

1 PLACE: New Hanover County Courthouse
2 Wilmington, North Carolina
3 DATE: Wednesday, October 26, 2022
4 TIME: 7:00 p.m. - 7:45 p.m.
5 DOCKET NO.: W-218, Sub 573
6 BEFORE: Commissioner Floyd B. McKissick, Jr., Presiding
7 Commissioner Kimberly W. Duffley
8 Commissioner Karen M. Kemerait
9
10

11 IN THE MATTER OF:

12 Application by Aqua North Carolina, Inc.,
13 202 MacKenan Court, Cary, North Carolina, 27511
14 for Authority to Adjust and Increase Rates for Water
15 and Sewer Utility Service in All Its Service Areas
16 in North Carolina and for Approval of a
17 Water and Sewer Investment Plan
18

19 VOLUME 3
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NORTH CAROLINA UTILITIES COMMISSION

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

2 FOR AQUA NORTH CAROLINA, INC.:

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7

8 FOR THE USING AND CONSUMING PUBLIC:

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10 Public Staff - North Carolina Utilities Commission

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P R O C E E D I N G S

COMMISSIONER McKISSICK: We are going to go ahead and get this meeting started since it's approximately 7:00 p.m.

I want to first thank all of you for coming out tonight for this particular public hearing. I also want to thank Sheriff McMahon of the Sheriff's Department for his cooperation this evening and making this facility available, and for his Deputies being here this evening to assist us with this particular public hearing; as well as the Clerk of Superior Court Jan Kennedy.

I also want to thank others who have worked to make sure that this public hearing works as flawlessly as possible and that includes our Chair Charlotte Mitchell of the North Carolina Utilities Commission as well as our staff there, Brandi McMillen, Jill Franke, and my assistant Stephanie Poe Thompson.

And, of course, we have our court reporter here this evening, Kim Mitchell, who is over at my right. She does a masterful job. It's important that people not talk at the same time or interfere with her ability to keep a verbatim transcript.

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1 This is like a court proceeding and she types down
2 every word which is spoken and it goes into a
3 written document known as a transcript, which is
4 referred back to during the course of this hearing
5 for evidentiary purposes.

6 Likewise, Pat is here this evening, over
7 at my left, who is going to be the timekeeper. And
8 I want to go through those formalities in just a few
9 minutes.

10 We are going to go ahead and officially go
11 on the record.

12 I'm Commissioner Floyd B. McKissick, Jr.,
13 presiding Commissioner for this hearing. Here with
14 me this evening over to my left are Commissioners
15 Kimberly W. Duffley as well as Karen M. Kemerait.

16 I now call for hearing Docket Number
17 W-218, Sub 573, In the Matter of Application by Aqua
18 North Carolina, Inc., for Authority to Adjust and
19 Increase Rates for Charges for Water and Sewer
20 Utility Service in All Service Areas of North
21 Carolina and Approval of a Water System Improvement
22 Plan.

23 On June 30th, 2022, Aqua North Carolina
24 filed an Application with the Commission seeking

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1 authority to adjust and increase its rates for
2 providing water and sewer utility service in all of
3 its North Carolina service areas and for approval to
4 establish and implement a water and sewer investment
5 plan pursuant to North Carolina General Statute
6 § 62-133.1B and Commission Rule R1-17A. Aqua
7 proposes new rates for a base year and the three
8 rate years included in its water and sewer
9 investment plan. Aqua currently serves
10 approximately 84,000 water customers and 21,000
11 sewer customers in North Carolina. The Company also
12 operates over than 1600 wells in 738 water systems,
13 59 wastewater plants, and 201 sewer collection
14 systems in the State of North Carolina. The
15 Company's service territory spans 51 counties in
16 North Carolina and stretches 400 miles from Turkey
17 Pen Gap in Transylvania County in the west to
18 Harkers Village in Carteret County on the coast.

19 On July 26th, 2022, the Commission issued
20 an Order Establishing a General Rate Case and
21 Suspending Rates.

22 On September 8th, 2022, the Commission
23 issued an Order Scheduling Hearing, Establishing
24 Intervention and Testimony Due Dates and Discovery

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1 Guidelines and Requiring Notice. The Order
2 scheduled hearings for the purpose of taking public
3 witness testimony in Gastonia, Raleigh, as well as
4 tonight's hearing in Wilmington.

5 On September 21st, 2022, Aqua filed
6 updated information regarding its rate case
7 Application.

8 On September 23rd, 2022, Aqua filed a
9 Certificate of Service showing that customer notice
10 had been provided.

11 That brings us to today.

12 Pursuant to North Carolina General Statute
13 138A-15(e), I remind members of the Commission of
14 our duty to avoid conflicts of interest, and inquire
15 at this time as to whether any Commissioner has any
16 known conflict of interest with respect to this
17 docket?

