

**NORTH CAROLINA UTILITIES COMMISSION  
RALEIGH**

Docket No. W-1049, Sub 18

Exceptions Due on or Before August 28, 2014

**NOTICE TO PARTIES**

Parties to the above proceeding may file exceptions to the report and Recommended Order hereto attached on or before the day above shown as provided in G.S. 62-78. Exceptions, if any, must be filed (original and thirty (30) copies) with the North Carolina Utilities Commission, Raleigh, North Carolina, and a copy thereof mailed or delivered to each party of record, or to the attorney for such party, as shown by appearances noted. Each exception must be numbered and clearly and specifically stated in one paragraph without argument. The grounds for each exception must be stated in one or more paragraphs, immediately following the statement of the exception, and may include any argument, explanation, or citations the party filing same desires to make. In the event exceptions are filed, as herein provided, a time will be fixed for oral argument before the Commission upon the exceptions so filed, and due notice given to all parties of the time so fixed; provided, oral argument will be deemed waived unless written request is made therefor at the time exceptions are filed. If exceptions are not filed, as herein provided, the attached report and recommended decision will become effective and final on August 29 2014 unless the Commission, upon its own initiative, with notice to parties of record modifies or changes said Order or decision or postpones the effective date thereof.

The report and Recommended Order attached shall be construed as tentative only until the same becomes final in the manner hereinabove set out.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1049, SUB 18

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Application by A&D Water Service, Inc., Post Office Box	)	
1407, Pisgah Forest, North Carolina 28768, for Authority	)	RECOMMENDED
to Increase Rates for Water and/or Sewer Utility Service	)	ORDER
in Camelot, Cinnamon Woods, Rolling Oaks Estates,	)	GRANTING
High Vista Falls (Phases I through V), La Vista Village	)	ADJUSTMENTS IN
Condominiums, High Vista Country Club, and certain	)	RATES AND
Out-Parcels on NC Highway 191 and Bishop Road,	)	REQUIRING
Sherwood Forest, and White Oak Village Mobile Home	)	CUSTOMER
Park in Buncombe, Henderson, and Transylvania	)	NOTICE
Counties, and to Change Billing Frequency and Increase	)	
Reconnection Charge for Sapphire Lakes Subdivision in	)	
Transylvania County, North Carolina	)	

HEARD IN: Hendersonville Courthouse, Courtroom 2, 200 North Grove Street,  
Hendersonville, North Carolina, on July 9, 2014, at 6:00 p.m., and  
July 10, 2014, at 10:00 a.m.

BEFORE: Ronald D. Brown, Hearing Examiner

APPEARANCES:

For A&D Water Service, Inc.:

James E. L. Fickling, Attorney at Law, McKay, Cauthen, Settana &  
Stubley, P.A., 1303 Blanding Street, Columbia, South Carolina 29201

For the Using and Consuming Public:

Elizabeth A. Denning, Staff Attorney, Public Staff – North Carolina Utilities  
Commission, 4326 Mail Service Center, Raleigh, North Carolina  
27699-4326

BROWN, HEARING EXAMINER: On March 7, 2014, A&D Water Service, Inc.  
(A&D or Applicant), filed an application with the Commission seeking authority to  
increase its rates for water utility service in Camelot Subdivision and Cinnamon Woods  
Subdivision in Henderson County, and Rolling Oaks Estates Subdivision in Buncombe

County; sewer utility service in High Vista Falls Subdivision (Phases I through V), La Vista Village Condominiums, High Vista Country Club, and certain Out-Parcels on NC Highway 191 and Bishop Road in Buncombe and Henderson Counties, and Sherwood Forest Subdivision in Transylvania County; and both water and sewer utility service in White Oak Village Mobile Home Park (White Oak Village) in Henderson County. A&D did not request to increase its rates for water and sewer utility service in Sapphire Lakes Subdivision, but requested to change the quarterly billing to monthly billing and the reconnection charge, if water is cut off by the utility for good cause or at the customer's request, from \$25.00 to the actual cost to reconnect.

By Order issued April 1, 2014, the Commission declared the matter to be a general rate case pursuant to G.S. 62-137, suspended the proposed rates for up to 270 days pursuant to G.S. 62-134, and scheduled the matter for public hearing subject to cancellation if no significant protests were received subsequent to customer notice. On May 8, 2014, the Commission issued a Reissued Order to revise the customer notice date, filing of certificate of service date, and customer protest date. The Applicant filed a certificate of service on May 16, 2014, indicating that customer notice had been given as required. Subsequent to customer notice, protests were received from approximately 36 customers, primarily regarding the magnitude of the proposed rate increase and the status of meter installation in White Oak Village.

