

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1034, SUB 8

DOCKET NO. W-1034, SUB 10

DOCKET NO. W-1034, SUB 8

In the Matter of)	
)	
Application by Water Resources, Inc., for)	
Authority to Increase Rates for Water Utility)	
Service in Rocky River Plantation Subdivision)	
in Cabarrus County and River Walk)	
Subdivision in Mecklenburg County, North)	
Carolina)	
)	
DOCKET NO. W-1034, SUB 10)	UPDATED REPORT OF WATER
)	RESOURCES, INC.
In the Matter of)	
)	
Lenny Devitto, 8529 Indian Summer Trail,)	
Harrisburg, North Carolina 28075,)	
)	
Complainant)	
)	
v.)	
)	
Water Resources, Inc.,)	
)	
Respondent)	

NOW COMES Water Resources Inc. (“Water Resources” or “Respondent”), by and through the undersigned counsel and pursuant to the Commission’s *Order Requiring Compliance with 2018 Rate Case Order and DEQ Notice of Violation and Consent Judgment, and Requiring Filing of Further Reports*, and files this Updated Report of Water Resources in compliance with Ordering Paragraphs 1, 2, and 3 of that Order.

BACKGROUND

On July 29, 2022, in the above-captioned proceedings, the Commission issued an *Order Requiring Compliance with 2018 Rate Case Order and DEQ Notice of Violation and Consent Judgment, and Requiring Filing of Further Reports*. That Order recites the alleged facts of the complaint filed by Lenny Devitto in Docket No. W-1034, Sub 10, and various other reports, motions, and other filings in these dockets, including the Public Staff's December 20, 2021 Report and Recommendations. The Commission's Order notes that the Public Staff's Report concluded that the Public Staff was not of the opinion that an emergency operator should be appointed, that the Mooresville Regional Office of the Department of Environmental Quality ("DEQ") did not consider the River Walk or Rocky River Plantation subdivisions as being in imminent danger of losing adequate water utility service, and that Water Resources was taking actions to address the requirements of the Order issued in Water Resources 2018 rate case.

In conclusion, the Commission's Order states that Complainant Devitto has "raised a number of meritorious issues in his complaint" and that it "is clear that adequate progress has not been made" to comply with the Commission's 2018 Rate Case Order. While noting that Water Resources has completed replacement of water meters in Rocky River Plantation subdivision and that Water Resources has not previously been required to provide advance notice of flushing activity, the Commission determined to direct Water Resources to develop means to improve communication with its customers, including regarding flushing activities, and to report to the Commission on its efforts. Further, the Commission determined to require Water Resources to verify compliance with the 2018 Rate Case Order and DEQ's Notices of Violation and Consent Judgment. Lastly, the Commission determined to continue to hold open the complaint docket while monitoring Water Resources Compliance with this Order.

UPDATED REPORT OF WATER RESOURCES, INC.

As more specifically identified below, Water Resources respectfully provides the following Updated Report in response to the Commission's Order:

(Updated Report begins on the following page. The remainder of this page intentionally left blank.)

Item Identified for Updated Report	Status and Narrative Explanation, if applicable
<p>Finding of Fact 7(a): The hypochlorite solution injection point is not in the location shown on the approved plans for the chemical feed system improvements, which violates the requirements of 15A NCAC 18C.1304(a);</p>	<p>Status: Corrected, as reported in Water Resources’ “Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates” filed in Docket No. W-1034, Sub 8, on August 30, 2019. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 3, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “FOF 7.a, 7.c and 7.e were corrected in the second quarter of 2019...”).</p>
<p>Finding of Fact 7(b): A faucet or spigot for sampling treated water prior to delivery to the first customer was not provided, which violates the requirements of 15A NCAC 18C.0402(e);</p>	<p>Status: Corrected. <i>See</i> Public Staff Investigation Report and Recommendations, p. 3, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “...FOF 7.b and 11.b were corrected in the third quarter of 2019.”)</p>
<p>Finding of Fact 7(c): The well house provided for Well 1 was not secured with a lock and key, which violates the requirements of 15A NCAC 18C.0402(f);</p>	<p>Status: Corrected, as reported in Water Resources’ “Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates” filed in Docket No. W-1034, Sub 8, on August 30, 2019. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 3, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “FOF 7.a, 7.c and 7.e were corrected in the second quarter of 2019...”).</p>
<p>Finding of Fact 7(d): Totalizing meters for Well 1 and Well 2 were not functional, which violates the requirements of 15A NCAC 18C.0402(g)(6); and</p>	<p>Status: Corrected, as reported in Water Resources’ “Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates” filed in Docket No. W-1034, Sub 8, on August 30, 2019.</p>
<p>Finding of Fact 7(e): Approximately three residual disinfection tests in the distribution system are performed per week. The water system is classified as a B Distribution system, which requires a minimum of five residual disinfection tests to be performed in the distribution system per week. This is a violation of the requirements of 15A NCAC 18C.1302(a)(1)(A).</p>	<p>Status: Corrected and ongoing compliance in place, as reported in Water Resources’ “Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates” filed in Docket No. W-1034, Sub 8, on August 30, 2019. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 3, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “FOF 7.a, 7.c and 7.e were corrected in the second quarter of 2019...”).</p>

