

INFORMATION SHEET

PRESIDING: Commissioner Brown-Bland, presiding; and Commissioners Gray, Duffley, Hughes and McKissick

PLACE: Held via Videoconference

DATE: Wednesday, September 23, 2020

TIME: 6:30 p.m. – 7:30 p.m.

DOCKET NO.: W-1314, Sub 4

COMPANY: Pluris Webb Creek, LLC

DESCRIPTION: Application of Pluris Webb Creek, LLC, 5950 Berkshire Lane, Suite 800, Dallas, Texas 75225, for Authority to Adjust and Increase Rates for Sewer Utility Service in All Service Areas in Onslow County, North Carolina

VOLUME: 1

APPEARANCES

FOR PLURIS WEBB CREEK, LLC:

Dan Higgins, Esq.

FOR THE USING AND CONSUMING PUBLIC:

William E.H. (Zeke) Creech

WITNESSES

David Cote

Robert Shake

Karen Zornes

Daniel Swokla

Debbie Phillips

Arlene Spehar

EXHIBITS

Shake Exhibit 1 (I/A)

EMAIL DISTRIBUTION

COPIES (Redacted): Mr. Higgins and Mr. Creech

COPIES (Confidential):

TRANSCRIPT PAGES: 51

PREFILED PAGES: --

TOTAL: 51

REPORTED BY: Kim Mitchell

DATE FILED: October 20, 2020

1 PLACE: Held via Videoconference
2 DATE: Wednesday, September 23, 2020
3 DOCKET NO.: W-1314, Sub 4
4 TIME IN SESSION: 6:30 p.m. to 7:30 p.m.
5 BEFORE: Commissioner ToNola D. Brown-Bland, Presiding
6 Commissioner Lyons Gray
7 Commissioner Kimberly W. Duffley
8 Commissioner Jeffrey A. Hughes
9 Commissioner Floyd B. McKissick, Jr.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

IN THE MATTER OF:
Application by Pluris Webb Creek, LLC,
5950 Berkshire Lane, Suite 800
Dallas, Texas 75225
for Authority to Adjust and Increase Rates
for Sewer Utility Service in All Service Areas
in Onslow County, North Carolina
VOLUME 1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

A P P E A R A N C E S:
FOR PLURIS WEBB CREEK, LLC:
Daniel Higgins, Esq.
Burns, Day & Presnell, PA
Post Office Box 10867
Raleigh, North Carolina 27605

FOR THE USING AND CONSUMING PUBLIC:
William E. H. Creech, Esq.
North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 278699-4326

1	T A B L E O F C O N T E N T S	
2	E X A M I N A T I O N S	
3		PAGE
4	DAVID COTE	
5	Direct Examination by Mr. Creech.....	15
6	Examination by Commissioner Brown-Bland.....	19
7		
8	ROBERT SHAKE	
9	Direct Examination by Mr. Creech.....	20
10		
11	KAREN ZORNES	
12	Direct Examination by Mr. Creech.....	27
13		
14	DANIEL SWOKLA	
15	Direct Examination by Mr. Creech.....	35
16		
17	DEBBIE PHILLIPS	
18	Direct Examination by Mr. Creech.....	39
19		
20	ARLENE SPEHAR	
21	Direct Examination by Mr. Creech.....	45
22	Examination by Commissioner Brown-Bland.....	47
23		
24		

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

E X H I B I T S

IDENTIFIED / ADMITTED

Shake Exhibit 1..... 24/24

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 9/23/2020 DOCKET NO.: W-1314, Sub 4

ATTORNEY NAME and TITLE: Daniel C. Higgins

FIRM NAME: Burns, Day & Presnell, PA

ADDRESS: PO Box 10867

CITY: Raleigh STATE: NC ZIP CODE: 27605

APPEARING FOR: Pluris Webb Creek, LLC

APPLICANT: COMPLAINANT: INTERVENOR:

PROTESTANT: RESPONDENT: DEFENDANT:

PLEASE NOTE: Non-confidential transcripts may be accessed by visiting the Commission's website at <https://ncuc.net>. Hover over the Dockets tab, select Docket Search from the drop-down menu, and enter the docket number.

Electronic transcripts are available at a charge of \$5.00 per transcript

To order an electronic transcript, please provide an email address and sign below:

Email: _____

SIGNATURE: _____

To order an electronic **confidential transcript**, please check the box and sign below:

Yes, I have signed the Confidentiality Agreement.

SIGNATURE: s/ Daniel C. Higgins

(Signature required for distribution of ALL transcripts)

NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE September 23, 2020

DOCKET #: W-1314, Sub 4

PUBLIC STAFF MEMBERS William E. Grantmyre, and William E. H. Creech

ORDER FOR TRANSCRIPT OF TESTIMONY TO BE **E-MAILED** TO THE PUBLIC STAFF - PLEASE INDICATE YOUR DIVISION AS WELL AS YOUR E-MAIL ADDRESS BELOW:

ACCOUNTING _____

WATER _____

COMMUNICATIONS _____

ELECTRIC _____

GAS _____

TRANSPORTATION _____

ECONOMICS _____

LEGAL william.grantmyre@psncuc.nc.gov; and zeke.creech@psncuc.nc.gov

CONSUMER SERVICES _____

PLEASE NOTE: Electronic Copies of the regular transcript can be obtained from the NCUC web site at <https://starw1.ncuc.net/NCUC/page/Dockets/portal.aspx> under the respective docket number.

