

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1075, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by KRJ, Inc., d/b/a KRJ Utilities,)	
for Authority to Increase Rates for Water and)	ORDER SCHEDULING
Sewer Utility Service in Its Southern Trace)	SHOW CAUSE HEARING
and Rockbridge Subdivisions in Wake County,)	
North Carolina)	

BY THE CHAIR: The Chair finds good cause to issue this Order requiring KRJ, Inc. d/b/a KRJ Utilities (KRJ or Company) to appear and show cause why it should not be found to have willfully failed to respond to a Commission order and why it should not be subject to the sanctions provided by statute, including monetary penalties.

Information contained in the Commission’s files indicates the following:

1. On January 10, 2018, in the above-captioned docket, KRJ filed an application with the Commission seeking authority to increase its rates and charges for water utility service in Southern Trace Subdivision and for water and sewer utility service in Rockbridge Subdivision, both in Wake County, North Carolina.

2. On August 6, 2018, the Commission issued an Order Approving Stipulation with a Condition, Granting Partial Rate Increase, and Requiring Customer Notice (Rate Case Order). Pursuant to the Rate Case Order, among other matters, KRJ was authorized to increase its rates for water utility service in Southern Trace and Rockbridge Subdivisions and required KRJ to decrease its monthly flat rate for sewer utility service in Rockbridge Subdivision. Further, Ordering Paragraph 14 requires the Company to:

update the Commission on a quarterly basis concerning the status of the project to restore Well 2 in Southern Trace to increased pumping capacity. The first quarterly report shall be filed on or before October 15, 2018, for the quarter ending September 30, 2018. Such quarterly reporting shall continue until the actual project completion date has been reported by KRJ.

Rate Case Order at 31.

3. KRJ consistently filed the required quarterly reports from October 10, 2018, until October 17, 2022. Thereafter it ceased filing the required quarterly reports. Thus, KRJ has failed to file any quarterly reports since October 17, 2022. Consequently, on April 8, 2024, the Public Staff filed a motion requesting that the Commission issue an order requiring KRJ to appear and show cause why it should not be required to pay

penalties as authorized by N.C. Gen. Stat. § 62-310(a) for its violations of the Rate Case Order (Motion).

4. In its Motion, the Public Staff requests that the Commission order the Company to: (1) appear and show cause why a substantial penalty of at least \$1,000 per day should not be imposed for violations of the Rate Case Order; (2) file the delinquent quarterly reports, or a cumulative update for the delinquent period, and then continue to file quarterly reports until otherwise ordered; and (3) comply with Commission Rule R7-7 by taking reasonable and prudent actions in a timely manner.

5. On May 2, 2024, the Chair issued an Order on Motion determining that KRJ has not complied with the terms of the Rate Case Order entered on August 6, 2018, and finding that KRJ should file a cumulative update for the delinquent reporting period, including, specifically, the status of pumping capacity at Well #2. Further, the Chair found that if KRJ does not timely file the cumulative update requested in the Order on Motion, then the Commission will, by subsequent order, schedule a hearing requiring KRJ to appear and show cause why a substantial penalty should not be imposed for the Company's violations of the Rate Case Order issued on August 6, 2018.

6. As of the date of this Order, KRJ has filed neither the cumulative report nor updated quarterly reports requested nor filed any documentation regarding why it has failed to comply with the terms of the Order on Motion.

Based on the foregoing and the compelling need to protect the public interest, the Chair, on her own motion, finds that good cause exists to schedule this matter for a show cause proceeding.

IT IS, THEREFORE, ORDERED as follows:

1. That KRJ is hereby required to appear before the Commission on Wednesday, October 2, 2024, at 2:00 p.m., in Commission Hearing Room 2115 at 430 North Salisbury Street, Raleigh, North Carolina, 27603 to show cause, if any there be, why it should not be found:

- a. that KRJ willfully failed to comply with Ordering Paragraph 14 of the Commission's August 6, 2018 Rate Case Order;
- b. that KRJ willfully failed to comply with the Commission's May 2, 2024 Order on Motion; and
- c. that KRJ should be subject to such penalty or other sanctions as the Commission may impose pursuant to N.C. Gen. Stat § 62-310.

2. Additional requirements or procedures related to the hearing will be provided by further order, if deemed necessary;

3. That the Public Staff shall participate in this hearing on behalf of the using and consuming public and prosecute this show cause proceeding;

4. That at the hearing, KRJ shall provide the Commission a cumulative update concerning the status of the project to restore Well #2 in Southern Trace to increased pumping capacity and be prepared to respond to questions from the Public Staff and the Commission; and

5. That the Chief Clerk shall serve a copy of this Order on KRJ by United States Mail, certified receipt requested.

ISSUED BY ORDER OF THE COMMISSION.

This the 28th 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