

3. On July 17, 2019, the Public Staff filed a motion to cancel the previously scheduled hearing. By order issued July 19, 2019, the Commission canceled the hearing and directed Saxapahaw to notify its customers of the cancellation.

4. On July 26, 2019, Saxapahaw filed the Certificate of Service showing it provided notice to its customers of the hearing's cancellation.

5. On September 4, 2019, the Public Staff filed the affidavits of Shawn L. Dorgan, Staff Accountant with the Public Staff Accounting Division and Lindsay Darden, Engineer with the Public Staff Water, Sewer, and Communications Division. In these affidavits the witnesses' state they investigated the Application and found Saxapahaw's proposed rates to be reasonable. The witnesses recommend approval of the proposed rates, and they state Saxapahaw is providing adequate service to its customers.

6. Saxapahaw stated to the Public Staff it is in agreement with the Public Staff's recommendations and that it waives its right to file exceptions and requests the Commission approved rates be effective the date of the Commission Order.

7. A proposed order is being filed with this motion.

WHEREFORE, the Public Staff prays:

1. That the Commission issue an order granting Saxapahaw a rate increase at the rates recommended by the Public Staff and requiring Saxapahaw to notify its customers of the rate increase; and

2. For such other and further relief as the Commission may deem just and proper.

This the 4th day of September, 2019.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

David T. Drooz
Chief Counsel

Electronically Submitted
/s/ John D. Little.
Staff Attorney

4326 Mail Service Center
Raleigh, North Carolina 27699-4300
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CERTIFICATE OF SERVICE

I certify that a copy of this Motion for Order Granting Rate Increase and Requiring Public Notice, together with the accompanying Proposed Order Granting Rate Increase and Requiring Customer Notice, has been served on all parties of record or their attorneys, or both, by electronic delivery upon agreement of the receiving party.

This the 4th of September, 2019.

Electronically submitted
/s/ John D. Little

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1250, SUB 7

Application by Saxapahaw Utility Company, Post)	
Office Box 128, Saxapahaw, North Carolina)	PROPOSED ORDER
27340, for Authority to Increase Its Rates and)	GRANTING RATE
Charges for Water Utility Service in the Village of)	INCREASE AND
Saxapahaw in Alamance County, North Carolina)	REQUIRING CUSTOMER
)	NOTICE

BY THE COMMISSION: This proceeding commenced March 14, 2019, with the filing of an Application for a rate increase by Saxapahaw Utility Company (hereinafter, Saxapahaw, Applicant, or Company). On April 5, 2019, the Commission issued an Order declaring this proceeding to be a general rate case and suspending the proposed rates for up to 270 days. In that same Order, the Commission scheduled a public hearing for August 8, 2019. This hearing was made subject to cancellation if no significant customer protests were received by July 5, 2019. No protests were received and the Public Staff filed a Motion to Cancel Hearing on July 17, 2019. The Commission issued an Order cancelling the hearing and directing Saxapahaw to provide its customers with notice of the cancellation on July 19, 2019. Saxapahaw filed a Certificate of Service – on July 26, 2019 – stating notice of the hearing cancellation had been sent to all customers. The Commission received no response to the cancellation of the hearing.

On August 30, 2019, the Public Staff filed Affidavits for Public Staff Witnesses Shawn L. Dorgan – Staff Accountant with the Public Staff Accounting

Division – and Lindsay Darden, – Engineer with the Public Staff Water, Sewer, and Telephone Division.

A Motion for Order Granting Rate Increase and Requiring Customer Notice was filed by the Public Staff on August 30, 2019. A proposed order accompanied the Motion.

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

FINDINGS OF FACT

1. Saxapahaw is properly before the Commission seeking an increase in its rates and charges for water utility service;
2. The test year established for use in this proceeding is the 12-month period ending December 31, 2018;
3. Saxapahaw provides water service to approximately 120 residential connections and 32 commercial connections. Four of the residential connections are for a condominium complex with 72 residential units;
4. Saxapahaw's present and proposed rates are as follows:

RESIDENTIAL & COMMERCIAL WATER UTILITY SERVICE:

<u>Monthly Metered Rates:</u>	<u>Present</u>	<u>Proposed</u>
Base charge, zero consumption		
<1" meter	\$ 29.72	\$ 32.69
1" meter	\$ 74.35	\$ 81.79
1.5" meter	\$ 148.67	\$ 163.54
2" meter	\$ 237.87	\$ 261.66
3" meter	\$ 446.01	\$ 490.61
4" meter	\$ 743.34	\$ 817.67
6" meter	\$ 1,486.68	\$ 1,635.35
Usage charge, per 1,000 gallons	\$ 7.10	\$ 7.81

Other Charges:

New Account	\$ 35.48	\$ 39.03
Returned Check	\$ 25.00	\$ 27.50
Reconnect (during work hours, cut-off for good cause)		
	\$ 35.48	\$ 39.03
Reconnect (after hours, holiday, weekends)		
	\$ 70.96	\$ 78.06
Discontinued (during work hours, cut-off requested)		
	\$ 35.48	\$ 35.48
Late Charge	1% per month	

5. The original cost rate base for use in this proceeding is \$291,717, consisting of plant in service of \$915,813 plus working capital of \$13,938, less accumulated depreciation & amortization of \$341,047, contributions in aid of construction of \$295,892, and average tax accruals of \$1,095;

6. The appropriate level of total annual water revenues for use in this proceeding is \$137,871 under Saxapahaw's present rates, and \$151,655 under the proposed rates;

7. For purposes of this proceeding the appropriate cost of service (i.e., deductible operating & maintenance expenses) is \$139,882. Operating & maintenance expenses exclusive of depreciation & amortization, property taxes, imputed payroll taxes, regulatory fees, and state franchise taxes amount to \$111,507.

