

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
DECEMBER 18, 2017**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

B. NATURAL GAS

- P1. DOCKET NO. G-9, SUB 716 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

EXPLANATION: On December 8, 2017, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application pursuant to G.S. 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Piedmont's North Carolina Service Regulations, seeking authority to decrease its sales rates by \$0.2547 per dekatherm (dt) and its transportation rates by \$0.0047 per dt effective January 1, 2018. The decrease is a result of a change in its Benchmark Cost of Gas from the current rate of \$3.00 per dt to \$2.75 per dt.

The Public Staff has reviewed the application and recommends approval as filed.

EXHIBIT: A proposed order is attached as Exhibit No. P-1.

RECOMMENDATION: (Naba) That the Commission issue the proposed order approving the rate changes proposed by Piedmont.

P2. DOCKET NO. G-9, SUB 655 – PIEDMONT NATURAL GAS COMPANY, INC. –
ADVANCE NOTICE AND REQUEST TO ENTER INTO SECOND AMENDMENT
TO PRECEDENT AGREEMENT

EXPLANATION: On November 7, 2017, pursuant to Regulatory Condition No. 3.1, as approved in the Commission's *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682 (Merger Order) and G.S. 62-153(b), Piedmont Natural Gas Company, Inc. (Piedmont), filed an advance notice (Advance Notice) of its intent to enter into the attached proposed Second Amendment to Precedent Agreement for Firm Transportation Services Atlantic Coast Pipeline between Piedmont and Atlantic Coast Pipeline, LLC (ACP) and the related amended Service Agreement (Service Agreement) and amended Negotiated Rate Agreement (Negotiated Rate Agreement) (collectively, the Second Amendment). By this filing, Piedmont seeks acceptance for filing of the Second Amendment and authorization for Piedmont to enter into and operate under its terms. Piedmont submitted the Second Amendment under seal on the grounds that it is confidential and proprietary and has been designated as such pursuant to G.S. 132-1.2. On the same date, Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP), made a similar filing in Docket Nos. E-2, Sub 1052, and E-7, Sub 1062.

In the Advance Notice, Piedmont notified the Commission that the amended Service Agreement and amended Negotiated Rate Agreement will, ultimately, be filed with the Federal Energy Regulatory Commission (FERC) by ACP, and that the filing will be made at the completion of project construction and shortly before commencement of service pursuant to FERC's standing requirement to file the terms of negotiated rate agreements and non-conforming service agreements with FERC.

In the Advance Notice, Piedmont states that it has reviewed the provisions of Regulatory Condition 3.1(c) and does not believe that the prospective filing of the Negotiated Rate Agreement or the Service Agreement with FERC falls within the intended parameters of this provision because it does not threaten or otherwise impact the jurisdiction of this Commission in any way. Nor could either agreement be used to invoke federal preemption of the Commission's jurisdiction. Instead, Piedmont states that the filing of these agreements by ACP with FERC is an administrative matter designed to provide notice of the terms of any negotiated rate agreements or non-conforming service agreements related to service on the Atlantic Coast Pipeline – both of which are matters within the proper jurisdiction of FERC. Notwithstanding this conclusion, Piedmont provided advance notice of its intent to enter into the Second Amendment and the related Service Agreement and Negotiated Rate Agreement pursuant to Regulatory Condition 3.1(c).

Regulatory Condition No. 3.1(c) provides that, in order to enable the Commission to exercise its jurisdiction over a proposed affiliate contract that involves costs that will be assigned to Piedmont and that is required or intended to be filed with the FERC, Piedmont shall file advance notice and a copy of the proposed affiliate contract with the Commission at least 30 days prior to a filing with the FERC. Regulatory Condition

13.2 requires the Public Staff to investigate and file a response with the Commission no later than 15 days before the notice period expires, which deadline in this case occurred on November 22, 2017. Further, any other interested party may file a response within this response period.

The Sierra Club filed a petition to intervene and an objection to the Advance Notice on December 6, 2017, which was 15 days after the end of the response period.

On December 11, 2017, Piedmont, DEC, and DEP filed a joint reply to Sierra Club's petition to intervene and objection.

The Public Staff regrets that it did not file a response to the Advance Notice by November 22, 2017. The Public Staff asserts that no party was harmed by its deviation from the procedure prescribed by the Regulatory Conditions, particularly given the additional requirements of G.S. 62-153(b). The Public Staff has reviewed the Advance Notice and, based upon the facts set forth therein, believes that the filing of the Second Amendment should not adversely affect the Commission's jurisdiction. Since no party filed an objection by the November 22, 2017 deadline for such objections, the Public Staff believes that the advance notice part of Piedmont's November 7, 2017 filing can be considered to be closed.

With respect to G.S. 62-153(b) and Piedmont's request for approval, the Public Staff believes that generally speaking the Regulatory Conditions and the Code of Conduct approved in the Merger Order should ensure that costs are assigned or allocated properly and that ratepayers are otherwise protected. The Public Staff recommends that the Commission accept for filing the proposed Second Amendment attached to Piedmont's filing on November 7, 2017, and authorize Piedmont to enter into the Second Amendment and make payments pursuant thereto, subject to the conditions approved in the Merger Order. The Public Staff further recommends that the Commission's order state that for ratemaking purposes the authority granted therein neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the agreements in question in a future proceeding. Finally, the Public Staff recommends that the order should state that the Commission may subsequently disapprove, after hearing, such contract or any such fees, commissions or compensation whatsoever to any affiliated or subsidiary holding, managing, operating, constructing, engineering, financing or purchasing company or agency for services rendered if found to be unjust or unreasonable or made for the purpose or with the effect of concealing, transferring or dissipating the earnings of the public utility.

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

RECOMMENDATION: (Maness/Perry/Larsen/Culpepper) That the Commission issue the proposed order declaring the advance notice period closed and accepting the Second Amendment for filing and permitting operation thereunder pursuant to G.S. 62-153.

D. ELECTRIC

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

EXPLANATION: The following applications seeking amended certificates of public convenience and necessity pursuant to G.S. 62-110.1 for construction of solar photovoltaic electric generating facilities were filed pursuant to Commission Rule R8-64.

Duke Energy Progress:

- Docket No. SP-2363, Sub 15 and SP-4345, Sub 0 – Application filed on August 4, 2017, by ABD Farm Solar, LLC, for an amended certificate to construct a 4.99-MW_{AC} facility in Randolph County, North Carolina (registration statement previously issued)
- Docket No. SP-7921, Sub 0 – Application filed on August 15, 2017, by Hanover Solar, LLC, for an amended certificate to construct a 5-MW_{AC} facility in Onslow County, North Carolina (registration statement previously issued)

The Public Staff has reviewed the applications and determined that they comply with the requirements of G.S. 62-110.1 and Commission Rule R8-64.

RECOMMENDATION: (D. Williamson) That the Commission issue orders approving the applications, and issuing the requested amended certificates. Proposed orders have been provided to the Commission Staff.

P2. DOCKET NOS. E-2, SUB 1052, AND E-7, SUB 1062 – DUKE ENERGY CAROLINAS, LLC, AND DUKE ENERGY PROGRESS, LLC – ADVANCE NOTICE AND REQUEST TO ENTER INTO SECOND AMENDMENTS TO PRECEDENT AGREEMENTS

EXPLANATION: On November 7, 2017, pursuant to Regulatory Condition No. 3.1, as approved in the Commission's *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682 (Merger Order) and G.S. 62-153(b), Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP) (collectively, the Companies), filed a joint advance notice (Advance Notice) of their intent to enter into the attached proposed Second Amendments to Precedent Agreements for Firm Transportation Services Atlantic Coast Pipeline between DEC and DEP, respectively, and Atlantic Coast Pipeline, LLC (ACP), and the related amended Service Agreements (Service Agreements) and amended Negotiated Rate Agreements (Negotiated Rate Agreements) (collectively, the Second Amendments). By this filing, DEC and DEP seek acceptance for filing of the Second Amendments and authorization for DEC and DEP to enter into and operate under their terms. DEC and DEP submitted the agreements under seal on the grounds that they are confidential and proprietary and have been designated as such pursuant to G.S. 132-1.2. On the same date, Piedmont Natural Gas Company, Inc. (Piedmont), made a similar filing in Docket No. G-9, Sub 655.

