

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1274, SUB 7

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Lake Junaluska Assembly, Incorporated, 19 Sleepy Hollow Drive, Waynesville, North Carolina 28785, for a Certificate of Public Convenience and Necessity for Water and Sewer Utility Service in Lake Junaluska Assembly Service Area in Haywood County, North Carolina and for Approval of Rates)	ORDER APPROVING AND ACCEPTING BOND, GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, APPROVING RATES AND MONTHLY ASSESSMENT, AND REQUIRING CUSTOMER NOTICE

HEARD: Thursday, December 12, 2019, at 9:00 a.m. in the Haywood County Courthouse, Courtroom 3B, 285 North Main Street, Waynesville, North Carolina; and Wednesday, January 29, 2020, at 10:00 a.m. in the Commission Hearing Room, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

BEFORE: Commissioner ToNola D. Brown-Bland Presiding, Chair Charlotte A. Mitchell, and Commissioners Lyons Gray, Daniel G. Clodfelter, Kimberly W. Duffley, Jeffrey A. Hughes, and Floyd B. McKissick, Jr.

APPEARANCES:

For Lake Junaluska Assembly, Incorporated:

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

Timothy Phelan, *pro se* Intervenor, Post Office Box 598, Lake Junaluska, North Carolina 28745

For the Using and Consuming Public:

William E. Grantmyre, Public Staff - North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, North Carolina 27699

BY THE COMMISSION: On August 18, 2011, in Docket No. W-1274, Sub 4, the Commission issued an Order determining that Lake Junaluska Assembly, Incorporated (LJA) shall be exempt from Commission regulation, unless and until such time that circumstances change so that the regulation of LJA is required. In that Order,

the Commission expressly provided that certain change of circumstances could result in withdrawal and cancellation of the exemption after notice and opportunity to be heard.

On April 23, 2018, in Docket No. W-1274, Subs 5 and 6, the Commission issued an Order revoking the exemption, declaring that LJA is a water and wastewater public utility subject to regulation by the Commission, and directing LJA to file an application for a Certificate of Public Convenience and Necessity (CPCN) with the Commission.

On September 28, 2018, in the above-captioned docket, LJA filed a verified application for a CPCN (Application).

On January 25, 2019, LJA filed a request for interim operating authority pursuant to Commission Rules R7-20 and R10-16, which the Commission granted by Order issued on February 13, 2019.

On August 12, 2019, LJA filed an amendment to its application for CPCN and requested approval to pass through to its customers the rate increases for purchased bulk sewer purchased from the Town of Waynesville (Waynesville). The Commission approved this request by Order issued September 23, 2019.

On October 14, 2019, the Commission issued an Order scheduling a public hearing at the Haywood County Courthouse in Waynesville, North Carolina on December 12, 2019, and an expert witness hearing on January 29, 2020 in Raleigh, North Carolina.

On November 4, 2019, Timothy F. Phelan, a resident of the Lake Junaluska Assembly, filed a motion to intervene in this docket, and on November 5, 2019, John L. Davis, also a resident of the Lake Junaluska Assembly, filed a motion to intervene. On November 22, 2019, the Commission issued separate Orders allowing Mr. Phelan and Mr. Davis to intervene as parties to this proceeding.

On December 9, 2019, LJA filed the direct testimony of Jack Carlisle, Director of Assembly Public Works for LJA, Sendy Crenshaw, Finance Director for LJA, and Jerry Tweed, Engineer Consultant for LJA.

On December 12, 2019, this matter came on for public hearing as scheduled. The following four LJA customers testified at the hearing: Charles Lipp, Karen Greenwaldt, Jim Correll, and Mike Jordan.

On December 18, 2019, intervenor John L. Davis filed his testimony and exhibits.

On December 20, 2019, the Public Staff – North Carolina Utilities Commission (Public Staff) filed the affidavit of Calvin C. Craig, III, Public Utilities Financial Analyst, Economic Research Division, and the testimony and exhibits of Gina Y. Casselberry, Utilities Engineer, Water, Sewer, and Telephone Division, and June Chiu, Staff Accountant, Accounting Division.

On December 23, 2019, intervenor Timothy F. Phelan filed his testimony and exhibits.

On January 6, 2020, LJA filed the rebuttal testimony of Jack Carlisle.

On January 23, 2020, the Public Staff filed the supplemental testimony of Gina Y. Casselberry.

On January 29, 2020, the Commission resumed the hearing, as scheduled, for the purpose of receiving testimony from the parties. Intervenor John L. Davis did not appear at the hearing.

After careful consideration of the entire record in this proceeding, the Commission determines that the bond in the amount of \$50,000 filed by LJA should be approved and accepted, that the requested CPCN should be issued to LJA for the provision of water and wastewater service in the Lake Junaluska Assembly service area, that the schedule of rates attached hereto, including LJA's proposed monthly customer assessment, should be approved, and that LJA should be required to provide notice to its customers of the Commission's decisions in this Order.

Based upon the foregoing, and the entire record herein, the Commission makes the following

FINDINGS OF FACT

1. LJA is a North Carolina non-profit corporation, formed in 1938. LJA is affiliated with the United Methodist Church, and was recognized by the Internal Revenue Service as a tax-exempt charitable organization in 1959. Beginning in 1912, LJA's predecessors undertook development of the residential community in Haywood County, North Carolina, known as the Lake Junaluska Assembly.

2. The Lake Junaluska Assembly is an unincorporated community consisting of homes, businesses, and a conference and retreat center associated with the United Methodist Church.

3. For many years LJA has provided various services to the residents of the Lake Junaluska Assembly community and its conference and retreat center, including water and wastewater utility services, road maintenance, security, garbage and recycling collection services, other solid waste management services, and storm water management.

4. LJA owns and operates water distribution and wastewater collection systems. For many years, LJA has purchased bulk water and wastewater treatment service from Waynesville. LJA currently provides utility service to approximately 860 water customers and 828 sewer customers.

5. The Commission initially granted a CPCN to LJA (then known as the Southeastern Jurisdictional Administrative Council, d/b/a Lake Junaluska Assembly) in 2007 by Order issued in Docket No. W-1274, Sub 0.

