

Aqua NC Rate Case (W-218 Sub 526CS)

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Written Testimony

June 9, 2020

On June 25, 2018, I provided oral and written testimony in Aqua North Carolina's rate case, docket W-218 Sub 497. This testimony was given in conjunction with the public hearing held in Raleigh, and described issues I experienced as a customer on the Bayleaf system. At that time, I had serious concerns about the reliability of our water service, the customer service provided by Aqua when issues arose, and the lack of transparency and thoroughness in Aqua's reporting of complaints to the Public Staff and Commission.

This testimony today is meant to address two main points. First, I would like to provide the Commission with a status update on the concerns I raised in Docket W-218 Sub 497, from the perspective of a ratepayer on the Bayleaf Master System. While I cannot speak to whether progress has been made on transparent reporting of issues from Aqua to the Public Staff and Commission, I can address the progress made in the last ~2 years as it pertains to reliability and customer service.

Second, I would like to offer my support of a conservation rate mechanism, as outlined below.

STATUS UPDATE – CONCERNS RAISED IN DOCKET W-218 Sub 497

Reliability

Attached to this testimony and labeled "Aqua Service Issues, January, 2019 – present" is a log of service issues I experienced after the Commission's December 18, 2018 order in the previous rate case (W-218 Sub 497). This log includes only the following:

- Water issues I experienced myself at my home address
- Issues that were raised by others on the neighborhood website NextDoor, about which I followed up with Aqua personally, and therefore have first-hand knowledge of their response

Likely there are other service issues about which I am unaware or did not participate in personally. Over the 17-month period covered by the log, those service issues of which I have first-hand knowledge can be summarized as follows:

- 5 instances of brown water
- 1 instance of aerated ("milky") water
- 1 instance of water service cut without notice

Additional details of each issue are provided in the log.

This represents an operational improvement compared to the service I received leading up to the prior rate case. While not a perfect track record, Aqua has clearly focused on operational improvement on the Bayleaf system since we last met.

Further, as will be discussed below, their prompt and thorough responses to these service issues made the issues themselves more palatable, and also indicated improved dedication to running the Bayleaf system properly.

It is clear that the Bayleaf Master System is more complex than average, and as such, requires an above-average operational focus. It is my hope that this focus continues beyond this rate case.

Customer Service

Aqua has made great strides in improving customer service since the last rate case. These improvements have taken multiple forms:

1. Prompt and thorough responses to service issues

Each time I experienced a service issue, someone from Aqua followed up with me promptly and provided thorough information about the cause of the issue and the action being taken. These responses came in multiple forms:

- Personal emails from Joe Pearce, Director of Operations
- Personal emails from Roger Tupps, Field Supervisor for the Bayleaf system
- Phone call from Dawn Markarian, Tech Services Specialist
- Home visits from Bayleaf technicians

2. Formation of the Bayleaf Advisory Group

Aqua formed the “Bayleaf Advisory Group,” comprising approximately 10-12 customers from various neighborhoods on the Bayleaf system. The group has met 4 times, covering a range of topics summarized below, and provided true two-way dialogue between Aqua and its customers. Aqua was able to educate the group on some of the unique challenges associated with the Bayleaf system, and customers were able to share feedback and improvement ideas.

- March 27, 2019 – Education about the Bayleaf system and associated capital improvement projects
- May 7, 2019 – Discussion of System Pressure Advisory (SPA) notices and how to make them more useful, discussion about planning for future growth, various specific operational feedback and questions
- September 17, 2019 – Discussion of operational issues over the summer and steps taken, discussion about summer water usage on Bayleaf system and potential introduction of a tiered-pricing conservation rate, follow up discussion about SPAs, follow up discussion about planning for growth
- February 26, 2020 – Discussion of rate case drivers, impacts and proposed conservation rate mechanism. Also briefly addressed flushing and Cross Connection Control Program.

3. Improved communication about annual flushing

During both the 2019 and the 2020 maintenance flushing cycles, Aqua provided a detailed neighborhood-by-neighborhood flushing schedule on their website. This flushing schedule was updated timely for emerging schedule changes caused by weather or maintenance events. At Aqua's request, I posted a link to the schedule on NextDoor in order to reach as many customers as possible. At my house, we also received a phone call prior to flushing, notifying us of the dates. Finally, the flushing crews used "yard signs" to notify neighborhoods when flushing was imminent. I received positive feedback from neighbors about Aqua's communications associated with these flushing periods.