18 (No response)

19 Let the record reflect that I have no such
20 conflict and that my fellow Commissioners have not
21 identified any such conflicts.

22 I now call upon counsel for the parties to
23 announce their appearances for the record, beginning
24 with the Applicant.

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1 MS. SANFORD: Thank you, Commissioner
2 McKissick and Commissioners Duffley and Kemerait.
3 I'll face this way if that's okay here. I don't
4 have a microphone so let me know if you can't hear
5 me.

6 I'm Jo Anne Sanford. I'm with the Sanford
7 Law Office in Raleigh and I represent Aqua North
8 Carolina. With me here tonight is State President
9 Shannon Becker of Aqua North Carolina, and there are
10 a number of Aqua employees who are here who are
11 available to meet with you after this hearing, at
12 another time, to try to answer any of your
13 questions. So there are people who would love to be
14 in contact with you if we can provide answers or any
15 information about service issues. I will ask the
16 Aqua employees to stand if I might so you'll know
17 who they are.

18 (Pause).

19 Thank you. Thank you, Commissioner
20 McKissick.

21 COMMISSIONER McKISSICK: Absolutely.

22 MS. CULPEPPER: Good evening. Elizabeth
23 Culpepper with the Public Staff appearing on behalf
24 of The Using and Consuming Public.

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1 COMMISSIONER McKISSICK: Thank you.

2 Before we get started, do the parties have
3 any preliminary matters that need to be addressed?

4 MS. SANFORD: Other than a brief opening
5 statement by Mr. Becker, we don't.

6 MS. CULPEPPER: And we would like to make
7 a brief statement.

8 COMMISSIONER McKISSICK: Let me go ahead
9 and provide the instructions to the witness and
10 we'll get to those opening statements.

11 Since there are no preliminary matters to
12 address at this time, I'll go ahead and proceed with
13 the hearing. But before we begin, I would like to
14 say a few words regarding the process for the
15 hearing. It's very important to listen to these
16 rules because I want to make sure that everybody
17 follows them.

18 First, I'd like to say we appreciate you
19 participating in this hearing to voice your opinions
20 and perspectives relating to this important matter,
21 and we welcome your testimony and want to hear from
22 you.

23 In conducting this hearing, the Commission
24 functions in its judicial capacity as we are

1 required to do by North Carolina Law. Because the
2 Commission functions as a court, we cannot respond
3 to your questions. Instead, we are here to receive
4 evidence from you-all in the form of your testimony.

5 The Public Staff, which represents the
6 Using and Consuming Public, is made a party to this
7 proceeding pursuant to North Carolina General
8 Statute 62-15(d) in this proceeding. The Public
9 Staff represents you, the Using and Consuming
10 Public, and the Public Staff will assist you in
11 providing your testimony this evening.

12 In order to facilitate a full and fair
13 opportunity for all speakers to participate, we will
14 use the following procedures:

15 Number one, witnesses who wish to testify
16 must sign up with the Public Staff. The Public
17 Staff will call each witness in the order listed on
18 the roster.

19 Number two, in order to allow each person
20 an equal amount of time, there will be a limit of
21 three minutes for each witness to speak. Therefore,
22 we would appreciate it if witnesses would try to
23 avoid cumulative, repetitive, and redundant
24 testimony.

1 Number three, to comply with Rules of
2 Procedure and Evidence, I must have each witness
3 swear or affirm the truth of his or her testimony
4 prior to providing that testimony. When you hear
5 your name called, please proceed to the stand, and I
6 will deliver the oath. If you will prefer to affirm
7 your testimony, please let me know when you come to
8 the stand. After your testimony has been sworn or
9 affirmed, I will ask you to please state your name
10 and address for the evidentiary record, and then you
11 may provide your testimony.

12 Number four, please refrain from offering
13 opinions on matters which are not related to Aqua's
14 Application which is before the Commission in this
15 docket. Also, please be sure to address your
16 testimony to the Commission and not to members of
17 the audience. In lieu of oral testimony, you may
18 submit written testimony as long as you swear to its
19 accuracy. Written statements must be submitted by a
20 person under oath during this hearing.

21 Number five, counsel for any party may ask
22 questions of the witnesses tonight. In addition,
23 the Commission will have the opportunity to ask
24 questions. This means that if you provide

1 testimony, you might be asked questions by the
2 attorneys or by the Commissioners.

3 Number six, testimony will be recorded by
4 a court reporter. Therefore, to ensure the accuracy
5 of the record, we ask that you speak clearly and not
6 engage in any unconventional modes of testimony such
7 as singing, or snapping your fingers, or applause,
8 or any like measures. That is something that will
9 be disruptive of the evening so we ask that that not
10 be conduct which you engage in. Additionally,
11 please remain quiet when you are not testifying so
12 the court reporter is able to hear the testifying
13 witnesses.

14 As a final reminder, the Commission and
15 attorneys for the parties are not allowed to respond
16 to your questions during this hearing. However,
17 both the Public Staff and Aqua have representatives
18 here who will be available after the hearing to
19 answer your questions.

20 Let's begin. Does Aqua or the Public
21 Staff wish to provide an opening statement at this
22 time? And I believe you indicated that Aqua would
23 like to do so, and the Public Staff as well.

24 MS. SANFORD: Yes, sir, we do.

1 COMMISSIONER McKISSICK: Go right ahead.

2 MR. BECKER: So I'm not by a microphone
3 microgrid. Can everybody hear me okay.

4 Good evening, and thank you, Commissioner
5 McKissick, for allowing me a brief opportunity to
6 address you and the fellow Commissioners and the
7 Public Staff, and our customers this evening.

8 To our customers who are taking advantage
9 of this opportunity to be heard today, I look
10 forward to hearing your testimony. Tonight is your
11 night to speak in this proceeding. We will not be
12 able to answer your questions on the record here,
13 but if you do have questions, we encourage you to
14 contact Aqua's customer service number 877-987-2782,
15 or use the contact form on our website at
16 aquaamerica.com.

17 As Ms. Sanford mentioned earlier, we also
18 have several members of our operations team, our
19 compliance team, our engineering team, that are all
20 familiar with our coastal operations and should be
21 able to answer all of your questions, if you would
22 like to ask them after the hearing is over.

23 We also have a member of -- a supervisor
24 of our Cary, North Carolina call center who is also

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1 outside. If you have any billing questions or
2 customer service questions you would like to ask of
3 him.

4 We will also follow up to respond to your
5 concerns more formally in a written filing to the
6 Utilities Commission within 20 days of this hearing.
7 In that report, Aqua will be responding to your
8 concerns as you express them here tonight. That
9 report will be a public document, which you can view
10 on the Commission's website.

11 We are subject to regulatory oversight by
12 this Commission, a thorough audit and review by the
13 Public Staff; and environmental regulation by the
14 North Carolina Department of Environmental Quality
15 and the Environmental Protection Agency. These
16 public hearings are a strong exercise of that
17 regulatory oversight by this Commission, and we look
18 forward to addressing any issues or concerns you
19 might have.

20 Thank you again for your participation in
21 the process. We know that asking for a rate
22 increase is never easy. We appreciate you taking
23 the time to be here tonight and for being our
24 customers. Thank you.

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1 COMMISSIONER McKISSICK: Ms. Culpepper?

2 MS. CULPEPPER: Shashi Bhatta from the
3 Public Staff's Water, Sewer, and Telephone Division
4 is also here with me tonight and can respond to
5 questions after the hearing or during any breaks.
6 If you have questions after the hearing, you can
7 reach the Water, Sewer, and Telephone Division at
8 919-733-5610. Thank you.

9 COMMISSIONER McKISSICK: Thank you.
10 Attorney Culpepper, are you ready to announce the
11 first witness?

12 MS. CULPEPPER: Yes, sir. Al Bennett.

13 COMMISSIONER McKISSICK: Mr. Bennett, if
14 you would come forward to the witness stand, to my
15 left.

16 If you would put your left hand on the
17 Bible and raise your right hand. And you can go
18 ahead and be seated, sir.

19 MR. BENNETT: I'm sorry. What?

20 COMMISSIONER McKISSICK: You can go ahead
21 and be seated.

22 MR. BENNETT: Let me get situated.

23 COMMISSIONER McKISSICK: Go ahead. Take
24 your time to get situated. Did you bring documents

1 with you that you want to be a part of your
2 statement this evening as exhibits?

3 MR. BENNETT: Yes, sir.

4 COMMISSIONER McKISSICK: At the
5 appropriate time, we will have Ms. Culpepper review
6 those and --

7 MR. BENNETT: I've got them on a USB drive
8 also, the rest of the documents with a description,
9 and page numbers, and so forth.

10 COMMISSIONER McKISSICK: Okay. If you
11 could, come on around and let's get you sworn in,
12 and then you can make your statement, sir.

13 Put your left hand on the Bible and raise
14 your right hand.

15 AL BENNETT;
16 having been duly sworn,
17 testified as follows:

18 COMMISSIONER McKISSICK: Go ahead and be
19 seated and speak into the microphone.

20 Could you please state your full name and
21 address for the record?

22 THE WITNESS: Okay. My full name is Alton
23 William Bennett.

24 COURT REPORTER: I cannot hear you,

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1 Mr. Bennett. I'm sorry.

2 COMMISSIONER McKISSICK: Bring the
3 microphone a little closer, sir, if you could.
4 Speak directly into it.

5 THE WITNESS: How is this?

6 COURT REPORTER: A little better.

7 THE WITNESS: That's -- my full name is
8 Alton William Bennett. And I live at 212 Grand
9 Champion Road in Wilmington. The location is
10 actually in New Hanover County. And the community
11 that I live in is the Village of Motts Landing and
12 we're served by the Cape Master System as far as
13 water is concerned.

