



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

March 11, 2019

M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
Mail Service Center 4325
Raleigh, North Carolina 27699-4300

Re: Docket No. W-354, Subs 356A and 360 – Notice of Public Staff’s Plan to Present Commends and Recommendations at the Commission’s March 25, 2019, Regular Staff Conference

Dear Ms. Jarvis:

In connection with the above-referenced dockets, I transmit herewith for filing on behalf of the Public Staff the attached Notice.

By copy of this letter, I am serving to all parties of record.

Sincerely,

Electronically Signed
/s/ Gina Holt
Staff Attorney
gina.holt@psncuc.nc.gov

Attachment

cc: Parties of Record

Executive Director (919) 733-2435	Communications (919) 733-2810	Economic Research (919) 733-2902	Legal (919) 733-6110	Transportation (919) 733-7766
Accounting (919) 733-4279	Consumer Services (919) 733-9277	Electric (919) 733-2267	Natural Gas (919) 733-4326	Water (919) 733-5610

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On March 6, 2019, CWSNC filed an updated Appendix A requesting to implement the following WSIC and SSIC percentages on April 1, 2019:

	<u>Previously Approved EMF Percentage</u>	<u>Updated WSIC/SSIC Percentage</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Uniform Water	(0.05%)	0.39%	0.34%
Uniform Sewer	0.02%	0.41%	0.43%
BF/FH/TC Water	0.00%	0.39%	0.39%
BF/TC Sewer	0.00%	0.11%	0.11%
FH Sewer	(0.07%)	0.11%	0.04%

As stated by the Commission in its Order adopting Rules R7-39 and R10-26 issued on June 6, 2014, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore, any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. The adjustments may be rescinded retroactively in the Company's subsequent general rate case, at which time the adjustment may be further examined for a determination of its justness and reasonableness.

Based on review of the Company's calculations of the updated WSIC and SSIC percentages, the Public Staff is recommending one adjustment to the calculation of the SSIC percentage for Uniform Sewer operations. CWSNC removed projected service revenues for the Corolla Light and Monterey Shores sewer systems from total projected services revenues for Uniform Sewer operations to determine the updated Uniform Sewer SSIC percentage. The Public Staff is of the opinion that Corolla Light and Monterey Shores projected service revenues should be included in the calculation

of the Uniform Sewer SSIC percentage and that the annual Uniform Sewer SSIC revenue requirement also be recovered from customers in these subdivisions. Corolla Light and Monterey Shores rate base and operating expenses were used in determining the revenue requirement for Uniform Sewer operations in the recent CWSNC rate case, Docket No. W-354, Sub 360 (Sub 360), which are being used as projected revenues in calculating the Uniform Sewer SSIC percentage in this proceeding. Because the Uniform Sewer revenue requirement resulted from rate base and operating expenses attributable to Corolla Light and Monterey Shores in the Sub 360 rate case, the SSIC revenue requirement should be recovered from all Uniform Sewer customers, including customers in the Corolla Light and Monterey Shores service areas. With the addition of the projected service revenues for Corolla Light and Monterey Shores, the cumulative Uniform Sewer SSIC percentage decreases from 0.43% to 0.39%.

The Public Staff has carefully reviewed CWSNC's stated WSIC and SSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, construction budgets, and other accounting records, and has not noted any adjustment at this time. Based on the Public Staff's investigation to date, the WSIC and SSIC projects included in CWSNC's request are eligible water and sewer system improvements as defined in N.C. Gen. Stat. § 62-133.12(b), (c) and (d). The Public Staff will continue to review the justness, prudence, and reasonableness of the water and sewer system improvements during its review of CWSNC's future WSIC and SSIC filings and in CWSNC's next general rate case.

The Public Staff plans on recommending at the March 25, 2019, Regular Staff Conference that CWSNC be allowed to implement The Public Staff's adjusted WSIC and SSIC percentages, effective for service rendered on or after April 1, 2019, subject to true-up.

Respectfully submitted this the 11th day of March, 2019

PUBLIC STAFF
David Drooz
Acting Executive Director

Electronically submitted
/s/ Gina C. Holt
Staff Attorney

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CERTIFICATE OF SERVICE

I, Gina C. Holt, hereby certify that I served the foregoing Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's March 25, 2019, Regular Staff Conference, on all Parties of record by electronic delivery upon agreement of the parties.

This the 11th day of March, 2019.

Electronically submitted
/s/ Gina C. Holt