

1 STAFF CONFERENCE

JULY 25, 2022

2 CHAIR MITCHELL: Good morning. Let's come
3 to order and go on the record, please. I'm Charlotte
4 Mitchell, Chair of the Utilities Commission, and with
5 me this morning are the following Commissioners. When
6 I call your name, please announce your presence.
7 Commissioner Brown-Bland.

8 COMMISSIONER BROWN-BLAND: Present.

9 CHAIR MITCHELL: Commissioner Clodfelter.

10 COMMISSIONER CLODFELTER: Good morning.

11 CHAIR MITCHELL: Commissioner Duffley.

12 COMMISSIONER DUFFLEY: Here.

13 CHAIR MITCHELL: Commissioner Hughes.

14 COMMISSIONER HUGHES: Present.

15 CHAIR MITCHELL: Commissioner McKissick.

16 COMMISSIONER MCKISSICK: Present.

17 CHAIR MITCHELL: And Commissioner Kemerait.

18 COMMISSIONER KEMERAIT: Present.

19 CHAIR MITCHELL: In compliance with the
20 State Government Ethics Act, I remind Members of the
21 Commission of our duty to avoid conflicts of interest
22 and inquire, at this time, whether any member of the
23 Commission has a known conflict with respect to
24 matters coming before us this morning.

NORTH CAROLINA UTILITIES COMMISSION

1 (No response)

2 CHAIR MITCHELL: The record will reflect
3 that no conflicts have been identified, so we'll
4 proceed with Public Staff, Item 1.

5 MR. SAILLOR: I'm Scott Saillor with the
6 Energy Division. Item 1 is a motion by New River
7 Light and Power for authorization and approval to
8 implement a mid-year supplemental Purchased Power
9 Adjustment. The Public Staff reviewed the filings and
10 information provided by New River and made corrections
11 to New River's calculation of the Purchased Power
12 Adjustment factor. The Public Staff recommends that
13 the Commission approve New Rivers's motion with the
14 adjustments identified in our proposed order.

15 COMMISSIONER McKISSICK: So moved.

16 COMMISSIONER CLODFELTER: Second.

17 CHAIR MITCHELL: It's been moved and
18 seconded that the item be approved as recommended by
19 the Public Staff. Mr. Saillor, question for you. Are
20 you aware of whether New River agrees with the
21 adjustments that the Public Staff had suggested?

22 MR. SAILLOR: Yes, I do.

23 CHAIR MITCHELL: Okay. So New River is --
24 does agree to the Public Staff's recommended

1 adjustments?

2 MR. SAILLOR: Yes.

3 CHAIR MITCHELL: Okay. Does the Public
4 Staff have any information on the Utility's plans for
5 filing a general rate case in terms of timing?

6 MR. SAILLOR: I believe they will be filing
7 soon.

8 CHAIR MITCHELL: Okay. Meaning this year,
9 this quarter, next quarter?

10 MR. SAILLOR: I don't know the exact timing
11 of their filing, but it --

12 CHAIR MITCHELL: Okay. I see Mr. Drooz --

13 MR. SAILLOR: It would be within a month.

14 CHAIR MITCHELL: I see Mr. Drooz signaling
15 to me back there. Mr. Drooz, anything you want to
16 add, for the record?

17 MR. DROOZ: Yes. David Drooz for New River
18 Light and Power. And first, the Utility does agree
19 with the changes made on the mid-year PPA motion and
20 very much appreciates the work that the Public Staff
21 did on that. Second, we don't have an exact date for
22 filing, but as best I can tell, we're looking at mid
23 August.

24 CHAIR MITCHELL: All right. Thank you,

1 Mr. Drooz. Mid August is sooner rather than later.
2 Any additional questions before I call for a vote?

3 (No response)

4 CHAIR MITCHELL: We're going to do a roll
5 call for the vote. Again, it's been moved and
6 seconded that the item be approved as recommended by
7 the Public Staff. Commissioner Brown-Bland.

8 COMMISSIONER BROWN-BLAND: Aye.

9 CHAIR MITCHELL: Commissioner Clodfelter.

10 COMMISSIONER CLODFELTER: Yes.

11 CHAIR MITCHELL: Commission Duffley.

12 COMMISSIONER DUFFLEY: Aye.

13 CHAIR MITCHELL: Commissioner Hughes.

14 COMMISSIONER HUGHES: Aye.

15 CHAIR MITCHELL: Commissioner McKissick.

16 COMMISSIONER MCKISSICK: Aye.

17 CHAIR MITCHELL: Commissioner Kemerait.

18 COMMISSIONER KEMERAIT: Aye.

19 CHAIR MITCHELL: For the record, I support
20 the motion as well, and the motion carries. Thank
21 you, Mr. Saillor. We'll proceed now to Public Staff,
22 Item 2.

23 MR. MANESS: Good morning. Item -- Mike
24 Maness, Director of the Accounting Division of Public

1 Staff. Item 2 concerns the petition of Public Service
2 North Carolina filed on July 13th, 2022, in Docket No.
3 G-5, Subs 632 and 634 for approval of Rider G,
4 referred to as GreenTherm, a Voluntary Customer
5 Program that enables the customers to fund the
6 purchase of Environmental Attributes. Public Service
7 and the Public Staff recommend Commission approval of
8 the Program and Rider G subject to the appendix
9 attached thereto dealing with accounting and reporting
10 matters.