14 COMMISSIONER McKISSICK: So you are
15 provided with service by Aqua?

16 THE WITNESS: That is correct.

17 COMMISSIONER McKISSICK: Now, have you
18 testified previously in a hearing related to this
19 particular case or this particular matter?

20 THE WITNESS: I have not.

21 COMMISSIONER McKISSICK: Go ahead and
22 proceed with your testimony, sir.

23 COURT REPORTER: Commissioner McKissick?

24 COMMISSIONER McKISSICK: Yes.

1 COURT REPORTER: May I move real quick to
2 get closer to the witness?

3 COMMISSIONER McKISSICK: Yes.

4 COURT REPORTER: Thank you.

5 COMMISSIONER McKISSICK: She's having a
6 little more difficulty hearing your voice, sir. So,
7 we're going to let the court reporter move a little
8 closer so that she can accurately --

9 THE WITNESS: I've got a hearing issue
10 also. Hopefully, I bought these hearing aids so we
11 can communicate.

12 COMMISSIONER McKISSICK: Okay.

13 THE WITNESS: Just to let you know that
14 could be the problem.

15 COMMISSIONER McKISSICK: Thank you. I
16 appreciate that notification. Just try to speak as
17 directly into the mic as you can. Go ahead and
18 proceed with your testimony, sir.

19 DIRECT STATEMENT:

20 THE WITNESS: Okay. I have some talking
21 points here, maybe talking points plus some bullets
22 and narrative that I would like to go through. I am
23 here to do what I can by my remarks to motivate the
24 action and the best interest of the public and

1 ensure all Aqua customers have affordable drinking
2 water that appears, tastes, and smells good, and is
3 safe.

4 Topics I intend to address in my remarks
5 include PFAS; transparency and honesty; iron and
6 manganese; and the performance of Aqua, the Public
7 Staff, and the Commission; and recommendations. And
8 I may run out of time here. We'll see. But I'll
9 proceed and see how much of this I can cover.

10 I have 21 printed documents here with a
11 total page count of 112 pages and a USB flash drive
12 with documents that I want to submit to the
13 Commission. I don't know.

14 COMMISSIONER McKISSICK: Well, you can
15 submit those at the end of your testimony.

16 THE WITNESS: Okay. Those documents
17 include a documents list with a description of each
18 document and page count, and my initial consumer
19 statement that I submitted. The documents contain
20 detailed information and references related to the
21 testimony I intend to give. I'll be making some
22 general statements. But how far you want to drill
23 down for details that are contained in these
24 documents that I have here.

1 COMMISSIONER McKISSICK: Okay. You have
2 about one minute and 15 seconds left. What I will
3 do, in my discretion, is give you two minutes
4 additionally since you took a little time to get
5 started.

6 THE WITNESS: I guess we're going to be
7 cut short here. Let me -- it looks like I have time
8 to cover just one important topic here. I was going
9 to conclude with recommendations, but it looks like
10 we won't be able to do that. I'm not sure how many
11 people we've got testifying.

12 Okay. Aqua is seeking a dramatic rate
13 hike with a multi-tier investment plan that contains
14 to provisions for removing PFAS from the drinking
15 water Aqua is supplying. Here's a key point: Many
16 experts believe there is no threshold for safe level
17 for any cancer-causing contaminant in drinking
18 water. Any exposure has a potential to cause
19 irreversible harm.

20 Another key point is the level of
21 cancer-causing chemical in drinking water that is
22 unacceptable as an individual decision. In order to
23 make a smart decision, people need information. And
24 I'll -- it's not likely customers want any levels of

1 a cancer-causing chemical in a drinking water.
2 Aqua's own data, the Cape Fear Public Utilities
3 Authority, Monterey Heights water system data, the
4 Chemours/Parsons lower Cape Fear area, well sampling
5 data, and the owner-posted signs clearly indicate
6 water from the Cape Master System contains PFAS
7 chemicals including GenX, PFOA, PFOS, and PFAS. The
8 Monterey Heights water system, the Cape Master water
9 system are in the same area. They actually overlap.

10 A logical conclusion for me from
11 researching this information here is, the
12 conclusion, the logical one headline is "North
13 Carolina Principle Aquifers are Contaminated with
14 PFAS".

15 To continue in this area, transparency and
16 honesty. I'm going to address this as a topic now.

17 The lack of transparency on the part of
18 Aqua and inconsistencies in admissions in Aqua's own
19 statements in supplying data about PFAS, and
20 conflicts with other sources cast out upon Aqua
21 supplied information. And as showed to me, profit
22 is job one for Aqua.

23 Aqua states in its -- it's been monitoring
24 for PFAS for 2019 when its own data shows it has

1 been monitoring PFAS for 2017 in the cases of the
2 Cape Master System.

