

1 PLACE: Mecklenburg County Courthouse,
2 Charlotte, North Carolina
3 DATE: August 1, 2017
4 DOCKET NO.: W-354, Sub 356
5 TIME IN SESSION: 7:00 P.M. TO 7:25 P.M.
6 BEFORE: Commissioner Bryan E. Beatty, Presiding
7 Commissioner ToNola D. Brown-Bland
8 Commissioner James G. Patterson
9 Commissioner Jerry C. Dockham
10 Commissioner Lyons Gray
11
12

13 IN THE MATTER OF:
14 Application by Carolina Water Service, Inc. of North
15 Carolina, 5701 Westpark Drive, Suite 101, Charlotte,
16 North Carolina 28217 for Authority to Adjust and
17 Increase Rates for Water and Sewer Utility Service in
18 All of its Service Areas in North Carolina, Except
19 Corolla Light and Monteray Shores Service Area and
20 Elk River Development
21

22 VOLUME 3
23
24

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

2

3 FOR CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA:

4 Robert H. Bennink, Jr., Esq.

5 Bennink Law Office

6 130 Murphy Drive

7 Cary, North Carolina 27513

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9 FOR THE USING AND CONSUMING PUBLIC:

10 Gina C. Holt, Esq.

11 Public Staff

12 North Carolina Utilities Commission

13 4326 Mail Service Center

14 Raleigh, North Carolina 27699-4326

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1 P R O C E E D I N G S

2 COMMISSIONER BEATTY: Good evening. Let's come
3 to order, please, and go on the record. I am
4 Commissioner Bryan Beatty, and with me this evening are
5 Commissioners ToNola D. Brown-Bland, James G. Patterson,
6 Jerry C. Dockham, and Lyons Gray.

7 The Commission now calls for hearing for the
8 purpose of taking non-expert public witness testimony
9 Docket Number W-354, Sub 356, In the Matter of
10 Application by Carolina Water Service, Incorporated of
11 North Carolina for Authority to Increase Rates for Water
12 and Sewer Utility Service in All its Service Areas in
13 North Carolina.

14 On March 31st, 2017, Carolina Water Service
15 filed an application with the Commission seeking
16 authority to increase its rates for providing water and
17 sewer utility service in all of its services areas in
18 North Carolina.

19 On April 26, 2017, the Commission issued its
20 Order Establishing General Rate Case pursuant to G.S. 62-
21 137 and Suspending the Proposed New Rates for up to 270
22 days pursuant to G.S. 62-134.

23 Participation in this docket by the Public
24 Staff-North Carolina Utilities Commission is made and

1 recognized pursuant to G.S. 62-15(d) and Commission Rule
2 R1-19(e).

3 On May 23rd, 2017, Corolla Light Community
4 Association, Incorporated filed a Petition to Intervene
5 in this matter which was granted by Commission Order
6 issued June 16th, 2017.

7 On July 13th, 2017, the Board of Directors of
8 Bradfield Farms Homeowners Association, represented by
9 William R. Colyer, filed a Petition to Intervene in this
10 matter.

11 On June 2nd, 2017, the Commission issued its
12 Order Scheduling Hearings and Requiring Customer Notice
13 which, among other things, scheduled the application for
14 evidentiary hearing September 20th, 2017 and scheduled
15 this public hearing for public witness testimony for this
16 date, at this time, and in this place.

17 On July 21st, 2017, Carolina Water filed its
18 Notice Regarding its Semiannual Water System and Sewer
19 System Improvement Surcharge Application. In its filing
20 the Company states that it does not intend to file an
21 application for a semiannual adjustment of the Company's
22 Commission-authorized WSIC/SSIC surcharge mechanism on
23 August 1, 2017, where such rider would become effective
24 October 1, 2017.

1 Numerous consumer statements of position have
2 been filed in this docket.

3 Pursuant to G.S. 138A-15(e) I remind members of
4 the Commission of our duty to avoid conflicts of
5 interest, and inquire at this time whether any
6 Commissioner has a known conflict of interest with
7 respect to this docket?