6. The LJA water system has a history of significant unaccounted for water losses.¹

7. In 2008, the Commission found that the state of LJA's water system was as follows:

Due to the extreme age of portions of the Lake Junaluska Assembly water distribution system (some lines are 100 years old and 50% of the lines are more than 50 years old), the various leaks, the extremely high water pressures resulting from the mountain setting, which at the lake elevation may exceed 200 psi, older meters, and the necessary flushing of water and wastewater lines, the Public Staff recommended a 25% unaccounted for water allowance to be built into the revenue requirement and rates.²

8. From 2011 until 2018, LJA operated its water and wastewater systems pursuant to an exemption from regulation granted by the Commission and under the authority of the Junaluska Assembly Community Council (JACC), a seven-member board elected by members of the Lake Junaluska Assembly community and established and governed by the JACC's Constitution and Bylaws.³ This governance arrangement provided some benefits to LJA's customers such as foregoing expenses incurred in participating in regulatory proceedings. There is no evidence in the record in this proceeding that the JACC failed to perform its responsibilities with respect to the management of the water and sewer systems serving the Lake Junaluska Assembly community.

9. In May 2012, LJA received the engineering analysis of its water distribution and wastewater collection systems that LJA commissioned from Cavanaugh & Associates, P.A. (Cavanaugh & Associates). Cavanaugh & Associates' report includes a

¹ See Order Amending Prior Franchise Order, Approving Tariff Provision, and Requiring Customer Notice, Application by Southeastern Jurisdictional Administrative Council, d/b/a Lake Junaluska Assembly for a Certificate of Public Convenience and Necessity to Provide Water and Sewer Utility Service in Lake Junaluska Assembly in Haywood County, North Carolina, and Approval of Rates, No. W-1274, Subs 0 and 2 (N.C.U.C. Jun. 25, 2008) (determining, among other things, that it was necessary to increase LJA's water and wastewater usage rates to provide for the additional bulk purchased water and bulk purchased wastewater expenses resulting from the unaccounted for water and wastewater, at the Public Staff then-current recommended level of 25% rather than the 33.3% calculated by the Public Staff in 2007, and requiring that LJA file quarterly reports on LJA's program to reduce its unaccounted for water including leak detection and repair, meter testing and replacements, main and service line repairs and replacements, improved flushing techniques, and updated unaccounted for water calculations).

² *Id.* at 3.

³ Order Granting Petition for Exemption from Regulation, Application by Lake Junaluska Assembly, Incorporated for Exemption under G.S. 62-110.5, No. W-1274, Sub 4, at 3 (N.C.U.C. Aug. 18, 2011).

10-year water and sewer capital improvements plan (Cavanaugh 10-Year Plan), recommending a number of projects to address issues and problems with LJA's infrastructure, principally focusing on detecting and eliminating leaks in the water distribution system. The Cavanaugh 10-Year Plan projected total capital outlays over ten years of nearly \$1.2 million for work on the water distribution system and nearly \$600,000 for work on the wastewater collection system.

10. LJA implemented periodic rate increases to generate capital necessary to fund the work called for in the Cavanaugh 10-Year Plan and to address other problems in the water distribution and wastewater collection infrastructure serving the Lake Junaluska Assembly. LJA first began using that funding to replace water and sewer lines in 2014. Since then LJA has averaged spending approximately \$200,000 per year to repair, replace, improve, and modernize its water and sewer infrastructure. As a result, LJA has seen significant reduction in water losses but work under the Cavanaugh 10-Year Plan is not complete. LJA anticipates that it will commission another engineering study in 2020 or 2021 to identify any additional necessary improvements to the water and sewer infrastructure serving the Lake Junaluska Assembly.

11. In 2017, LJA decided to request to return to its prior status as a Commission-regulated public utility with respect to both its water and wastewater systems on a prospective basis with reasonable arrangements for transition to regulation to create a more sustainable model of governance for the Lake Junaluska Assembly community and to promote harmony within the community.⁴

12. On April 23, 2018, in Docket No. W-1274, Subs 5 and 6, the Commission issued an Order revoking the exemption from regulation previously granted to LJA and directing LJA to file an Application for a CPCN with the Commission within 120 days of that Order. After requesting and receiving an extension of time, on September 28, 2018, LJA filed its Application for a CPCN in this docket.

13. The evidence in this record demonstrates that LJA presently experiences average purchased water losses of 22.7%. LJA's Application requests issuance of a CPCN and approval of rates that include a monthly customer assessment designed to generate capital to fund LJA's continued work to address problems in the water distribution and wastewater collection infrastructure serving the Lake Junaluska Assembly community.

14. LJA's situation and circumstances are unlike those of a typical for-profit water and sewer utility service provider because its plant has been paid for by its customers and LJA has no rate base. LJA does not have access to other sources of capital to fund continuation of the work called for in the Cavanaugh 10-Year Plan. If LJA could borrow money to fund work on its water and sewer systems, the traditional ratemaking process would require filing of sequential rate cases to cover that debt. The

⁴ Response of Lake Junaluska Assembly, Incorporated, Timothy F. Phelan, and Walt Logan, Complainants v. Lake Junaluska Assembly, Inc., Respondent, No. W-1274, Subs 5 and 6, at 5 and 9 (*filed* Nov. 1, 2017).

debt service and rate case expenses would increase the cost to LJA's ratepayers of completing work on those systems.

15. Failure to continue efforts to complete the work called for in the Cavanaugh 10-Year Plan and to address other problems as they arise would not be in the best interest of LJA's customers as continued losses of purchased water would result in higher billings from Waynesville. It is likely that LJA will experience a decrease in its purchased water costs as leaks and water loss issues are addressed.

16. A reasonable and likely the most practical source of capital to fund work on LJA's water and sewer infrastructure is LJA's customers, who would be the beneficiaries of the work to improve that infrastructure. No LJA customer has opposed the proposed assessment and all customers who testified at the December 12, 2019 public hearing affirmatively support the assessment.

17. LJA informed the Commission that it will perform a full financial analysis comparing lease versus purchase options for a replacement sewer jetter truck before moving forward with the purchase and performance of such analysis is appropriate.

18. The appropriate level of operating revenue deductions requiring a return (total operating expenses excluding regulatory fee and income taxes) is \$331,642 for water operations and \$388,920 for sewer operations.

19. The original cost rate base at December 31, 2018 for LJA's water system is \$19,025, consisting of \$20,387 in cash working capital less \$1,362 of average tax accruals. The original cost rate base at December 31, 2018 for LJA's wastewater system is \$19,277, consisting of \$20,639 in cash working capital less \$1,362 of average tax accruals.