3 Aqua filed the lawsuit against Chemours et
4 al. on July 16th, 2021. So apparently Aqua had
5 enough information to move forward with a lawsuit
6 against the Chemours and 3M.

7 COMMISSIONER McKISSICK: Sir, you have
8 about 30 seconds left.

9 THE WITNESS: 30 seconds?

10 COMMISSIONER McKISSICK: Yes.

11 THE WITNESS: Well, we can wrap it up
12 right now. I have example after example of
13 inconsistencies here. And the detailed
14 documentation that I've provided will support that.
15 So, I've had time to only cover one topic, PFAS, and
16 a small amount of another topic, transparency and
17 honesty. So I guess time takes care of it then, so
18 I'm done.

19 COMMISSIONER McKISSICK: Thank you, sir,
20 for providing your testimony. We provided you with
21 about five minutes rather than three minutes.

22 THE WITNESS: I appreciate that.

23 COMMISSIONER McKISSICK: So, in the
24 interest of fairness, we'll provide other witnesses

1 with five minutes as well.

2 Thank you, sir, for providing your
3 testimony. Do you want to present those documents
4 to the -- Ms. Culpepper?

5 MS. CULPEPPER: May I approach?

6 COMMISSIONER McKISSICK: Yes.

7 THE WITNESS: Give them to her?

8 COMMISSIONER McKISSICK: Yes.

9 THE WITNESS: There is a hard copy and
10 there is a USB drive with the same thing as the hard
11 copy.

12 So I guess I'm done.

13 COMMISSIONER McKISSICK: Yes, sir.

14 THE WITNESS: Thank you.

15 COMMISSIONER McKISSICK: Sure. Thank you.
16 We appreciate you coming this evening and providing
17 your testimony.

18 THE WITNESS: I guess I was long-winded.
19 This was my short version and it goes for 20
20 minutes.

21 COMMISSIONER McKISSICK: It goes 20
22 minutes. Unfortunately, we -- the documents,
23 hopefully, will provide additional information that
24 the Commission can rely upon during its

1 deliberations in this case.

2 How would you like to mark these exhibits?

3 MS. CULPEPPER: Would you mark them
4 individually or all as one?

5 COMMISSIONER McKISSICK: Let's put them
6 all as one if that will work. If there's one clip
7 we can keep them under -- otherwise it looks like
8 you might have 20.

9 MS. CULPEPPER: There are 21 individual
10 documents as Mr. Bennett stated. We would like to
11 have them marked for identification as Bennett
12 Exhibit 1.

13 COMMISSIONER McKISSICK: Excellent. And
14 they are admitted as such. Thank you. Bennett
15 Exhibit 1.

16 (WHEREUPON, Bennett Exhibit
17 1 is received into
18 evidence.)

19 COMMISSIONER McKISSICK: Yes.

20 MS. SANFORD: I have one clarifying
21 question. Is the USB a different document or is
22 that the same?

23 THE WITNESS: I'm sorry. I didn't --

24 MS. SANFORD: I just want to be sure we're

1 getting all the -- is the USB the same as the paper
2 document?

3 THE WITNESS: It should be.

4 MS. SANFORD: Should be. Okay. I didn't
5 know if that was additional.

6 COMMISSIONER McKISSICK: Let the record
7 reflect there were no questions from the Company's
8 attorney or from the Public Staff or from
9 Commissioners.

10 You may call the next witness.

11 MS. CULPEPPER: Robert Fey.

12 COMMISSIONER McKISSICK: You got your left
13 hand on the Bible. Right hand is up.

14 ROBERT FEY;

15 having been duly sworn,

16 testified as follows:

17 COMMISSIONER McKISSICK: Thank you.

18 Please be seated.

19 Can you state your full name as well as
20 your address for the record?

21 THE WITNESS: Robert Kevin Fey, Sr., 6005
22 Hubbard Town Trail, Wilmington, North Carolina
23 28412.

24 COMMISSIONER McKISSICK: Are you currently

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1 an Aqua customer?

2 THE WITNESS: Yes, sir.

3 COMMISSIONER McKISSICK: What subdivision
4 do you live in?

5 THE WITNESS: Willow Glen at Beau Rivage
6 Plantation.

7 COMMISSIONER McKISSICK: And have you
8 provided testimony previously related to this
9 particular case or docket?

10 THE WITNESS: No, sir.

11 COMMISSIONER McKISSICK: Thank you. You
12 may proceed with your testimony.

13 THE WITNESS: Thank you.

14 DIRECT STATEMENT:

15 THE WITNESS: First, I'd like to thank
16 Mr. Bennett for his testimony as far as the chemical
17 composition. We are neighboring subdivisions. We
18 are across the street. Our's was more detailed
19 towards the price increases that seem a little
20 excessive for what they're asking for. It actually
21 comes to being more than 50 percent of an increase
22 in cost for the subdivisions. Based on an average
23 of 10,000 gallons per month usage that ran from
24 September 15th, 2021 through September 15th, 2022.

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1 Water hook up at the present rate is
2 \$102.72 per month with a proposed of \$157.80, which
3 is a \$55 a month increase of 53.6 percent. Water
4 usage at \$186 currently with a proposed of \$276 a
5 month, which is an increase of \$90, which is 48.3
6 percent increase.

7 The Water/Sewer Improvement Plan is at
8 5.35 percent over a three-year period, which is
9 \$9.96 additional currently.

10 The sewer hook up - and this is where the
11 big cost comes in - it's currently \$557.88 with a
12 proposed of \$894 per month for a \$336.12, which is a
13 60.2 percent hike. So, it's way higher than it
14 needs to be in our opinion. Sewer usage is \$219.60
15 with a proposed of \$354 for an increase of \$134.40,
16 which is 61.2 percent. And the SS (sic) fee, the
17 Sewer Improvement Plan is \$1.47 currently.

18 So the net cost is \$1045.49 per month for
19 10,000 gallon usage currently with a proposed of
20 \$1635.80, which is a \$590 hike of 56.5 percent. So
21 it comes down to about \$49.20 per month increase and
22 it -- and one of the big issues is your irrigation
23 systems. Aqua does not split unless you pay for an
24 extra meter at the cost of like \$2500 to run

1 irrigation as opposed to regular water and sewer
2 household.

3 And your HOA subdivisions, they have rules
4 and guidelines for what your yard should look like.
5 So if you're being charged sewer usage on water
6 that's going back into the ground, back into the
7 servicing area, into the aquifer, then the increase
8 is not really justified for water that's being
9 replaced. And that was our big thing.

10 This was all prepared by Dennis and Susan
11 Delahunty who are -- wrote in as a representation of
12 our neighborhood, and I do want to give them credit
13 for the preparation, and I'm here as the speaker on
14 behalf of all of them for this process.

15 So we would like to have them seriously
16 look at the effect this will have, not only on all
17 customers but Willow Glen and Motts Landing, as far
18 as we have requirements, and I'm sure everybody that
19 has an HOA has requirements by their HOA, that
20 you're going to foot a much larger bill so HOA's
21 which will come to play in the courts, they cannot
22 force you to incur additional debt because outside
23 utilities have increased. So lawns are going to go
24 dormant, leaves are going to go over taken, and then

1 house values will go down, but yet the County will
2 tax you still at the current rate even though you
3 can't get based on current conditions.

4 COMMISSIONER McKISSICK: Thank you for
5 your testimony. Wait a few minutes, let's see if we
6 have any questions.

7 Any questions?

8 MS. SANFORD: I have one clarifying
9 question Mr. Fey. I want to be sure I understand
10 your situation.

11 EXAMINATION BY MS. SANFORD:

12 Q Are you a water and wastewater customer?

13 A Yes. Our water comes in. We get one bill. It
14 has water and sewer on it.

15 Q Right. And Aqua provides --

16 A Correct.

17 Q -- those services to you?

18 A Correct.

19 MS. SANFORD: Okay. I think that's my
20 only question now. Thank you.

21 THE WITNESS: Yes, ma'am.

22 MS. CULPEPPER: No questions from the
23 Public Staff.

24 COMMISSIONER McKISSICK: Let's see if

1 there are any questions from Commissioners.

2 (No response)

3 No questions from Commissioners. You may
4 step down. Do you want the document you're holding
5 admitted into the record as a part of your --

6 THE WITNESS: Yes, please.

7 COMMISSIONER McKISSICK: All right.

8 MS. CULPEPPER: May I approach?

9 COMMISSIONER McKISSICK: Yes.

10 (Discussion between Ms. Culpepper and the
11 witness at the witness stand.)

12 MS. CULPEPPER: I would request that this
13 be identified as Fey Exhibit 1.

14 COMMISSIONER McKISSICK: Your motion is
15 allowed.

16 (WHEREUPON, Fey Exhibit 1 is
17 marked for identification.)

18 COMMISSIONER McKISSICK: You may step
19 down.

20 THE WITNESS: Thank you very much.

21 MS. CULPEPPER: We would also ask that it
22 be admitted into evidence.

23 COMMISSIONER McKISSICK: Allowed as well.

24 (WHEREUPON, Fey Exhibit 1 is

1 received into evidence.)

