



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

September 10, 2020

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Amended Verified Response of Public Staff to Commission Questions
Docket No. W-1305, Sub 12 – Application by Pluris Hampstead, LLC,
for Authority to Increase Rates for Sewer Utility Service in All Service
Areas in Pender County, North Carolina

Dear Ms. Campbell:

On September 9, 2020, the Public Staff filed its response to questions posed by the Commission in the above-referenced docket in its Order Rescheduling Expert Witness Hearing and Requiring Verified Information on September 2, 2020.

The Public Staff has identified typographical and verification-related errors in the filing. The Public Staff apologizes for this error and for any inconvenience it may have caused the Commission or the parties.

I transmit herewith for filing on behalf of the Public Staff the amended Verified Response of Public Staff to Commission Questions, and am forwarding a copy to all parties of record.

Sincerely,

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

Attachment

c: Parties of Record

Executive Director (919) 733-2435	Communications (919) 733-5610	Economic Research (919) 733-2267	Legal (919) 733-6110	Transportation (919) 733-7766
Accounting (919) 733-4279	Consumer Services (919) 733-9277	Electric (919) 733-2267	Natural Gas (919) 733-4326	Water (919) 733-5610

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1305, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Pluris Hampstead, LLC,)	
5950 Berkshire Lane, Suite 800, Dallas,)	VERIFIED RESPONSE OF
Texas, 75225 for Authority to Adjust and)	PUBLIC STAFF TO
Increase Rates for Sewer Utility Service in)	COMMISSION QUESTIONS
All Service Areas in Pender County, North)	
Carolina)	

Pursuant to the Commission’s Order Rescheduling Expert Witness Hearing and Requiring Verified Information issued September 2, 2020, the Public Staff provides the responses further below to the Commission questions therein.

As an initial matter, however, in Supplemental Testimony filed by Public Staff Witness Gina Y. Casselberry with the Commission on September 4, 2020, it was indicated on page 2 thereof that, “as of September 4, 2020, the Public Staff has not received the packet of letters” from Pubic Witness Bloch, President of the Activities Club for Coastal Plantation. Witness Casselberry has since learned that the Public Staff had received form letters from Ms. Bloch on August 26, 2020, a fact of which Witness Casselberry and other members of the Public Staff working on the Pluris Hampstead rate case were unaware due to less frequent in-office work during the COVID-19 pandemic. The Public Staff has now reviewed the

letters. While the Public Staff acknowledges the customer objections to the magnitude of the increase, and would prefer metered rates, none of the letters relay any service related issues. As a result, the Public Staff's position in regard to metered rates and the stipulated settlement for this rate case has not changed.

Public Staff Witness Gina Casselberry

Sparrow Bend Apartments

1. In Pluris' Hampstead's application, the Company classified the 203 customers located in Sparrow Bend Apartments as "residential" customers rather than as "commercial" customers. In this rate case, you have classified the customers in Sparrow Bend Apartments as ten commercial customers (each customer having a 2" meter). Is that correct?

Answer Yes.

(a) Are there water master meters located on each of the apartment buildings and do the apartment units have submeters to measure water consumption by apartment unit for water utility service?

Answer Yes.

(b) You state on page 15 of your testimony, beginning on line 11, that

“Pluris Hampstead bills each unit the flat residential rate regardless of the number of bedrooms. In Docket No. W-1305, Sub 0, the residential flat rate was established based on a three-bedroom, single family home.”

Is the reason the Public Staff has reclassified the 203 apartment units in Sparrow Bend Apartments from residential to commercial in this proceeding due to the proceeding due to the varying “number of bedrooms” in an apartment unit or because these customers reside in apartments and not “single-family homes”? Please explain the Public Staff’s concern with how Pluris Hampstead is presently billing the units in the Sparrow Bend Apartment complex and why it is not appropriate per the Public Staff.

Answer Both.

The Public Staff reclassified Sparrows Bend Apartments from a single family home to a commercial customer for the following reasons:

- 1) Pluris Hampstead has no means to disconnect individual apartment units for non-payment of sewer utility service. It does not own water meters providing service to the units, and it does not own sewer discharge piping at appropriate locations to disconnect individual units for non-payment. Any bad debt would ultimately be passed on to other Pluris Hampstead customers through general rate case proceedings.

- 2) Through the review of resale applications before the Commission, it can easily be observed that most water/sewer utilities in the state charge the apartment complexes as their customers, not the individual apartment units.
- 3) This change makes a metered sewer rate possible, which is more equitable than a flat rate, especially considering Sparrows Bend Apartments has many one bedroom apartments.

Had Pluris Hampstead filed the application for a certificate of public convenience and necessity prior to charging each individual unit the flat residential rate, the Public Staff would have recommended a commercial rate for Sparrows Bend Apartments, based on the size of the meters, and the Public Staff would have advised the Company to work with the owner of Sparrows Bend Apartments to obtain a certificate of authority (COA) to resell sewer service, especially given that the owner already possessed a COA for water service.

(c) Is it the Public Staff's understanding based on the Stipulation that Pluris Hampstead will bill Sparrow Bend Apartments as a metered commercial customer on a going forward basis? Will the tenants of the apartments be billed based on metered water consumption going forward? Please explain.

Answer Yes. It is my understanding that Pluris Hampstead has contacted the owner of Sparrows Bend Apartments in regard to the metered commercial rate and it is the Owner's intent to file an application for a COA for sewer service.

Number of Customers at March 31, 2020

2. Regarding the number of customers for Pluris - The first page of the Agreement and Stipulation of Settlement (Stipulation) filed on August 19, 2020 states as follows: "Pluris serves approximately 639 residential flat-rate sewer customers and 59 metered commercial customers in Pender County, North Carolina."

The stipulated billing analysis – Stipulation Exhibit No. II shows 436 residential customers and 69 metered customers. The difference in the number of residential and commercial customers between page 1 of the Stipulation and Stipulation Exhibit No. II, appears to be due to the 203 customers in Sparrow Bend Apartments that have been reclassified from residential customers to commercial customers in your billing analyses filed as exhibits to your prefiled testimony on July 14, 2020 in this docket.

Answer Yes.

Please clarify the number of residential and commercial customers for Pluris as of the end of the updated test year (March 31, 2020) provided in the Stipulation.

Answer At the end of the updated test year period (March 31, 2020), Pluris Hampstead billed 639 residential flat rate customers and 59 metered commercial customers. The Public Staff reclassified 203 flat rate residential customers (Sparrows Bend Apartments) to ten metered commercial customers, resulting in 436 residential flat rate customers and 69 metered commercial customers as shown in Stipulation II.

Monthly Residential Flat-Rate Sewer vs. Residential Metered Sewer

3. Pluris Hampstead currently charges a monthly flat sewer rate for residential customers. The Stipulating Parties have not addressed the topic of a flat monthly sewer rate versus metered sewer rates for residential customers in this proceeding. What is the Public Staff's position with respect to continuing a flat monthly sewer rate versus proposing metered sewer rates for Pluris Hampstead's residential sewer customers? Please explain the reasons for your position.

Answer Public Staff Witness Casselberry discusses metered rates on page 6 of her supplemental testimony filed September 4, 2020, beginning with line 5 as follows:

“The Public Staff agrees that a metered sewer rate is more equitable. However, Pluris Hampstead is a sewer only company and does not have consumption data for all of its residential customers. Water utility service is provided by Pender County or individual wells. It is the Public Staff’s opinion that it would be unreasonable for a private utility company to be required to inspect each individual home to determine the number of bedrooms so separate flat rates could be established. Therefore, the Public Staff recommended a flat rate, based on a single family home or one residential equivalent unit (REU), which is the established flat rate methodology.”

4. Is it the Public Staff’s position that metered sewer rates can be appropriate for some of the Commission’s regulated sewer utilities but not appropriate for all the regulated sewer utilities due to the special characteristics of the customer base, operations of the utility, availability of meter readings, etc.? Please explain.

Answer Yes. Pluris Hampstead is a sewer only company and has no water meters. Some utility companies have been able to negotiate an agreement with the supplier of water to obtain meter readings.

Public Staff’s “Additional” Field Inspection and Quality of Service Finding

5. On page 2 of the Stipulation, Paragraph M. its states that “[o]n August 12, 2020, Public Staff Engineer Gina Casselberry conducted an additional

field inspection of the Pluris system.” What was the purpose of this “additional” field inspection and what did you observe/find? Are there any pending operational matters for the Public Staff to finalize related to its investigation in this proceeding? Please explain.

Answer The purpose of the inspection was to verify plant in service, observe the overall operation of the wastewater facility, and identify any areas for improvement. The result of Public Staff Engineer Gina Casselberry’s inspection is included in her supplemental testimony on page 7 as follows:

“On August 12, 2020, I inspected Pluris Hampstead’s facility with Maurice Gallarda, Managing Member and Principal Engineer, Randy Hoffer, North Carolina Regional Manager, and Michael Gallant, PE. The wastewater treatment plant is in very good condition. It appears to be operating efficiently and effectively. The back-up generator was in place and operational. The effluent was crystal clear. The two high-rate infiltration basins were operating effectively with eight to ten feet of freeboard. The groundwater storage pond is well maintained, including the vegetation that surrounds the pond. It is my opinion that the wastewater facility is well maintained and working effectively.”

6. Paragraph 2 of the Stipulation states that “The Stipulating Parties agree that the overall quality of service provided by Pluris is good.” Do you have any additional comments regarding Pluris Hampstead’s quality of service you would like to provide?

Answer Yes. On September 4, 2020, Public Staff Witness Casselberry's supplemental testimony addresses customer concerns and service. The Public Staff received seven written complaints and six customers testified at the remote public hearing. Of the 12 customers who responded, none of them raised any concerns with service. Several customers testified that they were pleased with the service they received.

Public Staff Recommendations

7. On page 5 of the Stipulation, Paragraph No. 7, the Stipulating Parties note "Public Staff Recommendations". The Public Staff has requested and Pluris has agreed that Pluris will obtain ownership and operational responsibility for several small customer owned pump stations that serve multiple commercial units owned by the customer." Paragraph No. 7 indicates that the seven lift stations are noted on Casselberry Exhibit No. 1 attached to the prefiled testimony of Public Staff witness Casselberry.

Please clarify for the Commission – are there seven *pump stations* that Pluris Hampstead will obtain ownership and operational responsibility for and will provide a monthly report to the Commission regarding the status of obtaining these pump stations?

Answer There are seven new franchises pending before the Commission which are incomplete, primarily because the Public Staff determined that the Company does not have control over utility assets. As a result, the Company is in the process of acquiring control of the utility assets and filing the appropriate documentation required to complete their applications. The Public Staff would like a report from the Company each month identifying progress the Company has made to complete each application.

The Commission asks this question because on Casselberry Exhibit No. 1 – the heading of the column is entitled “Contract Required for Lift Station and/or Mains”.

Is the Stipulation referring to contracts required for both lift stations and mains – or only lift stations? Did Pluris Hampstead provide all required ownership information with respect to the “mains”? Please clarify what specific items for which Pluris Hampstead must obtain ownership and operational responsibility and will be reporting to the Commission regarding the status of obtaining such contracts.

Answer The utility assets are not the same for every pending application. Some require acquiring both the lift station and mains, while others require acquiring only the lift station or only the mains. As part of our

investigation, the Public Staff will verify that the Company has obtained ownership and operational responsibility to provide service and that the appropriate documentations (agreement, contract, easements, bill of sales) have been signed and filed as required to complete the application. The Company has agreed to acquire the necessary utility assets and the progress report.

Stipulated Excess Capacity Adjustment – Sewer Plant

8. Is the methodology utilized to calculate the stipulated 33.75% excess capacity adjustment the same methodology you discuss in your prefiled testimony on pages 11-15?

Answer No. The final excess capacity was established through stipulated negotiations.

9. Did you include any estimated near-term growth on the wastewater system when you calculated the 33.75% stipulated excess capacity adjustment? Please explain.

Answer The Public Staff did consider near-term growth during negotiations.

10. Would you please include with your verified responses to the Commission's questions the detailed calculation of the 33.75% excess capacity

percentage that is used in the adjustment presented on Stipulation Exhibit I, Schedule 2-1(a)?

Answer As part of the give and take of negotiations in this case, the parties have stipulated and agreed to an access capacity adjustment of 33.75%.

Nine Pending New Franchise Applications

11. Approximately how many customers are there in the nine pending franchise applications that you note on page 5 of your prefiled testimony that you have included in this rate case proceeding?

Answer There are approximately 38 commercial customers.

Does Pluris Hampstead and the Public Staff believe these nine applications can be finalized and that Pluris Hampstead can obtain Commission approval prior to the submittal of proposed orders in this proceeding? Please state the expected timeframe for completion of these pending applications.

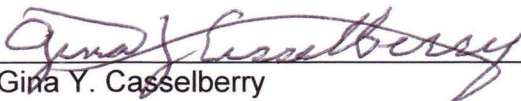
Answer No. The Company has suggested that it would take at least 90 to 120 days to obtain and file the necessary documents to complete the application. The Public Staff would have to review each application and prepare an agenda item for approval.

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF LEE)

Gina Y. Casselberry, first being duly sworn, deposes and says that she is a Utilities Engineer with the Water, Sewer, and Communications Division, Public Staff – North Carolina Utilities Commission, that as such, she has read the foregoing Verified Response of Public Staff to Commission Questions, and knows the contents thereof.

I believe the information contained in the foregoing Verified Response of Public Staff to Commission Questions to be true and correct to the best of my knowledge, information, and belief.


Gina Y. Casselberry

Sworn to and subscribed before me,
this 10th day of September, 2020.


Notary Public

AMY S TILLMAN
Notary Public, North Carolina
Harnett County
My Commission Expires
12-8-2021

My Commission Expires: Dec 8, 2021