On June 16, 2014, the Public Staff filed the affidavit of Calvin C. Craig, III, Financial Analyst, Economic Research Division.

On June 18, 2014, the Public Staff filed a motion to extend the due date for the filing of Public Staff testimony in this docket to June 24, 2014, which was granted by Commission Order issued on June 19, 2014.

On June 20, 2014, A&D filed a letter with the Commission withdrawing Rolling Oaks Estates Subdivision, High Vista Falls Subdivision (Phases I through V), La Vista Village Condominiums, High Vista Country Club, and certain Out-Parcels on NC Highway 191 and Bishop Road, and Sherwood Forest Subdivision from this proceeding. In the letter, A&D stated that the withdrawal is contingent upon the present rates for these three service areas being decreased to reflect the changes, as applicable, to gross receipts tax, the State corporate income tax and the general franchise tax effectuated by S.L. 2013-316 (House Bill 998), which is the subject of Docket No. M-100, Sub 138. In the letter, A&D also accepted the Public Staff's adjustments, rate design and recommendations for the systems not being withdrawn from this proceeding, which serve Camelot Subdivision, Cinnamon Woods Subdivision, and White Oak Village, and the Public Staff's recommendations regarding Sapphire Lakes Subdivision.

On June 24, 2014, the Public Staff filed the testimony of Gina Y. Casselberry, Utilities Engineer, Water Division, and the affidavit of Windley E. Henry, Supervisor, Water Section, Accounting Division.

The matter came on for hearing as scheduled. Four A&D customers testified at the hearing. The application and A&D's letter dated June 20, 2014, were entered into evidence without objection. The affidavits of Public Staff witnesses Craig and Henry, and the testimony of Public Staff witness Casselberry were entered into evidence without objection.

On July 17, 2014, A&D filed two letters addressing concerns raised by customers at the hearing.

On July 17, 2014, A&D filed a letter stating it agreed with the additional recommendations of the Public Staff, specifically stating that it agrees to make all reasonable efforts to install all meters in White Oak Village on or before June 30, 2015, and if A&D installs any meters across the street from a customer's property, A&D agrees to accept responsibility for all repairs to the water service line up to the customer's property line, including under the street. The letter was refiled in this docket on July 24, 2014, as A&D's July 17, 2014 filing referenced the wrong docket number. These two letters are hereinafter collectively referred to as the letter filed by A&D on July 17, 2014.

Based upon the foregoing, the evidence presented at the hearing, and the entire record in this matter, the Hearing Examiner makes the following

#### FINDINGS OF FACT

1. The Applicant is a corporation duly organized under the laws of and is authorized to do business in the State of North Carolina. The Applicant is a franchised public utility providing water and/or sewer utility service to customers in North Carolina.

2. The Applicant is properly before the Commission, pursuant to Chapter 62 of the North Carolina General Statutes, for a determination of the justness and reasonableness of its proposed rates for Camelot Subdivision, Cinnamon Woods Subdivision, White Oak Village, and its proposed billing frequency and reconnection charge for Sapphire Lakes Subdivision.

3. A&D withdrew Rolling Oaks Estates Subdivision, High Vista Falls Subdivision (Phases I through V), La Vista Village Condominiums, High Vista Country Club, and certain Out-Parcels on NC Highway 191 and Bishop Road, and Sherwood Forest Subdivision from this proceeding. It is appropriate for the Commission to allow A&D to withdraw these three service areas from this proceeding subject to the present rates for these service areas being decreased to reflect the changes, as applicable, to gross receipts tax, the State corporate income tax and the general franchise tax effectuated by House Bill 998, which is the subject of Docket No. M-100, Sub 138.

4. The test year appropriate for use in this proceeding is the 12-month period ended December 31, 2013.

5. At the end of the test year period, the Applicant served 150 metered water-only residential customers and 67 flat rate water and sewer residential customers.

6. The quality of service provided by the Applicant to its customers is adequate.

7. It is appropriate for A&D to be required to install all meters in White Oak Village by June 30, 2015.

8. If A&D installs any meters across the street from a customer's property, it is appropriate for A&D to be responsible for all repairs to the water service line up to the customer's property line, including under the street.

