

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
April 19, 2021**

***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***

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

E. WATER

- P1. [DOCKET NO. W-354, SUB 382 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY EXHIBIT NO. P-1](#)
- P2. [DOCKET NO. W-1205, SUB 14 – CLARKE UTILITIES, INC. – APPLICATION FOR RATE INCREASE EXHIBIT NO. P-2](#)
- P3. [DOCKET NO. W-1300, SUB 71 – OLD NORTH STATE WATER COMPANY, LLC – APPLICATION FOR TARIFF REVISION EXHIBIT NO. P-3](#)

MEMORANDUM

TO: Agenda – Commission Conference – April 19, 2021

FROM: PUBLIC STAFF – North Carolina Utilities Commission

E. WATER

P1. **DOCKET NO. W-354, SUB 382 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

EXPLANATION: On November 24, 2020, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed an Application for a Certificate of Public Convenience and Necessity (CPCN) to provide sewer utility service at Corolla Village in Currituck County, North Carolina. The Company proposes to eventually serve 15 customers.

CWSNC proposes to charge the rates currently approved by the Commission on March 30, 2020, in Docket No. W-354, Sub 364, under its Uniform Sewer Rate Division. The Company is currently serving six residential customers but is not charging rates. CWSNC also proposes to charge the same tap-on-fee that is approved in its Corolla Light Subdivision.

On March 4, 2021, CWSNC filed the North Carolina Department of Environmental Quality, Division of Water Resources Permit No. WQ0042304 which was issued to CWSNC. The permit is dated February 11, 2021, and authorizes the construction and operation of approximately 1,340 linear feet of 4-inch force main as part of the Corolla Village project, and the discharge of 36,960 gallons per day (gpd) of collected domestic wastewater into the Company's existing Monteray Shores sewerage system.

CWSNC entered into an Agreement for Sewer Service (Agreement), dated October 20, 2020, with Outer Banks Ventures, LLC (Developer or Outer Banks Ventures), which provides that the Developer shall construct and install any additional necessary wastewater collection facilities for the project at no cost to CWSNC. The Developer agrees that any wastewater capacity conveyed to properties within the Corolla Village service area will be deducted from the Developer's current capacity allocation. The capacity available to the Developer, contingent upon the Phase V expansion of the Monteray Shores wastewater plant, is 80,951 gpd at the time of this Agreement.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an *Order Addressing Federal Income Taxes on Contributions in Aid of Construction*. Ordering paragraph 2 of that order provides that "all certificated water and wastewater companies shall collect from contributors the income tax on CIAC for new contributions contracted for on or after October 5, 2018, using the full gross up method."

The original agreement between CWSNC and Outer Banks Ventures regarding its capacity was executed on March 6, 1987, and filed in Docket No. W-354, Sub 47, and later modified on June 4, 2015, and filed in Docket No. W-354, Sub 231. Because this agreement was entered into before October 5, 2018, the Developer's contribution of its capacity within the Corolla Village service area is not subject to collection of gross-up.

However, the Agreement for the installation of the wastewater collection system was executed on October 20, 2020, and is subject to collection of gross-up as required in the Commission's August 26, 2019 Order.

CWSNC serves approximately 30,725 water and 20,105 sewer customers in North Carolina and its record of service is satisfactory.

CWSNC has filed all exhibits required with the Application.

The Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide sewer utility service in Corolla Village and recommends that the CPCN be approved.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000 for sewer service for the CPCN to Corolla Village. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,770,000 of bond surety is assigned to specific subdivisions, and \$250,000 of bond surety remains unassigned.

EXHIBIT: A copy of the proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Casselberry/Feasel/Holt) That the proposed order be issued accepting and approving bond, granting the CPCN, approving rates, and requiring customer notice.

