

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-755, SUB 10

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application by GGCC Utility, Inc., Post Office Box 368, Linville, North Carolina 28646, for Authority to Increase Rates for Water and Sewer Utility Service in Grandfather Golf and Country Club Development, Avery County, North Carolina	) ) ) ) ) ) ) )	MOTION FOR ORDER GRANTING RATE INCREASE AND REQUIRING CUSTOMER NOTICE
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NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission, by and through its Executive Director, Christopher J. Ayers, and moves that the Commission issue an order granting a rate increase for GGCC Utility, Inc. (GGCC), and requiring customer notice. In support of this motion the Public Staff respectfully shows unto the Commission:

1. On June 21, 2018, GGCC filed an application with the Commission seeking authority to increase its rates for water and sewer utility service in the Grandfather Golf and Country Club development in Avery County, North Carolina. By order issued July 9, 2018, the Commission declared the matter to be a general rate case, suspended the proposed rates, and scheduled a public hearing on November 14, 2018, in Newland, North Carolina, subject to cancellation if no significant protests were received subsequent to customer notice.

2. On August 3, 2018, GGCC filed a certificate of service indicating that customer notice had been given as required. No consumer protests were received.

3. On October 25, 2018, the Public Staff filed the affidavits of David C. Furr, Water/Communications Division Director, John R. Hinton, Economic Research Division Director, and Rodney T. Allison, Staff Accountant.

4. The Public Staff also filed on October 25, 2018, a motion to cancel the previously scheduled public hearing. By order issued on October 26, 2018, the Commission granted the Public Staff's motion canceling the public hearing and directing GGCC to notify the customers of the public hearing cancellation. On October 29, 2018, GGCC filed a certificate of service showing that notice of cancellation had been given as required.

5. GGCC has stated to the Public Staff that GGCC is in agreement with the Public Staff's recommended revenue requirements, recommended rates, and requests the Commission issue the Public Staff's proposed order.

6. A proposed order is being filed with this motion.

WHEREFORE, the Public Staff prays:

1. That the Commission issue an order granting the GGCC a rate increase at the rates recommended by the Public Staff and requiring the GGCC to notify its customers of the rate increase; and

2. For such other and further relief as the Commission may deem just and proper.

This the 13<sup>th</sup> day of December, 2018.

PUBLIC STAFF  
Christopher J. Ayers  
Executive Director

David Drooz  
Chief Counsel

Electronically submitted  
/s/ Layla Cummings  
Staff Attorney  
[layla.cummings@psncuc.nc.gov](mailto:layla.cummings@psncuc.nc.gov)

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Raleigh, North Carolina 27699-4326  
Telephone: (919) 733-0977  
[layla.cummings@psncuc.nc.gov](mailto:layla.cummings@psncuc.nc.gov)

### **CERTIFICATE OF SERVICE**

I certify that a copy of this Motion for Order Granting Rate Increase and Requiring Customer Notice, together with the accompanying Proposed Order Granting Rate Increase and Requiring Customer Notice, has been served on GGCC Utility, Inc., by electronic delivery upon agreement of the receiving party.

This the 13<sup>th</sup> day of December, 2018.

Electronically submitted  
/s/ Layla Cummings

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-755, SUB 10

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by GGCC Utility, Inc., Post	)	
Office Box 368, Linville, North Carolina	)	
28646, for Authority to Increase Rates	)	ORDER GRANTING RATE
for Water and Sewer Utility Service in	)	INCREASE AND REQUIRING
Grandfather Golf and Country Club	)	CUSTOMER NOTICE
Development, Avery County, North	)	
Carolina	)	

BY THE COMMISSION: On June 21, 2018, GGCC Utility, Inc. (GGCC or Applicant), filed an application with the Commission seeking authority to increase its rates for water and sewer utility service in Grandfather Golf and Country Club Development in Avery County, North Carolina. By Order issued July 9, 2018, the Commission declared the matter to be a general rate case, suspended and proposed rates, and scheduled a hearing on November 14, 2018, subject to cancellation if no significant protests were received subsequent to customer notice.

On August 3, 2018, GGCC filed a certificate of service indicating that customer notice had been given as required. No protests in response to the customer notice were received by the Commission or the Public Staff.

