



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

December 3, 2020

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

Re: Docket No. W-1136, Sub 3 - Application for Rate Increase

Dear Ms. Campbell:

Attached for filing is the Public Staff's Proposed Order in the above-referenced docket.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted  
s/ Reita D. Coxton  
Staff Attorney  
[reita.coxton@psncuc.nc.gov](mailto:reita.coxton@psncuc.nc.gov)

RDC/cla

Attachment

Executive Director  
(919) 733-2435

Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Economic Research  
(919) 733-2267

Energy  
(919) 733-2267

Legal  
(919) 733-6110

Transportation  
(919) 733-7766

Water/Telephone  
(919) 733-5610

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1136, SUB 3

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by JAARS, Inc., Post Office )	PROPOSED RECOMMENDED
Box 248, Waxhaw, North Carolina )	ORDER GRANTING RATE
28173-0248, for Authority to Increase Its )	INCREASE AND REQUIRING
Rates for Providing Water Utility Service )	CUSTOMER NOTICE
in all Its Service Areas in Union County, )	
North Carolina )	

BY THE COMMISSION: On June 23, 2020, JAARS, Inc. (JAARS or the Company), filed an application with the Commission seeking authority to increase its rates for providing water utility service in all of its service areas in Union County, North Carolina. In an order issued on July 20, 2020, the Commission declared the proceeding to be a general rate case and suspended the proposed new rates for up to 270 days. By order dated September 4, 2020, the Commission scheduled a remote customer hearing via Webex, at 6:30 p.m., on Wednesday, October 28, 2020, and an expert witness hearing beginning at 10:00 a.m., on Tuesday, November 10, 2020. The customer hearing was scheduled subject to cancellation if no significant protests were received by October 9, 2020. The Public Staff – North Carolina Utilities Commission (Public Staff) did not receive any protests and no customers registered to provide testimony at the public hearing.

On October 9, 2020, the Public Staff filed (1) the testimonies of Gina Y. Casselberry, Utilities Engineer, Public Staff Water Division, and June Chiu, Staff

Accountant, Public Staff Accounting Division, and (2) the affidavit of Calvin C. Craig, III, Financial Analyst, Public Staff Economic Research Division. Then, on October 13, 2020, the Company filed a Letter of Concurrence in which it consented to the rates recommended by the Public Staff.

On October 16, 2020, the Public Staff filed a motion to cancel the hearings. In its motion, the Public Staff stated that the Company had filed the requisite Certificate of Service, which attested that (1) all affected customers received notice of the rate increase and the hearings; (2) it did not receive any protests; (3) no customers registered to provide testimony at the remote public hearing by the deadline established in the customer notice; and (4) the Company submitted a Letter of Concurrence in which it consented to the rates recommended by the Public Staff. The motion also stated that the Public Staff contacted the Company and it has no objection to canceling either hearing. The motion requested cancellation of both hearings as well as admission of (1) the prefiled testimonies of Public Staff witnesses Gina Y. Casselberry and June Chiu and (2) the affidavit of Calvin C. Craig, III. By Order issued on October 23, 2020, the Commission admitted the aforementioned testimonies and affidavit, cancelled the hearings, and required customer notice.

Based upon the foregoing, the verified application, the testimonies and affidavit of the Public Staff, and the entire record in this matter, the Commission makes the following:

## FINDINGS OF FACT

1. JAARS, Inc. is a public utility as defined by N.C. Gen. Stat. § 62-3(23) and is before the Commission pursuant to its application for an increase in its rates and charges for water utility service under N.C.G.S. § 62-133.

2. The test year is the 12-month period ending December 31, 2019.

3. JAARS is a charitable, educational, nonprofit 501(c) corporation. JAARS provides water utility service to the JAARS Center and the Aerowood, Dogwood, and Radin Subdivisions. The JAARS Center consists of 572 acres of land and approximately 46 buildings.

4. The JAARS water system consists of 3 wells with a combined pumping capacity of approximately 127,400 gallons per day.

5. At the end of the test period, the JAARS water system served 60 residential flat rate customers and 8 commercial customers: 4 residential/apartments, one of Union County's sewer lift stations, Radin Apartments, Waxhaw Creek Apartments, and the JAARS Center, which includes the Lydia House, 10 apartment houses, and 31 facilities owned by JAARS.

6. The Applicant is providing adequate service to its customers.

7. The Applicant's present and proposed rates are as follows:

<u>Monthly Water Service:</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Flat Rate per Residential Equivalent Unit (REU)	\$20.00	\$27.75

8. The reasonable original cost rate base for use in this proceeding is \$34,872.

9. The level of operating revenue deductions requiring a return (total operating expenses, excluding gross receipts tax, regulatory fee, and income taxes) is \$53,914.

