

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1205, SUB 14

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application by Clarke Utilities, Inc., 223) Highway 70 East, Suite 15, Garner, North) Carolina 27529-4062, for Authority to Increase) Rates for Water and Sewer Utility Service in all) of Its Service Areas in Wake and Franklin) Counties, North Carolina)	APPLICANT'S PROPOSED ORDER CANCELING HEARING, GRANTING PARTIAL RATE INCREASE, AND REQUIRING CUSTOMER NOTICE
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BY THE COMMISSION: On March 22, 2021, Clarke Utilities, Inc. (Applicant), filed an application with the Commission seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in Wake and Franklin Counties, North Carolina. The Applicant serves approximately 558 water customers and 312 sewer customers. The present rates have been in effect since January 1, 2017 based on orders issued in Docket Nos. M-100, Sub 138 and W-1215, Sub 8.

On April 19, 2021, the Commission issued an Order establishing general rate case, suspending rates. On May 19, 2021, the Commission issued an Order scheduling hearings, and requiring customer notice. On May 25, 2021, the Applicant filed the Certificate of Service indicating that customer notice had been given in accordance with the Commission's Order. The Public Staff and the Commission have not received any protests from the Applicant's customers.

On June 17, 2021, the Public Staff filed the Affidavits of Robert Hinton, Financial Analyst. On June 21, 2021, the Public Staff filed the testimony of Gina Casselberry, Utilities Engineer, and Charles A. Akpom, Staff Accountant. On July 6, 2021, the Public Staff and the Applicant filed with the Commission a motion stating that the Applicant had reviewed the Affidavits and testimony that the Public Staff had filed and agreed to the Public Staff's recommended rates. The parties requested that the July 21, 2021, hearing be canceled.

On July 6, 2021, the Public Staff and the Applicant filed a proposed order recommending that the Commission cancel the hearing, approve the Public Staff's recommended rates and require customer notice.

On July 6, 2021, the parties filed a joint proposed order approving the rates as recommended by the Public Staff.

Based upon the foregoing, the verified application, the affidavit of Mr. Hinton, the testimony of Ms. Casselberry and Mr. Akpom and the entire record in this matter the Commission makes the following:

FINDINGS OF FACT

- The test year established for use in this proceeding is the 12-month period ended December 31, 2019.
- The Applicant's present and proposed rates filed in the application are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
Water Utility Service		
Residential Monthly Metered Water Rates:		
Base charge, zero usage		
<1" meter	\$12.68	\$17.48
1" meter	\$31.69	\$43.70
1-1/2 meter	\$63.37	\$87.40
2" meter	\$101.40	\$139.84
Usage charge, per 1,000 gallons	\$2.49	\$3.50
Sewer Utility Service		
Residential Monthly Metered Service Rates:		
Base charge, zero usage		
<1" meter	\$25.58	\$32.10
1" meter	\$63.92	\$80.25
1-1/2 meter	\$127.84	\$160.50
2" meter	\$204.56	\$256.56
Richard Community Church	\$204.56	\$256.80
Usage charge, per 1,000 gallons	\$2.88	\$3.60

The present rates generate service revenues of \$184,917 for water operations.

The proposed rates generate service revenues of \$25,534 for water operations.

The present rates generate service revenues of \$158,884 for sewer operations.

- The proposed rates generate service revenues of \$199,151 for sewer operations.
- After an investigation and an audit of the Applicant's records, the Public Staff recommended an increase in service revenues of \$222,625 resulting in a total revenue requirement of \$222,436 for water operations and recommended service revenues of \$199,151 for sewer operations.
- On July 6, 2021, the parties filed a motion with the Commission stating the Applicant agreed with the Public Staff's recommended rates.
 - The quality of service provided by the Applicant is adequate.
- Pursuant to G.S. 62-133.1, the operating ratio method is the appropriate method in determining the Applicant's revenue requirement.
- The level of test year operating revenue deductions after all Public Staff adjustments, excluding regulatory fee, and income taxes is \$183,821 for sewer operations.

The level of test year operating revenue deductions after all Public Staff adjustments, excluding regulatory fee, and income taxes is \$203,740 for water operations

- The original cost rate base for use in this proceeding after all of the Public Staff's adjustments is \$184,211; \$72,384 for water operations; \$111,827 for sewer operations.
- A return of 7.00% on operating revenue deductions is reasonable for use in this proceeding. The total annual service revenues necessary to allow the Applicant to earn the 7.00% return are \$423,223, an increase of \$79,422 for combined operations.

