

BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-1274, Sub 7

In the Matter of)
Application of Lake Junaluska Assembly, Inc.)
for a Certificate of Public Convenience)
And Necessity, and for Approval of Rates)

**JOINT PROPOSED ORDER OF THE APPLICANT AND THE PUBLIC STAFF
GRANTING APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY, APPROVING RATES AND REQUIRING CUSTOMER NOTICE**

HEARD: Thursday, December 12, 2019, at 9:00 a.m. in the Haywood County Courthouse, Courtroom 3B, 285 North Main Street, Waynesville, North Carolina, and Wednesday, January 29, 2020, at 10:00 a.m. in the Commission Hearing Room, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603

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

APPEARANCES:

For the Using and Consuming Public:

William Grantmyre, Public Staff-North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, NC 27699-432

For Lake Junaluska Assembly, Incorporated:

Daniel C. Higgins, Burns, Day & Presnell, P.A., PO Box 10867, Raleigh, NC 27605

Timothy Phelan, *Pro se* Intervenor

PO Box 598, Lake Junaluska, NC 28745

BY THE COMMISSION: On April 23, 2018, the Commission issued its Order Ruling on Lake Junaluska Assembly, Incorporated's Status as a Public Utility in Docket No. W-1274, Subs 5 and 6. In that Order the Commission ruled that Lake Junaluska Assembly, Incorporated (LJA) is a water and wastewater public utility subject to regulation by the Commission and revoked the exemption granted to LJA in Docket No. W-1274, Sub 4 on August 18, 2011. In that Order the Commission directed LJA to file an Application for a Certificate of Public Convenience and Necessity (CPCN) with the Commission by August

21, 2018. By Order issued August 21, 2018, the Commission extended by the time for LJA to file its application for a CPCN to September 28, 2018.

On September 28, 2018, LJA filed its Application for a Certificate of Public Convenience and Necessity in this docket.

On January 25, 2019, LJA filed its Request for Interim Authority to Operate Pursuant to Commission Rules R 7-20 and R 10-16, which the Commission granted by Order issued February 13, 2019.

On August 12, 2019, LJA filed an Amendment to its Application for CPCN and Request for Approval for Pass Through of sewer rate increases from the Town of Waynesville. By its Order Approving Pass Through of Purchased Bulk Sewer Service and Requiring Customer Notice issued September 23, 2019, the Commission approved LJA's request.

On October 14, 2019, the Commission issued its Order Scheduling Hearings and Requiring Customer Notice setting public hearing in LJA's service area for at the Haywood County Courthouse in Waynesville on December 12, 2019 and an evidentiary hearing before the full Commission on January 29, 2020.

On November 4, 2019, Timothy F. Phelan, a resident of the Lake Junaluska Assembly, filed a Motion to Intervene. That Motion was allowed by Order issued November 22, 2019.

On November 5, 2019, John L. Davis, also a resident of the Lake Junaluska Assembly, filed a Motion to Intervene. That Motion was allowed by Order issued November 22, 2019.

On December 9, 2019, LJA filed the Direct Testimony of Jack Carlisle, Sindy Crenshaw and Jerry Tweed.

At the December 12, 2019, public hearing in Waynesville, the following four customers testified: Charles Lipp, Karen Greenwaldt, Jim Correll, and Mike Jordan.

On December 18, 2019, John L. Davis filed testimony.

On December 20, 2019, the Public Staff filed the Affidavit of Calvin C. Craig, III, as well as the Testimony of Gina Y. Casselberry and June Chiu.

On December 23, 2019, Timothy F. Phelan filed testimony.

On January 6, 2020, LJA filed the Rebuttal Testimony of Jack Carlisle.

On January 23, 2020, the Public Staff filed the Supplemental Testimony of Gina Y. Casselberry.

LJA's Application for CPCN and Approval of Rates came on for hearing before the Commission as scheduled on January 29, 2020. Intervenor John L. Davis did not appear at the hearing.

Based upon the foregoing, and the entire record in this matter, the Commission makes the following:

FINDINGS OF FACT

1. Lake Junaluska Assembly, Incorporated is a North Carolina non-profit corporation, formed in 1938. LJA is affiliated with The United Methodist Church, and was recognized by the Internal Revenue Service as a tax-exempt charitable organization in 1959. Beginning in 1912, LJA's predecessors undertook development of residential community in Haywood County, North Carolina, known as the Lake Junaluska Assembly.
2. The Lake Junaluska Assembly is an unincorporated community consisting of homes, businesses and a Conference and Retreat Center associated with the United Methodist Church.
3. For many years LJA has provided various services to the residents of the Lake Junaluska Assembly community and its Conference and Retreat Center, including water and wastewater utility services; road maintenance; security; garbage and recycling collection services; other solid waste management services; and storm water management.
4. LJA owns and operates water distribution and wastewater collection systems. For many years it has purchased bulk water and wastewater treatment service from the Town of Waynesville. LJA currently provides water utility service to approximately 860 customers and sewer service to 828 customers.
5. The Commission initially granted a CPCN to LJA (then known as the Southeastern Jurisdictional Administrative Council, d/b/a Lake Junaluska Assembly), in 2007 in Docket W-1274, Sub 0.
6. There were subsequent proceedings in Dockets W-1274, Sub 0 and Sub 2 in June of 2008, after rates were initially established for LJA, due to the extensive loss of purchased water from LJA's aged infrastructure, and the resulting mismatch between

LJA's revenues and purchased water expenses. The Public Staff filed a Motion to Amend Order in those dockets showing that in 2006, 48% of LJA's purchased water was not accounted for; in 2007 33% of the purchased water was not accounted for; and in the first four months of 2008, 41% of the purchased water was not accounted for. Due to the extensive water losses, the Public Staff recommended a rate increase for LJA but also recommended that LJA "needs to be incentivized to continue to reduce its unaccounted for water."

7. The Commission's June 25, 2008 *Order Amending Prior Franchise Order, Approving Tariff Provision, and Requiring Customer Notice* in Dockets W-1274, Sub 0 and Sub 2 described the state of LJA's water system as follows:

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

In that Order the Commission granted the Public Staff's Motion to Amend Order and revised LJA's rates to include an unaccounted for water allowance.

8. In August of 2011 in Docket W-1274, Sub 4 the Commission exempted LJA from regulation pursuant to G.S. § 62-110.5.

9. Because of its extensive loss of purchased water and other infrastructure issues recognized in the Public Staff's Motion to Amend Order, and the economic incentive to minimize the loss of purchased water (water losses also increase Waynesville's billings for wastewater treatment), LJA commissioned an engineering analysis of its water distribution and wastewater collection systems by Cavanaugh & Associates, P.A. The resulting report from Cavanaugh & Associates issued in May of 2012 included a 10-year Water and Sewer Capital Improvements Plan (the Cavanaugh 10-Year Plan).¹ The Cavanaugh 10-Year Plan recommended a number of projects to address issues and problems with LJA's infrastructure, principally focusing on detecting and eliminating leaks in the water distribution system. That Plan projected total capital outlays over ten years for work on the water distribution system of nearly \$1.2 million and nearly \$600,000 for work on the wastewater collection system.

10. LJA thereafter implemented periodic rate increases to generate capital necessary to fund the work called for in the Cavanaugh 10-Year Plan and address other problems in the water distribution and wastewater collection infrastructure serving the Lake Junaluska Assembly. LJA first began using that funding to replace water and sewer

¹ http://www.lakejunaluska.com/i/downloads/CIP_Final.pdf

lines in 2014. Since then LJA has averaged spending approximately \$200,000 per year to repair, replace, improve and modernize its water and sewer infrastructure. LJA has seen significant reduction in water losses as a result of those investments, but work under the Cavanaugh 10-Year Plan is not complete. Given the age of its water and sewer infrastructure, LJA anticipates that it will commission another engineering study in 2020 or 2021 to identify any additional necessary improvements to the water and sewer infrastructure serving the community.

11. In its Response to the Complaints of Mr. Phelan and Walter Logan filed in Dockets W-1274, Subs 5 and 6, LJA stated the following:

While the current governance arrangement offers some benefit to the community as it spares the LJA the added expense of regulation, the bifurcation of rate setting and overall community management responsibilities may not be the best arrangement for a community that is home to varying views as to how the LJA should manage and finance its water and sewer operations. Due to these various underlying issues, LJA has concluded that it may be advantageous for the community as a whole if the Commission was to resume regulation of LJA's provision of water and sewer service. Despite the fact that the JACC has properly performed as an elected body setting rates, in the interest of trying to assuage these concerns and promote harmony in the larger community, and in an effort to create a more sustainable model of governance for the Lake Junaluska community, **LJA has decided to request that it be allowed to revert to Commission regulation of its water and sewer services on a prospective basis, with reasonable arrangements for transition to regulation.**

(LJA Response to Phelan Complaint pp. 4-5; November 1, 2017) (emphasis added).

12. On April 23, 2018, the Commission issued its Order Ruling on Lake Junaluska, Inc. Status as a Public Utility wherein it revoked the exemption from regulation previously granted to LJA and directed it to file an Application for a CPCN with the Commission within 120 days of that Order.

13. At this point, LJA still experiences purchased water losses in the low to mid-20% range, so further work is required to reduce and eliminate water leaks and address issues with aging sewer infrastructure. LJA's Application in the present docket requests issuance of a CPCN and approval of rates that include a monthly customer assessment designed to generate capital to fund LJA's continued work to address problems in the water distribution and wastewater collection infrastructure serving the Lake Junaluska community.

14. LJA's situation and circumstances are unlike those of a typical for-profit water and sewer utility service provider. All of its plant has been paid for by its customers. LJA has no rate base and its rates will be set based on the operating ratio methodology.

LJA does not have access to other sources of capital to fund continuation of the work called for in the Cavanaugh 10-Year Plan. In addition, even if LJA could borrow money to fund work on its water and sewer systems, the traditional ratemaking process would require filing of sequential rate cases to cover that debt. That approach would not be in LJA's customers' best interest, as the debt service and rate case expenses would only increase the cost to LJA's ratepayers of completing work on those systems.

15. Likewise, failure to continue efforts to complete the work called for in the Cavanaugh 10-Year Plan and address other problems as they arise will not be in the best interest of LJA's customers, as continued losses of purchased water will continue to result in higher billings from Waynesville - which billings will be reduced as leaks and water loss issues are addressed.

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

17. The rates recommended by the Public Staff and agreed to by the Applicant are just and reasonable.

18. The public convenience and necessity requires that the Lake Junaluska Assembly have safe, adequate and dependable water and sewer services. LJA has provided those services to that community for many years and has the technical, managerial and financial capacity to provide water and sewer utility service for Lake Junaluska Assembly.

19. LJA is required to post a \$50,000 bond to comply with G.S. § 62-110.3, as recommended by the Public Staff.

Whereupon, the Commission reaches the following

CONCLUSIONS

Based on the foregoing, the Commission finds and concludes that LJA is fit and qualified to provide water and sewer service in the Lake Junaluska Assembly community. The rates for such services recommended by the Public Staff should be approved. In addition, based on LJA's unique circumstances and the need for continued work on its water and sewer systems, the Commission approves the assessment proposed by LJA, as supported by both LJA's customers and the Public Staff, to provide capital funding for work on those systems and the work called for in the Cavanaugh 10-Year Plan.

LJA shall file semi-annual reports with the Commission and Public Staff in a mutually agreed upon format reflecting the funds collected through the monthly customer assessments, the amount of assessed funds on hand, the projects completed, and the

amount spent on capital expenditures, as recommended by the Public Staff. The continuation or modification of the assessment to fund future capital improvements can be evaluated in future proceedings before the Commission.

