#### **INFORMATION SHEET**

PRESIDING: Bailey, Dockham

PLACE: Currituck County Courthouse, Currituck, North Carolina

DATE: June 24, 2015

TIME: 7:00 p.m. to 9:00 p.m. DOCKET NO.: W-354, Sub 344

COMPANY: Carolina Water Service, Inc. of NC

DESCRIPTION: Application by Carolina Water Service, Inc. of NC,

2335 Sanders Road, Northbrook, Illinois, 60062, for

Authority to Adjust and Increase Rates for Water and Sewer Utility Service in all of its Service Areas in North Carolina

VOLUME: 2

FOR CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA Robert H. Bennink, Jr. Esq.

FOR COROLLA LIGHT COMMUNITY ASSOCIATION

Britton H. Allen, Esq. Brady W. Allen, Esq.

FOR THE USING AND CONSUMING PUBLIC William Grantmyre, Esq.

#### WITNESSES

Teresa Blaxton

Hugh McCain

Lynn Hoffman

Karen Galganski

Don Cheek

Dave Phillips

Barbara Gernat

Meade Gwinn

John Ratzenberger

Cliff Ogburn

EXHIBITS

√Blaxton Exhibit 1 I/A

✓ McCain Exhibit 1 I/A

McCain Exhibit 2 I/A

, YHoffman Exhibit 1 I/A

√Hoffman Exhibit 2 I/A

√Galganski Exhibit 1 I/A

√Phillips Exhibit 1 I/A)

COPIES ORDERED: Email: Grantmyre REPORTED BY: Tonya Dowdy Doxey TRANSCRIBED BY: Tonya Dowdy Doxey DATE TRANSCRIBED: July 1,2015

TRANSCRIPT PAGES: 100
PREFILED PAGES: -0-

N.G. Utilities Commission

OFFICIAL C

# NORTH CAROLINA UTILITIES COMMISSION APPEARANCE SLIP

DATE June 24, 2015 DOCKET #: W-354, Sub 344
NAME AND TITLE OF ATTORNEY ROBERT H. BENNINK, JR.
FIRM NAME BENNINK LAW OFFICE
ADDRESS 130 MURPHY DRIVE
CITY CARY, NC ZIP 275/3
CITI CARY, NC. 41E A/3/3
APPEARING FOR: CAROLINA WATER SERVICE, INC. OF
NORTH CAROUNA
APPLICANT COMPLAINANT INTERVENER
PROTESTANT RESPONDENT DEFENDANT
PROTESTANT RESPONDENT DEFENDANT
ARE YOU THE COMPANY OR REPRESENTED COMPANY PAYING FOR COURT REPORTING SERVICES (Yes) / No (Circle one)
PLEASE NOTE: Electronic Copies of the regular
transcript can be obtained from the NCUC web site at
HTTP://NCUC.commerce.state.nc.us/docksrc h.html under
the respective docket number.
Number of Electronic Copies for regular
transcript. There will be a charge of \$5.00 for each
emailed copy. Please indicate your name, phone number
and email below.
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Number of copies for mini transcript (condensed)
Your name, phone number and email address:
(SIGNATURE OF PARTY OR ATTORNEY ORDERING TRANSCRIPT)
***PLEASE INDICATE BELOW WHO HAS SIGNED A
CONFIDENTIALITY AGREEMENT. IF YOU DO NOT SIGN, YOU
WILL NOT RECEIVE THE CONFIDENTIAL PORTIONS!!!!
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Signature of Attorney

# NORTH CAROLINA UTILITIES COMMISSION APPEARANCE SLIP

DATE 6/24/15  DOCKET #: W-354 54 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
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RW #. Q
Signature of Attorney

# NORTH CAROLINA UTILITIES COMMISSION APPEARANCE SLIP

		7/14
(1.1		N-354 Sub 336
DATE $\frac{6/29/29}{29}$	DOCKET #:	N-359 SUB 5-36
NAME AND TITLE	OF ATTORNEY ORAN	Allen.
4 . (	en Law OFFice	
ADDRESS / < 14	Flerwood Ave	Suite 200
CITY Raleigh		7608
APPEARING FOR:	Corolla Light	Commity Associati
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APPLICANT		<del></del>
PROTESTANT	RESPONDENT	DEFENDANT
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## NORTH CAROLINA UTILITIES COMMISSION PUBLIC STAFF - APPEARANCE SLIP

DATE 06/24/15 DOCKET #: W-354, Sub 344
PUBLIC STAFF MEMBER William E. Grantmyre, Staff Attorney
ORDER FOR TRANSCRIPT OF TESTIMONY TO BE EMAILED TO THE
PUBLIC STAFF - PLEASE INDICATE YOUR DIVISION AS WELL AS
YOUR EMAIL ADDRESS BELOW:
ACCOUNTING
ACCOUNTING
WATER
ELECTRIC
GAS
TRANSPORTATION
ECONOMICS
LEGAL william.grantmyre@psncuc.nc.gov
CONSUMER SERVICES
PLEASE NOTE: Electronic Copies of the regular
transcript can be obtained from the NCUC web site at
HTTP://NCUC.commerce.state.nc.us/docksrch.html under the respective docket number.
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Blaxton Exh. 1

Read by Teresa Blaxton Member, CLCA Board of Directors I/A

## Resolution of Corolla Light Community Association, Inc.

Opposition to Carolina Water Service, Inc. Rate Increase Request

RESOLUTION OF THE COROLLA LIGHT COMMUNITY ASSOCIATION (hereinafter referred to as "CLCA") in opposition to the request of CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA (hereinafter referred to as "CWS") filed with the NORTH CAROLINA UTILITIES COMMISSION (DOCKET NO. W-354, SUB 336) for a general increase in waste water treatment rates.

WHEREAS, the CLCA and the residents of the CLCA community are provided waste water treatment services by CWS; and

WHEREAS, CWS has filed for a general increase in CLCA's (and Monteray Shores') waste water treatment rates of nearly 28% after having been granted a substantial rate increase just over four (4) years ago (DOCKET NO. W-354, SUB 327); and

WHEREAS, the requested increase is greater than the requested increase for other service areas even though CLCA and Monteray Shores already pay rates that are significantly higher than the rates in other areas; and

WHEREAS, the Order in CWS's previous general rate increase proceedings stated in future general rate case proceedings the issue of rate disparity should be reviewed and appropriate consideration should be given to moving the CLCA and Monteray Shores served areas toward uniform rates; and

WHEREAS, there has been minimal observable investment by CWS in the maintenance or improvement in the waste water treatment plant facilities serving CLCA since the company's last general rate case Order, which was issued in March 2014; and

WHEREAS, if granted, the rate increases proposed by CWS would continue the disparity in rate treatment for CLCA and Monteray Shores; and

WHEREAS, the residents of CLCA and Monteray Shores were not notified of the proposed rate increase in a timely manner because the direct mailing postmarked June 5, 2015, and received on or about June 10, 2015, provided only approximately two (2) weeks before the hearing scheduled for June 24, 2015, in Currituck County

to receive public comment, which made it impossible for many residents to attend; and

WHEREAS, CLCA has petitioned and has been granted approval to intervene in the subject rate case proceeding before the North Carolina Utilities Commission.

#### NOW, THEREFORE, BE IT RESOLVED THAT CLCA:

- Strongly opposes the magnitude of the wastewater treatment rate increase requested by CWS for CLCA and Monteray Shores; and
- Strongly opposes being singled out for higher rates than any other territory served by CWS, and requests that the Commission adopt a uniform rate schedule for all CWS waste water treatment customs; and
- Respectfully, requests that the North Carolina Utilities Commission thoroughly investigate and analyze the basis of the CWS request, allowing only an increase that is clearly justified; and

This Resolution is adopted by unanimous vote of the CLCA Board of Directors via a conference call held on June 12, 2015.

By:

lank Waher President of Board of Directors

Attested:

Lenny Frieden, Secretary of Board of Directors



June 24, 2015

Monteray Shores Homeowners Association PO Box 206

Chairperson of NCUC
State of North Carolina

Website: www.monterayshores.org

Raleigh

General Manager: Karen Galganski

Corolla, NC 27927

North Carolina

252-722-2722

Re: Carolina Water Services Request for Waste Water Rate Increase Hearing

Dear Mr. Chairperson and the Distinguished Members of the Utilities Commission and Staff:

As President of the Monteray Shores Homeowners Association, I come before you to represent the interests of individual property owners of Monteray Shores in Corolla, North Carolina. I bring before you several concerns from this Community. The first concern is regarding the very timing and location of this hearing. Considering the fact that the vast majority of owners in the community reside elsewhere, the notice for this hearing did not provide enough time to make arrangements to attend this hearing. Additionally, the distance is an extreme hardship for even those that do reside in our community. In our opinion, it would have been more advantageous for both the Commission and the Residents of the Community, had the hearing have been in the area that Carolina Water Services provides services to. There are several facilities in Corolla that could accommodate this meeting.

Secondly, there has been minimal expansion in the Monteray Shores subdivision. There should be no need for expansion since nearly five (5) years ago, Carolina Water Services made a Plant expansion that provided the capacity for the growth projected to happen, and that released Monteray Shores subdivision from a building moratorium that had existed for many years due to the lack of waste water capacity. This included the new build-out of the Corolla Bay subdivision. Monteray Shores was represented at the hearings regarding this matter.

Since members of the Community could not be here, I need to ask the Commission if it would read into the record at the Raleigh, North Carolina hearing any and all letters or petitions pertaining to this rate request, sent by our owners to the Commission. Meanwhile, please read this letter into the record, as the representation of all the owners of Monteray Shores Homeowners Association standing in total opposition to this requested rate increase, as it would bring additional financial hardships to the community.

Very truly yours,

Hugh A. McCain, President

## Hugh A. McCain 852 Seascape Court Corolla, North Carolina 27927 252-453-4604

jhmccain@embarqmail.com

June 24, 2015

Chairperson of North Carolina Utilities Commission State of North Carolina Raleigh North Carolina

Re: Carolina Water Services Request for Waste Water Rate Increase Hearing in Courtroom C of the Currituck County Courthouse located at 2801 Caratoke Highway, Currituck, North Carolina

Dear Mr. Chairperson and the Distinguished Members of the Utilities Commission and Staff:

I come before you as a permanent resident of 852 Seascape Court in the Monteray Shores Subdivision of Corolla, North Carolina to register my opposition to the current rate increase requested by Carolina Water Services, Inc., for Waste Water Treatment provided in the Monteray Shores area. I have resided there with my wife since 2005 and have owned the house since the year 2000. While I understand reasonable increases due to cost exposures by the servicing company, I do not understand why the current increase is necessary, considering the lack of any announced or evident improvements or expansions to the system. There has not even been any visible infrastructure repairs or replacements. Since my last appearance before the Commission regarding the poor water quality provided by Carolina Water Service, Inc., resulting in the eventual sale of the Water System to Currituck County, all residents have experienced considerable cost increases for the Waste Water Services provided. These increases have taken place since a recession and during an extremely long period of no to low inflation costs. Please consider the following facts:

- -Since 2008, the base meter rate has increased from \$ 37.25 to the current \$ 52.26, representing a 40.3 % increase
- -Since the sale of the Water Plant to Currituck County, my bill has increased from \$ 37.25 for waste water service with NO charge for gallons to the current \$ 68.15 that includes a charge of \$ 15.80 for 2,390 gallons of Water Purchased @ \$ 6.65 per gallon. This represents an increase of \$ 30.90 per month, or 82.95 % when comparing 2,390 gallons in May 2015 versus 3,110 in October 2008.
- -The currently requested increase to \$ 66.72 for the metered service compared to the 2008 metered service of \$ 37.25 is an increase of \$ 29.47. This is a 79.11 % increase over 7 years.

-The current requested increase is \$ 14.46 and this is a 27.67 % increase.

This is a concise look inside the numbers over the past seven (7) years. I ask all of you this simple question. How much increase is reasonable, considering the fact that the cost of the waste water services has almost doubled since 2008? If the current request is approved, then my monthly bill, using my average usage numbers exampled above, will increase to \$82.61. This will be a \$45.36 increase that equals a 121.77 % over what I paid in 2008. Can Carolina Water Services give a reasonable explanation for these exorbitant increases?

In addition to the financial burden this rate increase request will cause, I question how Carolina Water Services can charge for the waste water services based upon the water purchased by residents of the community from Currituck County. This billing system has an already built in overcharge since we all know that not all the water metered to the homes is sent back through the waste water system. There are pools, car washings, lawn and shrubbery watering, and the all important consumption by either drinking or cooking.

To conclude, I would like to be on the record questioning why this hearing was sent out with less than a thirty (30) day notice, and why the location of the hearing is in the mainland of Currituck County. This does not give enough time to communicate with all the owners of property in Monteray Shores, since the vast majority, are not full time residents. Also, I question the reason to have the hearing on the mainland when the area of service for Carolina Water Service is on the Northern Outer Banks of Currrituck County. This is quite a deterrent to getting participants in the hearing, considering the distance and the hour and a half one way trip this is. There are locations much closer. Some are even in Corolla, NC.

With these points shared, please record my complete opposition to the request for a Waste Water rate increase. I ask the Commission to require Carolina Water Services, Inc., to provide detailed explanation for the past increases and the currently requested increase, to include reasonable justification for the charges being passed on based upon gallons of water purchased each month, when it was not necessary when the Company owned the Water Plants.

Very truly yours,

Hựgh A. McCain

**Attachments** 

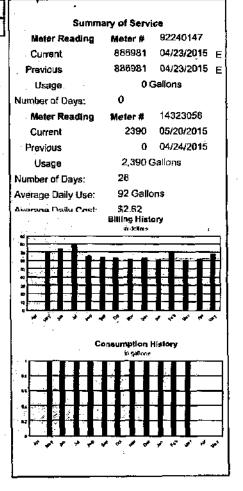


Carolina Water Service Inc of NC

Phone: (800) 525-7990 Collections: (800) 525-7990 Customer Service: (800) 525-7990

www.ulwater.com

Bill Date	Account Number	Due Date	Please Pay:
05/31/2015	9676310000	6/22/2015	\$68.15
Name HUGH A MCCAIN		Primary Tele	phone # (252) 453-4604
Service Address 852 SE	ASCAPE CT, COROLLA, NO	, 27927	•
Activity Since Last Bill			
Previous Balance			\$62.24
Payments received as of 0	5/31/2015		\$- <del>6</del> 2.24
Balance as of 05/31/2015			\$0.00
Residential Wastewater Ser	vice		
Residential Wastewater Se	ervice		\$52. <b>2</b> 6
2,390 gallons at \$6.65 per	1,000 gailons		\$15.89
Total Residential Wastewa	ter Service		\$68.15
Total Amount Due			\$68.15



A fee of 1% per month is added to unpaid balances 25 days after the bill date. Rate Schedules are available upon request. Make check payable to: Carolina Water Service Inc of NC Messages



PO BOX 160609 Altamonte Springs, Fl 32716

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HUGH A MCCAIN 852 SEASCAPE CT COROLLA NC 27927-9401 9676310000000000068159



Account Number:

9676310000

Amount Paid

Due Date:

Please Pay:

6/22/2015

\$68.15

Carolina Water Service Inc of NC PO Box 11025 Lewiston ME 04243-9476 Mankilialitatidikkatallaiklinikkatilalil

Address correction requested on back

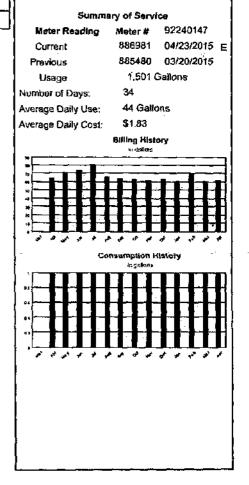


Carolina Water Service Inc of NC

Phone: (800) 525-7990 Collections: (800) 525-7990 Customer Service: (800) 525-7990

www.uiwater.com

Bill Date	Account Number	Due Date	Please F	Pay:
04/30/2015	9676310000	5/21/2015	\$62.2	4
Name HUGH A MCCAIN Service Address 852 SE	EASCAPE CT, COROLLA, NC, 2	27927	ephone # (252) 45	i3-4604
Activity Since Last Bill	•	•		
Previous Balance			\$81,17	
Payments received as of t	04/30/2015		\$-61.17	
Balance as of 04/30/2015				<b>\$0</b> .00
Residential Wastewater Se	rvice			
Residential Wastewater S	ervice		\$52.26	
1,501 galions at \$6,65 per	r 1,000 gallons		\$9.98	
Total Residential Wastew	ater Service			\$62.24



A fee of 1% per month is added to unpaid balances 25 days after the bill date.

Rate Schedules are available upon request. Make check payable to: Carolina Water Service Inc of NC

#### Messages

**Total Amount Due** 

Please note that your billed usage amount is based on an Estimated Read. If you have any questions, please contact your customer service office at the phone number fisted above.

Utilities, Inc.

PO BOX 160609 Altamonte Springs, FI 32716 967631000000000062244

\$52.24

# 

Account Number:

9676310000

Amount Paid

Due Date:

5/21/2015

Please Pay:

\$62.24

62.24

UTI0501C MIXED AADC 604 7000000387 00.0003.0105 381/1

### Ուգուդարերիկությանիկիկիկիներիկություն



HUGH A MCCAIN 852 SEASCAPE CT COROLLA NC 27927-9401 Carolina Water Service Inc of NC PO Box 11025 Lewiston ME 04243-9476

Միրություն հույի վարականի հույի հետևուն հույի հետևուն հետևուն հետևուն հետևուն հետևուն հետևուն հետևուն հետևուն հ

## Utilities, Inc.º

Bill Date	Account Number	Due Date	Please Pay	
			1	. 1

10/23/2008	9676310000	11/17/2008	\$ 63.66
Name HUGH A MCCAIN		Primary Telep	phone # (252) 453-4604
Service Address 852 SEA	ASCAPE CT, COROLLA, N	IC, 27927	
Activity Since Last Bill			
Previous Balance			\$6 <del>6</del> .18
Payments received as	of 10/23/2008		\$-66.18
Balance as of 10/23/20	08		\$0.00
Residential Water Service		and the second	
Residential Water Base	e Charge		<b>\$13</b> .60
3,110 gallons at \$4.12	per 1,000 gallons	•	\$12.81
Total Residential Wate	r Service		\$26.41
Residential Wastewater Se	ervice		
<ul> <li>Residential Wastewate</li> </ul>	r Service		\$37.25
Total Residential Wast	ewater Service		\$37.25
Total Amount Due			\$63.66
•	,		

#539/10/08

#### Carolina Water Service Inc of NC

Phone: (800) 348-2383 Collections: (800) 348-2383 Customer Service: (800) 348-2383

www.uiwater.com				
Summary of Service				
Meter Reading	Meter#	92240147		
Current	697270	10/23/2008		
Previous	694160	09/23/2008		
Usage	3,110 G	allons		
Number of Days:	30			
Average Daily Use:	104 Gal	lons		
Average Daily Cost	\$ 2.12			
	Billing Histor	гу		
70				
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A fee of 1% per month is added to upaid balances 25 days after the bill date.

Make check payable to: Carolina Water Service Inc of NC

Messages

## Utilities, Inc.º

Payments received as of 11/23/2008

2,290 gallons at \$4.12 per 1,000 gallons

Service Address 852 SEASCAPE CT, COROLLA, NC. 27927

Account Number

9676310000

Due Date

12/16/2008

Please Pay

\$ 60.28

\$0.00

\$23.03

\$37.25

\$60.28

Primary Telephone # (252) 453-4604

\$63.66

\$-63.66

\$13.60

\$9.43

\$37.25

٠.

Bill Date

11/23/2008

Name HUGH A MCCAIN

Previous Balança

Balance as of 11/23/2008
Residential Water Service

Residential Water Base Charge

Total Residential Water Service Residential Wastewater Service

Residential Wastewater Service

Total Residential Wastewater Service

Activity Since Last Bill

**Total Amount Due** 

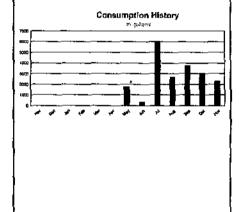
Carolina Water Service Inc of NC Phone: (800) 348-2383

Collections: (800) 348-2383 Customer Service: (800) 348-2383 www.utwater.com

Summa	ry of Serv	ice
Meter Reading	Meter#	92240147

Meter Meading	INIGIGI #	32240147
Current	699560	11/23/2008
Previous	697270	10/23/2008
Usage	2,290 G	lallons
Number of Days:	31	
Average Daily Use:	74 Galle	ons
Average Daily Cost:	\$ 1.94	
	Billing Histor in delices	ry
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# 5402 12/10

A fee of 1% per month is added to upaid balances 25 days after the bill date.

Make check payable to: Carolina Water Service Inc of NC

Messages

6-24-2015

Ms. Antoinette R. Wike, Chief Counsel Public Staff North Carolina Utilities Commission 4326 Mail Service Center Raleigh, NC 27699-4326

Dear Commissioners:

We protest the rate increase that Carolina Water System (CWS) is proposing in Docket W-354, sub 344 affecting Currituck County residents of Corolla Light Resort and Monterey Shores. We request that the rate increase be denied and, in light of the evidence we're entering into the record, we're requesting refunds from CWS for systemically over charging for its sewer treatment services since July 2011 when the last rate increase and restructuring was approved. In 2013 CWS again applied for a rate increase and the rates for Corolla Light customers were not increased. The Commission should again deny this 2015 rate increase in docket no. 354 Sub 344. As we will show, this rate increases and the existing rates charged by CWS are not just and reasonable and are, in fact, based on incorrect readings of sewer usage. In our case we prove that approximately 50% of the water we use NEVER ENTERS the sewer, yet we are (or were until we took independent action) charged sewer rates for that water CWS NEVER treats.

We are: Lynn and Richard Hoffmann

1062 Beacon Hill drive

Corolla, NC 27927

email: rhoffmann/dingaa.org & lynnhoffmann11/degmail.com

We've owned in Corolla Light Resort since July 2010. We're proud to be part of the OBX community in Currituck County. On March 22, 2011 the NCUC issued an order in docket 354, sub 327 in a proceeding we were not aware of. By mid-2011 we were aware of the CWS's rate increase approved by the NCUC. At that time we wrote comments to the NCUC raising concerns about the rate increase. Unfortunately, our concerns weren't addressed.

That March 2011 order stated that the rates agreed to by public staff and the CWS were justified and reasonable and the commission subsequently approved them. Fresh water rates had been \$4.48/1000 gallons and were raised to \$7.09/1000 gallons. Sewer rates had been a flat rate of \$41.14 per month. The March 2011 order approved sewer rates with a flat rate based on meter size [\$55.54/mo. for a < 1" meter] plus a monthly metered 'usage' charge of \$7.09/1000 gallons. The 2011 'usage' charge was an increase of 58.24% over based on the water service charge over and above and in addition to the previous flat monthly meter demand charge.

The 2011 order noted that sewer charges to the <u>average</u> house would decrease. The math, logic and facts of that determination were incorrect. In fact, the opposite happened. The sewer 'usage' charge was based on 100% of the household's water usage—this is a flawed calculation that may hold truer in areas where people don't use water outside their homes to the extent that it is used in a vacation area such as Corolla. The misconstrued notion allows CWS to reap the benefits of overcharging its sewer customers in Corolla Light and Monterey shores since those sewer rates went into effect in July 2011. Its 2013 rate increase in sub 336 for Corolla Light customers was not approved, but now, in docket no 354 sub 344, CWS requests another large rate increase from 6.65 to 8.49 (>27%) and a higher flat rate while

still basing their billing practice on meters recording 100% of fresh water usage. That is inaccurate and will amount to the Public Utility Commission granting CWS a license to overcharge rate payers.

Basing sewer rates on 100% of water usage was incorrect and unreasonable in 2011, in 2013 and now in 2015 as well. CWS has reaped dramatic revenue increases since 2011 while reducing their expenses and returning no added value to the rate payers of Corolla Light. Evidence of the overcharges for sewer and wastewater treatment was plain to see when we installed a second non sewer use meter.

#### THE RATES APPROVED IN MARCH 2011 WERE AND ARE NOT JUST AND REASONABLE

The NCUC approved the March 2011 order that raised water rates and sewer rates based in large part on the cost of obtaining fresh water supplies. However, shortly after those rates went into effect, CWS sold its fresh water supply service to SOBWS. But, it retained its wastewater service and used the recently raised flat fee for metered service <u>plus</u> the 'usage' charge to generate much larger wastewater sewer charges. There was no accounting for, or adjustment to account for <u>actual</u> sewer usage. The sewer charge was just a straight calculation based on 100% of water usage. This was a flawed calculation then and it remains so now for the average outer banks home.

Any homeowner or their guests that fills a hot tub, waters their lawn, takes on outside shower, washes a car or sandy feet or fills and maintains the water level in their swimming pool or power washes their house is using water that never enters the sewer system—yet every resident of Corolla Light and Monterey shores is still paying CWS monthly bills for 'usage' rates for water that CWS never treats in its system. This was wrong in March 2011, remained wrong in September 2013, and continues to be wrong in 2015. It becomes even more unjust with a rate increase.

This is not water that flows into the sewer and is treated wastewater. Yet, the NCUC order has approved rates that allow CWS to bill us for that 'usage" every month for thousands of gallons that CWS doesn't receive or treat. This is not fair or reasonable. Please examine the proof. The investigation the Commission should be having with CWS on behalf of the rate payers of Corolla is about accurate reliable metering, not about yet another rate increase. The subject should be forbidden until an honest system of billing exists. The scales in grocery stores and the pumps at gas stations have been certified for accuracy for decades. The Commission should not permit this billing to continue.

# WE INSTALLED A SECOND METER THAT ABSOLUTELY PROVES CWS BILLING PRACTICES ARE INCORRECT

Our water and sewer bills under the new rate structure starting July 2011 were horrendous. Combined water and sewer charges in 2010 in the late summer months of near \$200, had risen in summer 2011 to over \$1,200 in August 2011. Combined water sewer billing of \$600-800 per month were common. We took action. We stopped watering our lawn. We worked with our pool company to conserve water.

Yet the most effective action we took was installing a second water meter at great expense so that any water used for filling our pool or watering the plants or lawn was not sent thru the sewer meter. This meter cost us \$1650.00 to purchase, permit and install. This bypass of the metered sewer 'usage' was the most effective step we took. That was March, 2013.

As shown in the chart below, since installing meter B --the bypass meter—that measures most of our non-sewer service water usage, on average about 50% of our water use <u>does not</u> enter the sewer, nor require any CWS service. However from approximately July 2011 till March 2013 we were paying CWS for service they never rendered. This is neither just nor reasonable. We aren't the exception to the rule in Corolla and the outer banks. These are, by and large, vacation rental homes with pools, hot tubs & outdoor showers.

Most residents in Corolla Light are still paying sewer rates based on 100% of their water usage when large portions of their use never enters the wastewater system. CWS's current rates are unjust and unreasonable. The proposed rate increase is also unjustified.

So, we solved most of our problem. But most of the residents in Corolla haven't installed a second meter. The sewer service rate charged to the customers in our area based on 100% of all water usage must stop. It is simply not fair. CWS benefits from that arrangement at our expense. The NCUC must take action to stop the billing for service never rendered. The Outer Banks service area, in general, is unique due to the high concentration of vacation homes and lower percentage of full time residential users. Average usage patterns don't apply here. Our concern is that this area's water usage is misunderstood by the Commission and is being capitalized on by CWSNC. Please change that.

#### CWS MUST NOT RECEIVE YET ANOTHER RATE INCREASE IN THE COROLLA LIGHT AREA

As noted above, the 2011 water rate increased to \$7.09/1000 gallons, 58,24% increase over previous rates. CWS received that increase and promptly spun off its freshwater service, no longer supplying water, the cost of which was used to justify the increase. It is ironic that they no longer have that obligation. However, the restructured significantly higher flat sewer rate plus the addition of new metered sewer rate afforded a windfall of new revenue for the streamlined CWS.

The current proposed 2015 increase to \$8.49/1000 gallons of sewer service is another 27% increase over 2011 rates is simply unacceptable. Piling on a second proposed increase in the flat monthly rate is even worse. Since CWSNC already fails to provide service for approximately half of the water we're paying them to treat why is this request being considered? Please deny it.

Instead, we propose that CWS either stop billing by the Gallon altogether or install wastewater / sewer meters for the purpose of initiating real and honest billing practices. And let's talk about the refunds we're owed for 2011- 2015, please.

Richard and Lynn Hoffmann Richard and Lynn Hoffmann 6-24-15

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3 year summary			
2013 Annual Summary	94,010	86,750	48.0%
2014 Annual Summary	103,225	91,670	47.1%
2015 Summary to May	21,480	24,100	52.9%

% NOT entering sewer

AVG 2013 to May of 2015—Water NOT entering sewer = 48.1%

Moter R. non cower

Hoffman Exh. 2

1062 Beacon Hill Dr. Second Meter Gallons Saved & Total Gallons

	1st Meter	2013 2nd Meter	Total Gallons	1st meter	2014 2nd Meter	Total Gallons	1st meter	2015 2nd Meter	Total Gallons
January							3400	1300	4700
February				5620	560	6180	2390	0	2390
March	6480	9920	16400	5020	420	5440	450	0	450
Apríl	10260	9100	19360	5780	2550	8330	10400	9350	19750
May	7310	19110	26420	8145	8230	16375	4840	13450	18290
June	11330	13340	24670	14870	14060	28930			0
July	13970	7790	21760	21770	8770	30540			0
August	13040	8280	21320	14440	16910	31350			0
September	13940	8680	22620	13040	32480	45520			0
October	12360	7970	20330	9340	4560	13,900			0
November	1390	<b>19</b> 50	3340	1490	15 <b>00</b>	2990			0
December	3930	610	4540	3710	1630	5340			o
Total Gals.	94010	86750	180760	103225	91670	194895	21480	24100	45580
% of Use Gross Savings	52%	<b>48</b> % \$611.59		53%	4 <b>7</b> % \$646.27		\$1,257.86		

Galganski Exh. 1

IA

June 24, 2015

The Honorable Roy Cooper Attorney General c/o Utilities Section 9001 Mail Service Center Raleigh, North Carolina 27699

Ms. Antoinette R. Wike Chief Counsel Public Staff-North Carolina Utilities Commission 4326 Mail Service Center Raleigh, North Carolina 27699

#### **North Carolina Utilities Commission**

I would first like to state that it is extremely upsetting to know that this hearing has stacked the deck twice in favor of the applicant. First, by rule that written statements are not evidence unless those persons submitting the statements appear at the public hearing and testify, and second that the hearing is held 1 ½ hours from the residences of the communities involved in this application. Monteray Shores is a 384 lot PUD, of which there are 27 full time residents. Of the remaining 357 lots, more than two-thirds of the homeowners live in Maryland, New York, New Jersey, and Pennsylvania. I am a full time resident of Monteray Shores. My husband and I have been a homeowner since 2003.

In CWSNC's application, the applicant seeks an increase of water and sewer utility service rates. It is a fact that all of Monteray Shores receives their water supply from Southern Outer Banks Water, owned and operated by Currituck County. This application would affect Corolla Light and Monteray Shores only as it relates to the applicant's request for a sewer service increase. I believe that the rate increase sought by Carolina Water Service, Inc., is not justified.

As a consumer, I can see no cause for an increase of rates. Applicant has not shown any growth or change in maintenance to the current plant located in Corolla, nor current or impending large maintenance or repair to any sewer lines, including cleaning out the lines, replacing lift sectors, or replacing broken lines within Monteray Shores. They currently staff an average of one person in Corolla. Applicant also has an unhealthy reputation for not answering their telephone, replying to telephone messages, or providing useful information when called upon to answer questions. I know this, as I served as President of Monteray Shores PUD for 8 years and have served as General Manager for the last 6 years. In both positions, I have fielded many phone calls from contractors and homeowners requesting an insight as to how to get Carolina Water to assist them in sewer taps or adding or repairing lines. I myself have had two occasions that applicant proved more than frustrating when called upon to deal with customer service issues.

Second, with the stagnation of new development over the last several years, Monteray Shores had only 8 houses built between the end of 2013 and present day, and the remaining unimproved lots comprise of almost 1/3 of Monteray Shores.

Third, Monteray Shores is a tourist-driven community. During the months of June, July, and August, an increase of service can be shown as 110 houses lease their homes to tourists. This figure has steadily declined. Four years ago Monteray Shores had 124 houses that rented. During the remaining nine months, applicant services 27 full time residents, with only two residences having children.

The Honorable Roy Cooper Ms. Antoinette R. Wike, Chief Counsel June 24, 2015 Page Two

Finally, and most importantly, applicant currently is approved to charge the consumer by water consumption gallons, not waste water consumption. Under that guideline, drinking water, water used for swimming pools, hot tubs or irrigation, all of which do not enter the wastewater treatment plant, is still being charged to the consumer by applicant for 'wastewater service' and applicant is receiving the revenue for non-wastewater gallons usage. Likewise, all of Corolla, which includes Monteray Shores and Corolla Light, does not have any street sewer systems where wastewater from washing cars, rainwater, or any other discharged water falls into piping and is eventually processed by applicant.

My household consists of two adults, new energy efficient appliances, no irrigation system, no hot tub, no pool. I attach a copy of three invoices for my residence. The first, an invoice bill dated November, 2006, shows my gallons usage at 3,200. The sewer portion of my invoice was \$35.50. The second, an invoice bill dated April, 2015, shows my gallons usage at 3,201. The sewer portion of my invoice was \$72.87, double the amount 8 years prior. As a comparison, my March, 2015 invoice (copy enclosed) received from the Southern Outer Banks water was \$29.18 for 3,150 (50 gallon difference) of actually used gallons of water.

Over the years, increase by increase has been favored by the Commission.

Year:	Base Charge	Rate per 1,000 gallons
2010 2011-13	\$40.41 55.54	\$13.35 per 1,000 gallons (water was part of service) 7.06 per 1,000 gallons of water usage, not wastewater usage

2014 Commission ordered a decrease in sewer rates to remove the repealed gross receipts tax, which was reflected in the bill date August, 2014.

52.26 6.65 per 1,000 gallons of water gallons, not wastewater gallons.

I would also like to point to applicant's increase request in 2013, where applicant requested \$15.65 increase in a less than 1" meter and an \$1.99 increase in the usage charge per 1,000 gallons. In 2015 they are requesting an increase of \$14.46 in a less than 1" meter and a usage charge increase of \$1.84, which, if approved, will be, according to applicant's notice, another 27.7% increase based on an average usage of 4,347 gallons.

For all reasons set forth above, I implore the Commission to deny the applicant's request for a rate increase for either the base facility charge or the usage charge.

Thank you for your consideration in this matter.

Karen Galganski 873 Welk Court Corolla, NC

enclosures

Remittance Address: CAROLINA WATER SERVICE OF NC For Service or Billing Inquiries Call: 800-348-2383 OR 910-949-2010 PO BOX 240908 To Pay By Credit or Debit Card, Call 1-877-527-7852 A Convenience Fee Will Be Charged. CHARLOTTE NC 28224-0908 Account Information Description of Charges Account # 00573 000379 0 PRIOR BALANCE \$-0.20 Service Addr. 873 WELK CT \$35.50 SEWER **\$**35.80 Bill Date 11/01/06 Due Date 11/22/06 COUNTY WATER SUPPLY CHG Prior Read 09/23/06 126510 Current Read 10/23/06 129710 Usage 3200 # of days this period 30 Average daily usage 107 Average daily water cost \$1.19 Average daily sewer cost \$1.18 Last Payment 10/16/06 \$75.00 1% PER MONTH WILL BE ADDED TO THE \$71.10 UNPAID BALANCE OF BILLS STILL PAST Please Pay DUE 25 DAYS AFTER THE BILLING DATE

Castomer service information Flease Retain for Year Recents

PLEASE PROVIDE YOUR SERVICE ADDRESS PHONE NUMBER

ON THE MET REVITTANCE FORM

SO WE MAY CONTACT YOU IN THE EVENT OF A SERVICE RELATED EMERGENCY.

TO HELP US MAINTAIN SECURITY SURROUNDING YOUR DRINKING WATER SYSTEMS, PLEASE CALL OUR OFFICE AND THE POLICE IF YOU NOTICE SUSPICIOUS ACTIVITY.

PAYMENT OPTIONS -- \$\$\$ -- WE CAN AUTOMATICALLY DRAFT YOUR PAYMENT FROM YOUR SAVINGS/CHECKING ACCOUNT FREE OF CHARGE. FOR INFORMATION, CALL OUR CUSTOMER SERVICE & BILLING INOUTRY NUMBER LISTED ABOVE.

SERVICE DEPARTMENT AT THE SERVICE & BILLING INQUIRY NUMBER LISTED ABOVE

\*\*\*\*\*\*\*\*\*

TO PAY BY CREDIT, DEBIT (VISA & MASTERCARD) OR ELECTRONIC CHECK, CALL

7-077-627-7862 BAYMENTS MADE ON ANY VISA CARD THAT CAN BE USED AS A DEBIT

1-877-527-7852. PAYMENTS MADE ON ANY VISA CARD THAT CAN BE USED AS A DEBIT OR CREDIT CARD WILL BE PROCESSED AS A DEBIT CARD. PAY OVER THE INTERNET BY ACCESSING PAYBYINTERNET.COM. MAKE INTERNET PAYMENTS TO OUR PARENT COMPANY UTILITIES INC. THERE IS A FEE FOR THESE PAYMENT OPTIONS. \*\*\*\*\*

\*\*\*\*\* YOU MUST ALLOW FOR CREDIT/DEBIT CARD PROCESSING TIME. \*\*\*\*\*

\*\* TO ASSURE PROPER CREDIT TO YOUR ACCOUNT FOR ONLINE OR PHONE PAYMENTS, \*\*

\*\*\*\* PLEASE ENTER YOUR 12 DIGIT WATER/SEWER ACCOUNT NUMBER CAREFULLY. \*\*\*\*

Rate Schedule Available Upon Request

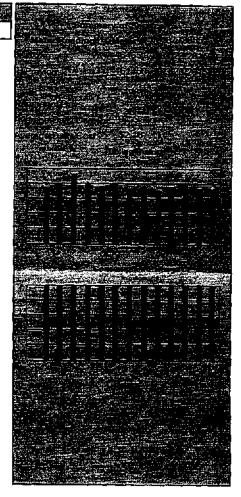


Carolina Water Service Inc of NC

Phone: (800) 525-7990 Collections: (800) 525-7990 Customer Service: (800) 525-7990

www.uiwater.com

04/30/2015	4628310000	5/21/2015	\$72.87		
Name RICHARD GALGAN Service Address 873 WE Activity Since Last Bill	NSKI ELK CT, COROLLA, NC, 27927	Primary Telepho	ne # (252) 457-0831		
Previous Balance Payments received as of 0	14/30/2015		\$72.32 \$-73.00		
Balance as of 04/30/2015 Residential Wastewater Ser	nvice	\$-0.68			
Residential Wastewater Se 3,201 gallons at \$6,65 per	ervice		\$52.26 \$21.29		
Total Residential Westewa	•	\$73.55			
Total Amount Due			\$72.87		



#### A fee of 1% per month is added to unpaid balances 25 days after the bill date.

Rate Schedules are available upon request. Make check payable to: Carolina Water Service Inc of NC

#### Messages

Please note that your billed usage amount is based on an Estimated Read. If you have any questions, please contact your customer service office at the phone number listed above.



462831000000000072876



Account	Number:

4628310000

Amount Paid

Due Date:

Please Pay:

5/21/2015 \$72.87

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### իկչինարերիանարարարարի անգորակին իրականինի

RICHARD GALGANSKI KAREN 873 WELK CT COROLLA NC 27927-9511 Carolina Water Service Inc of NC
PO Box 11025
Lewiston ME 04243-9476

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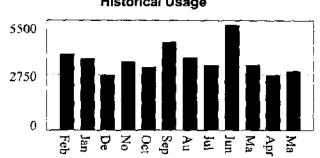
Southern Outer Banks Water System 444 Maple Road Maple, NC 27956



Previous Balance	\$81.13
Payment Received On 03/09/2015	\$82.00
Unpaid Previous Balance	-\$0.87
Current Charges	\$79.18
Total Due	\$78.31

#### Historical Usage





SERVICE	ADDRESS. 873 WE	LK CT	·				/		
ACC	OUNT NUMBER	В	ILL DATE	CURF	RENT C	HARGE	DUE BY	. (	CUTOFF DATE
	014953	0:	3/20/2015		04	10/2015			
SEF	RVICE PERIOD	DAYS	METER NUMI	BER	CUF	RENT	PREVIO	JS	USAGE
02/13/	2015 - 03/11/2015	26	18773855	,	46	1450	458300	,	3150
CODE	SERV	ICE DESC	RIPTION		/				CHARGE
1SOB	SOUTHERN OUTER	BANKS R	ES WATER		7				\$29.18
2SOB	SOUTHERN OUTER	BANKS SI	JRCHARGE						\$50.00
						Total	Current Charg	jes	\$79.18
						Unpaid	Previous Bal	ance	-\$0.87
							Total Due		\$78.31

WE NOW OFFER E-BILLING FOR YOUR MONTHLY WATER BILL. TO FAROLL, PLEASE EMAIL US AT UTILITIES@CURRITUCKCOUNTYNC.GOV. YOU CAN NOW VIEW THE ANNUAL WATER QUALITY REPORT AT HTTP://WWW.CQ.CURRITUCK.NC.US/ANNUAL-WATER-QUALITY-BEPORT.CFM

#### DETACH THIS PORTION AND RETURN WITH PAYMENT IN THE ENCLOSED ENVELOPE

Billing Date:	03/20/2015
Account No.	014953

Unpaid Previous Balance:

-\$0.87

**▶** Due 04/10/2015

Current charges:

\$79.18

**Total Due** 

\$78,31

Office Hours: Monday-Friday 8am-5pm

Phone: 252,232,2769

MAKE CHECK PAYABLE & REMIT TO:

Southern Outer Banks Water System 444 Maple Road Maple, NC 27956-9713 նվերիլիներնուլընտոլ[նուտ[[[ԱրՄլԽլիմ]]]Մ]ԱՄՀԿՈֆուկլ

GALGANSKI, RICHARD GALGANSKI, KAREN **873 WELK CT COROLLA NC 27927-9511** 

# Phillips Exh. 1

I/A

Dear Chairman Finley, Chief Clerk Mount, and fellow Commissioners:

June 24, 2015

I own a small 3 bedroom rental condominium in the Corolla Light community located in Corolla, North Carolina. While I don't normally involve myself in commenting on utility rate increase requests, 27% seemed rather extraordinary so I took some time to research the matter. What I found is nothing short of outrageous.

The table below was created using data from actual CWS bills I've received. The 8,120 gallons used as a reference in the table is the actual amount I was billed for in July, 2009.

	CWS Sewage Rates						
	Jan-09	Jan-10	Jan-11	Jan-12	Jan-13	Jan-15	Proposed:
Base Charge	37.25	40.41	40.41	55.54	55.54	52.26	66.72
Per 1000 Gallon Charge	0	0	0	7.06	7.06	6.65	8.49
Cost for 8,120 gallons	37.25	40.41	40.41	112.87	112.87	106.26	135.66
% cost increase YOY:		8.5%	0.0%	179.3%	0.0%	-5.9%	27.7%
% cost increase from 2009:		8.5%	8.5%	209.4%	209.4%	185.3%	264.2%

As you can see, CWS is requesting a 264% increase over the sewage rate they charged in 2009. In fact, in July of 2009, CWS provide both sewer and water service to Corolla Light. My bill for that month, water and sewer combined, for 8,120 gallons, was \$134.62. That's 1% less than what they want to charge today, only 6 years later, for sewage alone! During this time CWS has continued to use the same waste water treatment facility, and has made few, if any, improvements that would justify any rate increase, let alone the 264% increase documented in the table above.

In another example of the egregious nature of this request, this table compares CWS current and proposed rates to the actual rates Currituck County charges Ocean Sands, a Corolla neighborhood only a few miles south of Corolla Light:

	CWS Actual	CWS Proposed	Currituck County Actual Ocean Sands Rate
Base Charge	52.26	66,72	15.00
Per 1K Gallon Charge (up to 10K)	6.65	8.49	5.50
Cost for 8,120 gailons	106.26	135.66	59.66
% difference from Ocean Sands Rate	78.1%	127.4%	0.0%

As the table shows, CWS current rate is 78% higher than Currituck County's rate for Ocean Sands, and the proposed rate is 127% higher.

Currituck County has proven that a competent operator can provide sewage service on the Outer Banks at rates much lower than what CWS is currently charging. I urge the commission to not only deny the proposed increase, but roll back CWS rates to levels comparable to what Currituck County charges Ocean Sands.

Sincerely.

Danie Waller of David W. Phillips
1056 Mirage St.
Corolla, NC

Attachments: July 2009 CWS bill

Currituck County Ocean Sands rate schedule

### Utilities. Inc.

Bill Date	Account Number	Due Date	Please Pay
07/22/2009		8/12/2009	\$ 134.62

The state of the s	
Name DAVID PHILLIPS	Primary Telephone #
Service Address 1056 MIRAGE ST, COROLLA, I	VC. 27927
Activity Since Last Bill	
Previous Balance	\$136.11
Payments received as of 07/22/2009	<b>S-136</b> .1†
Balance as of 07/22/2009	\$0.00
Residential Water Service	
Residential Water Base Charge	<b>\$2</b> 7.22
8.120 gallons at \$8.25 per 1.000 gallons	\$66.99
Total Residential Water Service	\$94.21
Residential Wastewater Service	
Residential Wastewater Service	\$40.41
Total Residential Wastewater Service	\$40.41
Total Amount Due	\$134.62

Carolina Water Service Inc of NC

Phone: (800) 348-2383 Collections: (800) 348-2383 Customer Service: (800) 348-2383

www.uiwater.com		
Summa	ary of Sen	/ice
Meter Reading	Meter#	
Current	506460	07/20/2009
Previous	498340	06/24/2009
Usage	8,120 (	Gallons (
Number of Days:	26	
Average Daily Use	Average Daily Use: 312 Gallons	
Average Daily Cos	t: \$5.18	
•	Billing Histo	pry
W		
45		
#		
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A fee of 1% per month is added to upaid balances 25 days after the bill date.

Make check payable to: Carolina Water Service Inc of NC

Messages

Utilities, Inc.

PO BOX 240908 Charlotte NC 28224-0908

Account Number:

Due Date: Please Pay 8/12/2009

- 1

\$ 134.62

Amount Paid

DAVID PHILLIPS

Carolina Water Service Inc of NC PO BOX 240908 Charlotte NC 28224-0908 Inditabilish halid line land at the land

25.00



#### Search the Site

## Rate and Fee Schedule - Ocean Sands

Search the Monu

Southern Outer Banks Water System
Ocean Sands Sections D - Y and Crown Point (OSWSD)
Rate and Fee Schedule (last updated April 15, 2015)

<u>Home</u> ↓
Government
Departments 1
Water i
Ocean Sands
Water/Sewer Dis
D . 170

Water/Sewer District |
Rate and Fee Schedule
How to Apply For

Water Service Frequently Asked Questions

Studies and Reports

Citizens | Business | Leisure |

Online Services, Forms & Information 1

OnLine Videos | Event Calendars |

man collect Con			
Base rate:		5	15.00 per month
Consumption:	up to 2,500 gallons		3.50 per 1000 gallon
	up to 5,000 gallons		4.50 per 1000 gallon
	up to 10,000 gailons		5.50 per 1000 gallon.
	up to 15,000 gailous		6.50 per 1000 gallon
	up to 20,000 gallons		7.50 per 1000 gallou
	over 20,000 gallons		8.50 per 1000 gallon

Total water charge based on rate block for total consumption.

Example: If 25,000 gallons used, cost is \$8.50/1000 for all gallons used.

#### Sewer Charge: Equal to 1.5 times water charge

\$7.95 per month minimum base rate

Commercial master meter accounts charged at the above rates per unit served. Hotels and mosels: Four rooms equal one commercial master meter billing unit.

#### Tap-On Fee \$450.00; Impact Fee \$2000.00; Total Fee \$2450.00

#### Deposits

Renter deposit	\$ 150.00
High-risk deposit (owner or renter)	200.00
Fire hydrant meter deposit	2,400.00
" or three mouths' billing of previous usage, whichever is greater	

#### Charges and Other Fees

Open/reopen/transfer account

openiopenia a maniere :		
Special request meter reading		25.00
Reread meter - our reading correct		25.00
Reread meter - our reading incorrect		No Charge
Reconnection fee (after	er custoff for nonpayment)	
	8:00 a.m 4:00 p.m.	50.00
	4:00 p.m 8:00 a.m.	N/A
Returned check fee		25.00
Meter tampering fee		75.00
Turn on/off fee, per oc	currence	
	Normal working hours	25.00
	After normal working hours	N/A
Meter testing fee		
	If meter accurate	50.00
	If more than 2.5% inaccurate	No Charge
Pipe pressure/leakage test		100.00
Pipe pressure/leakage retest		150.00
Fire hydrant meter setup fee		50.00
Moter accessibility charge		35.00

#### Parts and Labor

All replacement parts charged at cost plus 20%.	
Labor charges:	\$ 35.00 per man per bour
Ditch Witch:	75.00 per hour
Backhoe:	75.00 per hour