

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
January 22, 2019**

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**D. ELECTRIC**

P1. APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITIES

EXPLANATION: The following applications seeking certificates of public convenience and necessity pursuant to N.C. Gen. Stat. § 62-110.1 for construction of solar photovoltaic electric generating facilities were filed pursuant to Commission Rule R8-64.

Duke Energy Carolinas:

- Docket No. SP-13907, Sub 0 – Application of Raccoon Solar, LLC, for a Certificate of Public Convenience and Necessity to Construct a 22.5-MW Solar Photovoltaic Facility in Catawba County, North Carolina

Duke Energy Progress:

- Docket No. SP-6936, Sub 0 – Application of Lane Solar Farm II, LLC, for an amended Certificate of Public Convenience and Necessity to Construct a 4.99-MW Solar Photovoltaic Facility in Wayne County, North Carolina (registration statement issued previously)

The Public Staff has reviewed the applications and determined that they comply with the requirements of N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Unless otherwise noted, each applicant has filed a registration statement for a new renewable energy facility. The registration statement includes certified attestations, as required by Commission Rule R8-66(b), that: (1) the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources; (2) the facility will be operated as a new renewable energy facility; (3) the applicant will not remarket or otherwise resell any renewable

energy certificates sold to an electric power supplier to comply with N.C. Gen. Stat. §. 62-133.8; and (4) the applicant will consent to the auditing of its books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

RECOMMENDATION: (Thomas/Metz) That the Commission issue orders approving the applications and issuing the requested certificates for these facilities. Proposed orders have been provided to the Commission Staff.

P2. DOCKET NO. E-2, SUB 834 – DUKE ENERGY PROGRESS, LLC – APPROVAL OF REVISED METER-RELATED OPTIONAL PROGRAMS

EXPLANATION: On October 4, 2018, Duke Energy Progress, LLC (DEP or the Company), filed a request for approval to revise the Meter-Related Optional Programs Rider MROP (Rider MROP) to (1) offer a new program to customers desiring a non-communicating meter (the Manually Read Metering or MRM option), and (2) restrict the availability of the TotalMeter Program to current participants. Both revisions are being proposed in conjunction with the Company's deployment of advanced metering infrastructure (AMI) that began in May 2018.

DEP states that its multi-year AMI meter deployment will provide customers with more information on how they use energy, as well as allow the remote connection and disconnection of utility service. DEP further states that its AMI meter deployment will provide increased choice for energy delivery, billing, and other services in the future.

DEP states that the proposal to offer a non-communicating meter is made in response to customer concerns regarding exposure to radio frequency and privacy issues associated with AMI meters. DEP's proposal would provide customers with the option of having a non-communicating meter that would be read manually by a meter reader visiting the customer's premise. Service under Rider MROP would be limited to residential customers served under Schedule RES, and non-residential customers served under Schedule SGS.

DEP proposes to charge customers an initial setup fee of \$170 and a monthly rate of \$14.75 for the non-communicating meter service under Rider MROP. DEP also proposes to waive the fees related to the non-communicating meter under Rider MROP under terms and conditions that are consistent with the terms and conditions approved by the Commission for Duke Energy Carolinas, LLC (DEC), in Docket No. E-7, Sub 1115 (Sub 1115).

DEP states that it is restricting the availability of the TotalMeter Program to current customers. The TotalMeter Program employs cellular telephone communication technology to provide customers with their usage data. DEP states that with the deployment of AMI meters, the same service will be available at no charge.

On October 30, 2018, DEP revised its proposed Rider MROP tariff to include language stating that the Company would seek Commission approval for any changes needed to Rider MROP due to obsolescence of equipment or to make available a more efficient alternative to services under Rider MROP, and that it would give participants advanced notice of any such changes to their service.

The Public Staff conducted discovery on and reviewed DEP's proposed revisions to Rider MROP in the same manner as its review of DEC's AMI opt-out request in Sub 1115, taking notice of the Commission's orders of June 22, 2018, and September 4, 2018, in that

docket (Sub 1115 Orders). The Public Staff offers the following comments and recommendations:

1. The Public Staff supports the availability of an AMI opt-out policy, and believes that it is appropriate for DEP to recover the incremental costs of implementing such a policy through a one-time enrollment fee and an ongoing monthly fee.
2. The Public Staff generally agrees that the proposed initial setup fee, monthly fees, and early termination charge are cost-based, accurately calculated, and generally consistent with the cost inputs used in DEP's last general rate case (Docket No. E-2, Sub 1142). The Public Staff believes that DEP's assumptions regarding the opt-out participation rate are consistent with the assumptions used by DEC in Sub 1115. Consistent with the Sub 1115 Orders, the Public Staff recommends that DEP file an analysis to determine the ongoing appropriateness of these fees and charges by December 31, 2022, or in the next general rate case, whichever occurs first.
3. Consistent with the Sub 1115 Orders, the proposed Rider MROP includes a provision that would allow participants to pay the initial setup fee over a six-month period. The Public Staff does not object to this provision.
4. Consistent with the Sub 1115 Orders, the Public Staff recommends that DEP be required to update the Company's website and other customer information related to AMI meters, to include information on the provisions of the MRM option of Rider MROP that relates to manually read metering and non-communicating meters.
5. DEP's proposed MRM option limits availability to residential customers served under Schedule RES, non-residential customers served under Schedule SGS, customer with demand meters, and net metered customers. However, in the Sub 1115 Proceeding the Commission rejected similar conditions on availability. DEP intends to use a non-communicating meter to provide service to customers who do not want service through an AMI meter. It is the Public Staff's understanding that the lack of communications capabilities should not inhibit the meter's ability to continue to register demand, on- or off-peak periods, or other features for manual meter reading and billing purposes. Therefore, the Public Staff recommends that DEP revise its Rider MROP to allow participation by residential customers served under any residential rate schedule, and non-residential customers served under Schedule SGS consistent with the Sub 1115 Orders.
6. The Public Staff does not object to DEP's request to close the TotalMeter Program in Rider MROP to new participants. However, the Public Staff believes that if the deployment of AMI will provide the same level of service at no charge, then DEP should proactively transfer any customers enrolled in the TotalMeter Program to an AMI meter and cease charging the customer for the TotalMeter Program and close this option of Rider MROP as soon as AMI metering is available to all

customers currently on Rider MROP. DEP's schedule of transfer would of course be contingent upon the technical requirements of the AMI deployment.

7. A review of the Commission's docket system indicated that 74 letters have been filed by customers as of January 10, 2019. About 84% were related to concerns over the exposure to radio frequency and its impact on their health. The remaining letters were associated with various concerns such as (1) not wanting an AMI meter; (2) privacy; (3) the requirement for a doctor's and notary's signatures; and (4) lack of choice for an alternative meter such as an analog meter. The Public Staff believes Sub 1115 appropriately addressed many of these concerns, and recommends that the Commission approve DEP's proposal in a manner that is consistent with Sub 1115.

EXHIBIT: The Public Staff's proposed order is attached as Exhibit No. P-1.

RECOMMENDATION: (Floyd, Dodge) That the Commission issue the Public Staff's proposed order approving the modifications to DEP's Rider MROP.

**E. WATER**

**P1. DOCKET NO. W-925, SUB 4 – DEERFIELD SHORES UTILITY COMPANY, INC. – TRANSFER TO OWNER EXEMPT FROM REGULATION**

EXPLANATION: On May 7, 2018, Deerfield Shores Utility Company, Inc. (Deerfield), and the Town of Beaufort (Town or Beaufort) filed an application with the Commission seeking authority to transfer Deerfield’s sewer utility service to Beaufort, which is exempt from Commission regulation. Deerfield currently provides sewer utility service to approximately 29 residential customers and a clubhouse in Deerfield Shores Subdivision in Carteret County, North Carolina.

Deerfield’s and Beaufort’s approved monthly sewer rates are as follows:

	<u>Deerfield Rates</u>	<u>Beaufort Rates</u>
Residential Flat Rate	\$ 52.26	NA
Clubhouse Flat Rate	\$365.85	NA
<b>Metered Rate</b>		
Monthly Fixed Charge		
¾" water meter	NA	\$ 42.34
1" water meter	NA	\$ 70.01
1 ½" water meter	NA	\$140.99
Variable Charge (per 1,000 gallons)	NA	\$ 33.60

If the application to transfer is granted, Beaufort would read existing customer county water meters for billings and charge the customers twice the standard Town rates for sewer use. The Town Board would have the right to modify or adjust rates in the future. Customers without county water would be billed based on the highest water user among the customers.

The monthly residential sewer bill would increase from \$52.26 to \$143.14, based on 3,000 gallons usage per month.

The Deerfield wastewater treatment plant is at the end of its life cycle and appropriate means are needed to continue to treat the affected customer’s wastewater. The North Carolina Department of Health and Human Services has issued several violation notices, and has been in contact with the Public Staff on a number of occasions seeking help in correcting deficiencies and move forward with the interconnection with, and transfer to, Beaufort.

Deerfield entered into a contract with the Town, dated June 9, 2014, in which Beaufort agreed to accept ownership and operational control of the Deerfield collection and conveyance system (which expressly excludes the Deerfield treatment facility) and to

allow Deerfield to connect the customers to the Town's system. As part of the agreement, Deerfield agreed to reroute a force main and construct a new lift station to transport the sewage to the Town. Deerfield's initial contract to complete this work was for \$230,880, and was paid by Deerfield. Deerfield would also pay to the Town a \$4,000 impact fee per customer, totaling \$120,000 for the existing thirty customers.

Customers would be required to comply with all Town rules and ordinances with respect to introduction of wastewater into the municipal system. The connection would be subject to the provisions of the "Policy for the Provision of Sanitary Sewer Service Beyond the Corporate Limits of the Town of Beaufort", adopted in 1999, as amended.

If the Town determines that individual equipment on a customer's lot has failed or is in need of replacement, the customer would be obligated to purchase replacement equipment from the Town at price equal to the Town's cost, and the Town would install such replacement equipment at no additional cost.

On June 25, 2018, the Commission issued its Order Requiring Customer Notice, specifying that the matter may be determined without public hearing if no significant protests are received subsequent to customer notice. The required Certificate of Service was filed with the Commission on July 13, 2018. The Public Staff received three letters from customers. The Public Staff was able to contact all three of the customers to discuss their concerns, and the customers are not requesting a hearing.

Deerfield executed a \$10,000 bond filed with the Commission, but Branch Bank and Trust did not renew the standby letter of credit surety. Deerfield has not filed a replacement security.

The Public Staff believes the transfer is in the best interest of the using and consuming public, and recommends approval. The Public Staff also recommends the \$10,000 surety bond posted with the Commission be released, the franchise granted to Deerfield Shores Utility Company, Inc., in Docket No. W-925, Sub 0, be cancelled, and customers be notified.

EXHIBIT: A proposed order is attached as Exhibit No. P-2.

RECOMMENDATION: (Furr/Grantmyre) That the Commission issue the proposed order approving the transfer, cancelling the franchise, releasing bond, and requiring customer notice.

P2. DOCKET NO. W-1160, SUB 37 – KDHWTP, LLC – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On July 31, 2018, KDHWTP, LLC (KDH), filed a notification of intention to begin operations in an area contiguous to a present service area. KDH desires to expand sewer utility service at 1219 South Croatan Highway, Kill Devil Hills in Dare County, North Carolina. The service area covered is the area shown on the plans attached as Exhibit B to the notification form filed in this docket.

KDH's proposed rates are the same as currently approved in its present franchised service area. KDH states that there are no other sewer service providers, either public utility or municipal, in the location which KDH proposes to serve.

KDH has entered an agreement with Jennifer McCoy d/b/a Bob's Grill to sell capacity from its wastewater treatment plant at its Commission approved capacity fee of \$12.98 per gpd. Under the agreement, Bob's Grill is allocated 4,800 gpd of capacity for a total purchase price of \$62,304. Pursuant to the agreement, Bob's Grill will install any required wastewater pump station as well as necessary piping and equipment to connect to the existing KDH collection system. Upon completion, and upon request of KDH, the pump station and pipes will be conveyed to KDH at no cost. The pump station will require a DWR Water Quality Permit prior to connecting to the KDH system.