20. The operating ratio method, which allows a margin on operating revenue deductions requiring a return, is the appropriate method for determining LJA's revenue requirement for water operations and sewer operations.

21. A 7.50% margin on operating revenue deductions requiring a return is reasonable and appropriate for use in this proceeding.

22. The rates recommended by the Public Staff and agreed to by LJA are just and reasonable.

23. The water and sewer utility rates approved herein will generate \$356,979 in annual water service revenues and \$418,633 in annual sewer service revenues.

24. LJA is properly before the Commission seeking issuance of a CPCN pursuant to N.C.G.S. § 62-110 to provide water and wastewater service in the Lake Junaluska Assembly community in Haywood County, North Carolina.

25. LJA has provided water and wastewater service to the Lake Junaluska Assembly community for many years and has the technical, managerial, and financial capacity to provide water and sewer utility service for Lake Junaluska Assembly.

26. LJA filed a \$50,000 bond secured by Travelers Casualty and Surety Company of America in this docket on June 12, 2020, to comply with N.C.G.S. § 62-110.3, as recommended by the Public Staff and agreed to by LJA.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-8

The evidence supporting these findings of fact is found in the Application, the parties' testimony and exhibits, the Commission's records, and the entire record in this proceeding. These findings are informational, procedural, historical, and jurisdictional in nature and are not contested.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9 AND 10

The evidence supporting these findings of fact is found in the testimony of LJA witness Carlisle and in the testimony of Public Staff witness Casselberry. These findings of fact are informational and are not contested or disputed by any party.

Witness Carlisle testified that due to excessive purchased water losses and other infrastructure issues relating to LJA's water distribution and sewer collection systems, and the obvious economic incentive to minimize the loss of water purchased from Waynesville, LJA engaged Cavanaugh & Associates to perform an engineering analysis of the water distribution and wastewater collection systems. He further testified that the resulting report from Cavanaugh & Associates, the Cavanaugh 10-Year Plan, was issued in May 2012. In addition, he testified that the Cavanaugh 10-Year Plan recommended and prioritized numerous projects to address issues and problems with LJA's infrastructure.

Witness Carlisle further testified that the principal focus of the work recommended in the Cavanaugh 10-Year Plan for LJA's water distribution system is the detection and elimination of leaks and the replacement of water mains where necessary. Witness Carlisle noted that because Waynesville bills LJA for wastewater treatment service based on the volume of water it purchases, purchased water losses cost LJA in two ways: (i) paying for water purchased, but lost through leaks in LJA's water system and (ii) paying a higher amount for bulk wastewater treatment service than necessary because wastewater charges are based on the volume of purchased water and water losses increase Waynesville's charges to LJA for wastewater treatment service.

Witness Carlisle also testified that after the Commission exempted LJA from regulation in 2011, the rates for water and sewer service were set by the JACC. He stated that in 2013 the JACC began implementing periodic rate increases to generate capital to fund work under the Cavanaugh 10-Year Plan and that in 2014 LJA first began using that funding to replace water and sewer lines. Witness Carlisle stated that LJA has spent, on

average, approximately \$200,000 per year to repair, replace, improve, or modernize its water and sewer infrastructure.

Witness Carlisle further testified that LJA has seen significant reduction in its water losses resulting from its investment in infrastructure since 2014 but noted that not all work called for under the Cavanaugh 10-Year Plan has been completed. Witness Carlisle maintained that given that parts of LJA's water and sewer infrastructure are 100 years old, LJA has had to deal with other issues and problems outside of those addressed in the Cavanaugh 10-Year Plan as they have surfaced. He testified that because of the age of its infrastructure, LJA anticipates it will commission another engineering study within the next year or so to identify any additional necessary improvements to the water and sewer infrastructure serving the Lake Junaluska Assembly.

Based upon the foregoing and the entire record herein, the Commission finds that LJA received the Cavanaugh 10-Year Plan in May of 2012 and that the Cavanaugh 10-Year Plan includes recommendations for a number of projects to address issues and problems with LJA's infrastructure, principally focusing on detecting and eliminating leaks in the water distribution system. The Plan projects total capital outlays over ten years of nearly \$1.2 million for work on the water distribution system and nearly \$600,000 for work on the wastewater collection system. The Commission further finds that since 2013 LJA has implemented periodic rate increases to generate capital necessary to fund the work called for in the Cavanaugh 10-Year Plan and to address other problems in the water distribution and wastewater collection infrastructure serving the Lake Junaluska Assembly, and that, since 2014 LJA has averaged spending approximately \$200,000 per year to repair, replace, improve, and modernize its water and sewer infrastructure. Further, the Commission finds that LJA has seen a significant reduction in water losses as a result of those investments but work under the Cavanaugh 10-Year Plan is not complete, and that LJA anticipates that it will commission another engineering study in 2020 or 2021 to identify any additional necessary improvements to the water and sewer infrastructure serving the Lake Junaluska Assembly.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 11 AND 12

The evidence supporting these findings of fact is found in the Commission's records, and is informational, historical, and jurisdictional in nature and is not contested.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 13

The evidence supporting this finding of fact is found in the testimony of the public witnesses, the testimony of LJA witnesses Carlisle and Tweed, and in the testimony of Public Staff witness Casselberry.

LJA witness Carlisle testified that the work completed on LJA's aging water and sewer infrastructure has principally been focused on eliminating water leaks. He further testified that LJA's purchased water losses averaged 33.29% in 2013 and that purchased water losses currently average 22.7%. LJA witness Tweed testified that the rates approved by the Commission in this docket should include a monthly customer

assessment designed to generate capital necessary to fund LJA's continued work under the Cavanaugh 10-Year Plan and to address problems in the water distribution and wastewater collection infrastructure system serving the Lake Junaluska Assembly community as they arise.

Public Staff witness Casselberry testified that approximately 20 customers attended the public hearing in Waynesville, four of whom testified. She noted that all those customers testified that they were pleased with the progress LJA has made in reducing water loss and "supported the proposed assessment fee 100%." Tr. vol. 2, 134.

On cross-examination by the Commission, witness Casselberry testified that LJA's current unaccounted for water percentage is approximately 20%. She stated that the Public Staff did not make an adjustment for water loss in this proceeding. Witness Casselberry recommended that the actual cost for water and sewer purchased from Waynesville be reflected in LJA's water and sewer rates. Tr. vol. 2, 163-64.

