

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1318, SUB 2

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application by HH Water, LLC for a Certificate of Public Convenience and Necessity to Provide Sewer Utility Service to High Hampton and Sheep Laurel Subdivisions in Jackson County, North Carolina, and for Approval of Rates)))))))	ORDER SCHEDULING HEARINGS, ESTABLISHING DISCOVERY GUIDELINES, AND REQUIRING CUSTOMER NOTICE
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BY THE CHAIR: On January 26, 2024, HH Water, LLC (HH Water) filed with the Commission an Application for a Certificate of Public Convenience and Necessity (CPCN) and for Approval of Rates (Application) seeking to provide sewer utility service to the High Hampton and Sheep Laurel Subdivisions and other areas in and around Cashiers (High Hampton Service Area), in Jackson County, North Carolina in accordance with N.C. Gen. Stat. § 62-110.

HH Water does not currently provide sewer service to any customers, and this is the first sewer CPCN Application filing for the Company.¹ HH Water states in its Application that it has constructed a new wastewater treatment plant, drainfields, and the collection system in the High Hampton Service Area, at a cost of \$3,353,317. HH Water expects to eventually serve 15 new residential customers in the High Hampton Subdivision and transfer to its new wastewater treatment system, 50 residential customers from the Sheep Laurel Subdivision along with two commercial customers, the High Hampton Club and High Hampton Inn, that are currently being served by the Tuckaseegee Water and Sewer Authority (TWSA).

Upon acquisition, HH Water proposes to charge the following rates to High Hampton Subdivision customers:

Flat Monthly Sewer Charge:	\$171.99 per Residential Equivalent Unit (REU) (360 gallons per day per 1 REU connection)
Connection Charge:	\$4,500 per REU

TWSA is not regulated by the Commission; therefore, the present rates and charges for the Sheep Laurel Subdivision, the High Hampton Club, and High Hampton

¹ HH Water was granted a CPCN to provide water utility service in the High Hampton Service Area in Docket No. W-1318, Sub 0, by Commission order dated September 11, 2017.

Inn have not been approved by the Commission. Upon acquisition, HH Water requests to increase current rates and charges for the Sheep Laurel Subdivision, the High Hampton Club, and High Hampton Inn customers, which per the Application, are as follows:

<u>Sheep Laurel Subdivision:</u>	<u>Current</u>	<u>Proposed</u>
Monthly Flat Sewer Rate:	\$ 47	\$ 172
<u>High Hampton Club and Inn:</u>		
Joint Approximate Monthly Rate:	\$3,357	\$26,170

The estimated annual revenue requirement is \$407,127, and the estimated impact on the average monthly sewer bill for the proposed 67 customers (217.16 REUs) is \$156 per REU. The monthly sewer bill for Sheep Laurel residents will increase by \$125.33 per month, which is a 265% increase; and the monthly bill for the Club and the Inn together will increase by \$22,813 per month, which is an approximate 680% increase.

On February 1, 2024, the Commission issued an order requiring the Public Staff to file a notice regarding whether the Application is considered complete, and if incomplete, identifying any deficiencies in the Application.

On February 8, 2024, the Public Staff filed a letter outlining the deficiencies in the Application and indicating that the Public Staff considers the Application incomplete (Deficiency Letter). Also on February 8, 2024, the Commission issued an Order Finding Application Incomplete and Request for Additional Information.

Pursuant to the Commission's order, on April 30, 2024, HH Water filed supplemental exhibits to address the issues identified in the Public Staff's Deficiency Letter.

On May 6, 2024, the Public Staff filed a letter with the Commission indicating that this docket now includes all the information required for a complete application.

On May 8, 2024, the Commission issued an Order Finding Application Complete and Requiring the Public Staff to Provide Specific Application Data.

On May 15, 2024, the Public Staff provided the information requested by the Commission.