9. The Applicant's present and proposed rates are as follows:

<u>Camelot Subdivision</u>		
<u>Monthly Metered Water Utility Service:</u>	<u>Present</u>	<u>Proposed</u>
Base charge, zero usage	\$33.84	\$49.15
Usage charge, per 1,000 gallons	\$ 3.31	\$ 4.33

<u>Cinnamon Woods Subdivision</u>		
<u>Monthly Metered Water Utility Service:</u>	<u>Present</u>	<u>Proposed</u>
Base charge, zero usage	\$17.07	\$21.33
Usage charge, per 1,000 gallons	\$ 2.93	\$ 4.33

<u>White Oak Village</u>		
<u>Temporary Flat Rate Utility Service:</u>	<u>Present</u>	<u>Proposed</u>
Water utility service	\$20.80	\$31.99
Sewer utility service	\$28.63	\$37.70

<u>Monthly Metered Water Utility Service:</u>	<u>Present</u>	<u>Proposed</u>
Base charge, zero usage	\$13.65	\$19.09
Usage charge, per 1,000 gallons	\$ 3.97	\$ 4.33

<u>Monthly Metered Sewer Utility Service:</u>	<u>Present</u>	<u>Proposed</u>
Base charge, zero usage	\$12.70	\$17.05
Usage charge, per 1,000 gallons	\$ 6.42	\$ 6.93

10. The Applicant's total annual level of revenues under present rates is as follows:

	<u>Service Revenues</u>	<u>Misc. Revenues</u>	<u>Total Revenues</u>
Camelot Subdivision	\$17,182	\$ 107	\$17,289
Cinnamon Woods Subdivision	\$40,430	\$ 61	\$40,491
White Oak Village – Water	\$16,723	\$ 20	\$16,743
White Oak Village – Sewer	\$23,019	\$ 20	\$23,039

11. The original cost rate base for use in this proceeding is as follows:

Camelot Subdivision	\$ 6,838
Cinnamon Woods Subdivision	\$ (490)
White Oak Village – Water	\$ 3,491
White Oak Village – Sewer	\$ 1,631

12. The Applicant's reasonable operating revenue deductions requiring a return in this case are as follows:

Camelot Subdivision	\$17,572
Cinnamon Woods Subdivision	\$42,319
White Oak Village – Water	\$14,992
White Oak Village – Sewer	\$24,226

13. The operating ratio method of setting rates is appropriate for use in this proceeding.

14. A return of 7.50% on operating revenue deductions for water and sewer utility service is just and reasonable for use in this proceeding.

15. The total annual service revenues necessary to allow the Applicant to earn the 7.50% return found to be just and reasonable are as follows:

	<u>Increase/ (Decrease)</u>	<u>Service Revenues After Increase(Decrease)</u>
Camelot Subdivision	\$ 1,941	\$19,123
Cinnamon Woods Subdivision	\$ 5,819	\$46,249
White Oak Village – Water	\$ (338)	\$16,385
White Oak Village – Sewer	\$ 3,472	\$26,491

16. Changing the Sapphire Lakes Subdivision reconnection fee if water is cut off by utility for good cause or at the customers request from \$25.00 to \$30.00 is just and reasonable and should be approved.

17. Changing the billing frequency in Sapphire Lakes Subdivision from quarterly to monthly is just and reasonable and should be approved.

18. The rates and charges included in Appendices A-1, A-2, A-3, and A-4, attached hereto, are just and reasonable and should be approved.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-4

The evidence for these findings of fact is contained in the application, the letters filed by A&D in the docket, the testimony and affidavits of the Public Staff witnesses, and the Commission's records. These findings are essentially informational, procedural, or jurisdictional in nature and are based on uncontested evidence.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5-8

The evidence for these findings of fact is contained in the application, the Commission's records, the testimony of Public Staff witness Casselberry, and the letters filed by A&D in the docket.

Public Staff witness Casselberry testified that her investigation included review of customer complaints, review of operational and compliance status with the Department of Environment and Natural Resources (DENR), Division of Water Resources (DWR), Water Quality Regional Operations (WQRO) and Public Water Supply Section (PWSS), and review of company records.

### Camelot Subdivision

Witness Casselberry testified that Camelot Subdivision is a built-out residential community located outside the city limits of the City of Hendersonville (Hendersonville). A&D purchases water from Hendersonville. At the end of the test period, the Applicant served 30 residential customers in Camelot Subdivision.

