

**KRJ, INC. D/B/A KRJ UTILITIES  
DOCKET NO. W-1075, SUB 12**

**TESTIMONY OF GINA Y. CASSELBERRY  
ON BEHALF OF THE PUBLIC STAFF  
NORTH CAROLINA UTILITIES COMMISSION**

**June 7, 2018**

1 **Q. PLEASE STATE FOR THE RECORD YOUR NAME, BUSINESS**  
2 **ADDRESS, AND PRESENT POSITION.**

3 A. My name is Gina Y. Casselberry. My business address is 430 North  
4 Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am a  
5 Utilities Engineer with the Public Staff's Water, Sewer and  
6 Communications Division.

7 **Q. BRIEFLY STATE YOUR QUALIFICATIONS AND EXPERIENCE**  
8 **RELATING TO YOUR PRESENT POSITION WITH THE PUBLIC**  
9 **STAFF.**

10 A. I graduated from Michigan Technology University receiving a Bachelor  
11 of Science Degree in Civil Engineering. Prior to joining the Public Staff,  
12 I worked for McKim and Creed Engineers, PA, as a Project Engineer  
13 designing water and sewer systems. I have been with the Public Staff's  
14 Water Division since February, 1992. I have presented  
15 recommendations in rate increase proceedings, new franchise and  
16 transfer applications and other matters before the Commission for the  
17 past twenty-six years.

1 Q. WHAT ARE YOUR DUTIES IN YOUR PRESENT POSITION?

2 A. My duties with the Public Staff are to monitor the operations of  
3 regulated water and sewer utilities with regard to service and rates.  
4 Included in these duties are field investigations to review, evaluate, and  
5 recommend changes, when needed, in the design, construction, and  
6 operations of regulated water and sewer utilities; presentation of expert  
7 testimony in formal hearings; and presentation of information, data,  
8 and recommendations to the Commission.

9 Q. PLEASE DESCRIBE THE SCOPE OF YOUR INVESTIGATION IN  
10 THIS CASE.

11 A. On January 10, 2018, KRJ, Inc. d/b/a KRJ Utilities (Company or KRJ)  
12 filed an application with the Commission to increase its rates for  
13 providing water utility service in Southern Trace Subdivision and water  
14 and sewer utility service in Rockbridge Subdivision in Wake County,  
15 North Carolina. My investigation included review of customer  
16 complaints, contact with the Division of Water Resources (DWR),  
17 Public Water Supply Section (PWSS) and Water Quality (WQ), review  
18 of company records, analysis of revenues at existing and proposed  
19 rates and site inspection of the three KRJ utility systems. I have also  
20 assisted Public Staff Accountant Iris Morgan in reviewing expenses  
21 and plant in service.

1 Q. PLEASE DESCRIBE KRJ'S SERVICE AREAS.

2 A. Southern Trace Subdivision is located on NC 50, just north of the  
3 Wake County and Johnston County line. The water system consists  
4 of three wells, a 5,400-gallon and a 5,000-gallon hydro-pneumatic  
5 tank with an air compressor, 6-inch and 4-inch distribution lines, and  
6 other related appurtenances.

7 Rockbridge Subdivision is located in eastern Wake County, south of  
8 Knightdale and US64/US264, between Poole Road and  
9 Grasshopper Road.

10 The water system consists of three wells, a treatment building with a  
11 chlorination system, a caustic soda and lime slurry chemical feed  
12 system, a 150,000-gallon elevated storage tank, water mains,  
13 valves, and other related appurtenances. Due to issues arising from  
14 elevated concentrations of uranium in wells nos. 1 and 2, a uranium  
15 removal system was installed in 2016, which includes four 42-inch  
16 by 72-inch composite fiberglass reinforced plastic vessels filled with  
17 anion exchange resin, a brine resin regeneration system, a resin  
18 backwash system, and other related appurtenances. The liquid  
19 waste generated from the regeneration system and backwash  
20 system is discharged and treated in the Rockbridge wastewater  
21 treatment plant (WWTP). Loaded and spent resin is hauled off site  
22 by Chase Environmental of Oak Ridge, a Tennessee licensed  
23 conveyor and disposal contractor for radioactive materials.

1 The WWTP consists of an influent station; a 116,000 gallon per day  
 2 (gpd) reclaimed water generation system, consisting of a 49,400-  
 3 gallon aerated flow equalization basin, a mechanically cleaned bar  
 4 screen, two 92,700-gallon aeration basins, two 25,890-gallon  
 5 clarifiers, 54,000-gallon and 20,000-gallon sludge holding basins, a  
 6 chlorine contact basin, a dechlorination basin, dual ultraviolet  
 7 disinfection system, pumps, aerators, blowers, mains, a generator,  
 8 and other appurtenances. The reclaimed water is conveyed to a 12.8  
 9 million gallon synthetic lined storage pond with a 685,000-gallon  
 10 synthetic lined upset pond. The treated effluent is then sprayed on  
 11 39.84 acres of spray irrigation area.

12 **Q. WHAT ARE KRJ'S PRESENT AND PROPOSED RATES?**

13 A. KRJ's present and proposed rates for water and sewer utility service  
 14 are shown below:

15 **Southern Trace Subdivision**

	<u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>
16		
17		
18	<u>Monthly Metered Water Rates:</u>	
19	Base charge, zero usage (minimum)	\$ 19.12      \$ 34.82
20	Usage charge, per 1,000 gallons	\$ 2.66      \$ 4.84

21 The proposed rates would increase the average residential monthly  
 22 water bill from \$32.81 to \$59.72, an 80.02% increase, based on a  
 23 monthly usage of 5,145 gallons.

1 **Rockbridge Subdivision**

2	Present	Proposed
3	<u>Rates</u>	<u>Rates</u>
4 <u>Monthly Metered Water Rates:</u>		
5 Base charge, zero usage	\$14.40	\$ 34.55
6 Usage charge, per 1,000 gallons	\$ 1.49	\$ 3.57
7 <u>Monthly Flat Sewer Rates:</u>		
8 (Per REU)	\$68.33	\$105.37

9 The proposed rates would increase the average residential monthly  
 10 water bill from \$22.07 to \$52.92, a 139.78% increase, based on a  
 11 monthly usage of 5,145 gallons, and the monthly flat sewer rate from  
 12 \$68.33 to \$105.37, a 54.21% increase.

13 **Q. WHAT IS THE PUBLIC STAFF’S POSITION REGARDING KRJ’S**  
 14 **TEST YEAR?**

15 A. It is the Public Staff’s position that the test year ending June 30,  
 16 2016, which was filed by the Company, is out dated and does not  
 17 reflect current operations and customer growth in Rockbridge  
 18 Subdivision. Therefore, the Public Staff updated the end of the test  
 19 year to the 12-month period ending March 31, 2018. Revenues  
 20 calculated at present and proposed rates reflect actual customers at  
 21 the end of the test-year period, March 31, 2018, and plant serving  
 22 them.

23 **Q. HAVE YOU REVIEWED THE OPERATIONAL STATUS OF THE**  
 24 **WATER SYSTEM WITH PWSS AND WQ?**

1 A. Yes. I contacted the Raleigh Regional Office. Regional office  
2 personnel expressed no concerns with water quality or the operation  
3 of the water systems or sewer system. On May 15, 2018, I inspected  
4 the three systems with Mr. Rod Butler and other members of the  
5 Public Staff. The water systems in Southern Trace and Rockbridge  
6 were in good condition and adequately maintained. The new  
7 uranium removal system in Rockbridge was installed and  
8 operational. All of the chemical feed pumps used for treatment were  
9 operating and the containers were approximately 85 percent full.  
10 The WWTP in Rockbridge was in good condition. I did not notice  
11 anything unusually about the operation of the plant nor did I detect  
12 any odor, other than next to the intake and bar screen which is  
13 normal. The ponds were well maintained and had plenty of free  
14 board. The spray fields located near the entrance to Rockbridge  
15 were adequately maintained. It is the Public Staff's opinion that the  
16 water and sewer systems in Southern Trace and Rockbridge are  
17 adequately maintained and operating properly.

18 **Q. HAVE YOU RECEIVED ANY CUSTOMER COMPLAINTS AS A**  
19 **RESULT OF CUSTOMER NOTICE IN THIS PROCEEDING?**

20 A. Yes. The Public Staff received two written complaints. The hearing  
21 was held as scheduled and eleven customers testified. Three  
22 customers testified at the hearing from Southern Trace Subdivision.  
23 The customers testifying were: Thomas D. Rains, Jacqueline Walker

1 and Shelley Iverson. Eight customers testified from Rockbridge  
2 Subdivision. The customers testifying were: Craig E. Buzak, Pat  
3 Foran, Robert C. Herbert, Jr., Tania Teel, Brian Maxwell, Gerald  
4 Daniel, Kathleen Kendzierski and Ginger Rodgers. All of the  
5 customers objected to the magnitude of the increase. The two  
6 primary concerns in Southern Trace were water pressure and  
7 coloration of the water. Mr. Rains had concerns with the design of  
8 the system and operations. The primary complaints in Rockbridge  
9 Subdivision were; response time to water leaks, system outages,  
10 water pressure, chlorine levels and the safety of the water. KRJ was  
11 required to file a report addressing customer complaints and  
12 concerns.

13 On May 30, 2018, KRJ filed its Report on Customer Comments from  
14 Public Hearing in Raleigh, North Carolina as required. I have read  
15 the report and commend KRJ for its thorough response concerning  
16 customer complaints. The Public Staff is satisfied with the  
17 Company's response to customer concerns, the implementation of  
18 its new procedures and policies to improve response times to leaks  
19 and customer complaints, and its commitment to install supervisory  
20 control and data acquisition (SCADA) control systems in Southern  
21 Trace and Rockbridge Subdivisions. I have no further  
22 recommendations.

1 Q. BRIEFLY DESCRIBE YOUR BILLING ANALYSIS?

2 A. As I previously testified, the end of the test year period was updated  
3 to the 12-month period ending March 31, 2018. I reviewed the  
4 number of customers and the consumption for each month for  
5 Southern Trace and Rockbridge Subdivisions based on the updated  
6 billing data provided by the Company. Based on my review, I  
7 determined 190 end-of-period (EOP) metered water customers in  
8 Southern Trace Subdivision, 327 EOP metered water customers and  
9 324 flat-rate sewer customers in Rockbridge Subdivision.

10 Q. DO YOU RECOMMEND A CUSTOMER GROWTH FACTOR (CGF)  
11 FOR SOUTHERN TRACE OR ROCKBRIDGE?

12 A. I do not recommend a CGF for Southern Trace, because the growth  
13 was less than one percent. I recommend a CGF of 1.1106 for water  
14 and sewer in Rockbridge Subdivision. My calculations are based on  
15 growth for residential water and sewer customers as shown below:

16 Southern Trace

17 Water: 190 EOP customers x 12 months/2273 bills = 1.00308

18 Rockbridge

19 Water 323 EOP res. customers x 12 months/3490 bills = 1.1106

20 Sewer 323 EOP res. customers x 12 months/3490 bills = 1.1106

21 I recommend applying the CGF of 1.1106 to chemical expenses and  
22 purchased power for water operations; and to chemical expenses and



1 purchased power associated with pumping and sludge removal for  
2 sewer operations.

3 **Q. HAVE YOU RECOMMENDED ANY ADJUSTMENTS TO**  
4 **EXPENSES RELATED TO WATER AND SEWER OPERATIONS?**

5 A. Yes, I have provided Public Staff Accountant Morgan with  
6 recommendations for adjustments to contract operating services,  
7 chemical expenses, purchased power, testing expenses, maintenance  
8 and repair expenses, and sludge removal.

9 CONTRACT SERVICE OPERATIONS

10 KRJ has a contract with M&M Water Services (M&M) for the operation  
11 and maintenance of the water treatment, storage, and distribution  
12 systems serving Southern Trace and Rockbridge Subdivisions, and  
13 the wastewater, collection, treatment, and re-use irrigation system  
14 serving Rockbridge Subdivision. M&M is responsible for the day-to-  
15 day operations of the water and sewer facilities which includes:  
16 providing certified Operators in Responsible Charge (ORC), daily  
17 inspections, chemical treatment, maintaining chemical inventories,  
18 collecting samples and delivering them to a certified laboratory,  
19 regulatory reporting, investigating customer complaints in regard to  
20 water quality, weekly testing of the generator at the WWTP and  
21 providing 24-hour, seven-days-a-week emergency service when  
22 necessary. The contract amounts do not include maintenance and  
23 repair, which are billed separately. The contract amount is \$1,416 per

1 month for each water system, and \$5,027 per month for the  
2 wastewater facility at Rockbridge.

3 Southern Trace

4 The Company made a pro-forma adjustment of \$8,400, an increase of  
5 \$700 per month, for the addition of Well No. 3. The Public Staff does  
6 not oppose the increased amount. I recommend \$25,392 (\$2,116 x 12  
7 months) for contract operating service.

8 Rockbridge - Water

9 The Company made a pro-forma adjustment of \$1,080 for additional  
10 labor expenses. I reclassified the \$1,080 in labor expenses to  
11 maintenance and repair expenses. I recommend \$16,992 (\$1,416 x  
12 12 months) for contract operating service.

13 Rockbridge - Sewer

14 The Public Staff does not oppose the contract amount. I recommend  
15 \$60,324 (\$5,027 x 12 months) for contract operating service.

16 CHEMICAL EXPENSES

17 Southern Trace

18 I updated chemical expenses to reflect the 12-month period ending  
19 March 31, 2018. Based on my review of invoices provided, I  
20 determined \$714 is appropriate.



1 determined \$6,874 is appropriate. I recommend \$6,874 for purchased  
2 power expenses.

3 Rockbridge:

4 The three wells at Rockbridge are within the same fenced compound  
5 as the WWTP, lift station, and reclaimed water storage ponds and has  
6 one power source that provides power to the entire facility. As a result,  
7 the Company allocated purchased power expenses for the wells in  
8 Rockbridge based on the total amount of purchased power expenses  
9 for the wells in Southern Trace.

10 The Public Staff does not object to this methodology since the wells do  
11 not have their own power source, both service areas have three wells,  
12 and Duke Energy Progress provides power to Rockbridge and  
13 Southern Trace. I recalculated the portion of purchased power  
14 expense that should be allocated to water operations based on  
15 invoices for the updated test year, ending March 31, 2018 as shown  
16 below:

17	\$6,874	cost of power for Southern Trace
18	11,658,659	gallons sold in Southern Trace
19	\$589.60	$\$6,874/11.658659$
20	16,039,461	gallons sold at Rockbridge
21	\$9,457	$\$589.60 \times 16.039461$

22 I also adjusted for customer growth purchased power expense for  
23 water operations ( $\$9,457 \times 1.1106$ ). I recommend purchased power  
24 expense of \$10,503 for water operations.

1 I determined \$37,919 for purchased power expense for the WWTP site  
2 based on my review of invoices for the updated test year. I deducted  
3 \$9,457, which was allocated to water operations, resulting in \$28,462  
4 for power at the WWTP plant site. As I previously testified, the WWTP  
5 operates based on timers and not consumption. Therefore, I did not  
6 adjust for customer growth, purchased power expense for the WWTP.  
7 However, I did adjust purchased power for pumping and the spray  
8 fields. Based on my review of invoices for the updated test year, I  
9 determined \$708. My adjustment for customer growth is \$786 ( $\$708 \times$   
10  $1.1106$ ). I recommend \$29,248 ( $\$28,462 + \$786$ ) for purchased power  
11 expense for sewer operations.

#### 12 TESTING EXPENSES

##### 13 Southern Trace

14 My recommendation for testing expenses reflects current testing  
15 costs, represented over the required frequency (monthly, annually,  
16 and every three, six, or nine years) for each test under the Safe  
17 Drinking Water Act. I recommend testing expenses of \$2,310 for  
18 water operations. My calculations are shown in Casselberry Exhibit  
19 No. 1.

##### 20 Rockbridge

21 My recommendation for testing expenses reflects current testing  
22 costs, represented over the required frequency (monthly, annually,  
23 and every three, six, or nine years) for each test under the Safe

1 Drinking Water Act and KRJ's wastewater permit. I recommend  
 2 testing expenses of \$1,396 for water operations and \$1,476 for  
 3 sewer operations. My calculations are shown in Casselberry Exhibit  
 4 No. 2.

5 MAINTENANCE AND REPAIR EXPENSES

6 Southern Trace

7 The Applicant expensed \$19,141 for maintenance and repair  
 8 expenses. The invoices KRJ provided did not match the amount  
 9 expensed on the application. Based on my review of invoices  
 10 provided, I determined \$27,417 as the appropriate amount before  
 11 adjustments. I made the following downward adjustments:

12	Removed, payments for capital project	\$10,000
13	Removed, boom truck used in capital project	\$ 4,213
14	Removed, repair outside of test year	\$ 344
15	Removed, repair outside of test year	\$ 904
16	Removed chemical expenses were updated	\$ 196
17	<u>Reclassify, meter, Well No. 1 capital project</u>	<u>\$ 1,064</u>
18	Total	\$16,721

19 I recommend \$10,696 for maintenance and repairs expenses.

20 Rockbridge: Water

21 The Applicant expensed \$55,297 for maintenance and repair  
 22 expenses associated with water operations. The invoices KRJ  
 23 provided did not match the amount expensed on the application.  
 24 Based on my review of invoices provided, I determined \$63,895 as the  
 25 appropriate amount before adjustments. I made the following  
 26 downward adjustments:

1	Removed, repair outside of test year	\$ 1,339
2	Removed, repair outside of test year	\$ 527
3	Removed, repair outside of test year	\$ 1,517
4	Reclassified, amortized uranium disposal	<u>\$49,830</u>
5	Total	\$53,213

6 As I previously testified, I reclassified 1,080 from contracting services.  
7 I agree with the additional expense of \$762 for Rosemont filter bags  
8 and \$7,500 for repairs on mains and service lines. I added \$9,966,  
9 which is the amount for uranium disposal (\$49,830) amortized over five  
10 years. I recommend \$29,990 for maintenance expenses associated  
11 with water operations (\$63,895 - \$53,213 + \$1,080 + \$762 + \$7,500 +  
12 \$9,966).

13 Rockbridge: Sewer

14 The Applicant expensed \$18,866 for maintenance and repairs  
15 expenses associated with sewer operations. The invoices provided  
16 did not match the amount expensed on the application. Based on my  
17 review of invoices provided, I determined \$23,928 as the appropriate  
18 amount before adjustments. I made the following downward  
19 adjustment:

20	Removed, payment outside of test year	\$ 1,000
21	Removed, repair outside of test year	\$ 1,339
22	Removed, repair outside of test year	\$ 1,074
23	Remove, payment on capital project	\$ 1,774
24	Remove, outside of test year	\$ 1,512
25	Remove, outside of test year	\$ 2,761
26	Remove, payment on capital project	\$ 1,774
27	Remove, double bill	\$ 617
28	Remove, outside of test year	\$ 3,160
29	<u>Removed, unrelated to sewer</u>	<u>\$ 262</u>
30	Total	\$15,273

1 I agree with the pro-forma adjustment of \$3,900 for cleaning 10 percent  
2 of the gravity mains and \$16,400 for maintaining the spray fields. I  
3 recommend \$28,955 ( $\$23,928 - \$15,273 + \$3,900 + \$16,400$ ) for  
4 maintenance and repair expenses associated with sewer operations.

5 SLUDGE REMOVAL

6 I updated expenses related to sludge removal to reflect current costs  
7 for the 12-month period ending March 31, 2018. Based on my review  
8 of invoices provided, I determined \$6,008 for sludge removal. I  
9 adjusted the cost of sludge removal for customer growth in the amount  
10 of \$6,672 ( $\$6,008 \times 1.1106$ ). I also included Grandville Farm's annual  
11 permit fee of (\$250) and Soil Plus, LLC's annual cost for bio-solids  
12 samples (\$1,275). I recommend \$8,197 for sludge removal ( $\$6,672 +$   
13  $\$250 + \$1,275$ ).

14 **Q. HAVE YOU MADE ANY RECOMMENDATIONS TO PLANT IN**  
15 **SERVICE?**

16 **A.** Yes.

17 Southern Trace:

18 I recommend \$44,603 for new plant in service. The amount listed for  
19 Well No. 2 includes the \$10,000 payment and the \$4,213 boom truck  
20 rental, which I removed from maintenance and repair expenses. My  
21 additions are as follows:



	<u>Item</u>	<u>Amount</u>	<u>Date in Service</u>	<u>Life Ext.</u>
1				
2				
3	Pump replacement Well No. 1	\$ 6,073	8/16/2016	7
4	Pump replacement Well No. 3	\$ 7,859	6/2/2016	7
5	Replace pump/repair Well No. 2	\$26,213	8/7//2015	7
6	Water meter, Well No. 1	\$ 1,064	5/5/2016	20
7	Meters	\$ 1,675	2016/2017	25
8	PRV replacement	\$ 1,719	4/23/2018	10
9	Total	\$44,603		

10 Rockbridge: Water

11 I recommend \$9,174 for new plant in service.

	<u>Item</u>	<u>Amount</u>	<u>Date in Service</u>	<u>Life Ext.</u>
12				
13				
14	Meters	\$ 9,174	2017/2018	25

15 Rockbridge: Sewer

16 I recommend \$15,988 for new plant in service. The amount includes  
 17 the two payments of \$1,774 each, which I removed from maintenance  
 18 and repair expenses. My addition is as follows:

	<u>Item</u>	<u>Amount</u>	<u>Date in Service</u>	<u>Life Ext.</u>
19				
20				
21	Replace Blower	\$ 7,098	4/29/2015	10
22	Replace Blower	\$ 8,890	4/2018	10
23	Total	\$15,988		

24 **Q. WHAT ARE THE ANNUAL SERVICE REVENUES UNDER**  
 25 **PRESENT AND PROPOSED RATES?**

26 A. My calculations for service revenues at present and proposed rates  
 27 are shown below:

1	<b><u>Southern Trace Subdivision</u></b>		
2	<u>Water Utility Service</u>		
3	Revenue at Present Rates:		
4	190 EOP customers x \$19.12 x 12 months =		\$ 43,594
5	11,658,659 gallons x \$2.66/1,000 gallons =		<u>\$ 31,012</u>
			\$ 74,606
6	Revenue at Proposed Rates:		
7	190 EOP customers x \$34.82 x 12 months =		\$ 79,390
8	11,658,659 gallons x \$4.84/1,000 gallons =		<u>\$ 56,428</u>
9			\$135,818
10	<b><u>Rockbridge Subdivision</u></b>		
11	<u>Water Utility Service</u>		
12	Consumption adjusted for customer growth:		
13	Residential	15,409,941 gallons x 1.1106 =	17,114,280
14	HOA		<u>629,520</u>
15	Total gallons		17,743,800
16	Revenue at Present Rates:		
17	327 EOP customers x \$14.40 x 12 months =		\$ 56,506
18	17,743,800 gallons x \$1.49/1,000 gallons =		<u>\$ 26,438</u>
19			\$ 82,944
20	Revenue at Proposed Rates:		
21	327 EOP customers x \$34.55 x 12 months =		\$135,574
22	17,743,800 gallons x \$3.57/1,000 gallons =		<u>\$ 63,345</u>
23			\$198,919
24	<u>Sewer Utility Service</u>		
25	Revenue at Present Rates:		
26	324 EOP customers x 68.33 x 12 months =		\$265,667
	Revenue at Proposed Rates:		
27	324 EOP customers x \$105.37 x 12 months =		\$409,679

1 Q. WHAT IS YOUR RECOMMENDATION CONCERNING KRJ'S  
 2 PROPOSED RATES?

3 A. The Public Staff's recommended service revenues are listed below:

4 Service Revenues:

	<u>Water</u>	<u>Sewer</u>
5 Southern Trace	\$106,983	N/A
7 Rockbridge	\$159,888	\$226,451

8 The Public Staff recommends a partial rate increase for water utility  
 9 service in Southern Trace and Rockbridge Subdivisions and a rate  
 10 decrease for sewer utility service in Rockbridge Subdivision.

11 Q. PLEASE DESCRIBE YOUR RATE DESIGN AND RECOMMENDED  
 12 RATES?

13 A. I have designed rates for water service such that approximately 60  
 14 percent of the service revenues is applied to the consumption charge  
 15 and 40 percent is applied to fixed costs. This approach promotes water  
 16 conservation and still allows the Company a reasonable cash flow. My  
 17 calculations are shown below.

18 SOUTHERN TRACE SUBDIVISION

19 Water Utility Service

20 Service revenue	\$106,983
21 40.7%	\$ 43,542
22 Difference	\$ 63,441

1 Estimated base charge:

2 \$43,542/190 EOP customers x 12 months = \$19.10

3 Estimated usage charge:

4 \$63,441/11,658,659 gallons x 1,000 = \$5.44

4 Revenue at Public Staff's Recommended Rates:

5 190 EOP customers x \$19.12 x 12 months = \$ 43,594

6 11,658,659 gallons x \$5.44/1,000 gallons = \$ 63,423

7 \$107,017

8 **ROCKBRIDGE SUBDIVISION**

9 Water Utility Service

10 Service revenue \$159,888

11 40% \$ 63,955

12 Difference \$ 95,933

13 Estimated base charge:

14 \$63,955/327 EOP customers x 12 months = \$16.30

15 Estimated usage charge:

16 \$95,933/17,743,800 gallons x 1,000 = \$5.41

16 Revenue at Public Staff's Recommended Rates:

17 327 EOP customers x \$16.30 x 12 months = \$ 63,961

18 17,743,800 gallons x \$5.41/1,000 gallons = \$ 95,994

19 \$159,955

20 Sewer Utility Service

21 Estimated flat rate

22 226,451/324 EOP customers x 12 months = \$58.25

23 Revenue at Public Staff's Recommend Rate

24 324 EOP customers x \$58.25 x 12 months = \$226,476

25 KRJ's present and proposed rates and the Public Staff's

26 recommended rates are shown on Casselberry Exhibit No. 3.

1 Q. WHAT IS YOUR RECOMMENDATION CONCERNING OTHER  
2 CHARGES?

3 A. The Public Staff's does not oppose increasing KRJ's reconnection  
4 charge from \$23.91 to \$25.00, if water service is cut off by utility for  
5 good cause, and from \$19.12 to \$20.00, if water service is  
6 disconnected at customer's request; or increasing the returned check  
7 charge from \$23.96 to \$25.00 for Southern Trace Subdivision. The  
8 Public Staff does not oppose increasing KRJ's reconnection charge  
9 from \$14.40 to \$15.00 if water service is cut off by utility for good cause  
10 and if water service is disconnected at customer's request; or  
11 increasing the returned check charge from \$23.96 to \$25.00 for  
12 Rockbridge Subdivision. The Public Staff opposes adding a new  
13 disconnection charge and/or collection charge in addition to the  
14 reconnection charge.

15 DOES THIS CONCLUDE YOUR TESTIMONY?

16 A. Yes.

KRJ, Inc. d/b/a KRJ Utilities  
Docket No. W-1075, Sub 12  
Test Year Ending March 31, 2018

Casselberry  
Exhibit No. 1

Southern Trace Subdivision

Water Testing	# of samples Required	Frequency	factor	Cost per Test	Annual Cost
Bacteriological	1	Monthly	12.000	\$ 40.00	\$ 480.00
Lead & Copper	5	Every 3 Years	0.333	\$ 30.00	\$ 49.95
TTHM & HAA5	1	Annually	1.000	\$ 150.00	\$ 150.00
Inorganics/Secondaries	3	Every 3 Years	0.333	\$ 275.00	\$ 274.73
Nitrate	3	Annually	1.000	\$ 15.00	\$ 45.00
VOC	3	Every 3 Years	0.333	\$ 110.00	\$ 109.89
SOC	3	Every 3 Years	0.333	\$ 750.00	\$ 749.25
Gross Alpha Well #1	1	Every 6 Years	0.167	\$ 45.00	\$ 7.52
Combined Uranium Well #1	1	Every 6 Years	0.167	\$ 75.00	\$ 12.53
Combined Radium (226/228) Well #1	1	every 3 years	0.333	\$ 180.00	\$ 59.94
Gross Alpha Well #2	1	Every 9 Years	0.111	\$ 45.00	\$ 5.00
Combined Uranium Well #2	1	Every 9 Years	0.111	\$ 75.00	\$ 8.33
Combined Radium (226/228) Well #2	1	Every 9 years	0.111	\$ 180.00	\$ 19.98
Gross Alpha Well #3	1	Every 6 Years	0.167	\$ 45.00	\$ 7.52
Uranium Well #3	1	Quarterly	4.000	\$ 75.00	\$ 300.00
Combined Radium (226/228) Well #3	1	Every 6 years	0.167	\$ 180.00	\$ 30.06
<b>Total</b>					\$ 2,309.67

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Rockbridge Subdivision

Water Testing	# of samples		factor	Cost per Test	Annual Cost
	Required	Frequency			
Bacteriological	1	Monthly	12.000	\$ 40.00	\$ 480.00
Lead & Copper	10	Every 3 Years	0.333	\$ 30.00	\$ 99.90
TTHM & HAA5	1	Every 3 Years	0.333	\$ 150.00	\$ 49.95
Inorganics/Secondaries	1	Every 3 Years	0.333	\$ 275.00	\$ 91.58
Nitrate	1	Annually	1.000	\$ 15.00	\$ 15.00
VOC	1	Annually	1.000	\$ 110.00	\$ 110.00
SOC	1	Every 3 Years	0.333	\$ 750.00	\$ 249.75
Gross Alpha	1	Annually	1.000	\$ 45.00	\$ 45.00
Uranium	1	Annually	1.000	\$ 75.00	\$ 75.00
Combined Radium (226 & 228)	1	Annually	1.000	\$ 180.00	\$ 180.00
<b>Total</b>					<b>\$ 1,396.18</b>

Wastewater Analysis	# of samples		Tests per Year	Cost per Year	Annual Cost
	Required	Frequency			
BOD	1	Monthly	12	\$ 20.00	\$ 240.00
Total Suspended Solids (TSS)	1	Monthly	12	\$ 10.00	\$ 120.00
Ammonia, Nitrogen	1	Monthly	12	\$ 15.00	\$ 180.00

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TKN	1	Monthly	12	\$	18.00	\$	216.00
Nitrate, Nitrite Nitrogen	1	Monthly	12	\$	15.00	\$	180.00
Phosphorus, Total (as P)	1	Monthly	12	\$	12.00	\$	144.00
Fecal Coliform	1	Monthly	12	\$	18.00	\$	216.00
Courier Service	1	Monthly	12	\$	15.00	\$	180.00
Total						\$	1,476.00



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KRJ's Present and Proposed Rates and the Public Staff's Recommend Rates

**SOUTHERN TRACE SUBDIVISION**

	KJR's Present <u>Rates</u>	KRJ's Proposed <u>Rates</u>	Public Staff's Recommended <u>Rates</u>
<u>Monthly Metered Water Rates:</u>			
Base charge, zero usage	\$19.12	\$34.82	\$19.12
Usage charge, per 1,000 gallons	\$ 2.66	\$ 4.84	\$ 5.44
Average bill (average usage 5,115 gallons)	\$32.73	\$59.58	\$46.95
Percent increase		82.03%	43.45%

**ROCKBRIDGE SUBDIVISION**

	KJR's Present <u>Rates</u>	KRJ's Proposed <u>Rates</u>	Public Staff's Recommended <u>Rates</u>
<u>Monthly Metered Water Rates:</u>			
Base charge, zero usage	\$14.40	\$ 34.55	\$16.30
Usage charge, per 1,000 gallons	\$ 1.49	\$ 3.57	\$ 5.41
Average bill (average usage 4,520 gallons)	\$21.13	\$ 50.69	\$40.75
Percent increase		139.90%	92.85%
<u>Monthly Flat Sewer Rate:</u>	\$68.33	\$105.37	\$58.25
Percent increase/decrease		54.21%	(14.75%)
<u>Combined Water and Sewer:</u>	\$89.46	\$156.06	\$99.00
Net percent increase		74.45%	10.66%