11 CHAIR MITCHELL: Thank you, Mr. Maness.
12 I'll take a motion.

13 COMMISSIONER McKISSICK: Move the items as
14 proposed.

15 COMMISSIONER DUFFLEY: Second.

16 CHAIR MITCHELL: It's been moved and
17 seconded that the item be approved as recommended by
18 the Public Staff. Mr. Maness, the Commission has
19 several questions. I'll direct them to you, but to
20 the extent that there is someone from the Company that
21 is present in the room and able to speak to this
22 proposal, please come forward, in the event Mr. Maness
23 needs some assistance. Mr. Henson, come on up.

24 MS. GRIGG: Good morning, Chair Mitchell.

1 This is Mary Lynne Grigg. I was so sure Mr. Maness
2 could handle everything.

3 CHAIR MITCHELL: Well, he probably can, no
4 doubt. It's good to have you up here, Mr. Henson and
5 Ms. Grigg. All right. \$3 per block surcharge. What
6 can you tell us, Mr. Maness or Mr. Henson, about what
7 assumption -- how did y'all calculate the \$3? What
8 assumptions did y'all use in determining the rate?

9 MR. HENSON: Good question. The \$3
10 surcharge was designed in consultation with Elmer
11 markets, our vendor, to develop an affordable price
12 point for the Attributes that we were considering,
13 which was the carbon offsets and the RNG Attributes.
14 That also includes the acquisition of the Attributes,
15 the retirement, marketing and administration of the
16 program, and the factual portion associated with it.

17 CHAIR MITCHELL: Okay. So following up
18 there, when do you-all anticipate or how often do you
19 anticipate having to modify that \$3 charge? I mean
20 are you committed to studying it for a certain period
21 of time? Help us understand the Company's position
22 there.

23 MR. HENSON: We think we have the ability to
24 acquire the Attributes that would last us in inventory

1 for maybe three to four years.

2 CHAIR MITCHELL: Okay. So --

3 MR. HENSON: So we would hold that price
4 point, which is favorable to us, for that length of
5 time.

6 CHAIR MITCHELL: Okay. In general rate case
7 materials, the Company's indicated that this program
8 was modeled after a program that was developed by an
9 affiliate. I think it's Dominion Energy Utah.

10 MR. HENSON: Right.

11 CHAIR MITCHELL: That's our recollection.
12 Do you know what participation rate the Utah affiliate
13 experienced?

14 MR. HENSON: I do. In their first two
15 years, they had sold 24,197 blocks to 2,600 customers.

16 CHAIR MITCHELL: 2,600 customers?

17 MR. HENSON: Yeah.

18 CHAIR MITCHELL: Okay. Similar restriction
19 there to residential customers?

20 MR. HENSON: I believe it is residential
21 only in Utah.

22 CHAIR MITCHELL: Okay. Has PSNC held any
23 focus groups or done any other type of market research
24 to determine level of interest here in North Carolina?

1 MR. HENSON: We relied on an active program
2 out in Utah. They have two years of experience.
3 They've gotten a lot of positive feedback, a lot of
4 people acquiring the blocks, and they've gotten --
5 what else was I going to convey to you about that?
6 That growing participation month over month, almost
7 each month for the last two years, so we use them as
8 our model to establish our program.

9 CHAIR MITCHELL: Thank you, Mr. Henson.
10 Have you-all determined at what point in time, if
11 ever, the program would be made available to
12 industrial customers? First, confirm my understanding
13 that it's restricted at present to residential and
14 commercial.

15 MR. HENSON: That's correct.

16 CHAIR MITCHELL: Okay.

17 MR. HENSON: And then we plan to roll out a
18 program we have not yet designed. For industrials,
19 maybe the next 6 to 12 months.

20 CHAIR MITCHELL: So it would be different
21 than GreenTherm?

22 MR. HENSON: I think so.

23 CHAIR MITCHELL: Okay. Got it. Are there
24 any benefits to the Company from the purchase of Green

1 Attributes? Can the company use these purchases to
2 meet internal or external goals, objectives?

3 MR. HENSON: That's not the way we bid it
4 and it's not our anticipation to do that.

5 CHAIR MITCHELL: Okay. That's all I got.
6 Let me check in with my colleagues. Any additional
7 questions for the Company or for the Public Staff?
8 Commission Clodfelter.

9 COMMISSIONER CLODFELTER: A question or two
10 about the Green Attributes themselves. What is -- I
11 can guess but I'd rather have you tell me. What is an
12 Avoided Forest Conversion Project? It's interesting
13 English.

14 MR. HENSON: It's -- and I'll give you my
15 layman's interpretation of it. I'm not the expert on
16 it, but the forestry project that we have looked at in
17 our portfolio is where they continue to take care of
18 the forest rather than level it and do something else
19 with it, like plant crops.