Based upon the foregoing and the entire record herein, the Commission finds that LJA currently experiences an average purchased water loss of 22.7%, as calculated by LJA witness Carlisle. Although Public Staff witness Casselberry suggested that LJA's water losses are about 20%, neither she nor any other witness questioned witness Carlisle's more precise measure of average water losses. Although the Commission recognizes that LJA has made significant progress to reduce water losses, the Commission concludes that this rate of water losses demonstrates that further work is required to reduce and eliminate water leaks and address issues with LJA's aging water and sewer infrastructure. The Commission further finds that LJA's proposed monthly surcharge to customers to generate capital to fund work on its water and wastewater systems will allow, among other things, the continuation of the work called for under the Cavanaugh 10-Year Plan that will further reduce the amount of water losses. Consistent with the recommendation of Public Staff witness Casselberry, the Commission concludes that LJA should be allowed the actual cost for water and sewer purchased from Waynesville to be reflected in LJA's water and sewer rates approved in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 14 AND 16

The evidence supporting these findings of fact is found in the testimony of LJA witness Tweed and the testimony of Public Staff witnesses Casselberry and Chiu.

LJA witness Tweed testified that LJA is a non-profit tax-exempt entity affiliated with the United Methodist Church. He further testified that LJA, as a system not regulated by the Commission, has been recovering its capital costs primarily through monthly rates and has no rate base upon which to earn a return, as would be typical of a Commission-regulated utility company. Witness Tweed maintained that LJA's situation and circumstances are unlike those of the typical for-profit water or sewer utility service provider because its customers have paid for all of its plant and there is no rate base. Therefore, he argued that the Commission should recognize this significant difference and allow LJA to continue to fund its capital expenditures through monthly rates as it has in the past. Witness Tweed recommended that LJA's monthly rates be structured to

include a monthly user rate and a separate monthly assessment component to fund capital expenditures, each of which will be accounted for separately.

Witness Tweed further testified that he calculated LJA's proposed metered water and sewer rates to allow LJA to recover its estimated normal operating expenses. He stated that witness Carlisle advised that LJA would need an additional approximately \$200,000 per year for capital expenditures relating to water and sewer infrastructure. Witness Tweed calculated the proposed \$8.14 per month assessment for each residential equivalent water customer and \$8.14 per month assessment for each residential equivalent sewer customer to support that level of annual capital expenditures.

Witness Casselberry testified that LJA proposed in its Application a monthly assessment of \$8.14 per residential equivalent unit (REU) for water and \$8.14 per REU for sewer so that it can continue to fund work on its water and sewer systems. Witness Casselberry calculated that the assessments will generate revenue of \$101,880 for water improvements and \$100,317 for sewer improvements. See Casselberry Exhibit Nos. 8 and 9.

Witness Casselberry also testified that it would be in the customers' best interest to add a monthly surcharge to recover the cost to replace LJA's aged infrastructure versus acquiring a loan or multiple loans and then applying for a rate increase or multiple rate increases to recover the cost of the capital improvements. She noted that the process of acquiring loans and the general rate case proceedings would take longer and would also result in additional costs to be recovered from customers, such as the interest expense on the loans, rate case expenses, and attorney fees. Witness Casselberry further testified that the Public Staff has reviewed the Cavanaugh 10-Year Plan and recommends that the Commission approve the proposed surcharges reflected in Casselberry Exhibit Nos. 1 and 2. Witness Casselberry also recommended that LJA file quarterly reports with the Commission regarding the funds collected through the assessments, the amount of assessed funds on hand, a listing of the projects completed, and the amount spent on capital improvements.⁵

Public Staff witness Chiu testified that based on her investigation LJA's water system original cost rate base at December 31, 2018 is \$19,025, consisting of \$20,387 in cash working capital less \$1,362 of average tax accruals. She further testified that the level of operating revenue deductions requiring a return (total operating expenses excluding regulatory fee and income taxes) is \$331,642. Witness Chiu also testified that she used the operating ratio method to evaluate LJA's proposed water revenue requirement as permitted pursuant to N.C.G.S. § 62-133.1. With respect to LJA's wastewater system, witness Chiu testified that LJA's sewer system original cost rate base at December 31, 2018 is \$19,277, consisting of \$20,639 in cash working capital less \$1,362 of average tax accruals. She stated that the level of operating revenue deductions requiring a return (total operating expenses excluding regulatory fee and income taxes)

⁵ In their joint proposed order, the Public Staff and LJA recommended that LJA be required to file semiannual reports with the Commission.

is \$388,920. Witness Chiu also used the operating ratio method to evaluate LJA's proposed sewer revenue requirement.

The Commission first observes that LJA's proposed monthly customer assessments as reflected in Casselberry Exhibits Nos. 1 and 2 were not opposed by any customer testifying at the public hearing or by Mr. Phelan who testified at the January 29, 2020 evidentiary hearing. Further, intervenors Mr. Phelan and Mr. Davis proposed the same monthly customer assessments as those recommended by the Public Staff, as reflected in Appendix A-2 of their proposed order; although they proposed ending the assessment on December 31, 2023. In addition, the Commission observes that the customers testifying at the public hearing expressed support for the proposed monthly assessment, and that there is no evidence that most of LJA's customers, who are the ultimate beneficiaries of improvements made to the water and sewer systems serving the Lake Junaluska Assembly community, either support or oppose such assessment.

Based upon the foregoing and the entire record herein, the Commission finds that LJA's situation and circumstances are unlike those of a typical for-profit water and sewer utility service provider, because its plant has been paid for by its customers, and LJA has no rate base. The Commission further finds that LJA does not have access to other sources of capital to fund continuation of the work called for in the Cavanaugh 10-Year Plan, and that if LJA could borrow money to fund work on its water and sewer systems, the traditional ratemaking process would require filing of sequential rate cases to cover that debt. Further, the debt service and rate case expenses would increase the cost to LJA's ratepayers of completing work on those systems. In addition, the Commission finds that failure to continue efforts to complete the work called for in the Cavanaugh 10-Year Plan and to address other problems as they arise would not be in the best interest of LJA's customers, as continued losses of purchased water will result in higher billings from Waynesville. Further, it is likely that LJA's purchased water costs will decrease as leaks and water loss issues are addressed. Finally, the Commission also finds that a reasonable and likely the most practical source of capital to fund work on LJA's water and sewer infrastructure is LJA's customers, who are the beneficiaries of the work to improve at infrastructure, that no LJA customer has opposed the proposed assessment, and that all customers who testified at the December 12, 2019 public hearing affirmatively support the assessment.

