

**NORTH CAROLINA UTILITIES COMMISSION**  
**MINUTES OF REGULAR COMMISSION STAFF CONFERENCE**

**June 22, 2020**

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, June 22, 2020, at 10:00 a.m., with Chair Mitchell, presiding. The remote meeting was conducted by use of simultaneous communication (via WebEx) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present during the entirety of the remote meeting:

**COMMISSIONERS**

Commissioner Brown-Bland  
Commissioner Gray  
Commissioner Clodfelter  
Commissioner Duffley  
Commissioner Hughes  
Commissioner McKissick

**COMMISSION STAFF:** Ms. Lowell, Ms. Lazo, Ms. Henderson, Mr. Watson, Mr. Buffkin, Ms. Jarvis, Mr. Mertz, Ms. Fennell, Ms. Cooper, Ms. Condie, Ms. Swenson, Ms. Barnes, Ms. Jones, Mr. Hardy, Ms. Kite, Ms. Paschal, Ms. Hilburn, Ms. Eastwood, Mr. Barber, Mr. Jackson, Ms. Jayasheela, Ms. Burns, Mr. Wood

**PUBLIC STAFF:** Mr. Ayers, Mr. Drooz, Ms. Downey, Ms. Holt, Mr. Grantmyre, Ms. Cummings, Ms. Edmondson, Mr. Dodge, Mr. Creech, Ms. Luhr, Ms. Perry, Mr. Furr, Ms. Casselberry, Ms. Proffitt, Mr. Franklin

**ATTORNEY GENERAL:**

**COURT REPORTER:** Ms. Mitchell

**E. WATER****P1. DOCKET NO. W-1160, SUBS 47, 48, 49, and 51 – KDHHWTP, LLC – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA**

On September 23, 2019, KDHHWTP, LLC (KDH), filed a notification of intention to begin operations in areas contiguous to its present service area in Docket No. W-1160, Sub 51. The present application is intended to consolidate KDH's previously filed notifications for contiguous extensions in Docket No. W-1160, Subs 47, 48, and 49. KDH desires to expand sewer utility service at 1207, 1209, and 1213 South Virginia Dare Trail, Kill Devil Hills, Dare County, North Carolina. The service areas covered are the areas shown on the plans attached as Exhibit B to the notification forms 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, public either utility or municipal, in the location, which KDH proposes to serve.

KDH has entered into three agreements with SAGA Construction (SAGA) each executed April 2, 2019, (collectively, the Developer Agreements) to sell capacity from its wastewater treatment plant at its Commission approved capacity fee of \$12.98 per gallons per day (gpd). The Developer Agreements allocate the capacity as follows: 3,960 gpd of capacity for a purchase price of \$51,401 for 1213 S. Virginia Dare Trail; 3,240 gpd of capacity for a purchase price of \$42,055 for 1207 S. Virginia Dare Trail; and 3,240 gpd of capacity for a purchase price of \$42,055 for 1209 S. Virginia Dare Trail. Pursuant to the Developer Agreements, SAGA will install any required wastewater pump stations as well as necessary piping and equipment to connect to the existing KDH collection system. Upon completion and upon request of KDH, the pump stations and pipes will be conveyed to KDH at no cost. The pump stations will require a North Carolina Department of Environmental Quality, Division of Water Resources (DWR) permit prior to connecting to the KDH system.

The Commission by Order dated October 5, 2018, in Docket No. W-100, Sub 57, required in Ordering Paragraph No. 2, that "all certificated water and wastewater companies shall collect the income tax on CIAC [Contributions in Aid of Construction] from contributors of plant for new contributions contracted for on or after the date of this Order using the full gross-up method on an interim basis until the Commission makes a final decision after comments are received on this matter." On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order Addressing Federal Income Taxes on Contributions in Aid of Construction, which required in Ordering Paragraph No. 2 that "all certificated water and wastewater utilities shall collect from contributors the income tax on CIAC for new contributions contracted for on or after October 5, 2018 using the full gross up method."

