

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 428

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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| In the Matter of | |
| Application by Carolina Water Service, Inc.) | |
| of North Carolina, for a Certificate of Public) | ORDER GRANTING |
| Convenience and Necessity and for) | FRANCHISE AND |
| Approval of Rates to Provide Sewer Utility) | APPROVING RATES |
| Service for Kimeplex Park Service Area in) | |
| Carteret County, North Carolina) | |

BY THE COMMISSION: On October 3, 2023, Carolina Water Service, Inc. of North Carolina (CWSNC or Applicant) filed an Application for a Certificate of Public Convenience and Necessity (CPCN) and for Approval of Rates (Application) to provide sewer service to Kimeplex Park in Carteret County, North Carolina. On December 13, 2023, CWSNC filed supplemental documentation in response to a deficiency letter filed by the Public Staff – North Carolina Utilities Commission (Public Staff). On December 15, 2024, the Public Staff filed a letter with the Commission indicating that this docket now includes all the information required for a complete Application.

On December 20, 2023, the Commission issued an Order Finding Application Complete and Requiring the Public Staff to Provide Specific Application Data, which the Public Staff provided on December 28, 2023.

On February 12, 2024, the Commission issued an Order Scheduling Hearing and Establishing Discovery Guidelines (Scheduling Order).

On March 19, 2024, CWSNC and the Public Staff filed a Joint Motion to Cancel Evidentiary Hearing and Rescind the Requirement for Prefiled Testimony.

On April 8, 2024, the Commission issued an Order Canceling Prefiling of Testimony and Expert Witness Hearing.

On April 8, 2024, the Public Staff presented this matter at the Commission's regular Staff Conference. The Public Staff recommends that the Commission issue an order granting the franchise and approving the proposed rates.

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

FINDINGS OF FACT

1. CWSNC presently holds water franchises serving approximately 34,000 customers and wastewater franchises serving approximately 21,000 customers in North Carolina. CWSNC's record of service is satisfactory.

2. CWSNC currently does not serve any customers in Kimeplex Park and eventually plans to serve one connection (a 20-unit multi-use development, including an industrial office and a storage facility), which is the equivalent of seven Residential Equivalent Units (REUs) at 360 gallons per day (GPD) per REU. The service area is shown on the plans filed with the Application.

3. The North Carolina Department of Environmental Quality (DEQ), Division of Water Resources, Water Quality Regional Operations Section issued two wastewater collection system extension permit numbers WQ0044085 dated February 7, 2023, and WQ0044108 Modification dated March 7, 2024, for Kimeplex Park. Per the DEQ permits, wastewater from the development will flow into the existing Brandywine Bay Lift Station #3 and will be treated at the existing Brandywine Bay Wastewater Treatment Plant.

4. CWSNC entered into a Sewer Agreement dated May 3, 2023, with PowerHouse Division of Kimeplex (Developer), under which the Developer is installing the necessary wastewater system to convey the wastewater from the development to CWSNC's Brandywine Bay Lift Station #3, so the collected wastewater can be treated at the existing Brandywine Bay wastewater treatment plant. CWSNC is requesting that the Developer pay a total service connection and capacity fee of \$118,920.00, which will be paid as follows: (1) first payment of \$30,000 due at submission of signed developer agreement, which allows the Developer to proceed with installation of wastewater system components from the development to the Brandywine Bay Lift Station #3; (2) second payment of \$30,000 due at issuance of service for the development; (3) third payment of \$30,000 due six months after issuance of sewer service; and (4) final payment of \$28,920 due 12 months after the issuance of sewer service or when the occupancy of development reaches 80%, whichever comes first.

5. CWSNC has filed all exhibits required with the Application.

6. CWSNC has the technical, managerial, and financial capacity to provide sewer utility service in this franchise location.

7. CWSNC proposes to charge its uniform, statewide sewer utility service rates approved by the Commission on May 12, 2023, in Docket No. W-354, Sub 400.

8. The Public Staff recommended that CWSNC be required to post a \$25,000 bond for Kimeplex Park. CWSNC currently has \$4,270,000 of bonds posted with the Commission. Of this amount, \$4,155,000 of bond surety is assigned to specific subdivisions and \$115,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission concludes that \$25,000 of CWSNC's unassigned bond surety should be assigned to Kimeplex Park, that the sewer utility franchise requested by CWSNC for Kimeplex Park should be granted, that the service connection and capacity fee should be approved, and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

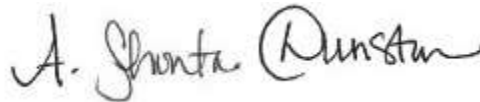
1. That \$25,000 of CWSNC's unassigned surety bond is assigned to Kimeplex Park, in Carteret County, North Carolina. The remaining unassigned bond surety shall be \$90,000;
2. That CWSNC is granted a CPCN to provide sewer utility service to Kimeplex Park in Carteret County, North Carolina;
3. That Appendix A, attached hereto, constitutes the CPCN;
4. That CWSNC's existing Schedule of Rates approved by Order issued on May 12, 2023, in Docket No. W-354, Sub 400, is approved for sewer utility service in Kimeplex Park in Carteret County, North Carolina;
5. That the service connection and capacity fee of \$118,920 (includes a distinct plant modification fee/sewer impact fee of \$46.00 per GPD) for sewer utility service is approved for Kimeplex Park;
6. That CWSNC shall follow applicable state and federal laws and Commission guidance with respect to income tax gross-up on contributions in aid of construction per orders issued in Docket No. W-100, Sub 57;
7. That, to the extent not previously filed in the docket, CWSNC shall file, within 14 days of their availability, all completed exhibits to the Agreement with the Developer including, but not limited to deeds, easements, warranties, bills of sale, and written certifications of cost; and

8. That, to the extent not previously filed in the docket, CWSNC shall file, within 14 days of their availability, copies of documents showing that CWSNC has acquired ownership or control of all components of the system and the land on which it is situated, including, but not limited to, bills of sale, and properly recorded deeds and easements.

ISSUED BY ORDER OF THE COMMISSION.

This the 10th day of April, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "A. Shonta Dunston". The signature is written in a cursive, flowing style.

A. Shonta Dunston, Chief Clerk

Chair Charlotte A. Mitchell did not participate in this decision.

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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA, INC.

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide sewer utility service

at

KIMEPLEX PARK

Carteret 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 10th day of April, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, reading "A. Shonta Dunston". The signature is written in a cursive, flowing style.

A. Shonta Dunston, Chief Clerk