20 COMMISSIONER CLODFELTER: Is the forest put
21 under a conservation easement?

22 MR. HENSON: It is.

23 COMMISSIONER CLODFELTER: So who holds the
24 conservation easement? The Company doesn't do that.

1 You have someone else hold -- who holds the
2 conservation easement?

3 MR. HENSON: I don't know, but we can get
4 that answer to you this afternoon.

5 COMMISSIONER CLODFELTER: Are they term
6 limited, the easements, or are they indefinite?

7 MR. HENSON: I don't know.

8 COMMISSIONER CLODFELTER: I'd just be
9 interested in knowing more about that for a follow-up.

10 MR. HENSON: Happy to do it.

11 COMMISSIONER CLODFELTER: Good. That's all.
12 Thank you.

13 CHAIR MITCHELL: Any additional questions?

14 (No response)

15 CHAIR MITCHELL: Hearing none, just a
16 reminder, we've got a motion that the item be approved
17 as recommended by the Public Staff. That motion's
18 been seconded. I'll call the roll for a vote
19 Commissioner Brown-Bland.

20 COMMISSIONER BROWN-BLAND: Aye.

21 CHAIR MITCHELL: Commissioner Clodfelter.

22 COMMISSIONER CLODFELTER: Aye.

23 CHAIR MITCHELL: Commissioner Duffley.

24 COMMISSIONER DUFFLEY: Aye.

1 CHAIR MITCHELL: Commissioner Hughes.

2 COMMISSIONER HUGHES: Aye.

3 CHAIR MITCHELL: Commissioner McKissick.

4 COMMISSIONER MCKISSICK: Aye.

5 CHAIR MITCHELL: Commissioner Kemerait.

6 COMMISSIONER KEMERAIT: Aye.

7 CHAIR MITCHELL: For the record, I support
8 the motion as well, and the motion carries. Thank
9 y'all. Mr. Maness, before you step down, it's my
10 understanding that this is your last Staff Conference.
11 This is your swan song.

12 MR. MANESS: If everything goes to plan,
13 that is correct.

14 CHAIR MITCHELL: Any words, anything you'd
15 like to share with us, on the record, just a reminder.

16 MR. MANESS: Well, I would just like to
17 thank colleagues at the Commission, the Commission
18 Staff, and the Public Staff all through the years, the
19 40 years that I have worked here. It's been an honor
20 to be able to serve the people of North Carolina and
21 to work with such a wonderful group of folks. And I
22 vacillate daily between going to miss the work and
23 miss you-all a great deal, and then rejoicing.

24 CHAIR MITCHELL: We get it.

1 MR. MANESS: And not having to do public
2 speaking, which has never been my great forte, but
3 thank you-all very much, and I appreciate it.

4 CHAIR MITCHELL: Well, we thank you so much
5 for the work that you have done on behalf of the Using
6 and Consuming Public here in North Carolina, and we're
7 going to miss you very much. So thank you, and enjoy
8 this next chapter of life.

9 MR. MANESS: Thank you.

10 COMMISSIONER BROWN-BLAND: And Mr. Maness,
11 you are actually a very good public speaker, so I'm
12 surprised to hear you say that.

13 MR. MANESS: It was definitely a learned
14 trade.

15 CHAIR MITCHELL: Well, thank you, sir. Next
16 up, Public Staff, Item 3. Who's got this one? Mike,
17 we might need you back up here.

18 COMMISSIONER BROWN-BLAND: Not so fast.

19 MR. MANESS: I actually don't think Item 3
20 is mine.

21 CHAIR MITCHELL: I don't think it is either.
22 Here comes Ms. Johnson. We'll let her take over.

23 MS. JOHNSON: Good morning. Item 3 is an
24 asset transfer. Let's see. On April 5th, Public

1 Service Company filed an Application for Approval of
2 Asset Transfer for the purchase of 14-inch diameter
3 steel pipe from its affiliates, the East Ohio Gas
4 Company and Questar Gas Company under North Carolina
5 General Statute § 62-153(b). The Company represents
6 that it has identified a need for a 14-inch steel pipe
7 to make repairs to a portion of its transmission
8 system, and the pipe is not readily available from any
9 other source. The Public Staff has reviewed the
10 Application filed with the Commission. And in light
11 of its review, the Public Staff recommends that the
12 Commission approve the agreements between Public
13 Service and DEO and DEU.

14 COMMISSIONER McKISSICK: Move approval of
15 the item that's presented.

16 COMMISSIONER CLODFELTER: Second.

17 CHAIR MITCHELL: It's been moved and
18 seconded that the item be approved as recommended by
19 the Public Staff before. Before I call for the vote,
20 one question, Ms. Johnson. And PSNC, to the extent
21 that she doesn't have a response, I'd like for you-all
22 to weigh in here. Did you-all discuss with the
23 Company future need for this exact type of pipe, the
24 14-inch steel pipe?

1 MS. JOHNSON: I believe that was one of our
2 data request questions. And given the length of time
3 that it took for the need for this pipe, I don't
4 believe that it's going to be a need in the near
5 future for this type of pipe.

6 CHAIR MITCHELL: Okay.

7 MS. JOHNSON: I don't have the data request
8 response in front of me currently, but yeah, it took a
9 while to get to this point for the pipe to -- you
10 know, for there to be a need for it.

11 CHAIR MITCHELL: Okay. So there are not
12 other segments of -- the Commission's concern is that
13 there would be other segments of 14-inch steel pipe
14 that would need to be replaced, and so does the
15 Company have a plan for procuring those -- I see
16 Mr. McCauley approaching -- for procuring those
17 segments when they're ready to be replaced?