2 Number of copies of confidential portion of regular transcript (assuming a confidentiality agreement has been signed). Confidential pages will still be received in paper copies.

*****PLEASE INDICATE BELOW WHO HAS SIGNED A CONFIDENTIALITY AGREEMENT. IF YOU DO NOT SIGN, YOU WILL NOT RECEIVE THE CONFIDENTIAL PORTIONS!!!!**

William E. Grantmyre and William E. H. Creech

s/ William E. Grantmyre

s/ William E. H. Creech

Signatures of Public Staff Members

From: robert shake <shake.robert@gmail.com>
Sent: Tuesday, September 22, 2020 10:57 PM
To: PublicHearings
Subject: [External] Re: Pluris Webb Creek -Sept. 23 hearing instructions

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

FINAL AND CORRECT SUBMISSION

Consumer statement Of position is as follows and will be presented on Sep 23, 202:

According to the 2020 UNC annually published NorthCarolina water and waste

Water rates report: <https://efc.sog.unc.edu/resource/north-carolina-water-and-wastewater-rates-dashboard>

The Average waste water in Onslow county is is \$37.80 with no utility company charging more than \$48.00 in this area.

The direct statement by Maurice Gallarda refers to a recently approved rate case: the Commission set for Carolina Water Service in Docket No. W-354, Sub 364 and for Aqua North Carolina in Docket No. W-218, Sub 497, in their most recent rate case orders; stating they received an approval for their rate of return for an average of 7.28%. But failed to state what their monthly charge was.

Additionally, according to Pluris Webb financial accounting, the MBR system would have a capacity of 1800 and currently is holding 1,493 (82.9% capacity) of which 235 (16% of the total users) were added in 2019. Leaving a potential additional services being provided to 307 (17%) of users. At the current rate proposal, there is no end to the suffering for the fixed income and transient active duty military personnel on limited incomes in the area to recuperate with adding new users to the system; while Pluris stands to gain a potential \$270,331 annually increasing the rate of return from the proposed 6.56 to 10.9% with the maximum capacity of the new construction in progress.

Just for clarity, and derived directly from their financial accounts, Pluris stands under the proposed increase to make 9.6% return on its equity investment (\$2,741,349) whereas the cost of long term debt is only 4.11%. Meaning the weighted cost of the long term debt is 2.28% and the weighted cost on Pluris' equity is 4.24% for a total of 6.56%, our customer deposits making up the remaining 0.04%. This important piece of information is extremely important in my later proposal.

Even while the current financial statement released by Pluris has them accruing \$407,000 in PURE PROFITS annually from the 1,493 occupants of this rural area. Which is \$22 A MONTH OR \$272 annually per household. Unjust for a provider to have pure control over our rural area, over charge for their services and not ask for a more modest profit margin while they are developing the lands and potentially seeing huge profit margins, well above the stated competitor.

I propose an alternate increase:

A rate increase of to \$58.38 (54.9%)

A current Return on investment: 2.23%

REMEMBER MY EARLIER MENTION OF THE WEIGHTED COST: 2.28%. Meaning banks are making plenty of profit loaning (\$3,442,810) at 4.11% (weighted cost: 2.28%). Meaning Pluris will make 4% return on its equity of(\$2,741,349) or its weighted cost of 2.2%. THE EXACT AMOUNT THE BANK IS MAKING AND STAYING PROFITABLE. Additionally, it would net a total annual profit of: \$138,842 With a potential (if maxing our service to 1,800): 6.57% rate of return; an annual operating income (profit): \$409,184.

This proposal would still recover the returns and investment from the original EO order and not over burden a destitute area by gouging the residents of an already taken advantage (see Maurice Gallarda's statement for a detailed look at the fraud charges the former developer was convicted of) and look at the long term issues the residents are already facing, from drainage areas, sink holes, dilapidated roadways. This area is home to some of the most vulnerable members of society, elderly, senior citizens on fixed incomes and they are being taken advantage of without proper Representation. Lastly, over the course of five years, Pluris can again petition for an increase that would give the residents time to adjust to the 55% increase versus the 94.69%. rate increase.

Worst case scenario, this price gouge is the straw that breaks the camels back and this residential area falls into destitution, with already declining property value plummeting. The long term and third order effects of this increase will be devastating to an already struggling residential area. I urge the commission to take a more personal phased approach vice approaching this from a purely rate of return (Aqua based index...) approach and look at it from a holistic view point.

Yes we were in need of Pluris to take emergency action on an out of date system, yes we need to build a new system that meets future needs and updates the system to be within compliance, but the rate of return can't be immediately 6.5 percent. Meet the residents in the middle with a huge increase in rates, but also develop the system and intake additional users into this multi million dollar plant so Pluris can see the profit results it craves.