

**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

January 31, 2024

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1263, Sub 4 – Application by JPC Utilities, LLC, for Authority to Adjust and Increase Rates for Water and Wastewater Utility Service in Its Service Areas in Guilford County, North Carolina

Dear Ms. Dunston,

Attached for filing on behalf of the Public Staff – North Carolina Utilities Commission (Public Staff) in the above-referenced docket is the notice of affidavit and affidavit of Gregory J. Reger, Public Utilities Analyst with the Economic Research Division of the Public Staff.

By copy of this letter, we are forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted  
/s/ James Bernier, Jr.  
Staff Attorney  
[james.bernier@psncuc.nc.gov](mailto:james.bernier@psncuc.nc.gov)

/s/ Davia Newell  
Staff Attorney  
[davia.newell@psncuc.nc.gov](mailto:davia.newell@psncuc.nc.gov)

**Attachments**

**cc: Parties of Record**

Executive Director  
(919) 733-2435

Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Economic Research  
(919) 733-2267

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STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. W-1263, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of JPC Utilities, LLC, for Authority )  
to Adjust and Increase Rates for Water and ) **NOTICE OF AFFIDAVIT**  
Wastewater Utility Service in its service areas )  
in Guilford County, North Carolina )

NOW COMES THE PUBLIC STAFF of the North Carolina Utilities  
Commission, by and through its Executive Director, Christopher J. Ayers, as  
constituted by N.C. Gen. Stat. § 62-15, and gives notice that the Affidavit of:

Gregory J. Reger, Public Utilities Analyst  
Economic Research Division  
Public Staff of the North Carolina Utilities Commission  
430 North Salisbury Street – Dobbs Building  
4326 Mail Service Center  
Raleigh, North Carolina 27699-4300

will be used in evidence at the hearing in this docket scheduled for March 13, 2024,  
pursuant to N.C.G.S. § 62-68. The affiant will not be called to testify orally and will  
not be subject to cross-examination unless an opposing party or the Commission  
demands the right of cross-examination by notice mailed or delivered to the  
proponent at least five days prior to the hearing, pursuant to N.C.G.S. § 62-68.

THEREFORE, the Public Staff moves that the Affidavit of Gregory J. Reger  
be admitted into evidence in the absence of notice pursuant to N.C.G.S. § 62-68.

Respectfully submitted this the 31st day of January, 2024.

PUBLIC STAFF

Christopher J. Ayers  
Executive Director

Lucy E. Edmondson  
Chief Counsel

/s/ James Bernier, Jr., by electronic filing  
James Bernier, Jr.  
email: James.Bernier@psncuc.nc.gov  
Davia Newell  
email: Davia.Newell@psncuc.nc.gov  
Staff Attorneys

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4326 Mail Service Center  
Raleigh, North Carolina 27699-4300



STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. W-1263, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of JPC Utilities, LLC, for )	<b>AFFIDAVIT OF</b>
Authority to Adjust and Increase Rates )	<b>GREGORY J. REGER</b>
for Water and Wastewater Utility Service)	<b>PUBLIC STAFF –</b>
in its service areas in Guilford County, )	<b>NORTH CAROLINA</b>
North Carolina )	<b>UTILITIES COMMISSION</b>

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Gregory J. Reger, being first duly sworn do depose and say:

I am a Public Utilities Regulatory Analyst with the Economic Research Division of the Public Staff of the North Carolina Utilities Commission (Public Staff), which represents the using and consuming public.

I received a Bachelor of Arts degree in Business, a Minor in Mathematics from Lake Forest College in 2008, and a Master of Public Administration degree from Syracuse University in 2012. Prior to joining the Public Staff in December of 2023, I held data analytics, budget and performance management, and process improvement roles at the local and federal government level for 10 years, I was awarded a one-year local government management fellowship with the City of Hamilton, Ohio Electric Department, and I was a Contractor Operations Specialist/Assessor & Final Inspector for two years in the Weatherization

Department of a nonprofit in Chicago. Since joining the Public Staff, I have conducted rate of return studies in water and wastewater utility rate cases and have been involved in the investigation and analysis of electric utilities' proposed avoided cost rates and integrated resource plans.

The purpose of my affidavit is to make a recommendation to the North Carolina Utilities Commission (Commission) regarding the fair rate of return to be employed as a basis for determining the appropriate revenue requirement for JPC Utilities, LLC (JPC), to provide water and sewer utility service in all its service areas in Guilford County, North Carolina.

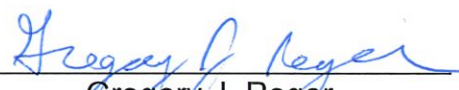
I recommend that JPC be granted a 7.00% margin on expenses for the water utility service and a 7.00% margin on expenses for the sewer utility service. The reasonableness of this recommended margin is supported by the allowed overall rates of return approved by the Commission in recent cases involving large water and sewer utility companies. As allowed under N.C. Gen. Stat § 62-133.1, I have used the operating ratio method to evaluate JPC's proposed rate increase. After investigation, the Public Staff has determined that the Company's rate base is less than the reasonable level of operating expenses.

As outlined in the Hearing Examiner's Order in Docket No. W-173, Sub 14, regarding the rate increase application of Montclair Water Company, several factors should be considered when judging the adequacy of a return. These are interest coverage, adequacy of the income level after interest expense, the level of inflation, and the quality of service. In considering these factors in conjunction


with this proceeding, I have not incorporated any consideration with respect to quality of service. Interest coverage has been provided at an adequate level. The level of inflation has been factored into the interest rate on bonds that reflect investor expectations of the future levels of inflation. In my opinion, the recommended operating margin provides an adequate level of income after interest expense.

For these reasons, I recommend to the Commission that JPC be granted a 7.00% margin on expenses.

This concludes my affidavit.

  
\_\_\_\_\_  
Gregory J. Reger

Sworn to and subscribed before me,  
this the 31st day of January, 2024.

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

Jessica Heironimus  
Printed Name



My Commission expires: June 4, 2028





**CERTIFICATE OF SERVICE**

I certify that I have served a copy of the foregoing Notice of Affidavit and Affidavit on all parties of record, the attorney of record of such party, or both in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 31st day of January, 2024.

Electronically submitted  
/s/ James Bernier, Jr.