



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 16, 2022

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

Re: Docket No. W-218, Sub 573 – 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 and for Approval of a Water and Sewer Investment Plan

Dear Ms. Dunston:

The Public Staff – North Carolina Utilities Commission (Public Staff) and Aqua North Carolina, Inc. (Aqua or Company) are unable to agree on a procedural schedule for this docket and are filing separate statements regarding their preferred procedural schedules.

The Public Staff proposes the following procedural schedule:

Update period: Through Wednesday, August 31, 2022; **Company files update:** Wednesday, September 21, 2022

Discovery deadline on application: Monday, November 21, 2022

Public Staff testimony due: Monday, December 5, 2022

Discovery on Public Staff testimony due: Wednesday, December 7, 2022

Public Staff deadline to object to discovery on Public Staff testimony: Monday, December 12, 2022

Rebuttal testimony due: Monday, December 19, 2022

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

Discovery on rebuttal testimony due: Wednesday, December 21, 2022

Company deadline to object to discovery on rebuttal testimony:
Thursday, December 29, 2022

Witness list and cross times: Tuesday, January 3, 2023

Disagreement with Aqua's witness list: Thursday, January 5, 2023

Evidentiary hearing: Monday, January 9, 2023

Aqua report on customer hearings: 20 calendar days after each hearing

Public Staff Response to Aqua report on customer hearings: Address all customer witness testimony in direct testimony or supplemental testimony, depending on timing of customer witness hearings. Assuming 10-day turnaround on discovery, not less than 15 calendar days after filing of last report.

The following table compares the procedural schedules of Aqua's past two general rate cases with the Public Staff's proposal:

	Sub 497		Sub 526		Sub 573
Procedural Milestone	Scheduling Order	Actual	Scheduling Order	Actual	PS Proposal
Company's Filing Date	3/7/2018	3/7/2018	12/31/2019	12/31/2019	6/30/2022
Investigation Time (Calendar Days)	167	167	140	147	158
PS Testimony Deadline	8/21/2018	8/21/2018	5/19/2020	5/26/2020	12/5/2022
Days Between Testimony Deadlines	10	14	17	17	14
Company Rebuttal Deadline	8/31/2018	9/4/2018	6/5/2020	6/12/2020	12/19/2022
Hearing Preparation	10	7	18	26	21
Evidentiary Hearing Date	9/10/2018	9/11/2018	6/23/2020	7/8/2020	1/9/2023
Days from Filing to Hearing	187	188	175	190	193

The Public Staff prefers the above procedural schedule for the following reasons:

Aqua and CWSNC dictated the hearing schedules of these cases to a great extent through their filing dates. Aqua's preferred procedural schedule would result in significant overlap with the CWSNC case. The Public Staff has personnel working on both the Aqua general rate case and the Carolina Water Service, Inc. of North Carolina (CWSNC) general rate case (Docket No. W-354, Sub 400), which were filed one day apart. The Public Staff has experienced notable staff departures over the past year that directly impact both the ability to staff and investigate simultaneous cases at a level that meets its own and Commission expectations. The Public Staff's proposed schedule would have its testimony due the week following the start of the CWSNC evidentiary hearing, while Aqua proposals would have testimony due while the same Public Staff personnel prepare for the CWSNC hearing. This is not workable if the Public Staff is to present a fully investigated case to the Commission for both utilities.

The investigation of this general rate case will be more involved than past cases due to the new Water and Sewer Investment Plan (WSIP) aspects such as projection of revenues, expenses, and plant in service for four years beyond the test year, banding of returns, and performance metrics, therefore, the Public Staff needs a maximum amount of time between the CWSNC and Aqua cases in order to deliver the Commission the results of a comprehensive investigation. The Public Staff is already experiencing challenges associated with auditing and investigating Aqua's historic test period investment and expenses, much less the projected rate years. As compared to Aqua's prior general rate case in Docket No. W-218, Sub 526, the Public Staff calculated that the last procedural schedule proposed by Aqua to the Public Staff would give Aqua 53% more time to file rebuttal testimony, and the Public Staff would get 4% more time to file its direct testimony. This is clearly not an equitable apportionment of the gap the Commission provided between the expert witness hearing dates for the CWSNC and Aqua cases, nor does it recognize the additional lift and complexity associated with the investigation of a WSIP. The Company chose to avail itself of the WSIP option and spent months putting its case together, thus the Public Staff should have the benefit of the additional time to conduct its investigation consistent with its statutory duty to protect the using and consuming public.

The Public Staff requests that the Commission recognize the unique posture of Aqua's first-ever multi-year rate case and afford the Public Staff

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the maximum amount of time to understand the filing and complete an appropriate investigation into both the historical and projected spending. Failure to comprehensively investigate the case at this stage will increase the likelihood that the WSIP, if approved, will need to be reopened pursuant to N.C. Gen. Stat. § 62-113.1B(f) shortly thereafter.

Aqua has advised the Public Staff that it has experienced issues in transition of accounting systems. Therefore, the Public Staff is concerned about timely receipt of updates. The Public Staff's preferred schedule proposes the update period and the associated filing to be earlier than the compromise dates offered in discussions with Aqua.

The Public Staff respectfully submits the foregoing for the Commission's consideration in setting the procedural schedule in this docket.

I am forwarding a copy of this letter to all parties of record.

Sincerely,

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

cc: Parties of Record