

**SANFORD LAW OFFICE, PLLC
Jo Anne Sanford, Attorney at Law**

September 12, 2023

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Delivery

Re: Carolina Water Service, Inc. of North Carolina and Mountain Air
Utilities Corporation
Docket Nos. W-354, Sub 411 and W-1148, Sub 22
Stipulating Parties' Joint Proposed Order Approving Transfer,
Setting Rates, and Requiring Customer Notice

Dear Ms. Dunston:

Carolina Water Service, Inc. of North Carolina, on behalf of itself, the Mountain Air Utilities Corporation, the Mountain Air Property Owners Association, Inc.¹, and the Public Staff (Stipulating Parties), hereby files the Stipulating Parties' Joint Proposed Order Approving Transfer, Setting Rates, and Requiring Customer Notice in these dockets.

I hereby certify that I have today served a copy of this filing on the parties to these dockets.

As always, we thank you and your staff for your assistance; please feel free to contact me if there are questions or if additional information is required.

Electronically Submitted

/s/Jo Anne Sanford
North Carolina State Bar No. 6831
Attorney for Carolina Water Service, Inc. of
North Carolina

¹ The Mountain Air Property Owners Association, Inc. was incorrectly referred to as the Mountain Air Homeowners Association, Inc. in the Joint Settlement Agreement and Stipulation filed on August 19, 2023, in Docket Nos. W-354, Sub 411 and W-1148, Sub 22.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 411
DOCKET NO. W-1148, SUB 22

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Carolina Water Service, Inc. of)	
North Carolina, 5821 Fairview Road, Suite 401,)	STIPULATING PARTIES'
Charlotte, North Carolina 28209 and Mountain Air)	JOINT PROPOSED
Utilities Corporation, Post Office Box 1090,)	ORDER APPROVING
Burnsville, North Carolina 28714, for Authority to)	TRANSFER, SETTING
Transfer the Mountain Air Water and Wastewater)	RATES, AND
Utility Systems and Public Utility Franchise in)	REQUIRING
Yancey County, North Carolina, and for Approval)	CUSTOMER NOTICE
of Rates)	

BEFORE: Presiding Commissioner Karen M. Kemerait, Commissioner Kimberly W. Duffley, and Commissioner Floyd B. McKissick Jr.

APPEARANCES:

For Carolina Water Service, Inc. of North Carolina:

Jo Anne Sanford, Sanford Law Office, PLLC, Post Office Box 28085,
Raleigh, North Carolina 27611

Robert H. Bennink, Jr., Bennink Law Office, 130 Murphy Drive, Cary,
North Carolina 27513

For Mountain Air Utilities Corporation:

Daniel C. Higgins, Burns, Day & Presnell, P.A., Post Office Box
10867, Raleigh, NC 27605

For the Using and Consuming Public:

Gina C. Holt, Manager, Legal Division, Natural Gas, Water, Sewer,
Telephone, & Transportation Sections, and Elizabeth D. Culpepper,
and James Bernier, Jr., Staff Attorneys, Public Staff, 4326 Mail
Service Center, Raleigh, North Carolina 27699-4300

Mountain Air Property Owners Association, Inc.

Edward S. Finley, Jr., Edward S. Finley, Jr., PLLC, 2024 White Oak Road, Raleigh North Carolina 27608

BY THE COMMISSION: On May 4, 2021, in Docket No. W-1148, Sub 20, the Commission issued an Order Appointing Emergency Operator and Requiring Customer Notice (Emergency Order) appointing Carolina Water Service, Inc. of North Carolina (CWSNC) as emergency operator (EO) of the water and wastewater utility systems serving the Mountain Air Development in Yancey County, North Carolina (Mountain Air Development) effective May 10, 2021. As EO, CWSNC currently serves 483 monthly metered water utility customers, 438 monthly flat rate wastewater utility customers, and 21 monthly metered wastewater utility customers in the Mountain Air Development service area.

On July 12, 2022, Mountain Air Utilities Corporation (MAUC) and CWSNC entered into a utility asset purchase agreement whereby CWSNC agreed to purchase MAUC's water and wastewater utility systems for \$950,000 (Utility Asset Purchase Agreement).

The Utility Asset Purchase Agreement acknowledges the likelihood of title objections relating to outstanding judgment liens encumbering certain parcels of real property where MAUC utility assets are located. MAUC intends to secure releases of the judgment liens as to those parcels at closing, and pay fees and closing costs, by use of the purchase price. In the event MAUC is unsuccessful in obtaining releases of the judgment liens at closing, neither MAUC nor CWSNC will be required to close on the sale and the Utility Asset Purchase Agreement will be considered terminated. Furthermore, as stated in the Emergency Order, Finding

of Fact No. 9, “not all the utility system real property was conveyed to the utility MAUC,” thus the ownership of important water and wastewater utility system components remains with MAUC’s parent or affiliated entities. As a result, and in order to allow an effective transfer, the Utility Asset Purchase Agreement requires the seller-affiliated entities to convey their respective interests in those parcels to CWSNC at closing, subject to release of the judgment liens encumbering those parcels.

On September 26, 2022, CWSNC and MAUC filed with the Commission an Application for Transfer of Public Utility Franchise and for Approval of Rates (Initial Transfer Application) seeking authority to transfer the water and wastewater utility systems and public utility franchise serving the Mountain Air Development from MAUC to CWSNC and for approval of rates. In the Initial Transfer Application, CWSNC requested approval to charge CWSNC Uniform Rates for metered and flat rate residential and nonresidential service for both water and wastewater utility service approved by the Commission in Docket No. W-354, Sub 384.

On January 18, 2023, the Mountain Air Property Owners Association, Inc. (MAPOA) filed a Petition to Intervene in this proceeding. The Commission allowed the MAPOA to intervene by Order dated February 1, 2023.

On May 11, 2023, CWSNC filed certain revisions to the Initial Transfer Application. Specifically, CWSNC amended the Initial Transfer Application to request authorization to charge the Uniform Rates for the base year recently approved in the Company’s Docket No. W-354, Sub 400 rate case to Mountain Air Development customers instead of the Sub 384 rates as requested in the Initial

Transfer Application (the Initial Transfer Application and amendment thereto are collectively referred to as the Transfer Application).