8 (No response.)

9 COMMISSIONER BEATTY: Let the record reflect
10 that no such conflicts were identified.

11 I now call upon the parties to announce their
12 appearances for the record beginning with the Applicant
13 Utility.

14 MR. BENNINK: Thank you, Mr. Commissioner. My
15 name is Robert Bennink. I'm a lawyer in Raleigh, North
16 Carolina here tonight representing Carolina Water
17 Service, Incorporated of North Carolina.

18 And with me, if I could, I'd like to introduce
19 some of the people that are here to represent the
20 Company. This is Matthew Klein. He is the President of
21 North Carolina and Tennessee for Carolina Water Service,
22 Incorporated. We have Bryce Mendenhall who is the Vice
23 President of Operations. Bryce, would you stand up so
24 people can see you? Tony Konsul, Regional Manager for

1 Carolina Water Service; Mark Haver, Area Manager; and
2 Jack Jones, the Area Manager. Thank you.

3 COMMISSIONER BEATTY: Thank you, Mr. Bennink.

4 MS. HOLT: Good evening. I'm Gina Holt with
5 the Public Staff on behalf of the Using and Consuming
6 Public, and with me at counsel table is Public Staff
7 Water Engineer Lindsay Quant.

8 COMMISSIONER BEATTY: Good evening. Are there
9 any preliminary matters?

10 MR. BENNINK: We would like to make a brief
11 opening statement if possible.

12 COMMISSIONER BEATTY: All right. In just a
13 moment, Mr. Bennink. Ms. Holt, would you also like to
14 make an opening statement?

15 MS. HOLT: Yes.

16 COMMISSIONER BEATTY: All right. Ms. Holt,
17 have you identified any witnesses this evening?

18 MS. HOLT: Yes, we have.

19 COMMISSIONER BEATTY: All right. Ladies and
20 gentlemen, just to explain to the procedure that we
21 follow just for a moment, the Commission acts in these
22 proceedings much like a court. That means that our
23 witnesses must be sworn. They'll be called by Ms. Holt
24 in a few minutes, and I'll ask you to come forward to the

1 witness stand here. There's a Bible there. And in order
2 for your testimony to be admitted into evidence, you must
3 be sworn or affirm, and I'll administer the oath before
4 you're seated.

5 We have a court reporter here. She is
6 recording and transcribing everything that is said during
7 the proceedings. That transcript will be available on
8 the Commission's website probably within the next 10 to
9 14 days, so you'll see not only this public hearing, but
10 other public hearings that have been held. And the
11 evidentiary hearing will also be held in Raleigh on
12 September 20th. Those proceedings will also be
13 transcribed.

14 We ask that you keep your testimony relevant to
15 the issues that are raised in this docket. We ask, of
16 course, that you remain silent while the witnesses are
17 speaking so that they can be heard and the court reporter
18 can get an accurate transcript. I'm not going to limit
19 at this time the -- the number of minutes that each
20 person can speak because it doesn't appear we have many
21 witnesses, but I ask you, please, not to ramble on and
22 not to repeat perhaps testimony that's already been
23 given, other than just say perhaps that you agree with
24 that testimony.

1 With that being said, I'll call on Mr. Bennink
2 for his opening statement.

3 MR. BENNINK: Thank you, Mr. Commissioner.
4 I'll be very brief. I just wanted to make clear and
5 state for the record to the Commission, to the Public
6 Staff, and to customers that Carolina Water Service takes
7 its obligations as a public utility providing water and
8 sewer utility services in North Carolina very seriously.

9 We understand the purpose of this hearing
10 tonight is to hear from customers, and the Company wants
11 to ensure customers that it will listen very carefully to
12 your testimony and to give it careful consideration.

13 That said, we also want to make it clear and
14 state for the record that representatives of the Company
15 will be available to -- to talk with customers and answer
16 questions at the conclusion of the hearing. Thank you.

