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January 31, 2025

Katherine Collier, Esq., Executive Secretary
Mississippi Public Service Commission
501 North West Street, Suite 201A
Jackson, MS 39201
(executive.secretary@psc.ms.gov)

**Re: Great River Utility Operating Company, LLC 2024 FRP Annual Report for Water
Operations in its Certificated Areas of Mississippi
Docket No. 2024-UN-26**

Dear Katherine,

On behalf of Great River Utility Operating Company, LLC ("Great River") in the above-referenced docket, please find attached an Amended and Restated Stipulation. Pursuant to the Commission's Order of March 12, 2020, this filing is only being made electronically. Physical copies shall be made only upon further order of the Commission.

Thank you for your assistance in this matter.

Sincerely,



Leo E. Manuel

LEM:hr

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BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

GREAT RIVER UTILITY
OPERATING COMPANY, LLC
WC-123-2514-00

DOCKET NO. 2024-UN-26

**IN RE: GREAT RIVER UTILITY OPERATING COMPANY, LLC 2024 FRP
ANNUAL REPORT FOR WATER OPERATIONS IN ITS CERTIFICATED
AREAS OF MISSISSIPPI**

AMENDED AND RESTATED STIPULATION

This Amended and Restated Stipulation is entered into by and among Great River Utility Operating Company, LLC (“Great River”); the Mississippi Public Utilities Staff (“Staff”); and Lynn Fitch, Attorney General of the State of Mississippi, ex rel. the State of Mississippi (“Attorney General”) (Great River, Staff, and Attorney General collectively hereinafter referred to as the “Parties”) pursuant to Section 77-3-39 of the *Mississippi Code of 1972, as amended* and RP 13 of the Mississippi Public Service Commission’s (“Commission”) Public Utilities Rules of Practice and Procedure (“Rules”). This Stipulation is the result of the filings and supporting documentation submitted by Great River in this Docket as well the discussions and information exchanged between the Parties through data requests and various meetings and conferences, and through the testimony and information provided by Great River’s witnesses during the hearing in this matter.

It is hereby stipulated by the Parties as follows:

TIME IS OF THE ESSENCE

1. This Amended and Restated Stipulation replaces in its entirety the Stipulation executed and filed between Great River and the Staff on November 13, 2024. The purpose of the amendments herein is to incorporate additional terms to address specific comments made by the Attorney General at the evidentiary hearings held on this matter. As detailed below, the

amendments enhance the various rate mitigation proposals contained in the previously filed stipulation. However, in order for the rate mitigations agreed to upon the Parties to fully benefit customers, the Parties do wish to reinforce the time sensitive nature of some of the assumptions underlying the rate proposals presented for the Commission's consideration.

2. Pursuant to Section II.B.iv of Rider FRP, absent a Commission order to the contrary, the surcharge implemented with Great River's rates under bond will have ceased with the last billing cycle of the calendar year; therefore, Great River will remove the surcharge from bills submitted to customers for January usage (i.e., bills sent to customers mid-February). Unless ordered by the Commission to alter the treatment of the surcharge, customers will experience short-term rate volatility between the time when the surcharge is removed and any stipulated rate is approved for billing. The Parties to this Stipulation urge the Commission to avoid this unnecessary fluctuation in rates that risks confusing and frustrating customers by approving this Amended and Restated Stipulation prior to February 10, 2025.

BACKGROUND

3. Under Formula Rate Plan, Rate Schedule FRP-1 ("Rider FRP"), Great River makes an FRP Annual Report submittal containing a calculation of the Company's revenue requirements and Actual Return on Rate Base ("AROR") for the twelve months ending December 31st of the previous year (the "Test Year") and any revised rate schedules incorporating any resulting revenue adjustments. The FRP Annual Report provides information sufficient for the Staff to conduct a review of the Company's expenses, rate base, revenues, and operational performance for the previous calendar year, and in so doing, the filing indicates whether and how much of a rate adjustment is appropriate.

4. On or about February 28, 2024, Great River submitted its 2024 FRP Annual Report

(the "2024 Annual Report") for water operations under Rider FRP for the twelve-month period ending December 31, 2023. The 2024 Annual Report represents Great River's first FRP Annual Report submitted under Rider FRP.

SUMMARY OF 2024 REPORT

5. The 2024 FRP Annual Report shows that the Company's AROR is -0.70%, which is below the Company's Benchmark Return on Rate Base ("BROR") of 8.95% and 9.15% below the lower limit of the Range of No Change equal to 8.45%. Rider FRP's formula provides that the annual change in rates should increase FRP revenues to the Adjustment Point, 8.95%, which in this case would result in a change in FRP revenues of \$762,610. The Permanent Rates assuming approval of Great River's FRP Annual Report without modification were filed as Exhibit BT-4.1 to Mr. Brent Thies's pre-filed direct testimony.

6. The 2024 FRP Annual Report voluntarily excludes certain items from the filing that had the effect of lowering the revenue adjustment calculated under the formulas of Rider FRP. For example, Great River included an elective deferral of over \$1.1 million (water and sewer jurisdictions combined) in administrative costs unrelated to the SARA and RMRA deferral mechanisms. Great River also voluntarily excluded certain "below-the-line" costs such as certain advertising, lobbying, meals and entertainment, donations/charitable contributions, non-employee director compensation and non-cash compensation costs. Great River also excluded all construction work in progress and cash working capital balances from rate base and included an annualized estimate of revenue for customers newly acquired during and even after the Test Year.

PROCEDURAL HISTORY

7. On February 28, 2024, Great River filed its 2024 Annual Report in this Docket. Pursuant to the Commission's Rules, Great River served notice of the filing on all "interested

persons” as identified in Exhibit “C” to the 2024 Annual Report.

8. In compliance with Section 77-3-37(9) of the *Mississippi Code of 1972, as amended* and RP 9.101(1) of the Commission’s Rules, on April 4, 2024, Great River filed a Verification of Notice to Customers verifying all of Great River’s customers were provided a notice of the 2024 Annual Report filing via U.S. Mail on or before March 18, 2024. One of four different notices were provided to customers, depending on whether they received both water and wastewater services or just water services, and whether they are charged the Mitigated or General Service rate. Copies of the notices sent to customers are on file with the Commission in this Docket. Great River’s Verification filing also confirmed that notice by publication was accomplished in twenty different newspapers all in compliance with Section 77-3-37(9) of the *Mississippi Code of 1972, as amended*.

9. On April 23, 2024, Great River filed its Interim Rate Bulletin for wastewater service pursuant to Section II.B.ii.a of Rider FRP. The interim rates were implemented on April 15, 2024, and were reflected on customer bills mailed out in mid-May for April-May usage. As required by Rider FRP, a refunding bond with the Commission was included as Exhibit “A” to the 2024 Annual Report filing.

10. On July 12, 2024, Great River filed its Rate Under Bond letter pursuant to Section II.B.iv of Rider FRP and applicable Mississippi law. The permanent rates and surcharge included in the Rate Under Bond letter were implemented with the first billing cycle of July and were reflected on customer bills mailed out on or after August 15, 2024.

11. On December 3, 2024, the Commission granted the intervention of the Attorney General in this Docket. The participation of the Attorney General in this docket has been limited to the evidentiary hearing.

12. No motion has been filed with the Commission by any party or the Staff as to any deficiency in or lack of access to discovery in this proceeding.

13. The evidentiary hearing was held on December 3, 2024, and December 4, 2024, during which Great River presented three (3) witnesses who adopted their pre-filed direct testimony and exhibits and were made available to answer questions from the Parties and the Commission. No other party of record presented evidence through a sworn witness or documentary evidence.

14. Subsequently, Staff, Great River, and the Attorney General's Office met to discuss issues raised at the hearing.

INVESTIGATION

15. The Staff, acting in its capacity as advisors to the Commission, engaged United Professionals Company, LLC ("UPC") to assist the Staff in its review and investigation of the 2024 Annual Report and in advising the Commission in this matter. UPC was also the consultant engaged by the Commission to assist in its adjudication of Great River's first general rate cases in Docket Nos. 2022-UN-86 and 2022-UN-87.

16. The Staff and UPC have had the benefit of full discovery as prescribed by Mississippi law and the Rules. The Staff and UPC have conducted an extensive investigation of the 2024 Annual Report and have had the benefit of substantial amounts of data produced in discovery. Combined, the Staff and UPC propounded fifty-five (55) data requests as part of their joint investigation. The Staff and UPC also submitted follow up informal data requests. Great River has fully responded and complied with all requests and has met with the Staff and UPC to furnish additional information.

17. The Staff's investigation was conducted in full compliance with Section II.B.iii of

Rider FRP. The Staff hereby confirms that it has reviewed the 2024 Annual Report and supporting documentation, and based on its full investigation, as aided and assisted by UPC, the Staff has no disputed issues or otherwise disagrees with any of the computations or the revenues and costs included in such computations. The Staff, acting as advisors to the Commission, has previously advised the Commission that in Staff's opinion, no adjustments to rate base or expense is warranted and the revenue requirement, permanent rates and surcharge calculated by the 2024 Annual Report are just and reasonable. As such, this Stipulation is being submitted by the Parties in compliance with the following provision of Rider FRP:

To the extent that there are no issues raised during the annual review period of the FRP or any issues raised are amicably resolved, i.e., there are no unresolved issues to be addressed pursuant to Section II.B.iv, the Company and Reviewing Parties shall submit a summary of the proceedings to the Commission for consideration as timely as practicable, including the terms under which any issues have been resolved and the resulting effect on revenue requirement and rates.

18. The Attorney General did not conducted a review or investigation of the 2024 Annual Report and have not objected to any of the assumptions or calculations produced in the 2024 Annual Report.

JURISDICTION AND SUFFICIENCY OF THE FILING

19. The Parties agree and stipulate that the Commission has jurisdiction over the Parties and subject matter in this proceeding.

20. The Staff and Great River further agree and stipulate, and the Attorney General does not object, that the pleadings, data, documentation and exhibits to this Docket filed by Great River with its 2024 Annual Report reasonably comply with all of the procedural and notice requirements of all applicable statutes and Rules as well as Rider FRP.

RATE MITIGATION

21. Throughout the pendency of the 2024 Annual Report, Great River was asked to propose specific rate mitigation proposals in an effort to provide rate reduction and rate stability to customers immediately and also simplify Great River's existing rate design. Great River has submitted to the Staff three separate rate proposals, any one of which Great River would voluntarily agree to implement that result in immediate rate reductions to customers. Each proposal is detailed separately below:

Proposal #1 – Tier Rate Reduction

Sewer				
	<u>Current</u>	<u>Reduced</u>	<u>Delta</u>	<u>Customer</u>
Tier 1				
Mitigated	\$39.91	\$38.25	\$ (1.66)	2,343
Full	\$46.54	\$44.88	\$ (1.66)	700
Tier 2				
Mitigated	\$57.04	\$54.66	\$ (2.38)	3,590
Full	\$66.50	\$64.12	\$ (2.38)	6,668
Tier 3				
Mitigated	\$46.55	\$45.22	\$ (1.33)	2,657
Full	\$51.85	\$50.52	\$ (1.33)	664

Water				
	<u>Current</u>	<u>Reduced</u>	<u>Delta</u>	<u>Customer</u>
Tier 2-Metered				
Mitigated	\$49.63	\$48.31	\$ (1.32)	2,580
Full	\$53.81	\$52.49	\$ (1.32)	528
Tier 2-Flat				
Mitigated	\$51.97	\$50.32	\$ (1.65)	6,671
Full	\$56.14	\$54.49	\$ (1.65)	1,367
Tier 3				
Mitigated	\$51.38	\$50.24	\$ (1.14)	-
Full	\$55.55	\$54.41	\$ (1.14)	285

Proposal #2 – Eliminate Rate Tiers

Sewer				
	<u>Current</u>	<u>Reduced</u>	<u>Delta</u>	<u>Customer</u>
Tier 1				
Mitigated	\$39.91			2,343
Full	\$46.54	\$54.95	\$ 8.41	700
Tier 2				
Mitigated	\$57.04			3,590
Full	\$66.50	\$54.95	\$ (11.55)	6,668
Tier 3				
Mitigated	\$46.55			2,657
Full	\$51.85	\$54.95	\$ 3.10	664

Water				
	<u>Current</u>	<u>Reduced</u>	<u>Delta</u>	<u>Customer</u>
Tier 2-Metered				
Mitigated	\$49.63			2,580
Full	\$53.81	\$51.69	\$ (2.12)	528
Tier 2-Flat				
Mitigated	\$51.97			6,671
Full	\$56.14	\$51.69	\$ (4.45)	1,367
Tier 3				
Mitigated	\$51.38			-
Full	\$55.55	\$51.69	\$ (3.86)	285

Proposal #3 – No Rate Tier Glide Path

Sewer					Water				
Tier 1	Current	Reduced	Delta	Customer	Tier 2-Metered	Current	Reduced	Delta	Customer
Mitigated	\$39.91			2,343	Mitigated	\$49.63			2,580
Full	\$46.54	\$46.54	\$ -	700	Full	\$53.81	\$51.69	\$ (2.12)	528
Tier 2					Tier 2-Flat				
Mitigated	\$57.04			3,590	Mitigated	\$51.97			6,671
Full	\$66.50	\$58.50	\$ (8.00)	6,668	Full	\$56.14	\$51.69	\$ (4.45)	1,367
Tier 3					Tier 3				
Mitigated	\$46.55			2,657	Mitigated	\$51.38			-
Full	\$51.85	\$51.85	\$ -	664	Full	\$55.55	\$51.69	\$ (3.86)	285

22. In addition, if one of the above proposals is adopted by the Commission, Great River will voluntarily agree to a rate moratorium for regulatory year 2025. Specifically, Great River has proposed to seek no change in rates or tariffs in connection with the 2025 FRP Annual Report filing, but that any customers being charged rates under Water Service – Mitigated, Rate Schedule WSM-2 and/or Sewer Service – Mitigated, Rate Schedule SSM-2 shall be transitioned to Great River's then Commission-approved unmitigated rates for water and/or sewer service. Further, Water Service – Mitigated, Rate Schedule WSM-2 and/or Sewer Service – Mitigated, Rate Schedule SSM-2 shall both be frozen to new customers and removed from Great River's tariff once all current customers have been transitioned off mitigated rates. Any new customers approved for acquisition by the Commission after approval of this Stipulation shall be transitioned straight to Great River's general service rates in the FRP proceeding next following the date of acquisition.

23. Finally, within a reasonable period of time after the issuance of a Commission decision to adopt one of the three rate mitigation proposals detailed in this Amended and Restated Stipulation, Great River shall issue refunds or bill credits to all affected customers in an amount equal to the difference between the adopted rate approved by order of the Commission and the permanent rates placed into effect under bond in July 2024. The refund aggregates the difference

between the previously charged rate and the newly-approved rate for all months the rates under bond were charged to each affected customer. For clarity, as with every other aspect of this stipulation, the refunds agreed upon herein are conditioned upon the Commission's acceptance of this Amended and Restated Stipulation in full and without modification.

24. Great River and Staff agree and stipulate that the suite of rate mitigation proposals described above combine to provide significant and important rate mitigation to Great River's current and future customers. Therefore, the Staff believes that a Commission decision to adopt any one of the three rate mitigation proposals detailed in this Stipulation, when combined with the 2025 rate moratorium, will result in just and reasonable rates for customers.

25. Within thirty (30) days following approval of this Stipulation, Great River shall, pursuant to Rule 9.113(6), file compliance rate schedules consistent with the Commission's order and this Stipulation, which shall be reviewed for compliance by the Staff pursuant to Rule 9.113(7).

RATE SHOCK CONSIDERATIONS

26. In 2022, Great River proposed, and the Commission ultimately approved, what amounted to a two-year phase-in of rate impacts. While the Attorney General did not participate in those prior proceedings, the Attorney General in her December comments published in this docket asked "the MPSC to consider a tiered approach, through the proposed Rate Mitigation Regulatory Asset or otherwise, such that the full stipulated rates are not increased all at once." The Attorney General noted that such an approach "can provide Great River time to evaluate improvements to its systems and to take steps to mitigate the rate hikes through the benefit of an economy of scale...." Based on further discussion, the impact of interest rates over the life of longer amortization on the ultimate costs to consumers must be considered and weighed against the benefit from smaller annual rate changes.

27. Great River takes the position that the previous rate mitigation plan approved in 2023 combined with the additional rate mitigation proposals stipulated herein represent an effective maximum of relief from rate shock that Great River can financially afford and still maintain the level of service demanded by both the Commission and Staff. Great River remains open to discussing alternative rate mitigation efforts in future rate proceedings, but, given the length of time for which the current 2024 FRP proceedings have remained pending (and the fact that the 2025 FRP filings are due to be filed February 28, 2025), further enhancement of the proposals in this Amended and Restated Stipulation is no longer feasible in the context of this proceeding.

28. The Parties also considered a traditional low-income hardship program where an eligible customer's bill would be subsidized by other customers. While Great River remains open to this idea if designed correctly, the Parties observe that recent actions taken by the Commission with respect to rooftop solar net metering pricing indicate a policy preference against customer cross-subsidization. Considering the statewide rate already in place incorporates average-cost pricing rather than system-by-system specific pricing, which has the effect of spreading all capital and operating costs to the entire customer base, the Parties do not recommend implementing such a program at this time.

29. The Parties reviewed state and federal options for assistance to the elderly and to customers facing a hardship, such as the former Low Income Household Water Assistance Program (LIHWAP)¹; however, none appear to be available under these circumstances at this time. The Parties will continue to monitor potential opportunities to assist Great River customers and encourage the Commission to do the same.

¹ [Low Income Household Water Assistance Program \(LIHWAP\) | The Administration for Children and Families](#)

STIPULATED ITEMS

30. Although the Attorney General does not join in the Parties' stipulation to the rate mitigation proposals above, all Parties hereby agree and stipulate that the following procedural and audit measures will enhance the Commission and Staff's regulation of Great River's operations and rates. The Parties agree these enhancements, while temporary in nature, are appropriate at this time given Great River's continued efforts to grow in Mississippi and incur material additional costs in the necessary activities of improving the safety and reliability of the water and wastewater systems now under Great River ownership and operation.

a. Capital Project Reporting: Great River continues to undertake capital improvement projects to many of the systems acquired and now under operation. The reporting requirements initially established by the Commission in its various sale and transfer orders and managed through Docket Nos. 2021-AD-115 and 2021-AD-116 was discontinued by the Commission's final orders approving Great River's 2022 general rates. The Parties agree to collaborate and propose to the Commission for approval a new set of reporting requirements and schedule to apply beginning in 2025 designed to assist the Commission, Staff, and Attorney General's oversight of Great River's overall capital improvement plan and activities going forward. The Parties' proposal shall be filed with the Commission in Docket Nos. 2021-AD-115 and 2021-AD-116 no later than sixty (60) days following the Commission's approval of this Stipulation.

b. Quarterly Expense Review: Great River hereby stipulates to provide to the Staff, and to the Attorney General upon request, on a calendar quarterly basis certain expense details so that the Staff may more efficiently review Great River's actual costs for prudence in connection with Great River's annual FRP filings. The Parties agree such reporting shall be limited

to only those costs and accounts that are proposed by Great River to be included in rates for recovery from customers. The Parties shall collaborate on the content and schedule for such reporting such that Great River will be in a position to commence reporting following the first quarter of calendar year 2025.

c. Management Review: The Parties stipulate to the initiation of a management review as contemplated by Section 77-3-46 of the Mississippi Code of 1972, as amended, to be managed by the Staff at the direction of the Commission, with documents available to the Attorney General for review.

d. Staff Consultants: Great River and Staff stipulate for the cost of any consultants engaged by the Staff, in its sole discretion, to assist Staff: (i) in its review of the Capital Project Reporting; (ii) in its review of Great River's FRP filings through 2026; and (iii) in its management and oversight of the Management Review, be paid for by Great River and allowed to be fully recovered in customer rates through the annual FRP rate filings as a reasonable and necessary cost of service.

MISCELLANEOUS PROVISIONS

31. Since the December 2024 evidentiary hearing, Great River has employed Brad J. Cates as State Director for their Mississippi water and sewer systems. Mr. Cates' initiatives will include a communications plan, ensuring transparency for their customers and statewide regulators, and serving as a liaison to the Commission and Attorney General to address consumer complaints going forward.

32. The Staff and Great River submit, and the Attorney General does not object, that there is substantial evidence to support each and every stipulation made herein and to approve Great River's 2024 Annual Report in this docket, as modified by this Stipulation.

33. Except as previously stated, the stipulations made herein are for the purpose of this proceeding only and shall not apply to or be used as precedent in any other proceeding of Great River or any other utility.

34. This Stipulation is expressly conditioned upon acceptance by the Commission of all of its provisions, without modification, and incorporation of this Stipulation into the final order rendered in this proceeding; this Stipulation is interdependent, non-separable and that if the Commission does not accept this Stipulation in its entirety, Great River nor the Staff shall be bound by any of its provisions. For the avoidance of doubt, Great River specifically reserves its right to withdraw and nullify this Stipulation and revert to its original 2024 Annual Report in the event the Stipulation is not adopted by the Commission in full and without modification. In such an event, this Stipulation or the provisions herein shall not act as a waiver of or grounds of estoppel against any remedies available to Great River under the law.

35. The Parties submit that the changes proposed in this Stipulation are just and reasonable and in the best interest of customers, Great River and the general public.

36. This Stipulation may be executed in one or more counterparts. Facsimile or electronic signatures shall be effective as original signatures of this Stipulation.


[SIGNATURE PAGE TO FOLLOW]

SO STIPULATED, this the 31st day of January, 2025.

**GREAT RIVER UTILITY OPERATING
COMPANY, LLC**

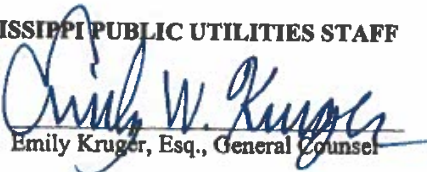
BY: BALCH & BINGHAM LLP

BY:


Leo E. Manuel, Attorney for Great River
Utility Operating Company, LLC

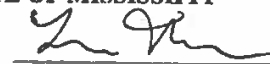
MISSISSIPPI PUBLIC UTILITIES STAFF

BY:


Emily Kruger, Esq., General Counsel

**LYNN FITCH, ATTORNEY GENERAL OF
THE STATE OF MISSISSIPPI EX REL. THE
STATE OF MISSISSIPPI**

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