EVIDENCE AND CONCLUSIONS FOR FINDINGS 1-4

These findings relate to jurisdictional and procedural matters, as well as foundational undisputed matters of fact established in the pleadings, the testimony of various witnesses, or otherwise, none of which are contested or disputed by any party.

EVIDENCE AND CONCLUSIONS FOR FINDINGS 5-8

These findings related to undisputed matters of fact found or addressed in in prior Commission Orders in related dockets and are uncontested by any party.

EVIDENCE AND CONCLUSIONS FOR FINDINGS 9-10

These findings are based on the effectively undisputed testimony of LJA witness Jack Carlisle, as well as the testimony of Public Staff witness Gina Casselberry. Mr. Carlisle's testimony establishes that due to the excessive purchased water losses and other infrastructure issues relating to LJA's water distribution and sewer collection systems, and the obvious economic incentive to minimize the loss of water purchased from the Town of Waynesville, LJA engaged Cavanaugh and Associates, P.A. to perform an engineering analysis of the water distribution and wastewater collection systems. The 10-Year Plan recommended by Cavanaugh and Associates in May of 2012, which is accessible via the link on page 7 of Carlisle's Direct Testimony, enumerated and prioritized a number of projects to address problems and issues identified in 2012 as to the water distribution and wastewater collection systems.

The principal focus of the work recommended in the Cavanaugh 10-Year Plan is the detection, elimination of leaks, and water main replacements where necessary, in the water distribution system. As established by Mr. Carlisle's testimony, because Waynesville bills LJA for wastewater treatment service based on the volume of water it purchases, purchased water losses cost LJA in two ways: (i) the loss of the water that is purchased, and then lost but must be paid for; and (ii) wastewater treatment charges are based on the volume of purchased water and thus water losses increase Waynesville's charges to LJA for wastewater treatment service.

Mr. Carlisle's testimony established that after the Commission exempted LJA from regulation in 2011, the rate for water and sewer service were set by the Junaluska Assembly Community Council (JACC). Thereafter the JACC raised rates to generate capital to fund work under the Cavanaugh 10-Year Plan and as shown in Exhibit ___ to the Application, and by Mr. Carlisle's testimony, LJA has averaged spending approximately \$200,000.00 per year to repair, replace, improve, and/or modernize its water and sewer infrastructure.

As established by Mr. Carlisle's testimony and the testimony of Public Staff witness Casselberry, LJA has seen significant reduction in its water losses as a result of its investment in infrastructure since 2014; however, work under the Cavanaugh 10-Year Plan has not been completed. Further, given that parts of LJA's water and sewer infrastructure are 100 years old, LJA has had to deal with other issues and problems as they have surfaced. In addition, because of the age of its infrastructure, LJA anticipates it will commission another engineering study within the next year or so to identify any additional necessary improvements to the water and sewer infrastructure serving the Lake Junaluska community.

EVIDENCE AND CONCLUSIONS FOR FINDINGS 11 AND 12

These findings are undisputed and based on the response filed by LJA in response to the complaints filed in Dockets W-1274, Subs 5 and 6.

EVIDENCE AND CONCLUSIONS FOR FINDING 13

This finding is based on the direct and rebuttal testimony of LJA witness Carlisle, as well as the testimony of Public Staff witness Casselberry. The work done on the LJA's aging water and sewer infrastructure, which has principally been focused on eliminating water leaks, has reduced water leakage into the low and mid-20% range. LJA witness Tweed makes the case in his direct testimony that the rates approved by the Commission in this docket should include a monthly customer assessment designed to generate capital as necessary to fund LJA's continued work both under the Cavanaugh 10-Year Plan and to address problems in the water distribution and wastewater collection infrastructure system serving the Lake Junaluska community, as they arise.

