

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 )

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

NOW COMES Sandler Utilities at Mill Run, LLC (“Sandler Utilities” or “Sandler”) and files this Supplement to Report in response to the customer complaints provided in the public hearing held by means of the North Carolina Utilities Commission’s (“Commission”) on-line Webex platform on February 2, 2022.

**I. Background**

On November 18, 2021 the Commission issued its *Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice* (“Procedural Order”). Ordering paragraph 4 of the Commission’s Procedural Order states that Sandler Utilities and Currituck Water and Sewer, LLC (“Currituck”) are required to file, separately, verified reports addressing all customer service and service quality complaints expressed during the public witness hearing held on February 2, 2022, within fifteen days of the conclusion of the public witness hearing. Ordering paragraph

4 also states that the Public Staff shall, and other intervenors may, file verified responses and any comments to Sandler Utilities' and Currituck's reports on or before February 24, 2022.

On February 17, 2022, the Commission issued an *Order Granting Extension of Time to File Report*, extending the deadline for Sandler Utilities and Currituck to file their reports to and including March 4, 2022. The Order also provided that the Public Staff shall, and other intervenors may, file verified responses and any comments to Sandler Utilities' and Currituck's reports on or before March 11, 2022.

On March 4, 2022, Sandler Utilities filed its Report on Customer Comments from the February 2, 2022 public hearing.

On March 4, 2022, Currituck filed its Report on Customer Comments from the February 2, 2022 public hearing.

On March 11, 2022, the Public Staff filed Responses to the Reports on Customer Comments filed by Sandler Utilities and Currituck. In the response to Sandler Utilities' Report on Customer Comments, the Public Staff stated that Sandler Utilities' Report was incomplete because it did not note that several of the improvements made to the Eagle Creek wastewater utility system ("Eagle Creek Wastewater System" or "Wastewater System") were required by the Consent Judgment and Amended Consent Judgment, and that the Report did not address customer comments about Sandler Utilities' neglect of the Eagle Creek Wastewater System since Sandler's last rate case in 2015. The Public Staff recommended that the Commission

require Sandler Utilities and Currituck to file supplements to their Reports on Customer Comments, on or before March 22, 2022.

**II. Supplemental Responses**

Sandler Utilities provides these supplemental responses to address the items and deficiencies noted by the Public Staff in its March 11, 2022 Response.

**A. Customer statement that improvements made to the Eagle Creek Wastewater System were only made to comply with the Consent Judgment and Amended Consent Judgement.**

The Public Staff stated that Sander Utilities' Report on Customer Comments identified improvements made by Sandler to the Eagle Creek Wastewater System since approximately August, 2020. The Public Staff also stated that Sander Utilities' Report on Customer Comments was silent on identifying that several of the improvements were required by the *State of North Carolina, ex rel., North Carolina Department of Environmental Quality (Plaintiff) v. Sandler Utilities at Mill Run, LLC (Defendant)* Consent Judgment ("Consent Judgment"), filed with Currituck County Superior Court on July 1, 2021, and the Amended Consent Judgment filed with Currituck County Superior Court on December 28, 2021 ("Amended Consent Judgment").

Sandler Utilities' Response: Prior to July 1, 2021 when the Consent Judgment was filed, Sandler Utilities had been funding necessary capital improvements and repairs to the Vacuum Collection System as repair and upgrade needs were brought to Sandler's attention by the contract operator or third-party vendors. Most of the

requests for capital improvement items came in response to the first outage of the Eagle Creek Wastewater System that occurred in September, 2020 and the subsequent outages of the Wastewater System. Sandler Utilities expeditiously approved all requests for capital improvements and repairs items during this period.

The following improvements made to the Eagle Creek Wastewater System were required by the Consent Judgment and the Amended Consent Judgment:

- Securing all pits to ensure that only the operators have access to the pits. This requirement was accomplished with the pedestal mounted controller system since the pedestal mounts allowed the controllers to be elevated from the pits to prevent any flooding or wastewater intake issues.
- Regular review of the Vacuum Collection System through daily, weekly, and monthly checks on the system.
- Installation of a new control panel.
- Installation of air admittance at system dead ends.

**B. Customer statement that the Eagle Creek Wastewater System was non-operational due to Sandler Utilities' neglect when Envirolink Inc. ("Envirolink") became the utility system operator.**

Sandler Utilities' Response: Sandler Utilities denies that the Eagle Creek Wastewater System was "non-operational" when Envirolink began operating the system. In fact, Sandler Utilities was not aware of any significant issues with the Wastewater System, and Sandler had not received any reports of system outages,

sanitary sewer overflows (“SSO”), or other significant notices of violation from the North Carolina Department of environmental Quality (“NCDEQ”) until the first major outage of the Wastewater System occurred in September, 2020. The only issues of significance that were brought to Sandler Utilities’ attention prior to September, 2020 were issues with the Vacuum Collection System that occurred during two extreme weather events.