18 MR. McCAULEY: Absolutely, Chair Mitchell
19 and Commissioners. Thank you. Bill McCauley
20 representing PSNC. Ms. Johnson and I came up here to
21 kind of throw you a lifeline. And I appreciate your
22 allowing me to do so, and I also appreciate Mr. Henson
23 giving me the easier of the two items we had today.
24 Interestingly, PSNC has, best as we can identify, one

1 segment of 14-inch pipe on our system, and I joke that
2 it must have been on sale that day. It was
3 constructed in 1961, and of course the Company was, at
4 that time, capital strapped in just getting into the
5 business. Well, we had a lot of transmission lines
6 that we were running at the time.

7 That is on all sides. We've only got one.
8 We had 40 feet of pipe and we did an integrity --
9 what's called a pig run back in '21. And we found a
10 few pieces that had to be cut out, so we're saving
11 this pipe as if it were sacred, okay. We're using as
12 little as we could. We are doing an integrity run
13 today and another integrity run because there were
14 potential anomalies identified by the first runs who
15 were running it again.

16 It turns out that Dominion Energy Utah and
17 Dominion Energy Ohio both had a 42-foot section. So
18 we add 40 feet, we used about 15, we got 84 feet
19 coming in. That's all to say your concern is
20 well-founded. We share that concern. What we did was
21 contacted Consolidated Pipe who is our pipe supplier,
22 said we need 14-inch pipe. They searched domestically
23 and internationally and said, "We can't find any," so
24 we found this with our two affiliates. We are very

1 hopeful that this will be able to remedy any anomalies
2 that we find in this pig run, and we will have stock
3 left over.

4 At that point, got our fingers crossed
5 everything's going to be fine. Should that not work,
6 then we've got a plan B that we're not sure exactly
7 what that plan B looks like. It would be, in the
8 extreme, replacing the entire pipeline with something
9 that is pipe, that is, you know, modern and available.
10 Another part of plan B would be potentially reducing
11 the pressure of that line, but all of that is -- we
12 hope we don't have to do that, but in direct answer to
13 your question, that's really the outcome.

14 CHAIR MITCHELL: Okay. Thank you,
15 Mr. McCauley. I appreciate that additional
16 information. Any additional questions from
17 Commissioners?

18 (No response)

19 CHAIR MITCHELL: Call a vote on the motion,
20 just as a reminder, the motion to approve as
21 recommended by the Public Staff, and that motion has
22 been seconded. Commissioner Brown-Bland.

23 COMMISSIONER BROWN-BLAND: Aye.

24 CHAIR MITCHELL: Commissioner Clodfelter.

1 COMMISSIONER CLODFELTER: Aye.

2 CHAIR MITCHELL: Commissioner Duffley.

3 COMMISSIONER DUFFLEY: Aye.

4 CHAIR MITCHELL: Commissioner Hughes.

5 COMMISSIONER HUGHES: Aye.

6 CHAIR MITCHELL: Commissioner McKissick.

7 COMMISSIONER MCKISSICK: Aye.

8 CHAIR MITCHELL: Commissioner Kemerait.

9 COMMISSIONER KEMERAIT: Aye.

10 CHAIR MITCHELL: And for the record, I
11 support the motion as well, and the motion carries.
12 Thank you, Ms. Johnson. We'll proceed now to Public
13 Staff, Item 4.

14 MR. JUNIS: Charles Junis, Director of the
15 Public Staff Water, Sewer, and Telephone Division.
16 I'm going to try to group up a couple of these items
17 on the Water side. No pictures today though, so sorry
18 to be boring. Item 4, Docket No. W-218, Sub 573, and
19 Item 5, Docket No. W-354, Sub 400, Aqua North
20 Carolina, Inc. and Carolina Water Service Inc. of
21 North Carolina respectively filed Applications for
22 Authority to Adjust and Increase their Rates for
23 providing Water and Sewer Utility Service in All their
24 Service Areas in North Carolina, and for Approval of

1 Water and Sewer Investment Plans. The Public Staff
2 recommends that the Commission issue the proposed
3 orders, establishing general rate cases, and
4 suspending rates.

5 COMMISSIONER DUFFLEY: Move approval of
6 Staff recommendation.

7 COMMISSIONER McKISSICK: Second.

8 CHAIR MITCHELL: It's been moved and
9 seconded that the items be approved as recommended by
10 the Public Staff. Questions or discussion?

11 (No response)

12 CHAIR MITCHELL: I'll call the roll for a
13 vote. Commissioner Brown-Bland.

14 COMMISSIONER BROWN-BLAND: Aye.

15 CHAIR MITCHELL: Commissioner Clodfelter.

16 COMMISSIONER CLODFELTER: Aye.

17 CHAIR MITCHELL: Commissioner Duffley.

18 COMMISSIONER DUFFLEY: Aye.

19 CHAIR MITCHELL: Commissioner Hughes.

20 COMMISSIONER HUGHES: Aye.

21 CHAIR MITCHELL: Commissioner McKissick.

22 COMMISSIONER McKISSICK: Aye.

23 CHAIR MITCHELL: Commissioner Kemerait.

24 COMMISSIONER KEMERAIT: Aye.

NORTH CAROLINA UTILITIES COMMISSION

1 CHAIR MITCHELL: For the record, I support
2 the motion as well, and the motion carries. Thank
3 you, Mr. Junis.

4 MR. JUNIS: Appreciate that. Items 6, 7,
5 and 8 filed by Aqua North Carolina, Inc, in Docket No.
6 W-218, Subs 577, 578, and 580 respectively are
7 Verified Petitions pursuant to North Carolina General
8 Statute § 62-133.11 requesting Authority to Amend
9 Aqua's Tariffs to Increase Rates, to pass along the
10 increased costs of purchase water from the Town of
11 Pittsboro, Fayetteville Public Works Commission, and
12 Johnston County Department of Public Utilities.

