

1 PLACE: Buncombe County Courthouse  
2 Asheville, North Carolina  
3 DATE: Wednesday, September 26, 2018  
4 DOCKET NO.: W-354, Sub 360  
5 TIME IN SESSION: 7:00 P.M. TO 7:45 P.M.  
6 BEFORE: Chairman Edward S. Finley, Jr., Presiding  
7 Commissioner Jerry C. Dockham  
8 Commissioner James G. Patterson  
9 Commissioner Lyons Gray  
10 Commissioner Daniel G. Clodfelter  
11 Commissioner Charlotte Mitchell

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

22  
23 Volume 5

24

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

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7

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10 Public Staff - North Carolina Utilities Commission

11 4326 Mail Service Center

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IDENTIFIED/ADMITTED

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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 now and go on the  
4 record.

5 My name is Edward Finley, and with me this  
6 evening are Commissioners Jerry C. Dockham, James G.  
7 Patterson, Lyons Gray, Daniel G. Clodfelter, and  
8 Charlotte Mitchell. They're sitting over here at this  
9 point in the proceeding.

10 The Commission now calls for a hearing at this  
11 time and for the purpose of taking comments or customer  
12 witness testimony in Docket No. W-354, Sub 360, In the  
13 Matter of the Application of Carolina Water Service, Inc.  
14 of North Carolina for Authority to Increase Rates for  
15 Water and Sewer Utility Service for its subdivisions in  
16 North Carolina, Except for the Corolla Light and Monteray  
17 Shores Service Areas on the East Coast.

18 On April 27, 2018, the Company filed an  
19 Application with the Commission seeking authority to  
20 increase its rates for water and sewer utility service in  
21 its service areas in North Carolina effective May 27,  
22 2018. The Company is proposing an increase in its water  
23 and sewer rates for its four rate divisions approved in  
24 the last general rate case, and it is also proposing

1 uniform water and sewer rates for Elk River Development.  
2 In addition, the Company is requesting authority to  
3 implement consumption band water and wastewater rate  
4 adjustment mechanism within each of the Company's rate  
5 divisions.

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

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

18 On September 4, 2018, in support of its  
19 Application the Company filed the direct testimony of  
20 Witnesses Clark, Linneman, and D'Ascendis. Numerous  
21 customer statements of position have been filed in the  
22 docket.

23 Pursuant to the State Ethics Act, I remind all  
24 members of the Commission of their duty to avoid

1 conflicts of interest, and inquire whether any member of  
2 the Commission has a known conflict of interest with  
3 regard to the matter coming before the Commission this  
4 evening?

5 (No response.)

6 CHAIRMAN FINLEY: It appears that there are no  
7 conflicts, and so the record should so reflect.

8 we also recognize the intervention and  
9 participation in this case by the Public Staff of the  
10 North Carolina Utilities Commission.

11 Are there any preliminary matters that we  
12 should address before we begin the hearing?

13 MS. HOLT: No.

14 CHAIRMAN FINLEY: All right. Let's have  
15 notices of appearance by the counsel of the parties,  
16 please.

17 MS. SANFORD: Thank you, Chairman Finley. I'm  
18 Jo Anne Sanford with the Sanford Law Firm, representing  
19 Carolina Water Service of North Carolina. Thanks to the  
20 Commissioners and to the customers who are here tonight.  
21 I would like to briefly introduce and ask them to stand,  
22 the members of the Carolina Water Service team who are  
23 here tonight and available to assist customers: Matthew  
24 Klein, the state President, is here with me at counsel

1 table; Tony Konsul, the Regional Manager; Stacy Adcock  
2 and Gary Peacock, Area Managers; and Neil Reece and  
3 Philip Murphy; Renee Guay, Health, Safety, and  
4 Environmental officer; Deb Clark, Communications  
5 Coordinator; and Dewayne Lightel, Lead Operator. Thank  
6 you very much.

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 is Public Staff Engineer Gina  
10 Casselberry.

11 CHAIRMAN FINLEY: Ladies and gentlemen, I'll go  
12 over a few ground rules that we have developed in order  
13 to conduct these proceedings. We have some familiar  
14 faces out there, so some of you know what we do, some of  
15 you may not, and our rules sort of evolve as we move  
16 along so let me go over some of those with you tonight.

17 We're glad that you are here to voice your  
18 opinions in this important matter and welcome your  
19 testimony and we're glad to see you. In conducting the  
20 hearing the Commission functions as a court. That's why  
21 we are here in this place. That's pursuant to statute.  
22 We must take sworn testimony pursuant to the statutes,  
23 and we operate pursuant to the Rules of Procedure and  
24 Evidence just like a court of law would, and we want to



1 conduct these hearings in a very orderly manner. So we  
2 request that the parties who participate voluntarily  
3 agree to abide by the rules, and we trust that you will.