After careful consideration, the Commission concludes that the assessment schedule proposed by LJA and supported by the Public Staff serves the public interest, is a reasonable approach to funding the needed investment in LJA's water and wastewater systems, and should be approved. The Commission further concludes that LJA should be required to provide regular reports to the Commission and Public Staff regarding its receipts and disbursements and work completed with the use of the assessment funding, as recommended by the Public Staff and agreed to by LJA. In addition, the Commission determines that the intervenors' proposed December 31, 2023 end-date of the assessment should not be approved. The Commission will instead monitor LJA's progress and financial position through the regular reports required by this Order and rely on the Public Staff to alert the Commission should the monthly assessment approved in this Order merit further consideration by the Commission.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 17

The evidence supporting this finding of fact is found in the testimony of LJA witness Carlisle and in the testimony of intervenors Mr. Phelan and Mr. Davis.

Mr. Phelan and Mr. Davis opposed the inclusion of the estimated \$180,000 in expenses for LJA to purchase a new sewer jetter truck in LJA's list of projected capital projects until LJA performs an analysis of the options to lease rather than purchase the jetter truck.

LJA witness Carlisle testified that LJA's current sewer jetter truck is a 1995 vehicle with a 1995 jetter pump that LJA has used since purchasing the truck from Waynesville in 2011 for \$15,000. Witness Carlisle maintained that there are several maintenance issues with the current truck and the truck is used on a nearly daily basis for clearing sewer backups and for routine maintenance as required by applicable environmental regulations. Witness Carlisle stated that LJA has not yet performed a full financial analysis comparing lease versus purchase options for a replacement sewer jetter truck but will do so before moving forward with the purchase.

The Commission observes that no party has contested the need for a functional sewer jetter truck to operate LJA's water and wastewater system. The Commission also acknowledges that LJA is required to make reasonable and prudent investments in facilities and equipment that are used and useful in providing service to its ratepayers. The only disputed issue is LJA's plan for procuring a replacement for its aged sewer jetter truck, namely, whether it is reasonable for LJA to lease or to purchase the replacement sewer jetter truck. For practical and prudential reasons, the Commission does not typically involve itself in utility budget and management decisions at this level of detail, instead relying on its authority to review a utility's expenses and determine whether costs incurred were reasonable and prudent. Consistent with that approach, the Commission will not dictate a plan for LJA to procure a sewer jetter truck or other operating equipment in this Order. However, in recognition of the concerns of the intervenors with respect to this issue and in light of witness Carlisle's testimony that LJA will perform a full financial analysis comparing lease versus purchase options for a replacement sewer jetter truck before procuring the truck, the Commission finds that it is appropriate that LJA conduct such analysis, as witness Carlisle testified it would, prior to moving forward with a procurement decision.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 18

The evidence supporting this finding of fact is found in the testimony of LJA witnesses Carlisle; in the testimony of Public Staff witnesses Casselberry, Chiu, and Crenshaw; and in the testimony of intervenors Phelan and Davis.

In their testimony, intervenors Phelan and Davis raised questions regarding the increase in LJA's operating expenses from 2012 to 2018 and the level of LJA's operating expenses proposed in the Application. Mr. Phelan's and Mr. Davis's questions were based on information included in an Assembly Public Works Water and Sewer System

Assessment and Appraisal, dated May 8, 2012, which was distributed to Lake Junaluska Assembly residents and attached as Exhibit 1A to Mr. Phelan's testimony. Among other things, that document informed the Lake Junaluska Assembly residents of the \$150,000 budget estimate for water and sewer operations.

In response to the questions raised by the intervenors, LJA witness Carlisle testified that the May 8, 2012 document included the following statement:

After the pass-through payments to Waynesville, our operation and maintenance budget is only around \$150,000.00. This includes wages and benefits for two crew members, testing, licensing, equipment, billing, and postage, as well as the repair and maintenance of the system.

Tr. vol. 2, 32.

Witness Carlisle stated that the Assembly Public Works Department has nine employees, eight of whom support to varying degrees LJA's water and sewer operations. See Carlisle Rebuttal Ex. 1. He explained that the 2012 budget estimate of \$150,000 covered a number of items, and clearly only covered wages and benefits for two field personnel as well as other miscellaneous operating costs. Witness Carlisle further explained that there was no allocation in 2012 of the cost of other field personnel and administrative and management personnel that support the water and sewer operations. Witness Carlisle maintained that the 2012 budget estimate of \$150,000 does not begin to adequately cover the full cost of LJA's water and sewer operations.

Public Staff witness Casselberry testified that LJA used its adjusted budget for 2018 to determine expenses for the test year. She noted that the Public Staff updated the test year to reflect the actual expenses for the 12 months ending December 31, 2018. Witness Casselberry recommended adjustments to Public Staff witness Chiu regarding purchased power expense, permit fees, testing expenses for water operations, purchased water expense, and purchased sewer treatment expense.

Public Staff witness Chiu testified that the Public Staff's investigation of the Application determined that the appropriate level of total operating expenses (excluding regulatory fee) is \$331,642 for water operations and \$388,920 for sewer operations. As presented on Chiu Exhibit I, Schedules 3(a) and 3(b), witness Chiu concluded that LJA's operating expenses during the test year, not including the cost of purchased water and sewer service, were \$341,830.