On June 5, 2023, the Commission entered an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice (Scheduling Order) in these dockets.

On June 16, 2023, MAUC filed the Direct Testimony of William R. Banks, the President of MAUC and Mountain Air Development Corporation, the entity that developed the Mountain Air Development.

On June 16, 2023, CWSNC filed the Direct Testimony of Donald H. Denton III, Senior Vice President, East Operations for Corix Regulated Utilities (US) Inc. (CRU US) and CWSNC's President. CWSNC is a subsidiary of CRU US.

On July 6, 2023, the Public Staff filed the Direct Testimony of D. Michael Franklin, Public Utilities Engineer with the Water, Sewer, and Telephone Division of the Public Staff, and Lynn Feasel, Public Utility Regulatory Analyst Supervisor of the Water, Sewer, and Telecommunications Sections with the Accounting Division of the Public Staff.

On July 11, 2023, the Public Staff filed a motion requesting that the public witness hearing scheduled for July 17, 2023, be canceled. No customers had filed consumer statements in these dockets, and the Public Staff had not received any consumer statements. CWSNC and MAUC supported the motion and counsel for MAPOA had not responded to the Public Staff at the time of the filing of the motion. By Order dated July 11, 2023, the Commission canceled the public witness hearing and required notice to be given of that cancellation.

On July 26, 2023, CWSNC filed the Rebuttal Testimony of Matthew P. Schellinger II, the Regional Director of Financial Planning and Analysis, East Region for the Corix Group of Companies. In this capacity, Mr. Schellinger oversees financial planning and analysis for CWSNC. On July 28, 2023, CWSNC filed the Rebuttal Testimony of Company witness Denton and MAUC filed the Rebuttal Testimony of its witness Banks.

On July 26, 2023, MAPOA filed a motion requesting leave to file the Direct Testimony of John Robertson, the MAPOA Board member primarily responsible for water and wastewater issues coming before the Board. The Commission issued an Order on July 27, 2023, granting MAPOA's motion and accepting the Robertson direct testimony. MAUC filed Rebuttal Testimony to MAPOA witness Robertson.

After the filing of all direct and rebuttal testimony and prior to the evidentiary hearing, the Stipulating Parties engaged in settlement negotiations over a period of several days.

After settlement negotiations, in which concessions from their respective litigation positions were made by each of the Stipulating Parties, the Stipulating Parties were ultimately able to arrive at a joint settlement proposal addressing all the issues in dispute. On August 18, 2023, the Stipulating Parties filed a Settlement Agreement and Stipulation (Stipulation) in these dockets. On that same day, CWSNC filed the Settlement Testimony and Exhibit of witness Schellinger, and the Public Staff filed the Joint Settlement Testimony of witnesses Feasel and Franklin.

In conjunction with the filing of the Stipulation, the Stipulating Parties requested that the Commission excuse all witnesses from the expert witness

hearing scheduled for August 22, 2023, and that the prefiled testimony of those witnesses be accepted into the record as if given orally from the witness stand. On August 21, 2023, the Commission entered an Order Excusing Witnesses, Accepting Testimony, Canceling Expert Witness Hearing, and Requiring Proposed Orders in these dockets.

DESCRIPTION OF THE STIPULATION

The Stipulation provides, in pertinent part, as follows:

The Stipulating Parties agree that the Transfer Application filed by CWSNC and MAUC in these dockets should be approved by the Commission and that CWSNC should be granted a Certificate of Public Convenience and Necessity to provide water and wastewater utility service to customers in the Mountain Air Development service area (See Exhibit A to the Utility Asset Purchase Agreement), subject to the following terms and conditions:

1. Upon Commission approval of an increase to the provisional EO rates, CWSNC should be authorized to implement its Sub 400 base year rates for water and wastewater utility service to Mountain Air Development customers. The Sub 400 base year rates for a 5/8" water meter are as follows:

<u>Monthly Metered Water Rates:</u>	
Base Charge	\$25.91
Usage Charge, per 1,000 gallons	\$12.28
<u>Monthly Flat Rate for Residential Wastewater Service:</u>	\$87.27 ¹
<u>Monthly Flat Rate for Commercial Wastewater Service:</u>	\$87.27 ²

After closing, the provisional rates should be authorized on an interim basis until the next rate case.

2. The monthly flat rate per-equivalent residential connection (ERC) surcharge shall be designed to collect the following stipulated cost of service components:

¹ Per single family equivalent (SFE) or residential equivalent unit (REU).

² Per single family equivalent (SFE) or residential equivalent unit (REU).

a. Creation of a regulatory asset labeled “Lien Release” in the amount of \$950,000, levelized for cost recovery over 40 years starting in the month recovery is implemented, including a return at the Sub 400 pre-tax weighted cost of capital (8.69%), with the return being subject to adjustment in a future general rate case. The stipulated monthly per-ERC Lien Release Water Surcharge will be \$9.06 and the monthly per-ERC Lien Release Wastewater Surcharge will be \$4.92.

b. Creation of a Due Diligence and Transaction Costs Asset, limited to the amount of \$75,000, amortized for cost recovery over 40 years in the “Organizational Account” starting in the month recovery is implemented, including a return at the Company’s Sub 400 pretax weighted cost of capital (8.69%), with the return being subject to adjustment in a future general rate case. The stipulated monthly per-ERC Due Diligence and Transaction Costs Water Surcharge will be \$0.89 and the monthly per-ERC Due Diligence and Transaction Costs Wastewater Surcharge will be \$0.48.

c. Creation of an Unrecovered Operating Reserve (incurred as EO, estimated through release of EO, and reported in Docket No. W-1148, Sub 20), levelized for cost recovery over five years, including a return at the Company’s Sub 400 pre-tax cost of debt (4.65%), with the return being subject to adjustment in a future general rate case. The stipulated monthly per-ERC Unrecovered Operating Reserve Water Surcharge is estimated to be \$5.38 and the monthly per-ERC Unrecovered Operating Reserve Wastewater Surcharge is estimated to be \$7.07.

d. The three monthly per-ERC surcharges set forth in subparagraphs a-c above are currently estimated to total \$15.33 for each water system ERC and \$12.47 for each wastewater ERC and will be finally determined following CWSNC filing a final accounting post-closing to reconcile the operating reserve, review and recommendation by the Public Staff, notice to customers, and Commission approval.

