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PLACE: Craven County Courthouse  
New Bern, North Carolina  
DATE: Tuesday, August 28, 2018  
TIME: 7:00 p.m. - 8:05 p.m.  
DOCKET NO: W-354, Sub 360  
BEFORE: Chairman Edward S. Finley, Jr., Presiding  
Commissioner ToNola D. Brown-Bland  
Commissioner Jerry C. Dockham  
Commissioner James G. Patterson  
Commissioner Lyons Gray  
Commissioner Charlotte A. Mitchell

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 of Its Service Areas in North Carolina, Except  
Corolla Light and Monteray Shores Service Area

VOLUME: 1

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A P P E A R A N C E S:  
FOR CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA:  
Robert H. Bennink, Jr., Esq.  
Bennink Law Office  
130 Murphy Drive  
Cary, North Carolina 27513  
  
FOR THE USING AND CONSUMING PUBLIC:  
Gina C. Holt, Esq.  
Public Staff - North Carolina Utilities Commission  
4326 Mail Service Center  
Raleigh, North Carolina 27699-4300

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

1  
2 CHAIRMAN FINLEY: Good evening, ladies and  
3 gentlemen. We will come to order now and go on the  
4 record. My name is Edward Finley and with me this  
5 evening are Commissioners ToNola D. Brown-Bland, Jerry  
6 C. Dockham, James G. Patterson, Lyons Gray, and  
7 Charlotte A. Mitchell.

8 The Commission now calls for hearing at this  
9 time for the purpose of taking non-expert, public  
10 witness testimony in the Docket Number W-354, Sub 360,  
11 In the Matter of Application for Carolina Water  
12 Service of North Carolina for Authority to Increase  
13 Rates for Water and Sewer Utility Service in Its  
14 Subdivisions in North Carolina, Except for Corolla  
15 Light and Monteray Shores Service Areas.

16 On April 27, 2018, Carolina Water filed an  
17 Application with the Commission seeking authority to  
18 increase its rates for water and sewer utility service  
19 in all of its service areas in North Carolina,  
20 effective May 27, 2018. Carolina Water is proposing  
21 an increase in its water and sewer rates for its four  
22 rate divisions approved in the last general rate case,  
23 and it's also proposing uniform water and sewer rates  
24 for Elk River Development.

1           In addition, Carolina Water Service is  
2 requesting authority to implement a Consumption Band  
3 Water and Wastewater Rate Adjustment Mechanism within  
4 each of the Company's rate divisions.

5           On May 16, 2018, the Company served a  
6 filing, an amendment to its Application.

7           And on May 22, 2018, the Commission issued  
8 its Order Establishing General Rate Case, Suspending  
9 Rates, Scheduling Hearings and Requiring Customer  
10 Notice. Pursuant to this Order, the Commission  
11 declared this proceeding to be a general rate case.  
12 Pursuant to G.S. 62-137, it suspended the proposed new  
13 rate for up to 270 days. Additionally, the Order  
14 scheduled the Application for evidentiary hearing on  
15 October 16, 2018, and scheduled the public witness  
16 testimony hearing for this date, at this time, and in  
17 this place.

18           On May 30, 2018, the Company filed an  
19 ongoing three-year WSIC/SSIC plan.

20           Numerous customer statements of position  
21 have been filed in the docket.

22           Pursuant to the State Ethics Act, I remind  
23 members of the Commission of their duty to avoid  
24 conflicts of interest, and inquire whether any member

1 of the Commission has a known conflict of interest  
2 with regard to the matters coming before the  
3 Commission?

4 (No response)

5 Let the record show that no conflicts have  
6 been identified.

7 We also recognize the intervention and its  
8 participation in this case by the Public Staff of the  
9 North Carolina Utilities Commission.

10 And let me ask whether there are any  
11 preliminary matters that have to be addressed before  
12 we begin?

13 MS. HOLT: No.

14 MR. BENNINK: No, sir.

15 CHAIRMAN FINLEY: Deputy Mayberry has a  
16 statement he's going to make preliminarily here.

17 DEPUTY MAYBERRY: Ladies and gentlemen, I  
18 remind you that this is a court proceeding held in  
19 this courtroom; therefore, order and decorum are  
20 required. Testimony will be taken from witnesses.  
21 Others in the courtroom must remain silent and may not  
22 interfere with the proceedings.

23 The Chairman will instruct you as to the  
24 rules and regulations to be followed. Pay attention

1 to his instructions and adhere to them.

2 One last reminder, please make sure your  
3 cell phones are silenced. Thank you.

4 CHAIRMAN FINLEY: Ladies and gentlemen,  
5 we'll go over a few rules and regulations here. This  
6 looks like an orderly crowd and I anticipate that  
7 that's what we will face here, but we have been in  
8 hearings, particularly with the electric companies,  
9 where the audience gets quite unruly. And we're going  
10 to have to go through some regulations and rules so  
11 that we can avoid anything like that and so you will  
12 know what to do when and if you're called for  
13 testimony or even when you're sitting out there in the  
14 audience.

15 So we appreciate your coming here tonight  
16 for this important matter and we welcome your  
17 testimony and we are glad that you are here.

18 There are a few ground rules that we will  
19 follow. In conducting this hearing the Commission  
20 functions as a court. We do this pursuant to statute;  
21 we have to follow these rules and regulations. We're  
22 in a courtroom for that very reason. We must take  
23 sworn testimony pursuant to statutes that have been  
24 passed by the General Assembly over many years. We

1 operate pursuant to the Rules of Procedure and the  
2 Rules of Evidence and we want to conduct the hearing  
3 in a very orderly manner. So we request your  
4 voluntary participation and that you will abide by  
5 these rules and, if you don't we have some sanctions  
6 that we can impose. We've done that in other cases.  
7 We don't anticipate we'll have to do that tonight.

8 But in order to facilitate a fair and full  
9 opportunity for all speakers to participate here are  
10 some of the rules:

11 Witnesses must register with the Public  
12 Staff, so many of you have done that already, and  
13 verify that you are a non-party witness; that you're  
14 not a professional witness in this proceeding tonight.  
15 You will be called in the order in which you have  
16 signed up on that roster.

17 In order to allow each person an equal  
18 amount of time to testify there will be a limit on  
19 testimony of each particular person. We're going to  
20 begin to limiting the testimony to five minutes, and  
21 we have a sign right here that will run down as your  
22 time runs out, so pay attention to this sign right  
23 here. So keep your testimony to that limit and that  
24 way everybody can be heard before we're finished.



1           Please avoid -- see if you can avoid  
2 cumulative, repetitive and irrelevant testimony. If  
3 somebody has already said what you intended to say,  
4 you can say I agree with that person or you can  
5 elaborate to the extent you want to.

6           Witnesses will have to be sworn in and you  
7 can either swear in or affirm that your testimony will  
8 be true and accurate.

9           Witnesses should refrain from offering  
10 opinions on the matter not specified in the notice of  
11 the hearing, and you should address your testimony to  
12 the Commissioners. The Commissioners are the people  
13 who have to make the decision here so that's who you  
14 need to talk to. Focus on the issues presented in the  
15 docket and refrain from making personal criticisms of  
16 the parties or other hearing participants.

17           In lieu of the oral testimony, if you  
18 brought something written that you want to submit into  
19 the evidence of the case you can do that, and just  
20 have it summarized or just rely on it altogether if  
21 you wish.

22           Sometimes the witnesses will be cross  
23 examined by the parties of the case or by some of the  
24 Commissioners, and so once you're made your testimony

1 stick around a few minutes to let's see if somebody  
2 has some questions that they might want to make clear  
3 what you intended to say.

4 I think for the moment that's what we'll do  
5 as far as rules and regulations are concerned.

6 Thank you, Deputy Mayberry, I appreciate  
7 your --

8 DEPUTY MAYBERRY: Yes, sir.

9 CHAIRMAN FINLEY: Call your first witness.

10 MS. HOLT: Thank you. Mr. Ted Warnock.

11 TED WARNOCK;

12 having been duly sworn,

13 testified as follows:

14 DIRECT EXAMINATION BY MS. HOLT:

15 Q Thank you. Could you please state and spell your  
16 name for the record?

17 A Sure. I'm Ted Warnock. It's W-A-R-N-O-C-K.

18 Q And what is your address?

19 A 5002 Plymouth Court, New Bern.

20 Q And in what subdivision do you live?

21 A Fairfield Harbour.

22 Q Thank you. Please proceed.

23 A Thank you. Good evening, ladies and gentlemen.

24 It's a pleasure to be here this evening. My

1 primary purpose for this testimony is to present  
2 to you a set of petitions that have been signed  
3 by residents of Fairfield Harbour. Obviously,  
4 there have been many conversations on this matter  
5 among the various residents and, generally, I  
6 want to summarize some of the thoughts from my  
7 own perspective. Number one, I'm very frustrated  
8 that there has been no consumer information  
9 provided about why this rate increase is being  
10 asked for. We've read and re-read what we  
11 received and it simply says "here's the deal".  
12 The percentages are way beyond inflation and even  
13 local wage growth percentages that we see in our  
14 area, so they seem -- they seem extreme. These  
15 increases are close on the heels of rate  
16 increases that have been approved in the last two  
17 years. Besides that, the water quality is quote,  
18 okay, but every homeowner, quote, unquote, has to  
19 install water softeners and drinking water  
20 purification to make the water truly enjoyable.

21 I'm a retired military officer and  
22 I've lived many different places, and I can tell  
23 you the last residence was Fairfax County,  
24 Virginia, and we paid the amount for water in a

1 quarter there than we paid for a month here. And  
2 I have to scratch my head, we didn't need any  
3 water purification or softening in that location.

4 Finally, what I want to do is just  
5 read to you the statement that's on this Petition  
6 that every one has signed. And I want to also  
7 mention there are 283 verified signatures here.  
8 We tried to limit, in fact, we did limit people  
9 to one signature per address so we're not double  
10 counting. But here's the statement:

11 We, the undersigned, are concerned  
12 residents of Fairfield Harbour who urge the North  
13 Carolina Utilities Commission and the Attorney  
14 General to oppose and disallow the rate increases  
15 proposed by CWSNC for Fairfield Harbour.

16 Proposed increases in the average monthly  
17 residential bill of over 51 percent in water  
18 utility service rate and over 22 percent in sewer  
19 utility service rate in Fairfield Harbour are not  
20 justified nor reasonable in comparison to rates  
21 paid by residents in neighboring areas. The  
22 increases proposed by CWSNC are outrageous in  
23 light of increased efficiencies promised by CWSNC  
24 as a result of their corporate reorganization in

NORTH CAROLINA UTILITIES COMMISSION

1 August 2016, and utility rate increases very  
2 recently granted CWSNC by the Commission (water  
3 increase of 21.38 percent, sewer increase at 9.26  
4 percent) in November of 2017.

5 And that concludes my statement.

6 MS. HOLT: Thank you.

7 CHAIRMAN FINLEY: Are there questions of  
8 Mr. Warnock?

9 MR. BENNINK: No questions.

10 BY MS. HOLT:

11 Q Thank you. Mr. Warnock, would you like to enter  
12 those petitions into the evidence?

13 A I would.

14 MS. HOLT: Mr. Chairman, I'd like to have  
15 that marked as Warnock Exhibit 1.

16 CHAIRMAN FINLEY: That will be so marked.

17 (WHEREUPON, Warnock Exhibit 1 is  
18 marked for identification.)

19 CHAIRMAN FINLEY: Thank you for coming out,  
20 Mr. Warnock.

21 THE WITNESS: Thank you.

22 (The witness is excused.)

23 MS. HOLT: The Public Staff calls Ms. Beth  
24 Warnock.

1 (Ms. Warnock shakes head no)

2 Mr. Simon Lock.

3 SIMON LOCK;

4 having been duly sworn,

5 testified as follows:

6 DIRECT EXAMINATION BY MS. HOLT:

7 Q Could you please state your name for the record?

8 A Yes. My name is Dr. Simon Lock.

9 Q And in what subdivision do you live?

10 A I live in Fairfield Harbour.

11 Q Thank you. Please proceed.

12 A Thank you. So I echo a lot of what Mr. Warnock  
13 said; however, there are some other things that  
14 need to be considered here. We know that CWS is  
15 a privately-held corporation. It's owned by  
16 Utilities, Inc., and they in turn apparently are  
17 owned by another organization called Corix who in  
18 turn apparently is owned by the British Columbia  
19 Investment Management Corporation. After doing  
20 quite a lot of research online I have been not  
21 able to find any profit or loss statements for  
22 any of these companies so we have no means of  
23 being able to judge even whether the rate  
24 increases that we have seen in the past are

1 reasonable or whether they are basically gouging  
2 the company -- gouging the residents of Fairfield  
3 Harbour.

4 So what I have -- would like to  
5 say is the water and sewer rates have outstripped  
6 the inflation in this area and across the  
7 country. Last year, we -- you allowed a rate  
8 increase of I believe it was 20 percent  
9 approximately on the water rate, and I was here  
10 last year to ask you to refuse to give them that  
11 rate. The fact that they are coming back a year  
12 later and now asking for 50 percent on the water  
13 rate is totally scandalous. And I would ask you  
14 not only to refuse that rate but also to roll  
15 back the rate to something that is comparable  
16 with other communities in the area.

17 I actually submitted a letter to  
18 Mr. David Drooz the Chief Counsel, and in it on  
19 the second page, and this has been submitted, I  
20 don't know if the Commission has got a copy of  
21 that yet, but on the second page there is a graph  
22 that shows the water rates. And in comparison to  
23 other communities in the area what the  
24 Commission is -- CWS is asking for is just

1       outrageous. All the local water companies are  
2       all pumping from the same aquifer so it makes no  
3       sense that one company can offer a rate of \$18  
4       for a basic rate of 4000 gallons and CWS is  
5       proposing a rate of over \$40 for that same  
6       4000 gallons of water. Their expenses to draw  
7       that water out are no larger than any other  
8       community in the area.