13 Regarding Item 8, specifically, the Public
14 Staff agrees with the proposed rate. However, there's
15 not an allocation of the county's base charge in the
16 usage charge approved for Aqua to charge its
17 customers. The 1 cent difference from the county's
18 usage rate is attributable to the .14 percent
19 regulatory fee and is rounded to the full penny to
20 avoid that cost being allocated to other Aqua
21 customers, which is part of the rate design to
22 sufficiently fund the revenue requirement in Docket
23 No. W-218, Sub 526.

24 The Public Staff has reviewed the petitions

1 and recommends that the Commission issue the proposed
2 orders approving the tariff revisions.

3 COMMISSIONER McKISSICK: Move Items 6, 7,
4 and 8 as proposed.

5 COMMISSIONER DUFFLEY: Second.

6 CHAIR MITCHELL: It's been moved and
7 seconded that Items, 6, 7, and 8 be approved as
8 recommended by the Public Staff. Questions on the
9 items? Commissioner Clodfelter.

10 COMMISSIONER CLODFELTER: Mr. Junis, I don't
11 have any problem with the item, but I just am curious
12 about -- if you know the answer to this, I was looking
13 at the purchase water usage rates that Aqua is paying
14 to various jurisdictions. And what jumped out at me
15 is that the rate per thousand gallons usage charge
16 paid to the Town of Pittsboro is more than double of
17 the next highest rate. In fact, it's 10 times the
18 rate for the City of Charlotte, for example. Why is
19 that? It's a usage rate.

20 MR. JUNIS: There are a number of factors
21 that go into a usage rate. Its rate design, you know,
22 the splitting between a base charge and a usage charge
23 that we're so familiar with, with the utilities
24 regulated by the Commission. You also have the source

1 water. So this is a system that, you know, is
2 downstream from Greensboro and has had its issues in
3 the past, so you are likely seeing an increase tied to
4 infrastructure to have better quality service also.
5 I'm happy to look into that further, if you'd like,
6 but --

7 COMMISSIONER CLODFELTER: It's just a
8 question of curiosity. I mean, as I say, I don't have
9 any problem with the item that's for vote today, but
10 I'll explore this with Commissioner Hughes. He
11 probably has some answers to my questions.

12 MR. JUNIS: I will earmark this for our
13 pending Rate Case.

14 COMMISSIONER CLODFELTER: Okay. Thank you.

15 CHAIR MITCHELL: Mr. Junis, we have several
16 questions for you on each of the items, so I'll take
17 them in order, starting with Item 6.

18 MR. JUNIS: Perfect. This is a great
19 morning.

20 CHAIR MITCHELL: All right. Couldn't agree
21 more. We noticed in the letter from the Town of
22 Pittsboro to Aqua that there's reference to a contract
23 minimum. The letter states there's a contract minimum
24 of 500,000 gallons per month or 2,000 gallons per

1 connection, whichever is greater, regardless of actual
2 use. Help us understand -- so, first of all, the
3 500,000 gallon minimum, has Aqua ever purchased
4 500,000 gallons of water from the Town of Pittsboro on
5 a month-to-month basis?

6 MR. JUNIS: It's my understanding that they
7 exceed that amount every month, so --

8 CHAIR MITCHELL: Okay.

9 MR. JUNIS: -- that averages out to the same
10 usage charge for exceeding that amount. So if you
11 back-calculate 500,000 gallons at the \$11,845, that is
12 2,369 per thousand gallons, which is the usage rate.

13 CHAIR MITCHELL: Okay.

14 MR. JUNIS: Going forward. So it basically
15 averages out to the same across the board, but this is
16 a protection for the supplier for those amongst -- an
17 off chance they would see a significant decrease.
18 They don't have a base charge, so this sort of
19 functions as a base charge, but it's referred to as a
20 minimum charge.

21 CHAIR MITCHELL: And just one other -- just
22 for the sake of explanation, what does connection
23 mean? Does connection refer to the connections to
24 Pittsboro's system or what is meant by connection?

1 MR. JUNIS: Can you run that language by me
2 one more time?

3 CHAIR MITCHELL: Yes. The letter says --
4 the Town of Pittsboro -- the letter explains there's a
5 contract minimum of 500,000 gallons per month or 2,000
6 gallons per month per connection.

7 MR. JUNIS: So I think you're referring to
8 basically down-the-line connections, so be it
9 individual connections to Aqua.

10 CHAIR MITCHELL: To Aqua's customers?

11 MR. JUNIS: Right.

12 CHAIR MITCHELL: Okay.

13 MR. JUNIS: So if you would end up with,
14 let's say, over 250 connections, then you're going to
15 exceed the 500,000 gallons, and so that re-establishes
16 the minimum charge.

