

**SANFORD LAW OFFICE, PLLC**  
Jo Anne Sanford, Attorney at Law

November 15, 2022

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

**Via Electronic Filing**

Re: In the Matter of Application by Aqua North Carolina, Inc. for Authority to Adjust and Increase Rates and Charges for Water and Sewer Utility Service in All Service Areas of North Carolina and Approval of a Three-Year Water and Sewer Investment Plan  
Docket No. W-218 Sub 573  
- Response to Customer Concerns from October 26, 2022, Wilmington Public Hearing and October 27, 2022, Gastonia Public Hearing

Dear Ms. Dunston:

Please accept for filing the attached copy of the response by Aqua North Carolina, Inc. to customer concerns expressed at the October 26, 2022, public hearing in Wilmington and the October 27, 2022, public hearing in Gastonia, North Carolina. I hereby certify that I have served the parties of record.

As always, thank you and your office for your assistance.

Sincerely,

**Electronically Submitted**

**/s/Jo Anne Sanford**

State Bar No. 6831

Attorney for Aqua North Carolina, Inc.

c: Parties of Record



Policy Analyst; and Corey Speight, Southern Call Center Supervisor.

The Gastonia public hearing was held on October 27, 2022, at the Gaston County Courthouse, 325 Dr. Martin Luther King Way, Gastonia, North Carolina. Commissioner ToNola D. Brown-Bland presided, joined by Commissioners Daniel G. Clodfelter and Jeffrey A. Hughes. Staff Attorney Megan Jost appeared for the Public Staff on behalf of the using and consuming public, accompanied by Evan Houser, Engineer with the Public Staff, Water, Sewer and Telephone Division. David Drooz of Fox Rothschild LLP appeared on behalf of Aqua, joined by State President Shannon V. Becker. Other Company personnel who were available to assist customers included: Laurie Ison, Area Manager; Matt Costner, Field Supervisor; Duane Rimmer, Field Supervisor; Joe Pearce, Director of Operations; Michael Melton, Engineering Manager; Heather Keefer, Regional Communications Specialist; Emma Petty, Regulatory Policy Analyst; and Corey Speight, Southern Call Center Supervisor.

#### **A. Purpose of Report**

Ordering paragraph 11 of the Commission Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice, issued September 8, 2022, requires Aqua to file reports addressing all customer service or service quality complaints expressed at the customer hearings within 20 days after each hearing wherein the complaint was expressed.

This report summarizes the customer service and service quality concerns expressed at the Wilmington public hearing on October 26, 2022, and the Gastonia public hearing on October 27, 2022, provides an overview of the two hearings,

submits general responses to topical areas not discussed in Aqua's previously filed customer reports, and includes the Company's specific responses and corrective actions. While the purpose of these follow-up reports is primarily intended to provide responses to water quality and customer service issues presented in witness testimony, Aqua also tries to provide explanations, clarifications, and responses to other concerns where feasible.

### **B. Organization of Report**

The report provides an overview of the hearing, including information about the systems that were discussed, the types of concerns expressed, and the Company's management of these systems and concerns. The report includes a general response for each system and individual responses for each witness. For clarity, the witnesses are grouped by system.

Four customers appeared and offered sworn testimony at the Wilmington hearing. Two customers appeared and offered sworn testimony in Gastonia.

### **C. Overview of the Public Hearings**

#### Wilmington hearing:

<u><b>Subdivision</b></u>	<u><b>Water System</b></u>
Village at Motts Landing	The Cape Master System
Willow Glen at Beau Rivage	The Cape Master System
The Cape	The Cape Master System

#### Gastonia hearing:

<u><b>Subdivision</b></u>	<u><b>Water System</b></u>
Park South	Park South

## D. General Responses to Customer Concerns and Issues

### Categories of Customer Concerns

The customer concerns, variously expressed by the six customer witnesses at the Wilmington and Gastonia hearings were largely addressed in “*Aqua NCs Report on Customer Comments from Public Hearing Held in Raleigh, NC 10.4.22*” filed on October 24, 2022. (See Section D., *General Responses to Customer Concerns and Issues*)

Aqua provides the General Response below for added background regarding PFAS contaminant levels and the regulatory differences between a Health Advisory Limit (“HAL”) and a Maximum Contaminant Level (“MCL”). Additional, specific responses to the witness testimony are included in Section E.