9                       The other thing that I would point  
10       out is that Fairfield Harbour has approximately  
11       35 miles of roads. If I equate 35 miles of roads  
12       to 35 miles of utility lines, that is far smaller  
13       than any of these other communities. Craven  
14       County, I couldn't get a road account, but  
15       Pamlico County has over 300 miles of road and yet  
16       their rate is still lower than what CWS is  
17       proposing. Jones County, which is quite a bit  
18       lower than Pamlico County, also has an extensive  
19       road system. So there is something very wrong  
20       when a company can come in and ask for rates like  
21       this.

22                       Last year, I had asked the  
23       Commission to consider mandating that CWS use a  
24       rate value that would be based on water



1 consumption and not on excessive fixed costs. It  
2 should be in proportion to what we're using. So  
3 somebody who's using 10,000 gallons should not be  
4 paying only a few dollars more than somebody  
5 using 4000 and 3000 gallons. They should be  
6 paying a lot more for their water. They should  
7 be paying two and a half times the amount, but  
8 we're not seeing that. The fixed costs that CWS  
9 is charging are excessive and I hope that you  
10 will not only refuse this rate but you will  
11 consider rolling the rate back to something that  
12 is more manageable for the people in our  
13 community. Thank you.

14 CHAIRMAN FINLEY: Thank you, Mr. Lock.  
15 Let's mark his letter here just to make sure we get it  
16 in the record.

17 MS. HOLT: I will mark Mr. Lock's statement  
18 as Lock Exhibit 1, and we ask that it be admitted into  
19 evidence.

20 CHAIRMAN FINLEY: So admitted.

21 (WHEREUPON, Lock Exhibit 1 is  
22 identified and admitted into  
23 evidence.)

24 CHAIRMAN FINLEY: Questions for Mr. Lock --

1 Dr. Lock?

2 MR. BENNINK: No questions.

3 CHAIRMAN FINLEY: Thank you, Dr. Lock.

4 THE WITNESS: Thank you.

5 (The witness is excused.)

6 MS. HOLT: Mr. Jerry Haywood -- Harwood.

7 Would you like to speak?

8 (Mr. Harwood shakes head no)

9 Ms. Diana Viglianese. Excuse my  
10 pronunciation.

11 DIANA VIGLIANESE;

12 having been duly sworn,

13 testified as follows:

14 DIRECT EXAMINATION BY MS. HOLT:

15 Q Please state and spell your name for the record.

16 A Diana Viglianese, V-I-G-L-I-A-N-E-S-E.

17 Q Thank you. And what is your address?

18 A 208 Tree Fern Drive in Morehead City, Brandywine  
19 Bay Subdivision.

20 Q Thank you. Please proceed.

21 A We understand that Carolina Water Service wants  
22 to increase rates again. One of the reasons  
23 noted was an increase in water conservation by  
24 your consumers. You want to balance the risk and

1 impact on ratepayers and shareholders of levels  
2 of water and wastewater consumption that are  
3 neither significantly higher or lower than those  
4 levels of consumption that were used to set the  
5 rates.

6 It appears that because consumers  
7 are trying to conserve we are being punished.  
8 Consumers should not be paying any additional  
9 cost for Carolina Water Service to expand their  
10 market share or help increase their bottom line.  
11 This is a problem for Carolina Water Service of  
12 North Carolina.

13 In just the last three years, from  
14 August of 2014 to November of 2017, the  
15 residential water base has risen from \$5.44 per  
16 1000 gallons to \$7.70. This is a 42 percent rate  
17 increase and it's egregious. In the same time  
18 period, the residential wastewater base charge  
19 has risen from \$33.02 to \$45.97, which is a  
20 40 percent increase.

21 In addition to these set  
22 guidelines, there have been water and system  
23 improvement charges ranging from \$0.01 to \$0.42  
24 that just appear on our bill with no explanation.

1           What specifically are they for?

2                       The most distressing part of all  
3           of these increases and system improvement charges  
4           is that since 2003, when we moved into our home,  
5           there has been no improvement in water quality  
6           despite the rationale for raising costs. The tap  
7           water is so bad that we cannot use it to even  
8           boil water for potatoes, coffee, vegetables. I  
9           have to use spring water or purified water.  
10          There is bottled water in every one of my  
11          bathrooms for our family and friends to use to  
12          brush their teeth. The tap water is used  
13          strictly for washing clothes, washing dishes and  
14          taking showers. Additionally, the filters on all  
15          of our faucets have to be changed at least three  
16          times a year due to the black residue that clogs  
17          them. Our toilets have to be cleaned every five  
18          days due to the water, and the water pressure at  
19          times can be very loud.

20                      In just the last five years, since  
21          08/19/13, there have been six rate increases for  
22          water and sewer utility service, three Water and  
23          Sewer System Improvement Charges, one usage  
24          charge increase based on supplier rates, and

1 three reductions by the North Carolina Utilities  
2 Commission to correct various errors.

3 Again, the request to raise rates  
4 to balance risk and impact on shareholders of  
5 levels of water and wastewater consumptions that  
6 vary from those that the Carolina Water Service  
7 used to set the rates should be denied. We are  
8 constantly being preached to that we should  
9 conserve in all aspects of our lives. Carolina  
10 Water Service should not punish its users for  
11 doing just that. They should concentrate on  
12 improving the water quality for its consumers.  
13 Thank you.

14 CHAIRMAN FINLEY: Questions?

15 MS. HOLT: I have a couple of questions,  
16 please.

17 THE WITNESS: Yes.

18 BY MS. HOLT:

19 Q You noted some water quality, or what you  
20 perceived to be water quality issues --

21 A Yes.

22 Q -- to the extent that you didn't feel safe in  
23 drinking the water; is that correct?

24 A Yes.

1 Q Did you contact the Company?

2 A No. I have been told this is how the water  
3 quality is in this area. I came from  
4 Pennsylvania so I knew nothing about the area,  
5 but when I see all of these rate increases  
6 occurring and nothing is happening -- you know,  
7 when you get these phone calls that, you know,  
8 it's going to be bad, you've got to be careful,  
9 if you see any brown water to boil the water, I  
10 think there has to be something wrong. They have  
11 to improve it.

12 Q Okay. And did you receive any boil water --

13 CHAIRMAN FINLEY: Ms. Holt, speak in the  
14 microphone..

15 MS. HOLT: Oh, I'm sorry.

16 BY MS. HOLT:

17 Q Have you received any boil water notices?

18 A Any -- oh, I'm sorry.

19 Q Notices instructing you to boil the water.

20 A Over the phone. Over the phone there have been  
21 messages left, yes.

22 Q About how many times?

23 A Usually if they're flushing in like a two or  
24 three day period then they will tell you, and

1           they repeat the message usually once a day just  
2           to remind you. But I use purified and spring  
3           water for everything in my house, just to be  
4           safe.

5           MS. HOLT: Thank you.

6           CHAIRMAN FINLEY: Thank you, ma'am.

7                     (The witness is excused.)

