

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**CORRECTED STAFF CONFERENCE AGENDA  
January 18, 2022**

*IMPORTANT NOTE: STAFF CONFERENCE  
WILL BE CONDUCTED VIA WEBEX.  
INSTRUCTIONS FOR PARTICIPATION AND A LINK TO VIEW THE  
MEETING WILL BE POSTED ON THE COMMISSION'S WEBSITE,  
NCUC.NET*

“The attached corrected Water P.2, P.3, and P.4 replace those included in the original agenda.”

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

- P2. [CORRECTED DOCKET NO. W-354, SUB 366 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WASTEWATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA CORRECTED EXHIBIT NO. P-2](#)
- P3. [CORRECTED DOCKET NO. W-354, SUB 367 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WASTEWATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA CORRECTED EXHIBIT NO. P-3](#)
- P4. [CORRECTED DOCKET NO. W-354, SUB 376 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA CORRECTED EXHIBIT NO. P-4](#)

TO: Agenda – Commission Conference – January 18, 2022

FROM: PUBLIC STAFF – North Carolina Utilities Commission

P2. CORRECTED DOCKET NO. W-354, SUB 366 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WASTEWATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On September 23, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in the 14732 Lancaster Highway development, in Mecklenburg County, North Carolina. 14732 Lancaster Highway is contiguous to CWSNC's Bridle Stone subdivision service area. CWSNC proposes to charge the rates currently approved for that service area.

CWSNC presently serves one commercial wastewater customer in 14732 Lancaster Highway. CWSNC expects to eventually serve two commercial wastewater customers in 14732 Lancaster Highway. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0038291, dated February 23, 2016, for the construction and operation of the gravity wastewater collection system for a total of 26 apartments and office/mixed space as part of the Lancaster Highway Mixed-Use project, and authorizes the discharge of 12,240 gallons per day of collected domestic wastewater into CWSNC's existing sewerage system.

CWSNC has entered into an Agreement for Sewer Service dated September 19, 2019, with LH Developer, LLC (Developer), under which the Developer shall construct and install the wastewater utility system at no cost to CWSNC. The Developer agrees to convey the wastewater systems to CWSNC and pay to CWSNC its approved uniform wastewater connection fee/tap fee.

CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC's record of service is satisfactory.

CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only two customers are being added. The Public Staff does not object to CWSNC's request for waiver, because these customers were incorporated into CWSNC's most recent rate case, in Docket No. W-354, Sub 384.

CWSNC has filed all exhibits required with the Notification, except for the five-year projected income and cash flow statements.

Based on the foregoing, the Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide wastewater utility service in this contiguous

area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension of 14732 Lancaster Highway. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

EXHIBIT: A proposed order is attached as [Exhibit No. P-2](#).

RECOMMENDATION: (Darden/Allison/Holt) That the Commission issue the proposed order recognizing the contiguous extension and approving rates.

[Back to Agenda](#)

P3. CORRECTED DOCKET NO. W-354, SUB 367 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WASTEWATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On November 12, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in the Lancaster Townhomes development, in Mecklenburg County, North Carolina. Lancaster Townhomes is contiguous to CWSNC's Bridle Stone subdivision service area. CWSNC proposes to amend its tariff to include an 8-inch commercial meter and charge the rates currently approved for that service area.

CWSNC presently serves one commercial wastewater customer in Lancaster Townhomes. CWSNC is approved to serve one commercial wastewater customer in Lancaster Townhomes. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0041354, dated January 7, 2020, for the construction and operation of the gravity wastewater collection system for the Lancaster Townhomes project, and authorizes the discharge of 32,755 gallons per day of collected domestic wastewater into CWSNC's existing sewerage system.

CWSNC has entered into an Agreement for Sewer Service dated November 1, 2019, with NR Lancaster Property Owner LP (Developer), under which the Developer shall construct and install the wastewater utility system at no cost to CWSNC. The Developer agrees to convey the wastewater system to CWSNC and pay to CWSNC its approved uniform wastewater connection fee/tap fee.

CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC's record of service is satisfactory.

CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only one customer is being added. The Public Staff does not object to CWSNC's request for waiver, because this customer was incorporated into CWSNC's most recent rate case, in Docket No. W-354, Sub 384.

