

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1130, SUB 11
DOCKET NO. W-1333, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Application by Currituck Water and)
Sewer, LLC, 4700 Homewood Court,)
Suite 108, Raleigh, North Carolina)
27609, and Sandler Utilities at Mill)
Run, LLC, 448 Viking Drive, Suite)
220, Virginia Beach, Virginia 23452,)
for Authority to Transfer the Sandler)
Utilities at Mill Run Wastewater)
System and Public Utility Franchise in)
Currituck County, North Carolina, and)
for Approval of Rates)

REPORT ON CUSTOMER
COMMENTS FROM PUBLIC
HEARING HELD ON
FEBRUARY 2, 2022

NOW COMES Sandler Utilities at Mill Run, LLC (“Sandler Utilities”) and files this report in response to the public hearing held by means of the North Carolina Utilities Commission’s (“Commission”) on-line Webex platform, on February 2, 2022. This report is required by ordering paragraph 4 of the Commission’s November 18, 2021 *Order Establishing Discovery Guidelines, Scheduling Hearings, and Requiring Customer Notice*.

The purpose of this report is to summarize customer testimony about service and service quality concerns expressed at the public hearing, and to provide Sandler Utilities’ specific responses to those concerns. Of the approximately 420 residential and two non-residential 12 customers in the Eagle Creek service area, eight customers testified at the public hearing. The customers who testified at the public hearing were Rhonda

Klussmann, Trudy Edler, Gary Lickfeld, Tammy Green, Greg Ewan, Susan Powers, David Shepherd, and James Hutson. Their concerns are addressed below.

Concerns of all testifying customers. Rhonda Klussmann, Trudy Edler, Gary Lickfeld, Tammy Green, Greg Ewan, Susan Powers, David Shepherd, and James Hutson testified about the numerous outages of the Eagle Creek Wastewater Vacuum Collection System (“Vacuum Collection System” or “System”) beginning in September of 2020 that resulted in sewage backups in some residents’ homes and yards. The customers stated that Sandler Utilities had not made necessary capital investment improvements and repairs to the System to ensure that there would not be substantial—and catastrophic—failures of the System.

Sandler Utilities’ response. Sandler Utilities sincerely regrets that the Eagle Creek Vacuum Collection System has experienced a number of outages and sanitary sewer overflows, the vast majority of which occurred beginning in September of 2020. Sandler Utilities has made substantial investment in repairs and capital improvements in the Wastewater System—in particular in the Vacuum Collection System—to remedy the Vacuum Collection System’s problems and to ensure that the Wastewater System will function properly and reliably and in compliance with all regulatory and environmental regulations.

As part of its initial response to the unprecedented outages that began in the fall of 2020, Sandler Utilities arranged for FloVac to come to the Eagle Creek Subdivision on November 20, 2020 to provide training to Envirolink’s technicians and operators about remedial measures, such as how to remove water from the valves before installing new controllers, proper controller rebuild, review and understanding of chart data, and proper vacuum pit configuration. In addition, and pursuant to Sandler

Utilities' Operator Training Plan in place with the Department of Environmental Quality, Division of Water Resources ("DWR"), Sandler Utilities arranged for Flovac to provide a 3-day training course of Envirolink, Inc.'s ("Envirolink") technicians and operators in September of 2021 and a second 3-day training course to Envirolink from October 5 through 8, 2021. Flovac's training of Envirolink's employees was focused on best practices in locating leaks in the Vacuum Collection System and how to properly operate, maintain, and repair the System.

Sandler Utilities has obtained recommendations from Flovac about necessary repairs and upgrades to the Vacuum Collection System to ensure that the System would operate properly and reliably, and Sandler Utilities made upgrades to the System based upon Flovac's recommendations.

Sandler Utilities has substantially invested in upgrades to the Vacuum Collection System—in the amount of about \$673,834 since 2020—and continues to invest in the Vacuum Collection System to ensure that the System will operate properly and reliably.

The following are some of the repairs and upgrades that Sandler Utilities made to the Eagle Creek Wastewater Treatment Plant and the Vacuum Collection System beginning in 2020:

- Sandler replaced the pump in the wastewater treatment plant in December of 2020.
- For the period of August of 2020 through January 24, 2022, Sandler Utilities had Envirolink rebuild or replace 2,163 valves and 3,081 controllers. (The new controllers are capable of processing small amounts

of water and can be submerged in water up to 5 feet with no impact to performance.) This work equates to rebuilding or replacing 4 valves per day and 5.7 controllers per day.

- For the period from October 1, 2021 through January 24, 2022, Sandler Utilities had Envirolink rebuild or replace 118 pedestal-mounted controllers and 21 valves. This work equates to repairing or replacing 0.2 valves per day and 1 controller per day.
- As of January 24, 2022, Sandler Utilities had Envirolink install 110 elevated (pedestal-mounted) controllers. As of March 2, 2022, pedestal-mounted controllers have been installed on the entire 8-inch vacuum line and on the 10-inch vacuum line from the wastewater treatment plant to St. Andrews Road. Sandler Utilities will continue to install elevated controllers throughout the Eagle Creek Subdivision until each vacuum pit has been equipped with one. The purpose of the pedestal mounts is to elevate them in order to reduce rainwater intrusion of the controllers and thus minimize any flooding of the valve pits, prevent sewage intrusion into the controller in the event a valve pit fill up, and secure the controllers from tampering by unauthorized individuals.
- Sandler Utilities installed alarms at the vacuum station and the valve pits.
- On November 30, 2021, Flovac installed a remote monitoring system that was placed in service on December 1, 2021. The monitoring system was installed on the vacuum station, six pits on dead-end lines, and one additional pit located on St. Andrews Road. The monitoring system

provides the following input and output information for the vacuum station and six pits located on dead end lines and one pit located on St. Andrews, respectively:

- Vacuum Station Inputs and Outputs: tank vacuum; tank level; sewage pump run-times and start and stop times; vacuum pump run-times and start and stop times; rainfall monitor; and alarm status.
 - Vacuum station alarms: tank vacuum; vacuum pump run-time alarm; high level alarm; and communication.
 - Pit Inputs and Outputs at Dead Ends: vacuum; level activations; activation duration; and alarm status.
 - Pit Alarms at Dead Ends: level vacuum and communication.
 - Pit Inputs and Outputs at St. Andrews Road: level vacuum; activations; activation duration; and alarm status.
 - Pit Alarms at St. Andrews Road: level vacuum and communications.
- After installation of the remote monitoring system, Flovac conducted training for Envirolink personnel to demonstrate the features of the system and explain how to interpret the information displayed on the graphs created by the monitoring system.
 - On January 31, 2022, Flovac began installing a remote monitoring system on the valve pits (each pit on the 8-inch main and additional sensors on the 10-inch main), along with two additional monitors on the collection lines.

The remote monitoring system with the additional monitors will help to ensure that the Vacuum Collection System operates reliably and that any leaks to the system are detected quickly. The monitoring system allows multiple people to remotely monitor the vacuum flow status of the lines so that any possible leaks that might occur on the lines will be identified quickly. This expedient identification of any possible leaks on the collection lines will ensure that the contract operators may address the leaks quickly and before any homeowners might be affected. Installation of the remote monitoring system on the valve pits began on February 2, 2022 and will be completed on March 10, 2022. As part of this monitoring effort, and in conjunction with compliance with the Amended Consent Judgment, Flovac is monitoring the Vacuum Collection System and is providing reports to Sandler Utilities on observations and recommendations for the system.

- In addition to the capital improvements to the Wastewater System, Sandler Utilities has directed Envirolink to provide necessary maintenance and preventative maintenance to the system.

Additional concerns of Rhonda Klussmann, Trudy Edler, Tammy Green, Greg Ewan, Susan Powers, and David Shephard. Ms. Klussmann testified that Envirolink lacks the experience and competence to properly operate the Vacuum Collection System and that Envirolink has not been responsive to customer complaints and concerns.

Sandler Utilities' response. Sandler Utilities has worked with Envirolink—and continues to work with Envirolink—to ensure that Envirolink has the necessary experience and

knowledge to properly operate, maintain, and repair the Vacuum Collection System. For example, Sandler Utilities arranged for Flovac to come to Eagle Creek on November 20, 2020 to provide training to Envirolink's technicians and operators about remedial measures, such as how to remove water from the valves before installing new controllers. In addition, and pursuant to Sandler Utilities' Operator Training Plan in place with the DWR, Sandler Utilities arranged for Flovac to provide a 3-day training course of Envirolink's technicians and operators in September of 2021 and a second 3-day training course to Envirolink from October 5 through 8, 2021. Flovac's training of Envirolink's employees was focused on best practices in locating leaks in the Vacuum Collection System and how to properly operate, maintain, and repair the system. Also, after Flovac installed the remote monitoring system, Flovac conducted training for Envirolink personnel to demonstrate the features of the system and explain how to interpret the information displayed on the graphs created by the monitoring system. Per the request of Sandler Utilities, Envirolink is currently coordinating timing with Flovac for additional formal on-site and classroom training in the very near future.

Sandler Utilities notes that some of the customers testified that Envirolink's customer service improved beginning in the winter of 2021 and that Envirolink has been provided more frequent and timely communications to the Eagle Creek residents.

Sandler Utilities and Envirolink entered into a Utility Management Service Agreement dated January 6, 2021 for Envirolink to operate the Eagle Creek Wastewater System, including the Vacuum Collection System. Sandler Utilities will take any appropriate measures to ensure that Envirolink continues to provide appropriate customer service to the Eagle Creek residents.

Additional concerns of Gary Lickfeld. Mr. Lickfeld testified that the Eagle Creek Wastewater System experienced operational problems during extreme weather events when Enviro-Tech operated the system. He stated that Sandler Utilities and Enviro-Tech said that there were insufficient funds to perform upgrades to the system. Mr. Lickfeld testified that Envirolink inherited a troubled System and that he has confidence in Envirolink's operations of the System.

Sandler Utilities' response. There were isolated compliance and environmental issues with the Eagle Creek Wastewater System when Enviro-Tech operated the system (prior to February 2020). The isolated problems occurred when pits that are part of the Vacuum Collection System filled with rainwater during extremely heavy rain events, like hurricanes, which resulted in a loss of vacuum of the Vacuum Collection System. For example, during an extreme rain event in 2015, sewage backed up in homes when the sewage was not able to drain into the system. The Vacuum Collection System also malfunctioned during Hurricane Matthew in October of 2016. Another compliance issue occurred in 2015 when the second bank of UV disinfection for the wastewater treatment plant was not operational.

As noted previously, Sandler Utilities has substantially invested in upgrades to the Vacuum Collection System since 2020 and continues to invest in the Vacuum Collection system to ensure that the system will operate properly and reliably.

Additional concern of Greg Ewan. Mr. Ewan testified that he wants Envirolink replaced with a different operator of the Eagle Creek Wastewater System.

Sandler Utilities' response. As previously stated, some of the customers testified that Envirolink's customer service has improved and that Envirolink has been providing more frequent and timely communications. Numerous options for communication

methodology have been proposed and implemented, and due to varying degrees of communication preferences by individuals, reaching the entire community has proven to be challenging. Currently, daily reports are being provided to Eagle Creek residents via e-mail to let them know the current exact status of the System. The residents' response to the greater extent of communication has been favorable. Sandler Utilities will take any appropriate measures to ensure that Envirolink continues to provide appropriate customer service to the Eagle Creek residents.

Additional concerns of David Shephard. Mr. Shephard testified that when Envirolink took over operations from Enviro-Tech, Envirolink did not have any employees who knew how to operate and repair the Vacuum Collection System.

Sandler Utilities' response. As noted previously, Sandler Utilities enlisted Flovac to train Envirolink's personnel about how to operate, maintain, and repair the Vacuum Collection System. Flovac was also recently on-site at the Eagle Creek Subdivision to perform consultation on operations of the system. In regard to the recently installed remote monitoring system, Flovac has conducted training for Envirolink personnel to demonstrate the features of the remote monitoring system and explain how to interpret the information displayed on the graphs created by the monitoring system. Additionally, Flovac is monitoring the Vacuum Collection System and is providing reports to Sandler Utilities and Envirolink on observations and recommendations for the system.

STATE OF VIRGINIA

CITY OF VIRGINIA BEACH

VERIFICATION

I, Brittney Willis, being first duly sworn, depose and say that I am duly authorized to act on behalf of Sandler Utilities at Mill Run, L.L.C. as a Senior Project Manager; that I have read the foregoing Report on Customer Comments From Public Hearing Held on February 2, 2022, and that the same is true and accurate to my personal knowledge and belief.

This 4th day of March, 2022.

Brittney M. Willis

Brittney Willis, Senior Project Manager
Sandler Utilities at Mill Run, L.L.C.

Sworn to and subscribed to before me this 4 day of March 2022.

Cynthia G. Shank

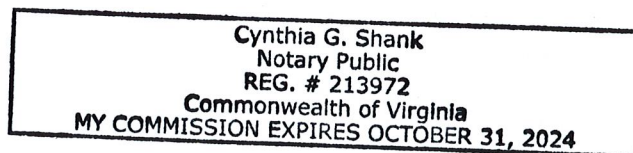
Notary Public (Signature)

(Seal)

Cynthia G. Shank

Notary Public (Printed)

My Commission Expires: 10/31/2024



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Report on Customer Comments From Public Hearing Held on February 2, 2022 filed in Dockets W-1130, Sub 11 and W-1333, Sub 0, has been served on parties of record as shown on the Commission's Service List for these dockets, either by electronic mail or by depositing same in the U. S. Mail, first class delivery, postage prepaid.

This the 4th day of March, 2022.

FOX ROTHSCHILD LLP



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