Based upon the foregoing, and the recommendation of the Public Staff, the Chair hereby establishes the procedural schedule, including filing requirements of HH Water, the Public Staff, and other intervenors and requires that HH Water consult with the Public Staff to develop a public notice to provide 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 which a party desires to take shall be taken before the deadline for filing of the Public Staff and intervenor testimony. Notice of deposition shall be served on all parties at least 7 calendar days prior to the taking of the deposition. Notice of deposition and all other discovery notices, requests and motions shall be served on the appropriate parties by hand delivery or facsimile, or by electronic delivery if the receiving party has agreed to receipt by electronic delivery.

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 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. See N.C. Gen. Stat. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena 24 hours after such motion is filed.

3. Formal discovery requests related to the application and HH Water's prefiled direct testimony shall be served on HH Water not later than 14 calendar days prior to the deadline for filing of the Public Staff and intervenor testimony. The party served shall have up to 10 calendar days to file with the Commission objections to discovery requests on an item-by-item basis.

4. Formal discovery requests of the Public Staff or intervenors shall be served not later than 5 calendar days after such testimony is filed. The party served shall have up to 3 business days to file with the Commission objections to the discovery requests on an item-by-item basis.

5. Formal discovery requests related to HH Water's prefiled rebuttal testimony shall be served on HH Water not later than 3 business days after such testimony is filed. The party served shall have up to 3 business days to file with the Commission objections to the discovery requests on an item-by-item basis. 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, any party filing objections 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 2 calendar days to file a motion to compel with the Commission, and the party objecting to discovery shall have 1 calendar day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected 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 because of that party's late intervention or other delay in initiating discovery.

The Chair 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 the guidelines.

Further, the Chair finds good cause to require HH Water and all other parties who file exhibits and workpapers that include tables of numbers and calculations to provide the Commission Staff, the Public Staff, and any other party, upon request from such party, an electronic version of all such exhibits and workpapers with formulas intact.

IT IS, THEREFORE, ORDERED as follows:

1. That a hearing for the purpose of receiving public witness testimony on HH Water's Application shall be, and is hereby, scheduled to begin at 7:00 p.m., on Tuesday, October 29, 2024, in the Jackson County Courthouse, 401 Grindstaff Cove Road, Courtroom 2, Sylva, North Carolina 28779. *The Commission may cancel the public witness hearing if no significant protests are received on or before Tuesday, October 22, 2024;*

2. That the public witness hearing will be conducted solely for the purpose of receiving the testimony of customers 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);

3. That HH Water is required to file a verified report addressing all customer service and service quality complaints expressed during the customer hearing held on Tuesday, October 29, 2024, within 14 days of the conclusion of the customer hearing. The Public Staff shall, and other intervenors may, file a verified response and any comments to HH Water's report on or before Wednesday, November 27, 2024;

4. That a hearing for the purpose of receiving expert witness testimony on HH Water's Application is scheduled to begin at 2:00 p.m., on Monday, December 2, 2024, and continuing as necessary until its conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603;

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

6. That petitions to intervene in this proceeding shall be filed pursuant to Commission Rules R1-5 and R1-19 not later than Wednesday, October, 23, 2024;

7. That HH Water's prefiled direct testimony and exhibits shall be filed on or before Thursday, October, 3, 2024;

8. That the prefiled direct testimony and exhibits of the Public Staff and other intervenors shall be filed on or before Wednesday, October, 23, 2024;

9. That HH Water's prefiled rebuttal testimony and exhibits, if any, shall be filed on or before Tuesday, November 12, 2024;

10. That an officer or representative from HH Water is 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 any parties filing supporting exhibits in Excel format shall provide the Commission Staff electronic versions of the exhibits, filed in native Excel format via email at NCUCexhibits@ncuc.net, including all of the supporting tabs and formulas, within three days of the filing of such exhibits (or within three days of the issuance of this Order if already filed with the Commission) and that any 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 HH Water shall consult with all other parties and file, no later than Monday, November 25, 2024, 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 noon on Wednesday, November 27, 2024, make a filing indicating their points of disagreement with HH Water's filing; and

13. That HH Water shall consult with the Public Staff to develop a Notice to Customers to be delivered to all affected customers and shall file the proposed Notice to Customers for approval by the Commission no later than three business days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 27th day of June, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "A. Shonta Dunston". The signature is written in a cursive, flowing style.

A. Shonta Dunston, Chief Clerk