

PLACE: Dobbs Building, Raleigh, North Carolina

DATE: Wednesday, September 19, 2018

TIME: 9:02 a.m. - 12:13 p.m.

DOCKET NO.: W-218, Sub 497

ORIGINAL

BEFORE: Commissioner ToNola D. Brown-Bland, Presiding

Chairman Edward S. Finley, Jr.

Commissioner Jerry C. Dockham

Commissioner James G. Patterson

Commissioner Lyons Gray

Commissioner Daniel G. Clodfelter

Commissioner Charlotte A. Mitchell

IN THE MATTER OF:

Application by Aqua North Carolina, Inc.,
202 MacKenan Court, Cary, North Carolina 27511,
for Authority to Adjust and Increase Rates
for Water and Sewer Utility Service in
All Service Areas in North Carolina.

VOLUME: 10



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1 P R O C E E D I N G S:

2 COMMISSIONER BROWN-BLAND: Good morning.

3 Let's come back to order. Mr. Junis has assumed
4 his hot seat, I guess. And just for the record, I
5 want to say we are all trying to move on, and get
6 this done and have everybody have everything they
7 want to have in the record by the time this hearing
8 comes to a close. With that said, Mr. Junis, I
9 would just like to caution you a little bit. Have
10 faith in your attorney that he will fill in
11 anything that's left hanging or any mistaken
12 impressions, and you take your time to answer the
13 question. You need not accept Mr. Allen's
14 characterizations if you don't want to, but try to
15 give him an answer, and then rely on your attorney,
16 and that will help us to move on.

17 With that, Mr. Allen, we will resume.

18 MR. ALLEN: Thank you very much,
19 Madam Chair.

20 CHARLES JUNIS,

21 having been previously duly sworn, was examined
22 and testified as follows:

23 CONTINUED CROSS EXAMINATION BY MR. ALLEN:

24 Q. Good morning, Mr. Junis.

1 A. Good morning.

2 Q. Just one follow-up on the Carolina Meadows
3 situation, and I know we beat that to death, but
4 between -- there were two previous excess plant
5 adjustments for Carolina Meadows in earlier rate cases;
6 is that correct?

7 A. Yes, sir.

8 Q. And you made an additional adjustment in this
9 case; is that correct? You carried it forward, and
10 there was an excess plant adjustment you proposed in
11 this case?

12 A. Correct.

13 Q. And between the time of the last --

14 COMMISSIONER BROWN-BLAND: Mr. Allen,
15 microphone.

16 COMMISSIONER GRAY: Point it towards
17 you.

18 THE WITNESS: He tried to use two.

19 MR. ALLEN: I tried to use two.

20 Testing. Are we okay? My apologies again.

21 BY MR. ALLEN:

22 Q. Between this case and the last case, the
23 Company invested approximately \$1.7 million in changing
24 out, upgrading, making some modifications to Carolina

1 Meadows?

2 A. Yes.

3 Q. And that is the plant that you went out and
4 inspected?

5 A. Yes.

6 Q. Now, the effect of your adjustment, in this
7 case, is to say that the \$1.7 million in modifications
8 or change outs, as they did to Carolina Meadows, that
9 they will only be able to recover about 66 percent of
10 that investment because of your adjustment; is that
11 correct?

12 A. Yes.

13 Q. If a company chooses to switch out, and
14 change, and modify a system, does making sure that
15 they're going to not be able to recover 34 percent of
16 their investment give them an incentive to change out
17 and modify those systems?

18 A. Can you restate the question? I'm not quite
19 sure what you are asking.

20 Q. Well, you said that they are only going to
21 recover 66 percent of that new investment based on that
22 excess plant adjustment.

23 Does that give a company, like Aqua, an
24 incentive to make these kind of modifications if they

1 know these excess plant adjustments are going to be
2 carried forward?

3 A. I would say that these three plants are
4 unusual from the others. Clearly, the Public Staff has
5 not made an excess capacity adjustment against all
6 their plants where they have an overbuilt plant,
7 because these are unusual in that the Company took on
8 risk from the developer, and so that's why these three
9 systems are different. And so we're basically removing
10 an incremental portion of that cost of those upgrades
11 or replacements, because it is oversized.

12 Q. These -- Carolina Meadows was purchased by
13 Heater when Mr. Grantmyre was president of Heater,
14 wasn't he, in 2005?

15 A. Which Aqua is now the company responsible for
16 this.

17 Q. But is the answer to my question yes?

18 A. Yes.

19 Q. You said that the reason you carried forward
20 that excess plant adjustment, as I understand, and you
21 correct me if I'm wrong, was because the plant was
22 rated at, what, 360,000 gallons, is it 350?

23 A. I believe it's 350, yes.

24 Q. 350? Do you know whether that plant now can

1 handle a flow of 350,000 gallons because of the
2 modifications that were made to it?

3 A. It is my understanding that plant is
4 permitted for 350,000 gallons.

5 Q. That was not my question. I understand the
6 permit says 350,000 gallons, but do you know, as a
7 fact, that it can handle a flow of 350,000 gallons?

8 A. No.

9 Q. Why would a company, like Aqua, invest in a
10 plant and create an amount of flow that they know they
11 are going to get denied 34 percent of their cost
12 recovery on it? That would be foolish, wouldn't it?

13 A. I'm sorry, that question seems to, kind of,
14 intermingle flow and cost, so do you mind restating
15 that?

16 Q. Well, if they -- if they were going to
17 revalue the plant, and they thought they created a
18 plant that would handle more than the flow they
19 actually have and risk an excess plant adjustment, it
20 wouldn't be very smart to do it that way, would it?

21 A. The way that you're describing it, it would
22 not be.

23 Q. Thank you. Okay. Let's talk a little bit
24 about the service.

1 On page 23, line 10 of your testimony -- you
2 will probably get to it quicker than I will.

3 A. I'm there.

4 Q. Okay. Beginning at page 10 -- or line 10, on
5 page 23, you state that you have determined that Aqua's
6 water utility systems are generally in compliance with
7 federal and state regulations, testing requirements,
8 and primary water quality standards. Where problems
9 have been identified, Aqua has generally corrected the
10 problem or is actively working towards solutions.

11 Is that an accurate reading of that
12 testimony?

13 A. Yes, sir.

14 Q. And, of course, that relates to just the
15 primary issues, not necessarily secondary issues, to be
16 fair, rather?

17 A. Correct.

18 Q. Now, on page 4 through 20 of your testimony,
19 you generally repeat public testimony that was provided
20 at the public hearings by various witnesses, don't you?

21 A. I would say I summarize that. That's a lot
22 of content, and as a consumer advocate, I take that
23 very seriously.

24 Q. Well, the Company takes it very seriously

1 too; the point is, the Commission already heard that
2 testimony in the public hearings, hasn't it?

3 A. Yes.

4 Q. What was your basis for repeating that? Did
5 you want the Commission to hear it again?

6 A. I do not only summarize the testimony from
7 the hearings. I also hit on the written statements
8 that are not an official part of the record, even
9 though they are in the docket.

10 Q. Absolutely you do, and what you do is you
11 take statements that the people have not shown up, they
12 have not submitted themselves to sworn testimony, the
13 Company has not had an opportunity to question those
14 witnesses, and you enter that in the record as
15 evidence, although, traditionally, the Commission just
16 uses it as part of their official file; is that
17 correct?

18 A. So I think the Company certainly had the
19 opportunity to provide their version or their context
20 to these statements, and I don't believe they took that
21 opportunity.

22 Q. Well, the Company had an application to
23 report on it, but they didn't repeat what non-sworn
24 statements that had been filed in the Commission

1 records and purported to be substantive evidence, did
2 they?

3 A. No.

4 Q. And that's what you did?

5 A. What did I do?

6 Q. You took non-sworn statements and tried to
7 enter it into evidence, which is not generally what the
8 Commission does in these cases.

9 A. I have summarized numerous statements from
10 customers, many of which express concerns that they
11 could not attend the hearings. Many only have one
12 opportunity at their closest location. So if that one
13 night doesn't work with your schedule, you have other
14 commitments, I think that their point of view is still
15 important for consideration by the Commission.

16 Q. And it's your understanding that you are free
17 to come in and testify on their behalf?

18 A. I am their advocate.

19 Q. So it's your belief that you could come in?

20 MR. GRANTMYRE: Objection. This is
21 about the fourth time he asked that.

22 MR. ALLEN: He has not answered the
23 question.

24 COMMISSIONER BROWN-BLAND: Rephrase the

1 question.

2 BY MR. ALLEN:

3 Q. Do you believe, as a public advocate, that
4 you can come in and enter into evidence things that
5 people have told you, who haven't come to the
6 Commission, and been sworn and testified on their own
7 behalf?

8 A. I am testifying on behalf of those customers.

9 Q. Okay. What is the Triassic Basin?

10 A. You're referring to, basically, the geology
11 of the state generally in this area.

12 Q. Where is it located?

13 A. I believe it's in -- I think you are dealing
14 with Wake, Chatham, Durham counties, I believe. It's a
15 large potential source of water.

16 Q. Let me ask you one other question before I
17 get to that.

18 MR. ALLEN: I would like to pass out an
19 exhibit to you, and ask it to be identified as Aqua
20 Junis Cross Examination Exhibit Number 1.

21 COMMISSIONER BROWN-BLAND: This one-page
22 e-mail from William Grantmyre --

23 MR. ALLEN: It is a one-page e-mail from
24 William Grantmyre, and it also has an e-mail from

1 Becky Daniel who is a public witness.

2 COMMISSIONER BROWN-BLAND: Yes. And it
3 would be identified as Aqua Junis Cross Examination
4 Exhibit 1.

5 MR. ALLEN: Yes.

6 (Aqua Junis Cross Examination Exhibit
7 Number 1 was marked for identification.)

8 BY MR. ALLEN:

9 Q. Do you have a copy of that?

10 A. Yes, sir.

11 Q. Do you know Ms. Becky Daniel?

12 A. Yes. We have met with her at community
13 meetings on multiple occasions.

14 Q. In fact you -- she is one of the witnesses
15 who you reviewed her testimony in your testimony; do
16 you not?

17 A. I summarize her written statements and her
18 official testimony, yes.

19 Q. Now, in that e-mail from Mr. Grantmyre, it
20 appears to be addressed to Becky; does it not?

21 A. Yes, sir.

22 Q. And Mr. Grantmyre says in there, "It will be
23 tomorrow before we send suggested tweaks to your draft
24 testimony"; is that what it says?

1 A. Towards the middle of the page, yes.

2 Q. Yes. And skipping down two things it says,
3 "Chuck is also helping on the suggested tweaks to your
4 draft testimony"; is that what it says?

5 A. Yes, sir. And I would submit, as a
6 late-filed exhibit to the Commission, the track changes
7 versions of those tweaks.

8 Q. Do you know what those tweaks were?

9 A. I am generally familiar, but I don't recall
10 the exact tweaks.

11 Q. Does the Public Staff legal and engineering
12 staff generally help public witnesses prepare
13 testimony?

14 A. No.

15 Q. And do you consider it public testimony when
16 a professional engineer and a public utility staff
17 lawyer who, in opposition to the Company, review and
18 provide edits and tweaks to the public's testimony?

19 A. Do you mind repeating the question?

20 Q. Yes. Do you consider it to still be public
21 testimony when the Public Staff edits the testimony and
22 provides tweaks from their professional engineering and
23 legal staff?

24 A. In this case, yes.

1 Q. If the Company were to have people who were
2 supportive of their position, and the Company's
3 engineers, and president, and lawyers provided tweaks
4 and edits to that testimony, would you consider that to
5 be public testimony?

6 A. Depends on the exact circumstances.

7 Q. Tell me what circumstances where you would
8 not consider it to be public.

9 A. I mean, there is a plethora of options that I
10 don't think the Commission wants me to go on and on on
11 that issue.

12 Q. Well, I would like to hear it. That was my
13 question.

14 A. I think if you materially change the content,
15 then it would not be appropriate and would not be
16 representative of public testimony.

17 Q. So if we just changed it a little bit, that
18 would be public testimony too?

19 A. I think it's a case-by-case basis.

20 Q. Well, I thought you said, if we didn't change
21 the substance of it, it would still be public
22 testimony.

23 If we didn't change the subject of it much,
24 would it still be public testimony?

1 A. I didn't say the subject, I said the content.

2 Q. If we didn't change the content much, would
3 it be public testimony?

4 A. Like I said, that's a case-by-case.

5 Q. So you just don't have an answer to that?

6 MR. GRANTMYRE: I think he's answered
7 it.

8 MR. ALLEN: No, he's not, but I
9 understand.

10 COMMISSIONER BROWN-BLAND: Move on,
11 Mr. Allen.

12 BY MR. ALLEN:

13 Q. Throughout your testimony, you mention four
14 public hearings; do you not?

15 A. Yes, sir.

16 Q. And those hearings were held on May 7th in
17 Mocksville; that is correct?

18 A. Subject to check, yeah.

19 Q. It's in your testimony?

20 A. Yeah. Do you want to refer me to the page,
21 and I will confirm?

22 Q. Subject to check, that's fine.

23 A. I don't recall the exact date, and I'm happy
24 to --

1 Q. How many public witnesses showed up in
2 Mocksville?

3 A. (No response.)

4 Q. Would you accept, subject to check, that it
5 was zero?

6 A. Yes.

7 Q. And Gaston County, on May 9th, would you
8 accept, subject to check, that there were two customers
9 that showed up?

10 A. Yes.

11 Q. At the public hearing on June 26th in
12 Wilmington, would you accept that there were six public
13 witnesses that showed up?

14 A. Yes.

15 Q. And the public hearing on June 25th in
16 Raleigh, would you accept that there were 20 witnesses
17 who showed up to testify, but that eight ceded their
18 time to Ms. Becky Daniel?

19 A. Yes. I think this is all part of the record,
20 and the Commission were at those hearings.

21 Q. And that was 36 total witnesses?

22 A. Subject to check, yes.

23 Q. How many customers does the company have?

24 A. Approximately 80,000, 90,000.

1 Q. 80 -- 90,000 customers?

2 A. Yes.

3 Q. And you also included in your testimony,
4 would you accept, subject to check, that there were 57
5 statements that were submitted to the Public Staff?

6 A. And counting, yes.

7 Q. There were 21 statements submitted to the
8 Commission?

9 A. Yes.

10 Q. So that was a total of 78 statements that
11 were filed with the Commission at the time you filed
12 your testimony?

13 A. Yes, sir.

14 Q. In the last case, do you know how many people
15 filed statements? Would you accept, subject to check,
16 that it was 239?

17 A. Yes.

18 Q. So we have a reduction in statements filed in
19 this case from 239 to 78?

20 A. Yes, sir.

21 Q. And is that at least some minor indication
22 that things might be moving in the right way?

23 A. I believe Mr. Becker makes that conclusion in
24 his rebuttal testimony.

1 Q. Do you agree with that conclusion?

2 A. We asked for additional context for the
3 number of complaints that the Company received during
4 that period of time, and the Company would not provide
5 the information from last rate case. We already had
6 the information for during this rate case, because we
7 wanted to add additional context to that determination.

8 Q. Were you able to determine whether complaints
9 were up or down?

10 A. Like I said, we didn't have the data for last
11 rate case, in terms of all of the complaints that the
12 Company received, and so we couldn't make that
13 comparison, and so I don't feel comfortable making the
14 same conclusion as Mr. Becker.

15 Q. Fair enough. Do you know what the Deep River
16 Basin is?

17 A. Generally, yes.

18 Q. What is it?

19 A. I mean, you have referred to the Triassic
20 Basin, you now referred to the Deep River Basin. These
21 are basins within the state of North Carolina.