10. The operating ratio method, which allows a return on operating revenue deductions, is the proper method for determining the Applicant's revenue requirements.

11. The level of ongoing annual revenues for water utility service under the existing rates is \$43,529, updated to reflect current end-of-period customers and residential equivalent units.

12. The level of ongoing annual revenues for water utility service under the Applicant's proposed rates is \$60,396, updated to reflect current end-of-period customers and residential equivalent units.

13. The Public Staff and Applicant agree to the rates shown below:

Single Family Home	\$ 26.67 (1.0 REU)
Union County	\$ 26.67 (1.0 REU)
Residential customer/Apartments	\$ 40.00 (1.5 REUs)
Radin Apartments	\$ 44.54 (1.67 REUs)
Waxhaw Creek Apartments	\$ 392.05 (14.7 REUs)
JAARS, Inc.	\$2,613.66 (98.0 REUs)

14. The revenue produced by the rates recommended by the Public Staff and agreed to by the Applicant results in an operating ratio of 93.03% (including interest expense, regulatory fee, gross receipt tax, and income taxes)

and an operating ratio of 93.02% (excluding interest expense, regulatory fee, gross receipt tax, and income taxes).

15. The rates recommended by the Public Staff and agreed to by the Applicant are not in excess of a just and reasonable level and should be approved.

#### EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT 1-15

The evidence for these findings of facts is contained in the verified application filed in this docket; the affidavit, testimonies, and exhibits of the Public Staff witnesses Calvin, Casselberry, and Chiu; and the Commission's records. This evidence is uncontroverted.

Based upon the entire record in this proceeding, the Commission is of the opinion that the Applicant has sufficiently demonstrated the need to increase its rates for providing water in all its service areas in Union County, North Carolina. The Commission, therefore, concludes that the rates recommended by the Public Staff and agreed to by the Applicant are just and reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That the Schedule of Rates, attached as Appendix A, is approved and deemed to be filed with the Commission pursuant to N.C.G.S. § 62-138. Said Schedule of Rates is authorized to become effective for service rendered on and after the date of this Order.

2. That the Notice to Customers, attached as Appendix B, be mailed with sufficient postage, or hand delivered by the Applicant, to all customers affected by the new rates no later than 10 days after the date of this Order; and that the Applicant submit to the Commission the attached Certificate of Service properly signed and notarized not later than 15 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2020.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

Kimberley A. Campbell, Chief Clerk

## SCHEDULE OF RATES

for

JAARS, INC.for providing water service

in

JAARS CENTER AND AEROWOOD, DOGWOOD AND RADIN SUBDIVISIONS

Union County, North Carolina

Residential Customers: (Monthly Flat Rate)

Single Family Home	\$ 26.67
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Commercial Customers: (Monthly Flat Rate per REU)

Union County (1.00 REU)	\$ 26.67
Residential/Apartments (1.50 REUs)	\$ 40.00
Radin Apartments (1.67 REUs)	\$ 44.54
Waxhaw Creek Apartments (14.70 REUs)	\$ 392.05
JAARS Center (98.00 REUs)	\$2,613.66

Reconnection Charges:

If water service is cut off by utility for good cause	\$20.00
If water service is cut off by utility at customer's request	\$20.00

Bills Due: On billing dateBills Past Due: 15 days after billing dateBilling frequency: Shall be monthly for service in arrears

Finance Charge For Late Payment: 0.75% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date

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Issued in Accordance with Authority by the North Carolina Utilities Commission in Docket No. W-1136, Sub 3, on this the \_\_\_\_ day of \_\_\_\_\_, 2020.



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS  
DOCKET NO. W-1136, SUB 3  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

The North Carolina Utilities Commission has issue an Order granting an increase in rates to JAARS, Inc. for providing water utility service in all its service areas in Union County, North Carolina. The Commission has approved the following rates, effective for service rendered on and after the date of this Order.

Residential Customers: (Monthly Flat Rate)

Single Family Home	\$ 26.67
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Commercial Customers: (Monthly Flat Rate per REU)

Union County (1.00 REU)	\$ 26.67
Residential/Apartments (1.50 REUs)	\$ 40.00
Radin Apartments (1.67 REUs)	\$ 44.54
Waxhaw Creek Apartments (14.70 REUs)	\$ 392.05
JAARS Center (98.00 REUs)	\$2,613.66

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2020.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

**Kimberley A. Campbell, Chief Clerk**