8. The rate base method is the appropriate method for determining Saxapahaw's revenue requirement for water operations in this proceeding;

9. The Public Staff's proposed rates will produce an overall rate of return of 7.50% on rate base. This return is not in excess of a reasonable level, and accordingly, the proposed rates are reasonable;

10. The rates proposed by Saxapahaw were agreed to by the Public Staff. These rates are:

RESIDENTIAL & COMMERCIAL WATER UTILITY SERVICE:

<u>Monthly Metered Rates:</u>	<u>Proposed</u>
Base charge, zero consumption	
<1" meter	\$ 32.69
1" meter	\$ 81.79
1.5" meter	\$ 163.54
2" meter	\$ 261.66
3" meter	\$ 490.61
4" meter	\$ 817.67
6" meter	\$ 1,635.35
Usage charge, per 1,000 gallons	\$ 7.81
<u>Other Charges:</u>	
New Account	\$39.03
Returned Check	\$25.00
Reconnect (during work hours, cut-off for good cause)	\$39.03
Reconnect (after hours, holiday, weekends)	\$78.06
Discontinued (during work hours, cut-off requested)	\$35.48
Late Charge	1% per month

11. To comply with N.C. Gen. Stat. 25-3-506, the processing fee for a returned check is not exceed \$25.00. Saxapahaw originally proposed a returned check fee of \$27.50.

12. Saxapahaw is providing adequate service to its customers.

13. Saxapahaw has engaged in related party transactions with affiliated entities, many of which are not evidenced by written, legally enforceable affiliate services agreements. Due to the state of the underlying accounting support, establishment of “lower of cost or market” pricing has been difficult to ascertain in many cases.

14. The Company experienced difficulty providing the Public Staff with working copies of its Test Year Trial Balance and General Ledger, which required the Public Staff to invest time reconstructing portions of the Applicant’s accounting records so it could verify amounts recorded on the Company’s application. The Commission takes due notice and recommends that the Company work with the Public Staff’s Accounting Division in advance of any future rate case filing so as to ensure that all requisite accounting records are in good order, and in a condition suitable for examination.

15. Saxapahaw has stated to the Public Staff that it is in agreement with the proposed rates, and that it waives its right to file exceptions, and requests the Commission approved rates become effective upon the date of the Commission Order.

WHEREUPON, the Commission reaches the following

CONCLUSIONS

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

IT IS THEREFORE, ORDERED as follows:

1. That Saxapahaw is authorized to increase its rates for water utility service in the Village of Saxapahaw as reflected in the Findings of Fact above. These rates shall be effective for service rendered on and after the date of this Order.

2. That the Schedule of Rates included herein 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 Saxapahaw within five days of the date of this Order, and that Saxapahaw shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than September 11, 2019.

ISSUED BY ORDER OF THE COMMISSION

This the ____ day of September, 2019.

North Carolina Utilities Commission

Kimberley A. Campbell, Chief Clerk

SCHEDULE OF RATES

for

SAXAPAHAW UTILITY COMPANY

for providing water utility service in the

VILLAGE OF SAXAPAHAW

Alamance County, North Carolina

Monthly Metered Rates:

Base charge, zero consumption

<1" meter	\$ 32.69
1" meter	\$ 81.79
1.5" meter	\$ 163.54
2" meter	\$ 261.66
3" meter	\$ 490.61
4" meter	\$ 817.67
6" meter	\$ 1,635.35

Usage charge, per 1,000 gallons \$ 7.81

Reconnection Charge:

If water service is cut off by utility for good cause	\$39.03 ^{1/}
If water service is cut off by utility at customer's request	\$39.03 ^{1/}

^{1/} \$39.03, if during regular business hours, \$78.06, if after hours, holiday,
weekend

New Account Fee: \$39.03

Returned Check Fee: \$25.00

<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	15 days after billing date
<u>Billing Frequency:</u>	Shall be monthly for service in arrears
<u>Finance Charge for Late Payment:</u>	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-1250, SUB 7
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is given that the North Carolina Utilities Commission has issued an Order granting an increase in rates to Saxapahaw Utility Company. The Order approved the following rates for water utility service provided on and after the date of this notice.

Monthly Metered Rates:

Base charge, zero consumption

<1" meter	\$ 32.69
1" meter	\$ 81.79
1.5" meter	\$ 163.54
2" meter	\$ 261.66
3" meter	\$ 490.61
4" meter	\$ 817.67
6" meter	\$ 1,635.35

Usage charge, per 1,000 gallons \$ 7.81

Reconnection Charge:

If water service is cut off by utility for good cause	\$39.03 ^{1/}
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New Account Fee: \$39.03

Returned Check Fee: \$25.00

<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	15 days after billing date
<u>Billing Frequency:</u>	Shall be monthly for service in arrears
<u>Finance Charge for Late Payment:</u>	1% per month will be applied to the unpaid balance of all bills still past due 30 days after the billing date.

This the ____ day of September, 2019.

North Carolina Utilities Commission

Kimberley A. Campbell, Chief 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-1250, Sub 7, 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-1250, Sub 7.

Witness my hand and notarial seal, this the ____ day of September, 2019.

Notary Public

Printed or Typed Name

(SEAL) Commission Expires: _____