On October 25, 2018, the Public Staff filed the affidavits of David C. Furr, Director of the Public Staff Water and Sewer Division, John R. Hinton, Director of the Public Staff Economic Research Division, and Rodney T. Allison, Staff Accountant with the Public Staff Accounting Division.

Also, on October 25, 2018, the Public Staff filed a motion requesting that the Commission cancel the public hearing. By Order issued October 26, 2018, the Commission canceled the hearing and directed GGCC to notify its customers of the cancellation. On October 29, 2018, GGCC filed a certificate of service showing that notice of cancellation had been given as required.

On December 13, 2018, the Public Staff filed a Motion requesting that the Commission approve the rates recommended by the Public Staff. The Motion was accompanied by a proposed order. GGCC on December 12, 2018, filed a letter waiving the right to file exceptions to the recommended order of the Hearing Examiner and requested that the Hearing Examiner's order be the final order and effective upon issuance.

Based upon the foregoing, and the entire record in this matter, the Hearing Examiner makes the following

#### FINDINGS OF FACT

1. GGCC is properly before the Commission seeking an increase in its rates and charges for water and sewer utility service.
2. The test year established for use in this proceeding is the 12-month period ended February 28, 2018.
3. GGCC provides water utility service to approximately 267 residential units and one commercial customer, the Grandfather Golf and Country Club (the Club), using two separate water systems (GGCC system and Mountain Springs system). GGCC provides sewer service to approximately 191 residential units and the Club. The Club facilities receiving nonresidential water service are its

administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut. The Club facilities receiving nonresidential sewer service are its administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.

4. The quality of service provided by GGCC to its customers is adequate. No complaints were received by the Commission or the Public Staff subsequent to customer notice.

5. GGCC's current and proposed rates are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Water Utility Service:</u>		
<u>Quarterly Flat Rates:</u>		
Residential	\$161.58	\$189.39
Nonresidential	\$161.58/REU <sup>1/</sup>	\$319.08 /REU <sup>1/</sup>
<u>Sewer Utility Service:</u>		
<u>Quarterly Flat Rates:</u>		
Residential	\$134.30	\$143.09
Nonresidential	\$134.30/REU <sup>1/</sup>	\$170.23/REU <sup>1/</sup>

<sup>1/</sup> Residential Equivalent Unit (REU)

#### Rate Base

6. The original cost rate base for use in this proceeding for GGCC's water operations is \$874,110, consisting of plant in service of \$1,228,731, plus cash working capital of \$13,884, less accumulated depreciation of \$476,791, contributions in aid of construction of \$110,119, and average tax accruals of \$(1,833). The original cost rate base for GGCC's sewer operations is \$270,487

consisting of plant in service of \$542,143, plus cash working capital of \$9,853, less accumulated depreciation of \$243,337, contributions in aid of construction of \$37,829, and average tax accruals of \$(343). The combined original cost rate base is \$1,144,597.

#### Revenues

7. The appropriate level of total water revenues for use in this proceeding is \$192,956 under GGCC's present rates and \$242,530 under the proposed rates. The appropriate level of total sewer operating revenues is \$119,599 under present rates and \$130,840 under the proposed rates.

#### Operating Expenses

8. The appropriate level of operating revenue deductions under present rates for use in this proceeding is \$174,394 for water operations and \$105,781 for sewer operations. Total operating deductions for combined water and sewer operations are \$280,175.

#### Return

9. The Commission finds that the rate base method, at an overall rate of return of 7.50%, is the reasonable and appropriate method for determining GGCC's revenue requirement for water and sewer operations in this proceeding.

#### Revenue Requirement

10. The water rates proposed by GGCC in this proceeding would produce an overall return of 6.49% on rate base. This return would not exceed a reasonable level, and accordingly, the Public Staff has calculated a recommended service revenue requirement of \$242, 530.

11. The sewer rates proposed by GGCC in this proceeding would produce an overall return of 8.29% on rate base. This return would exceed a reasonable level, and accordingly, the Public Staff has calculated a recommended service revenue requirement of \$127,973.

#### Rate Design

12. The following rates will produce the annual level of service revenues approved herein. These rates, as well as the annual service revenue levels found reasonable above, were recommended by the Public Staff and agreed to by GGCC.

