

SANFORD LAW OFFICE, PLLC
Jo Anne Sanford, Attorney at Law

October 24, 2022

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: In the Matter of Application by Aqua North Carolina, Inc. for Authority to Adjust and Increase Rates and Charges for Water and Sewer Utility Service in All Service Areas of North Carolina and Approval of a Three-Year Water and Sewer Investment Plan
Docket No. W-218 Sub 573
- Response to Customer Concerns from October 4, 2022 Public Hearing in Raleigh

Dear Ms. Dunston:

Please accept for filing the attached copy of the response by Aqua North Carolina, Inc. to customer concerns expressed at the October 4, 2022, public hearing in Raleigh, North Carolina. I hereby certify that I have served the parties of record.

As always, thank you and your office for your assistance.

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

Attorney for Aqua North Carolina, Inc.

c: Parties of Record

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-218, SUB 573

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| | | |
|---------------------------------------------|---|---------------------|
| In the Matter of | | |
| Application by Aqua North Carolina, Inc., |) | REPORT ON CUSTOMER |
| 202 MacKenan Court, Cary, North |) | COMMENTS FROM |
| Carolina 27511, for Authority to Adjust and |) | PUBLIC HEARING HELD |
| Increase Rates for Water and Sewer Utility |) | IN RALEIGH, NORTH |
| Service in All Service Areas in North |) | CAROLINA ON |
| Carolina |) | OCTOBER 4, 2022 |

NOW COMES Aqua North Carolina, Inc. (“Aqua” or “Company”) and files this report in response to the public hearing held in this matter by the North Carolina Utilities Commission (“NCUC” or “Commission”) in Raleigh, North Carolina in the Dobbs Building, 430 North Salisbury Street, Commission Hearing Room 2115, at 7:00 p.m. on Tuesday, October 4, 2022. Commissioner ToNola D. Brown-Bland served as the Presiding Commissioner and was joined by Chair Charlotte Mitchell as well as Commissioners Kimberly W. Duffley, Jeffrey A. Hughes, Floyd M. McKissick, Jr., and Karen K. Kemerait.

Staff Attorneys Megan Jost and Elizabeth D. Culpepper appeared for the Public Staff on behalf of the using and consuming public.

Jo Anne Sanford of the Sanford Law Office, PLLC and Elizabeth Sims Hedrick of Fox Rothschild, LLP appeared on behalf of Aqua. Shannon V. Becker, President of Aqua North Carolina, was present, along with the following Company personnel who were available to assist customers with questions or requests:

Joe Pearce, Director of Operations
Amanda Berger, Director of Environmental Compliance
Robyn Lambeth, Senior Executive Assistant
Rob Krueger, Central Area Manager
Central Area Supervisors - Roger Tupps, Lorrie Stagner, and Katie Dickens
Ruffin Poole, Director of Business Development and Regulatory Affairs
Dean Gearhart, Rates and Planning Manager
Heather Keefer, Regional Communications Specialist
Miyoshi Harris, Contact Center Manager (Cary Call Center)
Corey Speight, Contact Center Supervisor (Cary Call Center)
Torrey Bunch, Contact Center Supervisor (Cary Call Center)
Ashley Clemmons, Customer Service Representation (Cary Call Center)

A. Purpose of Report

In Ordering paragraph 11 of the North Carolina Utilities Commission Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice issued September 8, 2022, Aqua is required to file reports addressing all customer service or service quality complaints expressed at the customer hearings within 20 days after each hearing wherein the complaint was expressed.

This report summarizes the customer service quality concerns expressed at the Raleigh public hearing, provides the Company's specific responses and levels of corrective actions, explains how investment obligations and ratemaking consequences interrelate, discusses certain aspects of the ratemaking process, and describes generally the Company's position on and communications about its service to these and other North Carolina customers.

B. Organization of Report

The report provides an overview of the hearing, including information about the two systems that were discussed, the types of concerns expressed, and the Company's management of these systems and concerns. The report includes a general response for each system, and individual responses for each witness. For

clarity, the witnesses are grouped by system.

C. Overview of the Public Hearings

Five customers testified representing two separate water systems as follows:

| Subdivision | Water System |
|--------------------|--------------------------|
| River Oaks | River Oaks |
| Stoneridge | Stoneridge Master System |
| Creekwood | Stoneridge Master System |

D. General Responses to Customer Concerns and Issues

Categories of Customer Concerns

The customer concerns, variously expressed by the five customers, included the following general topics, listed below. These general topics will be addressed next, followed by specific responses to the testimony of each customer witness.

1. General objection to rate increases
2. Water quality and service
3. Customer Communications
4. System pressure
5. Meters

1. Concern - General Objections to Rate Increases

a. Proposed Rates – Ratemaking Process

Aqua wishes to explain the process by which these rate increase requests are examined and decided. Proposed rates are not subjectively developed. They

incorporate actual or expected capital costs as well as actual or projected operating costs. These costs are presented in verified pleadings (under oath) and are rigorously examined over the course of a process that can take 300 days from date of filing. The legal principles that govern ratemaking are set forth in North Carolina General Statutes, Chapter 62, and in rules promulgated by the Commission under those statutes.

By law, Aqua receives a rate increase only if it proves, in the face of a scrupulous investigation by the Public Staff (acting as the consumer advocate)¹ that such an increase is authorized under the law based on the cost of prudent and reasonable investment in plant and operations. Further, actual and projected investment in plant is only recoverable after it has been audited or reviewed for reasonableness by the Public Staff and approved by the Commission. Objections to the proposed rate increase request and rate design matters raised by some customers at public hearings involve complex issues to be decided by the Commission based upon careful consideration of all the evidence, including customer testimony, offered in this proceeding.

b. Rate Comparisons

Customers understandably have questions about why there are cost differentials between Aqua's rates and those of various nearby governmental providers of water and/or wastewater utility services. Attempts to make meaningful comparisons between statewide average costs or rate designs among unrelated water and wastewater service providers more often than not result in an "apples to

¹ And in response to objections by any Intervenors.

oranges” assessment. In comparing costs of service among utilities, a core distinction is found in the concept of “economies of scale.” The cost of serving an individual customer in an urban area (using “in-town” rates) is typically less than one located in a rural area (using “out-of-town” rates). Urban consumers may be served water from a large surface water impoundment or river or have their wastewater treated in large central treatment facilities. Municipal water ratepayers may not even bear the total cost of the surface impoundment as that cost may have been funded by federal and state taxpayers (e.g., Falls Lake). Similarly, the rate design or ratios of the monthly fixed (base facility charge) versus variable (usage charge) components of a utility bill are unique to each utility and vary based on differing factors important to the rate setting bodies, including actual fixed vs. variable cost of service, socio-economic programs, or desired conservation efforts.

c. Investment

The obligation to provide safe drinking water and proper wastewater collection and treatment—all compliant with public health and safety standards—requires massive investment in infrastructure, as well as in sophisticated programmatic and operational resources. These obligations apply 24 hours per day, seven days per week, 365 days per year. They require constant attention and rely on significant investment in plant, much of which is, by design, underground or otherwise out of sight of most observers. Aqua has invested significant amounts of money in North Carolina over time. This investment has increased significantly over the past several years along with the Company’s

annual expenses needed to maintain operations (see the table, below). Individual investments in capital may not be visible to a customer, and in any given year the larger investments will be dispersed across the state. But any utility system will sooner or later need significant investment, and when that is required, that system and its customers will benefit from the ability to spread the costs across the larger, consolidated, body of ratepayers.

The following is a general representation of expenditures made by Aqua for capital and expenses since 2016. The capital expenditures are net of Contributions in Aid of Construction (“CIAC”), which is the means by which developers fund certain capital costs of the utility infrastructure; therefore, these figures generally represent the investment by Aqua in the systems and the services provided in North Carolina.

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022*</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| <u>Capital</u> | \$22.9M | \$38.3M | \$36.1M | \$34.8M | \$39.8M | \$50.0M | \$49.3M |
| <u>Expense</u> | \$42.6M | \$44.3M | \$47.1M | \$50.6M | \$52.1M | \$53.9M | \$60.9M |
| <u>Total</u> | \$65.5M | \$82.6M | \$83.2M | \$85.4M | \$91.9M | \$103.9M | \$110.2M |

*Estimated through December 31, 2022

Aqua remains committed to responsible and necessary investment in all the systems it serves and initiates rate cases to try to match the costs of providing its essential water and sewer services.

2. Concern - Water Quality and Service

a. Iron and Manganese

Some customers who testified addressed concerns about the impact on their water from naturally occurring iron and manganese in the groundwater

supply. This section of Aqua's report focuses on that issue, the existing and potential options for treatment, the Company's current treatment protocol, and the cost consequences that flow from the various options.

Iron ("Fe") and manganese ("Mn") are some of the most abundant naturally-occurring elements of the soil and rock formations from which groundwater is extracted in North Carolina. The low potential for these naturally-occurring elements to be toxic or harmful to humans is reflected in the fact that they are not the subject of primary drinking water standards, but rather of secondary standards. Secondary standards were established to assist public water systems with respect to aesthetic attributes of water that are not considered to present a health risk.

Aqua recognizes and shares customer concerns about the impact of higher concentrations of these secondary water quality elements in their water. The Company, along with the entire water utility industry, is mindful of the complaints about home filter life and stained appliances and clothes, as well as the aesthetic impact and overall customer concern stemming from the presence of these elements. But because of the minerals in North Carolina's rock, this problem has been present since the dawn of drilling and is one that many water utilities struggle to manage.

In the Aqua statewide system and out of approximately 1,600 wells, nearly 20% are challenged by elevated levels of iron and manganese in the groundwater supply. The treatment and removal methods, from least costly to most costly, are the following:

i. Flushing

There are multiple approaches to mitigating elevated concentrations of iron and manganese. The most common method—and the least expensive approach when it can be used—is flushing to remove iron and manganese sediments from the water distribution system. Flushing provides some immediate water quality improvement by removing these mineral sediments from the water mains, but a short-term side effect can be increased sediment concentrations deposited in the water service lines (the lines from the water main to the customer’s home) during the act of completing the actual flushing activities, which can temporarily increase the volume of water quality calls from customers. Customers are notified of planned, non-emergency, flushing events in their area in advance of the scheduled activity to minimize negative impacts of resultant discolored water and are encouraged to flush their water services through their outside taps following flushing activities to remove the sedimentation that may have entered the customers plumbing system during the system flush.

Aqua provides flushing notices to all its customers in a system or section of a system in advance of a system flushing effort. Interconnected and larger systems can take days, weeks, and even months to flush depending on the size of the system and is typically done in sections. Since sections of systems are interconnected, water quality may be temporarily affected on one street when another distant street is being flushed. It is therefore difficult to pinpoint the potentially impacted customers on any one day while a system is being flushed. Because of these dynamics, flushing notices typically cover the duration of several

days over which the flushing campaign for a community is performed. Flushing notices identify the period of time the flushing activities performed by Aqua employees will take place; however, the potential discoloration that may result from this activity will extend beyond the scheduled flushing period until the homeowner's services and internal plumbing are also flushed.

ii. Sequestration

A second method for addressing elevated iron and manganese in water is chemical sequestration. Chemical sequestration is typically completed by the addition of inorganic polyphosphate blends, which combine with iron and manganese to temporarily maintain the mineral in a soluble state. Polyphosphate sequestration is not permanent. Chlorine reacts to release the sequestered mineral from suspension and over time the mineral will appear in its oxidized form. The reaction time for polyphosphates is also reduced with elevated temperatures, such as in hot water heaters. Sequestration does not remove the mineral; it only temporarily maintains the mineral in a soluble form, so it is not visible.

iii. Filtration

Since 2015 and through 2021, Aqua installed 62 iron and manganese filters statewide at an approximate cost of \$22 million. In 2022, Aqua anticipates the installation of an additional 14 filters at an estimated cost of \$5.4 million.

It is typically cost-prohibitive to install a filter on a community well-water source to treat 100% of the water that would be necessary to eliminate all naturally occurring minerals that may cause secondary water quality or hardness concerns. However, some customers have individual home filter options that can address

personal water quality preferences beyond United States Environmental Policy Administration (“EPA”) standards and regulations. Hardness is one reason many customers install a softener or filtration system. While not regulated by the EPA (because hardness is a result of high calcium and magnesium content that does not impact public health), it can lead to limescale formation on faucets or fixtures or reduce soap formation. Treating for hardness at the public water supply level is generally difficult as softeners can result in elevated sodium concentrations that could impact those with compromised health.

Whole house filters [e.g., ion exchange, granular activated carbon (“GAC”), reverse osmosis (“RO”), and cartridge filters] will remove certain minerals and chemicals from the water entering the home. The EPA and Center for Disease Control (“CDC”) have a series of informational documents that address whole home filter systems and provide guidance on the selection and consumer use and expectations of these systems. The EPA recommends that filters be certified by the American Water Quality Association (“AWQA”), National Science Foundation (“NSF”), Underwriters Laboratories (“UL”) or American National Standards Institute (“ANSI”). The EPA and CDC also state that—prior to selecting and installing a home filtration system—consumers should have their water tested and contact their drinking water system regarding the supply’s quality. It should also be noted that while whole house filters vary in type and remove varying levels of minerals, some types of filters, especially activated carbon filters, also strip out the beneficial chlorine that is added to the water supplies by water utilities for disinfection

purposes. The removal of chlorine may promote the growth of bacteria and certain molds on household appliances.

In the absence of sampling and/or water quality data, filter systems may not perform as expected and can cause damage to interior plumbing. Whole home filter systems may also reduce water pressure within a home if not maintained properly. The EPA and CDC advise consumers that the selection of filters should be based on the specific contaminants of concern, as the micron size of the filter varies based on the contaminant it is designed to address. Most filters are designed to remove bacteria or protozoa and the micron size is exceptionally small, in order to be effective in removal of microscopic matter. Utilizing smaller micron pores to remove larger particulates, such as iron and manganese, will result in the consumer having to replace the filter more frequently as it was not designed for that use. Aqua encourages its customers to utilize the CDC and EPA guidance documents when selecting a filter. The Company provides its customers with water quality data through its annual Water Quality Report available on its AquaAmerica.com home page, or upon customer request to the Call Center.

b. Secondary Water Quality Plan

To address the source water quality issues with filtration and water treatment tools, Aqua implemented a water quality operational plan in January 2018 (the “Water Quality Plan” or “Plan”). The Plan is intended to ensure that water quality is addressed while requisite capital improvements are being prioritized and completed.

Aqua's Water Quality Plan prioritizes filtration installation treatment for well sites that most negatively affect a system's water quality. Factors considered in the prioritization of well sites needing filtration include a well's level (contribution) of iron and/or manganese entering the water system, customer impact, ability to address the aesthetic issues through alternative means (e.g., flushing or sequestration) and requirements established by the North Carolina Department of Environmental Quality ("DEQ"). Each filter install project is subject to intensive Public Staff review and Commission approval. Aqua's goal is to continue to install ten to fifteen new filtration treatment systems annually on prioritized well sites. The cost of most filtration systems to address heightened levels of iron or manganese is typically \$250,000 to \$400,000.

In addition to the filter installations, the Water Quality Plan included the launch of a tank cleaning project and an in-house water quality monitoring program, as well as development of a rigorous flushing plan for those systems with the highest level of minerals causing secondary water quality complaints. Significant progress has been made to minimize the negative impacts of iron and manganese on our customers' water quality, and it will continue.

c. Other impacts on Water Quality and Service

Water quality complaints often also result from unexpected events like emergency water main breaks, equipment failure, power outages, and construction activities that may disturb the directional flow of water in a distribution system when implementing capital projects or making other repairs. While Aqua provides advance notification for scheduled flushing activities through its

WaterSmart Alert program, certain system repairs are performed on an emergency basis and pre-notification of potential water quality impacts is not always possible.

Water pressure can also trigger quality complaints. Low pressure may also be caused by problems with plumbing fixtures within the individual home, such as carbonate build-up in shower heads and faucet aerators. While residential water systems are typically designed to maintain a minimum continuous pressure of 40 pounds per square inch (“psi”), as established by EPA and NCDEQ, Aqua operates most of its systems with a minimum pressure of 45 psi. The Rules Governing Public Water Systems (see 15A NCAC 18C .0901) require water distribution systems to provide a minimum pressure at all points within the distribution system of not less than 20 psi. Systems not designed for fire flows shall have the capacity to maintain a pressure of at least 30 psi throughout the system. Aqua should be contacted immediately if a customer experiences an unexpected fluctuation in water pressure, so that the Company can determine if a distribution system, well pump, or tank pressure issue exists. If the issue is not determined to be a temporary mechanical issue, pressure monitoring may be necessary. Potential solutions include operating the system with a higher operating pressure, installing a booster pump, cleaning a service line, or increasing the distribution main size.

3. Customer Communications

Some customers provided testimony regarding the Company’s communications resources and policies. Aqua has made several improvements to its local communications efforts over the past several years, using customer input. These improvements include: 1) improved messaging of flushing

campaigns using WaterSmart Alert; 2) increased use of local signage at community entrances and exits for awareness of flushing activities while a campaign is in progress; 3) addition of a bit.ly link on WaterSmart text messages that allow customers to be taken to a site with a comprehensive message; and 4) implementation of a Service Disruption Map on Aqua America's home page that is used to track potential outages and flushing activities by system. In 2022, Aqua additionally hired a Customer Communications Specialist to identify opportunities to better communicate with its customers, facilitate the effective provision of information, and improve customer messaging.

Aqua provides a broad range of options and resources for both one-way alerts and two-way communications:

a. Website

The Company has created a website, www.NCWaterQuality.com, dedicated to providing information related to the issues of iron and manganese.

This website is meant to serve as an educational resource for better understanding of the issues of iron and manganese for customers, community leaders, and other key stakeholders. Customers can sign up for direct email updates and to receive a periodic water quality newsletter. This site shows the progress of completed filter projects, as well as the status of those planned and in process or pending regulatory approval. In addition, it contains a portal where customers can ask direct questions about their system and offers information so the customer can better understand the process for receiving approval for the

installation of additional filtration treatment, which is documented in the Company's Water Quality Plan.

b. Call Center

With respect to call handling, when a customer contacts the Call Center, the telephone number from which they are calling along with the last seven digits of their account number links to the customer's record on the service representative's monitor, providing immediate access to the customer's address, service area, and prior service orders. The customer service representative often knows the customer's address before the caller provides it. If this information is unavailable, the system prompts the customer to enter their zip code and transfers them to a call center representative. The customer service representative also has knowledge of the system notices which have been issued for those respective addresses.

c. Personal Contact for Discolored Water Calls

Aqua enhanced its customer communications and resolution process for customers who call regarding discolored water. A trained water quality technical services specialist ("TSS") reaches out to each customer the same day of the customer's call or the next business day if the customer called after business hours. These calls allow the TSS to obtain a better understanding of the customer's water quality issue and better address it. Where possible, the TSS provides guidance directly to the customer to help them address the issue remotely and expeditiously. If the TSS is unable to properly troubleshoot or resolve the issue with the customer, they assign a discolored water work order ("LABD") to a

Field Operator (“FO”) or Utility Technician (“UT”) to visit the customer’s premise in an effort to further troubleshoot and resolve the issue. The added professional attention given via this process and by the TSS to each customer who calls about discolored water (which may then be escalated via dispatch of a field technician to the customer’s home to investigate) is an important step in improving customer service.

d. Legal Compliance Regarding Notice

Aqua carefully followed the notice requirements in this case. In a rate case, the Notice to Customers is prescribed by the requirements of statute and is issued by the Commission, based upon the input of Aqua and the Public Staff. It is a joint effort to provide specific and useful information to all customers about current and proposed rates. Rate notices are sent to the billing addresses of each and every customer located within a system for which a rate case is filed. Aqua sent the initially required notices of the rate case and the schedule of hearings to all of its customers by September 21, 2022, as was required by Commission Order, and by means of Pre-Sort First Class US Mail.

4. System Pressure

a. System Pressure Advisories (“SPAs”)

An SPA is commonly issued via Aqua’s WaterSmart Alert notification process when there is a potential drop in pressure below 20 psi within a water system because of a source, electrical outage, or distribution system issue. The SPA is a voluntary precautionary message to affected customers within a system when there may be potential for bacteriological contamination resulting from

reduced water flow (e.g., main break, mechanical pump failure, or extended power outages). Although an SPA is not required to be communicated to customers, Aqua does so out of an abundance of caution when there may be potential for bacteriological contamination resulting from reduced water flow (<20 psi) within a system. An SPA recommends that consumers boil their water for one to two minutes as a precautionary measure. Aqua's field operations team additionally provides an estimated time to repair that is tracked for Customer Service Representatives to inform customers who call regarding the issue. This information is also made available to customers at the bottom of the AquaAmerica.com page, where they can enter their zip code. Once system repairs are complete, Aqua's standard operating procedures is to flush the affected portions of the distribution system and take a bacteriological sample that is submitted to an approved independent laboratory for analysis. Lab results typically take 24 to 48 hours to receive. If sample results indicate no bacteria, a separately issued WaterSmart Alert is issued to notify customers that the SPA has been lifted.

An SPA is not required by law. Aqua undertakes SPAs voluntarily to best serve its customers and make them aware of potential issues of concern.

b. Boil Water Advisories (“BWAs”)

A BWA, on the other hand, is required as a response to a known acute health risk that requires formal public notification, a press release, and coordination with the NCDEQ to notify all customers within a water system. BWAs are only issued when water testing demonstrates that certain contaminants or contaminant levels are detected, and therefore, customers should boil water before use. All

customers within an interconnected system will receive an advisory for any single triggering event, as well as a subsequent notice “lifting” the requirement via Aqua’s WaterSmart Alert notification process after test results show the contamination is no longer an issue.

Meters

Aqua continues to implement its aged-meter change program and move to radio frequency (“RF”) capable meters that track daily customer usage and improve its communications of relevant customer usage data. Through December 31, 2021, Aqua has installed RF capable meters to service approximately 77% of its 87,000 North Carolina water customers and expects to reach 95% by 2025. In addition to the operational efficiencies these advanced meters offer, Aqua uses this meter data to proactively report potential high usage and leaks to individual RF metered customers and to troubleshoot main or service line breaks that may be causing water quality or pressure issues. While Aqua is actively working on options to provide daily customer usage data in a user-friendly format, customers who currently have RF meters may contact Aqua’s Customer Service Department to request a daily usage report which may be used to help address high usage bills or other concerns.

E. Detailed Responses to Customer Testimony

River Oaks:

1. **Linda Cheatham** – 1200 Kings Grant Drive, Raleigh, NC 27614, River Oaks Subdivision, *Tr. Vol. 1, pp. 20-27.*

Ms. Cheatham, a water customer of 30 years, expressed concerns regarding discolored water, a system pressure advisory error and associated customer service response, and lastly a recent loss of water without prior notice.

Aqua's Response: Ms. Cheatham has been a water customer for decades and through ownership of multiple utility companies prior to Aqua NC's acquisition of Heater Utilities, which included the River Oaks community water system, in 2004. With respect to the discolored water comment, Ms. Cheatham stated that several years ago she installed a whole house water softener and since that time discolored water has not been an issue. Review of our records indicate that in May 2017, Ms. Cheatham had contacted Aqua concerning sediment in the water during a flushing campaign.

The River Oaks community water system is comprised of two NCDEQ approved wells – Well #1 and Well #3 - that serve the community comprised of 47 connections. Well #1 is approved for 30 gallons per minute and Well #3 is approved for 50 gallons per minute of capacity. The interconnection of wells provides redundancy and meets minimum water demand requirements. Well #1 has consistent manganese concentrations above the Secondary Maximum Contaminant Levels ("sMCL"). Well #3's latest Inorganic Chemical (IOC) analysis from June 2022 exceeded the manganese Health Advisory Level of 0.3 mg/L and showed iron concentrations over 1.0 mg/L.

Both wells have historically utilized a polyphosphate feed to sequester iron and manganese in compliance with 15A NCAC 18C .1511 and 15A NCAC

18C .1512. While this subdivision's water discoloration is reduced by Aqua's use of a polyphosphate blend for sequestration, it must be recognized that sequestration does not remove the minerals, and its beneficial impact is not permanent. Minerals being sequestered will eventually fall out of sequestration depending upon the concentration of oxidants (i.e., chlorine), the temperature of the water, and the time of reaction. After the sequestration breaks, discolored water can be expected. Therefore, systems using sequestration will experience discolored water more frequently when hot water is used and when water is drawn from fixtures that are used infrequently.

To partially mitigate the mineral precipitation in the distribution system, Aqua flushes the River Oaks system annually, with its last flush occurring on October 3 and 4, 2022. Lastly, Aqua has operationally suspended the use of Well #3 due to its higher mineral content; however, if it is needed to be operated due to reduced capacity in Well #1, iron and manganese filtration will probably be necessary.

Ms. Cheatham stated that she had a concern about an erroneous System Pressure Advisory Lift ("SPL") received from Aqua when she had not received a System Pressure Advisory in advance of the SPL. Aqua verified that Ms. Cheatham had, inadvertently, received an SPL because of human error. The dispatch operator who made the mistake identified the error immediately following its release. Within four minutes after issuing the incorrect information, she had issued a correction. Ms. Cheatham did not receive the phone call regarding the correction, as her phone line was busy. The account

was designated by the resident to receive WaterSmart Alert notifications via phone only (notifications are additionally available by text and email, if the customer chooses).

To address the unsatisfactory customer service representative interaction Ms. Cheatham described, additional training was provided to the representative by an experienced supervisor. As an additional step to explain and apologize for the notification error, Alice Greene, Aqua's Senior Customer Care Specialist, personally contacted Ms. Cheatham on September 28, 2021.

Ms. Cheatham described a loss of water service without receiving advance notice that resulted from work being performed by Aqua in her neighborhood. A review of Aqua's records revealed that the customer at 1204 Kings Grant Drive (Ms. Cheatham's neighbor) contacted Aqua's Call Center concerning a pressure issue on August 9, 2022. In response, Aqua called a contractor to evaluate and repair the problem. The meters for 1204 Kings Grant Drive and Ms. Cheatham's address at 1200 Kings Grant Drive are about ten feet apart. Upon arriving on site, the contractor assumed that 1204 Kings Grant Drive was individually served by a service tap on the main because that is the current construction specification. However, these two residences are both served by one service tap, and this system was built prior to Aqua's ownership and without service tap level of mapping. Therefore, when the contractor closed the corporation stop to complete the repair work, they thought they were affecting a single service line. Because the homes were served by a single service tap, closing the corporation stop to complete the repairs inadvertently

stopped water service for both homes. When Ms. Cheatham spoke to Aqua staff in the field, work was already underway and water service to both homes was restored shortly thereafter. It is often not feasible to provide prior notice for shorter term, immediate, and unplanned repairs like this one. Regardless, it was not an option in this case as the impact on Ms. Cheatham's home could not be predicted by Aqua's contractor.

Stoneridge Master System (Stoneridge, Sedgfield, and Creekwood):

Stoneridge Overview: The Stoneridge Master System is approximately 40 years old and is comprised of five wells throughout three neighborhoods: Stoneridge Well #1 and Well #4; Sedgfield Well #5; and Creekwood Well #1 and Well #7. These wells are interconnected to serve 268 customers located in the three communities of Stoneridge, Sedgfield, and Creekwood. The interconnection of wells provides redundancy and meets minimum water demand requirements. The water quality within this water system has been historically negatively affected by naturally occurring iron and manganese in this region. The level of minerals, and resultant discoloration, varies between wells, which also impacts the types of treatment utilized at each well. Creekwood Well #1's water quality samples have demonstrated consistent iron and manganese results below the United States Environmental Protection Agency ("USEPA") sMCLs. Although Stoneridge Well #1 and Well #4 have higher iron and manganese levels naturally occurring, a manganese dioxide filtration system was installed in 2011 to remove both dissolved and precipitated iron and manganese. Sedgfield Well #5 has had manganese

levels exceeding the sMCL, although the results have been consistently below Aqua's Secondary Water Quality Plan Group 1 threshold of 0.3 mg/L. Nonetheless, with the input and agreement of NCDEQ and the Public Staff, Aqua determined the prudent option for this well was to place it in back-up mode and limit it to emergency use only in 2021. Aqua flushes the Stoneridge Master system annually, with its last flush occurring on April 11 through 15, 2022.

Aqua's management team have maintained regular communications with various past presidents of the Stoneridge Homeowners Association ("HOA") for several years on projects, outages, and customer concerns. Historic communications have been productive and important to both Aqua and Stoneridge residents.

In February 2021, Aqua learned that the Stoneridge HOA formed committees to address specific concerns, including the Stoneridge Ad-Hoc Water Committee ("Water Committee"). Aqua Area Manager, Robert Krueger, reached out to Bill Black, Water Committee Chair, provided his contact information, and described his history of working with past HOA Presidents. Mr. Krueger also volunteered to attend their next HOA meeting with several members of Aqua's operations and compliance management teams to help address customer concerns and increase communications.

Since February 2021, various members of Aqua's operations and compliance management teams have attended Water Committee meetings, facilitated a group well site visit hosted by an Aqua Facility Operator, and

provided answers to lists of questions as well as general guidance and discussion around the Stoneridge water system and Aqua's operations. Topics of discussion included system design and construction, Aqua's secondary water quality program, the WSIC Executive Summary process, fire service and hydrants, system resiliency, sequestration, and communications. Copies of Aqua's correspondence among the referenced parties since 2021 are included as *Attachments 1-20*.

The Water Committee separately communicated with NCDEQ, Public Staff, and the local fire department regarding various topics involving Aqua's operations. Aqua was separately contacted by each of these groups to which Aqua provided additional follow-up and attention.

Aqua personnel have been involved in several meetings and have maintained regular communications with Stoneridge community representatives over the past several years. These discussions have produced positive results, including the painting of hydrants located throughout the community in coordination with the local Fire Chief.

In addition to the manganese dioxide filtration system that was installed several years ago, Aqua has recently replaced the manual water meters with AMR meters to facilitate remote reading, completed a valve project, installed a 7,000-gallon backwash tank with a 7.5 horsepower backwash supply pump, and completed piping and controls modifications at Stoneridge #1 to improve the filter backwash process. A separate project to upgrade power and install three sets of quick-connects at strategic points in the water system will also be

completed by year-end.

Customer Testimony:

Three of the four customers who testified are members of the Water Committee, specifically witnesses Smith, Hamel, and Sellers. The concerns expressed in testimony by the Stoneridge customers track those for which Aqua has been actively communicating with the Water Committee.

1. *Jonathan Smith – 25 Foxridge Road, Chapel Hill, NC, Sedgefield Subdivision (water customer of Aqua), Tr. Vol. 1, pp. 28-54.*

Time was additionally ceded to Mr. Smith by:

Dave Ollis, 2 Foxridge Road, Chapel Hill, NC, Sedgefield Subdivision (water customer of Aqua).

Mr. Smith, co-chair of the Water Committee and homeowner in the Sedgefield community, expressed concerns that his water contains black deposits which ruins his plumbing, ice cubes and bathing. Mr. Smith contended that Aqua shut down Sedgefield Well # 5 without notifying the community when it should have been left in service and filtration installed. Mr. Smith suggested that decision is creating low pressure events in the system. Mr. Smith mentioned that Aqua promised to install generator quick connects on two of the wells in the system and has not completed the project. He also stated that regular flushing efforts are not being conducted. In closing, Mr. Smith stated that the operator of the system was upstanding, but Mr. Smith was not satisfied with management and what he views as consistent problems in their community that have not improved.

Aqua's Response: Mr. Smith has been a water customer in the Sedgefield subdivision for 14 years. Mr. Smith and Mr. Ollis are members of the Stoneridge Ad Hoc Water Committee. Aqua has been attentively working with Mr. Smith and Mr. Ollis, along with the other members of the Water Committee to address Mr. Smith's referenced concerns noted within his testimony, as previously discussed in the Stoneridge Overview section, above.

To specifically address Mr. Smith's concerns raised in his testimony, the Company provides the following information.

Manganese Deposits – Upon review of Aqua's Banner records, Aqua notes that there were five calls since 2008 made by Mr. Smith regarding discolored water issues.

The heightened level of iron and manganese in the source water wells supplying water to the Stoneridge water system can cause discoloration of the community's water and may result in mineral build-up in pipes and flaking that can produce visible particulates. This is most common during periods of high use (e.g., summer irrigation), a main break, or other operational activities where notable changes in pressure and flow, may occur, like flushing events. Aqua has monitored the water quality and initiated efforts to improve the water quality in this system over the years, including filtration, sequestration, and minimizing the use of the wells with the highest levels of minerals as discussed in the Stoneridge Overview section. Aqua will continue to work to improve the water quality through regular flushing and monitoring this system's water quality.

In 2020, Aqua implemented system improvements that included

recommendations made by Cornwell Engineering to address water chemistry and treatment within the Stoneridge Master System. This project included modification to treatment and installation of a new backwash system for the manganese dioxide filtration system at Stoneridge Well #1 and Well #4. During this time, Stoneridge Well #1 and Well #4 were temporarily taken offline to make the necessary upgrades. Customers within the Stoneridge community did experience pressure differences resulting from a change in system hydraulics. This project was completed prior to the Water Committee's involvement in March 2021. An update on this project was discussed during the initial meeting between Aqua and the Water Committee in 2021.

When a customer calls the Call Center to report discolored water, a Lab Discolored ("Lab D") work order is issued to the field to investigate. Since completion of the backwash system project in 2021, a total of five Lab D work orders were issued because of customer calls regarding discolored water. Three (3) of these calls were received in October 2021 and were associated with a main break that occurred in Sedgfield; one (1) call was the result of filter backwash maintenance that took place in August 2021; and for one (1) in May 2021, the operator was unable to determine a cause because the water was clear and within specifications upon arrival. Aqua does not have record of any Lab D calls being received to date in 2022.

Communications - Mr. Smith testified that Aqua failed to notify the community that Sedgfield Well #5 was deactivated. While customers are typically provided notice of larger capital projects being completed within a

community, it is not our general practice to communicate all work performed on a system to improve its water quality. However, given the close communications between Aqua's operations management team and the Stoneridge Water Committee over the most recent two years, Aqua provides *Attachment 13* as evidence this was communicated to the chair of the Ad-Hoc Water Committee, Bill Black, with a request it be distributed to the committee.

Generator Quick Connects – Several projects in the Stoneridge communities have been discussed with the Water Committee and have been completed, are in the process of being completed, or are being considered for future budgets. Aqua discussed its Emergency Response Plan with the Water Committee, including Mr. Smith. An item of dialog within this topic was the use of generator quick connects. Generator quick connects do not have an immediate operational impact and are not necessary to supply the system with emergency power; however, a quick-connect does facilitate ease and safety of generator hook-ups during power outages and Aqua agreed to incorporate the installation of generator quick connects in its 2022 budget. This project was scheduled to be completed earlier this year; however, it was delayed due to the unexpected retirement of Aqua's Central Area electrician to whom it was initially assigned. Mr. Smith testified that the Committee was notified last month that the Company would not install the quick connects because the electrician retired. Aqua Water Treatment Operator Jason Smith spoke with Mr. Smith on September 21, 2022 and stated he would speak to his supervisor and follow-up with an update. Aqua's operator informed Mr. Smith that the electrician's

retirement had delayed installation of the quick-connects. The quick connect project was contracted out and re-scheduled prior to Mr. Smith's testimony on October 4, 2022. Jason Smith attempted to communicate this update to the customer; however, Mr. Smith did not answer his phone nor return the operator's phone call. It is worth noting that prior to the Customer Hearing, Hurricane Ian impacted a large area of Central North Carolina and the Stoneridge community never lost system pressure throughout the event.

Valve Installation Project – Mr. Smith also testified that Aqua had not properly maintained isolation valves needed to isolate the system during main breaks or other emergency repairs. During a March 31, 2021, Zoom meeting with the Water Committee, Mr. Krueger provided a detailed system specific explanation regarding historical construction techniques and regulation. At that time, Mr. Krueger informed the Committee that the system was constructed without isolation valves and that the Company planned to install them in budget year 2022. Additional communication around this project was provided throughout 2021 up to completion of the project in April 2022. The Water Committee and community were notified in advance of the project's schedule through its Aqua Alert program and provided separate written communication; see *Attachment 16*. It was also communicated to Charles Junis and Megan Jost with the Public Staff to assist in their response to Mr. Smith's concerns.

Water Pressure – In his testimony, Mr. Smith described a history of water pressure issues both prior to and after Sedgfield Well #5 was placed into emergency mode. A review of Mr. Smith's Banner account notes two

pressure calls made by Ms. Smith, on August 25, 2011 and April 17, 2014. Notes from the 2014 call indicate that Ms. Smith stated that she has periods of high and low pressure in her shower and requested a technician investigate. Aqua investigated and determined the pressure issues were associated with filter maintenance at Stoneridge Well #1 and Well #4. No additional pressure related calls were reported from the Smith residence to Aqua's Call Center since 2014.

In response to the pressure concerns included in Stoneridge witness testimony, Aqua placed three pressure loggers in various points throughout the Stoneridge system from October 10, 2022 through October 18, 2022, to obtain one full week of data. Pressure readings in the Stoneridge system, during this time period, did not demonstrate any issues with pressure. See *Attachment 20, Stoneridge Pressures.pdf*, for the detailed system pressure readings temporarily installed following the customer hearings.

A review of system wide pressure complaints since Sedgefield Well #5 was placed in emergency back-up operation, indicated Aqua had received three related calls. One pressure issue was due to a new customer activation, and the other two calls indicated that the pressure at the meter was 90 psi and home was 50 psi; both readings within regulatory standards.

2. *Craig Stenberg – 104 Burnwood Court, Chapel Hill, NC, Stoneridge Subdivision (water customer of Aqua), Tr. Vol. 1, pp. 55-88.*

Time was additionally ceded to Mr. Stenberg by:

Meg Ostrom, 221 Longwood Drive, Chapel Hill, NC, 27514,

Stoneridge Subdivision (water customer of Aqua), and

Martha Smith – 25 Foxridge Road, Chapel Hill, NC, Sedgefield Subdivision (water customer of Aqua – same residence as witness Jonathan Smith).

Mr. Stenberg expressed concerns that: his water contains black deposits requiring filter installation and replacement of fixtures within the home; frequent cartridge filter replacement is required; pressure issues; flooding in the driveway; inaccurate billing; lack of investment in the community; smell of rotten eggs; and the addition/interconnection of a large neighborhood without additional wells.

Aqua's Response: Mr. Stenberg has been a water customer in the Stoneridge Subdivision for 32 years. While it is not believed that Mr. Stenberg is a Stoneridge Ad Hoc Water Committee member, his concerns conveyed in testimony are similar to those Aqua has been addressing with his community's Water Committee members, as previously discussed in the Stoneridge Overview section above.

To specifically address the concerns raised in Mr. Stenberg's testimony, the Company provides the following information.

Manganese Deposits – Upon review of Aqua's Banner records, Aqua notes that there were 11 calls made by Mr. or Mrs. Stenberg regarding water discoloration since 2009 with the latest call received in October 2020. Mr. Stenberg lives adjacent to the Stoneridge Well #1 and Well #4 filtration system. Each of the calls has been attributable to filter maintenance or system

improvements being performed.

See also Aqua's response under the manganese deposits section for Mr. Smith.

Inaccurate Billing – In testimony, Mr. Stenberg claimed to potentially have received inaccurate bills. He surmises (but is not sure) his bills were inaccurate because his meter had been remotely located and buried for some years. Mr. Stenberg testified that he was told by a technician/meter replacement person that it was impossible for his meter to have been read or accurately read, for a period.

Upon review of Aqua's records, Aqua notes that there was a call made by Mr. Stenberg regarding billing issues in 2017 and a request for a flushing credit, which was applied, in August 2020.

With respect to the accuracy of meter readings and resulting bills at Mr. Stenberg's residence, review of Aqua's meter reading records from 2018 through to the present indicate that all monthly meter reads throughout this period have been actual reads, and there were no estimated reads. Additionally, Aqua notes that Mr. Stenberg's meter was exchanged and upgraded to a remote read unit on August 28, 2020.

Driveway Flooding – Upon review of Aqua's Banner records, Aqua notes that Mr. Stenberg raised an issue with his driveway during an August 2020 call, stating water was coming on his property, that the well driveway had a hole that needed to be fixed, and that the culvert should be replaced. Aqua did complete curb box maintenance at Mr. Stenberg's residence on August 31, 2021 and

September 14, 2021, at Mrs. Stenberg's request; however, it is unknown if this work is related to Mr. Stenberg's claim of driveway flooding.

Mr. Stenberg's driveway is adjacent to Aqua's well lot access drive at the end of a cul-de-sac. These are the only two driveways relatively close to each other and are both within the same cul-de-sac. Stormwater is carried via a ditch line that first flows through the customer's culvert and then through Aqua's drain to a low area that keeps the water flowing through the rear of the well lot and the other neighbor's lot. The wooded area causes leaves and debris to back up in these drains, requiring regular maintenance. Aqua's driveway drain does have slight shift in one of the pipe sections. However, water has been witnessed flowing freely through Aqua's drain by our operator. Pictures of Aqua's and Mr. Stenberg's driveway are included as *Attachment 19*.

Water Pressure – Upon review of Aqua's Banner records, Aqua notes that there were no calls made by Mr. Stenberg regarding water pressure issues; however, Mr. Stenberg stated in testimony that he had communicated issues with Peter Rhodes. Mr. Stenberg also stated that previous discussions with Heater Utilities' staff indicated that his home may have been uniquely connected to the adjacent well. Mr. Rhodes is no longer employed by Aqua and thus the Company is unable to confirm or inquire about this conversation. A pressure logger was installed on Mr. Stenberg's service line on October 6, 2022 along with the other three loggers. The logger installed on Mr. Stenberg's line stopped recording data on October 10, 2022; Mr. Stenberg told Aqua's operator that he disconnected Aqua's pressure logger device from the water

meter so he could replace it with his own. Pressure readings for this limited time were normal and within regulation as per *Attachment 20*. Aqua operations staff continues to investigate Mr. Stenberg's concerns regarding his unique service connection to Aqua's distribution system.

Rotten Egg Odor – After review of Mr. Stenberg's account, Aqua does not have any record of a complaint regarding rotten egg smell and Aqua is unaware of any intermittent or persistent odor issues resulting from the source water in the Stoneridge water system. It is worth noting that Mr. Stenberg stated that the smell was alleviated by the installation of a new hot water heater. Rotten egg odor is commonly the result of a failing anode in an aging hot water tank.

Large Neighborhood Addition –The system has not added any additional connections since the Creekwood interconnection more than twenty years ago. When Creekwood was interconnected, two additional sources of supply were added to increase supply for the system. As noted above, both wells from this last added section have good water quality and contribute to the master system's water supply.

3. *Susan Sellers – 110 Oakstone Drive, Chapel Hill, NC, Stoneridge Subdivision (water customer of Aqua), Tr. Vol. 1, pp. 90-101.*

Time was additionally ceded to Ms. Sellers by:

James Sellers, 110 Oakstone Drive, Chapel Hill, NC, Stoneridge Subdivision (water customer of Aqua).

Ms. Sellers expressed concerns regarding high consumption due to a

water leak in their residence and discolored water after flushing. She brought two water bottles with black sedimentation to be entered as evidence; it is unknown when or where the water samples were taken or if they came from the Sellers' house filtration system. Ms. Sellers additionally testified to pressure difficulties when running outside spigots and household faucets.

Aqua's Response: Ms. Sellers has been a water customer in the Stoneridge Subdivision since June 2020. Ms. Sellers is a member of the Stoneridge Ad Hoc Water Committee. Aqua has been attentively working with Ms. Sellers and the other members of the Water Committee to address some of the referenced concerns noted within her testimony, as previously discussed in the Stoneridge Overview section, above.

To specifically address Ms. Sellers' concerns raised in her testimony, the Company provides the following information.

High Bill Notification – Ms. Sellers' testimony included comments regarding her recent experience with a high bill she incurred from a service main leak on the customer side of the service. Upon review of Aqua's Banner records, Aqua notes that there were three calls made by Ms. Sellers regarding this recent high bill. Ms. Sellers testified that she did not receive a leak notification. Aqua installed an AMR meter on her home that allows for electronic reading. In 2021, Aqua initiated a process using the AMR's technology when continuous consumption is recorded. This process results in the meter producing a leak detection error code that is collected during the company's monthly meter reading cycles. Aqua provides an Aqua Alert

message to notify those customers who may have a leak. A leak notification was sent and received by the Sellers on September 23, 2022. The delivery of this leak notification was admittedly delayed due to staff illness. At the current time, this is an administratively intensive process, and notification timing fluctuates. Although not yet available, Aqua is continuing to develop a platform whereby customers with AMR meters are able to obtain their daily usage data on demand. Daily usage data is available to customers with AMR meters subsequent to each monthly read cycle upon contacting a Customer Service Representative within Aqua's Call Center.

Ms. Sellers indicated that she is aware of the availability of a leak adjustment to her bill once evidence of a plumbing repair is provided. Ms. Sellers indicated that she is waiting for her next bill before she requests an abatement.

Manganese Deposits – Upon review of Aqua's Banner records, Aqua notes that there has been one call made by Ms. Sellers regarding water discoloration in October 2020 that was attributable to a main break.

See also Aqua's response under the manganese deposits section for Mr. Smith.

Ms. Sellers referenced black water being experienced upon repair of her service line break. Heightened levels of minerals in water will settle out in mains, services, and home plumbing over time. The level of discoloration experienced by Ms. Sellers could be associated with the service line break and repair, and or subsequent flushing of this sedimentation.

Water Pressure – Ms. Sellers additionally testified to pressure difficulties when running outside spigots and household faucets. Upon review of Aqua’s Banner records, Aqua notes that the only mention of low pressure was made by Ms. Sellers on the date she reported her service line leak. A review of the history of this home found that the prior owners have not complained of low water pressure. Four pressure loggers have been installed within the system and all pressure readings have been normal and within regulation. See *Attachment 20*.

4. *Kari Hamel - 6718 Creek Wood Drive, Chapel Hill, NC, Creekwood Subdivision (water customer of Aqua), Tr. Vol. 1, pp. 101-119.*

Time was additionally ceded to Ms. Hamel by:

Marsha Ollis, 2 Foxridge Road, Chapel Hill, NC, Sedgefield Subdivision (water customer of Aqua).

Ms. Hamel expressed concerns regarding faux hydrants; issues with Aqua operators/contractors on site for a leak repair, water pressure; and water quality (odor and appearance).

Aqua’s Response: The account for the given address is in the name of Robert Stanford.

Ms. Hamel has been a customer since 2004, as she stated in her testimony, and is a member of the Stoneridge Ad Hoc Water Committee. Upon review of Aqua’s Banner records of call history, Aqua does not have any record that anyone from her residence has contacted Aqua regarding the concerns noted in her testimony. Aqua has been working with Ms. Hamel and other

members of the Water Committee to address some of the referenced concerns noted within her testimony, as previously discussed in the Aqua's General System Overview section.

To specifically address Ms. Hamel's concerns raised in her testimony, the Company provides the following information.

Faux Hydrants – Ms. Hamel is a member of the Water Committee that has met with Aqua twice since March 2021. Aqua provided a detailed explanation during the March and April 2021 meetings that the system is not designed to provide fire protection. The Water Committee subsequently requested that Aqua paint its hydrants in accordance with local code. Aqua met with the Orange County Fire Department to discuss their recommendations and Aqua completed the project work to paint and label the flushing hydrants in 2022. Aqua's efforts were further communicated to the Fire Department and Public Staff.

Leak Repair – Ms. Hamel communicated concerns regarding Aqua's efforts to locate a main repair in April 2021. Aqua hired a contractor to locate a leak that was identified by a member of the Water Committee. Upon extensive investigation, it was determined there was not a leak and Aqua received a reply from the Water Committee chair Bill Black that included an apology for the mistake; see *Attachment 7*.

Water Odor – After review of Ms. Hamel's Banner account history, Aqua does not have any record of a complaint regarding water odor. Aqua is unaware of any intermittent or persistent odor issues resulting from the source

water in the Stoneridge water system. If the odor being realized by Ms. Hamel is that of a rotten egg smell, it is likely the result of a failing anode in an aging home hot water tank.

Water Pressure – Ms. Hamel additionally testified to pressure issues. Upon review of Aqua’s Banner records, Aqua notes that there were no calls made by Ms. Hamel regarding water pressure issues. Four pressure loggers have been installed within the system and all pressure readings have been normal and within regulation. See *Attachment 20*.

Water Quality – Upon review of Aqua’s records, Aqua notes that no calls were made by Ms. Hamel to Aqua’s Call Center regarding water discoloration.

See also Aqua’s response under the manganese deposits section for Mr. Smith.

CONCLUSION

Aqua appreciates and takes seriously this opportunity to respond to the comments and concerns expressed by the Company’s customers at the rate case public hearings. Customers may not see visible signs of all improvements or repairs being made to their specific water and wastewater systems; however, Aqua notes that investments made by the Company in its water and wastewater utility systems throughout the state of North Carolina are not always obvious, given the nature of some of the work. Additionally, should there be a need for major investment for upgrades or repairs—as there will inevitably be for every system—Aqua has an obligation arising from its status as a regulated public utility to make

necessary capital investments to ensure that consumers receive reliable and adequate utility service. Aqua is proud of the fact that much work has been done to address water quality issues, and emphasizes that this work continues at an accelerated pace, driven and supported by Aqua's Water Quality Plan.

Respectfully submitted, this the 24th day of October 2022.

SANFORD LAW OFFICE, PLLC

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

Post Office Box 28085

Raleigh, North Carolina 27611

T: 919-210-4900

E-mail: sanford@sanfordlawoffice.com

/s/Elizabeth Sims Hedrick

State Bar No. 38513

Fox Rothschild LLP

434 Fayetteville Street

Suite 2800

Raleigh, North Carolina 27601-2943

T: 919-755-8778

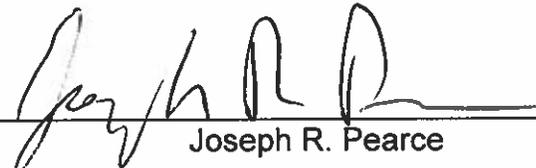
E-mail: ehedrick@foxrothschild.com

ATTORNEYS FOR AQUA NORTH CAROLINA, INC.

VERIFICATION

Joseph R. Pearce, being duly sworn, deposes and says:

That he is the Director of Operations for Aqua North Carolina, Inc.; that he is familiar with the facts set out in this **REPORT ON CUSTOMER COMMENTS FROM PUBLIC HEARING HELD IN RALEIGH, NORTH CAROLINA, OCTOBER 4, 2022**, filed in Docket No. W-218, Sub 573; that he has read the foregoing Report and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.



Joseph R. Pearce

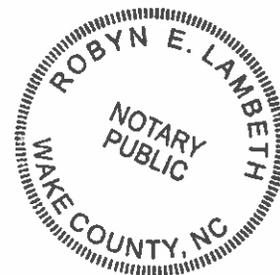
Sworn to and subscribed before me this

the 24th day of October 2022.



Robyn E. Lambeth
Notary Public

My Commission Expires: May 13, 2026



CERTIFICATE OF SERVICE

I hereby certify that on this the 24th day of October 2022, a copy of the foregoing **REPORT ON CUSTOMER COMMENTS FROM PUBLIC HEARING HELD IN RALEIGH, NORTH CAROLINA, OCTOBER 4, 2022**, filed in Docket No. W-218, Sub 573, has been duly served upon all parties of record by electronic service.

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

SANFORD LAW OFFICE, PLLC

Post Office Box 28085

Raleigh, North Carolina 27611-8085

Tel: (919) 210-4900

sanford@sanfordlawoffice.com

ATTORNEY FOR AQUA NORTH CAROLINA, INC.