

**SANFORD LAW OFFICE, PLLC**

Jo Anne Sanford, Attorney at Law

January 17, 2023

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

**Via Electronic Delivery**

Re: Application by Carolina Water Service, Inc. of North Carolina for Fair Value Determination and for Certificate of Public Convenience and Necessity to Serve Carteret County Water System  
NCUC Dockets No. W-354, Sub 398 and W-354, Sub 399  
--Supplemental Response to Customer Concerns

Dear Ms. Dunston:

Attached for filing please find Carolina Water Service, Inc. of North Carolina's Supplemental Response to Customer Concern in Docket No. W-354 Subs 398 and 399.

As always, thank you and all your staff for your assistance; please feel free to contact me if there are questions or if additional information is required.

**Electronically Submitted**

**/s/Jo Anne Sanford**

North Carolina State Bar No. 6813  
Sanford Law Office, PLLC  
P.O. Box 28085  
Raleigh, NC 27611

David T. Drooz  
North Carolina State Bar No. 10310  
Fox Rothschild LLP  
434 Fayetteville St., Suite 2800  
Raleigh, NC 27601  
[DDrooz@FoxRothschild.com](mailto:DDrooz@FoxRothschild.com)...

Attorneys for CWSNC



that the Commission extend the deadline for filing that response by one week, *nunc pro tunc*. In response to the expressions of customer concerns and complaints, and in explanation of its follow-up to those concerns, CWSNC filed its Response on November 7, 2022, the same day it filed the Motion for Extension of Time.<sup>1</sup> That filing was submitted as a snapshot report---at that point in time----of the Company's follow-up to the service-related issues that were raised at the Beaufort hearing on October 18<sup>th</sup>.

On November 21, 2022, the Commission issued its *Order Extending Time For Filing Response To Customer Concerns, Allowing Public Staff Response, And Directing Both To Be Filed In CPCN Docket And Fair Value Docket*. The Public Staff was requested to respond by December 5, 2022 to CWSNC's November 7<sup>th</sup> filing. It is also worth noting, in considering the Company's level of responsiveness in this proceeding, that the Public Staff submitted post-hearing Data Request # 12 on November 9<sup>th</sup>, to which the Company responded at length on November 18, 2022.

The Public Staff, on December 16, 2022, requested an extension of time to file its response to the CWSNC November 7<sup>th</sup> filing, from its due date of December 5<sup>th</sup> until December 16<sup>th</sup>. The Public Staff filed its Verified Response, also on December 16<sup>th</sup>, wherein it asserted (a) that CWSNC had inadequately responded to the October 18<sup>th</sup> customer concerns and (b) that the Company "has not been forthright with operational changes it has made." (p. 5, Public Staff Response) The

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<sup>1</sup> In compliance with the Commission's intention that customer-service related filings be included in Docket No. W-354, Subs 398 and 399 (the latter being the "Certificate of Convenience and Necessity" docket) CWSNC filed the November 7<sup>th</sup> Response in the Sub 399 docket on November 22, 2023.

Public Staff:

- criticized the response procedure associated with four initial site visits conducted on the morning of October 21<sup>st</sup> (the third business day after the evening hearing on October 18<sup>th</sup>), because prior appointments were not secured with homeowners and because homeowners were “unlikely” to be home during weekday mornings;
- appears to disagree with and assign fault either to the Company’s management of the investigation, or to its communication about the management of same, during the period of investigation of the concerns;
- inexplicably ignores the facts that CWSNC, in its November 7<sup>th</sup> report, *invited* a requirement of further response by CWSNC as its investigation continued<sup>2</sup>; that the Company stated in that report it would install a pressure recorder in the distribution system; and that the Company responded to DR # 12 by saying it had ordered such a recorder;
- contests CWSNC’s November 7<sup>th</sup> characterization of the answers to customers’ concerns, at that point, as “elusive,”; and,
- misses the point concerning the use of a range of operational adjustments in ongoing attempts to diagnose and address the complaints. (Had the Company prematurely announced that all issues were resolved, during the period of continuing investigation, the Public Staff would have presumably objected to that as well, and in that case, perhaps with justification).

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<sup>2</sup> See p. 5 of the Company’s November 7<sup>th</sup> Response: “....*after a period of reasonable examination, which should be determined by the Company in accordance with its professional judgment and good practice, **the Company proposes** that it make a follow-up report to the Commission, filed in the docket.*” Emphasis added.

The Commission's December 22, 2022, Order directed CWSNC to respond to four specific questions, as well as to the questions and concerns raised by the Public Staff Response. CWSNC appreciates this opportunity to: provide additional information, answer the Commission's questions, refute the Public Staff's comments, and update the results of the Company's investigation.

### **COMMISSION'S SPECIFIC QUESTIONS**

#### **COMMISSION SPECIFIC QUESTION NO 1.**

**Q. Why, following the October 18, 2022 customer hearing, CWSNC increased the water levels in the tanks in an apparent attempt to address the evening pressure drops but then returned water levels in the tanks to CWSNC's normal operating procedure after October 25, 2022?**

**A.** The Company had no knowledge of the pressure anomalies (or of the "yellow water" complaints) until the October 18<sup>th</sup> hearing. Following the October 18, 2022, customer hearing, CWSNC did not increase water tank levels in an attempt to address the evening pressure drops. After the customer hearing on October 18, 2022, CWSNC began collecting data to determine what was causing the evening pressure drop issues. This included taking inventory of automatic flushers in the distribution system (the County had a number of automatic flushers in the system and the Company had to find them), analyzing automatic flusher runtimes, adjusting automatic flushing times as needed so that they did not run for too long, installing a pressure recorder at the end of Shell Landing Road, and adjusting elevated tank setpoints. The adjustment of elevated tank setpoints took place on December 21, 2022.

To be very clear about the chronology, this data collection took place after the October 18, 2022, hearing and it continued beyond the filing of the initial Company Response to Customer Concerns, which was submitted on November 7, 2022. At the time of that November filing, the Company's understanding of the circumstance was inconclusive, with respect to a diagnosis of the problem. The investigation was a "work in progress."

#### **COMMISSION SPECIFIC QUESTION NO. 2**

**Q. Given that the water levels in the tanks were actually lower prior to Spring of 2022, the time period when customers reportedly noticed issues with water pressure, could the water pressure issues have a cause other than tank levels?**

A. Yes. The water pressure issues that were reported were addressed, corrected, and verified by the use of a portable data logger CWSNC installed at the end of Shell Landing Road, in Beaufort, on or about November 30, 2022. (The logger was ordered promptly after the October 18<sup>th</sup> hearing; receipt took a few weeks). The data collected showed, on or about December 21, 2022, that the pressure concerns were corrected after the adjustment of automatic flusher times and elevated tank setpoints. Again, the use of the data-logger and the understanding of its results extended beyond the date of the filing of the initial Report.

#### **COMMISSION SPECIFIC QUESTION NO. 3**

**Q. Did the Company increase the frequency of the filter backwash cycle for the Greensand filter in order to reduce iron and manganese levels and**

**thereby address complaints of yellow water? Has this change produced the desired results?**

A. Prior to CWSNC providing contract operation services to Carteret County Water, the greensand filters were backwashed every 10 days. CWSNC changed the backwash frequency of the greensand filters to backwash every 7 days in October 2022. Iron levels in drinking water systems are secondary drinking water standards (which are not federally enforceable); currently, the secondary drinking water standard for iron is 0.3mg/l. The iron level leaving the Carteret County Water Treatment Plant after the backwash frequency change from 10 days to 7 days is 0.04mg/l.

**COMMISSION SPECIFIC QUESTION NO. 4**

**Q. Did the Company increase the frequency of regenerating the water softening media system to address complaints of chalky water? Has this change produced the desired result?**

A. Prior to CWSNC providing contract operation services to Carteret County Water, the softener system brine draw setpoint was at 35 minutes. CWSNC increased this setpoint to 50 minutes. Also, prior to CWSNC providing contract operation services to Carteret County Water, the facility softener system was set to regenerate every 230,000 gallons. In November 2022, CWSNC changed this setpoint to 190,000 gallons due to high hardness results. In December 2022, CWSNC changed the setpoint again to 185,000 gallons. This allows the softener system to regenerate more often. CWSNC has not received chalky water complaints since softener setpoints have been adjusted.

## PUBLIC STAFF QUESTIONS AND CONCERNS

### 1. Public Staff Criticism of Timing and Method of Site Visit and Customer Contact.

Background: The Company made four site visits to customers' homes on the morning of Friday, October 21, 2022, which was early in the third business day following the night hearing of Tuesday, October 18<sup>th</sup>. The Company made these expedited visits without scheduling prior appointments with the customers.

**Q. Did CWSNC deliberately schedule and conduct site visits in such a manner as to avoid customer contact or engagement?**

**A.** No. In fact, CWSNC deployed personnel as quickly as possible to the sites to see what could be determined at the properties from an early analysis and from the outside of the premise. Experience and common sense combine to suggest that the difficulty of making appointments and structuring other operational work around specific appointments would delay the initial investigation, is inefficient, and can be inconvenient to the customer. Furthermore, the Company did not have customer contact information from the hearing for any of these witnesses. The Company promptly initiated the investigation in an entirely appropriate manner, the details of which were provided to the Public Staff by response to its Data Request # 12, served on November 9, 2022, and responded to on November 18, 2022. The Company's detailed responses are actually appended to the Staff's filing, and the Company incorporates them herein by reference.

Further, as stated in the November 7<sup>th</sup> Report, door tags were left at the premises, providing information on how the customers could contact the Company.



A follow-up visit with Mr. Kelly one business day later was an opportunity to discuss test results that were all within normal range, except the secondary MCL exceedance for manganese.

After a series of exchanges between Ms. Camp and CWSNC, a follow up visit with Ms. Camp on November 14<sup>th</sup> discussed an in-person field test. That field inspection of Ms. Camp's water did not reveal yellow water,<sup>3</sup> and the test parameters were within the range of normal.

Ms. Day was home on October 21<sup>st</sup>. Visual inspections did not reveal yellow water; her water pressure was within the range of normal; the field tests revealed no values outside of the range of normal; and the Company's response to her concerns about odor was to pledge to increase the flushing frequency. As the Company indicated in response to Public Staff DR # 12, in this interim period, flushing remains the responsibility of the County. Subsequent to this visit, adjustments have been made to automatic flushers as previously discussed.

Ms. Ponder was not at home, she did not respond to the door tag information/invitation to call, she had not responded to follow up calls at the time of the first report, and her water could not be tested from the outside because there was no spigot. The Company pledged, in the November 7<sup>th</sup> Response, to continue to try to contact her.

The Public Staff insinuates that CWSNC deliberately avoided customer interaction and alleged that the Company's response was inadequate, based on the initial site visits and on the Company's first Response. Both contentions are

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<sup>3</sup> This does not mean there are not instances of yellow water, but it is a reflection of the inability to see it at that point in time, in an initial investigative effort.

without merit or basis in fact.

**2. Public Staff's Position that CWSNC's Response of November 7, 2022 was Inadequate.**

**Q. Did CWSNC continue its investigation beyond the November 7, 2022 initial response, and has it continued to address issues that may be related to the customer concerns?**

**A.** Yes. The Company: addressed pressure anomalies through use of a portable data logger and adjustments to the elevated tank setpoints and the automatic flushers; addressed hardness through changes in softener setpoints; and increased the backwash frequency to address iron and manganese. Nothing in the facts supports the assertion that CWSNC's response has been inadequate; furthermore, monitoring of these types of issues is an ongoing part of the Company's operational protocol.

**3. Public Staff's Insinuation That The Company Has Not Been "Forthright."**

**Q. Were any of CWSNC's on-going findings or responses omitted from the November 7<sup>th</sup> report in an attempt to withhold information that should have been disclosed?**

**A.** No; in fact the Company was at that time undertaking various measures to attempt to adjust filtration and pressure in the course of an ongoing investigation to attempt to identify, detect, replicate and potentially correct the yellow water, pressure anomalies, and hardness issues to which the customers had testified. These issues were first brought to the Company's attention on October 18, 2022, and as candidly stated in the November 7<sup>th</sup> report, the efforts to identify and resolve

the issues were ongoing in November and the answers were, at that time, inconclusive.

**Q. How does CWSNC characterize its operational management of this system?**

**A.** The Company attempts to determine if alleged problems exist and attempts various operational adjustments to try to resolve these complaints. Field and operational experience is applied, in a sequence, to the solution of problems that are not clear-cut or readily verifiable.

The scope, timeliness, persistence and nature of the Company's efforts to find both problems and solutions, combine with the Company's responses to detailed questions on discovery---then combine with the Company's own invitation to supplement its initial Response---to support CWSNC's position that its actions have been forthright and reflective of an appropriate, energetic, open and competent operational response. The Public Staff's allegations of a lack of forthrightness and of inadequacy in the November 7<sup>th</sup> response are baseless.

More to the point of an ongoing focus on customer benefit, CWSNC submits that in addition to the measures reported herein, the Company continues in the course of its operational responsibilities to understand this system better and continues to improve the quality of service it provides.

Respectfully submitted, this the 17<sup>th</sup> day of January, 2023.

**Electronically Submitted**

**s/Jo Anne Sanford**  
State Bar 10310  
Sanford Law Office, PLLC  
Post Office Box 28085

Raleigh, NC 27611-8085  
Telephone: (919) 210-4900

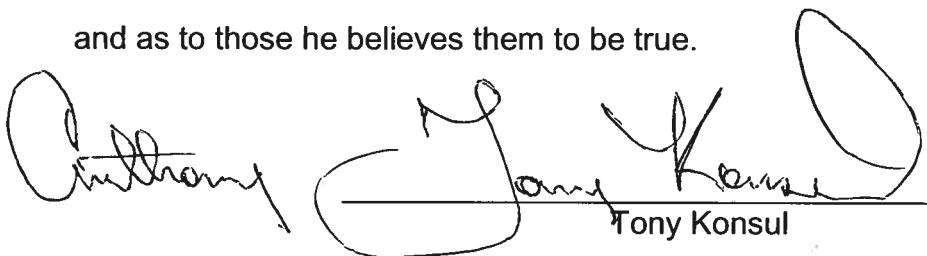
**/s/ David T. Drooz**

David T. Drooz  
State Bar 10310  
Fox Rothschild LLP  
434 Fayetteville Street  
Suite 2800  
Raleigh, NC 27601  
(919) 719-1258  
E-mail: [DDrooz@foxrothschild.com](mailto:DDrooz@foxrothschild.com)

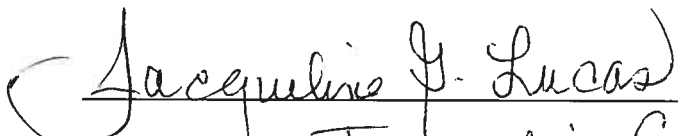
*Attorneys for Carolina Water Service,  
Inc. of North Carolina*

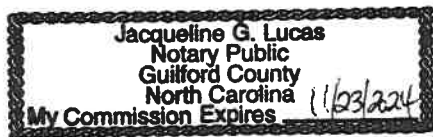
**VERIFICATION**

Tony Konsul, being duly sworn, deposes and says: that he is the Operations Director of Carolina Water Service, Inc. of North Carolina; that he is familiar with the facts set out in the attached Supplemental Response to Customer Concerns, filed by CWSNC in Docket No. W-354 Sub 398 and Sub 399; that he has read the foregoing Response 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.

  
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Tony Konsul

Sworn to and subscribed before me this  
the 17<sup>th</sup> day of January, 2023

  
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Notary Public Jacqueline G. Lucas



## CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Supplemental Response has been served on all parties or their counsel of record in these dockets by either depositing same in a depository of the United States Postal Service, first-class postage prepaid, or by electronic delivery.

This the 17<sup>th</sup> day of January, 2023

**/s/Jo Anne Sanford**

*Attorney for Carolina Water Service, Inc.  
of North Carolina*