

1 PLACE: Buncombe County Courthouse,

2 Asheville, North Carolina

3 DATE: July 25, 2017

4 DOCKET NO.: W-354, Sub 356

5 TIME IN SESSION: 7:00 P.M. TO 9:45 P.M.

6 BEFORE: Chairman Edward S. Finley, Jr., Presiding

7 Commissioner Bryan E. Beatty

8 Commissioner ToNola D. Brown-Bland

9 Commissioner James G. Patterson

10 Commissioner Lyons Gray

11 Commissioner Daniel G. Clodfelter

12

13 IN THE MATTER OF:

14 Application by Carolina Water Service, Inc. of North

15 Carolina, 5701 Westpark Drive, Suite 101, Charlotte,

16 North Carolina 28217 for Authority to Adjust and

17 Increase Rates for Water and Sewer Utility Service in

18 All of its Service Areas in North Carolina, Except

19 Corolla Light and Monteray Shores Service Area and

20 Elk River Development

21

22 Volume 1

23

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

2

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1 P R O C E E D I N G S

2 CHAIRMAN FINLEY: Good evening. Let's come to
3 order and go on the record, please.

4 My name is Edward Finley. With me this evening
5 are Commissioners Bryan E. Beatty, ToNola D. Brown-Bland,
6 James G. Patterson, Lyons Gray, and Daniel G. Clodfelter.

7 The Commission now calls for hearing at this
8 time for the purpose of taking non-expert, public witness
9 testimony on Docket Number W-354, Sub 356, Inn the Matter
10 of the Application of Carolina Water Service,
11 Incorporated of North Carolina for Authority to Increase
12 Rates for Water and Sewer Utility Service for Its
13 Subdivisions in North Carolina.

14 On March 31, 2017, Carolina Water Service filed
15 an application with the Commission seeking authority to
16 increase its rates for providing water and sewer utility
17 service in its service areas in the state.

18 On April 26, 2017, the Commission issued its
19 Order Establishing General Rate Case and Suspending
20 Rates. Pursuant to this Order, the Commission declared
21 this proceeding to be a general rate case pursuant to
22 G.S. 62-137 that suspended the proposed new rates for up
23 to 270 days pursuant to G.S. 62-134.

24 On May 23, 2017, Corolla Light Community

1 Association filed a Petition to Intervene in this matter,
2 which Petition was granted by the Commission Order dated
3 June 16, 2017.

4 On July 13, 2017, the Board of Directors of the
5 Bradfield Farms Homeowners Association, represented by
6 William Colyer, filed a Petition to Intervene in this
7 matter.

8 On June 2, 2017, the Commission issued its
9 Order Scheduling Hearings and Requiring Customer Notice
10 which, among other things, scheduled the application for
11 evidentiary hearing on September 20, 2017 and scheduled
12 this public hearing for public testimony at this time and
13 place.

14 On July 21, 2017, Carolina Water Service filed
15 a Notice Regarding Semi-Annual WSIC/SSIC Surcharge
16 Applications. That has to do with the infrastructure and
17 improvement statutes. In this filing, the Company states
18 that it does not intend to file an application for semi-
19 annual adjustment of the Company's Commission authorized
20 WSIC/SSIC surcharge mechanism on August 1, 2017 where
21 such rider would become effective October 1, 2017.

22 Numerous customer statements of position have
23 been filed in this docket.

24 Pursuant to the State Ethics Act, I remind all

1 members of the Commission of their duty to avoid
2 conflicts of interests, and inquire if any member of the
3 Commission has a known conflict of interest with regard
4 to the matter coming before the Commission?

5 (No response.)

6 CHAIRMAN FINLEY: There appear no conflicts, so
7 we will proceed, and I now call upon the parties to
8 announce their appearances for the record, beginning with
9 the Applicant utility.

10 MS. SANFORD: Thank you, Chairman Finley. I'm
11 Jo Anne Sanford representing Carolina Water Service of
12 North Carolina. With me tonight at counsel table is Matt
13 Klein who is the State President. We also have Gary
14 Peacock, the Area Manager, Tony Konsul who is the
15 Regional Manager, and Bryce Mendenhall who's the Vice
16 President.

17 I'll ask if other Carolina Water
18 representatives would just raise their hand so you'll
19 know who they are and that they're here. And they will
20 be available to answer customer questions when the
21 hearing is over. Thank you.

22 MS. HOLT: Good evening. I'm Gina Holt with
23 the Public Staff here on behalf of the Using and
24 Consuming Public, and with me at counsel table is Public

1 Staff Engineer Gina Casselberry.

2 CHAIRMAN FINLEY: Very well. Counsel has
3 indicated that she would like to make some brief opening
4 statements. Ladies and gentleman, this is not evidence
5 in the case. This is just statements that the counsel
6 for the parties are going to make, and they're going to
7 sort of set the stage for what this case is about.

8 MS. SANFORD: Yes, sir. Thank you, Chairman
9 Finley.

10 Good evening, and thank you for the opportunity
11 to make this brief opening statement. We welcome the
12 participation of Carolina Water's customers at this
13 hearing tonight. And we recognize this hearing is for
14 you to speak; it's not for us. So thank you for your
15 indulgence for letting me make a few opening comments to
16 speak on behalf of the Company about some issues that are
17 important to them.

18 Rate cases are difficult for all. We know
19 that. They're extremely unpopular, and for understood
20 reasons. This one, as are most of them, is driven by
21 capital expenditures and an increase in O&M.
22 Infrastructure ages, infrastructure must be expanded. We
23 have some of all of that in this case, millions of
24 dollars spent. (Coughs.) Excuse me.

1 But most importantly, and the thing we really
2 want you to understand tonight from us, is that our job
3 is to make a case by proof and by argument that can
4 withstand the scrutiny of the Public Staff. Their
5 accountants, engineers, and attorneys are very good at
6 what they do and make tremendous demands of this Company
7 to show that it spent money it had to spend, and that it
8 spent it prudently, and that it should recover any
9 investment. We -- they are worthy opponents, and they
10 represent you well.

11 And finally and most importantly, we deal with
12 the Public Staff's scrutiny of the case which is on your
13 behalf and is very well done, but we must convince this
14 Commission, again, by the same proof and argument that
15 what these people did to provide you service and to have
16 the proper infrastructure is what they had to do and that
17 it was done with the prudent expenditure.

18 So with that, thank you, and we look forward to
19 hearing from you.

20 MS. HOLT: Just briefly, I think Ms. -- Ms.
21 Sanford covered what I was going to say pretty much about
22 my role as a member of Public Staff - Utilities
23 Commission, but we are not a part of the Utilities
24 Commission. The Utilities Commissioners are behind me,

1 but as a part of Public Staff are engineers. There's one
2 other attorney who's working on this case with me,
3 economists and accountants. We -- as Ms. Sanford said,
4 we go through this case with a fine-tooth comb, and at
5 the end of our investigation, we file testimony that will
6 be read by the Commissioners noting -- taking note of
7 what we hear at customer hearings and any adjustments
8 that we feel need to be made to the Company's case.

9 And I appreciate you being here, and I'm happy
10 to represent you. And in a moment I will call you in the
11 order in which you've been -- you signed up.

12 CHAIRMAN FINLEY: Ladies and gentlemen, we
13 appreciate your coming out tonight and voice your views
14 on this important matter. We welcome your testimony, and
15 we're glad you are here.

16 There are a few ground rules that we're going
17 to have to follow. We have a number of people who have
18 signed up there with the Public Staff, and we want all of
19 them to be heard to the extent that we're able to hear
20 them.

21 In conducting this hearing, the Commission
22 functions like a court. We do that pursuant to statute.
23 We're here in a courtroom for that reason. We have to
24 take sworn testimony pursuant to statutes that have been

1 in effect by -- passed by the General Assembly for many
2 years. We operate pursuant to the Rules of Procedure and
3 Evidence, and we want to conduct this hearing in a very
4 orderly manner. So I'll request that you voluntarily
5 agree and abide by these rules and trust that you will do
6 so. If not, we have some remedies available to us, and
7 I'm not going to list those because I look out there and
8 see a mature and orderly crowd. So I'm not going to bore
9 you with what the -- what the sanctions might be. But in
10 order to facilitate a full and fair opportunity for all
11 speakers to participate, the Commission has some
12 guidelines, and I'll go over those.

13 Witnesses must register with the Public Staff.
14 She will maintain that sheet there and call you in the
15 order that she has set forth witnesses on her pad. In
16 order for each person an equal amount of time, there will
17 be a limit of approximately five minutes on the amount of
18 time for each witness to speak. Therefore, you should
19 avoid cumulative and repetitive and irrelevant testimony.
20 Witnesses must be sworn in. Again, that's a requirement
21 that we have by the Legislature. And you have to do that
22 for your testimony to be considered in the record when
23 the Commission ultimately rules on this case.

24 Only one witness may testify at a time. We've

1 had some instances in the past where we've tried to have
2 multiple witnesses and it just doesn't work out very
3 well. Witnesses should refrain from offering opinions on
4 matters not specified in the Notice of Hearing in this
5 docket. You should address the testimony to the
6 Commission and focus on the issues presented regarding
7 the docket and refrain from making personal criticisms of
8 the parties and other hearing participants.

9 In lieu of oral testimony, witnesses may submit
10 written testimony as long as you swear to the accuracy of
11 that testimony here tonight. And they can be submitted
12 by people to the extent that those people are under oath.

13 The witnesses will be subject to cross
14 examination by the attorneys and the parties and by the
15 Commission to the extent the Commission has questions.
16 So as soon as you finish your statement, stick around a
17 few minutes to see if there are any questions of you.
18 The persons who are customers of the Company will be
19 called to testify first. To the extent there are others,
20 we will take them in due course.

21 The testimony is being recorded by the court
22 reporter over here, and we must ensure the accuracy of
23 the record, so I may limit unconventional modes of
24 testimony. The Commission's goal is to receive testimony

1 that will help the Commission make decisions in this
2 matter, so please do not disturb the hearing by clapping,
3 booing, hissing, or other such behavior. We have to make
4 sure that the testimony is properly transcribed by the
5 court reporter. And I think -- I've got some other rules
6 here, but I think I'm going to waive them and let us get
7 on with the testimony. So Ms. Holt, if you'll call your
8 first witness.

9 MS. HOLT: The Public Staff calls Mr. Mike
10 Sanders.

11 MR. SANDERS: Now, where am I going here?

12 MS. HOLT: Right here.

13 MICHAEL SANDERS; Being first duly sworn,
14 Testified as follows:

15 DIRECT EXAMINATION BY MS. HOLT:

16 Q Could you please state your name and address
17 for the record.

18 A Michael H. Sanders. Did you say address as
19 well?

20 Q Yes.

21 A 488 Tsuganawvi Court. I know you're going to
22 want me to spell it. It's T-S-U-G-A-N-A-W-V-I Court,
23 Brevard, North Carolina, 28712. If it sounds mysterious,
24 it's Cherokee for South. So I live on South Street.

1 Q And you are a customer of Carolina Water
2 Service?

3 A I am.

4 Q And in what subdivision do you live in?

5 A Connestee Falls.

6 Q Please proceed.

7 A Okay. Connestee Falls -- first of all, I'm a
8 member of the board of directors, and we have some
9 additional members here this evening as well. I'm the
10 secretary.

11 Connestee Falls is a fairly large subdivision
12 with approximately 1400 or nearly 1400 homes in Southern
13 Transylvania County. We are comprised primarily of older
14 residents. The average age is going to be somewhere in
15 the mid to upper 60s, and we have a significant
16 contingent of elderly residents. Many of them are widows
17 and widowers, as you might imagine.

18 For that contingent, this rate increase is a
19 matter of some serious concern. Many of them, as I
20 indicated, are on fixed incomes and where -- and a number
21 of them are on strictly Social Security, so you can
22 imagine things are tight. And it is well known that if
23 you have to take money from one expense and apply it to
24 another, something is going to have to give. So we, on

1 behalf of our elderly residents, especially ask the
2 Commission to bear that in mind and try to avoid what I'm
3 told is called rate shock with regard to this particular
4 contingent.

5 Our problems with the Carolina Water Service
6 consist principally of two major areas. The first is
7 that we're experiencing an increasing number of breaks,
8 interruptions of service. We've had, let's see here,
9 eight so far in 2017, two just -- three just yesterday.
10 Those are primarily water breaks. We have, however, had
11 at least one major sewer failure where we were -- where
12 there was discharge of untreated sewage into our
13 principal lake, Lake Atagahi, a heavily used lake. And
14 as a result of the discharge, we were, of course, unable
15 to use it. A number of times, and especially that time,
16 we had to pay for our own testing. The service happened
17 at a time, I think, over a weekend. I'm not entirely
18 sure on that. Please don't quote me. But it happened at
19 an inopportune time, and for our purposes, we needed to
20 know what we could do because people were in and out of
21 that lake all the time, every day, ranging from children
22 to adults. So in any event, we had to make -- do things
23 that ordinarily we wouldn't expect to have done.

24 The other problem or the other side of the

1 problem is a -- I hate to use this term -- is a failure
2 of communication. Personally, I've been notified of the
3 cessation of the boil water notice. The only problem is
4 I never got it at the inception. This happens with some
5 regularity. We have a community-wide Internet bulletin
6 board kind of affair, and we're constantly seeing people
7 complaining about, well, either I didn't know about the
8 boil water notice to begin with or I was never informed
9 that it was terminated. Consequently, the community just
10 more or less has segued into notifying ourselves. We're
11 keeping track of things, and we're now doing what the
12 administration calls an e-blast and we simply email
13 everybody in the community when the administration finds
14 out about a problem. It works, but it's really not our
15 obligation, and it's something that we would like the PSC
16 to bear in mind when they're looking at these rate
17 requests.

18 We recognize the desirability of uniform rates.
19 Just -- it makes good sense, and we understand the
20 motivation of the Company to do that and the motivation
21 of the PSC. We recognize it's considerably more
22 efficient than having hundreds of little rate schedules
23 for small and large subdivisions.