4. Improved call center experiences

When I called to report service issues at my home, I no longer received IVR responses indicating that I should hang up because an issue had already been reported in my zip code. Instead, I spoke to actual representatives that referred my issues to a technician, who then called me back timely.

Summary of Status Update – Concerns Raised in Docket W-218 Sub 497

Overall, in the time since the prior rate case, I would summarize my experience as an Aqua water customer on the Bayleaf system as follows:

- Reliability has improved somewhat. We still experienced periods of issues, but the issues were at least addressed timely and thoroughly.
- Customer service has greatly improved in multiple areas.
- Aqua seems engaged with the Bayleaf community.

SUPPORT FOR CONSERVATION RATE MECHANISM

After discussion in our February 26, 2020 Bayleaf Advisory Group meeting, and after reviewing the rate case Notice to Customers, it is my understanding that Aqua NC has proposed a pilot Conservation Rate Structure (CRM) for four communities, of which the Bayleaf Master System is one. Further, it is my understanding that Bayleaf was a prime candidate for the pilot, due to above-average overall usage and the extreme "peakiness" in usage compared to other systems.

I personally support the CRM pilot for the following reasons:

1. I believe it promotes more judicious use of a precious resource, and therefore has environmental benefits.
2. More judicious use also provides operational benefits. If the wells are not routinely taxed in the summer, water quality is better. We will draw less water "from the bottom" of the water source, which in turn can reduce occurrences of both brown and aerated water.

3. A pilot CRM would provide meaningful data from which to analyze the financial impacts to all customers on the rate, given that a CRM produces competing financial variables. As an example, the financial benefits to lower-usage customers could, in the long run, be negated by reduced overall customer usage. This is because the denominator over which Aqua's revenue requirements are spread (gallons used) will shrink, driving up overall rates. However, peak water is also the most expensive to produce, because it is coming from the least desirable locations and therefore can require extra treatment, which adds cost. In addition, Aqua must invest in new wells or well expansions such that peak water load can be met. Shaving the peak could potentially avoid costly future investments. Without running an actual pilot on a robust system such as Bayleaf, it is difficult to predict how these competing financial impacts will manifest themselves. The pilot CRM will provide real data in order to construct a workable rate design.
4. Finally, it feels more fair. Customers that insist on daily summer irrigation of large North Raleigh yards, while also maintaining an inground pool, will pay accordingly for that privilege. This includes a recognition that peak water is more expensive, as noted in #3 above. Instead, on the current structure, all NC customers must bear the financial impacts of what it takes Aqua to serve peak loads during drought. The CRM shifts costs to the customers incurring the higher system costs.

Summary of Support for Conservation Rate Mechanism

As a potential future participant in the conservation rate mechanism pilot, I support the rate design because it provides:

- Environmental benefits
- Operational benefits
- Financial and usage data to improve the rate design
- A fair method of shifting costs to disproportionately high-usage customers

CONCLUSIONS & REQUESTS OF THE COMMISSION

My chief concern in this proceeding is that Aqua continue their focus on operating the Bayleaf system properly and providing thorough customer service. I am especially concerned about the potential for diminished focus on either of these priorities if Aqua receives a "successful" outcome in this rate case. As such, I would like to respectfully request that, in its order on this rate case, the Commission:

- Require Aqua to continue periodic reporting requirements around secondary water quality issues and complaints
- Require Aqua to continue working its Water Quality Plan, as adjusted based on experience
- Require Aqua to continue implementing operational changes that can be made to improve water quality, including tank cleaning, and the optimization of well pumping capacity and water pressure, as testified by Witness Junis in docket W-218 Sub 497
- Require Aqua to continue at least semi-annual meetings of the Bayleaf Advisory Group

- Require Aqua to continue its “Close the Loop” program, to ensure customers are contacted after complaints, and that complaints have been addressed
- Continue, along with the Public Staff, to monitor accurate counting of customer calls and complaints, including after-hours calls.

In addition, I respectfully request that the Commission give serious consideration to allowing the pilot conservation rate mechanism. I believe that the rate design accomplishes multiple goals, and also provides a potential path forward in managing a resource that is not unlimited.

Thank you for your time and consideration in these matters.

