

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1073, SUB 7
DOCKET NO. W-354, SUB 396

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application by Carolina Water Service, Inc.) of North Carolina, 4944 Parkway Plaza) Boulevard, Suite 375, Charlotte, North Carolina) 28217 and Water Resource Management, Inc.,) 151 Mr. Bish Boulevard, Boone, North Carolina) 28607, for Authority to Transfer the Echota) Water Utility System, the Seven Devils) Wastewater Utility System and Public Utility) Franchise in Watauga County, North Carolina,) and for Approval of Rates)	ORDER SCHEDULING HEARINGS, ESTABLISHING DISCOVERY GUIDELINES, AND REQUIRING CUSTOMER NOTICE
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BY THE COMMISSION: On April 22, 2022, Carolina Water Service, Inc. of North Carolina (CWSNC), and Water Resource Management, Inc. (Water Resource), filed with the Commission an Application for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the water and wastewater utility systems and public utility franchise serving all of Water Resource’s service areas in Watauga County, North Carolina, from Water Resource to CWSNC and for approval of rates. CWSNC filed with the Commission supplemental and additional materials in support of the Application on April 26 and May 11, 2022.

Water Resource currently serves 613 monthly flat rate water utility customers and 149 monthly flat rate wastewater utility customers in its service areas in Watauga County, North Carolina. The Water Resource water service areas include Echota Subdivision, Echota on the Ridge Subdivision, Echota East Ridge Subdivision and Phase 4 of Echota Subdivision (collectively, Echota). The Water Resource wastewater service areas include the Top of Seven Condominiums, the City Hall for Seven Devils, the Seven Devils Lake Resort Club, one residential customer, the Lakes Community, Hawks Peak Condominiums, and Hawks Peak South Condominiums (collectively, Seven Devils).

On October 12, 2021, Water Resource and CWSNC entered into a utility asset purchase agreement whereby CWSNC agreed to purchase Water Resource’s water and wastewater utility system assets for a purchase price of \$70,000. In addition to the purchase price of \$70,000, CWSNC agreed to make additional payments of \$706 per new customer connection up to 184 connections as an “incentive payment” for future Echota phase IV lots. Furthermore, no water or wastewater utility system assets of Water Resource have been excluded from the utility asset purchase agreement.

The present water utility rates for the Echota service area were approved in Docket No. W-1073, Sub 4, on December 16, 2015, and Docket No. W-1073, Sub 6, on March 26, 2021. The present wastewater utility rates for the Seven Devils service area were approved in Docket Nos. W-1073, Sub 5, and M-100, Sub 138, and have been in effect since February 13, 2015. Upon acquisition of the system, CWSNC proposes to charge the CWSNC Uniform Rates for flat rate residential service for both water and wastewater utility service approved by the Commission in Docket No. 354, Sub 384, on April 8, 2022. The present and proposed rates are as follows:

<u>Monthly Flat Rate Service:</u>	<u>Present</u>	<u>Proposed</u>
Water (Echota)	\$ 20.00	\$ 68.71
Wastewater (Seven Devils)	\$ 28.20	\$ 85.12 ¹

Presently, the Echota service area customers are not metered. Upon acquisition, CWSNC plans to install water meters and provide metered service to the 613 Echota water utility system customers. Once meters are installed, CWSNC intends to charge the metered water customers the CWSNC Uniform Rates for monthly metered water service (residential and commercial) approved by the Commission in Docket No. 354, Sub 384, on April 8, 2022. Assuming the size of each installed meter will be less than one inch and the average monthly usage is 3,837 gallons, the proposed monthly metered water bill will be \$69.46 including a base facility charge of \$24.53 and a usage charge of \$11.71 per 1,000 gallons of treated water.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission’s Staff Conference on July 25, 2022. The Public Staff recommended that: the matter be scheduled for a customer witness hearing for the sole purpose of receiving testimony from customers; the matter also be scheduled for an expert witness hearing for the sole purpose of receiving expert witness testimony from CWSNC, the Public Staff, and intervenors, if any; and CWSNC 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 CWSNC, the Public Staff, and other parties, and requires that CWSNC 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. A notice of deposition shall be served on all parties at least seven business days prior to the taking of the deposition.

¹ Per single family equivalent (SFE) or residential equivalent unit (REU).

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 CWSNC's prefiled direct and supplemental testimony, if any, shall be served on CWSNC by hand delivery, facsimile, or electronic delivery with CWSNC's agreement, no later than 14 calendar days prior to the filing of the Public Staff and other intervenor testimony. CWSNC shall have up to ten calendar days to file with the Commission objections to 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 CWSNC's 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 the Application is scheduled for a customer hearing beginning at 7:00 p.m. on Tuesday, November 1, 2022, at the Watauga County Courthouse, 842 West King Street, Courtroom 1, Boone, North Carolina 28607. *This hearing may be canceled if no significant protests are received on or before Tuesday, October 18, 2022;*

2. That the customer 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 Water Resource and CWSNC are required to file separate, verified reports addressing all customer service and service quality complaints expressed during the customer hearing held on Tuesday, November 1, 2022, within 15 days of the conclusion of the customer witness hearing. The Public Staff shall and other intervenors may file a verified response and any comments to Water Resource's and CWSNC's reports on or before Monday, December 5, 2022;

