

1 PLACE: Dobbs Building, Raleigh, North Carolina  
2 DATE: Tuesday, May 15, 2018  
3 TIME: 7:00 p.m. - 9:00 p.m.  
4 DOCKET NO: W-1075, Sub 12  
5 BEFORE: Commissioner Charlotte A. Mitchell, Presiding  
6 Commissioner James G. Patterson  
7

8 IN THE MATTER OF:

9 KRJ, Inc., d/b/a KRJ Utilities Company,

10 Post Office Box 2369

11 Swansboro, North Carolina 28584

12 Application for Authority to Increase Rates  
13 for Water and Sewer Utility Service in its  
14 Southern Trace and Rockbridge Subdivisions in  
15 Wake County, North Carolina.  
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A P P E A R A N C E S:

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

1  
2 MS. MITCHELL: Good evening. Let us come to  
3 order and go on the record. My name is Charlotte  
4 Mitchell, the presiding Commissioner for this hearing,  
5 and with me tonight is Commissioner James G.  
6 Patterson. Also, appearing in this proceeding is  
7 Chairman Edward S. Finley, Jr., who is not in  
8 attendance tonight.

9 I now call for hearing at this time for the  
10 purpose of taking non-expert, public witness  
11 testimony, Docket Number W-1075, Sub 12, In the Matter  
12 of Application by KRJ, Inc., d/b/a KRJ Utilities  
13 Company, PO Box 2369, Swansboro, North Carolina 28584,  
14 for Authority to Increase Rates for Water and Sewer  
15 Utility Service in Its Southern Trace and Rockbridge  
16 Subdivisions in Wake County, North Carolina.

17 On January 10, 2018, KRJ, Inc., d/b/a KRJ  
18 Utilities Company, hereafter to be referred to as KRJ  
19 or the Company, filed an Application with this  
20 Commission seeking authority to increase its rates for  
21 water utility service in Southern Trace and for water  
22 and sewer utility services in Rockbridge, both of  
23 which are located in Wake County, North Carolina.

24 On January 25, 2018, the Public Staff

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1 notified KRJ of deficiencies in its Application.  
2 Thereafter, on January 30, 2018, the Company filed a  
3 response supplying the requested information.

4 On February 6, 2018, the Commission issued  
5 its Order Establishing a General Rate Case, Suspending  
6 Rates, Scheduling Hearing and Requiring Customer  
7 Notice.

8 On May 4, 2018, KRJ filed the direct  
9 testimony and exhibits of James R. Butler,  
10 Professional Engineer, in support of the Company's  
11 Application.

12 Pursuant to the State Ethics Act, I remind  
13 members of the panel of our duty to avoid conflicts of  
14 interest, and inquire at this time as to whether any  
15 Commissioner has any known conflict of interest with  
16 respect to this docket?

17 (No response.)

18 Let the record reflect that no conflicts  
19 were identified.

20 I will now call on counsel for the parties  
21 to announce their appearances for the record,  
22 beginning with the Applicant.

23 MR. BENNINK: Good evening, Commissioners.  
24 My name is Robert Bennink. I'm an attorney here in

1 Wake County. I'm here tonight to represent KRJ  
2 Utilities. With me at counsel table is James R.  
3 Butler, who will be the Company's witness at the  
4 evidentiary hearing.

5 COMMISSIONER MITCHELL: Good evening  
6 Mr. Bennink and Mr. Butler.

7 MR. GRANTMYRE: Good evening, Commissioners,  
8 William Grantmyre, Public Staff, Staff Counsel. And  
9 with me -- and we represent the Using and Consuming  
10 Public. With me -- seated with me is Gina  
11 Casselberry, Public Staff Utilities Engineer, and Gina  
12 Holt, who's also going to be with us tonight. I  
13 believe she's upstairs helping people get in the front  
14 door.

15 COMMISSIONER MITCHELL: Before we conduct  
16 the public hearing, are there any preliminary matters  
17 that counsel are aware of that we need to address at  
18 this time?

19 MR. GRANTMYRE: No.

20 MR. BENNINK: None.

21 COMMISSIONER MITCHELL: Has the Public Staff  
22 identified any non-expert public witnesses who wish to  
23 testify this evening?

24 MR. GRANTMYRE: Yes. We have a sign-up

1 sheet here and a separate one back there so we're  
2 prepared to call them.

3 COMMISSIONER MITCHELL: Please call your  
4 first witness.

5 MR. GRANTMYRE: Thomas Rains.

6 COMMISSIONER MITCHELL: Mr. Rains, please  
7 come to the witness stand.

8 (Mr. Rains pointed to the witness  
9 stand.)

10 COMMISSIONER MITCHELL: Yes, sir.

11 THOMAS RAINS; having been duly sworn,  
12 testified as follows:

13 COMMISSIONER MITCHELL: Before you begin,  
14 will you please state your name and address for the  
15 record?

16 THE WITNESS: My name is Thomas Rains,  
17 address is 1213 Southern Trace Trail in Garner, North  
18 Carolina 27529.

19 COMMISSIONER MITCHELL: Thank you.

20 DIRECT EXAMINATION BY MR. GRANTMYRE:

21 Q And spell your last name.

22 A R-A-I-N-S, just like it falls.

23 Q Okay.

24 A No E-.



1 Q Okay. Please proceed with your statement.

2 A Okay. I want to say first off that I've known  
3 Rod Butler for about three years I guess. We've  
4 corresponded back and forth with issues that we  
5 had in 2015, when KRJ had changed from a  
6 management company, Envirolink, I think it was,  
7 to Matthews Utilities.

8 And my background, I worked for 36  
9 years at Bayer Pharmaceuticals as a biochemist  
10 and also involved in a lot of plant expansions  
11 with pumps and piping and process flow. So I  
12 have a little bit of knowledge in that. I'm not  
13 an expert. Rod I know is a graduated engineer  
14 from NC State so -- which is good enough for me  
15 so I don't plan to, you know, question his  
16 authority or his engineering skills. I just want  
17 to approach things from a controlled environment,  
18 being the pharmaceutical engineer as I was, or  
19 pharmaceutical biochemist.

20 I have a problem with KRJ choosing  
21 the time period, July the -- of 2015 through June  
22 26th (sic) as a, quote, routine typical test  
23 case, as they documented for data to support the  
24 requested rate increase. This just happened to

1 be the time when KRJ was experiencing a lot of  
2 problems with low water pressure and had to spend  
3 probably unplanned capital to repair the system.  
4 So this period of time chosen biases the typical  
5 operating expenses of the Company, in my opinion,  
6 and is not representative, in my opinion, of the  
7 lack of upgrades and operating costs of the past  
8 two years or the many years prior to 2015.

9 In my opinion, the water  
10 distribution system in Southern Trace now is a  
11 very poor design because it permits water to flow  
12 downhill to a new section of the subdivision  
13 without any flow restriction to houses in the  
14 upper regions of the subdivision and, as a  
15 result, whenever there are low pressure problems,  
16 houses at the top of the subdivision suffer  
17 sometimes from even zero water pressure and very  
18 poor quality water coming out while those at the  
19 bottom are not experiencing any water flow or  
20 pressure problems whatsoever. So it's not a very  
21 efficient design. Now, it was probably was  
22 acceptable when the subdivision was planned back  
23 in 1995, but not now.

24 It is my belief, also, that a very

1 poor disconnected management of the performance  
2 of the water system exists through repeated  
3 attempts to manage the Garner - Southern Trace  
4 water system remotely from Swansboro. In 2015,  
5 there was no on-site or qualified local engineer  
6 to critically assess issues or problems with the  
7 water supply that we were having in 2015 when we  
8 had those low pressure issues.

9 Also, in my opinion there is too  
10 much reliance on technical engineering input from  
11 water chemists who are not qualified engineers  
12 that can understand the dynamics of the system  
13 when it is malfunctioning.

14 In 2015, the system consisted of  
15 many components of a 20-year old operating  
16 equipment, and this is my largest complaint now  
17 being, as I said, from a pharmaceutical industry.  
18 In 2015, there were no validated operating  
19 control systems for balancing the water pressure  
20 between three wells. Only two wells were in  
21 operation at that time. Operation of the  
22 circulation pump at well number two relied upon a  
23 radio frequency signal from well number one which  
24 could be blocked by line of sight and, indeed,

1 was thought to be the case at that time.

2 In 2015, there were no documented  
3 operating control systems for the two water  
4 reservoir tanks at well number one. A piping  
5 diagram with the proper location and operating  
6 controls for the water reservoir tank number two  
7 not exist in 2015. It is my opinion that there's  
8 an improper design choice of the sump pump for  
9 well number two. The electrical component of the  
10 pump is not an off-the-shelf, commonly  
11 manufacture design and has to be manufactured  
12 upon request which necessitated at least a two or  
13 three week delay in getting the water pressure  
14 and pump back operational in well number two and  
15 created a hardship in the subdivision with a  
16 water shortage.

17 In 2015, the Company, in my  
18 opinion, did not maintain a proactive inspection  
19 or monitoring program. And today it is my belief  
20 that it continues to operate under more of a  
21 reactive response to problems rather than  
22 anticipating and preventing systemwide issues.

23 In 2015, there was no adequate  
24 training program in place nor a plan for

1 successive future transfer of the operating  
2 system. And, to this date and three years later,  
3 I do not know if those conditions are still in  
4 existence.

5 We have not had water pressure  
6 problems, granted in the last three years to the  
7 extent that we had in 2015. So in all fairness  
8 to KRJ, the system seems to be operating better  
9 today than it did in 2015. However, there is a  
10 severe deficiency of operating equipment and, in  
11 my opinion, the entire system needs to be  
12 overhauled - new pumps, new sump pumps, new  
13 recirculating system - and an engineering  
14 assessment of the entire distribution system  
15 needs to be performed so that the system between  
16 the old section and the new section can be better  
17 balanced so that the people at the top of the  
18 subdivision do not suffer from low water pressure  
19 problems when we do have issues with the pumps.  
20 If those things are done and capital is acquired  
21 and borrowed then I can understand and would be a  
22 little bit more agreeable to having a rate  
23 increase. But from right now, given the age of  
24 the system and the management and the performance

1 of it, I do not agree and am not at all satisfied  
2 with granting any rate increase at this  
3 particular time to the utilities. Understanding  
4 that cost of electricity has gone up, but cost of  
5 electricity going up and operating should not  
6 double our cost of water rates.

7 Also, one last thing in closing,  
8 too. I noticed in one of the documents that was  
9 presented was that there would be an assessment  
10 of the water system from engineers. And I would  
11 like for the copy of the engineers' report to be  
12 made public knowledge so that our subdivision can  
13 have access to that report. I would like to see  
14 what an independent engineering assessment is of  
15 our operating system. And that's all that I had  
16 to say. Thank you.

17 Q Which document was it that you saw about a copy  
18 of an engineering report?

19 A Hang on a minute and let me see. It's one from  
20 KRJ. It's dated 06 February 2018 and sent to the  
21 customers. And it's the one, two, three, four,  
22 fourth paragraph down and half way through there  
23 it says, *auditors will request and analyze data*  
24 *to support expenses,* and then later on it says,

1           engineers will evaluate the condition and  
2           operation of the physical facilities of the  
3           utility systems. And I don't know who the  
4           engineers are that are going to evacuate, excuse  
5           me, evaluate the condition and operation, but I'm  
6           assuming that that's going to be a formal report  
7           and will be generated after this evaluation. And  
8           I would like to see a copy of that report made  
9           available for the public record for us.

10        Q     Can you -- would you be agreeable that that  
11           letter be an exhibit that we can use tonight in  
12           this case?

13        A     Yes.

14        Q     Neither the Public Staff nor the Commission has  
15           seen that letter, and we would like to have that  
16           information into the record.

17        A     Okay. Sure.

18        Q     And I will mail it back to you so you'll have it  
19           but --

20        A     Okay.

21        Q     -- or mail you a copy.

22                        MR. GRANTMYRE: But we would ask that that  
23           be identified as Rains' Exhibit Number 1.

24        A     Okay.

1 BY MR. GRANTMYRE:

2 Q Now, the Public Staff in its audit will be  
3 updating the test year to the period ending  
4 March 31, 2018, and we'll be using a lot of the  
5 12-month expenses ending March of 2018. But you  
6 said in 2015 was when you became involved a lot  
7 with the water system, and at that time  
8 Envirolink was the contract operator?

9 A It's my understanding that Enviro- -- because  
10 when I first moved to Southern Trace there was a  
11 telephone number that you called for emergencies  
12 and I -- my memory is not 100 percent on this,  
13 but I think it was Envirolink; is that correct?

14 (Mr. Butler Nods head affirmatively.)

15 Q Yeah --

16 A Okay. Envirolink was the company. And, from  
17 what I understood from talking to Rod and the  
18 Company that he hired subsequent to that, they  
19 were taking -- right in the transition process  
20 from Envirolink to Matthews -- I don't know  
21 what -- Matthews --

22 Q You said Matthews Utilities but --

23 A Matthews Utilities, yes.

24 Q Now, I believe you also said that the last year



1 or two since Matthews Utilities was the contract  
2 operator, the water pressure has been a lot  
3 better; is that correct?

4 A It has been a lot better. It's not been perfect,  
5 but it's been a lot better than it was in 2015.

6 Q When you experience low pressure is it mostly in  
7 the summer months, or the fall, or spring, or did  
8 it happen in the winter, also?

9 A This happened in the -- I'll say May I think is  
10 when it -- hang on a second and let me look at my  
11 notes here. May is when this happened but --

12 Q How many days was it that you experienced the low  
13 pressure approximately?

14 A This went on from May 26th through August. So  
15 May, June, July, August, four months this month.

16 Q And that was in 2015?

17 A 2015, yes.

18 Q Was there much irrigation of lawns going on at  
19 that time?

20 A Interesting you ask. I did a review and I've got  
21 notes here from all of that where I went  
22 through -- I'd get up in the mornings at five  
23 o'clock in the mornings and I'd ride every single  
24 street. I told residents in the neighborhood on

1           our website that if they saw a white Ford  
2           Explorer not be alarmed and call the deputy  
3           sheriff because I would be out there every day.  
4           And I found one, two, three, on average four  
5           people that would irrigate, and nothing out of  
6           the ordinary that I would consider enough to  
7           cause the water pressure problems.

8       Q     Was the -- the irrigation systems, was it the  
9           in-ground automatic systems or was it John Doe  
10          had a Rain Bird or one or two in the yard?

11       A     What I saw were the in-ground irrigation systems  
12          that I reported because I know Rod has said that  
13          people watering with a garden hose and a little  
14          sprinkler doesn't cause a problem with that. But  
15          there were just four people that I saw. And a  
16          lot of times when I would ride around I would see  
17          wet streets so I knew people had been doing it.  
18          But, also, it's pretty obvious when you're riding  
19          through the subdivision and you see a yard full  
20          of green grass and his neighbor's is brown,  
21          somebody's been watering. And I would ride  
22          around, that's why I said I did it at different  
23          times of the day so I could, quote, see these  
24          people doing this. And Rod was aware of that.

1 KRJ I think sent nasty-grams to these people and  
2 he even documented in here that some people were  
3 paying exorbitant water fees. But see that was  
4 not the problem with our low pressure back in  
5 2015.

6 Q Now, you say there's a new section to the system,  
7 when did the new section go in approximately?  
8 Was it 2014 or 2015 or was it older than that?

9 A It was older than that. I moved there in 1998.  
10 After I moved in 1998, the subdivision gradually  
11 increased at an incremental rate, and I can't  
12 honestly answer that question. I do not know  
13 how -- at which particular period the most houses  
14 were built. I don't really think it was a  
15 situation where you could say today 50 new homes  
16 were added onto the system. It's something that  
17 just gradually occurred from the time we moved in  
18 1998 until 2015 when most of the subdivision was  
19 built out.

20 Q Now, the -- you say there's high pressure at the  
21 low elevations and when the low pressure occurred  
22 it would hit first on the high elevations. How  
23 much elevation difference approximately is there,  
24 just ballpark? Is it as much as 150 feet?

1 A At least that much if not more --

2 Q At least that much?

3 A -- than that. Yes, a significant drop, dip; very  
4 significant. Do you know?

5 UNKNOWN SPEAKER: It's about a hundred.

6 A Yeah, it's a very significant drop off there in  
7 elevation. As I said, sometimes the people at  
8 the low end of the subdivision where the water  
9 pressure would -- may not -- were not even aware  
10 that there was even an issue going on up there.  
11 They would be surprised to know that people the  
12 closest to well number one were sucking air out  
13 of the lines as it were that they just didn't  
14 have water.

15 Q But it's my understanding that now there are  
16 three wells in operation --

17 A Uh-huh (yes).

18 Q -- and they're operated on -- they all come on  
19 together. Was that the case in 2015 when you  
20 were having the pressure problems or was one or  
21 more wells out of service?

22 A In 2015, there were only two wells operational.  
23 And in 2015, it was also determined that one of  
24 the wells, number two, was having supply issues

1           which caused a lot of the problems with us having  
2           low pressure at that time. It took a little  
3           while to determine that well two was the  
4           malfunctioning well in the system, but we only  
5           had two operational.

6       Q     When you say it was having supply problems, was  
7           it with the well or the pump, or are you not  
8           sure?

9       A     The well, it turned out to be that it was the  
10           sump pump in the well itself, not the  
11           recirculating pump up on top, but the actual  
12           pump, the sump pump head.

13      Q     The submersible pump?

14      A     The submersible pump.

15      Q     They call it submersible pumps.

16      A     Uh-huh (yes).

17      Q     So there was a problem with the pump and it took  
18           a while to get that straightened out?

19      A     Yes, it did.

20      Q     Because a pump -- a submersible pump can wear out  
21           and decrease the yield in a well. And, of  
22           course, a well could have a decrease in yield  
23           also. Was there talk about the well yield  
24           decreasing or was it the pump?

1 A Both. See, this is the issue that I have because  
2 as I said I come from a Company, a pharmaceutical  
3 Company where we have to maintain our output, our  
4 manufacturing output. We have backups. We have  
5 backups to the backups where we are not down for  
6 periods of time. And I was quite disturbed to  
7 find out that when the well -- submersible pump  
8 in well number two went down and quit working,  
9 that it was not an off-the-shelf item or one  
10 could be flown in from Indiana overnight and  
11 installed the next day. This one had to be  
12 particularly wired because it -- I forgot now how  
13 it was described to me but it was not a commonly  
14 electrical connection to the sump pump, and had  
15 to be particularly, specially made for us. And  
16 the first one that came in I think malfunctioned  
17 and the pump burned up the first day that it was  
18 put in. The second day -- the second pump that  
19 came in -- now, I'll have look back through my  
20 notes and see why the failure we had on the  
21 second pump, but it was a -- just a  
22 catastrophe --

23 Q So the second pump failed also?

24 A The second pump failed also. So it took three

1 pumps before well number two was ever put back  
2 online.

3 Q Now --

4 A And see that's -- my biggest beef is just a  
5 mismanagement of that because there's no engineer  
6 right here on site directing things to be done.  
7 It's all done remotely or somebody has to call,  
8 somebody has to come out and make an assessment,  
9 and then they have to do a phone call, and you've  
10 got to get approval, so it's not as if -- if you  
11 had a problem with the, I don't know, your car  
12 and you were out of town and you had to have  
13 somebody fix your car and it took several weeks  
14 to get parts in, you'd be upset, too, I guess  
15 because you weren't there right on spot, on site  
16 to have it repaired, and having to rely on other  
17 people do it for you.

18 Q Now, when you were having this problem through  
19 August, was Envirolink still the contract  
20 operator at the time or did Matthews come in  
21 during this period and take over, or they took --

22 A Matthews.

23 Q -- over after its --

24 A Matthews.

1 Q Matthews was involved the entire time or they  
2 just got involved towards the end, or do you  
3 remember?

4 A My understanding Matthew was involved in it from  
5 the very beginning because I'm thinking that  
6 Enviro- -- I don't remember here the exact time,  
7 but in early 2015, when we would start calling  
8 Envirolink, we would not get any response, any  
9 reply, and we were told, and I don't remember now  
10 how we found out about this as a subdivision, but  
11 we found out in 2015, early 2015 that Envirolink  
12 was no longer managing our water system.

13 Q Okay.

14 A So we called directly to KRJ in Swansboro for  
15 problems and issues that we had until the  
16 suitable transition was made to Matthews.

17 Q Mr. Rains, the Public Staff will be requesting  
18 the Commission to order the Company to file a  
19 report on the issues that you've raised?

20 A Okay.

21 Q And that's common practice. They do that when  
22 customers bring service concerns in, they ask the  
23 Company to file reports, so you will see a copy  
24 of that report, and it would be posted on the



1 Commission's website.

2 A Okay.

3 MR. GRANTMYRE: We have no further questions  
4 at this time.

5 COMMISSIONER MITCHELL: Any questions for  
6 the witness?

7 MR. BENNINK: No questions.

8 COMMISSIONER MITCHELL: Thank you.

9 Mr. Rains, I'm sorry, Commissioner Patterson has a  
10 question for you.

11 THE WITNESS: Okay.

12 COMMISSIONER PATTERSON: Two questions  
13 actually.

14 EXAMINATION BY COMMISSIONER PATTERSON:

15 Q Have you ever been notified of any water quality  
16 issues?

17 A In our subdivision?

18 Q Yes.

19 A I think we had one or two boil issues while the  
20 pumps were being replaced or the work was going  
21 on in 2015. I don't think we've had. To my  
22 knowledge, I can't recall any issues in 2018. I  
23 could be wrong. I just honestly can't recall  
24 anything.

1 Q That's fine. And the other question is when you  
2 pay your bill, who do you pay it to?

3 A It goes to KRJ Utilities in Swansboro.

4 Q Has it always gone there?

5 A So far as I know. To be honest with you, my wife  
6 pays that bill --

7 Q Same thing here.

8 A -- and I've never (Laughing) heard her say  
9 anything different other -- so far as I know, it  
10 goes to Swansboro.

11 COMMISSIONER PATTERSON: Thank you.

12 COMMISSIONER MITCHELL: Mr. Rains, before  
13 you return to your seat, would you please provide that  
14 letter that you referenced earlier to the court  
15 reporter. And, Mr. Bennink, without objection, we'll  
16 receive that.

17 MR. BENNINK: No objection.

18 COMMISSIONER MITCHELL: The Commission will  
19 receive that letter into evidence.

20 THE WITNESS: Okay.

21 (WHEREUPON, Rains Exhibit 1 is  
22 admitted into evidence.)

23 (Ms. Casselberry approaches the witness stand to  
24 retrieve the letter.)

1 MS. CASSELBERRY: Thank you.

2 THE WITNESS: You're welcome. All right.  
3 Thank you.

4 MR. GRANTMYRE: Thank you.

5 (The witness is excused.)

6 MR. GRANTMYRE: We'll call Craig Buzak.

7 CRAIG BUZAK; having been duly sworn,  
8 testified as follows:

9 COMMISSIONER MITCHELL: Thank you.

10 DIRECT EXAMINATION BY MR. GRANTMYRE:

11 Q Could you please state your name and address?

12 A Yes. It's Craig Buzak, that's B-U-Z-A-K. The  
13 address is 1436 White Opal Drive, Knightdale,  
14 North Carolina 27545.

15 Q And you're from Rockbridge Subdivision?

16 A I'm from the Rockbridge Subdivision; yes, sir.

17 Q And you get both water and wastewater or sewer  
18 service from KRJ?

19 A That is correct.

20 Q Okay. Please proceed with your statement.

21 A Well, first, I will apologize that I'm not nearly  
22 as versed as Mr. Rains was in (Laughing)  
23 utilities. However, I have lived in the  
24 subdivision since October of 2008, October 30th

1 to be exact, and we've experienced issue after  
2 the issue after issue with KRJ. We have not  
3 drank the water out of the faucet in our home  
4 since 2009, and go through four cases of 40  
5 bottles of water a week in our family of four  
6 for -- and have since 2009. So you can kind of  
7 do the math there.

8 But let me start with just kind of  
9 the beginning experiences. When we first moved  
10 into our subdivision we were told how it was a  
11 green community; how KRJ did this great job in  
12 recycling the water and pushing it back out into  
13 the green areas of the neighborhood to be  
14 environmental friendly. We would told we weren't  
15 able to have a garbage disposal in our home  
16 because KRJ couldn't work through their systems,  
17 the wastewater in the home and so, therefore, we  
18 couldn't have a garbage disposal. And anybody  
19 who lives in one of the original homes through K.  
20 Hovnanian will have that issue. It turns out  
21 that wasn't the case or at least they made a  
22 concession later down the road to Savvy Homes and  
23 Eastwood and Royal Oaks as all those homes have  
24 garbage disposals and many of them have water

1           filtration systems.

2                       So going back to 2009, we  
3           experienced our first leak, water main leak in  
4           the street Water Rock Way, which is the main  
5           entranceway in from Poole Road, that leak popped  
6           up and it took probably three to four weeks.  
7           And, again, I don't have records like Mr. Rains  
8           does so I apologize for that. But to the best of  
9           my memory, it took three or four weeks before  
10          that initial leak was fixed. So we just had  
11          water, like a pool of water, running down the  
12          side of the road for a couple hundred feet.

13       Q       Excuse me.

14       A       Yes, sir.

15       Q       What year was that did you say?

16       A       That was back in 2009, I believe.

17       Q       Okay. Thank you.

18       A       Yes, sir. Once that leak was finally repaired,  
19          they left the road cut open with gravel and dirt.  
20          It stayed like that until whenever Savvy came  
21          into the neighborhood, so it was about 2011;  
22          complained about it at numerous different  
23          homeowners' meetings, and we were told, which is  
24          an ongoing issue because there's zero contact

1           between KRJ and the residents within the  
2           neighborhood, but we were told that they were  
3           concerned that there might be future leaks and  
4           so, therefore, they were leaving the road open.  
5           Well, meanwhile we had big piles of dirt and mud  
6           in the center of our subdivision in a house where  
7           some of our homeowners paid upwards of \$400,000  
8           for their homes, and they get to drive in and see  
9           this beautiful pile of dirt in the middle of the  
10          road. So that was the first.

11                         Since that time, there's been two,  
12          at least two additional leaks on Water Rock Way.  
13          There's been three leaks on Moore's Creek Drive;  
14          there's been two giant leaks on White Opal Drive;  
15          three different leaks on Sapphire Springs. Now,  
16          let me explain to you, I run through the  
17          neighborhood. I run six miles a day every day.  
18          So I go through the neighborhood and I see these  
19          things. So I pick up the phone after -- I wait  
20          to see how quickly somebody's going to call it in  
21          so I usually wait a couple of days to see if  
22          somebody else has called. If they don't call, so  
23          usually after about three or four days I make the  
24          phone call in, even though it's not in front of

1 my property, and say, "hey, we have a leak". So  
2 we used to deal with Envirolink as well and then  
3 one day they disappeared and we got this new  
4 emergency number on our bill. And so you pick up  
5 the phone and you get Dale from M&M Water. Now,  
6 maybe that's Matthews Water, I don't know, but it  
7 always sounds to me like it's M&M Water, and Dale  
8 says, "yes, sir, how can I help you"? And you  
9 explain to him and he says, "okay, sir. Well,  
10 I'll get out there and look at it". Okay. So a  
11 week later the leak is still there. Okay. So  
12 you call back again and you say, "hey Dale". He  
13 said, "Yeah. Well, I've reached out to  
14 Mr. Stafford and let him know about it and, you  
15 know, he was going to get out there but he wasn't  
16 exactly sure when he was going to be able to get  
17 out there". In one particular instance, after  
18 three weeks he actually gave me Mr. Stafford --  
19 gave Mr. Stafford my phone number so I could  
20 speak to him and Mr. Stafford told me it was a  
21 sprinkler leak. I said, "I assure you, sir, it  
22 is not a sprinkler leak. It is a leak coming out  
23 of the road on Water Rock Way". Sure enough, two  
24 weeks later guess what? Giant backhoe out in the

1 middle of the street fixing the leak that had  
2 been there, that had sat there, and water had  
3 poured out of for weeks.

4 We had a leak on White Opal Drive  
5 that literally turned into a geyser. I mean,  
6 water was coming up out of the ground. If this  
7 were the ground (Indicating), water was coming up  
8 this high (Indicating). Okay. It took them a  
9 week before they got out there to fix it. That's  
10 how high the water got. Now, we called when it  
11 was bubbling. A week!

12 Q What year was this? Was this one of the recent  
13 years?

14 A It was -- yes, 2016, I believe. It might have  
15 been 2017.

16 Q So M&M was the contract operator at the time?

17 A Uh-huh, yes. And Dale is a super nice guy, don't  
18 get me wrong, but we've had just numerous issues.  
19 And my problem is when you call you don't get any  
20 response, you get -- typically you get an  
21 answering machine, he'll then call you back and  
22 he'll say, "well, we'll send somebody out there",  
23 and then you don't hear anything back from that  
24 point forward.



1 Q Who fixes the leak? Is it M&M or are they  
2 bringing in outside contractors?

3 A So the last couple of times we're -- we're now in  
4 where Southern Trace was in that they're building  
5 out the remainder of our subdivision. So it's  
6 not Fred Smith, I'm drawing a -- Duke Lazzara  
7 (spelling uncertain) has been the -- he's had --  
8 those guys have been the people working on it.

9 (WHEREUPON, the Court Reporter  
10 requested clarification from the  
11 witness.)

12 THE WITNESS: I'm not exactly -- it's  
13 L-A-Z-Z-A-R-A. Duke, D-U-K-E, I think is the name of  
14 the developer.

15 And I think it's been those guys who have  
16 been working on it because they're the ones installing  
17 all of the new water and sewer in the newer part of  
18 the subdivision.

19 BY MR. GRANTMYRE:

20 Q Okay. So they would dig up the street and then  
21 fix the leak?

22 A Yep.

23 Q Okay.

24 A Yep.

1 Q So there are contractors on the new sections that  
2 are putting in the water and wastewater --

3 A I believe so. That was -- I had a good  
4 conversation with the guy on White Opal because  
5 it was like three houses down from my house.

6 Q Please proceed with the rest of your statement.

7 A Okay. Sure. So I mentioned earlier that I  
8 haven't drank the water and that was due to some  
9 reports. I think we got a couple of those  
10 initial quality reports, and it was nothing  
11 major. It was like one quarter where something  
12 was a little bit high. But I just started  
13 getting this uncomfortable feeling and I was like  
14 you know what I have a, at that point, a  
15 two-year-old child, and like I just -- I don't  
16 trust the water and so we're going to this.  
17 There was nothing other than maybe like a  
18 quarterly report that said something was slightly  
19 elevated. Nothing of a major concern, but it  
20 just -- it concerned me.

21 So then back in, I think it was  
22 late 2014, early 2015, we started getting tests  
23 that were showing high levels, elevated levels  
24 past the limits of gross uranium and -- or, I'm

1           sorry, uranium and gross alpha. And so we had a  
2           quarter where it was elevated and so we got the  
3           letter saying it was elevated. Then all of a  
4           sudden the next quarter miraculously it was all  
5           good. Then we got another quarter where it was  
6           elevated again. And, so needless to say, this  
7           went on for probably close to four full quarters  
8           before I think the neighborhood itself kind of  
9           grouped up and reached out to the media which  
10          brings us to I think it was June of 2015. At  
11          that point was when we started seeing forward  
12          progress on them fixing whatever this issue was.  
13          But gross uranium and -- or, I'm sorry, gross  
14          alpha and uranium are both highly carcinogenic.  
15          There's numerous reports out there. And these  
16          were levels that were elevated significantly over  
17          the acceptable standards within the water. So,  
18          anyhow, the point being my hunch kind of paid  
19          off. And this was ultimately repaired, which  
20          brings us to the period in which --

21        Q        When you say repaired, you mean by --

22        A        They put in a filtration system.

23        Q        Rad removal --

24        A        Uh-huh (yes).

1 Q -- radium and uranium removal?

2 A Yeah. Yep.

3 Q Please proceed.

4 A Yep. Which interestingly -- and I was going to  
5 ask a question of you. If now is not the time,  
6 you can let me know. But the period in which  
7 they're using as their test rate period coincides  
8 with when all of that was happening as well which  
9 I, too, do not believe was an accurate  
10 representation of what their ongoing costs have  
11 been over the last 10 years. Okay.

12 Let's see here. Some of the other  
13 things that I just want to throw out there in  
14 terms of KRJ's, you know, them increasing the  
15 rates. We have areas which are considered gray  
16 water areas in the neighborhood where they are  
17 suppose to pump out the water that they run  
18 through their sewage treatment plant. Those  
19 areas are not maintained; they're overgrown with  
20 weeds; they're not planted with grass; they're  
21 not landscaped; they look like absolute horrible  
22 trash, okay, which sets the kind of stage for the  
23 neighborhood. And so that to me, as you start  
24 looking at some of these things and you're saying

1           hey I want to increase my rates by well over  
2           100 percent on water and 55 percent on sewer,  
3           these are things where if I can't contact the  
4           company and get a response back from an actual  
5           person who knows what the heck is going on in a  
6           reasonable amount of time, if I can't have  
7           somebody come out and -- to the other gentleman's  
8           point, if I see a leak, water puddling up out of  
9           the road -- if somebody can't be out there within  
10          24 hours, these are problems for me.

11                         We had a situation and I think it  
12          was in twenty -- it was in the summer of 2015,  
13          yes, it was the summer of 2015 I believe, June or  
14          July, where we didn't have water. It was seven  
15          o'clock at night and all of a sudden we turned on  
16          the faucet and guess what, there was no water.  
17          And so we pick up the phone and we call KRJ or we  
18          call Dale at M&M Water and we get a voice mail.  
19          Well, that's not very reassuring when you don't  
20          water. So you know what starts happening all  
21          over the website Nextdoor Rockbridge - *Do you*  
22          *have water? Do you have water? Do you have*  
23          *water? Who's called? Who's --* Nobody can get  
24          through to anybody at all. Okay. So it's seven

1 o'clock at night and now we have nobody and when  
2 we turn on our faucet we don't have water. This  
3 continues on --

4 Q Was it the whole subdivision or --

5 A It was the whole subdivision, yes.

6 Q Please proceed.

7 A And so, needless to say, we finally get through  
8 to somebody. I finally talk to Dale and he's  
9 like, *well, I'm not really sure but this sounds*  
10 *like a problem. Do you know if it's other*  
11 *people?* It's the same kind of thing. It's like  
12 this, like do you know if it's this, do you know  
13 if it's this. Why isn't somebody out here trying  
14 to figure this out on their own? Why am I your  
15 employee now of what's going on here? And so,  
16 anyway, long story short, it took them almost 24  
17 hours to repair the water. The subdivision  
18 didn't have water at all. I went up to the pool  
19 the next morning and filled up two Home Depot  
20 buckets so I could flush my toilets in the  
21 morning because we didn't have water.

22 I tracked down Bob Stafford's  
23 office somewhere in Southern Pines. I mean, I  
24 was going through -- I called every public

1 department that I could think of and just got  
2 kind of the run-around, and finally got his  
3 secretary on the phone who assured me that they  
4 were working on it. But the problem with that is  
5 is there's no communication back to me as the  
6 homeowner or any of the homeowners that are in  
7 our subdivision that can warrant them trying to  
8 raise rates for this kind of -- I mean, it's  
9 garbage service, and it's water that I'm not even  
10 drinking.

11 The last thing I'm just going to  
12 put in here is when we moved into the  
13 neighborhood there was less than 50 houses.  
14 We're at the point now where we're probably up  
15 around the 250 to 300 point and they're building  
16 out the last phase --

17 Q Around 340?

18 A Yep. And so we should be up to 407 by the time  
19 all is done. When all of this was originally  
20 calculated it was calculated at full build out.  
21 At full build out, based on the numbers that they  
22 gave us, right, we're looking at a significant  
23 amount over what they've been receiving for the  
24 past few years. If we were to take that and

1 essentially double it, I just -- I'm baffled as  
2 to where this math can possible come from.

3 Electric rates have gone up. My service has gone  
4 down. You know, I just -- I can't understand it  
5 and so that's -- those are my comments and that's  
6 what I'm here to say so.

7 Q The Public Staff will be also asking the  
8 Commission to order the Company to file a  
9 complete report on service issues in Rockbridge  
10 that you've mentioned --

11 A Okay.

12 Q -- and other customers mentioned.

13 A Okay.

14 MR. GRANTMYRE: Thank you. I have no  
15 further questions.

16 THE WITNESS: Thank you.

17 COMMISSIONER MITCHELL: Questions from  
18 the --

19 MR. BENNINK: Just one or two.

20 CROSS EXAMINATION BY MR. BENNINK:

21 Q And Mr. -- is it Mr. Buzak (pronounced Buzz-ak)?

22 A Buzak.

23 Q Buzak. I'm sorry. Mr. Butler and I went out to  
24 look at your system this morning --



1 A Okay.

2 Q -- and we had the Public Staff with us. The  
3 spray fields that you've mentioned as being not  
4 well-maintained, my understanding was that the  
5 spray fields, for instance, are on the main road  
6 as you go into the subdivision where the water  
7 tower is.

8 A There's many more than that within the  
9 subdivision.

10 Q But the two that I saw today were the ones where  
11 the water tower sits at the beginning, at the  
12 entrance of --

13 A Okay.

14 Q -- the subdivision and the one on the other side  
15 of the road. And, I mean, they -- can you  
16 describe those for the record?

17 A Yeah. Those are actually overgrown. The  
18 landscapers come and mow the areas that are  
19 directly coming in through the entrance to --  
20 there's a split rail fence that runs down the  
21 entrance to Water Rock Way and to Moore's Creek  
22 Way. They mow it to two feet on either side of  
23 that fence and then the rest is considered spray  
24 zone and they don't mow that. So I don't know

1           what it looks like today but I can tell you how  
2           it typically looks in the summertime is that that  
3           grass. Again, if this is the ground (Indicating)  
4           is basically weeds this tall that are brown  
5           because the spray field is very infrequently on.  
6           Those are -- those -- now, there's also, which  
7           are the ones that are even more important to me,  
8           as you come up Water Rock Way and you turn onto I  
9           believe it's Emerald Springs Drive --

10                   AUDIENCE MEMBERS: It is. Yes.

11   A       It is. That area right there, I mean, is dead on  
12           in front of the model homes, is dirt, dirt with  
13           some weeds popping up and it's a big area. In  
14           addition to that, there is another spray field on  
15           the corner of, it's -- it's like a four way, it  
16           borders four corners, it's Stonewell, I think  
17           it's Stonewell, Silver Valley, Emerald Springs  
18           and Sapphire Springs, and it's a big area. In  
19           fact, last week there was water pouring out of  
20           the spray field itself, I mean, like so much so  
21           that it was pooling up in the road. I'm not sure  
22           if you were aware of that. But that area, too,  
23           is just again dirt, weeds, overgrown, looks like  
24           trash, and I think that sets a poor precedence

1 for the rest of the neighborhood as well.  
2 Because if the developers are allowed to do that,  
3 right, I'm sorry, Bob Stafford owns KRJ. He also  
4 owns the land on which we sit. You know, I mean,  
5 this whole thing to me seems very much like a  
6 sham, but that's neither here nor there. But if  
7 he is allowed to maintain or KRJ is allowed to  
8 maintain their property like that, why should a  
9 homeowner worry about mowing their lawn? Why  
10 should a homeowner worry about keeping up their  
11 property? I mean clearly the rest of the  
12 development is not maintained and that's a  
13 problem. They should be held to the same  
14 standards that a homeowner should be held to.  
15 And that's an issue that I'm going to address  
16 with the homeowners' association again next week,  
17 and our new representative, Mona, who I just  
18 found out took over from the last lady, Lesley,  
19 or whoever it was. Did I adequately describe  
20 the --

21 Q Yeah. My question was, I mean, would you  
22 describe the two spray fields that I was talking  
23 about as being --

24 A No, I would not.

1 Q -- identical to the --

2 A Yes.

3 Q -- others that you've described?

4 A I would describe them as overgrown the vast  
5 majority of the time.

6 Q That's fine.

7 A You said you had another question?

8 MR. BENNINK: No, that's it.

9 COMMISSIONER MITCHELL: Questions from the  
10 Commission?

11 (No response.)

12 Thank you. Nothing further. You may step  
13 down.

14 THE WITNESS: Thank you.

15 (The witness is excused.)

16 MR. GRANTMYRE: Pat Foran.

17 COMMISSIONER MITCHELL: Good evening.

18 PAT FORAN; having been duly sworn,

19 testified as follows:

20 THE WITNESS: My name is Pat Foran. I live  
21 at 5404 Weathered Rock Court, Knightdale, North  
22 Carolina 27545.

23 DIRECT EXAMINATION BY MR. GRANTMYRE:

24 Q And you are in Rockbridge Subdivision?

1 A Rockbridge Subdivision.

2 Q And you spell Foran, F-O-R-A-N?

3 A Yes.

4 Q Okay. Please proceed with your statement.

5 A I'm a new, have only been in Rockbridge since the  
6 end of September. I've lived in Knightdale for  
7 many years, but -- so I can attest to some of  
8 this other that they've had with water, the  
9 stoppage and everything. But I do have -- when I  
10 received the letter from KRJ, I had a lot of  
11 concerns of discrepancies.

12 Q What is the date on the letter?

13 A The February 6th, the same one.

14 Q The same --

15 A Yes.

16 Q Okay. Please proceed.

17 A On there they said that they have not had rate  
18 increases since 2005-2006, but when we got the  
19 letter with the Commission they said that rates  
20 are in effect since January 1, 2007 or  
21 October 13, 2015, so to me that's a discreption  
22 (sic).

23 Q Well, let me just explain that briefly. Their  
24 rates were established around 2006 and the

1 Commission reduced the rates in 2015 because of  
2 reductions in the state income tax and the state  
3 gross receipts tax. But that two fifteen (sic)  
4 was a reduction in the rates was because of tax  
5 lowering.

6 A Okay. I mean, like I said, for me not knowing  
7 any of this --

8 Q It's confusing.

9 A -- before it is confusing, but I just had a  
10 concern of some discrepancy.

11 Also, too, that they're able to  
12 pick the year that they want to to look at. I --  
13 if they haven't had a rate increase or a  
14 deduction (sic) in 10 years then that whole 10  
15 years should be, I feel should be looked at, not  
16 just the one year I want to pick out. That was a  
17 concern of mine.

18 Also, their billing practices is a  
19 big concern of mine. We receive a bill and when  
20 we receive the bill it is overdue already, and  
21 that is every month. So it's kind of hard to get  
22 a bill and already you're overdue.

23 Q When in the month do you receive the bill? Is  
24 the same time of the month?

1 A It's the same time every month, yes.

2 Q And do you get a postcard or in an envelop?

3 A I can, honestly, do not know. My husband takes  
4 care of that. But I do know that I called up the  
5 one time because we got a letter that they were  
6 going to stop service. Because with the snow  
7 storm he hadn't gone to pick up the mail so he  
8 was just assuming everyone's payment was late  
9 without -- he said he -- the mail wasn't  
10 delivered when I called the number that we've  
11 received. Now, my bill was in there on time and  
12 I'm getting a letter that it's stopped. So their  
13 billing practice is a big concern to me on how  
14 they run their business. And --

15 Q When you get a bill approximately how many days  
16 does it say you have to pay if it's not already  
17 past due? Is it 15 days --

18 A It doesn't even say that. It just says it was --  
19 your bill was due on such and such a date. And  
20 it's already -- but when you look at when it was  
21 mailed out, it was mailed out after that due  
22 date.

23 And just a concern of the rate  
24 increase, as I'm getting ready for retirement, on

1 a fixed income, and only two people in our house  
2 compared to some of these other houses. The  
3 sewage, I'm being charged the same as many other  
4 people.

5 And that reclaimed water - they  
6 said they made a decision not to sell it back  
7 because it would cost more and they're pumping it  
8 out. Well then why are our sewer rates going up,  
9 if they're taking a cost-effective. I just have  
10 a lot of concerns on where all the money is  
11 going.

12 COMMISSIONER MITCHELL: Questions for the  
13 witness?

14 BY MR. GRANTMYRE:

15 Q You made a comment about the sewer billing.  
16 You're billed a flat rate regardless --

17 A Yes.

18 Q -- of how much usage?

19 A Yes.

20 Q And it's your testimony, you think it would be  
21 fairer for the customers to pay sewer service  
22 based on the metered water use?

23 A I mean, I would think so. I mean, for a person  
24 who only has two people compared to someone who



1 maybe have five or seven people, you know. You  
2 know, I don't use as much water. I use two loads  
3 of wash a week. You know, I work all day. My  
4 husband works all day. We're not home. So our  
5 sewer rate would be very minimum.

6 MR. GRANTMYRE: I will point this out, the  
7 Environmental Finance Group at Chapel Hill Institute  
8 of Government or School of Government advised the  
9 Public Staff that there are only two government  
10 systems in the state for sewer or municipal systems  
11 that have flat rate sewer billing, that all the others  
12 have metered rate sewer billing.

13 Thank you. I have no further questions.

14 MR. BENNINK: No questions.

15 COMMISSIONER MITCHELL: Questions from the  
16 Commission?

17 THE WITNESS: Thank you.

18 COMMISSIONER MITCHELL: Actually, I do have  
19 one question for you.

20 THE WITNESS: Yes.

21 EXAMINATION BY COMMISSIONER MITCHELL:

22 Q Have you experienced any problems with water  
23 quality?

24 A No, I haven't. But I did notice since the time

1 that we've been there that they have dug up the  
2 road and repaired breakage at the main -- at the  
3 entrance and that took quite a while to fix, but  
4 that's all. Like I said, I've only been there  
5 since the end of September.

6 COMMISSIONER MITCHELL: Okay.

7 EXAMINATION BY MR. GRANTMYRE:

8 Q When you say quite a while to fix, how long did  
9 it take to fix the road, a ballpark?

10 A By the time they start to dig up it up and repave  
11 it, it was a couple of weeks.

12 MR. GRANTMYRE: Thank you.

13 THE WITNESS: Thank you.

14 COMMISSIONER MITCHELL: Thank you..

15 (The witness is excused.)

16 MR. GRANTMYRE: Robert Herbert, Jr.

17 COMMISSIONER MITCHELL: Good evening,  
18 Mr. Herbert.

19 ROBERT C. HERBERT, JR.; having been duly sworn,  
20 testified as follows:

21 DIRECT EXAMINATION BY MR. GRANTMYRE:

22 Q Please state your name and address.

23 A My name is Robert C. Herbert, Jr. I live at 5437  
24 Emerald Spring Drive, Knightdale, North Carolina

1 27545.

2 Q And you're in Rockbridge Subdivision?

3 A Yes, I am.

4 Q Please proceed with your statement.

5 A First of all, I want to say that I'm not opposed  
6 to a rate increase. I just think that the amount  
7 is astronomical. And I'm also on a fixed income.  
8 I'm retired from the military. I've lived in  
9 Knightdale -- Rockbridge during this period, this  
10 case period. When I first moved there, actually  
11 I was delayed in closing my house one month back  
12 in October of 2015 because of the uranium issue  
13 that was already addressed. We received several  
14 different notices with regards to the quality of  
15 the water. Currently, right now, I don't even  
16 drink the water. My wife and I, we drink bottled  
17 water just because of the issue, several issues  
18 that we have had. We just want to be on the safe  
19 side with regards to that.

20 I'm not going to belabor  
21 everything that was already said with regards to  
22 the water issue and the fee. I just think that  
23 this is just too much for a rate increase  
24 considering everything that has been said.

1 COMMISSIONER MITCHELL: Questions for the  
2 witness?

3 MR. GRANTMYRE: I have no further questions.

4 MR. BENNINK: No questions.

5 COMMISSIONER MITCHELL: Commissioner  
6 Patterson?

7 COMMISSIONER PATTERSON: No.

8 COMMISSIONER MITCHELL: Thank you.

9 THE WITNESS: Thank you.

10 (The witness is excused.)

11 MR. GRANTMYRE: Mr. Herbert, you get the  
12 best printing award.

13 (Laughter)

14 MR. GRANTMYRE: Very good. Taunia Teel.

15 COMMISSIONER MITCHELL: Good evening,  
16 Ms. Teel.

17 TAUNIA TEEL; having been duly sworn,  
18 testified as follows:

19 DIRECT EXAMINATION BY MR. GRANTMYRE:

20 Q Please state your name and address.

21 A My name is Taunia Teel, and that is spelled  
22 T-A-U-N-I-A, last name T-E-E-L. I live at 5305  
23 Emerald Spring Drive in Knightdale, North  
24 Carolina 27545.

1 Q And you are in Rockbridge, correct?

2 A Correct.

3 Q Please proceed with your statement.

4 A So I have lived in Rockbridge since  
5 approximately, well since October of 2008, and  
6 very early in our living in Rockbridge we  
7 experienced some problems. First, it was a water  
8 relay switch. I was giving my husband a 40th  
9 birthday party, and in the middle of finishing  
10 the food and different preparations for the  
11 party, the water relay switch went out for one of  
12 the pumps in the well. And it kind of set the  
13 precedence over the years for how things happen.  
14 You wait --

15 Q If I could --

16 A I'm sorry.

17 Q When the water relay switch went out, did you  
18 experience an outage or low pressure?

19 A No water. First it was a trickle then it was no  
20 water at all. And it took several hours --

21 Q How long did it last?

22 A It took several hours before we got -- before  
23 someone came out. So what I found out later was  
24 that the water was actually out in different

1 parts of the neighborhood prior to me knowing  
2 about it; maybe because I wasn't using the water,  
3 or by the time it got to my part of the  
4 subdivision someone had already been called.

5 Q Do you live on one of the lower elevations?

6 A No. I live across from one of the areas that  
7 Mr. Buzak, I believe is his name, described as  
8 unmaintained; the natural areas where the water  
9 is shot back out.

10 Q So you live fairly close to Poole Road?

11 A No, no, no. I live off of Water Rock onto  
12 Rockbridge, across from one of the natural areas.

13 Q Okay. Please proceed with your statement.

14 A And so in that, speaking of the no water or water  
15 pressure issues, I have dates. August 18, 2015,  
16 there was low water pressure low and then  
17 subsequently no water. We have October 20, 2016,  
18 the same. And this morning -- in January of  
19 2017, January the 9th, we experienced the same  
20 with no water in the neighborhood as well. So  
21 besides that like many --

22 Q Which one was your husband's 40th birthday? Was  
23 that the --

24 A That was 2018 -- twenty -- 2008.

1 Q 2008?

2 A Correct.

3 Q Okay. And how long were you out of water? You  
4 said it took several hours before someone came?

5 A Yeah, it was several hours before someone came.

6 Q Was that before the water came back or --

7 A Before someone came out.

8 Q And how long was it before you actually got  
9 water, a ballpark?

10 A It was later. Probably about ten or so at night.  
11 They did have a crew out working on the water  
12 issue. It was a water relay switch is what I was  
13 told.

14 Q So the party -- you say they were out three or  
15 four hours.

16 A Yes.

17 Q And what about the August 18th, how long were you  
18 out of water then? That was 2015. If you could  
19 remember, I realize it's hard to be able --

20 A Okay. It was probably well into the night,  
21 probably ten or eleven o'clock. I believe that  
22 Mr. Buzak, my neighbor, had also mentioned that.  
23 I was just giving a specific date only because we  
24 all communicate on Neighborhood, and so when you

1 type in water you get quite a bit of information.

2 Q Okay. And the October 2016, how many hours total  
3 were you out of water, or approximately?

4 A Out of water until the -- it usually take several  
5 hours before you get water back. And I don't  
6 know if that's because of -- well, I guess it's  
7 because there's no one here local. They have to  
8 call someone and they have to come out.

9 Q And January 2017, again several hours?

10 A Yes.

11 Q Okay. Please proceed with the rest your  
12 statement.

13 A And so periodically over the years we have  
14 received several communications about the water  
15 quality. And, of course, the people come out, I  
16 realize they're trying to sell water filtration  
17 systems, but they do test on the water to tell  
18 you where you are with uranium and different  
19 carcinogens in the water. And that was a big  
20 concern for us over the last several years so we  
21 have also only used bottled water to consume, but  
22 we do use the water, you know, to take a bath  
23 because we don't have other options. And my  
24 husband is a disabled veteran and he has a skin



1 condition that is affected greatly by the water.  
2 Sometimes his rash inflames more. We've  
3 noticed -- probably the last time I noticed was a  
4 few months ago, there was a lot of chlorine in  
5 the water. There was no specific communication  
6 about the chlorine in the water. We, you know,  
7 some of the neighbors and myself called about it,  
8 but there was never a specific reason why or  
9 explanation as to it. So I do concerns with the  
10 quality of the water.

11 And, like many of the KRJ  
12 customers, we also wish that there was a more  
13 automated system to make payments. Even if there  
14 was a three percent overhead cost that the  
15 customer pays much like you do if you pay your  
16 electric bill you pay that little two percent to  
17 pay your bill. It just would make it more  
18 convenient.

19 Q So now when you pay your bill you mail a check or  
20 money order to KRJ in Swansboro; is that correct?

21 A PO Box 2369, Swansboro.

22 Q Okay. But online payments are not available nor  
23 credit card payments are not available?

24 A That is correct.

1 Q Do you have any other comments you want to make?

2 A I do not.

3 MR. GRANTMYRE: Thank you. I have no  
4 further questions.

5 COMMISSIONER MITCHELL: Thank you.  
6 Questions?

7 MR. BENNINK: No questions.

8 MR. GRANTMYRE: Thank you.

9 COMMISSIONER MITCHELL: Commissioner  
10 Patterson.

11 EXAMINATION BY COMMISSIONER PATTERSON:

12 Q Since 2008, has the service improved or stayed  
13 about the same or gotten worse?

14 A I can say in the last several months we've  
15 probably have had more consistent pressure with  
16 the water besides the one time we had the outage  
17 in January of 2017. Quality, I don't feel  
18 comfortable with the water. As I said, there are  
19 many times that I turn the water on and it is  
20 very apparent that some type of chlorine or  
21 something that smells, mimics chlorine, is in the  
22 water and it just makes me very uncomfortable,  
23 and my husband experiencing the rash issues is  
24 troublesome to us.

1 Q In terms of communication with the Company, has  
2 response time improved or --

3 A Well, if you can call and get Mr. Butler on the  
4 phone, he's pretty responsive at the time. But  
5 most of the time, as people complained, that  
6 you'll get an automated system or a voice mail to  
7 leave a message so it's -- it's not that I feel  
8 that we are getting consistent or improved  
9 communication except, you know, if you get him  
10 he's very responsive that I've experienced.

11 COMMISSIONER PATTERSON: Thank you.

12 MR. GRANTMYRE: I have a question on your  
13 question.

14 EXAMINATION BY MR. GRANTMYRE:

15 Q There is an elevated tank on this system, I  
16 believe one hundred fifty thousand, I'm not sure  
17 exactly how much it is, in the front of the  
18 subdivision, and if there's water in the tank  
19 which normally it is, the pressure is fairly  
20 constant because the -- when you say the pressure  
21 has been better recently, do you have wide  
22 pressure variations?

23 A We do. I can tell you approximately February of  
24 this year, the end of February, for instance, I

1 turned on the water, and this does happen  
2 periodically, and when I turned on the water  
3 there was a hesitation, psssh, then the water  
4 came out. So that's just an example of how the  
5 water pressure may fluctuate. It gets very  
6 strong water pressure then not so much then no  
7 water.

8 Q Was the times when the low water pressure were  
9 they fixing leaks in the subdivision? Or you  
10 really can't tell unless you see them fixing it.

11 A No. I can't tell that they were. I mean, I know  
12 they're building houses but, you know, as  
13 Mr. Buzak has explained several times, there have  
14 been leaks throughout the neighborhood. And it  
15 takes any varying number of days or weeks for  
16 there to be repairs. So I haven't seen as many  
17 leaks here recently.

18 MR. GRANTMYRE: Thank you.

19 COMMISSIONER MITCHELL: Thank you, Ms. Teel.

20 You may step down.

21 (The witness is excused.)

22 MR. GRANTMYRE: Brian Maxwell. You said you  
23 did not wish to make a statement. Do you want to now?

24 MR. MAXWELL: Yes. (Inaudible) I'll change

1 that. Okay. Do I need to change the documentation?

2 MS. CASSELBERRY: No, that's okay. You're  
3 fine.

4 COMMISSIONER MITCHELL: Good evening,  
5 Mr. Maxwell.

6 BRIAN MAXWELL; having been duly sworn,  
7 testified as follows:

8 DIRECT EXAMINATION BY MR. GRANTMYRE:

9 Q Please state your name and address.

10 A Brian Maxwell, 9313 Ruby Falls Drive, Knightdale,  
11 North Carolina 27545, and I am in Rockbridge.

12 Q Please proceed with your statement.

13 A Okay. All right. So unlike a few of my former  
14 residents spoke, I do drink the water, but I like  
15 to live dangerously.

16 (Laughter)

17 I like to ride motorcycles and I  
18 downhill mountain bike and, you know, I take the  
19 risk.

20 Q You downhill --

21 A Mountain bike, yeah.

22 Q So does your Chairman up there.

23 A Oh, very good. I'll look forward to seeing you  
24 out on the trails sometime.

1                   Just a couple of things came to  
2 mind. At first I wasn't going to speak but I've  
3 had a chance to review the letter that was sent  
4 out to us on February 6, 2018, and after hearing  
5 a couple of testimonies I'd like to share my  
6 thoughts as well.

7                   I, too, question the timing of the  
8 test year, the test year period from 7/1/2015 to  
9 June 30, 2016. This year, as we know, we got the  
10 letter for the elevated levels of uranium. We  
11 received that letter from KRJ notifying us.

12 Q       When did you receive that?

13 A       In early 2015.

14 Q       Oh, 2015. I'm sorry. Go ahead.

15 A       And I'll also note for the record that there also  
16 was negative press during that time, too. NBC  
17 News and the "News & Observer" wrote some  
18 articles in late July about the uranium levels  
19 being four times the acceptable state levels. So  
20 I question the expense time period there. You  
21 know, I, like the gentleman said before, I don't  
22 object to a rate increase. I know the cost of  
23 electricity goes up and there are other costs  
24 associated with that. But I do question then the

1 7.5 to 8.5 percent margin increase over that test  
2 period where I suspect that was probably a very  
3 expensive operational time period for the  
4 Company. And so when you look at the addition  
5 of, I think we're going to have 407 houses, and  
6 what will the margin be. So I think I heard  
7 earlier there will be a full audit and that's  
8 what I wanted to hear because I would like to  
9 know what the operational expenses were during --  
10 I've been a resident since 2008.

11 The justification, too, you know,  
12 140 percent increase in water and almost a 40, or  
13 54 percent in sewer. I looked at my usage as an  
14 individual and it will be a 92 percent increase.  
15 And, again, you know, that's -- if you were  
16 looking at a 7.5 percent to 8.5 percent margin  
17 over operational costs, I wanted to make sure  
18 those operational costs are truly reflective of  
19 the entire period, not just a test year where  
20 again, where as I suspect that the operational  
21 costs were certainly inflated.

22 I would also like to say that I --  
23 so I've been a resident since February of 2008,  
24 and I, too, have experienced long delays in

1 repair and water main breaks. This has obviously  
2 been utility issues in the streets, mainly in the  
3 streets coming in on Water Rock and going back  
4 towards White Opal. There have been longevity  
5 for a Company that's concerned about their  
6 operational costs and, you know, if they were  
7 going to see an increase of 92 percent, I would  
8 think that if their water was -- if the cost of  
9 the water was that detrimental to their business,  
10 then they would probably go out and make repairs  
11 in a timely manner. And I, too, have seen  
12 repairs that have taken weeks. And I don't know  
13 how many gallons were wasted but it just  
14 doesn't -- I question the -- I question the  
15 Company's concern about the operat- -- the issue  
16 where they're saying they're having with  
17 operational costs there, if they're going to  
18 delay that much time there before they can get it  
19 repaired.

20 I would like to say the water  
21 pressure, too, has been an issue. I've got a --  
22 I've built a water meter because I can run more  
23 than one sprinkler head on my -- at my yard at  
24 any given time. It is fluctuated anywhere from



1 less than 40 psi to no more than about 46 psi. I  
2 believe that psi range is within an acceptable  
3 level. But I'll also note, too, that we do have  
4 the elevated water tank. I suspect the water  
5 pressure may have increased a little bit because  
6 we do have more residents and it makes sense that  
7 we would treat more water to fulfill the needs of  
8 the residents. So that's all I have.

9 Q You mentioned -- you're the only person living in  
10 the house; is that correct?

11 A Oh, no. No. I have a family of four in the  
12 house now.

13 MR. GRANTMYRE: Okay. I was going to ask  
14 you about metered sewer but I'll pass on that. Thank  
15 you.

16 THE WITNESS: Okay. All right.

17 COMMISSIONER MITCHELL: Mr. Bennink.

18 MR. BENNINK: No questions.

19 COMMISSIONER MITCHELL: Commissioner  
20 Patterson.

21 COMMISSIONER PATTERSON: Go ahead.

22 MR. BENNINK: No questions.

23 COMMISSIONER MITCHELL: He has no questions.

24 EXAMINATION BY COMMISSIONER PATTERSON:

1 Q You've mentioned the test year, 2015 to '16.

2 A Correct.

3 Q And the increase in expenditures during that  
4 period. Have you seen any increase in service or  
5 any improvement in service, and response times,  
6 and customer service, and all that sort of thing  
7 since 2016?

8 A No, sir. No. There have been leaks in the main  
9 road since, as Mr. Buzak had mentioned, and the  
10 timing for the repairs as seen in years past.

11 COMMISSIONER PATTERSON: Thank you.

12 THE WITNESS: Okay.

13 COMMISSIONER MITCHELL: Thank you. There is  
14 nothing further. You're dismissed..

15 THE WITNESS: Okay. Thank you.

16 (The witness is excused.)

17 MR. GRANTMYRE: Kenyetta Daniel, you said no  
18 you were not going to testify.

19 MS. DANIEL: No.

20 MR. GRANTMYRE: And your husband Gerald  
21 Daniel will testify.

22 MR. DANIEL: Yes, I sure will.

23 (Laughter)

24 COMMISSIONER MITCHELL: Good evening,

1 Mr. Daniel.

2 GERALD DANIEL; having been duly sworn,  
3 testified as follows:

4 DIRECT EXAMINATION BY MR. GRANTMYRE:

5 Q Please state your name and address.

6 A My name is Gerald Daniel. Address is 1332  
7 Moore's Creek Drive, Knightdale, North Carolina  
8 27545.

9 Q And you live in Rockbridge?

10 A Yes.

11 Q Please proceed with your statement.

12 A Okay. Thank you. So a lot of valid points have  
13 been brought forth already today related to the  
14 rate increase and I don't want to repeat those.  
15 I did want to talk about some experiences that  
16 I've had, and my wife and I have had, since we  
17 moved into the subdivision in May 2010. We were  
18 one of the first three homes built by Savvy  
19 during that time period. And our first  
20 experience with KRJ Utilities is as soon as we  
21 moved in we had family come up for a housewarming  
22 party, whatever the case may be, and the sewer  
23 line sort of down the trunk from our house, you  
24 know, that sort of exploded because they had a

1 pipe that was too small in there, while the  
2 family was up, so we had the sewer running all  
3 over the backyard. And then they eventually came  
4 out and replaced a larger pipe in there. That  
5 was in 2010. In addition --

6 Q How long did it take them to repair that?

7 A It was pretty quick. It was probably two days  
8 that they came out and did that.

9 Q Okay.

10 A So it wasn't a very long period for them to turn  
11 around and come out and repair that. In 2014, we  
12 also had a main water line break. One of their  
13 main water lines runs under our driveway and  
14 through our yard and next to our mailbox. And  
15 2014 was when it broke the first time. So it's  
16 basically flooding there for a period of time.  
17 And it took them closer to a week to come out and  
18 repair it then, when it broke the first time in  
19 2014. And it also happened just recently, less  
20 than a month ago, the same main water line which  
21 I would assume they probably would have replaced  
22 it with a bigger water line or a bigger pipe,  
23 whatever the case may be in 2014, but that same  
24 main water line broke again right under -- at the

1 same location. And my wife called, I believe  
2 that Friday, to let them know that it had broken.  
3 And we talked to Dale with M&M and he said he had  
4 nothing to do with it; he was just basically a  
5 messenger, and he would talk to KRJ about it.  
6 And we called him back, I believe it was probably  
7 on a Saturday or on that Monday, but they didn't  
8 come out until that Tuesday. And the reason  
9 given by Dale was that KRJ didn't want to send a  
10 plumber out over the weekend because it was too  
11 expensive, while we had water bubbling in our  
12 front yard, and our mailbox, and I basically had  
13 to dig a trench in our yard to keep it from  
14 flooding down and resting up against the house.  
15 So once they did come out that Tuesday, they  
16 basically came out with the backhoe, some of the  
17 two that Mr. Buzak described, and they dug a hole  
18 pretty much the size of a miniature grand canyon  
19 in our front yard, and when they were done they  
20 basically dumped a bunch of clay back in there.  
21 And in a bit of satire, they basically showed  
22 some of the workers that they had take one hand  
23 of grass seeds out of a bottle and just through  
24 it there and they took pictures while doing that,

1 basically saying here are your grass seeds. They  
2 didn't regrade. They didn't resow the grass or  
3 anything like that. That was basically how they  
4 left it and that's still how it is today.

5 And so, yeah, we've had a similar  
6 experience as to what's been voiced already in  
7 terms of reaching out to KRJ, getting automated  
8 messages, not getting a person to to talk to, and  
9 then when we get somebody to talk to, you know,  
10 it's a little bit of a run-around with them.

11 And the question I have as far as  
12 the rate hikes - again, I'm not necessarily  
13 against the rate hike but I did have a couple of  
14 questions in terms of why they wanted to have  
15 such a significant rate hike at one time. And  
16 when you talk about the fact that the same  
17 individuals that own the land also own the  
18 utility companies. Ostensively, it almost seems  
19 like a bait and switch tactic to me. Right.  
20 They were able to sit there and ride it out to  
21 see how many houses were actually going to be  
22 built out in this neighborhood. Because I read  
23 in the direct testimony that one of the reasons  
24 they couldn't -- or they weren't able to sort of

1 have incremental rate hikes was because (a) they  
2 couldn't separate the financial data sets between  
3 Rockbridge and Southern Trace, which I found a  
4 little confusing; and (b) they have some  
5 uncertainty in terms of basically how many houses  
6 were going to be built because K. Hov built 43  
7 houses then they left, then Savvy Homes came in  
8 and built X amount of houses we're a part of then  
9 they left, and then Eastwood came in and Royal  
10 Oaks came in. So they're basically trying to  
11 wait to determine if they're going to get close  
12 to the point where they can go in and increase --  
13 and it seems like they waited until they saw that  
14 they were getting close to build out with this  
15 subdivision and now they want to increase the  
16 rates to a point where they can basically recoup  
17 all their losses up to that point to a degree.  
18 And I was just curious as to why there couldn't  
19 be incremental rate hikes over a period of time.  
20 I think most people in the neighborhood would  
21 have been fine with that approach, if you would  
22 have, you know, sort of incrementally raised the  
23 rates over a period of time. But it just seems  
24 ostensibly some more like a sham that's always

1           been voiced, already has been voiced that they  
2           sort of wanted to wait to see if they can get  
3           close to full build out capacity to raise these  
4           rates up to what they're proposing now in terms  
5           of the increase. And I wanted to go on record  
6           with that and say that I am against this -- a  
7           rate hike of this significant increase at this  
8           time.

9       Q     Now, in the leak you had, the most recent leak in  
10           2018, you saw the leak on a Friday. What day of  
11           the week did you see it, if you remember?

12       A     I believe it was a Friday. Or was it a Thursday?

13                   MS. DANIEL: It was Friday.

14       A     So it was a Friday that we saw it bubbling near  
15           our mailbox and we saw it coming out of the  
16           ground.

17       BY MR. GRANTMYRE:

18       Q     It was the same spot as the last, the prior leak?

19       A     Right.

20       Q     And you called Dale and then someone came on the  
21           following Tuesday?

22       A     Yes.

23       Q     And they dug it up. Do you know who that was?

24           Was it one of the companies that's laying the



1 pipe in the new sections or --

2 A I'm not sure what they're doing in the new  
3 sections. It was just a work crew that came out  
4 there with a white truck and a backhoe. I'm not  
5 sure who the company was. They were just out  
6 there operating and digging, and digging until  
7 they got to the pipe.

8 Q How deep did they dig?

9 A It was pretty deep. I would have to say it was  
10 about -- it was more than like five feet. I  
11 mean, it was a huge hole. Because I had my  
12 neighbor call me and say, hey man, what's going  
13 on in front of your yard? Are you getting a new  
14 plumbing system? And I was like I don't know  
15 what's going on, they just keep digging and they  
16 keep digging and they keep digging. They brought  
17 out a backhoe like I said so that was pretty deep  
18 because they brought out a backhoe --

19 Q So when they were digging they --

20 A -- to dig it out.

21 Q -- dug out clay soil; is that correct?

22 A They got clay, soil and grass.

23 Q And then they dumped the same clay soil back in  
24 the hole?

1 A Back in and they threw a handful of grass seeds  
2 there.

3 Q Okay. Did they bring in from offsite or off your  
4 lot any dry soil?

5 A No. It was the same soil that they dug up that  
6 they put back in.

7 Q Did they compact it at all? Has it sunk into a  
8 hole or --

9 A It sunk into a hole, it's compact, it's, you  
10 know, it's basically just crumbled, crumbled clay  
11 that you know I have to go out there and grade  
12 and smooth out. But, yeah, it is compact and  
13 it's to a hole -- compact into a sunken hole.

14 Q Has the grass been able to grow or it's still --

15 A It's like a desert right now, yes. I mean, it's  
16 a few grass seeds so I'll have to go out there  
17 and either put some more grass seeds down and  
18 water it or whatever the case may be.

19 But like so many others stated  
20 before me, too, we've -- we do not drink the  
21 water at all. We use the bottled water, my wife  
22 and I as well. And one of the first things I  
23 thought about when I got this letter was it was  
24 interesting to me that they did not have a

1 metered rate system. Because our water bill  
2 stayed pretty close from month to month and I  
3 actually thought it was based on the amount of  
4 usage and not necessarily a flat fee.

5 Q Well, your water is but not your sewer.

6 A Right. But the sewer bill sort of stayed  
7 similar, too.

8 Q The sewer is a flat rate.

9 A Yes, it's a flat rate. And so that was one of  
10 the things I wanted to talk about briefly, too,  
11 is that maybe look at initiating some sort of a  
12 proposed meter system.

13 Q You mean for your wastewater, sewer?

14 A Yes, for wastewater because we don't use enough  
15 to justify \$105 a month just for wastewater, we  
16 don't.

17 MR. GRANTMYRE: Thank you. I have no  
18 further questions.

19 COMMISSIONER MITCHELL: Mr. Bennink.

20 MR. BENNINK: No questions.

21 COMMISSIONER MITCHELL: Commissioner  
22 Patterson.

23 COMMISSIONER PATTERSON: No.

24 COMMISSIONER MITCHELL: Thank you,

1 Mr. Daniel, you're dismissed.

2 THE WITNESS: Thanks.

3 (The witness is excused.)

4 MR. GRANTMYRE: John Harley, IV, you did not  
5 indicate whether or not you want to testify, but if  
6 you want to testify you can now.

7 MR. HARLEY: Not necessary.

8 MR. GRANTMYRE: Okay. Now which subdivision  
9 are you from?

10 MR. HARLEY: Rockbridge.

11 MR. GRANTMYRE: Thank you. Latidra Heyward.  
12 Did I pronounce it right?

13 MS. HEYWARD: Yes, I'm Latidra Heyward.

14 MR. GRANTMYRE: And do you want to make a  
15 statement?

16 MS. HEYWARD: It's not necessary at this  
17 time because I would just be concurring with a lot of  
18 what the other Rockbridge developers -- I mean members  
19 have already stated. I do live in the Rockbridge  
20 development.

21 MR. GRANTMYRE: Were you able to hear that?  
22 (Referring to the court reporter.) Okay. But you are  
23 from Rockbridge, correct?

24 MS. HEYWARD: Yes, sir.

1 MR. GRANTMYRE: And, Ut-oh.

2 UNKNOWN SPEAKER: It's Kathleen Kendzierski.

3 MR. GRANTMYRE: Okay. Thank you.

4 (Laughter)

5 MR. GRANTMYRE: Thank you.

6 MS. KENDZIERSKI: And I want to testify.

7 MR. GRANTMYRE: Thank you. You saved me.

8 MS. KENDZIERSKI: It's Kathleen Kendzierski  
9 with a K-. It's K-E-N-D-Z-I-E-R-S-K-I. I'm at 1420  
10 White Opal Drive.

11 COMMISSIONER MITCHELL: Let's get you sworn  
12 in first.

13 MS. KENDZIERSKI: Oh, okay. I'm sorry.

14 KATHLEEN KENDZIERSKI; having been duly sworn,  
15 testified as follows:

16 DIRECT EXAMINATION BY MR. GRANTMYRE:

17 Q And you do live in Rockbridge, correct?

18 A Yes, I do.

19 Q Please proceed with your statement.

20 A I want to make it quick, too, because it's pretty  
21 much going over the same thing. I've been there  
22 since 2007 of November, October 31, 2007. When  
23 we first moved in there -- and I'd like to state  
24 something, too. None of us would be here, I have

1 a feeling, if we were able to drink the water.  
2 Okay. We understand increases. We understand  
3 that things go up. It's -- we all understand  
4 that, but if we could just drink the water. I  
5 never had a house -- well, it's the first time I  
6 lived in North Carolina, but I lived in New  
7 Jersey, well, city, whatever, I was always able  
8 to drink the water. Here I would not drink the  
9 water.

10 When we first moved in we turned  
11 the water on and it looked like milk. I don't  
12 have dates, I don't have times besides 2007 and  
13 now so I'll apologize for that. And then it  
14 would fill up and then it would slowly fizz down  
15 to maybe clear with a lot of bubbles. We have  
16 called them, asked about it, what's going on,  
17 they came, they looked, they saw it. Oh, it's  
18 just the air in the water. But what's that  
19 smell? Well, you know, new construction. We  
20 were the first house, pretty much, on that road,  
21 built on White Opal Drive so, you know, we're  
22 like okay we're not going to drink it. So we  
23 have never, besides boiling pasta in it or  
24 watering plants, never drank the water, except

1 for our animals which do have cancer. I'm not  
2 going to go there either. But I just want to let  
3 you know that we would not be in this position if  
4 we can drink the water and know that our family  
5 is safe, okay, from drinking the water.

6 We've always got bottled and  
7 everything since the uranium problem. When we  
8 did call and ask what's going to happen; when is  
9 that going to happen; how long does it take you  
10 to fix it; why did you wait six months to tell us  
11 that we have uranium or lead in our water? You  
12 know, there are things, get an osmosis system so  
13 we did. We spent \$500 on our water, osmosis  
14 system, not the whole house because that was like  
15 \$3000, to drink from.

16 So communication is not right at  
17 all there, calling and trying to find out things.  
18 We don't feel comfortable. We feel we are being  
19 not told the truth about the water. And I'm  
20 particularly concerned because six years ago --  
21 my son has an auto immune disease, which like  
22 this lady said about her husband, he gets rashes.  
23 So when we smell too much chlorine in the water  
24 my son, who's now 18, can't take showers because

1 his rash gets worse when he touches the water.  
2 So he will not go for the bath. We do boiled  
3 water or use the water that we have now out of  
4 the osmosis system, we heat it up and he just  
5 does a quick wash down because we're concerned  
6 that he's getting a rash.

7 It's communication, it's -- we  
8 feel like Stafford is a whole different story, I  
9 think that's a scam, like Mr. Buzak said. I've  
10 talked to the man numerous times since being  
11 there for so long, don't trust him as far as I  
12 can throw him which is sad.

13 Q Who are you referring to? Mr. Stafford?

14 A Mr. Stafford. Yes. I've talked to him a few  
15 times, tell us the world, and we got nothing.

16 Q He is the Bob -- the older Stafford? The  
17 one that's not with KRJ?

18 A The younger one. The Bob? Is it Bob? The good  
19 looking tall guy?

20 Q I --

21 A I don't know what he looks like. Okay.

22 (Laughter)

23 Q We'll let the ladies comment on that.

24 (Laughter)



1 A I haven't seen him in years.

2 Q Okay.

3 A But anyway it's -- I just don't -- we don't feel  
4 in our community that we're being told the truth  
5 about the water system, that we're getting the  
6 quality of water that you're telling us you want  
7 us to pay for the water system. Between the  
8 leaks, true -- I'm going to go over it again.  
9 Tons of leaks over the same area for the past 10  
10 years, dug up my neighbor's driveway, fixed it,  
11 dug it up, fixed it, dug it up; same thing on  
12 Water Rock Way, there was two. Outage, you know  
13 how we know we have of an outage? We call our  
14 neighbors. Hey, you're out, yeah, me, too.  
15 Okay. Did you call? Yeah, I called. Did you  
16 get anybody? No, I got a voice mail. Okay.  
17 Well, I guess they'll figure it out sooner or  
18 later that we have no water.

19 Let's see, Eastwood Homes, too,  
20 when the publicity was going on, they were only  
21 able to sell those houses if they put an osmosis  
22 system in there. How come KRJ did not pay for  
23 people who had been drinking the water that had  
24 uranium in it for six months? How come they

1 didn't call us up and say why don't -- here --  
2 it's going to take a little while to fix this  
3 problem. We have to do this, this and this.  
4 We're going to give you an osmosis system because  
5 you've been here. You've been great customers.  
6 This is what it is or give us a discount.  
7 Listen, those people are coming in, we're going  
8 to give you an osmosis system for your water so  
9 you can cook and drink and whatever. I mean,  
10 that would have been a great thing that they  
11 would say, listen, there's a huge problem. That  
12 makes me feel unsafe for me to ever drink the  
13 water. My dogs don't drink the water anymore. I  
14 do the osmosis system through that. And I would  
15 like to stay at this house for retirement or  
16 whatever, but because of the HOA and because of  
17 KRJ I don't want to stay there anymore. I'm  
18 worried that my water is not pure enough for my  
19 kids, and it isn't because my son is -- gets a  
20 rash when he does go in there.

21 So that's the gist of it. I  
22 really, really would like to stay there. I  
23 really would like to stay at Rockbridge, but I  
24 need the water to be better and purer. And I do

1 not mind paying the extra money, I don't, I  
2 don't. But I just want to be able to turn my  
3 faucet off -- on and drink the water. I want to  
4 be able to brush my teeth and not just spit it  
5 out, but be able to swallow it a little bit  
6 knowing that it's okay. That's all.

7 Q Now, you say you have an osmosis system.

8 A Yes, underneath the sink in the kitchen.

9 Q So that is used for water that's used for  
10 cooking?

11 A For cooking, for drinking. It's a six -- my  
12 husband would know more -- it's a six system  
13 osmosis system.

14 Q Okay. So it just -- you use it for the cold  
15 water coming in?

16 A Just cold water. So we need hot water. Yeah.  
17 But it's not in the house. The house we could  
18 not afford. With my son being ill we have  
19 medical bills so he still takes a shower out of  
20 that. There's only so much we can do. When we  
21 do smell the chlorine or like he comes out of the  
22 shower with a little rash like we know that okay  
23 don't, no, it doesn't smell like -- the chlorine  
24 was just happening last -- they said a few weeks

1           ago. Like give us a call, send out an email.  
2           Get all of our emails and say we just want to let  
3           you know we had to do something with chlorine or  
4           something, you know, just to let you know. I  
5           mean the smell, you can smell it on my body. I  
6           mean, I go to work and I'm like smell my -- smell  
7           my skin. It smells like chlorine. It smells  
8           bleachy.

9           Q       Now, when you -- you moved in in two owe seven --

10          A       Yes --

11          Q       -- 2007, was that when you started not to drink  
12          the water?

13          A       Yes, that's when we stopped drink -- not -- when  
14          we --

15          Q       Was it because of the discoloration?

16          A       The color. Yes. We figured the building around  
17          there, that's what they were saying, getting into  
18          the pipes, you know, they gave us --

19          Q       So you had a lot of discolored water then?

20          A       So basically you fill it up, you filled it up and  
21          it was cloudy - and we showed them that, too,  
22          that it was cloudy - and then if you waited you  
23          saw it kind of fizz down and then it was clear  
24          but then it had a lot of bubbles in it but then

1           it smelled kind of weird. So we were like in the  
2           beginning of the development so we just didn't  
3           about feel quite right to drink it so we  
4           bought -- we've been buying water since 2007.

5    Q       Now you mentioned lead that -- did you ever  
6           receive any notices from the Company about --

7    A       Yeah, I think it was --

8    Q       -- exceeding the lead --

9    A       I think -- now what I think -- don't -- like I  
10           swore on the Bible, I don't -- but it was lead  
11           and uranium I think together. They maybe will  
12           know more because I -- my husband was supposed to  
13           be here today.

14   Q       So now the major issue is that you worry about  
15           the health effects of the water?

16   A       The health effects of the water and the lack of  
17           communication. And I wish they told us six  
18           months earlier that there was uranium so we could  
19           take care of it right away, so we -- we were able  
20           to get an osmosis system right away or be careful  
21           of my son and, who was younger then, and all of  
22           that. It's just the communication is lacking a  
23           great deal. You're supposed to be -- you know,  
24           we're people and we want to live healthy lives

1 and we want to drink a lot of water and when we  
2 can't drink our own water it's quite sad.

3 MR. GRANTMYRE: I have no further questions.

4 MR. BENNINK: No questions.

5 EXAMINATION BY COMMISSIONER PATTERSON:

6 Q Are there many houses in the community up for  
7 sale?

8 A There is a lot more. They're still doing a lot  
9 of building, but we've had one, two, three - they  
10 know better, the people on my street - four that  
11 have been up in the last year that I know of. I  
12 see a couple of more new signs since I've been  
13 walking a lot lately. Mr. Buzak might know more  
14 because he does run the six miles around the  
15 neighborhood. So, but I think because they're  
16 still building there are -- but there's a lot  
17 more of these houses being sold in our first  
18 development. So it was like the street behind me  
19 which is Sapphire was the first street, about  
20 three or four houses sold during like the last  
21 year or two and then there was a couple of other  
22 houses being sold.

23 Q Is there any requirement that when a house is  
24 sold that information about the water --

1 A I have no idea. I'm not a Realtor. I would not  
2 know if they are asking if they know about the  
3 water. I would -- as a homeowner, if I was  
4 buying a house, I would do research in the  
5 development and about things about that  
6 development to see how it is, but I would not  
7 know if they have to tell you about the problems  
8 with the water.

9 Q And one completely useless question.

10 A Sure.

11 Q Where are you from in Jersey?

12 A Somerset. I was born --

13 Q Somerset?

14 A Yeah. Muhlenberg Hospital.

15 Q Monmouth County. Myself.

16 A I was born in Muhlenberg Hospital. Do you know  
17 that area?

18 Q Yeah, just about. I grew up on the Jersey Shore  
19 so that's why I was --

20 A Oh, okay. Yeah. See it's nice to have Jersey  
21 people.

22 COMMISSIONER PATTERSON: Thank you.

23 THE WITNESS: Thank you.

24 COMMISSIONER MITCHELL: Thank you.

1 (The witness is excused.)

2 MR. GRANTMYRE: Jacqueline Welker.

3 MS. WALKER: That would be Walker. I'll  
4 apologize for my penmanship.

5 MR. GRANTMYRE: Okay.

6 MS. WALKER: It's never been very good.

7 MR. GRANTMYRE: It's a lot better than mine.

8 MS. WALKER: I type better. I do a lot of  
9 typing.

10 COMMISSIONER MITCHELL: Good evening,  
11 Ms. Walker.

12 JACQUELINE WALKER; having been duly sworn,  
13 testified as follows:

14 DIRECT EXAMINATION BY MR. GRANTMYRE:

15 Q Please state your name and address.

16 A My name is Jacqueline Walker. My address is 1209  
17 Magnolia Hill Road, Garner, North Carolina 27529.  
18 I live in Southern Trace Subdivision.

19 Q Southern Trace?

20 A Yes.

21 Q Okay. Please proceed with your statement.

22 A I just want to say first of all it's super sad  
23 that something as essential as water to life is  
24 handled so carelessly, without compassion or



1 regard to the life of those who are consuming it.  
2 I was just listening to all the testimonies and  
3 the statements, I think it's very sad, and I  
4 think as people we ought to take it more  
5 seriously. I think that if it's a service and a  
6 product that you're providing then there should  
7 be more regard to the human life and those that  
8 are consuming it especially when you hear people  
9 are having health problems consequently. So I  
10 want to say that first of all.

11 A lot of the things that have been  
12 said, I concur in Southern Trace. I've lived in  
13 Southern Trace since May of 2014, and I came in  
14 and I hit the ground running. We -- shortly  
15 after I moved in we began to have water problems.  
16 And I would notice in my own home -- I do not  
17 have water issues. We do not have low pressure,  
18 don't have a discoloration. Here and there,  
19 there may be some cloudiness but that's about it.  
20 I'm in the middle of the subdivision on Magnolia  
21 Hill Road. So I'm not at the bottom and I'm not  
22 at the top, I'm right there in the middle. So  
23 personally in my home we don't have those  
24 problems, which is a positive for my household,

1 but it's horrible because those that are in the  
2 first phase of the subdivision upfront they will  
3 have no water and we will not know. Those at the  
4 bottom may have just such an exuberant amount of  
5 pressure, or none, or cloudy, or sludge, and we  
6 will not know. And so when you look at social  
7 media day after day - does anybody have brown  
8 water today? Does anyone else have very low  
9 pressure? Is there anyone else that has no water  
10 running today? I mean when you see the feeds on  
11 social media, that's very disheartening about the  
12 community. And so I think that alone says hey  
13 something needs to be done about this. And I  
14 don't think the answer is a rate increase  
15 although we are not opposed to a rate increase.  
16 The percentage that they're asking for is  
17 astronomical, unjustifiable, and without cause  
18 because the services that we receive are not  
19 indicative of it. When we have no response or  
20 slow response when we call for problems, that  
21 does not warrant a rate increase of 82 percent.

22 When we have had in 2015, the  
23 summer of 2015, which is the same situation that  
24 Mr. Rains spoke of where there were two wells

1 malfunctioning. Well one and well two, which we  
2 should not refer to them as well one and two but  
3 that's how know them, they were malfunctioning.  
4 So there were homeowners who had no water for  
5 days upon days upon days upon days, no water;  
6 pregnant women, babies, the elderly - no water.

7 Q What year was this?

8 A 2015, the summer, that May to August timeframe  
9 because there was a malfunction with the wells  
10 and at that time well three was not running.  
11 Well three is up running now since 2016 or '17,  
12 but well three is our smallest well so the output  
13 of it is very insignificant. Well two is losing  
14 yield and has been for quite some time. I spoke  
15 with Rod Butler myself personally -- I'm  
16 Jacqueline, Rod, we've never met face to face --  
17 and he had a couple of options that he was  
18 proposing to the owner, Stafford, that was  
19 fracking or possibly digging a fourth well. That  
20 was 2015/2016; nothing has happened with that -  
21 no follow-up communications, no plans, no  
22 nothing. And speaking with Rod, he is the  
23 manager so he has to always go back to the owner  
24 and it always seems like the hold up is the

1 owner. For Southern Trace the owner is, you  
2 know, that's a sticky spot for us. It's a sore  
3 spot because the developer of Southern Trace is  
4 also the owner of KRJ. So we had a lot of  
5 difficulty with the developer at the time when  
6 our roads were not turned over to the DOT, when  
7 some promises that were made at the onset of the  
8 subdivision were not kept and maintained. So  
9 there is a lot of history legally between  
10 Stafford and Southern Trace. So now when you  
11 look at KRJ, it's owned by Stafford and they're  
12 non-responsive. The wells can go uncared for and  
13 unmaintained. We don't get response when we have  
14 calls. And, again, like someone else said, they  
15 have no clue as if having -- if we're having  
16 water issues. No one is checking in with us. No  
17 one is following up. We don't have a routine  
18 check in to see how the things are going.

19 In Southern Trace, and I will  
20 commend Rod for this, we have established someone  
21 that touches base with Rod to make sure, hey,  
22 this is what's going on here. How are things  
23 over there. I still have to say though, the  
24 response from that communication is slow. Albeit

1           there is a response so thank you. And we have  
2           been able to get some updates of what's going on  
3           and we do have that direct line to be able to  
4           call him and let him know this is what we're  
5           experiencing. With all that being said, we're  
6           still not seeing any fruit.

7                        I thought initially that since we  
8           initiated this in 2015 where we have one of our  
9           homeowners talk directly with Rod things have  
10          improved. We haven't had the leaks. The  
11          pressure is still the way that it is. So we  
12          haven't had anything egregious to take place and  
13          so I'm thinking oh good that communication thing  
14          is working. But now hearing all the testimonies  
15          I'm thinking and wondering does that line up with  
16          the rate increase so that now we can show that we  
17          have put forth an effort to make things better  
18          and we're turning over a new leaf, because the  
19          timing for the dates for this -- of the basis of  
20          this increase is when we had the wells  
21          malfunctioning. That was an exorbitant amount of  
22          time and money that, again, I don't think was  
23          planned for. In addition to that, that was 2015,  
24          May through August, and then in 2016 around May,

1 we had a leak, another leak, in the front of the  
2 entrance, and I think that was about a week or so  
3 to repair. That was not KRJ's, that was AT&T  
4 installing lines. But that was still a --  
5 Q They cut the water line.  
6 A They did. They did. But they reimbursed KRJ  
7 \$5,000 for that. So that was not an expense that  
8 they incurred. The amount that KRJ submitted to  
9 us that was owed consequently, AT&T, they  
10 reimbursed that money. We also paid the water  
11 bill for it so that's another thing. So the  
12 timing is not right. And we, again, we're not  
13 opposed to a rate increase because we want clean  
14 water coming from a reliable, dependent system  
15 and it has to be affordable, and this 82 percent  
16 increase is not especially when the services that  
17 we're receiving are indicative of that. So, if  
18 we're going to consider a rate increase, then we  
19 need to also consider the plans whereby that  
20 money will be used, the purposes that are set  
21 forth with it, and then what are the measures  
22 that we're going to take to ensure that there is  
23 follow up with that. Because we have had the  
24 promises and nothing has happened or it's been

1 very reactive so that there's a little bit done,  
2 enough to kind of pacify you, and that's -- in my  
3 short stint in the neighborhood that's what I've  
4 seen. The squeaky wheel gets the oil.

5 So as long as enough of our  
6 homeowners are calling and yelling and posting  
7 and acting wild, then we get a response, a  
8 reaction. When we're quiet we get nothing. And  
9 so I'm hoping that that won't be the case after  
10 this hearing, that there will actually be some  
11 tread that's taken and some things that are  
12 changing. I don't necessarily altogether blame  
13 KRJ because I think that the regulations for  
14 private utility companies are very minimal so, if  
15 there's nothing that really holds them  
16 accountable, if there is not a nearing for a rate  
17 increase today, we would not be here voicing our  
18 opinions and nothing would be done about it. So  
19 part of that goes back to regulations that I  
20 think also need to be dealt with.

21 I just say again that water is an  
22 essential necessity for life and, if we're going  
23 to offer it -- and I know you're the manager, so  
24 this is to Stafford -- if we're going to offer

1           it, offer it with care and compassion or have  
2           someone else take it over. And that's where I  
3           think everyone stands. And I don't know what  
4           that process looks like, but I know those have  
5           been conversations. But I know if it's my  
6           business and it's pretty lucrative for me and I'm  
7           potentially going to get this kind of increase  
8           and still provide the same types of service,  
9           menial services, I'm not looking to sell my  
10          business. So I think something has to be done  
11          about that, and we are here today I believe for  
12          that to take place. So thank you very much for  
13          your time. Questions?

14               MR. GRANTMYRE: I have no further questions.

15               COMMISSIONER MITCHELL: Mr. Bennink.

16               MR. BENNINK: No questions.

17               COMMISSIONER MITCHELL: Thank you.

18               THE WITNESS: Thank you.

19               COMMISSIONER MITCHELL: You may step down.

20                         (The witness is excused.)

21               MR. GRANTMYRE: Shelley Iverson. I got that  
22          right?

23               MS. IVERSON: Yes, sir.

24               MR. GRANTMYRE: Well, that's a shock. Okay.



1                   COMMISSIONER MITCHELL: Good evening,  
2 Ms. Iverson.

3 SHELLEY IVERSON;       having been duly sworn,  
4                               testified as follows:

5 DIRECT EXAMINATION BY MR. GRANTMYRE:

6 Q     Please state your name and address.

7 A     Shelley Iverson, 1016 Red Brick Road, Garner,  
8       North Carolina 27529, Southern Trace.

9 Q     Okay. Please proceed with your statement.

10 A    I'm a newer resident. I would just like to talk  
11       about the quality of the water. Everything else  
12       has been covered as far as the billing issues,  
13       the quality of a return call if you call. So my  
14       issues with the water quality are when I moved in  
15       I had brown water. And I wanted to bring my  
16       visual up but I drink three of these a day  
17       (referring to a water bottle), and this costs me  
18       about a dollar each. If you buy them retail  
19       they're probably four, but I drink about three of  
20       these a day, and my husband drinks one, so that's  
21       an expense of over \$100 for drinking water  
22       because my water came out of the faucet brown.  
23       It also comes -- more of a reddish. It also --  
24 Q    Is that every day or just periodically?

1 A Occasionally. So, if it's coming out of the  
2 faucet you can't always see it, but when I do  
3 hand-washables in a white container, that's when  
4 I can see it and I see that often so I'm not  
5 going to take the chance with my drinking water.  
6 So it's quite an expense. And I think customary  
7 and ordinary utility expenses or any inflationary  
8 raise in prices are normally 2 to 3 percent.  
9 I've never seen anything like 82 percent and I  
10 wonder if we're going to have some type of  
11 special filters so that we don't have brown water  
12 and, also, so that we don't have stinky water.  
13 The water smells musty often.

14 We also have pressure issues.  
15 Does an 82 percent increase take care of our  
16 water pressure issues? I do have a video of low  
17 pressure from my husband to me one day when I was  
18 traveling for business. I don't have a  
19 comparative video of full pressure but he said  
20 this must be the -- what the low pressure that  
21 they're talking about, and we experience that  
22 every time that a toilet is flushed and we are in  
23 the shower. So we have these pressure issues  
24 probably daily but we just know now not to flush

1 the toilet while we're in the shower. And to me  
2 that's a 1942 issue not a 2018 issue.

3 So, again, we -- I'm -- we're also  
4 not opposed to price increases for better service  
5 when we know what we're getting, but what we're  
6 getting right now we would like to have rectified  
7 if we're going to have this type of an increase.

8 Oh, and on a personal note, for a  
9 little bit of humor here, when I moved into the  
10 house I was a blonde and I'm not exaggerating.  
11 When I take my hair down I'm a redhead now. And  
12 everybody notices and asks why I'm dying my hair  
13 red and I say I'm not I just have dirty water.  
14 So, my new hair color.

15 Q Do you like the red hair?

16 A I'd prefer the blonde.

17 Q Okay.

18 (Laughter)

19 Q Now, when did you move in?

20 A April 27, 2017.

21 Q Now the iron, you say it's in the water all the  
22 time?

23 A I haven't tested to see if it's iron. I just  
24 know that it's a reddish-brownish color.

1 Q It's a reddish color. Okay. And when you have a  
2 glass of water -- now you buy those bottles  
3 there.

4 A I have not drank the water since I found the  
5 brown water.

6 Q Okay, but that -- that bottle you get -- you buy  
7 water already in the bottle.

8 A Cases. Yeah, cases of it.

9 Q And that's what you say costs about \$100 a month?

10 A Yeah. These are a dollar a bottle and I drink  
11 three a day, and my husband one. We also  
12 supplement with G2 and whatever. So I'm just  
13 roughly saying \$100, it's at least.

14 Q Now, the -- when you pour a glass of water or put  
15 it in a jar and it sits for a day or two, does  
16 the iron, does the reddish substance, which I  
17 will call iron, settle to the bottom?

18 A Sir, in the laundry water it does but we don't  
19 drink the water. We don't pour bottles -- or  
20 glasses of water --

21 Q And let it sit, okay.

22 A We don't let it sit unless I'm doing the laundry  
23 and I did let that sit for a day because I was  
24 taking pictures trying to figure out what was

1 going on and it did settle at the bottom.

2 Q Do you have reddish stains in your dishwasher?

3 A Stainless steel.

4 Q Stainless steel. Does your white clothes that  
5 you wash turn reddish at all or brownish?

6 A Well, without getting into a lot I use a lot of  
7 Borax so I think that that counteracts it. Borax  
8 and hydro, hype, something. I counteract that.

9 Q Okay. But you don't use a chlorine bleach I  
10 hope.

11 A No.

12 Q Okay. Chlorine bleach will make the iron  
13 problems worse.

14 A I can't, I'm allergic to chlorine bleach.

15 Q Okay. Good. Okay.

16 MR. GRANTMYRE: I have no further -- wait.

17 Q When you say it has musky odor often, is that in  
18 certain faucets or that's all the faucets?

19 A I was curious if that was my imagination or  
20 something in my kitchen so I went around,  
21 including the outside faucet, the outside hose,  
22 and I sniffed the water coming out and made my  
23 husband do it and he said, "I'm not sniffing the  
24 water," but it is coming -- it is the water.

1 It's coming out of all the faucets and it smells  
2 musty.

3 Q All the faucets, both outside and inside the  
4 house?

5 A Correct.

6 MR. GRANTMYRE: That's all the questions I  
7 have.

8 COMMISSIONER MITCHELL: Mr. Bennink.

9 MR. BENNINK: No questions.

10 COMMISSIONER MITCHELL: Commissioner  
11 Patterson.

12 COMMISSIONER PATTERSON: No.

13 COMMISSIONER MITCHELL: Thank you.

14 (The witness is excused.)

15 MR. GRANTMYRE: Staria --

16 UNKNOWN SPEAKER: Staria.

17 MR. GRANTMYRE: Staria Gilmore. Close?  
18 Okay. Come on up.

19 MS. GILMORE: It's not even close.

20 MR. GRANTMYRE: Now, you wrote a no or a  
21 yes?

22 MS. GILMORE: No.

23 MR. GRANTMYRE: Okay. Thank you. Mary Beth  
24 Dean.

1 MS. DEAN: I don't have anything in addition  
2 to add.

3 MR. GRANTMYRE: Now, which subdivision were  
4 you?

5 MS. DEAN: Rockbridge.

6 MR. GRANTMYRE: Rockbridge. So the prior  
7 people basically spoke what you were going to speak?

8 MS. DEAN: Yes.

9 MR. GRANTMYRE: Okay. Thank you. Tyrone  
10 Dozier. It doesn't have yes or no.

11 MR. DOZIER: No.

12 MR. GRANTMYRE: Stephanie Jones. It had a  
13 yes, if she's still here.

14 (No response.)

15 And okay, a famous name, Ginger Rodgers.

16 (Laughter)

17 And who is not a yes or a no.

18 MS. RODGERS: I'll say something.

19 MR. GRANTMYRE: Okay. We have a new  
20 recruit.

21 MS. RODGERS: Yeah.

22 MR. GRANTMYRE: Come on up.

23 COMMISSIONER MITCHELL: Good evening.

24 MS. RODGERS: Good evening.

1 GINGER RODGERS; having been duly sworn,  
2 testified as follows:

3 DIRECT EXAMINATION BY MR. GRANTMYRE:

4 Q Please state your name and address.

5 A Ginger Rodgers.

6 Q Oh, you are Ginger Rodgers?

7 A Yes, I am.

8 (Laughter)

9 5405 Sapphire Springs Drive in  
10 Knightdale, North Carolina, Rockbridge  
11 Subdivision.

12 Q Okay, you're Rockbridge. Okay. Please proceed  
13 with your statement.

14 A I just wanted to say we've lived in Rockbridge  
15 Subdivision for 10 years. In 2008, when we did  
16 first move in my mom did complain about an odor  
17 from the water, from the faucets, which was a  
18 musty odor. I can say that there is no longer an  
19 odor but you can smell a chlorine odor sometimes.  
20 I know within the last, I want to say two to  
21 three weeks, and I'm not sure if it was you I  
22 spoke to or Dale (referring to Mr. Butler), I  
23 called the number by the second day. Because  
24 after you take a shower my skin would smell of



1 chlorine. It will leave your skin -- if you have  
2 sensitive skin or some type of health issue, it  
3 will leave your skin very dry. If you cook with  
4 that water, the food will not taste right, so we  
5 no longer cook with the water or drink that  
6 water. We use bottled water and have so for more  
7 than three years. I would say at least for the  
8 last seven to eight years that we've been there  
9 because we've noticed problems with the water.

10 Also, the water, the quality of  
11 the water, it sometimes -- it varies. For the  
12 last 10 years you can have cloudy water, water  
13 with bubbles. When we first moved in the  
14 subdivision it was more so, it's new  
15 construction, they haven't finished, they just  
16 put in new lines -- pipes in the line, and that's  
17 why your water consistency will have bubbles or  
18 it fizzes. The pressure can go from low to very  
19 strong water pressure. There could be a milky --  
20 right now our water quality right now is a milky  
21 substance. When we turn the water faucet on -- I  
22 even put in a pot of water to boil it, that water  
23 was cloudy, milky, and I poured it out, grabbed  
24 bottled water and started cooking with it because

1 I refuse to use it. And unfortunately I have to  
2 shower with it until we have a water filter  
3 system placed into our house and that is what  
4 we've been looking for, a whole house water  
5 filtering system. Because instead of just  
6 placing it under your faucets you need a shower  
7 and a good quality of water. And some of the  
8 homes were provided a water filter system, the  
9 newer homes that came into the subdivision. And  
10 we weren't provided for any restitution for us  
11 living there and having to drink that water with  
12 the high uranium levels and gross alpha levels.  
13 That's about it that I can think of it. And  
14 there has been water leaks in the property for  
15 several years. The 10 years that we've been  
16 there we've seen that.

17 Q Now, the milky water, have you experienced that  
18 the whole 10 years?

19 A Yes, for 10 years. It's off and on, and we were  
20 told it's usually due to new construction. We  
21 are on the end where they're finishing out the  
22 final phase. So --

23 Q So you're near the pool?

24 A Yes, we are. We are near the pool. And just

1           yesterday the water was milky. So I haven't  
2           turned the water faucet on today other than to  
3           shower, and you can't see it in the shower. If  
4           you put it in a glass, the glass of water, it  
5           will be milky and cloudy.

6       Q     And eventually it clears up?

7       A     It'll clear up eventually.

8       Q     Okay.

9       A     And you may see some little particles. But what  
10          concerns me is the chlorine; you can smell the  
11          chlorine. The chlorine was in there with -- the  
12          last two or three weeks it was there for at least  
13          five days.

14      Q     So it's so strong you can smell it?

15      A     You can smell it. After you take a shower you  
16          smell it on your skin.

17      Q     Really?

18      A     Yeah. If you put any lotion or anything, it will  
19          counteract it. You can smell the strong odor.

20                   MR. GRANTMYRE: Thank you. I have no  
21          further questions.

22                   COMMISSIONER MITCHELL: Mr. Bennink.

23                   MR. BENNINK: No questions.

24                   COMMISSIONER MITCHELL: Commissioner

1 Patterson.

2 COMMISSIONER PATTERSON: No.

3 COMMISSIONER MITCHELL: Thank you very much.

4 THE WITNESS: Thank you.

5 (The witness is excused.)

6 MR. GRANTMYRE: She's the last movie star  
7 that we have --

8 (Laughter)

9 -- that is signed up. Are there any other  
10 customers that want to testify? You've already  
11 testified. Do you want to add something?

12 MS. TEEL: Yes. I'm sorry. Do I need to  
13 come and put my hand on the Bible again?

14 MR. GRANTMYRE: Yes.

15 MS. TEEL: Okay.

16 MR. GRANTMYRE: Just very briefly because --

17 MS. TEEL: I just want to clarify something.  
18 I swear to tell the truth, the whole truth, and  
19 nothing but the truth.

20 (Laughter)

21 (Ms. Teel, having previously been sworn,  
22 makes the following statements.)

23 MS. TEEL: So I wanted to clarify that the  
24 problem with the sensor for my husband's 40th

1 birthday --

2 MR. GRANTMYRE: What was your name again?

3 MS. TEEL: Taunia Teel.

4 MR. GRANTMYRE: Okay. Go ahead.

5 MS. TEEL: That issue took place in 2010,  
6 not eight. That's my only clarification.

7 MR. GRANTMYRE: Thank you.

8 MS. TEEL: Okay.

9 COMMISSIONER MITCHELL: Thank you.

10 (Ms. Teel was excused.)

11 MR. GRANTMYRE: That's the last person that  
12 signed up.

13 COMMISSIONER MITCHELL: Okay. Anyone else  
14 in the hearing room that would like to testify? Speak  
15 now.

16 MR. RAINS: Can I add one more thing?  
17 Back -- I'm still under oath or do you need me to sign  
18 back in again?

19 COMMISSIONER MITCHELL: Yes, sir. You can  
20 come on up.

21 MR. GRANTMYRE: Just identify your name.

22 MR. RAINS: Thomas Rains. And I'm still --  
23 okay.

24 (Mr. Rains, having previously been sworn,

1 makes the following statement.)

2 MR. RAINS: One thing summarizing - I think  
3 we've all heard comments from everybody in the group  
4 about the quality of the water - but one thing that  
5 really stands out to me in this whole thing is, where  
6 is the elephant in the room? We have Rod here  
7 representing KRJ and he does a fine job for the task  
8 that he's assigned to do, but where are the owners?  
9 Where's Mr. Stafford? He is the one that's directly  
10 responsible for the lousy service that we get and  
11 response from the water. Where is he? I would think  
12 it should be in his best interest, since he's asking  
13 for a sky-high rate increase, to at least have the  
14 courage to defend himself and show up. I'm very  
15 disappointed that he's not here. I really am. It's  
16 disappointing to see that he's not here and he sent  
17 Rod to bear the brunt of all of the abuse from  
18 customers. So, anyway, that's my final comment.

19 COMMISSIONER MITCHELL: Thank you,  
20 Mr. Rains.

21 MR. RAINS: Okay.

22 (Mr. Rains was excused.)

23 MR. GRANTMYRE: That's the last witness we  
24 have. The Public Staff will ask the Commission to

1 order the Company, which is very standard in these  
2 rate cases, to file a report after they receive the  
3 transcript. And the Public Staff would then want to  
4 evaluate the report and follow up on it, and it would  
5 have to be -- our follow up would have to be after we  
6 file our regular testimony on the financial issues  
7 because that is scheduled for Monday and it's not  
8 going to happen before the transcript, their report,  
9 us evaluating. So sometime prior to the evidentiary  
10 hearing we would file the report based on their report  
11 because we do want to follow up on this. But I'm just  
12 stating that that would be our procedure. We cannot  
13 incorporate it into our testify that we file next  
14 Monday or shortly thereafter.

15 COMMISSIONER MITCHELL: Okay. Mr. Bennink,  
16 in light of Mr. Grantmyre's request, we'd like for you  
17 all to file a report, and I'd actually like to see a  
18 report for each subdivision so one for Rockbridge and  
19 one for Southern Trace. And, in light of the timing  
20 here, we'd like you to do that as quickly as possible  
21 following the receipt of the transcript.

22 MR. BENNINK: We will do that but we do need  
23 the transcript before we can --

24 COMMISSIONER MITCHELL: Understood.

1 MR. BENNINK: -- work on it.

2 COMMISSIONER MITCHELL: Thank you. Any  
3 other matters we need to address tonight before  
4 adjourning?

5 MR. GRANTMYRE: No.

6 MR. BENNINK: (Shakes head no.)

7 COMMISSIONER MITCHELL: With that, thank you  
8 all very much for coming tonight. We appreciate your  
9 time and your input. And, with that, we stand  
10 adjourned. Thank you.

11 (WHEREUPON, the proceedings were adjourned.)

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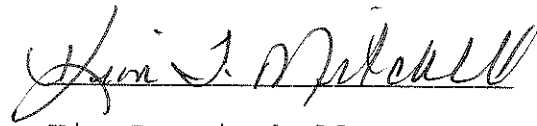
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C E R T I F I C A T E

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  
Court Reporter II