

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**DOCKET NO. W-1300, SUB 60**

**In the Matter of  
Application by Old North State Water  
Company, LLC for Authority to Adjust  
and Increase Rates for Providing  
Water Utility Service in all its Water  
Service Areas**

**APPLICATION FOR  
GENERAL RATE INCREASE**

NOW COMES Old North State Water Company, LLC (“ONSWC”), by and through counsel and pursuant to N.C. Gen. Stat. § 62-130 *et seq.* and North Carolina Utilities Commission (“Commission”) Rules R1-15 and R1-17, and respectfully requests that the Commission approve ONSWC’s application to increase rates for all of its water utility systems. ONSWC’s requested rate increase is necessary due to ONSWC’s substantial net income loss of \$352,220.35 incurred during the Test Year ended December 31, 2020. The requested rate increase will provide ONSWC with sufficient revenues to continue providing reliable water service to its customers, and at the same time, improve service to its customers. ONSWC has never before filed a request for a rate increase, and its current rates do not support its current operations.

In support of this request, ONSWC respectfully states the following:

1. ONSWC is a privately-owned public utility doing business as a regulated water and wastewater utility in North Carolina pursuant to N.C. Gen. Stat. § 62-3, and it is subject to the regulatory oversight of this Commission. At the end of the Test Year, ONSWC served a total of 1,576 water customers in North Carolina and operated water systems in the following eight counties in North Carolina: Cumberland, Davidson, Franklin, Guilford, Orange, Randolph, and Wake Counties.

2. ONSWC is requesting uniform rates for all of its water service areas in North Carolina.

3. The contact information for ONSWC is:

Old North State Water Company, LLC  
Attn: John McDonald  
3212 6<sup>th</sup> Avenue South, Suite 200  
Birmingham, Alabama 35222  
E-mail: [jmcdonald@integrawater.com](mailto:jmcdonald@integrawater.com)

The attorney for ONSWC, to whom all pleadings and notices should be served, is:

Karen M. Kemerait, Esq.  
Fox Rothschild LLP  
434 Fayetteville Street, Suite 2800  
Raleigh, North Carolina 27601  
Telephone: (919) 755-8764

E-mail: [kkemerait@foxrothschild.com](mailto:kkemerait@foxrothschild.com)

4. The Commission granted the first certificate of public convenience and necessity ("CPCN") to ONSWC to provide water utility service on July 21, 2014. The CPCN was issued for Leone Landing Subdivision in Wake County, North Carolina in Docket No. W-1300, Sub 4. Since the time that the Commission issued a CPCN to ONSWC for Leone Landing Subdivision, ONSWC has acquired the following water systems, each with its own rates:

- W-1300, Sub 4: Leone Landing Subdivision in Wake County.
- W-1300, Sub 7: Blaney Farms and Yates Mill Estates in Wake County.
- W-1300, Sub 10: Twin Lake Farm Subdivision in Wake County.
- W-1300, Sub 13: Kingston Manor Subdivision in Wake County.
- W-1300, Sub 14: Bella Vista Subdivision in Wake County.

- W-1300, Sub 16: Knights Landing Subdivision in Guilford County.
- W-1300 Sub 17: Bold Run Subdivision in Wake County.
- W-1300, Sub 18: Jackson Manor Subdivision in Wake County.
- W-1300, Sub 21: Ellington Meadows Subdivision in Wake County.
- W-1300, Sub 22: Ethans Meadows Subdivision in Wake County.
- W-1300, Sub 23: Bailey's Glen Subdivision in Wake County.
- W-1300, Sub 24: Rocklyn Subdivision in Davidson County.
- W-1300, Sub 25: Blaney South Subdivision in Wake County.
- W-1300, Sub 26: Asheboro County Club in Randolph County, and Carriage Way, Kensington Place, Rachel's Landing, Spencer's Grove, Weatherstone at Olde Forest in Guilford County.
- W-1300, Sub 27: Camp Kanata Subdivision in Wake County.
- W-1300, Sub 31: Blawell Subdivision in Cumberland County.
- W-1300, Sub 32: Donnybrook Subdivision in Wake County.
- W-1300, Sub 34: Olde Mill Trace Subdivision in Wake County.
- W-1300, Sub 35: Avalyn Subdivision in Wake County.
- W-1300, Sub 37: Bailey Farms in Franklin County.
- W-1300, Sub 38: Shiloh Subdivision in Guilford County.
- W-1300, Sub 39: Ashcroft Park Subdivision in Guilford County.
- W-1300, Sub 40: Senter Property Park Subdivision in Wake County.
- W-1300, Sub 43: Camberly Subdivision in Wake County.
- W-1300, Sub 44: Mendenhall Subdivision in Wake County.
- W-1300, Sub 45: Stonewood Manor Subdivision in Wake County.

- W-1300, Sub 46: Bingham Woods Mobile Home Park in Orange County.
- W-1300, Sub 48: Autumn Ridge Subdivision in Guilford County.
- W-1300, Sub 50: Dogwood Acres Mobile Home Subdivision in Rockingham County.
- W-1300, Sub 53: Carriage Cove Subdivision in Guilford County.
- W-1300, Sub 54: Yardley Subdivision in Wake County.

5. Since being granted its first CPCN for a water system in 2014, ONSWC has never requested a rate increase.

6. On April 7, 2021, in compliance with Commission Rule R1-17(a), ONSWC filed notice with the Commission, more than thirty (30) days in advance, of its intention to file an application for a general rate increase.

7. In accordance with N.C. Gen. Stat. § 62-134 and Commission Rule R1-17, ONSWC herewith files proposed tariffs, copies of which are attached to the NCUC Form Application for Rate Increase. ONSWC requests that the proposed new tariffs be placed into effect as soon as possible.

8. The test year for this case is the twelve-month period ended December 31, 2020.

9. ONSWC's current rate of return for the Test Year is -33.94%.

10. ONSWC's requested rate increase is premised on a proposed overall rate of return of 7.75% on ONSWC's rate base for its water operations. The overall rate of return of 7.75% is based upon a proposed capital structure consisting of 17% long-term debt and 83% equity, and an overall rate of return for common equity of 9.75%.

11. The proposed tariffs are designed to produce additional revenues on a company-wide basis for water systems of \$512,619.29, which is a 68% increase over the total revenue level generated by the rates currently in effect for ONSWC. ONSWC requires increased revenues in this amount so that it will not operate at a loss and so that it might have an opportunity to earn a reasonable rate of return.

12. In accordance with Commission Rule R1-17(b), ONSWC attaches hereto and incorporates herein by reference a completed application for rate case, along with the schedules to support the requested adjustments in rates. The schedules include:

- Balance sheet as of December 31, 2020 (Schedule A).
- Income statement for the Twelve Months Ended December 31, 2020 (Schedule B).
- Calculation of Rate Base and Rate of Return (Schedule C).
- Calculation of Revenues Under Present Rates (Schedule D).
- Number of Customers Served, List of Systems, and Current Rates (Schedule E).
- Original Cost of Utility Systems (Schedule F).

13. The proposed rates applied for by ONSWC are necessary and are justified by the evidence contained in the application and supporting schedules, attachments, and testimony. The rate increase is necessary due to ONSWC's operating costs which are required to comply with service obligations and an appropriate level of service—all occurring during the Test Year and continuing up through the time of filing of this application. Furthermore, the rate increase is necessary because ONSWC is currently operating at a substantial loss.



WHEREFORE, ONSWC hereby requests that the Commission approve the proposed rates for water utility service, as set forth in this application.

Respectfully submitted this 29th day of June, 2021.

FOX ROTHSCHILD LLP



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*Counsel for Old North State Water Company, LLC*

COUNTY OF WAKE

## VERIFICATION

STATE OF NORTH CAROLINA

I, John McDonald, Manager of Old North State Water Company, LLC, verify that I have read the foregoing Application for General Rate Increase and know the contents thereof as they pertain to Old North State Water Company, LLC, and that the same are true of my own knowledge.

  
John McDonald

SWORN TO AND SUBSCRIBED

Before me this 25<sup>th</sup> day of June, 2021.  
Notary Public  
PrintedMy commission expires: 5/6/24

(SEAL)

**CERTIFICATE OF SERVICE**

This is to certify that the undersigned has this day served the foregoing  
Application for General Rate Increase filed by Old North State Water Company, LLC  
upon all parties of record by US mail or by electronic mail.

This 29th day of June, 2021.

FOX ROTHSCHILD LLP



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Counsel for Old North State Water Company, LLC

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JUN 29 2021