



acquisition of the system, Currituck proposes to charge the current Commission-approved rates for Sandler. The present and proposed rates are as follows:

<u>Monthly Wastewater Service:</u>	<u>Present</u>	<u>Proposed</u>
Flat Rate Residential Wastewater Service	\$ 52.60	\$ 52.60
Mill Creek Golf Club	\$364.67	\$364.67
Moyock Middle School	\$884.20	\$884.20

The Eagle Creek wastewater collection system has experienced numerous outages and sanitary sewer overflows with the most recent series of outages beginning September 29, 2020. The North Carolina Department of Environmental Quality – Division of Water Resources (DWR) has issued four Notices of Violation and Notice of Intent to Enforce dated October 7, 2020; November 23, 2020; December 16, 2020; and January 14, 2021. The service outages have continued into 2021 with the most recent lasting four days beginning October 1, 2021, and another lasting days beginning October 29, 2021. A significant number of customers have experienced more than 45 days of outages since September 29, 2020.

On behalf of DWR, the North Carolina Attorney General obtained a Consent Judgment with Sandler dated July 1, 2021, in the Superior Court of Currituck County, Docket Number 21 CVS 78. The Consent Judgment requires Sandler to make substantial capital and operational improvements for the wastewater collection system with the review and oversight of DWR. The Attorney General and DWR have been reviewing Sandler’s planned upgrades and have required modifications.

Upon acquisition, Currituck plans to make capital improvements including renovations to the wastewater treatment plant, renovations to and reactivation of the effluent infiltration pond, and conversion of the wastewater collection system from a vacuum collection system to a gravity collection system in an effort to improve wastewater system reliability. Currituck estimates the costs of the proposed capital improvements to be approximately \$3 million, with \$1.767 million attributed to replacing the vacuum collection system with a gravity collection system. The Public Staff states that based on Currituck’s estimated costs for these improvements, the approximate annual revenue requirement increase associated with the capital improvement expenditures, solely for increased interest cost, depreciation, and return on equity, would be approximately \$761 per resident equivalent unit (REU) per year, or \$63.42 per REU per month. This increase is in addition to the proposed rates identified above.

A significant number of customers have advised the Public Staff that they are opposed to the gravity system replacement; the expected major disruptions including, but not limited to, damage to the roads, fences, and sheds near customer property lines during the installation of gravity service lines; and potential damage to home foundations, walls, and floors caused by dewatering the high water table. In addition, some customers believe the estimated cost of \$1.767 million for the gravity collection system is materially understated.

AirVac, a major vacuum wastewater system company, has provided an estimate of \$1.2 million for renovations and capital upgrades to the existing vacuum collection system. Renovations to the wastewater treatment plant and renovations and reactivation of the effluent infiltration pond would also be necessary. The total combined estimated upgrade costs would be approximately \$2.2 million. The Public Staff states the approximate annual revenue requirement increase associated with the capital improvement expenditures, solely for increased interest costs, depreciation, and return on equity, would be approximately \$756 REU per year, or \$62.97 per REU per month. The vacuum system equipment has a shorter expected service life than the gravity system.

The Public Staff presented this matter at the Commission's Staff Conference on November 15, 2021. The Public Staff recommended that the matter be scheduled for a customer hearing for the sole purpose of receiving testimony from customers; that the matter also be scheduled for an expert witness hearing for the sole purpose of receiving expert witness testimony from Currituck, Sandler, the Public Staff, and intervenors, if any; and that Sandler be required to provide notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

Based upon the foregoing, and the recommendation of the Public Staff, the Commission hereby establishes the procedural schedule, including filing requirements of Currituck, Sandler, the Public Staff, and other parties, and requires that Sandler provide public notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

The guidelines regarding discovery in this docket, subject to modification for good cause shown, are as follows:

1. Any deposition shall be taken before the deadline for the filing of the Public Staff and other intervenor testimony, or as agreed to by the parties should Currituck or Sandler require depositions. A notice of deposition shall be served on all parties at least seven business days prior to the taking of the deposition.