4. That the Application is scheduled for an expert witness hearing beginning at 10:00 a.m., on Thursday, December 8, 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 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 CWSNC is required to prefile all testimony on which it will rely at the expert witness hearing on or before Monday, October 10, 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 Monday, October 31, 2022, which is 40 days prior to the expert witness hearing and CWSNC shall file its rebuttal testimony, if any, on or before Friday, November 18, 2022, which is 20 days prior to the expert witness hearing;

7. That on or before Monday, October 18, 2022, any persons having an interest in this matter may file petitions to intervene to this proceeding pursuant to Commission Rules R1-5, R1-7, and R1-19;

8. That CWSNC shall consult with all other parties and file, no later than Tuesday, November 29, 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 Friday, December 2, 2022, make a filing indicating their points of disagreement with CWSNC's filing;

9. That an officer or representative of CWSNC 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;

10. 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 CWSNC 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;

11. 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 CWSNC 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

12. That the Notice to Customers, attached hereto as Appendix A, shall be mailed with sufficient postage or hand delivered by CWSNC to all affected customers no later than ten days after the date of this Order and that CWSNC 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 2nd day of September, 2022.

NORTH CAROLINA UTILITIES COMMISSION



Erica N. Green, Deputy Clerk

Commissioner Karen M. Kemerait did not participate in this decision.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-1073, SUB 7
DOCKET NO. W-354, SUB 396**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that Water Resource Management, Inc. (Water Resource), 151 Mr. Bish Boulevard, Boone, North Carolina 28607, and Carolina Water Service, Inc. of North Carolina (CWSNC), 4944 Parkway Plaza Boulevard, Suite 375, Charlotte, North Carolina 28217, 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 Echota water utility system and public utility franchise and the Seven Devils wastewater utility system and public utility franchise, in Watauga County, North Carolina, from Water Resource to CWSNC and for approval of rates.

EFFECT OF RATES:

The present water utility rates for the Echota service area were approved in Docket No. W-1073, Sub 4, on December 16, 2015, and Docket No. W-1073, Sub 6, on March 26, 2021. The present wastewater utility rates for the Seven Devils service area were approved in Docket Nos. W-1073, Sub 5, and M-100, Sub 138, and have been in effect since February 13, 2015. In its Application, upon acquisition of the system, CWSNC proposes to charge the CWSNC Uniform Rates for flat rate residential service for both water and wastewater utility service approved by the Commission in Docket No. W-354, Sub 384 on April 8, 2022. The present and proposed rates are as follows:

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Presently the Echota service area customers are not metered. Upon acquisition, CWSNC plans to install water meters and provide metered service to the 613 Echota water utility system customers. Once meters are installed, CWSNC intends to charge the metered water customers the CWSNC Uniform Rates for monthly metered water service (residential and commercial) approved by the Commission in Docket No. W-354, Sub 384

¹ Per single family equivalent (SFE) or residential equivalent unit (REU).

on April 8, 2022. Assuming the size of each installed meter will be less than one inch and the average monthly usage is 3,837 gallons, the proposed monthly metered water bill will be \$69.46 including a base facility charge of \$24.53 and a usage charge of \$11.71 per 1,000 gallons of treated water.

PROCEDURES FOR PUBLIC HEARINGS:

The Commission has scheduled the following hearings on the Application:

Customer hearing at 7:00 p.m. on Tuesday, November 1, 2022. The hearing will be held at the Watauga County Courthouse, 842 West King Street, Courtroom 1, Boone, North Carolina, 28607. *This hearing may be canceled if no significant protests are received on or before Tuesday, October 18, 2022.*

The customer hearing on Tuesday, November 1, 2022, will be 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.

Expert witness hearing beginning at 10:00 a.m., on Thursday, December 8, 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 27603. The hearing scheduled for Thursday, December 8, 2022, shall be conducted solely for the purpose of receiving testimony of CWSNC, the Public Staff, and any other parties of record.

Consumer statements may be submitted to the Commission via the web form at <https://www.ncuc.net/contactus.html>. Consumer statements are not evidence unless those persons appear at a public witness hearing and testify concerning the information contained in their consumer statements.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Consumer statements to the Public Staff should include the customer's name, contact information, and 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 27699-4300. Consumer statements may also be faxed to 919-715-6704.

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, c/o Utilities Section, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. Written statements may also be e-mailed to 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, R1-7, and R1-19, *on or before Monday, October 18, 2022*. Any such petition should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Commission hearings are subject to change because of COVID-19. Any changes to scheduled hearings will be posted on the NCUC website at www.ncuc.net.

Information regarding this proceeding can also be accessed from the Commission's website at www.ncuc.net under Docket Number "W-354 Sub 396."

This the 2nd day of September, 2022.

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-1073, Sub 7, and W-354, Sub 396, 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 Nos. W-1073, Sub 7, and W-354, Sub 396.

Witness my hand and notarial seal, this the ____ day of _____ 2022.

Notary Public

Address

Date

(SEAL) My Commission Expires:
