

1 PLACE: Watauga County Courthouse,  
2 Boone, North Carolina  
3 DATE: November 1, 2022  
4 DOCKET NO.: W-354, Sub 396  
5 W-1073, Sub 7  
6 TIME: 7:00 P.M. TO 8:31 P.M.  
7 BEFORE: Hearing Examiner Dustin Rhodes, Presiding  
8  
9

10 IN THE MATTER OF:  
11 Application by Carolina Water Service, Inc.  
12 of North Carolina, 4944 Parkway Plaza Boulevard,  
13 Suite 375, Charlotte, North Carolina 28217 and  
14 Water Resource Management, Inc., 151 Bish Boulevard,  
15 Boone, North Carolina 28607, for Authority to  
16 Transfer the Echota Water Utility System, the Seven  
17 Devils Wastewater Utility System and Public Utility  
18 Franchise in Watauga County, North Carolina,  
19 and for Approval of Rates  
20

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

2 HEARING EXAMINER RHODES: All right. Good  
3 evening, everyone. Let's come to order, please, and  
4 go on the record. I'm Dustin Rhodes, a Hearing  
5 Examiner with the North Carolina Utilities Commission,  
6 and I have been assigned to preside over the public  
7 hearing tonight.

8 I now call for hearing Docket Numbers W-354,  
9 Sub 396, and W-1073, Sub 7, which is the Application  
10 by Carolina Water Service, Inc. of North Carolina,  
11 hereafter Carolina Water, Company, or Applicant, and  
12 Water Resource Management, Inc., hereafter Water  
13 Resource, for Authority to Transfer the Echota Water  
14 Utility System, the Seven Devils Wastewater Utility  
15 System, and the Public Utility Franchise in Watauga  
16 County, North Carolina, and for Approval of Rates.

17 On April 22, 2022, Carolina Water filed its  
18 Application for the Transfer of the Echota Water  
19 System and Seven Devils Wastewater System, hereafter  
20 referred to as the Transfer Application, currently  
21 owned by Water Resource to Carolina Water. The  
22 Transfer Application requested that the Commission  
23 approve the transfer of water and wastewater system  
24 assets, approve the transfer of the public utility

1 franchise from Water Resource to Carolina Water, and  
2 approve water and wastewater rates. At the time of  
3 filing of the Transfer Application, Water Resource  
4 served 613 water customers in the Echota service area  
5 and 149 wastewater customers in the Seven Devils  
6 service area.

7 On April 26, 2022, Carolina Water filed a  
8 revision to Exhibit 4 of its Transfer Application.  
9 The Revised Exhibit 4 was filed to replace formatting  
10 and document quality issues with the original filing  
11 that was difficult to read.

12 On May 9th, 2022, after its review of the  
13 Transfer Application, the Public Staff filed a  
14 Deficiency Letter citing material deficiencies in the  
15 Transfer Application.

16 On May 11th, 2022, Carolina Water filed a  
17 Revised Transfer Application, including Revised  
18 Exhibit 7 and Revised Exhibit 8 to address the  
19 deficiencies identified by the Public Staff.

20 On September 2nd, 2022, the Commission  
21 issued an Order Scheduling Hearings, Establishing  
22 Discovery Guidelines, and Requiring Customer Notice.  
23 That Order scheduled a public hearing for 7:00 p.m. on  
24 Tuesday, November 1st, 2022, at the Watauga County



1 Courthouse in Boone, North Carolina, which is where we  
2 are today, for the sole purpose of receiving testimony  
3 from Water Resource's customers in the Echota and  
4 Seven Devils service areas. This Order also scheduled  
5 an expert witness hearing for 10:00 a.m. on Thursday,  
6 December 8th, 2022, in the Dobbs Building, 430 North  
7 Salisbury Street, Raleigh, North Carolina, for the  
8 sole purpose of receiving expert witness testimony  
9 from Carolina Water, the Public Staff, and any  
10 Intervenors in this proceeding. The Order also  
11 required Carolina Water to distribute a customer  
12 notice to all affected customers in the Echota and  
13 Seven Devils service areas.

14 The present water utility rates for the  
15 Echota service area were approved in Docket Number  
16 W-1073, Sub 4, on December 16, 2015. These water  
17 utility rates became effective for Phase 4 of the  
18 Echota subdivision when the Commission acknowledged  
19 Phase 4 as a contiguous extension to the existing  
20 Echota service area in an Order issued in Docket  
21 Number W-1073, Sub 6, on March 26, 2021. The present  
22 wastewater utility rates for the Seven Devils service  
23 area were approved in Docket Numbers W-1073, Sub 5,  
24 and M-100, Sub 138, and have been in effect since

1 February 13th, 2015.

2 According to the Transfer Application and  
3 the customer notice, upon acquisition of the Echota  
4 and Seven Devils utility systems, Carolina Water  
5 proposes to charge its Uniform Rates for flat  
6 residential water and wastewater utility service that  
7 are currently approved by the Commission in Docket No.  
8 W-354, Sub 384, on April 8, 2022. For residents in  
9 the Echota service area, the monthly bill for water  
10 utility service would increase from a current flat  
11 rate of \$20.00 to \$68.71. For residents in the Seven  
12 Devils service area, the monthly bill for wastewater  
13 utility service would increase from the current flat  
14 rate of \$28.20 to \$85.12.

15 Presently, customers in the Echota service  
16 area are not metered. Upon acquisition of the Echota  
17 system, Carolina Water plans to install water meters  
18 and provide metered water service to the existing 613  
19 Echota water utility customers. Once meters are  
20 installed, Carolina Water plans to charge metered  
21 water customers the Uniform Rate for monthly metered  
22 water service approved by the Commission in Docket No.  
23 W-354, Sub 384, on April 8th, 2022. Based on an  
24 average monthly water usage of 3,837 gallons, the

1 proposed monthly metered water bill will be \$69.46,  
2 which includes a base facility charge of \$24.53 and a  
3 usage charge of \$11.71 per 1,000 gallons of water  
4 usage.

5 On September 14th, 2022, Carolina Water  
6 submitted a Certificate of Service indicating that  
7 customer notice was mailed to all customers of the  
8 Echota and Seven Devils service areas on September 13,  
9 2022, via United States mail, first class postage  
10 prepaid.

11 On October 10th, 2022, Carolina Water filed  
12 the direct testimony and exhibits of witness Donald H.  
13 Denton, III, Senior Vice President, East Operations  
14 for Corix Regulated Utilities and President of  
15 Carolina Water.

16 On October 14th and 17th, 2022, Edward B.  
17 Winn, Jr., and James D. Moore, III, filed Petitions of  
18 Intervention in this proceeding. On October 26, 2022,  
19 The Lakes Community Property Owners Association, Inc.  
20 filed a Petition to Intervene in substitution of Mr.  
21 Winn and Mr. Moore. And also on October 26, 2022, the  
22 Commission issued an Order granting the late  
23 intervention of The Lakes Community Property Owners  
24 Association, Inc. and allowing the withdrawal of the

1 Petitions to Intervene filed by Mr. Winn and Mr.  
2 Moore.

3 On October 31st, 2022, The Lakes Community  
4 Property Owners Association, Inc. filed the joint  
5 testimony of Mr. Winn and Mr. Moore. Also on October  
6 31st, 2022, the Public Staff filed the testimony and  
7 exhibit of Michael Franklin, Public Utilities Engineer  
8 with the Public Staff's Water, Sewer, and Telephone  
9 Division, and the testimony of Lynn Feasel, Financial  
10 Manager with the Public Staff's Accounting Division.

11 That brings us to date. Thank you for  
12 bearing with me.

13 Will the parties please announce their  
14 appearances, beginning with the Applicant?

15 MS. SANFORD: Thank you very much. I'm Jo  
16 Anne Sanford with Sanford Law Office in Raleigh, and I  
17 represent Carolina Water tonight. With me at counsel  
18 table is Mr. Donald Denton who is the State President,  
19 and if I might -- if I might, I would ask the Company  
20 representatives who are here tonight to stand so that  
21 the other participants appearing will know who they  
22 are, and they will be available to talk to you after  
23 the hearing, if that's useful. Thank you.

24 HEARING EXAMINER RHODES: Thank you, Ms.

1 Sanford.

2 MR. DROOZ: David Drooz. I'm here on behalf  
3 of Water Resource Management. Also here tonight as a  
4 representative of Water Resource Management is Jay  
5 Harrill. Thank you.

6 HEARING EXAMINER RHODES: Thank you, Mr.  
7 Drooz.

8 MR. LITTLE: John Little, Staff Attorney  
9 with the Public Staff, and with me tonight is Mike  
10 Franklin, Engineer with the Public Staff's Water,  
11 Sewer and Telephone Division.

12 UNIDENTIFIED MALE: Can't hear him.  
13 Microphone's off.

14 HEARING EXAMINER RHODES: Would you mind  
15 reintroducing yourself, Mr. Little, so the audience  
16 can hear?

17 MR. LITTLE: Yeah. My name is John Little.  
18 I'm an attorney, Staff Attorney with the Public Staff,  
19 and with me tonight is Mike Franklin, Engineer with  
20 the Commission's Water, Sewer, and Telephone Division.

21 HEARING EXAMINER RHODES: Thank you, Mr.  
22 Little. And at this time I know Carolina Water has an  
23 opening statement that they would like to make. That  
24 would be a preliminary matter we can handle at this

1 time, if appropriate.

2 MS. SANFORD: Okay. Thank you. I'll try to  
3 get this mic around so I can look at you and be heard.

4 Again, I'm Jo Anne Sanford representing  
5 Carolina Water tonight. We're here because Mr.  
6 Harrill wants to develop -- or wishes to sell his  
7 utility systems, and my client, Carolina Water, wishes  
8 to buy them. Terms have to be worked out as between  
9 the parties and then have to be presented to the  
10 Utilities Commission for this process that we're in.  
11 This Commission will make a decision about whether the  
12 transfer is authorized and what the rates should be.  
13 The Public Staff participates in these proceedings  
14 which are quasi-judicial in nature. It's appropriate  
15 that we hold these proceedings in a courthouse because  
16 the Rules of Evidence and the Rules of Law apply to  
17 the proves that we must make to the response that the  
18 Public Staff will have and to the decision that the  
19 Commission will make.

20 Your participation here tonight is an  
21 important part of this process. The Commission and  
22 all of us meet here for the customers. This is your  
23 chance to speak, so we can't answer questions for you  
24 on the record, but we -- because, again, it's for you

1 to talk and not us, but we will be happy to talk to  
2 you after the proceeding any time after tonight if we  
3 can further explain the issues for you. Thank you.

4 HEARING EXAMINER RHODES: Thank you, Ms.  
5 Sanford. And Mr. Little, are there any public  
6 witnesses who would like to make a statement tonight?

7 MR. LITTLE: Yes, Your Honor. The Public  
8 Staff has identified several people that would like to  
9 make a statement.

10 HEARING EXAMINER RHODES: Okay. Thank you.  
11 I will first explain our process for how this hearing  
12 will be conducted so that everyone is aware of our  
13 procedures.

14 This is our witness stand over here to my  
15 left, and you will come forward and give sworn  
16 testimony. You will be subject to questions by the  
17 Applicant's attorney, which is Carolina Water, and the  
18 Public Staff's attorney. And I may also ask you some  
19 questions. If you are being represented by a group-  
20 selected speaker and find that you would like to add  
21 to what has been said, then you may come forward to  
22 the witness stand and be sworn in and make your  
23 statement.

24 This testimony will be taken under oath and

1 will be transcribed by our court reporter because the  
2 Commission is required by North Carolina law to base  
3 its decisions on evidence taken under oath.

4           After being sworn in, each witness will be  
5 asked certain identifying questions by counsel for the  
6 Public Staff so that it will be clear in the record  
7 who the speaker is. For example, the Public Staff  
8 attorney, Mr. Little, will ask you to identify your  
9 name and your address for the record and any other  
10 identifying questions he may ask. After the witness  
11 has completed his or her statement, counsel for the  
12 parties and I will be given an opportunity to ask any  
13 relevant questions.

14           And I just want to be clear, the purpose of  
15 our questions is not to embarrass or argue with you.  
16 It would be to clarify the information on the record.  
17 And it's important that the Commission's records be  
18 clear on this matter because these -- these questions  
19 and evidence we use will be based -- will be used to  
20 base the Commission's decisions.

21           This is a judicial hearing and it will be  
22 conducted in an orderly manner. Each person who  
23 wishes to speak will be given an opportunity to do so,  
24 but, please, only one person may speak at a time.



1 When your name is called, please come forward to the  
2 table designated for the witness here to my left. I  
3 will swear you in first and you may then provide your  
4 statement.

5           You will not be allowed to ask questions  
6 from the stand. However, you may ask the Public Staff  
7 -- Public Staff questions after the hearing concludes.  
8 And the Company will also be available after the  
9 hearing concludes to answer any questions. This is a  
10 public hearing tonight, and the Company is not allowed  
11 to offer testimony or answer questions, but as I  
12 mentioned, they will be available after the end of the  
13 hearing to answer any questions you may have. The  
14 Public Staff, as I mentioned before, will also be  
15 available to answer any questions after the hearing.

16           In order for all customers to be provided an  
17 opportunity to give their statements tonight, each  
18 witness will be given approximately four minutes to  
19 speak, although depending on -- it's looking like  
20 we're not extremely crowded tonight. May be able to  
21 be a little lenient on that. So we do want to hear  
22 from you, so don't feel like we're trying to rush you.  
23 We do want to -- we do want to hear from you, but we  
24 also want to be sure that every -- every speaker has

1 enough time to be heard tonight.

2 So when you reach about three-and-a-half  
3 minutes with your statement, my colleague will hold up  
4 a yellow slip of paper, and at that time when you see  
5 the yellow paper go up, please proceed to wrap up your  
6 statement within the next 30 seconds or so. And when  
7 your time is up, my colleague will hold up a red slip  
8 of paper which would be your indication to please  
9 complete your statement at that time.

10 We all appreciate your cooperation tonight,  
11 and we appreciate you coming out tonight to share your  
12 thoughts concerning this proceeding with the  
13 Commission.

14 So now I'll ask the Public Staff to please  
15 call your first witness.

16 MR. LITTLE: Yes, Your Honor. The Public  
17 Staff calls David Ervin.

18 DAVID ERVIN; Being first duly sworn,  
19 testified as follows:

20 MR. LITTLE: Mr. Ervin, will you give us  
21 your -- your name, your address, and the subdivision  
22 that you live in?

23 THE WITNESS: Yes. My name is Dave Ervin.  
24 My permanent residence is at 208 Erskine Court, Cary,

1 North Carolina. And when you say the neighborhood,  
2 I'm with -- I have a home in Echota. Is that what you  
3 mean?

4 MR. LITTLE: Yes, yes.

5 THE WITNESS: Right, right.

6 MR. LITTLE: And what would you like to --  
7 for the Commission to hear from you tonight?

8 THE WITNESS: I'm here to comment on the  
9 proposed sale of Water Resource Management to Carolina  
10 Water Service.

11 MR. LITTLE: Go ahead and tell the  
12 Commission your thoughts.

13 THE WITNESS: Sure. Okay.

14 DIRECT STATEMENT:

15 So I'm Dave Ervin. I have -- own property.  
16 I've owned a condominium in Echota for 16 years, and  
17 -- and so I want to -- I need to refer to one thing,  
18 and I'm here and I'm the one that's sworn in and I'm  
19 here to testify for myself, but I'm also part of a  
20 working group of volunteer, elected, POA directors,  
21 about 13 of them, and we've been collaborating on  
22 this. And so I know under oath I can't really speak  
23 for them, but I can assure you that what I'm saying  
24 could be agreed to by every one of them. And they

1 asked me to speak for them, so I just want to pass  
2 that on.

3           There are only three points I want to make,  
4 really, and the first point is that I fully support  
5 the sale of Water Resource Management to Carolina  
6 Water Services. I feel like it's in the best interest  
7 of Echota owners to have a professional water company  
8 with more experience and expertise and equipment to  
9 oversee our water service going forward. But having  
10 said that, I want to say that I'm thankful and  
11 appreciative for the two decades of outstanding  
12 customer service and -- customer service provided by  
13 Water Resource Management. They have spared no  
14 expense, they've spared no effort to make sure that  
15 our water was always running and always well supplied.  
16 I really -- I really just want to say thanks because I  
17 know there's been a lot of challenges, but you've  
18 overcome every one of them, and the customer base in  
19 Echota, everyone is happy with what we got. But  
20 having said that, no problem with the sale.

21           Point two is although the water rate  
22 proposed by Carolina Water Service is much higher than  
23 our current rate, I'm not -- I'm not here to disagree  
24 with that because I have no basis for that. I'm not

1 an expert in that field. We think it's high, it seems  
2 high, but I'm trusting the Public Staff of the Utility  
3 Commission to do the homework and do the studies and  
4 analysis, and I'm confident that you'll come up with  
5 the right answer for that, so I don't have a lot to  
6 say on that.

7 Point three is the rub that I have, and it's  
8 kind of specific. It's about the proposal to charge a  
9 flat base -- a flat rate based on the Uniform Rate  
10 before the meters are installed. And this flat rate  
11 of \$68 before the meters are installed is a real  
12 problem and I think, frankly, it's unsupportable and  
13 kind of unreasonable. And the reason is that embedded  
14 in that flat rate is an assumption that -- that Echota  
15 owners will consume 3,837 gallons per month. And from  
16 the analysis that I've done, that's just wrong. It's  
17 just incorrect because the fundamental thing about  
18 Echota is it's a community of part-time residents and  
19 visitors. Less than five percent of the owners at  
20 Echota live there full time. Some owners are from  
21 Florida, and by definition -- or they live in Florida,  
22 are residents in Florida, and by definition they're at  
23 Echota less than 50 percent of the time, less than  
24 half a year. Some Echota residences are in rental

1 programs which have different times of the year or  
2 they're -- where they're rented. But most owners,  
3 probably two-thirds to 70 percent of owners in Echota  
4 are part-time vacation homeowners, most likely  
5 averaging between three and ten days per month, okay.

6 So I hold myself up as a typical part-time  
7 vacation owner. I've lived in -- or I've had a place  
8 16 years. For the first 10 years I probably averaged  
9 three days a month there. For -- since I retired, the  
10 last six years, maybe six days a month -- oh my.

11 And what I want to say is -- I'm the only  
12 one speaking for Echota tonight. May I have a few  
13 more minutes, or not?

14 HEARING EXAMINER RHODES: That will be okay,  
15 yes. Yes, sir. That will be okay.

16 THE WITNESS: I -- I use 150 gallons a day,  
17 so I use 900 gallons a month. And if you ask me a  
18 question later, I'll tell you how I know I use 150  
19 gallons. But I use 900 gallons a month, not 3,800,  
20 okay? So when you put that through the proposed rate  
21 structure, I'm going to be overcharged \$400 a year.  
22 And if you multiply that times 600 owners, and even if  
23 I'm a little bit off on that, it's a lot of money.

24 So that's kind of the main point. So the

1 key -- the key difficulty is about using an assumption  
2 of 3,800 gallons when the real -- the real usage is  
3 probably in the neighborhood of 900 or maybe 1500  
4 gallons and the tremendous overcharge that that -- and  
5 that's only -- that's only for the time period between  
6 the closing of the sale and when the meters are  
7 installed. So as soon as the meters are installed,  
8 that goes away because then we know the truth. Okay.

9 I also have four suggestions for options  
10 that I think would be a more fair approach to billing  
11 during that interim period. And so since I don't have  
12 time to say that, that would be a lovely question for  
13 somebody to ask me, so -- so I'll close with that.

14 MR. LITTLE: I do have some follow-up  
15 questions, Your Honor.

16 HEARING EXAMINER RHODES: Yes, Mr. Little.  
17 Please go ahead.

18 EXAMINATION BY MR. LITTLE:

19 Q Mr. Ervin, can you -- what is your address  
20 in -- in Echota?

21 A In Echota? 165 Summit View Parkway.

22 Q And then are -- we had a conversation before  
23 the hearing started, and you had a written statement  
24 that you were -- had more detail about your testimony

1 that you were going to give?

2 A That's correct.

3 Q Would you like to have that admitted as an  
4 exhibit in this hearing as being part of the record?

5 A I really would because I -- there's a lot of  
6 analysis in it to back up some of the things that I  
7 said.

8 Q Do you have a paper copy of that with you?

9 A I do.

10 Q Would you --

11 MR. LITTLE: How would you like to identify  
12 this?

13 HEARING EXAMINER RHODES: Yes. We could --  
14 without objection, we could identify Mr. Ervin's  
15 consumer statement as Ervin Exhibit 1, if that's okay  
16 with the parties.

17 MS. SANFORD: No objection at all. I wonder  
18 if there's an extra copy available tonight?

19 MR. FRANKLIN: It's on the way.

20 MS. SANFORD: On the way. Thank you.

21 MR. LITTLE: Your Honor, Mr. Franklin with  
22 Public Staff has passed out to the Court parties a  
23 document prepared by Mr. Ervin that's dated November  
24 1st, 2022. It's to Mr. Christopher J. Ayers who is



1 the Executive Director of the Public Staff from David  
2 Ervin, and it's regarding Docket W-354, Sub 396. I  
3 believe you said this would be Ervin Exhibit 1?

4 HEARING EXAMINER RHODES: Yes, sir.

5 MR. LITTLE: It's marked? Okay. If it's --  
6 if there's no objection, have this submitted into the  
7 record?

8 HEARING EXAMINER RHODES: Yes. Without  
9 objection, that will be allowed.

10 MR. LITTLE: Thank you.

11 (Whereupon, Ervin Exhibit Number  
12 1 was marked for identification  
13 and admitted into evidence.)

14 Q One more question, Mr. Ervin. And we also  
15 had a conversation before this hearing started whether  
16 you were aware that the Public Staff had filed written  
17 -- direct written testimony in this case prior to this  
18 hearing?

19 A I was recently made aware of that, yes.

20 Q And that testimony contains recommendations  
21 or at least charges if the transfer is approved by the  
22 Public Staff?

23 A I mean -- I was not -- I mean, I had not  
24 read that.

1 Q And you were also made aware that -- that  
2 the Public Staff's direct written testimony is  
3 available from the Commission's website concerning the  
4 Docket Number W-354, Sub 396, that you can --

5 A That's correct.

6 Q -- download that and still read it at your  
7 leisure?

8 A Right. Thank you.

9 MR. LITTLE: That's all the questions I  
10 have, Your Honor.

11 HEARING EXAMINER RHODES: Okay. Thank you.  
12 Are there any questions from the Company?

13 MS. SANFORD: Very quick question just for  
14 clarification.

15 EXAMINATION BY MS. SANFORD:

16 Q And I can't remember whether this has  
17 already been said in the proceeding. I apologize if  
18 it has. I simply wanted to ask Mr. Ervin if he was  
19 aware that the Commission is requiring us to file  
20 within two weeks, I think it is, a report on the  
21 customer hearing tonight. I may be wrong, you know,  
22 so forgive me for that. But it will be a written  
23 report filed by Carolina Water and Mr. Harrill, and  
24 that will also be available on the website.

1           A     Okay. Thank you.

2           MS. SANFORD: Thank you.

3           HEARING EXAMINER RHODES: Thank you. Is  
4 that all the questions from the Company?

5           MS. SANFORD: Yes. Thank you.

6           HEARING EXAMINER RHODES: Okay. Thank you.

7           MR. LITTLE: No further questions.

8           HEARING EXAMINER RHODES: Okay. I do have a  
9 question.

10          EXAMINATION BY HEARING EXAMINER RHODES:

11           Q     I would be interested to know more about  
12 these four suggestions that you talked about, Mr.  
13 Ervin, if you wouldn't mind elaborating for us?

14           A     Thank you for asking. I'll -- I'll keep it  
15 short. But, again, emphasizing that we're really  
16 talking about this interim period of having you charge  
17 people when -- before the meters go in and you have to  
18 make some assumption about the water usage. And --  
19 and my point of this is I just think there's better  
20 ways to do it than what is proposed so far.

21                    So one is we could cap the flat rate at  
22 something that's more attuned to what we think the  
23 actual water usage is at Echota. For example, given  
24 -- given the base rate plus 11.71 per thousand, if I'm

1 right and the average -- the average user at Echota is  
2 around 1500 gallons per month, you know, based on  
3 occupancy rates and that kind of thing, that would be  
4 \$42 a month, not 68. That's -- that's one option.

5 Another option is to take the guesswork out  
6 of it. It's my understanding that there's -- that  
7 there's meters on all the -- all the pump heads. So  
8 if you wanted to, you could go look, take the meter  
9 readings every month at every pump and you would know  
10 exactly how much water was pumped for that month. And  
11 you also already know exactly how many customers there  
12 are so you take the total water pumped divided by the  
13 number of customers, and it won't be right for any  
14 single customer, but it will be generally right for  
15 everyone; now you know how much water was used.

16 I would say if we can't -- if we can't do it  
17 for those two, we have to stick with the \$68 per  
18 month, then set a very short time period for meter  
19 installation because until meters are installed at  
20 that rate, everyone's going to be, or most people are  
21 going to be overcharged.

22 And then finally, if -- I mean, one other  
23 possibility would be to use the flat rate as it is,  
24 but keep track of all the water usage during this

1 interim period. Just track it every month until the  
2 meters go live, then compare the actual water used to  
3 what those -- the actual water used by meter readings  
4 to what the flat rate assumption was for all that  
5 usage, and you're going to get a low number and a high  
6 number, and then reimburse the customers for whatever  
7 overcharge there was.

8 And I know none of us are perfect, and some  
9 of them may not even be workable, but the point is  
10 anything is better than fixing an assumption of water  
11 usage that's too high and just going with it and maybe  
12 up to two years. So those are my ideas.

13 HEARING EXAMINER RHODES: Thank you, Mr.  
14 Ervin. Are there any questions on the Hearing  
15 Examiner's question?

16 MR. DROOZ: Yes. And I'm the other Company,  
17 Water Resource Management.

18 EXAMINATION BY MR. DROOZ:

19 Q Mr. Ervin, it sounds like the premise of  
20 your proposal is that the bill a customer pays is  
21 directly proportional to their usage; is that correct?

22 A Yes.

23 Q Okay. And you understand there are certain  
24 fixed costs, such as the depreciation of the water

1 lines, the pumps and so forth, that exist regardless  
2 of the use?

3 A Yes.

4 Q Okay. And --

5 A And when I'm talking about the interim  
6 portion, I'm only talking about the -- the rate that  
7 applies to the gallons used, not the base rate.

8 Q Right. And do you understand that a large  
9 amount of fixed costs are actually recovered in the  
10 usage rate and not fully covered by the base rate?

11 A I mean, no. I mean, I am now. Thank you.  
12 But, look, I -- I really respect what Water Resource,  
13 as I've said, have done with that system. They've  
14 been an outstanding provider. I also look forward to  
15 Carolina Water Service when you take this over. And  
16 if I'm off -- I mean, I will say if I'm off on some of  
17 my analysis or assumptions and if you read this, you  
18 know there's a lot of that in there, if I'm off and  
19 you've got facts and logic to back this up, then I  
20 stand corrected and -- and, you know, I mean, I stand  
21 corrected. I am -- I'm not the expert in the room on  
22 this, but I also think some of what I've cited is a  
23 little bit compelling and is worth looking into. But  
24 whatever the case, I'm sure we'll end up in the right

1 place because we have all the right people working on  
2 it. So it'll be okay.

3 Q That's all I have, and I do want to thank  
4 you for showing up and speaking tonight.

5 A You're welcome.

6 MS. SANFORD: I have one more question, one  
7 last question.

8 FURTHER EXAMINATION BY MS. SANFORD:

9 Q Mr. Ervin, if you would be interested in  
10 further discussion offline from either you or your  
11 colleagues about how the rates are set and base versus  
12 various -- and all those things that I will not go  
13 into, I want to reiterate that people, as I said,  
14 while people are here tonight and can be made  
15 available after tonight, we'd be glad to have that  
16 conversation with you if that's useful.

17 A Well, it is useful. And maybe tonight it  
18 will be more useful than another time because the  
19 group of people I'm talking about, the POA boards,  
20 board members, you know, they're elected  
21 representatives of all the owners, and they -- they  
22 have to stand up in meetings and stuff and explain  
23 this, you know, so it's very helpful for them to  
24 understand. And by the way, kind of testimony of the

1 part-time nature of Echota, there were 13 people in  
2 this group I'm talking about. How many of us are here  
3 tonight? One. All the rest of them couldn't be here  
4 because they're in Florida or they're somewhere else.  
5 I mean, one out of 13 is in Echota at this time.

6 Q Understood, understood. The nature of these  
7 things is such that with all good intentions they  
8 can't reach everybody. So we would be happy to do  
9 that --

10 A Well, thank you. That -- that would be very  
11 helpful because we're looking forward to this  
12 transfer, and it could be very helpful if certain  
13 people were in a position to answer the questions.

14 HEARING EXAMINER RHODES: All right. Any  
15 additional questions on the Hearing Examiner's  
16 question?

17 MR. LITTLE: Not a question, Your Honor, but  
18 it's a comment that Public Staff will also be  
19 available after the hearing if any members of the  
20 public would like to have further discussions with us  
21 about the transfer.

22 HEARING EXAMINER RHODES: Okay. Thank you,  
23 Mr. Little, and thank you, Mr. Ervin.

24 THE WITNESS: Thank you for letting me be



1 here.

2 HEARING EXAMINER RHODES: Thank you for  
3 coming out tonight, and you may be excused.

4 (Witness excused.)

5 MR. LITTLE: At this time, Your Honor,  
6 Public Staff will call Brian Steg to the stand.

7 BRIAN STEG; Being first duly sworn,  
8 testified as follows:

9 HEARING EXAMINER RHODES: Mr. Little, take  
10 it away.

11 MR. LITTLE: Mr. Steg, will you tell us your  
12 name, your address, and if you have -- a permanent  
13 address if you don't live permanently in the county or  
14 Boone, excuse me, and the name of your subdivision.

15 THE WITNESS: Okay. It's Brian --

16 MR. LITTLE: Sorry. Will you also spell  
17 your name for the court reporter, please?

18 THE WITNESS: It's Brian Steg, S-T-E-G.

19 MR. LITTLE: Thank you. You can go ahead.

20 THE WITNESS: And I live here in North  
21 Carolina permanently and have four years. And I live  
22 part-time in the summer at -- in Seven Devils at Hawks  
23 Peak South.

24 MR. LITTLE: And what would you like to tell

1 the Commission about this transfer, this proceeding  
2 tonight?

3 DIRECT STATEMENT:

4 So I'm actually also a Board member of the  
5 Hawks Peak South Homeowners Association, and we think  
6 that -- we have no problem with the transfer of the  
7 water service as long as the Commission feels it's  
8 appropriate, but we do have a problem with more than  
9 triple rate increase for sewage. And Seven Devils'  
10 water service is provided by the Seven Devils, so our  
11 issue is only with wastewater management.

12 And as was stated earlier, we have a lot of  
13 people who live seasonally up there. A lot of  
14 Floridians are there for less than six months of the  
15 year, and we have a lot of people who just are here on  
16 weekends here and there, so very often there's no  
17 running and there's no wastewater running.

18 The question was also if we turn the water  
19 off, which the City knew if the water is turned off to  
20 a house, there's no -- there's no wastewater, so there  
21 would there be a reduced rate associated with that?  
22 Again, the real issue we have is having to go from \$28  
23 a month to \$85 a month for the same exact service.  
24 That seems onerous and that's why I'm here, a lot of

1 people on fixed incomes, all sorts of things. That's  
2 -- that's a tremendous increase.

3 MR. LITTLE: Is there anything else you'd  
4 like for the -- tell the Commission tonight?

5 THE WITNESS: No. No papers, no charts.

6 MR. LITTLE: That's all the questions from  
7 the Public Staff.

8 HEARING EXAMINER RHODES: Does Carolina  
9 Water have any questions for the witness?

10 MS. SANFORD: A couple questions, please.

11 EXAMINATION BY MS. SANFORD:

12 Q Mr. Steg, do you rent your property?

13 A No.

14 Q Do you -- can you tell us whether most  
15 people rent property? I think there's --

16 A There's a few rental properties in two of  
17 the buildings, but the majority of the units are not  
18 rented.

19 Q Okay. Thank you. And you're -- your full-  
20 time residence is in Hickory?

21 A That's correct.

22 Q Do you have an opinion on whether the \$20  
23 some a month that you have been charged is low, is a  
24 low rate for that service?

1           A     It's \$28 a month, and I did not consider it  
2     a low rate.  Again, we get -- we pay \$40 a month, I  
3     think, for water, which is a totally separate thing  
4     through Seven Devils.

5           Q     Do you know how it compares with the rates  
6     in Hickory?

7           A     I pay -- well, the combined rate would be  
8     far more than what I pay in Hickory.  That, I can tell  
9     you.

10          Q     The --

11          A     I pay \$60 a month in Hickory for water and  
12     sewage, so you're talking about paying more than that  
13     just for the sewer.  So unless someone has a different  
14     experience, I think it's quite high.

15          Q     Are you talking about existing rates or  
16     proposed rates?

17          A     Proposed rates.

18          Q     Proposed rates.  The existing rates would be  
19     lower than Hickory; is that right?

20          A     Actually, very close.

21          Q     Close?

22          A     We pay \$40.  We had a \$5 rate increase, I  
23     must say, with an additional 500 gallons a month  
24     through Seven Devils this year, so we now get 4,000

1 gallons of water at \$40 a month fee. So right now  
2 we're spending \$68 a month for water and sewage. And  
3 so the proposed triple rate for sewage alone seems  
4 quite high.

5 Q Thank you. I have no more questions.

6 HEARING EXAMINER RHODES: Are there any more  
7 questions from Water Resources?

8 MR. DROOZ: No.

9 HEARING EXAMINER RHODES: Okay. Thank you,  
10 Mr. Drooz.

11 I do have a couple, or at least one  
12 clarifying question I'd like to ask.

13 EXAMINATION BY HEARING EXAMINER RHODES:

14 Q And it's Mr. Steg? Am I saying that  
15 correctly?

16 A Close enough.

17 Q Okay. Thank you, and I apologize if I have  
18 butchered your name.

19 But I did want to ask if currently in Seven  
20 Devils have you experienced any service issues that  
21 you --

22 A Service has been excellent. We've had some  
23 issues. As a Board member, I've been involved with  
24 getting some things corrected, and the service has

1     been fine.

2           Q     Okay. Thank you for that. And in addition,  
3     then, I would like to get a better idea of the  
4     seasonal population that you discussed in your  
5     statement. Could you talk about, you know, what --  
6     can you give us a ballpark of what percentage of the  
7     people in the service area are seasonal --

8           A     I would say about a third of them are  
9     seasonal.

10          Q     A third. Okay. That's all the questions I  
11     have.

12                   HEARING EXAMINER RHODES: Are there any  
13     questions on the Hearing Examiner's questions by the  
14     parties?

15                   MS. SANFORD: No questions.

16                   MR. LITTLE: None from the Public Staff.

17                   HEARING EXAMINER RHODES: Okay. Thank you,  
18     sir. You may be excused.

19                                   (witness excused.)

20                   MR. LITTLE: The Public Staff will call  
21     Brady Hair, Your Honor.

22     BRADY HAIR;           Being first duly sworn,  
23                                   testified as follows:

24                   MR. LITTLE: Mr. Hair, would you give us

1 your full name, your address in the -- you're Echota  
2 or Seven Devils, and start with that.

3 THE WITNESS: Yes. My name is Brady Hair,  
4 H-A-I-R. And my residence here in Seven Devils is 165  
5 Little Boulder Lane, and that's in The Lakes  
6 Community. My permanent residence is in North  
7 Charleston, South Carolina.

8 DIRECT STATEMENT:

9 And so before we get started, let me say  
10 I've not had an opportunity to review the Public  
11 Staff's report. I understand it came out late  
12 yesterday afternoon. So thank you for that. Haven't  
13 looked at it. I also have to say that what my  
14 testimony is tonight is based on my understanding of  
15 information that we've been able to gather from the  
16 various sources, so it may not be 100 percent  
17 accurate, but what we have been able to learn.

18 I'm the Vice President of The Lakes  
19 Community Homeowners Association. We recently had our  
20 annual meeting. This was a pretty hot topic at that  
21 meeting, as you might -- might understand. And a  
22 very, very large number of the folks in our community  
23 are very concerned about this. We have, I think, 149  
24 cabins in The Lakes Community, and I believe that

1 about 25 percent of them are rental units, are used as  
2 rentals in anticipation of question from the attorney  
3 for the Company.

4 One thing that I'd like to say to begin with  
5 is I think it's very important, and I'm not exactly  
6 sure why it was done this way, but our issue in The  
7 Lakes only deals with the wastewater treatment. It  
8 appears that they bundled with the water system at  
9 Echota. We don't get our water from Water Management,  
10 we get it from Seven Devils, and so it's a total  
11 separate issue. And I'm not sure that those things  
12 should be considered together, but I guess that's for  
13 you guys to determine.

14 But certainly from a financial return  
15 standpoint, what we understand is that the water  
16 system at Echota is a bit distressed and needs capital  
17 improvements. And we also understand that the  
18 acquiring company intends to make those capital  
19 improvements to make that system better. And good for  
20 you.

21 We are under the belief that there is no  
22 particular plans over the next five years to do any  
23 capital improvements to our wastewater treatment  
24 system in Seven Devils from The Lakes Community, and



1 that's based on information that we've gathered. I  
2 understand tonight that there is some proposal for  
3 some cosmetic improvements, maybe some screening, some  
4 fencing, some this, that, and the other, but the point  
5 is there are no capital improvements to make that  
6 system better.

7 Now, the system is working and it's in  
8 compliance with its permit at the time -- at this time  
9 so there are not any complaints about it, so it's  
10 working. And so I think what's important about that  
11 is the acquisition is going to triple the rates of a  
12 system that is currently working just fine. And so  
13 we're concerned about that and we'd like to know why  
14 is that necessary?

15 We understand that the system is going to be  
16 purchased for about \$70,000, and at the proposed  
17 rates, the return on that is going to be acquired in a  
18 year or so. That's a pretty good return on your  
19 investment. I understand you've got to make money,  
20 and we're fine with that, but it needs to be fair.  
21 Our rates are at \$28.20 now. That rate was approved  
22 by this Commission in 2015. And so they looked at it,  
23 they thought it was fair, and so now we're faced five  
24 years later with a tripling of that approved rate, and

1 we really don't understand why when there doesn't  
2 appear to be any information available that says,  
3 well, we're going to make it better and we're going to  
4 make it more reasonable.

5 I feel like that it ought to be based on  
6 usage, based on the depreciation of that system, based  
7 on planned repair and replacement of a system. We  
8 don't really have any of that. And so based on the  
9 information that we have currently, we think that the  
10 lump rate, and particularly the bundling of it, with  
11 the water issue at Echota, is -- is inappropriate. We  
12 have nothing to do with that water. It seems to me  
13 that the only common connection is that Mr. Harrell  
14 wants to sell his water system and sell his wastewater  
15 treatment system, which is fine. But in our mind, one  
16 has nothing to do with the other.

17 And I'd like to -- if possible, Your Honor.  
18 I filed a, I don't know what you call it, a customer  
19 report or complaint through the website, and if it's  
20 possible to make that part of this record, I would  
21 like to do that. It's a little more detailed than  
22 what I had to say tonight.

23 HEARING EXAMINER RHODES: Will Public Staff  
24 want to make a motion to move that into evidence?

1 MR. LITTLE: Yeah. Just a clarifying  
2 question of the witness, Your Honor.

3 EXAMINATION BY MR. LITTLE:

4 Q You said you didn't file a formal complaint.  
5 This is something, a statement of your position of the  
6 homeowners association that you filed in this case?

7 A I filed it on my behalf just individually on  
8 your all's website --

9 Q Yes.

10 A -- where it said go in there and file it,  
11 and so I put in my comments and filed it with the, I  
12 guess with the Commission.

13 Q Yes. So what you filed was a consumer  
14 statement of position --

15 A Correct.

16 Q -- in this docket in the case --

17 A Correct.

18 Q -- number, and I believe those are part of  
19 the record. I don't believe you need to make those  
20 exhibits in these hearings. It's already -- it's been  
21 filed in the case. I don't -- we're not going to make  
22 it an exhibit like we did with Mr. Ervin, but it is  
23 part of the record. The Commission will take that  
24 into account in making their decision. Whether they

1 agree with you, that's completely up to them.

2 A That's fine. We were told that we needed to  
3 ask to make it part of the record, but if it's already  
4 part of the record, then that's great.

5 HEARING EXAMINER RHODES: I'm sorry, Mr.  
6 Little. I think we do need to move it to --

7 MR. LITTLE: Okay.

8 HEARING EXAMINER RHODES: -- to make it  
9 evidence in the record. The consumer statement, in  
10 and of itself, I don't believe will be considered as  
11 evidence, but we can move it into evidence tonight,  
12 and we'll take the consumer statement that's already  
13 filed in the docket and move that into evidence.

14 MR. LITTLE: That's fine. Public Staff is  
15 fine with that.

16 HEARING EXAMINER RHODES: And we can also  
17 get a copy of the consumer statement for the court  
18 reporter as well.

19 THE WITNESS: I think that's all I have.  
20 I'm happy to answer any questions.

21 HEARING EXAMINER RHODES: Okay. We will  
22 identify Mr. Hair's consumer statement as Hair Exhibit  
23 1.

24 (Whereupon, Hair Exhibit Number

1 1 was marked for identification  
2 and admitted into evidence.)

3 HEARING EXAMINER RHODES: We'll be sure to  
4 get a copy of that for the court reporter.

5 Was that all the questions from the Public  
6 Staff?

7 MR. LITTLE: I have one more question.

8 Q Can you tell us the exact number of homes in  
9 The Lakes Community?

10 A I believe it's 149. Is that --

11 THE WITNESS: Your Honor, the President of  
12 the association is back there. Can he tell us the  
13 answer to the question because I don't know.

14 HEARING EXAMINER RHODES: Yes. That will be  
15 okay, but we'll need to -- someone will -- we'll have  
16 to have you say the number for us so we can have our  
17 court reporter put it into the record for us.

18 THE WITNESS: I could take a minute and go  
19 consult with him and come back?

20 HEARING EXAMINER RHODES: That's okay.  
21 Yeah. It will be allowed, yes, sir.

22 (The witness leaves the stand and returns.)

23 THE WITNESS: Thank you.

24 HEARING EXAMINER RHODES: No worries. It's

1 a long walk up here.

2 A So I was a bit confused. So there are 70  
3 cabins in The Lakes Community, but we understand that  
4 there are 149 users on the wastewater system, which is  
5 comprised of The Lakes Community and the other  
6 condominium complexes which one of the guys spoke on  
7 earlier.

8 HEARING EXAMINER RHODES: Okay. Thank you  
9 for that.

10 MR. LITTLE: That's all the questions from  
11 the Public Staff, Your Honor.

12 HEARING EXAMINER RHODES: Okay. Thank you,  
13 Mr. Little. Any questions from Carolina Water?

14 MS. SANFORD: No questions. Thank you.

15 HEARING EXAMINER RHODES: No questions from  
16 Water Resource?

17 MR. DROOZ: No questions. Thank you.

18 HEARING EXAMINER RHODES: Okay. Thank you.  
19 Mr. Hair, I do have one, at least one question for  
20 you.

21 EXAMINATION BY HEARING EXAMINER RHODES:

22 Q I was also going to ask you to -- if you've  
23 had any service quality issues with your wastewater  
24 service as it currently stands?

1           A     We have not.  It's been fine.

2           Q     Okay.  And I did just also want to clarify,  
3     you did mention that the HOA, that includes the -- is  
4     that the total, 149, or did you say that's a portion?

5           A     No.  It's -- the HOA has 70 cabins in The  
6     Lakes Community, and it's my understanding that the  
7     system has 149 users that we're talking about, and  
8     those include The Lakes Community and two condominium  
9     complexes, or maybe three.

10          Q     Okay.  Thank you for that clarification.

11                   HEARING EXAMINER RHODES:  That's all the  
12     questions I have.  Are there any follow-up questions  
13     on the Hearing Examiner's questions?

14                   MR. LITTLE:  Not from the Public Staff.

15                   MS. SANFORD:  None here.

16                   HEARING EXAMINER RHODES:  Okay.  Thank you.  
17     Mr. Hair, you may be excused.  Thank you for coming  
18     out tonight and giving your testimony.

19                   THE WITNESS:  Thank you for the opportunity.  
20     Appreciate it.

21   (Witness excused.)

22                   MR. LITTLE:  The Public Staff will call  
23     Donna Peterson to the stand, Your Honor.

24     DONNA PETERSON;     Being first duly affirmed,

1 testified as follows:

2 MR. LITTLE: Ms. Peterson, can you tell us  
3 your -- your name and the address in Echota or Seven  
4 Devils?

5 THE WITNESS: Yeah. Donna Peterson. The  
6 address in The Lakes Community is 139 Jaybird Lane,  
7 Seven Devils.

8 MR. LITTLE: And what would you like to tell  
9 the Commission tonight?

10 DIRECT STATEMENT:

11 It seems to me that one of the things that  
12 was overlooked when the proposed rates were offered up  
13 is that not all communities in the state of North  
14 Carolina are the same and that it seems like -- I  
15 mean, I haven't read the report, but I've read the  
16 initial notice I received in the mail and had some  
17 conversations with some people in the neighborhood.  
18 And, you know, the communities in Seven Devils,  
19 they're really vacation homes for most people and  
20 they're not occupied 100 percent of the time. Some of  
21 them are occupied 50 percent of the time, some of them  
22 less; probably some of them more. So it's not like a  
23 typical neighborhood with, you know, one or two  
24 parents and kids, you know. It's often a couple,



1 maybe some young children, maybe not. I come up by  
2 myself. I would say over 50 percent of the use -- our  
3 place is just used by one person. So I really feel  
4 like there needs to be a study done of Seven Devils to  
5 see if it's like other vacation home communities in  
6 the state of North Carolina that I suspect are, you  
7 know, being purchased versus those that may be  
8 purchased as well, you know, to determine how much,  
9 you know, treatment we are using as far sewer goes.

10 And I actually just today received our bill  
11 in Jamestown, which is a suburb of Greensboro, 52.50.  
12 If you pay late it's 62.50 for a 2400 square foot  
13 house, three levels, 100 percent of the time we're  
14 there except when some of us are up here.

15 So I believe that the rate is too high. If  
16 it needs to increase, let's study and get a fair rate  
17 that's fair for those people who are purchasing it,  
18 but also fair for those people who are homeowners.  
19 That's pretty much, you know, what I want to say. I  
20 mean, I -- the purchase price, I agree with Mr. Hair,  
21 \$70,000 being recouped in one year, it's like a big  
22 red bow is put around that building down there by the  
23 lake and then, you know, it's like we're paying for  
24 their investment, which is fine, but unless there's

1 going to be something extra that we're going to get,  
2 we're going to be paying too much. So let's just  
3 study, figure out what's fair, and kind of go from  
4 there.

5 EXAMINATION BY MR. LITTLE:

6 Q I'm going to ask you and head off one of the  
7 questions from the Hearing Examiner --

8 A Okay.

9 Q -- Rhodes, that you don't like the rate, but  
10 how is the service quality that you're receiving right  
11 now?

12 A We have never had any problems. We've never  
13 had to call to say there's an issue. And if I had to  
14 call, I'd have to look it up because other than paying  
15 the bill every quarter, I don't even really know who  
16 to call. I'd have to ask a neighbor about that. So  
17 the service has been fine. So obviously the equipment  
18 is working well. We've lived -- we've had that place  
19 for 12 years.

20 Q And you don't live full time in the Seven  
21 Devils subdivision, correct?

22 A Correct.

23 Q How much time do you spend there?

24 A I would say we are there 90 days out of the

1 year, and we do rent some. I keep all those books,  
2 and I would say we rent between 60 to 75 days a year;  
3 however, this year I think we've only rented six. So  
4 it's variable.

5 MR. LITTLE: That's all the questions I  
6 have, Your Honor.

7 HEARING EXAMINER RHODES: Are there any  
8 questions from Carolina Water?

9 MS. SANFORD: No questions. Thank you.

10 HEARING EXAMINER RHODES: Questions from  
11 Water Resource?

12 MR. DROOZ: No questions.

13 HEARING EXAMINER RHODES: Okay. Thank you.  
14 I do have a few questions, Ms. Peterson.

15 EXAMINATION BY HEARING EXAMINER RHODES:

16 Q My first question is did you submit a  
17 consumer statement related to this matter in our  
18 docket system?

19 A I did. Thank you for asking.

20 Q Okay. Would you -- as we've done with the  
21 other witnesses, would you like to have that entered  
22 into evidence so it can be considered as a basis for  
23 the Commission's decisions on this matter?

24 A Yes, I would.

1 Q Okay.

2 HEARING EXAMINER RHODES: We will -- if  
3 there are no objections, we can mark Ms. Peterson's  
4 consumer statement that's already filed in the docket  
5 system as Peterson Exhibit 1, and we'll be sure to get  
6 a copy of that consumer statement for the court  
7 reporter.

8 (Whereupon, Peterson Exhibit  
9 Number 1 was marked for  
10 identification and admitted into  
11 evidence.)

12 Q And in addition to that, my other question I  
13 had, and this is just -- I just wanted to clarify, you  
14 said your permanent residence is -- was that  
15 Jamestown?

16 A Jamestown. It's in Guilford County.

17 Q Guilford County. Okay. And that service  
18 you receive there, is it from a municipal city or --

19 A Town of Jamestown, population 6,000.

20 Q Okay. Thank you for that clarification.

21 HEARING EXAMINER RHODES: Those are all the  
22 questions that I had. Are there any questions on the  
23 Hearing Examiner's questions?

24 MS. SANFORD: No questions.

1 MR. LITTLE: No questions from the Public  
2 Staff.

3 HEARING EXAMINER RHODES: All right. That  
4 is everything, Ms. Peterson. You may be excused.  
5 Thank you so much for coming out tonight and for your  
6 testimony.

7 (Witness excused.)

8 MR. LITTLE: The next person on our list is  
9 Robert, and I'm not going to even attempt to pronounce  
10 his name. I know he'll tell us.

11 ROBERT STREIGHTIFF; Being first duly sworn,  
12 testified as follows:

13 MR. LITTLE: I'm going to ask you to give us  
14 your name, and spell your last name so we all can --

15 THE WITNESS: I figured that was coming.

16 MR. LITTLE: I apologize.

17 THE WITNESS: No worries. My name is Robert  
18 Streightiff. The last name is spelled  
19 S-T-R-E-I-G-H-T-I-F-F. I reside at 1267 Seven Devils  
20 Road, Unit 1D, in Seven Devils, North Carolina.

21 MR. LITTLE: And Mr. Streightiff, what would  
22 you like to tell the Commission tonight?

23 THE WITNESS: I'm here to represent  
24 homeowners association at The Villas at Hawks Peak,

1 which is 1267 Seven Devils Road in Seven Devils, North  
2 Carolina. I am the homeowners association President,  
3 and at our annual meeting on October 13th of this year  
4 I was asked to come forward to this hearing to present  
5 comments.

6 MR. LITTLE: And what would you like --  
7 excuse me --

8 DIRECT STATEMENT:

9 Well, no. It's oddly a moot point now. I  
10 really would like to point out that none of the  
11 homeowners in our association or our management  
12 company received notice of this rate increase. We  
13 only learned of it through contact of other  
14 associations in Seven Devils. And we're at a small  
15 condominium unit; we are eight units. To try to  
16 answer some questions that may come forward, our  
17 covenants do not allow any rental, so we're basically  
18 a condo association of seasonal people. We have three  
19 year-round units occupied, but they're not occupied  
20 four months of the year when we escape the winters and  
21 go to Florida. That occupancy rate for December is as  
22 low as 10 or 15 percent from some of the other units.

23 We basically are protesting the wastewater  
24 fee -- I'm repeating something that was said earlier

1 -- that we get our water from the Town of Seven  
2 Devils, pay \$40 a month for up to 4,000 gallons, and  
3 there isn't one month of the year that any unit comes  
4 close to using that amount of water. If we were in a  
5 municipal city where we measure upon wastewater usage  
6 from the water flow, you could see there's no water  
7 flow a significant number of months of the year from  
8 our little association. The increase of 302 percent  
9 just seems to be exorbitant in our mind, plus as I  
10 understand it, there could be successful increases the  
11 next two years even.

12 So that's our main objection, that we're a  
13 seasonal facility, and right now we're paying, as you  
14 know, \$28, going up to \$85 a month, with very -- our  
15 financials, that means our line for sewage in our  
16 budget we just approved goes from \$2800 a year to  
17 \$8200 a year. That's a significant increase for eight  
18 units.

19 EXAMINATION BY MR. LITTLE:

20 Q Mr. Streightiff, you said at the beginning  
21 of your statement that you didn't receive notice of  
22 the transfer and that you relied on other homeowners  
23 associations for that.

24 A That's correct.

1 Q Did you notify the Public Staff of -- or the  
2 Commission when you finally found out about the  
3 proposed transfer?

4 A We notified our management company and they  
5 contacted the Public Staff. Basically, as I recall,  
6 the response was that it was a moot point. It  
7 wouldn't matter, it wouldn't change anything. They  
8 were aware of the information, as I recall.

9 Q Who did you speak with about that at the  
10 Public Staff?

11 A I didn't speak with any of the Public Staff.  
12 Our management company did.

13 Q And you don't -- do you know who they spoke  
14 with?

15 A Not off the top of my head, I don't.

16 Q Thank you. One other question. Did you  
17 ultimately receive a written notice of the proposed  
18 rates after somebody had contacted the Commission or  
19 the Public Staff?

20 A The only way we received information was,  
21 again, from -- basically from -- The Lakes Community  
22 forwarded us information so we were aware of it.

23 Q And what did you receive from The Lakes  
24 Community?



1           A     Oh. A number of different emails and just  
2 information that told us what was going to happen with  
3 regard to the wastewater treatment facility.

4           Q     Yeah. Well, what -- what information  
5 specifically was that? Can you tell us?

6           A     Well, we were told of the rate increase,  
7 basically.

8           Q     And you didn't receive -- how do the  
9 residents receive their monthly bills?

10          A     The residents don't receive a monthly bill  
11 for wastewater to our condo. It's paid for by our  
12 management company in Banner Elk.

13          Q     And --

14          A     The bills are submitted to the management  
15 company from the present owners.

16          Q     Did your management company ultimately  
17 inform you of the proposed transfer and proposed  
18 rates?

19          A     Yes.

20          Q     And when did you receive that information?  
21 Can you tell us?

22          A     I don't have the exact date. A month ago,  
23 I'd say.

24          Q     And you were already aware of the proposed

1 transfer from conversations with other homeowners  
2 associations?

3 A Yes.

4 Q But you didn't receive the details of the  
5 transfer and the rate increase --

6 A Yes.

7 Q -- until later from your homeowners  
8 management company; is that correct?

9 A Yes.

10 Q And do you know if -- how was that  
11 communicated to the residents from the management  
12 company?

13 A Well, it was communicated to me and to the  
14 treasurer of our homeowners association, and then when  
15 we had our annual meeting on October 13th, we brought  
16 all the -- well, we had a quarter -- five of the eight  
17 owners at that meeting and they were made aware of it,  
18 also with some emails that we sent out to the  
19 homeowners of the proposed change in rate.

20 Q And what -- can you tell us what that -- the  
21 information that was contained in that email? Did you  
22 forward -- was the document of the notice of hearing  
23 or notice of the rates included as an attachment or is  
24 it just an informational email that this -- the sale

1 is going -- or proposed sale --

2 A There weren't any attachments. It was  
3 strictly information, you know, forwarded from  
4 their --

5 Q Essentially word of mouth information?

6 A I'm sorry?

7 Q Essentially word of mouth information --

8 A Yes.

9 Q -- is how you were informed? That's all the  
10 questions I have at this time.

11 HEARING EXAMINER RHODES: Thank you, Mr.  
12 Little. Any questions from Carolina Water?

13 MS. SANFORD: Just a couple.

14 EXAMINATION BY MS. SANFORD:

15 Q And I apologize for beating a dead horse  
16 here. I want to make sure I understand about the  
17 notice. That's a very important thing, and we want to  
18 be sure that notices are received when notices are  
19 supposed to be received. So let me go very quickly  
20 through this, if I might.

21 You would -- I'll represent to you that  
22 notice was mailed according to the list of bill  
23 recipients, but am I understanding from you that you  
24 and your -- your colleagues in your villa complex

1 would not have gotten a regular bill?

2 A That's correct.

3 Q So that notice would have gone to your --

4 A To the management company.

5 Q -- management company.

6 A Yes.

7 Q And then the management company did or  
8 didn't contact you to pass along the notice of the  
9 transfer request?

10 A They didn't contact us.

11 Q They did not. Okay. But, in fact, that no  
12 -- sources that you didn't get that notice because the  
13 management company didn't send it forward?

14 A Assuming that they received the notice.

15 Q Right. And we could check behind it. We  
16 know it was mailed, but we don't know who got it.

17 Are you aware of door tags having been  
18 placed on the doors of your -- I'll call it your villa  
19 complex, whatever your set of units is called? Are  
20 you aware that the Company placed individual door tags  
21 and personal visits to your villa?

