



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

February 11, 2022

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1063, Sub 5 - Application for Rate Increase

Dear Ms. Dunston:

Attached for filing is the Proposed Order of the Public Staff in the above-referenced docket.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted  
s/ William E. H. Creech  
Staff Attorney  
[zeke.creech@psncuc.nc.gov](mailto:zeke.creech@psncuc.nc.gov)

Attachment

Executive Director  
(919) 733-2435

Communications  
(919) 733-5610

Economic Research  
(919) 733-2267

Legal  
(919) 733-6110

Transportation  
(919) 733-7766

Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Electric  
(919) 733-2267

Natural Gas  
(919) 733-4326

Water  
(919) 733-5610

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1063, SUB 5

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by C & P Enterprises, Inc.,	)	
Post Office Box 31563, Raleigh, North	)	PROPOSED ORDER
Carolina 27622, for Authority to Adjust	)	GRANTING RATE
and Increase Rates for Sewer Utility	)	INCREASE AND
Service at Ocean Bay Villas and Ocean	)	REQUIRING
Glen Condominiums in Carteret County,	)	CUSTOMER NOTICE
North Carolina	)	

BY THE COMMISSION: This proceeding began with the filing of an application for rate increase by C & P Enterprises, Inc. (C & P Enterprises or the Applicant) on August 27, 2021. In an order issued on September 20, 2021, the Commission declared the proceeding to be a general rate case and suspended the proposed new rates for up to 270 days.

By order dated November 16, 2021, the Commission scheduled a remote customer hearing at 7:00 p.m., on Wednesday, January 5, 2022, and an in-person evidentiary hearing at 10:00 a.m. on Tuesday, February 8, 2022.

On January 3, 2022, the Public Staff filed a motion to cancel the customer hearing. In its motion, the Public Staff stated that the Company had filed the requisite Certificate of Service, which attested that all customers received notice of the rate increase and the hearing, and that no customers submitted a complaint or registered to provide testimony at the hearing. On January 3, 2022, the Commission issued its order cancelling the public hearing.

On January 19, 2022, the Public Staff filed the direct testimony and exhibits of Lindsay Q. Darden, Public Utilities Engineer, Public Staff Water, Sewer, and Telephone Division; Kuei Fen Sun, Financial Analyst, Public Staff Accounting Division, and a notice of affidavit and affidavit of Public Staff witness Phat H. Tran, Public Utilities Financial Analyst, Public Staff Economic Research Division.

On January 25, 2022, C & P Enterprises filed a letter accepting the Public Staff's recommended revenue requirements and rates, and requesting that the Commission cancel the expert witness hearing, approve the rates, and make the rates effective the date of the Commission order.

On January 31, 2022, the Public Staff filed a motion requesting that the evidentiary hearing scheduled for Tuesday, February 8, 2022, be cancelled; the testimony and exhibits of Public Staff witnesses Lindsay Q. Darden and Kuei Fen Sun and the affidavit of Public Staff witness Phat Tran be entered into evidence; and the Public Staff be permitted to submit a proposed order granting rate increase and requiring customer notice.

On February 2, 2022, the Commission issued its Order cancelling the evidentiary hearing, admitting the testimony and exhibits of Public Staff witnesses Lindsay Q. Darden and Kuei Fen Sun and the affidavit of Public Staff witness Phat Tran, permitting the Public Staff to submit a proposed order granting rate increase and requiring customer notice within ten days of this Order, and requiring C & P Enterprises to provide notice to customers of the Commission's February 2, 2022 order.

Based on the foregoing, and the entire record in this matter, the Commission makes the following:

#### FINDINGS OF FACT

1. The Applicant is properly before the Commission seeking an increase in its rates and charges for sewer utility service.

2. The Applicant bills and receives payment for sewer utility service from two multi-family development customers along NC Highway 58 (also known as Salter Path Road) near the Town of Pine Knoll Shores: Ocean Glen Condominiums and Ocean Bay Villas Owners Association, Inc. Ocean Glen Condominiums consists of 38 residential units and Ocean Bay Villas consists of 51 residential units. The owners of condominiums in Ocean Glen Condominiums and Ocean Bay Villas benefit from the service provided by the Applicant, and they pay for the service indirectly through their homeowners' association dues, but they do not receive bills from or pay bills to the Applicant. Consequently, the individual owners of condominiums are not customers and were not entitled to be served with the Notice to Customers attached to the Commission's orders of November 26, 2021, and February 2, 2022.