3. CWSNC also projects that, subsequent to receipt of a Commission Order approving the transfer, significant additional due diligence and investigation will be necessary, particularly with respect to title and lien issues, prior to the time that the Company and MAUC will be able to close the transfer. Thus, until the closing

of the sale has taken place, CWSNC, by necessity, will need to continue to serve as EO of the water and wastewater utility systems serving the Mountain Air Development. The most recent Emergency Operator Quarterly Report filed by CWSNC in Docket No. W-1148, Sub 20 on July 31, 2023, indicates that since the inception of the Company's appointment as EO on May 10, 2021, and extending through June 30, 2023, CWSNC has incurred operating revenue deficits totaling \$338,115.59. On August 16, 2023, CWSNC corrected the operating revenue deficits to be \$317,312.

4. Upon Commission approval authorizing CWSNC to implement the proposed rates discussed in Paragraphs 1 and 2 above, the average water bill for a Mountain Air Development customer using 2,520 gallons per month will be \$72.19 per month and flat rate wastewater bills for residential customers will total \$99.74 per month.

5. Upon Commission approval authorizing CWSNC to implement the proposed rates discussed in Paragraph 1 above, the Company will withdraw the bulk wastewater pass-through rate increase request now pending in Docket No. W-1148, Sub 24.

6. CWSNC accepts and agrees to use the depreciation rates proposed by Public Staff witness Franklin on capital investments made by CWSNC while acting as the EO, and the Stipulating Parties agree that CWSNC will use the Company's Uniform Water and Sewer depreciation rates on all future capital investments applicable to the Mountain Air Development water and wastewater systems.

7. The Stipulating Parties agree that they, singularly or collectively, may propose in the next general rate case filed by CWSNC that the Mountain Air Development water and sewer systems and the rates agreed to herein, including the agreed-upon flat, metered, and surcharge components, should be consolidated into the Company's Uniform Water and Wastewater Rate Divisions provided that it is demonstrated that CWSNC's Uniform Rate Division customers are not adversely impacted and Mountain Air Development customers are not materially impacted.

8. The Stipulating Parties agree that CWSNC will file a final accounting to reconcile the operating balance as EO, net of \$30,000 in bond funds, within 60 days of closing. In addition, CWSNC will file to establish the surcharges to recover the Lien Release regulatory asset, Due Diligence and Transaction Costs asset, and Unrecovered Operating Reserve within 60 days of

closing. Further, CWSNC will notice the Mountain Air Development of the proposed surcharges, to be effective no sooner than 60 days after filing the request, described in Paragraph 2 above as part of the EO true-up and transfer proceeding.

DIRECT AND REBUTTAL TESTIMONY FILED BY THE PARTIES

Before the Parties to this case entered the Stipulation, they individually filed testimony as follows: CWSNC filed the Direct and Rebuttal Testimony of Donald H. Denton III and the Rebuttal Testimony of Matthew P. Schellinger II. MAUC filed the Direct and Rebuttal Testimony of William R. Banks. The Public Staff filed the Direct Testimony of Lynn Feasel and D. Michael Franklin. The MAPOA filed the Direct Testimony of John Robertson. In that testimony, the Parties set forth their positions on the issues which were in controversy prior to the time they reached their comprehensive Stipulation.

In view of the Stipulation unanimously agreed to by all parties to this proceeding and the fact that the Commission finds good cause to approve that Stipulation, a summary of the Stipulating Parties' pre-settlement positions is unnecessary at this point. A summary of the Settlement Testimony offered by the witnesses for CWSNC and the Public Staff follows.

SETTLEMENT TESTIMONY OF CWSNC WITNESS MATTHEW P. SCHELLINGER II

CWSNC witness Schellinger testified that the primary purpose of his Settlement Testimony was to describe and support the comprehensive Stipulation filed in these transfer dockets by CWSNC, MAUC, the Public Staff, and MAPOA

According to witness Schellinger, the Stipulation entered by the four parties to the transfer proceeding represents a compromise settlement of all contested

issues in this case, of which there were several. Witness Schellinger stated that this is a reasonable settlement, as attested to by the fact that four disparate parties were able to negotiate and resolve their deeply held views and positions regarding significant contested issues.

Witness Schellinger made the following seven points in support of his testimony. First, the Stipulating Parties agree that the Transfer Application filed by CWSNC and MAUC in these dockets should be approved by the Commission and that CWSNC should be granted a Certificate of Public Convenience and Necessity (CPCN) to provide water and wastewater utility service to customers in the Mountain Air Development service area. (See Exhibit A to the Utility Asset Purchase Agreement dated July 12, 2022), subject to certain specified terms and conditions.

Second, once the transfer has been approved by the Commission and the transaction has been closed by CWSNC and MAUC, the emergency operatorship will be closed out and the water and wastewater utility systems in question will be fully owned and operated by CWSNC subject to normal utility operations and regulatory oversight by the Commission and the Public Staff.

Third, the Stipulating Parties agree that, upon Commission approval of an increase to the provisional EO rates, CWSNC should be authorized to implement the Company's Sub 400 base year rates for water and wastewater utility service to Mountain Air Development customers.

Fourth, the Stipulating Parties have agreed that following CWSNC filing a final accounting post-closing to reconcile the operating reserve, review, and

recommendation by the Public Staff, notice to customers, and Commission approval, that a set of three surcharges will apply to the Mountain Air Development customers.

Fifth, a copy of the stipulated rates, including the provisional rates and estimated surcharges, is shown on Schellinger Settlement Exhibit 1.