Witness Casselberry testified that based on the sanitary survey conducted by PWSS on November 21, 2013, no significant deficiencies were noted. She testified that she contacted DWR's regional office in Asheville. There were no Notice of Violations (NOVs) and all monitoring requirements were current. Witness Casselberry testified that the Public Staff received six customer protests from Camelot customers concerning the magnitude of the increase and that no service complaints were reported.

### Cinnamon Woods Subdivision

Public Staff witness Casselberry testified that Cinnamon Woods Subdivision is a built-out residential community located southeast of Hendersonville in the Flat Rock community. The Applicant purchases water from Hendersonville. The system consists of a booster station with dual pumps and a pressure tank. At the end of the test period, the Applicant served 120 residential customers.

Witness Casselberry testified that based on the sanitary survey conducted by PWSS on November 21, 2013, PWSS noted the following: (1) the Department of Labor, Boiler Safety Bureau (BSB), safety inspection is out of date; and (2) the hydro-pneumatic storage tank needs painting. Witness Casselberry testified that A&D provided documentation to her showing that the hydro-pneumatic tank was inspected by the BSB

on October 21, 2013, and is current. On May 21, 2014, witness Casselberry inspected the system with Aubrey Deaver, President of A&D. She testified that she contacted DWR's regional office in Asheville. Witness Casselberry testified that there are no NOVs, all monitoring requirements are current, and no customer protests were received from Cinnamon Woods.

### White Oak Village

Public Staff witness Casselberry testified that White Oak Village is a retirement community located southeast of Hendersonville. The Applicant purchases water and sewer treatment for White Oak Village from Hendersonville. At the end of the test period, the Applicant served 67 residential flat rate water and sewer customers.

Witness Casselberry testified that based on the sanitary survey conducted by PWSS on November 21, 2013, no significant deficiencies were noted during the survey. Overall the water system appears to be well maintained. She testified that she contacted DWR's regional office in Asheville. There were no NOVs for water or sewer and all monitoring requirements for water quality were current. On May 21, 2014, witness Casselberry inspected the system with Mr. Deaver, and no deficiencies were noted. Witness Casselberry testified that the Public Staff received approximately 30 customer protests from White Oak Village, primarily concerning the magnitude of the rate increase and the status of meter installation. One customer protest also raised the issue of responsibility for a water service line in a situation where the meter is located across the street.

### Concerns Raised at Public Hearing

At the hearing on July 9, 2014, Randy Crawford testified about the status of meter installation in White Oak Village, which is addressed in detail below. Dawn Piscopo testified regarding the taste and chemical smell of the water in Camelot Subdivision. Leslie Mutter testified regarding meter reading in Camelot Subdivision and questioned whether the usage on her water bill is correct.

In response to the concerns raised by public witness Piscopo, A&D filed a letter on July 17, 2014, stating that A&D maintains the position that the drinking water is safe for consumption, Hendersonville controls the chlorination of the water supply at Ms. Piscopo's home, Ms. Piscopo periodically smells the chlorination of her water as the result of Hendersonville chlorinating the water to the extent necessary to maintain proper chlorination levels throughout its water system, and the water quality at Ms. Piscopo's home meets or exceeds all federal and state requirements and is safe for human consumption.

In response to the concerns raised by public witness Mutter, A&D filed a letter on July 17, 2014, stating that A&D maintains the position that Ms. Mutter has not been overcharged during any period of service, prior to Ms. Mutter's testimony A&D discovered inconsistencies in the reports of the meter reader assigned to read



Ms. Mutter's meter, appropriate corrective action was taken to address this issue prior to the public hearing, and any and all service issues regarding the consistency of meter reading at Ms. Mutter's home and throughout the water system have been addressed at this time.

Based upon the foregoing, the Hearing Examiner concludes that the quality of service provided by the Applicant is adequate.

#### Status of Meter Installation in White Oak Village

As stated above, public witness Crawford testified at the hearing on July 9, 2014, about the status of meter installation in White Oak Village. In her prefiled testimony, witness Casselberry testified that during her inspection of White Oak Village on May 21, 2014, Mr. Deaver pointed out the streets where meters have been installed. She testified that Mr. Deaver also showed her the streets where meters were installed on the same side of the street as the main. Based on her discussion with Mr. Deaver, witness Casselberry testified that A&D has installed approximately 50% of the meters in White Oak Village and intends to install meters for all customers. Witness Casselberry also testified that Mr. Deaver indicated that A&D has limited capital and has been installing meters street by street, as it is more economical to install meters for an entire street at one time.