4 In order to facilitate a full and a fair  
5 opportunity for the speakers to participate, these are  
6 some of the rules that we have established. Witnesses  
7 must register with the Public Staff. They have a sign-up  
8 sheet there. I think we've had some folks that are  
9 signed up. And if you want to testify, if you came in  
10 late, for example, you need to note your willingness to  
11 testify with the Public Staff, with Ms. Holt there. In  
12 order to allow each person an equal amount of time there  
13 will be a limit of five minutes for the people to speak,  
14 and we have sort of a traffic sign up here with bright  
15 red numbers on it. If you'd pay attention that, please,  
16 and it will run down as your time expires, and try to  
17 limit your testimony, if you don't mind, to those five  
18 minutes.

19 We request that you try to avoid cumulative,  
20 repetitive, and irrelevant testimony. The witnesses will  
21 be sworn in on the Bible or they may affirm, and they  
22 must do that in order for the evidence that they give to  
23 be received and to be considered by the Commission. One  
24 witness is to testify at a time. The witnesses shall

1 refrain from offering opinions on matters not specified  
2 in the Notice of Hearing in this docket. Also, witnesses  
3 should address their testimony to the Commission, focused  
4 on the issues presented in the docket, and refrain from  
5 making personal criticisms of the parties and other  
6 hearing participants. Witnesses may submit written  
7 testimony as long as they say that they -- they swear  
8 that it is the verified position of that witness and they  
9 swear to its accuracy. The witnesses will be subject to  
10 cross examination to the extent that the parties or the  
11 Commission wants to have questions and have people  
12 clarify what their positions are. So I'll ask you once  
13 you've made your position known to stick around for a few  
14 minutes and see if there are any questions.

15           The testimony is being recorded by the court  
16 reporter over here, and we want to have an accurate  
17 record of what we hear tonight, so we don't like to have  
18 unconventional modes of testimony such as clapping and  
19 booing and hissing and other types of behavior. We have  
20 a lot of that in electric cases, and we don't expect much  
21 of that tonight. So please refrain from personal  
22 criticisms or attacks on the participants, including the  
23 Applicants and its attorneys and representatives of the  
24 Commission and the Public Staff.

1 All right. Ms. Holt, call your first witness,  
2 please.

3 MS. HOLT: Mr. Zinselmeier.

4 JACK ZINSELMEIER; Having been duly sworn,  
5 Testified as follows:

6 DIRECT EXAMINATION BY MS. HOLT:

7 Q Please state and spell your name for the  
8 record.

9 A Okay. First of all, it's good to be here  
10 again. I think I was just here last year this time.  
11 First name is Jack, the last name is Zinselmeier,  
12 Z-I-N-S-E-L-M-E-I-E-R. I live on Bluebird Road in  
13 Fairfield Mountains.

14 Q Thank you. Please proceed.

15 A Okay. I'd like to -- first of all, I'd like to  
16 say hi to all you folks again. I've seen you several  
17 times over the years. Good to see you again.

18 I'd like to briefly address three areas  
19 tonight. One is previous rate increases, the second is a  
20 little bit on finances, and the third is on maintenance.

21 I'd like to highlight the rate increases that  
22 we've experienced at Fairfield over the last several  
23 years: 2004, plus 35 percent; 2008, plus 38 percent;  
24 2011, plus 20 percent; 2013, plus 10 percent; 2015, less

1 than 1 percent because we made a big case about the rate  
2 increases at that time; 2017, 16 percent. If you total  
3 that up over those years, that's 120 percent increase  
4 over that interval. The rate of inflation during that  
5 interval is 26 percent, so it's five times our prices  
6 have gone up the rate of inflation. From being in the  
7 private sector, if I had a company and I ran it like  
8 that, I would be out of business. I certainly couldn't  
9 stand that in -- I'll talk a little bit later about the  
10 profit margin that they made. But 120 percent increase,  
11 and now they're asking for an additional, this year in  
12 '18, plus 15 percent.

13 Let's talk a little bit about the finances.  
14 According to what I read in their documentation that they  
15 supplied to the Commission, their actual rate of return  
16 for '17 was 4.6 percent. They think -- or I don't know  
17 how they determine this, but they feel the North Carolina  
18 Commission authorizes them a profit margin of 9.6  
19 percent. In my day, if you guarantee a company a profit  
20 margin, how do you increase productivity? You don't.  
21 They don't have to because they know they're going to get  
22 a rate increase the next year to cover their shortfalls.  
23 This year they requested in their -- in their terms \$4.4  
24 million increase in their rates, 4.4 million, which will

1 give them a rate of return of not quite 9 percent. I  
2 find that completely unsatisfactory.

3           One of the things I looked at, and I don't see  
4 all the figures that you folks see, I looked at the  
5 figures that they provided in their testimony, and one of  
6 the things that as an old management person I looked at  
7 was what have the salaries done for management and the  
8 employees in that new rate increase? They showed data  
9 from 2017 over 2014. Salaries for leadership -- salaries  
10 for leadership have gone up 58 percent over that  
11 interval. Salaries in total have gone up 24 percent.  
12 Now, you tell me where those are going in terms of  
13 improving the quality of service that they provide to  
14 customers. Yes. Certainly, the management team is  
15 making a good living. I'm not sure that we're getting  
16 all the benefits of these increases.

17           The last point I'd like to discuss is  
18 maintenance. Last year we had our roads repaved in my  
19 area of Fairfield Mountains in April. About two weeks  
20 after the roads were repaved on Boat Road, a major water  
21 leak occurred and it was torn up. It was about a four-  
22 foot square of tear-up that sat there with just gravel in  
23 it for how many months, would you think? Six months. I  
24 brought a picture for the record of what it looked like

1 in January.

2 I'd like, Gina, to put this into the record,  
3 please, and I'd like the Commissioners to take a look at  
4 that.

5 MS. HOLT: I'd ask that that be marked for  
6 identification as Zinselmeier Exhibit 1.

7 CHAIRMAN FINLEY: It shall be so marked.

8 (Whereupon, Zinselmeier Exhibit 1 was  
9 marked for identification and  
10 admitted into evidence.)

11 A So when you see this ice on the roads, okay, in  
12 January -- do you want to see that, Commissioner -- thank  
13 you -- those are the type of things that we're putting up  
14 with. There -- that's only in my area of the resort. I  
15 don't -- I'm not commenting on the other areas of the  
16 resort. One of the members of our board is here tonight.  
17 He can comment on the other areas. But in my mind, this  
18 rate increase, the latest one, is completely out of line  
19 based on the historical data that I just gave you folks.

20 That's all I had to say, and I'm running out of  
21 time.

22 CHAIRMAN FINLEY: Thank you, Mr. Zinselmeier.  
23 There might be questions.

24 MS. SANFORD: No, sir.

1 BY MS. HOLT:

2 Q Mr. Zinselmeier, when did they -- you said it  
3 was in a state of disrepair for six months?

4 A Yes.

5 Q When was it repaired?

6 A I believe after I took that picture. I won't  
7 swear because I was not -- I was out of town, but I would  
8 say within maybe two or three weeks after that, but it  
9 had been from April to January. That picture was taken  
10 January 3rd.

11 Q Thank you.

12 CHAIRMAN FINLEY: Thank you for coming.

13 THE WITNESS: Thank you.

14 CHAIRMAN FINLEY: Appreciate you being here.

15 THE WITNESS: Appreciate it. Have a good  
16 evening.

17 CHAIRMAN FINLEY: You, too.

18 (Witness excused.)

19 CHAIRMAN FINLEY: Next witness.

20 MS. HOLT: Mr. Phil Reitano.

21 PHIL REITANO; Having been duly sworn,

22 Testified as follows:

23 DIRECT EXAMINATION BY MS. HOLT:

24 Q Please state and spell your name for the

1 record, and please provide your address.

2 A Okay. My name is Phil Reitano, R-E-I-T-A-N-O,  
3 and it's 135 Hawks Nest Trail, and it's the Fairfield  
4 Communities of Lake Lure, North Carolina.

5 Q Thank you.

6 A Okay. As I mentioned, my name is Phil Reitano,  
7 and I want to thank you all for giving us the opportunity  
8 to speak up. I'm going to be short and to the point. My  
9 neighbor, Jack Zinselmeier, gave you a couple of  
10 statistics, so I just want to give you some points that I  
11 have here. You know, as I mentioned, I live in the --  
12 within the Fairfield Mountain Valley community or as we  
13 know it locally, it's Rumbling Bald Community of Lake  
14 Lure in Rutherford County.

15 As the POA Board represent--- management  
16 representative this evening, my fellow residents are  
17 appalled by the recent rate increase requested by CWS.  
18 First of all, I, as most of my other residents, have  
19 retired, unemployed, and on a fixed income. And there  
20 are several other residents here, which I'd like them to  
21 raise their hand, which are all in the same community.

22 Carolina Water Services, or CWS, as most of us  
23 refer to the Company, has not given us any justification  
24 or quantitative information on the needs for the



1 additional rate increase, such as infrastructure  
2 improvements, long-range plans for water resource  
3 improvements, and et cetera. We heard about a need such  
4 as infrastructure, nothing documented or quantitative.  
5 In our community board or management the cause of dues  
6 increase by saying just infrastructure needs, such --  
7 without identification of the specific needs, with any  
8 estimate of a budgeted cost, there would be an uproar of  
9 dissention.

10 No doubt this is strictly an arbitrary increase  
11 without currently -- with the current proposed rate --  
12 excuse me. No doubt this is strictly an arbitrary  
13 increase without the documented needs. This is the sixth  
14 rate increase in the last 10 years. Six in 10 years.  
15 The current proposed rate is 15 percent. In 2015 and  
16 again 2017, the increase requested was well over 20  
17 percent. A concerted effort by customers, appreciated  
18 efforts by the Utilities Commission, resulted in a  
19 reduction in 2015, which we thank you very much.

20 A brief history, not to reiterate what Mr.  
21 Zinselmeier said, is in 2004 was 35 percent; '08, 38  
22 percent; 2011, 20 percent; 2013, 10; '15, a 2 percent;  
23 2017, 16; and now a staggering nearly 20 percent for  
24 2018. Going back, I want to note that there was a 20

1 percent increase in 2011 during the midst of our past  
2 recessionary period. Talk about gouging. If this rate  
3 increase proposed is approved, the net increase on the  
4 membership is, what I've come up with, 150 percent  
5 increase over the base year, which we talked about, as  
6 2004. That's ridiculous. I'm not going into individual  
7 residential meter monitoring charges, but the proposed  
8 range will be from \$27 to about \$1,000 per month. That's  
9 ridiculous.

10           Commissioners, we appreciate the service, and  
11 everybody likes a clean, reliable water source; however,  
12 this significantly exceeds any increase in inflation,  
13 short-term or long-term inflation. Based on the federal  
14 government statistics, current inflation rate in 2017 was  
15 1.88 percent, 2018 is estimated to be 2.1 percent,  
16 whereas, there has been an average inflation rate of 2  
17 percent per year between the periods of 2004 and 2018.

18           Also know the Consumer Price Index from the  
19 Bureau of Labor Statistics indicates for the past 12  
20 months, it's going to be about -- excuse me -- for the  
21 future 12 months it's going to be about 2.9 percent. As  
22 an analogy, think about this as an analogy. If you were  
23 soliciting quotes for a home improvement renovation and  
24 told it would cost you an arbitrary \$50,000, contractor

1 told you \$50,000 and were not given the details of the  
2 renovation, would you find that information suspect?  
3 Okay. Is that not the same here? I mean, don't you find  
4 this a little bit unusual to not get the actual  
5 documented information of why the increase is needed?  
6 Think about that.

7 In the meantime, I want to thank you  
8 Commissioners for your time listening to me and the  
9 others, and we'll appreciate any effort you've got to  
10 curb this increase. Thank you.

11 CHAIRMAN FINLEY: Thank you, Mr. Reitano.  
12 Questions of Mr. Reitano?

13 MS. HOLT: I have no questions.

14 MS. SANFORD: One question, Mr. Reitano.

15 CROSS EXAMINATION BY MS. SANFORD:

16 Q Is Ms. Helen Morrison on your board? Martin.  
17 I'm sorry.

18 A Who?

19 Q Ms. Helen Martin, is she on --

20 A Yes, ma'am.

21 Q -- the board of your HOA? And have you had  
22 conversation on your board about the Apple Valley  
23 project?

24 A Yes, we have.

1 Q And so would more information about that  
2 project, which I believe is radium removal, be of  
3 assistance to you in terms of knowing what the Company is  
4 investigating in your area?

5 A It would help.

6 Q Okay. Thank you.

7 CHAIRMAN FINLEY: Thank you for coming tonight.

8 THE WITNESS: Thank you.

9 CHAIRMAN FINLEY: We appreciate it.

10 (Witness excused.)

11 MS. HOLT: Mr. Gerard Worster.

12 CHAIRMAN FINLEY: Take your time.

13 MR. WORSTER: Say again?

14 CHAIRMAN FINLEY: Take your time.

15 GERARD WORSTER; Having been duly sworn,

16 Testified as follows:

17 DIRECT EXAMINATION BY MS. HOLT:

18 Q Would you please state and spell your last name  
19 for the record.

20 A Last name is Worster -- the first name Gerard,  
21 last name Worster, W-O-R-S-T-E-R.

22 Q Thank you. And what is your address?

23 A Pardon me?

24 Q What is your address?

1           A     107 Friendly Lane, just outside of city limits,  
2     Asheville, in the Mount Carmel area.

3           Q     Thank you. Please proceed.

4           A     I was here last year, and as -- last year I  
5     testified, and then after talking at the end of the  
6     meeting with some of the Staff, I learned more things  
7     that I wish I had known when I wrote up the thing I  
8     testified on and I did file in another proceeding; just  
9     have this as a reference. After discussions tonight, I  
10    think I'm also going to change direction in what I will  
11    be proposing.

