

DOCKET NO. W-354, SUB 363
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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Carolina Water Service, Inc. of)
North Carolina, 4044 Parkway Plaza Boulevard,)
Suite 375, Charlotte, North Carolina 28217, for) NOTICE OF PUBLIC STAFF
Authority to Adjust and Increase Rates for) WITNESSES APPEARING AS
Water and Sewer Utility Service in All Service) A PANEL
Areas in North Carolina)

NOW COMES the Public Staff – North Carolina Utilities Commission by and through its Acting Executive Director, David Drooz, and gives notice that the Public Staff intends to call, Windley Henry and Charles Junis as a panel at the evidentiary hearing in this matter scheduled to begin on December 2, 2019. In support of this notice, the Public Staff shows as follows:

1. On January 17, 2019, in Docket No. W-354, Sub 363, CWSNC filed a Petition for an Accounting Order to Defer Unplanned Incremental Hurricane Florence Storm Damage Expenses, Capital Investments, and Revenue Loss (“Petition”).
2. On May 24, 2019, CWSNC gave 30-days’ notice of its intent to file a general rate case in Docket No. W-354, Sub 364 (Sub 364).
3. On June 6, 2019, the Commission, on its own motion, entered an *Order Consolidating Dockets* in the Sub 363 and Sub 364 proceedings.
4. On June 28, 2019, CWSNC filed its Application for general rate relief in Sub 364. On that same day, CWSNC also filed in Docket No. W-354, Sub 365 (Sub 365) a Petition for an Accounting Order to Defer Post-In-Service Depreciation

and Financing Costs Relating to Major New Projects. In its Sub 365 Petition, CWSNC described the four major new projects for which the Company is requesting authority to defer for inclusion in the Sub 364 rate case the incremental post-in-service depreciation expense and financing costs. They are, specifically: (1) Connetsee Falls wastewater treatment plant (“WWTP”) in Buncombe County; (2) Nags Head WWTP in Dare County; (3) Fairfield Mountain automated meter reading (“AMR”) meters installed in Transylvania County; and (4) Connetsee Falls AMR meters installed in Buncombe County.

5. By Order dated July 18, 2019, in the Sub 365 docket, the Commission requested that on or before August 30, 2019, intervenors and the Public Staff file comments regarding CWSNC’s request.

6. On July 15, 2019, the Commission issued its Order Suspending Rates and Establishing a General Rate Case in the Sub 364 rate case proceeding.

7. On August 2, 2019, the Commission in Sub 364 issued an Order Scheduling Hearings and Requiring Customer Notice.

8. After Commission Orders allowing the Public Staff two requested extensions of time, the Public Staff filed Initial Comments in Sub 365 on September 20, 2019.

9. On October 21, 2019, the Company filed Reply Comments in Sub 365.

10. On August 2, 2019, CWSNC witness DeStefano filed in Sub 364 Supplemental Testimony, and on August 23, 2019, CWSNC filed an Amended Exhibit to DeStefano’s Supplemental Testimony.

11. On November 8, 2019, the Public Staff filed in Sub 364 the testimony and exhibits of its witnesses. Among those witnesses, the Public Staff filed the testimonies of Windley Henry and Charles Junis.

12. On November 18, 2019, the Company filed a motion for extension of time to file rebuttal, which was not opposed by the Public Staff.

13. On November 19, 2019, the Commission entered an Order consolidating Docket Nos. W-354, Subs 363, 364, and Sub 365.

14. CWSNC filed the rebuttal testimony of Company witnesses D'Ascendis, DeStefano, and Mendenhall on November 20, 2019.

15. In the rebuttal testimony of Company witness DeStefano, the Company's Reply Comments filed in the Sub 365 docket were incorporated by reference.

16. Before the consolidation of the Sub 365 matter, the Company had an opportunity to provide reply comments; however, the Public Staff did not have an opportunity to respond to the reply comments of Mr. DeStefano, which included additional arguments in support of deferral of its AMR meters.

17. Public Staff witnesses Henry and Junis contributed to preparation of the Comments filed in the Sub 365 docket on September 20th. Mr. Henry contributed to the portion of the comments relating to the financial impact to the Company of placing the new AMR meters in service without deferred accounting treatment, and Mr. Junis contributed to the part of the Public Staff's Comments that discusses the Public Staff's position, from an engineering perspective, regarding the Company's contention that the AMR meter replacements were an

extraordinary or unusual project. Although Mr. Henry's pre-filed testimony in the Sub 364 docket makes reference to the Public Staff's Comments filed in the Sub 365 docket, Mr. Junis's testimony does not.

18. The Company and the Public Staff, on November 27, 2019, filed a Partial Settlement Agreement and Stipulation settling many issues in dispute; however, the issue of the appropriate deferral accounting treatment of the AMR meters is still an unresolved matter and will be litigated in the evidentiary hearing in the Sub 364 rate case.

19. Mr. Junis has not filed specific testimony on the deferral matter in the Sub 364 docket, nor has he had an opportunity to do so during the short time between when the Sub 365 matter was consolidated with the rate case on November 19, 2019 and when CWSNC filed rebuttal testimony on November 20, 2019. However, the Commission's *Order Consolidating Dockets* dated November 19, 2019, did consolidate the Sub 365 deferral filings with the Sub 364 deferral rate case filings. The Public Staff therefore plans for Mr. Junis to sit with Mr. Henry on a panel to provide testimony in the event the Commission or the Company has cross-examination questions pertaining to his knowledge and contribution to the Sub 365 Comments. To a greater degree than set out in Mr. Henry's rate case testimony, the Public Staff's position on AMR deferral is presented in the Public Staff's Comments filed in the Sub 365 docket on September 20th. Mr. Junis was instrumental in helping to prepare those Public Staff Comments, especially on the question of whether the AMR installations were an extraordinary project, so he

would be the appropriate Public Staff witness to speak to any questions on that topic.

WHEREFORE, the Public Staff states that it will present Mr. Junis and Mr. Henry as panel witnesses at the evidentiary hearing scheduled to begin December 2, 2019.

Respectfully submitted this the 27th^t day of November, 2019.

PUBLIC STAFF
David T. Drooz
Acting Executive Director

Electronically submitted
s/ Gina C. Holt
Staff Attorney

4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110
gina.holt@psncuc.nc.gov

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing Notice of Witnesses Appearing as a Panel on all parties of record in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first-class; by hand delivery, or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 27th day of November, 2019.

Electronically submitted
/s/ Gina C. Holt