<u>Water Utility Service:</u>	<u>Recommended Rates</u>
<u>Quarterly Flat Rates:</u>	
Residential	\$ 189.39
Nonresidential	\$ 319.08 /REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.545 REUs, receiving nonresidential water service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut.

#### Sewer Utility Service:

<u>Quarterly Flat Rates:</u>	
Residential	\$ 139.45
Nonresidential	\$ 170.23 / REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.486 REUs, receiving nonresidential sewer service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.

<sup>1/</sup> Residential Equivalent Unit (REU)



13. GGCC requested to increase the return check fee from \$5.00 to \$12.00. The Public Staff found the fee increase to be reasonable and recommended approval.

14. GGCC stated to the Public Staff that GGCC is in agreement with the Public Staff's recommended revenue requirements, recommended rates, and requested that the Commission issue the Public Staff's proposed order.

Whereupon, the Commission reaches the following:

#### CONCLUSIONS

The evidence for the foregoing Findings of Fact is contained in the application; the Commission records, and the uncontested affidavits and exhibits of Public Staff witnesses Rodney Allison, David Furr, and John Hinton. GGCC agreed to accept the Public Staff's affidavits and recommendations.

Based upon the entire record in this proceeding, the Commission finds and concludes that GGCC has sufficiently demonstrated the need to increase its rates for providing water and sewer utility service. The Commission, therefore, concludes that the rates recommended by the Public Staff and accepted by GGCC are just and reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That GGCC is authorized to increase its rates for water and sewer utility service in the Grandfather Golf and Country Club development as reflected in the Schedule of Rates attached hereto as Appendix A. These rates shall be effective for service rendered on and after the date of this Order.

2. That the Schedule of Rates attached hereto as Appendix A is hereby approved and deemed filed with the Commission pursuant to N.C. Gen. Stat. 62-138.

3. That a copy of the Notice to Customers attached hereto as Appendix B shall be mailed or hand delivered to all customers of GGCC within five days of the date of this Order, and that GGCC shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than December \_\_\_\_, 2018.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of December, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

SCHEDULE OF RATES

for

GGCC UTILITY, INC.

for providing water and sewer utility service in

GRANDFATHER GOLF AND COUNTRY CLUB DEVELOPMENT

Avery County, North Carolina

Recommended  
Rates

Water Utility Service:

Quarterly Flat Rates:

Residential	\$ 189.39
Nonresidential	\$ 319.08 /REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.545 REUs, receiving nonresidential water service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut.

Sewer Utility Service:

Quarterly Flat Rates:

Residential	\$ 139.45
Nonresidential	\$ 170.23 / REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.486 REUs, receiving nonresidential sewer service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.

<sup>1/</sup> Residential Equivalent Unit (REU)

Connection Charges:

Water	\$1,500.00
Sewer	\$1,200.00

Note: Connection charges apply only to new connections to single family homes.

Return Check Fee: \$12.00

Bills Due: On billing date

Bills Past Due: 30 days after billing date

Billing Frequency: Shall be quarterly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 30 days after the billing date.

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Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-755, Sub 10, on this \_\_\_\_ day of December, 2018.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

NOTICE TO CUSTOMERS  
DOCKET NO. W-755, SUB 10  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is given that the North Carolina Utilities Commission has issued an Order granting a partial increase in rates to GGCC Utility, Inc. The Order approved the following rates for water and sewer utility service provided on and after the date of this notice.

<u>Water Utility Service:</u>	<u>Recommended Rates</u>
<u>Quarterly Flat Rates:</u>	
Residential	\$ 189.39
Nonresidential	\$ 319.08 /REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.545 REUs, receiving nonresidential water service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut.

Sewer Utility Service:

<u>Quarterly Flat Rates:</u>	
Residential	\$ 139.45
Nonresidential	\$ 170.23 / REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.486 REUs, receiving nonresidential sewer service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.

<sup>1/</sup> Residential Equivalent Unit (REU)

This the \_\_\_\_ day of December, 2018.

NORTH CAROLINA UTILITIES COMMISSION

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M. Lynn Jarvis, Chief Clerk

**CERTIFICATE OF SERVICE**

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-755, Sub 10, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_, 2018.

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 all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket No. W-755, Sub 10.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name

(SEAL) My Commission Expires:

\_\_\_\_\_  
Date