unclog and reinstall diffusers	1,000	[1]	2013	[1]	5	[1]	9.0	0	1,000
89	Replace Pit 276 GVR	1,200	[1]	2013	[1]	5	[1]	9.0	0	1,200
90	Change out pump impellers	1,400	[1]	2013	[1]	5	[1]	9.0	0	1,400
91	Replace Pit 148 GVR	925	[1]	2013	[1]	5	[1]	9.0	0	925
92	Troubleshoot filter bridge and blower	1,251	[1]	2013	[1]	5	[1]	9.0	0	1,251
93	Repair 3" Vac Line 237 GVR	4,637	[1]	2013	[1]	5	[1]	9.0	0	4,637
94	Repair and reinstall washwater pump	969	[1]	2013	[1]	5	[1]	9.0	0	969
95	Testing equipment	3,997	[1]	2013	[1]	5	[1]	9.0	0	3,997
96	Testing equipment	834	[1]	2014	[1]	5	[1]	8.0	0	834
97	Replace controllers and valves at multiple locations	930	[1]	2014	[1]	5	[1]	8.0	0	930
98	Replace controllers and valves at multiple locations	1,380	[1]	2014	[1]	5	[1]	8.0	0	1,380
99	Replace bearing on blower	2,869	[1]	2014	[1]	5	[1]	8.0	0	2,869
100	Repair Dister Motor	1,407	[1]	2014	[1]	5	[1]	8.0	0	1,407
101	Replace starters on vacuum pumps	2,634	[1]	2014	[1]	5	[1]	8.0	0	2,634
102	Rebuild valve pit - elementary School	2,148	[1]	2014	[1]	5	[1]	8.0	0	2,148
103	Replace controllers and valves at multiple locations	1,170	[1]	2014	[1]	5	[1]	8.0	0	1,170
104	Replace tube filters in vacuum pumps	6,547	[1]	2014	[1]	5	[1]	8.0	0	6,547
105	Replace Pit 1129 Eagleton Circle	1,481	[1]	2014	[1]	5	[1]	8.0	0	1,481
106	Replace float in Clearwell, controllers and valves	882	[1]	2014	[1]	5	[1]	8.0	0	882
107	Repair UV racks at plant	753	[1]	2014	[1]	5	[1]	8.0	0	753
108	Replace controllers and valves at multiple locations	944	[1]	2014	[1]	5	[1]	8.0	0	944
109	System failure - replaced controllers and valves	4,960	[1]	2014	[1]	5	[1]	8.0	0	4,960
110	Rebuild vacuum pump material and labor	10,805	[1]	2015	[1]	5	[1]	7.0	0	10,805
111	Total plant in service since the last rate case (Sum of L1 thru L110)	<u>\$2,206,202</u>							<u>\$0</u>	<u>\$268,603</u>

[1] Based on prior rate case proceeding, Docket No. W-1130, Sub 8.

[2] Based on year placed in service using half year convention.

CURRITUCK WATER AND SEWER, LLC
 Docket No. W-1333, Sub 0
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE - SUB 8 RATE CASE**
 As Of June 30, 2022

Settlement Exhibit I
Schedule 3

Line No.	<u>Item</u>	Plant In Service Per Public Staff (a)	Year Placed In Service (b)	Life (c)	Years in Service [2] (d)	Annual Depreciation [3] (e)	Accumulated Depreciation [4] (f)
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[3] Column (a) divided by Column (c), unless fully depreciated.
 [4] Column (d) x Column (e), unless fully depreciated.

