



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

November 23, 2020

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

Re: Docket No. W-1314, Sub 4 – Application for General Rate Case

Dear Ms. Campbell:

Attached for filing is the Joint Proposed Order of Pluris Webb Creek, LLC and the Public Staff in the above-referenced docket.

I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted
s/ William E. H. Creech
Staff Attorney
zeke.creech@psncuc.nc.gov

WEHC/cla

Attachment

cc: Daniel C. Higgins, Counsel to Pluris Webb Creek, LLC

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1314, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Pluris Webb Creek, LLC,) JOINT PROPOSED ORDER
5950 Berkshire Lane, Suite 800, Dallas,) GRANTING RATE INCREASE
Texas, 75225 for Authority to Increase Rates) AND REQUIRING CUSTOMER
for Sewer Utility Service in All Service Areas in) NOTICE
Onslow County, North Carolina)

HEARD: Wednesday, September 23, 2020, at 6:30 p.m., by virtual means using the WebEx electronic platform

BEFORE: Commissioner ToNola D. Brown-Bland, Presiding, Commissioner, Commissioner Lyons Gray, Commissioner Kimberly W. Duffley, Commissioner Jeffrey A. Hughes, and Commissioner Floyd B. McKissick, Jr.

APPEARANCES:

For Pluris Webb Creek, LLC:

Daniel C. Higgins, Burns, Day & Presnell, P.A., PO Box 10867, Raleigh, NC 27605

For the Using and Consuming Public:

William E. H. Creech, Public Staff-North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, North Carolina 27699-432

BY THE COMMISSION: On March 17, 2020, Pluris Webb Creek, LLC (Pluris, Company, or Applicant), filed with the North Carolina Utilities Commission (Commission or NCUC) notice of its intent to file an application for a general rate case for sewer utility service in its service area.

On April 27, 2020, the Applicant filed an Application in this docket for a general increase in sewer utility service rates in its service area. Along with its

Application, Pluris prefiled the direct testimony of Maurice Gallarda, PE, and Dan Winters.

On May 26, 2020, the Commission issued its Order Establishing General Rate Case and Suspending Rates.

On August 10, 2020, the Commission issued an Order Scheduling Hearings and Requiring Customer Notice.

On August 24, 2020, Pluris filed an Update to its operating expenses and rate base.

On September 23, 2020, a remote public hearing was held in this matter via WebEx, as provided for in the Commission's Order issued August 10, 2020.

On September 25, 2020, the Public Staff prefiled the testimony and exhibits of Public Staff witnesses D. Michael Franklin and Benjamin P. Lozier. The Public Staff also prefiled the affidavit and exhibit of Mary A. Coleman.

On September 29, 2020, Pluris filed a Report Relating to Customer Hearing.

On October 9, 2020, the Public Staff and Pluris filed an Agreement and Stipulation of Settlement (Joint Stipulation), which reflected the parties' agreement on settlement.

In light of the Joint Stipulation, Pluris elected to not file rebuttal testimony. The Joint Stipulation provides that in the event the Commission rejects the Joint Stipulation, then the parties agree that the record should be reopened to allow Pluris to submit rebuttal testimony and this proceeding should be re-convened.

On October 21, 2020, the Commission issued an Order Canceling Expert Witness Hearing, Requiring Notice to Customers, Admitting Evidence Into The Record, and Allowing the Filing of Proposed Orders and Briefs.

The Public Staff and Pluris filed a Joint Proposed Order on November 23, 2020.

On the basis of the Application, the testimony, the Joint Stipulation, and other evidence of record, the Commission now makes the following:

FINDINGS OF FACT

General Matters

1. Pluris is a limited liability company duly organized under the laws of and authorized to do business in the State of North Carolina. Pluris is a franchised public utility providing water and sewer utility service to customers in North Carolina.

2. Pluris is properly before the Commission, pursuant to Chapter 62 of the General Statutes of North Carolina, for determination of the justness and reasonableness of its proposed rates and charges for its wastewater services provided in its Commission-assigned service area.

3. The appropriate test year for purposes of establishing rates in this docket is the 12-month period ended December 31, 2019, updated through July 31, 2020.

4. Pluris's present rates for sewer service have been in effect since August 2016, when the Commission issued its Order Appointing Emergency

Operator in Docket No. W-864, Sub 11, wherein it granted the Public Staff's petition and appointed Pluris as the Emergency Operator of the Webb Creek Water and Sewage, Inc. wastewater utility system in Onslow County, North Carolina.

The Joint Stipulation

5. The Agreement and Stipulation of Settlement (Joint Stipulation) is an agreement between the Public Staff and Pluris (the Stipulating Parties), who are the only parties to this docket.

6. The Joint Stipulation resolves all matters in controversy in this docket as between these two parties to the case.

7. The Joint Stipulation is the product of give-and-take in negotiations between the Stipulating Parties, is material evidence in this proceeding, and is entitled to be given appropriate weight in this case along with the other evidence of record, including that submitted by the Company, the Public Staff, and the public witnesses who testified at the public witness hearing.

Acceptance of Stipulation

8. The Joint Stipulation will provide Pluris and its ratepayers just and reasonable rates.

9. The provisions of the Joint Stipulation are just and reasonable to all parties to this proceeding, as well as Pluris's rate paying customers, and serve the public interest.

10. It is appropriate to approve the Joint Stipulation in its entirety.

Customer Concerns and Service

11. As of September 30, 2020, Pluris served approximately 1,373 residential flat rate sewer customers and nine metered commercial sewer customers in its service area in Onslow County, North Carolina.

12. A total of six customers testified at the public hearing on September 23, 2020. In general, the public witnesses objected to the proposed rate increase relating to Pluris's new membrane bioreactor wastewater treatment plant. None of the customers voiced any complaint regarding the quality of the service provided by Pluris.

13. The overall quality of service provided by Pluris is "good," as agreed to by the parties in the Joint Stipulation.

Rate Base

14. The appropriate level of rate base used and useful in providing service is \$6,132,257 for Pluris's operations, itemized as follows:

<u>Item</u>	<u>Amount</u>
Plant in service	\$6,784,276
Accumulated depreciation	<u>(242,905)</u>
Net plant in service	6,541,371
Contributions in aid of construction	(54,000)
Accumulated amortization – CIAC	1,026
Pre-paid tap on fees	(128,898)
Customer deposits	(29,175)
Accumulated deferred income taxes - ADIT	(164,156)
Cost free capital	(100,000)
Cash working capital	67,451
Average tax accruals	<u>(1,362)</u>
Original cost rate base	<u>\$6,132,257</u>

Operating Revenues

15. The appropriate level of operating revenues under stipulated rates for use in this proceeding is \$1,203,963, consisting of service revenues of \$1,182,056 and miscellaneous revenues of \$24,490, reduced by uncollectible accounts of \$2,583.

Maintenance and General Expense

16. The appropriate level of operation and maintenance expense for Pluris's operations for use in this proceeding is \$539,607.

17. It is appropriate for Pluris to recover total rate case expenses of \$85,000 related to the current proceeding.

18. It is appropriate to amortize the total rate case expenses for the current proceeding over five years, resulting in an annual level of rate case expense of \$17,000, as agreed to by the Stipulating Parties.

Depreciation, Amortization Expense, Regulatory Fee and Taxes

19. The appropriate level of depreciation expense for use in this proceeding is \$197,847 and the appropriate level of amortization expense - CIAC for use in this proceeding is (\$898).

20. The appropriate level of payroll taxes for use in this proceeding is \$6,811.

21. It is reasonable and appropriate to calculate regulatory fee expense using the regulatory fee rate of 0.13% effective July 1, 2019, pursuant to the

Commission's June 18, 2019 Order issued in Docket No. M-100, Sub 142. The appropriate level of regulatory fee for use in this proceeding is \$1,565.

22. It is reasonable and appropriate to use the current North Carolina corporate income tax rate of 2.50% to calculate Pluris's revenue requirement. The appropriate level of state income taxes for use in this proceeding is \$7,990.

23. It is reasonable and appropriate to use the federal corporate income tax rate of 21.0% to calculate Pluris's revenue requirement. The appropriate level of federal income taxes for use in this proceeding is \$65,439.

24. It is appropriate to calculate income taxes for ratemaking purposes based on the adjusted level of revenues and expenses and the tax rates for utility operations.

Capital Structure, Cost of Capital, and Overall Rate of Return

25. The cost of capital and revenue increase approved in this Order is intended to provide Pluris, through sound management, the opportunity to earn an overall rate of return of 6.28%. This overall rate of return is derived from applying an embedded cost of debt of 4.11%, and a rate of return on common equity of 8.98%, to a capital structure consisting of 55.32% long-term debt and 44.68% common equity.

26. An 8.98% rate of return on common equity for Pluris is just and reasonable in this general rate case.

27. A 44.68% equity and 55.32% debt ratio is a reasonable and appropriate capital structure for Pluris in this case.

28. A 4.11% cost of debt for Pluris is reasonable and appropriate for the purpose of this case.

29. The rate of return on common equity and capital structure approved by the Commission appropriately balances the benefits received by Pluris's customers from Pluris's provision of safe, adequate, and reliable wastewater utility service with the difficulties that some of Pluris's customers may experience in paying the Company's increased rates.

30. The 8.98% rate of return on common equity and the 44.68% equity capital structure approved by the Commission balance Pluris's need to obtain equity and debt financing with its customers' need to pay the lowest possible rates.

31. The authorized levels of overall rate of return and rate of return on common equity set forth above are supported by competent, material, and substantial record evidence; are consistent with the requirements of N.C. Gen. Stat. § 62-133; and are fair to Pluris's customers generally and in light of the impact of changing economic conditions.

Revenue Requirement

32. The rate base method is the appropriate method to be used in this proceeding for determining fair and reasonable rates for sewer service as allowed by N.C.G.S. § 62-133.

33. Pluris's rates should be changed by amounts which, after all pro forma adjustments, will produce service revenues of \$1,182,056. These rate increases will allow Pluris the opportunity to earn a 6.28% overall rate of return,

which the Commission has found to be reasonable upon consideration of the findings in this Order.

34. The rates and charges included in Appendix A are just and reasonable and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-4

General Matters

The evidence supporting these findings of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony and exhibits of the witnesses, and the entire record in this proceeding. These findings are informational, procedural, and jurisdictional in nature and are not contested by any party.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5–10

The Joint Stipulation and Acceptance of Stipulation

The evidence supporting these findings of fact is found in the Joint Stipulation, the testimony of both Pluris's and the Public Staff's witnesses, and Joint Stipulation Exhibit I.

On October 9, 2020, Pluris and the Public Staff filed the Joint Stipulation, which resolves all issues in this proceeding between the parties, who are the only parties to this proceeding. Attached to the Joint Stipulation is Stipulation Exhibit 1, which demonstrates the impact of the Stipulating Parties' agreements on the

calculation of Pluris's gross revenue for the test year ended December 31, 2019, updated to October 9, 2020.

Based upon the foregoing and the entire record herein, the Commission finds that the Joint Stipulation represents a negotiated settlement of all issues in this proceeding and that the provisions agreed to by the Stipulating Parties are reasonable and appropriate for purposes of this proceeding. In making this finding, the Commission gives substantial weight to the testimony of Pluris witnesses Gallarda and Winters, the Affidavit and supporting exhibit of Public Staff witness Coleman, and the testimony of Public Staff witnesses Franklin and Lozier. The Commission finds that the resulting rates are just and reasonable to both Pluris and its ratepayers. In addition, the Commission finds that the provisions of the Joint Stipulation are just and reasonable to all parties to this proceeding and serve the public interest, and that it is appropriate to approve the Joint Stipulation in its entirety.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 11–13

Customer Concerns and Service

The evidence supporting these findings of fact is found in the testimony of the public witnesses appearing at the hearings, the testimony of Public Staff witness Franklin and the testimony and exhibits of Pluris witness Gallarda.

On April 27, 2020, Pluris filed an application for a general rate increase, which was verified by Pluris's Managing Member. The Application stated that as

of the end of the test year Pluris served approximately 1,354 residential and eight commercial sewer customers in Onslow County, North Carolina.

Public Staff witness Franklin testified that he reviewed approximately seven position statements from Pluris customers. All of the customers expressed concern about the amount of the proposed rate increase; none of the customers had any service-related issues.

Six customers testified during the remote public hearing held Wednesday, September 23, 2020. All six customers expressed concern about the amount of the proposed rate increase, in particular relating to the scale of the new plant and the magnitude of the proposed rate increase. None of the public witnesses expressed any concerns regarding the quality of service provided by Pluris. The overall quality of service provided by Pluris is “good,” as supported by the Joint Stipulation.

Based upon the foregoing, and after careful review of the testimony of the customers at the public hearing and the Public Staff’s engineering and service quality investigation, the Commission concludes that, consistent with the statutory requirements of N.C.G.S. § 62-131(b), the overall quality of service provided by Pluris is good.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 14

Rate Base

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Company

witness Winters, the Affidavit of Public Staff witness Coleman, the testimony of Public Staff witness Franklin, and the Joint Stipulation.

Stipulation Exhibit I, Schedule 2, provides as follows:

<u>Item</u>	<u>Amount Per Application</u>	<u>Public Staff Adjustments</u>	<u>Amount Per Public Staff</u>
Plant in service	\$6,784,276	\$0	\$6,784,276
Accumulated depreciation	<u>(242,905)</u>	<u>0</u>	<u>(242,905)</u>
Net plant in service	6,541,371	0	6,541,371
Contributions in aid of constr.	(54,000)	0	(54,000)
Accumulated amortization – CIAC	1,026	0	1,026
Pre-paid tap on fees	(128,898)	0	(128,898)
Customer deposits	(29,175)	0	(29,175)
Accum. def. income taxes	(164,156)	0	(164,156)
Cost free capital	0	(100,000)	(100,000)
Cash working capital	68,077	(626)	67,451
Average tax accruals	<u>0</u>	<u>(1,362)</u>	<u>(1,362)</u>
Original cost rate base	<u>\$6,234,245</u>	<u>(\$101,988)</u>	<u>\$6,132,257</u>

Stipulation Exhibit I reflects the agreement between the Stipulating Parties concerning all components of rate base. Therefore, based on the evidence in the record, the Commission finds that the adjustments to rate base provided for in the Joint Stipulation are appropriate for use in this proceeding. Accordingly, the appropriate level of rate base for combined operations for use in this proceeding is as follows:

<u>Item</u>	<u>Amount</u>
Plant in service	\$6,784,276
Accumulated depreciation	<u>(242,905)</u>
Net plant in service	6,541,371
Contributions in aid of construction	(54,000)
Accumulated amortization – CIAC	1,026
Pre-paid tap on fees	(128,898)
Customer deposits	(29,175)
Accumulated deferred income taxes - ADIT	(164,156)
Cost free capital	(100,000)
Cash working capital	67,451
Average tax accruals	<u>(1,362)</u>
Original cost rate base	<u>\$6,132,257</u>

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 15

Operating Revenues

The evidence supporting this finding of fact is found in the testimonies of Pluris witness Winters and Public Staff witness Franklin, and the Affidavit of Public Staff witness Coleman. The following table summarizes the differences between the Company's level of operating revenues under present rates from its Application and the amounts recommended by the Public Staff:

<u>Item</u>	<u>Amount Per Application</u>	<u>Public Staff Adjustments</u>	<u>Amount Per Public Staff</u>
Service revenues	\$605,021	\$1,571	\$606,592
Miscellaneous revenues	24,490	0	24,490
Uncollectible accounts	<u>(2,583)</u>	<u>0</u>	<u>(2,583)</u>
Total operating revenues	<u>\$626,928</u>	<u>\$1,571</u>	<u>\$628,499</u>

The adjustments are supported by the testimony of Public Staff witness Franklin, including Franklin Exhibit 2, and the Affidavit and Exhibit of Public Staff witness Coleman. Based on the Joint Stipulation and the revisions agreed upon in Stipulation Exhibit I, the Company does not dispute the Public Staff adjustment to reflect pro forma level of service revenues.

