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PLACE: Buncombe County Courthouse,
Asheville, North Carolina

DATE: July 23, 2015

DOCKET NO.: W-354, Sub 344

TIME IN SESSION: 7:01 P.M. TO 7:52 P.M.

BEFORE: Chairman Edward S. Finley, Jr., Presiding
Commissioner ToNola D. Brown-Bland
Commissioner Don M. Bailey
Commissioner Jerry C. Dockham
Commissioner James G. Patterson

IN THE MATTER OF:

Application of Carolina Water Service, Inc., of North
Carolina, 2335 Sanders Road, Northbrook, Illinois 60062,
for Authority to Adjust and Increase Rates for Water and
Sewer Utility Service in All of Its Service Areas in
North Carolina

VOLUME 6

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

2 CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

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6 Raleigh, NC 27611

7

8 USING AND CONSUMING PUBLIC

9 Gina Holt, Esq.

10 Public Staff

11 North Carolina Utilities Commission

12 4326 Mail Service Center

13 Raleigh, North Carolina 27699

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T A B L E O F C O N T E N T S

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(No Exhibits.)

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

2 CHAIRMAN FINLEY: Good evening, ladies and
3 gentleman. My name is Edward Finley, and with me are
4 this evening are Commissioners ToNola D. Brown-Bland, Don
5 M. Bailey, Jerry C. Dockham, and James G. Patterson.

6 The Commission now calls for hearing at this
7 time and for the purpose of taking non-expert public
8 witness testimony Docket Number W-354, Sub 344, in the
9 Matter of Application by Carolina Water Service, Inc. of
10 North Carolina for Authority to Increase Rates for Water
11 and Sewer Utility Service in All Service Areas in North
12 Carolina.

13 On March 31, 2015, Carolina Water Service filed
14 an application with the Commission seeking authority to
15 increase its rates for providing water and sewer utility
16 service in all of its service areas in North Carolina.

17 On April 30, 2015, the Commission issued its
18 Order Establishing General Rate Case and Suspending
19 Rates. Pursuant to the Order, the Commission declared
20 this proceeding to be a general rate case pursuant to
21 G.S. 62-137 and suspended the proposed new rates for up
22 to 270 days pursuant to G.S. 62-134.

23 On May 11, 2015, Carolina Water filed its
24 notice regarding its semiannual WSIC/SSIC surcharge

1 application. In its filing, the Company states that it
2 does not intend to file an application for a semiannual
3 adjustment of the Company's Commission-authorized
4 WSIC/SSIC surcharge mechanism on August 1, 2015, where
5 such rider would become effective October 1, 2015.

6 On May 13, 2015, Carolina Water filed a letter
7 stating that given the timing of its general rate case
8 filing, the evidentiary hearing would normally have been
9 set for a date near the end of August or early September
10 2015; however, at Carolina Water's request, the
11 evidentiary hearing date was extended approximately 30
12 days to October 5, 2015.

13 On May 15, 2015, Corolla Light Community
14 Association filed a petition to intervene in this matter
15 and this request was granted by an Order issued May 19,
16 2015.

17 On May 22, 2015, the Commission issued its
18 Order Scheduling Hearings and Requiring Customer Notice
19 which, among other things, scheduled the application for
20 evidentiary hearing on October 5, 2015, and scheduled
21 this public witness testimony hearing for this date, at
22 this time, and in this place.

23 On July 21, 2015, Carolina Water filed its
24 ongoing three-year water system improvement charge (WSIC)

1 and sewer system improvement charge (SSIC) plan.

2 Several consumer statements of position have
3 been filed in this docket.

4 Pursuant to the State Ethics Act, I remind all
5 members of the Commission of their duty to avoid
6 conflicts of interest and inquire whether any member of
7 the Commission has a known conflict of interest with
8 regard to the matters coming before us in this docket?

9 (No response.)

10 CHAIRMAN FINLEY: There appear to be no
11 conflicts, and none have been identified.

12 Now I call on the parties to identify their
13 appearances, beginning with the Applicant utility.

14 MS. SANFORD: Thank you, Chairman Finley,
15 members of the Commission. I'm Jo Anne Sanford with the
16 Sanford Law Office representing the Applicant, Carolina
17 Water. With me tonight at counsel table is Martin
18 Lashua, and present in the room are various members of
19 the Company staff. I'll ask you to raise your hands.
20 They are available to assist customers after the hearing.
21 Thank you.

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

1 Staff Engineer Gina Casselberry.

2 CHAIRMAN FINLEY: Okay. Ladies and gentleman,
3 just a few procedural notes before we get started. As I
4 said a moment ago, the purpose of this hearing is to take
5 the testimony of the non-expert witnesses, members of the
6 using and consuming public in this area, to tell us about
7 your service concerns, your concerns about the magnitude
8 of a rate increase and whatever public concerns you have
9 in relation to this particular case. The case in chief,
10 where all the technical witnesses and expert testimony
11 will be provided, will be in Raleigh on October the 5th.

12 But this is a court-type proceeding. It is not
13 a public meeting. People often come to these proceedings
14 and ask lots of questions from the witness stand. That's
15 really not the purpose of why we're here tonight. The
16 purpose is for us to take your testimony. It will be
17 under oath. It will transcribed. It will be a part of
18 the official docket in this case, and it will be used by
19 the Commission when it weighs all the evidence and
20 decides what it will do after all the evidence is in.

21 To the extent that you do have questions, there
22 are members of the Public Staff here, there are members
23 of the Company here, so after the hearing is over, to the
24 extent that you need something clarified or you have

1 questions about something, they'll be available to try to
2 answer those questions. But again, the purpose of the
3 testimony here is for you to tell the Commission what you
4 think about this application in this case.

5 All right. Ms. Holt, if you'll call your first
6 witness, please.

7 MS. HOLT: Ms. Connie Brown.

8 CONNIE BROWN; Being first duly sworn,
9 testified as follows:

10 DIRECT EXAMINATION BY MS. HOLT:

11 Q Would you please state your name and address
12 for the record?

13 A My name is Connie Brown, and I live at 15
14 Lynwood Circle, Asheville, North Carolina 28806. That's
15 the Mount Carmel subdivision service area. I've lived
16 there for 22 years.

17 Q Please proceed.

18 A In the notice for this Docket Number W-354, our
19 monthly collection charge existing rate is stated to be
20 \$16.09 and the proposed new rate is \$24.42. That is a
21 51.77 percent increase. Later in that mailing that we
22 got, it shows a chart with amounts and states a 20.9
23 percent increase. How can that be true if the monthly
24 collection charge proposed rate increase is 51.77

1 percent?

2 In 2013, my average monthly usage was 625 cubic
3 feet. In 2014, I had reduced it to 558 cubic feet. And
4 so far in 2015, I have reduced my monthly usage to 500
5 cubic feet. My family has focused on reducing our usage.
6 We purchased a new toilet that uses less water, replaced
7 a leaky faucet, and we've taken other measures to lower
8 our usage and to lower our bills and our cost.

9 Possibly Carolina Water could do the same thing
10 and not have to increase our monthly collection charge by
11 51.77 percent. They often send separate mailings that
12 include this piece of paper, and then it also includes
13 this brochure about things not to put down the drain.
14 This is important, but so far this year I have received
15 this mailing twice, okay? When you figure in the cost of
16 the envelope, the postage, the extra piece of paper, and
17 you mail that out to approximately 1,000 people, that's
18 \$800 to mail it twice. You know, they could save a
19 little bit and put this in our bill. You know, I just
20 think that's wasteful spending, to do two mailings of
21 this so far in 2015. I know it doesn't sound like much,
22 but wasteful spending should be pointed out, just as
23 leaky pipes need to be addressed.

24 It does not seem right to me that my wastewater

1 bill should be so much more than my annual water bill.
2 For 2015, my total water expense so far has only been
3 \$138.27. During that same service time with Carolina
4 Water, my wastewater collection expense has been \$235.
5 In 2014, my total annual water was \$291, but my Carolina
6 wastewater service was \$529.

7 While I know that prices and fees must go up, I
8 ask the Commission to look for ways to keep the increase
9 in line with reasonable inflation rates and to consider
10 the average citizen's salaries. When we have a sewer
11 problem in our neighborhood, I often see only City of
12 Asheville doing the maintenance, so what are the actual
13 services that Carolina Water provides to the citizens of
14 Mount Carmel subdivision? I know that our wastewater is
15 handled through MSD. The only thing I see that Carolina
16 Water does is have the pipes.

17 Thank you for listening to me.

18 CHAIRMAN FINLEY: If you'll have a seat and
19 let's see if there are any questions for Ms. Brown. Ms.
20 Holt, do you have questions for Ms. Brown?

21 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

22 Q Ms. Brown, have you had any service-related
23 problems with them?

24 A The only -- I had -- probably about -- and it's

1 been many years ago, I would say 1996. We had a service,
2 like a clog in the line, and Carolina Water said it's in
3 your -- from the meter to your house, and I assured them
4 that it wasn't. I mean, I knew it was in the street.
5 They did come out. I think the bill for that was
6 approximately \$80. It did not fix anything. They said
7 you need to get Roto-Rooter out here and send the bill to
8 us. Roto-Rooter came. Roto-Rooter ran a scope through
9 there and they did find the clog. Well, it wasn't a
10 clog; it was a break in the line in the street. So
11 that's been the only real service issue I've had.

12 I've had other issues where I've had to call
13 them up with questions about my bills, and their customer
14 service personnel is not always real friendly. Did that
15 help?

16 Q Yes. And you are a -- Carolina Water Service
17 just provides your sewer?

18 A Sewer is all.

19 Q All right. Thank you.

20 MS. HOLT: No further questions.

21 A And City of Asheville provides our water.

22 CROSS-EXAMINATION BY MS. SANFORD:

23 Q Ms. Brown, I actually had a couple questions I
24 think you just clarified. Your water comes from

1 Asheville; Carolina Water provides your sewer. And
2 Carolina Water -- and Asheville actually provides the
3 underlying sewer charge and it's a pass-through, I mean,
4 sewer service, I'm sorry, and there's a pass-through
5 charge to you. Is that your understanding of how it
6 works?