8           MS. HOLT: Mr. Jim Brown.

9                     JIM BROWN;

10                    having been duly sworn,

11                    testified as follows:

12           DIRECT EXAMINATION BY MS. HOLT:

13           Q        Could you please state your name, address and  
14                    subdivision for the record, please?

15           A        My name is Jim Brown. My address is 801 Navidad  
16                    Bank Court. I live in Fairfield Harbour.

17           Q        Thank you.

18           A        My wife and I have lived in New Bern for a year  
19                    this month. We came from a larger city. We  
20                    wanted to live somewhere where it was more rural  
21                    and we got that, but the first water bills and  
22                    sewer bills were a shock.

23                    Coming from the metropolitan area  
24                    that we came from, conserving water was a big

1 issue. When we moved into our house here in New  
2 Bern we put in a new washer and dryer, a new  
3 dishwater -- dishwasher, new shower heads;  
4 everything to do that we could to save water. My  
5 sewer bill is more than my water bills were at a  
6 larger house in the city we moved from. I was  
7 just shocked that it didn't seem to matter how  
8 much water we used, the sewer bill is just  
9 outrageous. So I wanted to make that statement.

10 I don't have the history of the  
11 rate increases. I do have a history of putting  
12 in a new water filtering system. The people that  
13 put it in, water quality was a joke to them.  
14 They said you need our system because otherwise  
15 the water is not drinkable. The black crud that  
16 collects on things, we've experienced that as  
17 well and that's with a new water filter system  
18 that has two different types of filters on it.

19 So I just think that a rate  
20 increase -- everybody should make a profit, but I  
21 think there should be a lot more transparency in  
22 the companies that own and are asking for these  
23 rate increases so that we know who's benefiting.  
24 Everybody should -- that invests should make a



1 profit, but some profits are outrageous. Thank  
2 you.

3 MS. HOLT: Thank you. No questions.

4 (The witness is excused.)

5 MS. HOLT: Ms. Deborah Shannon.

6 (Ms. Shannon shakes her head no)

7 MS. HOLT: Mr. Mike Shannon.

8 CHAIRMAN FINLEY: Who was the first name you  
9 mentioned, Ms. Holt? The first name you mentioned?

10 MS. HOLT: Mike Shannon (sic).

11 MIKE SHANNON;

12 having been duly sworn,

13 testified as follows:

14 DIRECT EXAMINATION BY MS. HOLT:

15 Q Please state and spell your name for the record.

16 A Yes, my name's Mike -- Michael Shannon,  
17 S-H-A-N-N-O-N. I live at 1033 Barkentine Drive,  
18 New Bern, North Carolina, which is in Fairfield  
19 Harbour.

20 Q Thank you.

21 A I didn't come prepared to say anything and bring  
22 a lot of paperwork, but when I got here I think  
23 there's a couple of things I'd like to address  
24 and I haven't heard them addressed. Since I've

1        been here 12 years, there has been a substantial  
2        increase and multiple increases or petitions to  
3        increase the water and sewage rates; more than I  
4        would suspect in any other location that we've  
5        lived in from here to California.

6                    What concerns me, and we live in  
7        sort of a closed community but there's a lot of  
8        retired people there. The demographics are  
9        changing certainly, but a tremendous number of  
10       retired people live there. We're talking about  
11       two or three increases in rates. The first thing  
12       we hear when we go to a homeowners' meeting is  
13       that hey we're on a fixed income. We haven't  
14       gotten two or three increases in our retirement  
15       income but yet we see continued increases in  
16       water and sewage rates. So I think that's a  
17       consideration.

18                    The other thing that I think is  
19        important here is knowing the context of the  
20        community. The community there consists of a  
21        large number of homes but there's also a large  
22        number of undeveloped lots there. I own four  
23        lots; one of which has my home on it. None of  
24        those lots use water, none of those lots use

1 sewage, but yet I pay water and sewage on all of  
2 those lots and continue to do that. All of the  
3 lot owners around there that have the same issues  
4 so not only am I paying a high exorbitant rate  
5 just for my water bill, I'm paying them for three  
6 other lots as well. So I think that's a  
7 consideration that has to be made as well. And I  
8 hope that everyone takes into consideration those  
9 kinds of factors when they figure this out.

10 One alternative is certainly would  
11 be to, as those lots would become developed, put  
12 a charge -- surcharge on those lots because  
13 they've been sitting there not using water. The  
14 new people that come in could have the new rates,  
15 but people that are retired and on a fixed income  
16 should not have new rates. Thank you.

17 MS. HOLT: Thank you. I have no questions.

18 CHAIRMAN FINLEY: Thank you, sir.

19 (The witness is excused.)

20 MS. HOLT: Ms. Melissa McLauren.

21 MS. MCLAUREN: I think everyone has said  
22 pretty much what I wanted to say.

23 MS. HOLT: Okay. Thank you. Ms. Gail  
24 Goodwin.

1 MS. GOODWIN: I'll just say ditto.

2 MS. HOLT: Okay. All right. Ms. Ann  
3 Simpson.

4 MS. SIMPSON: No, thank you.

5 MS. HOLT: Okay. Mr. Don Simpson.

6 MR. SIMPSON: No, thank you.

7 MS. HOLT: Okay. Ms. Benny Thompson (sic).

8 MR. BENNY THOMPSON: No; covered it.

9 MS. HOLT: Ms. Jennifer Gud- --

10 (Laughter)

11 MS. GUDAIHR: Gudaihr. No.

12 MS. HOLT: Ralph Tridice --

13 MR. TRIDICO: Tridico.

14 MS. HOLT: Tridico. Please come forward.

15 (Laughter)

16 MR. TRIDICO: No, it's not refreshing.

17 (Referring to a water bottle)

18 RALPH TRIDICO;

19 having been duly sworn,

20 testified as follows:

21 DIRECT EXAMINATION BY MS. HOLT:

22 Q Please state and spell your name for the record.

23 A My name is Ralph Tridico, T-R-I-D- as in David -

24 I-C-O. I live at 1100 Kea Court, K-E-A, in

1           Fairfield Harbour.

2           Q     Thank you.

3           A     I've been a resident there since 1990.

4           Q     Thank you.

5           A     I have been through many, many rate increases for  
6           water and sewer, and I guess what I'd like to say  
7           is this, I ran some basic numbers -- we have  
8           representatives I assume from CWS here. I don't  
9           know if I can ask them questions or not.

10                   CHAIRMAN FINLEY: They'll be available after  
11           the hearing for you to ask them questions. If you  
12           want to put your questions on the record, we'll try to  
13           submit them, but the answer to --

14           A     Well, let me say this without questioning them  
15           because I don't know what kind of information  
16           they would have with them. I ran some quick  
17           numbers. Assuming a thousand meters, which I  
18           know we have a lot more in the Harbour - there's  
19           probably around 1700 - and assuming an average  
20           bill of \$65 a month, if you run the numbers,  
21           that's \$780,000 a year from Fairfield Harbour.

22                               Now, I know you have some plans to  
23           upgrade the sewage lift stations and the pumps  
24           and so forth and so on but, boy, you can buy a

1 lot of pump parts for \$780,000. Now, I know you  
2 want to make a fair profit, but your last rate  
3 increase, 2015 you had an increase, and I don't  
4 know if there was one in '16 or not, maybe, maybe  
5 not, but it would be interesting to find out  
6 where the money is going. It's a lot of money  
7 we're dealing with.

8 That said, the other issue as many  
9 people have stated, the quality of the water in  
10 the Harbour is disgusting. It's absolutely  
11 disgusting and it's not gotten any better.

12 I testified before this Commission  
13 in 2008. I brought in a water filter from my  
14 home, the primary filter before the softening  
15 system and all was roughly two months of usage,  
16 12,000 gallons. Now I'm replacing the filter  
17 every month. And I brought another one with me.  
18 I took it out of the system today. That's our  
19 water, folks, and that's a hell of a lot of iron.  
20 And their test is not going to show that iron  
21 because they're testing ferrous iron; they're not  
22 testing for ferric. So that's what you're  
23 drinking. That's what's in your water. That's  
24 why you have the pinkish stains in your toilets

1 and your sinks.

2 CHAIRMAN FINLEY: Mr. Tridico, you need to  
3 talk to us and not to the audience please, sir. We're  
4 the ones that have to make the decision.

5 THE WITNESS: Well, that's what we're  
6 dealing with.

7 CHAIRMAN FINLEY: We see it.

8 THE WITNESS: This bottle here has water in  
9 it from the filter housing and, if you'd like to look  
10 at it you can see the particles. I don't know what  
11 they are that are in it. But that's what we have and  
12 it's not good. And that's about all I have to say.

13 CHAIRMAN FINLEY: Are you going to leave  
14 your filter and your water sample with us?

15 THE WITNESS: Say again.

16 CHAIRMAN FINLEY: Are you going to leave  
17 your filter and your water --

18 THE WITNESS: Absolutely.

19 CHAIRMAN FINLEY: If you'll let me take a  
20 look at that bottle of water.

21 We'll mark those as Tridico Exhibits 1 and  
22 2. This is 1 (referring to the water bottle) and that  
23 is 2 (referring to the filter).

24 MS. HOLT: Is Exhibit 1 the filter?

1 CHAIRMAN FINLEY: No, Exhibit 1 is the water  
2 bottle.

3 MS. HOLT: The water bottle.

4 (WHEREUPON, Tridico Exhibits 1 and  
5 2 were marked for identification.)

6 CHAIRMAN FINLEY: Thank you, sir. Be sure  
7 to show that to the other Commissioners over there.

8 Questions of Mr. Tridico?

9 THE WITNESS: Any questions?

10 MS. HOLT: I have a question.

11 THE WITNESS: Sure.

12 BY MS. HOLT:

13 Q Mr. Tridico, did -- have you contacted the  
14 Company regarding your water quality issues?

15 A The Company -- after the last hearing I attended  
16 the Company came out the next day as a matter of  
17 fact and they did a great job of -- there was  
18 some other issues at the time -- there was some  
19 water -- high water pressure issues which they  
20 addressed by giving me a regulator, which I  
21 already had on the system, and they ran some  
22 tests as far as the iron content was concerned.  
23 And as I indicated they're measuring soluble iron  
24 when they run that test. They're not measuring



1 iron and suspension; two different animals. And  
2 iron, soluble iron, ferrous iron will not be  
3 trapped by the filter. This is ferric iron  
4 that's here in this filter. That's a known  
5 technical issue with filtering.

6 The system intake -- let me say  
7 this, they are supposed to be -- okay, I have a  
8 fire hydrant in front of my house. It's there  
9 for flushing only. Okay. Supposedly, the system  
10 periodically is going to be flushed. That  
11 hydrant hasn't been touched in nine months. I  
12 know that. I put seals on it, taped seals, and  
13 they haven't been broken.

14 (Laughter)

15 AUDIENCE MEMBER: Wow.

16 (Laughter)

17 A So, you know, and the problem is I'm the last one  
18 on the water main. My house is the last one on  
19 the water main. So, if the system is not  
20 flushed, guess where it's all gone?

21 AUDIENCE MEMBER: Your house.

22 A My house. So, you know, and I haven't contacted  
23 them since then. You know, there's so much they  
24 can do but they should be doing what routine

1 maintenance requires on a water system and that's  
2 not being done. Okay.

3 We have sinkhole in our street  
4 that's been there for about 18 months. I  
5 personally believe it's the sewer leaking but I  
6 didn't dig any holes so I don't know.

7 BY MS. HOLT:

8 Q And how long has the sinkhole been there?

9 A At least 12 months. It's gotten deeper. It  
10 started out at about one inch and now it's six  
11 inches. It's in the asphalt. I have pictures of  
12 that, too, but -- Any other questions? Do you  
13 have a question? No questions.

14 MS. HOLT: I have no further questions.

15 CHAIRMAN FINLEY: Commissioner Brown-Bland  
16 behind you there has a question for you.

17 EXAMINATION BY COMMISSIONER BROWN-BLAND:

18 Q Mr. Tridico, you seem to have some familiarity  
19 with filters and that whole filtration process.

20 A Yes, ma'am.

21 Q And you've used various filters in your homes,  
22 correct?

23 A I have a primary filter before the water, a  
24 Kinetico water softening system, and I have a

1 secondary filter after the system, the whole  
2 house, both is a filter to our whole house just  
3 in case anything gets through on the primary.  
4 They're both five micron filters.

5 Q And in your experience did you learn -- is there  
6 a difference between filtration for bacteria  
7 versus filtration for maybe large sediment, and  
8 is that at all come in as a factor in what  
9 happens in your home?

10 A These filters are designed for -- they're  
11 typically called sediment filters. They're not  
12 purification filters. They are not going to take  
13 bacteria out of the water. You need charcoal to  
14 do that or some other active system or a wash  
15 system to do that, to take the bacteria out of  
16 the water. Now, we do get a pinkish stain on the  
17 fixtures in the house after a week or two where  
18 water has settled. Now, that -- it is iron, I  
19 mean, there's no question about that. And as I  
20 indicated this filter is not going to stop that  
21 kind of iron. If this was in there it would be  
22 worse. And there could be bacteria. There is a  
23 bacteria that feeds off of iron, I forget the  
24 technical name of it. I've been away from that



1 the water house (unclear). That has been  
2 addressed and they -- CWS did a good job of that.

3 Q Now, your filtration units in your household, can  
4 you tell us from whom you get them?

5 A Well, the softener system is Kinetico, which is,  
6 I guess today is a \$3000 system. The filter --  
7 the filter comes with the Kinetico system, the  
8 primary filter system. Now they put that in  
9 first. So, in fact, they will not guarantee  
10 their system without that primary filter on it  
11 because of the water quality coming into the  
12 system. And the secondary system -- filter is  
13 the same now. As far as drinking water is  
14 concerned, I have a RO system on my drinking  
15 water at the sink in the kitchen, and that  
16 actually has three filters, well, three  
17 additional filters on it. It's got the RO  
18 membrane, and it's got a charcoal filter, and  
19 another sediment filter.

20 COMMISSIONER BROWN-BLAND: All right. Thank  
21 you.

22 THE WITNESS: You're welcome.

23 CHAIRMAN FINLEY: Questions on the  
24 Commission's questions?

1 MR. BENNINK: No questions.

2 MS. HOLT: No. Thank you.

3 CHAIRMAN FINLEY: Thank you for coming  
4 tonight, Mr. Tridico.

5 THE WITNESS: You're welcome.

6 (The witness is excused.)

7 MS. HOLT: Mr. Irving Joffee.

8 MR. TRIDICO: Oh, you want that?

9 MS. HOLT: Yes.

10 MR. TRIDICO: Here you go.

11 MS. HOLT: Mr. Irving Joffee.

12 IRVING JOFFEE;

13 having been duly sworn,

14 testified as follows:

15 DIRECT EXAMINATION BY MS. HOLT:

16 Q Please state and spell your name for the record.

17 A My name is Irving Joffee, that's J-O-F-F-E-E.

18 Q And what is your address and in which subdivision  
19 do you live?

20 A 1014 Pelican Drive and that's in New Bern and  
21 it's in Fairfield Harbour.

22 Q Thank you.

23 A I mainly wanted to corroborate some other  
24 statements that I heard about the rates of the

1 water compared with rates in other areas. I've  
2 been here for five years in New Bern, in  
3 Fairfield Harbour. I came here from Long Island,  
4 New York, which is, as everyone knows, an  
5 extraordinarily expensive, high price, cost of --  
6 high cost of living area, and my water rates were  
7 quarterly, about \$39 to \$40 per quarter, a  
8 quarter. When I came here a month later I opened  
9 up my water bill and found that I was paying  
10 almost that much a month just for the basic water  
11 rate not including the sewer rate. And I want to  
12 state this just to basically to shed some  
13 suspicion on the rates that are charged here by  
14 CWS, and I think it just is a signal that needs  
15 to be looked into very carefully. Because,  
16 believe me, Long Island is a place where a lot of  
17 people have their fingers in the till and things  
18 can get very expensive for a lot of reasons, but  
19 they were making money, and a basic rate of \$39 a  
20 quarter seemed to be quite satisfactory and here  
21 it was almost that much money just for a month.  
22 And I mean I just think that's somewhat  
23 suspicious and is a good reason to look into the  
24 rates. Let alone the water quality which is

1 worse than anything I've ever experienced  
2 anywhere I've lived, and any other aspects of  
3 anything else -- anyone else has brought up.  
4 That's basically what I came to say.

5 Q Mr. Joffee, could you elaborate on the water  
6 quality that you say is terrible?

7 A Well, yes. When we came, before we established a  
8 new filtration system, and I also have a Kinetico  
9 filter. And, by the way, I'll also state I have  
10 a PhD in chemistry and I've been in the  
11 filtration business for 40 years. When we put in  
12 a new water softening system, before we put that  
13 in the water coming out of our tap was basically  
14 yellow, basically iron oxide and other similar  
15 materials coming out of it. The filtration  
16 system did take care of it. Kinetico makes a good  
17 system. I personally have developed some  
18 products for Kinetico and I trust the company.

19 (Laughter)

20 The -- and, you know, now -- and  
21 with adequate filtration, the water is -- my  
22 water is okay, but raw water coming into the  
23 house is -- you can tell it's contaminated. It's  
24 got particles. You can see -- you pour the water



1           into a clear glass and look down it it looks like  
2           the bottle the gentleman here had shown in his  
3           exhibit. And the water that I use to water the  
4           lawn with -- if I have -- I have one area of my  
5           house where I have a sprinkler that accidentally  
6           sprays on part of my house. After a couple of  
7           months of it, I didn't realize what was going on,  
8           the siding, my vinyl siding on the house is  
9           totally discolored, and I can't get the color off  
10          no matter what I try to clean it off with. And,  
11          you know, like I said, we saw it in our washing  
12          machine when we -- before we put, you know, a new  
13          filtration in and everything. You can see it  
14          everywhere. But, you know, we could clean it up,  
15          of course, at our expense, and I never had to do  
16          anything like that any place I've lived before.

17                 MS. HOLT: Thank you.

18                 THE WITNESS: You're welcome.

19                 CHAIRMAN FINLEY: I have a question for you,  
20          Mr. Joffee. Hold on a second.

21          EXAMINATION BY COMMISSIONER BROWN-BLAND:

22          Q        Mr. Joffee --

23          A        Yes.

24          Q        -- with regard to the system, the water system

1 that served you in Long Island --

2 A Uh-huh (yes).

3 Q -- are you able to do a comparison with regard to  
4 the number of people that system served versus  
5 the number that --

6 A No, I really can't. I mean, it's probably a  
7 number that can be looked up but I don't have it.

8 Q Would it be logical in your mind that there was a  
9 lot more people served by the Long Island system?

10 A Oh, I would imagine so. But, again, I don't know  
11 what catchment, basin or whatever the population  
12 is covered by this particular rate increase. I  
13 mean, I know that CWS operates systems all over  
14 the eastern seaboard so I don't know how to  
15 compare it. I just don't know how to answer it.

16 COMMISSIONER BROWN-BLAND: All right. Thank  
17 you.

18 CHAIRMAN FINLEY: Questions by the  
19 Commission? Questions on Commission questions?

20 MS. HOLT: No.

21 MR. BENNINK: No questions.

22 CHAIRMAN FINLEY: Thank you, Mr. Joffee.  
23 Thank you for coming out.

24 (The witness is excused.)

1 MS. HOLT: Mr. John Rothengart.

2 MR. ROTHENGART: This gentleman answered my  
3 last questions and the other person answered the usury  
4 rates of the -- so there's really nothing I can add to  
5 those.

6 MS. HOLT: Thank you. Ms. Elga Joffee.

7 MS. JOFFEE: No. I have nothing to say.

8 MS. HOLT: Ms. Meco Kaplan. Mr. Meco (sic).

9 MICHAEL KAPLAN;

10 having been duly sworn,

11 testified as follows:

12 THE WITNESS: I basically have an opinion.

13 DIRECT EXAMINATION BY MS. HOLT:

14 Q Could you please state and spell your name for  
15 the record?

16 A Oh, I'm Michael Kaplan, K-A-P-L-A-N.

17 Q Okay. And would --

18 A I live on Santa Lucia Road in New Bern, Fairfield  
19 Harbour.

20 Q Thank you.

21 A I have an opinion. So --

22 CHAIRMAN FINLEY: Go ahead and state it.

23 A Sure. You can stop me if I overstate my thinking  
24 and --

1                   COMMISSIONER GRAY: Speak into the  
2 microphone.

3     A     The presentations here have been fantastic and  
4           there's some very nice data put together, and you  
5           all have been very respectful. I, on the other  
6           hand, am a little upset about this. I've lived  
7           in a dozen states. I've lived in many, many  
8           counties and I find that your pricing is way over  
9           the top. And I think you're taking an unfair  
10          advantage of innocent people that live in this  
11          community. We have no recourse because you're a  
12          monopoly; you're one water system; we can't go  
13          somewhere else.