For reasons agreed to by the parties in the Joint Stipulation and as reflected in Findings of Fact 8-10, the Commission has found that the adjustment listed above is appropriate to be made to operating revenues under present rates in this proceeding. The Commission finds that the Public Staff's adjustment to operating revenues under present rates stipulated by the parties are appropriate. Based on the foregoing, the Commission concludes that the appropriate level of operating

revenues under present rates for combined operations for use in this proceeding is as follows:

<u>Item</u>	<u>Amount</u>
Service revenues	\$606,592
Miscellaneous revenues	24,490
Uncollectible accounts	<u>(2,583)</u>
Total operating revenues	<u>\$628,499</u>

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 16 - 18

Maintenance and General Expense

The evidence for these findings of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Pluris witness Winters and Public Staff witness Franklin, the Affidavit of Public Staff witness Coleman, and Stipulation Exhibit I.

The following table summarizes the differences between the Company's requested level of maintenance and general expenses and the amounts recommended by the Public Staff:

<u>Item</u>	<u>Amount Per Application</u>	<u>Public Staff Adjustments</u>	<u>Amount Per Public Staff</u>
Salaries and wages	\$108,253	\$0	\$108,253
Employee benefits	23,339	0	23,339
Sludge removal expense	44,640	(6,000)	38,640
Purchased power	54,062	17,383	71,445
Chemicals	7,977	0	7,977
Materials and supplies (M&R)	15,758	(151)	15,607
Contract services - Engineering	0	0	0
Contract services - Accounting	0	0	0
Contract services - Legal	982	0	982
Contract serv. - Manage. Fees	128,732	0	128,732
Contract serv. - Direct utility fees	36,534	0	36,534
Contract services - Testing	31,208	(6,850)	24,358
Contract services - Other	6,719	0	6,719
Rent expense	0	0	0
Insurance – General Liability	142	0	142
Insurance – Workers Comp.	176	0	176
Insurance – Other	9,108	0	9,108
Miscellaneous expenses	50,595	0	50,595
Regulatory commission expense	<u>17,000</u>	<u>0</u>	<u>17,000</u>
Total O&M expenses	<u>\$535,225</u>	<u>\$4,382</u>	<u>\$539,607</u>

The adjustments are supported by the testimony of Public Staff witness Franklin, and the Affidavit and Exhibit of Public Staff witness Coleman. On the basis of the Joint Stipulation and revisions made by the Public Staff in the Affidavit of Public Staff Accountant Coleman Exhibit I, and Stipulation Exhibit I, the Company and the Public Staff are in agreement concerning all adjustments recommended by the Public Staff to maintenance and general expenses. Therefore, the Commission finds that the uncontested adjustments to maintenance and general expenses recommended by the Public Staff are appropriate adjustments to be made in this proceeding.

Based upon the foregoing, the Commission concludes that the appropriate level of maintenance and general expenses for combined operations for use in this proceeding are as follows:

<u>Item</u>	<u>Amount</u>
Salaries and wages	\$108,253
Employee benefits	23,339
Sludge removal expense	38,640
Purchased power	71,445
Chemicals	7,977
Materials and supplies (M&R)	15,607
Contract services - Engineering	0
Contract services - Accounting	0
Contract services - Legal	982
Contract serv. - Manage. Fees	128,732
Contract serv. - Direct utility fees	36,534
Contract services - Testing	24,358
Contract services - Other	6,719
Rent expense	0
Insurance – General Liability	142
Insurance – Workers Comp.	176
Insurance – Other	9,108
Miscellaneous expenses	50,595
Regulatory commission expense	<u>17,000</u>
Total O&M expenses	<u>\$539,607</u>

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 19 - 24

Depreciation, Amortization Expense, Taxes and Regulatory Fee

The evidence supporting these findings of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Company witness Winters the testimony of Public Staff witness Franklin, the Affidavit of Public Staff witness Coleman, and Stipulation Exhibit I.

The following table summarizes the differences between the Company's level of depreciation and amortization expenses, taxes and regulatory fee from its Application and the amounts recommended by the Public Staff:

<u>Item</u>	<u>Amount Per Application</u>	<u>Public Staff Adjustments</u>	<u>Amount Per Public Staff</u>
Depreciation expense	\$197,847	\$0	\$197,847
Amortization of CIAC	(898)	0	(898)
Franchise and other taxes	0	0	0
Property taxes	0	0	0
Payroll taxes	6,811	0	6,811
Regulatory fee	850	(33)	817
State income tax	0	0	0
Federal income tax	<u>0</u>	<u>0</u>	<u>0</u>
Total depreciation and taxes	<u>\$204,610</u>	<u>(\$33)</u>	<u>\$204,577</u>

With respect to Pluris's regulatory fee expense, in light of the Joint Stipulation and revisions recommended by the Public Staff in its testimony and reflected in Stipulation Exhibit I, the Company does not dispute the adjustment recommended by the Public Staff to regulatory fee expense. The Commission finds that the adjustment recommended by the Public Staff to regulatory fee expense, which is not contested, is an appropriate adjustment to be made to operating revenue deductions in this proceeding. Based on the foregoing, the Commission concludes that the appropriate level of depreciation, amortization expense, taxes, and regulatory fee for use in this proceeding is as follows:

<u>Item</u>	<u>Amount</u>
Depreciation expense	\$197,847
Amortization of CIAC	(898)
Franchise and other taxes	0
Property taxes	0
Payroll taxes	6,811
Regulatory fee	817
State income tax	0
Federal income tax	<u>0</u>
Total depreciation and taxes	<u>\$204,577</u>

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 25 - 31

Capital Structure, Cost of Capital, and Overall Rate of Return

The evidence supporting these findings of fact and conclusions is contained in the verified Application and the accompanying NCUC Form W-1, the testimony and exhibits of Company witness Gallarda, the testimony and exhibits of Public Staff witness Lozier, and the Joint Stipulation.

In its Application, the Company requested approval for its rates to be set using a rate of return on common equity of 9.6%, which would yield an overall rate of return on rate base for Pluris of 6.56%. Mr. Gallarda testified that these rates would yield a rate of return on rate base for the Company that would be less than what the Commission set in recent rate cases for Carolina Water Service (Docket No. W-354, Sub 364) and for Aqua North Carolina (Docket No. W-218, Sub 497). Mr. Gallarda further testified that Pluris advocated this approach in an effort to avoid increasing the amount of rate case expense that will be passed through to Pluris's ratepayers by employing an expert witness to address this issue in this docket. Mr. Gallarda also testified that the Company's current capital structure is 56% debt and 44% equity.

Public Staff witness Lozier, in his testimony, recommended an overall rate of return of 6.29%, based on the Company's capital structure as of June 30, 2020, that is composed of 55.32% long-term debt, 44.68% common equity. This recommended overall rate of return recommendation is based on a cost rate of long-term debt of 4.11%, and a cost rate for common equity of 9.00%.

In the Joint Stipulation, the Public Staff and the Company reached a compromise on these issues and agreed that solely for purposes of this settlement, and in consideration of a number of factors, including the impacts of the Coronavirus pandemic on customers and the changing economic conditions, to the use of an ROE of 8.98% in setting rates in this proceeding. The parties' compromise on this issue yields a return on equity that is lower than the 9.5% return on equity that the Commission found to be appropriate in a recent rate case involving Carolina Water Service (W-354, Sub 364), where this issue was vigorously litigated.

The Commission has carefully reviewed the evidence related to the stipulated capital structure, the return on common equity and the overall rate of return and concludes that the stipulated and agreed-upon capital structure of 55.32% debt and 44.68% equity, the long-term debt cost rate of 4.11%, a return on common equity of 8.98%, and the opportunity to earn an overall rate of return of 6.28%, is just and reasonable. This return will allow the Company, by sound management, the opportunity to produce a fair return for its shareholders, to maintain its facilities and services in accordance with the reasonable requirements of customers, and to compete in the market for capital on terms that are reasonable and fair to its customers and to its shareholders.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 32 – 34

Revenue Requirement

The evidence for these findings of fact is found in testimony of Public Staff witnesses Franklin and Lozier, the Affidavit of witness Coleman, and in Stipulation Exhibit I.

Accountant Coleman stated that she used the rate base method pursuant to N.C.G.S. § 62-133, to calculate the Public Staff's recommended revenue requirement in this proceeding. The Stipulating Parties agreed that Pluris's rates should be adjusted by amounts which, after all pro forma adjustments, will produce revenues of \$1,182,056. These rate increases will allow Pluris the opportunity to earn a 6.28% overall rate of return, as stipulated. The stipulated rate increases represent an increase of \$575,464 or 105% in total sewer operating revenues. Under the stipulated rates, the monthly flat sewer rate for a residential customer would increase from \$37.69 to \$73.38, or 95%.

Based upon the evidence of record, the Commission concludes that the stipulated rates and charges are just and reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That the Agreement and Stipulation of Settlement is incorporated herein by reference and is hereby approved in its entirety;
2. That the Agreement and Stipulation of Settlement and the parts of this Order pertaining to the contents of that Agreement shall not be cited or treated as precedent in future proceedings;

3. That the Schedule of Rates, attached hereto as Appendix A, is hereby approved and deemed to be filed with the Commission pursuant to N.C.G.S. § 62-138, and is hereby authorized to become effective for service rendered on and after the issuance date of this Order;

4. That the Notice to Customers, attached hereto as Appendix B, shall be mailed with sufficient postage or hand delivered to all affected customers in each relevant service area, respectively, in conjunction with the next regularly scheduled billing process; and

5. That Pluris shall file the attached Certificate of Service, properly signed and notarized, not later than 45 days after the issuance of this Order.

ISSUED BY ORDER OF THE COMMISSION

This the _____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

SCHEDULE OF RATES

for

PLURIS WEBB CREEK, LLC

for providing sewer utility service

in

ALL OF ITS SERVICE AREAS IN NORTH CAROLINA

Onslow County, North Carolina

Monthly Residential Flat Rate: \$ 73.38 per unit

Monthly Commercial Metered Rates:

Base charge, zero usage:

<1" meter	\$ 10.00
1" meter	\$ 25.00
1.5" meter	\$ 50.00
2" meter	\$ 80.00
3" meter	\$ 250.00

Usage charge, per 1,000 gallons \$ 16.50

Customers who ask to be reconnected at the same service location within nine months of disconnection, will be charged the entire flat rate or base monthly charge for the periods they were disconnected.

Reconnection Charge:

If sewer service cut off by utility for good cause: Actual cost

(Customers shall be given a written estimate of the actual costs prior to disconnection. An actual invoice of the costs shall be given to the customer following disconnection.)

Connection Fee:

Residential: \$3,200 per SFE

Each additional bedroom beyond
three per residence \$1,607

Commercial: \$3,200 per SFE

A single family equivalent (SFE) for a detached single family residence is three or less bedrooms.

A SFE for a commercial connection is determined by taking the design flow capacity for each non-residential commercial customer, as set forth in Administrative Code 15A NCAC 2 T .0114, and dividing the design flow by 360.

Road Bore Charge:

The road bore charge shall be the actual costs of labor and materials for the road boring. This charge shall be in addition to the connection fee. The customer may, choose to have a licensed contractor perform the road bore at the customer's sole expense, provided that the road bore and all related work shall be in accordance with Pluris's standards.

The above connection fees, and Road Bore Charge do not apply to future connections for which prepaid connection fees have been received prior to the date of this Order.

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Return Check Fee: \$25.00

Billing Frequency:

Flat Rate Residential Customers Shall be monthly for service in advance
Metered Commercial Customers Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1314, Sub 4, on this the ____ day of _____, 2020.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

NOTICE TO CUSTOMERS

DOCKET NO. W-1314, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that the North Carolina Utilities Commission has issued an Order authorizing Pluris Webb Creek, LLC to increase sewer rates in its service area in Onslow County, North Carolina. The new approved rates are as follows:

Monthly Residential Flat Rate: \$ 73.38 per unit

Monthly Commercial Metered Rates:

Base charge, zero usage:

<1" meter	\$ 10.00
1" meter	\$ 25.00
1.5" meter	\$ 50.00
2" meter	\$ 80.00
3" meter	\$ 250.00

Usage charge, per 1,000 gallons	\$ 16.50
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This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-1314, Sub 4 and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2020.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day, and being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____, 2020, in Docket No. W-1314, Sub 4.

Witness my hand and notarial seal, this the ____ day of _____, 2020.

Notary Public

Address

(SEAL) My Commission Expires: _____
Date