

1 PLACE: Watauga County Courthouse
2 Boone, North Carolina
3 DATE: Tuesday, September 25, 2018
4 DOCKET NO.: W-354, Sub 360
5 TIME IN SESSION: 7:00 P.M. TO 7:39 P.M.
6 BEFORE: Chairman Edward S. Finley, Jr., Presiding
7 Commissioner Jerry C. Dockham
8 Commissioner Lyons Gray
9 Commissioner Daniel G. Clodfelter
10 Commissioner Charlotte Mitchell

11
12 IN THE MATTER OF:
13 Application by Carolina Water Service, Inc.
14 of North Carolina, 4944 Parkway Plaza
15 Boulevard, Suite 375, Charlotte,
16 North Carolina 28217, for Authority to Adjust and
17 Increase Rates for Water and Sewer Utility
18 Service in All of Its Service Areas in
19 North Carolina, Except Corolla Light and
20 Monteray Shores Service Area.

21
22 Volume 4

23
24

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

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7

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

2 CHAIRMAN FINLEY: Good evening, ladies and
3 gentlemen. We will come to order and go on the record at
4 this point.

5 My name is Edward Finley, and with me this
6 evening with the Commission is Jerry C. Dockham, Lyons
7 Gray, Daniel G. Clodfelter, and Charlotte Mitchell.
8 They're over here on my left. The Commission -- now,
9 these are the Commissioners over here. They're not
10 Company folks. They're the people who make a decision as
11 opposed to the people who are asking for the request.
12 Some people get that confused.

13 The Commission now calls for hearing at this
14 time for the purpose of taking non-expert customer
15 witness testimony Docket No. W-354, Sub 360, In the
16 Matter of the Application of Carolina Water Service of
17 North Carolina for Authority to Increase Rates for Water
18 and Sewer Utility Service in its subdivisions in North
19 Carolina Except for Corolla Light and Monteray Shores
20 Service Area.

21 On April 27, 2018, Carolina Water filed an
22 Application with the Commission seeking authority to
23 increase its rates for water and sewer utility service in
24 all of its service area in North Carolina effective May

1 27, 2018. The Company is proposing an increase in its
2 water and sewer rates for its four rate divisions
3 approved in the last general rate case, and it is also
4 proposing uniform water and sewer rates for Elk River
5 Development. In addition, Carolina Water is requesting
6 authority to implement consumption band water and
7 wastewater rate adjustment mechanism within each of the
8 Company's rate divisions.

9 On May 16, 2018, the Company served a filing,
10 an Amendment to its application.

11 On May 22, 2018, the Commission issued its
12 Order Establishing General Rate Case, Suspending Rates,
13 Scheduling Hearing, and Requiring Customer Notice.
14 Pursuant to this Order the Commission declared this
15 proceeding to be a general case pursuant to G.S. 62-137
16 and it suspended the proposed new rates for up to 270
17 days. Additionally, the Order scheduled the Application
18 for evidentiary hearing for expert witnesses on October
19 16, 2018, and scheduled a public witness testimony
20 hearing for this date, in this time, in this place.

21 On May 30, 2018, the Company filed an ongoing
22 Three-Year WSIC/SSIC Plan.

23 On September 4, 2018, in support of its
24 Application the Company filed the direct testimony of

1 Witnesses Clark, Linneman, and D'Ascendis. Numerous
2 customer statements of position have been filed in the
3 docket.

4 Pursuant the State Ethics Act I'll remind all
5 members of the Commission of their duty to avoid
6 conflicts of interest, and inquire whether any of the
7 Commissioners has a known conflict of interest with
8 regard to the matters coming before the Commission this
9 evening?

10 (No response.)

11 Let the record reflect that there have been no
12 noted conflicts of interest.

13 We also recognize individual participation in
14 this case by the Public Staff of the North Carolina
15 Utilities Commission.

16 Are there any preliminary matters that we have
17 to address before we proceed?

18 (No response.)

19 CHAIRMAN FINLEY: All right. Let's have
20 identification of the parties, beginning with the
21 Applicant, please.

22 MS. SANFORD: Thank you, Chairman Finley. I'm
23 Jo Anne Sanford with the Sanford Law Firm representing
24 Carolina Water Service of North Carolina. With me at

1 counsel table is Matt Klein who is the state President,
2 and if I might, there are representatives of the Company
3 here available to help with customers: Tony Konsul,
4 Regional Manager; Neil Reece, Area Manager; Renee Guay,
5 Health, Safety. and Environmental; and Deb Clark,
6 Communications Coordinator. Thank you.

7 MS. HOLT: Good evening. I'm Gina Holt with
8 the Public Staff on behalf of the Using and Consuming
9 Public, and with me at counsel table is Public Staff
10 Engineer Gina Casselberry.

11 CHAIRMAN FINLEY: All right. Thank you.
12 Ladies and gentlemen, a few ground rules that we follow
13 in these proceedings -- let me go over those briefly with
14 you.

15 In conducting the hearing, the Commission
16 functions like a court. We do that pursuant to state
17 statute and we're in a courtroom for that reason. We
18 must take sworn testimony pursuant to statutes, and we
19 operate pursuant to the Rules of Procedure and Evidence,
20 and we must conduct the hearings in a very orderly
21 manner. So we request that you voluntarily comply with
22 these rules so that we can have an orderly proceeding
23 tonight.

24 There are a few guidelines that we follow in

1 addition to the general guidelines. The witnesses must
2 register with the Public Staff and verify that they are
3 customers and non-party witnesses, and they will be
4 called in the order in which they are listed on the
5 Public Staff's roster. In order to allow each person an
6 equal amount of time we are going to limit the testimony
7 to about five minutes, and we have a sign over here that
8 has brightly lit time limits and that will draw down, and
9 if you would follow that, we would very much appreciate
10 it.

11 Each witness should avoid, to the extent
12 possible, cumulative, repetitive, and irrelevant
13 testimony. The witnesses will have to be sworn. I will
14 ask you to be sworn or to affirm prior to your testimony.
15 We have only one witness at a time. The witnesses shall
16 refrain from offering opinions on matters not specified
17 in the notice of the hearing in the docket tonight.
18 Focus on the issues presented and refrain from making
19 personal criticisms, if you don't mind, of the parties
20 and other hearing participants. In lieu of oral
21 testimony witnesses may submit written testimony as long
22 as they swear to its accuracy, and they may be submitted
23 by the person under oath during the hearing. The
24 witnesses may be subject to cross examination, so lawyers

1 and the Commission itself can ask questions of you, so
2 after you've made your statement if you will stick around
3 a few minutes to see if there are questions that anybody
4 has of you, we would appreciate that.

5 The testimony is being recorded by the court
6 reporter here. And so we want to be sure of the accuracy
7 of the record, so please refrain from unconventional
8 modes of testimony such as hissing and booing and
9 clapping and that type of thing because we can't take
10 that down and it interferes with the ability to make a
11 good record. We will transcribe what is submitted here
12 and take that back to Raleigh, and so when we have our
13 decision making after the expert witnesses have presented
14 their testimony, this will be part of the record we will
15 consider in the ultimate decision that the Commission
16 will render.

17 All right. Ms. Holt, if you'll call your first
18 witness, please.

19 MS. HOLT: Mr. Harvey Bauman.

20 CHAIRMAN FINLEY: Make yourself comfortable
21 there.

22 MR. BAUMAN: Do you want me to stand?

23 CHAIRMAN FINLEY: That will be fine.

24 HARVEY BAUMAN; Having been duly sworn,

1 Testified as follows:

2 DIRECT EXAMINATION BY MS. HOLT:

3 Q Please state and spell your name for the
4 record.

5 A I'm Harvey Bauman. I'm a resident of Ski
6 Mountain, the oldest resident on Ski Mountain in age and
7 length of time living on the mountain. And the property
8 owners association asked me to represent them at this
9 hearing this evening. I'll make comments about the
10 numbers I'm going to talk about as soon as everyone gets
11 their copy.

12 The water service overall is good. The water
13 quality overall is good. There is a difference since we
14 don't communicate directly with the folks in Banner Elk
15 anymore. It used to be very convenient when we knew the
16 staff over there and the technicians, and were able to
17 call over there, and I -- excuse me -- I knew all of them
18 by name. Now it's different. You wind up talking to
19 somebody in Chicago or wherever. You don't know where it
20 is. They have no idea where we are and some of the
21 issues that we might be dealing with. We did have more
22 boil water notices this year than last year, than ever
23 before, some of them lasting three days which is
24 certainly an inconvenience.

1 The water rates have gone up significantly. I
2 put together some numbers from January 2007 until the
3 most recent increase November 2017. There were a number
4 of increases prior to January 2007, but I just want to
5 give you a 10-year picture of what has happened as far as
6 the Ski Mountain water rates.

7 You will notice our basic charge in January of
8 2007, meter charge was 11.90, and 3.60 per 1,000 gallons.
9 You will see all the way through there are increases
10 almost every year. And the most recent increase in
11 November of 2017, the basic charge went to 24.44, and the
12 1,000 gallon charge went to \$7.70. Over the 10 years the
13 basic charge has increased 105 percent; the per 1,000
14 gallons charge has increased 114 percent. That is very
15 significant.

16 If those type of numbers were applied to a
17 gallon of milk, we would be paying \$7.97 for a gallon of
18 milk now; if that was applied to a loaf of bread, the
19 average loaf of bread now would be \$7.15 -- unreasonable
20 -- a gallon of gas, we would be paying \$5.58 for a gallon
21 of regular if those needed commodities that we need every
22 day had been increased the way Carolina Water has
23 increased our basic need for water. Most of our folks
24 are retirees, about 90 percent of them.

1 I have searched for a financial report on
2 Carolina Water, been unable to find one. No place on the
3 web. I searched for a financial report for Utilities,
4 Inc. Can't find one on the web to see what are their
5 profit levels and so forth. So it would be interesting
6 to be able to get a copy of an annual report if it does
7 exist, but I've not been able to locate any financial
8 information about Carolina Water or Utilities, Inc. It's
9 like it's hidden information.

10 So the 48 members of Ski Mountain Acres POA
11 feel that another increase in our water basic charge or
12 per 1,000 gallon charge is unnecessary, would be
13 unreasonable because the rates have increased so
14 significantly over the last 10 years. Thank you.

15 CHAIRMAN FINLEY: Thank you, Mr. Bauman. Let's
16 see if there are any questions for you.

17 MS. HOLT: First, I'd like to mark Mr. Bauman's
18 handout as Bauman Exhibit 1 for identification.

19 CHAIRMAN FINLEY: Shall be so marked.

20 (Whereupon, Bauman Exhibit 1 was
21 marked for identification and
22 admitted into evidence.)

23 BY MS. HOLT:

24 Q Mr. Bauman, are you a full-time resident or --

1 A Yes.

2 Q -- part time? You are. About how -- what
3 percentage of the 48 members are full time and part time?

4 A Of the 48 members, there are about 12 that are
5 year -- year round. Most of them come and go. I manage
6 myself 33 of the homes. I set up -- after I retired from
7 ASU, I was the management professor, set up a little
8 business to look after the homes of the folks who aren't
9 here. The rest of them, you know, come and go during the
10 -- have family members, grandchildren that come and use
11 their homes and so forth. There are a few that, you
12 know, winterize and don't come back until April or May.

13 Q You mentioned that you received boil water
14 notices more often and one lasting three days?

15 A Yes.

16 Q What was the reason for that?

17 A There was a problem in the system. We got one
18 of those robocalls --

19 Q Okay.

20 A -- that you were to boil water, and it was
21 three days on one of those before we got a call that it
22 was -- we didn't need to boil water anymore. There were
23 some problems in the system someplace.

24 Q Was it over the weekend?

1 A Excuse me?

2 Q Was it over the weekend? Did the incident
3 occur over a weekend?

4 A One was over a weekend. I don't recall about
5 the -- we had a couple more.

6 Q Thank you.

7 A But as I said, the quality of the water overall
8 is good, the service is good, the technicians and so
9 forth, but we did have more instances of that this past
10 year.

11 Q Thank you.

12 MS. SANFORD: No questions.

13 EXAMINATION BY CHAIRMAN FINLEY:

14 Q Mr. Bauman, you've got metered water rates up
15 there now?

16 A Excuse me?

17 Q Metered water rates now?

18 A Yes.

19 Q You like that?

20 A Yes. We have our own septic tanks. We're not
21 on sewage charge.

22 Q Thank you. Thank you for coming tonight.

23 (Witness excused.)