Aqua Service Issues
January, 2019 - present

Item #	Date	Time	Service Address	Issue	Action Taken	Date Aqua Was Called	Time Aqua Was Called	Number Used to Call Aqua	Notes
1	May 26, 2019	~7:00 pm	505 Brittany Bay West	Light brown water	Called Aqua Customer Service Flushed for 20 minutes from outdoor spigot Emailed Joe Pearce	May 26, 2019	~9:00 pm	919-844-4504	The Customer Service Rep referred me to tech named Andrew. He said he was on call due to the holiday and not that familiar with our system, so he reached out to someone who was (not sure who). When Andrew called me back, he said that this other person had checked the system Sunday morning and everything appeared to be operating correctly. I flushed from an outdoor spigot for 20 minutes, and that cleared things up at our house. On the morning of 5/27, a technician named Ron came to our house - he was super polite and friendly. He reiterated that he wasn't aware of any issues on the system, and he tested our water, which looked good.
2	June 6, 2019	unknown	Various in Cobble Creek and Coachman's Trail (thread on NextDoor)	Brown water	Emailed Joe Pearce	N/A	N/A	N/A	Response from Joe Pearce: "We received a couple of calls about Coachman's and Cobble Creek. Construction has been underway at a well site near the Coachman's area. On [June 6] afternoon, a pump was restarted at the well site and it is believed flow reversal occurred and stirred sediment. I am discussing an operational change to modify the method of starting pumps, which have been offline, to minimize recurrence. There is some possibility that this also affected Cobble Creek, but we are investigating further. It is doubtful the 5/26 event is related to the event from [June 6]."
3	June 10, 2019	10:30 AM	505 Brittany Bay West	Light brown water	Called Aqua Customer Service Flushed for 30 minutes from outdoor spigot Emailed Joe Pearce	June 10, 2019	11:40 AM	919-608-0029	Received call back from Dawn at Aqua at 3:30 pm. She indicated that someone would be out to open the blow off line at Brittany Bay. In addition, she indicated that there was aeration in Coachman's Well #4 and another well in Cross Gate, both of which will be taken offline on June 10th. She said they were hoping this would alleviate both the aeration and the brown water, and that they would troubleshoot from there.
4	June 30, 2019	9:00 AM	505 Brittany Bay West	Brown water	Called Aqua Customer Service Flushed for 30 minutes from outdoor spigot	June 30, 2019	9:00 AM	919-608-0029	Put on hold multiple times during call, rep indicated there were no other reported issues, and Aqua would send out a tech. Tech came at 3:40 pm and tested water quality, which had cleared up after flushing. Noticed multiple other reports of brown water on Next Door. Testing results: Chlorine 1.31 mg/l; pH 7.4; Phosphate 0.42 mg/l; Iron 0.04 mg/l; Manganese 0.030 mg/l

Item #	Date	Time	Service Address	Issue	Action Taken	Date Aqua Was Called	Time Aqua Was Called	Number Used to Call Aqua	Notes
5	July 23, 2019	9:35 AM	505 Brittany Bay West	Water turned off w/ out notice	Went outside to talk to technicians on street	N/A - spoke to tech	N/A	N/A	Went to take a shower and there was hardly any water coming out. Noticed truck outside, went to talk to technician. He indicated that there had been a break in a service line, and they were turning our water off. I asked why we weren't notified and he said "because it will only take 5 minutes." Water service resumed approximately 25 minutes later. Aqua's automated call about outage and precautionary boil water advisory were received after service resumed.
6	January 22, 2020	7:45 AM	505 Brittany Bay West	Brown water	Called Aqua Customer Service Flushed for 20 minutes from outdoor spigot Emailed Joe Pearce	January 22, 2020	7:50 AM	919-673-6141	Customer service was polite and indicated that issue would be passed along to the on-call technician. On-call technician called at 7:55 am to notify me that he was on his way. In the meantime, Joe Pearce replied at 8:05 am (Roger Tupps copied) that "There is a main break in Hunter's Landing. If possible I would prefer you not flush from the outdoor spigot until requested. You will pull sediment from the main into your service. We need to isolate the break, and then we open the blowoff and clear the main. Roger is managing it and he will be providing you with updates." Roger indicated at 8:35 am that the leak was isolated and a blow-off valve opened. Terry came by the house to test iron & manganese levels at ~1:00 pm, which were still elevated but "on their way down" according to Terry. He stopped by again on 1/24/20 to make sure everything had been resolved.
7	January 24, 2020	unknown	Various in Manchester (thread on NextDoor)	Milky Water	Emailed Joe Pearce	N/A	N/A	N/A	Prompt response on 1/24/20 from Joe: "We had a problem with a well aerating. It has been shutdown while we diagnose the problem."