



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

April 4, 2024

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket Nos. W-1297, Sub 17 and W-1344, Sub 0 – Joint Application for Transfer of certificate of public convenience and necessity for the wastewater system and for approval of rates serving several services in Harkers Island in Carteret County, North Carolina

Dear Ms. Dunston:

On February 29, 2024, in Docket Nos. W-1297, Sub 17 and W-1344, Sub 1, HISCO East, LLC (HISCO East), and HISCO I, LLC (HISCO I) (collectively, the Applicants), filed with the Commission a joint Application for Transfer of Public Utility Franchise and for Approval of Rates (Transfer Application) for the wastewater system serving various areas on Harkers Island in Carteret County, North Carolina.

On March 18, 2024, the Public Staff filed a letter with the Commission indicating that the Transfer Application includes all information required for a complete Application.

On March 19, 2024, the Public Staff filed a Motion to Establish Docket Nos. W-1344, Sub 0 and W-1297, Sub 17 as the dockets for the Transfer Application.

On March 22, 2024, the Commission issued an Order Establishing Dockets, which established Docket No. W-1344, Sub 0 as the purchaser's docket for the Transfer Application and assigned Docket No. W-1247, Sub 17 as the companion seller's docket to Docket No. W-1344, Sub 0. The Commission ordered that all future filings related to the Transfer Application be filed in these dockets.

On March 27, 2024, the Commission issued its Order Finding Transfer Application Complete and Requiring the Public Staff to Provide Specific Application Data (Order). The Order required the Public Staff to provide the Commission, within five business days,

Executive Director  
(919) 733-2435

Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Economic Research  
(919) 733-2267

Energy  
(919) 733-2267

Legal  
(919) 733-6110

Transportation  
(919) 733-7766

Water/Telephone  
(919) 733-5610

certain application data as provided in the following five enumerated paragraphs. In response thereto, the Public Staff provides as follows:

1. The number, type, and category of customers currently served by HISCO East;

**Response:** 152 residential and commercial sewer customers are currently served by HISCO East.

2. The rates currently being charged to customers, including the docket number in which the current rates were approved by the Commission and the effective date(s) for the current rates;

**Response:**

- a. W-1297, Sub 0: Westbay Subdivision and James Creek Subdivision, Order Date: July 30, 2013 (see "2e" for the rates)

- b. W-1297, Sub 1: By the Bay S/D, Phase 1; Lots 6BB, 7BB, 8BB Westmouth Bay Drive; 329 Mullins Drive; 183 and 213 Johnston Street; Lot 1BB and PIN No. 7335051847443000 Oak Hammock Drive; and 190 and 216 Mary Ella Drive, Order Date: August 3, 2015

Monthly Flat Rate Sewer Service: \$61.10 per Residential Equivalent Unit (REU)

Connection Charges: \$2,500 per REU

Reconnection Charge: \$47.00

Returned Check Charge: \$18.80

- c. W-1297, Sub 2: Harkers Point Subdivision and Harkers Village Subdivision, Phases I and II, Order Date: August 18, 2014

Monthly Flat Rate Sewer Service: \$60.00 per REU

Connection Charges: \$849 per REU

Reconnection Charge: \$50.00

Returned Check Charge: \$20.00

- d. W-1297, Sub 3: Cape Lookout National Seashore and Island Road Extension, Order Date: September 28, 2015

Monthly Flat Residential Rate Sewer Service: \$60.00 per REU

Monthly Flat Rate for Cape Lookout National Seashore: \$504.00

Connection Charges: \$3,000 per REU

Reconnection Charge: \$50.00

Returned Check Charge: \$20.00

- e. W-1297, Sub 4/M-100, Sub 138: Tariff Revision for Westbay and James Creek Subdivisions, Order Date: February 19, 2015

Monthly Flat Rate Sewer Charge: \$61.10 per REU

Connection Charges: \$2,500 per REU

Reconnection Charge: \$47.00

Returned Check Charge: \$18.80

- f. W-1297, Subs 6/7: Beach Hammock S/D, Order Date: May 6, 2016

Monthly Flat Rate Sewer Charge: \$60.00 per REU

Connection Charges: \$2,500 per REU

Reconnection Charge: \$50.00

Returned Check Charge: \$20.00

3. The proposed rates HISCO I seeks to charge if the Commission approves the transfer of the wastewater utility assets from HISCO East to HISCO I;

**Response:** HISCO I intends to charge the same Commission approved rates per aforementioned dockets.

4. If an increase in rates is proposed, provide the impact on the average monthly sewer bill under the proposed rates compared to current rates. For metered rates, indicate the average monthly usage used in your calculations; and

**Response:** HISCO I is not proposing a rate increase at this time and plans to charge the Commission approved rates.

5. Briefly summarize any pertinent points from the application such as a description of any planned capital improvements, the related dollar amounts, the estimated total impact on annual revenue requirement, and the estimated impact on the average monthly sewer bill.

**Response:** No capital improvements are planned for the transfer. However, HISCO I is evaluating different options for the wastewater treatment plant (WWTP) replacement/expansion because the current WWTP is aged and needs to be replaced. It has also reached its maximum treatment capacity and needs to be expanded to serve additional customers. HISCO I plans to provide wastewater service to additional customers. Either the current WWTP will need to be replaced and expanded, or smaller additional wastewater treatment facilities will need to be constructed. HISCO is working with the Department of Health and Human Services (DHHS)/Local Health Department (LHD) and Department of Environmental Quality (DEQ) to come up with the most feasible solution. The approximate estimated cost of a new 140,000 gallons-per-day (GPD) WWTP provided by HISCO I is

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\$2,940,000 (this total does not include the transmission mains cost and finance cost estimates provided by HISCO I). The estimated annual revenue requirement for the planned improvements would be approximately \$356,945, subject to true up based on further investigation. With the new DEQ residential wastewater design flow standard of 225 GPD per REU (DEQ Memorandum December 13, 2023: Session Law 2023-137 – Changes to Wastewater Design Flow Rates in 15A NCAC 02T .01149b), the monthly bill impact would be an increase of approximately \$47.82 per REU due to the planned replacement/expansion.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Electronically submitted

/s/ James Bernier, Jr.

Staff Attorney

[James.Bernier@psncuc.nc.gov](mailto:James.Bernier@psncuc.nc.gov)

cc: Parties of Record

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Apr 04 2024