12                    Our complaint at Mount Carmel, we have a  
13    relatively new sewage collection system only. There's no  
14    treatment, there's no transportation, there's nothing  
15    that makes up a lot of the costs that are being passed  
16    along to us, which in our rates we connect directly right  
17    there in the neighborhood to the municipal sewage system.  
18    They pick it up, they take it across the French Broad  
19    River, and they treat it there. And their treatment  
20    costs, I have no complaints about that. I -- and I --  
21    this sounds sarcastic, but it's -- I'm serious. I would  
22    hate to think what would happen if we didn't have them  
23    doing the treatment, what we would be paying to get rid  
24    of that ultimately, the collection.

1           Our complaint is -- the simple one as far as  
2 representing the neighborhoods, we've seen our rates go  
3 up 100 percent, and we had 24 percent last year and  
4 here's another 6 or 7 percent. I'm only looking at the  
5 fixed capital one, not the charge from the utility, I  
6 mean, from the municipal utility for the treatment. It's  
7 a bargain compared to the rest of the rates.

8           But we have a lot of fixed income people. I'm  
9 one of those, and I'm a little better off because I have  
10 had a high income and major contributions to Social  
11 Security, so I get by on that and some other stuff. But  
12 we have people in our neighborhood, they're struggling,  
13 and to see the rates go up 4, 5, \$600 in the last 10  
14 years, it's hard to take. And if you look at it, that's  
15 four times -- effectively, it's four times the rate of  
16 the water, Asheville water. Again, knock on wood, we  
17 have that, that -- it should be the other way around.

18           I was very critical of the blended rate where  
19 we're paying for everything for anybody. Nobody has done  
20 anything on our system of substance since I've lived  
21 there and my -- the handyman for the homeowners  
22 association for one of the neighborhoods has been there  
23 since they built the system, and he has seen nothing  
24 added to it. But we pay for the rates for everything

1 else, and I'm told there's no way that's going to change.  
2 The Commission approved 20 years ago to blend everything.  
3 But when it really results in inequitable  
4 rates, I don't think that's proper, and then finally the  
5 light bulb came on, it's double-dipping. We are only  
6 getting collection, and that's it. It goes to the other  
7 utility system. They do most of the work, and yet their  
8 capital cost -- rate based on the capital cost and their  
9 rate to treat is maybe 20 percent of what we pay Carolina  
10 Water, and I think that's really out of whack. And the  
11 thought I have is could it -- I don't know how about  
12 this, to suggest a quick study be made, double-dipping is  
13 we're paying -- we're getting only this much service from  
14 them, and we're paying for other places like I had it in  
15 that thing last year. Belvedere spent 2.2 million in  
16 2015 because they lost where they were disposing with  
17 their, you know, their sewage. And I would propose at  
18 least to look at you could have uniform rates, but they  
19 should be separated by the services that are provided.  
20 If we're only provided this one little service, we should  
21 not be getting all the spill-out of people that have  
22 things done on the side of disposal or treatment. That  
23 would be -- I don't think that would be a hard thing to  
24 do. I think it would be very fair and equitable. We

1 would be paying for the services we're receiving from  
2 Carolina Water. Now we're paying for services again that  
3 other people are getting. We don't get services like  
4 that. It's double-dipping.

5 That -- and just as an example, I worked for  
6 natural gas companies, and we opposed a rate structure  
7 that Tennessee Pipeline had. They did the same thing.  
8 They were adding increased capacity and stated that they  
9 have a small surcharge. The next thing they do, they  
10 doubled. Ultimately, FERC said the same thing, you're  
11 double-dipping, you can't do that. So I would propose  
12 that if we could get a study done to see what it would  
13 be, and I would propose ultimately we do it, but at least  
14 to see what the impact would be. Otherwise, we're going  
15 to continue to sit here and getting pounded again year by  
16 year for expenditures for services that we don't get.

17 So it's not like we're all in the same boat and  
18 we're all sharing the same cost for the same services.  
19 We have this much service; most others have that much  
20 service. And I think there's probably other systems that  
21 would benefit this -- from this, too, then it would be a  
22 little easier --

23 CHAIRMAN FINLEY: We get your point, Mr.  
24 Worster. We understand exactly what you're saying.



1 THE WITNESS: Pardon me?

2 CHAIRMAN FINLEY: We understand what you're  
3 saying, but you're repeating yourself a little bit, so --  
4 other points you want to make?

5 THE WITNESS: That's basically it. I mean, the  
6 gentlemen that were here, two ahead of me, especially the  
7 one with the -- with everything going on with the -- the  
8 expenditures. And, again, I'm not -- that's his  
9 complaint, so mine is mostly we're getting double-dipped,  
10 and I would really like to see something looked into to  
11 maybe alleviate that. It's very painful to get a bill  
12 that's four times your water bill for something that's  
13 just a fraction of the sewage service. And if the rest  
14 would get the benefit of the municipal sewage system, we  
15 really wish we had it all, but at least if we could get  
16 that separated horizontally, that would be, I think, a  
17 worthwhile thing for -- not from us, but I think for the  
18 way the rate structure is done.

19 CHAIRMAN FINLEY: All right. Thank you. We  
20 understand your point. Are there other questions for  
21 this witness?

22 (No response.)

23 CHAIRMAN FINLEY: Appreciate you coming out  
24 tonight.

1 BY MS. HOLT:

2 Q Have you had any service --

3 A Pardon me?

4 Q -- problems? Service problems?

5 A We haven't had any service problems. Asheville  
6 Water keeps on busting pipelines and flooding over.  
7 They've been working out near Erwin High School for --  
8 all summer fixing that. We've never had, that anybody  
9 knows or remembers, a sewage problem, so -- again, it was  
10 built maybe 15 years ago. That sounds old, but compared  
11 to the age of the sewage systems in downtown Asheville,  
12 that's nothing. That's -- that's a new one. So we've  
13 had no issues.

14 Q Thank you.

15 CHAIRMAN FINLEY: Thank you for coming out  
16 tonight.

17 THE WITNESS: Pardon me?

18 CHAIRMAN FINLEY: Thank you for coming out  
19 tonight.

20 THE WITNESS: Yeah. Thank you. Thank you for  
21 being here.

22 CHAIRMAN FINLEY: Yes, sir.

23 (Witness excused.)

24 MS. HOLT: Mr. Chuck Van Rens. Mr. Van Rens

1 has an exhibit he would like to offer.

2 CHUCK VAN RENS; Having been duly sworn,

3 Testified as follows:

4 MS. HOLT: And I'd like Mr. Rens' exhibit to be  
5 marked as Rens Exhibit 1 for this case.

6 THE WITNESS: Thank you.

7 (Whereupon, Van Rens Exhibit 1 was  
8 marked for identification and  
9 admitted into evidence.)

10 DIRECT EXAMINATION BY MS. HOLT:

11 Q Please state your name and spell your last name  
12 for the record.

13 A Okay. My name is Chuck Van Rens. It's V-A-N,  
14 with a space, R-E-N-S.

15 Q Thank you. What is your address?

16 A 109 Woodhaven Drive, Flat Rock, North Carolina.

17 Q And you're in what subdivision?

18 A Woodhaven Subdivision.

19 Q Thank you. Please proceed.

20 A Okay. Well, thank you very much. Chairman  
21 Finley, Commissioners, thank you very much for the  
22 opportunity again to come and talk to you a bit about the  
23 water rate increase rate. The theme has been  
24 established, and the comments that I bring just add

1 another little bit to that established theme, and that is  
2 the outrage in our particular subdivision has to do with  
3 the year on year on year double-dip -- double what,  
4 double-digit rate increase.

5           So I mean, it really, it -- to listen, we just  
6 had our fall meeting, which is an annual meeting for the  
7 group, and introduced as the water chairman or the chair  
8 of the water committee. And boy, you know, who get -- I  
9 mean, the hands went up automatic -- everybody else in  
10 the place was asleep, but once water got introduced, the  
11 hands were up. And so fundamentally you get the idea,  
12 and that is that who gets a double-digit rate increase  
13 for anything in any regard?

14           And so in the document that we passed out  
15 there's a sheet down there with some yellow markings on  
16 it. That's our particular subdivision's version of the  
17 double-digit rate increase. And so that's -- that's the  
18 big news. That's the thing that people want to see  
19 corrected and addressed.

20           So having said that, on the front cover of the  
21 document that I passed out, I just want to recognize a  
22 couple of people here in the Carolina Water system  
23 service side for the exceptional service that they've  
24 given our subdivision. I know it's typical to stand here

1 and give these guys as much grief as you possibly can,  
2 but we've had instance number one, Mr. Joel Simmons had a  
3 complaint about the water tank being visible from his  
4 back porch. And Gary Peacock, who is a Carolina Water  
5 system gentleman, saw that there was some plantings,  
6 green plantings put in there that obscured that view.  
7 That was a nice touch that provided a better situation  
8 for our concern, and I thank Gary for that.

9 In the same regard, Chad Robinson, who actually  
10 owns the well property on which Carolina Water system  
11 serves from, had a complaint about the night security  
12 light going into their bedroom at night. So, again,  
13 Gary's replacement, Stacy Adcock, came and put a green  
14 barrier up there, a very nice touch, and satisfied  
15 everybody.

