

treatment as part of the purchase price in accordance with Ordering Paragraph 11 of the Transfer Order.

On December 5, 2022, the Public Staff filed comments on Sandler’s Motion. On December 8, 2022, Sandler filed an Acceptance of Public Staff Comments and Recommendation on Motion for Supplemental Order (Acceptance). Currituck did not file comments or reply comments.

SUMMARY OF THE PLEADINGS

Sandler’s Motion

Sandler requests that the Commission issue an order approving an increase in the recognized purchase price of \$613,623.00 established in the Transfer Order to allow it to recover additional capital costs of \$143,745.94 it has incurred since May 26, 2022, the date through which the amount for capital costs was established in the Stipulation. In support of its Motion, Sandler notes that the APA, the Stipulation, and the Transfer Order provide that the purchase price for the System allows for the addition of capital costs paid by Sandler between the execution date of the APA and the closing date as approved by the Commission and Currituck. Sandler further provides that Ordering Paragraph No. 11 of the Transfer Order supports allowance of an increase in the purchase price as well as the rate base treatment amount of \$424,779.00 “by any reasonable and prudent capital costs that may be incurred by Sandler prior to closing,” with the exception of “any amount for Materials and Supplies that may be included by Currituck in rate base as part of Working Capital for approval by the Commission in the next rate case.” Sandler notes that closing has not yet occurred.

In support of its request, Sandler provides a written explanation for the individual capital expenditures it has made since May 26, 2022, with invoices supporting each. The capital expenditures include the following:

5/31/2022	Solitax Turbidity Meter	\$ 8,358.20
5/31/2022	15 – 3" Valves & Controllers	\$ 35,235.91
5/31/2022	Sampler Hatch	\$ 8,834.44
6/7/2022	Failed Pit Replacement – 223 Greenview	\$ 6,456.04
6/30/2022	8 – Quartz Sleeves	\$ 607.20
6/30/2022	8 – Ultraviolet Lights	\$ 552.00
7/1/2022	Failed Pit Replacement	\$ 3,608.66
7/13/22	40 – Remote Pedestal Mounting Controllers	\$ 16,555.99
6/30/2022	Road Work	\$ 40,537.50
6/30/2022	Road Work – 290 & 306 Greenview Rd	\$ 23,000.00
Total		\$143,745.94

Sandler states that the APA, Stipulation, and Transfer Order all contemplate Commission approval of these additional capital costs incurred by Sandler. Sandler

provides that the costs listed above have not previously been submitted to the Commission for approval and that all listed costs are appropriate for Commission approval as an additional amount for the purchase price to be paid by Currituck to Sandler. Sandler notes that it has submitted documentation of the listed capital expenditures to the Public Staff.

Public Staff Comments

The Public Staff agrees with Sandler that it is appropriate for the additional capital costs incurred by Sandler from May 26, 2022 to the date of closing be added to the purchase price and receive rate base treatment as part of the purchase price with some adjustments. Based on its review and adjustments, the Public Staff recommends authorizing \$127,995.00 in additional capital costs incurred since May 26, 2022, resulting in a revised purchase price of \$741,618.00 and an increase in net plant in service amounts from \$424,779.00 to \$550,500.00 for use as the revised rate base amount.

The Public Staff notes that paragraphs 10, 11, and 12 of the Motion state incorrect cost amounts for the invoiced capital costs for the three expenditures made on May 31, 2022, but that these three expenditures are correct as listed on Exhibit 1 to the Motion which the Public Staff used for its review and adjustments. The Public Staff provides the following adjustments to the additional capital costs listed in the Motion:

1. The purchase and installation of 15 controllers shown on Envirolink invoice 00308982-IN (May 31, 2022, Item 2 above) require the removal of 15 installed controllers from the current plant in service amount provided in the Settlement Agreement and Stipulation, Settlement Exhibit I, Schedule 4, filed with the Commission on June 7, 2022, in these dockets, upon which the Commission approved purchase price is based. A similar adjustment for the 3" valves identified in Envirolink invoice 00308982-IN is not required because the valves replaced have been fully depreciated.
2. In accordance with Public Staff Accounting practices, the additional capital costs should include one full year of depreciation.
3. The Public Staff includes a revised Settlement Exhibit I, Schedule 4 with its comments providing the following adjustments to the previous Settlement Exhibit schedule:
 - a. Plant addition item titled "45 FloVac Controllers and Shipping" in the amount of \$2,762.00 was removed. With the addition of 15 new FloVac controllers, the 13 controllers remaining in this capital expense item were retired.
 - b. Plant addition item titled "30 New Controllers" was reduced by \$424.00 to retire the remaining two controllers added by the 15 new FloVac controller capital expense.

