

INFORMATION SHEET

PRESIDING: Commissioner Karen M. Kemeraït; Chair Charlotte A. Mitchell; Commissioners ToNola D. Brown-Bland, Kimberly W. Duffley, Floyd B. McKissick, Jr., Jeffrey A. Hughes

PLACE: Dobbs Building, Raleigh, NC

DATE: Monday, October 3, 2022

TIME: 7:00 p.m. - 7:47 p.m.

DOCKET NO.: W-354, SUB 400

COMPANY: Carolina Water Service, Inc. of North Carolina

DESCRIPTION: In the Matter of Application BY Carolina Water Service, Inc. of North Carolina for Authority to Adjust and Increase Rates for Water and Sewer Utility Service in All Its Service Areas in North Carolina and for Approval of a Water and Sewer Investment Plan

VOLUME NUMBER: 1

APPEARANCES

See Attached

WITNESSES

See Attached

EXHIBITS

See Attached

REPORTED BY: Tonja Vines
TRANSCRIBED BY: Tonja Vines
DATE FILED: October 10, 2022

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BEFORE: Commissioner Karen M. Kemerait, Presiding

Chair Charlotte A. Mitchell

Commissioner ToNola D. Brown-Bland

Commissioner Kimberly W. Duffley

Commissioner Floyd B. McKissick, Jr.

Commissioner Jeffrey A. Hughes

IN THE MATTER OF:

Application by

Carolina Water Service, Inc. of North Carolina,

4944 Parkway Plaza Boulevard, Suite 375

Charlotte, North Carolina 28217

for Authority to Adjust and Increase Rates

for Water and Sewer Utility Service

in All Its Service Areas in North Carolina

and for Approval of a Water and Sewer Investment Plan

VOLUME 1

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 10-3-22 DOCKET NO.: W-354 Sub 400
ATTORNEY NAME and TITLE: Jo Anne Sanford

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CITY: Raleigh STATE: NC ZIP CODE: 27604

APPEARANCE ON BEHALF OF: Carolina Water Service, Inc.
of North Carolina

APPLICANT: COMPLAINANT: INTERVENOR:
PROTESTANT: RESPONDENT: DEFENDANT:

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Email: sanford@sanfordlawoffice.com

SIGNATURE: Jo Anne Sanford

(Required for distribution of CONFIDENTIAL transcript)

NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE: October 3, 2022

DOCKET #: W-354, Sub 400

PUBLIC STAFF ATTORNEYS: Gina C. Holt and John D. Little

TO REQUEST A **CONFIDENTIAL** TRANSCRIPT, PLEASE PROVIDE YOUR EMAIL ADDRESS BELOW:

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/s/ Gina C. Holt

/s/ John D. Little

/A

Subject: Recommendations for Resolution of CWSNC Three Year Water/Sewer Rate Increase, Docket No. W-354, Sub 400.

Good evening Commissioners, my name is David Smoak, 96 Northridge Trail, Sanford NC. This is my third time speaking before you about CWS's proposed rate hikes and my fourth and last year as President of Carolina Trace Association which represents the 18 Property Owner Associations representing over 1600 homes in Carolina Trace and customers of CWS.

Over the years I have learned and thought a lot about our private water and sewage utility system, it is an unusual system that most citizens are never exposed to in their lifetime. Most of our new residents express their shock and outrage on social media like NextDoor when receiving their first bills from CWS which can easily be over \$200 when new fees and security deposits are rolled into that first bill. Like some of you, I have even been accused of being in collusion with CWS or receiving some sort of kickbacks from them, I have a military background in logistics and even took some classes in federal contracting, I have also become a regular consumer of the information shared on the UNC Environmental Finance Center which conducts annual analyses of state water and waste treatment rates and have learned about the difference between rates charged for "internal" vs "external" customers.

I deeply appreciate that CWS provides services that makes my community inhabitable, nobody wants to deprive this company of the resources and thereby create situations like those being faced in Jackson, Mississippi. I know that CWS has provided emergency services for numerous water breaks in my community and they have been investing in numerous infrastructure projects to manage our waste and they have recently started a rebate program to reward customers who purchase and install various home appliances to conserve water. During COVID times, CWS also became more flexible with residents having payment issues and I know the number of their monthly shutoffs have decreased. Finally, I would express gratitude to the Public Staff and you Commissioners who recently forced a large change in our monthly rate structures that pushed down the monthly base charges while increasing the variable consumption rates, I've had several owners that have split residences and their monthly bills without any usage dropped from around \$90 to \$65.