KDH should be required to obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system along with a DWR Permit for the pump station issued in the name of KDH prior to accepting 1219 South Croatan Highway onto the KDH system. In addition, KDH should file with the Commission copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

KDH presently holds a sewer franchise serving approximately 63 customers in Dare County, North Carolina, and its record of service is satisfactory.

Under Permit No. WQ0002829, dated July 14, 2017, the North Carolina Department of Environmental Quality, Division of Water Resources (DWR) approved modifying the disposal capacity from 500,000 gallons per day (gpd) to 660,000 gpd.

KDH posted a \$150,000 bond and surety in Docket No. W-1160, Sub 33, which was designated to cover all extensions of service up to the 500,000 gallon per day of wastewater treatment capacity. Therefore, no additional bond should be required for this application. KDH has requested waiver of filing the five year projected income and cash flow statements as only one customer is being added using only 4,800 gpd of capacity, which will not have a significant impact on KDH's revenues and expenses. The Public Staff supports this request.

The Public Staff is of the opinion that KDH has the technical, managerial, and financial capacity to provide sewer utility service in this contiguous area.



EXHIBIT: A copy of the proposed order is attached as Exhibit No. P-3.

RECOMMENDATION: (Casselberry/Henry/Grantmyre) That the Commission issue the Public Staff's proposed order recognizing the contiguous extension.

P3. DOCKET NO. W-1160, SUB 38 – KDHWTP, LLC – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On July 30, 2018, KDHWTP, LLC (KDH), filed a notification of intention to begin operations in an area contiguous to a present service area. KDH desires to expand sewer utility service at 101 East Atlantic Street and 1313 South Croatan Highway, Kill Devil Hills in Dare County, North Carolina. The service area covered is the area shown on the plans attached as Exhibit B to the notification form filed in this docket.

KDH's proposed rates are the same as currently approved in its present franchised service area. KDH states that there are no other sewer service providers, either public utility or municipal, in the location which KDH proposes to serve.

KDH has entered an agreement with Golasa Holdings, LLC to sell capacity from its wastewater treatment plant at its Commission approved capacity fee of \$12.98 per gpd. Under the agreement, Golasa Holdings is allocated 4,000 gpd of capacity for a total purchase price of \$51,920. Pursuant to the agreement, Golasa Holdings will install any required wastewater pump station as well as necessary piping and equipment to connect to the existing KDH collection system. Upon completion, and upon request of KDH, the pump station and pipes will be conveyed to KDH at no cost. The pump station will require a DWR Water Quality Permit prior to connecting to KDH system.

KDH should be required to obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system along with a DWR Permit for the pump station issued in the name of KDH prior to accepting 101 East Atlantic Street and 1313 South Croatan Highway onto the KDH system. In addition, KDH should file with the Commission copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

KDH presently holds a sewer franchise serving approximately 63 customers in Dare County, North Carolina, and its record of service is satisfactory.

Under Permit No. WQ0002829, dated July 14, 2017, the North Carolina Department of Environmental Quality, Division of Water Resources (DWR) approved modifying the disposal capacity from 500,000 gallons per day (gpd) to 660,000 gpd.

KDH posted a \$150,000 bond and surety in Docket No. W-1160, Sub 33, which was designated to cover all extensions of service up to the 500,000 gallon per day of wastewater treatment capacity. Therefore, no additional bond should be required for this application. KDH has requested waiver of filing the five year projected income and cash flow statements as only two customers are being added using only 4,000 gpd of capacity, which will not have a significant impact on KDH's revenues and expenses. The Public Staff supports this request.

The Public Staff is of the opinion that KDH has the technical, managerial, and financial capacity to provide sewer utility service in this contiguous area.

EXHIBIT: A copy of the proposed order is attached as Exhibit No. P-4.

RECOMMENDATION: (Casselberry/Henry/Grantmyre) That the Commission issue the Public Staff's proposed order recognizing the contiguous extension.

P4. DOCKET NO. W-1160, SUB 39 – KDHWTP, LLC – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On September 18, 2018, KDHWTP, LLC (KDH), filed a notification of intention to begin operations in an area contiguous to a present service area. KDH desires to expand sewer utility service at 1225 South Croatan Highway, Kill Devil Hills in Dare County, North Carolina. The service area covered is the area shown on the plans attached as Exhibit B to the notification form filed in this docket.

KDH's proposed rates are the same as currently approved in its present franchised service area. KDH states that there are no other sewer service providers, either public utility or municipal, in the location which KDH proposes to serve.

KDH has entered an agreement with Sunnyside Up Marketing, Inc. (Sunnyside) to sell capacity from its wastewater treatment plant at its Commission approved capacity fee of \$12.98 per gpd. Under the agreement, Sunnyside is allocated 4,000 gpd of capacity for a total purchase price of \$51,920. Pursuant to the agreement, Sunnyside will install any required wastewater pump station as well as necessary piping and equipment to connect to the existing KDH collection system. Upon completion, and upon request of KDH, the pump station and pipes will be conveyed to KDH at no cost. The pump station will require a DWR Water Quality Permit prior to connecting to KDH system.

KDH should be required to obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system along with a DWR Permit for the pump station issued in the name of KDH prior to accepting 1225 South Croatan Highway onto the KDH system. In addition, KDH should file with the Commission copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

KDH presently holds a sewer franchise serving approximately 63 customers in Dare County, North Carolina, and its record of service is satisfactory.

Under Permit No. WQ0002829, dated July 14, 2017, the North Carolina Department of Environmental Quality, Division of Water Resources (DWR) approved modifying the disposal capacity from 500,000 gallons per day (gpd) to 660,000 gpd.

KDH posted a \$150,000 bond and surety in Docket No. W-1160, Sub 33, which was designated to cover all extensions of service up to the 500,000 gallon per day of wastewater treatment capacity. Therefore, no additional bond should be required for this application. KDH has requested waiver of filing the five year projected income and cash flow statements as only one customer is being added using only 4,000 gpd of capacity, which will not have a significant impact on KDH's revenues and expenses. The Public Staff supports this request.