CURRITUCK WATER AND SEWER, LLC
 Docket No. W-1333, Sub 0
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION
 AND DEPRECIATION EXPENSE - POST RATE CASE ADDITIONS**
 As of June 30, 2022

Settlement Exhibit I
 Schedule 4

Line No.	Item	Plant In Service Per Public Staff [1] (a)	Year Placed In Service [1] (b)	Life [2] (c)	Years in Service [3] (d)	Annual Depreciation [4] (e)	Accumulated Depreciation [5] (f)
<u>Plant additions since Sub 8 rate case proceeding</u>							
1	Isolation valve installation	\$4,200	2016	7	6.0	\$600	\$3,600
2	Isolation valve installation	4,800	2016	7	6.0	686	4,116
3	UV System repair	6,392	2016	7	6.0	913	5,478
4	Gravel roadway to plant	2,381	2016	15	6.0	159	954
5	Grading and gravel entrance to plant	1,665	2016	15	6.0	111	666
6	Hurrican Matthew - 4 pits replacement	6,000	2016	10	6.0	600	3,600
7	EQ pump and cable replacement	2,061	2017	7	5.0	294	1,470
8	Back up motor for vac pumps	1,241	2017	7	5.0	177	885
9	Ditch pump repair	9,669	2018	7	4.0	1381	5,524
10	Replace Pit @ 304 GVR	2,566	2020	10	2.0	257	514
11	Controllers, labor, pumps & motor miscallaneous items	7,618	2020	7	2.0	1088	2,176
12	45 FloVac Controllers & Shipping	2,762	2020	7	2.0	395	790
13	Reconditioned HP vacuum pump & 1 Baldor 25HP motor	1,951	2020	7	2.0	279	558
14	New cornell pump furnish and installation	7,008	2020	7	2.0	1001	2,002
15	HP motor	500	2020	7	2.0	71	142
16	Additional taxes due on invoices 4989/4990/4991	350	2020	7	2.0	50	100
17	30 New Controllers	6,363	2020	7	2.0	909	1,818
18	26 Controllers, 10 FloVac 3" valve piston type & parts/install	10,747	2020	7	2.0	1535	3,070
19	Sewer plant, pump renew and replace	855	2020	7	2.0	122	244
20	57 FloVac Controllers, 20 New & 37 Rebuilt	4,734	2020	7	2.0	676	1,352
21	Complete pits	8,808	2021	10	1.0	881	881
22	Engineering System - ditch motor	4,168	2021	7	1.0	595	595
23	E Haddock Enterprises - excavate pit for sewer tank	5,391	2021	10	1.0	539	539
24	Plant additions through April 2021 (Sum of L1 thru L23)	<u>102,229</u>				<u>13,319</u>	<u>41,074</u>
25	HP Ebara sewage pump	4,822	2021	7	1.0	689	689
26	Check valve furnish and installation	6,929	2021	7	1.0	990	990
27	Pole mount lock box for controllers	10,595	2021	10	1.0	1060	1,060
28	30 Flovac controllers	9,607	2021	7	1.0	1372	1,372
29	263 GVR - replace pit	4,830	2021	10	1.0	483	483
30	35 Flovac controllers	13,375	2021	7	1.0	1911	1,911
31	Remote mounting kits	23,952	2021	7	1.0	3422	3,422
32	Controllers, valves & rebuild service	21,777	2021	7	1.0	3111	3,111
33	Wireless monitoring system	32,025	2021	7	1.0	4575	4,575
34	Monitoring kit	1,586	2021	7	1.0	227	227
35	Filter kit for vacuum pit	1,601	2021	7	1.0	229	229
36	50 tons of rock driveway repair	10,350	2021	7	1.0	1479	1,479
37	Monitoring system	183,775	2022	10	1.0	18378	18,378
38	Remote Monitoring Kits 3rd Shipment of 56	21,937	2022	7	1.0	3134	3,134

CURRITUCK WATER AND SEWER, LLC
 Docket No. W-1333, Sub 0
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION
 AND DEPRECIATION EXPENSE - POST RATE CASE ADDITIONS**
 As of June 30, 2022