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P2. DOCKET NO. W-1205, SUB 14 – CLARKE UTILITIES, INC. – APPLICATION FOR RATE INCREASE

EXPLANATION: On March 22, 2021, Clarke Utilities, Inc. (Applicant), filed an application with the Commission seeking authority to increase its rates for water and sewer utility service in all of its service areas in Wake and Franklin Counties, North Carolina. The Applicant serves approximately 358 water customers and 312 sewer customers. The present rates have been in effect since January 1, 2017, pursuant to the Commission's Order of December 6, 2016, in Docket Nos. M-100, Sub 138, and W-1205, Sub 8.

The Public Staff recommends that an order be issued establishing a general rate case and suspending rates. An order scheduling public hearings and requiring customer notice will be brought before the Commission at a later date.

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

RECOMMENDATION: (Casselberry/Akpom/Coxton) That the Commission issue the proposed order establishing a general rate case and suspending rates.

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P3. DOCKET NO. W-1300, SUB 71 – OLD NORTH STATE WATER COMPANY, LLC – APPLICATION FOR TARIFF REVISION

EXPLANATION: On March 8, 2021, Old North State Water Company, LLC (Old North State), filed a petition with the Commission seeking to amend its tariff for the purpose of increasing its wastewater connection fee for its Briar Chapel subdivision service area in Chatham County, North Carolina.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented the following information at the Commission’s Staff Conference on April 19, 2021.

Old North State’s current wastewater connection fee is \$1,500 per residential equivalent unit (REU). Old North State’s applied for wastewater connection fee is \$4,000 per REU. Old North State’s current wastewater connection fee was approved in Docket No. W-1230, Sub 0, in the Commission’s Order dated December 8, 2009.

The Briar Chapel subdivision currently has 2,119 residential customers and 21 commercial customers. For the full build-out of the Briar Chapel subdivision, there will be approximately 414 additional commercial customers and 180 new residential customers.

Old North State is currently increasing the capacity of the existing Briar Chapel wastewater treatment plant from 250,000 gallons per day (GPD) to 500,000 GPD. The expansion of the plant is anticipated to be completed in December 2021. The primary reason for the increased wastewater connection fee is to aid in recovery of the cost of the facility expansion and provide service for new development.

On March 19, 2021, the Briar Chapel customer group StopChathamNorth, consisting of a large number of current Briar Chapel residential customers, filed an email with the Commission in support of the applied for \$4,000 per REU connection fee. StopChathamNorth stated that the new development driving the wastewater treatment plant expansion should help offset the capital costs of this upgrade with an increase in the connection fees to \$4,000 per REU.

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

RECOMMENDATION: (Darden/Grantmyre) That the Commission issue the proposed order approving the applied for connection fee.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 382

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Notification by Carolina Water Service, Inc. of)
North Carolina, Inc., 4944 Parkway Plaza)
Boulevard, Suite 375, Charlotte, North Carolina)
28217, for a Certificate of Public Convenience)
and Necessity to Provide Sewer Utility Service)
in Corolla Village, in Currituck County, North)
Carolina, and Approval of Rates)

**ORDER GRANTING
FRANCHISE, APPROVING
BOND, APPROVING RATES,
AND REQUIRING CUSTOMER
NOTICE**

BY THE COMMISSION: On November 24, 2020, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed an Application for Certificate of Public Convenience and Necessity (CPCN) to provide sewer utility service at Corolla Village in Currituck County, North Carolina. The Company proposes to eventually serve 15 customers.

The Public Staff presented this matter at the Commission’s Staff Conference on April 19, 2021. The Public Staff recommended that the Commission issue an order accepting and approving bond; granting franchise, approving rates, and notifying customers.

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

FINDINGS OF FACT

1. CWSNC is currently serving approximately 30,725 water and 20,105 sewer customers in North Carolina, and its record of service is satisfactory.
2. CWSNC proposes to charge the rates currently approved by the Commission in Docket No. W-354, Sub 364, under its Uniform Sewer Rate Division. The Company is currently serving six residential customers but is not charging rates. CWSNC also proposes to charge the same currently approved tap-on-fee as the Company’s Corolla Light Subdivision.

3. The North Carolina Department of Environmental Quality, Division of Water Resources has issued to CWSNC Permit No. WQ0042304. The permit is dated February 11, 2021, and authorizes the construction and operation of approximately 1,340 linear feet of 4-inch force main as part of the Corolla Village project, and authorizes the discharge of 36,960 gallons per day (gpd) of collected domestic wastewater into the Company's existing Monterey Shores sewerage system.

4. CWSNC entered into an Agreement for Sewer Service (Agreement), dated October 20, 2020, with Outer Banks Ventures, LLC (Developer or Outer Banks Ventures), which provides that the Developer shall construct and install any additional necessary wastewater collection facilities for the project at no cost the CWSNC. The Developer agrees that any wastewater capacity conveyed to properties within the Corolla Village service area will be deducted from the Developer's current capacity allocation. The capacity available to the Developer, contingent upon the Phase V expansion of the Monterey Shores wastewater plant, is 80,951 gallons per day at the time of this agreement.

5. On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an *Order Addressing Federal Income Taxes on Contributions in Aid of Construction*. Ordering paragraph 2 of that order provides that "all certificated water and wastewater companies shall collect from contributors the income tax on CIAC for new contributions contracted for on or after October 5, 2018, using the full gross up method."

6. The original agreement between CWSNC and Outer Banks Ventures regarding its capacity was executed on March 6, 1987, and filed in Docket No. W-354, Sub 47, and later modified on June 4, 2015, and filed in Docket No. W-354, Sub 231. Because this agreement was entered into before October 5, 2018, the Developer's contribution of its capacity within the Corolla Village service area is not subject to collection of gross-up. However, the Agreement for the installation of the wastewater collection system was executed on October 20, 2020, and is subject to collection of gross-up as required in the Commission's August 26, 2019 Order.

7. CWSNC has filed all exhibits required with the application.

8. The Public Staff presented this matter at the Commission's April 19, 2021, Regular Staff Conference and stated that CWSNC has the technical, managerial, and financial capacity to provide sewer utility service in Corolla Village and recommended that the CPCN be approved.

9. The Public Staff recommended that the Commission require posting of a \$10,000 bond for sewer service for the CPCN to Corolla Village. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount \$3,760,000 of bond surety is assigned to specific subdivisions, and \$260,000 of bond surety remains unassigned.

CONCLUSIONS

Based on the foregoing, the record in its entirety, and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of CWSNC's unassigned bond surety should be assigned to Corolla Village; that the CPCN should be granted, the rates approved, and customers notified.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of CWSNC's unassigned bond surety is assigned to Corolla Village. The remaining unassigned bond surety shall be \$250,000.
2. That CWSNC is granted a Certificate of Public Convenience and Necessity to provide sewer utility service at Corolla Village in Currituck County, North Carolina.
3. That Appendix A constitutes the Certificate of Public Convenience and Necessity.
4. That the Schedule of Rates approved for CWSNC in Docket No. W-354, Sub 364, dated March 30, 2020, is recognized as being applicable for service and is approved for service at Corolla Village, Currituck County, North Carolina.
5. That the Notice to Customers, attached hereto as Appendix B, be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the rates no later than 15 days after the date of this Order; and that CWSNC submit to the Commission the attached Certificate of Service properly signed and notarized not later than 30 days from the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 382

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide sewer utility service

in

COROLLA VILLAGE

Currituck 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 _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-354, SUB 382
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission has issued an Order granting a Certificate of Public Convenience and Necessity to provide sewer utility service in Corolla Village in Currituck County, North Carolina. The Commission has approved the rates currently approved in Docket No. W-354, Sub 364, under its Uniform Sewer Rate Division, which are the same rates currently approved for Corolla Light, effective for service rendered on and after the date of this Order:

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

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-354, Sub 382, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2021.

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-354, Sub 382.

Witness my hand and notarial seal, this the ____ day of _____, 2021.