24 Finally, we recognize that in this day and age,

1 inflation has finally caught back up with us after a
2 period when we didn't have any, and it's appropriate to
3 expect a rate increase. However, we would ask that the
4 Commission and particularly the Public Staff scrutinize
5 it very carefully because we do actually have a lot of
6 people to whom this is important. It's not just a few
7 bucks. With regard to a single widow, for instance,
8 who's living in a small mountain cabin and using about
9 1,000 gallons a month or so, the way I understand it is
10 her projected rate increase is going to be about 54
11 percent. Well, that's pretty stout for somebody who's on
12 limited resources. And that's all I have. Thank you.

13 CHAIRMAN FINLEY: Thank you, Mr. Sanders.
14 Let's see if there are questions.

15 MS. SANFORD: No questions. Thank you.

16 MS. HOLT: I think I have --

17 CHAIRMAN FINLEY: Mr. Sanders, wait just a
18 minute and let's see if she has any questions.

19 THE WITNESS: Excuse me.

20 MS. HOLT: I just have some follow-up questions
21 for Mr. Sanders.

22 BY MS. HOLT:

23 Q Okay. What's the process -- you mentioned that
24 the community has a bulletin board, Internet bulletin

1 board?

2 A We have two methods of Internet communications,
3 soon to be a third. A large part of the community
4 subscribes to something called Nextdoor Connestee, which
5 is actually a commercial product, and it's used all
6 around the United States by various neighborhoods and
7 it's essentially an Internet bulletin board, I guess
8 you'd call it.

9 We also have and we maintain an email list in
10 administration that we use for what I was terming an e-
11 blast, and that sends out to the entire community. We're
12 in the process of acquiring a system for notification of
13 all kinds. We were, for instance, on the edge of the
14 fires last year and notification became real important.
15 So we're buying a commercial service that allows us to
16 notify our members through mobile phones, mobile devices,
17 Internet, direct dial telephone, the whole kit and
18 caboodle, so that we keep people notified. So at this
19 point we're working -- we have two and are working on a
20 third.

21 Q Okay. And is the Company involved in this
22 process at all? Are they part of this --

23 A No.

24 Q -- notification system?

1 A No. They are -- they are attempting to notify
2 us directly because as you might imagine, especially in a
3 place like ours that is laid -- we have six square miles,
4 so we have a fairly large distribution. You might
5 imagine that a break in one place does not necessarily
6 affect a break in another place. And there's no way that
7 we, the community, the citizens in the community would
8 know the parameters of that break. That's something for
9 the Company to know based on -- I don't know how they do
10 it. Their engineers, I'm sure, could tell us. But
11 they're the ones that would have to notify people because
12 they have access -- peculiar access to that information.

13 Q So who initiates the e-blast, sends the e-
14 blast?

15 A Well, what's been happening is I can tell you
16 that there will be a notice go up on, typically,
17 Nextdoor. It says I live on Enola Court and I don't have
18 any water. And then there'll be one, you know, I live on
19 Dvdisdi Lane and I don't have any water. And the next
20 thing, somebody will get a communication typically from
21 the Company. That communication will then be forwarded
22 to administration and we'll send it out --

23 Q Uh-huh.

24 A -- okay, because the Company is not getting to

1 everybody in a timely fashion.

2 Q Okay. And one other thing you mentioned, you
3 had a sewer break where there was discharge in the lake.
4 Two questions, when was that, and you mentioned that you
5 had to pay for testing.

6 A Yes.

7 Q What did you mean by that?

8 A Well, we were testing for fecal coliform in the
9 water. We wanted to make sure the water was good for
10 people to use. I mean, it's heavily fished. It's
11 heavily -- there's heavy swimming. There's heavy boating
12 and it -- I'm wanting to say it was over a week, I can't
13 say that under oath, and we weren't getting any results
14 from the Company. So we were following -- we were
15 monitoring it ourselves. Public health is at issue, so
16 we're going to take care of it, and we did that by
17 sending samples to a lab and paying for it.

18 Q Oh, okay.

19 A I'm sorry. Maybe I didn't clarify.

20 Q Okay.

21 CHAIRMAN FINLEY: When was it that happened, as
22 far as you know?

23 THE WITNESS: Could I refer and get my list?

24 Can I step away from the witness box for a moment?

1 CHAIRMAN FINLEY: Yes, sir.

2 THE WITNESS: I have here a list which is going
3 to be submitted if it hasn't already been of breaks.

4 However, the sewer break in question was June the 16th of
5 this year. And if you like, I can give you the rest of
6 the dates for 2017 for water breaks.

7 CHAIRMAN FINLEY: Go ahead.

8 MS. HOLT: Okay.

9 THE WITNESS: We've had water breaks as of just
10 yesterday, July the 24th, on Cheulah, Tellico, and Tawsee
11 Streets, also on Kanasgowa. Then we had a water main
12 break on July 1 at Dalonigei Court. Then June 30th, a
13 water main break on Middle Connestee Trail. June 16 with
14 the sewer leak I just mentioned a moment ago at Lake
15 Atagahi. June 6 was a water main leak at Gigagei Court.
16 May the 26th was a -- a water leak at Tsalagi Drive,
17 Kalvi Court, and Taladu Court. May the 10th was a water
18 leak at Dvdsidi Court, Tlugvi Court, and Ugugu Drive. We
19 had one on March the 17th, Kanasgowa to the end of Guwa
20 Court. And those are the leaks so far this year.

21 BY MS. HOLT:

22 Q Would you like to offer your list into
23 evidence?

24 A Yes, I would, please.

1 CHAIRMAN FINLEY: We'll mark it Sanders Exhibit
2 Number 1.

3 MS. HOLT: Yes.

4 (Whereupon, Sanders Exhibit 1 was
5 marked for identification.)

6 CHAIRMAN FINLEY: And that will be helpful for
7 the court reporter because I don't think she could spell
8 all those names.

9 THE WITNESS: I'm sure of it.

10 MS. HOLT: Do you have any objection?

11 MS. SANFORD: No.

12 CHAIRMAN FINLEY: Are you through, Ms. Holt?

13 MS. HOLT: Yes.

14 THE WITNESS: I should point out that this also
15 contains leak data from 2016, 2015, 2013, and 2012.

16 MS. HOLT: Thank you, Mr. Sanders. I have no
17 further questions.

18 CHAIRMAN FINLEY: Commission's questions?

19 EXAMINATION BY COMMISSIONER PATTERSON:

20 Q Do you know when the system was constructed?

21 A I do not, but I'm advised that it's quite old
22 and that -- and that that age is a substantial part of
23 the reason for these frequent breaks.

24 CHAIRMAN FINLEY: Commissioner Brown-Bland has

1 a question, I believe.

2 EXAMINATION BY COMMISSIONER BROWN-BLAND:

3 Q Mr. Sanders, what you described as a failure of
4 communication with regard to the boil water notices?

5 A Yes, ma'am.

6 Q Am I correct that you said that happens
7 frequently?

8 A Yes, it does.

9 Q What do you just generally mean by
10 "frequently"?

11 A Well, for instance, in the seven water leaks
12 that we've had so far this year, there's always somebody
13 complaining that they didn't get any notice of it and
14 were affected by it.

15 Q All right.

16 A I can't say with mathematical precision that it
17 happened every single time, that would be an
18 overstatement, but it does happen with regularity.

19 Q And to your knowledge, before you talked about
20 it here tonight or before -- I'll just leave it there.
21 Before you talked about it here tonight, did the Company
22 -- was the Company informed that their notices maybe
23 weren't getting to everybody?

24 A I'm sorry. I don't understand the question.

1 Q Was -- to your knowledge, has the Company been
2 informed that their notices weren't getting to everybody?

3 A I cannot say, not with -- not on my own
4 knowledge.

5 COMMISSIONER BROWN-BLAND: Thank you.

6 EXAMINATION BY CHAIRMAN FINLEY:

7 Q Mr. Sanders, if you know, what -- what has
8 caused the breaks, both the sewer break and the water
9 breaks, if you know?

10 A I do not know, and I'm sorry. An engineer
11 would have to answer that.

12 Q Fair enough.

13 CROSS EXAMINATION BY MS. SANFORD:

14 Q Could the Utility have a copy of the email
15 address -- addresses for the residents? And that may not
16 be something that you're authorized to provide.

17 A I am certainly not personally authorized to do
18 that. I'm not sure under what conditions we obtain
19 those, if we make representations about privacy.

20 Q That's fine.

21 A If we make certain representations, you know,
22 it would be difficult to do that --

23 Q Understood.

24 A -- without breaching our duty.

1 Q I just wondered if it was a public enough
2 document that you could share. Thank you very much.

3 A I personally have never seen it, and I'm an
4 officer, so...

5 Q Thank you.

6 A Yes, ma'am.

7 CHAIRMAN FINLEY: Thank you, Mr. Sanders.

8 THE WITNESS: Thank you, sir. Anything
9 further?

10 CHAIRMAN FINLEY: I think that's -- that's it.

11 MS. HOLT: I would like to move for the
12 admission of Sanders Exhibit 1.

13 CHAIRMAN FINLEY: Have you shown it to the --

14 MS. HOLT: Yes.

15 CHAIRMAN FINLEY: Without objections, it shall
16 be admitted.

17 (Whereupon, Sanders Exhibit 1 was
18 admitted into evidence.)

19 MS. HOLT: Public Staff calls Mr. Carl
20 Burkhart.

21 CARL BURKHART; Being first duly sworn,
22 Testified as follows:

23 DIRECT EXAMINATION BY MS. HOLT:

24 Q Please state your name and address for the

1 record.

2 A Carl Burkhardt, 135 Kanasdatsi Drive. Okay,
3 here it goes, K-A-N-A-S-D-A-T-S-I Drive --

4 Q And what subdivision --

5 A -- Brevard, North Carolina.

6 Q Oh, I'm sorry.

7 A That's okay.

8 Q And in what community do you live?

9 A Connestee Falls.

10 Q Thank you. Please proceed.

11 A Thank you very much, ladies and gentlemen,
12 Commissioners, representatives of the utility company. I
13 appreciate it. We appreciate the opportunity to come
14 before you and say a few words. I'm going to say a few
15 words because Mr. Sanders already said my words.

16 I'm the President of the Board of Directors
17 currently and, therefore, I am supposedly representing
18 the community. Any of you that have been involved with a
19 homeowners association, you know that probably nobody can
20 make that claim with a straight face. But I will say
21 that as an engineer, when I first got the letter for the
22 increases, the first thing I did was reach for my Excel
23 spreadsheet and try to figure it out.

24 Communication seems to be something that this

1 Company may want to consider working on a little better,
2 not only from the point of view of what Mr. Sanders has
3 said, but also from the point of view of the numbers that
4 were in this report in the docket notification that we
5 received. Our -- our citizens just bombarded us with
6 what in the heck does all this mean? And I know it was
7 made in good faith; it just wasn't clear to the average
8 individual. So please, if you could, clarify -- you
9 know, try to put it in words with one syllable and that
10 kind of thing.

11 I have -- or we have, rather, prepared a
12 communication which we will provide to the Commission.
13 And I won't be -- I won't bother reading it or going into
14 it in any great detail. I will say that looking at the
15 spreadsheet, I'm not going to go into this with any great
16 detail, either, but I would like to say that it does give
17 me pause, as Mr. Sanders alluded to, for the majority of
18 people that live in our subdivision. Our average age is
19 in the 60s. If any of you have been to Connestee Falls,
20 you know that the sound of a lawnmower is something you
21 never hear. We don't have lawns, so we're not wasting a
22 lot of water making our grass green. We have rocks.
23 People who live there on fixed incomes and who are of an
24 advanced age generally use less water than others. This

1 is a generalization. It's an opinion. I'm sorry. It's
2 not fact. But looking at the proposed sewer schedule,
3 sewer rate schedule, this is counterproductive to water
4 conservation and it is counterproductive from the point
5 of view of people who do, in fact, use less water, they
6 pay a greater increase. The current rate structure is
7 much better from the point of view of encouraging
8 conservation.

9 The rate shock on people who are of an advanced
10 age and on fixed incomes is something that's obvious.
11 People just don't like to see increases. We came from --
12 I came to Connetsee from Greenville, South Carolina,
13 where my water bill on a quarterly basis was the same as
14 my water bill on a monthly basis in Connetsee. But
15 that's the price we pay, I suppose, for being in a
16 beautiful community with lakes and mountains and trees
17 and birds and deer who eat the flowers.

18 Mr. Sanders, as I said, has said most of things
19 that I would have said if I had gone first, so in the
20 interest of following your instructions and avoiding
21 repetition, I will say no more. Thank you very much.

22 CHAIRMAN FINLEY: You want to mark your
23 spreadsheet and your letter and have that received in
24 evidence?

1 THE WITNESS: The spreadsheet and the letter
2 will be received into evidence, sir.

3 CHAIRMAN FINLEY: We'll mark the letter as
4 Burkhart Exhibit Number 1, the spreadsheet as Burkhart
5 Exhibit Number 2.

6 THE WITNESS: Would you like them right at this
7 moment, sir?

8 CHAIRMAN FINLEY: Give it to Ms. Holt there
9 please, sir.

10 (Whereupon, Burkhart Exhibits 1 and 2
11 were marked for identification and
12 admitted into evidence.)

13 CHAIRMAN FINLEY: Any questions of Mr.
14 Burkhart?

15 MS. HOLT: I have no questions.

16 CHAIRMAN FINLEY: Ms. Sanford, do you have
17 questions?

18 MS. SANFORD: Oh, no, sir. I'm sorry.

19 CHAIRMAN FINLEY: Questions by the Commission?

20 (No response)

21 CHAIRMAN FINLEY: Thank you, Mr. Burkhart.

22 THE WITNESS: Thank you.

23 MS. HOLT: Ms. Susan Kish.

24 SUSAN KISH; Being first duly sworn,

1 Testified as follows:

2 DIRECT EXAMINATION BY MS. HOLT:

3 Q Please state your name and address for the
4 record.

5 A Susan Kish, 36 Sakkoleeta, that's
6 S-A-K-K-O-L-E-E-T-A, Court, Brevard, North Carolina, a
7 resident of Connestee Falls.

8 Q Thank you. Please proceed.

9 A Obviously, the two gentlemen before me have
10 taken everything that I ever wanted to say, so I -- and I
11 appreciate the time the Commission is taking to hear all
12 of us.

13 I just want to add a couple of items. First of
14 all, there was a question about the leak in -- the sewer
15 leak in Lake Atagahi. And at the time, I was the board
16 -- I am on the Connestee Board of Directors and the
17 Treasurer for the Board. I was -- it was my week to deal
18 with management -- some management issues. So I did have
19 the opportunity of speaking with our General Manager, our
20 Acting General Manager, Sharon Jenkins, at the time who
21 was trying to get the information from Carolina Water as
22 to how much sewage had been released and if it was
23 cleared up. As was mentioned, it was during a weekend
24 and shortly the week after. She had difficulty having

1 those questions answered for her, and that is the reason
2 that we went out and did our own testing. So just to
3 clarify, the Acting General Manager did have knowledge
4 and spoke with a representative, and I don't -- I can't
5 tell you which representative that was for the Company.

6 Again, I'm not going to take your time to talk
7 about the same things, but as a Board member, I have been
8 contacted by several residents who are concerned about
9 the rate increase. I think everyone that I've spoken to
10 understands the need for increases and understands that
11 expenses have increased, and certainly wants to have a
12 clean source for water and a good company that will take
13 care of the sewage. And they understand that. They
14 understand that things cost.

15 But there's also an opinion of most residents
16 that I've talked to, and myself, that when there are
17 breakage issues, when there are sewage issues, there's
18 not good communication from this Company. They bought
19 into a situation where another company had put in these
20 pipes, and they're old, and they may not have been put in
21 as well as they would do today in today's methodology.
22 But customers want to know when there's a break, and they
23 want to know when they have to boil water and when they
24 don't have to boil water. And it's very disconcerting

1 for an older population to have that happening to them
2 and them not feeling that they're in control of what's
3 going on in their own home when they turn on a faucet.

4 On behalf of them, I would ask that the
5 Commission scrutinize the rate increase, and if there is
6 an increase, to balance that against the customer and the
7 customer's needs. Thank you.

8 CHAIRMAN FINLEY: Questions of Ms. Kish?

9 MS. HOLT: I have a question.

10 BY MS. HOLT:

11 Q Ms. Kish, I forgot to ask this earlier. You
12 stated -- you and Mr. Burkhardt and Sanders stated that
13 you tested the water after the sewer break?

14 A The community tested the water.

15 Q The community tested?

16 A Yes. Sent away to a laboratory.

17 Q Okay. Did you get the results?

18 A Yes.

19 Q And do you remember what the results were?

20 A I would not want to testify to the exact
21 results because they did not come to me personally; they
22 came to management.

23 Q Do -- does anyone still have a copy of those
24 results?

1 A Yes. I would assume our management does.

2 Certainly, our maintenance people would have that.

3 Q Would you have a problem sending that in?

4 A I don't think there would be. I can't speak to
5 that, but --

6 Q Okay. I'll follow up with you later. Okay.

7 Thank you.

8 CHAIRMAN FINLEY: I think we have a question
9 from the Commission.

10 EXAMINATION BY COMMISSIONER BEATTY:

11 Q Good evening, Ms. Kish. Even though you don't
12 recall the exact results, do you recall whether the
13 homeowners association or the community continued to have
14 concerns about the lake after you received the results?

15 A After we received the results, absolutely not.
16 It was -- it was taken care of.

17 Q Thank you.

18 EXAMINATION BY COMMISSIONER CLODFELTER:

19 Q Ms. Kish, did the association submit the cost
20 of the testing to the Company for reimbursement, and --

21 A I --

22 Q -- if it did, did you get reimbursed for your
23 out-of-pocket?

24 A I can't tell you that we did that. No, I don't

1 know.

2 Q Don't know?

3 A No.

4 CHAIRMAN FINLEY: Thank you, Ms. Kish.

5 MS. HOLT: Mr. Phil Reitano?

6 MR. REITANO: Yep.

7 PHIL REITANO; Being first duly sworn,

8 Testified as follows:

9 DIRECT EXAMINATION BY MS. HOLT:

10 Q Would you please state your name and address
11 for the record.

12 A Yes. My name is Phil Reitano. I live at 135
13 Hawks Nest Trail, Lake Lure, North Carolina, 28746. It's
14 in the Fairfield Mountain Valley community of Rumbling
15 Bald.

16 Q Thank you. Please proceed.

17 A Okay. I want to thank you all very much for
18 giving us this opportunity. Appreciate it very much.
19 Like I said earlier, my name is Phil Reitano. I'm going
20 to be short and to the point because there are a lot of
21 people speaking and I don't want to be redundant.

22 As I mentioned, I live within the Fairfield
23 Mountain Valley of Rumbling Bald community of Lake Lure
24 in Rutherford County. Also, I am the current POA Board

1 President, and what I've got to say is that my fellow
2 residents and I are appalled by the rate -- recent rate
3 increase requested by CWS.

4 First of all, as most of my other residents, I
5 am retired, unemployed, and on a fixed income. Carolina
6 Water Services, or as we know CWS, as most -- has not
7 given us any justification or quantitative information on
8 the needs for the additional rate increase, such as
9 infrastructure improvements, long-range plans for water
10 resource improvements, et cetera. We've heard about some
11 of the qualitative issues, but we haven't heard anything
12 quantitative. I, as a Board member, and our management,
13 if we went to our membership and asked them that we'd
14 like to have an infrastructure increase, I think there
15 would be a mutiny unless we documented exactly what the
16 infrastructure increases were and list the priorities.

17 This is strictly an arbitrary increase without
18 substance, no doubt. This is the fourth rate increase
19 requested in the last seven years. The current proposed
20 rate increase is 20 to 40 percent, and closer to the 40
21 percent area. In 2015, the rate increase requested was
22 over 20 percent, and a concerted effort by the customers,
23 also the kind efforts and input by the North Carolina
24 Utilities Commission, resulted in an increase of

1 approximately 2 percent. Thank you very much.

2 A brief history is as follows. Actual for
3 2014, this is actual numbers, we had an increase of 35
4 percent. In 2008 it was 38 percent. In 2011 it was 20
5 percent. In 2013 it was 10 percent. 2015, as I
6 mentioned earlier, because of the concerns of the
7 customers and of your concern, it was 2 percent,
8 approximately 2 percent. Proposed for CWS for 2017, as I
9 mentioned to you, 20 to 40 percent, and it's all closer
10 to the 40 percent number.

11 I will not go into the -- into the individual
12 penalty monthly meter charges because they're documented
13 based on size, pipe size, so I'm not going to go into
14 that, but the proposed range will be from \$27 to \$1400
15 per month. That's ridiculous.

16 Commissioners, though we appreciate the
17 service, we really do, and as one of my earlier speakers
18 have said is that we do get service and we appreciate
19 clean water, no doubt about it. This significantly
20 exceeds any increase of inflation, short term and long
21 term. Based on federal government statistics, the
22 current inflation in 2016 to 2017 is 1.88 percent, facts,
23 whereas, there has been an average inflation ate of 1.89
24 percent per year between that 35 percent increase in 2015

1 and 2017.

2 What I'd like to say is I appreciate very much
3 your consideration. I thank you for the time to listen
4 to me and others, and appreciate any effort to curb this
5 requested increase by CWS. Thank you very much.

6 CHAIRMAN FINLEY: Questions for Mr. Reitano?

7 MS. SANFORD: No, sir.

8 MS. HOLT: (Shakes head negatively.)

9 CHAIRMAN FINLEY: Questions by the Commission?

10 (No response.)

11 CHAIRMAN FINLEY: Thank you for coming, sir.

12 THE WITNESS: Thank you.

13 MS. HOLT: Mr. Jim Hemphill.

14 JAMES HEMPHILL; Being first duly sworn,

15 Testified as follows:

16 DIRECT EXAMINATION BY MS. HOLT:

17 Q Please state your name and address for the
18 record.

19 A James Hemphill. The address is 108 Woodhaven
20 Drive, Hendersonville, North Carolina. Subdivision is
21 the Woodhaven Subdivision.

22 Q Okay. Thank you. Please proceed.

23 A Okay. I had -- I have some prepared materials
24 for you. I'm going to swing between facts, figures, and

1 some emotional issues, and I'll be happy to answer any
2 questions I can afterwards.

3 Let me start by first asking you to deny the
4 rate increase that is requested by Carolina Water
5 Service. A 20 percent rate is unreasonable and cannot be
6 justified. A 10 percent rate increase, one half which is
7 normally granted by the Commission, again, is
8 unreasonable given the current economy. CPI last year
9 was 2 percent. Water treatment operation costs have not
10 risen appreciably.

11 Next page will talk about the items that I
12 wanted to talk about. I started with the mission
13 statement and was -- I hadn't read it before, but it
14 jumped out at me that your job is provide the fair
15 regulation of public utilities in the interest of the
16 public, and that would be me. The one that didn't make
17 any sense to me was the inherent advantage of regulated
18 public utilities. And I -- again, I recognize I'm asking
19 rhetorical questions at this point. But, again, your
20 mission is to provide just and reasonable rates and
21 charges for public utility services, that these provide
22 rates that can be financed on reasonable and fair terms.

23 One of the things that always confused me is
24 the profit guarantee, as I understand it, that the

1 Legislature provides to regulated public utilities. I,
2 as a person who has to pay these profits or these costs,
3 object to the Legislature spending my money.

4 One of the interesting things I always do --
5 I've done -- been to a couple of these hearings. The
6 last time we got here Carolina Water was owned by AIG,
7 American Insurance Company. Today, if you follow their
8 ownership, Carolina Water is still owned by Utilities,
9 Inc. Utilities Inc. in turn is owned by Corix Utilities,
10 and Corix Utilities is now owned by the British Columbia
11 Investment Management Corporation. I've given you a
12 sheet that shows that their global portfolio encompasses
13 \$135.5 billion. It's one of Canada's largest
14 institutional investors. They provide retirement
15 benefits for more than half a million plan members, as
16 well as insurance and benefit funds that cover over 2.3
17 million workers in British Columbia. This is all Google
18 search stuff, nothing special.

19 The latest one on July 18th was a news report
20 that's -- or a news release that said that the British
21 Columbia Investment Management Corporation announced an
22 annual combined pension return net of cost of 12.4
23 percent for the fiscal year ending March 31, 2017,
24 generating \$680 million in added value for the pension

1 plan clients.

2 So one of my questions for the Commission, I
3 recognize you can't answer, is should Carolina Water
4 customers be contributing to Canadian pensions? Again, a
5 20 percent rate increase is outrageous under any
6 circumstances, especially when Carolina Water has
7 received rate increases, as defined by Mr. Reitano, over
8 the years. For the last five years consumer price
9 indicate -- index for the South has risen 7.7 percent.
10 We're in the South, this is what it costs, last year was
11 2 percent.

12 Now, the next piece that comes into play is,
13 and let me make this clear, my objection to Carolina
14 Water -- Water's rate increase is strictly a money issue.
15 It's got -- we don't have sewer in my subdivision. It's
16 a water only issue. So you start asking yourself, well,
17 gee, how am I doing compared to everybody else? It turns
18 out the School of Government, the North Carolina School
19 of Government has a dashboard, and I've given you the
20 website there, and you can compare monthly water bills
21 for various cities and utilities. And the next several
22 pages I've given you shows what a water bill only would
23 be with the usage of 5,000 gallons. Average water bill
24 across the whole state of North Carolina, \$21.58.

1 Average monthly water bill for a Carolina Water customer
2 is \$54.56. Hendersonville, where I live, if I were to
3 get municipal water, would charge me \$19.79 per month.
4 If I want to come to Asheville, water would go up to
5 \$33.70. Charlotte water amazingly is \$18.34 per month.
6 That's again, an average water bill. You folks live in
7 Raleigh. \$29.15 is what you're going to be paying for
8 your water.

9 Again, when you put all that stuff together on
10 a comparison sheet, average for water in North Carolina,
11 \$21.58, Carolina Water 54.56, everything else is much
12 lower than that. So my question for the Commission is
13 why is Carolina Water 250 percent more expensive than the
14 average North Carolina water bill?

15 And when you go and you look at national
16 numbers, I found a website, it's called Circle of Blue,
17 they had approximately 25 of the largest cities in the
18 United States, Memphis to Atlanta, and in every case
19 we're paying more than all of those major cities, San
20 Francisco, Tucson, Denver, et cetera, et cetera.

21 So I've got a few questions for the Commission
22 that I'd like you to consider. I don't expect an answer
23 right now or ever, for that matter, but I do want you
24 thinking about some of these things. Is a 20 percent

1 rate increase reasonable and fair in accordance with your
2 mission statement? If Carolina Water is backed by a
3 private equity owner with extensive capital, and that's a
4 quote from their website, why do they want a rate
5 increase of any type? I would point out again that their
6 investment holding company earned 12.4 percent in
7 millions of dollars.

8 My question -- some of the questions that I
9 would like to have answered if I had access to financials
10 would be have management fees risen in the last several
11 years since the Company has been sold to British Columbia
12 Investment? Has Carolina Water purchased additional
13 assets or equipment, thus lowering their profit margins
14 to justify a rate increase?

15 A couple other points I want to make. A
16 neighbor, when I told him I was coming this evening,
17 said, "Hey, please remind the Commission that they're on
18 fixed incomes and they're operating on a if it's yellow,
19 let it melt; if it's brown, flush it down." These two
20 frequent rate hikes have homeowners considering drilling
21 wells or hooking up to municipal water.

22 And the last thing I would say is in 2009, my
23 base facility charge was \$14.83 and water treatment costs
24 was \$4.48 per 1,000 gallons. In the proposal for 2017,

1 the base facility charge for me would move from 14.83 to
2 \$26.95. My water treatment cost would move from \$4.48 to
3 \$7.70 per 1,000 gallons. That's an 80 -- 82 percent
4 increase in cost. Now, if I were a private sector
5 operation and my cost went up 82 percent, I'd be out of
6 business.

7 So thank you all, ladies and gentleman.

8 CHAIRMAN FINLEY: Thank you, Mr. Hemphill.

9 Let's see if there are questions.

10 BY MS. HOLT:

11 Q One question. Do you have any service
12 complaints?

13 A I'm sorry?

14 Q Service problems in your subdivision?

15 A No, not significant.

16 MS. HOLT: And if you haven't already done it,
17 I'd like to ask that Mr. Hemphill's handout be marked as
18 Hemphill Exhibit 1.

19 CHAIRMAN FINLEY: It shall be so marked.

20 MS. HOLT: And admitted. Is there any --

21 CHAIRMAN FINLEY: Without objection, we'll
22 admit it into evidence.

23 MS. HOLT: Thank you.

24 (Whereupon, Hemphill Exhibit 1 was

1 marked for identification and
2 admitted into evidence.)

3 CHAIRMAN FINLEY: Are there questions of Mr.
4 Hemphill?

5 (No response)

6 CHAIRMAN FINLEY: Thank you for coming, Mr.
7 Hemphill.

8 THE WITNESS: Thank you very much.

9 CHAIRMAN FINLEY: Excuse me. We have a
10 question from --

11 EXAMINATION BY COMMISSIONER CLODFELTER:

12 Q Just in the Woodhaven Subdivision, who provides
13 the sewer service?

14 A They're septic tanks.

15 Q All septic?

16 A All septic, no water -- or no sewer.

17 Q Thank you.

18 MS. HOLT: Mr. Jack Zinselmeier.

19 JACK ZINSELMEIER; Being first duly sworn,

20 Testified as follows:

21 DIRECT EXAMINATION BY MS. HOLT:

22 Q Would you please state and spell your name and
23 address for the record, please.

24 A First of all, I'm glad to see these folks

1 again. I've been here several times, and I see several
2 familiar faces over the years. I'll spell my name
3 phonetically. My last name is Zinselmeier, Zulu, India,
4 November, Sierra, Echo, Lima, Mike, India -- or Echo,
5 India, Echo, Romeo. First name's Jack. I live at 157
6 Bluebird Road, Lake Lure, North Carolina, in the
7 Fairfield Mountains Subdivision.

8 Q Please proceed.

9 A I came to talk about three topics tonight. I'm
10 going to tell you what they are. First of all, I had
11 planned to read my letter to Mr. Drooz into the record.
12 I'll forego that, but I will highlight one paragraph.
13 Second, I'd like to talk topic about business cases, and
14 the third topic I'd like to talk about is good neighbor
15 policy.

16 What I'd like to read into the record, and I'll
17 give to Ms. Holt the actual document, to Mr. Drooz, is
18 the third paragraph of my letter dated June 22nd, 2017.
19 "As you can see, the current rates have increased +100%
20 over the years. (2015/2004) In 2015, CWS sought a
21 similar rate increase of 20 percent in rates which was
22 subsequently modified by the Commission to 2 percent. In
23 comparison, service has not improved, raw material costs
24 have not experienced such a dynamic increase, and system

1 improvements have" -- been -- "not been made to the
2 customer service. The rate increase of March the 30th
3 for the replacement of the well house meters I'll discuss
4 under business case. But in reviewing the available
5 data, I believe that CWS North Carolina was a profitable
6 operation in 2016, approximately 6 percent. The proposed
7 increases to Fairfield Mountains alone would raise
8 revenues from 514,000 to 647,000 in 2017, completely
9 unacceptable."

10 THE WITNESS: All right. Put this to the
11 record, if you will, Gina.

12 MS. HOLT: Okay.

13 CHAIRMAN FINLEY: We'll mark that as
14 Zinselmeier Exhibit Number 1.

15 (Whereupon, Zinselmeier Exhibit 1 was
16 marked for identification.)

17 CHAIRMAN FINLEY: Does that conclude your
18 statement, Mr. Zinselmeier?

19 THE WITNESS: No.

20 CHAIRMAN FINLEY: Go right ahead.

21 THE WITNESS: Okay.

22 A On the business case now, we move from the
23 Drooz letter to the business case. In March of this year
24 we received an announcement that they replaced the well

1 house meters in their well houses. Cost them \$24,000.
2 And we got an increase in our rate, not a big increase,
3 but a half a percent. In my day in business, that's an
4 operating cost; should be taken out of the operation
5 revenue that they have for the Company, not passed on to
6 the customer. That's another issue that needs to be
7 looked at.

8 In the current rate case, and I'm talking water
9 rates only, my current residential rate for water, base
10 charge is \$19.23. They've conveniently in their proposal
11 changed the way that they use the meters or look at the
12 meters, and anything than less than 1 percent -- or 1
13 inch is going to be raised by a large amount. Guess
14 where most of their service customers are? Eleven
15 hundred of them are with 5/8ths service, 30 are with the
16 higher service. So you take that rate increase which
17 puts that -- me in the new category, takes us from \$19.23
18 to \$26.95. That's a 40 percent increase. To me, that's
19 unacceptable.

20 Third part, good neighbor policy. Back in
21 November the road below me, Carolina Water Systems came
22 in and tore out probably a 60-foot section both sides,
23 the whole road, tore it out because of a water leak. You
24 know when that was repaired? Three days before

1 Christmas. We had to drive over that section, 60 feet,
2 both lanes, for two months. They never put any extra
3 gravel in it, anything else. We had to drive through
4 that for two months. That's the first topic.

5 The second one, this year we had several of our
6 roads repaved or resurfaced in May. They tore up another
7 section, and I got a picture of it that I'd like to put
8 into the record, and left us drive over that hole in the
9 road for over a month. In my mind, those are not good
10 customer service and not good -- being good neighbors.
11 They should -- they have a maximum time limit of 10 days
12 to repair what they tear up, and it should be to our
13 specifications. So this is another example. And that
14 one below me on Boat Road, both lanes was terrible during
15 the holiday interval where you have a lot of visitors, a
16 lot of guests, and you're forced to drive through their
17 mess that they left us. And I'd put this in the record,
18 sir.

19 CHAIRMAN FINLEY: We'll mark it -- it's a
20 picture of the road cut -- as Zinselmeier Exhibit Number
21 2.

22 MS. HOLT: Zinselmeier Exhibit 2.

23 (Whereupon, Zinselmeier Exhibit 2 was
24 marked for identification.)

1 A Those are my three topics. I've been here many
2 times in the past with CWS. As far as service, I should
3 mention one other thing. We, as a community, and Mr.
4 Reitano hasn't been there long enough, but we sell them
5 the well heads and the wells for \$2500 a well, and they
6 come back and sock it to us on price. I find that an
7 incredible way to do business. That's all I have to say.

8 CHAIRMAN FINLEY: Thank you, sir. Questions?

9 MS. SANFORD: No questions.

10 CHAIRMAN FINLEY: Commissioner Patterson has a
11 question.

12 EXAMINATION BY COMMISSIONER PATTERSON:

13 Q Do you know how old this system is? How old
14 is it, if you know?

15 A The system originally was put in by Fairfield,
16 and when Fairfield went bankrupt, we bought -- the POA
17 bought the facilities, but I would say that those pipes
18 have been in the ground probably since the early '70s,
19 '71, '72, '73, something in that interval.

20 COMMISSIONER PATTERSON: Thank you.

21 CHAIRMAN FINLEY: Thank you, Mr. Zinselmeier.

22 THE WITNESS: Thank you.

23 MS. HOLT: Mr. John Jennings.

24 CHAIRMAN FINLEY: We'll receive these two

1 exhibits without objection.

2 (Whereupon, Zinselmeier Exhibits 1
3 and 2 were admitted into evidence.)

4 JOHN JENNINGS; Being first duly sworn,

5 Testified as follows:

6 DIRECT EXAMINATION BY MS. HOLT:

7 Q Please state your name and address.

8 A My name is John Gilmore Jennings. My address
9 is 129 McIntosh Circle in the Apple Valley Community,
10 Lake Lure.

11 Q Thank you.

12 A My wife and I recently moved to Apple Valley
13 approximately 45 days ago, and it's almost like we feel
14 we're living a bad dream. We moved from the Town of
15 Harrisburg, North Carolina, where our water service was
16 United -- Utilities, Inc., and the same things that Jack
17 pointed out that are happening in Rumbling Bald were the
18 same things that affected us in Harrisburg, North
19 Carolina.

20 From 2002 to approximately 2014, 2015, we were
21 customers of United -- Utilities, Inc., water and sewer.
22 When I first moved there our water rate and sewer rate
23 was approximately 18, \$19 a month. Thankfully, the Town
24 of Harrisburg included the subdivision that I lived in,

1 Huntwick, and another subdivision that was next to us
2 called Camelot, and bought and allowed us to be part of
3 their sewer system and water system. That effectively
4 took the rate back down to the 18, \$19 range. At that
5 time when we left Carolina Water System, our rate was
6 \$40, \$45. So from 2002 to approximately 2014, 2015, the
7 rate had gone from \$18, \$19 to 40, \$45 a month. I think
8 their request is -- should be denied. I don't think
9 their service is -- warrants that kind of increase.

10 CHAIRMAN FINLEY: Questions?

11 MS. SANFORD: No, sir.

12 CHAIRMAN FINLEY: All right. Thank you, Mr.
13 Jennings. Appreciate you coming tonight.

14 MS. HOLT: Mr. Alan Higgins.

15 ALAN HIGGINS; Being first duly sworn,

16 Testified as follows:

17 DIRECT EXAMINATION BY MS. HOLT:

18 Q Please state your name and address for the
19 record.

20 A I'm Alan Higgins. I live at 210 Winter Star
21 Loop. That's in Burnsville and -- North Carolina.

22 Q And you live in what subdivision or service
23 area?

24 A I'm in Mount Mitchell Lands Subdivision.

1 Q Thank you.

2 A Certainly. Actually, our subdivision, Mount
3 Mitchell Lands, is not even mentioned in this notice we
4 received. I presume we're carried under the -- I guess
5 since we already have a uniform metering, I guess we're
6 carried under that, but I couldn't find our name in here
7 anywhere, but I did receive a notice so I'm presuming
8 that it does apply to us. We changed to a metered rate
9 about one or two years ago, and so that's all I can
10 guess.

11 I'm a member of our homeowners association. We
12 have about four, maybe -- actually, I think six homeowner
13 organizations in our area, and I'm on the board of one of
14 them. And I came to represent the people in our
15 homeowners group. We are primarily seniors. Most of us
16 are on fixed incomes. We don't have a whole lot of money
17 to spend, and we've seen our water rates go up
18 significantly over the period of -- I've been up there
19 nine years and it's gone up a lot.

20 One of the things I noted, and I guess some of
21 my concern is around this uniform rate structure. And it
22 appears that they're trying -- you know, we're trying to
23 go toward a uniform rate, but I don't really understand
24 why. It makes mention here of bulk providers and some

1 other differences. Some of these communities are not
2 even close to us. There's no reason that I can see why
3 we would really want to go to a uniform rate. We are a
4 standalone system. We're on a well, a series of wells in
5 the area. We have a -- there's a number of tanks on the
6 high points and some pumping involved, but it's a minimal
7 cost for water. There's not that much cost to pull the
8 water up. It's clean water, relatively clean. I know a
9 number of people near our neighborhood, they're pulling
10 the water out of the ground. They don't even filter it.
11 So I presume this has chlorine in it. But metering that
12 in, that's not a very expensive cost.

13 I don't want to be repetitive. I know we've
14 had some great testimony already, and a number of the
15 concerns that were brought up do -- does apply to us.
16 But I just don't understand why these systems can't be
17 accounted for separately. Modern accounting, the way the
18 costs are, I guess the only issue really is coming forth
19 before your committee and that they have to do
20 justification for each neighborhood. But as far as from
21 an accounting perspective and keeping track of cost and
22 what they put in the ground and how much it costs for
23 electricity, those costs can well be accounted for
24 separately. Our water rate should be based on the cost

1 that our -- our immediate area incurs.

2 Just to go on that just a little bit more, our
3 rates are significantly -- this is going to be our third,
4 maybe fourth increase since I've been there in nine
5 years. It's already gone up -- to right now it's gone up
6 over 60 percent in nine years, and now they want to do
7 another 20 percent.

8 Now, you asked the question earlier as far as
9 service and the kind of service we're getting. We're
10 getting better service, frankly. Our service, we had a
11 lot of breaks five and six years ago. The breaks are
12 down. The outage is down. We did have an outage like
13 three weeks ago with a boil notice on it, but it's better
14 than it was. It's not bad. It's better than it was.

15 I used to have a pump in Raleigh. And, you
16 know, you have problems with that, too, so I mean I'm not
17 expecting perfection. These guys are doing pretty good.
18 The guys in the field are really doing a good job. You
19 talk to them, they're friendly, they're courteous. They
20 tell you what's going on, so no real problems there.

21 But the bottom line is, you know, they're
22 asking for a 20 percent raise this time around, 20
23 percent on the meter and a 20 percent on the water rate,
24 20 percent rate total. Frankly, I think they ought to

1 roll it back. I think it ought to be less than what it
2 is right now. It ought to reflect inflation over the
3 last nine years or somewhere close to that. I just think
4 it's too much.

5 I want to thank you for your time. Thanks for
6 coming out tonight and listening to us.

7 CHAIRMAN FINLEY: Questions?

8 MS. SANFORD: No questions.

9 MS. Holt: No questions.

10 EXAMINATION BY CHAIRMAN FINLEY:

11 Q Mr. Higgins, you might talk to Ms. Casselberry
12 or to the Company representatives. They can explain to
13 you this theory of uniform rates. You probably won't
14 agree with them, but they can explain it to you.

15 A I won't agree. And actually, I did talk to Ms.
16 Casselberry.

17 Q Is Mount Mitchell Lands one of the systems that
18 originally was not metered and has been metered?

19 A Yes.

20 Q Do you like the metered rates better than the
21 flat rates?

22 A Are you kidding? No.

23 Q You don't?

24 A No.

1 Q Thank you, sir.

2 CHAIRMAN FINLEY: Questions on the Commission's
3 questions?

4 MS. SANFORD: No questions.

5 MS. HOLT: Mr. Barton, Jack Barton.

6 JACK BARTON: Being first duly sworn,

7 Testified as follows:

8 DIRECT EXAMINATION BY MS. HOLT:

9 Q Please state your name and address for the
10 record.

11 A My name is Jack Barton, 108 Thrush Court, Lake
12 Lure, North Carolina. It's in Rumbling Bald.

13 Q Please proceed.

14 A I've lived full time in that area for about
15 three years. I don't have some of the history of some of
16 the other people here, but one thing I noticed about the
17 notice that I received is that there were no percentages
18 cited in that notice, and that's not a surprise because
19 no one would willingly advertise an eight and half
20 percent increase in water usage, let alone a 40 percent
21 base facility charge increase just to stay connected, but
22 I'm a math major so I kind of figured it out.

23 And that's my major objection, is the -- the
24 structure of the increase, is that so much of it -- you

1 know, overall it comes to about 2 -- about 22 percent,
2 and that's a big number. But 80 percent of that 22
3 percent is just the connection charge, the minimum no
4 usage charge, and that just seems extreme to me.

5 Now, I did some -- I ran some numbers with my
6 usage first half of this year and then plugged in these
7 new numbers. My bill is water only. It will go up about
8 ten bucks a month. And I'm not here to complain about
9 \$10 a month except that 80 percent of that \$10 a month is
10 this connection charge. It will only be \$1 and something
11 in additional usage fees at that point. I feel this is
12 just a -- it's kind of a tax for being a customer, people
13 who have been customers that are now getting hit with
14 just a much higher base rate for doing the same thing
15 they've always done.

16 And I don't want to -- I don't need to go on
17 too much more. There's been a lot of good testimony and
18 there's a lot more people to go, but I just feel that
19 that the structure of it is -- is off, like it is
20 unreasonable for most people to take that and it should
21 be considered.

22 Service issues in my case in Rumbling Bald have
23 been really very few. I live way up at the top right
24 near the mountain, and there's a booster pump that has

1 gone out three or four times since we've lived there full
2 time. Get good response when you do call, and they've
3 got a local guy who comes out and I think flips the
4 circuit breaker or something and gets it started again.
5 But, I mean, it's -- it's not a terrible problem, but
6 it's probably something that could be addressed as well.

7 I appreciate the opportunity. Thank you.

8 CHAIRMAN FINLEY: Thank you, Mr. Barton.

9 Questions?

10 MS. SANFORD: No, sir.

11 CHAIRMAN FINLEY: Appreciate you coming out
12 tonight.

13 MS. HOLT: Thank you. Ms. Margie -- is that
14 Lane?

15 MS. LANG: Lang.

16 MS. HOLT: Lang.

17 MARGARETTA LANG: Being first duly sworn,

18 Testified as follows:

19 THE WITNESS: First of all --

20 DIRECT EXAMINATION BY MS. HOLT:

21 Q Please state your name and address for the
22 record.

23 A Margaretta Lang.

24 Q Is that L-A-N-E or --

1 A L-A-N-G. The account is probably under
2 Richard. 358 Big Ridge Road in Burnsville, North
3 Carolina. And I'm part of Mount Mitchell Lands.

4 Q Okay. Thank you.

5 A First of all, I thank you for the opportunity
6 to speak, and secondly, I respectfully disagree with the
7 increase. I'm a widow, and like so many people I'm on
8 fixed income, and so every little increase, you know,
9 just helps or -- with the budget. So I speak for myself
10 right now as far as the breakage. We had two outages in
11 the last two weeks, one on July 13th, and on the 14th we
12 received notice that we should not drink the water which
13 ended up being four days. The latest water outage was
14 yesterday, and it was a 10-hour outage, so...

15 We've been living there since 2000, and I know
16 our house was built in 1983, so I know that's probably 30
17 some years old, the pipes are. There's a lot of outages.
18 I can only speak for myself. I don't know when other
19 outages are because there's different lines going, you
20 know, so - but it's at least six plus outages a year just
21 for my line. And there's three other people speaking on
22 behalf of Big Ridge, so I thank you again for the
23 opportunity.

24 CHAIRMAN FINLEY: Thank you, Ms. Lang.

1 MS. HOLT: Thank you. Warren Grafer?

2 THE WITNESS: Grafer.

3 MS. HOLT: Grafer?

4 THE WITNESS: Grafer.

5 MS. HOLT: Grafer.

6 WARREN GRAFER: Being first duly sworn,

7 Testified as follows:

8 DIRECT EXAMINATION BY MS. HOLT:

9 A My name is Warren Grafer, G-R-A-F-E-R.

10 Q What is your address?

11 A My address is 934 South Toe River Road,
12 Burnsville, North Carolina 28714, and that's within the
13 Mount Mitchell Lands Development.

14 Q Thank you.

15 A First, I'd like to thank you guys for coming
16 out on a night. I know it's not fun to leave your home,
17 but I'm glad you do want to hear the public.

18 I'll talk about the rates first. According to
19 that dashboard that was mentioned prior, the average
20 water 5,000 gallon bill is approximately 32.50. Ours at
21 this moment is 54.56, which is 68 percent higher than the
22 average. And now with this proposed rate, Carolina Water
23 would like to increase it to 65.47 for that same 5,000
24 gallons, which is 101 percent higher than the average

1 throughout the state of North Carolina. It does seem to
2 me that it's somewhat greedy.

3 Metered water just started for us last
4 November. You asked a prior testimony if they liked it.
5 I like it because I don't use that much, so my bills are
6 actually lower than they were before, but that's not the
7 most common case. The interesting thing about the
8 metering, when it started in November, I got a bill that
9 was ridiculously high, and I called up and they said,
10 well, you've used 6500 gallons. And, of course, the
11 water had been off since mid-October when we left town
12 and went back to Florida. And I said, well, how could it
13 be, and they said, well, we put the meter in at zero and
14 now it says 6500. And I didn't doubt that. I said
15 that's the truth, but we paid our flat rates for June,
16 July, August, September, and October, and of course they
17 wanted to bill me for all the rates -- for all the months
18 that I had actually already paid for. Fortunately, I
19 took a picture of the meter itself on June 18th so I
20 could prove that it was there and running and spinning,
21 but that's a side point.

22 I'd like to point out that, as other people
23 have said, we are in a low inflation time, whether it's 2
24 percent, or Social Security just announced that their

1 increase next year will be 3 percent. Bottom line is
2 it's nowhere near the 20.3 percent that is requested
3 here, and that goes for both the base facility charge and
4 the 1,000 gallon charge. Both of them are 20.3 percent
5 higher than they should be. I'd say asking for 20.3 is
6 kind of like trying to sell a used car. You'll ask a
7 certain price, somebody will offer you half down, and you
8 split the difference and everybody will be happy. Except
9 in this case 20.3 is so ridiculously high that it really
10 does not come into reality at all. I submit that if
11 there is any increase approved, and I wouldn't be
12 surprised if there is because for the last 20 years as
13 I've lived there I've seen the increases, it should be
14 closer to the real 2 or 3 percent rate of inflation and
15 not this exorbitant 20.3. That's all I have to say.
16 Thank you.

17 CHARIMAN FINLEY: Questions?

18 MS. SANFORD: No questions.

19 CHAIRMAN FINLEY: Mr. Grafer, I'll tell you,
20 when we approved those metered rates, we knew half the
21 people were going to like it and half the people were
22 not.

23 THE WITNESS: Right. Yeah. I understand.

24 CHAIRMAN FINLEY: Thank you, sir.

1 THE WITNESS: If you're conservative, good.

2 MS. HOLT: Mr. Donn Levine.

3 DONN LEVINE: Being first duly sworn,

4 Testified as follows:

5 DIRECT EXAMINATION BY MS. HOLT:

6 Q Please state your name and address for the
7 record.

8 A My name is Donn Levine. That's D-O-N-N,
9 L-E-V-I-N-E. My address is 100 Big Ridge Court,
10 Burnsville, North Carolina. I live in the Mount Mitchell
11 Lands community as well.

12 I want to thank you Commissioners for your time
13 tonight and giving me the opportunity to voice my
14 opposition to the Carolina Water Services' proposed 20
15 percent increase. Many people that have spoken before me
16 have given you some real good information in terms of the
17 numbers, so I'd like to just talk about service from my
18 perspective.

19 My primary reason for opposition, in addition
20 to thinking -- believing that the rate increase is way
21 too high, is because I don't feel the water service that
22 I'm receiving is adequate in that I've lived in my home
23 for 12 years. I have very inadequate water pressure. I
24 live on the upper side of our road so the water line is

1 pushed up my driveway. And I have contacted the water
2 service on numerous occasions, asking what can be done to
3 improve that. Many of the people that live on the same
4 -- on my road have a similar problem. And I've been told
5 that I would have to put in a jet pump and a pressure
6 tank and pay for that myself, which would run about \$750.
7 Like many people that live in Mount Mitchell Lands, you
8 know, I'm on a fixed income. I'm retired. I don't think
9 that I need -- that should be my responsibility to have
10 to pay for -- to get adequate water pressure. And, you
11 know, I'm hoping that, you know, at some point that there
12 can be something that can be done to improve that
13 situation.

14 From a service standpoint additionally, twelve
15 days ago on Thursday, July 13th, I received a phone call
16 about 9:45 at night indicating that we had a water line
17 break and that -- it was an automated phone call,
18 received two of them within 15 minutes, you know, which
19 was great that they got through to us, you know,
20 indicating that we had to start boiling our water and
21 that they would notify us within 24 to 72 hours as to
22 when we could stop boiling the water. We didn't hear
23 from them for five days, didn't hear from them until July
24 18th in the morning. This happened over -- so it

1 happened on Thursday. On Friday, you know -- and I
2 didn't expect to hear from them on Friday, but I did
3 expect to hear by Saturday or Sunday. When I called to
4 -- when I called into the number that they gave me on the
5 phone, on the phone message I was advised that I would --
6 I didn't get any response back. And so we continued to
7 boil water. I finally heard from somebody on Monday, and
8 he told me that, oh, well, you were high enough on the,
9 you know, on the system that you probably didn't even
10 need to be boiling the water. And so it doesn't seem
11 like they checked all the water in the system to
12 determine which areas within our system even needed to be
13 under this boiling, you know, situation.

14 I would -- from a service standpoint I would
15 expect that the -- that CWS would be checking, you know,
16 the various areas within our system because there's
17 multiple tanks and at least call every, you know, 24 to
18 48 hours and let people know what the status of the
19 situation is. I think that's the least we can do. We
20 didn't -- you know, according to the local person we
21 didn't even need to be boiling the water.

22 Just yesterday I was notified -- I'm a member
23 of the board of directors also on our homeowners
24 association. I was notified that there was another break

1 in one of the lines. In this case it was -- it took all
2 day for them to fix it, but they did fix it by 9:45. And
3 over the years there have been -- continue to be numerous
4 breaks in the lines. Our system was put in place in the
5 mid-'70s I would say so, you know, I understand this is
6 going to happen.

7 In preparation for coming here I conducted some
8 research on the proposed increase, and I've been -- I've
9 been advised by a citizen advisory organization called
10 Clean Water for North Carolina that on top of the 20
11 percent proposed increase, Carolina Water System plans to
12 continue to add surcharges to customers' bills after this
13 rate increase amounting to an additional 5 percent
14 increase, or an average of over several years of
15 approximately \$2.88 a month. If this is the case, and
16 personally I did not do -- you know, come up with these
17 figures, I would hope that that would be taken into
18 consideration when this overall increase is being
19 considered.

20 And then additionally, according to the
21 University of North Carolina Environmental Finance
22 Center, Carolina Water Service's currently monthly
23 average water bill is 67 percent higher than the median
24 for North Carolina utilities. If the 20 percent increase

1 is approved, the average monthly bill for a Carolina
2 Water Service customer would be double the median in
3 North Carolina. And if that is the case, how can this
4 increase be justified?

5 It's my hope that you'll take all this
6 information into consideration when making your decision.
7 Before any rate increase is granted, I would hope that
8 you would require Carolina Water Service to ensure that
9 it is providing the best service possible. I thank you
10 for your time tonight.

11 MS. HOLT: Thank you, Mr. Levine.

12 MS. SANFORD: Quick question, if I may.

13 CROSS EXAMINATION BY MS. SANFORD:

14 Q Mr. Levine, I probably should have mentioned
15 this with an earlier witness, but when you refer to the
16 -- you and others have referred to the Environmental
17 Finance Center's report on average water costs.

18 A Yes.

19 Q This \$21.58 a month which is the all other
20 company average that you've been talking about, are you
21 aware that that includes municipalities -- includes
22 municipalities where people pay taxes?

23 A No.

24 Q And -- well, we will be filing a report after

1 the hearing. We'd be very pleased to discuss this with
2 you or anybody else when the hearing is over tonight.

3 A Okay. Thank you very much.

4 Q Thank you.

5 CHAIRMAN FINLEY: We're going to take a 15-
6 minute break. We're going to come back at 20 until 9:00.

7 (Recess taken from 8:29 p.m. to 8:43 p.m.)

8 RICHARD ADAMS; Being first duly sworn,

9 Testified as follows:

10 DIRECT EXAMINATION BY MS. HOLT:

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

13 A Richard Adams, 57 Signature Lane, Burnsville,
14 Florida (sic).

15 Q Mr. Adams, some of the witnesses -- I mean,
16 some of the audience are having problems hearing. Can
17 you speak into the mic?

18 A Yes. Everybody in the audience is having
19 trouble hearing everything that's being said. So the
20 volume probably ought to be turned up if it could be.

21 CHAIRMAN FINLEY: There is no amplification.

22 THE WITNESS: Oh, okay.

23 MS. HOLT: No. Sorry.

24 THE WITNESS: I guess I'm the only who has it

1 then.

