

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-755, SUB 10

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by GGCC Utility, Inc., Post	)	
Office Box 368, Linville, North Carolina	)	ORDER GRANTING PARTIAL
28646, for Authority to Increase Rates	)	RATE INCREASE AND
for Water and Sewer Utility Service in	)	REQUIRING CUSTOMER
Grandfather Golf and Country Club	)	NOTICE
Development, Avery County, North	)	
Carolina	)	

BY THE COMMISSION: On April 17, 2018, pursuant to Commission Rule R1-17(a), GGCC Utility, Inc. (GGCC or Applicant), submitted notice of its intent to file a general rate case application. On June 21, 2018, GGCC filed an application with the Commission seeking authority to increase its rates for water and sewer utility service in Grandfather Golf and Country Club Development in Avery County, North Carolina. On July 2, 2018, GGCC filed an amendment to its application to properly state the present and proposed rates. By Order issued July 9, 2018, the Commission declared the matter to be a general rate case, suspended and proposed rates, and scheduled a hearing on November 14, 2018, subject to cancellation if no significant protests were received subsequent to customer notice.

On August 3, 2018, GGCC filed its certificate of service indicating that customer notice had been given as required. No protests in response to the customer notice were received by the Commission or the Public Staff.

On October 25, 2018, the Public Staff filed the affidavits of David C. Furr, Director, Water and Sewer Division, John R. Hinton, Director, Economic Research Division, and Rodney T. Allison, Staff Accountant, Accounting Division.

Also, on October 25, 2018, the Public Staff filed a motion requesting that the Commission cancel the public hearing. By Order issued October 26, 2018, the Commission canceled the hearing and directed GGCC to notify its customers of the cancellation. On October 29, 2018, GGCC filed its certificate of service showing that notice of cancellation had been given as required.

On December 12, 2018, GGCC filed a letter waiving the right to file exceptions to the recommended order of the Hearing Examiner and requested that the Hearing Examiner's order be the final order and effective upon issuance. On December 13, 2018,

the Public Staff filed a motion requesting that the Commission approve the rates recommended by the Public Staff. The motion was accompanied by a proposed order.

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

### FINDINGS OF FACT

1. GGCC is properly before the Commission seeking an increase in its rates and charges for water and sewer utility service.
2. The test year established for use in this proceeding is the 12-month period ended February 28, 2018.
3. GGCC provides water utility service to approximately 267 residential units and one commercial customer, the Grandfather Golf and Country Club (the Club), using two separate water systems (GGCC system and Mountain Springs system). GGCC provides sewer service to approximately 191 residential units and the Club. The Club facilities receiving nonresidential water service are its administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut. The Club facilities receiving nonresidential sewer service are its administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.
4. The quality of service provided by GGCC to its customers is adequate. No complaints were received by the Commission or the Public Staff subsequent to customer notice.
5. GGCC's current and proposed rates are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Water Utility Service:</u>		
<u>Quarterly Flat Rates:</u>		
Residential	\$161.58	\$189.39
Nonresidential	\$161.58/REU <sup>1/</sup>	\$319.08 /REU <sup>1/</sup>
<u>Sewer Utility Service:</u>		
<u>Quarterly Flat Rates:</u>		
Residential	\$134.30	\$143.09
Nonresidential	\$134.30/REU <sup>1/</sup>	\$170.23/REU <sup>1/</sup>

<sup>1/</sup> Residential Equivalent Unit (REU)

### Rate Base

6. The original cost rate base for use in this proceeding for GGCC's water operations is \$874,110, consisting of plant in service of \$1,228,731, plus cash working capital of \$13,884, less accumulated depreciation of \$476,791, contributions in aid of construction of \$110,119, and average tax accruals of \$(1,833). The original cost rate base for GGCC's sewer operations is \$270,487 consisting of plant in service of \$542,143, plus cash working capital of \$9,853, less accumulated depreciation of \$243,337, contributions in aid of construction of \$37,829, and average tax accruals of \$(343). The combined original cost rate base is \$1,144,597.

### Revenues

7. The appropriate level of total water revenues for use in this proceeding is \$192,956 under GGCC's present rates and \$242,530 under the proposed rates. The appropriate level of total sewer operating revenues is \$119,599 under present rates and \$130,840 under the proposed rates.

### Operating Expenses

8. The appropriate level of operating revenue deductions under present rates for use in this proceeding is \$174,394 for water operations and \$105,781 for sewer operations. Total operating deductions for combined water and sewer operations are \$280,175.

### Return

9. The Commission finds that the rate base method, at an overall rate of return of 7.50%, is the reasonable and appropriate method for determining GGCC's revenue requirement for water and sewer operations in this proceeding.

### Revenue Requirement

10. The water rates proposed by GGCC in this proceeding would produce an overall return of 6.49% on rate base. This return would not exceed a reasonable level, and accordingly, the Public Staff has calculated a recommended service revenue requirement of \$242,530.