The Public Staff is of the opinion that KDH has the technical, managerial, and financial capacity to provide sewer utility service in this contiguous area.

EXHIBIT: A copy of the proposed order is attached as Exhibit No. P-5.

RECOMMENDATION: (Casselberry/Henry/Grantmyre) That the Commission issue the Public Staff's proposed order recognizing the contiguous extension.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 834

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Duke Energy Progress, Inc. for )           ORDER MODIFYING  
Approval of Meter-Related Optional Programs )           PROGRAM

BY THE COMMISSION: On October 4, 2018, Duke Energy Progress, LLC (DEP or the Company), filed a request for approval to revise the Meter-Related Optional Programs Rider MROP (Rider MROP) to (1) offer a new program to customers desiring a non-communicating meter (the Manually Read Metering or MRM option), and (2) restrict the availability of the TotalMeter program to current participants. Both revisions are being proposed in conjunction with the Company's deployment of advanced metering infrastructure (AMI) that began in May 2018.

DEP stated that its multi-year AMI meter deployment would provide customers with more information on how they use energy, as well as provide for the remote connection and disconnection of utility service. DEP further stated that its AMI meter deployment would provide increased choice for energy delivery, billing, and other services in the future.

DEP stated that the proposal to offer a non-communicating meter was made in response to customer concerns regarding exposure to radio frequency and privacy issues associated with AMI meters. DEP's proposal would provide customers with the option of having a non-communicating meter that would be read manually by a meter reader visiting the customer's premise. Service under Rider MROP would be limited to residential customers served under Schedule RES, and non-residential customers served under Schedule SGS.

DEP proposed to charge customers an initial setup fee of \$170 and a monthly rate of \$14.75 for the non-communicating meter service under Rider MROP. DEP also proposed to waive the fees related to the non-communicating meter under Rider MROP under terms and conditions that are consistent with the terms and conditions approved by the Commission for Duke Energy Carolinas, LLC (DEC) in Docket No. E-7, Sub 1115 (Sub 1115).

DEP stated that it was restricting the availability of the TotalMeter program to current customers. The TotalMeter program employs cellular telephone communication technology to provide customers with their usage data. DEP stated that with the deployment of AMI meters, the same service would be available at no charge.

On October 30, 2018, DEP revised its proposed Rider MROP tariff to include language stating that the Company would seek Commission approval for any changes needed to Rider MROP due to obsolescence of equipment or to make available a more efficient alternative to services under Rider MROP, and that it would give participants advanced notice of any such changes to their service under Rider MROP.

The Public Staff presented this matter at the Commission's January 22, 2019 Staff Conference. The Public Staff stated that it had conducted discovery on and reviewed DEP's proposed revisions in the same manner as its review of DEC's AMI opt-out request in Sub 1115, taking notice of the Commission's orders of June 22, 2018, and September 4, 2018, (Sub 1115 Orders) in that docket. The Public Staff indicated support for the availability of an AMI opt-out policy, and stated that it was appropriate for DEP to recover the incremental costs of implementing such a policy through a one-time enrollment fee and an ongoing monthly fee.

The Public Staff also stated that its generally agreed that DEP's proposed initial setup fee, monthly fees, and early termination charge were cost-based, accurately calculated, and consistent with the cost inputs used in DEP's last general rate case (Docket No. E-2, Sub 1142). The Public Staff further stated that DEP's assumptions regarding the opt-out participation rate were consistent with the assumptions used by DEC in Sub 1115. The Public Staff recommended that consistent with the Sub 1115 Orders, the Commission require DEP to file an analysis to determine the ongoing appropriateness of the fees and charges by December 31, 2022, or in the next general rate case, whichever occurs first; participants be allowed to pay the initial setup fee over a six-month period; and DEP be required to update the Company's website and other customer information related to AMI meters to include information on the provisions of MRM option of Rider MROP that relate to manually read metering and non-communicating AMI meters.

The Public Staff noted that the proposed MRM option of Rider MROP limited the availability to residential customers served under Schedule RES, non-residential customers served under Schedule SGS, customers with demand meters, and net metered customers. The Public Staff also noted that the Commission rejected similar conditions on availability in Sub 1115. The Public Staff noted that DEP intends to use a non-communicating meter to provide service to customers who do not want service through an AMI meter, but the lack of communications capabilities should not inhibit the

meter's ability to continue to register demand, on- or off-peak periods, or other features for manual meter reading and billing purposes. Therefore, the Public Staff recommended that DEP revise the MRM option of Rider MROP to allow participation by residential customers served under any residential rate schedule, and non-residential customers served under Schedule SGS consistent with the Sub 1115 Orders.

The Public Staff further stated that it did not object to DEP's request to close the TotalMeter Program in Rider MROP to new participants. However, the Public Staff indicated that if the deployment of AMI would provide the same level of service at no charge, then DEP should proactively transfer any customers enrolled in the TotalMeter Program to AMI, cease charging the customer for the TotalMeter Program, and close this option of Rider MROP as soon as AMI metering was available and the technical requirements of the AMI deployment allow the transfer to be accomplished as soon as possible.

The Public Staff also summarized the 74 letters filed by customers in the docket as of January 10, 2019. The Public Staff stated that 84% were related to concerns over the exposure to radio frequency and its impact on their health. The remaining letters were associated with various concerns such as (1) not wanting an AMI meter; (2) privacy; (3) the requirement for a doctor's and notary's signatures; and (4) lack of choice for an alternative meter such as an analog meter. The Public Staff concluded by stating that it believed Sub 1115 appropriately addressed many of these concerns, and recommended that the Commission approve DEP's proposal in a manner that was consistent with Sub 1115.

After careful consideration, the Commission finds good cause to approve DEP's modifications to Rider MROP as recommended by the Public Staff. Many of the same issues in this proceeding were previously addressed by the Commission in the Sub 1115 Orders, the rationale for which should also be applicable to DEP's modified Rider MROP. The Commission further finds that DEP's proposed MRM option to Rider MROP generally complies with the terms and conditions approved for DEC in the Sub 1115 Orders, including the application of the one-time and monthly fees, allowing participants to pay the one-time over a six-month period, and updating information on the Company's website to include information about the MRM option of Rider MROP.

