

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1130, SUB 11  
DOCKET NO. W-1333, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application by Currituck Water and Sewer, LLC, ) 4700 Homewood Court, Suite 108, Raleigh, ) North Carolina 27609, and Sandler Utilities at ) Mill Run, LLC, 448 Viking Drive, Suite 220, ) Virginia Beach, Virginia 23452, for Authority to ) Transfer the Sandler Utilities at Mill Run ) Wastewater System and Public Utility Franchise ) in Currituck County, North Carolina, and for ) Approval of Rates )	VERIFIED RESPONSE OF THE PUBLIC STAFF TO REPORT ON CUSTOMER COMMENTS FROM PUBLIC HEARINGS BY SANDLER UTILITIES AT MILL RUN, LLC
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NOW COMES THE PUBLIC STAFF by and through Christopher J. Ayers, Executive Director, and files this response to Sandler Utilities at Mill Run, LLC's (Sandler) Report on Customer Comments from Public Hearings Held on February 2, 2022 (Report on Customer Comments) filed with the North Carolina Utilities Commission on March 4, 2022.

Background

On November 18, 2021, the Commission filed an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice. Ordering paragraph 4 states that Currituck Water and Sewer, LLC (Currituck) and Sandler are required to file, separately, verified reports addressing all customer service and service quality complaints expressed during the public witness hearing held on February 2, 2022, within 15 days of the conclusion of the public witness hearing. The Public Staff shall and other intervenors

may file a verified response and any comments to Currituck and Sandler's reports on or before February 24, 2022.

On February 17, 2022, the Commission filed an Order Granting Extension of Time to File Report, extending the deadline for Currituck and Sandler to file their reports to and including March 4, 2022. The order also provided that the Public Staff shall, and other intervenors may file a verified response and any comments to Currituck and Sandler's reports on or before March 11, 2022.

On March 4, 2022, Currituck and Sandler filed separate Reports on Customer Comments from the February 2, 2022 public hearing.

#### Purpose

The purpose of this response is to provide the results of the Public Staff's review of Sandler's report addressing customer testimony heard at two public hearings held on February 2, 2022, and the Public Staff's opinion of whether Sandler's response adequately addressed the customer service and service quality problems.

#### Overview of Public Hearings

The Eagle Creek wastewater utility system currently serves 420 residential and two non-residential customers. Eight customers, all residents of Eagle Creek subdivision, testified at the two virtual public hearings as follows:

1. Ms. Rhonda Klussmann, 151 Eagleton Circle
2. Ms. Gertrude Elder, 139 Green View Road
3. Mr. Gary Lickfeld, 220 Green View Road
4. Ms. Tammy Green, 186 Green View Road

5. Mr. Gregory Ewan, 198 Green View Road
6. Ms. Susan Powers, 251 Green View Road
7. Mr. David Shephard, 173 Saint Andrews Road
8. Mr. James Hutson, 254 Green View Road

#### Comments Regarding Individual Customer Responses of Sandler

The Report on Customer Comments identified improvements made by Sandler to the Eagle Creek wastewater utility system since approximately August 2020. However, it was silent on identifying that several of the improvements were required by the State of North Carolina, *ex rel.*, North Carolina Department of Environmental Quality (Plaintiff) versus Sandler Utilities at Mill Run, LLC (Defendant) Consent Judgment (Consent Judgment), filed with Currituck County Superior Court on July 1, 2021 and the Amended Consent Judgment filed with Currituck County Superior Court on December 28, 2021 (Amended Consent Judgment). Additionally, the Report on Customer Comments failed to address customer testimony describing neglect by Sandler of the Eagle Creek wastewater utility system since the last general rate case in 2015. Customer hearing testimony identifying these areas are as follows:

1. Ms. Rhonda Klussmann, 151 Eagleton Circle, Tr. Vol. 1, pp. 13 - 27

Ms. Klussmann testified during the public hearing that Sandler failed to fund necessary upgrades and repairs until criminal charges were imminent.

Sandler's Report on Customer Comments does not address this specific statement made by Ms. Klussmann. The Report on Customer Comments provides actions Sandler has taken since approximately August 2020 to address the Eagle Creek wastewater utility system service issues.

2. Mr. Gary Lickfeld, 220 Green View Road, Tr. Vol. 1, pp. 32 - 54

Mr. Lickfeld testified that when Envirolink became the Eagle Creek wastewater utility system operator, the wastewater system was non-operational due to Sander's negligence. Additionally, Mr. Lickfeld testified that the operator's technicians would identify "ideas and things they wanted to do" but Sandler would not provide the funding to implement the technician recommendations.

Sandler's Report on Customer Comments did not specifically address Mr. Lickfeld's identified testimony. Instead, the report restated the investment Sandler has made in Eagle Creek wastewater utility system upgrades since 2020.

3. Ms. Tammy Green, 186 Green View Road, Tr. Vol. 1, pp. 54 - 64

Ms. Tammy Green testified that the Eagle Creek community experienced a rate increase in 2015 that provided no return on investment and neglect of the Eagle Creek wastewater utility system.

Sandler's Report on Customer Comments did not address Ms. Green's testimony on the neglect of the Eagle Creek wastewater utility system since the last rate case. The Report on Customer Comments provided the improvement Sandler has made since 2020.

4. Mr. David Shepheard, 173 Saint Andrews Road, Tr. Vol. 2, pp. 38 – 59

Mr. Shepheard stated in his testimony that Sandler did not provide funding to Eagle Creek wastewater utility system to allow the vendor-recommended maintenance to be performed. Mr. Shepheard cited the Airvac and Flovac site survey reports from late 2020 that indicated oil had not been changed in the wastewater vacuum collection system pumps and the vacuum pump filter screens were totally clogged. Mr. Shepheard further testified that he does not believe Sandler collected enough money through rates to

maintain the Eagle Creek wastewater utility system. Mr. Shepherd stated in his testimony that preventive maintenance to rebuild controllers and vacuum valves prior to failure was not performed. Instead, these components were only rebuilt or replaced when they failed.

The Report on Customer Comments did not address any of the identified items provided in Mr. Shepherd's testimony.

There was additional testimony provided by these and other customers on the large amount of failures of the Eagle Creek wastewater utility system since September 2020. The Report on Customer Comments addressed the testimonies by identifying improvements made to the Eagle Creek wastewater utility system since approximately August 2020.

#### Closing Comments

The Report on Customer Comments was silent on identifying that several of the improvements made to the Eagle Creek wastewater utility system were required by the Consent Judgment and Amended Consent Judgment. Additionally, the Report on Customer Comments did not address customer comments on neglect by Sandler of the Eagle Creek wastewater utility system since the last rate case in 2015. Due to this omission, the Public Staff recommends that the Commission require Sandler to file a supplement to its Report on Customer Comments, on or before March 22, 2022, addressing the period of 2015 through August 2020.

The Public Staff respectfully requests that the foregoing verified response be entered into evidence in the present dockets.

This the 11th day of March, 2022.

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Electronically submitted  
/s/ Gina C. Holt  
Staff Attorney



CERTIFICATE OF SERVICE

I certify that I have this day served a copy of the foregoing Verified Response on all parties of record in accordance with Commission Rule R1-39, by electronic delivery upon agreement of the receiving party.

This, the 11th day of March 2022.

Electronically submitted  
/s/ Gina C. Holt