7 A I've never understood how it works.

8 Q Okay. If we can help explain that after the
9 hearing, we'd be glad to.

10 A Okay.

11 Q Thank you.

12 CHAIRMAN FINLEY: Questions by the Commission?

13 (No response.)

14 CHAIRMAN FINLEY: All right. Thank you, Ms.
15 Brown. Thank you for coming out tonight.

16 MS. HOLT: Mr. Emil Revala.

17 EMIL REVALA; Being first duly sworn,
18 testified as follows:

19 DIRECT EXAMINATION BY MS. HOLT:

20 Q Would you please state and spell your name for
21 the record?

22 A My name is Emil Revala. I live at 133 Woodland
23 Road in Asheville, and I own undeveloped property in the
24 Woodrun subdivision at Lake Tillery.

1 Q And how do you spell your first name?

2 A E-M-I-L.

3 Q And your last name?

4 A R-E-V-A-L-A.

5 Q Thank you. Please proceed. Please make your
6 statement.

7 A Okay. As I said, I own undeveloped property at
8 the Woodrun subdivision. I have owned it since 1973.
9 Every six months I get a bill from the water company
10 asking me to pay a certain amount of money for the
11 availability of water some day when I develop the
12 property and want to actually get connected. I have no
13 water meter. I use no water. There's obviously no
14 calculation needed, nobody to read the meter. All they
15 have to do is once every six months turn the computer on,
16 generate a bill and send it to me. I send an electronic
17 payment and we're done for six months.

18 This proposal here is causing for a -- or
19 calling for a 23 percent increase in that process. I
20 feel with the efficiency of modern computers today that I
21 should really be getting a 23 percent decrease because
22 the whole thing happens so seamlessly that there is no
23 need for an increase in this thing. Thank you.

24 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

1 Q What are you presently paying?

2 A \$21.60 every six months.

3 Q Thank you.

4 MS. HOLT: I have no further questions.

5 MS. SANFORD: I have no questions. Thank you.

6 CHAIRMAN FINLEY: Commission questions? Hold
7 on just a minute.

8 THE WITNESS: Sorry.

9 EXAMINATION BY CHAIRMAN FINLEY:

10 Q Is there any development taking place in
11 Woodrun? I mean, you've had your lot a long time and it
12 hasn't been built on. What's the prospect of you being
13 able to build anything on your lot?

14 A I probably will not. When I purchased the lot,
15 I was in the Army. I was stationed at Fort Bragg, North
16 Carolina. And at the time, that was an easy commute and
17 it was a thought of a possible retirement home for me
18 that didn't work out when I moved to Asheville. So, you
19 know, I probably will not develop the lot, but my heirs
20 have shown a little bit of interest in it, but, you know,
21 I can't speak for them.

22 Q I think there are other undeveloped lots in
23 Woodrun --

24 A Yes, sir.

1 Q -- that are getting charged the availability
2 charge?

3 A There is.

4 Q Is the development taking -- are houses being
5 built there?

6 A Well, yes. There -- I don't know the exact
7 number. These folks might. But there are somewhere
8 around 2,500 properties in the thing, and there's maybe
9 1,000 of them that are currently developed. And, you
10 know, the development proceeds, but it's not a -- not a
11 breakneck pace.

12 Q All right. That's helpful. Thank you very
13 much.

14 CHAIRMAN FINLEY: Are there questions on the
15 Commission's questions?

16 (No response.)

17 CHAIRMAN FINLEY: Thank you for coming out
18 tonight.

19 THE WITNESS: Uh-huh, thank you.

20 MS. HOLT: Mr. Ken Allen.

21 KEN ALLEN; Being first duly sworn,
22 testified as follows:

23 DIRECT EXAMINATION BY MS. HOLT:

24 Q Please state your name and address for the

1 record.

2 A My name is Ken Allen. I live at 10 Legendary
3 Road, Hendersonville.

4 Q And in what subdivision do you live?

5 A The Woodhaven subdivision.

6 Q Thank you. Please proceed.

7 A Okay. I am president of the Woodhaven Property
8 Owners Association. And I'm accompanied by two other
9 representatives, Sean O'Meara who is a director, and
10 Keith Rice who is the vice president, and they will
11 follow with presentations.

12 We have a private water system which supplies
13 two subdivisions, Woodhaven and Pleasant Hill. There are
14 a total of 81 customers in these two subdivisions. Our
15 residents are predominately retired, living on fixed
16 income. At best, their incomes track cost of living
17 increases. The requested rate increase of 23 percent is
18 approximately six times the two-year cost of living
19 increase and is difficult to understand and accept. This
20 is why we protest the gross rate increase.