The Commission further concludes that the fees associated with the MRM option of Rider MROP should be revisited within the next three years or upon the filing of a general rate case, whichever happens first. Additionally, the Commission will require DEP to modify its Rider MROP to expand the availability to all residential customers as recommended by the Public Staff and consistent with the Sub 1115 Orders.



Regarding the TotalMeter Program of Rider MROP, the Commission finds that the proposed modifications are reasonable. However, the Commission agrees with the Public Staff that DEP should proactively transfer any customers enrolled in the TotalMeter Program to an AMI meter and cease charging the customer for the TotalMeter Program, and close this option of Rider MROP as soon as AMI metering becomes available to all customers currently on Rider MROP.

IT IS, THEREFORE, ORDERED as follows:

1. That DEP shall re-file its proposed Rider MROP consistent with this Order on or before February 1, 2019, along with a proposed plan and schedule for implementing the modifications to Rider MROP, including any forms DEP proposes to use to enroll customers in the MRM option of Rider MROP;
2. That DEP shall update the smart meter portion of its website to include information about the MRM option of Rider MROP;
3. That DEP include in its annual Smart Grid Technology Plan filing details of smart meter malfunctions or problems and the number of customers enrolled in each option of Rider MROP;
4. That DEP shall file an analysis of the MRM option of Rider MROP charges on or before December 31, 2022, or in its next general rate case, whichever occurs first.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of January, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-925, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Deerfield Shores Utility Company, )  
Inc., 224 Brandywine Blvd., Morehead City, )  
North Carolina 28557, for Transfer of the Sewer )  
Utility System Serving Deerfield Shores )  
Subdivision in Carteret County, North Carolina, )  
to the Town of Beaufort, Owner Exempt )

ORDER APPROVING  
TRANSFER TO OWNER  
EXEMPT AND REQUIRING  
CUSTOMER NOTICE

BY THE COMMISSION: On May 7, 2018, Deerfield Shores Utility Company, Inc. (Deerfield), and the Town of Beaufort (Town or Beaufort) filed an application with the Commission seeking authority to transfer Deerfield’s sewer utility service to Beaufort, which is exempt from Commission regulation. Deerfield currently provides sewer utility service to approximately 29 residential customers and a clubhouse in Deerfield Shores Subdivision in Carteret County, North Carolina.

Deerfield’s and Beaufort’s approved monthly sewer rates are as follows:

	<u>Deerfield Rates</u>	<u>Beaufort Rates</u>
Residential Flat Rate	\$ 52.26	NA
Clubhouse Flat Rate	\$365.85	NA
<b>Metered Rate</b>		
Monthly Fixed Charge		
3/4" water meter	NA	\$ 42.34
1" water meter	NA	\$ 70.01
1 1/2" water meter	NA	\$140.99
Variable Charge (per 1,000 gallons)	NA	\$ 33.60

Beaufort will read existing customer county water meters for billings and charge the customers twice the standard Town rates for sewer use. The Town Board will have the right to modify or adjust rates in the future. Customers without county water will be billed based on the highest water user among the customers.

The monthly residential sewer bill will increase from \$52.26 to \$143.14, based on 3,000 gallons usage per month.

The Deerfield wastewater treatment plant is at the end of its life cycle and appropriate means are needed to continue to treat the affected customer's wastewater. The North Carolina Department of Health and Human Services has issued several violation notices, and has been in contact with the Public Staff on a number of occasions seeking help in correcting deficiencies, and move forward with the interconnection and transfer to Beaufort.

Deerfield entered into a contract with the Town, dated June 9, 2014, in which Beaufort agreed to accept ownership and operational control of the Deerfield collection and conveyance system (which expressly excludes the Deerfield treatment facility) and to allow Deerfield to connect the customers to the Town system. As part of the agreement, Deerfield agreed to reroute a force main and construct a new lift station to transport the sewage to the Town. Deerfield's initial contract to complete this work was for \$230,880, and was paid by Deerfield. Deerfield will also pay to the Town a \$4,000 impact fee per customer, totaling \$120,000 for the existing thirty customers.

Customers will be required to comply with all Town rules and ordinances with respect to introduction of wastewater into the municipal system. The connection will be subject to the provisions of the "Policy for the Provision of Sanitary Sewer Service Beyond the Corporate Limits of the Town of Beaufort", adopted in 1999, as amended.

If the Town determines that individual equipment on a customer's lot has failed or is in need of replacement, the customer will be obligated to purchase replacement equipment from the Town at price equal to the Town's cost, and the Town will install such replacement equipment at no additional cost.

On June 25, 2018, the Commission issued its Order Requiring Customer Notice, specifying that the matter may be determined without public hearing if no significant protests are received subsequent to customer notice. The required Certificate of Service was filed with the Commission on July 13, 2018.

Deerfield executed a \$10,000 bond filed with the Commission, but Branch Bank and Trust did not renew the standby letter of credit surety. Deerfield has not filed a replacement security.

The Public Staff presented this matter at the Commission's Regular Staff Conference on January 22, 2019. The Public Staff stated it had received three letters from customers. The Public Staff was able to contact all three of the customers to discuss their concerns, and the customers are not requesting a hearing. The Public Staff stated it believes the transfer is in the best interest of the using and consuming public, and recommended that the Commission approve the transfer of the sewer system from Deerfield to Beaufort. The Public Staff also recommended the \$10,000 surety bond posted with the Commission be released, the franchise granted to Deerfield Shores Utility Company, Inc., in Docket No. W-925, Sub 0, be cancelled, and customers be notified.

Based on the foregoing, the Commission is of the opinion that the transfer should be approved and that notice should be required. Further, the Commission finds and concludes that Deerfield should provide written notification to the Commission within five days after the closing of the transfer of the sewer system has been completed. The Commission finds and concludes that upon receipt of such written notification, that the franchise granted to Deerfield should be considered canceled and that the \$10,000 surety bond posted with the Commission should be released to Deerfield.

