

1 **Q. Ms. Morgan, please state your name, business address, and**
2 **present position.**

3 A. My name is Iris Morgan. My business address is 430 North Salisbury
4 Street, Raleigh, North Carolina. I am the Public Utility Regulatory
5 Analyst with the Accounting Division of the Public Staff – North
6 Carolina Utilities Commission (Public Staff).

7 **Q. Are you the same Iris Morgan who filed direct testimony on**
8 **behalf of the Public Staff in this proceeding on October 17,**
9 **2023?**

10 A. Yes.

11 **Q. Are your qualifications and duties the same as stated in your**
12 **direct testimony?**

13 A. Yes.

14 **Q. Mr. Houser, please state your name, business address, and**
15 **present position.**

16 A. My name is Evan M. Houser. My business address is 430 North
17 Salisbury Street, Raleigh, North Carolina. I am a Public Utilities
18 Engineer with the Water, Sewer, and Telephone Division of the
19 Public Staff.

1 **Q. Are you the same Evan M. Houser who filed direct testimony on**
2 **behalf of the Public Staff in this proceeding on October 17,**
3 **2023?**

4 A. Yes.

5 **Q. Are your qualifications and duties the same as stated in your**
6 **direct testimony?**

7 A. Yes.

8 **Q. What is the purpose of your joint settlement testimony?**

9 A. The purpose of our joint settlement testimony is to provide support
10 for the Settlement Agreement and Stipulation (Stipulation) filed on
11 November 13, 2023, entered into between 904 Georgetown
12 Treatment Plant, LLC (Georgetown) and the Public Staff (together,
13 the Stipulating Parties) regarding certain issues the Stipulating
14 Parties resolved in the Stipulation.

15 **Q. Briefly describe the Stipulation.**

16 A. The Stipulation sets forth the agreement between the Stipulating
17 Parties regarding all revenue requirement issues. Maintenance and
18 Repair and Landscape, Mowing, and Effluent will be discussed in
19 greater detail below.

1 **Q. Please describe the agreed upon maintenance and repair**
2 **expense.**

3 A. The Stipulating Parties agreed upon a total Maintenance and Repair
4 expense amount of \$23,685. The Maintenance and Repair expense
5 is comprised of \$19,685 associated with Equipment Maintenance
6 and Repair, and \$4,000 of Unexpected Expenses/Accidental Spills.

7 The \$19,685 of Equipment Maintenance and Repair expense is the
8 normalized amount of equipment maintenance and repair over a 3-
9 year period ending October 31, 2022. Expense amounts from 2020
10 and 2021 were each reduced by \$6,720 to reflect the contract
11 operator's monthly collection system work resulting in \$21,894 for
12 2020 and \$22,065 for 2021. A similar adjustment was made to the
13 test year expense amount and outlined in the direct testimony of
14 Public Staff witness Houser. Public Staff witness Houser's
15 recommended maintenance and repair expense of \$15,095 was
16 used for the test year 2022 amount in the 3- year normalization
17 adjustment.

18 The \$4,000 of unexpected expense/accidental spills is the result of
19 give and take negotiations between the Stipulating Parties. The
20 Public Staff believes this is a reasonable level of ongoing expenses.

1 **Q. Please describe the agreed upon Landscape, Mowing, &**
2 **Effluent expense.**

3 A. The Stipulating Parties agreed upon \$31,175 of Landscape, Mowing,
4 & Effluent expense is comprised of \$19,403 which is attributable to
5 the Effluent Agreement Charge and \$11,772 in costs related to
6 grounds and landscape work, and mowing costs for the area which
7 is irrigated by the effluent.

8 The Stipulating Parties agreed to an Effluent Agreement Charge
9 based on \$19,403 of effluent-related expenses, which is comprised
10 of \$7,217 for pumphouse electricity costs, \$4,500 in costs related to
11 leasing the land for irrigation, \$5,250 related to a portion of the
12 certified spray operator's salary, and \$2,436 in costs for repair and
13 maintenance of the irrigation system.

14 The Stipulating Parties agreed to allocate the spray operator's salary
15 using 4 hours per day related to irrigation, and allocating one-third of
16 the cost to the course which is irrigated by the wastewater system,
17 before splitting the costs evenly between Georgetown and Sandpiper
18 Bay Golf and Country Club (Sandpiper). The resulting amount is
19 \$5,250.

20 The Stipulating Parties agreed to remove \$400 in gift cards and \$576
21 in parts associated with greens keeping equipment related to
22 irrigation maintenance before allocating by golf course and sharing

1 between Georgetown and Sandpiper in a similar manner to the spray
2 operator salary.

3 **Q. What recommendations do you have regarding the Effluent**
4 **Agreement?**

5 A. The Public Staff recommends approval of the Effluent Easement and
6 Irrigation Agreement filed on July 7, 2023, with Georgetown's
7 application, provided the following revisions are made.

8 1) \$2,518.05 in Paragraph 13, sentence two, is replaced with
9 \$1,616.92.

10 2) Paragraph 13, sentence three, is revised to read, "The
11 amount of the charge may be revised on an annual basis beginning
12 on January 1, 2025, pursuant to contract, but will not be reflected in
13 the rates charged to customers of 904 unless approved by the
14 NCUC."

15 The Stipulating Parties have agreed upon the language included
16 above.

17 **Q. Have the Stipulating Parties finalized the revenue requirement?**

18 A. No, the Stipulating Parties will need to audit the final invoices for rate
19 case expenses to finalize the revenue requirement, however, the
20 current level of recommended operating revenues for use in this

1 proceeding is \$338,335, which is comprised of \$339,936 of service
2 revenues, \$137 of miscellaneous revenues, and reduced by \$1,738
3 of Uncollectible revenue, prior to inclusion of additional audited
4 actual rate case expense to be provided by the Company. The
5 overall level of operating expenses under the Public Staff
6 recommended rate appropriate for use in this proceeding is
7 \$316,657. This revenue requirement amount results in a monthly
8 residential flat rate for sewer service of \$35.64. Accounting
9 schedules detailing the final revenue requirement will be filed prior to
10 the Joint Proposed Order, which will include a Schedule of Rates and
11 Notice to Customers, and will change the numbers set forth above.

12 **Q. What benefits does the Stipulation provide for ratepayers?**

13 A. It is the Public Staff's opinion that the most important benefits
14 provided by the Stipulation are as follows:

15 1) An aggregate reduction of the total operating revenue
16 deductions listed above from the levels requested in the Company's
17 general rate case, resulting from the adjustments agreed to by the
18 Stipulating Parties.

19 2) An aggregate reduction of total revenue requirement from the
20 level requested in the Company's general rate case, resulting from
21 the adjustments agreed to by the Stipulating Parties.

1 3) A healthy balance between reducing the ratepayer's burden
2 of paying a higher utility rate and allowing the utility an opportunity to
3 recover sufficient revenue to provide quality service to the
4 ratepayers.

5 4)The avoidance of protracted litigation between the Stipulating
6 Parties before the Commission and possibly the appellate courts.

7 Based on the foregoing, we recommend that the Commission
8 approve the Stipulation.

9 **Q. Does this conclude your testimony?**

10 A. Yes, it does.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing has been served on all parties of record or their attorneys, or both, in accordance with Commission Rule R1-39, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 13th day of November, 2023.

Electronically submitted
/s/Davia A. Newell
Staff Attorney