Notary Public

Address

(SEAL) My Commission Expires:

Date

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1205, SUB 14

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Clarke Utilities, Inc., 223)	
Highway 70 East, Suite 115, Garner,)	
North Carolina 27529-4062, for Authority)	ORDER ESTABLISHING
to Increase Rates for Providing Water and)	GENERAL RATE CASE
Sewer Utility Service in all of Its Service)	AND SUSPENDING RATES
Areas in Wake and Franklin Counties,)	
North Carolina)	

BY THE COMMISSION: On March 22, 2021, Clarke Utilities, Inc. (Clarke or Applicant), filed an application with the Commission seeking authority to increase its rates for water and sewer utility service in all of its service areas in Wake and Franklin Counties, North Carolina. The Applicant serves approximately 358 water customers and 312 sewer customers. The present rates have been in effect since January 1, 2017, pursuant to the Commission’s Order of December 6, 2016, in Docket Nos. M-100, Sub 138, and W-1205, Sub 8.

The Commission is of the opinion that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to N.C. Gen. Stat. § 62-137.
2. That the proposed new rates are suspended for up to 270 days pursuant to N.C.G.S. § 62-134.
3. That an order scheduling hearings and requiring customer notice shall be issued by the Commission at a later date.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1300, SUB 71

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Old North State Water Company,)	
LLC, 4700 Homewood Court, Suite 108,)	
Raleigh, NC 27609, for Authority to Amend its)	ORDER APPROVING
Tariff to Increase Wastewater Connection Fees)	TARIFF REVISION
in its Briar Chapel Subdivision Service Area in)	
Chatham County, North Carolina)	

BY THE COMMISSION: On March 8, 2021, Old North State Water Company, LLC (Old North State), filed a petition with the Commission seeking to amend its tariff for the purpose of increasing its wastewater connection fee for its Briar Chapel subdivision service area in Chatham County, North Carolina.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented the following information at the Commission’s Staff Conference on April 19, 2021, and recommended approval of the connection fee increase to \$4,000 per residential equivalent unit (REU).

Old North State’s current wastewater connection fee is \$1,500 per REU. Old North State’s applied for wastewater connection fee is \$4,000 per REU. Old North State’s current wastewater connection fee was approved in Docket No. W-1230, Sub 0, in the Commission’s Order dated December 8, 2009.

The Briar Chapel subdivision currently has 2,119 residential customers and 21 commercial customers. For the full build-out of the Briar Chapel subdivision, there will be approximately 414 additional commercial customers and 180 new residential customers.

Old North State is currently increasing the capacity of the existing Briar Chapel wastewater treatment plant from 250,000 gallons per day (GPD) to 500,000 GPD. The expansion of the plant is anticipated to be completed in December 2021. The primary reason for the increased wastewater connection fee is to aid in recovery of the cost of the facility expansion and to provide service for new development.

On March 19, 2021, the Briar Chapel customer group StopChathamNorth, consisting of a large number of current Briar Chapel residential customers, filed an email with the Commission in support of the applied for \$4,000 per REU connection fee. StopChathamNorth stated that the new development driving the wastewater treatment plant expansion should help offset the capital costs of this upgrade with an increase in the connection fees to \$4,000 per REU.

IT IS, THEREFORE, ORDERED as follows:

1. That Old North State is granted a tariff revision to increase its wastewater connection fee in the Briar Chapel service area.
2. That the Schedule of Rates attached hereto as Appendix A is approved and deemed filed with the Commission pursuant to N.C. Gen. Stat. § 62-138.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

SCHEDULE OF RATES

for

OLD NORTH STATE WATER COMPANY, LLC

for providing wastewater utility service in

BRIAR CHAPEL SUBDIVISION SERVICE AREA
(including HERNDON WOODS SUBDIVISION)

Chatham County, North Carolina

<u>Monthly Flat Rate for Sewer Service:</u>	\$ 42.30 per REU ^{1/}
<u>Connection Fee:</u>	\$ 4,000 per REU
<u>Reconnection Charges:</u>	
If sewer service is cut off by utility for good cause	\$ 15.00
<u>Returned Check Charge:</u>	\$ 20.00
<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 Charges for Late Payment:</u>	1% per month will be applied to the unpaid balance of all bills still past due 15 days after billing date.

^{1/} REU is one Residential Equivalent Unit

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