IT IS, THEREFORE, ORDERED as follows:

1. That Deerfield Shores Utility Company, Inc., is hereby authorized to transfer its sewer utility system serving Deerfield Shores Subdivision in Carteret County, North Carolina, to the Town of Beaufort, an owner exempt from Commission regulation.
2. That Deerfield Shores Utility Company, Inc. shall provide notification to the Commission within five days after the closing of the transfer of the sewer system has been completed.
3. That the franchise granted to Deerfield Shores Utility Company, Inc., in Docket No. W-925, Sub 0, shall be canceled effective on the date which Deerfield files with the Commission written notification that the closing of the transfer of the sewer system has been completed.
4. That the \$10,000 bond held by the Commission shall be released to Deerfield Shores Utility Company, Inc., upon receipt of written notification to the Commission that closing of the transfer of the sewer system has been completed.
5. That the Notice to Customers attached as Appendix A shall be mailed with sufficient postage or hand delivered by Deerfield to all its customers no later than 15 days after the date of this Order; and that Deerfield shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than 30 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION**

**NOTICE TO CUSTOMERS  
DOCKET NO. W-925, SUB 4  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that the North Carolina Utilities Commission has approved the transfer of the sewer utility system serving Deerfield Shores Subdivision in Carteret County, North Carolina to the Town of Beaufort, North Carolina.

Deerfield’s and Beaufort’s present monthly sewer rates are as follows:

	<u>Deerfield Present Rates</u>	<u>Beaufort Present Rates</u>
Residential Flat Rate	\$ 52.26	NA
Clubhouse Flat Rate	\$365.85	NA
Metered Rate		
Monthly Fixed Charge		
3/4" water meter	NA	\$ 42.34
1" water meter	NA	\$ 70.01
1 1/2" water meter	NA	\$140.99
Variable Charge (per 1,000 gallons)	NA	\$ 33.60

The average monthly residential sewer bill for Deerfield’s customers would increase from \$52.26 to \$143.14, based on 3,000 gallons usage per month.

Beaufort will read existing customer county water meters for billings. The Town Board will have the right to modify or adjust rates in the future. Customers without county water will be billed based on the highest water user among the customers.

Customers will be required to comply with all Town of Beaufort rules and ordinances with respect to introduction of wastewater into the municipal system. The connections will be subject to the provisions of the “Policy for the Provision of Sanitary Sewer Service Beyond the Corporate Limits of the Town of Beaufort”, adopted in 1999, as amended.

EXHIBIT NO. P-2  
PAGE 6 OF 7

APPENDIX A  
PAGE 2 OF 2

If the Town determines that individual equipment on a customer's lot has failed or is in need of replacement, the customer will be obligated to purchase replacement equipment from the Town of Beaufort at price equal to the Town's cost, and the Town would install such replacement equipment at no additional cost.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

CERTIFICATE OF SERVICE

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by Order of the North Carolina Utilities Commission in Docket No. W-925, Sub 4, and said Notice to Customers was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_ 2019.

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 customer notice was mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket No. W-925, Sub 4.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Address

(SEAL) My Commission Expires: \_\_\_\_\_  
Date



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1160, SUB 37

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Notification by KDHWTP, LLC, Post Office )	
Box 3629, Kill Devil Hills, North Carolina 27948, )	
of Intention to Begin Operations in an Area )	ORDER RECOGNIZING
Contiguous to a Present Service Area to )	CONTIGUOUS EXTENSION
Provide Sewer Utility Service at 1219 South )	
Croatan Highway, Kill Devil Hills, Dare County, )	
North Carolina )	

BY THE COMMISSION: On July 31, 2018, KDHWTP, LLC (KDH), filed a notification of intention to begin operations in an area contiguous to a present service area. KDH desires to expand sewer utility service at 1219 South Croatan Highway in Kill Devil Hills, Dare County, North Carolina. The service area covered is the area shown on the plans attached as Exhibit B to the notification form filed in this docket.

The Public Staff presented this matter at the Commission’s Staff Conference on January 22, 2019.

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

**FINDINGS OF FACT**

1. KDH presently holds a sewer franchise serving approximately 63 customers in Dare County, North Carolina, and its record of service is satisfactory.

2. KDH has an unusual certificate of public convenience and necessity because the service area was defined as customers being served rather than a geographical area.<sup>1</sup> 1219 South Croatan Highway is located close to the existing customers and along an existing KDH main. KDH states that there are no other sewer service providers, either public utility or municipal, in the location that KDH proposes to serve. In the unusual circumstance of a service area defined by customers rather than

---

<sup>1</sup> See Docket No. W-1160, Sub 0.

geography, and especially given the unusual history of this franchise, and without creating a precedent for other cases, the Commission will treat the matter as a contiguous extension.

3. Under Permit No. WQ0002829, dated July 14, 2017, the North Carolina Department of Environmental Quality, Division of Water Resources (DWR) approved modifying the disposal capacity from 500,000 gallons per day (gpd) to 660,000 gpd.

4. KDH has entered an agreement with Jennifer McCoy d/b/a Bob's Grill to sell capacity from its wastewater treatment plant at its Commission approved capacity fee of \$12.98 per gpd. Under the agreement, Bob's Grill is allocated 4,800 gpd of capacity for a total purchase price of \$62,304. Pursuant to the agreement, Bob's Grill will install any required wastewater pump station as well as necessary piping and equipment to connect to the existing KDH collection system. Upon completion, and upon request of KDH, the pump station and pipes will be conveyed to KDH at no cost. The pump station will require a DWR Water Quality Permit prior to connecting to KDH system.

5. KDH should be required to obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system along with a DWR Permit for the pump station issued in the name of KDH prior to accepting 1219 South Croatan Highway onto the KDH system. In addition, KDH should file with the Commission copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

6. KDH has requested waiver of filing the five-year projected income and cash flow statements as only one customer is being added using only 4,800 gpd of capacity, which will not have a significant impact on KDH's revenues and expenses. The Public Staff supported this request, and the Commission finds the request reasonable under the circumstances.

7. KDH has the technical, managerial, and financial capacity to provide sewer utility service for the proposed service connection.