2. Any motion for subpoena of a witness to appear at the expert witness hearing shall be filed with the Commission before the deadline for the filing of the Public Staff and other intervenor testimony, shall be served by hand delivery or facsimile to the person sought to be subpoenaed at or before the time of filing with the Commission, and shall make a reasonable showing that the evidence of such person will be material and relevant to an issue in the proceeding. N.C. Gen. Stat. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena within one business day of the filing of such motion.

3. Formal discovery requests related to the Application and Currituck's and Sandler's prefiled direct and supplemental testimony shall be served on Currituck or Sandler, or both, by hand delivery, facsimile, or electronic delivery with Currituck's or Sandler's agreement, no later than 14 calendar days prior to the filing of the Public Staff

and other intervenor testimony. Currituck or Sandler, or both, shall have up to ten calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days prior to the deadline for the filing of Public Staff and other intervenor testimony.

4. Formal discovery requests of the Public Staff or other intervenors shall be served by hand delivery, facsimile, or electronic delivery with the agreement of the receiving party, no later than five calendar days after the filing of that party's testimony. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than nine calendar days after the filing of that party's testimony.

5. Formal discovery requests related to prefiled rebuttal testimony shall be served by hand delivery, facsimile, or electronic delivery with Currituck's or Sandler's, or both parties' agreement, no later than two calendar days after the filing of such testimony. The party served shall have up to two calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than three business days after the filing of such rebuttal testimony. Discovery related to rebuttal testimony shall be limited to new material introduced in such rebuttal testimony and will be carefully scrutinized upon objection that such discovery should have been sought during the initial period of discovery.

6. Discovery requests need not be filed with the Commission when served; however, objections shall be filed with the Commission and the objecting party shall attach a copy of the relevant discovery request to the objections. Each discovery request, or part thereof, to which no objection is filed, shall be answered by the time objections are due, subject to other agreement of the affected parties or other order of the Commission. Upon the filing of objections, the party seeking discovery shall have two business days to file with the Commission a motion to compel, and the party objecting to discovery shall have one business day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected party by hand delivery, facsimile, or electronic delivery with the agreement of the receiving party, at or before the time of filing with the Commission.

7. A party shall not be granted an extension of time to pursue discovery due to that party's late intervention or other delay in initiating discovery.

The Commission urges all parties to work in a cooperative manner and to try to accommodate discovery within the time available. The Commission recognizes that in the past, most discovery has been conducted in an informal manner without the need for Commission involvement or enforcement, and that such has been generally successful. The above guidelines are without prejudice to the parties conducting informal discovery or exchanging information by agreement at any time with the understanding that such will not be enforceable by the Commission if outside these guidelines.

IT IS, THEREFORE, ORDERED as follows:

1. That a public witness hearing is hereby scheduled for Wednesday, February 2, 2022, and shall be held remotely via WebEx. The first session will begin at 1:30 p.m. and end at the earlier of the conclusion of the last witness' testimony or 4:30 p.m. The second session will begin at 6:30 p.m. and end at the earlier of the last witness' testimony or 10:30 p.m. A link to view the hearing will be available at [www.ncuc.net](http://www.ncuc.net);

2. Members of the public that would like to testify must register in advance of the hearing, no later than 5:00 p.m. on Wednesday, January 19, 2022, either by email at [ncucpublichearing@ncuc.net](mailto:ncucpublichearing@ncuc.net) or by calling 919-733-0837. Individuals registering to testify must provide their name, the docket number (W-1333, Sub 0), the exact telephone number they will use to participate in the hearing, the session at which they will participate, and the topic of their testimony;

**Only individuals registered by 5:00 p.m. on Wednesday, January 19, 2022, will be allowed to testify at the public hearing.**

3. That the public witness hearing will be conducted solely for the purpose of receiving the testimony of public witnesses in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing pursuant to Commission Rule R1-21(g)(5);

4. That Currituck and Sandler are required to file separately, verified reports addressing all customer service and service quality complaints expressed during the public witness hearing held on February 2, 2022, within 15 days of the conclusion of the public witness hearing. The Public Staff shall and other intervenors may file a verified response and any comments to Currituck and Sandler's reports on or before February 24, 2022;

5. That the Application is scheduled for an expert witness hearing beginning at 10 a.m. on Tuesday, April 5, 2022, and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina;

