

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1305, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

|   |                      |
|---|----------------------|
| In the Matter of                                  |                      |
| Application by Pluris Hampstead, LLC,             | )                    |
| 5950 Berkshire Lane, Suite 800, Dallas, Texas,    | )                    |
| 75225 for Authority to Increase Rates for         | )                    |
| Sewer Utility Service in All of Its Service Areas | )                    |
| in Pender County, North Carolina                  | )                    |
|   | VERIFIED RESPONSES   |
|   | OF PLURIS HAMPSTEAD, |
|   | LLC TO COMMISSION    |
|   | QUESTIONS            |

Pursuant to the Commission’s Order Rescheduling Expert Witness Hearing And Requiring Verified Information issued September 2, 2020, Pluris Hampstead, LLC (Pluris) provides these responses to the Commission’s questions for Pluris posed in that Order.

Pluris Hampstead Witness Gallarda

**Source of Meter Readings for Existing Commercial Customers**

1. Regarding Pluris Hampstead’s existing metered commercial sewer customers – does Pluris Hampstead rely on meter readings from Pender County Utilities (PCU) in order to bill these customers? Please explain how Pluris Hampstead obtains the necessary meter readings to bill these commercial sewer customers monthly.

*Yes, Pluris Hampstead relies on meter readings from Pender County Utilities (“PCU”) in order to bill most of its metered commercial sewer customers. There are several commercial properties connected to our sewer system that are on private water wells. Each of these customers has their own water meter and they send Pluris a picture of their meter dial each month to enable Pluris to use the meter reading for billing. Pluris audits these meters every three months by having a field staff person read the meter and report their findings to the Pluris billing group office to confirm interim monthly meter readings are in line with billed usage.*

*Pender County Utilities emails a monthly excel spreadsheet with water usage data to Pluris for the commercial sewer customers that are connected to PCU’s water system.*

2. If Pender County Utilities does provide some or all of the meter readings to Pluris Hampstead, does PCU charge a fee for providing that information? If yes, approximately how much is that fee on monthly or annual basis?

*Yes, PCU currently charges \$2.00 per meter per month for providing meter readings for our commercial accounts that are connected to PCU.*

**Sparrow Bend Apartments**

3. In Pluris Hampstead’s application, the Company classified the 203 customers located in Sparrow Bend Apartments as “residential” customers rather

than as “commercial” customers. In this rate case, Public Staff witness Gina Casselberry has reclassified the 203 customers in Sparrow Bend Apartments as ten, 2-inch metered commercial customers.

(a) Does the Company agree with the Public Staff’s reclassification of these customers from residential to commercial?

*Yes.*

(b) Will Pluris Hampstead bill the owner of Sparrow Bend Apartments as a metered commercial customer on a going forward basis utilizing water consumption as the basis for billing the sewer utility service? Please explain.

*Yes, Pluris will bill the owner of Sparrows Bend Apartments as a metered commercial customer on a going-forward basis utilizing water consumption as the basis for billing the sewer utility service. Pluris agrees with the Public Staff recommendation on this point. The principal concern regarding Sparrows Bend is that it is a multifamily property and thus the utility does not own the facilities running to each apartment. That being the case, the utility does not own or control all facilities necessary to provide service and is not able to discontinue service in the event of non-payment.*

(c) Will PCU provide the monthly water meter readings from the master meters for Sparrow Bend Apartments in order for Pluris Hampstead to bill the owner of the apartment complex for sewer service based on metered water consumption? Please explain.

*Yes, PCU will provide the monthly water meter readings from the 10 master meters for Sparrows Bend Apartments in order for Pluris Hampstead to bill the owner of the Sparrow Bend apartment complex for sewer service based on master metered water consumption. PCU’s current monthly charge for providing that data is \$2 per meter.*

### **Characteristics of Pluris Hampstead’s Customer Base**

4. With respect to the approximately 436 residential flat-rate sewer customers, please describe the types of customers Pluris Hampstead serves. For example:

(a) Are most of the residential customer year around customers? Or are many seasonal customers – i.e., “second home” customers?

*The majority of Pluris Hampstead’s residential customers are year around customers.*

(b) Are some of these residential homes “large” rental properties that are rented out for vacationers to the Hampstead area?

*We are not certain but are not aware of any residential homes that are utilized as vacation rental properties. All of the homes and apartments we serve are on the mainland, with none being on any area island.*

(c) Would you describe the residential customers as mainly retirees with one or two persons living in the home or as families of four or more persons? (i.e., what is the approximate size of the average household?)

*Most residential customers are not retirees; most of our residential customers are families. We serve two senior communities - Coastal Plantation and Arbor Landing at Hampstead. Both include retirees*

*and these communities represent a minority of our customers, most of whom are families with three or more living in their residence.*

5. Regarding the residential customers, please describe the types of homes in Pluris Hampstead's service area – are they average-size homes? Or are they above-average size homes?

*Using the DEQ single family equivalent ("SFE") of 3 bedrooms as a standard for an "average-size home," more than 50% of our customers are average-size homes. The rest of the detached homes served by Pluris (excluding Coastal Plantation and Arbor Landing at Hampstead), are 4 and 5 bedroom homes and are above-average in size.*

6. How would you describe the size of the lot on which the Pluris Hampstead residential sewer customer houses are located? Are they large lots, small lots (i.e.,  $\frac{3}{4}$  acre,  $\frac{1}{2}$  acre, or  $\frac{1}{3}$  acre lots)? Are you aware if many of Pluris Hampstead's residential sewer customers irrigate their yards? If so, are you aware if a separate irrigation meter is required by Pender County Utilities?

*The majority of lots in the developments served by Pluris are  $\frac{1}{4}$  acre or less in size. PCU has irrigation service available, but Pluris has no insight as to how many of its customers have elected to obtain a separate irrigation meter. Pluris does not believe that PCU requires a customer to obtain a separate irrigation meter in order to irrigate their lawn or garden. Pluris also has no information as to the extent to which its customers irrigate their lawns, but we expect that a reasonable percentage of our customers do so.*

7. Are the Pluris Hampstead sewer customers located within the city limits of Pender County or outside the city limits? Please explain.

*Hampstead is not incorporated; it is an unincorporated area of Pender County. Pluris does not provide service in any municipality.*

### **Monthly Residential Flat-Rate Sewer vs. Residential Metered Sewer**

8. Some residential customers who testified at the public hearing noted a desire for metered sewer rates versus a monthly flat-rate. Does Pluris Hampstead have a preference of flat versus metered sewer rates for residential customers? Please state Pluris Hampstead's preference and explain the rationale for this preference.

*Pluris strongly supports residential flat rates, not metered rates. It is documented that the fixed costs of providing wastewater treatment exceed 80% to 90% of total operating costs. The reason being that, unlike a drinking water treatment plant where chemical feeds and operations are more closely related to demand, wastewater treatment requires continually maintaining a baseline of energy and chemical usage to maintain the health and vitality of the mixed liquor. This means continual 24/7/365 aeration and circulation of the bacterial medium through the treatment plant. This condition must be maintained regardless of the plant flow. In addition, membrane cells must be kept full of water and aerated regularly to prevent buildup on the membranes by the air scour process.*

*An appropriate metered rate design will attempt to cover the fixed cost in the base monthly charge and the variable cost in the usage rate. As noted above, some of our customers have wells with no meters. Some have irrigation meters while others do not. This situation creates a disparity between customers as to their sewer bill. Under metered rates, the customer with the irrigation meter would pay less than*

*the one who irrigated through their potable water meter. If the customer has sewer rates established based on all usage coming through the potable water meter, and then decided to install an irrigation meter, the sewer company would forfeit the revenues associated with that usage. Due to these various circumstances and considerations, Pluris requested and the Public Staff recommended residential flat-rate service rates.*

9. Do all of Pluris Hampstead's residential sewer customers receive their water service from Pender County Utilities or do some customers have individual private wells?

*No, we have a number of both commercial and residential customers who get their water from individual private wells. One example is the Hampstead Pines community, where all 58 (and eventually 70) single family residences are on private wells.*

10. (a) Does Pluris Hampstead believe Pender County Utilities would provide Pluris Hampstead the monthly water meter readings for the residential sewer customers in order for Pluris to bill sewer customers based on metered water usage? Why or why not?

*Yes, we think PCU would do so for customers who receive water from PCU. As noted above, we have residential and commercial customers who have their own wells.*

(b) How much do you think PCU would charge to provide Pluris Hampstead this information?

*PCU charges \$2.00 per meter per month for the commercial customers who receive water from PCU. We would think their charge would be the same for providing water usage data as to residential PCU water customers. A number of commercial customers receive their water from private wells rather than from PCU, and PCU does not require all residents to connect to PCU.*

### ***Provision of Customer Service and Local Operations in Hampstead***

11. (a) Does Pluris Holdings, LLC, utilize call centers to provide customer service to Pluris Hampstead's sewer customers? Please explain how customer service is provided to Pluris Hampstead's sewer customers.

*Yes, Pluris Holdings, LLC utilizes a call center to provide live personal customer service to Pluris Hampstead's sewer customers. Pluris has a walk-in office in Sneads Ferry, North Carolina that customers can visit for in-person service, or they can utilize a customer payment kiosk, and/or utilize our payment drop. Pluris's website also offers our customer forms in pdf. and DocuSign format. We offer a customer portal on our website for customers to register their account to have 24/7 access to view and/or manage their account information, to make online payments by check or debit/credit card and/or to submit requests to Customer Care. Customers also have the option to communicate with Pluris Customer Care via email.*

(b) Is there a local office in Hampstead, North Carolina? Are there two full-time employees located there – a Project Manager and an Operator? Please describe the local operations in Hampstead.

*There is a local operations office at the site of the Pluris wastewater treatment facility which houses workstations for all three of Pluris's full time employees. The three employees include a Project Manager, a Treatment System Operator, and a Collections System Operator.*

## ***Nine Pending New Franchise Applications***

12. Public Staff witness Gina Casselberry notes on page 5 of her testimony that Pluris Hampstead has nine new franchise applications pending before the Commission. She further states on page 5, lines 17-19 that “[i]t is the Public Staff’s position that these customers are being billed for service and that Pluris Hampstead has an obligation to continue serving them.” According to the testimony of witness Casselberry, these customers are included in the Public Staff’s billing analysis for the present rate case.

(a) Regarding these “catch up” filings for new franchises that Pluris Hampstead has pending before the Commission – is Pluris Hampstead now familiar with the Commission’s approval process for new franchises and contiguous extensions and will comply with those required processes in the future?

*Yes.*

(b) Does Pluris Hampstead and the Public Staff believe these nine new franchise applications can be finalized and that Pluris Hampstead can obtain Commission approval prior to the submittal of proposed orders in this proceeding? Please state the expected timeframe for completion of these pending franchise applications.

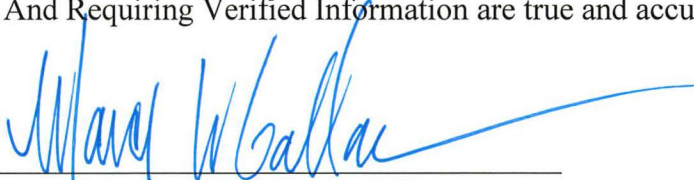
*No. The applications are in process and Pluris is working with the Public Staff to complete them. A condition for Public Staff support of certain of the Pluris franchise applications is that Pluris obtain ownership of lift stations owned by the developers of the properties that are the subject of those applications. Pluris anticipates that an additional 90 to 120 days will be needed to get these applications to the point that the Public Staff will recommend approval.*

**VERIFICATION**

STATE OF TEXAS

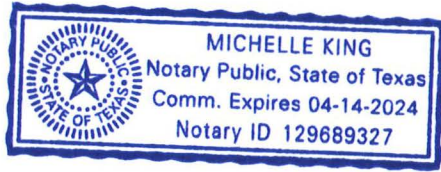
CITY / COUNTY OF DALLAS

Maurice W. Gallarda, first being duly sworn, says that he is Managing Member of Pluris Hampstead, LLC, and he hereby attests and verifies that the foregoing responses to the Order Rescheduling Expert Witness Hearing And Requiring Verified Information are true and accurate to the best of his knowledge.

  
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Maurice W. Gallarda, P.E.

Sworn to and subscribed before me,  
this the 9<sup>th</sup> day of September, 2020.

  
\_\_\_\_\_  
Notary Public



My Commission expires: 04-14-2024

CERTIFICATE OF SERVICE

I, Beverly Yopp, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-1305, Sub 12, and the Notice was mailed or hand delivered by the date specified in the Order.

This the 15 day of July, 2020.

By:

Beverly Yopp  
Signature

Pluris Hampstead, LLC  
Name of Utility Company

The above-named Company, Beverly Yopp, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated July 1, 2020 in Docket No. W-1305, Sub 12.

Witness my hand and notarial seal, this the 15 day of July, 2020.

Erica D. Gandy  
Notary Public

Erica D. Gandy  
Printed or Typed Name

September 1, 2020  
Date

My Commission Expires:

