

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1297, SUB 17
DOCKET NO. W-1344, SUB 1

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Joint Application of HISCO I, LLC, and)
HISCO East, LLC, for Approval of Transfer)
of Certificates of Public Convenience and)
Necessity for the Wastewater System)
Serving Harkers Island in Carteret County,)
North Carolina and for Approval of Rates)
	MOTION TO ESTABLISH DOCKET SUB 0 FOR THE TRANSFER APPLICATION AND DOCKET SUB 1 FOR THE CPCN APPLICATION

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and moves the North Carolina Utilities Commission (Commission) to issue an order establishing Docket No. W-1344, Sub 0 as the purchaser’s docket for the joint application filed with the Commission on February 29, 2024, by HISCO I, LLC (HISCO I), and HISCO East, LLC (HISCO East)¹ (collectively, the Applicants), for the transfer of the certificates of public convenience and necessity (CPCNs) for the wastewater system and for approval of rates serving Harkers Island in Carteret County, North Carolina (Transfer Application). Furthermore, Docket No. W-1344, Sub 0 should be the companion docket to the seller’s Transfer Application docket (Docket No. W-1297, Sub 17). The Public Staff also moves the Commission to order that Docket No. W-1344, Sub 1 shall serve as the docket for HISCO I’s

¹ On May 5, 2021, Harkers Island Sewer Company, LLC, filed an Amendment of Articles of Organization (Amendment) with the North Carolina Department of the Secretary of State, changing its name to HISCO East, LLC. The Amendment was filed with the Commission in Docket No. W-1297, Sub 15. The name of the legal entity throughout this Motion will be HISCO East.

Application for Certificate of Public Convenience and Necessity and for Approval of Rates (CPCN Application), which was also filed in the above-referenced dockets on the same date as the Transfer Application, and that there be no associated W-1297 docket.

In support of this motion, the Public Staff respectfully shows the Commission the following:

1. On July 30, 2013, in Docket No. W-1297, Sub 0, the Commission issued its Order Granting Franchise, Approving Rates, and Requiring Customer Notice granting HISCO East a CPCN to provide wastewater utility service in Westbay Subdivision and James Creek Subdivision.

2. HISCO East was subsequently approved to provide wastewater utility services to

- a. By The Bay Subdivision, Phase 1, Lots 6BB, 7BB and 8BB Westmouth Bay Drive, 329 Mullins Drive, 183 and 213 Johnson Street, and 190 and 216 Mary Ella Drive, Lot 1BB and Pin No. 7335051847443000 Oak Hammock Drive, 110, 108, 106, 104 and 102 Swing Easy Lane (Docket No. W-1297, Sub 1).
- b. Harkers Point Subdivision and Harkers Village Subdivision, Phases I and II (Docket No. W-1297, Sub 2); and

- c. Cape Lookout National Seashore and Island Road Extension (Docket No. W-1297, Sub 3).

3. On August 31, 2015, HISCO East filed a CPCN application to provide wastewater utility service to Beach Hammock Subdivision. (Docket No. W-1297, Sub 6). Commission Order was issued on May 6, 2016, granting the requested franchise.

4. On May 6, 2016, HISCO East filed a CPCN application to provide wastewater utility service to Harkers Island R/V Park. (Docket No. W-1297, Sub 8). This application has not been granted.

5. On June 3, 2016, HISCO East filed an application for a contiguous extension to provide wastewater utility service to Cape Point Village. (Docket No. W-1297, Sub 9). This application has not been granted.

6. HISCO East currently serves 142 Customers and has approved permitted wastewater capacity of 80,160 gallons per day (GPD) and constructed and operational wastewater capacity of 40,000 GPD.

7. Arcos Capital Partners, LLC (ACP), through an entity it formed, HILDSCO, LLC (HILDSCO), owns and has acquired extensive properties in Harkers Island that it is developing for mixed use purposes. HILDSCO formed HISCO I.

8. HISCO East has entered into a purchase agreement with HISCO I through which HISCO I would acquire the franchise, permits and facilities of

HISCO East. HISCO I intends to improve, enhance, and expand the utility facilities in order to make the development contemplated possible and to improve service to existing and future consumers.