**C. Customer statement that Envirolink’s technicians had identified “ideas and things they wanted to do,” but Sandler would not provide the funding to implement the Envirolink recommendations.**

Sandler Utilities’ Response: Sandler Utilities has no information of any requests from Envirolink for improvements to the Eagle Creek Wastewater System that were denied. Sandler has contacted Envirolink to determine if any of Envirolink’s recommendations for system improvements were not approved. To date, Sandler Utilities has not received any information about requests for system improvements that it did not approve.

**D. Customer statement that Sandler Utilities had neglected the Eagle Creek Wastewater System because it had insufficient revenues from the rate increase granted in 2015 for improvements to the system.**

Sandler Utilities’ Response: Initially, it is important to note that the 2015 rate increase was granted in regard to Sandler Utilities’ expenditures for the Eagle Creek Wastewater System that were made prior to 2015, which totaled about \$2.2 million.

Additionally, in close collaboration with Sandler Utilities' Operator at that time (Enviro-Tech), Sandler Utilities prioritized capital improvements that were necessary for upgrades and replacements after the issuance of the rate increase.

In 2015, Sandler Utilities was receiving sufficient revenues to cover its operating costs, but that is no longer the case. Currently, Sandler Utilities is not receiving sufficient revenues to cover the capital investment that it is making in the Wastewater System.

Sandler Utilities' investment in Wastewater System additions after 2015 and before the outage in September, 2020 include:

- Isolation valves on the vacuum main at Eagleton Circle and Green View Road in the amount of \$9,000.00.
- Replacement of the start and contactors on the vacuum pumps in the amount of \$1,678.79.
- Repair of the wastewater treatment plant's UV system in the amount of \$6,391.62.
- Replacement of the bearings in the wastewater treatment plant's aeration blowers in the amount of \$1,234.86.
- Pit replacements as needed in the amount of \$6,000.
- Replacement of the equalizer pump at the wastewater treatment plant in the amount of \$2,060.52.

- Purchase of a back-up motor for the vacuum pumps in the amount of \$1,240.72.
- Repair of the stormwater ditch pump and replacement of parts in the amount of \$9,669.26.
- Purchase of a new vacuum sewer pump in the amount of \$16,532.44.
- Purchase of multiple upgraded controllers with greater water resistance for use in pits in the low-lying areas of the Eagle Creek subdivision.

**E. Customer statement that Sandler failed to provide funding for the Eagle Creek Wastewater System to allow the vendor-recommended maintenance to be performed.**

Sandler Utilities' Response: Sandler Utilities has endeavored to make all necessary improvements to the Eagle Creek Wastewater System, while ensuring that the rates are reasonable and affordable for the customers. Sandler Utilities relied upon its contract operator—who was knowledgeable about the Eagle Creek Wastewater System—to ensure that the Wastewater System was operating properly and to provide recommendations for any necessary capital improvements and repairs. In the absence of problems with the Wastewater System and any recommendations for system improvements from the contract operator, it would not have been prudent for Sandler Utilities to fund system improvements that had not been identified as being necessary since those costs would ultimately been paid for by the customers in their rates.

**F. Customer statement that preventative maintenance to rebuild controllers and vacuum valves prior to failure was not performed and that the**

**components were only rebuilt or replaced when they failed.**

Sandler Utilities' Response: Sandler Utilities depends on its contract operators to maintain the Wastewater System in accordance with the manufacturer's specifications. To the best of Sandler Utilities' knowledge, controller and valve replacement is handled during pit inspections. Since a monitoring system was installed in 2022, the process for identifying issues with controllers and vacuum valves will be simplified and expedited. Through the monitoring system technology, operators will be directed to the specific areas of the Vacuum Collection System where an issue has occurred so that any problems with the controllers and valves will be addressed prior to total failure.

**G. Customer statement that Airvac and Flovac site survey reports in late 2020 indicated that oil had not been changed in the Vacuum Collection System pumps and that the vacuum pump filter screens were totally clogged.**

Sandler Utilities' Response: This statement is correct. Brittney Willis with Sandler Utilities addressed this issue with the EnviroLink operator that was on-site during the failures of the Vacuum Collection System in September and October, 2020, and was informed by the operator that he did not know that he needed to provide such maintenance. Thereafter, with the assistance of Sandler Utilities' vendors, Sandler Utilities immediately provided standard maintenance items to the contract operator that detailed the necessary operations and maintenance processes. Sandler Utilities' understanding had been that information about operations and maintenance of the Wastewater System had been provided by the previous operator (Enviro-Tech) to



Envirolink when Envirolink took over operations of the Wastewater System.