22 Q. Well, isn't the Deep River Basin the largest
23 part of the Triassic Basin?

24 A. Subject to check, yes.

1 Q. Do you know whether the Deep River Basin has
2 the largest concentration of manganese and iron of any
3 place in North Carolina?

4 A. I'm very familiar with the iron and manganese
5 problem in the state, and I would accept that, subject
6 to check.

7 Q. Subject to check that it has the largest
8 concentration?

9 And it's also true, is it not, that both
10 Bayleaf and Coachman's Trail are located in the Deep
11 River portion of the Triassic Basin?

12 A. Subject to check, yes.

13 Q. And again, they have the highest
14 concentration of manganese and iron of anywhere in the
15 state?

16 A. Subject to check, yes.

17 Q. Which we both know wasn't the case, I
18 understand that.

19 Now, both of those areas have about 2,000
20 customers?

21 A. Both of which areas?

22 Q. Bayleaf and Coachman's Trail.

23 A. Well, Bayleaf, I believe, is close to 5,000
24 customers.

1 Q. Close to 5,000? So they have 5,000
2 customers.

3 How many wells serve Bayleaf?

4 A. It's over 100.

5 Q. It's over 120, isn't it? Would you accept,
6 subject to check?

7 A. Yes, which is over 100.

8 Q. If you have 120 different wells, you could
9 have situations where some of those wells were causing
10 discoloration of water and some of them were not?

11 A. No two wells are alike.

12 Q. Sometimes a well of a very slow capacity or
13 flow -- I don't know how you guys measure that -- but
14 how much water puts out, some of them are small, some
15 of them are large, aren't they?

16 A. Yes, sir.

17 Q. And even a small well can cause problems?

18 A. Yes, sir.

19 Q. And because of the large number of wells at
20 any given time, there could be among those 5,000
21 people, that the great majority of customers are having
22 clear, clean, not discolored water, but maybe just a
23 few are having problems with discolored water?

24 A. Yes, sir.

1 Q. Now, the Coachman's Trail has a water flow of
2 about 750 gallons?

3 A. You're referring to the singular well, I
4 believe?

5 Q. Yes, the singular well.

6 A. Yes, sir.

7 Q. Is that a pretty large flow for a well?

8 A. That, I believe, is the highest-producing
9 well that Aqua has in the state.

10 Q. In the Aqua system.

11 And that well, along with how many other
12 wells, provide service to Coachman's Trail; would it
13 also be in the 100 range?

14 A. Any given well could be providing water to
15 Coachman's Trail subdivision. Some more likely than
16 others.

17 Q. Now, we have talked about several areas of
18 treatment for wells, and one of those treatments,
19 perhaps the least-cost treatment, is flushing?

20 A. Yes. It's in the toolbox for attempting to
21 deal with iron and manganese.

22 Q. And would that be one of the things in the
23 toolbox -- I know it depends on circumstance -- you
24 might want to try first if it's the least cost?

1 A. Yes, sir.

2 Q. But it's a temporary solution, isn't it?
3 Like Dr. Crockett said yesterday, you're probably
4 treating the symptom and not the disease?

5 A. It depends on a case by case. Some systems,
6 systematic or consistent flushing can address the
7 problem and you would have adequate water service --
8 quality of service.

9 Q. When you say "systematic or consistent
10 flushing," how consistent or systematic would it have
11 to be?

12 A. Depending on the system.

13 Q. In the worst case of a well that had
14 manganese and iron problems, do you have an opinion as
15 to how frequently you'd have to flush it to keep it
16 clear?

17 A. Again, it depends on the water quality, the
18 system, what can you flush adequately, because you
19 really want scouring of those mains.

20 Q. And I believe you -- there was also a
21 discussion about the use of greensand filters; is that
22 correct?

23 A. Yes, sir.

24 Q. And greensand filters are -- well,

1 Dr. Crockett referred to them as more of a cure, but
2 there was a general statement that even a cure could
3 have problems sometimes; is that true?

4 A. That is how he characterized it.

5 Q. Do you consider greensand filters to be
6 expensive?

7 A. Yes.

8 Q. You were in a meeting, I believe -- that
9 meeting was on August 29th -- when a number of issues
10 were discussed with DEQ, the Public Staff, and Aqua;
11 were you not?

12 A. Yes, sir.

13 Q. And is that a meeting that has been the
14 subject of Public Staff's motion about a recording and
15 what was said at that meeting?

16 A. Yes, sir.

17 Q. Now, as to the Upchurch System, do you
18 remember discussion of the Upchurch System yesterday?

19 A. Yesterday, not at the meeting?

20 Q. Yes. I'm gonna get back to the meeting.

21 A. At the hearing, yes.

22 Q. And the Upchurch System was also discussed at
23 that meeting, wasn't it?

24 A. (No response.)

1 Q. About whether or not the filter should be --

2 A. Correct.

3 Q. Okay. And you were part of those
4 discussions?

5 A. Yes, sir.

6 Q. And did you express concern at that meeting
7 about the cost of the greensand filter for the Upchurch
8 System?

9 A. I may have expressed concern, but we have
10 also already given the Company, basically, our
11 preapproval, and we intend to recommend approval to the
12 Commission, that that be approved for WSIC treatment,
13 and I would add that the requested information was
14 provided on July 6th.

15 Q. Of 2018?

16 A. Yes, sir.

17 Q. Now, this --

18 MR. GRANTMYRE: Wait a minute. He's not
19 finished.

20 THE WITNESS: Thank you.

21 BY MR. ALLEN:

22 Q. My apologies.

23 A. That's okay. It happens. I sent an e-mail
24 to key Aqua staff on July 10th, so that's four days

1 after we had the requested information that we felt was
2 necessary to make that determination, and we also
3 recommended -- we said we would recommend approval on
4 the Barony Number 5. And -- sorry. I was still
5 finishing. And so the Company filed their application
6 for WSIC approval. I believe it was on August 14th.
7 What part of that discussion at that August 29th
8 meeting was, that we had also received the necessary
9 information for Wood Valley Number 9 and George's Grant
10 Number 1 on August 1st and then sent an e-mail to their
11 key staff on August 2nd. So a day later we said we
12 would recommend approval. They just need to file the
13 application. And so the discussion at that August 29th
14 meeting was, would you please amend that filing, so
15 then for efficiency's sake, the Public Staff would only
16 have to file one report, and we would only have to
17 present this issue to the Commission on one staff
18 conference.

19 Q. But you told the --

20 A. Please let me finish. And so that discussion
21 happened on August 29th. The Company has not filed
22 that amendment to that filing as of today. We are
23 nearly three weeks later.

24 Q. Speaking of later, isn't it a fact that the

1 Public Staff received an application and a request from
2 Aqua, Mr. Roberts, who was the president at the time,
3 for authority to install a greensand filter in
4 August of 2015 at Upchurch?

5 A. Subject to check, I would accept that date.

6 Q. And do you know what the Public Staff did
7 with that?

8 A. Yes, sir.

9 Q. You didn't do anything, did you?

10 A. We had given signals that we would not
11 recommend approval of WSIC treatment for that until the
12 Company had gone through potential operational changes,
13 because there was an issue -- that's a combined-entry
14 system with two wells, one well having
15 characteristically bad water quality and the other had,
16 based on the sampling data that we had at the time,
17 acceptable water quality. And so we asked the Company
18 to consider an operational change to basically put the
19 bad well in a back-up or seasonal rotation, in terms of
20 operation.

21 Q. And didn't -- the Public Staff actually filed
22 a formal response to that in a commission docket, did
23 they not, or -- where they outlined those things?

24 A. Yes, sir.

1 Q. Do you remember what docket number that was?

2 A. It was Docket W-218, Sub 363A, I believe.

3 Q. Okay. That's what I have got too. And after
4 that, didn't Mr. Roberts contact the Public Staff and
5 ask you to put it on the Commission agenda because they
6 felt it was urgent and the Commission ought to be able
7 to decide it up or down?

8 A. I don't recall that.

9 Q. In the meeting on August 29th, didn't you
10 make a statement that the Company generally does not --
11 strike that.

12 The Company generally does not install these
13 things until they have -- get approval from the
14 Commission for cost recovery; is that correct?

15 A. Yes, sir.

16 Q. And that's because they might have some fear
17 that maybe the Public Staff or somebody else may
18 propose that they not recover --

19 A. Yes, sir.

20 Q. -- the cost?

21 Now, in the meeting on August 29th, didn't
22 you say in there that, once the Public Staff approves,
23 that the Commission is going to rubber stamp what the
24 Public Staff says?

1 A. I did not say that.

2 Q. Well, what you said is they always accept
3 your recommendations; isn't that what you said?

4 A. I said that, specifically for WSIC approval
5 on secondary water, that the Commission has
6 historically accepted our recommendation. And
7 Mr. Milton then commented that, even with approval or
8 the expectation of approval, the Company can continue
9 with their evaluation and planning and start
10 engineering work.

11 Q. Is it the Public Staff that has final
12 approval of these greensand filters, or is it the
13 Commission?

14 A. Clearly, the Commission.

15 Q. And as to the Upchurch one, you don't recall
16 telling the Company that you were just going to hold
17 Upchurch so that you could collect some of these and
18 bring a bunch to the Commission at the same time so you
19 won't waste the Commission's time?

20 A. We always seek to consolidate and create
21 efficiencies for both the Public Staff, the Company,
22 and the Commission.

23 Q. Well, if it's the Commission's decision to
24 decide whether or not these greensand filters are going

1 to be approved and the citizens of Upchurch are
2 concerned about it, and the Commission has expressed
3 tremendous concern about it, don't you think it's worth
4 the Commission's time to come up and resolve something
5 that's going to result in a \$0.06-per-month increase
6 for ratepayers and let them decide if they want to vote
7 it up or down?

8 A. I don't believe it's my job to present the
9 Company's position and so -- they could have filed a
10 motion and said, "Folks, that's not doing what we think
11 they should do, or" -- and so, put it up to the
12 Commission to make the decision.

13 Q. Yes, but you said you're the one that brings
14 it to the Commission, and you decided to just collect a
15 bunch of them so you wouldn't waste anybody's time;
16 isn't that what you said a few minutes ago?

17 A. Typically.

18 Q. And all of that micromanaging because you
19 want to save the ratepayers \$0.06 a month rather than
20 cleaning up their water; is that right?

21 A. I think that's a gross mischaracterization.

22 Q. But the Commission can decide what the
23 characterization is, can't they?

24 A. Yes, sir.

1 Q. Now, the WSIC process is a relatively new
2 process, isn't it?

3 A. Yes. It was approved last rate case.

4 Q. And adopted by the General Senate, what,
5 five, six years ago, something like that?

6 A. Yeah.

7 Q. Whatever.

8 Now, the Public Staff's involved in that
9 process?

10 A. Certainly so.

11 Q. In what respect?

12 A. I believe there was communications between
13 the Company and Public Staff about project eligibility
14 and what would go in those categories, and we have even
15 offered to reconsider what would be eligible projects
16 to try to prioritize things or incentivize projects
17 that we think have a great impact to customers.

18 Q. And it's true that a number of greensand
19 filters are put in to the WSIC Program?

20 A. Yes, sir.

21 Q. In any of the reviews that the Public Staff
22 has ever done for a WSIC Program, has it ever
23 recommended that the Company add greensand filters in
24 addition to what the Company proposed?

1 A. So you're saying to identify wells or
2 projects that the Company has not?

3 Q. No. I'm just saying, you get complaints, you
4 get concerns, you say there is still complaints coming
5 in. Have you ever looked at any of those, have
6 collaborative conversations with the Company and said,
7 "Gee, we think you should put some more money on this
8 WSIC proposal on greensand filter"; you haven't done
9 that, have you?

10 A. Your previous statement said we micromanage,
11 and then now you are stating that have we considered
12 taking an active role and dictating where they put
13 greensand.

14 Q. Well, you can micromanage, and you could have
15 a natural bias to something you think is too costly and
16 not even --

17 A. We have certainly, in cases where the Company
18 has proposed greensand on a low-producing well, looked
19 at that system and said, have you considered this, or
20 have you considered combining these entries. For
21 example, Martindale Number 3. The Company came to us
22 with a proposal. I think it's about 30 or 40 gallons
23 per minute. Naught but four lots over there is
24 Martindale Wells Number 1 and 2 that are currently

1 offline. We asked the Company to look at that, because
2 their combined production is nearly 70 to 80 gallons
3 per minute. And so for basically the same cost for
4 filtration, in the neighborhood of 300-, \$350,000, they
5 could potentially treat double the amount of water.

6 Q. Now, my question was, have you ever, in
7 collaboration with the Commission -- or with the
8 Company, based on your knowledge, ever recommended that
9 they increase the number of --

10 A. I just gave you an example. Sorry, I didn't
11 mean to cut you off.

12 Q. Did you say yes or no?

13 A. I would characterize that as a yes.

14 Q. Okay. Thank you. Now, I consider -- on page
15 22 of your testimony, first, let's say line 18, you
16 state in there about meetings you have with Aqua, and
17 you discuss several things with them, including
18 emerging technologies; do you not?

19 A. Yes, sir.

20 Q. What emerging technologies do you discuss
21 with them?

22 A. Let's see. For example, from the August 29th
23 meeting, we talked about basically a flushing
24 technology that uses a truck and trailer setup where

1 you can actually filter the water, you could actually
2 pump it to give it additional pressure, you could store
3 water to provide better, more adequate flushing.

4 Q. Now, I could -- I assume that you do not
5 consider to -- AMR meter to be an emerging technology;
6 is that correct?

7 A. It's something that is developing, let's put
8 it that way.

9 Q. So it's developing. It's an emerging
10 technology. It's on its way.

11 A. Sure. I will characterize that, sure.

12 Q. Now, one of the criticisms that you make of
13 Aqua, as I understand it, is that they chose to use
14 outside sources, contractors, for purposes of managing
15 and installing their AMR meter program; is that
16 correct?

17 A. Yes, sir.

18 Q. And you think they should have done it
19 in-house?

20 A. Certainly, potentially.

21 Q. You think they should potentially have done
22 it, or they should have done it?

23 A. I think, clearly, in my testimony, that it
24 would have been more cost-effective to use internal

1 labor.

2 Q. Now, when a company -- a utility of any
3 type -- is doing a major construction build-out or a
4 major construction program for a change out, is it
5 typical that they use in-house labor or that they use
6 contract labor?

7 A. Can you restate the question, please?

8 Q. Yeah. Do you know whether -- what is
9 customary in the utility industry for a major change
10 out or a major construction company; does the utility
11 usually use in-house workforce or do they use outside?

12 A. I think it depends on what you define as
13 major construction.

14 Q. Well, for the Grid Modernization Program for
15 Duke Energy, they contemplated doing that by outside
16 contractors, didn't they?

17 A. Correct. But the Grid Modernization covers a
18 multitude of different projects. Some may be
19 considered major, and some might not be.

20 Q. And for Aqua North Carolina, changing out of
21 all of their meters would be a major project for them,
22 wouldn't it?

23 A. I'd love to file a late-filed exhibit that
24 would suggest otherwise.

1 Q. Well, you had a chance to file your
2 testimony, didn't you?

3 A. So I have calculated that, if you had changed
4 out all of Aqua North Carolina water, so that's,
5 ballpark, 60,000 meters, you could do that in five
6 years, which is a systematic manner of rolling out
7 these meters, because not even all the ones currently
8 in service have met their full service life, you could
9 do it with three and a half rounding up to four
10 employees.

11 Q. And if you rounded it up to four employees,
12 did you do any specific time and motion studies to
13 decide what those employees would have to do in
14 carrying out those projects?

15 A. Do you mind restating the question?

16 Q. Yeah. Did you do any specific time and
17 motion studies to determine what the work functions,
18 and the amount of time going from place to place that
19 those employees would have to do, or are you just
20 estimating that?

21 A. I did not, but I made very conservative
22 assumptions.

23 Q. And on page 33, line 11 of your testimony --
24 and I know you did some supplemental testimony for your

1 meters, but generally, the substance of it was the
2 same, you just changed some numbers, right?

3 A. Correct.

4 Q. Okay. You have a list of job descriptions
5 there; do you not?

6 A. Job titles, yes.

7 Q. Is there a difference in a job description
8 and a job title?

9 A. Well, I think a description would be a
10 description or a narrative of their responsibilities,
11 while a title is just a name.

12 Q. But in making your assessment, you went below
13 this and looked at what their job functions actually
14 were, didn't you?

15 A. Yes.

16 Q. Okay. Now, you state, on page 3, line 7, you
17 refer to the person who would be doing the work as a
18 laborer; do you not?

19 A. Yes. They would be doing physical labor to
20 change out meters.

21 Q. And you, in making your assessment, on page
22 33, line 4 -- I believe it is exactly -- you use a -- I
23 think page 34, line 5, you have a labor rate for that
24 employee of \$15.23 per hour; is that right?

1 A. Yes, sir.

2 Q. When you did your calculations -- first, did
3 you hear in the hearing room when Mr. Grantmyre was
4 talking about looking at the Aqua America website and
5 how many job vacancies Aqua America always had?

6 A. Yes, sir.

7 Q. Did you take a look and see how many of those
8 job vacancies were in the lower compensated group of
9 employees?

10 A. I believe he made a comment about utility
11 technicians.

12 Q. And didn't Mr. Becker say, in response to
13 that question, that the turnover rate was highest among
14 the low-wage people because they had plenty of options
15 at better wages?

16 A. I believe he said that.

17 Q. When you calculated your cost of doing this
18 work in-house, did you make any adjustments for people
19 changing jobs, or retraining, or any of the costs that
20 would be associated with that?

21 A. This is not a highly complex project.

22 Q. I will concede that point to you, that you
23 didn't do a very high --

24 A. No, that's not what I said. I said this

1 project of changing out meters is not highly complex
2 and doesn't require a high level of training.

3 Q. Whether it's high level or whether it's not,
4 if you have a lot of absences, you have to hire new
5 people, don't you?

6 A. Yes, sir.

7 Q. Have you ever run a business, like a utility
8 locating business, for example, where you had to hire
9 low-cost labor to do the work?

10 A. No, sir.

11 Q. Do you have any idea, in North Carolina, what
12 percentage of job applicants fail drug tests?

13 A. No, sir.

14 Q. Did you -- do you think, since they are
15 visiting customer premises and knocking on doors, that
16 doing drug testing of these people might be a good
17 idea?

18 A. I'm not sure I'm in a position to make a
19 comment on that.

20 Q. Well, if you were a consulting engineer
21 recommending to the Company how they would go about
22 handling these things, that would certainly be a
23 reasonable recommendation that a qualified engineer
24 might make, might it not?

1 A. I do not think drug testing is typically in
2 the wheelhouse of a professional engineer.

3 Q. And your consulting company that you work for
4 that did these major projects, they didn't consider
5 what drug testing would --

6 A. I've never heard or participated in a
7 conversation about drug testing in my consulting time.

8 Q. So since you never heard of it, I can assume
9 that, in terms of calculating the cost associated with
10 doing this, you didn't include any costs for drug
11 testing of employees?

12 A. I included the allocated costs, which the
13 Company used the same percentage in their estimate.

14 Q. But you, specifically, did not think about
15 vacancies and drug testing of potential new applicants?

16 A. No, sir.

17 Q. How will these employees be dispatched in the
18 morning?

19 A. You would likely have -- either one of these
20 employees or a supervisor may dictate, or it will be a
21 clear plan that is designed, and then they would just
22 follow the plan.

23 Q. Who equips the truck in the morning before
24 it's dispatched?

1 A. I would say that employee would likely do
2 that.

3 Q. So that employee making \$15.23 an hour is
4 going to have to go to the dispatch center and load the
5 truck before they begin their day's work?

6 A. My assumption is an hour and a half each day
7 for travel and other formalities into the day.

8 Q. What happens -- well, do you know whether
9 they would have to purchase any new tools, any new
10 trucks, any new equipment?

11 A. Yes, sir.

12 Q. Would they?

13 A. I said yes.

14 Q. Did you include that in your cost?

15 A. We asked the Company to estimate those costs,
16 and they did not, even though that was a -- we felt
17 that all of the costs were in the allocated costs, so
18 there was an 80 percent number. Then we found out that
19 that 80 percent number only included two of the six
20 categories of allocated costs. So then it jumped to
21 93 percent. And when the Company gave us that
22 93 percent, they added a footnote to that exhibit that
23 said oh, you are not considering this, this, and this,
24 and when we asked the Company to quantify it, they

1 could n' t.

2 Q. Is it your testimony that, generally
3 speaking, overhead allocations include the cost of
4 trucks?

5 A. It may or may not.

6 Q. What about tools; does overhead allocations
7 include the cost of trucks?

8 A. May or may not.

9 Q. What companies do you know that include the
10 cost of vehicles and the cost of tools as part of their
11 overhead allocations and are regulated by this
12 Commission?

13 A. I don't recall any, specifically.

14 Q. Do you know of any?

15 A. Not specifically.

16 Q. What about the cost of workman's compensation
17 insurance; is that an allocated?

18 A. I believe that's a total expense that the
19 Company recovers through rates.

20 Q. Well, your workman's compensation goes up
21 depending on how many employees you have, and what type
22 of work they are doing, and what the danger of that
23 work is; isn't that how workman's compensation rates
24 are determined?

1 A. I believe that would be part of the allocated
2 costs.

3 Q. Did you look to determine what impact your
4 proposal of hiring these low-wage people might have on
5 the workman's compensation insurance?

6 A. I'm sorry, do you mind repeating the
7 question?

8 Q. Yes. Did you do any investigation or study
9 to decide what the workman's compensation insurance
10 increased premiums might be for Aqua?

11 A. We did try to quantify the number of
12 accidents that happen with the meter readers to kind of
13 get some context on what might potentially face these
14 technicians in the field, and the Company could not
15 quantify those.

16 Q. And so then you were not, then, I guess
17 because of that, able to determine what workman's
18 compensation insurance would cost?

19 A. So then my answer would be no.

20 Q. But there would be some increase for
21 additional employees and additional risk, most likely?

22 A. Potentially, yes.

23 Q. What about severance pay?

24 A. What about it?

1 Q. Well, at some point the project is going to
2 end, isn't it? You said it could end in five years?

3 A. Well, that was only talking about Aqua Water
4 and Sea, which is, ballpark, 60,000 water customers.
5 You then have Fairways Water, and you also have
6 Brookwood Water, so you may reutilize those and then
7 shift other employees there in those regions to do this
8 work. That's a complexity that would be beyond the
9 scope of, I think, this rate case.

10 Q. You said you were going to hire new people to
11 do this work?

12 A. For five years.

13 Q. And once that five years is over, if that
14 work is no longer available, you either have to sever
15 those employees or move them somewhere else, don't you?

16 A. Yes, sir.

17 Q. Would the Public Staff be likely to, because
18 the work is completed after five years, to recommend
19 that the cost be disallowed, just like you did with
20 those employees who are no longer doing utility
21 locating service?

22 A. I think there is a balance between work needs
23 and staffing, and so if it's appropriate that there is
24 not the need for four additional employees, then they

1 would potentially be severed.

2 Q. They would be severed, and there might be
3 some severance costs associated?

4 A. Potentially. It's my understanding,
5 typically, that low-wage employees like this would not
6 receive a severance package.

7 Q. We just run them off, essentially?

8 A. Potentially.

9 Q. In determining the amount of time to replace
10 a meter -- and I think you responded yesterday, it may
11 have been Ms. Force, I'm not sure, in response to her
12 question, you said that you had selected three people
13 that have more than 100 years experience dealing with
14 meters, didn't you?

15 A. Yes, sir.

16 Q. Where did you get the names of Ms. Massey,
17 Mr. Pierce, and Mr. Lasiter?

18 A. Well, I actually met Ms. Massey. I went to
19 their offices and discussed AMR technology with her in
20 the past, and I have also talked to Mr. Lasiter before
21 this rate case.

22 Q. In a personal meeting?

23 A. In a professional meeting, yes.

24 Q. I mean met him in person, not on telephone?

1 A. Yes, sir.

2 Q. Where did you first learn about these people;
3 is it from Mr. Grantmyre?

4 A. Well, Debra Massey works for Envirolink, so
5 that's part of my job.

6 Q. What does Envirolink do?

7 A. So that's a contract-outs company that is
8 part of the old North State company.

9 Q. Don't they do contract billing services?

10 A. Yeah.

11 Q. And didn't Ms. Massey do billing services
12 when she worked for Heater?

13 A. I believe so.

14 Q. Do you know if Ms. Massey's ever changed out
15 a meter herself?

16 A. I don't believe she, personally, has changed
17 out a meter, but she supervised that process.

18 Q. But she was primarily working for billing
19 during her whole career?

20 A. I don't believe that would be an accurate
21 characterization.

22 Q. You described Mr. Pierce's experience in
23 meters and what jobs that he held installing meters.

24 Was he just -- did he install meters,

1 himself, or was he also a supervisor?

2 A. He installed meters, himself.

3 Q. Okay. When was that?

4 A. At some point -- for a number of years during
5 his 30 years of experience.

6 Q. Now, all three of those employees formerly
7 worked for Heater Utilities, right?

8 A. I believe at some point they did. They
9 mentioned that in our discussions.

10 Q. Do you know if they worked for Mr. Grantmyre?

11 A. If they worked for Heater, they likely worked
12 for Mr. Grantmyre.

13 Q. So you used three consultants who previously
14 worked for the lawyer who is an adversary in this case
15 to give you objective advice about what -- the time it
16 took to install a meter?

17 A. Yes, sir.

18 Q. Is that what a professional engineer
19 generally does?

20 A. These people have over 100 years of
21 experience that I have no concern that they would give
22 me an answer that would be, for any reason, jaded for
23 these purposes.

24 Q. But the optics of choosing someone who worked

1 for an adversary lawyer is not very good?

2 A. That is a number of years ago. If you cast
3 that dispersion, that could apply to a number of people
4 in this room.

5 Q. There are a lot of other people you could
6 have contacted as well, aren't there?

7 A. Certainly so.

8 Q. When you made your analysis of what the
9 project would cost, you said, and I think you maybe
10 comment here that you think meters can be changed out
11 in five minutes; is that correct?

12 A. As quick as five minutes.

13 COMMISSIONER BROWN-BLAND: Mr. Allen,
14 you have moved away from the mic.

15 MR. ALLEN: I did, and I apologize. You
16 get old, you just have to move around a little bit.
17 I apologize.

18 BY MR. ALLEN:

19 Q. When you make your -- when you made your
20 analysis of what this project would take, did you
21 account for any start-up cost?

22 A. What do you mean by start-up cost?

23 Q. Trucks, equipment, materials, tools?

24 A. I believe we already talked about that.

1 Q. Well, you said some of the things were in
2 allocation, but did you, specifically, look at start-up
3 costs?

4 A. And then I stated, when the Company added
5 that footnote to their estimate of the internal cost to
6 install meters, which was an after-the-fact change, we
7 asked them to quantify it, and they did not, and so I
8 could not quantify that in mine.

9 Q. Do you know if the \$15.23 per hour includes
10 health insurance, or is that also allocated?

11 A. I believe that that would be part of that
12 allocation.

13 Q. But you're not sure?

14 A. There is a list of six categories, and I
15 think it was in there, but I'm not certain from the
16 stand right now.

17 Q. That's fine. I will accept that.

18 Another criticism that you make of AMR
19 meters, and it's just not -- did not offer enough
20 benefit to consumers; is that correct?

21 A. Yes, sir.

22 Q. Do you know of any municipality in the
23 Triangle that is not currently installing AMR meters?

24 A. Not specifically. But again, the Commission

1 doesn't regulate municipalities.

2 Q. But the Commission might want private water
3 systems to have the same benefits and the same
4 technology as municipal systems; they should not be
5 second-class citizens, should they?

6 A. I would state that the Company has a strong
7 position that they don't like to be compared to
8 municipalities, so now you are suggesting to do that,
9 and so I try not to do that.

10 Q. Well, Aqua doesn't want to be compared to
11 municipalities. You state in there that they are the
12 best-operated water system around, don't you, in your
13 testimony?

14 A. I don't state that.

15 Q. You state, on page 28, line 17 of your
16 testimony, that Aqua America is directing Aqua of
17 North Carolina to do the AMR meter technology; do you
18 not?

19 A. Yes, sir.

20 Q. And you say that -- the quote, as I
21 understand it, at the bottom of that page says they
22 were directed; can you tell me what language in that
23 quote says that they were directed by Aqua of America
24 to do this?

1 A. So this is only one piece of the puzzle.
2 There were other data requests, and I think we
3 submitted those cost-benefits, but this is clearly --
4 so my quote above that, on line 14, says, "Aqua NC
5 considers this part of our company-wide Aqua America
6 operationally driven meter replacement program." And
7 then further down it states that Aqua North Carolina is
8 the only state in their footprint that doesn't have
9 AMR.

10 Q. That doesn't say that they are ordering them
11 to do it, does it?

12 A. I think it clearly insinuates that.

13 Q. Now, you talk about, on page 29, line 4, the
14 location of meters in other states; do you not?

15 A. Yes, sir.

16 Q. What states were you talking about there?

17 A. So, specifically, I grew up in Illinois, and
18 so our water meters is actually in our basement, so
19 that would be one example. I know a lot of the
20 northern states the water meter is inside the home.
21 And then for not just water meters, other industries,
22 you have -- my gas meter and electric meter are on the
23 side of my house. That's pretty representative both
24 living in Illinois and North Carolina. But

1 traditionally, for the water industry in

2 North Carolina, the meter is near the property line.

3 Q. Now, isn't that also true for municipal water
4 systems?

5 A. Yes, sir.

6 Q. Well, if that's a reason for not installing
7 AMR meters for Aqua, wouldn't that have been a reason
8 for not installing AMR meters for municipalities?

9 A. And I certainly hope they considered that.

10 Q. But you couldn't cite me a single one that
11 has?

12 A. A single one that what?

13 Q. Has not installed AMR meters.

14 A. That's correct.

15 Q. Now, you talk about some of the benefits and
16 lack of benefits, I guess, about meters, and on page
17 30, you start talking about some of those; do you not?

18 A. Yes, sir.

19 Q. And one of the things that you say that is
20 good about a manual meter is that they can -- the
21 people going around, and they can tell if the house is
22 for sale or if it's for -- vacant or not?

23 A. Yup. Lines 13 through 19.

24 Q. You can also determine those things as to

1 whether water is being used or not used through an AMR
2 meter, can't you?

3 A. Not this level of detail, you wouldn't.

4 Q. What kind of level of detail can you get with
5 a manual meter that you can't get with an AMR meter?

6 A. I just stated it on lines 13 through 19.
7 Because with an AMR, you're driving by, and in some
8 cases you might not even go onto that street of that
9 house.

10 Q. But you know whether or not -- if the
11 house -- if the house is not using any water, it could
12 be vacant, right?

13 A. Yes, sir.

14 Q. And if it is using water, might, in fact, be
15 occupied?

16 A. But you don't know that for a fact.

17 Q. You also say in there that -- and that would
18 be because of a leak?

19 A. What would be because of a leak?

20 Q. If you -- the water meter was using water and
21 the house was vacant, you wouldn't know it for a fact?

22 A. That would be one example.

23 Q. What's another example?

24 A. You could have either no service because of

1 the mismatch or somebody's gone out of town, so would
2 that be characterized as vacant or for sale and you
3 shouldn't have service? So the following month, with
4 AMR, if that person was, say, on vacation for one
5 month, they had no usage, and then the following month
6 they were back there, AMR you would say, well, were
7 they vacant the month before and then they are here
8 now? Well, if you had gone by, you may know there is a
9 new customer. So with a standard meter, that month
10 where you had zero usage, you could say, well, the
11 house was for sale, and now we have a new customer the
12 following month when there is usage. So you need to
13 check, are we getting payment, and do we know there is
14 a new customer there?

15 Q. And we are having to pay that person to make
16 these rounds?

17 A. Certainly a part of their job, yeah.

18 Q. And with an AMR meter, you might be able to
19 reduce the labor cost?

20 A. It's quantified in the cost-benefit.

21 Q. Now, you also say that one of the things they
22 might be able to do is to determine whether or not
23 extensive lawn and shrub irrigation has occurred; do
24 you not?

1 A. Yes, sir.

2 Q. How does a person doing that determine that?

3 A. Do it -- depending on when they are walking
4 by, they may notice that the yard is really green or
5 the sprinkler is on when it's raining. There is
6 multiple examples where that could be representative.

7 Q. In North Carolina, if the sun comes out in
8 the morning, it could be dried up by 10:00, couldn't
9 it?

10 A. Potentially.

11 Q. So how would you know then if there had been
12 extensive lawn and shrub irrigation?

13 A. I think it's clear, based on the condition of
14 the yard, if they are heavy irrigators or not.

15 Q. Now, you could pretty much look at an AMR
16 meter and have some idea about water usage too, can't
17 you?

18 A. You would have a magnitude, but you wouldn't
19 have a context of is that discretionary water use or is
20 it not.

21 Q. Well, you could have average water usage and
22 you have high water usage; you can make that
23 determination through a data analysis, can you?

24 A. You have less context.

1 Q. Now, on page 30, you start talking about
2 functionalities of meters, and you say there the AMR
3 meter gets 40 daily readings and it provides
4 consumption information; is that correct?

5 A. Yes, sir.

6 Q. And so they will get a daily reading, and
7 they will have that daily reading for 40 days?

8 A. They will not get those 40 daily readings
9 until they drive by and get their monthly reading. So
10 that data is not available instantaneously, like say
11 with an AMI system.

12 Q. Bu they can get it just riding in the truck;
13 it's a data-driven thing?

14 A. Yes, sir.

15 Q. They don't have to get out and inspect the
16 premises, or run the risk of getting on somebody's
17 property, or any of that sort of stuff?

18 A. It would still be a truck roll.

19 Q. It's data driven. Now, one of the criticisms
20 you say on page 31, the line -- on page 31, I think
21 it's your supplemental testimony, line 14, one of the
22 criticisms is you say the read history of the meter is
23 not accessible to customers.

24 That's something you view as a negative; is

1 it not?

2 A. I am just gonna turn there. You switched to
3 the supplemental, correct?

4 Q. I did, and it's on page 31 -- it's on page
5 31, line 9.

6 A. Okay. My supplemental is only 20 pages, so.

7 Q. I'm sorry. It's in your testimony, page 31,
8 line 9; or your supplemental, page 8, line 14.

9 A. Okay.

10 Q. Same statement, I believe.

11 A. So page 31, line 3, where I say, "The 40-day
12 read history is not accessible by customers"?

13 Q. So, again, the Company is not accessible by
14 customers; that's right?

15 A. Yeah.

16 Q. Now, is that an absolute requirement?

17 A. I think it would certainly be a benefit to
18 customers to have that information.

19 Q. If the Company got that information and
20 provided it to the customer, it would be a benefit;
21 that's correct?

22 A. A nonquantifiable benefit that would be
23 considered.

24 Q. But it doesn't mean that the usage is not

1 available -- helpful to the Company, even if the
2 customer doesn't have it, does it?

3 A. Right. So that's a Company benefit versus a
4 customer benefit.

5 Q. Well, the Company benefit helps them respond
6 to inquiries and questions from their customers about
7 billing, and about usage, and about all sorts of
8 things, doesn't it?

9 A. Yes, sir.

10 Q. Information is power; isn't that right?

11 A. Certainly so.

12 Q. And you say, again, that they don't
13 provide -- they don't share the information with the
14 Company -- with the customer; is that correct?

15 A. It's not consistently shared, and so, as you
16 referred to, information is power. So the power is in
17 the Company's hand, not in the customer's hand.

18 Q. Well, on an interim basis, rather than
19 stopping the program entirely, we could require the
20 Company, in some way, to send out data to customers on
21 a periodic basis. Much like Duke Energy writes me
22 every month and tells me if I'm wasting energy or
23 conserving energy; they do that, don't they?

24 A. Yeah. I get my home energy analysis or

1 whatever they call it.

2 Q. I think they are wrong, by the way.

3 A. They won't let me sign into my account to
4 update it, so my relatively new house is compared to
5 1960s houses, so.

6 Q. But the point is -- and I understand your
7 point -- the data could be more effectively shared with
8 the customer on some basis?

9 A. Right. Then the customer can utilize it to
10 their benefit.

11 Q. And that would be a benefit, not just to the
12 Company, but perhaps to the customer in terms of what
13 they decide to do?

14 A. Yes, sir.

15 Q. Okay. Now, have you had any conversations
16 with Aqua about using the benefits of the AMR meters in
17 a more effective way, or is that just not -- you are
18 just not there yet?

19 A. We have done a ride-along with them in
20 Brookwood. We looked at what the data is that they
21 collect, what can be done. And I think we did mention,
22 can this information be provided to customers as part
23 of their bill?

24 Q. And so some way might be figured out to do

1 that on a reasonable-cost basis?

2 A. Potentially, yeah.

3 Q. Now, in terms of the benefit or lack of
4 benefit, is it possible that AMR meters could reduce
5 the need for estimated bills?

6 A. Potentially.

7 Q. It would provide data to the Company to maybe
8 respond in a more immediate and comprehensive matter
9 about billing and consumption inquiry?

10 A. So commenting on estimated bills, I do
11 address that on page 31, line 6 through 10, that the
12 Company still does generate estimated bills based on
13 these flags of high consumption or a potential leak
14 indicator. And so, in that case, if the information
15 was available to the customers, they could potentially
16 address it immediately. Instead, there is the
17 potential for the Company to reach out, but again,
18 that's -- you're delaying the process, and it's an
19 estimated bill that they really should address. I
20 mean, if I have really high consumption, I don't want
21 that to go on an extra day, because now, the Company is
22 going to say, "Well, we have 40 days of information,
23 and clearly, it's running through your meter. What was
24 going on? Pay us what you owe us for that water."

1 Q. But if it was used effectively, we said it
2 has the potential to reduce the need for estimated
3 bills, is what we agreed about earlier?

4 A. If it's functional, right.

5 Q. Does it have the potential to reduce billing
6 errors?

7 A. There is typically not a high level of
8 billing errors anyways with the standard meter, but
9 could it incrementally decrease that already small
10 amount? Potentially.

11 Q. You have somebody going out, looking,
12 recording what that meter is, writing it down on a
13 computer, inputting it somewhere; that would be done on
14 an automated basis rather than a manual basis, so at
15 least we have the potential for eliminating human
16 error, don't we?

17 A. Correct. Now there is still human error of
18 tying together a meter with an address, and a premise,
19 and a customer, so you still can have mismatches or
20 errors.

21 Q. Well, it's never going to be perfect --

22 A. Yes, sir.

23 Q. -- whatever you use.

24 It would potentially cut down on the labor

1 required to read meters?

2 A. Yes. Again, this is quantified in the cost
3 benefit, and the Public Staff did not alter that
4 number.

5 Q. Would it improve the potential of safety and
6 security of Aqua's workers?

7 A. Again, we ask the question of how many
8 accidents happened tied to those meter readers, and the
9 Company could not quantify that.

10 Q. But it would have that potential, wouldn't
11 it?

12 A. There would still be truck rolls, so -- but
13 there is the potential.

14 Q. But they won't be walking, they won't be
15 stepping in potholes in yards, they won't be tripping
16 over meters, they won't be tripping over roots.

17 Those kinds of accidents could be avoided?

18 A. In our experience in the ride-along, those
19 employees do sometimes still get out. And so in the --
20 I know Bill's described it as the Pac-Man effect. So
21 they are driving around trying to pick up those reads.
22 Sometimes they do take it upon their discretion to get
23 out of that truck and check, "Why am I not picking up
24 this reading?"

1 Q. But if they are picking up the reading, they
2 might not get out of the truck, so they might reduce
3 the potential for accidents, right?

4 A. If they are getting the reading, yes.

5 Q. Were you in the hearing room when Mr. Becker
6 was asked by the Commission if AMR meters would provide
7 useful information to the Company, and his answer was
8 yes?

9 A. Yes, I was here.

10 Q. And you don't have any reason to disagree
11 with that, do you?

12 A. Can you restate his conclusion or what the
13 question was, I guess?

14 Q. He said AMR meters would provide the Company
15 with useful information to help manage the business.

16 A. It can certainly be useful.

17 Q. Thank you. Mr. Junis, I want to -- I will be
18 glad to pass out copies of this to everybody if they
19 want to see it, but this is a --

20 MR. ALLEN: May I approach the witness?

21 COMMISSIONER BROWN-BLAND: Yes.

22 BY MR. ALLEN:

23 Q. Mr. Junis, that's a pretty long document, and
24 I understand that. And -- but that is a document by

1 Vanguard Services that was a bid permitted -- submitted
2 to the City of Durham and accepted by the city of
3 Durham for the installation of meters on an outsourcing
4 basis; is that correct?

5 A. That appears to be so.

6 Q. And I am showing you a copy which I -- and
7 you can verify that -- which I represent to be
8 number -- page 11 from that exhibit, and you can verify
9 it.

10 A. Did you say this was accepted and executed?

11 Q. Yeah.

12 A. Okay. That is, in fact, page 11 in the big
13 package.

14 Q. That's page 11 in the big package?

15 A. Yeah.

16 COMMISSIONER BROWN-BLAND: Mr. Allen, is
17 that the same sheet you just passed out?

18 THE WITNESS: Yes.

19 MR. ALLEN: Yes. And we would like to
20 have that marked as Aqua Junis Cross Examination
21 Exhibit Number 2, I believe it would be.

22 COMMISSIONER BROWN-BLAND: It would be
23 so identified.

24 (Aqua Junis Cross Examination Exhibit

1 Number 2 was marked for identification.)

2 BY MR. ALLEN:

3 Q. Now, that page 11 shows item 2, in the third
4 column, a unit cost based on the installation of
5 20,000 meters, that the cost of installing those meters
6 for the City of Durham in 2012 was \$227.37, doesn't it?

7 A. Yes, sir.

8 Q. Now, in addition to that, item 1, they show a
9 mobilization cost of \$51,889 which the City of Durham
10 is paying in a lump sum?

11 A. Yeah. Which would be approximately
12 \$2-and-a-half per meter.

13 Q. \$2-and-a-half per meter.

14 So, basically, we could say it was give or
15 take \$230 --

16 A. Yes, sir.

17 Q. -- total cost?

18 Now, you sent to the Company engineering data
19 request number 29; did you not?

20 A. Yes.

21 Q. And part of that was trying to determine what
22 the cost that Aqua got for installation of its AMR
23 meters in 2000 and -- 2017; isn't that correct?

24 A. Yes, sir.

1 Q. And that shows that they received -- and they
2 bid -- they got three bids on that, didn't they?

3 A. Yes.

4 Q. And they took the lowest bid?

5 A. I believe so. That was provided in rebuttal,
6 I believe, not to this data request.

7 Q. Right. And the cost per meter that they were
8 able to get for Aqua for a smaller number of meters was
9 \$211 per meter?

10 A. I'll accept that, subject to check.

11 Q. Okay. And that was -- if we -- and there is
12 no mobilization cost reflected on this, is there?

13 A. I don't know if that was included in that,
14 yeah.

15 Q. But would you accept, subject to check, that
16 the mobilization cost was included in the \$211?

17 A. I would accept that.

18 Q. Now, on your exhibit, Junis Exhibit
19 Number 10, page 1 of 1 --

20 A. And we are referring to the direct version?

21 Q. Yes. It looks to me like this is direct.

22 A. Because that would be Supplemental Number 5.

23 Q. Okay. Supplemental Exhibit Number 5.

24 Well, you reflect there in the second column,

1 do you not, what your calculation was of the per-unit
2 cost?

3 A. Yes, sir.

4 Q. And what is that number?

5 A. I'm sorry, did you say Aqua's unit cost or
6 the pro forma unit cost?

7 Q. It says Aqua unit cost on my copy.

8 A. So that's \$206.30.

9 Q. \$206.30. So, in essence, by your
10 calculation, the 217 -- 2017 estimate that Aqua got was
11 \$207, which is approximately \$23 less than what the
12 City of Durham obtained in 2012?

13 A. So now that also deals with the technology.
14 So they are supplying the meter, and I don't -- is this
15 an AMI or AMR system; do you know?

16 Q. AMR.

17 A. Can I check this proposal?

18 Q. Sure.

19 A. (Witness peruses document.)

20 Do you know where about in this stack it
21 would detail that?

22 Q. No, I don't, but do you know what -- your
23 number on your Exhibit Number 10, \$206.30?

24 A. Yes, sir.

1 Q. Okay.

2 A. For the ANC water record. So I will accept,
3 subject to check, that this is for an AMR system,
4 but --

5 Q. And you can keep that, and if you want to --

6 A. But similar to, like, when you buy a new TV,
7 when they change technology, it typically costs more
8 initially, and then the price comes down. I believe
9 that is also representative in meters.

10 Q. Well, if Aqua had the good sense to wait
11 until costs come down, that was a good thing, wasn't
12 it?

13 A. Yes.

14 Q. Just for clarification, the Public Staff has
15 two concerns about meters. One of the concerns is that
16 you're challenging the prudence of installing AMR
17 meters, period?

18 A. So I think it can be more easily summarized
19 as we have concerns about the costs, and the benefits,
20 and the reasonableness of those.

21 Q. And because of that, you don't think it's a
22 prudent thing to do, because of the analysis?

23 A. We believe it's unreasonable.

24 Q. And you are also challenging the reason that

1 Aqua has chosen to use an outside laborer, because you
2 think it would be cheaper if they had used internal?

3 A. Correct.

4 Q. Now, the adjustments that you make for the
5 record of that is you have eliminated a significant
6 amount of rate base?

7 A. I have reduced a significant amount of rate
8 base.

9 Q. About how much?

10 A. I believe it's \$2.8 million for Aqua and
11 Seawater, and about 1.6 million for Brookwood. That's
12 before depreciation and other accounting complexities.

13 Q. Right. So say \$4.4 million, give or take?

14 A. Yes, sir.

15 Q. And that would also mean that the Company
16 would earn no return on that rate base going forward,
17 since you removed it from the rate base?

18 A. Yes, sir, unless circumstances change that
19 would net a positive cost-benefit -- a reasonable-cost
20 benefit.

21 Q. If the Commission decided it ought to be in
22 rate base, all these things would go away, but based on
23 your recommendation?

24 A. We were talking about if it was reduced, not

1 in rate base.

2 Q. Right. And they would also not recover the a
3 appreciation expense for amortizing those meters over
4 their useful life?