9. HISCO I does not currently possess a utility franchise.

10. Public Staff moves the Commission to issue an order establishing Docket No. W-1344, Sub 0 as the purchaser's docket for the Transfer Application with the companion of Docket No. W-1297, Sub 17. The Transfer Application seeks to transfer all of HISCO East's existing franchises and approved service area, in addition to its assets.

11. Public Staff moves the Commission to order that Docket No. W-1344, Sub 1 shall serve as the docket for HISCO I's Application for its CPCN Application and that there be no associated W-1297 docket. With the completed transfer, HISCO I seeks, through its CPCN Application, approval of an additional franchise to provide wastewater utility service to those being served by HISCO East without Commission approval.

12. A determination as to the transfer of HISCO East's franchises to HISCO I would need to occur before awarding additional franchises to HISCO I.

13. The Public Staff has contacted counsel for HISCO I and is authorized to represent that HISCO I supports this motion.

14. A proposed order is attached.

WHEREFORE, the Public Staff respectfully requests:

1. That the Commission issue an order establishing Docket No. W-1344, Sub 0 as the purchaser's docket for the Transfer Application with the companion of Docket No. W-1297, Sub 17;
2. That the Commission issue an order that Docket No. W-1344, Sub 1 shall serve as the docket for HISCO l's Application for its CPCN Application and that there be no associated W-1297 docket; and
3. For such other and further relief as the Commission may deem just and proper.

Respectfully submitted, this the 19th day of March, 2024.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Chief Counsel

Electronically submitted
/s/ James Bernier, Jr.
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On March 19, 2024, the Public Staff – North Carolina Utilities Commission (Public Staff) filed a Motion to Establish Docket Sub 0 for the Transfer Application and Docket Sub 1 for the CPCN Application. In its Motion, the Public Staff seeks to have two separate dockets established, Docket No. W-1344, Sub 0 established as the purchaser's docket for the Transfer Application along with the companion of Docket No. W-1297, Sub 17, and Docket No. W-1344, Sub 1 established as the docket for the CPCN Application with no association to the W-1297 docket. The Public Staff notes that a determination as to the transfer of HISCO East's franchises to HISCO I would need to occur before awarding additional franchises to HISCO I.

Based on the foregoing, the recommendation of the Public Staff, and the entire record in this proceeding, the Presiding Commissioner finds good cause to grant the Public Staff's Motion.

IT IS, THEREFORE, ORDERED as follows:

1. That the Chief Clerk is directed to establish Docket No. W-1344, Sub 0 as the new docket for the Transfer Application;
2. That the Chief Clerk is directed to copy the confidential and public filings labeled: "Application for Transfer of Public Utility Franchise and Approval of Rates of HISCO I in Carteret County from HISCO East, LLC in Carteret County" filed on February 29, 2024, "Additional Application Exhibits" filed on March 4, 2024,

the Public Staff's Letter filed March 18, 2024, and this Order into Docket No. W-1344, Sub 0;

3. That the Chief Clerk is directed to assign Docket No. W-1297, Sub 17 as a companion docket to Docket No. W-1344, Sub 0;

4. That all future filings related to the Transfer Application shall be filed in Docket Nos. W-1297, Sub 17 and W-1344, Sub 0;

5. That the Chief Clerk is directed to establish Docket No. W-1344, Sub 1 as the docket for the CPCN Application;

6. That the Chief Clerk is directed to remove Docket No. W-1297, Sub 17 as a companion docket to Docket No. W-1344, Sub 1; and

7. That all future filings related to the CPCN Application shall be filed in Docket No. W-1344, Sub 1;

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of March, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

CERTIFICATE OF SERVICE

I certify that I have this day served a copy of the foregoing Motion and Proposed Order upon each of the parties of record in this proceeding or the attorney of record of such party in accordance with Commission Rule R1-39, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This this the 19th day of March, 2024.

Electronically submitted
/s/ James Bernier, Jr.