Perfluoroalkyl and Polyfluoroalkyl Substances (“PFAS”) Contaminant Levels: Much confusion exists over various contaminant standards established by the United States Environmental Protection Agency (“EPA”) that are set to help inform consumers, versus those levels established as enforceable regulatory requirements for public utilities. Aqua’s environmental compliance team maintains an acute awareness of environmental rules, regulations, and requirements established for all drinking water contaminants. Aqua is actively engaged in monitoring the status of pending changes to the EPA regulations being developed for PFAS contaminants so that the Company can make necessary operational and/or treatment changes required to provide water that meets all applicable standards to our customers.

There are thousands of PFAS chemicals and they are found in many different consumer, commercial, and industrial products. Perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA) are two of these compounds collectively known as per- and polyfluoroalkyl substances (“PFASs”) or PFAS contaminants. GenX, named after a processing technology developed by DuPont in 2009, is also a member of this group of PFAS synthetic chemical compounds.

Currently, PFAS contaminants are considered unregulated; they are not regulated by EPA or the North Carolina Department of Environmental Quality (“DEQ”). On June 15, 2022, the EPA issued interim updated drinking water health advisories for PFOA and PFOS that replace those EPA issued in 2016. At the same time, EPA issued a new HAL for GenX. HALs are guidance levels for contaminants that are set by EPA to inform customers on risk and risk advertence. A HAL is not a regulated standard and public water systems are not required to meet HALs under the Safe Drinking Water Act. The prior HALs for PFOS and PFOA were 70 parts per trillion (ppt); they were recently lowered to 2 parts per quadrillion (ppq) (.002 ppt) for PFOS and 4 ppq (.004 ppt) for PFOA.<sup>1</sup>

A primary maximum contaminant level or “MCL” is the EPA-determined legal limit of a contaminant in drinking water established to protect human health. It is the limit that a water system can achieve utilizing the best available technologies present at time of MCL development. Unlike a HAL, an MCL *is* a legally enforceable standard; currently, there are established MCLs for over 90 known contaminants. While MCLs do not currently exist for PFAS contaminants,

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<sup>1</sup> To give perspective on ppq, a “part per quadrillion” is the equivalent of one second in 31.7 million years, and currently there are no analytical devices that can measure to ppq.

Aqua anticipates that the EPA will release a proposed MCL for PFOS and PFOA by year-end 2022; however, there could be a lengthy process to finalize this MCL before it becomes an enforceable standard.

## **E. Detailed Responses to Customer Testimony**

### **Village at Mott's Landing (Cape Master System)<sup>2</sup>**

**Village at Mott's Landing Overview:** The Village of Mott's Landing in the Cape Master System is approximately 30 years old and is comprised of ten wells: four are in the Beau Rivage area and six are in The Cape area. Historically, Beau Rivage and The Cape public water systems were two separate systems. These wells were interconnected to provide system redundancy and supply. The Cape Master System is comprised of 4,550 residential accounts and 663 commercial accounts, with over half of the commercial accounts identified as residential irrigation meters. The Village at Mott's Landing ("Motts") is comprised of 399 residential and 362 irrigation accounts. Motts is located north of Sanders Road in the northern-most section of the Master System and is primarily supplied by the Sanders Road well, the Rivers and Sanders Road Well (one well), the Beau Rivage Driving Range well, and the Beau Rivage Entrance well. The Rivers and Sanders Road well was offline for over 10 years due to elevated iron concentrations. In 2019, system demand had increased, and additional supply was needed to satisfy demand. Aqua installed a manganese dioxide filtration system on the Rivers and

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<sup>2</sup> Questions concerning the Village at Mott's Landing water system were also addressed on pages 14 -18 in "Aqua NCs Report on Customer Comments from Virtual Hearing Held 10.20.22," filed on November 9, 2022.

Sanders Road well in early 2021 so its capacity could be utilized to help meet system demand. The remaining three wells in that area, Sanders Road, Beau Rivage Entrance, and Beau Rivage Driving Range wells, have not experienced iron or manganese concentrations above the EPA secondary maximum contaminant levels (“sMCLs”). The latest Inorganic Chemical analysis (“IOCs”) collected on August 25, 2022, were below the 0.3 mg/L sMCL for iron and below 0.05 mg/L sMCL for manganese. Aqua performs a comprehensive system flush annually. The flushing schedule is announced in advance via the WaterSmart Alert system in addition to being posted on the NCWaterQuality.com website. Due to system size, The Cape’s annual flushing activities are scheduled over a three-week period in early spring.

From April 2020 through September 2022 Aqua invested approximately \$9.2M in The Cape Master water and sewer system, including \$2.4M invested in the water system alone. Aqua also has multiple projects scheduled for future capital years that include the completion of two new wells to be located within the Mott’s area in 2023 (adding capacity), a booster pump station, and a new well in the southern section of The Cape Master. Additionally, Aqua is currently reviewing additional parcels of land within the Motts area for additional supply. These improvements are based on a Master Plan that was prepared for the water system in 2021 by professional engineers at McKim and Creed.

Aqua’s management team has had regular communications with the president of the Motts Homeowners Association (“HOA”) and property management company over the last several years on projects and customer



concerns. Historic communications have been productive and important to both Aqua and the residents.

In May 2022, Aqua began to receive an increase in Lab Discolored (“Lab D”) calls reporting discolored water and/or water pressure concerns within the Motts community. Aqua has a dedicated Technical Services Specialist (“TSS”) who responds to Lab D calls during business hours, and the TSS notified operations and compliance of the increase in calls and requested an investigation, as this community does not have a sustained history of Lab D calls. A review of the calls identified that The Village of Motts Landing was the neighborhood reporting most of the discolored water issues, and the Operations team began an investigation to determine the source of the concerns. Operations investigation reported that there had been a significant increase in irrigation demand during peak consumption hours between 7:00 a.m. and 9:00 a.m. This was also confirmed by customers reporting discolored water and pressure concerns to the TSS. The compliance and engineering team began a review of system demand and Lab D calls. Historically, Lab D and pressure calls increase in late April and early May from a winter peak (December – February) of one call to a peak in March 2020 of 12 Lab D calls when the HOA was pressure testing the irrigation systems. The peak recorded in May 2022 was 23 Lab D calls, primarily isolated to three streets within the Motts community. The Motts subdivision monthly system demand had increased by 70% to just under nine million gallons/month for 399 constructed residences from January to May 2022, when the increased volume of calls began. The demand averaged 4.1 million gallons for the period and peaked

at just under nine million gallons/month for 399 constructed residences. **This resulted in an average usage in May for each of the 399 customers in this area of more than 22,000 gallons/month, which equates to nearly twice the average daily demand standard (400 gallons/day x 30 days = 12,000 gallons/month) as recognized by the NC Rule Governing Public Water Systems.** Recognizing that this demand is occurring at peak hours and utilizing system hydraulic information about the system, it was determined that the irrigation demand of the community was exceeding the design of the distribution system and scouring the pipe, thus driving decreased water pressure and likely driving water discoloration. Aqua's Environmental Compliance Director, Amanda Berger and TSS Dawn Markarian contacted the HOA Board President to discuss the residents' concerns and provided an update on Aqua's investigation and data. Communication continued through the end of June, and included advance notice of the June 30, 2022, conservation notice issued to all Aqua Coastal Public Water Systems due to the North Carolina Drought Management Advisory Council (NC-DMAC) designation of a D1-Moderate Drought in that area.

Between June and August 2022, Aqua management, engineering, and operations staff reviewed data, conducted aged water jar testing, performed additional sampling, flushed the subdivision twice, and requested assistance with data review from contracted engineers and hydrogeologists. Aqua also sought counsel from Public Staff and DEQ. The conclusion from each interaction was that the distribution system's capacity was being exceeded during the summit of the neighborhood's daily irrigation demands.

On October 11, 2022, Aqua personnel met with the Motts HOA Board to discuss concerns and formulate actionable items to develop a collaborative team approach to address the challenges identified by the community. Aqua had representation from communications, compliance, operations, and engineering. The HOA Board attended, with their privately contracted consultant. Topics discussed included new infrastructure, the addition of new wells, local development activity, water quality, and communications. Aqua is working with the HOA on communicating new projects and a future “lunch and learn” with the Agricultural Extension office concerning turf management. The HOA was advised by their consultant to consider communication to its residents regarding irrigation demand. Additional meetings will be scheduled in the future as needed or requested.

