

**SANFORD LAW OFFICE, PLLC**

Jo Anne Sanford, Attorney at Law

September 18, 2017

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Carolina Water Service, Inc. of North Carolina  
Application for a General Increase in Rates  
Docket No. W-354, Sub 356  
Report on Customer Comments From Public Hearings In Wilmington  
and Raleigh, North Carolina, Held on August 23 and 28, 2017,  
Respectively

Dear Ms. Jarvis:

Carolina Water Service, Inc. of North Carolina hereby submits for  
electronic filing its *Report on Customer Comments From Public Hearings in  
Wilmington and Raleigh, North Carolina, Held on August 23 and 28, 2017,  
Respectively*.

As always, thank you and your staff for your assistance; please feel free  
to contact me if there are any questions or suggestions.

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

Attorney for Carolina Water Service,  
Inc. of North Carolina

c: Parties of Record

OFFICIAL COPY

Sep 18 2017



Operator; Richard Linneman, Financial Planning and Analysis Manager; and Deb Clark, Communications Coordinator.

The Raleigh hearing was held at 7:00 p.m. on August 28, 2017, at the Dobbs Building, 430 North Salisbury Street, in the Commission Hearing Room. Present for the Company were Matthew Klein, Bryce Mendenhall, Richard Linneman, Anthony Gray, Danny Lassiter, and Deb Clark. Jo Anne Sanford represented CWSNC as counsel.

### **OVERVIEW OF THE WILMINGTON PUBLIC HEARING**

Nine (9) witnesses testified, one of whom (Mr. Frank Carroll) spoke on behalf of himself and twenty-eight (28) other customers from Belvedere Plantation (“Belvedere”) who appeared and stood to indicate their collective endorsement of Mr. Carroll’s comments. The other witnesses were all from, or served by, either the Belvedere or the Treasure Cove systems. Each customer who testified expressed concern about the proposed percentage increase in rates, and they variously raised issues about the level of service (including repairs and maintenance), water quality in terms of particulate and hardness issues, customer communications, and rate equity among different kinds of service providers.

The service quality issues were principally confined to three areas: (1) a few instances where there was a “discolored” water supply at Belvedere, whether caused by water main breaks or by issues with the operation of a well; (2) hardness of the water; and (3) customer communications, including information relating to Boil Water Advisories (“BWAs”) and the proposed rate increase. Other areas of customer focus included the differential between other providers’ rates for water and wastewater service and the “average” rates for CWSNC, and the move towards uniform rates which is associated with a large percentage increase for the Treasure Cove customers.

## OVERVIEW OF THE RALEIGH PUBLIC HEARING

Four (4) witnesses testified at the Raleigh hearing. Everyone objected to the amount of the rate increase, two customers focused on rate design and cross-subsidy issues, and two customers spoke to their concern about the financial impact of the rate increase on some customers.

## GENERAL RESPONSES TO CUSTOMER ISSUES

CWSNC believes it is important to explain some principles and facts that impact both the Company's service obligation and the rules that apply to the rate-setting process for public utilities such as CWSNC, assuring protections to customers. The Company appreciates this opportunity to speak to its concerned customers and to its regulators.

1. Proposed Rates – The legal principles that govern ratemaking are set forth in North Carolina General Statutes, Chapter 62, and in rules promulgated by the Utilities Commission under those statutes. By law, CWSNC receives a rate increase only if it proves, in the face of an investigation by the Public Staff (and any Intervenor opposition), that such an increase is authorized under the law, based on the actual cost and level of prudent and reasonable investment in plant and operation. Further, investment in plant is *only* recoverable after it has been made, placed into service, and audited by the Public Staff. This principle—referred to as the “used and useful” requirement—applies whether costs are recovered in a general rate case or under a system improvement charge.<sup>1</sup>

<sup>1</sup> Also, known as the Water System Improvement Charge (WSIC) and the Sewer System Improvement Charge (SSIC).

2. Investment in Replacing Aging Infrastructure – As documented by the U.S. Environmental Protection Agency (“EPA”) and the American Water Works Association (“AWWA”), significant investment is needed throughout North Carolina—more than \$20 billion—to replace aging water and wastewater infrastructure, including drinking water pipes, wastewater collection pipes, and wastewater treatment facilities.<sup>2</sup>
3. Water Quality – Water quality can be impacted by, among other things, unplanned water main breaks, unexpected malfunctioning of equipment, and challenges when implementing capital projects. In 2017, Belvedere experienced several unplanned water main breaks (some attributable to the acts or omissions of third parties), the malfunction of a pump at Well No. 1, and “discolored” water (i.e., sand) entering a portion of the water distribution system as the Company completed a capital project at Well No. 2. See *response to Mr. Carroll, below*.
4. Customer Communications:
  - A. Boil Water Advisories – BWAs are only issued to the customers within a system who need to boil their water. Thus, all customers served by a system may not receive an advisory for any single event. The BWA specifies the relevant customers, by address.
  - B. Legal Compliance Regarding Notice – In a rate case, the Public Notice to customers is prescribed by the requirements of statute and

<sup>2</sup> See, [http://portal.ncdenr.org/c/document\\_library/get\\_file?uuid=df1eeae-d14b-455d-9ad4-73b5d635f057&groupId=14655572](http://portal.ncdenr.org/c/document_library/get_file?uuid=df1eeae-d14b-455d-9ad4-73b5d635f057&groupId=14655572). See also, “Buried No Longer,” American Water Works Association (AWWA) - <http://www.awwa.org/Portals/0/files/legreg/documents/BuriedNoLonger.pdf>; Drinking Water Needs Assessment, U.S. Environmental Protection Agency - <https://www.epa.gov/sites/production/files/2015-07/documents/epa816r13006.pdf>; and Wastewater Needs Assessment, U.S. Environmental Protection Agency - <https://www.epa.gov/cwns/clean-watersheds-needs-survey-cwns-2012-report-and-data>.

is issued by the Commission, based upon the input of CWSNC and the Public Staff. It is a joint effort to provide specific information to all customers about current and proposed rates. In a case like this—the first post-consolidation rate case for CWSNC—the length and complexity of the Public Notice serves the purpose of detail and transparency, yet is likely daunting to many customers who attempt to understand all its contents and the personal impact.

- C. Communication Improvements – CWSNC has recently augmented its communications capacity and is working diligently on additional means to communicate with its customers. Emphasis will be on enhancing the ability to communicate electronically. The success of this approach will depend on the availability and accuracy of various modes of contact, and will thus be a function of customer permission and homeowners' association participation. Customers have very different preferences for how they communicate with the Company, and CWSNC is working to maximize the capacity of the various means of communication.
5. Rate Comparisons – An attempt to make meaningful comparisons between statewide average costs for all water and wastewater service providers and the costs of a provider like CWSNC often results in an “apples to oranges” assessment. The core distinction is found in the concept of “economies of scale.” The costs of serving an individual customer in Raleigh or Charlotte, by a governmental utility enterprise, will likely on average be less than the cost of serving the typical CWSNC customer. The urban areas are densely populated, they generally source water from large surface impoundments or rivers, they treat waste in large central treatment facilities, governmental entities tax their citizens, and they are often not required to utilize “cost-of-service” ratemaking, as are the utilities regulated under Chapter 62 of the

General Statutes. Contrast this to the areas served by CWSNC and others like it: often rural, far less densely populated, and frequently served by smaller waste treatment plants and by hundreds of wells, drawing water up from rock and dispersed across the state. The difference in cost attributes are obvious, and should inform any conversation about comparisons in respective average costs.

6. GenX – The Company has tested for GenX in its groundwater source in the Wilmington area and the reported results are “non-detect.”

#### **SPECIFIC RESPONSES TO CUSTOMER TESTIMONY - WILMINGTON**

1. **Frank (Frances) Carroll, 106 South Belvedere Drive, Belvedere.** *Tr. Vol. 5, pp. 16-38*

As indicated above, Mr. Carroll spoke on behalf of himself and twenty-eight (28) other customers, who were present at the hearing and stood to reflect their approval and adoption of his comments. He also referred to the petition signed by a number of Belvedere customers. (*See Official Exhibits, Vol. 5, Wilmington, Carroll Exhibit 3, pp. 14-24*) Repeating the questions he presented to representatives of the Company at the lengthy public meeting of Belvedere customers (“Public Meeting”), held in Hampstead on August 16, 2017, Mr. Carroll objected to the rate increase and complained about communications (generally), the number of service interruptions, the BWAs, hard water, the “chlorine smell,” reliability and adequacy of the system, and “discoloration” of the water.

#### **RESPONSE:**

- Investment to improve quality of service and water quality. CWSNC has invested within Belvedere an estimated \$4,855,759 since 2015 on various water and sewer capital projects. Much of the recent investment (\$1,049,200) was for upgrades to Well Nos. 1 and 2, including an additional 150,000-gallon

ground storage tank at Well No. 1; new pipeline and booster pumps at Well No. 1; SCADA controls and electrical wiring; and upgrades to Well No. 2 through a larger pump, a larger generator, new piping and SCADA controls to communicate with Well No. 1.

Additional recently-completed, active, and other planned investments to address the customers' concerns about "discolored water" and hardness, include:

- Installation of an automated flushing device on Hickory Drive in Belvedere on September 6, 2017, at a cost of \$3,200;
  - Commitment to resolve "hard water" concerns by installing appropriate treatment systems at Well Nos. 1 and 2 within approximately six (6) months. Acknowledging the support of the Belvedere customers, the Company is moving forward in a timely fashion on the design, permitting, and installation of these treatment systems. On August 17, 2017, CWSNC solicited quotes from an engineering firm for the costs to install the treatment systems. The cost is estimated to be approximately \$800,000, including labor and parts.
  - The Company identified the root cause of the "discolored water": sand from Well No. 2 was being brought up to the surface and pushed into the distribution system. The repair to Well No. 2 should be completed by September 25, 2017. Until then, CWSNC will continue to provide customers with clean, safe, drinking water from Well No. 1. The project cost is estimated to be between \$30,000 and \$50,000.
- Water Main Breaks. The Company's records show: (1) a two-inch water main break on March 14, 2017; (2) a booster pump failure due to a power surge at Well No. 1 on March 22, 2017; (3) another booster pump failure on April 19, 2017, due to a generator malfunction (which was corrected); (4) a well pump



leak in the well-house on April 24, 2017; (5) a water main renovation on Greenview Court on April 25, 2017; (6) a pump failure at Well No. 1 requiring the use of Well No. 2<sup>3</sup>; (7) a repair necessitated on August 23, 2017, by a contractor's backhoe operator, who hit a water main; and (8) an eight-inch main split on September 12, 2017, due to prior improper installation of the water main on top of a boulder. All of these instances required issuance of BWAs by use of the "Voice Response" system, which delivers a voice message to the customer.

Water main breaks are inevitable for various reasons, including aged infrastructure and a failure, upon initial installation by a developer, to properly bed the pipe. Both the Company and customers are dependent upon the integrity of the initial installations, which were generally not performed by CWSNC. CWSNC apologizes for these service interruptions.

- Poor Communication About Boil Water Advisories. BWAs are issued by CWSNC to Belvedere customers in conjunction with each line break, and it should be emphasized that only the customers affected by a break are notified. The BWAs state the specific streets (i.e., customers) that were affected. These notices are delivered by the Voice Reach system after any water main break which necessitates the alert. CWSNC will also request that customers provide the Company with their best telephone and web-based contact information, in the event of future advisories. Receipt of proper customer contact information facilitates proper and prompt delivery of the required customer communication.

<sup>3</sup> In this instance, the Company resorted to using Well No.2, rather than buying from Pender County, due to concern on behalf of its customers about the "GenX issue," which was much in the news at that time concerning all water sourced from the Cape Fear River. The start-up of Well No. 2—which had been off-line due to a capital improvement project—entailed some disruption and required emergency approval from the North Carolina Department of Environmental Quality. Nonetheless, the Company's judgment was a sound and reasonable exercise of concern on behalf of its customers, under those circumstances.

- Chlorination, Haloacetic Acids, and Total Trihalomethanes. Some customers expressed concern over haloacetic acids (HAA5s) and total trihalomethanes (TTHMs). HAA5s and TTHMs are unfortunate by-products of the water disinfection process (i.e., chlorine). CWSNC keeps the water safe, but commits to work to better address the HAA5 and TTHM by-products. The combination of the age of the water, the temperature of the water, and the amount of chlorine in the water can have an impact on the presence and amount of TTHMs and HAA5s. The Company does its best to monitor and control the HAA5s and TTHMs by: (1) flushing the water distribution mains; (2) keeping the chlorine at a low, but safe level (below the maximum of 4.0 milligrams per liter (mg/L) and more than the minimum of 0.02 mg/L); (3) seeking to better circulate (i.e., “loop”) the water within the water mains to prevent “dead end” lines and improve water quality; and (4) deploying, where appropriate, automatic flushing devices throughout the water distribution system.
- GenX. As noted above, the Company has tested for GenX in its groundwater source in the Wilmington area and the reported results are “non-detect.”
- Road repairs. Greenview Court was resurfaced on August 31, 2017.

**2. Randal Woodruff, County Manager, Pender County. P.O. Box 5, Burgaw, NC** *Tr. Vol. 5, pp. 39-42*

Speaking on behalf of the Pender County Commissioners and reading from their joint letter of July 24, 2017, Mr. Woodruff expressed the Commission’s opposition to the rate increase and its objections to the water quality and pressure problems that the Belvedere customers were experiencing. On behalf of the Commissioners, Mr. Woodruff requested that, at a minimum, any rate request should be deferred until service issues had been corrected.

**RESPONSE:** The service issues to which Mr. Woodruff spoke are addressed and explained elsewhere in this response. Respectfully, the Company thanks Mr. Woodruff and the Pender County Commissioners and reiterates the pledge to use its best efforts to improve performance on all issues raised.

**3. Diana Wooley, 348 Friday Drive, Treasure Cove / North Hills Subdivision.** *Tr. Vol. 5, pp. 42-49*

Mrs. Wooley contests what she calculates to be a 300% rate increase.

**RESPONSE:** The Company recognizes both that the rates for Treasure Cove are lower than many other CWSNC systems, as Mrs. Wooley noted, and that the percentage increase proposed for this subdivision is significant. The Company is working with the Public Staff on an alternative rate design to mitigate the percentage-increase for this system.

**4. Ed Worrell, 166 North Hills Drive, Treasure Cove.** *Tr. Vol. 5, pp. 45-48*

Mr. Worrell, who was a volunteer fireman in the Ogden Fire Department for 20 years, has lived at this address for 40 years. He recounts that in the 1990s, the Fire Department was instructed to “quit using the hydrants,” and he objects to any rate increase until the hydrants are “repaired.” Upon questioning by Public Staff attorney William E. Grantmyre, Mr. Worrell stated he was not aware that the two (2) hydropneumatic pressure tanks at Treasure Cove (10,000 gallons each) lacked the capacity to meet the instantaneous demand for firefighting purposes.

**RESPONSE:** The hydrants in this community are properly used only for flushing, and the system does not support use of the hydrants for fire suppression. CWSNC informs the Fire Department in an annual letter that the hydrants are for flushing only, and are not to be used for fire suppression. It would be dangerous to rely on them for fire suppression and it is important to homeowners and the Fire Department for this to be clearly understood. They are marked for flushing use

only. Other hydrants that are out of order are labeled as such; it is normal in any system to have some hydrants out of service at any given time.