- c. One year of depreciation was added for the additional capital cost items with service lives comparable to similar capital costs.
4. The Public Staff also provides a revised Settlement Exhibit I, Schedule 2 with its comments, which shows capital costs incurred since May 26, 2022, including depreciation as \$127,995.00, thus increasing the purchase price amount to \$741,618.00.
5. Additionally, the Public Staff provides a revised Settlement Exhibit I, Schedule 1 with its comments, which shows an increase in net plant in service amounts from \$424,779.00 to \$550,500.00.
6. The Public Staff notes that no update is required for Settlement Exhibit I, Schedule 3.

Sandler's Acceptance of Public Staff's Recommendation

In the Acceptance, Sandler states that it agrees to accept the Public Staff's position that \$127,995.00 is the appropriate amount of additional capital costs incurred since May 26, 2022, which results in a revised purchase price of \$741,618.00. Sandler requests that these additional costs be received at closing or following closing if Commission approval is received after closing.

DISCUSSION AND CONCLUSIONS

In the Transfer Order, the Commission accepts as reasonable a negotiated settlement purchase price for the System of \$613,623.00, which reflects known and needed capital investments made by Sandler between the APA date and the Stipulation date, net of accumulated depreciation. The Commission also found reasonable a negotiated amount for rate base treatment of \$424,779.00, which may be increased by any reasonable and prudent capital costs that may be incurred by Sandler prior to closing but excludes any amount for Materials and Supplies that may be included by Currituck in rate base as part of Working Capital for approval by the Commission in the next rate case.

Both Sandler and the Public Staff represent that the additional capital costs requested by Sandler are of the type anticipated by the APA and Stipulation and as accepted in the Transfer Order. Sandler and the Public Staff agree that the additional capital costs are not duplicative of costs included in the original purchase price accepted by the Commission and are reasonable, prudent, and necessary. The Public Staff has reviewed each additional capital expenditure and has made proper adjustments to the amount of the requested increase to the purchase price considering asset retirement and changes to depreciation, and Sandler has agreed with the Public Staff's adjustments. Finally, Sandler has represented to the Commission that these costs were incurred prior to closing, which has yet to occur.

Thus, the Commission finds that the additional capital costs requested by Sandler were incurred after May 26, 2022, and are not duplicative of any costs previously included in the purchase price; that these additional capital costs, as adjusted by the Public Staff and agreed to by Sandler, are reasonable, necessary, and prudent; that closing has not occurred; and that Currituck has raised no opposition to the requested increase in the purchase price.

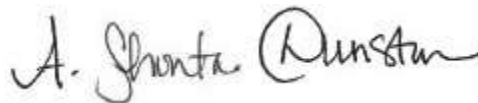
IT IS, THEREFORE, ORDERED as follows:

1. That the purchase price for the Eagle Creek Wastewater System shall be increased from \$613,623.00 to \$741,618.00 to include the amount of \$127,995.00 in additional capital costs incurred by Sandler since May 26, 2022;
2. That the amount for net plant in service shall be increased from \$424,779.00 to \$550,500.00;
3. That Currituck shall receive rate base treatment of the \$550,500.00, adjusted original costs net investment shown on Updated Settlement Exhibit I and supporting schedules;
4. That a copy of this Order shall be mailed or hand-delivered by Currituck to the customers within ten days of the date of this Order and that Currituck shall submit to the Commission the attached Certificate of Service, properly signed and notarized, no later than 30 days after the issuance of this Order;
5. That except as amended herein, all terms and conditions of the Commission's September 13, 2022 Order Approving Transfer, Approving Rates, and Requiring Customer Notice shall remain in full force and effect.

ISSUED BY ORDER OF THE COMMISSION.

This the 17th day of March, 2023.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Chief Clerk

Commissioner Karen M. Kemerait did not participate in this decision.

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 Nos. W-1333, Sub 0, and W-1130, Sub 11, and the Order was mailed or hand delivered by the date specified in the Order.

This the ____ day of March, 2023.

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 Order was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____, 2023, in Docket Nos. W-1333, Sub 0, and W-1130, Sub 11.

Witness my hand and notarial seal, this the ____ day of March, 2023.

(SEAL)

Notary Public

Printed Name

My Commission Expires: _____
Date