

W-354, Sub 356
Customer statement

Gerard Worster
107 Friendly Lane
Asheville, NC 28806

Ms. Gina Casselberry
State of North Carolina
Utilities Commission Raleigh

7/19/2017

Re: Application by Carolina Water Service, Inc. To Adjust and Increase rates – DOCKET NO. W-354, SUB356

I and several other neighbors (both in the community association and outside of it) attended the Meeting in Asheville on July 25th. At this meeting, I was told by the staff how the ratebases of all the Carolina Water sewage systems are combined for the purpose of calculating rate increases. It was explained as being done to make it easier to manage the process and that over time, the impact of the process on all the systems should average out with respect to rate increases for the pool of systems.

That might appear be just and reasonable as a concept, but in the case of Mt Carmel and a number of other systems, it's result has been anything but just and reasonable. And as all expenditures should be reviewed and subsequently verified by the staff, the workload of managing them would not be significantly different if rate calculations were all done on a system-by system basis (one filing as currently done, but by separate cost pools – easily managed if set up correctly).

Below are a number of the responsibilities of The Commission under G. S. 62-2 (energy utility issues left out) and a report card score for each one with respect to the Carolina Water rates for the last 8-9 years . The good grades are primarily from the standpoint of Carolina Water.

The Commission is responsible to both the public and utilities and, by law (G. S. 62-2), and must regulate in a manner designed to implement the policy of the State of North Carolina to:

- Provide fair regulation of public utilities in the interest of the public. D
- Promote the inherent advantage of regulated public utilities. B
- Promote adequate, reliable, and economical utility service. D
- Provide just and reasonable rates and charges for public utility services.... F
- Assure that facilities necessary to meet future growth can be financed on reasonable and fair terms. B
- Encourage and promote harmony between utility companies and their customers. F
- Foster planned growth of public utility services. C

In reviewing the last few 3 year plans for rate base expenditures for all the systems, Mt Carmel and some others have not benefited significantly from any of it, but they have experienced cumulative rate increases approaching 100% over the last 8-9 years if the current rate increase is approved. Not only have these increases been unjust and unreasonable to them, but the pooling of the rate bases may have allowed for possibly uneconomic expenditures that would not have been approved if they stood on their own (like the \$2.2 million for the Belvedere system proposed in 2015).

While the rate pooling above has been unjust to the rate payers of a number of systems, the overall management of the rates to all ratepayers has been atrocious, while from the perspective of Carolina Water – they have been very generous. I think the staff members of the commission are too close to the trees to see the forest, but that is

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really the responsibility of the Commissioners. In this case, the D's and F's above indicate that it has been handled largely to the benefit of the utility, and at the expense of its ratepayers.

The result of this in the case of Mt Carmel and many others will be an increase in their yearly sewage costs of \$500-600/year. For many of the elderly fixed income residents, this is more than a little painful. As a point of reference, if Duke was to get the full rate increase for the coal ash pond restoration in western NC, it would be less than the results above to most of them.

Therefore, I believe it is time for the Commissioners to take a step back and take a good look at the big picture with respect to Carolina Water's expenditures and rates. Have the ratepayers as a group benefited nearly as much as the utility has by increasing their ratebase by almost 100% (net of depreciation apparently) over this period?

Enough is enough !

Sincerely,

Gerard Worster

Secretary-Treasurer, Harmony Community Assoc.