Settlement Exhibit I
 Schedule 4

Line No.	<u>Item</u>	Plant In Service Per Public Staff [1] (a)	Year Placed In Service [1] (b)	Life [2] (c)	Years in Service [3] (d)	Annual Depreciation [4] (e)	Accumulated Depreciation [5] (f)
39	Vacuum Pump	17,080	2022	7	1.0	2440	2,440
40	Ultrasonic Flowmeter	3,635	2022	7	1.0	519	519
41	26 Additional Pedestal Mounted Controllers	12,730	2022	7	1.0	1819	1,819
42	Exchange Vacuum Pump	19,371	2022	7	1.0	2767	2,767
43	Failed Pit Replacement	5,046	2022	10	1.0	505	505
44	Failed Pit Replacement	4,967	2022	10	1.0	497	497
45	Construct 3 Monitoring Wells & Submit Completion Report	3,600	2022	10	1.0	360	360
46	Post April 2021 plant additions (Sum of L25 thru L33)	<u>413,590</u>				<u>49,967</u>	<u>49,967</u>
47	Total plant in service since the last rate case (L24 + L46)	<u>\$515,820</u>				<u>\$63,286</u>	<u>\$91,041</u>

- [1] Per examination of Company's financial records.
- [2] Provided by Public Staff Engineer Franklin.
- [3] Based on year placed in service using half year convention.
- [4] Column (a) divided by Column (c), unless fully depreciated.
- [5] Column (d) x Column (e), unless fully depreciated.

2. Defendant Sandler is a limited liability corporation formed in North Carolina with its principal office in Virginia and doing business in North Carolina. Sandler is the owner and operator of the wastewater collection system serving the Eagle Creek Subdivision, Eagle Creek Golf Club, and Moyock Middle School in Moyock, Currituck County, North Carolina (“Collection System”) and operated pursuant to non-discharge permit number WQCS00290 (“Permit”)

3. Transferee Currituck Water & Sewer, LLC (“CWS”) is a limited liability corporation formed and doing business in North Carolina with an interest in acquiring the Collection System.

4. On March 2, 2021, Plaintiff filed a Complaint and Motion for Injunctive Relief against Sandler seeking to address repeated violations of its Permit and the State’s water quality laws.

5. Plaintiff and Sandler initially reached a resolution of the injunctive relief sought by Plaintiff through this suit and memorialized that agreement in a Consent Judgment, which was entered by this Court on July 1, 2021.

6. After entry of the Consent Judgment, the Collection System experienced performance issues resulting in SSOs in the months of October and November 2021.

7. On November 16, 2021, Plaintiff filed a verified Motion to Show Cause Why Defendant Should Not Be Held in Criminal and/or Civil Contempt based on the system performance issues, as well as alleged violations of approved plans under the original Consent Judgment.

8. A Show Cause Hearing was held on December 6, 2021. After hearing initial testimony from witnesses for the parties, the Court reserved ruling on contempt and directed Plaintiff and Sandler to submit a modification to the Consent Judgment to provide for changes

necessary to bring the Collection System into compliance with the Permit and State water quality law and regulations.

9. On December 28, 2021, this Court entered an Amended Consent Judgment, supported by findings of fact and conclusions of law, hereby incorporated in the terms of this Second Amended Consent Judgment, amending the terms of the original Consent Judgment to require additional actions to bring the Collection System into compliance.

10. Paragraph 14 (“Successors, Assigns, and Transferees”) of the Amended Consent Judgment addresses the transfer of the collection system to a non party. Specifically, paragraph 14 provides:

This Amended Consent Judgment shall be binding upon Defendant’s successors and assigns. Defendant shall not transfer any of the assets that are the subject of the Complaint, including the Permit or the Collection System, unless and until Defendant moves to join the transferee as a defendant in this case such that this Amended Consent Judgment shall be binding upon the transferee and the Court issues an order granting such motion. DEQ agrees that it will not oppose dismissal of Defendant in the event the assets that are the subject of the Complaint have been transferred and the transferee has been added as a defendant in this case and is bound by this Consent Judgment. Nothing in this Amended Consent Judgment relieves Defendant of its duty to abide by the terms of the Permit and state water quality law. DEQ retains its authority, in accordance with applicable law, to initiate any and all enforcement actions that would otherwise be available to it in the absence of this Amended Consent Judgment.

11. On April 14, 2021, CWS and Sandler entered into an agreement, whereby CWS intend to acquire, upgrade and replace the Collection System. In addition, CWS initiated a proceeding in the North Carolina Utilities Commission to transfer the Collection System

12. Since entry of the Amended Consent Judgment, Sandler has discharged several of the obligations set forth in the Amended Consent Judgment, including submission of an Independent Engineering Evaluation, submission of a Revised Interim Service and Restoration Plan, and Appointment of an Independent Specialist.

13. As contemplated by the Amended Consent Judgment, the Parties have reached agreement on terms by which CWS shall be joined as a defendant in this case and subject to the terms set forth in the Amended Consent Judgment as modified by this Second Amended Consent Judgment.

14. Based on the Court's review of the pleadings and materials submitted, the Court has concluded that the relief reflected in this Second Amended Consent Judgment represents a lawful, fair, and reasonable resolution of this matter, consistent with the purposes of N.C. Gen. Stat. § 143-215.1, and this Court further concludes that it is fully authorized and justified in entering this Second Amended Consent Judgment.

15. The Parties expressly waive any argument that the above Findings and Conclusions and those set forth in the Amended Consent Judgment are insufficient to support the injunctive relief ordered herein.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED as follows:

1. **Joinder of CWS.** CWS is hereby joined as a defendant in this action and subject to the terms of this Second Amended Consent Judgment.
2. **Prevention of SSOs.** CWS shall fully comply with all terms and conditions of the Permit and State water quality laws, including by maintaining the Collection System in a manner that prevents the discharge of wastewater onto to land or into surface waters.
3. **Reporting to DWR.** CWS shall report SSOs to a DWR staff member in the Washington Regional Office as required under the Permit. In addition, CWS shall report to a DWR staff member in the Washington Regional Office as soon as possible but in no case more than 24 hours following knowledge of the occurrence of any

material equipment failure or material system failure. CWS shall provide DWR with actions taken or proposed to address the material equipment failure or material system failure and to prevent recurrence. CWS shall provide additional information as may be reasonably requested by DWR to evaluate the equipment failure or system failure. An equipment or system failure (which may include SSOs) shall be considered material if it affects four or more residences in the Eagle Creek Development. Planned service interruptions or service interruptions required to identify and repair service to other residents are not subject to this provision.

4. **Responding to Resident Complaints.** CWS shall provide timely and accurate responses to all resident complaints of equipment failures, system failures, or SSOs regardless of volume, including:
 - a. Providing accurate notices to all residents when a material system failure occurs as soon as possible and no later than two hours after receiving notice of the system failure;
 - b. Initiating response to resident complaints of any equipment failures, system failures, or SSOs within three hours of receiving the complaint;
 - c. Providing sanitation services within four hours of confirmation of a discharge of wastewater to land or surface water;
 - d. Continuously performing sanitation surveys while providing incident response, with actions taken as necessary to address sanitation needs (it shall not be incumbent upon a resident to report sanitation issues to initiate a sanitation response); and
 - e. Notifying residents within two hours of full system restoration and stating the

operational status of individual pits.

To demonstrate compliance with this requirement, CWS shall maintain an accurate log of resident complaints and actions taken in response to those complaints. Such log shall identify: (1) the complainant; (2) a summary of the substance of the complaint; (3) when the complaint was received; (4) a description of actions taken in response to the complaint, including but not limited to corrective action and sanitation services; (5) when response action was initiated; and (6) when the complaint was resolved. Such log shall be made available to DWR upon request.