Witness Casselberry testified that the Commission did not regulate utility service in White Oak Village until A&D was granted a franchise in Docket No. W-1049, Sub 14. In that docket, A&D was granted a certificate of public convenience and necessity to provide water and sewer utility service in White Oak Village by Commission *Order Granting Franchise, Approving Rates, and Requiring Customer Notice* issued November 9, 2011. Ordering Paragraph 4 provides, in part, that “[t]he flat rates for water and sewer utility service shall remain in effect until the Applicant installs meters for all current customer connections, as well as those connections made in the interim.” The Order did not establish a timeframe for A&D to install meters in White Oak Village. Witness Casselberry testified that she recommended that the Commission order A&D in this proceeding to install all meters in White Oak Village by June 30, 2015.

On June 20, 2014, A&D filed a letter with the Commission accepting the Public Staff's adjustments, rate design and recommendations for the systems not being withdrawn from this proceeding. On July 17, 2014, A&D filed a letter stating it agreed with the additional recommendations of the Public Staff, specifically stating that it agrees to make all reasonable efforts to install all meters in White Oak Village on or before June 30, 2015.

Based upon the foregoing, the Hearing Examiner concludes that A&D should be required to install all meters in White Oak Village by June 30, 2015.

### Responsibility for Water Service Line Repairs

Witness Casselberry testified that if a utility elects to install the water meter across the street from a customer's property, the utility should be responsible for all repairs to the water service line up to the customer's property line, including under the street. Witness Casselberry further testified that to ensure that all parties are clear as to the party responsible for repairs should a leak occur outside the customer's property line, including under the street, she recommended that, within five days following the customer hearing in this proceeding, A&D file a statement with the Commission acknowledging that A&D is responsible for the water service line up to the customer's property line, including under the street.

On June 20, 2014, A&D filed a letter with the Commission accepting the Public Staff's adjustments, rate design and recommendations for the systems not being withdrawn from this proceeding. On July 17, 2014, A&D filed a letter stating it agreed with the additional recommendations of the Public Staff, specifically stating that if A&D installs any meters across the street from a customer's property, A&D agrees to accept responsibility for all repairs to the water service line up to the customer's property line, including under the street.

Based upon the foregoing, the Hearing Examiner concludes that if A&D installs any meters across the street from a customer's property, A&D should be responsible for all repairs to the water service line up to the customer's property line, including under the street.

### EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9-10

The evidence for these findings of fact is contained in the application, the records of the Commission, and the testimony of Public Staff witness Casselberry and the affidavit of Public Staff witness Henry. This evidence is uncontested.

### EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 11-12

The evidence for these findings of fact is contained in the affidavit of Public Staff witness Henry and the testimony of Public Staff witness Casselberry. This evidence is uncontested. The original cost rate base and operating revenues deductions are set forth in Exhibit I to witness Henry's affidavit.

Based upon the foregoing, the Hearing Examiner finds and concludes that the Applicant's reasonable original cost rate base is as follows:

Camelot Subdivision	\$ 6,838
Cinnamon Woods Subdivision	\$ (490)
White Oak Village – Water	\$ 3,491
White Oak Village – Sewer	\$ 1,631

Based upon the foregoing, the Hearing Examiner finds and concludes that the Applicant's reasonable operating revenue deductions requiring a return are as follows:

Camelot Subdivision	\$17,572
Cinnamon Woods Subdivision	\$42,319
White Oak Village – Water	\$14,992
White Oak Village – Sewer	\$24,226

#### EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 13-14

The evidence for these findings of fact is contained in the affidavit of Public Staff witness Craig.

In his affidavit, witness Craig recommended using the operating ratio method for determining the overall fair rate of return in this proceeding pursuant to G.S. 62-133.1(a). The Applicant did not oppose the use of the operating ratio method for determining the overall fair rate of return in this proceeding pursuant to G.S. 62-133.1(a).

The Hearing Examiner has carefully considered the foregoing evidence and concludes that the operating ratio methodology as described in G.S. 62-133.1(a) is reasonable for use in this proceeding.