**Customer Testimony:**

1. *Alton W. Bennett – 212 Grand Champion Rd.; Village of Mott’s Landing Subdivision (water customer of Aqua), Tr. Vol. 3, pp. 16 - 24.*

Mr. Bennett’s testimony included a summary of multiple topics he planned to discuss; however, his testimony focused on concerns related to PFAS and transparency.

**Aqua’s Response:**

Mr. Bennett has been a water customer in the Village at Motts Landing for five years. Aqua is familiar with Mr. Bennett’s PFAS concerns as conveyed in his testimony, based on several prior communications shared with Aqua by third parties. Aqua has received two requests for information via direct email to Aqua

staff from Mr. Bennett since July 2022. Aqua responded to Mr. Bennett for each request, and the Company's response is included in Mr. Bennett's filed Exhibits to his testimony.

Aqua's responses to Ms. Joyce's concerns found on pages 18 – 24 of "*Aqua NCs Report on Customer Comments from Virtual Hearing Held 10.20.22*," filed November 9, 2022, provide information applicable to several of Mr. Bennett's concerns included in his testimony. Aqua provides the response below to supplement Aqua's General Overview and related Detailed Responses to Customer Testimony to address Ms. Joyce's concerns previously filed:

PFAS: Mr. Bennett testified that he is concerned with any level of PFAS in his water and that Aqua does not have any plans for removing PFAS from the public water supply. He additionally asserted that PFAS compounds have been detected within the Cape Master's Systems area, claiming that it is, therefore, evident that the aquifers throughout North Carolina are contaminated with PFAS. Mr. Bennett further alleged that Aqua is not being transparent with results.

First, it must be noted that Aqua will take all steps necessary to ensure the water it provides meets all EPA established primary water standards, for any contaminant. Mr. Bennett's claim that Aqua does not have any provisions for removing PFAS from the public water supply in the Company's investment plans is inaccurate. Aqua expects to install treatment for PFAS over the next several years and does have filtration placeholders included within its multi-year capital plan to address systems that exceeded Aqua's previously adopted internal standard of 13 ppt, which was the lowest Aqua state standard being utilized for

PFAS contaminants at the time. Aqua has voluntarily monitored all its public water systems and has established quarterly monitoring for systems whose results exceed the Aqua internal standard, or where a need arises based on proximity to potential sources or environmental factors. No sample results for the Aqua wells within the Cape Master System exceeded the 13 ppt standard and thus no treatment was required under Aqua's internal standard. However, this may not be the case if EPA announces an MCL less than 13 ppt. In monitoring recent regulatory activity related to PFAS standards, it appears that EPA may adopt an MCL lower than 13 ppt. Until EPA promulgates a primary MCL for specific PFAS contaminants and establishes a compliance timeline, Aqua is not able to properly assess the treatment that will be needed. If a standard less than 13 ppt is adopted, the actual amounts necessary to install appropriate treatments and operate the new systems will far exceed what Aqua incorporated in its 2022 MYRP application.

PFAS contaminants are present throughout the environment from a wide range of sources, including the air, fuel, pens, makeup, hair products, plumber's tape, food packaging, etc. Sample results can easily be influenced by these factors due to the very low-level quantification required in the sampling methods. To date, Aqua has **not** had consistent detections of PFOS, PFOA, or GENX in the Cape Master System wells. Note that Aqua utilizes two separate independently contracted laboratories to analyze for PFAS compounds in its water sources. The Cape Master System has had low level detections of PFAS contaminants that were marginally above the Minimum Reporting Level ("MRL") – the minimum concentration an analytical device is capable of quantifying a

contaminant – in five wells serving the Cape Master System, including two wells near the Village at Motts Landing. Recent sample results for the two wells near the Motts Village water system are as follows:

- The Rivers and Sanders well detected 2.7 ppt PFOS in 2019 and has not had a detection in follow-up samples since that date.
- The Sanders Road well detected PFOA at 2.0 ppt in 2019 and no amount has been detected in three samples collected in 2021 and 2022
- The Sanders Road well detected 2.2 ppt of PFOS in June 2022 and no amount was detected in the latest sample collected October 18, 2022.