5. **Operator Training Plan.** CWS shall implement and be bound by the requirements of the Operator Training Plan attached hereto as Exhibit A and incorporated herein, along with any subsequent updates as contemplated in paragraph 10 below.
6. **Interim Service and Restoration Plan.** CWS shall implement the requirements of the Interim Service and Restoration Plan attached hereto as Exhibit B and incorporated herein, along with any subsequent updates as contemplated in paragraph 10 below.
7. **New System Upgrade Plan.** By no later than sixty days after transfer of the Permit from Sandler to CWS, CWS shall submit to DWR for review and approval (which may include conditions) a new plan with actions to be taken to address the long-term recommendations of the Independent Engineering Evaluation (“New System Upgrade Plan”). The New System Upgrade Plan must include a proposed schedule with dates by which each activity will be completed and, as appropriate, the frequency with which those activities will be repeated. Once the New System Upgrade Plan is

- approved, including any conditions added by DWR or updates made after initial approval, CWS shall execute each plan in accordance with the dates included therein.
8. **Plan and Report Revisions.** DWR may require and CWS may request revisions to the Operator Training Plan, Interim Service and Restoration Plan, and/or the System Upgrade Plan referenced herein as necessary to best serve the ends of effective and efficient compliance with the Permit and North Carolina's water quality laws and regulations including provisions applicable to wastewater collection systems. Any disputes as between DWR and CWS regarding whether or not such updates are reasonably necessary may be brought before the Court for resolution. If DWR requires revisions in conjunction with mandatory plan submissions under this Amended Consent Judgment, CWS shall resubmit the plan incorporating said revisions within 15 days of written notification by DWR that such revisions are required. DWR's discretion to require revisions for mandatory plan submissions shall be limited to revisions necessary to ensure compliance with the Permit and North Carolina's water quality laws and regulations including provisions applicable to wastewater collection systems.
9. **Final Report.** Once the work set forth in the approved New System Upgrade Plan, including any conditions added by DWR, is completed, CWS shall submit a final report documenting the results of the activities set forth in each respective plan. The final report shall include a certification from a licensed professional engineer.
10. **Submission of Plans and Reports.** Unless otherwise indicated, CWS shall submit all plans and reports referenced above to:

David May, DWR
david.may@ncdenr.gov

11. **Duration.** This Second Amended Consent Judgment shall take effect upon transfer of the Permit from Sandler to CWS. CWS may request termination of this Second Amended Consent Judgment by the Court at no time sooner than 90 days following DWR approval of the engineer certification submitted pursuant to paragraph 9. The Parties shall comply with all terms of this Second Amended Consent Judgment. Until such time as this Second Amended Consent Judgment takes effect, the original parties, Plaintiff and Sandler, shall be bound by the terms of the Amended Consent Judgment entered by this Court on December 28, 2021.
12. **Successors, Assigns, and Transferees.** This Amended Consent Judgment shall be binding upon CWS's successors and assigns. CWS shall not transfer any of the assets that are the subject of the Complaint, including the Permit or the Collection System, unless and until CWS moves to join the transferee as a defendant in this case such that this Amended Consent Judgment shall be binding upon the transferee and the Court issues an order granting such motion. DEQ agrees that it will not oppose dismissal of CWS in the event the assets that are the subject of the Complaint have been transferred and the transferee has been added as a defendant in this case and is bound by this Consent Judgment.
13. **Retention of Jurisdiction.** The Court shall retain continuing jurisdiction in this case to enforce the terms and conditions of this Second Amended Consent Judgment, to modify this Second Amended Consent Judgment, and to resolve disputes arising under this Second Amended Consent Judgment until all parties have complied with all provisions of this Second Amended Consent Judgment.
14. **Contempt.** The contempt provisions of Chapter 5A of North Carolina General Statutes

shall be available to enforce this Second Amended Consent Judgment, including any and all provisions of the plans referenced herein, including any revisions to such plans.