Each of the three Developer Agreements were executed after October 5, 2018. All of these three Developer Agreements require the Developer to pay to KDH the full gross up on the CIAC. On June 12, 2020, KDH filed with the Commission three First Amendment to Purchase Agreements between Saga Construction and KDH, each executed on June 9, 2020, for 1207, 1209, and 1213 S. Virginia Dare Trail. Each of these amended purchase agreements provided for the payment of the full gross up.

The Public Staff recommends that the Commission require KDH to obtain ownership and operational responsibility for the pump stations and lines from the pump stations to the KDH collection system along with DWR permits for the pump stations issued in the name of KDH prior to accepting 1207, 1209, and 1213 S. Virginia Dare Trail onto the KDH system. In addition, KDH should file with the Commission copies of the pump station bills of sale, the recorded deeds or easements, and the DWR permits, 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 DWR approved modifying the KDH disposal capacity from 500,000 gpd to 660,000 gpd.

The Public Staff recommends that the Commission require posting of bond in the amount of \$25,000. KDH on March 4, 2020, filed a \$50,000 bond and irrevocable letter of credit surety from First National Bank of Pennsylvania for Docket No. W-1160, Subs 50 and 51, which brings the total KDH posted bond amount to \$250,000.

KDH has requested waiver of filing the five-year projected income and cash flow statements as only three customers are being added using 10,440 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.

The Public Staff recommended that the Commission issue the proposed order recognizing the contiguous extension.

It was moved and passed that the Public Staff's recommendation be adopted.

**P2. DOCKET NO. W-1305, SUB 2 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On December 20, 2016, Pluris Hampstead, LLC (Pluris Hampstead), filed an application with the Commission seeking a certificate of public convenience and necessity to provide sewer utility service in Coastal Plantation Subdivision in Pender County, North Carolina, and approval of rates. On February 7, 2017, Pluris Hampstead filed the wastewater collection system extension permit from the North Carolina Department of Environmental Quality, Division of Water Resources (DWR). On October 11, 2017, information in response to Public Staff questions was filed in the docket. On January 30, 2020, Pluris Hampstead filed a Deed of Easement and Transfer Agreement. On June 16, 2020, Pluris Hampstead filed a complete map of the service area, which consists of 103 lots.

Pluris Hampstead is billing its current rates approved for its other service areas in Docket No. W-1305, Sub 0.

DWR has issued permit number WQ0038968, dated February 1, 2017, to Pluris Hampstead. The permit is for the construction and operation of approximately 55 linear feet of 8-inch gravity sewer, an 85 gallon per minute (gpm) pump station, as well as approximately 1,630 linear feet of 4-inch force main to serve the existing development and eliminate use of the community's failing on-site community septic system. The permit also includes the continued operation of approximately 5,717 linear feet of 8-inch gravity sewer and an existing 30 gpm pump station as well as approximately 300 linear feet of 4-inch force main to serve 37 of the two-bedroom residences with a total potential discharge of 12,480 gallons per day (gpd) of collected domestic wastewater into Pluris Hampstead's existing sewerage system.

Pluris Hampstead has entered into an Agreement for Sanitary Sewer Service with Jensen's, Inc. (Developer), dated September 9, 2016, in which Pluris Hampstead constructed/re-constructed two lift stations at the existing Coastal Planation development and an interconnect pipeline from the lift stations to Pluris Hampstead's existing force main. Developer transferred to Pluris Hampstead the existing *wastewater* collection system, and will also construct and install the collection system for one or more future phases of the development at no charge to Pluris Hampstead. Developer paid Pluris Hampstead a non-refundable capacity reservation fee in the amount of \$110,931 for 12,480 gpd of capacity to serve the existing units. Developer also paid a reuse water return fee to Blake Farms in the amount of \$700 per connection.

Pluris Hampstead holds wastewater franchises serving approximately 582 customers in North Carolina. Its record of service is satisfactory.

Pluris Hampstead has filed all exhibits required with the application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service in Coastal Plantation Subdivision and recommends that the certificate of public convenience and necessity be issued.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$160,000 of bond surety is assigned to specific subdivisions, and \$340,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchise, and approving Pluris Hampstead's proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

**P3. DOCKET NO. W-1305, SUB 11 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On September 5, 2018, Pluris Hampstead, LLC (Pluris Hampstead), filed an application with the Commission seeking a certificate of public convenience and necessity to provide sewer utility service at 14535 US Hwy 17 South, (Hardee's), Hampstead, in Pender County, North Carolina, and for approval of rates. The service area is shown on plans filed with the application. On June 16, 2020, Pluris Hampstead filed its Certification of Completion and its permit issued by the North Carolina Department of Environmental Quality, Division of Water Resources (DWR).

Pluris Hampstead is billing the customer its current commercial rate approved for its other service areas in Docket No. W-1305, Sub 0.

DWR has issued Permit No. WQ0040226, dated September 27, 2018, to Boddie-Noell Enterprises Inc. (Owner), for the construction and operation of a 16 gallon per minute (gpm) lift station and wastewater collection extension to serve an existing 30-seat restaurant as part of the Hampstead Hardee's Private Pump Station project.

Owner satisfied Pluris Hampstead's requirements for sewer service and was provided a Certification of Completion by Pluris Hampstead on December 19, 2018. Owner paid the approved tap fee of \$3,200 per single-family equivalent (SFE) for two commercial taps, and the reused water fee of \$700 per SFE for two commercial taps. The lift station and force main on the property will be the responsibility of the Owner.

Pluris Hampstead holds wastewater franchises serving approximately 582 customers in North Carolina and its record of service is satisfactory.

Pluris Hampstead has filed all exhibits required with the application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service at 14535 US Hwy 17 South, (Hardee's), and recommends approval of the certificate of public convenience and necessity.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$160,000 of bond surety is assigned to specific subdivisions, and \$340,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchise, and approving Pluris Hampstead's proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

**P4. DOCKET NO. W-1305, SUB 13 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On February 5, 2020, Pluris Hampstead, LLC (Pluris Hampstead), filed an application with the Commission seeking a certificate of public convenience and necessity to provide sewer utility service in Sparrows Bend Mixed Residential Development in Pender County, North Carolina, and for approval of rates. On June 16, 2020, Pluris Hampstead filed Recorded Affidavit, dated July 3, 2018; Recorded Deed of Dedication, dated July 30, 2018; and Recorded Deed of Dedication, Phase 2, dated January 20, 2020. Pluris Hampstead expects to eventually serve 149 single-family residences and 228 multi-family units (Apartments). The service area is shown on plans filed with the application.

Pluris Hampstead bills approximately 60 single-family residential customers and 204 multi-family units its current rates approved for its other service areas in Docket No. W-1305, Sub 0.

The N.C. Department of Environmental Quality, Division of Water Resources has issued to Pluris Hampstead Permit No. WQ0039180, dated May 4, 2018, for the construction and operation of a 230 gallon per minute lift station and wastewater collection extension to serve 149 single family residences, 36 one-bedroom, 114 two-bedroom, and 78 three-bedroom apartment units, and two pool/clubhouse complexes in Sparrows Bend Mixed Residential Development.

Pluris Hampstead has entered into an Agreement for Sanitary Sewer Service, dated April 19, 2017, with DRC Hampstead, LLC (DRC), by which DRC will construct and install all of the sewer collection facilities at no charge to Pluris Hampstead to serve 149 single-family residences and pool/club house complex. On November 30, 2017, Pluris Hampstead entered into an Agreement with Sparrows Bend, LLC, (SB), and on June 16, 2020, Pluris Hampstead filed First Amendment to the Sanitary Sewer Agreement replacing the name Sparrows Bend, LLC with Sparrows Bend Developers, LLC (SBD) by which SBD will construct and install all of the sewer collection facilities at no charge to Pluris Hampstead to serve 36 one-bedroom, 114 two-bedroom, 78 three-bedroom

apartment units and a pool/clubhouse complex in Sparrows Bend Mixed Residential Development. DRC and SBD will pay the approved sewer connection fee of \$3,200 per three-bedroom single-family equivalent (SFE) and an additional \$1,067 for each additional bedroom beyond a SFE.

The Agreement with DRC states that the Developer shall pay the final installment (tap-fee) on or before December 31, 2019. The final installment, in the amount of \$201,600, was paid on August 9, 2019; and the gross-up tax, in the amount of \$59,787, was paid on April 24, 2020. Sparrows Bend Developers, LLC paid the final installment (tap-fee) on September 4, 2018, and no gross-up tax is required.

Pluris Hampstead holds wastewater franchises serving approximately 582 customers in North Carolina and its record of service is satisfactory.

Pluris Hampstead has filed all exhibits required with the application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service in Sparrows Bend Mixed Residential Development and recommends approval of the certificate of public convenience and necessity.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$160,000 of bond surety is assigned to specific subdivisions, and \$340,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchise, and approving Pluris Hampstead's proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

**P5. DOCKET NO. W-1305, SUB 17 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On February 4, 2020, Pluris Hampstead, LLC (Pluris Hampstead), filed an application with the Commission seeking a certificate of public convenience and necessity to provide sewer utility service at 14477 US Hwy 17 (Speedway) and 14579 US Hwy 17 (BP Station #1), Hampstead, in Pender County, North Carolina, and for approval of rates. The service areas are shown on plans filed with the application.

Pluris Hampstead is billing both customers its current commercial rate approved for its other service areas in Docket No. W-1305, Sub 0.

The North Carolina Department of Environmental Quality, Division of Water Resources (DWR) has issued Permit No. WQ0039835, dated March 21, 2018, to Speedway North Carolina LLC (Speedway NC), for the construction and operation of a 38 gallon per minute (gpm) lift station and wastewater collection extension to serve an existing 3,000 square foot convenience store with food service as part of the Speedway #8187 Private Pump Station Project. The DWR also issued Permit No. WQ0038831, dated December 7, 2016, to Holt Oil Company Inc. (HOC or Owner) for the construction and operation of a 34 gpm lift station and wastewater collection extension to serve an existing convenience store as part of the Hampstead C-store (BP Station # 1) Private Pump Station Project.

Speedway NC satisfied Pluris Hampstead's requirements for sewer service and was provided a Sewer Service Permit by Pluris Hampstead on November 7, 2017. Speedway NC paid the approved tap fee of \$3,200 per single-family equivalent (SFE) for two commercial taps, and the reuse water fee of \$700 per SFE for two commercial taps. The lift station and force main on the property will be the responsibility of the owner, Speedway NC.

HOC satisfied Pluris Hampstead's requirements for sewer service and was provided a Sewer Service Permit by Pluris Hampstead on September 29, 2016. HOC paid the approved tap fee of \$3,200 per SFE for two commercial taps, and the reuse water fee of \$700 per SFE for two commercial taps. The lift station and force main on the property will be the responsibility of the owner, HOC.

Pluris Hampstead holds wastewater franchises serving approximately 582 customers in North Carolina, and its record of service is satisfactory.

Pluris Hampstead has filed all exhibits required with the application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service at 14477 and 14579 US Hwy 17, Hampstead, and recommends approval of the certificate of public convenience and necessity.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$160,000 of bond surety is assigned to specific subdivisions, and \$340,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchise, and approving Pluris Hampstead's proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

**P6. DOCKET NO. W-1305, SUB 21 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On February 4, 2020, Pluris Hampstead, LLC (Pluris Hampstead), filed an application with the Commission seeking a certificate of public convenience and necessity to provide sewer utility service at 18737 US Hwy 17 (All Saints Catholic Church), Hampstead, in Pender County, North Carolina, and for approval of rates. The service area is shown on plans filed with the application.

Pluris Hampstead is billing the customer its current commercial rate approved for its other service areas in Docket No. W-1305, Sub 0.

The North Carolina Department of Environmental Quality, Division of Water Resources (DWR) has issued Permit No. WQ0040239, dated March 12, 2019, to the Diocese of Raleigh and Catholic Schools (Owner), for the construction and operation of a 31 gallon per minute lift station and wastewater collection extension to serve an existing 418-seat church as part of the All Saints Catholic Church Private Sewer and Pump Station project.

Owner satisfied Pluris Hampstead's requirements for sewer service and was provided a Sewer Service Permit by Pluris Hampstead on March 27, 2019. Owner paid the approved tap fee of \$3,200 per single-family equivalent (SFE) for three commercial taps and the reuse water fee of \$700 per SFE for three commercial taps. Owner also paid \$2,000 per SFE for three commercial taps as required under the Agreement for Reimbursement of Wastewater Force Main Infrastructure Extension filed in Docket W-1305, Sub 1. The lift station and force main on the property will be the responsibility of Owner.

Pluris Hampstead holds wastewater franchises serving approximately 582 customers in North Carolina, and its record of service is satisfactory.

Pluris Hampstead has filed all exhibits required with the application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service at 18737 US Hwy 17 (All Saints Catholic Church), and recommends approval of the certificate of public convenience and necessity.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$160,000 of bond surety is assigned to specific subdivisions, and \$340,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchise, and approving Pluris Hampstead's proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

**P7. DOCKET NO. W-1305, SUB 23 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On February 4, 2020, Pluris Hampstead, LLC (Pluris Hampstead), filed an application with the Commission seeking a certificate of public convenience and necessity to provide sewer utility service at 15075 US Hwy 17 (Circle K) and 14985 US Hwy 17 (McDonald's), Hampstead, in Pender County, North Carolina, and for approval of rates. The service areas are shown on plans filed with the application.

Pluris Hampstead is billing both customers its current commercial rate approved for its other service areas in Docket No. W-1305, Sub 0.

The North Carolina Department of Environmental Quality, Division of Water Resources (DWR) has issued Permit No. WQ0037870, dated July 6, 2015, to The Pantry Inc. (The Pantry), for the construction and operation of a 7 gallon per minute lift station and wastewater collection extension to serve a convenience store, with potential food service, as part of the Hampstead Kangaroo Express project. The DWR also issued Permit No. WQ0035062, dated September 11, 2017, to Cypress Coex LLC (Cypress Coex), for the construction and operation of a 30 gallon per minute lift station and wastewater collection extension to serve an existing 69-seat restaurant as part of the Cypress Station Commercial Center project.

The Pantry satisfied Pluris Hampstead's requirements for sewer service and was provided a Certification of Completion by Pluris Hampstead on May 4, 2016. The Pantry paid the approved tap fee of \$3,200 per single-family equivalent (SFE) for nine commercial taps, and the reuse water fee of \$700 per SFE for nine commercial taps. The lift station and force main on the property will be the responsibility of The Pantry.

Cypress Coex satisfied Pluris Hampstead's requirements for sewer service and was provided a Sewer Service Permit by Pluris Hampstead on February 6, 2018. Cypress Coex paid the approved tap fee of \$3,200 per single-family equivalent (SFE) for five commercial taps, and the reuse water fee of \$700 per SFE for five commercial taps. The lift station and force main on the property will be the responsibility of Cypress Coex.

Pluris Hampstead has filed all exhibits required with the application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service at 15075 and 14985 US Hwy 17, Hampstead, (Circle K and McDonald's, respectively), and recommends approval of the certificate of public convenience and necessity.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$160,000 of bond surety is assigned to specific subdivisions, and \$340,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchises, and approving Pluris Hampstead's proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

Minutes of the Regular Commission Staff Conference for June 15, 2020, were approved.

Minutes prepared by Portia Barnes.