

From: [Casselberry, Gina](#)
To: [Statements](#)
Cc: [Holt, Gina](#)
Subject: FW: W-354, Sub 364 Carolina Water Service, Inc. of North Carolina - Response to Complaint
Date: Wednesday, May 6, 2020 10:05:28 AM

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From: Casselberry, Gina
Sent: Wednesday, May 6, 2020 9:58 AM
To: conniel@ec.rr.com
Cc: Holt, Gina <gina.holt@psncuc.nc.gov>
Subject: Carolina Water Service, Inc. of North Carolina - Response to Complaint

Ms. Groszkowski Pugh,

Thank you for your email concerning Carolina Water Service, Inc. of North Carolina's (CWSNC or Company) most recent rate increase.

The Public Staff is responsible for representing the interests of the using and consuming public in utility matters. Public Staff accountants, engineers, attorneys, and economists were assigned to the CWSNC rate case and completed a five-month long investigation, including a complete and thorough audit of CWSNC's books and records. Customer hearings were held across North Carolina, including a hearing in Jacksonville, on October 22, 2019. On November 4, 2019, the Public Staff filed its findings (pre-filed testimony) with the North Carolina Utilities Commission (Commission). An evidentiary hearing was held on December 2, 2019, before the Commission where the Public Staff testified in support of its findings. The Commission made a determination in regard to increasing the sewer rates based on the evidence presented. The entire case is posted on the Commission's webpage at www.ncuc.net, under the docket search feature (Docket W-354 Sub 364).

Prior to transferring the sewer system to CWSNC, in May of 2003, Mercer Environmental Corporation (Mercer) provided water and sewer utility service to Regalwood Subdivision. Mercer purchased water from Onslow County and distributed it to customers in Regalwood. The wastewater was treated at Mercer's 120,000 gallons per day (gpd) package plant. On December 20, 1995, the Commission approved transferring the water system from Mercer to Onslow County. However, the transfer was not finalized until January 23, 1997.

Regalwood Subdivision falls within CWSNC's Uniform Sewer Rate Division. Since CWSNC does not

provide water service, customers in Regalwood are charged a flat rate for only sewer service. The flat rate was calculated based on an average usage of 3,228 gallons per month.

One of the advantages of uniform rates is that they promote economies of scale. Replacing a wastewater treatment plant (WWTP) or sewer mains costs millions of dollars. Under uniform rates versus subdivision specific rates, these substantial costs are shared by thousands of customers versus hundreds of customers. When it becomes necessary to replace the WWTP or a major main replacement project in Regalwood, the cost will be shared by all of the uniform customers.

In this most recent rate case, the primary reason for the increased rates for sewer service was capital projects. CWSNC spent approximately 21 million dollars on capital projects across North Carolina, including replacing two WWTPs and several major main replacement projects. Main replacement projects are prioritized based on the number of leaks for the same section of pipe, over a period of time. It is more cost efficient to repair leaks until the number of leaks meet the threshold for a main replacement. A main replacement project may be hundreds or thousands of feet in length of pipe depending on the need.

In regard to your two other concerns, repairing the road after a leak and over flowing ditches, I have contacted CWSNC about repair patches that have not been repaved. On May 5, 2020, CWSNC sent pictures verifying that the patches have been paved. The Company also informed me that it reminded new staff that restoring pavement cuts should be completed within ten days of the repair (weather permitting). CWSNC is not responsible for drainage ditches. This is the responsibility of your local officials.

Respectfully,

Gina Y. Casselberry

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