Sixth, the Stipulating Parties have agreed that they, singularly or collectively, may propose in the next general rate case filed by CWSNC that the Mountain Air Development water and wastewater systems and the rates agreed to herein, including the agreed-upon flat, metered, and surcharge components, should be consolidated into the Company's Uniform Water and Wastewater Rate Divisions; provided that it is demonstrated that CWSNC's Uniform Rate Division customers are not adversely impacted and Mountain Air Development customers are not materially impacted.

Finally, witness Schellinger stated that the Stipulating Parties have agreed that after closing, CWSNC will make necessary filings to reconcile its emergency operatorship, request establishment of surcharges, and provide notice to customers.

**JOINT SETTLEMENT TESTIMONY OF PUBLIC STAFF WITNESSES
LYNN FEASEL AND D. MICHAEL FRANKLIN**

Public Staff witnesses Feasel and Franklin testified that the purpose of their settlement testimony was to support the Stipulation filed on August 18 2023, by the four Stipulating Parties regarding the transfer of the water and wastewater utility systems and public utility franchise serving the Mountain Air Development in Yancey County, North Carolina, from MAUC to CWSNC.

According to the Public Staff witnesses, the Stipulation sets forth agreement between the Stipulating Parties in the following areas:

1. CWSNC implementing the Company's Sub 400 base year rates for water and wastewater utility service to Mountain Air Development customers plus a monthly flat rate per-ERC surcharge for recovery of a lien release, due diligence and transaction costs, and unrecovered operating reserve incurred as emergency operator.

2. The creation of a regulatory asset for the lien release, levelized and amortized over a period of 40 years, beginning in the month recovery is implemented, including a return at the Company's weighted average cost of capital.

3. Due diligence and transaction costs capped at \$75,000 and amortized over a period of 40 years, beginning in the month recovery is implemented, including a return at the Company's weighted average cost of capital.

4. Unrecovered operating reserve incurred as emergency operator levelized for cost recovery over five years including a return at the Company's cost of debt.

5. The usage of the Public Staff proposed depreciation rates on capital investments made with CWSNC acting as the emergency operator, and CWSNC Uniform Water and Sewer depreciation rates on all future capital investments in the Mountain Air Development water and wastewater systems.

6. CWSNC may propose in its next general rate case that the Mountain Air Development water and wastewater system be consolidated into the Company's Uniform Water and Wastewater rate divisions provided that is demonstrated that CWSNC's Uniform Rate Division customers are not adversely impacted and Mountain Air Development customers are not materially impacted.

The Public Staff witnesses testified that the Stipulation provides for the transfer of the Mountain Air Development water and wastewater systems to CWSNC, currently the EO. Mountain Air customers benefit by gaining certainty over the utility systems' future by having the utility system owned and operated by a utility company that has the financial, technical, and managerial capabilities to own and operate the water and wastewater systems. CWSNC is adequately capitalized and able to address repairs and capital improvements that may be required to ensure continued safe and reliable service. Further, CWSNC has a proven track record as an EO and public utility providing water and sewer utility service to approximately 35,000 water customers and 21,000 wastewater customers located in 38 counties across North Carolina. As the EO for the Mountain Air Development, CWSNC has made significant investments in the water and wastewater systems to improve quality of service and meet regulatory requirements.

According to Public Staff witnesses Feasel and Franklin, the Stipulation also provides a means to ensure for the first time that ownership of property required for utility operations and maintenance is in the utility's full control and removes liens that were a hindrance to previous transfer attempts. The Stipulation provides

that the customers directly benefiting from the transfer are assigned the costs of the transfer through rates and surcharges.

Public Staff witnesses Feasel and Franklin concluded their testimony by stating that the Staff recommends that the Commission approve the terms of the Stipulation reached by the Stipulating Parties, and that the transfer be approved.

WHEREUPON, based upon the entirety of the evidence and the record herein, the Commission now makes the following:

FINDINGS OF FACT

1. CWSNC is a corporation duly organized under the laws of North Carolina and is authorized to do business in the State of North Carolina as a franchised water and wastewater public utility. CWSNC is a wholly-owned subsidiary of Corix Regulated Utilities (US) Inc. (CRU US).³ CWSNC is subject to the regulatory oversight of this Commission. The Company presently serves approximately 35,452 water customers and 22,019 wastewater customers in North Carolina and operates approximately 93 water systems and 38 wastewater systems in the State. The Company's service territory spans 38 counties in North Carolina, from Corolla in Currituck County to Bear Paw in Cherokee County.

2. MAUC is a corporation duly organized under the laws of North Carolina and is authorized to do business in the State of North Carolina as a franchised water and wastewater public utility. MAUC holds a CPCN pursuant to Commission Order issued May 16, 2001, in Docket No. W-1148, Sub 0, to provide

³ CRU US owns regulated utilities in 17 states, with primary service areas in Florida, North Carolina, South Carolina, Louisiana, and Nevada, which provide water and sewer utility service to approximately 190,000 customers.

water and wastewater utility service to the Mountain Air Development. MAUC is subject to the regulatory oversight of this Commission. The MAUC utility system currently serves 483 monthly metered water utility customers, 438 monthly flat rate wastewater utility customers, and 21 monthly metered wastewater utility customers in the Mountain Air Development service area in Yancey County, North Carolina.

3. Water service at the Mountain Air Development is provided through a system of deep wells, ground storage and hydropneumatic tanks, and a distribution system in a service area with major elevation gradients. The wastewater service is provided through a collection system including pump stations, and the wastewater is then transported to an interconnection with the Town of Burnsville for bulk treatment by the Town.

4. The Emergency Order appointed CWSNC as EO of the water and wastewater utility systems serving the Mountain Air Development effective May 10, 2021.⁴ CWSNC has been willing to serve as EO of a number of troubled water and sewer utility systems in North Carolina, and has ultimately acquired several of these systems.

