

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-354, SUB 360

In the Matter of	)	
Application of Carolina Water Service,	)	SECOND
Inc. of North Carolina, Inc., 4944	)	SUPPLEMENTAL
Parkway Plaza Boulevard, Suite 375,	)	TESTIMONY OF
Charlotte, North Carolina, 28217, for	)	SONJA R. JOHNSON
Authority to Adjust and Increase Rates	)	PUBLIC STAFF – NORTH
for Water and Sewer Utility Service in	)	CAROLINA UTILITIES
All Service Areas in North Carolina	)	COMMISSION

OFFICIAL COPY

Oct 12 2018

**CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA  
DOCKET NO. W-354, SUB 360**

**SECOND SUPPLEMENTAL TESTIMONY OF SONJA R. JOHNSON  
ON BEHALF OF THE PUBLIC STAFF –  
NORTH CAROLINA UTILITIES COMMISSION**

**October 12, 2018**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PRESENT POSITION.**

A. My name is Sonja R. Johnson and my business address is 430 N. Salisbury Street, Raleigh, North Carolina. I am a Staff Accountant with the Accounting Division of the Public Staff – North Carolina Utilities Commission and represent the using and consuming public.

**Q. ARE YOU THE SAME SONJA R. JOHNSON WHOSE DIRECT TESTIMONY AND EXHIBITS WERE FILED IN THIS DOCKET ON OCTOBER 3, 2018?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR SECOND SUPPLEMENTAL TESTIMONY IN THIS PROCEEDING?**

A. The purpose of my second supplemental testimony is to present the accounting and ratemaking adjustments I have updated from my original testimony or recommend as a result of information provided by the Company subsequent to the filing of my direct testimony.

**Q. MS. JOHNSON, WHAT UPDATED OR CORRECTED ADJUSTMENTS TO THE COMPANY'S COST OF SERVICE DO YOU RECOMMEND?**

A. I support recommending updated or new adjustments in the following areas:

- 1) Salaries and wages;
- 2) Pensions and benefits; and
- 3) Payroll taxes.

**Q. PLEASE DESCRIBE YOUR RECOMMENDED ADJUSTMENTS.**

A. My adjustments are described below.

#### **SALARIES AND WAGES**

**Q. HOW HAVE YOU ADJUSTED SALARIES AND WAGES?**

A. Based on additional information provided by the Company, I adjusted salaries and wages to add an additional employee and to correct a data entry error.

#### **PENSIONS AND BENEFITS**

**Q. PLEASE DESCRIBE YOUR ADJUSTMENTS TO PENSIONS AND BENEFITS.**

A. I have made matching adjustments to pensions and benefits related to adjustments made to salaries and wages for updates to open positions and executive compensation.

**PAYROLL TAXES**

**Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PAYROLL TAXES.**

A. I have adjusted payroll taxes to reflect my adjusted level of salary and wages.

**Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

A. Yes, it does.

**CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**  
Docket No. W-354, Sub 360  
**ADJUSTMENT TO SALARIES AND WAGES**  
For the Test Year Ended December 31, 2017

Public Staff  
Johnson Supp Exhibit  
Schedule 1  
Revised

Line No.	<u>Item</u>	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
<b><u>Maintenance:</u></b>					
1.	Operator and supervisor salaries	\$ 2,587,126 [1]	\$ 1,540,179 [1]	\$ 312,749 [1]	\$ 325,582 [1]
2.	Maintenance salaries per application	<u>2,670,865</u>	<u>1,582,288</u>	<u>321,300</u>	<u>334,483</u>
3.	Adjustment to maintenance salaries (L1 - L2)	<u><u>\$(83,740)</u></u>	<u><u>\$(42,109)</u></u>	<u><u>\$(8,551)</u></u>	<u><u>\$(8,902)</u></u>
<b><u>General:</u></b>					
4.	Customer service salaries	\$ 1,070,542 [1]	\$ 637,320 [1]	\$ 129,414 [1]	\$ 134,724 [1]
5.	General salaries per application	<u>1,149,101</u>	<u>680,757</u>	<u>138,235</u>	<u>143,907</u>
6.	Adjustment to general salaries (L4 - L5)	<u><u>\$(78,559)</u></u>	<u><u>\$(43,437)</u></u>	<u><u>\$(8,820)</u></u>	<u><u>\$(9,182)</u></u>

[1] Calculated by the Public Staff based on information provided by the Company.