In his affidavit, Public Staff witness Craig recommended that the Applicant be granted a 7.50% margin on expenses. His recommendation produces operating ratios of 92.15% including taxes or 93.02% excluding taxes for both water and sewer utility service. Witness Craig indicated in his affidavit that he derived a margin on expenses by combining a 4.50% risk-free rate with a 3.0 percentage point risk factor. This method yielded witness Craig's recommended margin on expenses of 7.50%. Witness Craig further stated in his affidavit that his methodology is consistent with the method presented by the Public Staff and adopted by the Commission in Docket No. W-173, Sub 14.

Based upon all of the evidence in the record, the Hearing Examiner concludes that a 7.50% margin on operating expenses, as recommended by the Public Staff, is appropriate in this proceeding.

#### EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 15-18

The evidence for these findings of fact is contained in the testimony of Public Staff witness Casselberry, the affidavit of Public Staff witness Henry, and the letters filed by A&D.

Public Staff witness Henry filed an affidavit and exhibits supporting service revenue requirements of \$19,123 for Camelot Subdivision, \$46,249 for Cinnamon Woods Subdivision, \$16,385 for White Oak Village water operations, and \$26,491 for White Oak Village sewer operations. Public Staff witness Casselberry filed testimony regarding her billing analysis and recommended rates that will produce these revenue requirements. A&D has agreed to the rates recommended by the Public Staff.

In its application, A&D requested to change the Sapphire Lakes reconnection fee from \$25.00 to actual cost if water is cut off by the utility for good cause or at the customer's request. Public Staff witness Casselberry testified that the Public Staff opposes A&D's request and, based on the \$30.00 hourly rate for a maintenance helper in A&D's standard service agreement, the Public Staff recommends \$30.00 as a reasonable amount for the reconnection fee. In letters filed by A&D on June 20, 2014, and July 17, 2014, A&D agreed with the Public Staff's recommendation.

A&D also proposed to change the billing frequency for Sapphire Lakes Subdivision from quarterly to monthly, which was not opposed by the Public Staff.

Based upon the foregoing, the Hearing Examiner concludes that the rates recommended by the Public Staff and the change in billing frequency for Sapphire Lakes Subdivision are reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That A&D shall be allowed to withdraw Rolling Oaks Estates Subdivision, High Vista Falls Subdivision (Phases I through V), La Vista Village Condominiums, High Vista Country Club, and certain Out-Parcels on NC Highway 191 and Bishop Road, and Sherwood Forest Subdivision from this proceeding, subject to the present rates for these service areas being decreased to reflect the changes, as applicable, to gross receipts tax, the State corporate income tax and the general franchise tax effectuated by House Bill 998, which is the subject of Docket No. M-100, Sub 138.

2. That the Applicant is authorized to adjust its rates and charges for water and sewer utility service so as to produce, based on the adjusted test year level of operations, an increase in annual service revenues of \$1,941 for Camelot Subdivision, an increase in annual service revenues of \$5,819 for Cinnamon Woods Subdivision, a decrease in annual service revenues of \$338 for White Oak Village water operations, and an increase in annual service revenues of \$3,472 for White Oak Village sewer operations.

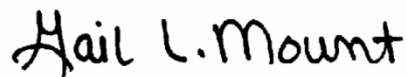
3. That the Schedules of Rates attached as Appendices A-1, A-2, A-3, and A-4 are approved for water and sewer utility service rendered by the Applicant. These rates shall become effective for service rendered on and after the effective date of this Order.

4. That A&D shall install all meters in White Oak Village by June 30, 2015.
5. That if A&D installs any meters across the street from a customer's property, A&D shall be responsible for all repairs to the water service line up to the customer's property line, including under the street.
6. That the billing frequency for Sapphire Lakes Subdivision shall be monthly.
7. That the reconnection fee for Sapphire Lakes Subdivision shall be \$30.00 if water is cut off by the utility for good cause or at the customer's request.
8. That the Notices to Customers attached as Appendices B-1, B-2, B-3, and B-4 shall be mailed with sufficient postage or hand delivered by the Applicant to all of its customers in conjunction with the next billing statement after the date of this Order; and that A&D shall file a copy of the attached Certificate of Service properly signed and notarized, within 10 days after providing customer notice.

ISSUED BY ORDER OF THE COMMISSION.

This the 13<sup>th</sup> day of August, 2014.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, flowing style.