**H. Request for a list of all recommendations from Envirolink for improvements to the Eagle Creek Wastewater System, along with Sandler Utilities' responses to the recommendations.**

Sandler Utilities' Response: It is my understanding that Envirolink requested repair items associated with controllers, valves, driveways, EQ pumps, and UV filters, and that Sandler Utilities indicated that funds were not currently available or timing had to be shifted while other priorities were addressed. I specifically recall Envirolink's request for repair to the gravel road, and I requested that this repair be deferred until more critical maintenance items were completed. However, Envirolink, ultimately made the repair to the driveway and then submitted an invoice to Sandler Utilities for the repair. (Sandler Utilities paid the invoice.) I have requested that Envirolink advise if there are any additional items that Sandler Utilities did not approve, and am waiting to receive that information from Envirolink

**I. Customer statement that Sandler Utilities did not comply with recommendations made by Airvac and Flovac.**

Sandler Utilities' Response: When Airvac and Flovac provided recommendations for improvements to the Vacuum Collection System to Sandler Utilities, Sandler Utilities worked with its operators to determine the costs and priority for each recommended improvement and a schedule for implementing the improvement. Based on reports from Airvac and Flovac, the following items were

recommended in November 2021 and were addressed with Envirolink on a case-by-case basis:

- Immediately upgrade and improve vacuum pump monitoring practices: This item is being accomplished with the installation of the monitoring system which began December 2021.
- Ensure that the compressor on the high-level valve is turned on and operational at all times: This item is part in the standard practice and inspection of the Vacuum Collection System.
- Work to get both sewage pumps operational as soon as possible: Efforts to address this item are ongoing
- Request for ongoing reports as to the training that each operator has received to ensure that the necessary training has been provided: Monthly reports are submitted to NCDEQ outlining the Operator Training Plan per the Consent Judgment.
- Turn on the alarm panel and make any necessary repairs or replacements: A new control panel has been ordered.
- Repair and calibrate the chart recorder to get it in working order: This item was completed in November, 2021.
- Ensure that the vacuum and sewer pump run time chart recordings are up to date: This item was completed in November, 2021.

- Check oil levels daily in the vacuum pumps and repair any oil leaks so oil levels can be maintained for a reasonable duration of time: This item is now part of the daily inspection and maintenance process.
- Repair the 8-inch vacuum main shut off valve so that it will close completely: This item was completed in November, 2021.
- Repair the 10-inch vacuum main shut off valve so that it will be fully functional: This item was completed in November, 2021.
- Confirm that the sewer pump coupling that failed previously is now properly aligned so that another failure is not imminent, and secure the pump at the mounting base with the proper bolts that are currently missing: This item was completed in November, 2021.
- Open the recirculation lines to avoid sewer pump cavitation: This item was completed in November, 2021.
- Clean probes at the tank and check against the design levels: This item was completed in February, 2022.
- Keep the station clean and tidy: Ongoing efforts are made to comply with this recommendation.
- Fix the oil leak on the vacuum pump's recirculation line float box: This item has been completed.
- Keep appropriate tools and spare parts on site: Weekly requests are made by

the Operator for additional supplies as needed.

- Make sure every technician involved in the controller and valve rebuild process fully understands how to properly rebuild the controllers and valves with correct and functioning parts and install correctly: Efforts to comply with this recommendation are ongoing. It should be noted that certain operators specialize in this task.
- Install conical screens in the vacuum pumps: This item was completed in November, 2021.
- Connect all hoses and replace all in-sump breathers within the vacuum pits: Efforts to comply with this recommendation are ongoing, but are mostly completed and are being checked with the monitoring installation.
- Modify the approach to finding leaks: The previous approach to finding leaks has been modified with the installation of the monitoring system.
- Remove all HP Controllers from the valve pits and replace them with the standard approved controllers: This item was completed, as numerous controllers were ordered and/or rebuilt for this purpose.
- Clean inlet screens on the wastewater treatment plant blower pumps: This item was completed in November, 2021.
- Address all remaining valve pits that have been “clipped”: This item has been completed and is part of the process during repairs (*i.e.*, the clips are removed immediately when the valve pit is reopened).

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 Supplemental 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 22nd day of March, 2022.

*Brittney M. Willis*

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

STATE OF Virginia, CITY OF Virginia Beach, TO WIT:  
I, Cynthia G. Shank, A NOTARY PUBLIC IN AND FOR THE CITY AND STATE AFORESAID, DO HEREBY CERTIFY THAT Brittney Willis WHOSE NAME IS SIGNED TO THE FOREGOING WRITING HAS ACKNOWLEDGED THE SAME BEFORE ME IN MY CITY AND STATE AFORESAID.

GIVEN UNTO MY HAND THIS 22 DAY OF March, 2022.

MY COMMISSION EXPIRES: 10/31, 2021.

REGISTRATION NO. 213972 Cynthia G. Shank  
NOTARY PUBLIC

Cynthia G. Shank  
Notary Public  
REG. # 213972  
Commonwealth of Virginia  
MY COMMISSION EXPIRES OCTOBER 31, 2024

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing Supplement to 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 22nd day of March, 2022.

FOX ROTHSCHILD LLP



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