5. **Danny Conner, 231 Long John Silver, Treasure Cove.** *Tr. Vol. 5, pp. 49-58*

Mr. Conner, a long-time resident of Treasure Cove, acknowledged the age of the distribution system (30-40 years) and of his water meter (35 years). He also noted that, in his opinion, despite the age of the system and inconsistency of the water pressure, the Company continues to add customers. Additionally, he expressed concerns about the hydrants; the high mineral content of the water; “overdone” chlorination; discoloration to appliances, dishes, etc.; the extra cost of treatment and replacement; GenX; the inability to reach a service representative over a weekend; and rate disparity with respect to other adjacent water service providers. Contesting the average usage figure that is used in the proposed rate calculation, Mr. Conner contended that rates should be derived on a system-specific basis.

**RESPONSE:** Many of these issues are discussed above in the General Comments.

In general, Mr. Conner’s acknowledgement of the age of this system (and that of other CWSNC systems) supports the Company’s contention that significant, ongoing investments in infrastructure are required. The system is currently being treated for iron and manganese with a sequestrant (“Sea Quest”), and it is on a quarterly flushing schedule. The Company has proposed to install in the future an iron and manganese filter at Well No. 2, at a projected cost of \$125,000.

The Company strongly supports the consolidation measures it has implemented, and the resultant, incremental move towards uniformity of rates across its systems. It is true that not every system will need significant investment every year. However, it is equally true that all systems will need significant

investment over time. More uniformity of rates will achieve a greater sharing of this burden across the Company's footprint by spreading the rate impact.

**6. Ferrell Drewry, 508 Azalea Drive, Belvedere.** *Tr. Vol. 5, pp. 58-69*

Mr. Drewry expressed concern that CWSNC's service quality had declined in the past nine months, with specific focus on a failure to timely notify customers of water quality issues. He questions the adequacy of the flushing program, and points to a rate disparity between CWSNC and other utilities.

**RESPONSE:** The water quality issues and the efforts to address them, including flushing of water mains, have been addressed above within Paragraph No. 1 in the response to Mr. Carroll. The rate comparison issue is discussed above, in "General Responses to Customer Issues."

**7. Ernest Thomas Chance, 102 Treasure Island Way, Treasure Cove.** *Tr. Vol. 5, pp. 69-79*

Mr. Chance objected to the rate increase, the failure to receive BWAs when he believes repairs to water mains had been made, the extra costs of the treatment he undertakes, the difference between the average usage in his area and that used for rate-design purposes, and the failure to properly maintain the fence and a ditch at the Company's well within the system in his neighborhood, the latter of which he alleged contributed to flooding in his house "...three times in 18 months." *Tr. Vol. 5, p. 72, l. 6-10; p. 74, l. 12.*

**RESPONSE:** Company President Klein and members of his team further evaluated Treasure Cove the morning after the Wilmington hearing and met with various neighbors at that time. The fencing issues were addressed promptly—one section of split rail fence was removed and another section was restored. The drainage ditch was not blocked or overgrown at that time, having been mowed within the past six months. Mr. Chance suggests that drainage ditch maintenance

is a causative factor in the flooding at his house; however, signage in the area indicates that part of this system is in an area that floods frequently.<sup>4</sup>

All meter boxes were evaluated for possible renovations and the hydrants were assessed to determine whether they required repairs or replacement with adequate “blow-offs” (a tool installed into the water main to allow flushing). Currently, 60% of the meter boxes have been renovated and an additional seven meter boxes have been completely replaced.

**8. Thomas Mathis, 105 Robert Stevenson Drive, Treasure Cove. Tr. Vol. 5, pp. 80-86**

Mr. Mathis endorsed the comments made by other customers, and particularly objects to the magnitude of the proposed rate increase.

**RESPONSE:** As indicated, the Company recognizes this is a significant *percentage* increase for Treasure Cove, and is working with the Public Staff regarding the rate design.

**9. Mandy Ware, 2909 Country Club Drive, Belvedere customer. Tr. Vol. 5, pp. 86-93**

Ms. Ware addressed her concerns about water quality, communications, and price. Her objections included the cost and need for a constant supply of bottled water, the uncertainty about when the water will be usable for bathing her children, and the deposits left in her tub and sink from the water when it is discolored. The expense of a rate increase, combined with her additional costs to address the discoloration issues, were also a focus of her testimony.