2 COMMISSIONER McKISSICK: If you could
3 announce the next witness.

4 MS. CULPEPPER: Those are the only
5 witnesses that have signed up to speak.

6 COMMISSIONER McKISSICK: The only
7 witnesses that are signed up to speak? Okay.

8 Are there any other persons here in the
9 courtroom this evening that have not signed up at
10 this time but still came here --

11 (Audience member raised hand)

12 COMMISSIONER McKISSICK: Is it your
13 interest in testifying this evening?

14 UNKNOWN SPEAKER: Yes.

15 COMMISSIONER McKISSICK: If you would come
16 forward, sir.

17 Do you want him to sign up at this time?

18 MS. CULPEPPER: No, sir.

19 COMMISSIONER McKISSICK: Just come to the
20 stand?

21 If you could go ahead and proceed to the
22 witness stand, sir.

23 DAVID ECHEVARRIA;

24 having been duly sworn,

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1 testified as follows:

2 COMMISSIONER McKISSICK: Thank you. You
3 can be seated.

4 If you could, sir, please state your name
5 and address for the record?

6 THE WITNESS: My name is David Echevarria.
7 I live at 207 Cape Court, which is in the Cape
8 Community served by Aqua.

9 COMMISSIONER McKISSICK: Have you
10 testified previously?

11 THE WITNESS: No, sir, I have not.

12 COMMISSIONER McKISSICK: And could you do
13 one thing, spell your last name for the benefit of
14 the court reporter?

15 A E-C-H-E-V, as in Victor, A-R-R-I-A.

16 COMMISSIONER McKISSICK: You may proceed
17 with your testimony.

18 DIRECT STATEMENT:

19 THE WITNESS: Very simply, my background,
20 a PhD in Finance, and my speciality is corporate
21 performance, which I've been doing now for about
22 four decades. I'm currently an adjunct faculty at
23 UNC-W in the Cameron School of Business.

24 Yes, the rate increases are significant

1 and in many cases more than 50 percent. My question
2 gets to something deeper. Most Utilities
3 Commissions around the country, and I've lived in
4 six different states over my life, there is usually
5 a guarantee of return on investment to the public
6 utility companies. Normally around 10 percent. And
7 while Aqua has been very generous at giving us all
8 the numbers of their increasing gross revenues, what
9 they have not been given us, and which I find
10 significantly lacking, is what are their profit
11 margins? What are their investments going to be
12 with respect to all of these changes in water
13 service and sewage improvement plans, et cetera?
14 And so what I want to find out from the Company is,
15 I really want a copy of their balance sheet and
16 their income statement so that I can go through
17 there and perform a standard analysis to see whether
18 or not these increases in rates are justified on a
19 return-on-investment basis. That's the total of
20 my --

21 COMMISSIONER McKISSICK: The total of your
22 testimony.

23 THE WITNESS: Yes.

24 COMMISSIONER McKISSICK: Okay. Just

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1 remain seated for awhile. Let us see if there are
2 any questions from Company's counsel.

3 MS. SANFORD: I have no questions. But we
4 would like to follow up with you at the conclusion
5 of the hearing about your question, if that's
6 agreeable to you?

7 THE WITNESS: Certainly. I would
8 appreciate that. Yes.

9 COMMISSIONER McKISSICK: Ms. Culpepper,
10 any questions?

11 MS. CULPEPPER: No questions.

12 COMMISSIONER McKISSICK: Commissioners?
13 Yes. Go right ahead, Commissioner Kemerait.

14 EXAMINATION BY COMMISSIONER KEMERAIT:

15 Q Thank you for your testimony. For
16 clarification, are you a water and wastewater
17 customer of Aqua?

18 A Well, I have one line coming into my property
19 and it's got a meter on it so -- and I've got a
20 sewage hook up, so I guess I'm both.

21 MS. KEMERAIT: Thank you.

22 COMMISSIONER McKISSICK: Any other
23 questions from Commissioners?

24 (No response)

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1 All right. You can come on down. Are
2 there any documents you want as part of the record
3 related to your testimony?

4 THE WITNESS: No, sir.

5 COMMISSIONER McKISSICK: Okay. Very good.
6 Are there any other persons that are here tonight
7 that have not signed up that would like to testify.

8 (Audience member raised hand)

9 COMMISSIONER McKISSICK: If you could come
10 forward, sir, at this time.

11 If you could put your left hand on the
12 Bible, raise your right hand.

13 LARRY LAWSON;
14 having been duly sworn,
15 testified as follows:

16 COMMISSIONER McKISSICK: Come on around
17 and have a seat.

18 Could you state your full name for the
19 record as well as your address?

20 THE WITNESS: My name is Larry Lawson. I
21 live at 404 Bobby Jones Drive, Wilmington, North
22 Carolina 28412.

23 COMMISSIONER McKISSICK: And are you
24 currently a customer of Aqua?

1 THE WITNESS: I am.

2 COMMISSIONER McKISSICK: In what
3 subdivision are you located in?

4 THE WITNESS: I live in the Cape.

5 COMMISSIONER McKISSICK: In the Cape?

6 THE WITNESS: Where Aqua has all of the
7 facilities.

8 COMMISSIONER McKISSICK: And have you
9 testified previously in any public hearings related
10 to this particular proceeding docket?

