

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

September 22, 2015

Ms. Gail L. Mount, 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
Docket Nos. W-354, Subs 336 and 344
Notice to Customers Regarding Installation of Water Meters and
Conversion to Metered Water Rates

Dear Ms. Mount:

On March 10, 2014, the Commission entered an Order Granting Partial Rate Increase, Approving Rate Adjustment Mechanism, and Requiring Customer Notice ("2014 Rate Case Order") in Docket No. W-354, Sub 336. In pertinent part, decretal paragraph number 7 of the 2014 Rate Case Order required Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company") to install certain water meters as follows:

"That CWSNC shall install all meters and fully meter the unmetered systems in Powder Horn, Misty Mountain, Crystal Mountain, Watauga Vista, High Meadows, Ski Country (a part of Sugar Mountain), and Mt. Mitchell, before the evidentiary hearing in its next general rate case proceeding. CWSNC shall immediately switch customers to metered rates as soon as each system is fully metered."

CWSNC has, to date, installed meters at five of the seven water systems listed above (Powder Horn, Crystal Mountain, Watauga Vista, High Meadows, and Ski Country) and has, by letter dated September 17, 2015, notified its customers in those service areas that the Company will switch them to metered

water rates effective October 1, 2015. CWSNC hereby files for informational purposes copies of the September 17th customer letter and also a previous customer letter dated March 27, 2015.

Once water meters are installed at the other two water systems (Misty Mountain and Mt. Mitchell), the Company will provide a similar notice to affected customers and will file an informational copy of the customer letter with the Commission.

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



March 27, 2015

Crystal Mountain, Boone NC
High Meadows, Roaring Gap NC
Misty Mountain, Blowing Rock NC
Mount Mitchell, Burnsville NC
Powder Horn, Deep Gap NC
Ski Country, Banner Elk NC
Watauga Vista, Franklin NC

Re: Water Meter Installation Project

Dear Valued Customer,

In the last rate relief request before the NC Utilities Commission (the "Commission") in docket W-354 sub 336, Carolina Water Service, Inc. of North Carolina ("CWSNC") was ordered to install water meters in the few systems we have in North Carolina that did not have meters. CWSNC has 73 water systems and only 7 were unmetered. Your system was one of those 7 systems that currently has a flat monthly rate and your monthly water bill is a set fee that does not vary based on the amount of water used.

Historically this issue has received customer concern as was the case in this most recent proceeding. Customers testified that they believed meters should be installed and these flat rate systems changed to a metered usage rate as is prevalent throughout the rest of the company and state.

For reference, I am attaching an excerpted copy of the Commission's final order issued on March 10, 2014 in docket W-354 sub 336 with the meter installation clause highlighted.

I am writing to inform you that we are about to begin this project and anticipate installation beginning in mid to late April. Larger systems are expected to take as long as 4 months to complete.

A meter box, water meter, and lid will be installed as close to the property line near the road as possible. In some cases, meter boxes may exist already and they will be evaluated and replaced if necessary. Going forward, CWSNC will be responsible for the meter box and meter and the customer's responsibility starts immediately on the house side of the meter setter. We will be utilizing the latest technology in water meters and the meter will have an electronic transmitter that sends out meter data. This will be collected monthly by our staff using equipment in our trucks. We will not have to open the meter boxes to get the reads. This technology is especially beneficial in mountain areas where weather may cause manual reading problems (snow, ice etc.) and will help us ensure accurate and timely billings to our customers.

A Utilities, Inc. company Carolina Water Service, Inc. of North Carolina

P.O. Box 240908 • Charlotte, NC 28224 • P: 704-525-7990 • F: 704-525-8174
5701 Westpark Dr., Suite 101 • Charlotte, NC 28217 • www.uiwater.com

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Our contractor and staff will do their best to minimize any inconvenience and we will ensure that your property is restored.

Once the entire system is metered and the project is completed, we will send out a final letter informing you of completion and at that time, you will be switched from a monthly flat rate to a metered usage rate.

Our current rates are;

Monthly Flat Rate Service	\$34.52
Metered rate	
Base facility charge based on zero usage	\$18.25 per month
Usage rate	\$5.44 per thousand gallons

It will be important to caution that once the rates switch to metered usage, you will be billed by consumption. This may mean that changes need to be made in your homes and lifestyles to become more conscious of water used. For example, it appears to be a common occurrence for customers to let their faucets run/drip to prevent freezing in winter and at flat rate that had no bearing on the bill. However with a metered rate, it could amount to a substantial impact. Promptly repairing leaks or leaking toilets will be very important.