22 A I'm not aware that that happened, no.

23 Q You didn't see it. Okay.

24 A There wasn't a note on my door.

1 Q Okay. Thank you very much. That's all I  
2 have.

3 HEARING EXAMINER RHODES: Okay. Any  
4 questions from Water Resource?

5 MR. DROOZ: No questions.

6 HEARING EXAMINER RHODES: Okay. Thank you.  
7 At this time the Hearing Examiner doesn't have any  
8 questions, so you may be excused, sir. Thank you for  
9 coming out this evening.

10 (Witness excused.)

11 MR. LITTLE: The Public Staff would call  
12 Doug Woodbury, Your Honor.

13 DOUG WOODBURY; Being first duly sworn,  
14 testified as follows:

15 MR. LITTLE: Mr. Woodbury, would you give us  
16 your name and the subdivision you live in that's the  
17 subject of this proceeding?

18 THE WITNESS: My name is Doug Woodbury. I  
19 own two units at the Hawks Peak Condominiums and Seven  
20 Devils, and it's 505, 506. I have permanent  
21 residences in Valle Crucis.

22 MR. LITTLE: And what would you like for the  
23 Commission to hear from you tonight?

24 DIRECT STATEMENT:

1           A little bit of beating a dead horse. I  
2       guess we've heard a lot of the same concerns. I am  
3       the President of our HOA at the Hawks Peak  
4       Condominiums. Our group has asked me to present their  
5       concerns. And as many of the people have said up here  
6       before me, we're concerned with the tripling of our  
7       usage fee.

8           I don't think anybody's concerned with the  
9       transfer of the company at all. That's not seemed to  
10      be an issue. But we are in the same situation that  
11      most of the people in Seven Devils and others that are  
12      here this evening are. We have 24 units. We have  
13      five units that are full-time residents. We have --  
14      we do have a considerable amount of units that are  
15      used as rentals, although if you were to drive up  
16      there right now, there's maybe six or seven cars in  
17      the parking lot. So it's a seasonal, not only  
18      seasonal rental, but seasonal usage place. And to  
19      have a flat rate applied to us is, in our minds,  
20      exceptionally unfair. I think we're being funneled in  
21      with -- with numbers that come from elsewhere in the  
22      state, elsewhere in the area and it is -- it's not  
23      fair.

24           Another thing that I'd like to point out,

1 and I know that I can't speak on behalf of other  
2 people, but it is a concern overall to the entire  
3 Seven Devils community which does have some lower-  
4 income families and families that are, you know,  
5 struggling to make ends meet in an already uncertain  
6 time. And to drop a bomb on them like this, I think,  
7 it is as well exceptionally unfair, so there's that.

8 MR. LITTLE: Is there anything else you  
9 would like to say?

10 THE WITNESS: No. I didn't -- you know, I  
11 don't have exhibits. I did -- actually, I did put in  
12 a -- a consumer statement which I would like to have  
13 admitted into evidence or whatever it's called.

14 MR. LITTLE: So we've got Woodbury Exhibit 1  
15 marked and pending any objections, have that admitted  
16 into the record.

17 HEARING EXAMINER RHODES: Yes. Hearing no  
18 objection, that will be allowed.

19 (Whereupon, Woodbury Exhibit  
20 Number 1 was marked for  
21 identification and admitted into  
22 evidence.)

23 MR. LITTLE: Thank you. Is there anything  
24 else, sir?

1 THE WITNESS: No, sir.

2 MR. LITTLE: No further questions from the  
3 Public Staff.

4 HEARING EXAMINER RHODES: Okay. Any  
5 questions from Carolina Water?

6 MS. SANFORD: No.

7 HEARING EXAMINER RHODES: Any questions from  
8 Water Resource?

9 MR. DROOZ: No.

10 EXAMINATION BY HEARING EXAMINER RHODES:

11 Q I do have a couple of clarifying questions  
12 I'd like to ask.

13 A Sure.

14 Q And I may be repeating myself from some of  
15 the other witnesses, but just want to make sure our  
16 records are clear.

17 A Yes.

18 Q Did you say that you had any service issues  
19 in your time with --

20 A I think there was one issue this past summer  
21 with a busted pump, and it was taken care of in short  
22 order, so there was really no complaint as far as the  
23 service or no interruption to our service. So I  
24 believe it was handled diligently, so not a concern.



1 But other than that, we've had no reason to complain  
2 about the service.

3 Q Okay. Thank you for that. And you're part  
4 of the Seven Devils wastewater system, but does the  
5 Town of Seven Devils provide your water service?

6 A We're in that -- we're in that -- part of  
7 that 149 group that the gentleman before spoke of. So  
8 we're -- the Lakes, Hawks Peak Condominiums, Hawks  
9 Peak South, the Villas, and Top of Seven, I think, are  
10 the total areas -- total area affected that comprise  
11 that 149 homes that he spoke of.

12 Q Okay. Thank you for that. And you did say  
13 you're in Hawks Peak South; is that --

14 A So that's -- there's two. There's Hawks  
15 Peak Condominiums, which we are across from the  
16 community -- the old -- the new community center, the  
17 old town hall, and then Hawks Peak South is down the  
18 hill just a bit from us. So there's Hawks Peak South  
19 and Hawks Peak.

20 Q Okay. And you are Hawks Peak --

21 A And I am Hawks Peak, yes.

22 Q Okay. Thank you, sir.

23 HEARING EXAMINER RHODES: Those are all of  
24 the questions I had. Are there any follow-up

1 questions by parties on the Hearing Examiner  
2 questions?

3 MR. LITTLE: None from the Public Staff.

4 MS. SANFORD: None from the Company.

5 MR. DROOZ: No.

6 HEARING EXAMINER RHODES: Thank you, sir,  
7 for your testimony this evening. You may be excused.

8 (Witness excused.)

9 MR. LITTLE: The Public Staff would call  
10 William Bair.

11 WILLIAM BAIR; Being first duly sworn,  
12 testified as follows:

13 MR. LITTLE: Mr. Bair, will you tell us your  
14 name, and spell your last name so we get it right for  
15 the court reporter, please.

16 THE WITNESS: My name is William Bair,  
17 spelled B-A-I-R.

18 MR. LITTLE: What is your address in the --

19 THE WITNESS: Excuse me, sir?

20 MR. LITTLE: What is your address in the  
21 subdivision that is the subject of this hearing?

22 THE WITNESS: My permanent address is 317  
23 Tremont Park Drive, Lenoir, North Carolina, and the  
24 local address up here is Unit 331 in Hawks Peak South,

1 Seven Devils.

2 MR. LITTLE: Thank you. And what would you  
3 like to tell the Commission tonight?

4 DIRECT STATEMENT:

5 Well, my main concern, of course, is the  
6 price increase. Price increases are pretty common  
7 today, but this particular price increase was  
8 presented with no explanation on why there was a  
9 pri--- why there needed to be a price increase, number  
10 one. And then secondly, when it turned out to be more  
11 than three times the current price, that just didn't  
12 seem to be realistic. And the big thing was there was  
13 no explanation why there's any increase. And I would  
14 like to know, in fact, why there was an increase and  
15 then why is it at this high level? I mean, it's just  
16 something that I don't think we can handle.

17 MR. LITTLE: Is there anything else you'd  
18 like to --

19 THE WITNESS: That's pretty -- that's pretty  
20 basic. That's it.

21 EXAMINATION BY MR. LITTLE:

22 Q Did you happen to file a consumer statement  
23 of position in the case?

24 A Do I have what?

1 Q Did you file a consumer statement of  
2 position in this case?

3 A I sent a letter to Ms. Green at the  
4 Utilities Commission with copies to the people that  
5 were recommended, like yourself, your group. And so I  
6 did that, yes.

7 And then the other -- another comment that's  
8 already been covered to some extent by other people,  
9 the residents, the majority of residents at Seven  
10 Devils are far from being there 100 percent of the  
11 time. I'd say only six months a year that most of the  
12 residents are there. And, of course, this cost of  
13 waste disposal is -- water disposal is 12 months a  
14 year, and it's just an unfair situation with no  
15 explanation. I mean, I don't -- I don't know why it's  
16 up.

17 Q Let me ask you about the letter you sent to  
18 the Commission. Can you tell me, was that filed in  
19 the case, but we've -- have you heard the --

20 A Not that I'm a part of.

21 Q And did you just send that to the address on  
22 the -- at the Commission?

23 A I sent it to Ms. Erica Green at the  
24 Commission, a copy to Christopher Ayers, Public Staff,

1 the Honorable Josh Stein, Attorney General, and to the  
2 president of our homeowners association.

3 Q Do you happen to have a copy of that letter  
4 with you tonight?

5 A Yes, I do.

6 Q Would you like to have that entered as an  
7 exhibit in the case so it's part of the record in this  
8 case?

9 A It's fine with me.

10 Q Mr. Franklin's going to come up to the stand  
11 and take a copy.

12 MR. LITTLE: We'll have that marked as Bair  
13 Exhibit 1. Any objection to have that admitted into  
14 the record?

15 HEARING EXAMINER RHODES: Hearing no  
16 objection, it will be so identified and entered into  
17 the record.

18 (Whereupon, Bair Exhibit Number  
19 1 was marked for identification  
20 and admitted into evidence.)

21 THE WITNESS: Thank you.

22 MR. LITTLE: That's all the questions from  
23 the Public Staff, Your Honor.

24 HEARING EXAMINER RHODES: Okay. Are there

1 any questions from Carolina Water?

2 MS. SANFORD: No questions. Thank you.

3 MR. DROOZ: None from Water Management.

4 HEARING EXAMINER RHODES: Okay. Thank you  
5 very much.

6 MR. LITTLE: Please sit down for just one  
7 more minute, sir.

8 THE WITNESS: Okay.

9 HEARING EXAMINER RHODES: Yes. Sorry, sir.

10 MR. LITTLE: The Hearing Examiner may have  
11 some questions for you.

12 THE WITNESS: Okay.

13 HEARING EXAMINER RHODES: We can't let you  
14 escape just yet.

15 EXAMINATION BY HEARING EXAMINER RHODES:

16 Q I know you -- sir, you testified about the  
17 price increase tonight. That was the main part of  
18 your testimony. I know I've asked other customers,  
19 but I do want to ask about are there any service  
20 quality issues that you've experienced?

21 A I'm having trouble hearing you.

22 Q Oh, no problem, sir. Are there any service  
23 quality issues you've had with your wastewater  
24 service?

1           A     No.

2           Q     Okay. I also wanted to get a better  
3 understanding of you said you have a permanent  
4 residence, too, but the residence in Seven Devils,  
5 could you give us an idea of how -- how much time you  
6 spend there, your --

7           A     Yes. Our goal is to spend one weekend a  
8 month. And if this rate were to go by -- be approved,  
9 which certainly it won't be, just the rate of water  
10 disposal is twice what we pay for receiving water,  
11 water disposal, and garbage pickup at our home  
12 existence. So I think you can see why I'm not happy  
13 with it.

14          Q     All right. Thank you, sir.

15                   HEARING EXAMINER RHODES: Those are all the  
16 questions I have. Are there any follow-up questions  
17 on --

18                   MR. LITTLE: One quick follow-up question,  
19 Your Honor.

20                   FURTHER EXAMINATION BY MR. LITTLE:

21          Q     Mr. Bair, do you rent your residence in  
22 Seven Devils?

23          A     What was the first part of the question?

24          Q     Do you rent?

1           A     No, we do not.

2           Q     Thank you. That's all I have.

3                   MS. SANFORD: No questions.

4                   HEARING EXAMINER RHODES: Thank you, Mr.  
5 Bair. You may be excused, and thank you for providing  
6 testimony tonight. Thank you.

7                                 (Witness excused.)

8                   MR. LITTLE: Your Honor, at this time, this  
9 is all the members of the public that the Public Staff  
10 has identified that wish to testify.

11                   HEARING EXAMINER RHODES: All right. Are  
12 there any other members in the public who -- we may  
13 have some additional time. If anyone would like to  
14 come up and make an additional statement, you may do  
15 so at this time.

16                                 (Audience member steps forward.)

17                   HEARING EXAMINER RHODES: Yes, sir.

18           WARREN BRENDLE;     Being first duly sworn,  
19   testified as follows:

20                   HEARING EXAMINER RHODES: Okay. Thank you,  
21 sir. And the Public Staff will now ask you some  
22 questions to clarify the record.

23                   MR. LITTLE: Thank you, Your Honor. Will  
24 you tell us your name and the address of where you



1 live in Echota or Seven Devils?

2 THE WITNESS: Okay. My name is Warren  
3 Brendle, B-R-E-N-D-L-E. I'm at 143 Hawks Lake Drive  
4 in Seven Devils.

5 MR. LITTLE: And what would you like to tell  
6 the Commission tonight?

7 DIRECT STATEMENT:

8 Well, I wasn't going to speak, but when I  
9 heard others speak, I just felt like my voice needed  
10 to be heard, so I wanted to add my two cents.

11 There's -- there's several points I'd like  
12 to make. The Seven Devils wastewater system is in  
13 compliance, like you heard, with its permit. It's  
14 providing reliable service. It's making a profit, and  
15 the buyer does not propose any major investments in  
16 the next five years, from what I understand. There is  
17 no basis for tripling our existing rate.

18 The proposed wastewater rate will give the  
19 buyer a one-year payback on the \$70,000 combined price  
20 for the Seven Devils wastewater and the Echota water  
21 system, supply systems. Their proposed rate is from  
22 the statewide rate case that did not include the Seven  
23 Devils system. All wastewater collection and  
24 treatment systems are not the same, as mentioned

1 earlier, and we strongly disagree that a uniform rate  
2 from the previous case be applied to the Seven Devils  
3 system. The rate for Seven Devils should be based on  
4 the actual cost of operation, with allowance for a  
5 reasonable return on the investment. I'm all for  
6 making a profit, but an obscene profit is not good.

7 A tripling of the rate is a substantial  
8 shock, given the recent increase of our tax bills,  
9 approximately 30 percent, and the current high level  
10 of inflation in the economy. The economic shock is  
11 especially hard on senior citizens living on a fixed  
12 income in the Seven Devils community. I'm recently  
13 retired. I'm one of those senior citizens.

14 If the rates that are opposed -- are  
15 proposed -- if the rates that are proposed by CWSNC,  
16 Carolina Waste (sic) Systems of North Carolina, I  
17 guess, is what that stands for, in the upcoming three-  
18 year rate case under Docket Number W-354, Sub 400 are  
19 approved, Seven Devils monthly wastewater bill will  
20 exceed \$110 per month in three years. That's absurd.  
21 This nearly four-fold increase from the current rate  
22 would occur even though CWSNC does not plan to invest  
23 any capital improvements in the Seven Devils system  
24 for the next five years.

1           You know, one word comes to mind, and it's  
2    greed. Like I said, you -- I'm all for making a  
3    profit, but this is greed on the backs of citizens  
4    trying to -- to make things -- ends meet. So that's  
5    all I've got to say.

6    EXAMINATION BY MR. LITTLE:

7           Q     Is the quality of service -- describe your  
8    quality of service for us from --

9           A     I've got no problems with Wastewater  
10   Management Systems. They're top notch. Every time  
11   I've called in to ask questions about billing,  
12   whatever, I've had no problems whatsoever. They've  
13   done a terrific job.

14          Q     If you just, so we're clear, are you -- do  
15   you live full time in Seven Devils?

16          A     No. I live part time in Holly Springs,  
17   North Carolina, the fastest growing area in North  
18   Carolina, and part time up in Seven Devils. Since  
19   we've retired, we're spending more time up here.

20          Q     And how do your water and sewer rates in  
21   Holly Springs compare?

22          A     My wife handles that. I have no idea.

23                MR. LITTLE: That's all the questions I  
24   have, Your Honor.

1 HEARING EXAMINER RHODES: Okay. Thank you,  
2 Mr. Little. Any questions from Carolina Water or  
3 Water Resource? Any questions?

4 MS. SANFORD: No questions. Thank you.

5 MR. DROOZ: No questions.

6 HEARING EXAMINER RHODES: Okay. Thank you.  
7 I do have one question.

8 EXAMINATION BY HEARING EXAMINER RHODES:

9 Q Mr. Brendle, do you -- did you happen to  
10 file a consumer statement with the Commission in our  
11 docket system?

12 A I hit the submit button, but I don't know.  
13 I didn't get a reply, so I don't know if it took or  
14 not.

15 Q Okay. Well, we can certainly --

16 A So if you could check on that, I'd greatly  
17 appreciate it.

18 Q Okay.

19 A And if I didn't, please submit it.

20 HEARING EXAMINER RHODES: Okay. To the  
21 extent that it has been submitted, we will enter Mr.  
22 Brendle's exhibit -- we'll call it Brendle Exhibit 1,  
23 but we'll check to the extent that it is in our docket  
24 system, with have it entered into evidence.

1 THE WITNESS: Thank you.

2 (Whereupon, Brendle Exhibit Number  
3 1 was marked for identification  
4 and admitted into evidence.)

5 HEARING EXAMINER RHODES: All right. Are  
6 there any questions on the Hearing Examiner's  
7 questions?

8 MR. LITTLE: Not from the Public Staff.

9 MS. SANFORD: None from the Company.

10 MR. DROOZ: No.

11 HEARING EXAMINER RHODES: Okay. Thank you,  
12 Mr. Brendle. You may be excused. Thank you for your  
13 testimony tonight.

14 (Witness excused.)

15 HEARING EXAMINER RHODES: All right. If  
16 there aren't any others who wish to make a statement,  
17 then I would like to go ahead and make a closing  
18 statement tonight.

19 We will adjourn the hearing for now until it  
20 is reconvened at 10:00 on Thursday, December 8th,  
21 2022, in Raleigh, North Carolina, and that hearing  
22 will be for the sole purpose of receiving expert  
23 testimony from Carolina Water, the Public Staff, and  
24 any Intervenors. And please note that customers, you

1 can follow progress of this proceeding on the  
2 Commission's website, which is [www.ncuc.gov](http://www.ncuc.gov). Your  
3 customer notice may have said .net, but I just wanted  
4 you to know that address will still work, but we are  
5 transitioning to the .gov address and just wanted you  
6 to be aware of that change. And you can use Docket  
7 Numbers W-354, Sub 396, or W-1073, Sub 7, which was  
8 also noted on your customer notice.

9 The transcript of today's hearing will be on  
10 the website for viewing once it's completed, so you'll  
11 be able to check our docket system and be able to find  
12 our transcript and see everything that was discussed  
13 tonight.

14 And with that, we will reconvene on December  
15 8th for the remainder of the hearing. I appreciate  
16 everyone coming out tonight. Thank you for your time,  
17 and remember the Public Staff and the Companies are  
18 here to answer any questions if you would like to  
19 stick around. Thank you all.

20 (The hearing was adjourned at 8:31 p.m.)

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STATE OF NORTH CAROLINA  
COUNTY OF RUTHERFORD

C E R T I F I C A T E

I, Marianne S. Aguirre, Notary Public/Court Reporter, do hereby certify that the foregoing hearing before the North Carolina Utilities Commission in Docket Nos. W-1073, Sub 7, and W-354, Sub 396 was taken and transcribed under my supervision; and that the foregoing pages constitute a true and accurate transcript of said Hearing.

I do further certify that I am not of counsel for, or in the employment of either of the parties to this action, nor am I interested in the results of this action.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 8th day of November, 2022.

*Marianne S. Aguirre*

Marianne S. Aguirre  
Notary Public No. 19961490099