11. The sewer rates proposed by GGCC in this proceeding would produce an overall return of 8.29% on rate base. This return would exceed a reasonable level, and accordingly, the Public Staff has calculated a recommended service revenue requirement of \$127,973.

Rate Design

12. The following rates will produce the annual level of service revenues approved herein. These rates, as well as the annual service revenue levels found reasonable above, were recommended by the Public Staff and agreed to by GGCC.

<u>Water Utility Service:</u>		<u>Recommended Rates</u>
<u>Quarterly Flat Rates:</u>		
Residential		\$ 189.39
Nonresidential		\$ 319.08 /REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.545 REUs, receiving nonresidential water service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut.

Sewer Utility Service:

<u>Quarterly Flat Rates:</u>		
Residential		\$ 139.45
Nonresidential		\$ 170.23 / REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.486 REUs, receiving nonresidential sewer service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.

<sup>1/</sup> Residential Equivalent Unit (REU)

13. It is appropriate to increase GGCC's return check fee from \$5.00 to \$12.00 as requested by the Applicant and recommended by the Public Staff.

14. GGCC stated to the Public Staff that GGCC is in agreement with the Public Staff's recommended revenue requirements, recommended rates, and requested that the Commission issue the Public Staff's proposed order.

Whereupon, the Commission reaches the following:

CONCLUSIONS

The evidence for the foregoing findings of fact is contained in the application, the Commission records, and the uncontested affidavits and exhibits of Public Staff witnesses

Allison, Furr, and Hinton. GGCC agreed to accept the Public Staff's affidavits and recommendations.

Based upon the entire record in this proceeding, the Commission finds and concludes that GGCC has sufficiently demonstrated the need to increase its rates for providing water and sewer utility service. The Commission concludes that the rates recommended by the Public Staff and accepted by GGCC are just and reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That GGCC is authorized to increase its rates for water and sewer utility service in the Grandfather Golf and Country Club development 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.

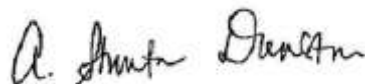
2. That the Schedule of Rates, attached hereto as Appendix A, is hereby approved and deemed filed with the Commission pursuant to N.C. Gen. Stat. 62-138.

3. That a copy of the Notice to Customers, attached hereto as Appendix B, shall be mailed or hand delivered to all customers of GGCC within five days of the date of this Order, and that GGCC shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than January 25, 2019.

ISSUED BY ORDER OF THE COMMISSION.

This the 4<sup>th</sup> day of January, 2019.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Acting Deputy Clerk

SCHEDULE OF RATES

for

GGCC UTILITY, INC.

for providing water and sewer utility service in

GRANDFATHER GOLF AND COUNTRY CLUB DEVELOPMENT

Avery County, North Carolina

Water Utility Service:

Quarterly Flat Rates:

Residential	\$ 189.39
Nonresidential	\$ 319.08 /REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.545 REUs, receiving nonresidential water service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut.

Sewer Utility Service:

Quarterly Flat Rates:

Residential	\$ 139.45
Nonresidential	\$ 170.23 / REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.486 REUs, receiving nonresidential sewer service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.

<sup>1/</sup> Residential Equivalent Unit (REU)

Connection Charges:

Water	\$1,500.00
Sewer	\$1,200.00

Note: Connection charges shall apply only to new connections to single-family homes.

Return Check Fee: \$12.00

Bills Due: On billing date

Bills Past Due: 30 days after billing date

Billing Frequency: Shall be quarterly 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 30 days after the billing date.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS  
DOCKET NO. W-755, SUB 10  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that the North Carolina Utilities Commission has issued an Order granting a partial increase in rates to GGCC Utility, Inc. The Order approved the following rates for water and sewer utility service provided on and after the date of this notice.

Water Utility Service:

Quarterly Flat Rates:

Residential	\$ 189.39
Nonresidential	\$ 319.08 /REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.545 REUs, receiving nonresidential water service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, indoor/outdoor tennis and golf course maintenance building, and security hut.

Sewer Utility Service:

Quarterly Flat Rates:

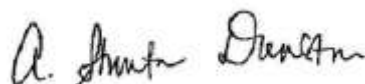
Residential	\$ 139.45
Nonresidential	\$ 170.23 / REU <sup>1/</sup>

The Club facilities, equivalent to a total of 31.486 REUs, receiving nonresidential sewer service are GGCC's administrative building, beach pavilion, clubhouse, fitness center, general maintenance building, and security hut.

<sup>1/</sup> Residential Equivalent Unit (REU)

This the 4<sup>th</sup> day of January, 2019.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Acting Deputy 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-755, Sub 10, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_, 2019.

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-755, Sub 10.

Witness my hand and notarial seal, this the \_\_\_ day of \_\_\_\_\_, 2019.

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

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

(SEAL) My Commission Expires:

\_\_\_\_\_  
Date