8. KDH posted a \$150,000 bond in Docket No. W-1160, Sub 33, which was designated to cover all extensions of service up to the 500,000 gallons per day of wastewater treatment capacity. Therefore, no additional bond should be required for this application.

## CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that the bond previously posted in Docket No. W-1160, Sub 33, should be accepted as covering the notification in this docket; that prior to accepting 1219 South Croatan Highway onto the KDH system, KDH shall obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system and a DWR Permit issued in the name of KDH; that KDH should file written notification with the Commission, including copies of the pump station bill of sale, the recorded deed or easement, and the DWR Permit, within 20 days after such requirements have been met; and that the notification to provide sewer service at 1219 South Croatan Highway, Kill Devil Hills, Dare County, North Carolina should be recognized.

IT IS, THEREFORE, ORDERED as follows:

1. That the \$150,000 bond and surety filed in Docket No. W-1160, Sub 33, is intended to cover the service expansion in this notification and is hereby accepted and approved.
2. That the contiguous extension of sewer utility service from KDH's existing service area to 1219 South Croatan Highway in Kill Devil Hills, Dare County, North Carolina, is hereby recognized.
3. That Appendix A constitutes the Certificate of Public Convenience and Necessity.
4. That the Schedule of Rates previously approved for KDH (see Docket Nos. W-1160, Sub 24 and M-100, Sub 138 Order Approving Tariff Revision and Requiring Customer Notice dated December 7, 2016) are recognized as being applicable for service to a commercial customer. These are the same rates approved by the Commission for KDH's other franchised areas.
5. That prior to accepting the customer, KDH shall obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system and a DWR Permit issued in the name of KDH. Further, KDH shall file a written notification with the Commission, including copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1160, SUB 37

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

KDHWTP, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide sewer utility service

for

1219 SOUTH CROATAN HIGHWAY, KILL DEVIL HILLS

Dare 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 \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1160, SUB 38

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Notification by KDHWTP, LLC, Post Office )	
Box 3629, Kill Devil Hills, North Carolina )	
27948, of Intention to Begin Operations in an )	
Area Contiguous to a Present Service Area to )	ORDER RECOGNIZING
Provide Sewer Utility Service at 101 East )	CONTIGUOUS EXTENSION
Atlantic Street and 1313 South Croatan )	
Highway, Kill Devil Hills, Dare County, North )	
Carolina )	

BY THE COMMISSION: On July 30, 2018, KDHWTP, LLC (KDH), filed a notification of intention to begin operations in an area contiguous to a present service area. KDH desires to expand sewer utility service at 101 East Atlantic Street and 1313 South Croatan Highway in Kill Devil Hills, Dare County, North Carolina. The service area covered is the area shown on the plans attached as Exhibit B to the notification form filed in this docket.

The Public Staff presented this matter at the Commission’s Staff Conference on January 22, 2019.

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

**FINDINGS OF FACT**

1. KDH presently holds a sewer franchise serving approximately 63 customers in Dare County, North Carolina, and its record of service is satisfactory.

2. KDH has an unusual certificate of public convenience and necessity because the service area was defined as customers being served rather than a geographical area.<sup>1</sup> 101 East Atlantic Street and 1313 South Croatan Highway are located close to the existing customers and along an existing KDH main. KDH states that

---

<sup>1</sup> See Docket No. W-1160, Sub 0.

there are no other sewer service providers, either public utility or municipal, in the location that KDH proposes to serve. In the unusual circumstance of a service area defined by customers rather than geography, and especially given the unusual history of this franchise, and without creating a precedent for other cases, the Commission will treat the matter as a contiguous extension.

3. Under Permit No. WQ0002829, dated July 14, 2017, the North Carolina Department of Environmental Quality, Division of Water Resources (DWR) approved modifying the disposal capacity from 500,000 gallons per day (gpd) to 660,000 gpd.

4. KDH has entered an agreement with Golasa Holdings, LLC to sell capacity from its wastewater treatment plant at its Commission approved capacity fee of \$12.98 per gpd. Under the agreement, Golasa Holdings is allocated 4,000 gpd of capacity for a total purchase price of \$51,920. Pursuant to the agreement, Golasa Holdings will install any required wastewater pump station as well as necessary piping and equipment to connect to the existing KDH collection system. Upon completion, and upon request of KDH, the pump station and pipes will be conveyed to KDH at no cost. The pump station will require a DWR Water Quality Permit prior to connecting to KDH system.

5. KDH should be required to obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system along with a DWR Permit for the pump station issued in the name of KDH prior to accepting 101 East Atlantic and 1313 South Croatan Highway onto the KDH system. In addition, KDH should file with the Commission copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

6. KDH has requested waiver of filing the five-year projected income and cash flow statements as only two customers are being added using only 4,000 gpd of capacity, which will not have a significant impact on KDH's revenues and expenses. The Public Staff supported this request, and the Commission finds the request reasonable under the circumstances.

7. KDH has the technical, managerial, and financial capacity to provide sewer utility service for the proposed service connection.

8. KDH posted a \$150,000 bond and surety in Docket No. W-1160, Sub 33, which was designated to cover all extensions of service up to the 500,000 gallons per day of wastewater treatment capacity. Therefore, no additional bond should be required for this application.

## CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that the bond previously posted in Docket No. W-1160, Sub 33, should be accepted as covering the notification in this docket; that prior to accepting 101 East Atlantic Street and 1313 South Croatan Highway onto the KDH system, KDH shall obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system and a DWR Permit issued in the name of KDH; that KDH should file written notification with the Commission, including copies of the pump station bill of sale, the recorded deed or easement, and the DWR Permit, within 20 days after such requirements have been met; and that the notification to provide sewer service at 101 East Atlantic Street and 1313 South Croatan Highway, Kill Devil Hills, Dare County, North Carolina should be recognized.