Based upon the foregoing and the entire record herein, the Commission finds that the appropriate level of total operating expenses (excluding regulatory fee) is \$331,642 for water operations and \$388,920 for sewer operations, as presented in Chiu Exhibit I, Schedules 3(a) and 3(b). Also consistent with witness Chiu's conclusions, the Commission further finds that LJA's operating expenses during the test year, not including the cost of purchased water and sewer service, were \$341,830. The Commission notes that the intervenors' focus on the LJA's operating costs overlooks the need, as LJA returns to its prior status of a regulated public utility, that LJA's rates be set at a level calculated

to produce the revenue necessary for it to provide safe and dependable water and sewer service. The Commission requires that a utility's revenue requirement be calculated with accurate cost data, including its operating expenses. The Commission concludes that the need for the involvement of the Director of Assembly Public Works and the various other LJA employees identified in Carlisle Rebuttal Exhibit 1, to work on, manage, or support water and sewer operations demonstrates that the \$150,000 operating expense estimate in 2012, which included the cost of only two employees, is not adequate to cover the total cost of LJA's providing these services. Further, the Commission notes that the Public Staff updated the test year used to establish rates in this proceeding to reflect the actual expenses for the 12 months ending December 31, 2018. The Commission recognizes that the Public Staff has audited the Applicant's operating expenses and its rate recommendations are based, in part, on that audit. Consequently, the Commission concludes that the level of total operating revenue deductions calculated by the Public Staff and presented on Chiu Exhibit I, Schedules 3(a) and 3(b) is appropriate for use in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 19-21

The evidence supporting these findings of fact is found in the affidavit of Public Staff financial analyst Craig, in the testimony of Public Staff witness Chiu, and in the testimony of LJA witness Tweed.

Public Staff witness Chiu testified that based on her investigation LJA's water original cost rate base at December 31, 2018 is \$19,025, consisting of \$20,387 in cash working capital less \$1,362 of average tax accruals. She stated that the level of operating revenue deductions requiring a return (total operating expenses excluding regulatory fee and income taxes) is \$331,642. Witness Chiu testified that she used the operating ratio method to evaluate LJA's proposed water revenue requirement as allowed pursuant to N.C.G.S. § 62-133.1.

Witness Chiu further testified that based on her investigation LJA's sewer original cost rate base at December 31, 2018 is \$19,277, consisting of \$20,639 in cash working capital less \$1,362 of average tax accruals. She stated that the level of operating revenue deductions requiring a return (total operating expenses excluding regulatory fee and income taxes) is \$388,920. Witness Chiu testified that she used the operating ratio method to evaluate LJA's proposed sewer revenue requirement as well.

Public Staff affiant Craig recommended that LJA be granted a 7.50% margin on expenses in determining the appropriate revenue requirements for LJA to provide water and sewer service in Lake Junaluska Assembly service area. He stated that his recommendation is based on his investigation of the cost of capital for small water and sewer companies. According to affiant Craig, after its investigation, the Public Staff determined that LJA's rate base is less than the reasonable level of operating expenses for both water operations and sewer operations. He stated that he used the operating ratio method to evaluate LJA's proposed revenue requirements in this proceeding.

On cross-examination by the Commission, witness Tweed testified that the 7.5 % operating margin recommended by Public Staff affiant Craig is acceptable to LJA as a reasonable margin for operating. Witness Tweed further testified that LJA is not looking to make any profit. Witness Tweed explained that the margin granted to LJA in this proceeding would be used to cover any unanticipated expenses for the benefit of customers.

Pursuant to N.C.G.S. § 62-133.1(a) “in fixing the rates for any water or sewer utility, the Commission may fix such rates on the ratio of the operating expenses to the operating revenues, such ratio to be determined by the Commission, unless the utility requests that such rates be fixed under G.S. 62-133(b).”

Based on the foregoing and the entire record herein, the Commission finds that the original cost rate base at December 31, 2018 for LJA’s water system is \$19,025, consisting of \$20,387 in cash working capital less \$1,362 of average tax accruals; and that the original cost rate base at December 31, 2018 for LJA’s wastewater system is \$19,277, consisting of \$20,639 in cash working capital less \$1,362 of average tax accruals. The Commission further finds that the operating ratio method, which allows a margin on operating revenue deductions requiring a return, is the appropriate method for determining LJA’s revenue requirement for water operations and sewer operations. In light of the Public Staff’s recommendation and LJA’s agreement to use the operating ratio method for the determination of the revenue requirement for LJA’s water and sewer operations, the Commission concludes that the use of the operating ratio method, as authorized pursuant to N.C.G.S. § 62-133.1, is not in dispute in this proceeding and is appropriate. Finally, the Commission further finds that the Public Staff’s recommended 7.50% margin on operating revenue deductions requiring a return is reasonable and appropriate for use in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 22 AND 23

The evidence supporting these findings of fact is found in the Application, in the testimony of LJA witness Tweed, in the testimony of Public Staff witness Casselberry, and in the testimony of intervenor Davis.

Intervenor Davis testified that the Commission should adopt an inclining block rate structure for LJA whereby the usage rate increases after the first 200 cubic feet of water consumption rather than the rate structure proposed by LJA and recommended by the Public Staff. Mr. Davis testified that LJA’s proposed rate structure is mostly a uniform rate with varying base charges which is not equitable between residential and commercial customers. He contended that the percentage of revenue paid by the residential customers for the volume of water consumed is significantly higher than for the commercial customers. Mr. Davis maintained that comparing the percentage of revenue generated by customer class to the percentage consumed is an appropriate way to measure fairness. He requested that the Commission require LJA to propose a rate structure that is equitable across customer classes.

LJA witness Tweed testified that the average monthly consumption at Lake Junaluska Assembly is "very low." Tr. vol. 2, 94. He stated that a residential customer uses an average of approximately 2,000 gallons per month (compared to a typical residential customer in North Carolina where consumption would be approximately 6,000 gallons per month), and pays a monthly base rate of \$22.24 in a community where there are a significant number of customers who are part-time residents. He maintained that the base rate paid by residential customers accounts for the fact that the revenues from residential customers are as stated. In their proposed order, the intervenors recognized and requested that the Commission conclude "that the 'Applied For' and 'Public Staff Recommended' rate structures, while perhaps not optimal for an atypical situation like this Docket, do provide acceptable equity."

Public Staff witness Chiu calculated the gross revenue requirement for water operations and sewer operations using the operating margin of 7.50% recommended by Public Staff Financial Analyst Craig. She testified that the resulting revenue requirement for water operations is \$356,979, all of which is service revenues. Witness Chiu recommended that water rates be set to reflect a \$73,917 decrease in the annual level of service revenues generated by LJA's current water rates. Witness Chiu concluded that the revenues generated by the Company's proposed sewer rates are not unreasonable and would not be unfair to customers. Thus, she recommended that the revenue requirement for sewer operations of \$418,633 as proposed by LJA be granted. Witness Chiu recommended that sewer rates be set to reflect a \$37,487 increase in the annual level of service revenues generated by LJA's current sewer rates.