17 MS. HOLT: I'd just like to briefly state to
18 our customers that, again, I'm Gina Holt. I work for the
19 Public Staff, a separate entity required by law to
20 represent you, the consumers. Thank you for coming out
21 tonight. I am a part of a team of one other attorney,
22 engineers, accountants, and economists that audit this
23 rate case quite extensively, and we follow up with a
24 substantial number of data requests on what they find,

1 and we'll also be filing our recommendations later on in
2 the case for the Commission's consideration, and our
3 comments will also include customer testimony. So thank
4 you for coming again.

5 COMMISSIONER BEATTY: All right. Thank you,
6 Ms. Holt. You may call your first witness.

7 MS. HOLT: Mr. William Colmer.

8 MR. COLYER: Colyer.

9 MS. HOLT: Colyer. Sorry.

10 WILLIAM R. COLYER: Being first duly sworn,
11 Testified as follows:

12 DIRECT EXAMINATION BY MS. HOLT:

13 Q Please state your name and address for the
14 record.

15 A I'm sorry?

16 Q Please state your name and address for the
17 record.

18 A It's William R. Colyer, C-O-L-Y-E-R. I live at
19 7214 Maitland, M-A-I-T-L-A-N-D, Lane in Charlotte 28215
20 and, yes, a resident of Bradfield Farms.

21 COMMISSIONER BEATTY: Ms. Holt, if I could just
22 for a moment, just to clarify for the record.

23 EXAMINATION BY COMMISSIONER BEATTY:

24 Q Mr. Colyer, you filed a letter which I

1 mentioned during my opening statement. Is it your intent
2 at this time to become a party or to testify solely as a
3 public witness and not be a party in this matter? And
4 the reason I ask is if -- this hearing is for non-
5 parties.

6 A Yeah. I'm testifying as a resident --

7 Q All right. And not --

8 A -- as a bill payer.

9 Q And do not intend to intervene as a party?

10 A Not at this time.

11 Q All right. Thank you, sir.

12 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

13 Q Please proceed, Mr. Colyer.

14 A Well, number one, good evening, and special
15 thanks to the commissioners and the Public Staff. And,
16 again, my name is Bill Colyer. I'm a resident of
17 Bradfield Farms, and I'm one of 967 customers. Oh, yes,
18 we have two swimming pools and a clubhouse so they use a
19 bit of water. And we definitely -- I definitely want to
20 thank every -- these folks for the opportunity to appear.
21 And I guess particularly to the Public Staff, I
22 have to say, wow, thank you, 250-plus pages, and some of
23 the print is so small that you almost need a magnifying
24 glass to look at it. And I know you folks have gone

1 through this, studied it, looked at it, and your
2 recommendations will obviously be made on your
3 understanding of these documents. And I'll state that
4 this is far above my pay grade to even begin to
5 understand about 97 percent of what I have here.

6 What I do understand is there's a request for a
7 68.4 water rate increase and a 61.26 sewer rate increase.
8 And if my number calculations are right, that comes out
9 to about 63.81 percent. And, yep, that sure gets my
10 attention because I believe it is just a bit more than
11 excessive.

12 That means that the average water bill in --
13 water and sewer bill in Bradfield Farms would jump about
14 \$27.50, plus or minus, every month, over \$330 a year.
15 Wow. I understand it's part of a merger increase, but I
16 wish to just bring out that Bradfield Farms is built out.
17 Our water wells are more than capable of supplying all
18 the water that our community needs. Our sewer treatment
19 plant is far more than adequate. And, yes, we had a rate
20 increase of, what, 14-plus percent back in 2014.

21 This rate increase, if approved, would provide
22 a 43 percent gross revenue increase from water and 30
23 percent gross revenue increase for sewer. I think we're
24 being asked to pay more than our fair share. Bottom

1 line, we're just asking that the Public Staff, the
2 Commission, consider this rate increase and take the
3 appropriate action.