5. There were a myriad of operational problems and circumstances which led to CWSNC's appointment as EO. The Emergency Order includes

⁴ Upon recommendation by the Public Staff, CWSNC has been appointed by the Commission to serve on multiple occasions as the EO of water and/or sewer systems in this state. After serving as the Commission-appointed EO of two troubled utility systems in North Carolina (the Riverbend Estates water system in Macon County [Docket Nos. W-390, Subs 13 and 14, and W-354, Sub 358] and the Silverton water and sewer system in Cabarrus County [Docket Nos. W-354, Sub 361, and W-1046, Sub 5]), CWSNC acquired those systems in system transfer cases by Orders entered on May 16, 2019, and August 6, 2019, respectively.

descriptions of permit violations; system ownership issues; the need for immediate extensive system renovations and replacements in order to materially improve the operation, reliability, and compliance record of the MAUC water and wastewater utility systems; and service difficulties – all of which, collectively, caused the Commission to declare that a real emergency existed with regard to the MAUC systems and find “the imminent danger of losing adequate water or sewer utility service or the actual loss thereof.”⁵

6. The rates currently in effect for the Mountain Air Development wastewater system were approved by a pass-through order issued by the Commission on December 20, 2022, in Docket No. W-1148, Sub 23. MAUC has never received a water or wastewater general rate increase from the rates approved in the CPCN proceeding in 2001. As EO, CWSNC agreed to operate the water and wastewater systems with MAUC’s existing rates, subject to true up.

7. On July 12, 2022, MAUC and CWSNC entered into a utility asset purchase agreement whereby CWSNC agreed to purchase MAUC’s water and wastewater utility systems for \$950,000 (Utility Asset Purchase Agreement).

8. The Utility Asset Purchase Agreement acknowledges the likelihood of title objections relating to outstanding judgment liens encumbering certain parcels of real property where MAUC utility assets are located. MAUC intends to secure releases of the judgment liens as to those parcels at closing, and pay fees and closing costs, by use of the purchase price. In the event MAUC is unsuccessful

⁵ Significantly, both MAUC and the Intervenor MAPOA petitioned the Commission to appoint an EO for the water and wastewater utility systems in question. The Public Staff also petitioned for and recommended that CWSNC be appointed as EO.

in obtaining releases of the judgment liens at closing, neither MAUC nor CWSNC will be required to close on the sale and the Utility Asset Purchase Agreement will be considered terminated. Furthermore, as stated in the Emergency Order, Finding of Fact No. 9, “not all the utility system real property was conveyed to the utility MAUC,” thus the ownership of important water and wastewater utility system components remains with MAUC’s parent or affiliated entities. As a result, and in order to allow an effective transfer, the Utility Asset Purchase Agreement requires the seller-affiliated entities to convey their respective interests in those parcels to CWSNC at closing, subject to release of the judgment liens encumbering those parcels.

9. CWSNC and MAUC are properly before the Commission pursuant to Chapter 62 of the North Carolina General Statutes seeking approval of an Application for Transfer of Public Utility Franchise and for Approval of Rates (Initial Transfer Application). The Initial Transfer Application was filed on September 26, 2022, seeking authority to transfer the water and wastewater utility systems and public utility franchise serving the Mountain Air Development from MAUC to CWSNC and for approval of rates. In the Initial Transfer Application, CWSNC requested approval to charge CWSNC Uniform Rates for metered and flat rate residential and nonresidential service for both water and wastewater utility service approved by the Commission in Docket No. W-354, Sub 384.

10. On May 11, 2023, CWSNC filed certain revisions to the Initial Transfer Application. Specifically, CWSNC amended the Initial Transfer Application to request authorization to charge the Uniform Rates for the base year

recently approved in the Company's Docket No. W-354, Sub 400 rate case to Mountain Air Development customers instead of the Sub 384 rates as requested in the Initial Transfer Application (the Initial Transfer Application and amendment thereto are collectively referred to as the Transfer Application).

11. In its due diligence site inspections, CWSNC identified the need for immediate extensive system renovations and replacements in order to materially improve the operation, reliability, and compliance record of the Mountain Air Development water and wastewater utility systems. Those extensive improvements included, but were not limited to, replacement of inoperable lift station equipment, replacement of malfunctioning or missing lift station pumps, installation of telemetry at major lift stations, the installation of AMI water meters, and other significant water system improvements.⁶

12. More specifically, in its capacity as the EO for the Mountain Air Development water and wastewater systems, CWSNC has made significant capital investments in those systems to improve the quality of service being provided to affected customers and to meet regulatory requirements.⁷ Through June 16, 2023, CWSNC, as EO, made capital investments in the Mountain Air Development water and wastewater systems totaling \$2,162,385.⁸ These capital investments included the following projects and associated costs: Water System Supervisory Control and Data Acquisition System (SCADA) (\$150,395); Water

⁶ See the Direct Testimony of CWSNC witness Denton filed on June 16, 2023, at page 12, lines 1 - 8.

⁷ See the Joint Settlement Testimony of witnesses Feasel and Franklin filed by the Public Staff on August 18, 2023, at page 5, lines 20 – 22.

⁸ See CWSNC Rebuttal Exhibit MPS-1 filed in these dockets on June 26, 2023.

System Improvements (\$471,054); Water System AMI Meters (\$604,451); Sewer System SCADA System (\$202,518); and Sewer System Improvements (\$733,967).

13. In addition to the capital investments detailed in Findings of Fact Nos. 11 and 12, the most recent Emergency Operator Quarterly Report filed by CWSNC in Docket No. W-1148, Sub 20, on July 31, 2023, indicates that since the inception of the Company's appointment as EO on May 10, 2021, and extending through June 30, 2023, CWSNC has incurred operating revenue deficits totaling \$338,115.59. On August 16, 2023, CWSNC corrected the operating revenue deficits to be \$317,312.