17 CHAIR MITCHELL: Okay. Thank you,
18 Mr. Junis. To the next item.

19 COMMISSIONER BROWN-BLAND: Madam Chair,
20 could I ask a question on Item 6?

21 CHAIR MITCHELL: You may. Go ahead,
22 Commissioner Brown-Bland.

23 COMMISSIONER BROWN-BLAND: Mr. Junis, so a
24 minute ago, you were discussing about the \$500,000

1 (sic) minimum, but what -- so what effect to the
2 customers if they did happen to have a month available
3 load minimum? What would be the effects?

4 MR. JUNIS: So the effect would be to Aqua
5 that they wouldn't -- so let's say there was a month
6 where they used less than 500,000 gallons. Then Aqua
7 would still get the minimum charge of the \$11,845, but
8 then they obviously wouldn't sell more than
9 500,000 gallons, and so they would have a loss,
10 essentially, for that given month for the sale of
11 purchase water.

12 COMMISSIONER BROWN-BLAND: So Aqua would
13 take that loss but the customers would feel it or they
14 would feel it --

15 MR. JUNIS: The customers would not directly
16 feel it because they are only billed what they're
17 metered, so you would have that difference of the
18 amount metered and charged to Aqua, and then the
19 amount that they would then -- would be used by
20 customers and charged to them.

21 COMMISSIONER BROWN-BLAND: All right. Thank
22 you.

23 CHAIR MITCHELL: Mr. Junis, moving to Item
24 No. 7, the past three --

1 COMMISSIONER HUGHES: I have a question for
2 6 too.

3 CHAIR MITCHELL: All right. Commissioner
4 Hughes.

5 COMMISSIONER HUGHES: Yeah. Just following
6 up on Commissioner Clodfelter, he was right, that if
7 this did catch my attention. I believe the high rate
8 is primarily due to Pittsboro charging Aqua the
9 double -- a double retail rate, and that's fairly
10 common for municipalities to charge double rates.
11 Many municipalities, I think, would be amenable to a
12 bulk rate negotiation that -- I don't know if
13 Pittsboro would, but I'd ask if the Company could
14 investigate that.

15 I believe this is the highest rate of anyone
16 that's paying in North Carolina, for water. And I
17 still think it's a bargain to get water delivered
18 right to your door, but I'd request that the Company
19 at least investigate -- at least make it a request to
20 try to renegotiate that bulk sale agreement.

21 MR. JUNIS: I can't speak for the Company
22 but the Public Staff has certainly earmarked this
23 issue, and we'll investigate it further as part of the
24 Rate Case.

1 CHAIR MITCHELL: Commissioner Clodfelter.

2 COMMISSIONER CLODFELTER: When you do, it
3 would be interesting too to know what's the standard
4 rate charged by the Town of Pittsboro to outside the
5 city limits to customers. Not for bulk sale, but if
6 I'm a residential customer on Pittsboro Water but I'm
7 outside the city limits, what's the rate I would
8 charge. Is it this \$23.72 cent per thousand rate or
9 is it some other rate?

10 MR. JUNIS: Yes, sir.

11 CHAIR MITCHELL: Ms. Sanford, I see you
12 approaching.

13 MS. SANFORD: I'm moving.

14 CHAIR MITCHELL: Joining the fray.

15 MS. SANFORD: Chuck, I'm looking right over
16 his shoulders. Thank you. I just wanted to say that
17 we're taking note, obviously these questions as well.
18 We'll work with the Public Staff and I'll talk with
19 the Company to see that we answer all your questions.

20 CHAIR MITCHELL: And just for the record,
21 Jo Anne Sanford, counsel for Aqua.

22 MS. SANFORD: I'm sorry. Thank you.

23 CHAIR MITCHELL: Mr. Junis, Fayetteville
24 Public Works Commission.

1 MR. JUNIS: Yep.

2 CHAIR MITCHELL: It's our understanding
3 Colony Village and Stony Point have emergency
4 connections with Fayetteville Public Works Commission.
5 These are two of the subdivisions with an Aqua service
6 territory. How does this pass through, impact those
7 two subdivisions?

8 MR. JUNIS: So typically, with a subdivision
9 that is primarily provided by Aqua Source wells, they
10 are not charged a pass-through rate, and then this is
11 just a difference of how this expense is incurred
12 versus now if you're providing from purchase water
13 instead of from your wells, it's sort of a trade off
14 of purchase water expense versus chemicals, electric,
15 service, and an operator's time, so that's sort of the
16 difference. So if you need to call on that emergency
17 water, it's an expense incurred by the utility but is
18 not directly passed to those customers in those
19 systems.

20 CHAIR MITCHELL: Okay. Any additional
21 questions or follow-up from Mr. Junis on this item,
22 Item No. 7?

23 (No response)

24 CHAIR MITCHELL: Okay. Thank you,

1 Mr. Junis. Item No. 8, and this is the Johnston
2 County pass-through. It's Commission's understanding
3 that the new rates become effective for service
4 rendered on and after September 1st, 2022. Is that
5 your understanding as well?