IT IS, THEREFORE, ORDERED as follows:

1. That the \$150,000 bond and surety filed in Docket No. W-1160, Sub 33, is intended to cover the service expansion in this notification and is hereby accepted and approved.
2. That the contiguous extension of sewer utility service from KDH's existing service area to 101 East Atlantic Street and 1313 South Croatan Highway in Kill Devil Hills, Dare County, North Carolina, is hereby recognized.
3. That Appendix A constitutes the Certificate of Public Convenience and Necessity.
4. That the Schedule of Rates previously approved for KDH (see Docket Nos. W-1160, Sub 24 and M-100, Sub 138 Order Approving Tariff Revision and Requiring Customer Notice dated December 7, 2016) are recognized as being applicable for service to a commercial customer. These are the same rates approved by the Commission for KDH's other franchised areas.
5. That prior to accepting the customer, KDH shall obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system and a DWR Permit issued in the name of KDH. Further, KDH shall file a written notification with the Commission, including copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.



ISSUED BY ORDER OF THE COMMISSION.

This the \_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1160, SUB 38

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

KDHWTP, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide sewer utility service

for

101 EAST ATLANTIC STREET

1313 SOUTH CROATAN HIGHWAY, KILL DEVIL HILLS

Dare 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 \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1160, SUB 39

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Notification by KDHWTP, LLC, Post Office )	
Box 3629, Kill Devil Hills, North Carolina 27948, )	
of Intention to Begin Operations in an Area )	ORDER RECOGNIZING
Contiguous to a Present Service Area to )	CONTIGUOUS EXTENSION
Provide Sewer Utility Service at 1225 South )	
Croatan Highway, Kill Devil Hills, Dare County, )	
North Carolina )	

BY THE COMMISSION: On July 30, 2018, KDHWTP, LLC (KDH), filed a notification of intention to begin operations in an area contiguous to a present service area. KDH desires to expand sewer utility service at 1225 South Croatan Highway in Kill Devil Hills, Dare County, North Carolina. The service area covered is the area shown on the plans attached as Exhibit B to the notification form filed in this docket.

The Public Staff presented this matter at the Commission’s Staff Conference on January 22, 2019.

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

**FINDINGS OF FACT**

1. KDH presently holds a sewer franchise serving approximately 63 customers in Dare County, North Carolina, and its record of service is satisfactory.

2. KDH has an unusual certificate of public convenience and necessity because the service area was defined as customers being served rather than a geographical area.<sup>1</sup> 1225 South Croatan Highway is located close to the existing customers and along an existing KDH main. KDH states that there are no other sewer service providers, either public utility or municipal, in the location that KDH proposes to serve. In the unusual circumstance of a service area defined by customers rather than

---

<sup>1</sup> See Docket No. W-1160, Sub 0.

geography, and especially given the unusual history of this franchise, and without creating a precedent for other cases, the Commission will treat the matter as a contiguous extension.

3. Under Permit No. WQ0002829, dated July 14, 2017, the North Carolina Department of Environmental Quality, Division of Water Resources (DWR) approved modifying the disposal capacity from 500,000 gallons per day (gpd) to 660,000 gpd.

4. KDH has entered an agreement with Sunnyside Up Marketing, Inc. (Sunnyside), to sell capacity from its wastewater treatment plant at its Commission approved capacity fee of \$12.98 per gpd. Under the agreement, Sunnyside is allocated 4,000 gpd of capacity for a total purchase price of \$51,920. Pursuant to the agreement, Sunnyside will install any required wastewater pump station as well as necessary piping and equipment to connect to the existing KDH collection system. Upon completion, and upon request of KDH, the pump station and pipes will be conveyed to KDH at no cost. The pump station will require a DWR Water Quality Permit prior to connecting to KDH system.

5. KDH should be required to obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system along with a DWR Permit for the pump station issued in the name of KDH prior to accepting 1225 South Croatan Highway onto the KDH system. In addition, KDH should file with the Commission copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

6. KDH has requested waiver of filing the five-year projected income and cash flow statements as only one customer is being added using only 4,000 gpd of capacity, which will not have a significant impact on KDH's revenues and expenses. The Public Staff supported this request, and the Commission finds the request reasonable under the circumstances.

7. KDH has the technical, managerial, and financial capacity to provide sewer utility service for the proposed service connection.

8. KDH posted a \$150,000 bond and surety in Docket No. W-1160, Sub 33, which was designated to cover all extensions of service up to the 500,000 gallons per day of wastewater treatment capacity. Therefore, no additional bond should be required for this application.

## CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that the bond previously posted in Docket No. W-1160, Sub 33, should be accepted as covering the notification in this docket; that prior to accepting 1225 South Croatan Highway onto the KDH system, KDH shall obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system and a DWR Permit issued in the name of KDH; that KDH should file written notification with the Commission, including copies of the pump station bill of sale, the recorded deed or easement, and the DWR Permit, within 20 days after such requirements have been met; and that the notification to provide sewer service at 1225 South Croatan Highway, Kill Devil Hills, Dare County, North Carolina should be recognized.

IT IS, THEREFORE, ORDERED as follows:

1. That the \$150,000 bond and surety filed in Docket No. W-1160, Sub 33, is intended to cover the service expansion in this notification and is hereby accepted and approved.
2. That the contiguous extension of sewer utility service from KDH's existing service area to 1225 South Croatan Highway in Kill Devil Hills, Dare County, North Carolina, is hereby recognized.
3. That Appendix A constitutes the Certificate of Public Convenience and Necessity.
4. That the Schedule of Rates previously approved for KDH (see Docket Nos. W-1160, Sub 24 and M-100, Sub 138 Order Approving Tariff Revision and Requiring Customer Notice dated December 7, 2016) are recognized as being applicable for service to a commercial customer. These are the same rates approved by the Commission for KDH's other franchised areas.
5. That prior to accepting the customer, KDH shall obtain ownership and operational responsibility for the pump station and line from the pump station to the KDH collection system and a DWR Permit issued in the name of KDH. Further, KDH shall file a written notification with the Commission, including copies of the pump station bill of sale, the recorded deed or easement, and the DWR permit, within 20 days after these requirements have been met.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1160, SUB 39

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

KDHWTP, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide sewer utility service

for

1225 SOUTH CROATAN HIGHWAY, KILL DEVIL HILLS

Dare 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 \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk