

**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)	AGREEMENT AND
Rates for Sewer Utility Service in All of)	STIPULATION OF
Its Service Areas in Pender County,)	SETTLEMENT
North Carolina)	

Pluris Hampstead, LLC ("Pluris" or "Company"), and the Public Staff - North Carolina Utilities Commission ("Public Staff"), collectively referred to herein as the Stipulating Parties, through counsel and pursuant to N.C.G.S. § 62-69, respectfully submit the following Agreement and Stipulation of Settlement ("Stipulation") for consideration by the North Carolina Utilities Commission ("Commission") in the above-captioned docket.

BACKGROUND

A. On January 22, 2020, Pluris filed an application with the Commission ("Application") pursuant to N.C.G.S. §§ 62-133 and 62-134 and Commission Rules R1-4, R1-5, and R1-17, along with the direct testimony and exhibits of Maurice W. Gallarda, PE, and Daniel Winters. In the Application, Pluris requested an increase in rates for providing sewer utility service in its service areas in Pender County, North Carolina designed to produce an overall increase in annual operating revenues of \$419,214. Pluris serves approximately 639 residential flat rate sewer customers and 59 metered commercial sewer customers in Pender County, North Carolina.

B. On February 17, 2020, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

C. On March 18, 2020, the Commission issued an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice.

D. On April 15, 2020, Pluris filed an Update to Operating Expenses and Rate Base.

E. On June 2, 2020, the Commission issued an Order Cancelling the Public Witness Hearing scheduled in the Commission's March 18, 2020 Order.

F. On June 23, 2020, the Public Staff filed a Motion for Extension of Time requesting that the Commission grant an extension until July 14, 2020, for

the Public Staff to file its direct testimony and exhibits, and grant an equivalent extension to July 31, 2020, for Pluris to file its rebuttal testimony and exhibits.

G. On June 25, 2020, the Commission issued its Order granting the Public Staff's Motion for Extension of Time.

H. On July 1, 2020, the Commission issued its Order rescheduling the Public Witness Hearing to begin at 7:00 p.m., on Monday, August 17, 2020, and to be held remotely via WebEx. That Order also scheduled a hearing for September 8, 2020, for the sole purpose of receiving expert witness testimony from Pluris, the Public Staff, and any other party of record.

I. Subsequent to the filing of the Company's Application in this docket, the Public Staff engaged in substantial discovery as to Pluris regarding the matters addressed in the Company's Application, its testimony, and its updates. The Public Staff further examined the relevant books and records of Pluris with respect to the Company's Application. A field inspection of Pluris's system was also conducted by the Public Staff.

J. The Public Staff filed its direct testimony on July 14, 2020, consisting of the testimony and exhibits by the following witnesses:

1. Gina Y. Casselberry, Utilities Engineer; Water, Sewer, and Telephone Division;
2. Jenny Li, Staff Accountant; Water, Sewer, and Telephone Section, Accounting Division; and
3. Calvin C Craig, III, Financial Analyst, Economic Research Division.

K. On July 29, 2020, the Public Staff and Pluris jointly filed a Motion to Extend the time for Pluris to file its rebuttal testimony.

L. On July 31, 2020, the Commission issued its Order extending the time for Pluris to file its rebuttal to August 19, 2020.

M. On August 12, 2020, Public Staff Engineer Gina Casselberry, conducted an additional field inspection of the Pluris system.

N. On August 17, 2020, a remote public hearing was held in this matter through WebEx, as provided for in the Commission's Order issued July 1, 2020.

O. Following completion of the Public Staff's investigation of the Company's Application and accompanying documents, review of the results of its examination of the Company's books and records, review of the Company's responses to the Public Staff's Data Requests, and after the Public Staff filed its direct testimony, the Stipulating Parties participated in settlement discussions.

P. After settlement negotiations, in which certain concessions from their respective litigation positions were made by both Stipulating Parties, the

Stipulating Parties were ultimately able to arrive at a joint settlement proposal, the terms of which are reflected in the following sections of this Stipulation and the schedules and exhibits attached hereto.

STIPULATION AND AGREEMENT OF THE PARTIES

With the exception of the one point of disagreement noted below, the Stipulating Parties have reached an agreement regarding every issue in this case, and they hereby agree and stipulate as follows:

1. REVENUE REQUIREMENT AND RATES.

A. No Stipulating Party waives any right to assert a position in any future proceeding or docket before the Commission or in any court, as the adjustments agreed to in this Stipulation are strictly for purposes of compromise and are intended to show a rational basis for reaching the agreed-upon revenue requirement adjustments without either party conceding any specific adjustment. The Stipulating Parties agree that settlement on these issues will not be used as a rationale for future arguments on contested issues brought before the Commission.

B. The revenue requirement effects of this Stipulation provide sufficient support for the annual revenue required on the issues agreed to in this Stipulation.

C. The test period for this rate case is the twelve months ending September 30, 2019, updated through March 31, 2020, as adjusted for certain changes in plant, revenues, and costs that were not known at the time the case was filed but are based upon circumstances occurring or becoming known through the close of the evidentiary hearing.

D. The Company's appropriate long-term debt ("LTD") cost is 4.35%. The Company's capital structure is 57.66% long-term debt and 42.34% common equity. The Stipulating Parties agree that in consideration of a number of factors, including the impacts of the Coronavirus pandemic on customers and the changing economic conditions, the appropriate return on common equity ("ROE") to use in setting rates in this proceeding is 9.4%. The Stipulating Parties agree that the stipulated capital structure and stipulated levels of overall rate of return and rates of return on common equity and long-term debt are consistent with the requirements of N.C.G.S. § 62-133.

E. Pluris disputes and disagrees with Public Staff witness Casselberry's testimony suggesting that there is excess capacity in Pluris's existing wastewater plant, which is currently permitted for treatment of up to 250,000 gallons per day. However, for purposes of settlement the Public Staff and the Company agree to the amounts and rates shown in Stipulation Exhibits Nos. I and II. The Stipulating Parties acknowledge that Pluris's compromise regarding the excess capacity issue, and the Public Staff's proposed adjustment relating thereto, is for purposes of settlement only and does not imply concurrence nor shall it be used

as rationale for future argument or cited as precedent in any future proceeding.

F. As shown in Stipulation Exhibit No. I, Schedule 3, the Company's service revenue requirement is \$817,971.

G. As shown in Stipulation Exhibit No. II, the rate design shall be as follows:

	<u>Present Rates</u>	<u>Public Staff's Recommended Rates</u>
<u>Monthly Residential Flat Rate:</u>	\$ 63.95	\$ 82.50
<u>Monthly Commercial Metered Rates:</u>		
(Base charge, zero usage (minimum charge))		
< 1"	\$ 25.24	\$ 23.50
1"	\$ 25.24	\$ 58.75
1.5"	\$ 25.24	\$ 117.50
2"	\$ 25.24	\$ 188.00
4"	\$ 25.24	\$ 587.50
6"	\$ 25.24	\$1,175.00
Usage charge, per 1,000 gallons	\$ 9.68	\$ 16.50

2. QUALITY OF SERVICE. The Stipulating Parties agree that the overall quality of service provided by Pluris is good.

3. AGREEMENT TO SUPPORT SETTLEMENT; NON-WAIVER.

A. The Stipulating Parties will act in good faith to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take settlement of contested issues.

B. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties but reflect instead the compromise and settlement between the Stipulating Parties as to all of the issues covered hereby. No Stipulating Party waives any right to assert any position in any future proceeding or docket before this or any other Commission and in any court except insofar as the Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not be cited as precedent by any of the Stipulating Parties regarding any issue in any other proceeding or docket before this Commission or in any court.

C. This Stipulation is a product of negotiation between the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

4. INTRODUCTION OF TESTIMONY AND WAIVER OF CROSS EXAMINATION.

A. As a result of the Stipulating Parties having entered into this Stipulation, Pluris has not filed rebuttal testimony regarding the excess capacity issue identified above. Should the Commission reject the Stipulation, then the parties agree that the record should be reopened to allow Pluris to submit rebuttal testimony on that issue, after which the proceeding should be re-convened solely on that issue.

B. The pre-filed testimony and exhibits of the Stipulating Parties may be received in evidence without objection, and each Party waives all right to cross-examine any witness with respect to such pre-filed testimony and exhibits. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Stipulating Party, then any Stipulating Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

5. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY. This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on either of the Stipulating Parties unless the entire Settlement Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Stipulating Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Stipulating Party withdraws from the Stipulation, each Stipulating Party retains the right to seek additional procedures before the Commission, including Pluris's filing of rebuttal testimony, cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

6. COUNTERPARTS. This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

7. PUBLIC STAFF'S RECOMMENDATIONS. Pursuant to the request of the Public Staff, Pluris is obtaining ownership and operational responsibility for

several small customer owned pump stations that serve multiple commercial units owned by the customer. The Company agrees to file with the Commission a monthly progress report on the acquisition of lift stations needed for the seven pending applications identified in Public Staff witness Casselberry Exhibit No. 1. The initial report shall be due the first day of the month beginning more than 15 days after the date the Commission issues its Final Order setting revised rates for Pluris.

The foregoing is agreed and stipulated to this the 19th day of August, 2020.

Pluris Hampstead, LLC

/s/

Maurice W. Gallarda, PE, Managing Member

Public Staff - North Carolina Utilities Commission

/s/

Christopher J. Ayers
Executive Director

INDEX TO STIPULATION EXHIBIT I

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PLURIS HAMPSTEAD, LLC

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RETURN ON ORIGINAL COST RATE BASE

For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 1

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
Present Rates:						
1	Debt	57.66%	\$1,153,082 [2]	4.35% [1]	2.51%	\$50,159 [8]
2	Equity	42.34%	846,713 [2]	-7.77% [6]	-3.29%	(65,773) [9]
3	Total	100.00%	\$1,999,795 [3]		-0.78%	(\$15,614) [10]
Company Proposed Rates:						
4	Debt	57.66%	\$1,153,082 [4]	4.35% [1]	2.51%	\$50,159 [8]
5	Equity	42.34%	846,713 [4]	18.21% [6]	7.71%	154,172 [11]
6	Total	100.00%	\$1,999,795 [3]		10.22%	\$204,331 [12]
Public Staff Recommended Rates:						
7	Debt	57.66%	\$1,153,082 [5]	4.35% [1]	2.51%	\$50,159 [8]
8	Equity	42.34%	846,713 [5]	9.40% [1]	3.98%	79,591 [8]
9	Total	100.00%	\$1,999,795 [3]		6.49%	\$129,750

[1] Provided by Public Staff Financial Analyst Craig.

[2] Column (a) multiplied by Column (b), Line 3.

[3] Stipulation Exhibit I, Schedule 2, Column (c), Line 11.

[4] Column (a) multiplied by Column (b), Line 6.

[5] Column (a) multiplied by Column (b), Line 9.

[6] Column (e) divided by Column (b).

[7] Column (a) multiplied by Column (c).

[8] Column (b) multiplied by Column (c).

[9] Line 3 minus Column (e), Line 1.

[10] Stipulation Exhibit I, Schedule 3, Column (c), Line 35.

[11] Line 6 minus Line 4, Column (e).

[12] Stipulation Exhibit I, Schedule 3, Column (e), Line 35.

PLURIS HAMPSTEAD, LLC

Docket No. W-1305, Sub 12

ORIGINAL COST RATE BASE

For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 2

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Company's Update</u> (a)	<u>Public Staff Adjustments</u> [1] (b)	<u>Amount Per Public Staff</u> [4] (c)
1	Plant in service	\$9,574,826	(\$1,302,192) [2]	\$8,272,634
2	Accumulated depreciation	(941,667)	101,453 [3]	(840,214)
3	Net plant in service (L1 + L2)	8,633,159	(1,200,739)	7,432,419
4	Contributions in aid of construction (CIAC)	(1,757,964)	0	(1,757,964)
5	Accumulated amortization of CIAC	99,253	0	99,253
6	Pre-paid tap on fees	(3,453,160)	0	(3,453,160)
7	Customer deposits	(20,750)	0	(20,750)
8	Accumulated deferred income taxes (ADIT)	(356,023)	0	(356,023)
9	Cash working capital	59,040	(1,569)	57,471 [5]
10	Average tax accruals	0	(1,451)	(1,451) [6]
11	Original cost rate base (Sum of L3 thru L10)	<u>\$3,203,555</u>	<u>(\$1,203,759)</u>	<u>\$1,999,795</u>

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Stipulation Exhibit I, Schedule 2-1, Line 5.

[3] Stipulation Exhibit I, Schedule 2-2, Line 5.

[4] Column (a) plus Column (b), unless otherwise footnoted.

[5] Stipulation Exhibit I, Schedule 2-3, Line 2.

[6] Stipulation Exhibit I, Schedule 2-3, Line 7.

PLURIS HAMPSTEAD, LLC

Docket No. W-1305, Sub 12

ADJUSTMENT TO PLANT IN SERVICE

For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 2-1

<u>Line No.</u>	<u>Account No.</u>	<u>Item</u>	<u>Amount</u> [1]
1	351.1	Adjustment to remove organization	(\$17,013)
2	352.1	Adjustment to remove franchises	(11,354)
3	354.6	Adjustment to remove structures & Improvements-Recl	(1,296)
4	354.4 thru 354.7 & 380.4	Adjustment to remove excess capacity	<u>(1,272,529)</u> [2]
5	Total Adjustment to Plant in Service (Sum of L1 thru L4)		<u>(\$1,302,192)</u>

[1] Per examination of Company's financial records.

[2] Stipulation Exhibit I, Schedule 2-1(a), Column (a), Line 5.

PLURIS HAMPSTEAD, LLC

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CALCULATION OF EXCESS CAPACITY

For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 2-1(a)

<u>Line No.</u>	<u>Item</u>	<u>Plant, net of CIAC</u> (a)	<u>Accumulated Depreciation</u> (b)	<u>Plant, net of Accum. Depr. & CIAC</u> [3] (c)	<u>Depreciation Expense</u> (d)	<u>CIAC Amortization Expense</u> (e)
1.	Pluris Hampstead WWTP plant cost	\$5,528,418 [1]	(\$407,603) [1]	\$5,120,815	\$117,052 [1]	\$0
2.	Pluris Hampstead WWTP CIAC	(1,757,964) [1]	110,475 [1]	(1,647,488)	0	(44,888) [1]
3.	Plant, net of CIAC (L1 + L2)	3,770,455	(297,128)	3,473,327	117,052	(44,888)
4.	Excess capacity percentage	33.75% [2]	33.75% [2]	33.75% [2]	33.75% [2]	33.75% [2]
5.	Excess capacity to be removed (L3 x L4)	<u>\$1,272,529</u>	<u>(\$100,281)</u>	<u>\$1,172,248</u>	<u>\$39,504</u>	<u>(\$15,150)</u>

[1] Per examination of Company's financial records.

[2] Provided by Public Staff Engineer Casselberry.

[3] Column (a) plus Column (b), unless otherwise footnoted.

PLURIS HAMPSTEAD, LLC
Docket No. W-1305, Sub 12
ADJUSTMENT TO ACCUMULATED DEPRECIATION
For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 2-2

<u>Line No.</u>	<u>Account No.</u>	<u>Item</u>	<u>Amount</u> [1]
1	351.1	Organization	\$681
2	352.1	Franchises	454
3	354.6	Structures & Improvements-Recl	37
4	354.4 thru 354.7 & 380.4	Adjustment to remove excess capacity	<u>100,281</u> [2]
5	Total Accumulated Depreciation (Sum of L1 thru L4)		<u>\$101,453</u>

[1] Per examination of Company's financial records.

[2] Stipulation Exhibit I, Schedule 2-1(a), Column (b), Line 5.

PLURIS HAMPSTEAD, LLC
 Docket No. W-1305, Sub 12
**CALCULATION OF CASH WORKING CAPITAL
 AND AVERAGE TAX ACCRUALS**
 For The Test Year Ended September 30, 2019

Stipulation Exhibit I
 Schedule 2-3

<u>Line No.</u>	<u>Item</u>	<u>Amount (a)</u>
	<u>Cash Working Capital:</u>	
1	Total O&M expenses	<u>\$459,771 [1]</u>
2	Cash working capital (L1 x 1/8)	<u><u>\$57,471</u></u>
	<u>Average Tax Accruals:</u>	
3	Property taxes	<u>0 [2]</u>
4	Average accrual (L3 x 1/2)	<u>0</u>
5	Payroll taxes	<u>7,257 [3]</u>
6	Average accrual (L5 x 1/5)	<u>1,451</u>
7	Total tax accrual (L4 + L6)	<u><u>\$1,451</u></u>

- [1] Stipulation Exhibit I, Schedule 3, Page 1 of 2, Column C, Line 24
 [2] Stipulation Exhibit I, Schedule 3, Page 1 of 2, Column C, Line 28
 [3] Stipulation Exhibit I, Schedule 3, Page 1 of 2, Column C, Line 29

PLURIS HAMPSTEAD, LLC

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NET OPERATING INCOME FOR A RETURN
For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 3
Page 1 of 2

Line No.	Item	Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Company's Update [1]	Public Staff Adjustments [2]	Amount Per Public Staff [9]	Net Company Increase [13]	Operations After Rate Increase [14]	Net Public Staff Increase [17]	Operations After Rate Increase [18]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Operating Revenues:								
1	Service revenues	\$470,463	178,184	\$648,647	\$266,278	\$914,925	\$169,324	\$817,971 [19]
2	Miscellaneous revenues	17,684	0	17,684	0	17,684	0	17,684
3	Uncollectible accounts	(2,143)	0	(2,143)	0	(2,143)	0	(2,143)
4	Total operating revenues (Sum of L1 thru L3)	<u>486,004</u>	<u>178,184</u>	<u>664,188</u>	<u>266,278</u>	<u>930,466</u>	<u>169,324</u>	<u>833,512</u>
Operation & Maintenance Expenses:								
5	Salaries and wages	146,828	0	146,828	0	146,828	0	146,828
6	Employee benefits	(19,896)	0	(19,896)	0	(19,896)	0	(19,896)
7	Sludge removal expense	70,385	(6,397) [3]	63,988	0	63,988	0	63,988
8	Purchased power	72,066	(13,143) [3]	58,923	0	58,923	0	58,923
9	Chemicals	39,214	11,473 [3]	50,687	0	50,687	0	50,687
10	Materials & supplies (M&R)	9,398	0	9,398	0	9,398	0	9,398
11	Contract services - Engineering	1,550	0	1,550	0	1,550	0	1,550
12	Contract services - Accounting	8,250	0	8,250	0	8,250	0	8,250
13	Contract services - Legal	4,944	0	4,944	0	4,944	0	4,944
14	Contract services - Management fees	33,242	0	33,242	0	33,242	0	33,242
15	Contract services - Direct utility fees	10,832	(2,024) [4]	8,808	0	8,808	0	8,808
16	Contract services - Testing	14,642	3,668 [3]	18,310	0	18,310	0	18,310
17	Contract services - Other	10,746	(1,608) [5]	9,138	0	9,138	0	9,138
18	Rent expense	0	0	0	0	0	0	0
19	Insurance - General liability	5,798	0	5,798	0	5,798	0	5,798
20	Insurance - Workers compensation	1,015	0	1,015	0	1,015	0	1,015
21	Insurance - Other	17,960	0	17,960	0	17,960	0	17,960
22	Miscellaneous expenses	22,451	0	22,451	0	22,451	0	22,451
23	Regulatory commission expense	13,500	4,877 [6]	18,377	0	18,377	0	18,377
24	Total O&M expenses (Sum of L5 thru L23)	<u>462,925</u>	<u>(3,154)</u>	<u>459,771</u>	<u>0</u>	<u>459,771</u>	<u>0</u>	<u>459,771</u>
Depreciation and Taxes:								
25	Depreciation expense	279,622	(39,504) [7]	240,118	0	240,118	0	240,118
26	Amortization of CIAC	(43,357)	15,150 [8]	(28,207)	0	(28,207)	0	(28,207)
27	Franchise and other taxes	0	0	0	0	0	0	0
28	Property taxes	0	0	0	0	0	0	0
29	Payroll taxes	7,257	0	7,257	0	7,257	0	7,257
30	Regulatory fee	529	334	863 [10]	347	1,210 [10]	221	1,084 [10]
31	State income tax	0	0	0 [11]	5,004	5,004 [15]	2,583	2,583 [20]
32	Federal income tax	0	0	0 [12]	40,982	40,982 [16]	21,157	21,157 [21]
33	Total depreciation and taxes (Sum of L25 thru L32)	<u>244,051</u>	<u>(24,020)</u>	<u>220,031</u>	<u>46,333</u>	<u>266,364</u>	<u>23,961</u>	<u>243,992</u>
34	Total operating revenue deductions (L24 + L33)	<u>706,976</u>	<u>(27,174)</u>	<u>679,802</u>	<u>46,333</u>	<u>726,135</u>	<u>23,961</u>	<u>703,763</u>
35	Net operating income for a return (L4 - L34)	<u>(\$220,972)</u>	<u>\$205,358</u>	<u>(\$15,614)</u>	<u>\$219,945</u>	<u>\$204,331</u>	<u>\$145,363</u>	<u>\$129,749</u>

PLURIS HAMPSTEAD, LLC

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FOOTNOTES TO SCHEDULE 3

For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 3
Page 2 of 2

- [1] Stipulation Exhibit I, Schedule 3-1, Column (s).
- [2] Column (c) minus Column (a), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Stipulation Exhibit I, Schedule 3-2, Line 2.
- [5] Stipulation Exhibit I, Schedule 3-3, Line 2.
- [6] Stipulation Exhibit I, Schedule 3-4, Line 9.
- [7] Stipulation Exhibit I, Schedule 2-1(a), Column (d), Line 5.
- [8] Stipulation Exhibit I, Schedule 2-1(a), Column (e), Line 5.
- [9] Column (a) plus Column (b), unless otherwise footnoted.
- [10] Line 4 multiplied by 0.13%.
- [11] Stipulation Exhibit I, Schedule 3-5, Column (a), Line 12.
- [12] Stipulation Exhibit I, Schedule 3-5, Column (a), Line 14.
- [13] Column (e) minus Column (c), unless otherwise footnoted.
- [14] Column (c) plus Column (d), unless otherwise footnoted.
- [15] Stipulation Exhibit I, Schedule 3-5, Column (b), Line 12.
- [16] Stipulation Exhibit I, Schedule 3-5, Column (b), Line 14.
- [17] Column (g) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (f), unless otherwise footnoted.
- [19] Revenue requirement as calculated by the Public Staff.
- [20] Stipulation Exhibit I, Schedule 3-5, Column (c), Line 12.
- [21] Stipulation Exhibit I, Schedule 3-5, Column (c), Line 14.