6 MR. JUNIS: Yes.

7 CHAIR MITCHELL: And so the Order should so
8 reflect?

9 MR. JUNIS: Yes, please.

10 CHAIR MITCHELL: Okay. Just checking in.
11 Any additional questions for Mr. Junis before we let
12 him go?

13 (No response)

14 CHAIR MITCHELL: We've got a motion on the
15 table to approve these items as recommended by the
16 Public Staff. It's been seconded. I'll call the roll
17 for a vote. Commissioner Brown-Bland, how do you
18 vote?

19 COMMISSIONER BROWN-BLAND: Aye.

20 CHAIR MITCHELL: Commissioner Clodfelter?

21 COMMISSIONER CLODFELTER: Aye.

22 CHAIR MITCHELL: Commissioner Duffley?

23 COMMISSIONER DUFFLEY: Aye.

24 CHAIR MITCHELL: Commissioner Hughes.

1 COMMISSIONER HUGHES: Aye.

2 CHAIR MITCHELL: Commissioner McKissick.

3 COMMISSIONER McKISSICK: Aye.

4 CHAIR MITCHELL: Commissioner Kemerait.

5 COMMISSIONER KEMERAIT: Aye.

6 CHAIR MITCHELL: And I support the motion as
7 well, and the motion carries. Thank you, Mr. Junis.

8 MR. JUNIS: Appreciate that. You can't let
9 me go quite yet. Item 9, Docket No. W-1305, Sub 36,
10 Pluris Hampstead, LLC filed a motion with the
11 Commission seeking to Amend Its Tariff For Monthly
12 Commercial Metered Sewer Service to include a Base
13 Charge for 8-inch Meter Service in Pender County. The
14 Public Staff has reviewed the motion and recommends
15 that the Commission issue the proposed order approving
16 the requested tariff revision.

17 COMMISSIONER McKISSICK: Recommend approval.

18 COMMISSIONER CLODFELTER: And second.

19 CHAIR MITCHELL: It's been moved and
20 seconded that the item be approved as recommended by
21 the Public Staff. Are there any questions or
22 discussion on the item or on the motion?

23 (No response)

24 CHAIR MITCHELL: I'll call the roll for a

1 vote. Commissioner Clodfelter -- I'm sorry,
2 Commissioner Brown-Bland.

3 COMMISSIONER BROWN-BLAND: Aye.

4 CHAIR MITCHELL: Commissioner Clodfelter.

5 COMMISSIONER CLODFELTER: Yes. And that's
6 two of us.

7 CHAIR MITCHELL: Okay. Commissioner
8 Duffley.

9 COMMISSIONER DUFFLEY: Aye.

10 CHAIR MITCHELL: Commissioner Hughes.

11 COMMISSIONER HUGHES: Aye.

12 CHAIR MITCHELL: Commissioner McKissick.

13 COMMISSIONER MCKISSICK: Aye.

14 CHAIR MITCHELL: Commissioner Kemerait.

15 COMMISSIONER KEMERAIT: Aye.

16 CHAIR MITCHELL: And for the record, I
17 support the motion as well, and the motion.

18 MR. JUNIS: All right. Thank you for
19 keeping me on my toes. I'm going to pass it off to
20 Mr. Franklin.

21 CHAIR MITCHELL: We'll proceed to Public
22 Staff, Item 10.

23 MR. FRANKLIN: Good morning, Commissioners.
24 Mike Franklin, Engineer of Public Staff Water, Sewer,

1 and Telephone Division. Agenda Item 10 is a proposed
2 order associated with the application filed by
3 Carolina Water Service, Incorporated of North Carolina
4 or Carolina Water, and Water Resource Management or
5 Water Resource, for Transfer of Public Utility
6 Franchise and approval of rates, Seeking Authority to
7 Transfer the water and wastewater utility systems and
8 Public Utility Franchise serving all of Water
9 Resources service areas in Watauga County, from Water
10 Resource to Carolina Water and approval of rates.

11 Water Resource currently serves 613 monthly
12 flat rate water utility customers and 149 monthly flat
13 rate wastewater utility customers and its service
14 area. Upon acquisition of the system, Carolina Water
15 proposes to charge the current Commission-approved
16 Carolina Water Uniform Rates for flat rate residential
17 service for both water and wastewater utility service
18 approved by the Commission, in Docket No. 354, Sub 384
19 on April 8th, 2022. The Applicant's recommended rates
20 are in the proposed order. Proposed orders have been
21 provided, and it is recommended that the Commission
22 issue the Proposed Orders Scheduling Hearings,
23 establishing discovery guidelines, and requiring
24 customer notice.

1 COMMISSIONER McKISSICK: Move the item as
2 approved.

3 COMMISSIONER CLODFELTER: Second.

4 CHAIR MITCHELL: It's been moved and
5 seconded that the item be approved as recommended by
6 the Public Staff. Questions? Commissioner Kemerait.

7 COMMISSIONER KEMERAIT: Chair Mitchell, I
8 don't have a question but I have a conflict, and so I
9 will not be voting on this one.

10 CHAIR MITCHELL: The record will reflect
11 that Commissioner Kemerait will not participate in the
12 vote on this Item No. 10. Before I call for the vote,
13 Mr. Franklin, one question for you. Given that
14 residents are currently receiving unmetered service,
15 how do the Public Staff obtain the average monthly
16 water usage of 3,837 gallons?

