

# OFFICIAL COPY

## INFORMATION SHEET

PRESIDING: Chairman Finley, Presiding; and Commissioners Dockham, Patterson, Gray, Clodfelter, and Mitchell

PLACE: Buncombe County Courthouse, Asheville, North Carolina

DATE: Wednesday, September 26, 2018

TIME: 7:00 p.m. to 7:45 p.m.

DOCKET NOS.: W-354, Sub 360 *vol. 5*

COMPANY: Carolina Water Service, Inc. of North Carolina

DESCRIPTION: Application by Carolina Water Service, Inc. of North Carolina, 4944 Parkway Plaza Boulevard, Suite 375, Charlotte, North Carolina 28217, for Authority to Adjust and Increase Rates for Water and Sewer Utility Service in All of Its Service Areas in North Carolina, Except Corolla Light and Monteray Shores Service Area.

### APPEARANCES

(See attached.)

### WITNESSES

(See attached.)

### EXHIBITS

(See attached.)

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COPIES ORDERED: Email: Sanford, Casselberry, Holt

REPORTED BY: Marianne Aguirre

TRANSCRIBED BY: Marianne Aguirre

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**OCT 10 2018**

Clerk's Office  
N.C. Utilities Commission

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1	T A B L E O F C O N T E N T S	
2	E X A M I N A T I O N S	
3		PAGE
4	JACK ZINSELMEIR	
5	Direct Examination by Ms. Holt.....	11
6		
7	PHIL REITANO	
8	Direct Examination by Ms. Holt.....	15
9	Cross Examination by Ms. Sanford.....	19
10		
11	GERARD WORSTER	
12	Direct Examination by Ms. Holt.....	20
13		
14	CHUCK VAN RENS	
15	Direct Examination by Ms. Holt.....	27
16		
17	CONNIE BROWN	
18	Direct Examination by Ms. Holt.....	31
19	Cross Examination by Ms. Sanford.....	35
20		
21		
22		
23		
24		

1	E X H I B I T S	
2		IDENTIFIED/ADMITTED
3	Zinselmeir Exhibit 1.....	14/14
4	Van Rens Exhibit 1.....	27/27
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

**NORTH CAROLINA UTILITIES COMMISSION**  
**PUBLIC STAFF - APPEARANCE SLIP**

DATE September 26, 2018 DOCKET # W-354, Sub 360

PUBLIC STAFF MEMBER Gina C. Holt

ORDER FOR TRANSCRIPT OF TESTIMONY TO BE **EMAILED** TO THE PUBLIC STAFF - PLEASE INDICATE YOUR DIVISION AS WELL AS YOUR EMAIL ADDRESS BELOW:

ACCOUNTING \_\_\_\_\_

~~WATER~~ gina.casselberry@psncuc.nc.gov

COMMUNICATIONS \_\_\_\_\_

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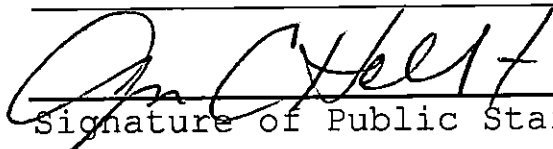
LEGAL gina.holt@psncuc.nc.gov

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\_\_\_\_\_  
Signature of Public Staff Member

**NORTH CAROLINA UTILITIES COMMISSION**  
**APPEARANCE SLIP**

DATE 9-26-18  
DOCKET #: W-354 Sub 360  
NAME OF ATTORNEY Jo Anne Sanford  
TITLE Attorney  
FIRM NAME Sanford Law Office, PLLC  
ADDRESS PO Box 28085  
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**APPEARING FOR:** CWSNC

APPLICANT  COMPLAINANT \_\_\_\_\_ INTERVENOR \_\_\_\_\_  
PROTESTANT \_\_\_\_\_ RESPONDENT \_\_\_\_\_ DEFENDANT \_\_\_\_\_

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Email: Sanford@sanfordlawoffice.com  
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Please check for the **confidential** portion of the transcript, **only if a confidentiality agreement has been signed.**

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JIA

ZINSELMAR ER 1  
JANUARY 3, '18



VAN RENS Ex 1

JH

**Woodhaven Property Owners Assn.**  
**(Docket No. W-354, sub 360)**

Sept. 26, 2018

Dear Sir, NCUC Commissioners and Public Staff,

Please see the enclosed letter, resolution and documents where Woodhaven POA, Inc highly objects to the double digit water rate increases proposed by Carolina Water Service/Utilizes, Inc. to the NCUC. (Docket No. W-354, sub 360) We will be present at the public hearing in Asheville on Sept 26th to clearly make out point of view know.

Please note these comments on Carolina Water Service service, which are resounding positive:

1. When Joe Simmons complained about the Water tank visibly from his back deck- CWS built an agreed green barrier. Thank you, Gary Peacock-CWS.
2. Chad Robinson complained about the visibility of a well security light from their adjoining property - CWS build a green barrier. Thank you, Stacy Adcock-CWS.
3. In resolving a historic easement dispute(Smith property) and not destroying the green barrier between properties we give special thanks the Bryce Mendenhall, VP of Operations.

However, we have a history of double digit increases and will present documentation that the ratio of public to private water cost in NC is way out of line compared with other states. The document included with this mailing shows NC the second highest in the nation. This is not a good thing. The laws and regulations governing private water rate increase are the culprit. They need to be adjusted to result in a reasonable level. Is it possible to make clear, with a short white paper, the exact methodology used by the public staff to evaluate rate increase proposals.

Highest regard,

Chuck Van Rens

Woodhaven POA, Water Chairman



## **(Docket No. W-354, sub 360)**

**What can we do with CWS, NCUC and Public Staff? We are not convinced that the collective group is looking after our interest on rate increases or the wider customers.**

Whereas:

1. Woodhaven POA and Carolina Water Service (CWS) customers are outraged at the 15% water rate increase.
2. The frequency of increases(usually a 2 year cycle) is becoming shorter.
3. Double digit water rate increase by CWS/Utilities, Inc. and historic double digit rate increases are symptomatic of a process that lacks clarity in justification.
4. The complex laws, regulations, and processes of North Carolina Utilities Commission (NCUC) are not customer friendly and give a advantage to lawyer supported CWS/Utilities, Inc. in the rate justification process. We need a simple explanation of evaluation process and methods.
5. Historically, submitted signatures of residents, registering as high as 90% of Woodhaven POA members, do not appear in public record and seem to be ignored.
6. Woodhaven Base rate should be reduced-CWS pays no taxes on well property and the quality of the water requires far less that average treatment.

Therefore, it is resolved that the corporation shall:

1. Seek to contact other customers of CWS/Utilities, Inc. and build a coalition of concern.
2. Undertake a campaign to inform and persuade local, regional, and state government officials of the problems with the laws, regulations, and processes of private water rate increase issues.
3. Will communicate a benchmark of public/private water rate increase comparisons as a ratio between states to keep NC's high ratio in line with the average ratio or even better.

(Docket No. W-354, sub 360)

Chuck questions: Water talk points: A=

B=

C=

A= Local issues concerns(5min max.)

A1. Well #2 off line- public health issue? Legal tussle? Where are we? Property rights vs. purchased water and infrastructure rights?

A2. Piecemeal pipe replacement- costly(multi-sub contractor contracts) and water loss. Efficiency.

A3. Unique community in that CWS does not own the property well, well house or some infrastructure that provide water.

A4. Others

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B=Cost Double digit(5min max.)

B1. Show Rate history. Double digit price increases every year. Who gets that? Why are base rate and price per gallon in lock step?

B2. Compare with HWS lower cost and only 3% increase.(ed. note: what is the per gallon comparison to HWS?) What is the ratio between public and private water in NC. How does it compare with other states? Study shown four years ago showed NC on the every high end of this ratio, maybe the third highest nationwide. In other words the biggest gap between public and private water costs. Where are we now? Have the public staff re-calculated this ratio and compared to other states? Efficiency.

B3. Transparency in costs we have had a tank replacement and recently a back-up generator put in place. Where in public record, what docket, etc. shows the cost for these items? Are all such costs just bundled and thrown at public staff as a number? Our collective experience in business and industry tell us that private companies know or should know its exact and discrete costs. Management 101. Are these costs sent to the public staff. What regulations control public staff analysis?

B4. Why are our base rates the same as bundled customers when CWS doesn't own or pay taxes on the well/well house property as they do on others?

B5=Others

-----  
C=Rigged Process(5min max.)

C1. What are the laws and regulations that determine the CWS/Utilities, Inc water rates? These seem to be the determining factor in water rate process and calculations. How can these formulas be addressed and changed? At what point are double digit rates a political problems?

C2. Public staff?- In what way are they our advocates when rates compound by double digits? Is the public staff proactive? Is the system rigged? Has it polled its customer/private water customers on any issue? Susceptibility for increases? How do we benchmark our efficiency?

C3. NCUC Commissioners- How do you argue your value here? How do you deliver value to NC customers. The public staff is the customer advocate, so are you the water company advocate?

C4. Year on year we have submitted customer signatures protesting the high rate increases. On average approx. 90% of customers signed. What is the total customer population for Utilities, Inc. in NC? If an organized petition drive happened in all those neighborhoods, what do you think the result would be? 90%, 85%, 75% or 50%.

C5. Others

(Docket No. W-354, sub 360)

**Woodhaven/ Pleasant Hill Sub-Divisions History**

**Carolina Water Service Rate Increases - Proposed/Granted**

Date of Increase (M/Y)	Base Increases requested	Base Increase Granted	% of requested increase granted	Cost/Gal increase requested	Cost/Gal increase granted	% of requested increase granted
Mar-05	36%	18%	50%	33%	19%	58%
Jul-07	24%	14%	58%	27%	14%	52%
Jan-09	24%	9%	38%	24%	9%	38%
Mar-11	28%	13%	46%	27%	12%	44%
Mar-15	22.8	14%	61%	22.8	9%	39%
Nov. 2017	23%	9%	40%	23%	20%	87%
For 2019	15%			15%		

Is the time compressing between increase requests? Where is the traditional 2 years cycle?

## Water Bill Comparison Study Compiled by Food & Water Watch

**Table 1. Comparison of Annual Household Water Bills of Public and Private Utilities By State(s)**

State(s)	Annual Household Bill		Percent that Private Prices are Greater
	Municipal or Local Government Utility	Private or Investor Owned Utilities	
Alaska <sup>3</sup>	\$441.84	\$458.79	4%
Arizona <sup>4</sup>	\$225.00	\$329.40	46%
Arkansas <sup>5</sup>	\$273.83	\$344.68	26%
California <sup>6</sup>	\$415.86	\$500.42	20%
Connecticut <sup>7</sup>	\$300.72	\$398.13	32%
Delaware <sup>8</sup>	\$256.20	\$449.40	75%
Florida <sup>9</sup>	\$300.96	\$360.02	20%
Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin <sup>10</sup>	\$280.44	\$318.72	14%
Illinois <sup>11</sup>	\$240.84	\$326.88	36%
Indiana <sup>12</sup>	\$232.68	\$318.81	37%
Iowa <sup>13</sup>	\$219.84	\$314.16	43%
Kentucky <sup>14</sup>	\$316.07	\$361.21	14%
Maryland <sup>15</sup>	\$232.50	\$381.00	64%
Massachusetts <sup>16</sup>	\$357.00	\$481.00	35%
Maine <sup>17</sup>	\$331.31	\$362.81	10%
New Hampshire <sup>18</sup>	\$411.70	\$582.00	41%
New Jersey <sup>19</sup>	\$258.00	\$318.00	23%
New Mexico <sup>20</sup>	\$259.83	\$356.34	37%
North Carolina <sup>21</sup>	\$204.12	\$344.76	69%
Ohio <sup>22</sup>	\$444.73	\$510.40	15%
Oregon <sup>23</sup>	\$271.79	\$313.97	16%
Pennsylvania, New Jersey, Maryland <sup>24</sup>	\$289.20	\$367.20	27%
Tennessee <sup>25</sup>	\$306.00	\$381.00	25%
Texas <sup>26</sup>	\$329.40	\$553.80	68%
Utah <sup>27</sup>	\$307.23	\$359.05	17%
West Virginia <sup>28</sup>	\$375.40	\$456.82	22%
Wisconsin <sup>29</sup>	\$252.03	\$400.55	59%
Wyoming <sup>30</sup>	\$261.83	\$343.00	31%
<b>Average</b>			<b>33%</b>

- 11 Dziegielewski, Ben et al. "Water Rates and Ratemaking Practices in Community Water Systems in Illinois." Southern Illinois University – Carbondale, Department of Geography. July 2004 at III – 17; Illinois Commerce Commission, Water Department. "Illinois Public Water Utilities with 1,000 or More Customers Rate Structure Expressed in Gallons – General Service." January 1, 2004.
- 12 Indiana Utility Regulatory Commission, Water Sewer Division. "2009 Annual Water Bill Analysis." January 1, 2009 at 1 to 5.
- 13 Rate schedules compiled from Web sites for all utilities serving more than 20,000 people (large utilities and very large utilities). Schedules for 4 out of 21 utilities were not found. Public system count = 15, private for-profit system count = 2. On file with Food & Water Watch.
- 14 Allen & Hoshall. "Kentucky Water and Sewer Rate Survey." August 21, 2006.
- 15 Rate schedules compiled from Web sites for all utilities serving more than 3,300 people (medium sized utilities and larger). Schedules for 11 out of 57 utilities were not found. Public system count = 41, private, for-profit system count = 2. On file with Food Water Watch.
- 16 Tighe & Bond. "2006 Massachusetts Water Rate Survey." 2006 at 1 to 58; Safe Drinking Water Information System Pivot Tables, 2007.
- 17 Maine Public Utilities Commission. "Cost of water at selected usages." January 2008.
- 18 New Hampshire Department of Environmental Services. Drinking Water and Groundwater Bureau. "2006 Water rate survey larger water systems." (WD-DWGB-16-5). 2009 at Appendix B.
- 19 Peretz, Blossom A. et al. New Jersey Division of the Ratepayer Advocate. "Position papers on the water and wastewater resources of New Jersey." May 2001 at 7.
- 20 New Mexico Environment Department. Construction Programs Bureau. "Municipal Water and Wastewater User Charge Survey for 2007 Rates (Based on 6,000 gallons/month – December 2007)." May 2008; Safe Drinking Water Information System PWS Inventory, 2007; Olson, Thomas W. New Mexico-American Water Company, Inc. Re: Case No. 06-00208-UT. Filed with the New Mexico Public Regulation Commission, Records Bureau. June 25, 2007.
- 21 North Carolina Utilities Commission. Division of Fiscal Management. "Major Activities through December 2007 with Statistical and Analytical Data through 2006." (XXXVIII). February 1, 2009 at 138.
- 22 Ohio Environmental Protection Agency, Office of Fiscal Administration, Economic Analysis Unit. "2007 Sewer and Water Rate Survey." July 2008 at 21 to 31; Public Utilities Commission of Ohio. "2007 Annual Report." 2007 at 11.
- 23 Oregon State University and the League of Oregon Cities. "Water/Wastewater Rates and Charges." December 2004 at 10 to 14; Public Utility Commission of Oregon. "2007 Oregon Utility Statistics." 2007 at 86; Sloan, Renee. Oregon Public Utility Commission. Testimony on Application to Request for a General Rate Increase. Docket No. UW 122. November 20, 2007 at 2, 6-7.
- 24 Corrozi Narvaez, Martha and Maureen H.S. Nelson, 2008 at 5.
- 25 Allen & Hoshall. "Tennessee Water and Sewer Rate Survey." June 2008; Public Water System Inventory Data, 2007; Tennessee-American Water. "Eight Revision of Sheet No. 3-R." TRA No. 19. September 26, 2008 at 3, 8, 11.
- 26 Texas Municipal League. "2009 Annual TML Water and Wastewater Survey Results." 2009 at Water Fees by Population Category Summary; Texas-American Water. [Brochure]. "Notice of proposed water rate change." February 21, 2008.
- 27 Utah Department of Environmental Quality, Division of Drinking Water. "2006 Survey of Community Drinking Water Systems." December 2007 at Appendix B; Public Water System Inventory Data, 2007.
- 28 West Virginia Public Service Commission. "Water Utility Cost Ranking as of May 15, 2009." May 15, 2009; West Virginia Public Service Commission. PSC Database. Available at [www.psc.state.wv/utilities/default.htm](http://www.psc.state.wv/utilities/default.htm), accessed May 2009; Jarrett, David. Public Service Commission of West Virginia. Annual Reports & Tariffs Section. "Annual Statistical Report." December 31, 2007 at 10 to 19.
- 29 Public Service Commission of Wisconsin. Water Bill Comparison. Available at [psc.wi.gov/apps/waterbill/bulletin25/default.asp](http://psc.wi.gov/apps/waterbill/bulletin25/default.asp), accessed April 22, 2009; Public Service Commission of Wisconsin. Utility Provider Lookup. Available at [psc.wi.gov/apps/utility/content/findunf.aspx](http://psc.wi.gov/apps/utility/content/findunf.aspx), accessed April 22, 2009.
- 30 Wyoming Water Development Commission. "Water System Survey Report." 2007 at Report #1 and Report #4.