21 We walked a rate hike protest petition around
22 the neighborhood and amassed 65 signatures. All
23 residents contacted signed the petition. Copies of the
24 petition have been distributed to the North Carolina

1 Attorney General Roy Cooper, North Carolina
2 Representative Chuck McGrady, North Carolina
3 Representative Tom Apodaca, Chief Counsel of Public Staff
4 Ms. Wike, and Public Staff Ms. Casselberry.

5 Our water is pumped from two wells located on
6 private homeowner property processed by a single
7 treatment and pumping station. No sewer service is
8 supplied. Carolina Water System does not own the real
9 estate where the wells and station are located. Carolina
10 Water System does not pay real estate taxes or user fees.
11 Our system has uniquely low operating costs. For the
12 stated reasons, we ask the Utilities Commission to not
13 grant Carolina Water System any rate increase or at best,
14 a small fraction of the requested increase.

15 In my conclusion I would like to add that we
16 are very satisfied with our water quality and the service
17 of our local Carolina Water System personnel. We think
18 the present rate is fair; we simply oppose the
19 unreasonable large rate increase. And we thank you for
20 your consideration.

21 CHAIRMAN FINLEY: Are there questions of Mr.
22 Allen?

23 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

24 Q Mr. Allen, about how many homes are in

1 Woodhaven?

2 A About 65.

3 Q Thank you.

4 MS. HOLT: I have no further questions.

5 CHAIRMAN FINLEY: Ms. Sanford?

6 CROSS-EXAMINATION BY MS. SANFORD:

7 Q I have a few questions, Mr. Allen. My memory
8 is notoriously poor, so you correct me if I'm wrong, but
9 I seem to remember that at the hearing in the last rate
10 case, it seems like Woodhaven was the subdivision that --
11 that liked your water quality, thought you had good water
12 quality; am I correct?

13 A Oh, yes, yeah. No complaints.

14 Q There's a particularly good well there.
15 Earlier this year did Carolina Water have a conversation
16 with you or other residents of the subdivision about the
17 need to replace a tank?

18 A Yes.

19 Q Yes. And did the Company at that time talk to
20 members of the community about whether you would want to
21 take this opportunity to hook up with Hendersonville
22 rather than stay with Carolina Water?

23 A Yes.

24 Q And what was the community's response to that?

1 A Well, there were two different approaches with
2 the City of Hendersonville. One was to temporarily hook
3 up, I believe, and do the service work required and then
4 reconnect to our wells, and I think the second was a
5 proposal to just switch to Hendersonville water. The
6 community's reaction was sort of mixed and -- to say the
7 best, okay? And Carolina Water Systems came back with a
8 third proposal to use a backup system, so to speak -- I'm
9 not totally familiar with it -- so that there would not
10 be any interruption in the well pumping and where the
11 water comes from.

12 Q So if you know, was there a community
13 disinclination to go with Hendersonville, or are you able
14 to answer my question?

15 A Everybody was -- we had an ambivalent reaction
16 to it.

17 Q Okay. And Carolina Water did install a tank;
18 is that correct?

19 A Yes, they did.

20 Q Did they talk to people in the community about
21 the cost of that tank installation?

22 A Not that I'm aware of.

23 Q Nobody mentioned a figure of \$50,000 or --

24 A No. Our -- we have a water commissioner or

1 board member who is on vacation right now who would have
2 been here. He has those types of answers.

3 Q Okay. Thank you very much.

4 MS. SANFORD: No more questions.

5 CHAIRMAN FINLEY: Questions by the Commission?

6 (No response.)

7 CHAIRMAN FINLEY: All right. Mr. Allen, thank
8 you for coming out tonight.

9 MR. ALLEN: You're welcome.

10 MS. HOLT: Mr. Sean O'Meara.

11 SEAN O'MEARA; Being first duly sworn,

12 testified as follows:

13 DIRECT EXAMINATION BY MS. HOLT:

14 Q Please state your name and address for the
15 record.

16 A My name is Sean O'Meara. I live at 115
17 Woodhaven Drive in Hendersonville.

18 Q And in what subdivision?

19 A In Woodhaven, also.

20 Q Thank you. Please proceed.

21 A All right. Good evening, ladies and gentlemen.
22 As Ken just mentioned, Carolina Water Service, CWS, is
23 requesting an unreasonable rate increase. However, there
24 is a serious underlying issue here that has occurred just

1 about every two years. That is, CWS requests a double-
2 digit rate hike and then is granted 50 percent. Again,
3 50 percent, which in almost all cases still amounts to a
4 double-digit rate increase.

5 For example, in 2005, the base increase granted
6 was 18 percent; two years later in 2007, 14 percent; in
7 January 2009, 9 percent; March 2011, another 13 percent;
8 last March, 14 percent. On the average, 50 percent of
9 what was requested was granted. I request permission
10 from you, the North Carolina Utilities Commission, to
11 authorize the Public Staff to research these numbers and
12 the cyclical trends and become proactive in correcting
13 this issue. Again, a 23 percent across-the-board rate
14 increase request is absurd, irresponsible and reckless,
15 especially during these years of hard economic times.