16 But in the neighborhood we had an ongoing legal  
17 dispute with a historic easement, and the net result of  
18 that could have threatened the privacy and properties by  
19 staying logically on an easement line, tearing out rocks  
20 and trees and boulders, and really degrading the  
21 aesthetic beauty of the neighborhood. And I'm going to  
22 credit Bryce Mendenhall and his crew for coming in and  
23 resolving that dispute equitably for everybody's concern.  
24 Built a very nice path for the piping to go down and,

1 again, kept everybody's security. We pride ourselves on  
2 security. We have a one-acre deal and we can hardly see  
3 any neighbors. What a joyous situation. So if you're  
4 going to tear that out, that's a big deal for us.

5 Well, I'm going to keep it short, but --  
6 because I presume that you'll take a minute and read  
7 through some of the documentation that's been submitted.  
8 And I'm not going to drill you -- drill you through the  
9 exercise altogether, though I could, but Chairman Finley  
10 has put a five-minute deal here on this and I'm going to  
11 hold to that. But just so you know, as a college  
12 professor I've done seven hours back-to-back verbal  
13 instruction, so I'm capable of keeping you here a while.  
14 I'm not going to do it.

15 So thank you very much again, and that's the  
16 brunt of my testimony.

17 MS. HOLT: Thank you. I have no questions.

18 CHAIRMAN FINLEY: Thank you, Mr. Van Rens.

19 Appreciate you coming out again tonight.

20 THE WITNESS: Thank you.

21 (Witness excused.)

22 MS. HOLT: Mr. John Killela.

23 AUDIENCE MEMBER: (Inaudible.)

24 MS. HOLT: Okay. Ms. Connie Brown.

1       CONNIE BROWN;                       Having been duly sworn,

2   Testified as follows:

3       DIRECT EXAMINATION BY MS. HOLT:

4           Q       Will you please state your name and address for  
5       the record.

6           A       It's Connie Brown, B-R-O-W-N, and it's 15  
7       Lynwood Circle. That's in the Lee's Ridge subdivision,  
8       the Mount Carmel service area.

9           Q       Thank you.

10          A       I've lived there at 15 Lynwood for 24 years,  
11       have been a customer of Carolina Water. They provided  
12       our sewer, wastewater service for that time. Also during  
13       that time the City of Asheville has been our water  
14       provider.

15                    I'm one house from Erwin Drive. Erwin Drive's  
16       a little short street. It's got maybe seven or eight  
17       houses on it. For approximately I know the last 10  
18       years, almost every Saturday morning a septic pump truck  
19       comes and pumps sewer lines on Erwin Drive. I know on  
20       the MSD website that the sewer lines are marked in  
21       orange. There's two manhole covers there. They were  
22       marked in orange on the MSD website. If they miss a week  
23       pumping this -- the sewer lines, one of the residents  
24       takes it upon himself to flush it out.

1                   So I went and talked to him last night,  
2     September 25th, 2018, my neighbor Mr. Theron Crisp who  
3     lives at 8 Erwin Drive, and he told me it was okay to say  
4     this and to say what I'm going to tell you. He told me  
5     that the sewer lines are lower -- they've kind of sunk in  
6     the road -- they're lower than the connection so it  
7     doesn't -- heavy stuff doesn't flow up and out. So,  
8     therefore, Carolina Water has chosen over the past 10  
9     years, at least 10 years, maybe longer than that, instead  
10    of repairing it, to send a pump truck out and to pump it  
11    -- to pump that. If Mr. Crisp begins to notice the smell  
12    or his drainage getting slow, he takes it upon himself to  
13    go lift the man cover and wash it and flush it out  
14    himself.

15                  Also, there's a manhole cover at the end of  
16    that road, the City of Asheville water did some sort of  
17    water repair in that area a couple years ago; it affected  
18    the connection. Both companies are aware that there is a  
19    problem there. No one has ever repaired it. Yeah. The  
20    neighbors are tired of reporting it. It's nothing that  
21    we see. It's only if we smell it or if we notice the  
22    drain -- he notices. My drains are fine because I'm  
23    below him, okay? The Companies are aware, and that we  
24    should not have to rely on him, that these things need to



1 be fixed. When it begins to smell, he flushes it out.  
2 This should have been corrected years ago, and I should  
3 not have to every Saturday morning smell and hear the  
4 septic truck go by and start pumping. We pay Carolina  
5 Water to maintain these lines, and they should.

6 The proposed rate increase, it's my opinion  
7 that Carolina Water is nothing more than a collection  
8 agency. They charge us money to collect our money that  
9 they give to MSD. Why can we not just pay MSD? I  
10 understand there is an easement and who owns the rights  
11 and that stuff, but I ask the Utilities Commission to  
12 please investigate or look into a less expensive way for  
13 the Mount Carmel residents to receive these sewer  
14 services -- but we receive it, we receive it from MSD, so  
15 I don't -- or from the City of Asheville.

