

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1075, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by KRJ, Inc., d/b/a KRJ Utilities,)
Post Office Box 2369, Swansboro, North)
Carolina 28584, for Authority to Increase Rates)
for Water and Sewer Utility Service in Its)
Southern Trace and Rockbridge Subdivisions)
in Wake County, North Carolina)

**MOTION OF THE PUBLIC
STAFF FOR ORDER TO
SHOW CAUSE**

NOW COMES THE PUBLIC STAFF-North Carolina Utilities Commission (Public Staff) by and through its Executive Director, Christopher Ayers, and moves the Commission to issue an order requiring KRJ, Inc., d/b/a KRJ Utilities (KRJ or Company) to show cause, if any there be, why it should not be required to pay penalties as authorized by N.C. Gen. Stat. §62-310(a) for its violations of the Commission’s Order Approving Stipulation with a Condition, Granting Partial Rate Increase, and Requiring Customer Notice (Rate Case Order) issued on August 6, 2018. In support of this motion, the Public Staff states the following:

1. This proceeding commenced with the filing of an Application for Rate Increase by KRJ on January 10, 2018. A hearing was held before Commissioner Charlotte A. Mitchell, Presiding, Chairman Edward S. Finley, Jr., and Commissioner James G. Patterson.

2. Pursuant to the Rate Case Order, the Company was authorized to increase its rates partially, but decretal paragraph 14 required the Company to

“update the Commission on a quarterly basis concerning the status of the project to restore Well 2 in Southern Trace to increased pumping capacity. The first quarterly report shall be filed on or before October 15, 2018, for the quarter ending September 30, 2018. Such quarterly reporting shall continue until the actual project completion date has been reported by KRJ.”

3. On June 13, 2022, Ms. Gina Holt, Public Staff Attorney, emailed Public Staff Engineering Data Request No. 8 (EDR 8) to Mr. James (Rod) Butler, former Vice President of Management Group of NC, Inc. and Contract Manager of KRJ, who had filed the previous quarterly reports of KRJ. EDR 8 was prepared by Mr. Charles Junis, Director of the Public Staff’s Water, Sewer and Telephone Division.

4. On June 20, 2022, KRJ refiled the quarterly report filed on May 13, 2022.

5. By cover letter dated June 22, 2022, Mr. Butler sent responses to EDR 8.

6. On July 11, 2022, KRJ filed a quarterly report on the utility’s progress.

7. On October 17, 2022, KRJ filed its most recent quarterly report. The report was prepared by Mr. John Wiley Johnson, PE, Contract Manager of KRJ Utilities.

8. On October 22, 2022, Mr. Rod Butler sent the Commission and Public Staff an email via the Clerk’s Office stating that he had managed the KRJ

utility for over 20 years and had resigned from his management position he and his company would end its management agreement with KRJ, effective the end of 2022. Mr. Butler further stated that “KRJ is in a transitional phase as they obtain replacement personnel/contractor to perform the duties that I/we have. In order to facilitate their transition, it is necessary that the contact data for KRJ, Inc be changed in the Commission and Public Staff's records to Mr. Robert Stafford the President of KRJ. See Exhibit 1.

9. On June 16, 2023, Mr. Junis called Mr. Robert Stafford, owner of KRJ and left a message informing Mr. Stafford of the delinquent report and requesting that the Company file the report as soon as possible. Mr. Junis did not receive a return call.

10. On August 18, 2023, Mr. Junis sent an email to Mr. Stafford requesting that he file the missing quarterly reports for information from October 14, 2022 and through at least June 30, 2023 by not later than August 31, 2023. See Exhibit 2. The Public Staff did not receive a response to this outreach.

11. The Public Staff then contacted Mr. Robert Bennink, the attorney listed on the service list for KRJ and inquired as to who should be contacted regarding the delinquent reports, and he referred the Public Staff to Mr. John Wiley Johnson, PE, Contract Manager of KRJ Utilities.

12. On September 20, 2023, Mr. Charles Junis emailed Mr. Johnson regarding the delinquent filings, and on October 4, 2023, Mr. Johnson responded to Mr. Junis stating that, “I had understood that KRJ had retained someone to

prepare the Public Staff documents but now I understand that those documents are for the utility rates. I will make an effort to respond ASAP.” See Exhibit 2.

13. As of the date of this filing, KRJ has now failed to provide six quarterly reports since its last filing on October 17, 2022.

14. The Public Staff has been in communication with the North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section (PWSS) regarding compliance and whether KRJ has sought approval of the new Well #4. The Public Staff understands that PWSS is experiencing similar reporting and responsiveness issues with KRJ.

15. The Public Staff believes that KRJ still has not restored the pumping capacity from Well #2 and is concerned about the status of service quality and reliability to KRJ’s customers. The Public Staff took into consideration the transition period from the Company’s long-time manager to new management; however, the transition occurred more than a year ago and after several requests and reminders, the Company still disregards its responsibility to comply with the Commission’s order.

16. Under N.C. Gen. Stat. § 62-310(a) the Commission is authorized to impose a penalty of up to \$1,000 per day for each violation of its orders.

WHEREFORE, the Public Staff prays:

1. That the Commission order the Company to appear and show cause why a substantial penalty, amounting to at least \$1,000 per day, should

not be imposed for the violations of the Rate Case Order issued on August 6, 2018, set forth above;

2. That the Commission order the Company to file the delinquent quarterly reports, or a cumulative update for the delinquent period, and then continue to file quarterly until otherwise ordered;

3. That the Commission order the Company to comply with Commission Rule R7-7 by taking reasonable and prudent actions in a timely manner; and,

4. For such other and further relief as the Commission may deem just and proper.

Respectfully submitted this the 8th day of April, 2024.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Chief Counsel

Electronically submitted
/s/ Gina C. Holt
Staff Attorney

4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110
Email: gina.holt@psncunc.nc.gov

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing Public Staff Motion to each of the parties of record in this proceeding or their attorneys of record by emailing them an electronic copy or by causing a paper copy of the same to be hand-delivered or deposited in the United States Mail, postage prepaid, properly addressed to each.

This the 8th day of April, 2024.

STATE OF NORTH CAROLINA
COUNTY OF WAKE

) VERIFICATION
)

I, CHARLES M. JUNIS, being duly sworn, depose and say:

I am Director of the Water, Sewer, and Telephone Division of the Public Staff – North Carolina Utilities Commission (Public Staff). I have read the foregoing Public Staff Motion and the facts stated therein are true of my personal knowledge, except as to any matters stated on information and belief. As to those matters, I believe them to be true.

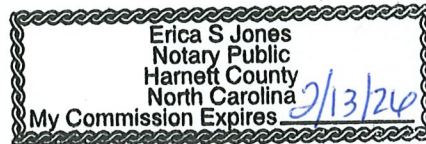

Charles M. Junis

Sworn to and subscribed before me

This 8th day of April, 2024.


Notary Public

My Commission Expires: 2/13/2026



From: rod mgnc.us
Sent: Saturday, October 22, 2022 9:33 AM
To: clerkhelpdesk@ncuc.gov
Subject: Change of Contact Data - W-1075

Good Morning,

For the last 20+ years, I have managed, and generally been the voice and face of, KRJ Inc dba KRJ Utilities - Docket W-1075.

For health reasons, I have resigned my (and my company's) management agreement with KRJ, effective the end of this calendar year.

KRJ is in a transitional phase as they obtain replacement personnel/contractor to perform the duties that I/we have.

In order to facilitate their transition, it is necessary that the contact data for KRJ, Inc be changed in the Commission and Public Staff's records to:

KRJ, Inc, dba KRJ Utilities
Attn: Robert R Stafford, Jr, Pres.
246 Valleyfield Lane
Southern Pines NC 28387
Phone: 910.692.9808
e-mail: StaffLand1@earthlink.net

Please advise as to how this can best be affected, if this e-mail is insufficient.

thanks

rod

JAMES R BUTLER, PE
MANAGEMENT GROUP OF NC, INC.
POST OFFICE BOX 1990
LELAND, NC 28451-1990
PHONE: 252.393.8562
RALEIGH PHONE: 919.827.8055

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Apr 08 2024

[External] Re: KRJ Utilities (W-1075, Sub 12)

John Johnson <jwileyj@bellsouth.net>

Wed 10/4/2023 1:53 PM

To: Junis, Charles M <Charles.Junis@psncuc.nc.gov>

Cc: staffland1@earthlink.net <staffland1@earthlink.net>; Bob Bennink (BenninkLawOffice@aol.com) <benninklawoffice@aol.com>; Holt, Gina <gina.holt@psncuc.nc.gov>

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Mr. Junis,

I had understood that KRJ had retained someone to prepare the Public Staff documents but now I understand that those documents are for the utility rates. I will make an effort to respond ASAP.

Currently, we are proceeding the permit submittals for the new additional Well 4 connection to existing Well 2, and the easement acquisitions for new Well 5 (which will connect to existing Well 3 and Well 6 which will stand alone.

We found that the suppliers of these small units of greensand filters and IX equipment have been acquired or out of business and our preferred contractor, Sylena Lowry was overloaded with similar projects.

Fortunately, Sylena now is available to start work on the system needed for Well 1.

I apologize for my not responding earlier.

John Wiley Johnson, PE, PLS
Consulting Engineer
mobile: (919)302-0699
email: jwileyj@bellsouth.net

On Wednesday, September 20, 2023 at 05:47:21 AM EDT, Junis, Charles M <charles.junis@psncuc.nc.gov> wrote:

Mr. Johnson,

I am writing to inform you that KRJ, Inc. d/b/a KRJ Utilities is delinquent in filing quarterly status reports and thereby not complying with the Commission's [Order](#) issued on August 6, 2018, in Docket No. W-1075, Sub 12. The relevant ordering paragraph is excerpted below:

14. That KRJ shall update the Commission on a quarterly basis concerning the status of the project to restore Well 2 in Southern Trace to increased pumping capacity. The first quarterly report shall be filed on or before October 15, 2018, for the quarter ending September 30, 2018. Such quarterly reporting shall continue until the actual project completion date has been reported by KRJ.

The last [quarterly progress report](#) was filed by you, on behalf of KRJ, on October 17, 2022. I have attempted to call Mr. Stafford and left a voicemail message. The attached email contains the contact information supplied by Rod Butler. After not receiving a response to the email forwarded below, the Public Staff contacted counsel on the service list, Mr. Bennink, and he suggested contacting you. Please file the missing quarterly progress reports for information from October 14, 2022, and through at least June 30, 2023, by no later than October 2, 2023. If the missing quarterly progress report(s) are not filed as requested, the Public Staff will file a letter with the Commission seeking action and potential fines.

If you have any questions, please feel free to contact me or Gina Holt (cc'd).

Sincerely,

Chuck

Charles M. Junis, PE
Director, Water, Sewer, and Telephone Division
Public Staff - North Carolina Utilities Commission
430 N. Salisbury Street, Suite 2074
4326 Mail Service Center
Raleigh, NC 27699-4300
919.733.5610 (Main Office)
919.733.0891 (Direct)
919.715.6704 (Fax)

charles.junis@psncuc.nc.gov

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

From: Junis, Charles M
Sent: Friday, August 18, 2023 1:24 PM
To: staffland1@earthlink.net
Cc: Holt, Gina <gina.holt@psncuc.nc.gov>
Subject: KRJ Utilities (W-1075, Sub 12)

Mr. Stafford,

I am writing to inform you that KRJ, Inc. d/b/a KRJ Utilities is delinquent in filing quarterly status reports and thereby not complying with the Commission's [Order](#) issued on August 6, 2018, in Docket No. W-1075, Sub 12. The relevant ordering paragraph is excerpted below:

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The last [quarterly progress report](#) was filed on October 17, 2022. I have attempted to call you and left a voicemail message at 910-692-9808 on June 16, 2023. This is the contact information supplied by Rod Butler, see attached email. Please file the missing quarterly progress reports for information from October 14, 2022, and through at least June 30, 2023, by no later than August 31, 2023. If the missing quarterly progress report(s) are not filed as requested, the Public Staff will file a letter with the Commission seeking action and potential fines.

If you have any questions, please feel free to contact me or Gina Holt (cc'd).

Sincerely,

Chuck

Charles M. Junis, PE
Director, Water, Sewer, and Telephone Division
Public Staff - North Carolina Utilities Commission
430 N. Salisbury Street, Suite 2074
4326 Mail Service Center
Raleigh, NC 27699-4300
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919.733.0891 (Direct)
919.715.6704 (Fax)
charles.junis@psncuc.nc.gov

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Apr 08 2024