PLURIS HAMPSTEAD, LLC
Docket No. W-1305, Sub 12
**CALCULATION OF UPDATED NET OPERATING
INCOME FOR A RETURN**
For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 3-1
Page 1 of 2

Line No.	Item	COMPANY PRO FORMA ADJUSTMENTS													
		Balance 09/30/19 (a)	Purchased Power (b)	Sludge (c)	Meter Readings (d)	Consulting Fees (e)	Waste Management (f)	Bond (g)	Bank Fees (h)	Travel (i)	Donations (j)	Regional Man. Salaries (k)	Management Fees (l)		
Operating Revenues:															
1	Service revenues	\$355,353	0	0	0	0	0	0	0	0	0	0	0	0	
2	Miscellaneous revenues	17,684	0	0	0	0	0	0	0	0	0	0	0	0	
3	Uncollectible accounts	(2,143)	0	0	0	0	0	0	0	0	0	0	0	0	
4	Total operating revenues (Sum of L1 thru L3)	370,894	0	0	0	0	0	0	0	0	0	0	0	0	
Operation & Maintenance Expenses:															
5	Salaries and wages	89,412	0	0	0	0	0	0	0	0	10,431	0	0	0	
6	Employee benefits	22,489	0	(42,385)	0	0	0	0	0	0	0	0	0	0	
7	Sludge removal expense	70,385	0	0	0	0	0	0	0	0	0	0	0	0	
8	Purchased power	50,593	15,483	0	0	0	0	0	0	0	0	0	0	0	
9	Chemicals	39,214	0	0	0	0	0	0	0	0	0	0	0	0	
10	Materials & supplies (M&R)	9,398	0	0	0	0	0	0	0	0	0	0	0	0	
11	Contract services - Engineering	1,550	0	0	0	0	0	0	0	0	0	0	0	0	
12	Contract services - Accounting	8,250	0	0	0	0	0	0	0	0	0	0	0	0	
13	Contract services - Legal	4,944	0	0	0	0	0	0	0	0	0	0	0	0	
14	Contract services - Management fees	157,635	0	0	0	0	0	0	0	0	0	0	0	(124,393)	
15	Contract services - Direct utility fees	31,884	0	0	0	0	2,024	0	0	0	0	0	0	0	
16	Contract services - Testing	14,642	0	0	0	0	0	0	0	0	0	0	0	0	
17	Contract services - Other	34,786	0	0	(1,540)	(22,500)	0	0	0	0	0	0	0	0	
18	Rent expense	0	0	0	0	0	0	0	0	0	0	0	0	0	
19	Insurance - General liability	5,798	0	0	0	0	0	0	0	0	0	0	0	0	
20	Insurance - Workers compensation	1,015	0	0	0	0	0	0	0	0	0	0	0	0	
21	Insurance - Other	17,960	0	0	0	0	0	0	0	0	0	0	0	0	
22	Miscellaneous expenses	28,381	0	0	0	0	0	3,387	1,407	(2,124)	(8,600)	0	0	0	
23	Regulatory commission expense	0	0	0	0	0	0	0	0	0	0	0	0	0	
24	Total O&M expenses (Sum of L5 thru L23)	594,326	15,483	(42,385)	(1,540)	(22,500)	2,024	3,387	1,407	(2,124)	(8,600)	10,431	(124,393)		
Depreciation and Taxes:															
25	Depreciation expense	310,647	0	0	0	0	0	0	0	0	0	0	0	0	
26	Amortization of CIAC	(43,357)	0	0	0	0	0	0	0	0	0	0	0	0	
27	Franchise and other taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	
28	Property taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	
29	Payroll taxes	7,257	0	0	0	0	0	0	0	0	0	0	0	0	
30	Regulatory fee	529	0	0	0	0	0	0	0	0	0	0	0	0	
31	State income tax	0	0	0	0	0	0	0	0	0	0	0	0	0	
32	Federal income tax	0	0	0	0	0	0	0	0	0	0	0	0	0	
33	Total depreciation and taxes (Sum of L25 thru L32)	275,076	0	0	0	0	0	0	0	0	0	0	0		
34	Total operating revenue deductions (L24 + L33)	869,402	15,483	(42,385)	(1,540)	(22,500)	2,024	3,387	1,407	(2,124)	(8,600)	10,431	(124,393)		
35	Net operating income for a return (L4 - L34)	(\$498,508)	(\$15,483)	\$42,385	\$1,540	\$22,500	(\$2,024)	(\$3,387)	(\$1,407)	\$2,124	\$8,600	(\$10,431)	\$124,393		

[1] Per examination of the Company's financial records.
[2] Per Company's update filed on April 15, 2020.
[3] Sum of Column (b) thru Column (q)
[4] Column (a) plus Column (r)