CWSNC has filed all exhibits required with the Notification except for the five-year projected income and cash flow statements.

Based on the foregoing, the Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide wastewater utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension of Lancaster Townhomes. CWSNC currently has \$4,020,000 of

bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

EXHIBIT: A proposed order is attached as [Exhibit No. P-3](#).

RECOMMENDATION: (Darden/Allison/Holt) That the Commission issue the proposed order recognizing the contiguous extension and approving rates.

[Back to Agenda](#)

P4. CORRECTED DOCKET NO. W-354, SUB 376 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On November 12, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in the Saylor's Watch subdivision, in Iredell County, North Carolina. Saylor's Watch is contiguous to CWSNC's Harbour Point subdivision service area. CWSNC proposes to charge the rates currently approved for that service area.

CWSNC presently serves one residential water customer in Saylor's Watch. CWSNC expects to eventually serve 11 residential water customers in Saylor's Watch. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Saylor's Watch, part of Water System No. NC0149185. The plans are approved under serial number 20-00611, dated September 22, 2020.

CWSNC has entered into an Agreement for Water Service, dated June 16, 2020, with South Creek Construction, Inc. (Developer), under which the Developer shall construct and install the water distribution facility within the property at no cost to CWSNC and convey the water system to CWSNC.

CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC's record of service is satisfactory.

CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only 11 residential water customers are being added. The Public Staff does not object to CWSNC's request for waiver, because the addition of 11 customers will not have a significant impact on CWSNC's revenues under its current rates.

CWSNC has filed all exhibits required with the Notification except for the five-year projected income and cash flow statements.

Based on the foregoing, the Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide water utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension of Saylor's Watch. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

EXHIBIT: A proposed order is attached as [Exhibit No. P-4](#).

RECOMMENDATION: (Darden/Allison/Holt) That the Commission issue the proposed order recognizing the contiguous extension and approving rates.

[Back to Agenda](#)

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUB 366

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Notification by Carolina Water Service, Inc. of	)	
North Carolina, 4944 Parkway Plaza Boulevard,	)	ORDER RECOGNIZING
Suite 375, Charlotte, North Carolina 28217, of	)	CONTIGUOUS
Intention to Begin Operations in Contiguous	)	EXTENSION AND
Service Area to Provide Wastewater Utility Service	)	APPROVING RATES
in the 14732 Lancaster Highway Development in	)	
Mecklenburg County, North Carolina, and for	)	
Approval of Rates	)	

BY THE COMMISSION: On September 23, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in the 14732 Lancaster Highway development, in Mecklenburg County, North Carolina. 14732 Lancaster Highway is contiguous to CWSNC’s Bridle Stone subdivision service area. CWSNC proposes to charge the rates currently approved for that service area.

The Public Staff presented this matter at the Commission’s Staff Conference on January 18, 2022. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

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

**FINDINGS OF FACT**

1. CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC’s record of service is satisfactory.

2. CWSNC presently serves one commercial wastewater customer in 14732 Lancaster Highway. CWSNC expects to eventually serve two commercial wastewater customers in 14732 Lancaster Highway. The service area is shown on plans filed with the Notification.



3. The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0038291, dated February 23, 2016, for the construction and operation of the gravity wastewater collection system for a total of 26 apartments and office/mixed space as part of the Lancaster Highway Mixed-Use project, and authorizes the discharge of 12,240 gallons per day of collected domestic wastewater into CWSNC's existing sewerage system.

4. CWSNC has entered into an Agreement for Sewer Service dated September 19, 2019, with LH Developer, LLC (Developer), under which the Developer shall construct and install the wastewater utility system at no cost to CWSNC. The Developer agrees to convey the wastewater systems to CWSNC and pay to CWSNC its approved uniform wastewater connection fee/tap fee.