As noted in the testimony of Public Staff witness Casselberry, approximately 20 customers attended the public hearing in Waynesville, four of whom testified at that hearing. All those customers testified that they were pleased with the progress LJA has made in reducing water loss and "supported the proposed assessment fee 100%." (Casselberry p. 5.).

LJA proposes a monthly assessment of \$8.14 per residential equivalent unit (REU) for water and \$8.14 per REU for sewer so that it can continue to fund work on its water and sewer systems. The assessment will generate revenue of approximately \$202,000 per year. (Casselberry Exhibit Nos. 8 and 9).

As reflected in Ms. Casselberry's testimony, the Public Staff agrees with Mr. Tweed that LJA is unique in that it is a non-profit organization and does not have capital investors to provide the funding necessary for replacing its aged infrastructure. The Public Staff believes that it would be in LJA's customers' best interest to add a monthly surcharge assessment to recover the cost of work to replace its aged infrastructure versus acquiring a loan or multiple loans; and then applying for a rate increase or multiple rate increases to cover the cost of the improvements. (Casselberry pp. 9-10).

EVIDENCE AND CONCLUSIONS FOR FINDING 14

This finding is based on the testimony of LJA witness and engineering consultant Jerry Tweed, as well as the testimony of Public Staff witness Chiu. LJA has no rate base as its rates will be set based on the operating ratio methodology. As established in Mr. Tweed's testimony, LJA's situation and circumstances are unlike those of the typical for-profit water and/or sewer utility service provider. Its customers have paid for all of its plant and there is no rate base.

Even assuming that LJA can borrow money to fund continuing work on its water and sewer infrastructure, that approach would not be in the best interest of its ratepayers as it would require that LJA recover the cost of debt service and file future rate cases to adjust rates in order to reflect the cost of debt service.

The monthly customer assessment proposed by LJA was not opposed by any customer who chose to either appear at the public hearing or even by Mr. Phelan who testified at the January 29, 2020, evidentiary hearing. The customers testifying at the public hearing all affirmatively support the proposed monthly assessment, and there is no evidence that their sentiments on that point are any different than most of LJA's customers, who are the ultimate beneficiaries of improvements made to the water and sewer systems serving the Assembly community. The assessment program proposed by LJA and supported by the Public Staff, subject to LJA providing regular reports to the Commission and Public Staff regarding its receipts and disbursements and work done with the use of the assessment funding, is the best economical approach and in the best interest of LJA's ratepayers.

EVIDENCE AND CONCLUSIONS FOR FINDING 17

This finding is based on the testimony of Public Staff witnesses Casselberry and Chiu, as well as the testimony of LJA witnesses Tweed, Carlisle and Crenshaw.

Mr. Phelan takes issue with LJA's operating expenses and fact that the planned future purchase of a new sewer jetter truck. As to the former, the Public Staff has audited LJA's operating expenses and recommended rates based on its audit, which recommended rates largely correspond to the rates proposed by the Applicant. Mr. Phelan's opposition is based on information provided by LJA in 2012 as to its estimated budget for water and sewer operations. Mr. Phelan relies on Exhibit 1A to his testimony, which is the May 8, 2012, Assembly Public Works Water and Sewer System Assessment and Appraisal relating to LJA's water distribution and sewer collection systems distributed to Assembly residents. Among other things, that document informed Assembly residents of the \$150,000.00 budget estimate for water and sewer operations.

As shown in the rebuttal testimony of LJA witness Carlisle, the May 8, 2012 document included the following statement:

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

(Carlisle Rebuttal p. 2).

The Carlisle testimony establishes that the Assembly Public Works Department has nine employees, eight of whom support to varying degrees LJA's water and sewer operations. The 2012 budget estimate of \$150,000.00 covered a number of items, and clearly only covered wages and benefits for two field personnel as well as other miscellaneous operating costs. There was no allocation in 2012 of the cost of other field personnel and administrative and management personnel that support the water and sewer operations.