14. CWSNC has operated the Mountain Air Development water and wastewater systems as the Commission-appointed EO in a safe and reliable matter and has made substantial improvements. Testimony offered by the MAPOA⁹ indicates that it found CWSNC to be responsive and transparent and it is pleased with CWSNC's service. The Commission's online docket portal does not include any filed consumer statements in these dockets. Nor did the Public

⁹ MAPOA witness Robertson filed Direct Testimony wherein he stated at page 1, lines 18 – 27, the following:

Initially, the Property Owners Association wishes to convey its support for the efforts and accomplishments Carolina Water Service has made in its role as emergency operator. We have found Carolina Water Service responsive and transparent in its dealings with the Association and the Mountain Air residents. Based on our observations, the Company has provided important services in a professional and competent manner. We recognize that the water and wastewater systems within the community were in desperate need of attention, replacement, and repair. By and large, we are pleased with what we have observed with respect to Carolina Water Service's efforts. Consequently, we strongly support the efforts by the Company to acquire the water and wastewater systems from MAUC and become the permanent provider of water and wastewater services within the Mountain Air community.

Staff receive any consumer statements.¹⁰ Public Staff witness Franklin testified in his Direct Testimony at page 8, lines 2 – 6, that “...CWSNC is providing safe and reliable service to the customers of the Mountain Air water and wastewater systems.”

15. The purpose of the Transfer Application at issue in these dockets is to facilitate the transfer of the water and wastewater systems owned by MAUC to CWSNC at a price which is fair and reasonable to both the seller and the buyer and on terms which are beneficial and certainly not detrimental to the current customers of CWSNC or those of MAUC. In this instance, the water and sewer systems currently owned by MAUC were operationally and financially troubled to the extent that there was a need for the Commission to appoint CWSNC as emergency operator. The Mountain Air Development water and wastewater utility systems have unquestionably benefitted from the significant financial and local operational resources and expertise which CWSNC is currently providing as EO and will continue to permanently provide upon approval of the Transfer Application.¹¹ The water and wastewater system capital investments and improvements by CWSNC provide clear and direct benefits to the current MAUC customers in terms of system reliability, safety, and environmental impact. No obvious detriment to CWSNC’s existing customers is evident or reasonably expected to result from approval of the MAUC transfer.

¹⁰ See Paragraph 4 of the Public Staff’s Motion to Cancel Public Witness Hearing filed on July 11, 2023.

¹¹ Due to increasing complexities combined with aging systems beset by operational and financial difficulties, the management of the MAUC water and wastewater systems is increasingly shown to be best accomplished by a highly qualified regulated public utility, such as CWSNC, which specializes in and demonstrates the ability to consistently provide adequate, efficient, and reasonable water and wastewater utility service.

16. Approval of the Transfer Application will ensure that MAUC customers will receive substantial benefit in two essential ways: first, from the operational expertise and service improvements which are currently and will continue to be timely and prudently provided by CWSNC; and, second, from the financial integrity offered by CWSNC as a well-run and well-capitalized public utility able to provide consistently safe, reliable, and compliant service.

17. The public interest is served by approval of this pending Transfer Application. CWSNC has the technical, managerial, operational, and financial capacity to provide adequate, safe, efficient, and reasonable water and sewer utility service on an ongoing basis to existing customers as well as customers in the current MAUC service area.

18. Consistent with N.C.G.S. § 62-111(a), approval of the pending Transfer Application is justified by the public convenience and necessity and is in the public interest.

19. The Public Staff recommended that \$50,000 of CWSNC's \$140,000 of unassigned surety bond should be assigned to the Mountain Air Development service area for water and wastewater service. This recommendation is just, reasonable, and appropriate.

20. The provisions contained in the Stipulation are just and reasonable to all parties to this proceeding, as well as the Mountain Air Development customers and CWSNC's existing customers, and are justified by the public convenience and necessity.

21. It is appropriate for the Commission to approve the Stipulation in its entirety.

CONCLUSIONS

The Stipulation entered by all parties to this transfer proceeding represents a compromise settlement of all contested issues in this case, of which there were several. It is a reasonable and appropriate settlement as attested to by the fact that four disparate parties were able to negotiate and resolve their deeply held views and positions regarding significant contested issues. Accordingly, the Commission reaches the following conclusions in support of this decision.

First, good cause exists to approve the Transfer Application filed in this docket by CWSNC and MAUC. Consistent with N.C.G.S. § 62-111(a), the Commission concludes that approval of the pending Transfer Application is justified by the public convenience and necessity and is in the public interest. This decision is fully supported by the Settlement Testimony filed by CWSNC witness Schellinger, Public Staff witnesses Feasel and Franklin, and the unanimous Stipulation signed by CWSNC, MAUC, the Public Staff, and the MAPOA. Accordingly, CWSNC is hereby granted a CPCN to provide water and wastewater utility service to customers in the Mountain Air Development service area, effective upon the closing of the transfer of the water and wastewater utility system assets to CWSNC. A copy of that CPCN is attached hereto as Appendix A.

Second, consistent with the Stipulation, the Company's Sub 400 Base Year Water and Wastewater Rates are justified, reasonable, and appropriate for approval and implementation in this transfer proceeding, to become effective upon

either the date of closing of the transfer of the water and wastewater utility system assets to CWSNC or earlier if approved by the Commission as provisional rates in the EO Docket. A copy of CWSNC's Schedule of Rates for application to customers in the Mountain Air Development is attached hereto as Appendix B.

Third, consistent with the Stipulation, CWSNC is hereby authorized to establish a regulatory asset labeled "Lien Release" in the amount of \$950,000, levelized for cost recovery over 40 years starting in the month recovery is implemented by Commission Order in the EO Docket, including a return at the Sub 400 pre-tax weighted cost of capital (8.69%), with the return being subject to adjustment in a future general rate case. When implemented in the EO Docket after closing of the transfer and a final accounting, the stipulated monthly per-ERC Lien Release Water Surcharge will be \$9.06 and the monthly per-ERC Lien Release Wastewater Surcharge will be \$4.92.