11 THE WITNESS: No.

12 COMMISSIONER McKISSICK: Please proceed
13 with your testimony.

14 DIRECT STATEMENT:

15 THE WITNESS: I don't know, I'm just
16 dealing with the numbers that we were presented, and
17 I don't have a lot of background on water usage and
18 whatnot.

19 But as a professional, I dealt with a lot
20 of huge contracts and some were one year, two year,
21 three year, and some had renewals in them, and a lot
22 of them had automatic renewals and adjustments by
23 CPI and some were predetermined. So that was the
24 background that I'm coming from.

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1 And all I had to deal with were the
2 numbers you gave me in this little briefing paper
3 and I played with them for a little bit this
4 afternoon. And I looked at -- the meter charges are
5 going up 53 percent for the one -- less than a
6 meter -- less than an inch meter, 1 inch meter, and
7 1.5 inch meter; all 53 percent. Usage charges per
8 1,000 gallons, existing is \$1.55. It's going to
9 \$2.30, which is a 48 percent increase. And the
10 unmetered, I don't know if I really need to address
11 those because I don't know anything about unmetered
12 water, but they go up 56 and 44 percent. The sewer
13 charges on the other hand, the existing charge is
14 \$54.11. That's going up to \$93.87, which is
15 73 percent. And for commercial, it's a little less
16 than that. It's 45 percent. And I guess this other
17 part on the back is something to do with the sewer
18 for 1.5 inch meters and it was all up to 60 percent.

19 Now, in most of the cases that I've with
20 on increases are predetermined. I don't have -- I
21 never worked with a utility company before. I never
22 had any dealings with any utility companies. But
23 the -- I think the Social Security this past year,
24 they did a -- the way the finances and inflation is

1 going up -- 8.6 percent or 8.7 percent, something
2 like that in January. So we're going to get a
3 little boost in our Social Security, which probably
4 is not enough to take care of this. So if you want
5 to raise all my stuff 8.6/7 percent, I'll just go
6 along with it.

7 Other than that, I know I go to Aldi's and
8 buy milk and I buy a dozen eggs, and three months
9 ago I was paying 37 cents for those eggs. I was
10 there today and it's \$2.51. Now, the only problem I
11 have relating that to Aqua is I don't have to buy
12 those eggs, but I have to use that water. I can't
13 live without the water. I can because I've got a
14 well. But I mean, I think the rates here -- I think
15 you shot for the moon. Or let's use a baseball
16 analogy. You swung for a home run and I'm willing
17 to give you a bunt. Let's negotiate it between
18 there somehow. There's got to be a happy landing in
19 there somewhere. But I don't think this is
20 justified from what I got here. Now, you may be
21 able to show me where you're spending a billion
22 dollars and some kind of adjustments that you're
23 making and maybe it's a federal requirement, but I
24 don't know. But based on these numbers, I think

1 we're a little out of line. And that's all I have.

2 COMMISSIONER McKISSICK: Thank you, sir.

3 Let's wait a few minutes to see if the Company's
4 attorney has any questions of you.

5 MS. SANFORD: I do not. But thank you for
6 coming.

7 THE WITNESS: Thank you.

8 MS. CULPEPPER: No questions.

9 COMMISSIONER McKISSICK: No questions from
10 the Public Staff. Any questions from Commissioners?

11 (No response)

12 COMMISSIONER McKISSICK: No questions from
13 Commissioners so sir, you are free to step down from
14 the witness stand.

15 THE WITNESS: Thank you. I wish my job
16 was this easy all of the time.

17 COMMISSIONER McKISSICK: Now, are there
18 any other witnesses that did not sign up that are
19 present tonight in this courtroom that would like to
20 testify? I'm not seeing any raised hands.

21 Are there any concluding comments from
22 Company counsel or from Public Staff?

23 MS. SANFORD: No, sir, none from us.

24 MS. CULPEPPER: None from the Public

1 Staff.

2 COMMISSIONER McKISSICK: Well, let me
3 thank each and everyone of you that came out this
4 evening. We appreciate you providing your
5 testimony. It will be a part of the record. It
6 will be a verbatim transcript. And certainly the
7 Commission will take it under due consideration
8 during the pendency of this action as we decide what
9 actions to take in connection with the applications
10 that are before us.

11 So thank you very much. Have a good
12 evening. We now stand adjourned.

13 (The proceedings were adjourned)
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C E R T I F I C A T E

I, KIM T. MITCHELL, do hereby certify that the
Proceedings in the above-captioned matter were taken
before me, that I did report in stenographic shorthand
the Proceedings set forth herein, and the foregoing
pages are a true and correct transcription to the best
of my ability.

Kim T. Mitchell

Kim T. Mitchell

NORTH CAROLINA UTILITIES COMMISSION