2 A I appreciate the opportunity to address the
3 Commission. I'm president of the homeowners association
4 of Mount Mitchell Lands West which is part of the Mount
5 Mitchell development. My homeowners association has
6 about 100 property owners. There are six different
7 homeowners associations, totaling about 400 homes about,
8 roughly. We're in the south end of Yancey County very
9 near the Parkway. There's a golf course there and there
10 are homes built in and around the golf course. It's an
11 older development that began in the early '80s, has been
12 built out for quite some years except for a few lots. It
13 is a -- a development with essentially retired people,
14 very few working people there because we're a long way
15 from anywhere anybody wants to work. We're 16 miles from
16 Burnsville and about 20 miles from Marion, so most people
17 don't want to commute that.

18 I wanted to pass out, if I could, some
19 information that's already been referred to. And this is
20 prepared by the University of North Carolina. I'm sure
21 you're familiar with it. But what this shows seems
22 particularly significant to me when you compare Carolina
23 Water rates with all other rates in the state, and you
24 compare it with the median rate using 5,000 gallons on

1 each system. You see that the median rate is \$32.50, but
2 the rate for Carolina Water is \$54 and change. It's 67
3 percent higher than the median rate in the state. And
4 I'm sure that does include municipal utilities, but often
5 my experience has been municipal utilities are higher
6 than regulated utilities. And for instance, some city
7 utilities pay money to the city every year from their
8 profits. So that's the first page of what I'm showing
9 you. That is as is, what we pay today compared to the
10 rest of the state.

11 The second page says if we have a 20 percent
12 increase in Carolina Water's prices, again, the median
13 rate is \$32.50; Carolina Water prices will go to \$65.47,
14 exactly double the median in the state. Now, why do we
15 have to be at the very top, top, top of the rates in the
16 state of North Carolina? There's something wrong. If
17 you'll look at the right-hand side, the gallons figure
18 goes from a median rate of 4.83, and they propose a rate
19 of 7.70, which is not 100 percent, but it's close to it.
20 So to me, common sense would say that Carolina Water's
21 rates are some of the highest in the state.

22 And when they filed their petition -- they got
23 a rate increase in December 2015. And I've looked back
24 at those documents. When they filed for a rate increase

1 in 2015, they amended it a month after it was filed and
2 asked to include 10 projects that they were undertaking
3 which substantially raised the rates. And those projects
4 were included in the income and expenses. They're now --
5 they get the rate increase based on those numbers in
6 December '15. Fifteen months later, when they've got one
7 year under their belt and the financials were completed,
8 they filed this rate increase and they say now that the
9 numbers were not sufficient to yield them 8.2 percent.
10 Well, why not? Were the numbers they gave you before too
11 low? Are the numbers they gave you now too high? They
12 had all these projects included in their rate application
13 in 2015, and I know that makes a tremendous difference in
14 the rate, but they were already there. Now they're back
15 asking for 20 percent more, and I would ask the Staff to
16 please consider that in your studies.

17 So I would say that that shows clearly that the
18 rates are very high, and I would say that this Canadian
19 outfit that owns this, a privately held company, is not
20 entitled to any additional rate increase. They said that
21 they were going to make 8.2 percent on the financials
22 that you approved in December '15. Now they say they
23 weren't able to do that because of cost overruns, and I
24 suggest there may be some mismanagement involved. If you

1 can't meet your budget 12 months later, not even close,
2 there's something wrong. I'm not an accountant, thank
3 God, but -- but I'm sure that you have available to you
4 accountants that can analyze all that.

5 There are three reasons we oppose this rate
6 increase. The first one would be this is a rate increase
7 15 -- that they requested 15 months after they got one.
8 Are we going to do this every year? Every time they get
9 a new set of financials, are they going be asking for
10 more money? If so, we're going to be here. And the --
11 again, we're twice the median rate if we go there. And,
12 again, these are retired people. Some are well to do,
13 and some are, as you heard the nice lady speak, are not
14 well to do. And would you please consider that when you
15 determine whether this Canadian closely-held company
16 should get more money or the ratepayers should get a
17 break?

18 I hate to say anything nice about the utility,
19 but I have to. My association is landlocked except for
20 an 80-foot bridge that was 40 years old. And it was 30
21 years old when it was put in, and it was time to replace
22 the bridge, and that was quite an undertaking for us.
23 And I have to say the utilities -- water utility could
24 not have been more cooperative. They -- their line was

1 attached to the bridge. They coordinated all that. They
2 used diesel pumps temporarily when the water lines were
3 off. They could not have been more helpful. Then after
4 we finished it, we approached them and said we'd like to
5 beautify that because there's a water plant just as you
6 come in our subdivision, and they paid half of it, and we
7 appreciate that and I just wanted to say that. Thank you
8 very much.

9 CHAIRMAN FINLEY: Thank you, Mr. Adams.

10 MS. SANFORD: No questions.

11 BY MS. HOLT:

12 Q Mr. Adams, would you like to -- I don't know
13 whether this is a duplicate of what's been entered
14 before.

15 A It is not.

16 Q It is not? Okay.

17 A I would like to offer it, please.

18 CHAIRMAN FINLEY: We'll mark it as Adams
19 Exhibit 1 and accept it into evidence.

20 MS. HOLT: Thank you.

21 (Whereupon, Adams Exhibit 1 was
22 marked for identification and
23 admitted into evidence.)

24 MS. HOLT: Mr. Vernon McMinn. And I think Mr.

1 McMinn has an exhibit.

2 MR. McMINN: Statement.

3 MS. HOLT: Okay.

4 VERNON McMINN; Being first duly sworn,

5 Testified as follows:

6 DIRECT EXAMINATION BY MS. HOLT:

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

9 A Vernon McMinn, M-c-M-I-N-N, 100 Udvawadulisi
10 Court, Brevard, North Carolina 28712. I'll spell it for
11 you, U-D-V-A-W-A-D-U-L-I-S-I Court.

12 Q And you're in Connestee Falls?

13 A I live in Connestee Falls.

14 Q Okay. Please proceed.

15 A You heard three of my board members testifying,
16 number one, two, and three today. They were anxious to
17 get here. I'm here to give you a homeowner's
18 perspective. I don't speak for the whole community like
19 they did, but I do speak for the property I've lived in
20 for 15 years.

21 First, let me start by saying welcome to the
22 mountains. As hot as it is here, imagine what it is down
23 in the Piedmont. I like to see you up here except I'm
24 usually facing a rate increase, so see if you can't come

1 back sometime when there's not some -- some business
2 attached to it.

3 I provided a letter to the Public Staff. I'll
4 basically read excerpts of that, but there are some
5 attachments that I'll refer to in here. I was wondering
6 when I'd be facing another rate increase. It's been a
7 while, but finally an 18-page docket appeared in my
8 mailbox. For comparison purposes I looked at my -- one
9 of my current bills, my bill from May 2017, and compared
10 it with the numbers in the docket for Conneestee Falls.

11 Page 2 of your docket lists 10 service areas
12 around the state. Conneestee Falls is not listed, but the
13 rates existing and proposed for many of these areas are
14 much lower than we pay in Conneestee Falls. Conneestee
15 Falls Subdivision is discussed on pages 8 and 9 of your
16 docket. I compared the existing and proposed rates to my
17 last water bill from May that basically, yeah, that
18 basically covered the month of May. Two thousand gallons
19 were used through a less than one-inch meter. At least I
20 think it could have been 2,000 gallons. Our meters
21 record water usage in units, and one unit is 1,000
22 gallons, so two units of water could be anything from
23 1,001 gallons to 2,999 gallons. So it's kind of
24 difficult in the short term to determine average gallons

1 of usage in Connestee Falls.

2 It's not too hard when you look at it over a
3 12-month period, though. The last time Utilities, Inc.,
4 a subsidiary of Carolina Water, applied for a rate
5 increase, they cited average water usage at Connestee
6 Falls at 200 -- I'm sorry -- at 2,200 gallons. In your
7 docket I believe the average water usage for Connestee
8 Falls is credited at 3,980 gallons, nearly twice what it
9 was a few years ago. That's the first discrepancy, the
10 first enigma that I would point out in the figures that
11 Carolina Water has provided in your docket.

12 To summarize, comparing my bill, my May bill,
13 to the figures in your docket, the only figures that
14 agreed with what I actually see in Connestee Falls were
15 the water basic charge and the usage rates. The sewage
16 rates are way out of whack. On page 9 the sewage basic
17 rate for residential is reflected as existing \$42.40.
18 But my bill, included with the letter, shows it to be
19 \$26.86. The proposed sewage basic charge of \$48.59
20 represents a rise of \$21.73 from the existing rate as
21 reflected on my bill. The existing usage rate for sewage
22 is reflected as \$2.90 per 1,000 gallons, but my bill
23 shows it to be \$6.75 per 1,000 gallons, again, another
24 discrepancy.

1 Based on the above, a future bill compared to
2 my May bill or my two units of water would represent an
3 increase in my bill of 33 percent if they're adopted as
4 they are. This 33 percent increase seems to be well
5 above inflation, and I have not seen anything that looks
6 like improvements to infrastructure on Connestee Falls
7 that might drive such an increase.

8 In fact, there have been at least five water
9 main breaks since May the 10th and one sewer main break
10 that closed our largest lake and most popular swimming
11 area for the third week of June during the height of
12 grandchild season.

13 Page 16 of your docket is interesting. It
14 looks as if the average usage is computed across all
15 service areas and is significantly higher for Connestee
16 Falls than the 2,200 gallons Utilities, Inc. used the
17 last time they requested a water rate hike. No reason is
18 given for the 81 percent increase in average usage. Is
19 there an explanation other than the sloppy math and the
20 disdain for consumers in Connestee Falls and perhaps
21 other service areas? Even so, the 3,980 gallons of
22 average usage is unknowable to Connestee consumers since
23 that would be three or four units. Notably, none of the
24 figures on page 16 are replicable because of the way our

1 meters run; neither do they accurately reflect usage in
2 Connestee Falls, just like the current rate information
3 discussed earlier on pages 8 and 9 does not accurately
4 reflect accurate usage or charges. I think Carolina
5 Water Service, Inc. should settle for a much smaller rate
6 increase if they get one at all, and that such an
7 increase should be contingent upon their commitment to
8 upgrade their infrastructure, something they have not
9 been doing since they took over our water system whenever
10 that was, decades ago.

11 I'll interject a little thing that's not in my
12 letter. On my street, a very short cul-de-sac of nine
13 houses, the cul-de-sac was dug up because of the sewage
14 leak, the pipes collapsed. I've heard questions about do
15 you know what caused the leaks. Well, in this case it
16 was the pipe underneath the road collapsed, requiring the
17 street to be dug up. And just like in this other service
18 area, it was a long time before that gravel got paved
19 over and the road got repaired.

20 Right in front of my house, just a couple of
21 years ago, was a water leak. In that case the connection
22 going from the main water line to a house failed, the
23 connection failed. I've got to say, Carolina Water
24 Supply (sic), your service representatives who come up to

1 Connestee Falls are Johnny on the spot. They're very
2 professional and they're very easy to work with,
3 competent, capable, and well-trained, and I don't mind
4 working with them at all. But numerous times over the
5 last several years we could tell in my house that there
6 was a main water break somewhere because of all the tiny
7 little bubbles that turn the water gray instead of clear.

8 In closing, I have no confidence in any numbers
9 that Carolina Water Services or any of their subsidiaries
10 provide to the State Utilities Commission, and ask that
11 you take a good, hard look at their apparent indifference
12 toward the customers they serve. We should get something
13 for what we pay, and we should be able to trust their
14 accounting when it comes to official processes like this.

15 Thank you very much for your time tonight, and
16 I hope you have time to enjoy the mountains before you
17 have to go back into the hot.

18 CHAIRMAN FINLEY: Thank you, Mr. McMinn. Are
19 there questions?

20 MS. SANFORD: No questions.

21 MS. HOLT: I'd like to ask that Mr. McMinn's
22 statement be identified as McMinn Exhibit 1 and admitted
23 into evidence.

24 CHAIRMAN FINLEY: It shall be so marked, and it

1 shall be admitted.

2 (Whereupon, McMinn Exhibit 1 was
3 marked for identification and
4 admitted into evidence.)

5 CHAIRMAN FINLEY: Well, let me say -- I should
6 have said this earlier, ladies and gentlemen, but we've
7 taken all this testimony down, and we will require that
8 the Company respond to the complaints, the accounting
9 complaints, the service complaints, before this case is
10 over. And we will look at what they say and take that
11 into account in the decision that we --

12 THE WITNESS: I know you do, but if nobody
13 complains, you have nothing to look at.

14 CHAIRMAN FINLEY: That's why we're here. Thank
15 you, sir.

16 THE WITNESS: You're welcome.

17 CHAIRMAN FINLEY: Call your next witness, then,
18 Ms. Holt.

19 MS. HOLT: Yes. Mr. James Cain.

20 JAMES CAIN; Being first duly sworn,

21 Testified as follows:

22 DIRECT EXAMINATION BY MS. HOLT:

23 Q Would you please state your name and address
24 for the record, please.

1 A My name is James Cain, last name is C-A-I-N. I
2 am employed by Fairfield Mountains Property Owners
3 Association. It's located at 112 Mountains Boulevard.

4 Q Are you an actual customer of Fairfield
5 Mountains?

6 A Fairfield Mountains Property Owners Association
7 is a customer of CWS.

8 Q Thank you. Please proceed.

9 A My statement will be extremely brief as the
10 other testimonies covered the majority of things that I
11 would like to say. Fairfield Mountains Property Owners
12 Association consists of over 1,000 dwellings. That's a
13 mix of multi-family and single family.

14 CHAIRMAN FINLEY: Speak up there a little bit,
15 Mr. Cain, so the folks can hear you.

16 THE WITNESS: Okay.

17 A The majority of our owners within our community
18 are seasonal owners. Therefore, a rate increase of 40
19 percent on that base rate has a high impact on them when
20 they're not there using that -- that service. From those
21 owners that we have that are full time, many of those, as
22 you've heard testimony from Mr. Reitano, they are on
23 fixed incomes, they're retired, so the 40 percent rate
24 increase has a high impact on them.

1 The community, Fairfield Mountains, is a
2 customer of CWS, owns and operates multiple restaurants,
3 pools, wellness facilities. So the 40-plus rate --
4 percent rate increase on that commercial side also has an
5 impact on the residents there as they are paying for that
6 portion as well. So they're -- in essence, they're being
7 impacted from a residential usage side and a commercial
8 side.

9 Again, everything that Mr. Zinselmeier, Mr.
10 Reitano, and Mr. Barton have stated support that 100
11 percent, from the time frames and since 2014, almost 150
12 percent increase. And we see CWS continually petitioning
13 the Commission for a rate increase. I believe that a
14 rate increase does not compel CWS to find a more
15 efficient way to -- to operate and maintain their system,
16 but just grants them the increase, and I'd like to see
17 the Commission not approve the proposed rate that they've
18 requested.

19 CHAIRMAN FINLEY: All right. Thank you, Mr.
20 Cain.

21 MS. SANFORD: No questions.

22 MS. HOLT: No questions.

23 THE WITNESS: Thank you.

24 CHAIRMAN FINLEY: Thank you.

1 MS. HOLT: Mr. Dennis Shellenberger.

2 DENNIS SHELLENBERGER; Being first duly sworn,

3 Testified as follows:

4 DIRECT EXAMINATION BY MS. HOLT:

5 Q Please state your name and address for the
6 record.

7 A My name is Dennis Shellenberger. That's
8 S-H-E-L-L-E-N-B-E-R-G-E-R. And my address is 441
9 Mountains Boulevard, Unit D-102, Lake Lure, North
10 Carolina 28746.

11 Q In what subdivision do you live?

12 A I live in Rumbling Bald, Fairfield Mountains,
13 also, Rumbling Bald Resort.

14 Q Thank you.

15 A Most of my testimony here today is -- there's
16 been so much said already, so much detail and very
17 supportive evidence for the Commission to deny this rate
18 request that I would like to say first I support all
19 that's been said thus far. It's been in great detail and
20 very comprehensive, and a lot of research done. I'm sure
21 you can appreciate that.

22 The rest of my evidence will be mainly
23 anecdotal. My wife and I moved to Fairfield Mountains
24 full time and bought this townhome there three years ago,

1 2014. And I have to say I was shocked when I got my
2 first utilities bill from Utilities, Inc. We came from a
3 very expensive county to live in in South Florida, Palm
4 Beach County, and we were served there by a company
5 called Seacoast Utilities. We were provided both sewer
6 and water, and honestly our average bill there -- and now
7 I know it's not as simple to compare; it's not comparing
8 apples to apples necessarily. But just to give you an
9 idea from a very, very expensive place to live, our water
10 and sewer together, we averaged when we left three years
11 ago \$35 to \$40 a month. This was not subsidized by the
12 City of Palm Beach Gardens. It was not a municipal
13 system. This was a private system, Seacoast Utilities.
14 So take that for what it's worth.

15 Also, I would just say that -- so needless to
16 say I was shocked when -- oh, and to give you a real-
17 world example, a guy's real-world bill, now we average --
18 our average bill for water and sewer, the same -- same
19 type of service, \$120 to \$130 a month. That's with
20 everything, the water, the sewer, whatever surcharges and
21 taxes are in there. Before we had like four people in
22 the household, lots of showers, two young people, two
23 children. Now my son is rarely where we are now. It's
24 just my wife and I, just normal laundry, wash the car

1 maybe once a month, which it's the same usage or much
2 less and now our bill is 120 to 130. So I just -- I just
3 can't figure it out. And I won't take any more of your
4 time. I thank you very much for listening.

5 CHAIRMAN FINLEY: Thank you for coming tonight.

6 MS. SANFORD: No questions. Thank you.

7 MS. HOLT: Gerard Worster.

8 GERARD WORSTER; Being first duly sworn,

9 Testified as follows:

10 DIRECT EXAMINATION BY MS. HOLT:

11 A Name is Gerard Worster. Do I need to spell it?

12 Q Yes, please.

13 A G-E-R-A-R-D, first name, W-O-R-S-T-E-R.

14 Q And what is your address, Mr. Worster?

15 A And I'm in the Mount Carmel sewage district.

16 Home address is 107 Friendly Lane, Asheville 28806.

17 Okay. You got it all there.

18 Q And I'd like to -- on July 21st, 2017, did you
19 send a letter to Gina Casselberry?

20 A Correct. And that's a copy there.

21 MS. HOLT: I think Mr. Worster would like that
22 admitted into evidence.

23 CHAIRMAN FINLEY: It will be marked and without
24 objection, admitted, Exhibit Number 1 Worster.

1 (Whereupon, Worster Exhibit 1 was
2 marked for identification and
3 admitted into evidence.)

4 A Rather than read letter, I'm just -- I'm kind
5 of glad now I did not get here earlier and leave. I keep
6 on hearing the same thing again and again, and I will say
7 again for the homeowners, I'm a homeowner, also
8 secretary/treasurer of the homeowners association, only
9 30 houses, but you know, we're in the Mount Carmel --

10 CHAIRMAN FINLEY: Speak up if you can so the
11 folks out there, they're trying to cup their ears and so
12 forth.

13 A What we also have -- I would never have thought
14 I'd be saying I'm happy with the Asheville water company,
15 but I feel I'm pretty lucky on that. Also, our sewage
16 bill is not all directly due to Carolina Water which it's
17 processed; it's actually handled by the Metropolitan
18 Sewage Company. And this pass-through, coincidentally,
19 their increases and their amounts are nothing like
20 Carolina Water. What I keep on hearing again and again
21 is these 20 percent increases, and we're experiencing the
22 same. I've been there eight years, and it looks like
23 over the previous seven years, six or seven years, it was
24 20 percent and 20 percent and 20 percent, and then here's

1 another one, 20 percent. I don't believe in
2 coincidences. That's looks more like a financial plan
3 than an operating plan. I would expect to see
4 operations, replacement of pipes all over the map, not so
5 uniform.

6 One of the problems I have with this, and I
7 think everybody in the neighborhood does, this is very
8 untransparent. It says we're going to file for this rate
9 increase. And then I've gone to your website. It's not
10 easy to pull and find the documents, and I don't know if
11 there's a way I could be doing that better. I would like
12 to do a -- the rate base and the revenue requirements and
13 the actual, you know, expenditures of capital spending
14 over time to see what -- what is behind these numbers. I
15 would suggest to the Commission they will only show
16 information you tell them they have to do, but a few
17 extra pages that would just summarize, here's the rate
18 base, here's the revenue requirement, here's the changes
19 and this is what makes up that number of 21, 22, 23
20 percent. Without that, I've met with our homeowners
21 association, and they've been there a lot longer than me
22 and nobody has a clue what's going on, and I don't think
23 that will change unless maybe there is some significant
24 useful information added to this where people can look at

1 it and have at least an idea of what is going on.

2 And to the -- my comment my letter mentions, I
3 don't think that combined rate is a good idea for just
4 this reason, it will be difficult enough to pull the
5 information for each location's capital costs, rate base,
6 revenue requirements. You pile them together, six or
7 eight, and accrue; it becomes impossible for most people
8 who live in the area and maybe want to do some of the
9 work they have done here to find that information,
10 because what's being spent halfway across the state is
11 going to affect their bill if they consolidate it. I
12 would -- I would strongly oppose that consolidation until
13 at least there's some real transparency in this process.
14 Which I'm looking at it as a homeowner, and nobody has a
15 clue in my home -- my homeowners association and several
16 other people in the Mount Carmel area I have talked to.
17 Just here's the rate.

18 I had to look at this a few times. I thought
19 this was due to the consolidation. We're one of the few
20 that is not in the list to be consolidated this time
21 around. Next time, who knows? But I would like to get
22 more transparency for the benefit of property,
23 residential people, the average Joe, just to be able to
24 see what is behind this 20 percent, what is behind this

1 30 percent or 10 percent. It's not there now and it's
2 rather difficult to pull that out.

3 And other than that, you know, I don't think I
4 have to be up here and complain about the rate. Twenty
5 percent every two years is hard to take. I live on a
6 fixed income and a lot of other people in the
7 neighborhood do, so it is a problem. But I would like to
8 really be able to get to the equity of it, what is going
9 on here and how is this calculated? Is there oversight
10 saying, well, they're going to replace this pipe, they're
11 going to replace this processing? Is that needed or is
12 that done to make a financial plan rather than make the
13 system work better? And, again, I don't believe in
14 coincidences in this 20 percent and 20 percent and 20
15 percent that I've heard all night. Just sounds like it
16 should be looked into with a little more transparency.

17 CHAIRMAN FINLEY: Thank you, sir.

18 MS. SANFORD: No questions.

19 MS. HOLT: No questions.

20 CHAIRMAN FINLEY: This is just a start. All
21 these numbers will be audited by the Public Staff and
22 they will go to the Company's Northbrook offices and do
23 an audit up there. So this is just a start. Thank you,
24 sir.

1 THE WITNESS: Thank you.

2 MS. HOLT: Mr. Tom Haynes.

3 TOM HAYNES; Being first duly sworn,

4 Testified as follows:

5 DIRECT EXAMINATION BY MS. HOLT:

6 Q Please state your name and address for the
7 record.

8 A My name is Tom Haynes. I'm a resident of the
9 Woodhaven Subdivision in Flat Rock, and street address is
10 107 Woodhaven Drive.

11 I apologize if I'm duplicating some of the
12 information that was said before. People my age, hearing
13 isn't quite what it used to be so I have missed a few
14 points that were made.

15 With me are Sean O'Meara and Chuck Van Rens.
16 They -- we are all members of the Woodhaven POA water
17 committee. They will provide more detail and commentary
18 to our concern here tonight.

19 We have submitted to the Public Staff a variety
20 of documents, including the Woodhaven POA Board
21 Resolution, historic rate increases and comparisons
22 between North Carolina public and private water costs
23 with comparable states. The board member and the board
24 resolution declares the rate increase requested

1 outrageous. Woodhaven and a small adjacent subdivision
2 called Pleasant Hill have only 79 residents or homes
3 serviced by Carolina Water Service with a two-well
4 system. Most of our residents are retired, too.

5 We are pleased with the quality of the water
6 and the service provided by Gary Peacock and his -- his
7 crew; however, as made clear in the resolution, we are
8 outraged at the continual double-digit rate increases
9 coming from CWS. For example, since 2005, the average
10 biannual base increase requested by CWS is over 25
11 percent and the granted increase is over 15 percent.
12 Now, it was pointed out that there are capital costs
13 being factored in with this latest increase, but this has
14 been going on, these double-digit rates, for years.

15 Some of our residents have homes on the north
16 side of Little River Road, while homes on the other side
17 are serviced by the City Of Hendersonville. Their water
18 rate will increase one and a half percent or two percent
19 for homes further away from town. How in the world can
20 CWS justify an increase 10 times the city rate? Who of
21 you have ever received a bill or a rate hike like we have
22 and getting these every year from any of your utility
23 providers? Who gets a 10 percent raise or rate increase
24 for anything?

1 Another matter why our CWS base rates, we're
2 concerned about why they're bundled with others when CWS
3 does not own or pay taxes on the well and well house
4 property as they do with others. Can't there be some
5 differentiation here? As well as the fact that
6 fortunately we have -- the water drawn from the wells is
7 very clean. A very simple process is required to treat
8 it for home use. And I'm sure comparing this to other
9 situations where the water isn't as pure, their cost
10 would be more, but I think there should be some
11 differentiating again when the process required for us is
12 not complex.

13 It's truly a struggle to understand how year
14 after year we are getting these double-digit rate
15 increases that continue to compound cyclic after cycle
16 with no level. Part of your mission statement is to
17 provide just and reasonable rates and charges for utility
18 customers, and the key words are "just and reasonable."
19 Therefore, we are asking you as our advocates to
20 determine what is fair and reasonable, and with the same
21 vigor and thoroughness as if you received these rates.
22 We are trusting you will do the right thing. And Sean
23 O'Meara will be extending the comments.

24 CHAIRMAN FINLEY: Thank you for coming tonight.

1 MS. SANFORD: No questions.

2 CHAIRMAN FINLEY: No questions.

3 MS. HOLT: Mr. Sean O -- Mr. Sean O'Meara.

4 MR. O'MEARA: O'Meara.

5 MS. HOLT: O'Meara.

6 SEAN O'MEARA; Being first duly sworn,

7 Testified as follows:

8 DIRECT EXAMINATION BY MS. HOLT:

9 Q Please state your name and address for the
10 record.

11 A Sean O'Meara, 115 Woodhaven Drive,
12 Hendersonville, North Carolina, in the Woodhaven
13 Subdivision.

14 Q Thank you.

15 A First of all, I'd like to also mention that,
16 you know, we really like our water in Woodhaven and we
17 enjoy the service from Gary Peacock and his crew. Want
18 to get that -- get that out there.

19 But I am here once again to voice my justified
20 concern about another outrageous water rate hike.
21 Carolina Water Service, CWS, is again requesting a
22 double-digit rate increase. It has a long history of
23 this reckless behavior spanning now more than two
24 decades. The table previously submitted to the Public

1 Staff clearly demonstrated this. For instance, when I
2 was here two years ago they requested a 23 percent
3 increase on both base and the treated water, and the
4 base, they got 100 percent of that. Prior to that was
5 another 23 percent rate increase requested. Before that
6 it was 27 percent increase. Two years before that it was
7 24 percent. Two years before that it was another 24
8 percent. And then two years before that in 2005, a 36
9 percent rate increase request. And in all cases but one
10 they were granted a double-digit rate increase in both
11 base and the treated. So I think we all agree that this
12 trend is not reasonable and it obviously reveals a high
13 degree of irresponsibility from multiple parties.

14 To put it in perspective, this year in 2017,
15 our federal government implemented a cost of living
16 adjustment called COLA. It affected 65 million Americans
17 on Social Security. That helped many within even my
18 small community of Woodhaven. But that 2017 cost of
19 living adjustment increase was a mere 0.3 percent, just
20 0.3 percent. Last year the COLA was an even 0.0. The
21 federal government's latest average wage index released
22 earlier this month was an increase of only 3.48 percent.
23 For years the average savings account in America yielded
24 less than 1 percent. On the brighter side, last year the

1 average 401K account had a rebound and it broke 4 percent
2 yield, but that was after a dismal 0.4 percent the
3 previous year.

4 So I ask where does this outrageous 20 percent
5 rate hike fit in? Well, it doesn't, and I don't think
6 anybody would find this reasonable. However, I will say
7 that this ridiculous pattern of a double-digit rate
8 increase does share similarities with another business.
9 This consumer program also has numerous double-digit
10 increases, is overregulated, it's very complex, it's also
11 extremely political, and it's probably sounding familiar
12 because in addition it's probably our country's biggest
13 financial disaster in modern history, and that is
14 Obamacare. And what's going on here is the same
15 insanity. It's obvious to me that these outrageous rate
16 hikes year after year after year is a sign of a broken
17 system right here in North Carolina.

18 My neighborhood is a small fish in a very big
19 pond, but you, the Utilities Commission, the Public
20 Staff, are supposed to be our advocates, and we ask you
21 to please live up to your mission statement and fix this
22 problem. I thank you for your time and attention, and if
23 you don't have any further questions, Chuck Van Rens, our
24 resident Woodhaven water commissioner, will say a few

1 words next.

2 CHAIRMAN FINLEY: Thank you, Mr. O'Meara. Mr.

3 Van Rens, come on up.

4 CHUCK VAN RENS; Being first duly sworn,

5 Testified as follows:

6 DIRECT EXAMINATION BY MS. HOLT:

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

9 A My name is Chuck Van Rens. I'm a resident of
10 Woodhaven Subdivision, 109 Woodhaven Drive, Flat Rock,
11 North Carolina.

12 Q Please proceed.

13 A Thank you. And thank you, Sean, for the
14 introduction as the water commissioner of Woodhaven. I
15 know you guys must be envious. I mean, I put a no tie
16 rule in, so maybe that's something that you can consider.
17 But nonetheless, Chairman Finley, Commissioners, members
18 of the Public Staff and Carolina Water System, ladies and
19 gentlemen, I'm here on behalf of Woodhaven Subdivision to
20 make a simple statement that we're outraged by the price
21 increase of 20 percent and we oppose it and object to it.

22 We've seen plenty of solid information
23 presented by any number of different folks here tonight,
24 and it's highly appreciated, and especially you heard

1 Tom, and Tom was talking about, and Sean as well, as
2 others, brought up this mission statement business
3 because we're swinging wildly to understand structurally
4 how to effect a change in the process to approve these
5 rate increases. And it just seems so logical that if
6 we're just and reasonable, what's wrong with that kind of
7 a standard? So we appeal to everybody involved with the
8 process to get to that point.

9 Sean brought up the numbers. The numbers have
10 been brought up, a 20 percent rate increase, double-digit
11 rate increase year on year on year on year. It's
12 breathtaking to the folks who -- who will see that arrive
13 in the -- in the mail. There was a break in the action,
14 however, when I got a call from one of residents, Bob
15 Cheadle, 95 years old, Bob, sharp as a tack, who thanked
16 me as the water commissioner of Woodhaven for limiting
17 the rate increase to no more than 5 percent, quite a good
18 job I have done after seeing these double-digit rate --
19 "Well, Bob," I said, "you know, that's the improvement
20 charge." "What do you mean, besides the rate increase,
21 you get an improvement charge?" "Yeah, Bob,
22 unfortunately the Supreme Court back in, what, '13, 2013
23 or so on a couple of points of law allowed the private
24 water utilities to put the improvement rate increase in

1 place." So boomity, boomity, boomity-boom, all right.
2 Bob, 95 years old, "Well, what can we do about this?"
3 "Well, we're going to go to Asheville and we're going to
4 talk to the Commissioners, we're going to talk to the
5 Public Staff, and we're going to talk to Carolina Water
6 System, and I'll tell you what else we're going to do.
7 Let's do the same thing that we've done every other year
8 going back 10, and that is we'll run around this
9 community and we'll get every individual's signature on a
10 petition to protest the rate increase." And I have a
11 stack. I forgot to bring them up with me. I was going
12 to wait for -- I love a handout, right.

13 And here's the point, all right, we got, what,
14 80 people that we represent; 88 percent of those people
15 signed the petition. The rest are out of town for one
16 reason or another. Good percentage. All right. Well,
17 you're 80 people. Well, I want to say to Carolina Water
18 System, what's your -- what's your customer base in North
19 Carolina? Twenty-three -- I think it's 23,500 I've
20 heard. All right. What if 88 percent of those -- you
21 know how much trouble it was to get a signature
22 protesting the double-digit rate increase? I mean, they
23 tore the paper out of your hand, all right? But, you
24 know, 88 percent of your customer base were approached

1 with a petition, which is where people think this thing
2 ought to go because it seems like structurally nothing's
3 working for us so it's a political problem. All right.
4 Eighty-eight percent, that's about 19,000 people.

5 That's going to give you a communication
6 problem. That gives the whole structure of things a
7 communication problem. I mean, we've got to figure out a
8 way. Who's got their hand on the lever that's going to
9 control things? How much discretion do the Commissioners
10 have relative to making changes in the rate increase
11 request? How much discretion does the Public Staff have?
12 Oh. Well, we're constrained. Well, we're constrained,
13 oh, we're constrained. State law, regulation, rules,
14 we're kind of constrained. Okay. So here's what you get
15 year on year. Put in twice as much a rate request as
16 you're going to get. That was a beautiful rhythm, by the
17 way, in the documents that have been submitted and Sean
18 talked about them. You could look at it. You know, you
19 request twice as much as you normally get, give or take a
20 percentage or two. All right. Works out just fine.
21 Everybody's happy. You're not happy; I'm not happy;
22 nobody's happy. We'll just cut it right there.

23 Well, it's beating people senselessly, so now
24 they're saying, geez, you know, maybe it's not just a

1 Carolina Water System problem. They're just following
2 their natural instincts to get the rate of return they
3 need to keep the people in the offices satisfied marching
4 up the food chain. All right. Everybody else is kind of
5 constrained. So where do we go, okay? And I communicate
6 this because it is the frustration that all these other
7 folks are feeding into. All right. And so what can you
8 do? Is it a broken process? I mean, who gets a 20
9 percent rate increase? I've heard that endlessly through
10 tonight. Where do we go? Does it get political? You
11 know, small mouths screaming at a huge system, how
12 political can that be? The constraints on the average
13 consumer, you know, are just monstrous. How do you climb
14 through that maze to try to effect a change?

15 So the end of the story, without dwelling on it
16 too much, we rely on the discretion that you have to
17 approach this process just and reasonably. We rely on
18 the discretion you have, you know, to analyze the program
19 and to look at it intently. Most of the people come from
20 private business, so we kind of understand what goes on
21 in that arena, but we're appealing to you people, all
22 right, to not defer the maintenance in the system, which
23 I'm not going to go there too far, but you've got to
24 start running a tighter ship, all right, and let's see if

1 we can't drop these things down.

2 Now, absolutely last point and I'm off the
3 stage here, is that documents I have submitted compare
4 North Carolina water rates public and private, North
5 Carolina's public water rate increase, private water
6 increase, with a list of the other states in the United
7 States. You with me? So -- so now you can't compare
8 private water and public water, right, you know, financed
9 differently. However, when you look at the documents
10 comparing the two together, what I'm telling you is that
11 North Carolina is way high on the scale. In fact, in
12 this particular study which is dated, and I brought the
13 study up a few years ago and I appealed to the Public
14 Staff or anybody else to benchmark that thing using your
15 own data, North Carolina has a differential in the
16 public, the private rate increase, 69 percent. You guys
17 seen these documents? I sent them through the mail to
18 you all. There you go, perfect. And the average of the
19 states, state on state, 33 percent. You know what I'm
20 saying? So the average of comparison public to private.

21 Okay. So what I'm saying is, and I'm going to
22 say it one more time, we've got to do better than that.
23 We're North Carolina. We can do better than that. All
24 right. Let's move that benchmark down. Let's go redo

1 the study. Let's get some new data. But there is no
2 reason in the world why we should be the second highest
3 state compared to others relative to public and private
4 water rate increase differential, no reason. We're not
5 there. And sorry -- sorry for the time. Appreciate the
6 opportunity, and thank you very much.

7 CHAIRMAN FINLEY: Thank you, sir.

8 MS. SANFORD: I do have a question, if I might.

9 CROSS EXAMINATION BY MS. SANFORD:

10 Q Mr. Van Wens, thank you. We absolutely
11 appreciate your concern about the rate increases, the
12 frequency, the amount. Nobody wants to pay more in rates
13 than I. I say that as a serious statement of the obvious
14 and of understanding. But I have a question for you.
15 You spoke about having come from private industry or that
16 a number of your -- your colleagues and friends here
17 have. If this Company proves, in the face of
18 investigation, that it had to spend "X" amount of money
19 to comply with environmental regulations, safety
20 regulations, to maintain and upgrade its facilities, do
21 you think they should be allowed to recover that if they
22 prove it?

23 A Yeah. I mean, burden of proof, very happy with
24 that, okay, and so I'm not going to go any further than

1 that. But what we've heard from a couple of the
2 gentlemen is if you look at the numbers, there's
3 financial things happening in there. Like why is the
4 base rate and why is the per gallon rate both 20 percent?
5 It's unreasonable that that would happen, right? So I'm
6 saying yes, but I'm saying -- I'm saying yes. If it is
7 reasonable, right --

8 Q Necessary. Reasonable and necessary. I'll add
9 -- add to that standard.

10 A Yeah. I mean --

11 Q If they have to spend it.

12 A Okay. Appreciate that.

13 Q Okay. Thank you.

14 A Okay.

15 CHAIRMAN FINLEY: All right. Thank you, Mr.
16 Van Rens. Appreciate you coming out.

17 THE WITNESS: Appreciate being here.

18 MS. HOLT: Ms. Betty Jackson.

19 CHAIRMAN FINLEY: How many more do have, Ms.
20 Holt?

21 MS. HOLT: That's the last one.

22 MS. JACKSON: I'm the last one.

23 BETTY JACKSON; Being first duly sworn,

24 Testified as follows:

1 DIRECT EXAMINATION BY MS. HOLT:

2 Q Please state your name and address for the
3 record.

4 A Betty Jackson, 214 Scottlynn Drive, Asheville,
5 North Carolina, Mount Carmel Subdivision.

6 Q Thank you.

7 A Okay. Last one that we all have to hear. A
8 lot of us were raised to be self sufficient as possible
9 and to help our neighbors, and in this non-recovering
10 economy where every penny counts, an increase of almost
11 \$140 a year, which is what the increase to us would be,
12 will seriously cut into my charitable giving.

13 Mount Carmel, where I live, is a middle to low
14 income neighborhood. And \$140 might not seem much to
15 some people, but to some of my neighbors who are retired,
16 and a good many of them who are classified as the working
17 poor, it's going to be tough for them. I'm lucky enough
18 to be considered middle class and this really won't
19 impact me all that much, but I really wonder seriously
20 how severely many of my neighbors will suffer, because
21 some of them will. They'll have to make decisions on
22 whether they're going to buy groceries or medicine.

23 I also object to collectively lumping everybody
24 in this system into all the -- one -- one lump because

1 there's a lot of disparate areas here with different
2 needs, and we've not experienced any kind of improvements
3 in our area. There's -- the communication has been
4 terrible. Those pages that we received were very
5 difficult to interpret. It's hard for people to
6 understand it, and that prevents a lot of people from
7 coming out and commenting tonight. So -- and there's no
8 justification for the rate increase or whatever increase
9 there is, or any other kind of reason that they might be
10 wanting this money.

11 Additionally, I'd say that there's -- another
12 thing that we do in our area is we garden extensively,
13 vegetables and herbs, I'm not talking about landscaping
14 here, and I pay for every drop that doesn't ever go back
15 into any kind of a treatment system. We're very
16 conservative in our watering. We use drip irrigation and
17 other conservative methods of conservation. And we use,
18 depending on rainfall, 3 to 5,000 gallons per billing
19 cycle during the gardening season. Some sewer services
20 providers recognize this, and they give their people a
21 rebate at the end of the year for all those thousands of
22 gallons that go into my yard. Like I said before, at a
23 time when every penny counts, this adds up to a not
24 insignificant amount every year. And I'd really like to

1 have my money back for the gardening and the goodness
2 that I contribute to not only my family, but my
3 neighbors.

4 Like I said, communication, I think, was really
5 awful in the pages that we got. I think that this
6 initiative should be scrapped. I think better
7 communication needs to go out. I think there needs to be
8 justification given for the reason for the increase, for
9 whatever reason it is. We need to be able to hear that
10 and not just say, oh, well, that's just the way life is.

11 CHAIRMAN FINLEY: Thank you, Ms. Jackson. Does
12 that complete your list, Ms. Holt?

13 MS. HOLT: Yes.

14 CHAIRMAN FINLEY: Anybody here that hasn't
15 testified that wants to testify?

16 (No response.)

17 CHAIRMAN FINLEY: Very well. Those of you that
18 are still around, we thank you for coming.

19 (Proceedings adjourned.)

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STATE OF NORTH CAROLINA

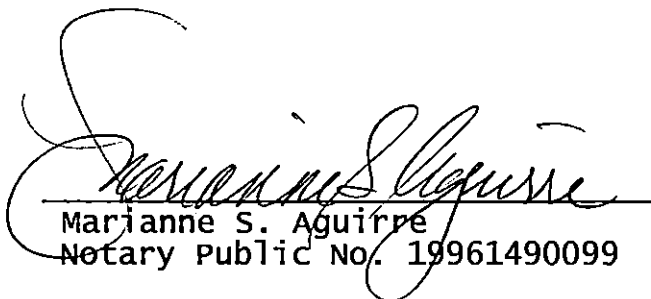
COUNTY OF RUTHERFORD

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 356 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 7th day of August, 2017.


Marianne S. Aguirre
Notary Public No. 19961490099