Aqua's NCWaterQuality.com website was updated in October 2022, to include results for the Cape Master System's PFAS sample data. This update was additionally shared with the Motts Village HOA Board, regulators, and activist groups that have contacted Aqua regarding PFAS results.

Mr. Bennett's assessment of various populations of sample data obtained from other groups' data gathering efforts, and his resultant generalization that the "North Carolina Principal Aquifers are Contaminated with PFAS" and that Aqua's Cape Master system waters contain PFAS is overly assumptive and flawed – it does not appear that well depth, proximity to contamination sources, atmospheric deposition, and environmental influences were considered in his conclusions. On September 28, 2022, Company representatives attended a PFAS stakeholder meeting with DEQ and other regional stakeholders. During this meeting, it was shared that several of the private residential wells sampled through the Chemours Consent Order are shallow wells at depths well above the confining layers of the

Castle Hayne or Pee Dee aquifers. Mr. Bennett's broad assumptions were made using sample data results from various other data points - specifically non-Aqua wells - and fail to consider that the results can easily be influenced by the low-level detection method and/or environmental factors. Fundamentally, the data provided by Mr. Bennett cannot be solely utilized to make conclusions about Aqua's water quality.

The Company is currently in litigation with the manufacturers of PFAS, on behalf of its customers, to mitigate financial harm that may result from future treatment requirements and added operations costs necessary to address these contaminants.

Water Quality & Water Pressure – Mr. Bennett did not include details in his verbal testimony on water quality; however, portions of his exhibits referred to water quality.

Upon review of Aqua's Banner records, Aqua notes Ms. Bennett has contacted Aqua once (August 25, 2021) regarding water quality and yellow water. It was later determined by Aqua that the fire department failed to notify the Company of their efforts to test hydrants on the system and inadvertently flushed the water lines in the area, which appears to have been the cause of the discoloration. Mr. Bennett followed up this complaint with questions regarding new wells in the area and sink holes. Ms. Berger, Environmental Compliance Director, responded to Mr. Bennett's questions.

Aqua's previously drafted response on Water Quality included in section D of "Aqua NCs Report on Customer Comments from Public Hearing Held in Raleigh,

NC 10.4.22,” filed on October 24, 2022, along with Aqua’s Detailed Responses related to concerns raised by Ms. Joyce found on pages 18 – 24 of “*Aqua NCs Report on Customer Comments from Virtual Hearing Held 10.20.22,*” filed November 9, 2022, together provide the majority of Aqua’s response to Mr. Bennett’s water quality concerns. Aqua provides the following response for added emphasis. As noted in the subdivision history, there are four wells that primarily serve the Village at Motts Landing. One well – Rivers and Sanders – was offline until 2021 when the iron and manganese filtration system was activated. The other three other wells that primarily serve this area have not demonstrated water quality results that exceed EPA secondary Maximum Contaminant Levels (“sMCLs”) in at least the last fifteen years. Mr. Bennett’s exhibits to his testimony requested that the Commission consider requiring water service providers to install best available iron and manganese equipment for water systems where complaints are due to iron levels exceeding iron sMCL of 0.3 mg/L and manganese greater than 0.02 mg/L (sMCL for manganese is 0.05 mg/L). The Company notes that the latest water quality results do not exceed either sMCL, see Attachment 7 included with “*Aqua NCs Report on Customer Comments from Virtual Hearing Held 10.20.22,*” filed November 9, 2022.

2. *Rob Fey – 6005 Otter Tail Trail, Wilmington, NC 28412, Willow Glen at Beau Rivage Subdivision (water and wastewater customer of Aqua), Tr. Vol. 3, pp. 26 - 30.*

Mr. Fey expressed concerns regarding “excessive rates” and his seasonal sewer bill being higher for water that was irrigated on his lawn. Mr. Fey does not



have a separate irrigation meter. He said that the annual cost for a bill based on 10,000 gallons of monthly average usage is currently \$1,045.49, while under the proposed rates, the annual cost would be \$1,635.80 (Fey Exhibit 1). He also stated that to add an irrigation meter so he would not be charged sewer for irrigated water would be around \$2500 for the second metered water service.