Gail L. Mount, Chief Clerk

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.for providing water utility service inCAMELOT SUBDIVISION

Henderson County, North Carolina

Monthly Water Rates:

## Metered Service:

Base charge, zero usage	\$38.10
Usage charge, per 1,000 gallons	\$ 3.58

Connection Charge: None

Reconnection Charges:

If water service cut off by utility for good cause	\$25.00
If water service discontinued at customer's request	\$25.00

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$25.00

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly 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 25 days after billing date.

---

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1049, Sub 18, on this the 13<sup>th</sup> day of August, 2014.

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.for providing water utility service inCINNAMON WOODS SUBDIVISION

Henderson County, North Carolina

Monthly Water Rates:

## Metered Service:

Base charge, zero usage	\$16.53
Usage charge, per 1,000 gallons	\$ 4.15

Connection Charge: \$1,000Reconnection Charges:

If water service cut off by utility for good cause	\$25.00
If water service discontinued at customer's request	\$25.00

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$25.00Bills Due: On billing dateBills Past Due: 15 days after billing dateBilling Frequency: Shall be monthly 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 25 days after billing date.

---

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1049, Sub 18, on this the 13<sup>th</sup> day of August, 2014.

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water and sewer utility service in

WHITE OAK VILLAGE MOBILE HOME PARK

Henderson County, North Carolina

Temporary Flat Rate Service:

Water service	\$20.38
Sewer service	\$32.95

Monthly Metered Water Service:

Base charge, zero usage	\$10.02
Usage charge, per 1,000 gallons	\$ 3.48

Monthly Metered Sewer Service:

Base charge, zero usage	\$26.37
Usage charge, per 1,000 gallons	\$ 2.21

Connection Charge: Actual Cost

Reconnection Charges:

If water service cut off by utility for good cause	\$25.00
If water service discontinued at customer's request	\$25.00
If sewer service cut off by utility for good cause	Actual Cost

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.



<u>Returned Check Charge:</u>	\$25.00
<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% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water and sewer utility service in

SAPPHIRE LAKES SUBDIVISION

Transylvania County, North Carolina

Monthly Metered Water Service:

Base charge, zero usage	
Residential, standard meter	\$ 11.00
Commercial, 2-inch meter	\$ 55.00
Usage charge, per 1,000 gallons	\$ 3.49

Monthly Flat Rate Residential Sewer Service: \$ 44.012

Monthly Metered Commercial Sewer Service:

Base charge, zero usage	
Standard meter	\$ 32.52
2-inch meter	\$162.60
Usage charge, per 1,000 gallons	\$ 7.38

Connection Charge: (for villas, cottages, or individual lots)

Water service	\$600 per lot
Sewer service	\$650 per lot

Reconnection Charges:

If water service cut off by utility for good cause	\$ 30.00
If water service discontinued at customer's request	\$ 30.00

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Customers who request to have water (and sewer) utility service reconnected, within nine months of a requested disconnection (at the same address), shall be charged the monthly water base charge for each of the months they were disconnected.

<u>Returned Check Charge:</u>	\$25.00
<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% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

APPENDIX B-1

**NOTICE TO CUSTOMERS  
DOCKET NO. W-1049, SUB 18  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has granted a rate increase to A&D Water Service, Inc. (Applicant), for water utility service at **Camelot Subdivision** in Henderson County, North Carolina.

The Commission's decision followed customer notice and investigation by the Public Staff. On April 1, 2014, the Commission issued an Order establishing a general rate case, suspending rates, scheduling hearings, and requiring the Applicant to provide customer notice, stating that the hearings may be canceled and the matter decided on the filings if no significant protests were received subsequent to public notice. On May 8, 2014, the Commission issued a Reissued Order to revise the customer notice date, filing of certificate of service date, and customer protest date. Hearings were held on July 9, 2014, and July 10, 2014.

The new rates for water utility service are approved for service rendered on and after the effective date of this Notice as follows:

Monthly Water Rates:

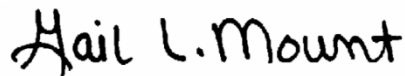
Metered Service:

Base charge, zero usage	\$38.10
Usage charge, per 1,000 gallons	\$ 3.58

ISSUED BY ORDER OF THE COMMISSION.

This the 13<sup>th</sup> day of August, 2014.