Fourth, consistent with the Stipulation, CWSNC is hereby authorized to establish a Due Diligence and Transaction Costs Asset, limited to the amount of \$75,000, amortized for cost recovery over 40 years in the "Organizational Account" starting in the month recovery is implemented by Commission Order in the EO Docket, including a return at the Company's Sub 400 pretax weighted cost of capital (8.69%), with the return being subject to adjustment in a future general rate case. When implemented in the EO Docket after closing of the transfer and a final accounting, the stipulated monthly per-ERC Due Diligence and Transaction Costs Water Surcharge will be \$0.89 and the monthly per-ERC Due Diligence and Transaction Costs Wastewater Surcharge will be \$0.48.

Fifth, consistent with the Stipulation, CWSNC is hereby authorized to establish an Unrecovered Operating Reserve (incurred as EO, estimated through release of EO, and reported in Docket No. W-1148, Sub 20), levelized for cost recovery over five years, including a return at the Company's Sub 400 pre-tax cost of debt (4.65%), with the return being subject to adjustment in a future general rate case. When implemented by Commission Order in the EO Docket after closing of the transfer and a final accounting, the stipulated monthly per-ERC Unrecovered Operating Reserve Water Surcharge is estimated to be \$5.38 and the monthly per-ERC Unrecovered Operating Reserve Wastewater Surcharge is estimated to be \$7.07.

Sixth, consistent with the Stipulation, CWSNC shall use the depreciation rates proposed by Public Staff witness Franklin on capital investments made while acting as the EO and that CWSNC shall use the Company's Uniform Water and Sewer depreciation rates on all future capital investments applicable to the Mountain Air Development water and wastewater systems.

Seventh, consistent with the Stipulation, the Stipulating Parties, singularly or collectively, may propose in the next general rate case filed by CWSNC that the Mountain Air Development water and wastewater systems and the rates agreed to herein, including the agreed-upon flat, metered, and surcharge components, should be consolidated into the Company's Uniform Water and Wastewater Rate Divisions provided that it is demonstrated that CWSNC's Uniform Rate Division customers are not adversely impacted and Mountain Air Development customers are not materially impacted.

Eighth, consistent with the Stipulation, CWSNC shall file a final accounting to reconcile the operating balance as EO, net of \$30,000 in bond funds, within 60 days of closing the transfer. In addition, CWSNC shall file to establish the surcharges to recover the Lien Release Regulatory Asset, Due Diligence and Transaction Costs Asset, and Unrecovered Operating Reserve within 60 days of closing. Further, CWSNC shall notice the Mountain Air Development of the proposed surcharges, to be effective no sooner than 60 days after filing the request, described above as part of the EO true-up and transfer proceeding.

Ninth, Mountain Air Development customers benefit by gaining certainty over the Mountain Air utility systems' future by having the utility system owned and operated by CWSNC, a NCUC-regulated utility company that has the financial, technical, and managerial capabilities to own and operate the water and wastewater systems. CWSNC is adequately capitalized and able to address repairs and capital improvements that may be required to ensure continued safe and reliable service to customers. Further, CWSNC has a proven track record as an EO and public utility providing water and sewer utility service to approximately 35,000 water customers and 21,000 wastewater customers located in 38 counties across North Carolina. As the EO for Mountain Air, CWSNC has made significant investments in the water and wastewater systems to improve quality of service and meet regulatory requirements.

Tenth, the Stipulation also provides a means to ensure, for the first time, that ownership of property required for utility operations and maintenance is in the utility's full control and removes liens that were a hindrance to previous transfer

attempts. The Stipulation further provides that the customers directly benefiting from the transfer are assigned the costs of the transfer through rates and surcharges, while recognizing that it may be in the public interest in the future to include the Mountain Air Development in CWSNC's Uniform Water and Sewer Rate Divisions.

IT IS, THEREFORE, ORDERED as follows:

1. That the Application for Transfer of Public Utility Franchise and for Approval of Rates, jointly filed in this docket on September 26, 2022 (and as revised on May 11, 2023), by CWSNC and MAUC, be, and the same is hereby, approved.

2. That CWSNC is granted a certificate of public convenience and necessity to provide water and wastewater utility service in the Mountain Air Development in Yancey County, North Carolina, effective upon the closing of the transfer of the water and wastewater utility system assets to CWSNC.

3. That Appendix A constitutes the Certificate of Public Convenience and Necessity.

4. That the Certificate of Public Convenience and Necessity to provide water and wastewater utility service heretofore granted to MAUC is cancelled, effective on the date which CWSNC files with the Commission written notification that the closing of the transfer of the water and wastewater systems has been completed.

5. That the Schedule of Rates, attached hereto as Appendix B, is approved for water and wastewater utility service in the Mountain Air Development

service area, effective for service rendered on and after the date of closing of the transfer of the water and wastewater utility system assets to CWSNC or earlier if approved by the Commission as provisional rates in EO Docket No. W-1148, Sub 20. The Schedule of Rates is deemed filed with the Commission pursuant to N.C.G.S. § 62-138.

6. That CWSNC shall provide written notification to the Commission within three business days after the closing that the transfer has been completed and the date of such closing.

7. That all ratemaking determinations set forth in this Order regarding rate base/ratemaking issues are hereby determined as decided and as set forth hereinabove.

8. That the Notice to Customers, attached hereto as Appendix C, shall be mailed with sufficient postage or hand delivered to all affected customers in the Mountain Air Development service area, respectively, in conjunction with the next regularly scheduled billing process.

9. That CWSNC shall file the attached Certificate of Service, properly signed and notarized, not later than 15 days after the Notice to Customers is mailed or hand delivered to customers.