24 MS. HOLT: Mr. Sid E. von Rospeunt.

1 SID EIBL VON ROSPEUNT; Being first duly sworn,
2 testified as follows:

3 DIRECT EXAMINATION BY MS. HOLT:

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

6 A Good evening. I am Sid Eibl von Rospeunt. I
7 am a long-time resident of Elk River, probably one of the
8 only few who have so many years at that place. So I
9 would like to, first of all, give you the history of our
10 water supply and how the water was billed prior to Elk
11 River Utilities being acquired by Carolina
12 Water/Utilities, Inc.

13 Originally, we had a flat rate from the '80s
14 until probably somewhere around 2012, '14, '15, somewhere
15 in that neighborhood. It was \$29.92 -- it was a 22 --
16 \$29.92 flat rate for the water. If you use 1,000 gallons
17 or if you use 15,000 gallons, it was a flat rate. When
18 Elk River got into some difficulties, the previous
19 management sold the utility to Carolina/Utilities Inc.
20 They operate the utility probably for another 15 years
21 without a single increase. It was status quo. We didn't
22 change anything. It was the same 29.92 if you were at
23 the house or not at the house.

24 Then approximately three years ago we sat again

1 here and they came with a rate increase for us. And what
2 they did is -- and here corporate greed took in. They
3 said we will go into these country clubs and we'll start
4 metering the houses, so they installed all meters. And
5 unfortunately, their financial calculation was to
6 boondoggle because what they didn't -- what they didn't
7 think about is that the majority of the homes were not
8 more than two, maybe three months out of the year
9 occupied and people using water. So at the end of the
10 day we were paying like \$22 or \$23 a month versus a flat
11 rate before of \$29.92. So I was surprised when we got
12 again the notice of rate increase.

13 So I did a little bit -- some research on
14 Utilities, Inc. and why are they coming in and trying to
15 increase our rates when nearly 100 percent from the last
16 three years ago a rate increase. Well, Utilities, Inc.
17 has over the last few years incurred record fines of
18 state and federal governments for dumping waste into the
19 rivers. There's one case, very -- a very prominent case
20 is in South Carolina. Everybody can look it up on the
21 web, just Google it. But that -- that's set aside.

22 I own and operate companies for nearly 40
23 years, and I would never have the nerve to increase my
24 rates in three years by nearly 100 percent. How would

1 you feel if you come to my Chevrolet store in Florida and
2 you bought three years ago a Tahoe for \$50,000, and now
3 you come to me and I say guess what, Johnny, 92,000 this
4 year? They would call me a crook, a thief, or -- or the
5 rest I don't even want to go there.

6 I also own a business up here in the area. I
7 own a dealership in the Town of Newland, small little
8 town. I have a whole city block and my dealership is
9 located there, so I use some water there and I use some
10 sewer. So I sat down with the Town and said give me your
11 rates; I want to know what my rates are for water and how
12 many utility customers do you serve with the water plant
13 and the sewer plant in the Town of Newland. The answer
14 is answer is simple, they have a little bit less than 500
15 customers, so very comparable with Elk River. I think
16 Elk River has about 380 or 385 accounts.

17 So now comes the awakening. If you are in the
18 Town of Newland and you use 1,000 gallons of water, 1,000
19 gallons of water, your bill is \$10.50. Now, Utilities,
20 Inc. has said the average customer uses close to 4,000
21 gallons of water. Well, if you use 4,000 gallons of
22 water in the Town of Newland, and I'm talking residential
23 use, your bill is \$26.70, your sewer rate is \$34.40. So
24 now we go in there and we compare same size utilities.

1 On a 4,000 gallon basis we're talking \$26.70 for the Town
2 of Newland and over \$70 for Utilities, Inc. Absolutely
3 outrageous.

4 And the North Carolina Utility Commission
5 should have been an outcry to stop that, cancel the
6 Application, start an investigation into Utilities, Inc.,
7 into their business practices, because there's nothing
8 that can financially support a rate increase by nearly
9 100 percent. Where are the financial statements? The
10 Application they filed, they didn't say how much money we
11 made, how much money we lose. And quite frankly, guys, I
12 don't care if you lose money. If you lose money, sell
13 the place. We would be happy to buy it, okay?