14                   So, if there's not a state  
15          representative here in the Congress or the  
16          Governor, I submit that we express our views to  
17          our representatives, not only here but the people  
18          that represent us in a higher level.

19                   I think -- I've been told that  
20          there will be circulated a petition with a letter  
21          submitting to the government of the State of  
22          North Carolina, Congressional and the Governor,  
23          stating that we feel we're being price gouged.  
24          And we would express -- we express that they

1 would look into this on our behalf because  
2 they're our representatives to see if there's  
3 something that they can do to address this issue.

4 So my recommendation to you all --

5 CHAIRMAN FINLEY: Now, wait a minute. Let's  
6 talk to the Commission here. I understand what you're  
7 saying but you tell us that you think that the  
8 customers ought to make that representation to their  
9 governor, okay.

10 A With all due respect, there's other parts of our  
11 government that we can address our concerns. And  
12 I am told that an individual in Fairfield Harbour  
13 will be sending out a mailer indicating a yea or  
14 nay that you are in agreement to the price hike  
15 or disagreement and a brief statement indicating  
16 why you disagree and it will be submitted to our  
17 Governor and also to our Congressional  
18 representatives. And that's all I have to say.  
19 Thank you.

20 CHAIRMAN FINLEY: Thank you for coming. We  
21 appreciate it.

22 (The witness is excused.)

23 MS. HOLT: Mr. John Gumbel.

24 JOHN GUMBEL;

1                   having been duly sworn,  
2                   testified as follows:

3                   THE WITNESS: John Gumbel --

4                   DIRECT EXAMINATION BY MS. HOLT:

5                   Q     Please spell your name?

6                   A     107 Boros Landing -- it's G-U-M-B-E-L -- 107  
7                   Boros Landing and that's in Carolina Pines.

8                   Q     Oh.

9                   A     First, I'd like to say, thank God, I don't live  
10                  in Fairfield Harbour. Holy smokes!

11                  (Laughter)

12                  I'm scared to death for you guys.  
13                  And I won't be stopping for a glass of water the  
14                  next time I come in either so.

15                  (Laughter)

16                  Okay. I've got a Bachelor's  
17                  Degree in Economics from a small west coast  
18                  school called UCLA. And I've got a Master's in  
19                  National Resource Strategy and a second one in  
20                  Defense Systems Analysis so I look at this stuff  
21                  from numbers. That's what I do. So I'm looking  
22                  at it from the stats.

23                  So I'm really a carpetbagger. I  
24                  am originally from California. I've lived here

1 off and on with the Marine Corps since 1981 but I  
2 still consider myself a carpetbagger which is,  
3 for you guys that are from Long Island, I don't  
4 know what to tell you.

5 But okay, so, let's look at the  
6 numbers a little bit. I moved in my present  
7 house when I retired from the Marine Corps in  
8 2005, out there in Carolina Pines, the sewage  
9 rate was \$33.13 back there in '05. It stayed  
10 that way until July of '09. August of '09  
11 through March of '11, \$42.06 and then by God it  
12 dropped. I know you're not going to believe  
13 that, anybody, but in April of 2011 til April of  
14 '14, it went down to \$40.14, so about a two buck  
15 decrease. Then there was a -- I hate to use the  
16 word illegal but there was an incorrect rate  
17 increase that had to be rolled back. It was  
18 clearly incorrect. It jumped up in May of '14 to  
19 \$56.45. They had to roll it back because they  
20 realized they violated their own rules. So in  
21 August of '14, it rolled back to \$44.70. It went  
22 up just a few cents in April of '15 to \$45.06.  
23 In January of '16, it went up to \$52.68. And in  
24 October of '16, it went up to \$52.77. March of

1 '17, up to \$52.69. November of '17, \$56.58, and  
2 now we're asking for an increase to \$61.65.

3 Okay. So in the last two years, '16 and '17,  
4 there's been four rate increases, four.

5 Okay. So I did the math and I  
6 compare it to the CPI. You can go to the  
7 government's CPI calculator there on the  
8 internet, you know, it's the government's  
9 statistics so I just used that which is easy to  
10 use. So I used their inflation factor so if I  
11 inflate the \$33.13, not back to '05, but just  
12 back to 2009, before it was raised, it's net  
13 present value is \$38.54. That's taking the  
14 \$33.13 that it was and inflating it to today and  
15 it comes up to \$38.54, if you follow the consumer  
16 price index. However, the \$56 -- the \$52.69 I'm  
17 paying right now represents a 420 percent,  
18 420 percent of the compounded percent of the  
19 increase in CPI. That's 4.2 times what it would  
20 be, what the rates of increase would be if they  
21 followed the CPI. Now, if we plug this one in  
22 there, it's going to be a 613 percent increase  
23 over the CPI or six times what I would have seen  
24 if it had been just with the CPI. And that's the



1 increased portion of it, not the total rate, just  
2 the increased portion of that.

3 So why on God's green earth do we  
4 need six times the rate of consumer price  
5 increase? What have we done with the water  
6 system that needs a six times increase? And I  
7 don't know if you guys can answer that or not. I  
8 don't want to be too facetious about any of this  
9 stuff but honestly I haven't seen too many rate  
10 increases you guys didn't like, and I would love  
11 to see one that you didn't, I really would, and I  
12 would like it to be this one, you know, if you  
13 could do that on this one because I really  
14 don't -- I don't see why we have to go that far  
15 above the consumer price index. What have they  
16 done? What have they changed? What value have I  
17 gotten that I need to pay six times the CPI?  
18 That's all I've got. Anybody got any questions  
19 for me? I like it here. I stayed here after I  
20 got out of the Marine Corps.

21 (Laughter)

22 MS. HOLT: Thank you.

23 THE WITNESS: Okay. Thanks a lot.

24 MS. HOLT: I have no questions.

1 CHAIRMAN FINLEY: Thank you, Mr. Gumbel. Do  
2 you want to leave any of that with us?

3 THE WITNESS: No, I actually emailed it to  
4 them.

5 MS. HOLT: Thank you.

6 (The witness is excused.)

7 MS. HOLT: We have no other customers.

8 CHAIRMAN FINLEY: Are there any other  
9 customers that would like to testify tonight?

10 UNKNOWN SPEAKER: I think I would like to  
11 say something.

12 CHAIRMAN FINLEY: Come on up.

13 BENNY THOMPSON;

14 having been 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 Okay. My name is Benny Thompson,  
20 T-H-O-M-P-S-O-N. I live at 909 Jewel Court.  
21 That's in Fairfield Harbour. I'm a Realtor. I  
22 talk to people from all over the country that  
23 come here and are making this their home. I hear  
24 a lot of these same stories about the rate

1 increases because that's one of the things that I  
2 want people to know, what they're getting into.  
3 We do have -- it seems to be one of the higher  
4 areas that I hear about.

5 Now, I'm from here and I've paid  
6 high rates all my life. So I -- the rates don't  
7 scare me. The \$50 doesn't scare me. What scares  
8 me is the quality of the water or the lack of  
9 quality of the water that we have to live with.  
10 Going into vacant houses -- and there's a lot of  
11 vacant houses that people move out, they're  
12 transferred out or whatever reason they leave,  
13 and the house sits empty for a while, we see a  
14 lot of that in Fairfield Harbour -- and I go into  
15 these houses and I turn the water on and the  
16 screens stop up almost instantly. If the house  
17 has been sitting for a while, when you turn the  
18 water back on you'll start changing out filter  
19 screens. They stop up. You lose your pressure.  
20 I see it in the crusting that happens around the  
21 faucets and around any places of water source  
22 coming into your house. I see these things.

23 And I've got a house listed right  
24 now that's been empty for four hundred and forty

1 some days that I've had on the market trying to  
2 sell. I was in it about two weeks ago. The  
3 water faucet wouldn't swivel anymore, it had  
4 stuck, and I sat there and worked on it and  
5 worked on it. It's got to be replaced because it  
6 just won't even move anymore. And that's the  
7 type of thing that I want addressed is some  
8 quality. If I'm going to pay it, give me  
9 something that I'm willing to pay for, not what  
10 we've got now.

11 On my house, I have a -- a lot of  
12 people have talked about filters. I have an  
13 in -- a filter that it -- where it comes into the  
14 house before it gets to my Kinetico water  
15 softener. I don't think many people out here  
16 don't have a water softener on their system. I  
17 have a filter after my water softener, a whole  
18 house system. I have one faucet that is  
19 dedicated where I get my coffee pot water, my  
20 cooking water; it's a separate sink. I have two  
21 sinks in my kitchen and it's a separate sink. I  
22 have a double filter on that; one is charcoal and  
23 one is sediment. And then I have a filter on my  
24 refrigerator. I'm constantly changing filters.

1                   My wife is constantly complaining  
2                   about the quality of the water and what we've got  
3                   there. You run your dishes and they come out of  
4                   the dishwasher spotted. That's my complaint is  
5                   the quality of what we have to put up with, and  
6                   it is, we have to put up with it because we have  
7                   no other choice.

8       Q       Just as to clarify, notwithstanding all the  
9                   filters you have, you still have water quality  
10                  problems?

11      A       Yep.

12      Q       The build up?

13      A       Yep. I have the water softener on there which is  
14                  to take care of the hardness, and that's really I  
15                  guess about all that does. The filters I use to  
16                  try to keep some of the contamination out. We  
17                  drink bottled water. We don't -- we don't -- we  
18                  do drink the water in our food, in our coffee,  
19                  but on the most part, you know, we have bottled  
20                  water in the refrigerator.

21                   MS. HOLT: Thank you.

22                   CHAIRMAN FINLEY: Yes.

23                   EXAMINATION BY COMMISSIONER BROWN-BLAND:

24      Q       Do you ever have direct communications with CWS?

- 1 A No. I used to know some years back, Jerry  
2 Underhill I think it was, was the I guess the  
3 manager out there, and he and I were friends and  
4 we talked quite a bit and he told me there was  
5 really just nothing that we could do. They were  
6 doing what they did and for us to have a better  
7 quality of water we just needed to put filters on  
8 and put the water softener on.
- 9 Q Do you ever get any communications, written or  
10 otherwise, that maybe gives you instructions or  
11 some advice on how to make the situation better?
- 12 A Not that I've read, no.
- 13 Q Not from CWS?
- 14 A No. And there might have been -- there's so much  
15 mail that comes through the house just a lot of  
16 it goes away.
- 17 Q And do you have anything that you could say about  
18 your knowledge of flushing of the system?
- 19 A No. No.
- 20 Q Do you know when it is done --
- 21 A I know it has been done from time to time. I  
22 don't see it done very regularly so I don't know  
23 what the schedule or what the protocol for  
24 flushing is on a system.

1 Q Okay. Can you say when the last time you were  
2 aware that it was flushed?

3 A No, I -- I can't begin to know when that would be  
4 because, I mean, I don't remember it being  
5 flushed.

6 COMMISSIONER BROWN-BLAND: Okay. Thank you.

7 CHAIRMAN FINLEY: Questions on the  
8 Commission's questions?

9 MR. BENNINK: No questions.

10 MS. HOLT: No questions.

11 (The witness is excused.)

12 CHAIRMAN FINLEY: Thank you, ladies and  
13 gentlemen, for coming out. You've been an appreciable  
14 crowd. We thank you for your patience with us  
15 tonight. If you have questions about the  
16 justification of the rate increase you know we're just  
17 in the early stages of this. The Public Staff is  
18 going to audit the request and make sure that the  
19 numbers that in the request can be justified, and  
20 typically they will make adjustments and they will  
21 come up with their own recommendation as to what, if  
22 any, increase there should be.

23 We're going to have a hearing in Raleigh on  
24 October the 16th where the experts, not the customers,

1 but the experts will come in and present their  
2 testimony and the Commission will have to take that  
3 and look at it and respond to it as best we can. You  
4 can follow all of that, you can come to Raleigh if you  
5 want to, you can follow that on the web page, all of  
6 the testimony will be filed and it's public  
7 information. So if you question whether or not the  
8 justification has been submitted thus far there will  
9 be a lot more paper that has been -- that will be  
10 filed in the case, pro and con, and the Commission  
11 will have to look at that when it comes in and, if you  
12 want to follow that, you're welcome to do so.

13 We do have representatives of the Public  
14 Staff here and we have representatives of the Company  
15 here, and to the extent that you have rhetorical  
16 questions that you want to have those questions  
17 answered, if you have other questions that you want to  
18 talk to these people about, this is a good time for  
19 you to do that.

20 Yes, sir.

21 MR. BENNINK: Mr. Chairman, I did want to  
22 say for the record that the Company does have  
23 personnel here including Matthew Klein, the Company's  
24 President. We'll be happy to meet with customers



1 after the hearing and respond to any questions.

2 CHAIRMAN FINLEY: Have you got a question?

3 UNKNOWN SPEAKER 1: Yes. I'd like to know  
4 when and where they publish their financial  
5 statements.

6 MR. BENNINK: Can we do this after the  
7 hearing?

8 CHAIRMAN FINLEY: Yes. They'll talk to you  
9 about that and let you know the answer to that. Yes,  
10 sir.

11 UNKNOWN SPEAKER 2: Will there be a  
12 transcript of this available?

13 CHAIRMAN FINLEY: Yes, sir.

14 UNKNOWN SPEAKER 2: Okay. Thank you.

15 CHAIRMAN FINLEY: Yes, sir. A transcript of  
16 all of the hearings are available. She's taking it  
17 down and she'll have it transcribed and it will be  
18 available for you to take a look at.

19 UNKNOWN SPEAKER 2: All right. Thank you.

20 CHAIRMAN FINLEY: And all the other  
21 hearings, too.

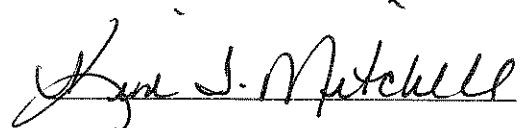
22 All right. We'll be adjourned. Thank you,  
23 ladies and gentlemen.

24 (WHEREUPON, 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  
Court Reporter