10. That \$50,000 of CWSNC's \$140,000 unassigned bond shall be assigned to the Mountain Air Development service area. CWSNC's remaining unassigned bond surety shall be \$90,000.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-354, SUB 411

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water and sewer utility service

in

MOUNTAIN AIR DEVELOPMENT

Yancey 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 _____ 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

SCHEDULE OF RATES

for

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing water and sewer utility service in

MOUNTAIN AIR DEVELOPMENT

Yancey County, North Carolina

WATER RATES AND CHARGES

Monthly Metered Water Service (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

< 1" meter	\$ 25.91
1" meter	\$ 64.78
1 1/2" meter	\$ 129.55
2" meter	\$ 207.28
3" meter	\$ 388.65
4" meter	\$ 647.75
6" meter	\$1,295.50
8" meter	\$2,072.80

Usage Charge:

A. Treated Water/1,000 gallons	\$ 12.28
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Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

Monthly Flat Rate Service: (Billed in Arrears) \$ 72.20

Meter Testing Fee: ^{1/} \$20.00

New Water Customer Charge: \$27.00

Reconnection Charge: ^{2/}

If water service is cut off by utility for good cause	\$42.00
If water service is discontinued at customer's request	\$42.00

Reconnection Charge: ^{3/} (Flat-rate water customers)

If water service is cut off by utility for good cause	Actual Cost
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Meter Fee:

For <1" meters	\$ 50.00
For meters 1" or larger	Actual Cost

<u>Irrigation Meter Installation:</u>	Actual Cost
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<u>Water Tap on Fee:</u>	\$500.00
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SEWER RATES AND CHARGES

<u>Monthly Flat Rate Service, per SFE or REU:</u>	\$ 87.27
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Multi-residential customers who are served by a master meter shall be charged the flat rate per unit.	\$ 87.27
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<u>New Sewer Customer Charge:</u> ^{4/}	\$ 27.00
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Reconnection Charge: ^{5/}

If sewer service is cut off by utility for good cause:	Actual Cost
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Sewer Tap on Fees (based on meter size):

<u>Meter Size</u>	<u>Fee</u>
3/4 inch	\$ 4,310
1 inch	\$ 5,650
2 inch	\$11,480
4 inch	\$29,500
6 inch	\$66,600
8 inch	\$76,600
10 inch	\$89,600
12 inch	\$96,600

MISCELLANEOUS UTILITY MATTERS

Charge for processing NSF Checks: \$ 25.00

Bills Due: On billing date

Bills Past Due: 21 days after billing date

Billing Frequency: Bills shall be rendered monthly in all service areas

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

Notes:

1/ If a customer requests a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$20.00 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter testing charge will be waived. If the meter is found to register accurately or below prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.

2/ Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

3/ The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice.

4/ This charge shall be waived if customer is also a water customer within the same service area.

5/ The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice. This charge will be waived if customer also receives water service from Carolina Water Service within the same service area. Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

6/ All nondomestic and industrial waste is subject to the Sewer Use Rule. The Sewer Use Rule can be accessed at <https://www.myutility.us/docs/default->

<source/carolinawater/sewer-use-tariff.pdf> and is also available upon request. The Sewer Use Rule requires Users (utility customers) to provide advance notice of any nondomestic or industrial waste discharge into the Utility’s sanitary sewer systems, and to meet certain effluent limitations and pretreatment requirements. Violations of the Sewer Use Rule may result in disconnection. Reconnection will require reimbursement of the Utility’s actual costs incurred as a result of the violation. Repeat violations may result in permanent disconnection.

As part of the Sewer Use Rule, the Utility may require installation and/or proper operation of grease traps or other pre-treatment devices on grease producing commercial facilities. Failure to properly operate grease traps will result in disconnection of service pursuant to Commission Rule R10-16.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-354, Sub 411, on this the ____ day of _____, 2023, effective _____, 2023.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

NOTICE TO CUSTOMERS
DOCKET NO. W-354, SUB 411
DOCKET NO. W-1148, SUB 20
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice Is Hereby Given that Carolina Water Service, Inc. of North Carolina (CWSNC) has been authorized by the North Carolina Utilities Commission (Commission or NCUC) to purchase the water and wastewater utility systems currently owned by Mountain Air Utilities Corporation (MAUC) in the Mountain Air Development in Yancey County, North Carolina. The transfer of ownership of the Mountain Air Development water and wastewater systems will officially occur when the purchase is closed by the buyer and seller. CWSNC will, in the interim, continue to operate the water and wastewater systems in its current capacity as the Commission-appointed Emergency Operator.

The Commission approved the Mountain Air water and wastewater system transfer by Order entered in Docket Nos. W-354, Sub 411 and W-1148, Sub 22 on _____, 2023, pursuant to a Settlement Agreement and Stipulation (Stipulation) reached by CWSNC, MAUC, the Public Staff - North Carolina Utilities Commission, and the Mountain Air Property Owners Association, Inc. (collectively, the Stipulating Parties). Each of the Stipulating Parties signed the Stipulation in conjunction with CWSNC's Application to transfer the Mountain Air Development water and wastewater systems from MAUC to CWSNC. The Stipulation expressed support by each of the four Stipulating Parties for approval by the Commission of the requested system transfer and the rates to be charged by CWSNC.

CWSNC has been granted a Certificate of Public Convenience and Necessity by the Commission and has been authorized to charge the following water and wastewater rates effective for water and wastewater utility service provided on and after _____, 2023:

<u>Monthly Metered Water Rates:</u>	
Base Charge	\$25.91
Usage Charge, per 1,000 gallons	\$12.28
<u>Monthly Flat Rate for Residential Wastewater Service:</u>	
	\$87.27 ¹²

¹² Per single family equivalent (SFE) or residential equivalent unit (REU).

Monthly Flat Rate for Commercial
Wastewater Service: \$87.27¹³

Customers may review the complete Commission Order which approved the transfer from MAUC to CWSNC on the Commission's website (www.ncuc.net), by clicking on Docket Search under Dockets portal; then for Docket Number, entering W-354 Sub 411, and clicking on Documents to locate the Order dated _____, 2023.

The telephone number to call CWSNC for service issues and billing questions is 800-525-7990.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

¹³ Per single family equivalent (SFE) or residential equivalent unit (REU).

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 Nos. W-354, Sub 411 and W-1148, Sub 22, and the Notices were mailed or hand delivered by the date specified in the Order.

This the _____ day of _____, 2023.

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 Notices to Customers were mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket Nos. W-354, Sub 411 and W- 1148, Sub 22.

Witness my hand and notarial seal, this the _____ day of _____, 2023.

Notary Public

Printed or Typed Name

(SEAL) My Commission Expires: _____
Date