4 One comment, I will mention that the folks from
5 Utilities, Inc. -- I see one or two back there that I'm
6 pretty familiar with -- have continued to provide an
7 excellent level of service to Bradfield Farms, so the
8 quality of service, the level of service. I mean,
9 they're in my speed dial, and if there's a problem they
10 are quick to respond, and we do appreciate that. I thank
11 you for listening to my concerns.

12 COMMISSIONER BEATTY: Thank you, Mr. Colyer.
13 Any questions for Mr. Colyer?

14 MR. BENNINK: None from the Company.

15 MS. HOLT: I have no questions.

16 COMMISSIONER BEATTY: Questions by the
17 Commission?

18 (No response.)

19 COMMISSIONER BEATTY: Thank you very much, Mr.
20 Colyer. Appreciate you coming out tonight.

21 MS. HOLT: Mr. Damian Werner.

22 DAMIAN MICHAEL WERNER: Being first duly sworn,
23 Testified as follows:

24 DIRECT EXAMINATION BY MS. HOLT:

1 Q Please state your name and address for the
2 record.

3 A Yes. My name is Damian Michael Werner. Last
4 name spelled W-E-R-N-E-R. My address is 11325 Clayford
5 Ridge, C-L-A-Y-F-O-R-D, Charlotte, North Carolina 28215.
6 I live in Bradfield Farms Subdivision.

7 Q Thank you. Please proceed.

8 A Okay. I'll be brief, ladies and gentlemen of
9 the Commission. I appreciate you being here tonight to
10 help us with this, and the Public Staff. This is
11 excellent and it helped me -- this is my first time
12 appearing at one of these events.

13 But 63 percent is something that wakes you up.
14 I can understand that there are cost increases and so
15 forth in the cost of doing business, but as a single
16 individual it's particularly harmful for me. I live
17 alone. I use about 2,000 gallons of water per month,
18 miniscule compared to my neighbors, and some other
19 people, I'm sure they have a lot more. But to go from
20 \$40 to almost \$70 per month, living alone, that's an
21 expensive thing. And if Duke Energy were to come out and
22 say, hey, we're going to raise everybody's rates 63
23 percent, this would be national news. People would be up
24 in arms.

1 And I believe it's important that the
2 Commission consider that even though we are a small
3 subdivision and this may not be a large-scale issue
4 compared to the City of Charlotte, that 63 percent is big
5 to us, and over 1,000 people in my subdivision, not to
6 mention the other subdivisions mentioned with lesser
7 increases.

8 And I also question the increases being
9 different rates for the different subdivisions, being
10 that as Bill mentioned, we've already been built out, our
11 neighborhood is established, and our system is good. Why
12 are some neighborhoods being asked for 25 percent when
13 we're asked for a 68 and 63?

14 So that's really all I have to say. It's just
15 -- to me it's very outrageous, like I said, and I think
16 that a rate of this increase for a large number of people
17 would be something that would be very attention getting.
18 And I thank you for your time, and I appreciate the --

19 COMMISSIONER BEATTY: Questions for Mr. Werner?

20 MS. HOLT: Mr. Werner?

21 COMMISSIONER BEATTY: Mr. Werner, if you'll
22 please --

23 THE WITNESS: Oh, sorry.

24 COMMISSIONER BEATTY: Ms. Holt has a question.

1 BY MS. HOLT:

2 Q Have you had any service problems?

3 A I have not, but I know that we have had some
4 issues lately with sewage backing up and so forth. Those
5 were not affecting my house, but I've heard about it
6 throughout the neighborhood. But, no, my service has
7 been good. And I do -- like I said, I mean, my
8 interactions with the Company have been okay, but I just
9 can't see the justification for that kind of an increase.

10 Q Thank you.

11 A Thank you.

12 COMMISSIONER BEATTY: Any questions by
13 Commissioners?

14 (No response.)

15 COMMISSIONER BEATTY: Thank you, sir.

16 THE WITNESS: Thank you.

17 COMMISSIONER BEATTY: Appreciate you coming out
18 tonight.

19 MS. HOLT: Mr. Isaac Cochran.

20 ISAAC COCHRAN: Being first duly sworn,

21 Testified as follows:

22 DIRECT EXAMINATION BY MS. HOLT:

23 Q Please state your name and address for the
24 record.

1 A Hello. My name is Isaac Cochran. I live at
2 6925 Reedy Creek, Charlotte 28215. To begin with I'd
3 like to say thank you for everyone that's here. Thank
4 you for taking the time, the Commission, to hear our
5 concerns and our statements.

6 I would like to make a statement with regards
7 to attendance from the neighborhoods and Bradfield Farms
8 specifically. In our neighborhood we try to be more than
9 just simply neighbors. We get to know each other and
10 always provide a smiling face and lend a hand when
11 someone is in need.

12 There are many families in our neighborhood
13 that have expressed frustration with the proposed
14 increase, but could not be here due to National Night
15 Out. National Night Out is a longstanding event over the
16 past 20-plus years to bring together law enforcement in
17 the communities in a way that can strengthen
18 relationships and build trust. Many of our most active
19 community members and many other board members have
20 committed to this longstanding tradition for many years,
21 and it happens to fall on the same day as this hearing.

22 I have been asked to express their voices
23 tonight in opposition of these increases. I hope that
24 you can understand that while this meeting is important

1 to most, with conflicts of time, not as many could make
2 it as would have liked. As a community of nearly 1,000
3 homes who regularly involve themselves in community
4 activities and humanitarian efforts, having a minimum
5 increase of \$25 a month -- that's, for instance, close to
6 what my increase would be -- on every home, that would
7 take away a minimum of \$25,000 a month that our community
8 could use to improve itself and the City of Charlotte as
9 a whole. I want to thank you for your time and
10 consideration.

11 COMMISSIONER BEATTY: Questions for Mr.
12 Cochran?

13 MR. BENNINK: No.

14 MS. HOLT: No.

15 COMMISSIONER BEATTY: Questions by the
16 Commission?

17 (No response.)

18 COMMISSIONER BEATTY: Thank you very much, Mr.
19 Cochran. Appreciate you coming out. Do you have any
20 other witnesses, Ms. Holt?

21 MS. HOLT: I see a few people came in after we
22 started. Would you like to make a statement?

23 MS. CUPIL: Sure. Thank you.

24 COMMISSIONER BEATTY: Ma'am, if you'll come

1 right up to the witness stand.

2 CHANYNE CUPIL: Being first duly sworn,

3 Testified as follows:

4 DIRECT EXAMINATION BY MS. HOLT:

5 Q Please state and spell your name for the
6 record.

7 A My name is Chanyne. It's spelled
8 C-H-A-N-Y-N-E. And my last name is Cupil, C-U-P as in
9 Peter, I-L.

10 Q Thank you. And what is your address?

11 A My address is 12503 Cedar Post Lane, Charlotte
12 28215.

13 COMMISSIONER BEATTY: Ms. Cupil -- you may be
14 seated, Ms. Cupil, if you'd like.

15 THE WITNESS: Thank you.

16 Q And what subdivision do you live in, Ms. Cupil?

17 A We live in Bradfield Farms in the Eagle Chase
18 section.

19 Q Okay. Thank you. Please proceed.

20 A Thank you. My husband, Craig, and I came
21 tonight with concerns, as with most of our neighbors that
22 are here, and we are aware of the National Night Out and
23 why many others who would like to be here who could not.
24 But we are in strong opposition about the rate increase.

1 We are reasonable citizens, and we do
2 understand that utilities have different things that they
3 have to make repairs for and where there are increases
4 that have to be made, but it's just that the increase in
5 amount is just so considerably high. And in listening to
6 the gentleman when my husband and I walked in, and we do
7 apologize for coming late, listening to him as a single
8 person, my husband and I are a married couple, but it's
9 going to be a significant hardship on us as well.