15. **Violations Due to SSOs.** CWS shall not be deemed in violation of the Amended Consent Judgment or this Second Amended Consent Judgment solely due to the occurrence of a sanitary sewer overflow provided CWS demonstrates that: (1) the sanitary sewer overflow is due to factors outside the reasonable control of CWS, its agents, and its employees; and (2) CWS has fully complied with all other applicable terms of the Second Amended Consent Judgment including but not limited to the Interim Service and Restoration Plan attached hereto as Exhibit B along with any subsequent updates as contemplated by paragraph 10. Nothing in this Amended Consent Judgment relieves CWS of its duty to abide by the terms of the Permit and State water quality law. DEQ retains its authority, in accordance with applicable law, to initiate any and all enforcement actions that would otherwise be available to it in the absence of this Amended Consent Judgment.
16. **Dismissal of Sandler.** Once the Permit is transferred to CWS, the Parties will notify the Court and may move to dismiss Sandler as a party to this action.
17. This Second Amended Consent Judgment may be signed out-of-court, out-of-term, out-of-county, and may be signed in multiple counterpart originals, all of which, taken together, shall be considered one and the same document. Facsimile or scanned signatures will be sufficient to render this Second Amended Consent Judgment effective. Original signatures will be substituted at a later date.
18. Each undersigned representative of a party to this Second Amended Consent Judgment certifies that the representative is authorized to enter into the terms and conditions of

this Second Amended Consent Judgment, and to execute and legally bind such party to
this Second Amended Consent Judgment.

This the ____ of ____, 2022.

Superior Court Judge

CONSENTED TO BY:

NORTH CAROLINA DEPARTMENT
OF ENVIRONMENTAL QUALITY

By: 

David May
Regional Supervisor, Washington Regional Office, Division of Water Resources

OFFICIAL COPY

JUN 23 2022

CONSENTED TO BY:

SANDLER UTILITIES AT MILL RUN, LLC

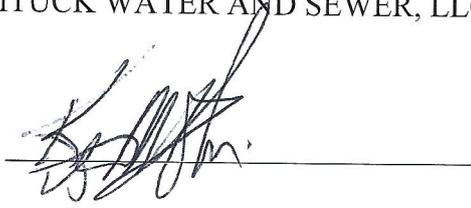
By: 

Raymond Gottlieb
Manager

CONSENTED TO BY:

CURRITUCK WATER AND SEWER, LLC

By:

A handwritten signature in black ink, appearing to read "Kenneth M. Raber", is written over a horizontal line.

KENNETH M. RABER.
PRESIDENT.

Exhibit A

Currituck Water and Sewer, LLC
Eagle Creek Collection System
Operator Training Plan

This Operator Training plan is intended to ensure that operators employed by Currituck Water and Sewer LLC, (“Permittee”) receive necessary training in operating and maintaining the Eagle Creek Collection System. The Permittee shall adhere to the following requirements:

1. At least one trained lead technician will be onsite or available for consultation 24/7/365 with that individual being on-site during business hours. This operator must be knowledgeable of the location of all the collection chambers, lines, division valves, and other key components of the system. This operator must have a thorough knowledge of the main components of the vacuum sewer system and how the different components (pits, vacuum station, and homeowner services) are interrelated and work together as a system. Other staff must be under the direct supervision of this lead operator.
2. Both Owner and Operator recognize that proper training is critical for identification of faulty services, and overall, this system requires skilled technicians to minimize service disruptions. Formal training via a third-party vendor such as Flovac has been and will continue to be provided. Additionally, four months of on-site training under a qualified trained lead operator must be performed prior to qualification to become a lead technician. Operator shall submit a monthly report to the Defendant identifying plant operators and the level of training, type of training (onsite or formal), and present a monthly schedule confirming that at least one qualified lead technician is onsite during business hours and available during non-business hours.
3. Training will be held annually for all full-time operators assigned to the plant that have not previously received formal training. A qualified third-party vendor will provide a 3-day operator training course which must cover the following items:
 - a. Day 1 Classroom - Introduction to Vacuum Systems
 - i. How they work and basic principals
 - ii. Major Components
 - iii. Vacuum Pump Station
 - iv. Vacuum Pipework and Division Valves
 - v. Household Gravity Line and Venting
 - vi. Vacuum Collection Pit and Vacuum Valve
 - vii. Design Basics
 - viii. System Layout
 - ix. Master Plan
 - x. Reading a Design Drawing
 - xi. Extensions
 - xii. Systems Overview