16 When I came home at 4:30 this afternoon there  
17 was four City of Asheville water trucks at the turn-in to  
18 mine and the gentleman living on Friendly Way at our  
19 subdivision. I don't know if they were there for sewer  
20 or for water because I rarely -- in 24 years I probably  
21 have four times seen an actual Carolina Water thing that  
22 was identified with Carolina Water.

23 It's my opinion that there's no marketplace  
24 competition for sewer fee collectors, therefore, it's the

1 responsibility of the Utilities Commission to determine  
2 reasonable fees that we, the citizens, pay for. Also,  
3 the rate increases that Carolina Water has continued to  
4 get almost yearly is not in keeping with the water rate  
5 increases. This may be comparing apples to oranges, but  
6 it makes more sense for me to compare my sewer to my  
7 water than to my natural gas bill.

8           And thank you on the natural gas bill  
9 increases. They've not been that bad. In my household  
10 my electric is my highest bill. My sewer is my second  
11 highest bill. My gas, my -- and I heat my home with  
12 natural gas. Natural gas is my third highest bill.  
13 Water is the lowest.

14           My water bill -- my sewer bill is three -- is  
15 double annually what my water bill is. So, for instance,  
16 in 2017 my Carolina Water sewer bill was \$665 and my  
17 water bill was only 313. That's \$340 more for sewer. I  
18 don't know what the normal rates should be because I'm  
19 not an MSD customer, I am a Carolina Water customer and I  
20 have to pay the fees, the bill that they send me.

21           And my time's out -- have I been out? I'm  
22 sorry. I apologize.

23           CHAIRMAN FINLEY: Questions for Ms. Brown?

24 BY MS. HOLT:

1 Q One question. Have you detected a smell or  
2 been disturbed by a smell from the Erwin Drive?

3 A When I do, it's not pleasant, yes. The -- you  
4 know, it's not --

5 Q Is it just --

6 A It's not constant. It's just every once in a  
7 while I'll smell and I go, oh, they're going to be coming  
8 to clean it, you know. This Saturday's the Saturday.  
9 And, yeah, they do. And if the wind is the right  
10 direction and the leaves are off the trees, then yeah, we  
11 smell it in the neighborhood. And a lot of folks have  
12 thought, oh, we're smelling the paper mill in Canton.  
13 Oh, no. It's that, so...

14 Q Okay.

15 CROSS EXAMINATION BY MS. SANFORD:

16 Q Ms. Brown, a couple questions quickly, if I  
17 might. I apologize. I'm not that familiar with all the  
18 subdivisions in this Application. Are you in City of  
19 Asheville limits or --

20 A No.

21 Q -- outside --

22 A County.

23 Q -- city limits?

24 A Uh-huh.

1 Q And I have two more questions. Have you spoken  
2 with anyone from Carolina Water about these concerns,  
3 like a complaint or call one of the field people?

4 A No.

5 Q Okay. And --

6 A After 24 years, no. No. Nothing that's  
7 current.

8 Q Right. And then the third thing, which is  
9 actually less of a question, is to say there are people  
10 from the Company here tonight who would be pleased to  
11 talk to you about this and see if we can maybe improve  
12 the communication. And you've certainly explained what  
13 the problem is, but I just want you to know they're here  
14 and eager to speak to you, if that's helpful.

15 A Thank you.

16 CHAIRMAN FINLEY: And we will ask the Company  
17 to investigate this pumping situation and give us a  
18 report on what remedies they can come up with.

19 Thank you, Ms. Brown. Thank you.

20 (Witness excused.)

21 MS. HOLT: I don't believe we have anyone else  
22 on the list.

23 CHAIRMAN FINLEY: Are there other witnesses  
24 here that want to testify tonight?

1 (No response.)

2 CHAIRMAN FINLEY: All right. Thank you, ladies  
3 and gentlemen, for coming out tonight and expressing your  
4 views. We take them very seriously. We're still early  
5 in the process. There will be a lot of financial  
6 information that will be provided to the Commission.  
7 Public Staff will conduct its audit, and we will have a  
8 formal hearing with expert witnesses in October. You can  
9 follow that on the web page. You can come to Raleigh if  
10 you want to and listen to live testimony. But once we  
11 get all the evidence, including what you've told us  
12 tonight, the Commission will issue its written order and  
13 will try to resolve the issues that are outstanding at  
14 that time.

15 So thank you for coming out tonight, and the  
16 hearing is adjourned.

17 (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 9th day of October, 2018.

*Marianne S. Aguirre*

Marianne S. Aguirre

Notary Public No. 19961490099