6. That the parties shall comply with the discovery guidelines established herein and shall work in a cooperative manner as to discovery;

7. That Currituck and Sandler are required to prefile all testimony on which they will rely at the expert witness hearing on or before Friday, February 4, 2022, which is 60 days prior to the expert witness hearing. The Public Staff and intervenors, if any, shall file their testimony on or before Thursday, February 24, 2022, which is 40 days prior to the expert witness hearing, and Currituck and Sandler shall file their rebuttal testimony, if any, on or before Wednesday, March 16, 2022, which is 20 days prior to the expert witness hearing;

8. That on or before Thursday, February 24, 2022, any persons having an interest in this matter may file petitions to intervene in this proceeding pursuant to Commission Rules R1-5, R1-7, and R1-19;

9. That Currituck shall consult with all other parties and file, no later than Monday, March 28, 2022, a list of witnesses to be called at the expert witness hearing, the order of witnesses, and each party's estimated time for cross-examination. If the parties cannot agree, the remaining parties shall, no later than Wednesday, March 30, 2022, make a filing indicating their points of disagreement with Currituck's filing;

10. That an officer or representative of Currituck and Sandler are required to appear before the Commission at the time and place of the expert witness hearing to testify concerning any of the information contained in the Application;

11. That all parties filing supporting exhibits in Excel format shall provide the Commission Staff electronic versions of the exhibits filed in native Excel format, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that Currituck, Sandler, and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact;

12. That all parties filing supporting exhibits in PDF format shall provide to the Commission Staff electronic versions of the exhibits filed in native Excel format via email at NCUCexhibits@ncuc.net, where applicable, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that Currituck, Sandler, and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact; and

13. That the Notice to Customers, attached hereto as Appendix A, shall be mailed with sufficient postage or hand delivered by Sandler to all affected customers no later than ten days after the date of this Order and that Sandler shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 20 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 18th day of November, 2021.

NORTH CAROLINA UTILITIES COMMISSION



Erica N. Green, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS  
DOCKET NO. W-1130, SUB 11  
DOCKET NO. W-1333, SUB 0**

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that Currituck Water and Sewer, LLC (Currituck), 4700 Homewood Court, Suite 108, Raleigh, North Carolina 27609, and Sandler Utilities at Mill Run, LLC (Sandler), 448 Viking Drive, Suite 220, Virginia Beach, Virginia 23452, filed an Application with the North Carolina Utilities Commission (Commission) for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the wastewater utility system and public utility franchise serving Creek Subdivision in Currituck County, North Carolina, from Sandler to Currituck and approval of rates.

Upon acquisition, Currituck plans to make capital improvements and implement changes to operations that will increase annual operating costs above current levels. The planned capital improvements include renovations to the wastewater treatment plant, renovations to and reactivation of the effluent infiltration pond, and conversion of the wastewater collection system from a vacuum collection system to a gravity collection system in an effort to improve wastewater system reliability. Currituck estimates the costs of the proposed capital improvements to be approximately \$3 million, with \$1.767 million attributed to replacing the vacuum collection system with a gravity collection system. The Public Staff has stated that based on Currituck's estimated costs for these improvements, the approximate annual revenue requirement increase associated with the capital improvement expenditures, solely for increased interest cost, depreciation, and return on equity, would be approximately \$761 per resident equivalent unit (REU) per year or \$63.42 per REU per month.

AirVac, a major vacuum wastewater system company, has provided an estimate of \$1.2 million for renovations and capital upgrades to the vacuum system. Renovations would also be necessary for the wastewater treatment plant and renovations and reactivating the effluent infiltration pond. The total combined estimated upgrade costs would be \$2.2 million. The Public Staff has stated the approximate annual revenue requirement increase associated with the capital improvement expenditures, solely for increased interest costs, depreciation, and return on equity, would be approximately \$756 REU per year or \$62.97 per REU per month. The vacuum system equipment has a shorter useful life than the gravity system.

When Currituck files a future general rate case application with the Commission, Currituck could, if approved by the Commission in rate base, include in its application the costs of purchasing the Sandler wastewater utility system and its investment in upgrading the system in rate base, which would allow Currituck to recover in rates the reasonable depreciation expense and reasonable interest expense and allow Currituck the opportunity to earn a return.