- xiii. Layout
- b. Day 1 Classroom - Vacuum Pump Station
 - i. Vacuum Pumps
 - ii. Sewage Pumps
 - iii. Collection Tank and Pipework
 - iv. Controls
 - v. Reading a Chart Recorder
 - vi. Vacuum Valves and Controllers
 - vii. Operation
 - viii. Components
 - ix. Rebuilding (to include rebuilding controllers and valves)
- c. Day 2 Classroom
 - i. Tuning a Vacuum System
 - ii. Air/Liquid Ratio
 - iii. Controller Timing
 - iv. System Alarms
 - v. Vacuum Level
 - vi. Long Running Vacuum Pump
 - vii. Low Vacuum Alarm
 - viii. Homeowner Call
 - ix. Noisy Vacuum Pit
 - x. Affected Service
 - xi. Sewage Overflow
 - xii. Troubleshooting
 - xiii. Finding a vacuum leak
 - xiv. Flooded vacuum main
 - xv. Valve won't open
 - xvi. Valve won't close
- d. Day 2 Field
 - i. Vacuum Pump Station Review
 - ii. Air Liquid ratio calculation
 - iii. Sources of leaks
 - iv. Regular Maintenance Items
- e. Day 3 Field
 - i. Collection Pit Set-ups
 - ii. Troubleshooting
 - iii. Broken Pipework Repair

The Permittee will keep a running list of full-time plant technicians with documentation of training received and/or scheduled training to be received. This will be kept at the plant location and will be available for review upon request. Additionally, a monthly report will be provided to DWR on the first business day of each calendar month identifying plant technicians and their schedule, level of training received, and type of training received.

Exhibit B

Currituck Water & Sewer, LLC
Eagle Creek Collection System
Interim Service and Restoration Plan

This Interim Service and Restoration Plan (“ISR”) is intended to prevent future sewer overflows, restore and sanitize areas impacted by prior sewer overflows, and expeditiously restore and maintain service to homeowners in the event of any system failures. In furtherance of this requirement, the ISR requires Currituck Water & Sewer, LLC (“CWS”) to adhere to the following requirements.

Technician Availability

1. CWS will assign an onsite technician 24 hour per day, seven days per week.

The following items must be completed or performed to prevent future sewer overflows:

1. **Daily System Checks.** On a daily basis, CWS will:
 - a. Record and review daily pump run times via the standard log sheet to assist in evaluating vacuum pump and sewage pump operating conditions.
 - b. Inspect chart recorder for vacuum and sewer pump run times.
 - c. Check compressor on high level valve to ensure that it is in the on position and is operating properly.
 - d. Check recirculation lines to ensure lines are open.
 - e. Check vacuum pump’s recirculation line float box for oil leaks.
 - f. Check oil levels in the vacuum pumps.
 - g. Inspect sewer pump couplings alignment and ensure mounting base is secured with proper bolts.
2. **Weekly System Checks.** On a weekly basis, CWS will:
 - a. Test alarm notifications.
 - b. Inspect check valves on force main headworks to verify that they are operating properly and replace as needed.
 - c. Check conical screens in vacuum pumps and replace any damaged screens.
 - d. Test the alarm system, sensors, and electrical components.
 - e. Test the monitoring system and conduct maintenance as necessary.
2. **Monthly System Checks.** On a monthly basis, CWS will:
 - a. Inventory on-site tools and spare parts, including operational controllers, valves and repair kits.
 - a. Change oil in vacuum pumps.
 - b. Inspect vacuum pump set points and confirm proper pressure limits are established and that solenoid valves are opening and closing.
 - c. Clean probes at tank and check against the design levels.
3. **Annually**
 - a. Inspect all individual customer valve pits and:
 - i. Test each valve multiple times by hand.