17 MR. FRANKLIN: That is based on the rates,
18 the rates that or the usage for the Carolina Water
19 Uniform Rates.

20 CHAIR MITCHELL: Okay. I will call the roll
21 for a vote, assuming no additional questions for the
22 Public Staff. Commissioner McKissick. Go ahead.

23 COMMISSIONER McKISSICK: This additional
24 incentive payment of \$706 per customer, do you have

1 any idea how that was derived?

2 MR. FRANKLIN: No, sir, but you know we
3 haven't finished our review of the application and our
4 recommendation, and we'll consider that as part of our
5 recommendation.

6 COMMISSIONER McKISSICK: Very good. Thank
7 you.

8 CHAIR MITCHELL: Any additional questions?

9 (No response)

10 CHAIR MITCHELL: I'll call the roll for a
11 vote. Commissioner Brown-Bland.

12 COMMISSIONER BROWN-BLAND: Aye.

13 CHAIR MITCHELL: Commissioner Clodfelter.

14 COMMISSIONER CLODFELTER: Aye.

15 CHAIR MITCHELL: Commissioner Duffley.

16 COMMISSIONER DUFFLEY: Aye.

17 CHAIR MITCHELL: Commissioner Hughes.

18 COMMISSIONER HUGHES: Aye.

19 CHAIR MITCHELL: Commissioner McKissick.

20 COMMISSIONER McKISSICK: Aye.

21 CHAIR MITCHELL: And for the record, I
22 support the motion as well, and the motion carries.

23 MR. FRANKLIN: Okay. Agenda Item 11 is a
24 proposed order for the Application filed by Red Bird

1 Utility Operating Company, LLC or Red Bird and Crosby
2 Utilities, Incorporated or Crosby, for Transfer of
3 Public Utility Franchise and for approval of rates,
4 Seeking Authority to Transfer the water and wastewater
5 utility systems and Public Utility Franchise, serving
6 all of Crosby's service areas in Wake County, from
7 Crosby to Red Bird and approval of rates. Crosby
8 currently serves 290 residential customers in the
9 Baywood Forest and Cottonwood subdivisions with 210
10 water and wastewater utility customers in Baywood
11 Forest, and 80 wastewater only utility customers in
12 Cottonwood.

13 Upon acquisition of the system, Red Bird
14 proposes to charge the current Commission-approved
15 rates for Crosby. The Applicant's recommended rates
16 and proposed future rates are as shown in the proposed
17 order. And a proposed order has been provided and it
18 is recommended that the Commission issue the Proposed
19 Order Scheduling Hearings, establishing discovery
20 guidelines, and requiring customer notice.

21 COMMISSIONER McKISSICK: Move approval of
22 Item 11 as proposed.

23 COMMISSIONER CLODFELTER: Second.

24 CHAIR MITCHELL: It's been moved and

NORTH CAROLINA UTILITIES COMMISSION

1 seconded that the item be approved as recommended by
2 the Public Staff. Questions or discussion?

3 (No response)

4 CHAIR MITCHELL: Hearing none, I'll call the
5 roll for a vote. Indicate your support with an aye
6 and your opposition with a no. Commissioner
7 Brown-Bland.

8 COMMISSIONER BROWN-BLAND: Aye.

9 CHAIR MITCHELL: Commissioner Clodfelter.

10 COMMISSIONER CLODFELTER: Aye.

11 CHAIR MITCHELL: Commissioner Duffley.

12 COMMISSIONER DUFFLEY: Aye.

13 CHAIR MITCHELL: Commissioner Hughes.

14 COMMISSIONER HUGHES: Aye.

15 CHAIR MITCHELL: Commissioner McKissick.

16 COMMISSIONER MCKISSICK: Aye.

17 CHAIR MITCHELL: Commissioner Kemerait.

18 COMMISSIONER KEMERAIT: Aye.

19 CHAIR MITCHELL: For the record, I support
20 the motion as well, and the motion carries. Thank
21 you, Mr. Franklin. Commission has before us for
22 approval our minutes from the July 11th Staff
23 Conference. I'll take a motion.

24 COMMISSIONER CLODFELTER: Move approval.

NORTH CAROLINA UTILITIES COMMISSION

1 COMMISSIONER DUFFLEY: Second.

2 CHAIR MITCHELL: It's been moved and
3 seconded that the minutes from the July 11th Staff
4 Conference be approved. Questions or discussion?

5 (No response)

6 CHAIR MITCHELL: All in favor, indicate with
7 an aye.

8 (All Commissioners say aye)

9 CHAIR MITCHELL: Is there anyone opposed?

10 (No response)

11 CHAIR MITCHELL: Our minutes are approved.
12 Additional business for the Commission this morning
13 before we adjourn?

14 (No response)

15 CHAIR MITCHELL: Hearing none, we'll be
16 adjourned. Thank you very much, everybody. Let's go
17 off the record, please.

18 -----

19 WHEREUPON, this conference is adjourned.

20 -----

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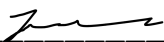
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C E R T I F I C A T E

I, TONJA VINES, DO HEREBY CERTIFY that the proceedings in the above-captioned matter were taken before me, that I did report in stenographic shorthand the Proceedings set forth herein, and the foregoing pages are a true and correct transcription to the best of my ability.



Tonja Vines