16 For several years the average American savings
17 money market account has yielded less than 1 percent
18 annually, just one percent on return of their investment.
19 Our federal government's latest average wage index, the
20 AWI, stands at only 1.28 percent increase. To make
21 matters even worse, these are not even keeping pace with
22 the increases in the cost of living, and those cost of
23 living numbers are different from whatever source you
24 get, but our government's latest COLA figures, COLA being

1 the cost of living adjustment, stands at 1.7 percent.
2 This federal system legislated back in the 1970s is
3 designed to keep social security beneficiaries up to pace
4 with the cost of living. Again, they're at 1.7 percent.

5 So I ask where does a 23 percent rate hike fit
6 in? It doesn't. But if history repeats itself, and so
7 often it does, Carolina Water Service will be granted yet
8 another double-digit rate increase. Unfortunately, this
9 would be consistent with what has happened to our
10 community these past 10 years and an obvious sign of a
11 broken system.

12 So, again, I submit to the North Carolina
13 Utilities Commission to authorize and encourage the
14 Public Staff to research and correct what appears to be
15 gouging my community and the public at large. I want to
16 make it clear, though, that my complaints lie within this
17 broken system and not with the quality of the water. In
18 fact, our water is excellent even before treated, and we
19 have no complaints with Gary Peacock and his staff that
20 we enjoy seeing in our community on an interim basis.

21 I want to thank you for your time and
22 attention.

23 CHAIRMAN FINLEY: Questions of Mr. O'Meara?

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

1 MS. SANFORD: And I have no questions. Thank
2 you.

3 CHAIRMAN FINLEY: Questions by the Commission?

4 (No response.)

5 CHAIRMAN FINLEY: All right. Thank you, Mr.
6 O'Meara.

7 MS. HOLT: Mr. Rice. Is it Kevin?

8 MR. RICE: Keith.

9 MS. HOLT: Keith.

10 KEITH RICE; Being first duly sworn,
11 testified as follows:

12 DIRECT EXAMINATION BY MS. HOLT:

13 Q Please state your name and address for the
14 record.

15 A My name is Keith Rice. I live at 138 Woodhaven
16 Drive, Hendersonville.

17 Q In what subdivision?

18 A Woodhaven subdivision.

19 Q Thanks. Please proceed.

20 A I'm the vice president of the Woodhaven POA.

21 I'm a little bit different. I'm a registered
22 professional engineer and have been employed as a water
23 utility professional for 37 years. I have worked for
24 both public and private utilities in Florida and Texas.

1 I've been a consultant, and I attended Ray (spelling
2 uncertain) School in San Diego in 2011. So I'd like just
3 to make a couple of points.

4 First, our water rates with this proposed gross
5 increase by CWS would place Woodhaven 61 percent higher
6 than if we were on the City of Hendersonville water
7 system. In a national survey by a reputable independent
8 company, national water rate increases have averaged four
9 and a half percent annually. CWS's proposed rate
10 increase of over 23 percent is multiple times the
11 national annual average. We find that excessive and
12 unacceptable. CWS has in the past and continues to
13 provide Woodhaven with reliable water service, and I
14 commend their staff for their effort. So we at Woodhaven
15 are severely questioning and protesting the validity of
16 this increase, not their service. Their service is
17 great.

18 My second point is Woodhaven is being held
19 hostage by CWS's rates because a switch by us to public
20 water, i.e., the City of Hendersonville, would require
21 our community to pay a huge capital dollar amount per the
22 City's requirement to fund a new three-inch distribution
23 line throughout our subdivision. The current estimate,
24 and it is an estimate, to pay for this new line is

1 \$15,000 plus per household.

2 I thank you for the opportunity to speak on
3 this important matter, and as Sean did and as Ken did, I
4 respectfully ask the Commission to authorize Staff to
5 research and review the numbers that we presented tonight
6 from Woodhaven. Thank you very much. Any questions?

7 MS. HOLT: I have no further questions.

8 MS. SANFORD: We have no questions. Thank you.

9 CHAIRMAN FINLEY: Commission questions?

10 (No response.)

11 CHAIRMAN FINLEY: Thank you, sir. I appreciate
12 you coming out tonight.

13 MS. HOLT: Mr. James Tanner.

14 JAMES TANNER; Being first duly sworn,
15 testified as follows:

16 THE WITNESS: I might say I hadn't heard a word
17 since I've been here. It looks like a nice facility like
18 this could afford a little better sound system.