PLURIS HAMPSTEAD, LLC
Docket No. W-1305, Sub 12
**CALCULATION OF UPDATED NET OPERATING
INCOME FOR A RETURN**
For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 3-1
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Line No.	Item	Utility	Rate Case	Depreciation	Service	Additional Proforma		Total	Proforma
		Expense [1]	Expense [1]	[1]	Revenue [1]	Adjustment #1 [2]	Adjustments [3]	Balance [4]	
		(m)	(n)	(o)	(p)	(q)	(r)	(s)	
Operating Revenues:									
1	Service revenues	0	0	0	115,110	0	115,110	470,463	
2	Miscellaneous revenues	0	0	0	0	0	0	17,684	
3	Uncollectible accounts	0	0	0	0	0	0	(2,143)	
4	Total operating revenues (Sum of L1 thru L3)	0	0	0	115,110		115,110	486,004	
Operation & Maintenance Expenses:									
5	Salaries and wages	0	0	0	0	46,985	57,416	146,828	
6	Employee benefits	0	0	0	0	0	(42,385)	(19,896)	
7	Sludge removal expense	0	0	0	0	0	0	70,385	
8	Purchased power	0	0	0	0	0	15,483	72,066	
9	Chemicals	0	0	0	0	0	0	39,214	
10	Materials & supplies (M&R)	0	0	0	0	0	0	9,398	
11	Contract services - Engineering	0	0	0	0	0	0	1,550	
12	Contract services - Accounting	0	0	0	0	0	0	8,250	
13	Contract services - Legal	0	0	0	0	0	0	4,944	
14	Contract services - Management fees	0	0	0	0	0	(124,393)	33,242	
15	Contract services - Direct utility fees	(23,076)	0	0	0	0	(21,052)	10,832	
16	Contract services - Testing	0	0	0	0	0	0	14,642	
17	Contract services - Other	0	0	0	0	0	(24,040)	10,746	
18	Rent expense	0	0	0	0	0	0	0	
19	Insurance - General liability	0	0	0	0	0	0	5,798	
20	Insurance - Workers compensation	0	0	0	0	0	0	1,015	
21	Insurance - Other	0	0	0	0	0	0	17,960	
22	Miscellaneous expenses	0	0	0	0	0	(5,930)	22,451	
23	Regulatory commission expense	0	13,500	0	0	0	13,500	13,500	
24	Total O&M expenses (Sum of L5 thru L23)	(23,076)	13,500	0	0	46,985	(131,401)	462,925	
Depreciation and Taxes:									
25	Depreciation expense	0	0	(38,236)	0	7,211	(31,025)	279,622	
26	Amortization of CIAC	0	0	0	0	0	0	(43,357)	
27	Franchise and other taxes	0	0	0	0	0	0	0	
28	Property taxes	0	0	0	0	0	0	0	
29	Payroll taxes	0	0	0	0	0	0	7,257	
30	Regulatory fee	0	0	0	0	0	0	529	
31	State income tax	0	0	0	0	0	0	0	
32	Federal income tax	0	0	0	0	0	0	0	
33	Total depreciation and taxes (Sum of L25 thru L32)	0	0	(38,236)	0	7,211	(31,025)	244,051	
34	Total operating revenue deductions (L24 + L33)	(23,076)	13,500	(38,236)	0	54,196	(162,426)	706,976	
35	Net operating income for a return (L4 - L34)	\$23,076	(\$13,500)	\$38,236	\$115,110	(\$54,196)	\$277,536	(\$220,972)	

PLURIS HAMPSTEAD, LLC

Docket No. W-1305, Sub 12

ADJUSTMENT TO CONTRACT SERVICES - DIRECT UTILITY FEES

For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 3-2

<u>Line No.</u>	<u>Item</u>	<u>Amount</u> [1]
1	Contract services - Direct utility fees per Company's update	\$10,832
2	Adjustment to remove duplicated trash expenses	<u>(2,024)</u>
3	Contract services - Direct utility fees per Public Staff (L1 + L2)	<u><u>\$8,808</u></u>

[1] Per examination of the company's response to accounting data requests

PLURIS HAMPSTEAD, LLC

Docket No. W-1305, Sub 12

ADJUSTMENT TO CONTRACT SERVICES - OTHER

For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 3-3

<u>Line No.</u>	<u>Item</u>	<u>Amount</u> [1]
1	Contract services - Other per Company's update	\$10,746
2	Adjustment to Pender County Utilities for meter reading expense	<u>(1,608)</u>
3	Contract services - Other per Public Staff (L1 + L2)	<u><u>\$9,138</u></u>

[1] Per examination of the company's response to accounting data requests

PLURIS HAMPSTEAD, LLC

Docket No. W-1305, Sub 12

ADJUSTMENT TO RATE CASE EXPENSE
For The Test Year Ended September 30, 2019Stipulation Exhibit I
Schedule 3-4