If you have any questions, please call our customer service at 800-525-7990 and they will do their best to answer or direct you to someone that can assist with your concern or inquiry.

We thank you in advance for your patience during the construction.

Sincerely,

Tony Konsul

Tony Konsul
Regional Manager

Cc: Customer Service

Nonresidential \$3.57 per gallon of daily design of discharge or
\$900 per unit, whichever is greater

35. CWSNC shall install all meters and fully meter the unmetered systems in Powder Horn, Misty Mountain, Crystal Mountain, Watauga Vista, High Meadows, Ski Country (a part of Sugar Mountain), and Mt. Mitchell, before the evidentiary hearing in the Company's next general rate case proceeding, as stipulated. CWSNC shall immediately switch customers to metered rates as soon as each system is fully metered, as stipulated.

36. CWSNC shall modify its billing system such that the Company has the capability to generate reports that reflect the actual number of customers each month (not the number of bills produced each month) or shall change its policy concerning billing cycles such that customers shall be billed only once per month, as stipulated.

37. CWSNC shall maintain accurate records for all metered sewer customers such that in the next general rate case proceeding residential customers with meter sizes greater than 5/8 inch will be charged the same rate as commercial customers with the same meter size.

38. CWSNC shall include in its NCUC Form W-1 filing in its next general rate case the following, as stipulated: an individual spreadsheet for each service area, which shows the number of actual customers served for each meter type, and the actual usage for each meter type for each month for the 12-month test period specified in its application; and a spreadsheet summarizing the total number of active customers and total usage for each billing type for each month for the 12-month test period specified in its application.

39. The Company's just and reasonable pump and haul expenses and spray charges incurred in its Belvedere system should be amortized over a period of 10 years, as stipulated.

40. The Applicant's request to increase the charge for processing non-sufficient-funds (NSF) checks from \$15.00 to \$25.00 is reasonable and should be approved.

41. The Stipulating Parties agreed that any Order approving rates and charges as set forth in the Amended Stipulation may become the final Order of the Commission upon issuance and they waive their respective rights to file exceptions and appeal the final Order of the Commission incorporating the stipulated matters.

42. The Stipulating Parties acknowledged that the Amended Stipulation is the product of give-and-take discussions and resulted from extensive negotiations and



September 17, 2015

Crystal Mountain, Boone NC
High Meadows, Roaring Gap NC
Powder Horn, Deep Gap NC
Ski Country, Banner Elk NC
Watauga Vista, Franklin NC

Re: Water Meter Installation Project

Dear Valued Customer,

I am writing as a follow up to a previous letter I sent dated March 27 of this year concerning meter installation in your water system. As I wrote previously, in the last rate relief request before the NC Utilities Commission (the "Commission") in docket W-354 sub 336, Carolina Water Service, Inc. of North Carolina ("CWSNC") was ordered to install water meters in the few systems we have in North Carolina that did not have meters. Your system was one of those 7 systems that had no meters and was billed a flat monthly rate set fee that does not vary based on the amount of water used.

I am pleased to inform you that the project and meter installation in your system is now completed and we will begin transitioning you from a flat rate to a metered usage customer.

On September 2, the last flat rate invoice was sent to you. When we bill flat rate, it is for a forward period so this invoice was for the calendar month of September. At the beginning of October, we will take a start reading from the new meters and then at the end of October we will take an end period reading and we will send your first metered usage bill for the month of October in early November. Metered customers bill in arrears since it is using consumption so there will be a gap from early September to early November where you will not receive another bill. The new metered use bill will be different than the flat rate as it will include a base charge and a usage charge and you will be billed for the water that went through the meter.

As I explained in my earlier letter, the new meters we have installed have an electronic transmitter that sends data to computer software in our Operations staff vehicles simply by driving through the system. They do not have to open the meter box or even get out of the truck.

If you have any questions, please call our customer service at 800-525-7990 and they will do their best to answer or direct you to someone that can assist with your concern or inquiry.

We thank you for your patience during the construction phase.

Sincerely,

Tony Konsul

Tony Konsul
Regional Manager

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CERTIFICATE OF SERVICE

I hereby certify that on this the 22nd day of September, 2015, a copy of the foregoing **Notice to Customers Regarding Installation of Water Meters and Conversion to Metered Water Rates** has been duly served upon all parties of record by electronic service, as follows:

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Electronically Submitted
/s/Jo Anne Sanford

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