



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

March 12, 2024

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

Re: Docket Nos. W-1263, Sub 4 – Application of JPC Utilities, LLC for Authority to Adjust and Increase Rates for Water and Wastewater Utility Service in its Service Areas in Guilford County, North Carolina

Dear Ms. Dunston,

Attached for filing on behalf of the Public Staff in the above-referenced docket is the Joint Settlement Testimony of David Lentz and Lindsay Q. Darden.

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

Sincerely,

Electronically submitted  
/s/ Davia A. Newell  
Staff Attorney  
[davia.newell@psncuc.nc.gov](mailto:davia.newell@psncuc.nc.gov)

/s/ James Bernier, Jr.  
Staff Attorney  
[james.bernier@psncuc.nc.gov](mailto:james.bernier@psncuc.nc.gov)

cc: Parties of Record

Executive Director  
(919) 733-2435

Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Economic Research  
(919) 733-2267

Energy  
(919) 733-2267

Legal  
(919) 733-6110

Transportation  
(919) 733-7766

Water/Telephone  
(919) 733-5610

**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing has been served on JPC Utilities, LLC, or their attorneys, or both, in accordance with Commission Rule R1-39, by United States Mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 12th day of March, 2024.

Electronically submitted  
/s/ James Bernier, Jr.  
Staff Attorney

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**DOCKET NO. W-1263, SUB 4**

In the Matter of	)	<b>JOINT SETTLEMENT</b>
Application of JPC Utilities, LLC, for	)	<b>TESTIMONY OF</b>
Authority to Adjust and Increase Rates	)	<b>DAVID LENTZ AND</b>
for Water and Wastewater Utility Service	)	<b>LINDSAY Q. DARDEN</b>
in its service areas in Guilford County,	)	<b>PUBLIC STAFF –</b>
North Carolina	)	<b>NORTH CAROLINA</b>
	)	<b>UTILITIES COMMISSION</b>

**March 12, 2024**

1    **Q.    Mr. Lentz, please state your name, business address, and**  
2           **present position.**

3    A.    My name is David Lentz. My business address is 430 North Salisbury  
4           Street, Dobbs Building, Raleigh, North Carolina. I am a Public  
5           Utilities Regulatory Analyst with the Accounting Division of the Public  
6           Staff – North Carolina Utilities Commission (Public Staff).

7    **Q.    Are you the same David Lentz who filed direct testimony on**  
8           **behalf of the Public Staff in this proceeding on January 31,**  
9           **2024?**

10   A.    Yes.

11   **Q.    Are your qualifications and duties the same as stated in your**  
12          **direct testimony?**

13   A.    Yes.

14   **Q.    Mrs. Darden, please state your name, business address, and**  
15          **present position.**

16   A.    My name is Lindsay Q. Darden. My business address is 430 North  
17          Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am an  
18          engineer with the Water, Sewer, and Telephone Division of the  
19          Public Staff.

1     **Q.     Are you the same Lindsay Q. Darden who filed direct testimony**  
2           **on behalf of the Public Staff in this proceeding on January 31,**  
3           **2024?**

4     A.     Yes.

5     **Q.     Are your qualifications and duties the same as stated in your**  
6           **direct testimony?**

7     A.     Yes.

8     **Q.     What is the purpose of your joint settlement testimony?**

9     A.     The purpose of our joint settlement testimony is to provide support  
10           for the Settlement Agreement and Stipulation (Stipulation) filed on  
11           March 12, 2024, entered into between JPC Utilities, LLC (JPC or  
12           Company) and the Public Staff (the Stipulating Parties) regarding  
13           certain issues the Stipulating Parties resolved in the Stipulation.

14    **Q.     Briefly describe the Stipulation.**

15    A.     The Stipulation sets forth the agreement between the Stipulating  
16           Parties regarding all revenue requirement issues. Maintenance and  
17           repair expense, rate case expense and rate of return will be  
18           discussed in greater detail below.

1   **Q.   Please describe the agreed upon maintenance and repair**  
2       **expense.**

3   A.   In its rebuttal testimony, the Company accepted the Public Staff's  
4       adjustments to the maintenance and repair expense for reclassifying  
5       salary expenses, removing invoices outside the test year, and  
6       calculating allocation factors based on end of period customers. The  
7       Stipulating Parties agreed to the application of the Public Staff's  
8       recommended allocation factors to the maintenance and repair  
9       expense described in the rebuttal testimony of witness Peedin. The  
10      allocation factors for water and sewer were applied to the remaining  
11      maintenance and repair expense balance after accounts were  
12      directly assigned to water and sewer operations where applicable.  
13      The Stipulating Parties agreed to a maintenance and repair expense  
14      of \$9,545 for water operations and \$31,332 for sewer operations.  
15      The Public Staff believes this is a reasonable level of ongoing  
16      expenses.

17   **Q.   Please describe the agreed upon rate case expense.**

18   A.   The Stipulating Parties agreed upon including the audited actual rate  
19      case expenses through the close of the evidentiary hearing and post  
20      hearing expenses up to and not to exceed \$2,000 of actual audited  
21      expenses in the calculation of the final revenue requirement. The  
22      Stipulating Parties further agreed that accounting schedules  
23      incorporating the final revenue requirement will be filed upon the

1 completion of the audit. The Stipulating Parties agreed that the rate  
2 case expense in the current proceeding will be amortized over a 4-  
3 year period.

4 **Q. Please describe the agreed upon rate of return.**

5 A. The Stipulating Parties agreed on a 7.00% margin on operating  
6 expenses based on operating ratio methodology as allowed under  
7 N.C. Gen. Stat. § 62-133.1 and as described in the affidavit of  
8 Gregory J. Reger, Public Utilities Regulatory Analyst with the Public  
9 Staff.

10 **Q. Have the Stipulating Parties finalized the revenue requirement?**

11 A. No, the Stipulating Parties will need to audit the final invoices for rate  
12 case expenses to finalize the revenue requirement. Accounting  
13 schedules detailing the final revenue requirement will be filed prior to  
14 the filing of the Joint Proposed Order, which will include a Schedule  
15 of Rates and Notice to Customers, and will update the numbers set  
16 forth above.

17 **Q. What benefits does the Stipulation provide for ratepayers?**

18 A. The most important benefits provided by the Stipulation are as  
19 follows:

20 1) An aggregate reduction of the total operating revenue  
21 deductions listed above from the levels requested in the Company's

1 general rate case, resulting from the adjustments agreed to by the  
2 Stipulating Parties.

3 2) An aggregate reduction of total revenue requirement from the  
4 level requested in the Company's general rate case, resulting from  
5 the adjustments agreed to by the Stipulating Parties.

6 3) A balance between reducing the ratepayer's burden of paying  
7 a higher utility rate and allowing the utility an opportunity to recover  
8 sufficient revenue to provide quality service to the ratepayers.

9 4) The avoidance of protracted litigation between the Stipulating  
10 Parties before the Commission and possibly the appellate courts.

11 Based on the foregoing, we recommend that the Commission  
12 approve the Stipulation.

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.