14 So if you want to come in and start raping the
15 people with increases -- and the Commissioners, I'm
16 asking you, you are public servants. You're here to
17 protect us, the public, not the corporate greed of
18 corporate America or the corporate -- because they are
19 many, many states. You should put a stop to it. Request
20 their financials or check their financial projections,
21 should show -- open their books. What are their
22 revenues? What do they get? Do they make a profit? Do
23 they make a loss? If the loss -- if there is a loss,
24 that's a business risk we're taking every day as business

1 owners, and we can make a decision here to keep feeding
2 it or sell it, but don't go to the public. Especially
3 with water, that is a lifeline of life. You sell water
4 based on life, ladies and gentlemen.

5 And here I'm asking you, the Commission, to put
6 an end to that, deny the Application, start an
7 investigation, refer it to the Attorney General of North
8 Carolina, and let's get the books and records out of
9 there and let's see why and for what reason 100 percent
10 increases after three years are on the table. Thank you.

11 CHAIRMAN FINLEY: Could we get your spelling of
12 your name for the court reporter, please?

13 THE WITNESS: Sid, S-I-D, Eibl, Echo, India,
14 Bravo, E-I-B-L, and then lower caps Victor, Oscar,
15 November, space, capital R-O-S-P-E-U-N-T.

16 CHAIRMAN FINLEY: Thank you, sir. Appreciate
17 you -- any questions?

18 BY MS. HOLT:

19 Q Have you had any service-related complaints?

20 A Well, we -- like the gentleman before said, we
21 had some water outages. We had -- we had some boil water
22 notices, too, but that can happen, you know. Sometimes
23 there's road construction and they cut into the water
24 line. There again, that's not their fault. But I can

1 only say the quality of the water is disgusting. We have
2 four dogs in our house, two great Bluetick Coonhounds.
3 They drink a lot of water. If -- and we use very nice
4 ceramic bowls for their waters. If their water stays in
5 there for two days, you have some red algae in there.
6 And I raised that complaint about a year, year and a half
7 ago and it didn't go anywhere.

8 This utility company is not playing with clean
9 hands, let's say it this way. And I'm asking the
10 Commission to stop it and refer it to the Attorney
11 General and get an investigation going on.

12 Q Thank you.

13 CHAIRMAN FINLEY: Thank you for coming tonight.

14 THE WITNESS: You're welcome. Thank you.

15 (Witness excused.)

16 MS. HOLT: Mr. George Hall.

17 MR. HALL: Just takes me a little longer.

18 MS. HOLT: That's okay.

19 CHAIRMAN FINLEY: Take your time, take your
20 time.

21 MR. HALL: I've got copies.

22 GEORGE HALL; Being first duly sworn,

23 testified as follows:

24 DIRECT EXAMINATION BY MS. HOLT:

1 Q Would you please state your name and address
2 for the record?

3 A Yes. My name is George Hall, and I live at 490
4 Clubhouse Drive in the Elk River Development in Banner
5 Elk, North Carolina. I'd like to start by thanking the
6 Commission for the opportunity to provide written comment
7 as well as to verbally summarize the material I've just
8 handed you.

9 Elk River is a private, seasonal community with
10 276 residents or properties in Banner Elk, North
11 Carolina. To summarize our experience with Carolina
12 Water, and this is a generalization because there's
13 always problems or issues or things to be dealt as the
14 previous speaker said, but I would call them reliable,
15 responsive, and as far as I know, reasonably good quality
16 of water based on the annual report that they produce and
17 distribute to the membership.

18 My comments are very general. There's not a
19 lot of detail in the proposal that was submitted to the
20 members for comment. I think the only real detail in
21 there was the pricing, rate increases. There was very
22 little information on what justified the increase in
23 rates that are proposed. I can only assume Carolina
24 Water is a reasonable business company and that this past

1 year, or previous or prior to this past year they were --
2 not only knew their expenses, but they were recovering
3 their expenses and a profit. They've been our servicer
4 for 18 or 19 years, that I'm aware of, that I've been a
5 resident of Elk River.

6 The only thing that I know that's been done
7 that I have personal knowledge of is the implementation
8 of the water meters in the community. And I can say that
9 those meters are not necessarily an improvement for the
10 members because the only thing they seem to have done is
11 justify a price increase and to add cost to Carolina
12 Water for the servicing of those meters, the reading of
13 those meters, and the resolution of problems that occur
14 as a result of the meters. So I see very little value to
15 the -- to the owners from the meters that were installed.
16 We were on a fixed non -- rate before that was calculated
17 and without the benefit of usage. And it was a very
18 acceptable rate that had been fairly consistent over the
19 last several years.