- ii. Check hose orientation and confirm connection correctness per operation manual.
 - iii. Clean and secure sump breathers.
 - iv. Complete necessary repairs.
- b.** Check collection tank for debris and remove debris if found.
- 4. Additional Requirements.** CWS will:
- a. Replace vacuum filters every nine months or in accordance with manufacturer's specifications, which will be maintained on site and be available for inspection.

The following items must be completed or performed in the event of a sewer overflow or system failure and to expeditiously restore and maintain service to homeowners in the event of any system failures. CWS will:

1. Within 4 hours of knowledge of a discharge of sewage to the land or surface water begin performance of clean-up and sanitization services as follows:
 - a. Remove and dispose of solids.
 - b. Apply lime to the affected area.
 - c. Clean and sanitize hard surfaces.
 - d. To extent practical, vacuum any sewer overflow.

Contingency Plan. By no later than sixty days after transfer of the Permit from Sandler to CWS, CWS shall develop a contingency plan for review and approval by DWR to provide residents with sewer service in the event of material system failures. Such contingency plan may include, but should not be limited to:

1. Use of larger vacuum trucks to bring pits back into service more quickly
2. Installation of new taps at select locations along primary vacuum lines for vacuum trucks to attach if sufficient vacuum pressure can be created
3. Provision of portable restroom/shower trailers to provide residents with toilets, sinks, and showers during outages

In lieu of submitting a Contingency Plan, CWS may elect to implement an approved Contingency Plan previously submitted by Sandler Utilities. If a contingency plan submitted by Sandler has been approved prior to transfer of the Permit, CWS shall implement such plan until an alternative plan has been approved by DWR.

Short term system and operational improvements, including improvements based on recommendation of the Independent Engineering Evaluation dated March 4, 2022. The following shall be completed by no later than sixty days after transfer of the Permit from Sandler to CWS (if not already completed prior to transfer of the Permit):

1. Complete installation of pedestal mounted controllers. To the extent CWS contends there is a condition that prevents installation for any reason, CWS will document and explain the circumstances of all such cases in future ISRP status reports.
2. Complete the upgrade of the vacuum tank control systems and upgrade and replace the vacuum station electrical control panel.
3. Purchase, lease, or have available to lease when needed, a portable vacuum system pump.

4. Do the following:
 - a. In the vacuum station, insert and properly mount all electrical and control wiring into conduits and discard broken and unused wires and cables.
 - b. Secure and label all chemicals in the vacuum station.
 - c. Install a lock on the vacuum station building.
 - d. Label everything in the vacuum station as appropriate.
 - e. Obtain copies of plans, specifications, and maintenance manuals of any new operating equipment that is installed.
 - f. Purchase the following spare parts to maintain the system:
 - vacuum pump w/motor (1)
 - sewage pump w/ motor (1)
 - controllers (50);
 - plunger valves (25);
 - repair kits (25);
 - pit level sensor tubes (10); and
 - pedestals for mounted controllers (5).and maintain an inventory of spare parts for inspection upon request.
5. Do the following:
 - a. Select strategic points along the main collection lines to install shut-off valves and install valved riser pipes for connection to portable vacuum sewage pumps.
 - b. Purchase a spare main sewage pump.

Reporting Requirement

By no later than March 31, June 30, September 30, December 31 of each calendar year, CWS shall provide a status report containing documentation sufficient to verify that all elements of the ISRP have been completed during the prior month. Such status reports shall document the occurrence of any SSOs regardless of volume. If a reportable SSO or material system or equipment failure occurs and upon request from DWR, CWS will submit status reports at the end of each calendar month. These status reports will be submitted via e-mail to David May.