Mr. Carlisle testified that the 2012 \$150,000.00 budget estimate does not begin to accurately reflect the cost of LJA's water and sewer operations. His testimony in this regard is supported by the Public Staff's audit and the testimony of Public Staff witness Chiu, who found that LJA's operating expenses during the test year, not including the cost of purchased water and sewer service, were \$340,835.00. (Chiu Exhibit 1, Schedules 3(a) and 3(b)).

The intervenors' focus on the Applicant's operating costs also overlooks the need, as LJA moves back to Commission regulation, that LJA's rates be set at a level calculated to produce the revenue necessary for it to provide safe and dependable water and sewer service. A utility's revenue requirement can only be calculated with accurate cost data, including its operating expense. The Public Staff has audited the Applicant's operating expense and its rate recommendations are based, in part, on that audit. It is apparent from the involvement of the Director of Assembly Public Works and the various other LJA employees identified in Carlisle Rebuttal Exhibit 1, in either working on, managing or supporting water and/or sewer operations, that the \$150,000 operating expense estimate in 2012 which only included the cost of two employees did not accurately reflect the cost of LJA providing these services.

Mr. Phelan also opposes the inclusion in LJA's list of projected capital projects, which is Exhibit 3A to its Application, of the estimated \$180,000 cost of a new sewer jetter truck. LJA witness Carlisle's testimony establishes that LJA's current sewer jetter truck is a 1995 vehicle with a 1995 jetter pump that was used when purchased from Waynesville in 2011 for \$15,000.00. That testimony also establishes that there are a number of maintenance issues with the current truck and the truck is used on a nearly daily basis to clear sewer backups and for routine maintenance as required by applicable environmental regulations.

As to Mr. Phelan's opposition to LJA's plan to eventually acquire this specific piece of equipment, LJA is required to make reasonable and prudent investments in facilities

and equipment that are used and useful in providing service to its ratepayers. Given LJA's undisputed need for a functional sewer jetter truck, this would appear to be an appropriate purchase to plan for, under the circumstances depicted by witness Carlisle. That consideration aside, as a practical matter the Commission does not involve itself in utility budget and management decisions at this level. While every public utility is held to the prudence standard, the Commission will not dictate in advance the operating equipment purchases which can or cannot be made by a utility.

John Davis intervened in this docket, but did not appear at the evidentiary hearing. His prefiled testimony was admitted into the record, but he was not subject to cross-examination by LJA or the Public Staff, or questions from the Commission.

In his prefiled testimony, Mr. Davis suggested that the Commission should adopt an inclining block rate structure for LJA rather than the rate structure proposed by LJA and recommended by the Public Staff. Mr. Davis' position on this point seems to be predicated on his belief that the proposed rate structure results in residential customers subsidizing usage by commercial customers. As an initial point, Casselberry Exhibit 10 shows that 95% of LJA's customers are residential and 5% are commercial.

In addition, and as explained by LJA witness Tweed, average monthly consumption at Lake Junaluska Assembly is "very low." Residential customers there use an average of approximately 2,000 gallons per month (compared to a typical residential customer in North Carolina where consumption would be approximately 6,000 gallons per month), and paying a monthly base rate of \$22.24 in a community where there are a significant number of absentee owners who are part-time residents. As a result, the base rate paid by residential customers accounts for the fact that revenues from residential customers are what they are. As Commissioner Clodfelter noted in a question to LJA witness Tweed "Well, I thought that might be the answer. It's the base charge that accounts for that disparity." (Transcript p. 95).

In his pre-filed testimony, Mr. Davis suggested that the Commission should adopt an inclining block rate structure, whereby the usage rate increases after the first 200 cubic feet of water consumption. LJA resells bulk water purchased from Waynesville, and Waynesville does not use an inclining block rate design – it charges LJA the same amount per 100 cubic feet (CCF) of all water purchased. In addition, neither Mr. Davis nor Mr. Phelan provided any evidence that the alternative rate structure suggested by Davis would, in fact, produce any specific level of revenues for LJA. More specifically, there is no evidence that the inclining block rate design suggested by Mr. Davis would generate the revenue recommended by the Public Staff.

