

# OFFICIAL COPY

## INFORMATION SHEET

PRESIDING: Chairman Finley, Presiding; and Commissioners Dockham, Gray, Clodfelter, and Mitchell

PLACE: Watauga County Courthouse, Boone, North Carolina

DATE: Tuesday, September 25, 2018

TIME: 7:00 p.m. to 7:39 p.m.

DOCKET NOS.: W-354, Sub 360

wl. 4

COMPANY: Carolina Water Service, Inc. of North Carolina

DESCRIPTION: Application by Carolina Water Service, Inc. of North Carolina, 4944 Parkway Plaza Boulevard, Suite 375, Charlotte, North Carolina 28217, for Authority to Adjust and Increase Rates for Water and Sewer Utility Service in All of Its Service Areas in North Carolina, Except Corolla Light and Monteray Shores Service Area.

### APPEARANCES

(See attached.)

### WITNESSES

(See attached.)

### EXHIBITS

(See attached.)

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COPIES ORDERED: Email: Sanford, Casselberry, Holt

REPORTED BY: Marianne Aguirre

TRANSCRIBED BY: Marianne Aguirre

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**OCT 10 2018**

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N.C. Utilities Commission

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

12 IN THE MATTER OF:  
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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 Volume 4  
23  
24

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8    FOR THE USING AND CONSUMING PUBLIC:  
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**NORTH CAROLINA UTILITIES COMMISSION**  
**PUBLIC STAFF - APPEARANCE SLIP**

DATE September 25, 2018 DOCKET # W-354, Sub 360

PUBLIC STAFF MEMBER Gina C. Holt

ORDER FOR TRANSCRIPT OF TESTIMONY TO BE **EMAILED** TO THE PUBLIC STAFF - PLEASE INDICATE YOUR DIVISION AS WELL AS YOUR EMAIL ADDRESS BELOW:

ACCOUNTING \_\_\_\_\_

✓ WATER gina.casselberry@psncuc.nc.gov

COMMUNICATIONS \_\_\_\_\_

ELECTRIC \_\_\_\_\_

GAS \_\_\_\_\_

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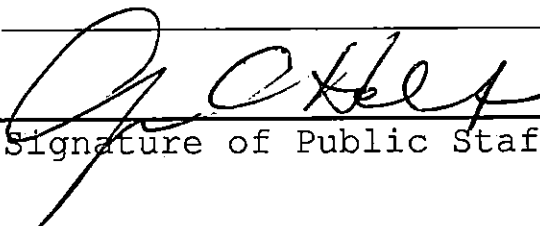
LEGAL gina.holt@psncuc.nc.gov

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\_\_\_\_\_  
Signature of Public Staff Member

**NORTH CAROLINA UTILITIES COMMISSION**  
**APPEARANCE SLIP**

DATE 9-25-18  
DOCKET #: W-354 Sub 360  
NAME OF ATTORNEY Jo Anne Sanford  
TITLE Attorney  
FIRM NAME Sanford Law Office, PLLC  
ADDRESS PO Box 28085  
CITY Raleigh NC ~~27611~~  
ZIP 27611-8085

**APPEARING FOR:** Carolina Water of N.C., Inc.

APPLICANT  COMPLAINANT \_\_\_\_\_ INTERVENOR \_\_\_\_\_  
PROTESTANT \_\_\_\_\_ RESPONDENT \_\_\_\_\_ DEFENDANT \_\_\_\_\_

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Please check for an electronic copy of the transcript.

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Email: Sanford@sanfordlawoffice.com  
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Signature:   
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Ski Mountain NC Customers  
ANALYSIS OF CAROLINA WATER SERVICE RATES—2007 TO PRESENT

JANUARY 2007

BASIC CHARGE	\$11.90
PER 1000 GALLONS	3.60

JULY 2007

BASIC CHARGE	\$13.60
PER 1000 GALLONS	5.60

JANUARY 2009

BASIC CHARGE	\$14.83
PER 1000 GALLONS	4.48

FEBRUARY 2011

BASIC CHARGE	\$16.81
PER 1000 GALLONS	5.00

MARCH 2014

BASIC CHARGE	\$19.19
PER 1000 GALLONS	5.62

DECEMBER 2015

BASIC CHARGE	\$22.46
PER 1000 GALLONS	6.42

NOVEMBER 2017

BASIC CHARGE	\$24.44
PER 1000 GALLONS	7.70

MONTHLY INCREASES OVER 10 YEARS:

BASIC CHARGE	\$12.54	INCREASE OF 105%
PER 1000 GALLONS	4.10	INCREASE OF 114%

TYPICAL FAMILY RESIDENCE YEARLY COST INCREASE PER YEAR:

BASIC CHARGE	\$150.48
1000 GALLONS	41.00
TOTAL ANNUAL INCREASE	\$191.48



September 18, 2018

North Carolina Utility Commission  
C/O Mr. David Drooz,  
Chief Counsel, Public Staff,  
4326 Mail Service Center.  
Raleigh, North Carolina, 27699-4300

Dear Mr. Drooz,

We would like to thank the Commission for the opportunity to comment on the Carolina Water Service of North Carolina proposed "Uniform water and sewer rates for the Elk River development". I am presenting these comments as a representative of the Elk River community Property Owners Association that consists of 276 property owners located in Banner Elk, North Carolina. My contact information is as follow;

George Hall  
490 Clubhouse Drive, Unit C-3  
Banner Elk, North Carolina, 28604  
Telephone 828-898-1952 or 843-368-4321

By way of background, we are a private, seasonal club community of individual homes and condos officially open from May through October. While the community is accessible to member use the rest of the year, there are very few owners that actually use their residences during this time.

As a servicer, we have found Carolina Water to be a very satisfactory provider of water related services based on very minimum or no interruptions of service, their annual water quality report they distribute to our members, etc. Other than normal service maintenance/repair, we are not aware of the new investments listed in their letter dated May 29, 2018 and cited as justification for the proposed rate increases. Information on the specific items that benefit Elk River would better help us to understand the need and magnitude of the proposed rate increases.

Our members who all have homes in other parts of the country were generally shocked at the size of the proposed water rates compared to those of their winter residences.

The only significant Carolina Water investment we are aware of is the installation of meters a year or so ago to replace the system of fixed monthly charges that were not based on actual usage. We can only assume that in the absence of actual usage information that a good business oriented company like Carolina Water was still recovering their cost plus a profit.

We had the benefit of a good conference call with Public Utilities Engineer Gina Casselberry in the middle of August. We understand there will be no results from the Commission's review until after the date for the public hearings that we plan to attend on September 25<sup>th</sup>. We hope the results of the Commission's work will help to answer or eliminate many of our concerns and bring the proposed rates down to a more reasonable level. In the absence of access to the Commission's report, we felt it necessary to pose the following questions or concerns to you.

Questions, comments and/or concern

\*It is not clear to us what, if any, actions or investments Carolina Water has made to benefit the Elk River community and justify the large increase in monthly residential water cost of 72.19% and sewer rates of 84.93%. As mentioned earlier, the only significant change we saw was the addition of meters that may in our opinion have added an unnecessary cost to their servicing.

\*The items listed to justify the rate increase all appear to be capital investments or one time and not on-going operating expense. Is it reasonable to expect Carolina Water will reduce their rates when they recover their cost of Implementation?

\*The proposed rate increases are heavily fixed cost that greatly reduces any focus on conserving water and very punitive for us and other seasonal communities like us in the Western North Carolina mountains.

\*We can only assume that Carolina Water knew they would be proposing a very significant rate increase when they installed the new meters. Almost all of our 114 owners on the sewer system and not septic tanks are in two or four owner unit buildings. If that fact had been known to us in advance, we could probably have reduced the need for individual meters by more than half and treated water as an Association expense. This would have greatly reduced the fixed cost of individual meters for water and sewer.

\*In reviewing the proposed rate increases, we noticed there is a difference in average customer water usage gallons versus sewer usage – 3,680 for water and 3180 for sewer. Is this a typo or recognition that all water used does not go into the sewer?

\*This may be a question for Carolina Water: If we are willing to pay the cost to change, is there any reason why we could not reduce the number of meters in our four and two unit buildings to one or possibly two?

In closing, we again thank the Commission for the opportunity to make comments and have them addressed by you at the scheduled hearings.

Sincerely,



George Hall

CC: G Casselberry