5. Pursuant to the Commission's August 26, 2019 Order in Docket No. W-100, Sub 57, a utility is required to collect income tax on contributions in aid of construction (CIAC) from a contributor when contributions were contracted for on or after October 5, 2018. Notwithstanding the Commission's August 26, 2019 Order, in accordance with N.C. Gen. Stat. § 62-133.12B, beginning July 2, 2021, a "water or wastewater public utility is solely responsible for funding the income taxes on taxable CIAC and customer advances for construction and shall record the income taxes the water or wastewater utility pays in accumulated deferred income taxes for accounting and rate-making purposes." Based on the foregoing, CWSNC must collect income tax on taxable CIAC received prior to July 2, 2021, from the contributor. Income taxes on taxable CIAC received on or after July 2, 2021, must be handled in accordance with N.C.G.S. § 62-133.12B.

6. CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only two customers are being added. The Public Staff does not object to CWSNC's request for waiver, because these customers were incorporated into CWSNC's most recent rate case, in Docket No. W-354, Sub 384, and the Commission finds it reasonable.

7. CWSNC has filed all exhibits required with the Notification, except for the five-year projected income and cash flow statements as noted above.

8. CWSNC has the technical, managerial, and financial capacity to provide wastewater utility service in this franchise location.

9. CWSNC proposes to charge the wastewater utility services rates approved by the Commission on March 31, 2020, in Docket No. W-354, Subs 363, 364 and 365.

10. The Public Staff recommended that CWSNC be required to post a \$10,000 bond for 14732 Lancaster Highway. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

### CONCLUSIONS

Based on the foregoing and the recommendation of the Public Staff, the Commission concludes that \$10,000 of CWSNC's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by CWSNC in 14732 Lancaster Highway should be recognized as meeting the Commission's criteria for the extension; and the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Carolina Water Service Inc., of North Carolina's unassigned surety bond is assigned to 14732 Lancaster Highway. The remaining unassigned bond surety shall be \$210,000 (a total of \$30,000 is being assigned concurrently in Docket No. W-354, Subs 366, 367, and 376);

2. That the contiguous extension of wastewater utility service from 14732 Lancaster Highway into Bridle Stone subdivision in Mecklenburg County, North Carolina, is recognized as meeting the Commission's criteria for the extension pursuant to N.C.G.S. § 62-110(a), and Appendix A, attached hereto, constitutes Carolina Water Service Inc., of North Carolina's Certificate of Public Convenience and Necessity covering the contiguous extension; and

3. That the Schedule of Rates approved for CWSNC by Order dated March 31, 2020 in Docket No. W-354, Subs 363, 364, and 365, is recognized as being applicable for service and is approved for service at 14732 Lancaster Highway, Mecklenburg County, North Carolina.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of January, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

*APPENDIX A*

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUB 366

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION  
CAROLINA WATER SERVICE INC. OF NORTH CAROLINA

is given this acknowledgement of  
contiguous extension to CWSNC's  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide wastewater utility service

in

14732 LANCASTER HIGHWAY DEVELOPMENT

Mecklenburg County, North Carolina,

subject to any orders, rules, regulations,  
and conditions now or hereafter lawfully made  
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of January, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

[Back to Agenda](#)

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUB 367

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Notification by Carolina Water Service, Inc. of	)	
North Carolina, 4944 Parkway Plaza Boulevard,	)	ORDER RECOGNIZING
Suite 375, Charlotte, North Carolina 28217, of	)	CONTIGUOUS
Intention to Begin Operations in Contiguous	)	EXTENSION AND
Service Area to Provide Wastewater Utility Service	)	APPROVING RATES
in the Lancaster Townhomes Development in	)	
Mecklenburg County, North Carolina, and for	)	
Approval of Rates	)	

BY THE COMMISSION: On November 12, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in the Lancaster Townhomes development, in Mecklenburg County, North Carolina. Lancaster Townhomes is contiguous to CWSNC’s Bridle Stone subdivision service area. CWSNC proposes to amend its tariff to include an 8-inch commercial meter and charge the rates currently approved for that service area.

The Public Staff presented this matter at the Commission’s Staff Conference on January 18, 2022. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

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

**FINDINGS OF FACT**

1. CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC’s record of service is satisfactory.

2. CWSNC presently serves one commercial wastewater customer in Lancaster Townhomes. CWSNC is approved to serve one commercial wastewater customer in Lancaster Townhomes. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0041354, dated January 7, 2020, for the construction and operation of the gravity wastewater collection system for the Lancaster Townhomes project, and authorizes the discharge of 32,755 gallons per day of collected domestic wastewater into CWSNC's existing sewerage system.