NORTH CAROLINA UTILITIES COMMISSION



Gail L. Mount, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

APPENDIX B-2

NOTICE TO CUSTOMERS  
DOCKET NO. W-1049, SUB 18  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has granted a rate increase to A&D Water Service, Inc. (Applicant), for water utility service at **Cinnamon Woods Subdivision** in Henderson County, North Carolina.

The Commission's decision followed customer notice and investigation by the Public Staff. On April 1, 2014, the Commission issued an Order establishing a general rate case, suspending rates, scheduling hearings, and requiring the Applicant to provide customer notice, stating that the hearings may be canceled and the matter decided on the filings if no significant protests were received subsequent to public notice. On May 8, 2014, the Commission issued a Reissued Order to revise the customer notice date, filing of certificate of service date, and customer protest date. Hearings were held on July 9, 2014, and July 10, 2014.

The new rates for water utility service are approved for service rendered on and after the effective date of this Notice as follows:

Monthly Water Rates:

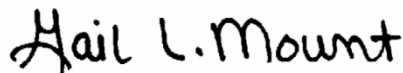
Metered Service:

Base charge, zero usage	\$16.53
Usage charge, per 1,000 gallons	\$ 4.15

ISSUED BY ORDER OF THE COMMISSION.

This the 13<sup>th</sup> day of August, 2014.

NORTH CAROLINA UTILITIES COMMISSION



Gail L. Mount, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

APPENDIX B-3  
PAGE 1 OF 2

NOTICE TO CUSTOMERS  
DOCKET NO. W-1049, SUB 18  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has granted a rate increase to A&D Water Service, Inc. (Applicant), for water and sewer utility service at **White Oak Village Mobile Home Park** in Henderson County, North Carolina.

The Commission's decision followed customer notice and investigation by the Public Staff. On April 1, 2014, the Commission issued an Order establishing a general rate case, suspending rates, scheduling hearings, and requiring the Applicant to provide customer notice, stating that the hearings may be canceled and the matter decided on the filing if no significant protests were received subsequent to public notice. On May 8, 2014, the Commission issued a Reissued Order to revise the customer notice date, filing of certificate of service date, and customer protest date. Hearings were held on July 9, 2014, and July 10, 2014.

The new rates for water and sewer utility service are approved for service rendered on and after the effective date of this Notice as follows:

Temporary Flat Rate Service:

Water service	\$20.38
Sewer service	\$32.95

Monthly Metered Water Service:

Base charge, zero usage	\$10.02
Usage charge, per 1,000 gallons	\$ 3.48

Monthly Metered Sewer Service:

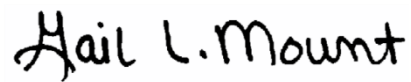
Base charge, zero usage	\$26.37
Usage charge, per 1,000 gallons	\$ 2.21

The Commission has ordered the Applicant to install all meters in White Oak Village Mobile Home Park by June 30, 2015.

ISSUED BY ORDER OF THE COMMISSION.

This the 13<sup>th</sup> day of August, 2014.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, slightly stylized font.

Gail L. Mount, Chief Clerk

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

APPENDIX B-4

NOTICE TO CUSTOMERS  
DOCKET NO. W-1049, SUB 18  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has approved A&D Water Service, Inc.'s request to changing the billing frequency from quarterly to monthly and the reconnection charge, if water is cut off by the utility for good cause or at the customer's request, from \$25.00 to \$30.00 in **Sapphire Lakes Subdivision** in Transylvania County, North Carolina.

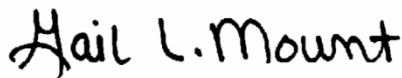
The Commission's decision followed customer notice and investigation by the Public Staff. On April 1, 2014, the Commission issued an Order establishing a general rate case, suspending rates, scheduling hearings, and requiring the Applicant to provide customer notice, stating that the hearings may be canceled and the matter decided on the filings if no significant protests were received subsequent to public notice. On May 8, 2014, the Commission issued a Reissued Order to revise the customer notice date, filing of certificate of service date, and customer protest date. Hearings were held on July 9, 2014, and July 10, 2014.

The new rates are approved for service rendered on and after the effective date of this Notice.

ISSUED BY ORDER OF THE COMMISSION.

This the 13<sup>th</sup> day of August, 2014.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, flowing style.

Gail L. Mount, 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-1049, Sub 18, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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-1049, Sub 18.

Witness my hand and notarial seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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

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

(SEAL) My Commission Expires:

\_\_\_\_\_  
Date