20 The members of Elk River all have a residence
21 somewhere else. It's a seasonal community. The average
22 resident is probably there five months a year. And they
23 were very surprised, the people I've talked to, at the
24 amount of the cost of water and sewage, as well as the

1 percentage of increase that has been proposed by Carolina
2 Water.

3 The -- the real issue that I -- we have is what
4 justifies the 72.2 percent increase in water cost or the
5 85 percent increase in sewer rates? I mean, it just
6 seems that that's -- I'm not sure what they've done this
7 past year that would -- would add that kind of cost to
8 what they were providing. I further assume that if they
9 did make improvements, which I'm not personally aware of,
10 that they would have been capital in nature and been
11 depreciated and not have an impact in a one-year time
12 period that these do.

13 As I mentioned, our community is very much
14 seasonal so that people are not there normally -- I think
15 we have six full-time residents. The rest of the people
16 are there five months, as I mentioned. And when you look
17 at the rates that have been proposed, they're heavily
18 fixed in nature, and we're looking at an increase from
19 about \$43 a month in the off-season to almost \$80 a
20 month, which is an 82 percent increase, which seems
21 really excessive.

22 It also gives no real incentive for anyone to
23 be concerned about conserving water. And from time to
24 time I know Carolina Water has come to us and asked if we

1 can do something with our water usage to -- when there
2 are very dry seasons and things like that. But the rates
3 have been very fixed in nature, certainly don't do
4 anything to incent the owners to do that.

5 If we had known the new rates were coming, and
6 I've got to believe at the time the meters were put in
7 that Carolina Water was aware of what the impact would be
8 or what they would be proposing in the way of rate
9 increases, there are areas where we could have avoided
10 adding meters and consolidating them. We have about 100
11 and -- 100 properties that -- which are multiple units,
12 owners in a building, that we could have shared them and
13 made that water expense an association expense and
14 allocated it to members, similar to what we do with
15 insurance, landscaping, and other typical things you
16 could think of.

17 We look forward to the Commission's report. I
18 think it would have been helpful, but we understand why
19 that isn't done until after you have your hearings and
20 the work that you need to do, but we think that will give
21 us a much better understanding, hopefully, of what the
22 proposed rates are all about and that the Commission will
23 take drastic action to reduce those rates to something
24 that's -- that's more realistic. Again, I am not aware

1 of anything that's been done in our community other than
2 the installation of meters. That doesn't say that there
3 hasn't been normal maintenance of hybrids and so on and
4 so forth that were around. Thank you.

5 CHAIRMAN FINLEY: Mr. Hall, you have summarized
6 a written statement that you have provided to us; is that
7 right?

8 THE WITNESS: Yes. That's a statement, and I
9 did give copies to the Commission.

10 CHAIRMAN FINLEY: All right. We'll mark that
11 as Hall Exhibit 1.

12 (Whereupon, Hall Exhibit 1 was
13 identified and admitted into
14 evidence.)

15 THE WITNESS: And we mailed that to the
16 Commission last Tuesday, I believe, so there should --

17 MS. HOLT: And that was filed.

18 THE WITNESS: -- there should already be a
19 copy.

20 MS. HOLT: And it has been filed with the
21 Commission.

22 CHAIRMAN FINLEY: Questions of Mr. Hall?

23 MS. SANFORD: I don't.

24 CHAIRMAN FINLEY: Mr. Hall, you and the Elk

1 River folks might -- we've got Company representatives
2 here and we've got Public Staff representatives here.
3 Elk River, in this case the request is a little bit
4 different for Elk River than it is for other people. You
5 might talk to these people after the hearing to get a
6 little more insight into what they're requesting with
7 respect to your subdivision, okay?

8 THE WITNESS: Be glad to do that.

9 CHAIRMAN FINLEY: All right. Thank you for
10 coming tonight.

11 THE WITNESS: Thank you.

12 (Witness excused.)

13 MS. HOLT: Mr. Tim Presnell.

14 MR. PRESNELL: Well, I get nervous when I come
15 into a courtroom.

16 CHAIRMAN FINLEY: That's the general idea.

17 (Laughter.)