19 AUDIENCE MEMBER: Amen.

20 THE WITNESS: My name is James T. Tanner, Jr.
21 I live in Bent Creek.

22 DIRECT EXAMINATION BY MS. HOLT:

23 Q And what's your address, Mr. Tanner?

24 A I'm going to make an opening statement here.

1 One year --

2 Q Well, Mr. Tanner --

3 A -- ago we met for the same purpose that we're
4 meeting for tonight, and that is to see if we can justify
5 giving Carolina Water another big rate increase. Last
6 year they were actually granted a -- over 45 percent.
7 This was later rescinded in July of last year, thanks to
8 the few citizens calling our representatives and to the
9 help of the Asheville Citizen's reporter, John Boyle.
10 The Utilities Commission has -- claims that this was due
11 to a gross decrease in the real estate taxes, repeal of
12 Bill 998. This may be true, but it makes no sense to me.
13 Strangely, the reduction occurred after John Boyle called
14 the commissioners and wrote the article in the paper.

15 In March 2014, the Utilities Commission granted
16 Carolina Water, it seems to be up to 5 percent rate
17 increase semi-annually for improvements in their water
18 system. Now, this, as far as I can tell, sounds like a
19 possibility of a 10 percent increase annually without the
20 benefit of a public hearing. Now they are asking for
21 another 23 percent increase this year. These type of
22 increase -- increases are unheard of in the business
23 world in the best of economic conditions, let alone in
24 the hard economic times that we've had.

1 Many of our citizens in Bent Creek are middle-
2 class working folks or older retired folks on fixed
3 incomes. Some of them are barely making ends meet. I
4 think it is deplorable to even think of such a rate
5 increase. It makes little sense to me for the citizens
6 to pay the Commissioners' salaries and pay for these
7 hearings with taxpayers' money in order to grant a
8 particular company a big rate increase. Now, this would
9 seem to me to be a clear case of a public entity catering
10 to special interest. And that's my statement, and --

11 Q What is your address, Mr. Tanner?

12 A -- I'm going to fight this to the death.

13 CHAIRMAN FINLEY: She's asking what your
14 address is, Mr. Tanner.

15 THE WITNESS: Huh?

16 CHAIRMAN FINLEY: She's asking what your
17 address is.

18 THE WITNESS: 5 Auburndale, A-U-B-U-R-N-D-A-L-E
19 Drive, Asheville 28806.

20 CHAIRMAN FINLEY: Ms. Holt, you're going to
21 have to speak up for him to hear you.

22 MS. HOLT: Okay.

23 THE WITNESS: Huh?

24 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

1 Q Have you had any service problems with --

2 A I have not had any service problems. I don't
3 have any problem that way, but I do have a big problem
4 with such a rate increase and even asking for a big rate
5 increase like this.

6 MS. HOLT: I have no further questions. Thank
7 you.

8 THE WITNESS: Huh?

9 MS. HOLT: No more questions from me.

10 THE WITNESS: All right.

11 CHAIRMAN FINLEY: Ms. Sanford, do you have
12 questions?

13 MS. SANFORD: No questions, Mr. Tanner.

14 CHAIRMAN FINLEY: Does the Commission have
15 questions? Commissioner Bailey.

16 EXAMINATION BY COMMISSIONER BAILEY:

17 Q Mr. Tanner, you don't get sewer service from --

18 A Huh?

19 CHAIRMAN FINLEY: He's asking you a ques---
20 this Commissioner over here wants to ask you a question.

21 THE WITNESS: I can't hear in here.

22 Q You don't -- you don't get sewer service from
23 Carolina Water?

24 A Yeah.

1 Q You do get sewer and water?

2 A Absolutely.

3 Q You get water and sewer?

4 A Yeah. It increased 75 percent last year.

5 Q So you get water and sewer?

6 A Yeah.

7 COMMISSIONER BAILEY: Thank you, sir.

8 CHAIRMAN FINLEY: Anything else?

9 MS. SANFORD: No questions.

10 CHAIRMAN FINLEY: Thank you, Mr. Tanner.

11 THE WITNESS: Yes, sir.

12 MS. HOLT: Mr. Ken Jarvis.

13 KEN JARVIS; Being first duly sworn,

14 testified as follows:

15 DIRECT EXAMINATION BY MS. HOLT:

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

18 A My name is Ken Jarvis, 8 Auburndale Drive,
19 Asheville, North Carolina, Bent Creek, 28806.

20 Q Thank you.

21 THE WITNESS: This thing's dead, isn't it?

22 CHAIRMAN FINLEY: Yes, it is dead.

23 THE WITNESS: I agree with Mr. Tanner. I don't
24 know why they can spend millions of dollars and they

1 can't spend another few thousand to put in a sound system
2 where people can hear. You know, I know when you look at
3 me you think I'm probably in my 30s; I'm in my 70s.

4 A I don't have very much to say. I didn't bring
5 any notes. I've been using Carolina Water since they've
6 been hijacking Bent Creek every year. I've gone to
7 Raleigh once to fight them on these rate increases. They
8 always ask for a ridiculous increase, knowing that they
9 won't get all of that. They expect to get a percentage
10 of it. But it's getting to the point to where people
11 that are on fixed incomes, and if you're on a fixed
12 income, you'll understand, mine isn't fixed where I want
13 it to be. If it was, I wouldn't be worried about a rate
14 increase.