4. CWSNC has entered into an Agreement for Sewer Service dated November 1, 2019, with NR Lancaster Property Owner LP (Developer), under which the Developer shall construct and install the wastewater utility system at no cost to CWSNC. The Developer agrees to convey the wastewater system to CWSNC and pay to CWSNC its approved uniform wastewater connection fee/tap fee.

5. Pursuant to the Commission's August 26, 2019 Order in Docket No. W-100, Sub 57, a utility is required to collect income tax on contributions in aid of construction (CIAC) from a contributor when contributions were contracted for on or after October 5, 2018. Notwithstanding the Commission's August 26, 2019 Order, in accordance with N.C. Gen. Stat. § 62-133.12B, beginning July 2, 2021, a "water or wastewater public utility is solely responsible for funding the income taxes on taxable CIAC and customer advances for construction and shall record the income taxes the water or wastewater utility pays in accumulated deferred income taxes for accounting and rate-making purposes." Based on the foregoing, CWSNC must collect income tax on taxable CIAC received prior to July 2, 2021, from the contributor. Income taxes on taxable CIAC received on or after July 2, 2021, must be handled in accordance with N.C.G.S. § 62-133.12B.

6. CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only one customer is being added. The Public Staff does not object to CWSNC's request for waiver, because this customer was incorporated into CWSNC's most recent rate case, in Docket No. W-354, Sub 384, and the Commission finds it reasonable.

7. CWSNC has filed all exhibits required with the Notification, except the five-year projected income and cash flow statements as noted above.

8. CWSNC has the technical, managerial, and financial capacity to provide wastewater utility service in this franchise location.

9. CWSNC proposes to charge the wastewater utility services rates approved by the Commission on March 31, 2020, in Docket No. W-354, Subs 363, 364 and 365 amended to add \$4,712.80 base charge for an 8-inch commercial wastewater meter.

10. The Public Staff recommended that CWSNC be required to post a \$10,000 bond for Lancaster Townhomes. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

### CONCLUSIONS

Based on the foregoing and the recommendation of the Public Staff, the Commission concludes that \$10,000 of CWSNC's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by CWSNC in Lancaster Townhomes should be recognized as meeting the Commission's criteria for the extension; and the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Carolina Water Service Inc., of North Carolina's unassigned surety bond is assigned to Lancaster Townhomes. The remaining unassigned bond surety shall be \$210,000 (a total of \$30,000 is being assigned concurrently in Docket No. W-354, Subs 366, 367, and 376);

2. That the contiguous extension of wastewater utility service from Lancaster Townhomes into Bridle Stone subdivision in Mecklenburg County, North Carolina, is recognized as meeting the Commission's criteria for the extension pursuant to N.C.G.S. § 62-110(a), and Appendix A, attached hereto, constitutes Carolina Water Service Inc., of North Carolina's Certificate of Public Convenience and Necessity covering the contiguous extension; and

3. That the Schedule of Rates approved for CWSNC by Order dated March 31, 2020, in Docket No. W-354, Subs 363, 364, and 365 amended to add \$4,712.80 base charge for an 8-inch commercial wastewater meter is recognized as being applicable for service and is approved for service at Lancaster Townhomes, Mecklenburg County, North Carolina.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of January, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUB 367

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION  
CAROLINA WATER SERVICE INC. OF NORTH CAROLINA

is given this acknowledgement of  
contiguous extension to CWSNC's  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide wastewater utility service

in

LANCASTER TOWNHOMES DEVELOPMENT

Mecklenburg County, North Carolina,

subject to any orders, rules, regulations,  
and conditions now or hereafter lawfully made  
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of January, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUB 376

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Notification by Carolina Water Service, Inc. of	)	
North Carolina, 4944 Parkway Plaza Boulevard,	)	ORDER RECOGNIZING
Suite 375, Charlotte, North Carolina 28217, of	)	CONTIGUOUS
Intention to Begin Operations in Contiguous	)	EXTENSION AND
Service Area to Provide Water Utility Service in the	)	APPROVING RATES
Saylor’s Watch Subdivision in Iredell County, North	)	
Carolina, and for Approval of Rates	)	

BY THE COMMISSION: On November 12, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in the Saylor’s Watch subdivision, in Iredell County, North Carolina. Saylor’s Watch is contiguous to CWSNC’s Harbour Point subdivision service area. CWSNC proposes to charge the rates currently approved for that service area.