5 A. For that portion of the cost.

6 Q. For that portion of the cost. Okay. Now,
7 let's switch topics again.

8 A. Sounds good.

9 Q. And I want to begin the discussion of -- I
10 want to begin the discussion of purchase water and
11 transmission services involved in the -- in the Flowers
12 Plantation in Johnston County.

13 A. Okay.

14 Q. Now, that development generally has two main
15 areas; does it not?

16 A. Yes, sir.

17 Q. And one is Neuse Colony, which is on the west
18 side?

19 A. Yes, sir.

20 Q. And one is Buffalo Creek, which is on the
21 east side?

22 A. Yes, sir.

23 Q. And just for clarification, do you know one
24 of my folk heroes -- who one of my folk heroes is,

1 Percy Flowers?

2 A. I didn't know that.

3 Q. Okay. Well, I'm a Wayne County boy, so we
4 like those Johnston County boys. I apologize for
5 wasting time.

6 A. I heard those stories. They are
7 entertaining.

8 Q. On page 41, line 5 of --

9 A. So we're talking about purchase wastewater
10 not purchased water?

11 Q. We are talking about wastewater. I'm sorry
12 for not clarifying that. Thanks for bringing that to
13 my attention.

14 That's really where the issue is on the
15 Johnston County stuff, we're dealing with wastewater?

16 A. Correct.

17 Q. Yeah. You mention, on page 41, line 5, a
18 number of agreements that were entered into, I would
19 say between 1999 and 2002, generally; is that correct?

20 A. Yes, sir.

21 Q. And some of those agreements were two-party
22 agreements, some of them were three-party agreements,
23 and sometimes the parties were different?

24 A. Yes, sir.

1 Q. So they were a series of fairly convoluted
2 and complex contracts, weren't they?

3 A. I would say they are contracts, so they can
4 be complex.

5 Q. In your Exhibit Number 13, I believe it's
6 Number 13, you have, and I presume will be entered into
7 evidence if they weren't initially, all of those
8 contracts; do you not?

9 A. Exhibits 12 and 13.

10 Q. 12 and 13, okay.

11 And they are a total of, what, six
12 agreements?

13 A. When you also get into the bulk wastewater
14 agreement and the parts that are attached to it, yes,
15 but I don't -- I'm not sure we provided all six.

16 Q. Okay. But you provided a number of them?

17 A. Yes.

18 Q. And that's okay.

19 Now, all of those contracts were agreements
20 that were signed by Heater when Mr. Grantmyre was
21 present in Heater; was it not?

22 A. See, there is complexities with the River
23 Dell Utility Company, and then there is Heater, yes.

24 Q. But he signed on behalf of Heater?

1 A. I believe so.

2 Q. Did you look at the contracts?

3 A. Yes. I reviewed those at length.

4 Q. Okay. And you would accept that he signed
5 them on behalf --

6 A. Yes. I don't recall his name, specifically,
7 but yeah.

8 Q. And in the data request that you made to the
9 Company regarding the Johnston County contracts, you
10 asked for information between 2006 and 2018; did you
11 not?

12 A. I believe we asked for across the full
13 execution of that contract, so I think some of these
14 transactions date back even to perhaps 1999 or 2002.

15 Q. Did your data request go back to 1999 or
16 2002, or did they go back from 2006?

17 A. Do you know what specific data request number
18 that was?

19 Q. All of them.

20 A. (Witness peruses document.)

21 I have data dating back to 1999, so I would
22 anticipate that my data request went back to 1999 at
23 one point, because there was multiple data requests on
24 this subject matter.

1 Q. Okay. Well, let's don't go into that. We'll
2 just move on to when the data -- now, in April of 2018,
3 Aqua approached the Public Staff, and I believe maybe
4 that approach was made to you, I'm not sure, to have a
5 collaborative discussion to consider whether they
6 should purchase wastewater capacity from Johnston
7 County for Buffalo Creek?

8 A. Yes, sir. And prior to that meeting, I had
9 requested that they provide a detailed alternatives
10 analysis so that we had context of what are they
11 weighing, what are the factors that are deciding
12 factors in that decision, and they did make a
13 presentation.

14 Q. And would that discussion have related to
15 whether or not you should purchase wastewater capacity
16 from Johnston County or whether they should expand the
17 plant at Neuse Colony; would that have been part of the
18 discussions?

19 A. Yes, sir.

20 Q. Okay. And your first meeting was held in
21 April, I think, or actually on April 18th; was it not?

22 A. Subject to check, obviously.

23 Q. Might have been thereabouts.

24 And following that meeting, you had a

1 subsequent meeting that was held on May 23, 2018,
2 di dn' t you?

3 A. Yes, sir. Between those two meetings there
4 was a considerable amount of di scovery, for our
5 understanding, and we also talked to Johnston County.

6 Q. You sent out a number of data requests?

7 A. Yes, sir.

8 Q. And the Company responded, and then as a
9 result of those data requests you had a meeting.

10 What happened at that meeting on May 23rd?

11 A. I presented the Public Staff's understanding
12 of the situation, and then we had a di scussi on wi th
13 Aqua.

14 Q. Now, I don't want to talk about the substance
15 of those di scussi ons, because that was something that
16 was, potenti ally, a settlement i ssue, but you used
17 certain graphics in that presentation; did you not?

18 A. Yes.

19 Q. And in referring to the proposals that Aqua
20 submitted to the Public Staff, that graphic j ust had
21 you tearing up the paper and throwing i t off the
22 screen, di dn' t i t?

23 A. So this i s a PowerPoi nt presentati on wi th
24 numerous sli des, and we considered that the -- Aqua's

1 presentation of those costs was grossly inaccurate. So
2 they had assumed that the County was going to more than
3 double their capacity cost, and they maintained that
4 position for multiple negotiations with the Public
5 Staff.

6 Q. But whether they were right or whether they
7 were wrong, if you were trying to have a collaborative
8 meeting, as a professional engineer, is the way to do
9 that to have paper wadded up of their presentation and
10 have it thrown off the screen?

11 A. I think it was appropriate that that number
12 was grossly inaccurate.

13 Q. Couldn't you just discuss it with them and
14 say, "We think your number is wrong"?

15 A. We had expressed those concerns both in the
16 prior meeting -- I presented questions about their
17 presentation, and then through the course of discovery,
18 we had expressed concerns about that.

19 Q. So it's your opinion that, as a professional
20 engineer in the state of North Carolina, that was a
21 professional way to handle a collaborative meeting?

22 MR. GRANTMYRE: Objection. You asked
23 that three times now.

24 MR. ALLEN: I did not ask that question.

1 BY MR. ALLEN:

2 Q. Is that your opinion that it was a
3 professional way to handle a collaborative meeting?

4 A. Looking back, it may have been distasteful in
5 a formal presentation.

6 Q. Now, Aqua subsequently contacted the Public
7 Staff, did they not, and ask for a joint meeting
8 between the Public Staff, and Aqua, and the County?

9 A. Yes, sir.

10 Q. And Public Staff refused to have that
11 meeting, didn't they?

12 A. We felt we very well understood the County's
13 position on the issue. We felt we understood the
14 issue. And then, at that point, we had invested
15 numerous man hours on this issue trying to work with
16 the Company.

17 Q. For whatever reasons you find that to be
18 satisfactory, you refused to have a joint meeting
19 between Aqua, the County, and the Public Staff, because
20 you just thought it wasn't worth the time or whatever?

21 A. I had already met with Johnston County, and I
22 had talked to them on the phone in a separate occasion.

23 Q. But you decided not to have a joint meeting?

24 A. Asked and answered, yes.

1 Q. And what did you tell the Company to do? Did
2 you tell them, if they wanted to tell you anything,
3 they could just write it down and send it to you?

4 A. That's probably a mischaracterization, but
5 functionally, yes.

6 Q. Functionally, yes?

7 A. We asked them to --

8 Q. Put it in writing and send it to you?

9 A. Yeah.

10 Q. Okay. Now, on page 43 of your testimony, you
11 begin your discussion of CIAC; do you not?

12 A. (No response.)

13 Q. I have trouble finding Contributions in Aid
14 of Construction, C-I-A-C.

15 A. Yeah. The Company likes to use CIAC, we like
16 to say CIAC.

17 Q. Okay. I think I like CIAC better.

18 COMMISSIONER BROWN-BLAND: I think it's
19 the southern versus a northern thing.

20 MR. ALLEN: It may be. C-I-A-C.

21 Q. And there, on page 43, you begin your
22 analysis for CIAC for both Neuse Colony and Buffalo
23 Creek; is that correct?

24 A. Yes.

1 Q. Now, were you in the hearing room yesterday
2 when, I believe it was Ms. Culpepper said that the
3 Public Staff didn't learn about this Johnston County
4 CIAC until September?

5 A. I don't recall that specific conversation or
6 what she said.

7 Q. When did you learn about it?

8 A. Learn about what, exactly?

9 Q. That you thought you had some contractual
10 issues with CIAC related to Johnston County.

11 A. I personally identified this issue in that
12 April meeting that I had concerns.

13 Q. Well, Mr. Grantmyre knew about it in 2000 --
14 or 1999 to 2002, didn't he?

15 A. I don't think he was aware of what had
16 happened in the years and years of contractual
17 mismanagement that happened.

18 Q. Well, is there any change in how the
19 contracts were administered between the time
20 Mr. Grantmyre ran the company in 1999 to 2005 and how
21 Aqua has administered those contracts since this time?

22 A. So Aqua purchased Heater prior to any money
23 being collected on the Buffalo Creek side.

24 Q. So you don't know what was Neuse River --

1 were they collecting any CIAC prior to 2005?

2 A. So on the Neuse Colony side there was.

3 Q. Okay. Was there any changes to what Heater
4 was doing on the Neuse Colony side to what Aqua is
5 doing later on the Neuse Colony side?

6 A. (Witness peruses document.)

7 So up until the point that Aqua acquired the
8 system, there was not, based on my understanding, an
9 overselling of plant, as I would characterize it in my
10 testimony.

11 Q. Okay. I want to show you another exhibit,
12 which I believe will be Aqua Junis Cross Examination
13 Exhibit Number 3.

14 COMMISSIONER BROWN-BLAND: After the
15 exhibit is passed out, it will be identified as
16 Aqua Junis Cross Examination Exhibit 3.

17 MR. ALLEN: Thank you. Thank you,
18 Madam Chair.

19 (Aqua Junis Cross Examination Exhibit
20 Number 3 was marked for identification.)

21 BY MR. ALLEN:

22 Q. Now, Mr. Junis, this is the bulk wastewater
23 service agreement for Flowers Plantation sections 1, 2,
24 and 3B; is that correct?

1 A. Yes, sir. I'm familiar with this document.

2 Q. And is that one of the documents that's
3 attached to your Exhibit 13?

4 A. Yes, sir.

5 Q. And, in fact, that's the last one, I
6 believe --

7 A. I believe so.

8 Q. -- in your Exhibit 13.

9 I call your attention, if you will, to page 6
10 of that agreement, paragraph 20.

11 A. (Witness peruses document.)

12 Q. Are you with me?

13 A. Yes, sir.

14 Q. And that says that:

15 "The County and Heater agree that the bulk
16 wastewater connection to the County's point
17 of delivery shall be as Heater's investment
18 at the time Heater desires to divert bulk
19 wastewater to the County for treatment.

20 Heater and County acknowledge that Heater may
21 choose to fully build out Heater's wastewater
22 treatment plant on the Neuse River to a total
23 capacity of 750 gallons per day prior to the
24 time that Heater diverts any wastewater to

1 the County for bulk treatment."

2 Is that an accurate reading of that?

3 A. Yes, sir.

4 Q. So, at least from that provision, had they
5 wanted to, Aqua could have constructed a
6 750-gallons-per-day plan?

7 A. Which would always be reviewed by this
8 Commission for prudence and reasonableness of those
9 costs.

10 Q. Yes, I understand that, but the original
11 250,000 gallons was billed at, what, \$4 per gallon?

12 A. Yeah. That price kind of shifted around as
13 construction was going on. I believe Heater updated
14 that.

15 Q. Would you accept that as a round number of --

16 A. Yeah.

17 Q. -- what the number was?

18 But had they billed that at 750,000 gallons,
19 they could have billed it for \$4 a gallon?

20 A. At that time, potentially.

21 Q. And they might have even gotten some
22 economies of scale and billed it a little cheaper?

23 A. Perhaps.

24 Q. But that would not have been a good thing to

1 do, because they really didn't need it at the time, did
2 they?

3 A. You would have to consider all the factors,
4 yeah.

5 Q. Well, did they need it at the time?

6 A. No.

7 Q. Did they need it now?

8 A. All of that capacity, probably not.

9 Q. Probably not.

10 So it's probably a good thing that they chose
11 just to bill 250,000 at that time?

12 A. Yes, sir.

13 COMMISSIONER BROWN-BLAND: Mr. Allen,
14 are you in a place you could stop? Do you want to
15 stop for a break?

16 MR. ALLEN: I could stop right now. We
17 could take a break.

18 COMMISSIONER BROWN-BLAND: We will take
19 a break and come back on the record at 11:00.

20 (At this time, a recess was taken from
21 10:46 a.m. to 11:02 a.m.)

22 COMMISSIONER BROWN-BLAND: Let's get
23 back to order and continue the examination of
24 Mr. Junis on Mr. Allen's cross.

1 MR. ALLEN: Are we ready?

2 BY MR. ALLEN:

3 Q. Mr. Junis, I believe, on page 44, line 11 of
4 your testimony -- actually, begins on line 11 to 13,
5 you say that the Plantation development was
6 contemplated by Heater to involve a minimum investment
7 in the original cost of water and wastewater
8 infrastructure; do you not?

9 A. I would say that's a general summary of those
10 contracts, yeah.

11 Q. Now, if the paragraph that we just read
12 provided Heater, or subsequently Aqua, the right to
13 totally construct a wastewater treatment plant and not
14 purchase from the County, is that inevident that they
15 were contemplating minimum investment?

16 A. So that was going to be offset by CIAC from
17 developers.

18 Q. But it involved significant investment,
19 though?

20 A. Which would be paid for by the developers,
21 right.

22 Q. Okay. Now, on page 44, line 15 of your
23 testimony, you state that Aqua has sold 561 gallons of
24 capacity?

1 COMMISSIONER GRAY: 561,000.

2 MR. ALLEN: I'm sorry?

3 BY MR. ALLEN:

4 Q. They have sold 561,000 gallons, correct?

5 A. Approximately, yes.

6 Q. What you say is, on page 45, line 8, is more
7 than 200,000 gallons of capacity -- more than the
8 capacity they actually have; is that correct?

9 A. Yes, sir.

10 Q. And you express, on page 45 or 46 there, the
11 risk of overflows or incomplete treatment and other
12 things that can happen because of them overselling that
13 capacity?

14 A. So it states, starting on line 2:
15 "If the obligated flow is realized in a short
16 period of time, there is an increased risk of
17 wastewater overflows and/or incomplete
18 treatment,"
19 And then it continues on.

20 Q. Do you know whether that plant has ever been
21 cited for a violation?

22 A. It has not, to my knowledge.

23 Q. When, assuming they don't purchase capacity
24 from Johnston County, do you contemplate that these

1 calamities will start happening?

2 A. I didn't specifically say.

3 Q. Well, do you have -- you said you think it
4 could happen; do you have any idea when it might
5 happen?

6 A. Well, that would be contingent on how many --
7 how quickly silt capacity is realized in homes being
8 constructed and then contributory flows.

9 Q. You don't think it's going to be imminent, do
10 you?

11 A. You never know how quickly construction can
12 go. It's pretty fast right now.

13 Q. Well, Aqua has never been cited for the 80,
14 90 percent violation rule that you mentioned on page
15 47, line 5 of your testimony; has it?