3. The Application listed the C & P Enterprise's revenues and expenses for the calendar year 2020, and the Commission in its order of September 20, 2021, properly established the 12-month period ended December 31, 2020, as the test year for this proceeding.

4. The Applicant's current and proposed rates are as follows:

<u>Monthly Flat Rate Sewer Service</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Ocean Bay Villas	\$2,912.31	\$3,526.65
Ocean Glen Condominiums	\$2,169.96	\$2,627.70
Per Residential Unit	\$57.10	\$69.15

5. The Applicant's proposed rates would generate an approximate twenty-one percent (21%) increase in sewer service revenue, though the Public Staff's recommended revenue would generate an approximate seven percent (7%) increase in sewer service revenue, reflecting annual sewer service revenues of \$60,987 under present rates, \$73,852 under the Applicant's proposed rates, and the Public Staff's recommended revenue requirement of \$65,103 to which the Applicant has agreed.

6. The original cost rate base for use in this proceeding is \$60,064, consisting of plant in service of \$152,818 (adjusted for accumulated depreciation of (\$100,308)), unamortized legal expenses net of taxes of \$1,717, and cash working capital of \$5,837. The level of operating revenue deductions requiring a return (total operating expenses excluding the regulatory fee and income taxes) is \$59,602.

7. As allowed under N.C. Gen. Stat. § 62-133.1, the operating ratio method is the appropriate method for determining the Applicant's revenue requirement for sewer operations in this proceeding. A gross revenue requirement using an operating margin of 7.00% as recommended by Public Staff Financial Analyst Tran is a reasonable rate.

8. The appropriate level of total revenues for use in this proceeding is \$60,987 under the Applicant's present rates and \$65,103 under the rates agreed

to by the Applicant and Public Staff, reflecting a \$4,116 increase.

9. The rates recommended by the Public Staff and agreed to by the Applicant are as follows:

<u>Monthly Flat Rate Sewer Utility Service:</u>	<u>Agreed Rates</u>
Ocean Glen Condominiums	\$2,316.48
Ocean Bay Villas	\$3,108.96
Per Residential Unit	\$ 60.96

10. The Applicant is providing adequate service to its customers.

#### EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT 1-10

The evidence for these findings of fact is contained in the verified application filed in this docket; the affidavit, testimonies, and exhibits of the Public Staff witnesses Darden, Sun, and Tran; and the Commission's records. This evidence is uncontroverted. Based upon the entire record in this proceeding, the Commission is of the opinion that C & P Enterprises has sufficiently demonstrated the need to increase its rates for providing sewer utility service in all of its service areas in Carteret County, North Carolina. The Commission, therefore, concludes that the rates recommended by the Public Staff and agreed to by C & P Enterprises are just and reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That the Applicant is authorized to increase its rates for sewer utility service at Ocean Bay Villas and Ocean Glen Condominiums in Carteret County, North Carolina 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.G.S. § 62-138.

3. That a copy of the Notice to Customers attached hereto as Appendix B shall be mailed or hand delivered to all affected customers of the Applicant within five business days of the date of this Order, and that the Applicant shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than \_\_\_\_\_, 2022.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of February, 2022.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

A. Shonta Dunston, Chief Clerk

SCHEDULE OF RATES

for

C&P Enterprises, Inc.

for providing sewer utility service in the

OCEAN BAY VILLAS AND OCEAN GLEN CONDOMINIUMS

Carteret County, North Carolina

Monthly Flat Rate Sewer Utility Service:

Ocean Bay Villas	\$3,108.96
Ocean Glen Condominiums	\$2,316.48

Reconnection Charge: None

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charges for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 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-1063, Sub 5, on this the \_\_\_\_th day of \_\_\_\_\_, 2022.



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS  
DOCKET NO. W-1063, SUB 5  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

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

Monthly Flat Rate Sewer Utility Service:

Ocean Bay Villas	\$3,108.96
Ocean Glen Condominiums	\$2,316.48

Reconnection Charge: None

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charges for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date

This the \_\_\_ day of \_\_\_\_\_, 2022.

NORTH CAROLINA UTILITIES COMMISSION

\_\_\_\_\_  
A. Shonta Dunston, 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-1063, Sub 5, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_, 2022.

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-1063, Sub 5.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_, 2022.

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

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