

# OFFICIAL COPY

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May 21, 2019

*By email: mjarvis@ncuc.net*

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

**FILED**

**MAY 24 2019**

Clerk's Office  
N.C. Utilities Commission

Re: Application for Transfer of Public Utilities Franchise and for Approval of Rates, Filed by Pace Utilities Group, Inc. (W-1046, Sub 5) and Carolina Water Service, Inc. of North Carolina (W-354, Sub 361)

Notice of Appearance and Filing of Letter from Brian Pace

Dear Ms. Jarvis:

I represent Brian Pace and Pace Utilities Group, Inc. ("Pace Utilities") in the referenced matter and I write to request that you show me as attorney of record for both in your docket system. My contact information is shown above; please advise if there is anything else I should provide. I agree to accept electronic service, and my e-mail address is: russell@woodwardandwoodward.com.

Additionally, attached please find a letter from Brian Pace to the customers of Pace Utilities. Please file the letter in the docket for this matter.

I certify that all parties of record have been served electronically with this document. Thank you for your help and please let me know if you need anything else from me or Pace Utilities

Best regards,



Russell S. Woodward

Copy to: Parties of Record

Pace Utilities Group, Inc.  
6719-C Fairview Road  
Charlotte, NC 28210

May 14, 2019

Residents of Silverton Subdivision

Re: Silverton Water System; Proposed Sale to Carolina Water Service  
NCUC Docket # W-354, Sub 361 and #W1046 Sub 5

Ladies and Gentlemen:

On behalf of Pace Utilities Group, Inc. ("Pace"), the owner and operator of the water system providing water and sewer service to your homes in Silverton (the "System"), I write to provide you with some additional information regarding the proposed sale of the System to Carolina Water Service, Inc. of North Carolina ("Carolina Water").

In 1988, my father, Stephen Pace, developed your subdivision for the original home builder, Sparta Brook Homes. At that time, there were no public sewer and water services available in the vicinity and Pace Utilities Group, Inc. was created to provide water and sewer service to your community. My father found himself as the owner and operator of a private water utility company, something he had never done before. He continued to maintain and manage this utility system for the past 30 years and it remains the one and only utility he ever owned or operated.

Unfortunately, in January of 2018 my father passed away after a long fight with cancer. Upon his death, our family became the owner and operator of this system. Since his death, our family has continued to manage and operate the system, but we knew that could not continue because this is not our primary business. After my father's death, we began exploring options to sell the System to a larger, more experienced operator which could provide the expertise and investment necessary to operate the System for the next 30 years. Carolina Water has agreed to acquire the System and we are confident that they will be a good steward of the System.

I have received a copy of the petition in opposition to the sale of the System to Carolina Water and I completely understand concerns about a rate increase. However, the increasing costs to maintain and operate the System - and to ensure that your water stays safe - will require that the rates are increased, regardless of whether the System is sold to Carolina Water or to another operator. Based on the rate history we received from the NCUC, the rates set for Silverton in 1994 remained constant for 21 years. In April, 2015, the NCUC's approved water base charge and usage charge for the System went down, and the monthly sewer rate increased about 13% (to account for Pace's increased sewer costs). Since April, 2015, your water and sewer rates have remained unchanged.

I understand that the rate history doesn't ease the sting of a rate increase, but it helps explain why the System currently cannot pay for itself. The current revenues do not cover the operating costs of the System, a scenario that is not sustainable for any business. That's why we believe Carolina Water is in the best position to take over the System and keep it operating safely and effectively for years to come. Additionally, Carolina Water is able to make needed investments to the System to improve service and reliability, including but not limited to replacement of the existing well houses, replacement of the existing hydro-tanks, and other necessary well repairs.

Carolina Water also currently treats all sewer flows from the Silverton neighborhood and provides water and sewer service to the adjacent Bradfield Farm neighborhood as well. The proposed revised water and sewer rates for Silverton are in line with the rates for Bradfield Farm neighborhood and are below the North Carolina average utility rates.

We are hopeful this letter offers a better explanation of the changes and improvements coming to the Silverton neighborhood's water and sewer system. We appreciate your understanding and ask for your support of Carolina Water's acquisition of the System.

Sincerely,

A handwritten signature in black ink that reads "Brian S. Pace". The signature is written in a cursive, slightly slanted style.

Brian S. Pace  
President  
Pace Utilities Group, Inc.