**Aqua's Response:**

Review of Aqua records indicates that Mr. Fey's residence used 389,000 gallons in the 12 months between October 2021 and September 2022. This is an average usage of greater than 25,900 gallons per month, which included a peak monthly usage of more than 52,000 gallons. The typical water usage for a Fairways customer is approximately 6500 gallons per month. For further comparison, the 3-year average residential customer usage through 12/31/2021 in Aqua's three rate entities is as follows:

1. Fairways and Beau Rivage Water (The Cape): 6530 gallons/month
2. Aqua NC Water (ANC Water): 4970 gallons/month
3. Brookwood/LaGrange: 4750 gallons/month

Using these averages above, an average <1" residential water and sewer bill using Aqua's current and proposed monthly rates would be as follows:

WATER CUSTOMERS	Average Usage/Mos	Existing BFC Rate	Existing Usage Rate	Monthly Bill	Proposed BFC Rate	Proposed Usage Rate	Monthly Bill
Mr. Fey (Fairways & Beau Rivage)	25,900	\$ 8.56	\$ 1.55	\$ 48.71	\$ 13.15	\$ 2.30	\$ 72.72
Avg Cust - Fairways & Beau Rivage	6,530	\$ 8.56	\$ 1.55	\$ 18.68	\$ 13.15	\$ 2.30	\$ 28.17
Avg Cust - Aqua NC	4,970	\$ 20.70	\$ 6.38	\$ 52.41	\$ 25.31	\$ 7.89	\$ 64.52
Avg Cust - Brookwood/LaGrange	4,750	\$ 16.01	\$ 4.57	\$ 37.72	\$ 19.40	\$ 6.17	\$ 48.71
SEWER CUSTOMERS	Average Usage/Mos	Existing BFC Rate	Existing Usage Rate	Monthly Bill	Proposed BFC Rate	Proposed Usage Rate	Monthly Bill
Mr. Fey (Fairways & Beau Rivage)	25,900	\$ 60.43	\$ 2.99	\$ 137.87	\$ 70.77	\$ 4.11	\$ 177.22
Avg Cust - Fairways & Beau Rivage	6,530	\$ 60.43	\$ 2.99	\$ 79.95	\$ 70.77	\$ 4.11	\$ 97.61
Avg Cust - Aqua NC	4,970	\$ 46.49	\$ 1.83	\$ 55.59	\$ 74.50	\$ 2.95	\$ 89.16
Avg Cust - Brookwood/LaGrange	4,750	NA - Water Only			NA - Water Only		

On p. 28, line 18 through line 20 of the “Transcript of Hearing Held in Wilmington, NC, on Wednesday, October 26, 2022, Volume 3,” Mr. Fey stated “the net cost is \$1045.49 per month for 10,000 gallon usage currently with a proposed of \$1635.80”. It appears Mr. Fey inadvertently referenced the **monthly** usage of 10,000 gallons to his **annualized** cost calculations, which is further verified by his calculations included in Fey Exhibit 1.

Portions of Aqua’ previous General Responses to Customer Concerns and Issues, as well as its Detailed Responses to Customer Testimony posed by witnesses in the Raleigh and Virtual hearings, apply to Mr. Fey’s concerns regarding Aqua’s proposed rate increases and will not be repeated here.

Mr. Fey additionally testified that he was concerned with the fact that Aqua does not install a separate irrigation meter unless the customer pays for it. Presumably he is concerned with paying sewer usage on irrigation water. G.S. § 143-355.4(a) provides that “Local government water systems and large community water systems shall require separate meters for new in-ground irrigation systems on lots platted and recorded in the office of the register of deeds in the county or counties in which the real property is located after July 1, 2009, that are connected

to their systems.” The State of North Carolina also requires backflow prevention assemblies be installed on all cross-connections, including irrigations systems, to help keep our water supplies safe. These assemblies must be tested and certified every year to ensure that they are working properly. A customer may request a separate meter be installed and used for irrigation that would track and bill for irrigation usage only. The customer would be responsible to pay the meter installation fee (currently \$70) along with all actual costs to install this new service line, which may include boring under a road to tap into the water main, along with the cost to connect the resident irrigation system. See Attachment 1 for a copy of Aqua’s Irrigation Application. The principle of requiring owner payment for additional, optional infrastructure is well established and protects other customers across Aqua’s systems from shouldering additional costs for facilities not necessary for provision of basic service.

3. *Dave Echevarria – 207 Club Court, Wilmington, NC 28412, The Cape Subdivision (water and wastewater customer of Aqua), Tr. Vol. 3, pp. 32 - 34.*

Mr. Echevarria is concerned about the availability of certain financial related information so he could perform an analysis to assess whether the proposed rate increases are justified.

**Aqua’s Response:**

Aqua president, Shannon Becker, and Rates and Planning Manager, Dean Gearhart, met with Mr. Echevarria after the hearing and were able to provide guidance on locating Aqua’s financials, which are filed periodically on the [North](#)

[Carolina Utilities Commission \(ncuc.gov\)](http://ncuc.gov) website under Aqua's various Dockets, and publicly available. Our discussion also included explanations of utility ratemaking and establishment of Return on Equity ("ROE") in rate cases. Mr. Becker additionally shared his contact information to set up a future date to discuss financial expectations related to the utility industry.

4. *Larry Lawson – 404 Bobby Jones Drive, Wilmington, NC 28412, The Cape Subdivision (water and wastewater customer of Aqua), Tr. Vol. 3, pp. 36 - 40.*

Mr. Lawson expressed concerns regarding the rate increases for water and sewer usage.

**Aqua's Response:**

Portions of Aqua's previous General Responses to Customer Concerns and Issues, as well as its Detailed Responses to Customer Testimony posed by witnesses in the Raleigh and Virtual hearings, apply to Mr. Lawson's concerns regarding Aqua's proposed rate increases and will not be repeated here.

Aqua's application for a rate increase, along with submission of extensive backup information necessary to help the Public Staff complete its thorough investigation of Aqua's application, includes all documentation supporting Aqua's rate request. Aqua's proposed rate increases are based on needed investment and increasing costs of service within a particular rate division and the number of customers who share those costs. The water and sewer infrastructure used to serve the Fairways customers has recently had significant capital improvements -

especially on the sewer side. Requests for general rate relief are needed during all cycles of the economy, and - though regrettable - are based on actual costs and are not avoidable because of fluctuations in economic conditions.

**DETAILED RESPONSES TO CUSTOMER  
TESTIMONIES IN GASTONIA**

1. *Stanley Coleman – 2165 Belle Vernon Avenue, Charlotte, NC 28210, Park South Subdivision (water and wastewater customer of Aqua), Tr. Vol. 4, pp. 7 - 15.*

Mr. Coleman, an Aqua water and sewer customer, expressed concerns regarding the cost of his sewer and the purchased sewer rate design. Mr. Coleman emphasized the unique situation of the Park South customers as well as the requested continuance of a pass-through rate design

2. *Harold Busch – 3406 Park South Station Blvd., Charlotte, NC 28210, Park South Subdivision, (water and wastewater customer of Aqua), Tr. Vol. 4, pp. 15 - 25.*

Mr. Busch expressed concerns regarding the cost of his sewer and the purchased sewer rate design in his testimony.

**Aqua's Response:**

Aqua's follow-up responses to Mr. Coleman and Mr. Busch have been consolidated based on the similarity of concerns related to rates, and specifically rate design, included within each witness' testimony. Both Mr. Coleman and Mr. Busch are water and sewer "pass-through" customers who reside in the Park

South community.