I do object to the proposed rate hikes for several reasons, first of all I see it as a way for CWS to undo what was probably a hard-won concession to recently lower our base rates. I've already expressed my support for their recent initiatives to promote conservation and if these rate hikes are passed, our base charges will almost be back to what where you just reduced them from in a few years. I understand the attraction of high base rates for providing a steady and reliable income stream to CWS, especially when they are in talks to merge with another company, but I know you all understand how consumer activity is impacted when they don't see a reward for conservation. I have two suggestion on this topic, first I would like to see how our usage rates have been impacted under the current rate structure which does reward conservation, acknowledging that it has only been in effect for a few months please. Secondly, if CWS is so determined to push up our base charges to preserve their income stream then offset it with some sort of base usage allowance, such as 1,000 gallons per household and then the variable usage rates would kick in.

I object to the wording of the recent notification, just like I objected to it last time. I understand the wisdom of a unified rate increase application to conserve both CWS and state resources. I do not understand though why space cannot be dedicated to telling each community specifically what their proposed increases are, my own residents are upset but don't even know what they are upset about in this recent notice. The vast majority of my residents don't even understand this is a multi-year rate hike, although it did help that Mr. Don Denton, their senior VP sent out a supplemental letter to explain

Roy Exhibit 1
JA

October 3, 2022

To: NCUC/ Public Staff



From: Vince Roy, Carolina Trace Utilities Rep. 237 Lakeview Dr. Sanford, NC

Subject: Recommendations for Resolution of CWSNC Three Year Water/Sewer Rate Increase, Docket No. W-354, Sub 400.

Note: Carolina Trace is the largest member of the sixteen communities included in the unnamed "Uniform Rate Consortium" with 1630 Homes and 4,000 residents.

1. Request For Three Year Rate Increase:

Timing of Request: With the Nation in a "Recession" and with an "Inflation Rate" that is growing and unpredictable, **I STRONGLY request the NCUC reject the CWSNC 3 year request and use the traditional annual method.**

Three Year Plan is Supposedly More Economical: CWSNC claims that a 3 year plan saves considerable time and labor on their part as opposed to multiple one year plans. This is the same rationale used by CWSNC when they formed the "Uniform Rate Increase" program. Now, their accounting system is totally automatic and all forms and tables needed for a rate increase request can be developed in a few hours. **Reject the 3 year plan.**

Proposed Rate vs Annual Rates: There is some confusion about the use of the "Proposed" rate vs the three year rates and "if and when" the proposed rate would be used. These 'ifs" correlate to whether NCUC completes the evaluation before or after April 1, 2023. In addition, in a separate letter, Mr Don Denton, Senior VP for Corix, states that they will receive a 19.7% rate increase for year one depending on which "If" is selected. **DO NOT APPROVE 3 YEAR BASE RATES nor the 19.7% quoted by MR. Denton.**

2. NCUC Employ the Same Rationale for This Rate Increase As They Used For The April 8, 2022 Rate Increase, Docket W-354,Sub,384.

Base Rate Reductions: The NCUC very prudently **LOWERED** the Base Rates, while **increasing the Utilization** rates for water and sewer services. This rating philosophy is very effective and should be used as a **PARADIGM** for resolution of

all future requests for water/sewer rate increases. **DO NOT INCREASE THE BASE RATES CURRENTLY ESTABLISHED FOR DOCKET W-354, SUB,384.**

Conservationism: Carolina Trace has many residents who are conservationists who make every effort to minimize their use of water to control their usage rate for water AND SEWER. These residents actually position barrels under their down spouts to capture rain water which they use to wash/clean outside furniture, house, animals, etc. **NCUC DO NOT INCREASE BASE RATES.**

3. Customer Reaction To CWSNC Rate Increase.

Vince Roy Experience: As the Carolina Trace Utilities Rep. ,I have been performing in this position for 16 years. I have never heard as many water bill complaints as I have this year because of the current rate of inflation vs the customer income.

Retired Personnel: Retired personnel who receive Social Security will in fact receive a pay increase this year. However, those residents who work or are retired and not receiving SSAN are having a difficult time managing their living expenses. Increased water/sewer expenses truly complicate their budgets.

Carolina Trace residents who are active duty military are mostly enlisted personnel with families. Their Pay raise for 2023, according to the NDAA, is scheduled to be 4.6% which places them in a difficult position with the current inflation rate over 8%. **Request that CWSNC consider a Military Discount of 10-15% on their monthly water bill. This would be similar to the NC "lower income waiver."**

4. Summary/Recommendation:

I, Vince Roy, am making this presentation as a RECOMMENDATION and NOT A COMPLAINT. As a business man I fully understand the need for Corix to make a profit on its investment. However, with the US economy in a Recession and the Stock Market in a serious decline, I STRONGLY recommend NCUC approve for CWSNC a much lower profit margin than the 10.7% they have requested and avoid a multi year rate increase.