The following rates and rate structures, recommended by the Public Staff and accepted by the Applicant will produce the total of \$423,223 in annual revenue necessary to allow the Applicant to earn the 7.00% return:

Water Utility Service:

Base charge, zero usage

< 1" meter	\$ 15.50
1" meter	\$ 38.75
1-1/2" meter	\$ 77.50
2" meter	\$124.00

Usage charge, per 1,000 gallons \$ 2.95

Sewer Utility Service

Base charge, zero usage

<1' meter	\$32.10
1" meter	\$80.25
1-1/2" meter	\$160.50
2" meter	\$256.80

Richard Community Church

\$2

56.80

Usage charge, per 1,000 gallons

\$3.

60

Based upon the foregoing, the Commission is of the opinion that the hearing scheduled for July 21, 2021 should be canceled, that the rates recommended by the Public Staff should be approved and that customers should be notified.

IT IS THEREFORE, ORDERED as follows:

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- That the hearing scheduled on July 21, 2021 in Raleigh, North Carolina, is canceled.

That the Schedule of Rates, attached as Appendix A, is approved and deemed to be filed with the Commission pursuant to G.S. 62-138. Said Schedule of Rates is authorized to become effective for service rendered on and after the date of this Order.

4. That the Notice to Customers, attached as Appendix B, be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the new rates no later than 5 days after the date of this Order; and that the Applicant submit to the Commission the attached Certificate of Service properly signed and notarized not later than 10 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Chief Clerk

SCHEDULE OF RATES
for
CLARKE UTILITIES, INC.
for providing water and sewer utility service
in
ALL ITS SERVICE AREAS IN
Wake and Franklin Counties, North Carolina

Water Utility Service

Base charge, zero usage		
<1"	meter	\$15.50
1"	meter	\$38.75
1-1/2"	meter	\$77.50
2"	meter	\$124.00
Usage charge, per 1,000 gallons		\$2.95

Sewer Utility Service

Base charge, zero usage		
<1'	meter	\$32.10
1"	meter	\$80.25
1-1/2"	meter	\$160.50
2"	meter	\$256.80
Richard Community Church		\$256.80
Usage charge, per 1,000 gallons		\$3.60

Reconnection Charges:

If water service is cut off by utility for good cause	\$15.00
If water service cut off by utility at customer's request:	\$15.00

<u>Return Check Fee:</u>	\$20.00
<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	15 days after billing date
<u>Billing Frequency:</u>	Shall be monthly for service in arrears
<u>Finance Charge For Late Payment:</u>	1.0% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1205, Sub 5, on this the day of July, 2021.

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

APPENDIX B

NOTICE TO CUSTOMERS
DOCKET NO. W-1205,
SUB14
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

The North Carolina Utilities Commission has **determined that there were no protests concerning the rate increase application filed in this docket and is canceling the hearing previously scheduled for Wednesday, July 21, 2021.** The Commission has issued an Order granting an increase in rates to Clarke Utilities, Inc. for providing sewer utility service in all its service areas in Wake and Franklin Counties, North Carolina. The Commission has approved the following rate structure for water rates, and the following increased sewer rates and rate structure for sewer rates, effective for service rendered on and after the date of this Order.

Water Utility Service

Base charge, zero usage		
<1"	meter	\$15.50
1"	meter	\$38.75
1-1/2"	meter	\$77.50
2"	meter	\$124.00

Usage charge, per 1,000 gallons \$2.95

Sewer Utility Service

Base charge, zero usage		
<1'	meter	\$32.10
1"	meter	\$80.25
1-1/2"	meter	\$160.50
2"	meter	\$256.80

Richard Community Church \$256.80

Usage charge, per 1,000 gallons \$3.60

Return Check Fee \$ 20.00

ISSUED BY ORDER OF THE COMMISSION.

This the day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION
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-1205, Sub 14, 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 No. W-1205, Sub 14.

Witness my hand and notarial seal, this the ____ day of _____, 2021.

Notary Public

Address

Date

(SEAL) My Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing proposed order was duly served upon parties of record by either depositing same in a depository of the United States Postal Service, first-class postage prepaid, or by electronic delivery.

This 13th day of July 2021

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