15 But we seem to have no help whatsoever coming
16 from Raleigh. The so-called people that represent us
17 evidently represent Carolina Water Service because they
18 always win. I don't know what it's going to take for us
19 to ever get a fair shake as consumers. I'm not going to
20 say that the service is that bad. It shouldn't be. The
21 kind of money they're making, they should deliver our
22 water perfectly, take care of our sewage problems
23 perfectly because they're making a killing.

24 I do know that I do not drink the water. I buy

1 all of my drinking water and water I cook with. That's
2 why I'm halfway healthy. I do know that the water leaves
3 a ring around the commode. Surely, that's not me because
4 the water comes from Carolina Water.

5 I don't see any need at this time, when you
6 consider the cost of living has gone up considerably for
7 us as the consumers out here, but our so-called social
8 security benefits or other benefits are pretty much
9 stagnant. I'd like for Carolina Water to try to conserve
10 on their end a little bit like the lady was saying. They
11 send out all this information two or three times a year
12 that we really don't need. I don't know of anybody that
13 just goes around wasting water in this day and time. So
14 I just feel like that the rate increase at this time on
15 any condition is unwarranted and undeserved, and that's
16 about all I have to say.

17 Could you hear me?

18 MS. HOLT: Yes.

19 THE WITNESS: Good.

20 CHAIRMAN FINLEY: Questions of Mr. Jarvis?

21 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

22 Q Mr. Jarvis --

23 A Yes.

24 Q -- you stated that you don't drink the water.

1 Why is that?

2 A Well, it has a bad taste to it in my house.

3 Q Okay. Have you ever talked to the Company
4 about it?

5 A Back several years ago everybody was
6 complaining about it. You know, if I ever got the nerve
7 up to try it again, I probably might see an improvement.
8 I don't know. But I'm a little bit particular of what I
9 pour in my belly, so I buy my drinking water.

10 Q Thank you.

11 MS. HOLT: I have no further questions.

12 THE WITNESS: Okay.

13 CROSS-EXAMINATION BY MS. SANFORD:

14 Q Mr. Jarvis, I have one question. Are you aware
15 that Carolina Water purchases some of its water from
16 Asheville?

17 A Yes, I am aware of that.

18 Q Do you know any of your friends who are on
19 Asheville water who have the same problem that you're
20 talking about, or have you heard?

21 A I haven't heard any of my friends say that they
22 were having problems. The only thing I've heard them
23 say, they don't pay as much as we do.

24 Q And --

1 A And I heard that real clear.

2 Q If any of the representatives from Carolina
3 Water here could help you with respect to your water
4 quality issue, we'd be glad to talk to you tonight.

5 A Okay.

6 MS. SANFORD: No questions.

7 CHAIRMAN FINLEY: Commission questions?

8 (No response.)

9 CHAIRMAN FINLEY: Thank you, Mr. Jarvis.

10 MS. HOLT: Mr. Mark Innes.

11 MARK INNES; Being first duly sworn,

12 testified as follows:

13 DIRECT EXAMINATION BY MS. HOLT:

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

16 A My name is Mark Innes, I-N-N-E-S. I live at 10
17 Auburndale which is in the Bent Creek community.

18 Twenty-five years ago I bought my first house,
19 and on my deed it says you can't have a well because, you
20 know, use the community water service. And I'm kind of
21 fiercely independent. I had to stand and look at that
22 deed and say, yeah, I'll agree to this. And I agreed to
23 that because my parents told me that there's a Utility
24 Commission whose job is to look out for us. It's your

1 job. That is your purpose. You've asked one question
2 tonight. I hope you're hearing me.

3 We agreed to have public utilities because we
4 know there's a common good. We all expect to pay our
5 share of that. We could go on and on for year after year
6 after year of increases. Last year, you, either by error
7 or not, approved something like 40 percent. You did.
8 You corrected it to 23. And here we are again this year
9 talking about 23. Now, what was it for? Was it because
10 they were going to put in a really big system for us, new
11 this and new that, that we could all say, yeah, you know,
12 if I had to do that, my share would be 2,000. No, not a
13 word about that.

14 Do you know what the newspaper said today about
15 it in the Citizen-Times today? "While it gets
16 complicated," Grantmyre said, "Carolina Water Service is
17 not earning their approved level of profit." Not their
18 approved level of profit. Well, who granted them the
19 approved level? You did. They're here asking for the
20 ability to earn the maximum that you've approved.
21 They're not asking to do the common good. They're asking
22 to do the shareholder good.

23 I buy stocks all the time. I like utilities.
24 I appreciate the workers at Carolina Water. I actually

1 appreciate what the Company does. They provide a water
2 service. I've got no real complaints about the service,
3 but I do have a complaint about some of them being here
4 because they're not making -- how does it say again, "the
5 approved level of profit."