EFFECT OF RATES:

In its Application, Currituck proposes to charge the rates approved for Sandler on December 9, 2016, in Docket Nos. W-1130, Sub 9 and M-100, Sub 138, by Commission Order Approving Tariff Revision and Requiring Customer Notice. The Commission approved rates are as follows:

<u>Monthly Wastewater Service:</u>	<u>Present</u>	<u>Proposed</u>
Flat Rate Residential Wastewater Service	\$ 52.60	\$ 52.60
Mill Creek Golf Club	\$364.67	\$364.67
Moyock Middle School	\$884.20	\$884.20

PROCEDURE FOR PUBLIC HEARING:

The Commission has scheduled the following hearings on the Application:

*Customer Witness Hearing* is scheduled for Wednesday, February 2, 2022, to be held remotely via WebEx for customer testimony. The first session will begin at 1:30 p.m. and end at the earlier of the conclusion of the last witness' testimony or 4:30 p.m. The second session will begin at 6:30 p.m. and end at the earlier of the last witness' testimony or 10:30 p.m. A link to view the hearing will be available at [www.ncuc.net](http://www.ncuc.net).

*Expert witness Hearing:* Beginning at 10 a.m. on Tuesday, April 5, 2022, and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina.

Pursuant to N.C.G.S. § 14-269.4, absent certain specific exceptions, it is unlawful for any person to possess, or carry, whether openly or concealed, any deadly weapon, not used solely for instructional or officially sanctioned ceremonial purposes, in any building housing any court of the General Court of Justice. Therefore, weapons are strictly prohibited at the hearings scheduled in this docket and the Commission's Hearing Room.



Remote hearing via WebEx: Members of the public that would like to testify must register in advance of the hearing, no later than 5:00 p.m. on Wednesday, January 19, 2022, either by email at [ncucpublichearing@ncuc.net](mailto:ncucpublichearing@ncuc.net) or by calling 919-733-0837. Individuals registering to testify must provide their name, the docket number (W-1333, Sub 0), the exact telephone number they will use to participate in the hearing, the session at which they will participate, and the topic of their testimony. Witnesses calling from any number different from the number provided at registration may be delayed or experience other difficulty in providing their testimony. **Only individuals registered by 5:00 p.m. on Wednesday, January 19, 2022, will be allowed to testify at the hearings. The Commission reserves the right to limit testimony at the public witness hearings.**

The hearing scheduled for February 2, 2022, shall be conducted solely for the purpose of receiving customer testimony. The hearing scheduled for April 5, 2022, shall be conducted solely for the purpose of receiving testimony of Currituck, Sandler, the Public Staff, and any other parties of record.

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

Written statements can also be faxed to 919-715-6704 or e-mailed to [mike.franklin@psncuc.nc.gov](mailto:mike.franklin@psncuc.nc.gov). Written statements are not evidence unless those persons submitting the statements appear at the public hearing and testify concerning the information contained in their written statements.

Commission hearings are subject to change because of COVID-19. Any changes to scheduled hearings will be posted on the NCUC website (<https://www.ncuc.net/>).

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. Written statements may also be e-mailed to [utilityAGO@ncdoj.gov](mailto:utilityAGO@ncdoj.gov).

Persons desiring to intervene in this matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5 and R1-19, *on or*

*before Thursday, February 24, 2022.* Any such petition should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Information regarding this proceeding can also be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under the docket number of this proceeding.

This the 18th day of November, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Erica N. Green". The signature is written in a cursive style with a large initial "E".

Erica N. Green, Deputy Clerk

CERTIFICATE OF SERVICE

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers copies of the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket Nos. W-1130, Sub 11 and W-1333, Sub 0, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_ 2021.

By: \_\_\_\_\_  
Signature  
\_\_\_\_\_  
Name of Utility Company

The above named Applicant, \_\_\_\_\_, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket Nos. W-1130, Sub 11 and W-1333, Sub 0.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_ 2021.

\_\_\_\_\_  
Notary Public  
\_\_\_\_\_  
Printed Name

(SEAL) My Commission Expires: \_\_\_\_\_  
Date