<p>Finding of Fact 8(a): Due to the results from the iron and manganese field readings occasionally exceeding the secondary maximum contaminant levels, it is recommended that the water filter be evaluated by a qualified professional to assess the operation and maintenance of the water filter;</p>	<p>Status: Completed and ongoing compliance in place. Explanation: Upon investigation, the Company discovered that the previous system operator was not following filter backwashing procedures or schedules and this deficiency resulted in the field readings result noted in FOF 8(a). The Company terminated this system operator in part due to this deficiency and has monitored performance of the new system operator who is following the appropriate procedures and schedule for backwashing filters. This has resolved the issue.</p>
<p>Finding of Fact 8(b): That the Hach Iron and Manganese Color Disc Test Kit used to measure the iron and manganese concentrations reported on the monthly operation reports, be calibrated in accordance with the manufacturer’s instructions, that no expired reagents are used, and that the test kit be stored and maintained in accordance with the manufacturer’s instructions;</p>	<p>Status: Corrected, as reported in Water Resources’ “Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates” filed in Docket No. W-1034, Sub 8, on August 30, 2019. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 4, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “All other recommendations identified in FOF 8 have been completed by WRI....”).</p>
<p>Finding of Fact 8(c): That the elevated storage tank be regularly inspected by a qualified professional and that the vent be inspected on a regular basis to ensure that the screen is intact</p>	<p>Status: Roof vent and hatch repair completed in December 2021. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 4, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “American Tank Maintenance has been authorized to repair the roof vent and hatch and that those repairs were scheduled for the week of December 13, 2021.”).</p>
<p>Finding of Fact 8(d): That the holes observed in the lower portion of the western wall of the building containing the filter be repaired.</p>	<p>Status: Completed. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 4, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “All other recommendations identified in FOF 8 have been completed by WRI...”).</p>
<p>Finding of Fact 11(a): The cover over the well holes for Well 1 was not secured against unauthorized access, and a locking mechanism was not provided, which violates the requirements of 15A NCAC 18C.0405(f)</p>	<p>Status: Corrected, as reported in Water Resources’ “Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates” filed in Docket No. W-1034, Sub 8, on August 30, 2019. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 4, No. W-1034, Sub 8 (filed Dec. 20, 2021) (stating that “FOF 11.a was corrected at the end of the first quarter of 2019.”).</p>

Finding of Fact 11(b): A properly sized vacuum relief valve is not provided for the hydropneumatic tank, which violates the requirements of 15A NCAC 18C.0405(c)(3)	Status: Corrected. <i>See</i> Public Staff Investigation Report and Recommendations, p. 4, No. W-1034, Sub 8 (<i>filed</i> Dec. 20, 2021) (stating that "...FOF 7.b and 11.b were corrected in third quarter of 2019.").
Finding of Fact 11(c): The Department of Labor inspection for the hydropneumatic tank is expired, which violates the requirements of 15A NCAC 18C.0405(c)(5).	Status: Corrected, as reported in Water Resources' "Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates" filed in Docket No. W-1034, Sub 8, on August 30, 2019.
Finding of Fact 12(a): To achieve a proper free chlorine residual in the water system, that the drop pipe, tubing, and injection point associated with the hypochlorite treatment equipment be cleaned or replace as necessary to ensure the proper flow of chemicals. If the Operator Responsible Charge is unable to increase the sodium hypochlorite feed rate after the corrective actions have been taken, that further investigation into the issue be performed until a solution can be identified and implemented	Status: Corrected, as reported in Water Resources' "Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates" filed in Docket No. W-1034, Sub 8, on August 30, 2019. Completed. <i>See also</i> Public Staff Investigation Report and Recommendations, p. 5-6, No. W-1034, Sub 8 (<i>filed</i> Dec. 20, 2021) (stating that "All other recommendations identified in FOF 12 have been completed by WRI...").
Finding of Fact 12(b): That the leaking Well 1 blow-off valve be repaired or replaced	Status: Completed. Explanation: <i>See</i> Public Staff Investigation Report and Recommendations, p. 5-6, No. W-1034, Sub 8 (<i>filed</i> Dec. 20, 2021) (stating that "All other recommendations identified in FOF 12 have been completed by WRI...").
Finding of Fact 12(c): That the hydropneumatic tank and ground storage tank be either replaced or cleaned and recoated by a qualified professional	Status: incomplete and outstanding. Explanation: The Company obtained proposals from contractors in late 2021 – early 2022, but contractors have been unable to obtain appropriate paint materials for this application due to supply chain interruptions. The delay in obtaining needed paint materials extended into the summer months, when the ambient temperature causes the exterior of the tank to "sweat." The contractor reported to the Company that it is not possible to paint the tank during this time of year due to the moisture resulting from the tank "sweating." This work will be completed