Based upon the foregoing and the entire record herein, the Commission finds that the rate structure recommended by the Public Staff and agreed to by LJA is just and reasonable and appropriate for use in this proceeding. The Commission further finds that the total annual revenue requirement of \$356,979 for water operations and \$418,633 for sewer operations as recommended by the Public Staff and agreed to by LJA will allow LJA to earn a margin of 7.50% on its operating revenue deductions requiring a return. Thus, the Commission concludes that the rates contained in the Schedule of Rates, attached hereto as Appendix B, will produce the revenue requirement found appropriate in this Order, are just and reasonable, and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 24 AND 25

The evidence supporting these findings is found in the Application and in the entire record herein.

Pursuant to N.C.G.S. § 62-110(a), no public utility shall begin the construction or operation of any public utility plant or system, or acquire ownership or control thereof, either directly or indirectly, without first obtaining from the Commission a certificate that public convenience and necessity requires, or will require, such construction, acquisition, or operation. It is undisputed that LJA is properly before the Commission seeking the issuance of a CPCN, that the Application is complete, and that LJA has the ability to provide water and wastewater services to the customers in the Lake Junaluska Assembly

community. There is also no dispute as to the granting of the CPCN to LJA as requested in the Application.

As noted above, LJA is in a unique position as compared to almost all water and wastewater public utilities in North Carolina and has operated as an unregulated utility for some time, most recently pursuant to an exemption granted by the Commission. See Order Granting Petition for Exemption from Regulation, Application by Lake Junaluska Assembly, Incorporated for Exemption Under G.S. 62-110.5, No. W-1274, Sub 4 (N.C.U.C. 2011); see *also* N.C.G.S. § 62-110.5. As is also noted above, in recent years some of LJA's customers have become increasingly concerned about the efficacy of LJA's internal corporate organization and quality of service issues. The Commission, after previous consideration of these issues, determined that the organization and the quality of service of LJA were no longer adequate to protect the public interest and that the exemption previously granted to LJA should be revoked. Order Ruling on Lake Junaluska Assembly, Inc., Status as a Public Utility, No. W-1274, Subs 5 and 6, at 4, (N.C.U.C. 2018).⁶ The Commission, therefore, directed LJA to file an application for a CPCN, which it has done in this proceeding. During the pendency of this proceeding, LJA has been operating under its existing governance structure, consistent with the Commission's direction to transition to operation as a regulated public utility, and with respect to the termination of customers' service, pursuant to the interim authority granted by the Commission. Order Granting Interim Authority to Operate Pursuant to Commission Rules R7-20 and R10-16, Application of Lake Junaluska Assembly, Inc., for a Certificate of Public Convenience and Necessity, and for Approval of Rates, No. W-1274, Sub 7 (N.C.U.C. 2019).

Based upon the foregoing and the entire record herein, the Commission finds that LJA is properly before the Commission seeking the issuance of a CPCN to provide water and wastewater service to the customers of the Lake Junaluska Assembly service territory in Haywood County, North Carolina. Upon review of the Application and the entire record herein, the Commission concludes that the Application is complete and that the testimony of LJA's witnesses and of the Public Staff's witnesses demonstrates that the public convenience and necessity requires that the Lake Junaluska Assembly community have access to safe, adequate, and dependable water and sewer services. Further, the Commission finds that LJA has provided water and wastewater service to the Lake Junaluska Assembly community for many years, has the technical, managerial, and financial capacity to provide water and sewer utility service for Lake Junaluska Assembly community, and LJA is fit and qualified to provide water and sewer service in the Lake Junaluska Assembly community. Therefore, pursuant to N.C.G.S. § 62-110, the Commission concludes that the public convenience and necessity requires LJA's operation of the water and wastewater systems serving the Lake Junaluska Assembly community as a public utility and that the requested CPCN should be issued.

⁶ These dockets remain open as LJA's transition to operation as a regulated utility and the granting of the CPNC in this Order is the essence of the relief ordered by the Commission in those dockets. Contemporaneous with the issuance of this Order, the Commission will issue an order closing Docket No. W-1274, Subs 5 and 6.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 26

The evidence for this finding of fact is found in the testimony of Public Staff witness Casselberry and is not contested by LJA or any other party.

In her supplemental testimony, witness Casselberry recommended that LJA be required to post a bond in the amount of \$50,000 to comply with N.C.G.S §62-110.3. On cross-examination by the Commission LJA witness Carlisle stated that LJA agrees with the Public Staff's recommended bond amount.

On June 12, 2020, LJA filed a \$50,000 bond secured by Travelers Casualty and Surety Company of America.

Based upon the foregoing and the entire record herein, the Commission finds that LJA has satisfied the filing requirements for a bond secured by a commercial surety, as evidenced by LJA's filing in this docket a bond in the amount of \$50,000 and the commercial surety and commitment letter. The Commission concludes that the bond and the commercial surety and commitment letter should be accepted and approved in compliance with N.C.G.S. § 62-110.3.

IT IS, THEREFORE, ORDERED as follows:

1. That the bond in the amount of \$50,000, and the commercial surety and commitment letter filed in this docket by Lake Junaluska Assembly, Incorporated on June 12, 2020 shall be, and are hereby, accepted and approved in compliance with N.C.G.S. § 62-110.3;
2. That Lake Junaluska Assembly, Incorporated shall be, and is hereby, issued a Certificate of Public Convenience and Necessity to provide water and sewer utility service in Lake Junaluska Assembly service area in Haywood County, North Carolina;
3. That Appendix A of this Order constitutes the Certificate of Public Convenience and Necessity;
4. That the Schedule of Rates, including the monthly customer assessment to provide capital funding, attached hereto as Appendix B, shall be, and is hereby, approved and deemed to be filed with the Commission pursuant to N.C.G.S. § 62-138. This Schedule of Rates shall be, and is hereby, authorized to become effective for service rendered on and after the date of this Order;
5. That the Applicant shall maintain its books and records in such manner that all the applicable items of information required in the Lake Junaluska Assembly, Incorporated's prescribed annual report to the Commission can be readily identified from the annual report;

6. That Lake Junaluska Assembly, Incorporated shall file semiannual reports with the Commission and Public Staff reflecting its receipt and disbursement of the customer assessment funding. This report shall include a narrative description of projects completed, the cost components of each completed project, and a listing of planned projects for the next two years. The semiannual reports shall be filed by August 15 for the period January 1 through June 30, and by February 15 for the period July 1 through December 31;