16 A. I believe they have gotten an 80 percent
17 letter.

18 Q. What is an 80 percent letter?

19 A. So that is when actual flows have met or
20 exceeded 80 percent, and so then DEQ wants to know,
21 what are you planning to do to address this. That's a
22 red flag for them, that you are now nearing the
23 potential for an overflow or incomplete treatment.

24 Q. But DEQ took no action on that, and

1 presumably, whatever the problem was was corrected,
2 because we don't know of any violation?

3 A. You talk about -- and this has popped up
4 before -- is DEQ warning the Company. This is a
5 warning, that this will have to be addressed if flows
6 continue to increase.

7 Q. And so far as we know, got no further notices
8 and no violation occurred?

9 A. It's my understanding, both in communications
10 with DEQ and from that letter, that they have concerns
11 about the considerable paper flows, so that's design
12 flows, and then the actual flows that are realized on
13 this system. I believe that letter stated that the
14 Company's current paper flow, in addition to their
15 actual flow, is nearly 200 percent higher than the
16 350,000-gallon plan.

17 Q. Now, you base the adjustment that you make in
18 this case for that Neuse Colony plant based on the
19 original certification of plant at 360 gallons per day
20 capacity, do you not?

21 A. I don't make an adjustment against the Neuse
22 Colony plant.

23 Q. Well, you base your determination of the
24 oversell of capacity based on the fact that the plant

1 is rated at 360 gallons per day; is that correct?

2 A. So you are talking about 360 gallons per day,
3 which was the original design standard per
4 three-bedroom home, and then the actual plant is
5 currently rated at 350,000 gallons of flow per day.

6 Q. I may not need to add the thousand. I will
7 accept that. Thank you for that.

8 A. So could you restate the question?

9 Q. Do you know what a flow reconciliation is?
10 We will move on.

11 A. Yes.

12 Q. What is it?

13 A. A flow reconciliation -- and again, I talked
14 to DEQ about this -- it's basically when the
15 engineering certifications are submitted to DEQ to
16 basically state that that part of the collection system
17 has been constructed, and so now you are gonna shift
18 from paper flows to actual flows for that segment of
19 the system. And it's to our knowledge that, only
20 recently, I believe in August, that the Company
21 submitted a stack of engineering certifications that
22 DEQ did not previously have.

23 Q. So you are not aware that the Company got a
24 flow reconciliation in 2013?

1 A. Sir, are you referring to a flow reduction?

2 Q. Flow reduction data gallons.

3 A. Those are two different things. So they got
4 reduced to 240, I believe it was 2012 or 2013, and then
5 I believe it was 2017 that they got reduced to 180 for
6 at a three-bedroom home.

7 Q. So it originally was 360, it went to 240, and
8 now it's 180?

9 A. Correct. But the capacity fee is charged per
10 gallon per day, and so a developer 10 years ago paid,
11 let's say, \$6 for 360 gallons, and now that developer
12 would only pay \$6 times 180. And so does that
13 developer own that capacity on a per gallon --
14 per-gallon-per-day basis? And so if they previously
15 bought 360, do they now have enough capacity to build
16 two three-bedroom houses instead of the one they
17 originally thought?

18 Q. Well, the Company -- the difference in the
19 Company and the Public Staff is that the Company
20 contends that it should manage its business on its
21 current flow rates, and the Public Staff recommends
22 that it should be managed based on the original
23 certificated amount?

24 A. So there is a disconnect there. The CIAC and

1 contract management needs to be based on the design
2 flow which they sell capacity at. Decisions to expand
3 the plant would be based on actual flow. But when
4 referring to buying capacity, to make sure that it's a
5 one-for-one dollar, that what the developer pays the
6 Company and then what the Company then pays to the
7 County matches up, I state that they should have bought
8 it incrementally as they collected that money.

9 Q. And based on the assumptions that you used,
10 the 360 and the 350,000 gallons per day, you --
11 essentially, 972 homes would have been -- or equipments
12 would have been able to be served from that
13 wastewater --

14 A. So I do not strictly use 360. I used what
15 Aqua sold that capacity at. So I refer you to Exhibits
16 14 and 16, which are the tables of data supplied by
17 Aqua, and all I have done is analyze and compile that
18 data into a more simpler table at the bottom or second
19 page of those exhibits.

20 Q. Well, how many homes could be served by that
21 plant. Based on your calculation? Or equivalent
22 residences?

23 A. So I don't give a --

24 Q. Can you calculate that for me?

1 A. Based on when they bought it -- now, there
2 are complexities with commercial customers too. They
3 don't have to adhere to that 360, 240, or 180. So on
4 the Neuse Colony side, I calculated approximately 1,587
5 REUs; but again, with the way these flow reductions
6 have occurred, some of these earlier ones you could
7 potentially do two houses, but it's my understanding
8 that the developer owns that capacity on a per gallon
9 basis.

10 Q. So it's your belief that, if the developer
11 bought it at 360 gallons, and that was the rating at
12 the time, that that developer is entitled to use
13 360 gallons?

14 A. For design purposes and permitting for the
15 collection system and building a house, it would be my
16 understanding that yes.

17 Q. Now, currently, the flows -- or actually
18 flows are significantly less than 360.

19 A. And you would expect that with a new system.

20 Q. And as we said, it had been reduced from 360
21 to 240 to 180 over time?

22 A. That's correct. And it's my understanding
23 that DEQ will go no lower than 180.

24 Q. Which is half of what the original permit

1 was?

2 A. This is a common practice in the wastewater
3 industry.

4 Q. Now, that would mean, would it not, that, if
5 we're using -- let's assume -- have you read
6 Mr. Becker's rebuttal testimony?

7 A. Yes, sir.

8 Q. And he said the peak was about 150,000-gallon
9 flow, didn't he?

10 A. You mean 154 gallons per day per connection?

11 Q. Gallon per day, yes.

12 A. I believe that was put together as part of
13 that flow reduction in 2017.

14 Q. And that would be less than half?

15 A. Right, but that's not the most current
16 number. That's constantly going to shift.

17 Q. Can we use 180, just for illustrative
18 purposes?

19 A. (No verbal response.)

20 Q. As long as that flow currently is 180 gallons
21 per day, we have got half of that plant out there
22 that's not being used, haven't we?

23 A. Well, hold on, because both sides, currently
24 that flow goes to that plant, and so the Company has

1 sold --

2 (Witness peruses document.)

3 -- just short of 900,000 gallons of capacity.

4 Q. Is what? I'm sorry.

5 A. The Company has sold just short of

6 900,000 gallons of capacity based on the design flow

7 which the developers paid for.

8 Q. But the Company had been selling it based on
9 the actual flow rather than the design flow, based on
10 Mr. Becker's testimony?

11 A. The Company wasn't selling it based on
12 actual, they were selling it based on the design
13 amount. It's clear, based on the invoices that the
14 Company has provided us.

15 Q. They have been collecting CIAC, assuming that
16 they were going to be -- had lower flows than they
17 originally thought, haven't they?

18 A. They have collected CIAC based on the
19 appropriate design standard at that time. So it would
20 have been 360, 240, or 180, as illustrated in those
21 exhibits.

22 Q. Well, the Company's position is, because of
23 the current flow, they have collected CIAC, but they
24 have not sold capacity in excess of what the plant can

1 handle?

2 A. Functionally, the current tributary flows,
3 which does not account for all of the capacity sold,
4 because not all the capacity sold currently is
5 tributary, that is what the argument that the Company
6 is making, that current tributary flows are not
7 exceeding the plant capacity.

8 Q. Plant capacity now, okay.

9 Now, on page -- first, are you familiar with
10 a system in North Carolina called Kill Devil Hills?

11 A. I have heard of it.

12 Q. Are you familiar with the capacity they have
13 and how they are selling --

14 A. I'm not specifically -- I haven't worked on
15 their cases with the Public Staff.

16 Q. Okay. Fair enough. Page 48 you began your
17 discussion about the Buffalo Creek side of Flowers
18 Plantation; do you not?

19 A. Yes, sir.

20 Q. And to sum it up briefly, you believe that
21 Aqua acted imprudently by not purchasing capacity from
22 the County over a period of time?

23 A. Yeah. So if we look at the cross exhibit, I
24 believe it was number 2; is that right, or 3?

1 Q. Are you talking about the contract?

2 A. The contract, yeah. So if you look on page
3 10, paragraph 10 -- I'm sorry, paragraph 11, it states:
4 "River Dell and Heater agree Heater shall
5 collect from the developer of each tract a
6 wastewater treatment capacity fee in the same
7 amount then currently being charged by
8 Johnston County for bulk wastewater
9 treatment. Heater shall collect this
10 capacity fee from the developer prior to the
11 time Heater executes the DWQ application for
12 that developer's tract. The current capacity
13 fee is \$5.50 per gallon per day, and the
14 capacity fee paid by the developer to Heater
15 shall be adjusted in the future based on the
16 County's changes in its capacity fee."

17 So, over time -- and I lay this out in my
18 testimony -- the County communicated to Aqua, we have
19 the contracts that say \$5.50. Then at a later point
20 they said, if Aqua supplies the equalization, the price
21 is now \$6.29. And then later -- so that was about
22 2009, I believe. And then in 2018, they said the price
23 is \$8.48. None of those times when Aqua was supplied
24 those costs did they increase the capacity fee charged

1 to developers. And so that's how we get to this
2 mismatch which is a risk that the Company created by
3 their --

4 MR. ALLEN: I object. This is not
5 responsive to the question at all. I am happy for
6 him to preach, so we might could get into this
7 later on as we go through the right questions.

8 MR. GRANTMYRE: I'd forgotten what the
9 question was.

10 MR. ALLEN: I almost have too. His darn
11 answers have --

12 MR. GRANTMYRE: You wrote it down, don't
13 you know?

14 MR. ALLEN: -- gone on for too long.

15 THE WITNESS: I was nearly finished.

16 COMMISSIONER BROWN-BLAND: Complete your
17 answer.

18 THE WITNESS: So that's how you get to
19 this mismatch created by the Company. They took
20 that risk by not buying the capacity when they had
21 the money in hand, and now, when we are in a rate
22 case, they have spent the money to offset that CIAC
23 that otherwise would have offset other rate base
24 for customers.

1 Q. And that is your answer to my question? You
2 say the Company acted imprudently by not purchasing
3 capacity from the County over time?

4 A. It was unreasonable for them to do that.

5 Q. That was your answer. And you contend,
6 essentially, that the Company failed to collect
7 approximately \$621,100 in CIAC, and you make an
8 adjustment for that?

9 A. So I am not imputing \$621,000 in this case.
10 What I'm doing, I'm saying, gallon for gallon, the
11 Company has bought 250,000 gallons of capacity for
12 \$2.12 million. That same 250,000 gallons sold to
13 developers, they collected \$1,497,000. So those are
14 the two pieces, based on that capacity is not used and
15 useful, I have recommended to the County that be
16 removed from rate base, which, functionally, leaves
17 just over \$500,000 of CIAC in rates this case.

18 Next case -- and this is only a preview for
19 the Commission -- when that plant or that capacity is
20 used and useful, that is when the Public Staff would
21 consider recommending imputing \$621,000.

22 Q. So that will continue into the future, but
23 ultimately, the Company will be out that money whether
24 we call it imputation, or used and useful, or whatever

1 you call it?

2 A. Potentially. I know the Company has
3 suggested a possible solution of reselling some of this
4 capacity. The problem is, my interpretation is that
5 that is not an option, because the developer owns that
6 capacity on a per-gallon basis, not on a per-REU or a
7 per lot.

8 Q. But if you are wrong about that, there is the
9 potential for the loss of that money?

10 A. That is the Public Staff's position.

11 Q. And if the Commission were to find
12 otherwise --

13 A. Always a possibility.

14 Q. Always a possibility. Now, you read from
15 page 10, paragraph 11 of that agreement that has been
16 identified as Exhibit Number 3. How about looking up
17 at the top of that page to paragraph 9?

18 A. Yes. I'm looking at it.

19 Q. And that provides that the Heater --
20 "Heater shall pay to the County the County's
21 then prevailing capacity fee for bulk
22 wastewater. The current fee is \$5.50 per
23 gallon, which shall be adjusted by the County
24 in the future, based on the County's cost of

1 construction of the County's wastewater
2 treatment plant."

3 A. That's what it says.

4 Q. So that provides Aqua, originally Heater, a
5 contract rate, and the contract rate can be increased
6 based on cost to the County of construction of their
7 county's wastewater treatment plant?

8 A. Correct. And construction, as you have
9 alluded to, could include repairs, replacements, and
10 improvements to their process.

11 Q. Do you know how much the County has spent on
12 construction of that since 2006?

13 A. I don't know the exact amount, but they have
14 made -- they have had a number -- numerous projects at
15 their wastewater treatment plant.

16 Q. But you don't know the total?

17 A. I do not.

18 Q. In your review of the County documents and
19 the County information, have you been able to find any
20 reference to a prevailing rate for capacity?

21 A. So my understanding is that is a negotiated
22 rate referred to as prevailing in this document.

23 Q. And what does a negotiated rate mean?

24 A. Means when the County and Aqua talk, it will

1 be negotiated what that rate is.

2 Q. So if the County sends Aqua a rate and says
3 this is the rate, that doesn't necessarily mean that's
4 what the rate is, does it?

5 A. Sir, I will refer you, again, to that
6 paragraph 11 that says Heater shall be -- the capacity
7 fee paid by the developer to Heater shall be adjusted
8 in the future based on the County's changes to its
9 capacity fee.

10 Q. Based on a negotiated process?

11 A. I think it would be slightly a one-sided
12 negotiation because of that.

13 Q. You mean the County could dictate what the
14 rate is going to be?

15 A. I'm saying it's a negotiation, but they
16 certainly hold the power, because the Company needs
17 that capacity, and they have the capacity.

18 Q. But they do have a right, under the contract
19 and under the procedures outlined and published by the
20 County to negotiate that rate?

21 A. Correct. And it's my understanding that Aqua
22 has paid \$8.48.

23 Q. We will get into that. And the contract,
24 again, if you will look at it -- if I can find my

1 reference to it real quick. I believe it is on page 4,
2 if memory serves me right. Yes, page 4, paragraph 7.

3 That provides, does it not, that -- are you there?

4 A. Yes, sir.

5 Q. "The County will invoice Heater monthly for
6 bulk wastewater transmission and treatment service.
7 Invoices will be based on monthly wastewater meter
8 reading."

9 A. Yes, sir.

10 Q. And that is a separate provision for
11 transmission and treatment service apart from what we
12 read on page 10 about capacity charges?

13 A. (No response.)

14 Q. Two separate provisions of the contract?

15 A. This is the commodity charge.

16 Q. Right, for the transmission piece?

17 A. Can you repeat the question? I'm sorry, I
18 lost track.

19 Q. Yes. For monthly bulk wastewater
20 transmission and treatment services.

21 A. That is what it says.

22 Q. Now, this is the first time that the Public
23 Staff has recommended these changes in an Aqua rate
24 case; is it not?

1 A. So this is the first time that the CIAC has
2 been offset by an asset in a rate case. So last rate
3 case there is approximately \$700,000 of CIAC on the
4 Buffalo Creek side. And since last rate case, over
5 \$1.2 million of CIAC has been collected by the Company.

6 Q. Now, you say that, if the Company had
7 collected CIAC and gone back to the County and got
8 periodic changes in rates, that they would have
9 collected a higher amount of CIAC, and that would have
10 been an appropriate thing to do; is that correct?

11 A. Will you repeat that? I'm sorry, I was
12 looking at --

13 Q. I'm sorry. It would have been prudent --
14 rather than just collecting the \$6 that the Company had
15 been collecting, that it would have been prudent for
16 them to communicate with the County, and talk with the
17 County over time, and determine from the County how the
18 rates were increasing over time?

19 A. Yes, sir.

20 Q. And had they done that, in your view, they
21 would have collected more CIAC, and we wouldn't have
22 this problem?

23 A. Well, they would have collected a CIAC that
24 matched the cost that they would have to pay to the

1 County.

2 Q. And it's because they didn't do that that you
3 think they acted inappropriately?

4 A. So it's not a matter of they -- they may have
5 collected more, but for the capacity at the beginning,
6 when the price was \$5.50, they would have been
7 collecting \$5.50, and if they would have paid the
8 County for that capacity, incrementally, like I
9 described, it would have matched. So it's not
10 necessarily collecting more CIAC. Recently, it would
11 be.

12 Q. Now, since 2006, thereabout, Aqua has had,
13 what, four general rate cases?

14 A. I don't recall. I haven't been here that
15 long.

16 Q. Would you accept, subject to check, it's been
17 four?

18 A. Yes, sir.

19 Q. Are you aware that Mr. Grantmyre has been
20 involved as counsel for Public Staff on all of these?

21 A. I do not know he's specifically worked on all
22 those cases.

23 Q. He has worked on some of them?

24 A. That would be correct.

1 Q. In all of those rate cases, the \$6 charge
2 that we have been talking about was in effect at the
3 time of all of those rate cases?

4 A. Correct. And the Public Staff would have no
5 reason to question that that was accurate.

6 Q. Well, these contracts existed since 2002,
7 didn't they?

8 A. So, again, do you want the Public Staff to
9 micromanage their activities and check on every single
10 contract that they have?

11 Q. No, I don't, but that's what I think you are
12 doing, but that's another issue we could talk about.

13 But Mr. Grantmyre signed the contract, so
14 surely he would have known if the Company was doing
15 something inappropriate, wouldn't he?

16 A. Do you have the page that shows he signed it?
17 I'll accept it's his --

18 Q. Look at your Exhibit Number 13 and look at
19 all those contracts and see who signed for Heater.

20 A. Do you have the page?

21 Q. Just look at the signature page on all of
22 those contracts, or you can accept, subject to check,
23 that he signed them on behalf of AT.

24 A. (Witness peruses document.)

1 So the bulk rate case wastewater agreement is
2 between the County and Rebecca Flowers.

3 Q. Look at page 13 of the agreement we have been
4 talking about.

5 A. Okay.

6 Q. Just as an example.

7 A. I see Mr. Grantmyre's name under Heater
8 Utilities.

9 Q. And he signed that agreement on behalf of
10 Heater Utilities, didn't he?

11 A. Yes, sir.

12 Q. And that was in 2002?

13 A. Yes, sir.

14 Q. So, presumably, if the Company was doing
15 something wrong under this contract, Mr. Grantmyre was
16 aware, and could have brought to the attention of the
17 Commission?

18 A. Again, not a dollar was collected on the
19 Buffalo Creek side of CIAC until Aqua owned that
20 system.

21 Q. Well, Mr. Grantmyre's participated in
22 proceedings since Aqua owned that system, hadn't he?

23 A. Yes, sir.

24 Q. And he could have brought it to the

1 Commission's attention if he thought they were acting
2 so egregiously?

3 A. Potentially.

4 Q. The Company also has filed more than 50
5 contiguous premises extensions during that same period
6 of time; would you accept that subject to check?

7 A. Again, no -- I will accept that, subject to
8 check.

9 Q. And all of those list the \$6 rate also, don't
10 they?

11 A. Subject to check.

12 Q. Has the Public Staff, in any one of those 50
13 contiguous extensions, ever raised any issue about
14 whether or not Aqua's acting appropriately or
15 inappropriately?

16 A. No. And again, there would be no signal to
17 the Public Staff that they were, because the asset
18 hasn't been bought. So you are not comparing plant
19 versus CIAC.

20 Q. Well, you would have known that we were
21 operating under those contracts negotiated and signed
22 by Mr. Grantmyre, wouldn't you? He would know that.

23 A. He would know that, but in terms of on the
24 top of his head at the time of those filings, I don't

1 know that.

2 Q. He just chose not to say anything about that
3 over those 50 applications that were filed?

4 A. I can't comment on Mr. Grantmyre's
5 decision-making.

6 Q. But during the interim, all of those dollars
7 have been included in the Company's cost of service;
8 they have been included in the rate base --

9 A. So the --

10 Q. -- and these adjustments have not been made?

11 A. I'm sorry. As I said, over \$1.2 million of
12 the CIAC has been collected since late rate case. So
13 more than half.

14 Q. Since the last rate case, but it was
15 collected because the Commission apparently authorized
16 that to be collected in the last rate case?

17 A. The Commission did not authorize the rate at
18 which that CIAC was collected.

19 Q. Well, there was no adjustment made to that
20 rate to change what the Company had been doing, and so
21 when Commission -- people look at the Commission's
22 order, don't they have the right to rely on that order
23 as we agreed to earlier?

24 A. So is the Commission a party to this

1 contract? Because I'm getting confused as to why the
2 Commission is deciding what you do here.

3 Q. Well, the Public Staff made no
4 recommendations to the Commission to make adjustments
5 for any of these contracts which were in place for the
6 last 19 years?

7 A. That's correct.

8 Q. And the Commission has been acting, based on
9 the information that they had, approving rates,
10 approving rate base, approving whatever it is they
11 approve for Aqua, and none of these adjustments have
12 been proposed by the Public Staff?

13 A. That's correct.

14 Q. Okay. Now, on page 49 of your testimony,
15 lines 18 and 19, you talk about rates that had been
16 quoted from 2002 -- or 2000 -- I think 2002, 2009, and
17 2018; do you not?

18 A. Yes, sir.

19 Q. And you say that, comparing lifetime rates
20 over time, the wastewater capacity fee has been \$5,
21 \$6.29, and \$8.48; is that correct?

22 A. So I just correct that as \$5.50, and then
23 \$6.29, and then \$8.48.

24 Q. And the \$5.50 -- and somehow it got to \$6. I

1 never quite understood how that was.

2 But anyway, the \$5.50 comes from the contract
3 that we just discussed?

4 A. Yes, sir, and the Public Staff asked Aqua to
5 explain how they went through all these different
6 increments and really didn't have a good explanation
7 for that either.

8 MR. ALLEN: I would like to pass out
9 another cross examination exhibit, Aqua Junis Cross
10 Examination Exhibit Number 4.

11 COMMISSIONER BROWN-BLAND: This appears
12 to be a letter on Johnston County letterhead sent
13 to Tom Roberts, Aqua president, dated
14 August 17, 2009, that will be identified as Aqua
15 Junis Cross Examination Exhibit 4.

16 MR. ALLEN: Thank you, Ms. Chair.
17 (Aqua Junis Cross Examination Exhibit
18 Number 4 was marked for identification.)

19 BY MR. ALLEN:

20 Q. Now, when you talk about the 2009 rate, are
21 you familiar with this letter that's been marked as
22 Junis -- Aqua Junis Cross Examination Exhibit Number 4?

23 A. Yes, sir. It's my Exhibit 17.

24 Q. And the number you choose there to say that

1 that is the capacity cost that is comparable to the
2 \$5.20 is the \$6.29 per gallons per day number that is
3 in the next-to-the-last line in the second paragraph;
4 is that correct?

5 A. Yes, sir.

6 Q. What is the \$4.83 per gallon average daily
7 flow charge listed in the line immediately above that?

8 A. So it says the unit capital cost of
9 wastewater treatment facilities expansion is \$4.83 per
10 gallon per day of average daily flow.

11 Q. And above that he talks about flow
12 equalization -- with or without flow equalization, and
13 he talks about a \$1.46 surcharge, and a \$3.65 without
14 equalization.

15 Now, aren't those numbers numbers that refer
16 to transmission and treatment services?

17 A. Yes, sir.

18 Q. So when we look at the actual \$4.83, that is
19 the actual capacity fee?

20 A. That would be incorrect.

21 Q. Why is it incorrect?

22 A. The capacity fee is either \$6.29 when Aqua
23 provides flow equalization or \$8.48 when the County
24 provides flow equalization.

1 Q. Capacity fee with transmission, because you
2 said the \$6.29 includes transmission?

3 A. Correct. And the contract refers to the
4 \$5.50 as a capacity fee.

5 Q. Yes, but the other provision that we read
6 said that transmission would be charged separate and
7 apart from the capacity fee and billed on a monthly
8 basis, doesn't it?

9 A. It states that further commodity charge --
10 there is clearly two pieces, treatment and
11 transmission.

12 Q. And it said that it should be billed on a
13 separate per-monthly basis, separate and apart from the
14 \$5.50 under the contract?

15 A. You're mixing two things. One is a capacity
16 fee --

17 Q. I absolutely am.

18 A. -- one is a commodity charge. Under -- so we
19 are talking about, is \$6.29 or \$8.48 representative of
20 the capacity fee? If -- you would -- accepting what
21 you have just said, that it would only be \$4.83, that
22 means the capacity fee decreased over seven years from
23 \$5.50 to \$4.83. Are you familiar with -- and this is a
24 rhetorical question -- any system that Aqua owns where

1 the commodity charge or capacity fee decreased over a
2 seven-year period?

3 Q. Mr. Junis, you don't get to ask me questions,
4 but the point is, this is what this letter says, isn't
5 it?

6 A. What does it say?

7 Q. And those numbers have meaning, and you said
8 the \$6.29 was the capacity fee plus transmission; isn't
9 that what your testimony is?

10 A. That's not what I said. I said that is the
11 capacity fee. It includes treatment and transmission.

12 Q. So the record would speak for itself. So
13 it's now your testimony you said that it does not
14 include the transmission fee?

15 A. Please show me where.

16 Q. We would have to get the reporter to read it
17 back, so -- and it was back several times ago, but we
18 will look at it in the transcript when that comes up.

19 MR. ALLEN: I would like to show you
20 another cross examination exhibit that I would like
21 to mark as Junis Cross Examination -- Aqua Junis
22 Cross Examination Exhibit Number 5.

23 THE WITNESS: Madam Chair, would it be
24 appropriate that he reask the question that's

1 supposedl y --

2 COMMI SSI ONER BROWN-BLAND: No. He

3 doesn' t need to.

4 THE WI TNESS: Okay.

5 COMMI SSI ONER BROWN-BLAND: Thi s exhi bi t

6 is also on Johnston County Letterhead dated

7 July 11, 2018, addressed to Shannon Becker,

8 president of Aqua, to be i denti fi ed as Aqua Juni s

9 Cross Exami nati on Exhi bi t 5.

10 (Aqua Juni s Cross Exami nati on Exhi bi t

11 Number 5 was marked for i denti fi cati on.)

12 BY MR. ALLEN:

13 Q. Now, on thi s exhi bi t -- do you know

14 Chandra C. Farmer?

15 A. Yes, sir. I have met wi th her and talked

16 wi th her on the phone.

17 Q. And she is di rector of uti li ti es for Johnston

18 County Department of Public Ut i li ti es?

19 A. Yes, sir. And I wou ld submi t that thi s is my

20 Exhi bi t 19.

21 Q. Okay. And that is where you got the \$8.48

22 that you list on page 18?

23 A. Yes, sir. So that' s assumi ng that Aqua

24 suppli es the flow equal izati on.

1 Q. Now, on this exhibit, it says, the proposed
2 capacity fee is based on the following -- the proposed
3 capacity fee, WWTP capacity, based on 2006 expansion,
4 and it cites \$5.34 gallons per day?

5 A. That is what it says.

6 Q. And then below that it lists separately
7 transmission charges; does it not?

8 A. Correct. It says, under the proposed
9 capacity fee, it's based on the following, and it has
10 the wastewater treatment plant capacity, the
11 transmission, and then a total capacity fee.

12 Q. And when they list the total capacity fee, it
13 includes the transmission charges and it includes what
14 Ms. Farmer has listed as the proposed capacity fee; is
15 that correct?

16 A. The total capacity fee?

17 Q. Yes. Now, when we were talking in our
18 contract, we talk in one place about the capacity fee,
19 and we talk in one place about transmission. And the
20 bulk wastewater agreement is subject to the
21 interpretation that those two separate charges were
22 separate and distinct in this contract.

23 A. For their commodity charge, not the capacity
24 fee.

1 Q. But if it says transmission charge here, a
2 commodity fee, and it says you shall charge the
3 transmission fee separately on a monthly basis in the
4 contract, they must be talking about the same
5 transmission fee --

6 A. Sir --

7 Q. -- or type fee; are they not?

8 A. -- this is the capacity fee. The contract
9 states a commodity fee. Those are two different
10 things. One is based on usage at the time of use, the
11 other is a capacity fee paid ahead of time. I think
12 you are mixing up the two.

13 Q. Well -- okay. We can argue about that
14 another time.

15 Are you familiar with the -- look at page 10,
16 paragraph 9.

17 A. Of what document?

18 Q. The same document.

19 A. The contract or the one-page --

20 Q. I'm sorry, the contract. Excuse me.

21 A. Okay. So that's Exhibit 3, right?

22 Q. Correct.

23 A. And we are at what page?

24 Q. Page 10, line 9.

1 A. Paragraph 9?

2 Q. Yeah, well, paragraph 9, first line, yes. I
3 apologize. Now, that says -- and we have looked at it
4 before --

5 "Heater shall pay to the County the County's
6 then availing capacity fee for bulk
7 wastewater treatment. The County's current
8 fee is \$5.50 per gallon per day, which shall
9 be adjusted by the County in the future based
10 on the County's cost of construction of the
11 County's wastewater treatment plant."

12 Is that what it says?

13 A. Yes, sir.

14 Q. Does it say anything in there about
15 commodities charge?

16 A. Clearly, not.

17 Q. Does it say anything in there about
18 transmission charge?

19 A. It does not.

20 Q. Does it say anything in there about treatment
21 charge?

22 A. It says bulk wastewater treatment.

23 Q. Bulk wastewater treatment, okay.

24 MR. ALLEN: Let me show you another,

1 which I would like marked as Aqua Junis Cross
2 Examination Exhibit Number 6, and this purports to
3 be a couple of e-mails here from Ruffin Poole with
4 Aqua and --

5 COMMISSIONER BROWN-BLAND: Hold on until
6 we get it out, Mr. Allen.

7 MR. ALLEN: Okay.

8 COMMISSIONER BROWN-BLAND: This exhibit
9 does purport to be an e-mail from Farmer to Poole
10 dated August 23, 2018, and it will be identified as
11 Aqua Junis Cross Examination Exhibit 6.

12 (Aqua Junis Cross Examination Exhibit
13 Number 6 was marked for identification.)

14 THE WITNESS: I'm ready.

15 BY MR. ALLEN:

16 Q. Okay. This purports to be an e-mail -- two
17 e-mails -- exchange of e-mails between Ruffin Poole
18 with Aqua, and Ms. Farmer, again with Johnston County.

19 You said you know Ms. Farmer; do you also
20 know Mr. Poole?

21 A. Yes, sir.

22 Q. And you have met with him on several
23 occasions too?

24 A. Yes, sir.

1 Q. And he is writing asking for some information
2 about the County's policies, and charges, and things
3 related to wastewater treatment capacity, isn't he?

4 A. It appears so.

5 Q. And then, in response to the e-mail that he
6 wrote on August 20, 2018, she responded on Thursday,
7 August 25th; is that correct?

8 A. It says August 23rd, which I would submit is
9 two days after my direct testimony was filed.

10 Q. Well, it's, nonetheless, correspondence
11 between them, isn't it?

12 A. Yes, sir.

13 Q. And she states in there that the initial
14 plant rate, the unit cost of capital for wastewater
15 treatment expansion was \$4.83 of gallons per day
16 average daily flow; does she not?

17 A. Correct. She's answering his questions
18 related to that piece of the capacity fee.

19 Q. And then she says, in April 2012, an updated
20 rate of \$5.34 was provided to Becky Flowers in response
21 to her request for a rate; is that what the e-mail
22 says?

23 A. Which is also described in, I believe it's
24 cross Exhibit Number 5.

1 Q. There are several of them that lists for that
2 time frame a \$5.34 rate.

3 A. For that piece of the capacity.

4 Q. But she doesn't say anything in here about
5 transmission, or commodities, or anything like that,
6 does she?

7 A. That's because his questions were geared
8 towards this subject matter, not towards this.

9 Q. Right. And she's responded and said this is
10 the capacity rate.

11 A. That is not accurate. She's answering his
12 questions the way they are framed.

13 Q. Well, that is your interpretation of the
14 letter, but the letter speaks for itself, doesn't it?
15 Or the e-mail speaks for itself. I'm sorry. I'm old.
16 I still say letters.

17 A. Correct. You have to take all of the context
18 of these e-mails.

19 Q. And then she says, for the three years, 2009
20 to 2012, the inflation adjustment factor which she
21 talks about increased the rate from the \$4.83 to the
22 \$5.34; isn't that what she says?

23 A. Yeah. I think there was a slip up in the
24 math here, because she uses \$5.34 and then it equals

1 \$5.34, but I will accept the intent.

2 Q. The intent was to inflate it from 2012 --
3 2009 to 2012 by inflation, whatever that was?

4 A. Yes, sir.

5 Q. And then he says that the County has decided
6 not to add the inflation factor to the rate from 2012
7 to 2018?

8 A. Correct. So she's not suggesting that they
9 increase from the \$5.34 portion.

10 Q. And it just stayed at \$5.34?

11 A. For that piece of the capacity fee.

12 Q. Well, I thought you asked me earlier how in
13 the world would I think that a rate would stay constant
14 and not go up over a period of time?

15 A. That's not what I asked. I said how would
16 you expect the rate to go down. So that means that
17 from \$5.50, as early as 1999, and now we are in 2018,
18 the Company is suggesting the rate went from \$5.50 to
19 \$5.34.

20 Q. Is \$5.34 lower than \$5.50?

21 A. Yes.

22 Q. Thank you. Now, I have the Johnston County
23 water guidelines, but I'm not going to pass them out.

24 Are you familiar with these?

1 A. I don't know if I would say familiar. I'm
2 aware of them.

3 Q. And both of us would probably just as soon
4 not be familiar with them?

5 A. I would prefer it that way.

6 Q. Would you accept, subject to check, that, as
7 to the capacity fee, on page 21 of this document --
8 actually, I think it may be page 19, I -- correct the
9 record, please -- it says that, for wholesale bulk
10 service sewer service, capacity fee, the negotiated fee
11 per gallons per day of average based on cost of
12 infrastructure improvement is a negotiated rate?

13 A. Subject to check, I will agree.

14 Q. You will agree with that. Okay. Let's talk
15 a little bit about purchased water.

16 A. Now, we are talking about purchased water not
17 purchased wastewater anymore, right?

18 Q. We are shifting to the other topic of
19 purchased water. We have been in the sewers as long as
20 we need to be there, Mr. Junis. Are you --

21 A. I'm there. I'm ready.

22 Q. Now, in the hearing room, there has been a
23 lot of talk about flushing.

24 A. Yeah.

1 Q. A lot of talk about flushing. And flushing
2 is a part of the water business in many different ways.

3 A. Part of the water and wastewater business.

4 Q. And you have to flush for purposes of clean
5 water, and I assume the wastewater flushing may be
6 sometimes even more important.

7 A. Sometimes.

8 Q. As a matter of fact, Mr. Grantmyre gets more
9 excited when he talks about flushing than he does when
10 he talks about Carolina football?

11 A. Well, actually, I don't know if I'd --

12 Q. Well, actually, I think I do too this year.
13 I don't feel too excited about it either.

14 You make adjustments to purchased water, do
15 you not, using the method you call for --
16 unaccounted-for water?

17 A. Water loss is unaccounted-for water, yeah. I
18 mean, that is part of the non-revenue water analysis.
19 The problem is, if you don't have the level of detail,
20 in terms of information, you can't do a non-revenue
21 water analysis, according to AWWA.

22 Q. Well, unaccounted-for water is simply the
23 difference in the water purchased and the water billed?

24 A. That's correct.

1 Q. So if you don't bill the water, I guess it's
2 unaccounted for, and we don't know what happens to it?

3 A. That is correct.

4 Q. So we make an adjustment.

5 Have you read the rebuttal testimony of Aqua
6 witness Amanda Burger?

7 A. Of course I did.

8 Q. And she states in there that the
9 unaccounted-for water method that you use has been,
10 essentially, abandoned or held in disfavor by the
11 American Water Works Association; does she not?

12 A. Hold on one second. I got lots of exhibits
13 up here and other stuff.

14 Q. I know. I've been having trouble keeping up
15 too.

16 A. So that is what her testimony states.

17 Q. And have you gone on the American Water
18 Works -- the AWWA website to check out what they say
19 about what the current method is?

20 A. Oh, yeah. I'm familiar with the water
21 balance. I have it right here. You know, components
22 of that is revenue water and non-revenue water, and of
23 non-revenue water, a significant chunk is water losses,
24 which I refer to in my testimony.

1 Q. And did you read an article on that website,
2 I think on the second page of that, called "Best
3 Practices and Water Loss Control - Non-Revenue Water
4 Loss"?

5 A. I don't know if I read that specific article.

6 Q. You don't know if you read that specific
7 article or not?

8 A. Yeah.

9 Q. Now, when you flush fire hydrants, we don't
10 measure that water, do we?

11 A. You can.

12 Q. Well, we really don't want to, do we? I
13 mean, we want them to put the fire out. I realize you
14 can.

15 A. Well, Aqua doesn't provide fire service.

16 Q. Well, any water company would not measure. I
17 guess they can.

18 A. No, they might, because municipalities will
19 rent out meters for, like, construction services or
20 flushing. So, like, when a construction outfit is
21 building a whole subdivision, they might not have
22 individual services to houses yet, but they need water
23 for construction purposes, so they'll hook onto a
24 hydrant, and there is a hydrant meter.

1 Q. What about water used to flush out lines?

2 A. You could certainly meter that.

3 Q. Well, you can, but Aqua doesn't meter it,
4 does it?

5 A. So that's, again, getting into the level of
6 detail of the information available to do an accurate
7 non-revenue water or water balance analysis.

8 Q. Do you -- does your methodology allow for
9 cost recovery of flushing used to clean pipes and other
10 facilities in order to improve the discoloration of
11 water?

12 A. It very well could include that.

13 Q. But it's not billed water, it's the
14 difference between water purchased and water billed?

15 A. It's a water loss that -- I have
16 appropriately set a normalized amount at 15 percent for
17 certain systems that exceeded that.

18 Q. I understand you set the 15 percent limit,
19 and we are going to get into that. But your
20 methodology does not permit cost recovery for anything
21 other than the water that is billed?

22 A. That's not true.

23 Q. All right. Tell me why.

24 A. There are water losses that were allowed in

1 this case. Specific ones that were less than
2 15 percent, and other ones that far and exceeded
3 15 percent, and so then I adjusted it to 15 percent.

4 Q. And you shared some of those, I think, on
5 page 12, don't you? On table 12, on page 58 of your
6 testimony?

7 A. Yes, sir.

8 Q. And some of those are quite high.
9 Are they older systems or newer systems?

10 A. Depends.

11 Q. Well, what about the City of Asheville?

12 A. (Witness peruses document.)
13 I don't know the exact age.

14 Q. You don't know the age of that one?

15 A. Nope.

16 Q. So you don't know if it's old or new? What
17 about Concord?

18 A. I do not know the specific age of that
19 system.

20 Q. Do you know the age of any of them?

21 A. Not off the stand.

22 Q. So they could be very old systems more prone
23 to leaks?

24 A. Maybe, may not be. I know there's been

1 water main replacement projects on a couple of these
2 that would have addressed leaks.

3 Q. Right, but for the City of Concord and the
4 City of Asheville, we have already established that
5 these numbers were captured before the leaks to the
6 mains were repaired, haven't we? Isn't that part of
7 the record in this document?

8 A. Right. And so my investigation is whether
9 it's appropriate for the Company to recover both the
10 extremely high water loss amount that they are not now
11 experiencing, the known measurable change, and recovery
12 of the capital cost associated with that project.

13 Q. Now, more than half -- or about half of the
14 water purchased by Aqua is purchased from Johnston
15 County; is that correct?

16 A. That's correct.

17 Q. And that's a fairly new system?

18 A. Parts are and parts aren't.

19 Q. Fairly low leakage?

20 A. The water losses were quantified as 7 percent
21 for the test year.

22 Q. And did you give the Company any credit for
23 operating those below the 15 percent?

24 A. I'm giving them their actual water losses.

1 Q. But you're not saying, because you operated
2 better than 15 percent, we will adjust it up to
3 15 percent?

4 A. So that would de incentive the Company to
5 review and address water losses, because that would be
6 giving them a buffer, essentially.

7 Q. Well, not allowing the Company to recover its
8 cost for flushed water would de incentive the Company
9 from doing any flushing at all, wouldn't it?

10 A. No. What I'm doing is incentivizing a
11 reasonable amount of water losses. That may include
12 flushing, and we asked the Company to quantify their
13 flushing, and they could not.

14 Q. Well, when you take the ones above 15 percent
15 and you factor those in, you are basically regulating
16 the Company with a hammer, aren't you? So you're going
17 to be penalized because we have these systems that are
18 above?

19 A. That's not how I would characterize it.

20 Q. That's how I characterize it.

21 So how would you characterize it?

22 A. I'm setting a reasonable amount of water
23 losses associated with purchased water that has passed
24 through to all of Aqua's -- Aqua North Carolina water

1 customers and their base charges and would be recovered
2 for the -- until next rate case.

3 Q. And -- well, I think we have already got an
4 answer to that one, so I will skip on that.

5 What makes the 15 percent level of allowance
6 that you choose to be reasonable?

7 A. Well, it's a good standard. I have actually
8 found that AWWA previously had put ranges of when it
9 should be addressed. So 10 to 25 percent, they said
10 this really needs to be -- action needs to be taken to
11 reduce it. At 15 percent, you need to look at it and
12 do something about it at that level. And you can see
13 numerous systems are under 15 percent, some well under
14 15 percent, and for some of these systems that were
15 over, the Company now, known and measurably, are below
16 that level. I think Ms. Burger actually states that,
17 for one system, they are down to 4 percent, but I'm
18 doing 15 percent, so there is part of the buffer you
19 were talking about.

20 Q. Do you know of any situations, if a system
21 needed replacing or needed extensive repairs, would it
22 be more prudent for the Company to just simply pay for
23 the water loss and not make the necessary repairs?

24 A. It certainly needs to be analyzed if it's

1 cost beneficial to do a large-scale project versus a
2 reasonable amount of water losses.

3 Q. So you think just wasting that water might be
4 a situation where that would be a better decision than
5 upgrading the system or replacing the system if it's in
6 need of replacement --

7 A. There is the --

8 Q. -- given the known circumstances?

9 A. Sorry. There is the possibility of that.

10 Q. Now, in the August 29th hearing or meeting
11 that you had, you also discussed in there a purchased
12 water issue related to Chapel Ridge; did you not?

13 A. Yes, sir.

14 Q. And that resulted because the purveyor of the
15 water had a problem with the quality of the water that
16 was likely a primary violation and not a secondary
17 violation; is that correct?

18 A. There is an issue with disinfection
19 byproducts.

20 Q. And some discussions were held about how you
21 might treat that to get rid of it?

22 A. Yes, sir.

23 Q. And there was also a discussion about putting
24 in a granular activated carbon filter at a cost of

1 \$1 million to do that, wasn't it?

2 A. And it was determined that that would be a
3 bad idea.

4 Q. Well, was that determined to be a bad idea,
5 or did you say no, the Company cannot do that because
6 of -- the cost is too high? Is that not what you said
7 in that meeting?

8 A. If I said that exact statement, I think it
9 was grossly out of context.

10 Q. Well -- and what did DEQ respond with?
11 Didn't they tell you that's not for you to determine,
12 that's for DEQ to determine?

13 A. I believe the solution that was reached was
14 that Aqua needs to work with DEQ to determine if the
15 Town of Pittsboro is responsible for that water quality
16 and is not sampling appropriately for disinfection
17 byproducts. That this is a root cause that is
18 associated with the Town of Pittsboro and shouldn't be
19 a decision for Aqua.

20 Q. But DEQ told you that that was not your
21 decision to make, that was something for DEQ to decide;
22 do you recall that?

23 A. I don't think I made a decision or told
24 anybody how to do something.

1 Q. But if that tape is put into evidence, the
2 Commission can listen to it and decide what you said or
3 didn't say?

4 A. And that's a candid meeting between the
5 Company and DEQ, and they are welcome to listen to it
6 and make their conclusions.

7 Q. I agree with you. Thank you, Mr. Junis.
8 That's all the --

9 A. I just want to add some context to that. No
10 one in the Public Staff was aware that they were being
11 recorded in that meeting, and so that would change the
12 level of candor in that meeting. So I think it's
13 appropriate to be noted.

14 Q. So you would have changed what you said if
15 you knew you were being recorded?

16 A. I think I would have been much more careful
17 with the exact terminology I used in that meeting. It
18 was clear that it was not represented to the Public
19 Staff that we were being recorded. At approximately an
20 hour and 10 minutes into that meeting -- Ms. Burger was
21 across me at that meeting -- I glanced and noticed her
22 phone looked like it was recording. That was an hour
23 and 10 minutes into the meeting with no knowledge of
24 that. I turned away, because I didn't know how to deal

1 with a situation like that, because I have never been
2 put in a position like that. She pulls the phone away
3 and closes the lid. I didn't think we were being
4 recorded, and I definitely didn't think we were being
5 recorded after that point. However, that tape is 2
6 hours and 48 minutes long, and I was the only one that
7 potentially thought we were being recorded, and I did
8 not think we were being recorded after that moment.

9 Q. Would you have changed what you said had you
10 known you were being recorded?

11 A. I'm telling you the level of candor would
12 have been different, and I would have been more
13 cautious with the exact language that I said.

14 Q. We plan to address that in our future
15 testimony, so we will get to the tape issue later, if
16 that becomes an evidentiary issue. Thank you,
17 Mr. Junis.

18 COMMISSIONER BROWN-BLAND: I think we
19 are at a good stopping place, so I think we will
20 break for lunch and be back at 1:30. And when we
21 return, Mr. Grantmyre will have redirect.

22 THE WITNESS: Thank you, Madam Chair.

23 MR. GRANTMYRE: Redirect will be
24 extensive.

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(The hearing was adjourned at 12:13 p.m.
and set to reconvene at 1:30 p.m. on
Wednesday, September 19, 2018.)

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Sep 24 2018

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CERTIFICATE OF REPORTER

STATE OF NORTH CAROLINA)
COUNTY OF WAKE)

I, Joann Bunze, RPR, the officer before whom the foregoing hearing was taken, do hereby certify that the witnesses whose testimony appears in the foregoing hearing were duly sworn; that the testimony of said witnesses was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to this; and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

This the 23rd day of September, 2018.

Joann Bunze



JOANN BUNZE, RPR
Notary Public #200707300112