<sup>4</sup> See Attachment A for signage dealing with the purchase of various properties by the New Hanover County Hazard Mitigation Program due to repetitive flooding within the area.

**RESPONSE:** The Company apologizes to Ms. Ware for the inconvenience she has experienced due to the inconsistency in water quality. As indicated at the Hampstead public meeting on August 16, 2017 and reiterated above, the Company has rectified the “discoloration” issue (through the use of Well No. 1 and with the nearly-completed repair to Well No. 2) and is in the process of addressing the hardness issues that prompted several of Ms. Ware’s concerns.

### **SPECIFIC RESPONSES TO CUSTOMER TESTIMONY---RALEIGH**

1. **Vincent P. Roy, 237 Lakeview Drive, Sanford. Carolina Trace. *Tr. Vol. 6, pp.11-28***

Mr. Roy commended the Public Staff, as well as the work performed with CWSNC representatives (i.e., Danny Lassiter and his team) in quarterly meetings with his homeowners’ association<sup>5</sup>, held over “...the last several years.” *Tr. Vol. 6, p. 12* Mr. Roy addressed concerns about an inconsistent ability to reach help via the Company’s customer service line, and the pace of the movement towards uniform rates. He also challenged the ratio between the base facility charge and the volumetric rate, and voiced his interest in assurance that the Company is required to demonstrate efficiency in its operation.

**RESPONSE:** The General Response section, above, addresses the benefits of uniform rates, which balance and mitigate the burden of repairs by spreading them more broadly across the CWSNC system. Consolidated corporate organization and rate structures have many obvious and demonstrated benefits, and the Company is committed to moving towards rate uniformity over time. However, in recognition of the impact on some customers in the system, the Company is moving incrementally towards that uniformity, as is demonstrated by the stipulated rates in this case which create four rate divisions. It should also be

<sup>5</sup> One of eighteen (18) property owners’ associations in Carolina Trace. See *Tr. Vol. 6, p.13, l. 13-14*.

noted that since 2009, CWSNC has invested approximately \$928,500 in Carolina Trace.

The arguments about rate design, specifically about the ratio of fixed to volumetric costs, are legion, but the essential truth is this—to tilt too far in either direction is to decidedly favor one group of customers over another. The key is balance, and the Company submits that the proposed settlement in this case achieves that balance.

As to assurance of efficiency, the Company urges all customers to understand the level of scrutiny that is imposed in the Public Staff's examination of this case--an examination that plumbs the details of Company books and management and operational decisions to ensure that rates are based on costs that flow from efficient, reasonable operation of the Company. Over fifteen (15) weeks of discovery, the Public Staff propounded fifty-four (54) sets of data requests and numerous follow-up questions and conversations. The Public Staff also conducted field inspections of the water systems at Ski Mountain, Crestview, Misty Mountain, Chapel Hill, Powder Horn Mountain, Fairfield Harbor, Belvedere Plantation, Olde Point, Treasure Cove, Bradfield Farms, Wildlife Bay, Zemosa Acres, and Kings Grant, and of the sewer systems at Fairfield Harbor, Belvedere Plantation, Bradfield Farms, Danby, Independent/Hemby and Kings Grant. Statewide public hearings were held by the Commission, and attended by representatives of the Public Staff and the Company, in Asheville, Boone, Charlotte, New Bern, Wilmington, and Raleigh. An evidentiary hearing will be held in Raleigh on September 20, 2017, to receive evidence and to examine the expert witnesses. Additionally, the Public Staff followed up on written customer protests and concerns raised at the public hearings and through e-mails and letters, and reviewed relevant North Carolina Department of Environmental Quality ("DEQ") records. The rate-setting process is rigorous and intensive, as it should be, and



the burden of proof is on the utility to prove in a judicial arena that it merits additional rates.

**2. William Glance, 49 Indian Trail, Sanford, NC. Carolina Trace. *Tr. Vol. 6, pp. 28-30***

Mr. Glance's focus is on the proposed rate structure. His concern is that it would overcompensate investors for their level of risk, produce inappropriate cost subsidies among customer groups, and discourage conservation.