EVIDENCE AND CONCLUSIONS FOR FINDING 18

This finding is based on the record as a whole, as well as the Commission's files and records concerning LJA. LJA's ability to provide these necessary public utility services is undisputed, and there is no opposition by any party to the grant of a CPCN to LJA.

EVIDENCE AND CONCLUSIONS FOR FINDING 19

This finding is based on by the testimony of Public Staff witness Casselberry recommending that LJA be required to post a bond in the amount of \$50,000, and that recommendation is not contested by LJA or any other party.

IT IS, THEREFORE, ORDERED as follows:

1. That the bond in the amount of \$50,000, surety and commitment letter previously filed by Lake Junaluska Assembly, Incorporated is accepted and approved.

2. That Lake Junaluska Assembly, Incorporated is granted a certificate of public convenience and necessity to provide water and sewer utility service in Lake Junaluska Assembly community in Haywood County, North Carolina.

3. That Appendix A constitutes the Certificate of Public Convenience and Necessity.

4. That the Schedule of Rates, including the proposed monthly customer assessment funding, attached as Appendix B, is approved and deemed to be filed with the Commission pursuant to G.S. § 62-138. Said Schedule of Rates is authorized to become effective for service rendered on and after the date of this Order.

5. That the Applicant shall maintain its books and records in such manner that all the applicable items of information required in the LJA's prescribed annual report to the Commission can be readily identified from the annual report.

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

7. That the Public Staff shall review the semi-annual reports filed by LJA, and file with the Commission on or before March 31 of each year, the Public Staff's recommendations as to whether the assessments should continue or be modified after the next two years.

8. That the Notice to Customers, attached hereto as Appendix C 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

Kimberley A. Campbell, Clerk

APPENDIX A

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1274, SUB 7

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

LAKE JUNALUSKA ASSEMBLY, INCORPORATED

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water and sewer utility service

in

Lake Junaluska Assembly Service Area

Haywood County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

SCHEDULE OF RATES

for

LAKE JUNALUSKA ASSEMBLY, INCORPORATED

for providing water and sewer service

in

LAKE JUNALUSKA ASSEMBLY SERVICE AREA

Haywood County, North Carolina

WATER RATES AND CHARGES

MONTHLY METERED SERVICE: (Residential and Commercial)

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

Water only: (Residential and Commercial)

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

SEWER RATES AND CHARGES

MONTHLY METERED SERVICE: (Residential and Commercial)

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

MONTHLY FLAT RATE: (Residential and Commercial)

Sewer only:

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

Reconnection Charges:

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

Connection Charge:

Water	\$600
Sewer	\$600

Bills Due: On billing date

Bills Past Due: 25 days after billing date

Billing frequency: Shall be monthly for service in arrears

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

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

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-1274, SUB 7
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

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

WATER RATES AND CHARGES

MONTHLY METRED SERVICE: (Residential and commercial)

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

Water only: (Residential and Commercial)

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

SEWER RATES AND CHARGES

MONTHLY METERED SERVICE: (Residential and Commercial)

Base Facilities Charge (zero usage)		
3/4" meter	\$ 17.00	\$8.14

APPENDIX C
PAGE 1 OF 2

1" meter	\$ 42.50	\$20.35
2" meter	\$ 136.00	\$65.12
3" meter	\$ 255.00	\$122.10
4" meter	\$ 425.00	\$203.50
Usage Charge, per 100 cubic feet	\$ 4.71	
Usage Charge, per 1000 gallons	\$ 6.29	

MONTHLY FLAT RATE: (Residential and Commercial)

Sewer only:

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

Reconnection Charges:

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

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-1274, Sub 7, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2020.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-1274, Sub 7.

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

Notary Public

Printed or Typed Name

My Commission Expires: _____