10 Generally, when you see increases of this
11 nature, it's usually a small increase. And as the
12 gentleman mentioned, because we're just one subdivision,
13 one neighborhood, one community, compared to if there
14 were a significant impact to multiple communities within
15 the City of Charlotte, I just wonder if maybe it might be
16 more of an issue. But it just seems like because we're
17 just one community, that maybe this is something that
18 just hasn't been given the same level of attention.

19 But we are a neighborhood where we do have good
20 neighbors, and we try very hard to keep up our
21 properties. And just -- I personally just have not seen
22 exactly what the purpose of the rate increase being as
23 high as it is, being given adequate explanation so we can
24 clearly, as a community, understand what that is. But

1 most importantly, if a rate like this is so high and it
2 forces neighbors out, it impacts Bradfield Farms in a
3 significant way, and I would really hate to see that. My
4 husband and I moved to Bradfield Farms, and we have
5 thoroughly enjoyed the opportunity to live there, as with
6 many of our neighbors, but I just wonder how many would
7 really stay from a significant increase that way to the
8 water. So I just wanted to make that something for the
9 Commission to please consider.

10 COMMISSIONER BEATTY: Any questions for Ms.
11 Cupil?

12 BY MS. HOLT:

13 Q Ms. Cupil, do you have -- have you had any
14 service-related problems?

15 A We have had one service-related problem in the
16 eight years that we've been living in the community.

17 Q And how was that -- was that resolved
18 favorably?

19 A It was. It was resolved. It was a backup
20 issue. It wasn't pleasant, but it was resolved.

21 Q Okay. Thank you.

22 A Uh-huh.

23 COMMISSIONER BEATTY: Any other questions?

24 Questions by the Commission? Commissioner Brown-Bland.

1 EXAMINATION BY COMMISSIONER BROWN-BLAND

2 Q Ms. Cupil, have you been to one of these
3 proceedings before tonight?

4 A I have not been to a proceeding like this
5 before with the Commission, and I have not given
6 testimony before, but I've been in similar scenarios as
7 far as in support of our community for HOA meetings and
8 things of that nature.

9 Q And I asked you that question because I'm not
10 sure when you came in, but the Public Staff
11 representative, Ms. Holt, indicated that she represents
12 you, and she and both the Company have said they would be
13 here afterward to perhaps answer some of your questions
14 about why the level of increase and where those dollars
15 have gone.

16 A Okay.

17 Q Do you understand that what is sought to be
18 recovered is money that has already been spent by the
19 Utility?

20 A No. I was not aware of that.

21 COMMISSIONER BEATTY: Other questions?

22 Questions based on Commission's questions?

23 MR. BENNINK: No.

24 COMMISSIONER BEATTY: Thank you very much, Ms.

1 Cupil. Appreciate you coming out this evening.

2 THE WITNESS: Uh-huh.

3 COMMISSIONER BEATTY: Apparently that's all the
4 witnesses that have been identified. Is there anyone
5 else who wishes to testify who has not already spoken?

6 (No response.)

7 COMMISSIONER BEATTY: Well, ladies and
8 gentlemen, thank you very much for coming out. We
9 appreciate your testimony. It's a very important part of
10 the process that we understand the views of the
11 customers. So we appreciate you taking time to come out,
12 and appreciate that you live in communities that support
13 public safety and National Night Out. If there's nothing
14 further from either of the parties, we are adjourned.

15 (Proceedings adjourned.)

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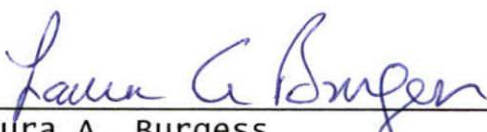
STATE OF NORTH CAROLINA
COUNTY OF RUTHERFORD

C E R T I F I C A T E

I, Laura A. Burgess, Notary Public/Court Reporter, do hereby certify that the foregoing hearing before the North Carolina Utilities Commission in Docket No. W-354, Sub 356 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 14th day of August, 2017.



Laura A. Burgess
Notary Public No. 201506200304