18 TIM PRESNELL; Being first duly sworn,
19 testified as follows:

20 DIRECT EXAMINATION BY MS. HOLT:

21 Q Could you please state and spell your last name
22 for the record?

23 A Tim Presnell, P-R-E-S-N-E-L-L.

24 Q And what is your address, Mr. Presnell?

1 A I actually represent Hound Ears Club. I'm the
2 Director of Property Services there, and I've been asked
3 to come and speak on behalf of the club. We are private
4 owned. The resident -- or the address there is 328
5 Shulls Mill Road.

6 Q And what subdivision is that?

7 A Hound Ears Club.

8 Q Hound Ears.

9 A In Foscoe.

10 Q Okay. Thank you.

11 A We have approximately 453 residents with an
12 additional 25 or so company water taps. We have around
13 80 to 90 on sewer. We are the oldest or one of the
14 oldest developments in the area that I'm aware of;
15 therefore, our infrastructure is very old and decrepit,
16 also. Most of our residents are retired. Not all, but
17 most of them are on fixed incomes.

18 We have a great relationship with Carolina
19 Water. Neil, Tony, Ken always call and they do, they
20 come, we have no problem with the service. Our water
21 tests good every year. We do have a lot of breaks with
22 boil restrictions, but due to the fact that our
23 infrastructure is so old.

24 The main concern is the amount of the increase.

1 You know, we've had several increases over the past 10 or
2 12 years, but usually 2 to 3 percent. This last one, I
3 believe, is around 15 percent, and that was the concern
4 of most of our residents. It's just why it's so high
5 this time, and looking for more information and exactly
6 what we're going to get for the increase if it -- if it's
7 allowed.

8 CHAIRMAN FINLEY: Thank you, Mr. Presnell.

9 Questions of Mr. Presnell?

10 MS. HOLT: No questions.

11 MS. SANFORD: (Shakes head negatively.)

12 CHAIRMAN FINLEY: All right. Thank you for
13 coming tonight.

14 THE WITNESS: Thank you.

15 (Witness excused.)

16 CHAIRMAN FINLEY: Anybody else?

17 MS. HOLT: No.

18 MS. SANFORD: No.

19 CHAIRMAN FINLEY: All right. Thank you, ladies
20 and gentlemen, for coming out tonight. Some of you have
21 mentioned the fact that you don't have access to a lot of
22 financial information. This case is sort of early in the
23 process. The Public Staff is charged under statute to
24 audit the Company's books and records, and they will do

1 that, and they will come back with a report. And to the
2 extent to which they determine that the Company has
3 justified the request, that it has since solved, or some
4 other request, or no increase at all, depending on what
5 they come up with. So the Commission will not do
6 anything without a record of the financial information,
7 profits and losses and expenses and capital improvements
8 and so forth that Carolina Water Service undertakes. You
9 can follow that on the Commission's web page if you would
10 like. There will be a lot of filings in this case as we
11 move along.

12 We will have a hearing in October where there
13 will be expert witnesses. Those witnesses will be
14 subject to cross examination, and the Commission will not
15 issue its Order until it has heard from all those
16 witnesses. We have another public hearing in Asheville
17 tomorrow night. And so stayed tuned. We're not anywhere
18 near the point where we're going to make a decision in
19 this case. And just because there's been a request does
20 not mean that that is what the ultimate result will be in
21 the Commission's Order.

22 So we thank you for coming out tonight. And,
23 again, we have Company representatives here, Public Staff
24 representatives here, to the extent that you have -- we

1 usually don't answer questions. We hear from you what
2 your positions are, but to the extent that you have
3 questions and want explanations and elaboration on
4 something that the Company and the Public Staff can
5 provide to you, they are here for that purpose.

6 So if there's nothing further, we shall be
7 adjourned.

8 (The hearing was adjourned.)
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STATE OF NORTH CAROLINA

COUNTY OF RUTHERFORD

C E R T I F I C A T E

I, Marianne S. Aguirre, Notary Public/Court

Reporter, do hereby certify that the foregoing hearing before the North Carolina Utilities Commission in Docket No. W-354, Sub 360, 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 8th day of October, 2018.

Marianne S. Aguirre

Marianne S. Aguirre

Notary Public No. 19961490099