7. That the Public Staff shall review the semiannual reports filed by Lake Junaluska Assembly, Incorporated and file with the Commission on or before March 31 of each year the Public Staff's recommendations as to whether the monthly customer assessments should continue as approved herein, or be modified;

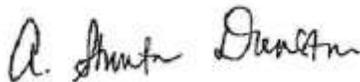
8. That Lake Junaluska Assembly, Incorporated shall be, and is hereby, required to mail with sufficient postage or hand deliver the Notice to Customers attached hereto as Appendix C to all customers affected by the new rates no later than ten days after the date of this Order; and

9. That within 15 days after the date of this Order, Lake Junaluska Assembly, Incorporated shall file with the Commission the attached Certificate of Service, properly signed and notarized, and evidencing compliance with the requirements of Ordering Paragraph number eight of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of June, 2020.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy Clerk

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1274, SUB 7

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

LAKE JUNALUSKA ASSEMBLY, INCORPORATED

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water and sewer utility service in

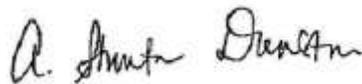
LAKE JUNALUSKA ASSEMBLY SERVICE AREA

Haywood 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 22nd day of June, 2020.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy Clerk

SCHEDULE OF RATES

for

LAKE JUNALUSKA ASSEMBLY, INCORPORATED

for providing water and sewer service in

LAKE JUNALUSKA ASSEMBLY SERVICE AREA

Haywood County, North Carolina

WATER RATES AND CHARGES

MONTHLY METERED SERVICE: (Residential and Commercial)

Base Facilities Charge (zero usage)		<u>Assessment</u>
3/4" meter	\$ 19.01	\$ 8.14
1" meter	\$ 47.53	\$ 20.35
2" meter	\$ 152.08	\$ 65.12
3" meter	\$ 285.15	\$122.10
4" meter	\$ 475.25	\$203.50
Usage Charge, per 100 cubic feet	\$ 2.54	
Usage Charge, per 1000 gallons	\$ 3.40	

Water only: (Residential and Commercial)

Base Facilities Charge (zero usage)		<u>Assessment</u>
3/4" meter	\$ 19.01	\$ 8.14
1" meter	\$ 47.53	\$ 20.35
Usage Charge, per 100 cubic feet	\$ 5.95	

SEWER RATES AND CHARGES

MONTHLY METERED SERVICE: (Residential and Commercial)

Base Facilities Charge (zero usage)		<u>Assessment</u>
3/4" meter	\$ 17.00	\$ 8.14
1" meter	\$ 42.50	\$ 20.35
2" meter	\$ 136.00	\$ 65.12
3" meter	\$ 255.00	\$122.10
4" meter	\$ 425.00	\$203.50

Usage Charge, per 100 cubic feet	\$	4.71
Usage Charge, per 1000 gallons	\$	6.29

MONTHLY FLAT RATE: (Residential and Commercial)

Sewer only:

Assessment

Residential (3/4 inch meter)	\$ 29.00	\$ 8.14
Commercial (3/4 inch meter)	\$ 29.00	\$ 8.14
Restaurant	\$ 232.00	\$ 65.12
Mobile Home Park	\$ 435.00	\$ 122.10

Reconnection Charges:

If water service is cut off by utility for good cause	\$	15.00
If sewer service is cut off by utility for good cause	\$	15.00

Connection Charge:

Water	\$600
Sewer	\$600

Bills Due: On billing date

Bills Past Due: 25 days after billing date

Billing Frequency: Shall be monthly for service in arrears

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

Issued in Accordance with Authority by the North Carolina Utilities Commission in Docket No. W-1274, Sub 7, on this the 22nd day of June, 2020.

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

NOTICE TO CUSTOMERS

DOCKET NO. W-1274, SUB 7

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that North Carolina Utilities Commission has issued an Order granting a certificate of public convenience and necessity to Lake Junaluska Assembly, Incorporated to provide water and sewer utility service in Lake Junaluska Assembly Service Area in Haywood County, North Carolina. The Commission has approved the following rates, effective for service rendered on and after the date of this Notice.

WATER RATES AND CHARGES

MONTHLY METERED SERVICE: (Residential and Commercial)

Base Facilities Charge (zero usage)		<u>Assessment</u>
3/4" meter	\$ 19.01	\$ 8.14
1" meter	\$ 47.53	\$ 20.35
2" meter	\$ 152.08	\$ 65.12
3" meter	\$ 285.15	\$112.10
4" meter	\$ 475.25	\$203.50
Usage Charge, per 100 cubic feet	\$ 2.54	
Usage Charge, per 1000 gallons	\$ 3.40	

Water only: (Residential and Commercial)

Base Facilities Charge (zero usage)		<u>Assessment</u>
3/4" meter	\$ 19.01	\$ 8.14
1" meter	\$ 47.53	\$20.35
Usage Charge, per 100 cubic feet	\$ 5.95	

SEWER RATES AND CHARGES

MONTHLY METERED SERVICE: (Residential and Commercial)

Base Facilities Charge (zero usage)		<u>Assessment</u>
3/4" meter	\$ 17.00	\$ 8.14
1" meter	\$ 42.50	\$ 20.35
2" meter	\$ 136.00	\$ 65.12
3" meter	\$ 255.00	\$122.10
4" meter	\$ 425.00	\$203.50
Usage Charge, per 100 cubic feet	\$ 4.71	
Usage Charge, per 1000 gallons	\$ 6.29	

MONTHLY FLAT RATE: (Residential and Commercial)

<u>Sewer only:</u>		<u>Assessment</u>
Residential (3/4 inch meter)	\$ 29.00	\$ 8.14
Commercial (3/4 inch meter)	\$ 29.00	\$ 8.14
Restaurant	\$ 232.00	\$ 65.12
Mobile Home Park	\$ 435.00	\$122.10

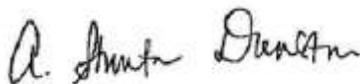
Reconnection Charges:

If water service is cut off by utility for good cause	\$15.00
If sewer service is cut off by utility for good cause	\$15.00

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of June, 2020.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy 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-1274, Sub 7, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2020.

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-1274, Sub 7.

Witness my hand and notarial seal, this the ___ day of _____, 2020.

Notary Public

Printed or Typed Name

(SEAL) My Commission Expires: _____
Date