Aqua's previously drafted response for the two witnesses from the Park South community, Ms. Teran and Mr. Reilly, located in the Detailed Responses to Customer Testimony section E on pages 9 – 13 within "*Aqua NCs Report on Customer Comments from Virtual Hearing Held 10.20.22*," filed November 9, 2022, provides the majority of Aqua's response to witness Coleman and Busch's testimony and concerns related to the Park South purchased sewer rates and Aqua's proposal in the current rate case. Additionally, Aqua emphasizes its previous response for witness Galamb, located in the Detailed Responses to Customer Testimony section E on pages 32 - 33 within the same previously referenced report filing. Essentially, the science of rate design, whereby charges are manifested as either fixed or volumetric, is complicated, but a bottom-line purpose is to fairly impose charges in such a way as to allow the utility a reasonable opportunity to recover the revenues that the Commission determines the Company should be allowed to recover. It can also be used to further policy goals, such as conservation, for example. Further, the impact of adjusting the ratio of fixed to variable costs in the design will produce "winners and losers" with respect to the ratepayers, depending on their consumption patterns. There are varying effective and representative rate designs that are and could be utilized to set rates. For example, Aqua proposed a new rate design for Aqua's few purchased sewer pass-through customers by including them within Aqua's consolidated sewer rate design structure that is used for most other sewer customers within this same rate division. The overall result for the park South customers would be to maintain a rate design

that continues to be representative of receiving full end-to-end sewer service, regardless of whether Aqua provides the treatment or another utility does. The Company can be supportive of a range of design approaches and is open to all conversations about optimal designs, so long as the recovery of the revenue requirement is reasonably supported.

It should also be noted that, at the request of Park South HOA management, Aqua's president, Mr. Becker, attended an open house with the Park South community on Thursday October 13, 2022, to discuss Park South's historic and proposed rate designs, as well as to clarify confusion related to the presentation of rates in the rate case customer notice, distributed to all Aqua customers.

### **CONCLUSION**

Aqua appreciates and takes seriously this opportunity to respond to the comments and concerns expressed by the Company's customers at the rate case public hearings. Two additional points are worth emphasizing. First, customers will not see visible signs of all improvements or repairs being made to their specific water and wastewater systems. This is because investments made by the Company in its water and wastewater utility systems throughout North Carolina are not always obvious, given the nature of some of the work. Secondly, customers benefit from Aqua's consolidated rates - and particularly from the uniform rate design structure - even when the investments being made are not specifically in their system. This is because when there is a need for major investment for upgrades or repairs - as there will inevitably be for every system - the cost recovery is spread across the larger body of ratepayers.

Finally, Aqua recognizes the obligation arising from its status as a regulated public utility to make necessary capital investments to ensure that consumers receive reliable and adequate utility service. Aqua is proud of the fact that much work has been done to address water quality issues, and emphasizes that this work continues at an accelerated pace, driven and supported by Aqua's Water Quality Plan.

Respectfully submitted, this the 15<sup>th</sup> day of November 2022.

SANFORD LAW OFFICE, PLLC

**Electronically Submitted**

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ATTORNEYS FOR AQUA NORTH CAROLINA, INC.



**VERIFICATION**

**Shannon V. Becker**, being duly sworn, deposes and says:

That he is the President of Aqua North Carolina, Inc.; that he is familiar with the facts set out in this **REPORT ON CUSTOMER COMMENTS FROM PUBLIC HEARINGS HELD IN WILMINGTON, NORTH CAROLINA, OCTOBER 26, 2022, AND GASTONIA, NORTH CAROLINA, OCTOBER 27, 2022**, filed in Docket No. W-218, Sub 573; that he has read the foregoing Report and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.

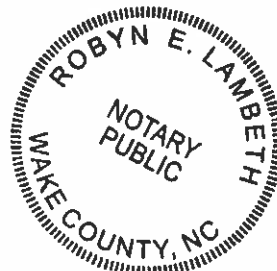
Shannon V. Becker  
Shannon V. Becker

Sworn to and subscribed before me this

the 15<sup>th</sup> day of November 2022.

Robyn E. Lambeth  
Robyn E. Lambeth  
Notary Public

My Commission Expires: May 13, 2026



**CERTIFICATE OF SERVICE**

I hereby certify that on this the 15<sup>th</sup> day of November 2022, a copy of the foregoing **REPORT ON CUSTOMER COMMENTS FROM PUBLIC HEARINGS HELD IN WILMINGTON, NORTH CAROLINA, OCTOBER 26, 2022, AND GASTONIA, NORTH CAROLINA, OCTOBER 27, 2022**, filed in Docket No. W-218, Sub 573, has been duly served upon all parties of record by electronic service.

**Electronically Submitted**

**/s/Jo Anne Sanford**

State Bar No. 6831

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**ATTORNEY FOR AQUA NORTH CAROLINA, INC.**