

1 PLACE: Cabarrus County Courthouse
2 Concord, North Carolina
3 DATE: Wednesday, May 29, 2019
4 TIME: 7:00 p.m. - 8:19 p.m.
5 DOCKET NO: W-354, Sub 361 and W-1046, Sub 5
6 BEFORE: Hearing Examiner Hilburn
7

8 **IN THE MATTER OF:**

9 Application by
10 Carolina Water Service, Inc. of North Carolina,
11 Post Office Box 240908,
12 Charlotte, North Carolina 28244,
13 for Authority to Acquire the Water and Sewer Utility
14 System in Silverton Subdivision
15 in Cabarrus County, North Carolina
16 from Pace Utilities Group, Inc.,
17 6719-C Fairview Road,
18 Charlotte, North Carolina 28210,
19 and Approval of Rates
20
21
22
23
24

1 A P P E A R A N C E S:

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13

14 **FOR THE USING AND CONSUMING PUBLIC:**

15 Gina C. Holt, Esq.

16 Public Staff - North Carolina Utilities Commission

17 4326 Mail Service Center

18 Raleigh, North Carolina 27699-4300

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1 P R O C E E D I N G S

2 EXAMINER HILBURN: Good evening. Let's come
3 on the record, please, and begin this hearing. My
4 name is Freda Hilburn. I am a Hearing Examiner with
5 the North Carolina Utilities Commission and have been
6 assigned to preside over this hearing tonight.

7 The Commission calls for hearing Docket
8 Numbers W-1046, Sub 5 and W-354, Sub 361, which is In
9 The Matter of an Application of Pace Utilities Group,
10 Inc., (Pace) and Carolina Water Service, Inc. of North
11 Carolina, (Carolina Water), collectively the
12 Applicants, for Authority to Transfer the Franchise
13 and Assets for the Water and Sewer Utility System
14 Serving the Silverton Subdivision in Cabarrus County,
15 North Carolina, and for Approval of Rates.

16 On September 13, 2018, Pace and Carolina
17 Water filed a Transfer Application with the Commission
18 seeking to transfer the franchise for Silverton
19 Subdivision in Cabarrus County from Pace to Carolina
20 Water and for approval of rates. The Application
21 contained an Asset Purchase Agreement dated August 6,
22 2018, between Pace and Carolina Water.

23 The water system consists of two wells, two
24 hydropneumatic storage tanks and a distribution

1 system. Pace purchases bulk sewer treatment from
2 Carolina Water, which is treated at Carolina Water's
3 Bradfield Farms wastewater treatment facility.

4 Pace serves approximately 61 residential
5 customers in the Silverton Subdivision.

6 On November 21, 2018, Pace and Carolina
7 Water filed an amended Asset Purchase Agreement with
8 an effective date of November 19, 2018.

9 On February 6, 2019, Pace and Carolina Water
10 filed a revised Application which reflected a change
11 in the purchase price and revisions to the proposed
12 rates. The filing also included a second revised
13 Asset Purchase Agreement, with an effective date of
14 January 24, 2019, which included a revised purchase
15 price of \$43,000 for the water and sewer system.

16 On March 21, 2019, Carolina Water filed a
17 letter with the Commission requesting that the rates
18 effective February 21, 2019, for the Bradfield Farms
19 rate division, as set forth in Appendix A-3 of the
20 Commission's February 21, 2019 Order Approving Joint
21 Partial Settlement Agreement and Stipulation Granting
22 Partial Rate Increase and Requiring Customer Notice in
23 Docket Number W-354, Sub 360, a general rate case
24 proceeding, be applied to the Pace system upon

1 transfer to Carolina Water.

2 Their proposed rates would increase the
3 average metered residential monthly bill for water
4 utility service from \$16.45 to \$36.47, based on an
5 average monthly usage of 5,262 gallons. The proposed
6 monthly flat sewer rate would increase the monthly
7 sewer bill from \$39.53 to \$50.46.

8 Pace's current rates have been in effect
9 since January 14, 2015. Prior to the rate changes
10 required by the Commission in Docket Number M-100, Sub
11 138, effective January 14, 2015, to reflect changes in
12 the tax laws and the pass-through rate increase for
13 bulk purchased sewer, the Applicant charged rates
14 established by Order issued October 6, 1994, in Docket
15 Number W-1046, Sub 0, Pace's original franchise
16 docket.

17 On March 25, 2019, the Commission issued an
18 Order Scheduling Hearing and Requiring Customer
19 Notice.

20 On March 27, 2019, the Applicant's filed
21 their Certificate of Service indicating that customer
22 notice was provided as required by the March 25, 2019
23 Order.

24 On May 9, 2019, the Public Staff filed the

1 Affidavit and Exhibit of Windley E. Henry, Manager,
2 Water and Communication Section, Accounting Division;
3 and the Affidavit of Gina Y. Casselberry, Utilities
4 Engineer, Water, Sewer and Telephone Division.

5 On May 24, 2019, Carolina Water filed with
6 the Commission a copy of a letter from Catherine E.
7 Heigel, President of Carolina Water, to Pace's
8 customers which, according to the cover letter to the
9 filing, was hand-delivered by Carolina Water's field
10 operators on Wednesday, May 22, 2019. The purpose of
11 the letter was to introduce Carolina Water to the
12 residents of Silverton Subdivision and to offer
13 information about Carolina Water and its services,
14 including the contact information for its
15 Communications Manager, Ms. Deb Clark.

16 Also, on May 24, 2019, Russell S. Woodward,
17 an attorney with Woodward & Woodward, PLLC, filed with
18 the Commission his notice of appearance in this docket
19 and a letter from Brian Pace, President of Pace, to
20 the customers in Silverton Subdivision. The purpose
21 of the letter was to provide some additional
22 information concerning the circumstances that resulted
23 in the proposed sale of the systems to Carolina Water
24 and to offer an explanation of the plan changes and

1 improvements to the system by Carolina Water to
2 improve service and reliability for customers.

3 Further, on May 24, 2019, the Public Staff
4 filed a Motion for an Order Excusing Witness From
5 Hearing requesting that Witness Windley E. Henry,
6 Manager, Water, Sewer, and Communications Division,
7 Accounting Division, be excused from attending the May
8 29, 2019 evidentiary hearing in Concord, North
9 Carolina, and that his Affidavit and exhibit be copied
10 into the record and received into evidence.

11 On May 28, 2019, the Commission issued an
12 Order granting the Public Staff's Motion.

13 That brings us up to date.

14 Will the parties please announce their
15 appearances beginning with the Applicant --
16 Applicants.

17 MS. SANFORD: Thank you, Madam Hearing
18 Officer. I'm Jo Anne Sanford with Sanford Law Office
19 in Raleigh representing Carolina Water Service, Inc.
20 of North Carolina. With me here at counsel table is
21 Bryce Mendenhall of Carolina Water. And with us in
22 the audience, and I wanted our customers to know that
23 these people are here, are other Carolina Water
24 employees. Deb -- if you'll raise your hands, Deb

1 Clark, Tony Konsul, and Mark Haver. They are
2 available after the hearing and will be able in the
3 future to answer questions as customers have them.

4 So I would ask at the appropriate time to be
5 able to make a brief opening statement. But, for
6 purposes of our introduction I would like to get out
7 of the way of the other Applicant and let Mr. Woodward
8 introduce his client and himself.

9 EXAMINER HILBURN: Thank you, Ms. Sanford.

10 MR. WOODWARD: Madam Hearing Officer, I'm
11 Russell Woodward representing the Applicant, Pace
12 Utilities Group, and with me is the President of Pace
13 Utilities Group, Brian Pace.

14 EXAMINER HILBURN: Thank you. Thank you,
15 Mr. Woodward.

16 MS. HOLT: Good evening. I'm Gina Holt with
17 the Public Staff here on behalf of the Using and
18 Consuming Public, and appearing with me is Public
19 Staff Utilities Engineer, Gina Casselberry.

20 EXAMINER HILBURN: Thank you, Ms. Holt.

21 Ms. Holt, do we have any public witnesses
22 who would like to make a statement tonight?

23 MS. HOLT: Yes, we do.

24 EXAMINER HILBURN: All right. We'll let you

1 proceed with the customer testimony, but we'd like for
2 customers to stay around to hear the opening
3 statements, or we could start with the opening
4 statements if y'all think makes -- no, that might kind
5 of set the tone a little bit so let's do that.

6 MS. SANFORD: I'll do that and I'll be very
7 brief.

8 EXAMINER HILBURN: Okay.

9 MS. SANFORD: So thank you for the
10 opportunity. And I've got my back to somebody no
11 matter which way I turn, but we appreciate the fact
12 that there are customers that we hope will soon to be
13 customers of Carolina Water who are here tonight, and
14 we understand you will have interest and questions in
15 what is going on. My client is in the process and has
16 been negotiating to purchase the facilities that have
17 been owned by Mr. Pace's family for some considerable
18 period of time. As it's clear in the docket his
19 father, who ran the organization, is deceased. And as
20 is the case with many, many of the smaller companies
21 throughout the state comes a point in time with
22 respect to the environmental and other kinds of
23 considerations and expenses that these older, smaller
24 systems very regularly change hands into the hands of

1 a larger company with the resources, and the level of
2 sophistication I guess I'll say. They handle the
3 environmental and the health issues. So that's what
4 this is all about.

5 Again, we have people here who are very
6 happy to answer questions at the proper time this
7 evening, if that is helpful. Thank you.

8 EXAMINER HILBURN: Thank you, Ms. Sanford.

9 Ms. Holt, we'll begin with the first
10 witness.

11 MS. HOLT: Ms. Judy Spielak (spelled
12 phonetically).

13 MS. SAPIELAK: Sapielak.

14 MS. HOLT: Sapielak, I'm sorry.

15 MS. SAPIELAK: Do I come up?

16 MS. HOLT: Yes.

17 EXAMINER HILBURN: If you will please come
18 up and be sworn in, up here in the witness stand right
19 here to my right, and the Court Reporter will be
20 taking your testimony and she will be transcribing it
21 so it will be part of the official record. So we'll
22 get you to come around and before you sit down we'll
23 get you to raise your right hand and put your left
24 hand on the Bible and I'll read out -- All right.

1 JUDY SAPIELAK;

2 having been duly sworn,

3 testified as follows:

4 EXAMINER HILBURN: You may be seated.

5 THE WITNESS: Thank you.

6 EXAMINER HILBURN: And Ms. Holt will direct
7 you through the process.

8 THE WITNESS: Okay.

9 DIRECT EXAMINATION BY MS. HOLT:

10 Q Would you state and spell your last name for the
11 record?

12 A Sure. My name is Judy Sapielak.
13 S-A-P-I-E-L-A-K, is the spelling.

14 Q And what is your address?

15 A I'm sorry.

16 Q What is your address?

17 A 11190 Silverton Drive.

18 Q Thank you. Please proceed.

19 A Can everyone hear me? Okay. I have to make
20 sure.

21 I'm one of the customers that went
22 around getting signatures for something to be
23 done about our water. I've been a customer for
24 90 -- since 1992, and I've had brown water, rusty

1 water, loud noises in my backyard from the well
2 system. My water has been cut off without even
3 knowing that it was going to be cut off so they
4 could flush the system.

5 I cannot afford for my rate to go
6 up. I'm on a fixed income. I'm retired. I
7 don't think the water that I am receiving is
8 really worth for it to go up again, like, double
9 in price. I can't afford it.

10 My suggestion is that the Town of
11 Harrisburg comes in and lays their water lines
12 and we have city water from Harrisburg. Now, I
13 do know the C Water Company Service (sic) that
14 from what I'm aware of they have not bought Pace
15 yet. Is that correct?

16 EXAMINER HILBURN: I'm sorry. You're not
17 allowed to ask questions --

18 THE WITNESS: Oh, I'm sorry.

19 EXAMINER HILBURN: -- from the stand.

20 THE WITNESS: I'm sorry.

21 EXAMINER HILBURN: It's okay. You may ask
22 that question to Ms. Holt after the proceeding.

23 THE WITNESS: Okay. Thank you. Thank you.
24 Sorry about that.

1 A I'm not happy with the water. I've put out a lot
2 of money for the water and I'm not being given a
3 choice of what I want as a customer; I mean,
4 that's how I feel. And I walked the street with
5 a friend of mine for two weekends in a row trying
6 to get signatures. I wish there were more people
7 here tonight. We put up signs to get, you know,
8 people to come in tonight and help us with this.
9 But I just feel like I'm not given a choice of
10 any kind to -- to -- they can just come in and
11 somebody can sell the business and double my
12 price. I just think that's wrong, and I think
13 it's inhuman for them to do that to me since I
14 have lived at this address for 28 years. That's
15 about all I have to say.

16 EXAMINER HILBURN: If you'll wait just one
17 moment. Even though you can't ask questions, people
18 can ask you questions. So we're going to start with
19 the Applicant.

20 MS. SANFORD: No questions.

21 THE WITNESS: No questions.

22 EXAMINER HILBURN: Mr. Woodward.

23 MR. WOODWARD: No questions. Thank you.

24 EXAMINER HILBURN: Ms. Casselberry --

1 Ms. Holt.

2 (Laughter)

3 MS. HOLT: No questions.

4 THE WITNESS: I do have one more thing to
5 say.

6 EXAMINER HILBURN: Yes, ma'am.

7 A About a week ago my husband was out washing his
8 car and someone came up to the -- to him and
9 handed him a piece of paper about them being the
10 new owners, and from what I understand we don't
11 have new owners yet. So I kind of wish I would
12 have been there because it probably wouldn't have
13 been very nice. But anyhow that's just, you
14 know, one thing that I wanted to put out there,
15 also.

16 MS. HOLT: I have a couple of questions for
17 Ms. Sapielak.

18 BY MS. HOLT:

19 Q You stated you had brown, rusty water and issues
20 with the sewer being noisy for how many years?

21 A I've been there since 1992.

22 Q And you've had the same problems since 1992.

23 A I mean, it's here and there -- you know, it
24 hasn't been the full 28 years, but -- and the

1 water smells. And we do have neighbors that live
2 on other streets in the subdivision that can't
3 even drink the water because it's so bad; they
4 have to go and buy bottled water. I'm not one of
5 those. I do buy bottled water but I do use the
6 water. But there has been times where I haven't
7 been able to use the water because it was brown.
8 And there's several of the people that have
9 worked for the company that would come out and
10 read the meters, just had attitude, big attitude
11 if you would say anything to them. Or you didn't
12 have a number there probably from '92 to maybe
13 two thousand and -- maybe two thousand and maybe
14 three or four. There wasn't even a number we
15 could call except this one man that was Dustin
16 and when he'd come out he'd have attitude with
17 us. You know -- and not any of the people that
18 live there were interested in even calling there
19 because nothing would be taken care of anyhow.
20 We'd say, okay, we don't have water. Oh, it'll
21 be on in a couple of days. Well, there's
22 children in our neighborhood -- you know,
23 there's -- I've just never had water service like
24 that. I've never had a well system before. It's

1 always been city water. That's why I would love
2 to have Harrisburg come in and put city water in
3 for us.

4 Q Did you ever investigate whether that was an
5 option?

6 A City water?

7 Q Harrisburg, from the Town of Harrisburg.

8 A I've been told by an officer that lives in our
9 subdivision that it is going to happen, but I'd
10 like to know when it's going to happen.

11 Q You've been in the subdivision since 1992?

12 A Yes, ma'am.

13 Q How -- can you recall how many rate increases
14 you've had?

15 A Have I what?

16 Q Can you recall how many increases in rates you've
17 had since 1992?

18 A As far as the bad water? I'm sorry.

19 Q How many --

20 A I'm hard of hearing. I do have hearing aids but
21 it's a distance.

22 Q Okay. Have you received notice of increases in
23 your rates --

24 A I don't recall any increases at all. If it was

1 it may have been the sewer, or maybe \$0.50 to
2 \$1.00.

3 I had a pool at one time and I
4 filled it up. It was a 28-round above-ground
5 pool, and I filled it up. My water bill did not
6 go up maybe \$5.00, and that was like I'd say
7 maybe 26 gallons -- 26,000 gallons of water. I
8 mean, that's when -- I don't have that pool
9 anymore, but I'm just saying my bill was very
10 rarely a big jump, you know, but now that I see
11 that the prices are going up I'm not happy with
12 that.

13 Q Would you be willing to pay more if you had
14 better quality water --

15 A I would if I had city water. I want city water.

16 MS. HOLT: Thank you. I have no more
17 questions.

18 A Thank you.

19 EXAMINATION BY HEARING EXAMINER HILBURN:

20 Q May I ask, how is your sewer service?

21 A I haven't had a problem with the sewer. I
22 haven't had a problem with -- I haven't had a
23 problem with it.

24 Q And, also, since you said you moved in in 1992,

1 so you were in the subdivision as it was being
2 developed?

3 A Yes.

4 Q Okay. So you're one of the original customers?

5 A I am. Same house.

6 Q Same house?

7 A Uh-huh (yes).

8 EXAMINER HILBURN: Any questions on my
9 questions?

10 MS. SANFORD: I have none.

11 MS. HOLT: None for me.

12 EXAMINER HILBURN: Thank you. You may be
13 excused.

14 THE WITNESS: Thank you.

15 EXAMINER HILBURN: Thank you for coming out
16 tonight and making a statement.

17 THE WITNESS: You're welcome.

18 (The witness is excused)

19 MS. HOLT: Ms. Tiffany Woods.

20 EXAMINER HILBURN: If you'll come up and be
21 sworn.

22 TIFFANY WOODS;
23 having been duly affirmed,
24 testified as follows:

1 DIRECT EXAMINATION BY MS. HOLT:

2 Q Would you please state your name and address for
3 the record?

4 A It's Tiffany Woods and my address is 11193
5 Silverton Drive.

6 Q Thank you. Please proceed.

7 A Okay. Hi, I've been a resident of the Silverton
8 neighborhood since 2017, so for right at two
9 years.

10 So we, as the residents of
11 Silverton Subdivision -- I, also with Judy, we
12 went door-to-door -- have been having issues with
13 low water pressure, poor drinking water quality
14 and colored water for years. And we've really
15 taken the time to educate ourselves on the issues
16 ever since the acquisition was proposed. If this
17 Application is approved, our water rates will
18 more than double, and these increases are really
19 outlandish considering the poor water services
20 and that there is no indication that this new
21 water company will fix our concerns. In
22 addition, as Judy said, our new monthly rates
23 would be potentially two to three times the water
24 rates even in nearby counties and we really

1 consider this unacceptable. To potentially pay
2 more for water than electricity is absurd. So
3 this acquisition is not in our best interest.

4 A conglomeration of Google
5 reviews -- we discovered that on Google this
6 company, Carolina Water Services, has a 1.5 stars
7 with 99.99 percent of reviews being negative.
8 Our own polling of Carolina Water customers via
9 Nextdoor.com and Better Business Bureau
10 complaints do not leave us with confidence that
11 the prices will be fair nor the water service
12 leave us in a better condition. We personally
13 received 100 percent of support for this
14 opposition from every Silverton resident we
15 contacted. Phrases online such as price gouging,
16 poor customer service, poor water quality are
17 repeated in our research of reviews over and
18 over. Some customers even cite Carolina Water as
19 a factor in wanting to relocate. This is very
20 troubling.

21 So we have educated ourselves
22 enough to understand that there must be a sell.
23 We understand that Pace wants to sell. We just
24 ask that other companies be considered. We are

1 open to, of course, Harrisburg or even Cabarrus
2 County water services. There are other options
3 out there.

4 We ask that you please consider
5 our concerns and do not allow this transition to
6 happen. Thank you.

7 EXAMINER HILBURN: Hold just a minute for
8 questions, please.

9 THE WITNESS: Okay.

10 MS. SANFORD: No questions.

11 EXAMINER HILBURN: Mr. Woodward.

12 MR. WOODWARD: No questions. Thank you.

13 EXAMINER HILBURN: Ms. Holt.

14 BY MS. HOLT:

15 Q Ms. Woods, since you moved in you said that
16 you've had poor water quality and enumerated some
17 other issues. Did you contact the -- Pace
18 Utilities with these complaints?

19 A My statement was based on our -- my conversation
20 with residents throughout the neighborhood. My
21 water concerns have been with water pressure,
22 hard water, build up, that sort of thing. I
23 haven't experienced the brown water like some
24 other residents. But as Judy and I went from

1 door-to-door we heard stories after stories after
2 stories with smells and all kinds of things like
3 that. There have been complaints from customers
4 over the years. I, you know, just with the water
5 pressure have not -- sometimes it clears up after
6 a day or two and then it will kind of clear up on
7 its own. Yeah.

8 MS. HOLT: Thank you. No more questions.

9 EXAMINER HILBURN: Any questions on the
10 Public Staff's questions?

11 MS. SANFORD: No.

12 EXAMINER HILBURN: And how is your sewer
13 service, Ms. Woods?

14 THE WITNESS: My sewer service is fine.

15 EXAMINER HILBURN: Thank you.

16 THE WITNESS: Thank you.

17 EXAMINER HILBURN: You may be excused.

18 (The witness is excused)

19 MS. HOLT: We have another witness.

20 EXAMINER HILBURN: Okay. Very good.

21 KATIE McCORMICK;

22 having been duly sworn,

23 testified as follows:

24 DIRECT EXAMINATION BY MS. HOLT:

1 Q Please state your name and address for the
2 record.

3 A Katie McCormick.

4 Q And how do you spell that?

5 A M-C-C-O-R-M-I-C-K.

6 Q And Katie, is that K-A-T-I-E?

7 A It is, yes.

8 Q Your address is what?

9 A 4301 Appaloosa Lane. That's A-P-P-A-L-O-O-S-A.

10 Q And you're a customer of Pace Utilities?

11 A Yes.

12 Q Okay.

13 A My family has lived in the Silverton neighborhood
14 since 2001.

15 (WHEREUPON, the Court Reporter
16 requested the witness to speak
17 into the microphone.)

18 THE WITNESS: Oh, sure.

19 A My family has lived in the Silverton neighborhood
20 since 2001. So many of the things that have been
21 in reference here that Tiffany and Judy have
22 discussed have been longstanding issues. So we
23 have seen the water service through previous
24 ownership. The Dustin that she mentioned was

1 Dusty who was with Met Water who, also, I believe
2 worked with -- still handling some of the
3 operations once that moved over to Pace, which is
4 the situation that is only a few years old.

5 So one thing I would love to hear
6 from this is a little bit of clarity on the fact
7 that you spoke to the Pace family having
8 longstanding ownership over these systems. But
9 to my knowledge we have only had Pace for a
10 couple of years so some clarification on that
11 would be wonderful.

12 As far as specific concerns that
13 are mentioned, the conditions of the water, we
14 have at numerous times had issues, smell -- you
15 know, smells, soapy smells, the sewage smell, the
16 actual water itself very frequently will come
17 out, low pressure, or have some sort of issue
18 where the response when you call is simply that
19 there is a little bit of air in the lines and
20 then it will settle down within the next day or
21 so. Not a huge inconvenience but one thing that
22 is difficult is the condition of the water. It's
23 very hard and so there are numerous appliances
24 that have to be repaired or replaced frequently

1 due to that because of the build up. It's very
2 difficult to keep things like toilets and kitchen
3 faucets in good repair because of the build up.

4 Another thing that was mentioned
5 is there have been quite a few questions about,
6 you know, have you specifically reported this or
7 have you specifically looked into the water
8 quality issues. For many years, around this time
9 of year in the summer, we have our annual water
10 report -- our water quality report that does come
11 out and at that time it's difficult to make a
12 complaint or to make a question and push for
13 something to be improved upon when you do receive
14 an annual quality report, and the prices are as
15 low as they are, but everything is within bounds
16 but at the highest end of those values. So the
17 qualities of the sulfates, the heavy metals, and
18 electronic waste materials within the water,
19 those have always been on the very upper limits
20 on those reports. And that has led to our
21 personal decision to have a water service for our
22 drinking water and to, you know, exclusively use
23 the water at the house that comes through for
24 dishes, laundry, showering, et cetera. But as

1 for the water that we consume we do use a water
2 service for that because of those reasons.

3 With the rate increase -- and
4 again Tiffany has done some wonderful work at
5 getting this information together. But through
6 the use of social media and being able to inquire
7 there are massive concerns because one of the
8 things that is being touted from this deal is
9 that the increase, potential increase in rates
10 would go towards infrastructure and having
11 improvements made, but the feedback that we've
12 seen from other nearby communities is that is not
13 the case, that the increases were there but the
14 improvements in quality and infrastructure were
15 not. And if that's the case, then it does not
16 sound like a good deal for our community at all.

17 As far as other options I don't
18 know what they are. I don't know who they are.
19 I don't know if being annexed is something
20 that -- you know, in Harrisburg water. I don't
21 know what the best scenario is, but a two to
22 three time rate increase without improvement in
23 what we're seeing it just is not something I
24 think anyone in our community can handle.

1 MS. HOLT: Thank you.

2 EXAMINER HILBURN: Ms. Holt, you can go
3 ahead.

4 MS. HOLT: Okay.

5 BY MS. HOLT:

6 Q Ms. McCormick, you stated -- and I meant to ask
7 Ms. Woods this -- that you looked at social media
8 sites and learned of complaints from residents in
9 nearby communities?

10 A Yes.

11 Q Do you recall what communities?

12 A I could find out for you because -- and I'm sure
13 that Tiffany would have this information.
14 There's an App called Nextdoor. It's a
15 neighborhood App and it allows you to have
16 contact with people usually within a five to
17 eight mile radius of our home community. It does
18 require that you confirm your address so it's not
19 that these are strangers or outside people
20 getting in. It has -- you have to be invited
21 into it to communicate with your neighbors. And
22 so when we found out that this was the water
23 service being offered, Tiffany asked other people
24 what their thoughts were, and who had it, and

1 their feedback, and there was not a single
2 positive review. I think that there were more
3 than 30 responses to it and they were all
4 negative.

5 MS. HOLT: Thank you.

6 MS. SANFORD: I have questions, please.

7 EXAMINER HILBURN: All right. Ms. Sanford.

8 MS. SANFORD: Ms. McCormick, thank you for
9 coming out tonight. We understand your questions and
10 your concerns, and I have a few questions of you.
11 Some of these are frankly designed to sort of let me
12 elicit some information or to suggest information to
13 you that I think is responsive to your questions but I
14 have to do it in the form of asking you questions.

15 CROSS EXAMINATION BY MS. SANFORD:

16 Q So my first question is to inquire as to the
17 source of your understanding that Pace has only
18 owned this facility for a few years, the Pace
19 family?

20 A Well, we had Met Water prior to that so it -- I
21 mean, we have had Met Water Service before we had
22 Pace.

23 Q Before you had Pace?

24 A Uh-huh (yes).

1 Q So you would be surprised to know that the Pace
2 family has owned it since 1989?

3 A I would. That would be information that would be
4 useful in developing this to understand the
5 relationship of how that works.

6 Q Absolutely and we'll follow up with you on that.
7 And I don't know who Met Water is but I, too,
8 would like to find out, so maybe we can all learn
9 something --

10 A Okay.

11 Q -- from the conversation. Are you within -- is
12 your development -- are you in the city limits of
13 Harrisburg?

14 A No, we are not.

15 Q Do you know if Harrisburg would serve you? Have
16 there been inquires with respect to serving
17 Silverton?

18 A To our knowledge, I -- it has been discussed but
19 I've never heard of any type of public hearing
20 based on it, mostly speculation that -- the Town
21 of Harrisburg did have trucks in the neighborhood
22 about a year ago but it was only at the entrance.
23 There is a new neighborhood that has been built
24 across the street and down maybe an eighth of a

1 mile. And the discussion was that that new
2 neighborhood that was being built was being
3 annexed into Harrisburg, potentially with a
4 Harrisburg park in it, and that -- you know, the
5 eventuality may eventually be that our area would
6 be, but at this time I have not heard of anything
7 official.

8 Q And your interest in the Harrisburg, being served
9 by Harrisburg, is it related primarily to rates
10 or to quality of service or to both?

11 A You know, I am not even 100 percent that we ought
12 to be serviced by Harrisburg so that's not -- I
13 don't have a particular loyalty one way or the
14 other on that. My care is the quality and the
15 cost of service so I want those things to be the
16 most optimal.

17 Q Right. Are you aware that in the Application
18 that was filed in this case which I will tell
19 you, and not be a stem-winder in terms of a
20 reading experience for most people but it is
21 nonetheless important to what we're doing here,
22 that in this Application my client which is
23 Carolina Water has attested in its Application
24 for approval of the transfer that it plans to

1 spend \$162,500 in capital improvements on this
2 system in the next two years?

3 A I would like some further information on that,
4 particularly exactly what it includes, is that
5 only for our facilities, what is the -- you know,
6 would we have access to some proposal that shows
7 how that money is being spent, and what the
8 part -- outcomes are from that, what figures in
9 this water quality in a water test would show
10 improvement.

11 Q Absolutely. And we'll be so pleased to talk to
12 you about that. I can't provide you that
13 information in this context but we would be so
14 pleased to talk to you about that. And it is in
15 the Application, which I am the first to say is
16 not the kind of thing that most people are going
17 to go dig into, but I wanted you to know it was
18 there in case you want to read online.

19 Let's see, are you -- you're here
20 tonight at a hearing that's being conducted by
21 the North Carolina Utilities Commission. And has
22 it ever been explained to you or do you happen to
23 know through your own resources that the kind of
24 regulation that this Commission asserts over, for

1 example, my client these regulated water
2 providers?

3 A No. I can only assume that it's cost regulation
4 and --

5 Q And service.

6 A -- and service.

7 Q Well, I think the thing to do is for us to, if
8 you're agreeable and will stick around, for us to
9 look forward to the opportunity to talk to you at
10 the close of hearing and try to explain some
11 things that might be useful. And we appreciate
12 your interest and understanding, so I have no
13 more questions.

14 EXAMINER HILBURN: Thank you. Mr. Woodward.

15 MR. WOODWARD: No, ma'am. No questions.

16 Thank you.

17 MS. HOLT: I would like to follow up.

18 EXAMINER HILBURN: You may follow up,

19 Ms. Holt.

20 REDIRECT EXAMINATION BY MS. HOLT:

21 Q Ms. McCormick, with respect to the Met Water
22 Service --

23 A Yes.

24 Q -- did you receive a bill from them; something

1 with their name on it?

2 A I may -- it's been several years ago so I'm
3 trying to think specifically but, yes, I believe
4 our bills had Met Water, LLC, on them. I would
5 say I'm sure of that, yeah, and we had that for
6 years, I mean up until maybe four years ago I
7 want to say, plus the truck that Dusty or whoever
8 would drive around in - it was a black truck that
9 said Met Water on the side - came and checked the
10 meters.

11 MS. HOLT: All right. Thank you.

12 THE WITNESS: Thank you.

13 EXAMINER HILBURN: Thank you.

14 THE WITNESS: Thank you.

15 EXAMINER HILBURN: You may be excused.

16 (The witness is excused)

17 EXAMINER HILBURN: Ms. Holt, are there any
18 other customer witnesses who would like to make a
19 statement?

20 MS. HOLT: Not to my knowledge.

21 EXAMINER HILBURN: Okay. All right. Well,
22 then that will conclude the customer public portion --
23 the hearing portion of this proceeding tonight and
24 we'll enter into the evidentiary portion where we'll

1 hear from our expert witnesses and get their evidence
2 into the record. All right. So we're going to give
3 the Applicant just a moment and then we'll get
4 started.

5 We're going to start with the Applicant's
6 case.

7 MS. SANFORD: Okay. And Mr. Pace is going
8 to be the first witness that is presented.

9 EXAMINER HILBURN: Okay.

10 MS. SANFORD: So I'm going to get out of
11 Mr. Woodward's way.

12 EXAMINER HILBURN: All right. Mr. Pace, if
13 you will come up and be sworn in.

14 BRIAN PACE;
15 having been duly sworn,
16 testified as follows:

17 DIRECT EXAMINATION BY MR. WOODWARD:

18 Q Mr. Pace, would you please state your name and
19 your business address for the record?

20 A Brian Pace, Pace Utility -- Utilities Group,
21 business address is 6719-C Fairview Road,
22 Charlotte North Carolina 28210.

23 Q There was mention earlier of a letter that you
24 caused to be distributed to the residents of

1 Silverton. Do you have a copy of that in front
2 of you?

3 A I do.

4 Q Is this a letter that you prepared?

5 A It is, in fact, the letter I prepared.

6 Q Dated May 14, 2019?

7 A Correct.

8 Q And you caused it to be distributed to the
9 residents?

10 A Yes.

11 MR. WOODWARD: Madam, could we please have
12 that placed into evidence as Applicant's Exhibit
13 Number 1 from Pace?

14 EXAMINER HILBURN: Yes. Without
15 objection --

16 MR. WOODWARD: I know it's in the docket, do
17 you need --

18 EXAMINER HILBURN: We do need it entered
19 into evidence here tonight. Would you give the Court
20 Reporter a copy, please? And we will identify it as
21 you asked which was Applicant Exhibit 1.

22 MR. WOODWARD: I don't have one of those
23 fancy stickers.

24 EXAMINER HILBURN: That's okay.

1 MR. WOODWARD: It's been years.

2 (WHEREUPON, Applicant Exhibit 1 is
3 marked for identification and
4 received into evidence.)

5 BY MR. WOODWARD:

6 Q Mr. Pace, I think we can rely on the letter
7 itself which is in evidence to kind of explain
8 the situation. There've been some comments about
9 it before, but can you just explain for the
10 audience and the Hearing Staff how it was that
11 you came to decide to sell and how it was that
12 you came to enter into a contract with Carolina
13 Water Service?

14 A Sure. I'll try to be brief because the letter
15 explains most of the history.

16 January 2, 2018, my father,
17 Stephen Pace, who previously owned this utility
18 company and formed it 1989 and managed it through
19 all that that time period, passed away. Upon his
20 passing, as representing the estate and his
21 family, our family has done our best to manage
22 and maintain the facilities, that is, Pace
23 Utilities Group since that time. Early on post
24 his passing, I did start to investigate with

1 folks with the Utilities Commission, folks in --
2 some of the contacts I got, the University of
3 Management I guess at Chapel Hill to find out
4 exactly the best process of going about
5 transferring a utility company that we've never
6 managed or understood how to manage before, and I
7 received glowing recommendations of Carolina
8 Water at the time.

9 I knew Carolina Water was treating
10 our sewer and I reached out to a gentleman with
11 Carolina Water who's no longer with them at the
12 time named Matt Klein who provided a lot of
13 support for how the process would look and what
14 I'd have to do about selling it. We knew it was
15 going to be a long process, which we started
16 March of -- April 2018 with our first
17 conversations, and that's the rest of the story
18 and so here we sit.

19 Q Has Pace Utilities Group ever owned any other
20 utility systems?

21 A No, we have not.

22 Q Anywhere?

23 A No.

24 Q Of any kind?

1 A Thank you.

2 MR. WOODWARD: I have no further questions.

3 EXAMINER HILBURN: Okay. Ms. Sanford.

4 MS. SANFORD: I have one question if I
5 might.

6 EXAMINATION BY MS. SANFORD:

7 Q Can you explain to us what the organization Met
8 Water is about and what function it has played in
9 the operation of Pace Utilities?

10 A Sure. Dusty/Met Water was a gentleman my father
11 contracted as a third-party operator of the
12 system, which means he did the meter reading, the
13 light meter repairs, and anything in the field
14 related to the operation of the system. Our
15 office continued to do the billing. It is to my
16 knowledge at one point in time he did provide
17 some billing services. And it might have been
18 confusing to customers but ultimately the bills
19 still came through our office at some point. So
20 Pace Utilities employed him to do this work, and
21 he does it for several utility companies our size
22 and smaller.

23 Q Thank you. That does help explain some
24 confusion.

1 MS. SANFORD: I have no other questions.

2 EXAMINER HILBURN: Ms. Holt.

3 MS. HOLT: Yes.

4 CROSS EXAMINATION BY MS. HOLT:

5 Q Mr. Pace, the letter addressed to the customers
6 of Silverton --

7 A Uh-huh (yes).

8 Q -- how did you -- you gave this to every
9 resident?

10 A Yeah, we mailed it out with our -- the billing
11 list that we have of all the residents, yes.

12 Q Okay. You mailed it out.

13 A Uh-huh (yes).

14 Q And you contend that you've never run a
15 water/sewer utility company before?

16 A No, I have not.

17 Q And if this transfer does not take place, what do
18 you -- what are your intentions with regard to
19 the system?

20 A I don't have an answer today for that. I don't
21 know -- I don't know. I'd probably consult with
22 the Utility Commission.

23 Q And you said that you reached out to Carolina
24 Water in looking for an entity to take over the

1 system?

2 A I reached out to them, but it's my understanding
3 that they had spoken with my father years before
4 about maybe purchasing or taking over the system
5 so he had conversations but I don't know where
6 those left -- or left off.

7 Q And you say you got glowing recommendations?

8 A I did.

9 Q From whom?

10 A I don't know the name of the gentleman, but he
11 was in Raleigh or in Chapel Hill that I talked
12 to. I can find his name. But I reached out to
13 him as a consultant in the process because I
14 didn't know how this would go down.

15 Q Did you talk to any of the residents prior to
16 sending the letter dated May 14th?

17 A I did not receive any phone calls and didn't -- I
18 know the Carolina Water letter went out before
19 mine and I didn't receive any calls. The
20 residents -- I did not have any conversations
21 with them, and I wouldn't have any reason to
22 because they usually don't talk to me. I mean, I
23 don't have a -- there's no need for them to call
24 me.

1 Q Or anyone at the company?

2 A At Carolina Water?

3 Q No, at Pace Utilities?

4 A No. Nobody at my company has received any phone
5 calls, complaints, anything with regards to this
6 system and honestly -- well, my official
7 management has been a year but prior to that,
8 historically, we haven't had any complaints.
9 We've had an occasional water line leak, repairs
10 like that, which were addressed, but ultimately
11 no complaints.

12 MS. HOLT: Thank you.

13 EXAMINATION BY EXAMINER HILBURN:

14 Q Mr. Pace, when you mentioned that you reached out
15 to some outfit in Chapel Hill, was that the
16 Environmental Finance Center at Chapel Hill?

17 A No. I can't remember his name. I should have
18 brought it with me. A gentleman at the Utility
19 Commission gave me a name of somebody I could
20 talk to who was -- I think he's in the school of
21 management or something but he was involved in
22 utility acquisitions and such. If you say his
23 name I ought to remember him, but he was helpful.
24 I didn't use him for anything other than chatting

1 with him about who he'd recommend and how this
2 process would work, and that was kind of why I
3 felt like it was the right decision.

4 Q But you said he wasn't from the University of
5 Chapel Hill?

6 A I can't say that for sure. He might actually
7 work for them. I can get his name after this
8 session. I'm sure I saved information on him.

9 EXAMINER HILBURN: Any questions on my
10 questions?

11 MS. SANFORD: No.

12 MR. WOODWARD: (Shakes head no).

13 MS. HOLT: No.

14 EXAMINER HILBURN: Well, thank you,
15 Mr. Pace, for your testimony.

16 THE WITNESS: You're welcome. Thank you.

17 (The witness is excused)

18 EXAMINER HILBURN: The Applicant can call
19 their next witness.

20 MS. SANFORD: I'd like to call Bryce
21 Mendenhall, please.

22 JONATHAN BRYCE MENDENHALL;

23 having been duly sworn,

24 testified as follows:

1 EXAMINER HILBURN: Thank you. You may be
2 seated.

3 DIRECT EXAMINATION BY MS. SANFORD:

4 Q Mr. Mendenhall, would you please state your name,
5 and your title, and your business address?

6 A My name is Jonathan Bryce Mendenhall. My title
7 is Vice President of Operations with Carolina
8 Water Service, Inc. of North Carolina; address
9 is -- business address is 4944 Parkway Plaza,
10 Suite 375, and that's Charlotte, North Carolina.

11 Q Tell us briefly what your experience has been in
12 the water and wastewater industry in North
13 Carolina.

14 A I've been involved and employed in the water and
15 wastewater business for 26 years predominantly in
16 the municipal setting but always in the water and
17 wastewater field.

18 Q How long have you been with Carolina Water?

19 A A little over two years.

20 Q Were you involved in the due diligence and the
21 other examination of this Pace/Silverton deal?

22 A I was.

23 Q You were. Were you involved in the due diligence
24 work in terms of trying to assess on behalf of

1 your company what the cost would be of up-fits
2 necessary for the system?

3 A I was.

4 Q In what condition did you find the facilities
5 when you assessed them?

6 A Some neglect, the pump houses showed some
7 deterioration or the wellhouses rather showed
8 deterioration. The hydro tanks showed
9 deterioration as well. From outside, the paint
10 coating had -- did not appear to have been
11 repaired or given any preventative maintenance
12 for some time.

13 MS. SANFORD: May I approach?

14 EXAMINER HILBURN: Yes.

15 MS. SANFORD: We only have one set of these
16 pictures but we will make more available, and we've
17 shown them to the Public Staff, so I'll have a few
18 questions.

19 BY MS. SANFORD:

20 Q Mr. Mendenhall, would you tell us what these
21 pictures represent? And I think you'll find them
22 numbered in exhibit order so if you would refer
23 to them by that number then when we deal with the
24 transcript it will let us link up.

1 A Okay. Just for the record, there are two number
2 3's.

3 Q That's because I can't count.

4 A That's fine.

5 (Laughter)

6 The Exhibit Number 3 is showing a
7 stamped plate which is on one of the hydro tanks
8 in and of itself. And the reason I took this is
9 because every tank has the stamp on it and this
10 shows actually the year built which would have
11 been 1989, so this year effectively we have a 30
12 year life on that tank, and anticipate that both
13 tanks were put in although I could not find the
14 stamp plate on an additional -- either tank
15 that's there.

16 Q And, Mr. Mendenhall, if I could ask you to pass
17 that to the Hearing Examiner and let her look at
18 it and then we'll ultimately give them to the
19 Court Reporter. So that was Number 1.

20 EXAMINER HILBURN: It has Number 3 on the
21 top.

22 MS. SANFORD: Oh, that was Number 3. All
23 right.

24

1 BY MS. SANFORD:

2 Q Go ahead.

3 A The picture I'm looking at now is shown as
4 Exhibit Number 5. This is one of the
5 wellhouses -- one of two wellhouses that are
6 there. This shows some -- the paint is gone off
7 of the building. This is just the front shot,
8 but it just shows what I was referring to as a
9 little bit of neglect for preventative
10 maintenance and care of the facility over time,
11 and a little deterioration of the facility.

12 The picture I'm looking at now is
13 Exhibit Number 4; this is the second wellhouse.
14 And, once again, you can see that the soffits on
15 the side of the building are decayed, you do see
16 some rot, open wood on the front, and I was just
17 showing the overall condition of the wellhouse in
18 and of itself.

19 Exhibit Number 3 -- or Number 2,
20 rather is a hydro tank, and this coincides with
21 the previous exhibit, the wellhouse that was
22 shown there. It just shows the paint -- a little
23 bit of paint deterioration and some corrosion on
24 the hydro tank. And this tank is actually the

1 one that had the stamp plate of 1989, year built
2 service date.

3 This shows, Exhibit Number 3
4 again.

5 Q Pick another number.

6 A We're going to -- we'll call it Exhibit Number 1.
7 I've made the change; I'll initial. This shows a
8 hydro tank as well. And the picture was showing
9 the deterioration of the exterior paint coating,
10 lots of corrosion around the belly of the hydro
11 tank. I'm sorry. But the primary focus was to
12 show the deterioration of the exterior coat. We
13 did not do interior evaluations of either one of
14 the tanks because they are in service at this
15 time.

16 Q Thank you, Mr. Mendenhall. And so in your
17 Application your company indicated your intention
18 to invest approximately \$162,500 in capital
19 improvements over the next two years, right.

20 A Yes, ma'am.

21 Q Can you tell us what those investments will
22 address?

23 A It is the replacement of two hydro tanks with
24 their accompanying sizes, and it is the

1 replacement of two wellhouses that were shown in
2 the exhibits. That's to include electrical
3 components inside, SCADA system which is the
4 supervisory control that monitors and operates
5 the wells themselves. So it's a complete
6 revamping and replacement of the facilities that
7 are shown in the exhibits.

8 Q And is there some work on the meter, the meter
9 for sewer service or was that part of what you
10 described?

11 A There is a meter repair because it had not been
12 recorded, which was indicated in the initial
13 filing. And I think there was initially two, a
14 conduit or -- yeah, a conduit coming out of the
15 top of a wellhead that may actually had been
16 repaired at this time.

17 Q And is it your belief that these repairs that
18 you've identified should address in some
19 meaningful some of the problems that these
20 customers have testified to tonight?

21 A I think they will certainly help with the service
22 that is provided. As I had mentioned, we do not
23 know what the interior coatings of those tanks
24 look like - if they have been cleaned, if they

1 have been inspected, if there is sediment built
2 up in it - so there is always a possibility.

3 The SCADA system, the supervisory
4 control of the wells in and of itself will help
5 balance the use of well number 1 and well number
6 2 to what I think would probably combat some of
7 the pressure issues. So between the new SCADA,
8 the supervisory control, the new electronics that
9 there are there, the tanks themselves being
10 replaced with new tanks, I think that certainly
11 is going to give some assurance and some
12 reliability to some of the problems that have
13 been seen.

14 Q And is it correct that the estimates that you
15 have for the work that is required have gone up
16 since you filed the Application?

17 A Yes, ma'am.

18 Q So it's likely to be an appreciably more
19 expensive project?

20 A Yes, ma'am. The one hundred and sixty-two that
21 was in the original filing, based on a current
22 project that we are doing in Mecklenburg County
23 which would be comparable to what we would do
24 here, the two tanks and the two wellhouses,

1 electronics, all of those other items that I
2 listed, we would be looking at a capital project
3 of \$240,000 based on current rates.

4 Q In your professional judgment should the quality
5 of service at Pace improve under Carolina Water's
6 operation and management of it?

7 A I think yes based on the experience, professional
8 operators that we have that are certified through
9 the state. The fact that we service some 35,000
10 plus connections and customers across the State
11 of North Carolina in 38 counties, we have a level
12 of expertise that is shared across the state.
13 Our operators are continually going through
14 continuing ed to update themselves with new
15 technologies, new compliance features that come
16 out through the state, new compliance
17 requirements. So, yes, ma'am, I think the level
18 of service will certainly increase.

19 Q And is it your understanding that the commitment
20 that you've made in the Application to perform
21 these improvements that we've been discussing is
22 a commitment that be overseen by the North
23 Carolina Utilities Commission?

24 A Yes, ma'am.

1 Q And by the Public Staff of the North Carolina
2 Utilities Commission?

3 A Yes, ma'am.

4 Q A few more questions quickly. How close is this
5 system to other Carolina Water facilities?

6 A Directly adjacent. We consider this in our terms
7 to be a "bolt on", but it is directly adjacent to
8 our Bradfield Farms community.

9 Q And you've provided the sewer service through
10 your Bradfield Farms system; is that correct?

11 A That is correct.

12 Q So are your employees currently familiar with the
13 Pace system from an operational standpoint?

14 A Yes. I mean, we've got familiarity with the
15 system, the components that are within the
16 system, the sewer collection system, the water
17 distribution system. It's not unlike anything
18 that we've not operated ourselves.

19 Q Where is your nearest field office?

20 A It's about two miles away from Silverton.

21 Q During the course of this proceeding the purchase
22 price was negotiated downward. Can you generally
23 tell us why?

24 A After the initial purchase price was negotiated,

1 as Mr. Pace alluded to, with prior President,
2 Matt Klein with Carolina Water Service, myself
3 and a couple of other staff members actually
4 got -- went boots on the ground to see the
5 facilities, to see what we anticipated would be
6 the necessary repairs. So that was what
7 generated the initial \$162,000. So from that
8 point the initial purchase price was negotiated
9 down.

10 Q Last question on this line. Based on your
11 experience, in your view -- or do you have an
12 observation about the general ability of these
13 small, isolated systems to comply with
14 environmental and health standards today?

15 A It's very challenging because of the -- in a lot
16 of cases the capital is needed just as you look
17 at what the two hydro tanks and the two well
18 houses, the potential there for a \$240,000
19 investment. Generally, these smaller operations
20 do not have the capital available to fund these
21 projects which ultimately is going to end up with
22 water quality issues and an inability to follow
23 suit with compliance components that's put down
24 by the EPA or the State of North Carolina.

1 Q Thank you. One last question and one more
2 exhibit. And, let's see, we will number this
3 Exhibit 6.

4 Mr. Mendenhall, can you tell what
5 this exhibit is that I handed you? What does it
6 represent?

7 A This was a letter that was prepared -- or signed
8 by our current President, Catherine Heigel, that
9 was an introductory letter that was provided. It
10 was hand-delivered on May 22nd to the residents
11 within Silverton introducing the Company to the
12 Silverton residents.

13 Q And did you assist or participate in
14 the preparation of this letter?

15 A Yes, ma'am.

16 Q And can you tell us how it was -- how and when it
17 was delivered?

18 A It was hand-delivered on May 22nd by staff of
19 Carolina Water Service.

20 Q To the customers?

21 A Yes, ma'am.

22 Q And it is marked Mendenhall Exhibit Number 6 I
23 believe.

24 A Yes, ma'am.

1 MS. SANFORD: So, Madam Hearing Officer, I
2 would like to ask that all of these exhibits be
3 identified as marked.

4 EXAMINER HILBURN: Without objection, the
5 five pictures that were identified by Mr. Mendenhall,
6 they will be accepted into evidence as marked on the
7 exhibits, and the letter from Ms. Catherine Heigel
8 that is marked as Exhibit 6 will also be accepted into
9 evidence.

10 MS. SANFORD: Thank you.

11 (WHEREUPON, CWSNC Direct Exhibits
12 1 - 6 were marked for
13 identification and received into
14 evidence.)

15 MS. SANFORD: I have no more questions.
16 Others might.

17 Thank you, Mr. Mendenhall.

18 EXAMINER HILBURN: Let's see if Ms. Holt has
19 any questions.

20 MS. HOLT: Yes, I have a couple.

21 CROSS EXAMINATION BY MS. HOLT:

22 Q Mr. Mendenhall, you've heard how the customers
23 who testified tonight recounted how they had
24 service issues and were reluctant to express

1 their concerns. If CWS were to acquire this
2 system, does CWS have anything in -- any process
3 in place to address customer complaints and
4 concerns?

5 A Certainly. One of the members of our staff that
6 was introduced earlier tonight that is here
7 tonight, Deb Clark, is our Communications
8 Director for the State of North Carolina. One
9 thing that Deb does is she establishes meetings
10 with the local HOA's or boards, where she goes
11 out and does informationals, listens to
12 complaints or concerns, or even compliments, you
13 know, when we get those. Most of the time she is
14 attended also by the Area Manager which the Area
15 Manager, Mark Haver, is here as well that covers
16 Bradfield Farms, and also the Regional Director,
17 Tony Konsul, who is in the audience tonight as
18 well. They go out as a team to introduce
19 themselves and also listen to those customer
20 concerns.

21 In other cases we have set up -
22 I'll try not to say this wrong - Word Press pages
23 which is basically an individual website for that
24 community. So if there is an issue then they can

1 express it there, or if we have announcements -
2 boil water advisories, line breaks, or things
3 like - we push those notifications out.

4 Additionally, we do social media certainly, and
5 Deb is in charge of that. But we also, just as a
6 company, not just in North Carolina but
7 company-wide, initiated what's called
8 MyUtilityConnect. It is a means for customer
9 interaction through billing, through -- and once
10 again we do push notifications via text, via
11 email. But so there are multiple avenues that we
12 reach out to customers or that we can have them
13 reach out to us. As always, we also have a
14 24-hour customer service number. And then we
15 always have every day in that area and all across
16 the state we have call-back personnel that are on
17 call 24/7 as well.

18 Q Thank you.

19 A Yes, ma'am.

20 EXAMINER HILBURN: So we have nothing
21 further for Mr. Mendenhall? Thank you. You may be
22 excused.

23 THE WITNESS: Thank you, ma'am.

24 EXAMINER HILBURN: I'm going to let you hand

1 these to the court reporter if you don't mind.

2 THE WITNESS: All right.

3 (The witness is excused)

4 EXAMINER HILBURN: Ms. Sanford, do you have
5 any other witnesses for the Applicant this evening?

6 MS. SANFORD: No, ma'am, we do not.

7 EXAMINER HILBURN: Then we'll let the Public
8 Staff put forth their evidence tonight.

9 MS. HOLT: The Public Staff calls Gina
10 Casselberry.

11 GINA CASSELBERRY;
12 having been duly sworn,
13 testified as follows:

14 DIRECT EXAMINATION BY MS. HOLT:

15 Q Please state your name and business address for
16 the record.

17 A My name is Gina Casselberry. I'm a Utilities
18 Engineer with the Public Staff, Water, Sewer and
19 Telephone Division. My address is 430 North
20 Salisbury Street, Raleigh, North Carolina.

21 Q Ms. Casselberry, did you cause to be prefiled in
22 this docket on or about May --

23 A 9th.

24 Q -- May 9th --

1 A Correct.

2 Q -- an affidavit?

3 A Consisting of 5 pages; yes I did.

4 Q Do you have any additions or corrections to make
5 to that affidavit?

6 A No, I do not.

7 Q If you were asked the same, you would make the
8 same statement?

9 A Yes, I would.

10 Q Okay. Ms. Casselberry, do you have --

11 MS. HOLT: At this time, I'm sorry, I'd ask
12 that the Affidavit of Ms. Casselberry be copied into
13 the record as if given orally from the stand?

14 EXAMINER HILBURN: Without objection, that
15 will be allowed.

16 (WHEREUPON, the prefiled affidavit
17 of GINA CASSELBERRY is copied into
18 the record as if given orally from
19 the stand.)

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 361
DOCKET NO. W-1046, SUB 5

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application by Carolina Water Service, Inc. of)
North Carolina, P.O. Box 240908, Charlotte,)
North Carolina 28244, for Authority to Acquire)
the Water and Sewer Utility System in Silverton)
Subdivision in Cabarrus County, North Carolina)
from Pace Utilities Group, Inc., 6719-C Fairview)
Road, Charlotte, North Carolina 28210 and)
Approval of Rates)

AFFIDAVIT OF
GINA Y. CASSELBERRY

I, Gina Y. Casselberry, being duly sworn, do depose and say:

I am a Utilities Engineer with the Public Staff's Water Division. I graduated from Michigan Technology University receiving a Bachelor of Science Degree in Civil Engineering. I have been with the Public Staff's Water Division since February, 1992. I have presented recommendations in rate increase proceedings, new franchise and transfer applications, and other matters before the Commission for the past twenty-seven years.

The purpose of this affidavit is to summarize my investigation concerning the application filed by Carolina Water Service, Inc. of North Carolina (CWSNC or Company) and to make recommendations regarding the Company's application.

On September 13, 2019, the Company filed an application with the Commission seeking authority to acquire the franchise for providing water and sewer utility service in Silverton Subdivision in Cabarrus County, North Carolina from Pace Utilities Group, Inc. (Pace Utilities), and for approval of rates.

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The water system consists of two wells, two hydropneumatic storage tanks, and a distribution system. Pace Utilities purchases bulk sewer treatment from CWSNC, which is treated at CWSNC's Bradfield Farms' wastewater treatment facility. The application states there are 61 residential customers.

On March 21, 2019, CWSNC filed an amendment to its application to update its proposed rates for providing water and sewer utility service in the Silverton Subdivision to reflect the rates approved by the Commission, and set forth on Appendix A-3, in the Company's general rate case proceeding in Docket No. W-354, Sub 360, issued on February 21, 2019.

Pace Utilities' current rates and CWSNC's proposed rates are as follows:

	Pace's Present Rates	CWSNC's Proposed Rates
<u>Monthly Metered Water Utility Service</u>		
Base charge, zero usage	\$ 6.72	\$16.74
Usage charge, per 1,000 gallons	\$ 1.85	\$ 3.75
<u>Monthly Flat Sewer Utility Service</u>	\$39.53	\$50.46

The monthly water bill would increase from \$16.45 to \$36.47, based on an average usage of 5,262 gallons.

On March 25, 2019, the Commission issued an Order scheduling hearing and requiring customer notice, specifying that the matter could be determined without public hearing if no significant protests were received.

On March 27, 2019, the Company filed the Certificate of Service indicating that customer notice had been given in accordance with the Commission's Order. As of May 8, 2019, the Public Staff received one individual customer complaint objecting to the magnitude of the rates and a Silverton Petition, signed by

approximately 34 residential households, opposing the transfer and objecting to the magnitude of the rates compared to nearby communities. The petition also states that residents of Silverton Subdivision have had persistent issues with low water pressure, poor drinking water quality, and discolored water.

Pace Utilities' current rates for water service reflect the original rates approved in Docket W-1046, Sub 0, dated October 6, 1994; adjusted to reflect House Bill 998, effective January 14, 2015. The rates for sewer service reflect Pace Utilities' last pass through, effective April 29, 2015. The Public Staff and CWSNC have agreed that the proposed rates should reflect the rates of CWSNC's water rate division for Treasure Cove/Bradfield Farms/Fairfield Harbour and the sewer rate division for Bradfield Farms/Fairfield Harbour. It has been the Public Staff's position that it is inappropriate to compare the rates of a regulated water utility like CWSNC to the rates of municipal water systems for the following reasons:

1. The operational costs per customer are lower for customers of municipalities because of economies of scale. Municipal water systems, in general, have a much larger customer base from which to recover its fixed costs;
2. Municipalities are not regulated and can recover some of their costs through tax revenues;
3. Municipalities qualify for grants and low interest bonds and loans, unlike private utilities; and

4. Private utilities have the right to an opportunity to earn a rate of return on their investment in addition to recovering their operating expenses.

Based on its application, CWSNC indicated that it intends to invest approximately \$162,500 in capital improvements within the next two years, as listed below:

Water System

- Year 1: Replace the two well houses and two hydro-tanks.
- Year 2: Replace the conduit in the well and repair the SCADA system.

Sewer System

- Year 1: Replace the totalization meter.

Installing new hydro-tanks and replacing the SCADA system should improve the operation of the two wells, increase water pressure, and reduce the occurrence of discolored water, which can be caused by build-up sedimentation at the bottom of older tanks. In addition, CWSNC utilizes a flushing program which should also improve build-up sedimentation in water mains. In the event CWSNC determines that other treatment is necessary to improve the quality of the water, CWSNC has the capital to make those improvements.

The Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capability to provide water and sewer utility service in Silverton Subdivision, and the transfer from Pace Utilities would be in the best interest of the Silverton customers. The Public Staff, therefore, recommends that CWSNC's application to acquire the franchise of Pace Utilities be approved. The

Public Staff also recommends that \$20,000 of the Company's \$30,000 of unassigned surety bond should be assigned to Silverton Subdivision for water and sewer service. The Public Staff further recommends that CWSNC's current water rates for its Treasure Cove/Bradfield Farms/Fairfield Harbour rate division and sewer rate for its Bradfield Farms/Fairfield Harbour rate division be approved.

This completes my affidavit.


GINA Y. CASSELBERRY

Sworn to and subscribed before me
This the 9th day of May, 2019.


Notary Public

Cleo L Ackerman
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires 01-08-2023

My Commission expires: 01-08-2023

1 BY MS. HOLT:

2 Q Do you have a summary of your affidavit?

3 A I do.

4 Q Could you please read it?

5 (WHEREUPON, the summary of GINA
6 CASSELBERRY is copied into the
7 record as read from the witness
8 stand.)
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CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
DOCKET NO. W-354, SUB 361
DOCKET NO. W-1046, Sub 5

SUMMARY OF AFFIDAVIT OF GINA Y. CASSELBERRY

The purpose of my affidavit is to summarize my investigation concerning the application filed by CWSNC and to make recommendations regarding the Company's application.

Pace Utilities' current rates for water service reflect the original rates approved in Docket W-1046, Sub 0, dated October 6, 1994; adjusted to reflect House Bill 998, effective January 14, 2015. The rates for sewer service reflect Pace Utilities' last pass through, effective April 29, 2015. The Public Staff and CWSNC have agreed that the proposed rates should reflect the rates of CWSNC's water rate division for Treasure Cove/Bradfield Farms/Fairfield Harbour and the sewer rate division for Bradfield Farms/Fairfield Harbour.

It has been the Public Staff's position that it is inappropriate to compare the rates of a regulated water utility like CWSNC to the rates of municipal water systems for the following reasons:

1. The operational costs per customer are lower for customers of municipalities because of economies of scale. Municipal water systems, in general, have a much larger customer base from which to recover its fixed costs;
2. Municipalities are not regulated and can recover some of their costs through tax revenues;
3. Municipalities qualify for grants and low interest bonds and loans, unlike private utilities; and
4. Private utilities have the right to an opportunity to earn a rate of return on their investment in addition to recovering their operating expenses.

Based on its application, CWSNC indicated that it intends to invest approximately \$162,500 in capital improvements within the next two years, which includes replacing two well houses, two hydro-tanks, replacing the conduit in the well and repairing the SCADA system and replacing the totalization meter for sewer service.

Installing new hydro-tanks and replacing the SCADA system should improve the operation of the two wells, increase water pressure, and reduce the occurrence of

discolored water, which can be caused by build-up sedimentation at the bottom of older tanks. In addition, CWSNC utilizes a flushing program which should also improve build-up sedimentation in water mains. In the event CWSNC determines that other treatment is necessary to improve the quality of the water, CWSNC has the capital to make those improvements.

The Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capability to provide water and sewer utility service in Silverton Subdivision, and the transfer from Pace Utilities would be in the best interest of the Silverton customers. The Public Staff, therefore, recommends that CWSNC's application to acquire the franchise of Pace Utilities be approved.

This concludes my summary.

1 BY MS. HOLT:

2 Q Thank you, Ms. Casselberry.

3 MS. HOLT: I move that it be admitted into
4 evidence.

5 EXAMINER HILBURN: Yes. We've got that into
6 evidence, the affidavit filed on May 9, 2019.

7 MS. HOLT: Ms. Casselberry is available for
8 cross.

9 MS. SANFORD: No questions. Thank you.

10 EXAMINATION BY EXAMINER HILBURN:

11 Q Ms. Casselberry, I did want to ask, you mentioned
12 in your testimony that you work for the
13 Commission, or Public Staff of the Commission for
14 numerous years. Have you audited Carolina Water
15 Service's operations in its other areas of the
16 state?

17 A Yes, I have been the lead engineer on the last
18 six general rate cases with Carolina Service of
19 North Carolina (sic).

20 Q And what has the Public Staff's opinion been of
21 Carolina Water Service's operations in those last
22 rate cases?

23 A Carolina Water Service has a pretty good record
24 when it comes to service. There's a few isolated

1 situations where they might have had some quality
2 issue problems that they've corrected, and
3 there's other places where they put in capital
4 improvements to help out with those systems. So,
5 overall, I would say they have good service and
6 provide a good product, based on water coming
7 from a well system.

8 Q All right. I had one more question and it just
9 left me. I'm sorry. And you say in your
10 testimony that -- it seems like you're in
11 agreement with Mr. Pace that these improvements
12 that have been investigated and planned by
13 Carolina Water should they get the system would,
14 in fact, improve the service that these customers
15 are receiving?

16 A That is the hope that these improvements should
17 help with the pressure. And the sediment in the
18 tanks sometimes cause the discolorations so once
19 they replace those tanks there'll be new tanks.
20 And they have a flushing program and the
21 expertise to make sure that the system is running
22 properly.

23 Q And you've heard Mr. Mendenhall speak that they
24 have customer service people that can be called

1 should a problem arise. Are customers allowed to
2 call the Public Staff if they have a problem?

3 A Yes. The Public Staff has a Consumer Service
4 Division that they can call if they have a
5 concern, whether it's service, billing, water
6 quality issue. If Consumer Service can't address
7 their concern then it's referred to the
8 Engineering Division and an Engineer would look
9 into their complaint and work with the Company to
10 resolve the issue.

11 Q And would you consider that that's just part of
12 the regulation by the Utilities Commission over
13 whoever would be the operator of the system,
14 whether it be Pace Utilities or Carolina Water?

15 A Yes, but that would not be the case with a
16 municipality. Municipalities aren't regulated by
17 the State. They are regulated by the City
18 Council, or in the county sites, they are
19 regulated by the County Commissioners. So the
20 Utilities Commission has no jurisdiction over
21 their rates or anything concerning those water
22 systems or sewer systems.

23 Q Thank you.

24 EXAMINER HILBURN: Do y'all have any

1 questions, Applicant, on my questions?

2 MS. SANFORD: No questions. Thank you.

3 EXAMINER HILBURN: Ms. Holt.

4 MS. HOLT: No questions.

5 EXAMINER HILBURN: Well, thank you,
6 Ms. Casselberry. You maybe excused.

7 (The witness is excused)

8 EXAMINER HILBURN: And I wanted to ask, we
9 have -- from the Order that was issued yesterday we
10 have the Affidavit and exhibit of Windley Henry is in
11 the evidence from that Order so I just want to do some
12 housekeeping here and make sure we've got everything
13 in. I wanted to ask if the Applicant wanted to enter
14 into evidence the revised Application that was filed
15 on February 6th.

16 MS. SANFORD: Yes, we do.

17 EXAMINER HILBURN: And I, also, just for
18 clarity purposes, wanted to ask the Applicant if they
19 wanted to enter into evidence the letter that Carolina
20 Water filed after their Rate Order was issued in the
21 general rate case where they confirmed the rates that
22 they would like to apply for in this proceeding, and
23 that was filed in our docket system on March 21, 2019.

24 MS. SANFORD: Yes, please.

1 EXAMINER HILBURN: All right. So all of
2 that will be entered into evidence.

3 MS. SANFORD: And just to be sure that I
4 asked for inclusion into evidence of Mr. Mendenhall's
5 exhibits. I know they were identified, I think they
6 were.

7 EXAMINER HILBURN: They were identified and
8 they will just -- in an abundance of caution they will
9 be admitted into evidence as they were identified.

10 MS. SANFORD: Thank you.

11 (WHEREUPON, Henry Exhibit 1 is
12 admitted into evidence.)

13 (WHEREUPON, the prefiled Affidavit
14 of WINDLEY E. HENRY is copied into
15 the record as if given orally from
16 the stand.)

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 361
DOCKET NO. W-1046, SUB 5

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Carolina Water Service, Inc. of)
North Carolina, P.O. Box 240908, Charlotte,)
North Carolina 28244, for Authority to Acquire)
the Water and Sewer Utility System in Silverton)
Subdivision in Cabarrus County, North Carolina)
from Pace Utilities Group, Inc., 6719-C Fairview)
Road, Charlotte, North Carolina 28210 and)
Approval of Rates)

AFFIDAVIT OF
WINDLEY E. HENRY

I, Windley E. Henry, being duly sworn, do depose and say:

I am the Manager of the Water/Sewer/Communications Section of the Public Staff – Accounting Division, 430 N. Salisbury Street, Raleigh, North Carolina and represent the using and consuming public. I have a Bachelor of Science Degree in Accountancy from the University of North Carolina at Wilmington. I joined the Public Staff on July 16, 1990.

The purpose of my affidavit is to present the results of my investigation of the levels of net plant in service and acquisition adjustment for ratemaking purposes concerning the application, filed by Carolina Water Service, Inc. of North Carolina (CWSNC or Company) on September 13, 2018, seeking authority to acquire the franchise for providing water and sewer utility service in Silverton Subdivision in Cabarrus County North Carolina from Pace Utilities Group, Inc. (Pace Utilities), and for approval of rates.

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Attached to the Company's application is an Asset Purchase Agreement (APA), dated August 6, 2018, between CWSNC and Pace Utilities. On November 21, 2018, CWSNC filed an amended APA, with an effective date of November 19, 2018. On February 6, 2019, CWSNC filed a revised application, which reflected a change in the purchase price and revisions to the proposed rates. The filing also included a second revised APA, with an effective date of January 24, 2019, which included the revised purchase price of \$43,000 for the water and sewer system.

The assets being acquired by CWSNC represent a combined net plant in service balance of \$17,209 as of March 31, 2019, as shown on Schedule 1-2 of my exhibit. CWSNC is paying \$43,000 for all assets owned by Pace Utilities that are used, useful or reasonably necessary in the operation of the utility system, resulting in a debit acquisition adjustment of \$25,791.

The Commission established the criteria for approval of acquisition adjustments in its *Order Approving Transfer, Acquisition Adjustment, and Maintaining Current Rates*, dated April 30, 1997 in Docket No. W-274, Sub 122 (Hardscrabble decision), which concerned the application of Heater Utilities, Inc., to acquire the Hardscrabble water system. The criteria that the Commission used to determine whether the debit acquisition adjustment should be allowed in rate base was based on a three-prong test: 1) the benefit to ratepayers should outweigh the cost of inclusion in rate base of the excess purchase price, 2) system deficiencies would go unaddressed if not for the acquisition by the acquiring company, and 3) the acquisition is a result of arm's length bargaining.

The Commission, by order dated January 6, 2000, Docket No. W-1000, Sub 5, which concerned Utilities Inc.'s acquisition of the North Topsail sewer system, affirmed the acquisition adjustment criteria established in the Hardscrabble decision; however, the Commission denied the acquisition adjustment in that case, because the benefits to customers did not outweigh the resulting burdens to customers.

In the Public Staff's opinion, the Company's acquisition of Pace Utilities meets the Commission's criteria for debit acquisition adjustments, because the purchase price is prudent and the result of arm's length bargaining, there are present deficiencies in the Pace Utilities' water, and sewer systems that CWSNC intends to address after the acquisition; and the benefits accruing to the customers in the Silverton Subdivision and CWSNC's Treasure Cove/Bradfield Farms/Fairfield Harbour rate customers outweigh the costs of inclusion in rate base of the excess purchase price.

According to Public Staff engineer, Gina Casselberry, there are deficiencies in the Pace Utilities water and sewer systems and the Silverton Subdivision customers will benefit from the approximately \$162,500 in system improvements CWSNC intends to make in the next two years to the well house, hydro pneumatic storage tanks, replacement of a conduit in the well, repairs to the SCADA system, and replacement of the totalization meter. CWSNC is a professional utility company and has a number of water and sewer systems in the Charlotte area. Although the Public Staff is recommending rate increases for both water and sewer operations of Pace Utilities, the current rates were

approved by order dated April 29, 2015, in Docket No. W-11046, Sub 3, and the Silverton Subdivision customers will receive significantly improved water and sewer service reliability from the plant improvements that CWSNC will make and also from CWSNC's extensive field service operations.

Based upon information provided by CWSNC, I conclude that the purchase price paid for the Pace Utility systems is prudent. Additionally, I conclude that the acquisition will not have a negative impact on the customers and rates of both CWSNC and Pace Utilities, because of the spreading of costs under a unified rate structure.

Therefore, I recommend that CWSNC receive rate base treatment of the acquisition adjustment of \$25,791, as calculated on Schedule 1-2 of my attached exhibit.

This completes my affidavit.

Windley E. Henry
Windley E. Henry

Sworn to and subscribed before me
This the 9th. day of May, 2019.

Cleo L. Ackerman
Notary Public

Cleo L Ackerman
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires 01-08-2023

My Commission expires: 01-08-2023

1 (WHEREUPON, CWSNC Application and
2 revised Application is received
3 into evidence.)

4 (WHEREUPON, CWSNC Letter
5 Confirming Rates is admitted into
6 evidence.)

7 EXAMINER HILBURN: Are there any other
8 matters that need to be addressed before we talk about
9 proposed orders?

10 MS. HOLT: (Shakes head no).

11 MS. SANFORD: No.

12 EXAMINER HILBURN: Filing of proposed
13 orders, do the parties want to propose a timing or
14 whether it be separate or joint for the Hearing
15 Examiner to consider?

16 MS. SANFORD: Thirty days?

17 MS. HOLT: Yes.

18 EXAMINER HILBURN: Thirty days. Okay. And
19 will each do their own proposed order or how would you
20 like to --

21 MS. SANFORD: We talked about a joint
22 proposed order.

23 EXAMINER HILBURN: -- approach that?

24 MS. HOLT: We will try to file a joint

1 proposed order.

2 EXAMINER HILBURN: Okay.

3 MS. SANFORD: We're having that conversation
4 and --

5 EXAMINER HILBURN: Okay. Well, I can leave
6 that to give y'all time to examine that. I think it
7 will be fine to say that you will file your proposed
8 orders in 30 days, whether it be a joint proposed
9 order or your separate respective proposed orders, but
10 anyway 30 days of receiving the transcript.

11 MS. SANFORD: Okay. That would work.

12 MS. HOLT: Okay.

13 EXAMINER HILBURN: All right.

14 MS. SANFORD: Thank you.

15 EXAMINER HILBURN: And for the benefit of
16 the customers who appeared tonight, those of you who
17 spoke we greatly appreciate you bringing forth your
18 testimony. The Commission loves to hear from
19 customers and to understand why it is -- the situation
20 in the systems that we regulate or potentially could
21 regulate, and we would take your statements under
22 consideration that were entered into evidence. The
23 ones who came out tonight just to observe, we
24 appreciate that as well.

1 The next step in the process is the parties
2 will be filing their proposed order, and that means
3 they're going to, either jointly or separately,
4 they're going to ask the Hearing Examiner to issue an
5 Order that says what they propose, what they file;
6 they're going to ask -- the Company certainly will ask
7 that the transfer be approved, and the Public Staff is
8 in favor of the transfer as well, but they will take
9 into consideration everything that was heard tonight.
10 And then once I get those proposed orders, I will
11 consider all of the evidence, and I will issue a final
12 Order that will be available in our docket system at
13 www.ncuc.net, and that address was on your billing
14 customer notice that you got from the company when all
15 this first started. You can follow the whole rest of
16 the process of this proceeding by staying in contact
17 with our website. You will see the proposed orders
18 being filed, you can read those, and then
19 approximately 30 days later you will see the final
20 order of the Commission, and that is how this process
21 will proceed so I just wanted to explain that.

22 So, if there's nothing further, I do
23 encourage the customers to stay afterwards and speak
24 with the company one-on-one, speak with the Public

1 Staff one-on-one. As they mentioned before we
2 started, they are here to talk and offer information
3 and to answer your questions so please take advantage
4 of that. I'm not allowed to speak because I will be
5 doing the decision on this, but these parties may
6 speak with you and have conversations.

7 So thank you for coming out, thank you,
8 Company and Public Staff. And if there's nothing
9 further, then we are adjourned.

10 (WHEREUPON, the proceedings were adjourned.)
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C E R T I F I C A T E

I, KIM T. MITCHELL, DO HEREBY CERTIFY that
the Proceedings in the above-captioned matter were
taken before me, that I did report in stenographic
shorthand the Proceedings set forth herein, and the
foregoing pages are a true and correct transcription
to the best of my ability.

*Kim T. Mitchell*_____

Kim T. Mitchell
Court Reporter