In the Advance Notice, the Companies notified the Commission that the amended Service Agreements and amended Negotiated Rate Agreements will, ultimately, be filed with the Federal Energy Regulatory Commission (FERC) by ACP, and that the filing will be made at the completion of project construction and shortly before commencement of service pursuant to FERC's standing requirement to file the terms of negotiated rate agreements and non-conforming service agreements with FERC.

In the Advance Notice, the Companies state that they have reviewed the provisions of Regulatory Condition 3.1(c) and do not believe that the prospective filing of the Negotiated Rate Agreements or the Service Agreements with FERC falls within the intended parameters of this provision because it does not threaten or otherwise impact the jurisdiction of this Commission in any way. Nor could either agreement be used to invoke federal preemption of the Commission's jurisdiction. Instead, the Companies state that the filing of these agreements by ACP with FERC is an administrative matter designed to provide notice of the terms of any negotiated rate agreements or non-conforming service agreements related to service on the Atlantic Coast Pipeline – both of which are matters within the proper jurisdiction of FERC. Notwithstanding this conclusion, the Companies provided advance notice of their intent to enter into the Second Amendments and the related Service Agreements and Negotiated Rate Agreements pursuant to Regulatory Condition 3.1(c).

Regulatory Condition No. 3.1(c) provides that, in order to enable the Commission to exercise its jurisdiction over a proposed affiliate contract that involves costs that will be assigned to DEC or DEP and that is required or intended to be filed with the FERC, DEC or DEP shall file advance notice and a copy of the proposed affiliate contract with the Commission at least 30 days prior to a filing with the FERC. Regulatory Condition 13.2 requires the Public Staff to investigate and file a response with the Commission no later than 15 days before the notice period expires, which deadline in this case occurred on November 22, 2017. Further, any other interested party may file a response within this response period.

The Sierra Club filed a petition to intervene and an objection to the Advance Notice on December 6, 2017, which was 15 days after the end of the response period.

On December 11, 2017, the Companies and Piedmont filed a joint reply to Sierra Club's petition to intervene and objection.

The Public Staff regrets that it did not file a response to the Advance Notice by November 22, 2017. The Public Staff asserts that no party was harmed by its deviation from the procedure prescribed by the Regulatory Conditions, particularly given the additional requirements of G.S. 62-153(b). The Public Staff has reviewed the Advance Notice and, based upon the facts set forth therein, believes that the filing of the Second Amendments should not adversely affect the Commission's jurisdiction. Since no party filed an objection by the November 22, 2017 deadline for such objections, the Public Staff believes that the advance notice part of DEC's and DEP's November 7, 2017 filing can be considered to be closed.

With respect to G.S. 62-153(b) and DEC's and DEP's requests for approval, the Public Staff believes that generally speaking the Regulatory Conditions and the Code of Conduct approved in the Merger Order should ensure that costs are assigned or allocated properly and that ratepayers are otherwise protected. The Public Staff recommends that the Commission accept for filing the proposed Second Amendments attached to DEC's and DEP's filing on November 7, 2017, and authorize DEC and DEP to enter into the Second Amendments and make payments pursuant thereto, subject to the conditions approved in the Merger Order. The Public Staff further recommends that the Commission's order state that for ratemaking purposes the authority granted therein neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the agreements in question in a future proceeding. Finally, the Public Staff recommends that the order should state that the Commission may subsequently disapprove, after hearing, such contract or any such fees, commissions or compensation whatsoever to any affiliated or subsidiary holding, managing, operating, constructing, engineering, financing or purchasing company or agency for services rendered if found to be unjust or unreasonable or made for the purpose or with the effect of concealing, transferring or dissipating the earnings of the public utility.

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

RECOMMENDATION: (Maness/Perry/McLawhorn/Culpepper) That the Commission issue the proposed order declaring the advance notice period closed and accepting the Second Amendments for filing and permitting operation thereunder pursuant to G.S. 62-153.

E. WATER

P1. DOCKET NO. W-71, SUB 12 – RIDGECREST WATER UTILITY – APPLICATION FOR RATE INCREASE

EXPLANATION: Ridgecrest Water Utility (Applicant) filed an application with the Commission on October 30, 2017, seeking authority to increase its rates for water utility service in its Ridgecrest service area in Buncombe County, North Carolina. The Applicant serves approximately 314 metered water customers. The present water rates were established pursuant to the Commission’s Recommended Order Granting Rate Increase and Requiring Customer Notice issued on December 22, 2015, in Docket No. W-71, Sub 11, a general rate case proceeding.

On November 28, 2017, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

The Applicant’s present and proposed rates are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Residential Rates:</u>		
Base charge, zero usage (bi-monthly minimum)	\$16.98	\$ 18.00
Usage charge, per 1,000 gallons	\$ 5.30	\$ 5.55

The proposed rates would increase the average residential bi-monthly bill for water utility service from \$59.38 to \$62.40, based on an average bi-monthly usage of 8,000 gallons.

EXHIBIT: The proposed order is attached as Exhibit No. P-4.

RECOMMENDATION: (Quant/Chiu/Holt) That the Commission issue the proposed order scheduling hearing and requiring customer notice, specifying that if no significant protests are received subsequent to customer notice, the hearing may be canceled and the matter decided without hearing.

P2. DOCKET NO. W-218, SUB 363A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT RATE ADJUSTMENTS

EXPLANATION: On October 30, 2017, Aqua North Carolina, Inc. (Aqua), filed an application requesting authority to adjust its Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective January 1, 2018, pursuant to Commission Rules R7-39 and R10-26 and Aqua’s WSIC and SSIC mechanisms. On December 4, 2017, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendation (Notice). This Notice is incorporated by reference herein.

In Aqua’s last general rate case, Docket No. W-218, Sub 363 (Sub 363 Rate Case), the Commission approved in its Order dated May 2, 2014, Aqua’s request to utilize a WSIC and SSIC mechanism pursuant to G.S. 62-133.12, concluding that the rate adjustment mechanisms are in the public interest, and establishing WSIC and SSIC procedures for Aqua.

The implementation of the WSIC and SSIC for Aqua was first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua’s rates every January 1st and July 1st based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request. This is Aqua’s seventh semi-annual adjustment to its WSIC and SSIC.

Aqua is requesting the following increases/decreases to the WSIC and SSIC previously approved by the Commission on July 1, 2017:

	<u>Previously Approved WSIC/SSIC Percentage</u>	<u>Net Change To WSIC/SSIC Percentage</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Uniform water	4.87%	-0.10%	4.77%
Uniform sewer	3.33%	0.26%	3.59%
Fairways/Beau Rivage water	2.93%	1.34%	4.27%
Fairways/Beau Rivage sewer	3.88%	0.65%	4.53%
Brookwood/LaGrange water	5.31%	0.08%	5.39%

The WSIC/SSIC percentages above include the EMF adjustments from the 2016 annual WSIC/SSIC revenue review. The three rate divisions impacted are Aqua Uniform Sewer – adjusted downward by -0.07% (due to over-collection in 2016), Fairways/Beau Rivage Sewer – adjusted upwards by 0.02% (due to under-collection in 2016) and Brookwood/LaGrange Water – adjusted upward by 0.09% (due to under-collection in 2016).

The cumulative WSIC and SSIC revenue requirements after Aqua’s proposed increases/decreases are as follows:

	Previously Approved WSIC/SSIC Revenue Requirement	Net Change To WSIC/SSIC Revenue Requirement	Cumulative WSIC/SSIC Revenue Requirement
Uniform water	\$1,558,018	\$0	\$1,558,018
Uniform sewer	\$413,562	\$56,293	\$469,855
Fairways /Beau Rivage water	\$27,204	\$14,209	\$41,413
Fairways/Beau Rivage sewer	\$47,458	\$9,301	\$56,759
Brookwood/LaGrange water	\$249,083	\$0	\$249,083

Aqua’s additional WSIC/SSIC revenue requirement is comprised of the calculated WSIC/SSIC revenue requirement for the current review period plus updates to previously approved WSIC/SSIC revenue requirements which became effective on January 1, 2015, July 1, 2015, January 1, 2016, July 1, 2016, January 1, 2017 and July 1, 2017. The updates include a roll forward of accumulated depreciation and accumulated deferred income taxes, a reduction in the state corporate income tax rate from 4% to 3%, a decrease in the public utility regulatory fee from 0.148% to 0.14%, and an update of the projected (non WSIC/SSIC) annual service revenue amounts to Aqua’s 2017/2018 projection.

Pursuant to G.S. 62-133.12(g), the cumulative WSIC & SSIC percentages are capped at 5% of the total annual service revenues approved by the Commission in the Sub 363 Rate Case. The total cumulative WSIC/SSIC revenue requirement calculations for Aqua NC Water, Fairways/Beau Rivage Sewer and Brookwood/Lagrance Water has exceeded the maximum revenue cap for these entities, therefore the WSIC/SSIC surcharges for this proceeding are based on maximum allowed revenue requirement.

Aqua is proposing the above increases in the WSIC and SSIC in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from April 1, 2017, through September 30, 2017:

Water main relocation	<u>\$176,398</u>
Total WSIC plant additions	<u>\$176,398</u>
Sewer main relocation	<u>\$177,300</u>
Replace blowers and/or motors	<u>\$627,254</u>
Total SSIC plant additions	<u>\$804,554</u>

As stated by the Commission in its order adopting Rules R7-39 and R10-26, issued on June 6, 2014, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore,

any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. These adjustments shall be further examined for a determination of their justness and reasonableness in the Company's next general rate case. At that time, the adjustments may be rescinded retroactively if the Commission determines that the adjustments were not prudent, just and/or reasonable.

The Public Staff has carefully reviewed Aqua's WSIC and SSIC improvements for the six months ended September 30, 2017, including reviewing in detail invoices, materials lists, work orders, employee time sheets and other accounting records. Based on the Public Staff's investigation to date, the WSIC and SSIC projects included in Aqua's request, except for a portion of the Willow Creek aeration blower project discussed below, are eligible water and sewer system improvements as defined in G.S. 62-133.12(b), (c), and (d).

The Public Staff recommends and has implemented the removal of a portion of SSIC aeration blower replacement project at Willow Creek in the amount of \$1,987 from the calculation of Aqua NC Wastewater cumulative revenue requirement. This portion of the project are costs to fabricate, deliver and install a new aluminum weir box at the sewer treatment plant. The Public Staff is of the opinion that the new weir box does not meet the definition of an "eligible sewer system improvement" as determined by G.S. 62.133.12(d). The weir box should be characterized on Aqua's books as a capital project not subject to SSIC recovery. Removal of these costs reduces Aqua NC Wastewater additional SSIC revenue for this proceeding by \$191, but the cumulative SSIC surcharge percentage as proposed by Aqua is not affected by the adjustment recommended by the Public Staff.

The Public Staff recommends that the cumulative WSIC and SSIC percentages proposed by Aqua be implemented effective for service rendered on or after January 1, 2018, subject to true-up. The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of Aqua's future WSIC and SSIC filings and in Aqua's next general rate case.

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

RECOMMENDATION: (Henry/Junis/Grantmyre) That the Commission issue the proposed order approving Aqua's proposed water and sewer system improvement charges effective for service rendered on or after January 1, 2018, subject to true-up, and requiring customer notice.

P3. DOCKET NO. W-1166, SUB 17 – MECO UTILITIES, INC. – APPLICATION FOR RATE INCREASE

EXPLANATION: On December 4, 2017, MECO Utilities, Inc. (MECO or Applicant) filed an application with the Commission seeking authority to increase its rates for water and sewer utility service in Mobile Estates Mobile Home Park in Wake County, North Carolina. MECO purchases bulk water and sewer treatment service from the Town of Cary and serves approximately 270 customers. The present rates have been in effect since August 21, 2017, which was MECO’s last pass through.

The Applicant’s present and proposed rates are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$13.81	\$16.50
Usage charge, per 1,000 gallons	\$ 6.44	\$ 7.69
<u>Monthly Metered Sewer Rates:</u>		
Base charge, zero usage (minimum)	\$12.14	\$16.09
Usage charge, per 1,000 gallons	\$ 9.96	\$13.20

The proposed rates would increase the average residential monthly water bill from \$36.67 to \$43.80, a 19.44% increase and monthly sewer bill from \$47.50 to \$62.95, a 32.53% increase, based on an average monthly usage of 3,550 gallons.

EXHIBIT: The Public Staff’s proposed order is attached as Exhibit No. P-6.

RECOMMENDATION: (Casselberry/Cooper/Little) That the Commission issue the Public Staff’s proposed order establishing a general rate case, suspending rates, scheduling hearing, and requiring customer notice specifying that if no significant protests are received subsequent to customer notice, the hearing may be canceled and the matter decided without hearing.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 716

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Piedmont Natural Gas Company, Inc., for an Adjustment of Its Rates and Charges to Track Changes in Its Wholesale Costs of Gas	ORDER ALLOWING RATE CHANGES EFFECTIVE JANUARY 1, 2018

BY THE COMMISSION: On December 8, 2017, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application pursuant to G.S. 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Piedmont's North Carolina Service Regulations, seeking authority to decrease its sales rates by \$0.2547 per dekatherm (dt) and its transportation rates by \$0.0047 per dt effective January 1, 2018. The decrease is a result of a change in its Benchmark Cost of Gas from the current rate of \$3.00 per dt to \$2.75 per dt.

The matter was presented to the Commission at its Regular Staff Conference on December 18, 2017. The Public Staff stated it had reviewed the application and recommended approval as filed.

Based upon the review of the application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed rate changes should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Piedmont is authorized to decrease its rates by \$0.2547 per dekatherm effective for service rendered on and after January 1, 2018.
2. That Piedmont is authorized to decrease its transportation rates by \$0.0047 per dekatherm effective for service rendered on and after January 1, 2018.
3. That Piedmont shall file revised tariffs consistent with Ordering Paragraphs 1 and 2 within five (5) days of the date of this Order.
4. That Piedmont shall give notice to its customers of the rate changes allowed in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of December, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 655

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Piedmont Natural Gas	)	ORDER CLOSING ADVANCE NOTICE
Company, Inc., for Advance Notice	)	PERIOD, AND ACCEPTING AMENDED
and Authorization to Enter into	)	AFFILIATED AGREEMENT FOR FILING
Amended Affiliate Agreement	)	AND PERMITTING OPERATION
	)	THEREUNDER PURSUANT TO
	)	G.S. 62-153

BY THE COMMISSION: On November 7, 2017, pursuant to Regulatory Condition No. 3.1, as approved in the Commission’s *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682 (Merger Order) and G.S. 62-153(b), Piedmont Natural Gas Company, Inc. (Piedmont), filed an advance notice (Advance Notice) of its intent to enter into the attached proposed Second Amendment to Precedent Agreement for Firm Transportation Services Atlantic Coast Pipeline between Piedmont and Atlantic Coast Pipeline, LLC (ACP) and the related amended Service Agreement (Service Agreement) and amended Negotiated Rate Agreement (Negotiated Rate Agreement) (collectively, the Second Amendment). By this filing, Piedmont seeks acceptance for filing of the Second Amendment and authorization for Piedmont to enter into and operate under its terms. Piedmont submitted the Second Amendment under seal on the grounds that it is confidential and proprietary and has been designated as such pursuant to G.S. 132-1.2. On the same date, Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP), made a similar filing in Docket Nos. E-2, Sub 1052, and E-7, Sub 1062.

In the Advance Notice, Piedmont notified the Commission that the amended Service Agreement and amended Negotiated Rate Agreement will, ultimately, be filed with the Federal Energy Regulatory Commission (FERC) by ACP, and that the filing will be made at the completion of project construction and shortly before commencement of service pursuant to FERC’s standing requirement to file the terms of negotiated rate agreements and non-conforming service agreements with FERC.

In the Advance Notice, Piedmont stated that it has reviewed the provisions of Regulatory Condition 3.1(c) and does not believe that the prospective filing of the Negotiated Rate Agreement or the Service Agreement with FERC falls within the intended parameters of this provision because it does not threaten or otherwise impact the jurisdiction of this Commission in any way. Nor could either agreement be used to invoke federal preemption of the Commission's jurisdiction. Instead, Piedmont stated that the filing of these agreements by ACP with FERC is an administrative matter designed to provide notice of the terms of any negotiated rate agreements or non-conforming service agreements related to service on the Atlantic Coast Pipeline – both of which are matters within the proper jurisdiction of FERC. Notwithstanding this conclusion, Piedmont provided advance notice of its intent to enter into the Second Amendment and the related Service Agreement and Negotiated Rate Agreement pursuant to Regulatory Condition 3.1(c).

Regulatory Condition No. 3.1(c) provides that, in order to enable the Commission to exercise its jurisdiction over a proposed affiliate contract that involves costs that will be assigned to Piedmont and that is required or intended to be filed with the FERC, Piedmont shall file advance notice and a copy of the proposed affiliate contract with the Commission at least 30 days prior to a filing with the FERC. Regulatory Condition 13.2 requires the Public Staff to investigate and file a response with the Commission no later than 15 days before the notice period expires, which deadline in this case occurred on November 22, 2017. Further, any other interested party may file a response within this response period.

The Sierra Club filed a petition to intervene and an objection to the Advance Notice on December 6, 2017, which was 15 days after the end of the response period.

On December 11, 2017, Piedmont, DEC, and DEP filed a joint reply to Sierra Club's petition to intervene and objection.

The Public Staff presented this matter to the Commission at its Staff Conference on December 18, 2017. The Public Staff stated that it regretted that it did not file a response to the Advance Notice by November 22, 2017. The Public Staff asserted that no party was harmed by its deviation from the procedure prescribed by the Regulatory Conditions, particularly given the additional requirements of G.S. 62-153(b). The Public Staff reviewed the Advance Notice and, based upon the facts set forth therein, stated that it believes that the filing of the Second Amendment should not adversely affect the Commission's jurisdiction. Since no party filed an objection by the November 22, 2017 deadline for such objections, the Public Staff stated that it believes that the advance notice part of Piedmont's November 7, 2017 filing can be considered to be closed.

With respect to G.S. 62-153(b) and Piedmont's request for approval, the Public Staff stated that it believes that generally speaking the Regulatory Conditions and the Code of Conduct approved in the Merger Order should ensure that costs are assigned or allocated properly and that ratepayers are otherwise protected. The Public Staff recommended that the Commission accept for filing the proposed Second Amendment attached to Piedmont's filing on November 7, 2017, and authorize Piedmont to enter into the Second Amendment and make payments pursuant thereto, subject to the conditions approved in the Merger Order. The Public Staff further recommended that the Commission's order state that for ratemaking purposes the authority granted therein neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the agreements in question in a future proceeding. Finally, the Public Staff recommended that the order should state that the Commission may subsequently disapprove, after hearing, such contract or any such fees, commissions or compensation whatsoever to any affiliated or subsidiary holding, managing, operating, constructing, engineering, financing or purchasing company or agency for services rendered if found to be unjust or unreasonable or made for the purpose or with the effect of concealing, transferring or dissipating the earnings of the public utility.

Based upon careful consideration of the filings in this docket and the recommendations of the Public Staff, the Commission concludes that the Public Staff's recommendations should be adopted.

IT IS, THEREFORE, ORDERED as follows:

1. That the Second Amendment is accepted for filing pursuant to G.S. 62-153(b). Piedmont and its affiliate are authorized to enter into the Second Amendment and allowed to operate pursuant to its terms.
2. That the advance notice period in this docket shall be, and is hereby, ended.
3. That the authority granted herein neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the agreements in question in a future proceeding.
4. That, notwithstanding the authority granted herein, the Commission may subsequently disapprove, after hearing, such contract or any such fees, commissions or compensation whatsoever to any affiliated or subsidiary holding, managing, operating, constructing, engineering, financing or purchasing company or agency for services rendered if found to be unjust or unreasonable or made for the purpose or with the effect of concealing, transferring or dissipating the earnings of the public utility.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1052
DOCKET NO. E-7, SUB 1062

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC, for Advance Notice and Authorization to Enter into Amended Affiliate Agreements	) ORDER CLOSING ADVANCE NOTICE PERIOD, AND ACCEPTING AMENDED AFFILIATED AGREEMENTS FOR FILING AND PERMITTING OPERATION THEREUNDER PURSUANT TO G.S. 62-153
))

BY THE COMMISSION: On November 7, 2017, pursuant to Regulatory Condition No. 3.1, as approved in the Commission’s *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682 (Merger Order) and G.S. 62-153(b), Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP) (collectively, the Companies), filed a joint advance notice (Advance Notice) of their intent to enter into the attached proposed Second Amendments to Precedent Agreements for Firm Transportation Services Atlantic Coast Pipeline between DEC and DEP, respectively, and Atlantic Coast Pipeline, LLC (ACP), and the related amended Service Agreements (Service Agreements) and amended Negotiated Rate Agreements (Negotiated Rate Agreements) (collectively, the Second Amendments). By this filing, DEC and DEP seek acceptance for filing of the Second Amendments and authorization for DEC and DEP to enter into and operate under their terms. DEC and DEP submitted the agreements under seal on the grounds that they are confidential and proprietary and have been designated as such pursuant to G.S. 132-1.2. On the same date, Piedmont Natural Gas Company, Inc. (Piedmont), made a similar filing in Docket No. G-9, Sub 655.

In the Advance Notice, the Companies notified the Commission that the amended Service Agreements and amended Negotiated Rate Agreements will, ultimately, be filed with the Federal Energy Regulatory Commission (FERC) by ACP, and that the filing will be made at the completion of project construction and shortly before commencement of service pursuant to FERC’s standing requirement to file the terms of negotiated rate agreements and non-conforming service agreements with FERC.

In the Advance Notice, the Companies stated that they have reviewed the provisions of Regulatory Condition 3.1(c) and do not believe that the prospective filing of the Negotiated Rate Agreements or the Service Agreements with FERC falls within the intended parameters of this provision because it does not threaten or otherwise impact the jurisdiction of this Commission in any way. Nor could either agreement be used to invoke federal preemption of the Commission's jurisdiction. Instead, the Companies stated that the filing of these agreements by ACP with FERC is an administrative matter designed to provide notice of the terms of any negotiated rate agreements or non-conforming service agreements related to service on the Atlantic Coast Pipeline – both of which are matters within the proper jurisdiction of FERC. Notwithstanding this conclusion, the Companies provided advance notice of their intent to enter into the Second Amendments and the related Service Agreements and Negotiated Rate Agreements pursuant to Regulatory Condition 3.1(c).

Regulatory Condition No. 3.1(c) provides that, in order to enable the Commission to exercise its jurisdiction over a proposed affiliate contract that involves costs that will be assigned to DEC or DEP and that is required or intended to be filed with the FERC, DEC or DEP shall file advance notice and a copy of the proposed affiliate contract with the Commission at least 30 days prior to a filing with the FERC. Regulatory Condition 13.2 requires the Public Staff to investigate and file a response with the Commission no later than 15 days before the notice period expires, which deadline in this case occurred on November 22, 2017. Further, any other interested party may file a response within this response period.

The Sierra Club filed a petition to intervene and an objection to the Advance Notice on December 6, 2017, which was 15 days after the end of the response period.

On December 11, 2017, the Companies and Piedmont filed a joint reply to Sierra Club's petition to intervene and objection.

The Public Staff presented this matter to the Commission at its Staff Conference on December 18, 2017. The Public Staff stated that it regretted that it did not file a response to the Advance Notice by November 22, 2017. The Public Staff asserted that no party was harmed by its deviation from the procedure prescribed by the Regulatory Conditions, particularly given the additional requirements of G.S. 62-153(b). The Public Staff reviewed the Advance Notice and, based upon the facts set forth therein, stated that it believes that the filing of the Second Amendments should not adversely affect the Commission's jurisdiction. Since no party filed an objection by the November 22, 2017 deadline for such objections, the Public Staff stated that it believes that the advance notice part of DEC's and DEP's November 7, 2017 filing can be considered to be closed.

With respect to G.S. 62-153(b) and DEC's and DEP's requests for approval, the Public Staff stated that it believes that generally speaking the Regulatory Conditions and the Code of Conduct approved in the Merger Order should ensure that costs are assigned or allocated properly and that ratepayers are otherwise protected. The Public Staff recommended that the Commission accept for filing the proposed Second Amendments attached to DEC's and DEP's filing on November 7, 2017, and authorize DEC and DEP to enter into the Second Amendments and make payments pursuant thereto, subject to the conditions approved in the Merger Order. The Public Staff further recommended that the Commission's order state that for ratemaking purposes the authority granted therein neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the agreements in question in a future proceeding. Finally, the Public Staff recommended that the order state that the Commission may subsequently disapprove, after hearing, such contract or any such fees, commissions or compensation whatsoever to any affiliated or subsidiary holding, managing, operating, constructing, engineering, financing or purchasing company or agency for services rendered if found to be unjust or unreasonable or made for the purpose or with the effect of concealing, transferring or dissipating the earnings of the public utility.

Based upon careful consideration of the filings in this docket and the recommendations of the Public Staff, the Commission concludes that the Public Staff's recommendations should be adopted.

IT IS, THEREFORE, ORDERED as follows:

1. That the Second Amendments are accepted for filing pursuant to G.S. 62-153. DEC and DEP and its affiliate are authorized to enter into the Second Amendments and allowed to operate pursuant to its terms.
2. That the advance notice period in these dockets shall be, and is hereby, ended.
3. That the authority granted herein neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the agreements in question in a future proceeding.
4. That, notwithstanding the authority granted herein, the Commission may subsequently disapprove, after hearing, such contract or any such fees, commissions or compensation whatsoever to any affiliated or subsidiary holding, managing, operating, constructing, engineering, financing or purchasing company or agency for services rendered if found to be unjust or unreasonable or made for the purpose or with the effect of concealing, transferring or dissipating the earnings of the public utility.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-71, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Ridgecrest Water Utility, Post)
Office Box 128, Ridgecrest, North Carolina) ORDER SCHEDULING
28770, for Authority to Increase Rates for Water) HEARING AND REQUIRING
Utility Service in its Ridgecrest Service Area in) CUSTOMER NOTICE
Buncombe County, North Carolina)

BY THE COMMISSION: Ridgecrest Water Utility (Applicant) filed an application with the Commission on October 30, 2017, seeking authority to increase its rates for water utility service in its Ridgecrest service area in Buncombe County, North Carolina. The Applicant serves approximately 314 water customers. The present water rates were established pursuant to the Commission’s Recommended Order Granting Rate Increase and Requiring Customer Notice issued on December 22, 2015, in Docket No. W-71, Sub 11, a general rate case proceeding.

On November 28, 2017, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

The Applicant’s present and proposed rates are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Residential Rates:</u>		
Base charge, zero usage (bi-monthly minimum)	\$16.98	\$ 18.00
Usage charge, per 1,000 gallons	\$ 5.30	\$ 5.55

The proposed rates would increase the average residential bi-monthly bill for water utility service from \$59.38 to \$62.40, based on an average bi-monthly usage of 8,000 gallons.

The Commission is of the opinion that the matter should be scheduled for customer hearing, subject to cancellation if no significant protests are received subsequent to customer notice.

IT IS, THEREFORE, ORDERED as follows:

1. That the application is scheduled for public hearing at 7:00 p.m., on Thursday, March 29, 2018, in Courtroom 1A of the Buncombe County Courthouse, 60 Court Plaza, Asheville, NC 28801. This hearing may be canceled if no significant protests are received subsequent to public notice.

2. That an officer or representative of the Applicant is required to appear in person before the Commission at the time and place of the hearing to testify concerning any of the information contained in the application. If the Applicant desires to cross-examine any witnesses at the hearing, the Applicant shall be represented by legal counsel at this hearing.

3. That the Notice to Customers, attached as Appendix A, be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the proposed new rates; that the Notice to Customers be mailed or hand delivered no later than 14 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 30 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-71, SUB 12
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is given that Ridgecrest Water Utility (Applicant), Post Office Box 128, Ridgecrest, North Carolina 28770, filed an application with the North Carolina Utilities Commission on October 30, 2017, for authority to increase rates for water utility service in its Ridgecrest service area in Buncombe County, North Carolina, as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Residential Rates:</u>		
Base charge, zero usage (bi-monthly minimum)	\$ 16.98	\$ 18.00
Usage charge, per 1,000 gallons	\$ 5.30	\$ 5.55

The Commission may consider additional or alternative rate design proposals which were not included in the original application and may order increases or decreases in the rates which differ from those proposed by the Applicant. However, any rate structure considered will not generate more overall revenues than requested.

EFFECT OF RATES

The present water rates have been in effect since they were established pursuant to the Commission's Recommended Order Granting Rate Increase and Requiring Customer Notice issued on December 22, 2015, in Docket No. W-71, Sub 11, a general rate case proceeding. The proposed rates would increase the average residential bi-monthly bill for water utility service from \$59.38 to \$62.40, based on an average bi-monthly usage of 8,000 gallons.

PUBLIC HEARING

The Commission has scheduled the application for public hearing at 7:00 p.m., on Thursday, March 29, 2018, in Courtroom 1A of the Buncombe County Courthouse, 60 Court Plaza, Asheville, NC 28801. This hearing may be canceled and the matter decided on the filings if no significant protests are received from consumers by February 2, 2018.

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Correspondence concerning the proposed rate increase, service problems, or the public hearing should be directed to the Public Staff.

The Public Staff is authorized by statute to represent the consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the subdivision, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. Written statements can also be faxed to (919) 715-6704 or e-mailed to lindsay.quant@psncuc.nc.gov.

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

Written statements are not evidence unless those persons submitting the statements appear at a public hearing and testify concerning the information contained in their written statements.

Persons desiring to present testimony concerning their opinion on this application, or any service problems they may be experiencing, may appear at this public hearing and give such testimony.

Persons desiring to intervene in the matter as formal parties of record should file a motion under North Carolina Utilities Commission Rules R1-6, R1-7, and R1-19 no later than ten days before the date of the hearing. Any such motion should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325.

The details of the proposed new rates have been filed with the North Carolina Utilities Commission. A copy of the application and all filings in this matter are available for review by the public at the Office of the Chief Clerk, 430 North Salisbury Street, Raleigh, North Carolina. Information regarding this proceeding can also be accessed from the Commission's website at www.ncuc.net under the docket number of this proceeding.

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APPENDIX A
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This the ____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Order Scheduling Hearing and Requiring Customer Notice issued by the North Carolina Utilities Commission in Docket No. W-71, Sub 12, by the date specified in the Order.

This the ____ day of _____, _____.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the Order Scheduling Hearing and Requiring Customer Notice was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-71, Sub 12.