The Public Staff presented this matter at the Commission’s Staff Conference on January 18, 2022. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

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

**FINDINGS OF FACT**

1. CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC’s record of service is satisfactory.
2. CWSNC presently serves one residential water customer in Saylor’s Watch. CWSNC expects to eventually serve 11 residential water customers in Saylor’s Watch. The service area is shown on plans filed with the Notification.



3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Saylor's Watch, part of Water System No. NC0149185. The plans are approved under serial number 20-00611, dated September 22, 2020.

4. CWSNC has entered into an Agreement for Water Service, dated June 16, 2020, with South Creek Construction, Inc. (Developer), under which the Developer shall construct and install the water distribution facility within the property at no cost to CWSNC and convey the water system to CWSNC.

5. Pursuant to the Commission's August 26, 2019 Order in Docket No. W-100, Sub 57, a utility is required to collect income tax on contributions in aid of construction (CIAC) from a contributor when contributions were contracted for on or after October 5, 2018. Notwithstanding the Commission's August 26, 2019 Order, in accordance with N.C. Gen. Stat. § 62-133.12B, beginning July 2, 2021, a "water or wastewater public utility is solely responsible for funding the income taxes on taxable CIAC and customer advances for construction and shall record the income taxes the water or wastewater utility pays in accumulated deferred income taxes for accounting and rate-making purposes." Based on the foregoing, CWSNC must collect income tax on taxable CIAC received prior to July 2, 2021, from the contributor. Income taxes on taxable CIAC received on or after July 2, 2021, must be handled in accordance with N.C.G.S. § 62-133.12B.

6. CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only 11 residential water customers are being added. The Public Staff does not object to CWSNC's request for waiver because it does not believe the addition of the customers will have a significant impact on CWSNC's revenues under its current rates, and the Commission finds it reasonable.

7. CWSNC has filed all exhibits required with the Notification except for the five-year projected income and cash flow statements as noted above.

8. CWSNC has the technical, managerial, and financial capacity to provide water utility service in this franchise location.

9. CWSNC proposes to charge the water utility services rates approved by the Commission on March 31, 2020, in Docket No. W-354, Subs 363, 364 and 365.

10. The Public Staff recommended that CWSNC be required to post a \$10,000 bond for Saylor's Watch. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

### CONCLUSIONS

Based on the foregoing and the recommendation of the Public Staff, the Commission concludes that \$10,000 of CWSNC's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by CWSNC in Saylor's Watch should be recognized as meeting the Commission's criteria for the extension; and the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Carolina Water Service Inc., of North Carolina's unassigned surety bond is assigned to Saylor's Watch. The remaining unassigned bond surety shall be \$210,000 (a total of \$30,000 is being assigned concurrently in Docket No. W-354, Subs 366, 367, and 376);

2. That the contiguous extension of water utility service from Saylor's Watch into Harbour Point subdivision in Iredell County, North Carolina, is recognized as meeting the Commission's criteria for the extension pursuant to N.C.G.S. § 62-110(a), and Appendix A, attached hereto, constitutes Carolina Water Service Inc., of North Carolina's Certificate of Public Convenience and Necessity covering the contiguous extension; and

3. That the Schedule of Rates approved for CWSNC by Order on March 31, 2020, in Docket No. W-354, Subs 363, 364, and 365 is recognized as being applicable for service and is approved for service at Saylor's Watch, Iredell County, North Carolina.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of January, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUB 376

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION  
CAROLINA WATER SERVICE INC. OF NORTH CAROLINA

is given this acknowledgement of  
contiguous extension to CWSNC's  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water utility service

in

SAYLOR'S WATCH SUBDIVISION

Iredell County, North Carolina,

subject to any orders, rules, regulations,  
and conditions now or hereafter lawfully made  
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of January, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

[Back to Agenda](#)