6 The most unique thing about a public utility is
7 that they are granted the right to make money. God bless
8 them, okay? That's a good thing. But what's not good is
9 the only reason to be here today is to ask for more so
10 they can get their amount of profit, okay? A lot of
11 people have talked about our economy today. Last year
12 they got 23 percent. If that had been a raise for any
13 one of us, we'd have been real happy. If you're on a
14 fixed income, you didn't get 23 percent from the
15 government or whatever savings you have. What did you
16 get? The average American got 2 percent, a little less
17 than 2 percent. Inflation ate that. You got nowhere
18 last year. And you want 23 percent.

19 I think it's okay for them to make the full
20 profit, but let's let them do it by becoming a better
21 company, delivering their services at a lower cost and
22 being more efficient. I think you should do two things
23 tonight. One, you should lower their acceptable profit
24 level. You have that power. You should do it. The

1 second thing you should do tonight is you should make
2 them like -- perform like us. Give them 1, and if you're
3 generous, you can double it to 2. Give them 2 percent
4 tonight, not more. And then next year, you ask them to
5 come here and tell me what did you do to become a better
6 company, to become more efficient? What did you do,
7 okay? And if you tell me something, I can go along with
8 that, but you've got to have a good reason besides just
9 profit.

10 If tonight you cut the profit target that
11 they're going for -- you say it's 10 percent -- they're
12 presently maybe making 5. If you cut it to 7 percent,
13 guess what, they didn't lose any money, they only made 5.
14 Do you follow me? Cutting what their target is will keep
15 them from keep coming back because they're allowed to
16 come back as long as they don't make that target, okay?

17 So I'd ask you to treat us like the Americans
18 we are and give us our 2 percent raise, give them their 2
19 percent raise and cap their income and ask them to become
20 a better company at what they do. And I'll bet you the
21 guys who work for them probably know 10 ways that they
22 can do things better and more efficiently, and you can
23 ask them to do that, too.

24 Thank you.

1 CHAIRMAN FINLEY: Hold on. Let's see if
2 there's questions, Mr. Innes.

3 Ms. Holt, do you have questions of Mr. Innes?

4 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

5 Q Mr. Innes, have you had any service-related or
6 water quality --

7 A No. They -- as a company, you know, they do a
8 good job. The water pressure is -- they appear to do the
9 maintenance. The guys that work around are courteous and
10 so forth. That part seems very nice. It's how do you
11 get to 23 percent in a 1 percent or 2 percent world?

12 CHAIRMAN FINLEY: Ms. Sanford?

13 MS. SANFORD: I have no questions. Thank you,
14 Mr. Innes.

15 THE WITNESS: Well, thank you --

16 CHAIRMAN FINLEY: Questions by the Commission?
17 EXAMINATION BY COMMISSIONER BAILEY:

18 Q You haven't had any sewer issues as well?

19 A No. That part seems to be working good. Like
20 I said, I've been there 25 years and I really hadn't had
21 a problem. So that --

22 Q Water issue, anything like that?

23 A No. You know, again, it's not about -- you
24 know, the guys on the ground can do the Company's work.

1 They seem to be right on track, you know.

2 COMMISSIONER BAILEY: Thank you.

3 THE WITNESS: Thank you.

4 CHAIRMAN FINLEY: Thank you, Mr. Innes.

5 MS. HOLT: We have no more customers listed.

6 Is there anyone in the audience?

7 (No response.)

8 CHAIRMAN FINLEY: All right. Ms. Holt has
9 indicated that all the people who have signed up to
10 testify have been given the opportunity to testify.

11 Anybody else in here who wants to testify?

12 (No response.)

13 CHAIRMAN FINLEY: All right. Thank you, ladies
14 and gentlemen, for coming out on a stormy night. As I
15 say, this proceeding will be reconvened in Raleigh on
16 October the 5th, and after that evidence is taken, the
17 Commission will deliberate on that and issue its order, a
18 written order subsequent to that time.

19 So thank you for coming out tonight and the
20 hearing is closed.

21 (The hearing was adjourned.)

22

23

24

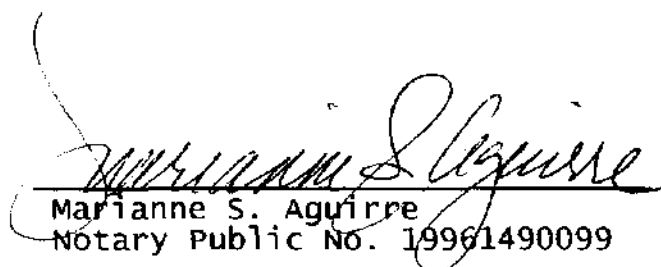
STATE OF NORTH CAROLINA
COUNTY OF RUTHERFORD

C E R T I F I C A T E

I, Marianne S. Aguirre, Notary Public/Court Reporter, do hereby certify that the foregoing hearing before the North Carolina Utilities Commission in Docket No. W-354, Sub 344, was taken and transcribed under my supervision; and that the foregoing pages constitute a true and accurate transcript of said Hearing.

I do further certify that I am not of counsel for, or in the employment of either of the parties to this action, nor am I interested in the results of this action.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 5th day of August, 2015.


Marianne S. Aguirre
Notary Public No. 19961490099