<u>Line No.</u>	<u>Item</u>	<u>Amount</u> [1]
1	Rate case expense per application	<u>\$13,500</u>
2	Legal service: Burns, Day & Presnell, P.A.	18,108
3	Contract labor: Jerry Tweed	1,500
4	Capitalized labor: M Gallarda and D Winters	67,275
5	Notices, Printing envelopes, Postage, and Miscellaneous	<u>5,000</u>
6	Total rate case expense (Sum of L2 thru L5)	\$91,883
7	Amortization period in years	<u>5</u>
8	Rate case expense per Public Staff (L6 / L7)	<u>\$18,377</u>
9	Adjustment to rate case expense per Public Staff (L8 - L1)	<u><u>\$4,877</u></u>

[1] Per examination of the company's response to accounting data requests

PLURIS HAMPSTEAD, LLC
Docket No. W-1305, Sub 12
CALCULATION OF INCOME TAXES
For The Test Year Ended September 30, 2019

Stipulation Exhibit I
Schedule 3-5

Line No.	<u>Item</u>	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$664,188	\$930,466	\$833,512
	Operating revenue deductions:			
2	Operating & maintenance expenses	459,771	459,771	459,771
3	Depreciation expense	240,118	240,118	240,118
4	Amortization of CIAC	(28,207)	(28,207)	(28,207)
5	Franchise and other taxes	0	0	0
6	Property taxes	0	0	0
7	Payroll taxes	7,257	7,257	7,257
8	Regulatory fee	863	1,210	1,084
9	Interest expense	50,159 [2]	50,159 [4]	50,159 [6]
10	Total deductions (Sum of L2 thru L9)	<u>729,961</u>	<u>730,308</u>	<u>730,182</u>
11	Taxable income (L1 - L10)	<u>(65,773)</u>	<u>200,158</u>	<u>103,330</u>
12	State income tax (L11 x 2.5%)	<u>0</u>	<u>5,004</u>	<u>2,583</u>
13	Federal taxable income after state income tax (L1 - L12)	<u>(65,773)</u>	<u>195,154</u>	<u>100,747</u>
14	Federal income tax (L13 x 21%)	<u>0</u>	<u>40,982</u>	<u>21,157</u>
15	Net amount (L11 - L12 - L14)	<u>(65,773)</u>	<u>154,172</u>	<u>79,590</u>
16	Add: Interest expense	<u>50,159 [2]</u>	<u>50,159 [4]</u>	<u>50,159 [6]</u>
17	Net income for a return (L15 + L16)	<u>(\$15,614)</u>	<u>\$204,331</u>	<u>\$129,749</u>

- [1] Stipulation Exhibit I, Schedule 3, Page 1, Column (c).
[2] Stipulation Exhibit I, Schedule 1, Column (e), Line 1.
[3] Stipulation Exhibit I, Schedule 3, Page 1, Column (e).
[4] Stipulation Exhibit I, Schedule 1, Column (e), Line 4.
[5] Stipulation Exhibit I, Schedule 3, Page 1, Column (g).
[6] Stipulation Exhibit I, Schedule 1, Column (e), Line 7.

Pluris Hampstead, LLC
Docket No. W-1305, Sub 12
Test Year Ending March 31, 2020

Stipulation
Exhibit No. II

Stipulated Rates

Type of User	Consumption	Adjusted Consumption for Customer Growth	Usage Charge per/1,000 gal	Usage Revenue	EOP Customers	YTD Customers	Base Charge	Base Revenue	Total Revenue
Flat rate									
Residential	-		-	-	436	5,232	82.50	431,640.00	431,640
Sparrow Bend Apt.	-		-	-	-	-		-	-
					436	5,232		431,640	431,640
Commercial									
5/8" metered	34,770	36,814	16.50	607	2	24	23.50	564.00	1,171
3/4" metered	2,792,115	3,393,257	16.50	55,989	37	444	23.50	10,434.00	66,423
1" metered	2,616,080	2,195,938	16.50	36,233	9	108	58.75	6,345.00	42,578
1.5" metered	1,160,500	1,338,985	16.50	22,093	5	60	117.50	7,050.00	29,143
2" metered	2,438,500	3,135,179	16.50	51,730	3	36	188.00	6,768.00	58,498
2" Sparrow Bend Apt	3,518,659	3,518,659	16.50	58,058	10	120	188.00	22,560.00	80,618
4" metered	1,228,950	1,228,950	16.50	20,278	1	12	587.50	7,050.00	27,328
6" metered	3,175,900	3,175,900	16.50	52,402	2	24	1175.00	28,200.00	80,602
Total Commercial	16,965,474	18,023,683		297,391	69	828		88,971	386,362
Total Revenue									818,002