	as soon as materials are sourced and obtained and the weather allows for the completion.
Finding of Fact 12(d): That trees and limbs surrounding both well houses and water tanks be trimmed as necessary to ensure that no water system components would be damaged in the event of falling trees and limbs	Status: Completed. Explanation: <i>See</i> Public Staff Investigation Report and Recommendations, p. 5-6, No. W-1034, Sub 8 (<i>filed</i> Dec. 20, 2021) (stating that “All other recommendations identified in FOF 12 have been completed by WRI....”).
Finding of Fact 12(e): That bacteria sampling sites be rotated on a monthly basis and that bacteria sample siting plan be developed	Status: Corrected, as reported in Water Resources’ “Status of Deficiency Corrections Noted in the Recommended Order Approving Agreed upon Rates” filed in Docket No. W-1034, Sub 8, on August 30, 2019. <i>See</i> Public Staff Investigation Report and Recommendations, p. 5-6, No. W-1034, Sub 8 (<i>filed</i> Dec. 20, 2021) (stating that “All other recommendations identified in FOF 12 have been completed by WRI....”).

Status of Implementation of Compliance Plan and Interconnection with Harrisburg

(1) Identify the professional engineer WRI has hired to design the plan for returning the water system to compliance pursuant to Ordering Paragraph No. 3 of the Consent Judgment, and the date that person was hired.	Mc2 Engineering was hired on January 9, 2020.
(2) Provide the current estimate of the cost to interconnect the water system with Harrisburg.	Approximately \$200,000.
(3) Has WRI acquired all necessary easements to complete the interconnection with Harrisburg?	Water Resources has reached agreement in principle with the customer/landowner on the key terms of the acquisition of the easement, as recently as last week. The Company is working to prepare and finalize legal documents and working with the customer/landowner to schedule a date, likely within the next three weeks, to exchange payment and receive the signed deed of easement, which will be recorded in Cabarrus County upon receipt.
(4) Is Harrisburg in agreement with any plans to interconnect with WRI’s water system?	Yes, the Town of Harrisburg has approved plans for the construction of the interconnection.

<p>(5) Describe the alternatives to an interconnection with Harrisburg that have been or are being considered, and their costs.</p>	<p>Water Resources evaluated the feasibility of filtering water from its currently out-of-service well to achieve compliance with DEQ’s regulations. Initially, the Company viewed this as a less expensive and more speedy method of compliance; however, after extensive investigation, this was determined to be technically infeasible due to the high levels of radium in the aquifer. Because filtering would not achieve compliance, costs of this option were not fully evaluated.</p>
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CONCLUSION

As set out in detail above, Water Resources is in substantial compliance with the Commission's directives and orders included in the 2018 Order in Docket No. W-1034, Sub 8. The most significant issue facing the Company is the needed interconnection to the Town of Harrisburg, which will bring Water Resources' Rocky River Plantation system into compliance with DEQ's water adequacy regulations on or before October 10, 2022. Water Resources continues to work cooperatively with the Department of Justice and DEQ through the implementation of the Compliance Plan that is a part of the Consent Judgment entered in Cabarrus County. As set out above, the Company is devoting significant effort and resources to accomplishing that goal and will soon be in a position to present for Commission approval an appropriate claim for recovery of these costs. The only other outstanding item in the above report is the requirement to clean and paint the exterior of the hydropneumatic tank and ground storage tank. As stated above, this work will be completed as soon as materials are sourced and obtained, and the weather allows for the completion of the work. With respect to all of the other directions and orders of the Commission, Water Resources has corrected the items noted and, as applicable, is undertaking ongoing compliance. With respect to the efforts related to creation of a website, formation of a customer advisory group, or otherwise instituting means to obtain customer feedback and improve communication between the Company and its customers (specifically including notice of flushing

activities), Water Resources is undertaking this effort and will provide to the Commission further updates and requests for approvals in due course, and the report required in January 2023.

Respectfully submitted this the 8th day of August, 2022.

/s/ Patrick Buffkin

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*COUNSEL FOR WATER RESOURCES,
INC.*

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing UPDATED REPORT OF WATER RESOURCES, INC. upon the Public Staff and upon Complainant Devitto by electronic mail.

This the 8th day of August, 2022.

/s/ Patrick Buffkin
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