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

Notary Public

Address

(SEAL) My Commission Expires: _____
Date

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 363A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc., 202) ORDER APPROVING WATER AND
MacKenan Court, Cary, North Carolina 27511,) SEWER SYSTEM IMPROVEMENT
for Approval of Semi-Annual Adjustments to) CHARGES ON A PROVISIONAL
Water and Sewer System Improvement) BASIS AND REQUIRING
Charges pursuant to G.S. 62-133.12) CUSTOMER NOTICE

BY THE COMMISSION: On October 30, 2017, Aqua North Carolina, Inc. (Aqua), filed an application requesting authority to adjust its Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective January 1, 2018, pursuant to Commission Rules R7-39 and R10-26 (Application).

On December 4, 2017, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s December 18, 2017, Regular Staff Conference (Notice).

On December 18, 2017, the Public Staff presented this matter to the Commission at the Regular Staff Conference.

On the basis of the verified Application, the records of the Commission, and the comments and recommendations of the Public Staff, the Commission makes the following

FINDINGS OF FACT

1. Aqua is a corporation duly organized under the laws of and is authorized to do business in the State of North Carolina. Aqua is a franchised public utility providing water and/or sewer utility service to customers in North Carolina.

2. In Aqua’s last general rate case, Docket No. W-218, Sub 363 (Sub 363 Rate Case), the Commission approved in its Order dated May 2, 2014, Aqua’s request to utilize a WSIC and SSIC mechanism pursuant to G.S. 62-133.12, concluding that the rate adjustment mechanisms are in the public interest, and establishing WSIC and SSIC procedures for Aqua.

3. The implementation of the WSIC and SSIC for Aqua was first approved on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua’s rates every January 1st and July 1st based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request.

4. Aqua’s proposed increases/decreases to the WSIC and SSIC previously approved by the Commission on July 1, 2017, are as follows:

	Previously Approved WSIC/SSIC Percentage	Net Change To WSIC/SSIC Percentage	Cumulative WSIC/SSIC Percentage
Uniform water	4.87%	-0.10%	4.77%
Uniform sewer	3.33%	0.26%	3.59%
Fairways/Beau Rivage water	2.93%	1.34%	4.27%
Fairways/Beau Rivage sewer	3.88%	0.65%	4.53%
Brookwood/LaGrange water	5.31%	0.08%	5.39%

5. The WSIC/SSIC percentages above include the Experience Modification Factor (EMF) adjustments from the 2016 annual WSIC/SSIC revenue review. The three rate divisions impacted are Aqua Uniform Sewer – adjusted downward by -0.07% (due to over-collection in 2016), Fairways/Beau Rivage Sewer – adjusted upwards by 0.02% (due to under-collection in 2016) and Brookwood/LaGrange Water – adjusted upward by 0.09% (due to under-collection in 2016).

6. The cumulative WSIC and SSIC revenue requirements after Aqua’s proposed increases/decreases are as follows:

	Previously Approved WSIC/SSIC Revenue Requirement	Net Change To WSIC/SSIC Revenue Requirement	Cumulative WSIC/SSIC Revenue Requirement
Uniform water	\$1,558,018	\$0	\$1,558,018
Uniform sewer	\$413,562	\$56,293	\$469,855
Fairways/Beau Rivage water	\$27,204	\$14,209	\$41,413
Fairways/Beau Rivage sewer	\$47,458	\$9,301	\$56,759
Brookwood/LaGrange water	\$249,083	\$0	\$249,083

7. Aqua's additional WSIC/SSIC revenue requirement is comprised of the calculated WSIC/SSIC revenue requirement for the current review period plus updates to previously approved WSIC/SSIC revenue requirements which became effective on January 1, 2015, July 1, 2015, January 1, 2016, July 1, 2016, January 1, 2017 and July 1, 2017. The updates include a roll forward of accumulated depreciation and accumulated deferred income taxes, a reduction in the state corporate income tax rate from 4% to 3%, a decrease in the public utility regulatory fee from 0.148% to 0.14%, and an update of the projected (non WSIC/SSIC) annual service revenue amounts to Aqua's 2017/2018 projection.

8. Aqua is proposing the above increases in the WSIC and SSIC in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from April 1, 2017 through September 30, 2017:

Water main relocation	<u>\$176,398</u>
Total WSIC plant additions	<u>\$176,398</u>
Sewer main relocation	\$177,300
Replace blowers and/or motors	<u>\$627,254</u>
Total SSIC plant additions	<u>\$804,554</u>

9. Pursuant to G.S. 62-133.12(g), the cumulative WSIC & SSIC percentages are capped at 5% of the total annual service revenues approved by the Commission in the Sub 363 Rate Case. The total cumulative WSIC/SSIC revenue requirement calculations for Aqua NC Water, Fairways/Beau Rivage Sewer and Brookwood/Lagrange Water has exceeded the maximum revenue cap for these entities, therefore the WSIC/SSIC surcharges for this proceeding are based on maximum allowed revenue requirement.

10. As stated by the Commission in its order adopting Rules R7-39 and R10-26, issued on June 6, 2014, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore, any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. These adjustments shall be further examined for a determination of their justness and reasonableness in the Company's next general rate case. At that time, the adjustments may be rescinded retroactively if the Commission determines that the adjustments were not prudent, just and/or reasonable.

11. Based on the Public Staff’s investigation to date, the WSIC and SSIC projects included in Aqua’s request, except for a portion of the Willow Creek aeration blower project discussed below, are eligible water and sewer system improvements as defined in G.S. 62-133.12(b), (c), and (d).

12. The Public Staff recommended and implemented the removal of a portion of SSIC aeration blower replacement project at Willow Creek in the amount of \$1,987, from the calculation of Aqua NC Wastewater cumulative revenue requirement. This portion of the project are costs to fabricate, deliver and install a new aluminum weir box at the sewer treatment plant. The Public Staff is of the opinion that the new weir box does not meet the definition of an “eligible sewer system improvement” as determined by G.S. 62.133.12(d). The weir box should be characterized on Aqua’s books as a capital project not subject to SSIC recovery. Removal of these costs reduces Aqua NC Wastewater additional SSIC revenue for this proceeding by \$191, but the cumulative SSIC surcharge percentage as proposed by Aqua is not affected by the adjustment recommended by the Public Staff.

13. Based on the above adjustment, the Public Staff recommended the following adjustments to the WSIC and SSIC revenue requirement proposed by Aqua:

	WSIC/SSIC Revenue Requirement Per Aqua	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentages per Public Staff
Uniform water	\$1,558,018	\$1,558,018	\$0	4.77%
Uniform sewer	\$469,855	\$469,664	\$(191)	3.59%
Fairways water	\$ 41,413	\$41,413	\$0	4.27%
Fairways sewer	\$56,759	\$56,759	\$0	4.53%
Brookwood water	\$249,083	\$ 249,083	\$0	5.39%

14. Based on the Public Staff’s investigation to date, The Public Staff recommended that the cumulative WSIC and SSIC percentages proposed by Aqua be implemented effective for service rendered on or after January 1, 2018, subject to true-up. The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of Aqua’s future WSIC and SSIC filings and in Aqua’s next general rate case.

CONCLUSIONS

Based upon the foregoing, the Commission concludes that Aqua should be allowed to implement its proposed increases/decreases in the WSIC and SSIC

percentages effective for service rendered on and after January 1, 2018. These WSIC or SSIC rate adjustments, while allowed to become effective, are not unconditionally approved, and will be subject to further examination for justness and reasonableness in the WSIC and SSIC annual review and reconciliation and Aqua's next general rate case.

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua is authorized to implement the recommended Water and Sewer System Improvement Charges set forth in the attached Appendix A-3 to Aqua's Schedule of Rates effective for service rendered on and after January 1, 2018, subject to true-up. The rates contained therein are provisional and subject to review in Aqua's next general rate case.

2. That the attached Appendix A-3 is approved and is deemed filed with the Commission pursuant to G.S. 62-138.

3. That Aqua shall mail to each of its customers with the next regularly scheduled customer billing the Commission approved customer notice.¹

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

¹ Three separate customer notices are attached hereto as Attachments A, B, and C, respectively. The separate customer notices are intended to minimize customer confusion. Aqua shall mail the appropriate customer notice to each of its customers with the next regular customer billing.

**AQUA NORTH CAROLINA, INC.
WATER AND SEWER SYSTEM IMPROVEMENT CHARGES**

WATER SYSTEM IMPROVEMENT CHARGE

All Aqua NC water systems except as noted below	4.77% ^{1/}
Water systems in Brookwood and LaGrange service areas	5.39% ^{1/}
Water systems in Fairways and Beau Rivage service areas	4.27% ^{1/}
Glennburn, Knollwood, and Wimbleton systems in Gaston County	None ^{2/}
Thornton Ridge/Timberlake system in Alamance County	None ^{3/}
Clear Meadow system in Mecklenburg County	None ^{3/}

SEWER SYSTEM IMPROVEMENT CHARGE

All Aqua NC sewer systems except as noted below	3.59% ^{4/}
Sewer systems in Fairways and Beau Rivage service areas	4.53% ^{4/}

^{1/} The Water System Improvement Charge will be applied to the total water utility bill of each customer under the Company’s applicable rates and charges.

^{2/} These water systems, which were acquired from Wayne M. Honeycutt in Docket No. W-218, Sub 385, are not included under Aqua’s uniform rates and improvements made in these systems are not eligible for Water System Improvement Charge recovery.

^{3/} These water systems were acquired by Aqua subsequent to Aqua’s last general rate case and are not included in Aqua’s uniform rates.

^{4/} The Sewer System Improvement Charge will be applied to the total sewer utility bill of each customer under the Company’s applicable rates and charges.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 363A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc., 202)
MacKenan Court, Cary, North Carolina 27511, for) NOTICE TO CUSTOMERS IN
Approval of Semi-Annual Adjustments to Water) BROOKWOOD / LAGRANGE
and Sewer System Improvement Charges) SERVICE AREAS
pursuant to G.S. 62-133.12)

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated December __, 2017, pursuant to G.S. 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to increase the Water System Improvement Charge (WSIC) effective for service rendered on and after January 1, 2018, in Aqua’s Brookwood/LaGrange service areas in Cumberland and Hoke Counties, in North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua’s request, pursuant to G.S. 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua’s last general rate case. WSIC and SSIC charges for Aqua were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua’s rates every January 1 and July 1. On October 31, 2014, Aqua filed for its first semi-annual adjustment to the WSIC and SSIC charges to be effective January 1, 2015.

The Public Staff carefully reviewed Aqua’s stated WSIC, including a review of invoices, materials lists, work orders, employee time sheets, and other accounting records. On December 4, 2017, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s December 18, 2017, Regular Staff Conference (Notice).

Based on the application filed by Aqua and the Public Staff’s Notice and recommendations, the Commission has approved the following increase in the WSIC charge for the Brookwood and LaGrange service areas, effective for service rendered on and after January 1, 2018:

	Previously Approved WSIC Percentage	Net Change To WSIC Percentage	Cumulative WSIC Percentage
WSIC	5.31%	0.08%	5.39%

The WSIC percentage of 5.39% will be applied to the water utility bill of each customer under Aqua’s applicable service rates and charges.

The cumulative 5.39% WSIC percentage results in a \$1.63 increase to the monthly average residential bill for a customer using the average of 5,817 gallons per month.

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission’s Order dated May 2, 2014, in Docket No. W-218, Sub 363, the Commission’s Order Adopting Rules to Implement G.S. 62-133.12, dated June 6, 2014, in Docket No. W-100, Sub 54, the Aqua NC WSIC/SSIC Application filed October 30, 2017, the December 4, 2017, Public Staff Notice, and the December____, 2017 Commission Order in Docket No. W-218, Sub 363A, all of which can be accessed from the Commission’s website at www.ncuc.net, under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e. for Docket No. key: W-218 Sub 363A).

Parties interested in receiving notice of these filings may subscribe to the Commission’s electronic notification system through the Commission’s website at www.ncuc.net.

EXHIBIT NO. P-5
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ATTACHMENT A
PAGE 3 OF 3

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 363A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Aqua North Carolina, Inc., 202)
MacKenan Court, Cary, North Carolina 27511,	) NOTICE TO CUSTOMERS IN
for Approval of Semi-Annual Adjustments to	) FAIRWAYS AND BEAU RIVAGE
Water and Sewer System Improvement	) SERVICE AREAS
Charges pursuant to G.S. 62-133.12)

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated December __, 2017, pursuant to G.S. 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to increase the Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after January 1, 2018, in Aqua’s Fairways and Beau Rivage service areas in New Hanover County, North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua’s request, pursuant to G.S. 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua’s last general rate case. WSIC and SSIC charges for Aqua were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua’s rates every January 1 and July 1. On October 31, 2014, Aqua filed for its first semi-annual adjustment to the WSIC and SSIC charges to be effective January 1, 2015.

The Public Staff carefully reviewed Aqua's stated WSIC and SSIC improvements, including a review of invoices, materials lists, work orders, employee time sheets, and other accounting records. On December 4, 2017, the Public Staff filed a Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's December 18, 2017 Regular Staff Conference (Notice).

Aqua made a WSIC and SSIC eligible infrastructure improvement in the Fairways/Beau Rivage service to relocate water and sewer mains due to NCDOT replacement of bridge over Lords Creek on SR1100.

Based on the application filed by Aqua and the Public Staff's Notice and recommendations, the Commission has approved the following increases in the WSIC and SSIC charges for the Fairways and Beau Rivage service areas, effective for service rendered on and after January 1, 2018:

	<u>Previously Approved WSIC/SSIC Percentage</u>	<u>Net Change To WSIC/SSIC Percentage</u>	<u>Cumulative WSIC/SSIC Percentage</u>
WSIC	2.93%	1.34%	4.27%
SSIC	3.88%	0.65%	4.53%

The WSIC percentage of 4.27% will be applied to the water utility bill of each customer, and the SSIC percentage of 4.53% will be applied to the sewer utility bill of each customer, under Aqua's applicable service rates and charges.

The 4.27% WSIC percentage results in a \$0.82 increase to the monthly average residential bill for a customer using the average of 7,655 gallons per month. The 4.27% WSIC percentage also will apply to the monthly bills for the customers on water systems where Aqua purchases bulk water.

The cumulative SSIC percentage of 4.53% will be applied to the sewer utility bill of each customer under Aqua's applicable service rates and charges. The cumulative 4.53% SSIC percentage results in a \$1.65 increase to the monthly residential customer flat rate sewer bill.

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Additional information regarding the WSIC/SSIC mechanism is contained in the Commission's Order dated May 2, 2014, in Docket No. W-218, Sub 363, the Commission's Order Adopting Rules to Implement G.S. 62-133.12, dated June 6, 2014, in Docket No. W-100, Sub 54, the Aqua NC WSIC/SSIC Application filed October 30, 2017, the December 4, 2017, Public Staff Notice, and the December____, 2017 Commission Order in Docket No. W-218, Sub 363A, all of which can be accessed from the Commission's website at www.ncuc.net, under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e. for Docket No. key: W-218 Sub 363A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at www.ncuc.net.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 363A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc., 202) NOTICE TO CUSTOMERS
MacKenan Court, Cary, North Carolina 27511,) IN AQUA NORTH CAROLINA
for Approval of Semi-Annual Adjustments to) UNIFORM RATES SERVICE
Water and Sewer System Improvement) AREAS
Charges pursuant to G.S. 62-133.12)

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated December __, 2017, pursuant to G.S. 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to increase the Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after January 1, 2018, in its service areas in North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua’s request, pursuant to G.S. 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua’s last general rate case. WSIC and SSIC for Aqua were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua’s rates every January 1 and July 1. On October 31, 2014, Aqua filed for its first semi-annual adjustment to the WSIC and SSIC charges to be effective January 1, 2015.

The Public Staff carefully reviewed Aqua’s stated WSIC and SSIC improvements, including a review of invoices, materials lists, work orders, employee time sheets, and

other accounting records. On December 4, 2017, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s December 18, 2017, Regular Staff Conference (Notice).

Aqua made SSIC eligible infrastructure improvements to replace motors, blower and other mechanical equipment at eight wastewater treatment plants.

Based on the application filed by Aqua and the Public Staff’s Notice and recommendations, the Commission has approved the following increases in the WSIC and SSIC charges, effective for service rendered on and after January 1, 2018:

	Previously Approved WSIC/SSIC Percentage	Net Change To WSIC/SSIC Percentage	Cumulative WSIC/SSIC Percentage
WSIC	4.87%	-0.10%	4.77%
SSIC	3.33%	0.26%	3.59%

The WSIC percentage of 4.77% will be applied to the water utility bill of each customer, and the SSIC percentage of 3.59% will be applied to the sewer utility bill of each customer, under Aqua’s applicable service rates and charges.

The cumulative 4.77% WSIC percentage results in a \$2.19 increase to the monthly average residential bill for a customer using the average of 5,170 gallons per month. The cumulative 4.77% WSIC percentage also will apply to the monthly bills for the customers on water systems where Aqua purchases bulk water.

The cumulative 3.59% SSIC percentage results in a \$2.33 increase to the monthly residential flat rate sewer bill. The cumulative 3.59% SSIC percentage will also apply to the monthly metered bills for customers on sewer systems where Aqua purchases bulk sewer treatment.

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission’s Order dated May 2, 2014, in Docket No. W-218, Sub 363, the Commission’s Order Adopting Rules to Implement G.S. 62-133.12, dated June 6, 2014, in Docket No. W-100, Sub 54, the Aqua NC WSIC/SSIC Application filed October 30, 2017, the December 4, 2017, Public Staff Notice, and the December____, 2017 Commission Order in Docket No. W-218, Sub 363A, all of which can be accessed from

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the Commission's website at www.ncuc.net, under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e. for Docket No. key: W-218 Sub 363A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at www.ncuc.net.

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1166, SUB 17

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by MECO Utilities, Inc., Post)	
Office Box 2369, Swansboro, North)	ORDER ESTABLISHING GENERAL
Carolina 28584, for Authority to Increase)	RATE CASE, SUSPENDING RATES,
Rates for Water and Sewer Utility Service)	SCHEDULING HEARING, AND
in Mobile Estates Mobile Home Park in)	REQUIRING CUSTOMER NOTICE
Wake County, North Carolina)	

BY THE COMMISSION: On December 4, 2017, MECO Utilities, Inc. (MECO or Applicant) filed an application with the Commission seeking authority to increase its rates for water and sewer utility service in Mobile Estates Mobile Home Park in Wake County, North Carolina. MECO purchases bulk water and sewer treatment service from the Town of Cary and serves approximately 270 customers. The present rates have been in effect since August 21, 2017, which was MECO's last pass through.

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

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$13.81	\$16.50
Usage charge, per 1,000 gallons	\$ 6.44	\$ 7.69
<u>Monthly Metered Sewer Rates:</u>		
Base charge, zero usage (minimum)	\$12.14	\$16.09
Usage charge, per 1,000 gallons	\$ 9.96	\$13.20

The proposed rates would increase the average residential monthly water bill from \$36.67 to \$43.80, a 19.44% increase and monthly sewer bill from \$47.50 to \$62.95, a 32.53% increase, based on an average monthly usage of 3,550 gallons.

The Commission is of the opinion that the application constitutes a general rate case, that the proposed new rates should be suspended pending investigation, and that the matter should be scheduled for customer hearing, subject to cancellation if no significant protests are received subsequent to customer notice.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to G.S. 62-137.
2. That the proposed new rates are suspended for up to 270 days pursuant to G.S. 62-134.
3. That the test period is established as the 12-month period ended September 30, 2017.
4. That the application is scheduled for public hearing at 7:00 p.m., on Thursday, March 22, 2018, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, NC. This hearing may be canceled if no significant protests are received subsequent to public notice on or before February 15, 2018.
5. That an officer or representative of the Applicant is required to appear in person before the Commission at the time and place of the hearing to testify concerning any of the information contained in the application. If the Applicant desires to cross-examine any witnesses at the hearing, the Applicant shall be represented by legal counsel at this hearing.
6. That the Notice to Customers, attached as Appendix A, be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the proposed new rates; that the Notice to Customers be mailed or hand delivered no later than 7 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 20 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of December, 2017.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-1160, SUB 17
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is given that MECO Utilities, Inc., Post Office Box 2396, Swansboro, North Carolina 28770, filed an application with the North Carolina Utilities Commission on December 4, 2017, for authority to increase rates for water and sewer utility service in Mobile Estates Mobile Home Park in Wake County, North Carolina, as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$13.81	\$16.50
Usage charge, per 1,000 gallons	\$ 6.44	\$ 7.69
 <u>Monthly Metered Sewer Rates:</u>		
Base charge, zero usage (minimum)	\$12.14	\$16.09
Usage charge, per 1,000 gallons	\$ 9.96	\$13.20

The Commission may consider additional or alternative rate design proposals which were not included in the original application and may order increases or decreases in the rates which differ from those proposed by the Applicant. However, any rate structure considered will not generate more overall revenues than requested.

EFFECT OF RATES

The present water and sewer rate has been in effect since the Commission issued order August 21, 2017, which was MECO's last pass through. The proposed rates would increase the average residential monthly water bill from \$36.67 to \$43.80, a 19.44% increase and monthly sewer bill from \$47.50 to \$62.95, a 32.53% increase, based on an average monthly usage of 3,550 gallons.

PUBLIC HEARING

The Commission has scheduled the application for public hearing at 7:00 p.m., on Thursday, March 22, 2018, in Commission Hearing Room 2115, Dobbs Building, 430

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North Salisbury Street, Raleigh, North Carolina. This hearing may be canceled and the matter decided on the filings if no significant protests are received from consumers on or before February 15, 2018. Correspondence concerning the proposed rate increase, service problems, or the public hearing should be directed to the Public Staff.

The Public Staff is authorized by statute to represent the consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the subdivision, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. Written statements can also be faxed to (919) 715-6704 or e-mailed to gina.casselberry@psncuc.nc.gov.

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

Written statements are not evidence unless those persons submitting the statements appear at a public hearing and testify concerning the information contained in their written statements.

Persons desiring to present testimony concerning their opinion on this application, or any service problems they may be experiencing, may appear at this public hearing and give such testimony.

Persons desiring to intervene in the matter as formal parties of record should file a motion under North Carolina Utilities Commission Rules R1-6, R1-7, and R1-19 no later than February 22, 2018. Any such motion should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325.

The details of the proposed new rates have been filed with the North Carolina Utilities Commission. A copy of the application and all filings in this matter are available for review by the public at the Office of the Chief Clerk, 430 North Salisbury Street, Raleigh, North Carolina. Information regarding this proceeding can also be accessed from the Commission's website at www.ncuc.net under the docket number of this proceeding.

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This the ____ day of December, 2017.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Order Establishing General Rate Case, Suspending Rates, Scheduling Hear, and Requiring Customer Notice issued by the North Carolina Utilities Commission in Docket No. W-1166, Sub 17, by the date specified in the Order.

This the ____ day of _____, _____.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the Order Establishing General Rate Case and Requiring Customer Notice was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-1166, Sub 17.

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

Notary Public

Address

(SEAL) My Commission Expires: _____
Date