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2 PLACE: Watauga County Courthouse, Boone,  
3 North Carolina

4 DATE: July 22, 2015

5 DOCKET NO.: W-354, Sub 344

6 TIME IN SESSION: 7:01 P.M. TO 7:35 P.M.

7 BEFORE: Chairman Edward S. Finley, Jr., Presiding

8 Commissioner Bryan E. Beatty

9 Commissioner ToNola D. Brown-Bland

10 Commissioner Don M. Bailey

11 Commissioner Jerry C. Dockham

12 Commissioner James G. Patterson

13

14 IN THE MATTER OF:

15 Application of Carolina Water Service, Inc., of North  
16 Carolina, 2335 Sanders Road, Northbrook, Illinois 60062,  
17 for Authority to Adjust and Increase Rates for Water and

18 Sewer Utility Service in All of Its Service Areas in

19 North Carolina

20

21 VOLUME 5

22

23

24

1 A P P E A R A N C E S:

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8 USING AND CONSUMING PUBLIC

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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		
4	.....	PAGE
5	LINDA NORMAN	
6	Direct Examination by Ms. Holt.....	8
7	Cross Examination by Ms. Sanford.....	18
8	Examination by Commissioner Bailey.....	19
9	Examination by Commissioner Brown-Bland.....	21
10		
11	BRENDA COUNCILL	
12	Direct Examination by Ms. Holt.....	21
13	Cross Examination by Ms. Sanford.....	25
14		
15	DAVID LANE	
16	Direct Examination by Ms. Holt.....	26
17	Examination by Commissioner Beatty.....	27
18	Examination by Commissioner Bailey.....	28
19		
20		
21		
22		
23		
24		

1	T A B L E O F C O N T E N T S	
2	E X H I B I T S	
3		
4		IDENTIFIED/ADMITTED
5	LANE EXHIBIT 1.....	27/27
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
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## 1 P R O C E E D I N G S

2 CHAIRMAN FINLEY: Good evening, ladies and  
3 gentleman. Let's come to order and go on the record. My  
4 name is Edward Finley. With me are -- this evening are  
5 Commissioners Bryan E. Beatty, ToNola D. Brown-Bland, Don  
6 M. Bailey, Jerry C. Dockham, and James G. Patterson.

7 The Commission now calls for a hearing at this  
8 time for the purpose of taking non-expert public witness  
9 testimony, Docket Number W-354, Sub 344, In the Matter of  
10 Application of Carolina Water Service, Inc. of North  
11 Carolina for Authority to Increase Rates for Water and  
12 Sewer Utility Service in All Service Areas in North  
13 Carolina.

14 On March 31, 2015, Carolina Water Service filed  
15 an application with the Commission seeking authority to  
16 increase its rates for providing water and sewer utility  
17 service in all of its service areas in North Carolina.

18 On April 30, 2015, the Commission issued its  
19 Order Establishing General Rate Case and Suspending  
20 Rates. Pursuant to this Order, the Commission declared  
21 this proceeding to be a general rate case pursuant to  
22 G.S. 62-137 and suspended the proposed new rates for up  
23 to 270 days pursuant to G.S. 62-134.

24 On May 11, 2015, Carolina Water filed its

1 notice regarding its semiannual WSIC/SSIC surcharge  
2 application. In its filing the Company states that it  
3 does not intend to file an application for a semiannual  
4 adjustment of the Company's Commission-authorized  
5 WSIC/SSIC surcharge mechanism on August 1, 2015, where  
6 such rider would become effective October 1, 2015.

7           On May 13, 2015, Carolina Water filed a letter  
8 stating that given the timing of its general rate case  
9 filing, the evidentiary hearing would normally have been  
10 set for a date near the end of August or early September  
11 2015; however, at Carolina Water's request, the  
12 evidentiary hearing date was extended approximately 30  
13 days to October 5, 2015.

14           On May 15, 2015, Corolla Light Community  
15 Association, Inc., filed a petition to intervene in this  
16 matter, which was granted by Commission Order issued May  
17 19, 2015.

18           On May 22, 2015, the Commission issued its  
19 Order Scheduling Hearing and Requiring Customer Notice  
20 which, among other things, scheduled the application for  
21 evidentiary hearing on October 5, 2015, and scheduled  
22 this public witness testimony hearing for this date at  
23 this time, in this place.

24           On July 1, 2015, Carolina filed its ongoing

1 three-year water system improvement charge (WSIC) and  
2 sewer system improvement charge (SSIC) plan.

3 Several consumer statements of position have  
4 been filed in this docket.

5 Pursuant to the State Ethics Act, I remind  
6 members of the Commission of their duty to avoid  
7 conflicts of interest and inquire whether any member of  
8 the Commission has a known conflict of interest with  
9 regard to the matters coming before the Commission  
10 tonight?

11 (No response.)

12 CHAIRMAN FINLEY: There appear to be no  
13 conflicts, so we will proceed.

14 I now call on the parties to introduce their  
15 appearances beginning with the Applicant.

16 MS. SANFORD: Thank you, Chairman Finley,  
17 members of the Commission. I'm Jo Anne Sanford with the  
18 Sanford Law Office representing Carolina Water. With me  
19 at counsel table is Martin Lashua of Carolina Water, and  
20 we have some company representatives who I will ask to  
21 raise their hand who are available to help with any  
22 customer questions. Thank you.

23 MS. HOLT: Good evening. I'm Gina Holt with  
24 the Public Staff here on behalf of the Using and

1 Consuming Public, and with me at counsel table is Public  
2 Staff Engineer, Gina Casselberry.

3 CHAIRMAN FINLEY: Very well. Are there any  
4 preliminary matters that we need to address before we get  
5 started?

6 MS. SANFORD: No, sir.

7 CHAIRMAN FINLEY: All right. Public Staff have  
8 witnesses?

9 MS. HOLT: Yes. Public Staff calls Ms. Linda  
10 Norman.

11 LINDA NORMAN; Being first duly sworn,  
12 testified as follows:

13 DIRECT EXAMINATION BY MS. HOLT:

14 Q Ms. Norman, could you please state your name  
15 and address for the record?

16 A Linda Lillo Norman, 182 Old Hickory Lane,  
17 Blowing Rock, and that's in the subdivision of Misty  
18 Mountain.

19 Q And are you a customer of Carolina Water  
20 Service, Inc.?

21 A I am.

22 Q Please proceed.

23 A Thank you once more for this opportunity to  
24 speak to you all in reference to rate changes by Carolina



1 Water. I would, first of all, acknowledge directly to  
2 the Utilities Commission our thanks and appreciation for  
3 listening to the mountain communities about our flat rate  
4 charges that were based upon arbitrary usage estimates.  
5 Your recommendation and direction to Carolina Water to  
6 install meters in the mountain will definitely resolve  
7 this concern. The installation at Misty Mountain will  
8 probably begin near the end of July and should be  
9 completed sometime in August, obviously prior to  
10 finishing up this wage increase. I also would like to  
11 personally thank Martin Lashua, Tony Konsul and Rex Woody  
12 of Utilities, Inc. They continue to be extremely helpful  
13 and responsive in everything that we have asked, and I  
14 only think it's fair in my testimony to recognize their  
15 efforts.

16 The installation of 1,100 meters for the seven  
17 mountain communities will be costly for Carolina Water,  
18 but it might also result in the realization of the amount  
19 of treated water that is wasted month after month by  
20 massive leakage. When I left the hearing in October of  
21 2013, I spoke to Gina Casselberry, and she happened to  
22 mention to me that Misty Mountain homeowners were using  
23 around 9,000 gallons a month in water. How could that  
24 possibly be when only about 10 of our 145 residents are

1 full-time residents? I immediately communicated with Mr.  
2 Lashua over my concern. He promptly sent me a report  
3 giving me a 21-month review of Misty Mountain's water  
4 system from January 2012 to September 2013. It did show  
5 the average monthly produced water was 1,221,000 gallons  
6 or 8,500 gallons per flat rate customer.

7           Were there large leaks in the system or were  
8 careless homeowners who were not in their homes on the  
9 majority of the year wasting water through leaky faucets  
10 or toilets? Without meters there will be no way to  
11 determine the user. My feelings lean toward large leaks  
12 in the system, as statistics show that even with three  
13 faucets dripping in a house five times per minute, that  
14 only represents approximately 520 gallons in a year.  
15 Even if it were a few houses that were careless about  
16 dripping faucets, it wouldn't be all 145 homeowners.  
17 Folks all around are much more conscious of our land and  
18 our natural resources. They would not wish to waste this  
19 resource. I personally turn off the water when I brush  
20 my teeth, and I'm sure most of you do.

21           In May of 2014, Mr. Woody notified us that  
22 Carolina, Inc. was sending over a company that utilized  
23 helium water leak detection, technology for finding water  
24 leaks in our community, so we were very pleased about

1 that. Within a day or so of forcing helium through the  
2 lines, six leaks were repaired and represented 770,000  
3 gallons of wasted treated water that was happening on our  
4 mountain. Well, now, if I take 1,220,000 gallons and I  
5 subtract the 770, I was real hopeful, this is going to  
6 bring us down to about 3,000 gallons a month. In the  
7 summer when people are there, maybe that looks a little  
8 bit -- much better.

9 A couple weeks ago I asked Carolina Water for  
10 another updated report just to see what happened over the  
11 last 12 months. I wanted to feel good about our mountain  
12 system in that we were paying for what we were using.  
13 This report showed water produced continued to be  
14 extremely high. January through April, where there were  
15 ten residents in the mountain during the wintertime, it  
16 was still up to 1,000,000 gallons a month. Even with  
17 Carolina's effort to find the leaks, until the meters are  
18 fully functional, the realization of what and where the  
19 produced water is going we will not know. And I question  
20 with the rate of return regulation, does it encourage  
21 Utilities, Inc. to continue to proceed in finding these  
22 leaks?

23 This brings me to why am I here today? The  
24 latest 23 percent proposed rate increase for most of

1 Carolina Water's customers in North Carolina, I'm here --  
2 Misty Mountain actually is presently in a very good  
3 position as we begin to pay for the water that we are  
4 actually using, but I'm here to speak for those customers  
5 who do not step forward to tell North Carolina Utilities  
6 Commission of their impact that these constant increases  
7 have upon them. The base facilities charge and also the  
8 usage charge has increased 51 percent since 2009. And if  
9 this increase is approved, many customers are seeing very  
10 little in wage increases and the inflation rate from 2009  
11 to '14 is less than ten percent.

12           What's happening with Carolina Water to demand  
13 such frequent and large rate increases? What are the  
14 reasons that were given to the Commission in the request  
15 to raise the rates once more? Could it be due for an  
16 aging infrastructure that they are struggling to  
17 maintain? Are there valid, obvious needs that we as  
18 customers would understand? To answer these questions, I  
19 reviewed the application for a general increase in rates  
20 and found in Item 19 their answer, and I quote:

21 "Carolina Water Service of North Carolina is unable to  
22 achieve the level of earnings specified by the Commission  
23 in the Company's last general rate case. The failure to  
24 see these level of earnings was caused by increased

1 operating cost to upgrade the level of service, increased  
2 operating cost and capital investments required to comply  
3 with service obligations and changes in consumption."

4           Wait a minute. This sounds familiar. Let me  
5 go back to the last two dockets that we -- that I spoke  
6 to you at, 324 and 336 for 2009 and 2013, and I repeat,  
7 "The Company has been unable to achieve the level of  
8 earnings specified by the Commission in the last general  
9 rate case. The failure to achieve this level of earnings  
10 was caused by increased operating cost to upgrade the  
11 level of service, increased operating cost and capital  
12 investments required to comply with the service  
13 obligations and changes in consumption," word for word  
14 the same template. The changes in consumption in 2009,  
15 Carolina Water indicated was caused by the fall of the  
16 economy in 2008 with many foreclosures. But since the  
17 last rate increase in 2014, I don't believe there's any  
18 evidence of that. Today on the news Wells Fargo is  
19 letting off 20 people in Charlotte because foreclosures  
20 have decreased so much that they don't need to have that  
21 many people. So the changes in consumption, I'm not  
22 seeing where that's happening again.

23           The only changes that may -- they made in their  
24 template from 2009 was when they removed the word

1 "inflation." When I questioned in my testimony in 2010  
2 and I reminded them that inflation was at the lowest  
3 level in many years, and the 2013 case they modified --  
4 the modifications only for the reasons for the increase  
5 was the removal of the word "inflation." And Carolina,  
6 whether its application to the Commission, they obviously  
7 do not feel it's necessary to change a word in their  
8 request as they expect a simple stamp of approval. The  
9 whole document is simply a template with each word copied  
10 over and over every two years, with a premise that the  
11 customer will think these changes are inevitable.

12 In Sub case 336, the Commission accepted the  
13 water and wastewater system improvement charge to assist  
14 Carolina Water between hearings, possibly slow down the  
15 application for proposed rate increases. Obviously, it's  
16 not working. The Public Staff Finance Department will  
17 diligently review the financial statements provided by  
18 Carolina Water. At my vantage point, neither I nor any  
19 other ordinary customer have reasonable ability to see  
20 the complete picture of the financials, but I was able to  
21 review once more, one more time, the revenue for  
22 unmetered customers.

23 I'd like to question how the reduction in our  
24 rates that happened due to the repeal of the gross

1 receipts tax and state corporate income tax, effective  
2 July 1st, 2014 with House Bill 998, is represented on the  
3 financials. With the repeal of the taxes, our rates went  
4 down from 36.06 to 34.52, \$1.54 a month, which is four  
5 percent. Now, if you look at the test year of August to  
6 the prior year, it's showing they have -- they have a  
7 reduction in their revenue, a decrease. So are they  
8 looking to the customer to bring back that four percent,  
9 because within that -- our billing was that tax. And so  
10 obviously, if you're going to compare against the year  
11 where the taxes were there and the year that the taxes  
12 aren't there, there's four percent they're short. Yeah,  
13 yeah. Their revenue has decreased. So we need to look  
14 at the prior year test period and back that revenue down  
15 by that tax because you're not -- you're comparing apples  
16 to oranges.

17 Do the administrators care about controlling  
18 cost? Why do I question this? July 21st, 2014, I  
19 decided to go paperless. I'm going to save the company  
20 money. I'm going to reduce paper waste. Unfortunately,  
21 Carolina Water doesn't understand what paperless means,  
22 as I continue to receive paper bills month after month  
23 after month. I called customer service, "I'm on  
24 paperless." I get an email with a PDF file with my bill,

1 but I still get in the mail invoices, printing, paper,  
2 envelope, stamps. So give me the confidence that they  
3 really are concerned about controlling cost. How many  
4 other customers is this happening to? Again, unnecessary  
5 cost. It's just a symptomatic indicator of what might be  
6 happening. I have such a small, little viewpoint, only  
7 little things that I can see, and what I see I'm not  
8 happy about.

9 The Utilities Commission have a difficult, but  
10 important, task for overseeing the public utility  
11 companies to ascertain that they provide good service to  
12 their customers in an efficient way. In an environment  
13 where there is no competition, increasing their rates or  
14 controlling their costs aren't the same as in the private  
15 sector. How can they continue to raise the rates double-  
16 digit every two years? When and where will this stop?  
17 Thank you.

18 CHAIRMAN FINLEY: Ms. Holt, questions?

19 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

20 Q Mrs. Norman, first, it's great to see you back.

21 A Thank you.

22 Q For the commissioners who don't know, how --  
23 how many years have you resided in Misty Mountain?

24 A About 27.



1 Q And are you a full-time resident?

2 A No.

3 Q Okay. About how many months of the year?

4 A Five months.

5 Q Okay. Now, you stated that Mr. Woody came and  
6 checked homes for leaks?

7 A No. Actually, the whole entire water system.  
8 They put -- they actually punctured holes through asphalt  
9 and they were able to put in the helium. But they worked  
10 -- you know, they communicated with us and we knew what  
11 was happening and...

12 Q Okay. Have you had any service-related  
13 problems?

14 A No. I did have one person who was telling me  
15 that she was having some problem with muddy water, this  
16 and that. And I was like, "Really?" And so I did call  
17 her on the phone and she hadn't been in the home for  
18 about a year and, you know, so she said that when it ran  
19 it was, you know, a little bit. I said, "Well, when you  
20 come back, they're going to come back into the house,"  
21 and I said, "I'm sure if you have any problem,  
22 communicate with Carolina Water and they'll come out and  
23 check because we're not hearing that from anybody else in  
24 our mountain of a problem with the quality of the water."

1 Q Now, just to clarify, you stated that there are  
2 a total of 145 homeowners in the subdivision?

3 A Uh-huh.

4 Q And -- but only ten are full-time residents?

5 A Uh-huh. They're there during the winter.

6 Q Now, to follow up on your -- the last statement  
7 you made regarding going paperless, --

8 A Uh-huh.

9 Q -- how did you initiate that process?

10 A I think it might have been -- try to remember  
11 back in October, because usually you get -- every time  
12 you get your bill, you get asked if you want to go  
13 paperless, you know. So I believe that it was -- I  
14 probably went online. I really can't remember. I think  
15 it was online. And when I did call up, they did see that  
16 I was paperless and that they would talk to the  
17 supervisor and get it corrected.

18 Q Has it been corrected?

19 A No.

20 Q Thank you.

21 MS. HOLT: I have no further questions.

22 CHAIRMAN FINLEY: Ms. Sanford?

23 MS. SANFORD: Just one quick question.

24 CROSS-EXAMINATION BY MS. SANFORD:

1 Q Hi, Ms. Norman.

2 A Hi.

3 Q Thank you for coming back. On what I think is  
4 the good news front, Mr. Woody has indicated to you that  
5 the meters should be installed in Misty Mountain in,  
6 what, two weeks, three weeks?

7 A He said -- well, originally it was going to be  
8 around the 15th of July, but then I got an email a couple  
9 days ago and said they were -- the contractor had eight  
10 more meters to put in this other mountain community and  
11 then they'd be coming over to Misty and he'd let us know.

12 Q Okay. And Mr. Woody and you stay in contact  
13 about the progress of this --

14 A He --

15 Q Is that correct?

16 A He said he promised that he would communicate.

17 Q Okay.

18 MS. SANFORD: That's it. No more questions.

19 Thank you.

20 CHAIRMAN FINLEY: Questions from the  
21 Commission?

22 EXAMINATION BY COMMISSIONER BAILEY:

23 Q Ms. Norman, thank you for being here. It's  
24 your understanding that when you get the separate meters,

1 that they're also going to keep the main meter on the  
2 service that's there now so they'll be able to --

3 A Yeah, yeah.

4 Q -- be able to tell a difference between the  
5 uses --

6 A Right. Yes.

7 Q -- of what the main meter says and what the  
8 individual meter says?

9 A Right. I think Tony was talking to me about  
10 that, you know, or Martin, that, you know, once we know  
11 -- once -- once they see out of all 145 that they've only  
12 used, you know, some houses nothing, you know, they're  
13 going to be able to then determine --

14 Q They'll still know they've got a leak  
15 somewhere?

16 A They've got a -- I just don't understand how  
17 when they found within one day 770,000 gallons and then  
18 now we're still using a million a month, obviously  
19 there's other leaks. And that's why, like I said, when I  
20 was asking for what are the reasons, maybe it's an  
21 infrastructure failing, you know.

22 MR. BAILEY: Thank you, ma'am. I appreciate  
23 it.

24 CHAIRMAN FINLEY: Other questions? Commissioner

1 Brown-Bland.

2 EXAMINATION BY COMMISSIONER BROWN-BLAND:

3 Q Do you recall when it was you first called to  
4 complain about still receiving paper bills?

5 A September 14, 2014. So it was July I had it  
6 activated, and then August I was paperless, and then in  
7 September I got the invoi--- you know, email, but I still  
8 kept getting the paper, you know, so I called, but I  
9 wasn't going to call every month.

10 CHAIRMAN FINLEY: Questions on the Commission's  
11 questions?

12 MS. SANFORD: No.

13 CHAIRMAN FINLEY: All right, Ms. Norman. Thank  
14 you for coming tonight.

15 MS. NORMAN: You're welcome.

16 MS. HOLT: Ms. Brenda Councill.

17 BRENDA COUNCILL; Being first duly sworn,  
18 testified as follows:

19 DIRECT EXAMINATION BY MS. HOLT:

20 Q Could you please state your name and address  
21 for the record?

22 A Yes. Brenda Councill, 173 Vail Drive, Blowing  
23 Rock, North Carolina. I'm in the Ski Mountain  
24 subdivision. That is on -- commonly known as Appalachian

1 Ski Mountain or Flattop Mountain. We have an active  
2 homeowner and property owner association, and we've --  
3 we've had many inquiries with Carolina Water and  
4 inconsistencies that have been addressed over a 20-year  
5 period.

6 I have been active in the community as one of  
7 the board members on the POA for the last seven years,  
8 and I know that we've had representatives in the past  
9 that have come to the hearings. I assume you've gotten  
10 perhaps some petitions or letters addressed to you in  
11 regard to some of the infrastructure problems on this  
12 mountain.

13 The subdivision, most of the homes were built  
14 in the 70's and the 80's. And the upgrades, I -- I have  
15 never gotten a full accounting of the upgrades to that --  
16 to the system that services our subdivision, so I would  
17 love to really fully understand that. And, of course,  
18 today I'm simply questioning another rate increase. We  
19 just had a rate increase three years ago.

20 I personally am affected like this; we largely  
21 have a retiree community. They're on fixed incomes. You  
22 know, there may be a silent majority out there; they're  
23 not here tonight, but I can tell you it's stirring and  
24 they're very unhappy about this current increase. And I

1 simply want an explanation as to why we're having this  
2 increase. Is it -- is it -- is the -- I understand  
3 digital meters are being put in place. That's obviously  
4 a legitimate answer. But since we just had a rate  
5 increase three years ago, I'm just kind of stupefied at  
6 why the increase is occurring at this point in time.

7           And I can second Ms. Norman's inquiries in a --  
8 I agree with her wholeheartedly on her complaints. Misty  
9 Mountain is very similar to our mountain as far as its  
10 age and its existing infrastructure. So I'm just simply  
11 here to query why, and I feel like all of us that are  
12 practicing conservation efforts are not being rewarded.  
13 In fact, we're being penalized. It's as though you want  
14 us to use more water, and that's not what we're doing.  
15 We're conserving water. And I think if you certainly  
16 looked at my yearly annual consumption, you would -- you  
17 would see my efforts are in place. And so I feel  
18 personally penalized by the per-gallon increase and the  
19 rate increase. So that's really why I'm here this  
20 evening.

21           CHAIRMAN FINLEY: Ms. Holt, do you have  
22 questions of Ms. Council?

23           MS. HOLT: Yes.

24           CONTINUED DIRECT EXAMINATION BY MS. HOLT:

1           Q     Ms. Councill, how long have you been a -- are  
2     you a full-time resident of Ski Mountain?

3           A     I do travel, so I -- one of the things I agreed  
4     with with the past testimony with Ms. Norman was when I  
5     turn my water off completely, I'm continued -- there is a  
6     continued use of consumption that I've called about on  
7     several occasions, and the explanation I get is that it's  
8     simply my fault. There must be something leaking. The  
9     water is turned off at the street and in the house, so  
10    I'm not sure, you know. So I've personally put up with  
11    this and a lot of other homeowners in our subdivision  
12    have, too. Again, we're 65 homes. So that's a  
13    disturbing revelation.

14          Q     How often do you completely turn off your  
15    water?

16          A     At least once a year.

17          Q     Once a year. For how long?

18          A     It might be turned off for a month, could be  
19    two months.

20          Q     Do you have a metered rate?

21          A     Yes, I do.

22          Q     Oh, you do? Okay.

23          A     Yeah.

24          Q     Okay. Have you had any service-related



1 concerns?

2 A Other than the ones that I mentioned regarding  
3 being billed for water that I'm not there using, that  
4 would be a complaint.

5 Q Thank you.

6 MS. HOLT: I have no further questions.

7 CHAIRMAN FINLEY: Ms. Sanford?

8 MS. SANFORD: I have one question for  
9 clarification.

10 CROSS-EXAMINATION BY MS. SANFORD:

11 Q How many months a year on average are you in  
12 residence at this time?

13 A Well, I am a full-time resident, so I'm not a  
14 seasonal resident. Again, many on our mountain are. I'm  
15 there at least eight months a year.

16 Q All right. Thank you.

17 CHAIRMAN FINLEY: Questions by the Commission?

18 (No response.)

19 CHAIRMAN FINLEY: All right. Ms. Councill,  
20 thank you for coming tonight.

21 THE WITNESS: Thank you.

22 MS. HOLT: Public Staff calls Mr. David Lane.

23 DAVID LANE; Being first duly sworn,

24 testified as follows:

1 DIRECT EXAMINATION BY MS. HOLT:

2 Q Would you please state your full name and  
3 address for the record?

4 A Okay. My name is David Michael Lane. I am not  
5 a resident of Sugar Mountain; I am the town manager.  
6 I've been requested by the town council and citizens of  
7 Sugar Mountain to address the Commission. Thank you.

8 Q Please proceed.

9 A First of all, Carolina Water and the Village of  
10 Sugar Mountain have a good working relationship, but the  
11 citizens and the town council are concerned about the  
12 amount of the rate increase they've asked for,  
13 considering the CPI and such as that, and they just  
14 wanted me to come and express our concern about the high  
15 request that they feel that has been requested of the  
16 Commission.

17 Q Mr. Lane, did you -- I'm sorry.

18 A No, I'm fine.

19 Q I'm sorry. Jumping ahead there. This morning  
20 I believe a letter was submitted by the Village of Sugar  
21 Mountain which -- attached to which was a resolution  
22 objecting to the rate increase by Carolina Water  
23 Service --

24 A Uh-huh.

1 Q Is that correct?

2 A Yes.

3 Q Would you like to have that admitted into  
4 evidence?

5 A Please.

6 MS. HOLT: At this time I'd like to present  
7 what I've marked as Lane Exhibit 1, and I have shown it  
8 to counsel.

9 CHAIRMAN FINLEY: We'll mark it as Lane Exhibit  
10 1 and no objection shall be noted.

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

14 MS. HOLT: We'd like to ask that Lane  
15 Exhibit --

16 CHAIRMAN FINLEY: It's been admitted.

17 MS. HOLT: Thank you.

18 CHAIRMAN FINLEY: Ms. Sanford?

19 MS. SANFORD: I have no questions. Thank you  
20 very much.

21 CHAIRMAN FINLEY: Questions by the Commission?

22 COMMISSIONER BEATTY: Mr. Chairman, I have a  
23 question.

24 EXAMINATION BY COMMISSIONER BEATTY:

1 Q Mr. Lane, is the town opposed to any increase  
2 or just the amount stated?

3 A Well, no. We understand that just like at the  
4 town each year expenses do go up, but they just do feel  
5 -- you know, we're talking double digits here, and they  
6 just feel that they rate increase they've asked for is  
7 excessive.

8 COMMISSIONER BEATTY: Thank you, sir.

9 CHAIRMAN FINLEY: Questions on Commissioner  
10 Beatty's questions? Commissioner Bailey?

11 EXAMINATION BY COMMISSIONER BAILEY:

12 Q It's Mr. Lane; is that correct?

13 A Yes.

14 Q From a town standpoint, have you got any  
15 service issues with Carolina Water?

16 A No. We work very good with Carolina Water and,  
17 you know, we have certain ordinances about road cuts and  
18 that type stuff, and they always, you know, follow our  
19 ordinances and are quite responsive and quick in doing  
20 so.

21 Q How many -- how many residents are there?

22 A Well, there's 200 full-time residents, but  
23 there's over 1,500 homes and condominiums.

24 Q Okay. 1,500. Appreciate that.

1                   CHAIRMAN FINLEY:  Anyone else?  Questions on  
2   the Commissioners' questions?

3                   MS. SANFORD:  No, sir.

4                   CHAIRMAN FINLEY:  Mr. Lane, thank you for  
5   coming out tonight.

6                   MR. LANE:  Thank you.

7                   MS. HOLT:  There are no more witnesses.

8                   CHAIRMAN FINLEY:  Very well.  Thank you all for  
9   coming out tonight.  The Commission will adjourn the  
10   hearing tonight and will reconvene tomorrow night in  
11   Asheville.  Thank you very much.

12                   (The hearing was adjourned at 7:35 p.m.)  
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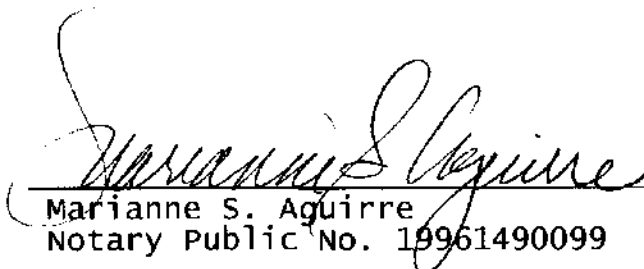
STATE OF NORTH CAROLINA  
COUNTY OF RUTHERFORD

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 No. W-354, Sub 344 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 4th day of August, 2015.

  
Marianne S. Aguirre  
Notary Public No. 19961490099