**RESPONSE:** The discussion about rates in the General Response, plus the response to Mr. Roy, above, are respectfully submitted in answer to Mr. Glance's testimony.

**3. Ms. Judith Bassett, 5271 Woof Place, Knightdale, NC. Amber Acres. *Tr. Vol. 6, pp. 30-32***

A 19-year resident of Amber Acres, Ms. Bassett has no service complaints but expressed personal concern that the rate increase will be a financial hardship on her and on her neighbors.

**4. Ben Farmer, 6113 Jordan Woods Drive, Raleigh, NC. Jordan Woods. *Tr. Vol. 6, pp. 32-35***

Speaking as a member of a small subdivision (approximately 25 homes), Mr. Farmer spoke about the magnitude of the proposed rate increase and expressed thoughtful concern for his neighbors.

**RESPONSES TO MS. BASSETT AND MR. FARMER:** As a word on investment, it is useful to observe that in 2014 the Company invested \$265,000 in six (6) hydro tank replacements at Ashley Hills/Amber Acres. Also in 2014, the Company

installed a ground storage tank at Jordan Woods, at an approximate cost of \$118,000.

The Company appreciates Ms. Bassett and Mr. Farmer taking the time to come to the hearing to speak on behalf of those for whom a rate increase is a hardship. CWSNC strives to be efficient and thus to minimize the necessary costs of service, and is pleased to have reached an agreement with the Public Staff that reduces the proposed increase below that which was initially requested. Unfortunately, this is a capital-intensive industry; thus, if the investments made by CWSNC are proved to be necessary and prudent, recovery of those costs is required for the Company to continue to provide good service. The public's assurance of fairness is found in the strict, highly skilled oversight of the Public Staff and the Commission.

Respectfully submitted, this the 18th day of September, 2017.

SANFORD LAW OFFICE, PLLC

**Electronically Submitted**

**/s/Jo Anne Sanford**

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ATTORNEY FOR CAROLINA WATER SERVICE, INC.  
OF NORTH CAROLINA



### New Hanover County Hazard Mitigation Properties

These properties sustained substantial damage from flooding and were purchased by New Hanover County with hazard mitigation funds from FEMA. The houses that were once on the properties were removed and the land has been preserved as open space.

The Severe Repetitive Loss (SRL) grant program was authorized by the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, which amended the National Flood Insurance Act of 1968 to provide funding to reduce or eliminate the long-term risk of flood damage to severe repetitive loss (SRL) structures insured under the National Flood Insurance Program (NFIP).

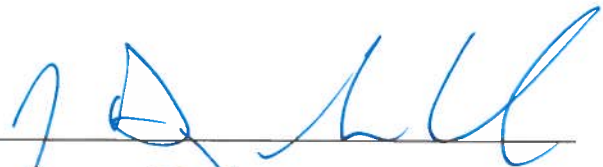
As this property is considered unimproved property by New Hanover County, it is not open to public use for any purpose at this time.

For further information please call 798-7620


**VERIFICATION**

**J. Bryce Mendenhall**, being duly sworn, deposes and says:

That he is the Vice President of Operations for Carolina Water Service, Inc. of North Carolina; that he is familiar with the facts set out in this **REPORT ON CUSTOMER COMMENTS FROM PUBLIC HEARINGS IN WILMINGTON AND RALEIGH, NORTH CAROLINA, HELD ON AUGUST 23 AND 28, 2017, RESPECTIVELY**, filed in Docket No. W-354, Sub 356; that he has read the foregoing Report 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.

  
J. Bryce Mendenhall

Sworn to and subscribed before me this  
the 18 day of September, 2017.

  
Donna Stegall

Notary Public



My commission expires: 01/08/2019

## CERTIFICATE OF SERVICE

I hereby certify that on this the 18th day of September, 2017, a copy of the foregoing REPORT has been duly served upon all parties of record by electronic service, as follows:

Gina C. Holt  
Staff Attorney, Legal Division  
North Carolina Utilities Commission - Public Staff  
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