

OFFICIAL COPY

1 PLACE: Macon County Courthouse,
2 Franklin, North Carolina

3 DATE: October 25, 2017

4 DOCKET NO.: W-390, Sub 13

5 TIME IN SESSION: 6:39 P.M. TO 7:23 P.M.

6 BEFORE: Commissioner ToNola D. Brown-Bland, Presiding
7 Commissioner Lyons Gray
8 Commissioner Daniel G. Clodfelter
9
10

11 Show Cause Hearing
12
13

14 IN THE MATTER OF:

15 Request by Public Staff for Appointment of
16 Carolina Water Service, Inc. of North Carolina
17 as Emergency Operator of the Riverbend Estates
18 Water System in Macon County, North Carolina
19

20 VOLUME 2
21
22
23
24

FILED**NOV 08 2017**Clerk's Office
N.C. Utilities Commission

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

2

3 FOR RIVERBEND ESTATES WATER SYSTEM, INC.:

4 Stuart D. Sloan, Esq.

5 Sloan & VanHook, PLLC

6 111 Heritage Hollow Drive

7 Franklin, North Carolina 28734

8

9

10 FOR THE USING AND CONSUMING PUBLIC:

11 William E. Grantmyre, Esq.

12 Public Staff

13 North Carolina Utilities Commission

14 4326 Mail Service Center

15 Raleigh, North Carolina 27699-4300

16

17

18

19

20

21

22

23

24

| | | |
|----|--|---------------------|
| 1 | T A B L E O F C O N T E N T S | |
| 2 | E X A M I N A T I O N S | |
| 3 | | PAGE |
| 4 | RONNIE DILLS | |
| 5 | Direct Examination by Mr. Grantmyre..... | 20 |
| 6 | | |
| 7 | LYNN KANAKRY | |
| 8 | Direct Examination by Mr. Grantmyre..... | 26 |
| 9 | Cross-Examination by Mr. Sloan..... | 30 |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | E X H I B I T S | |
| 14 | | IDENTIFIED/ADMITTED |
| 15 | Public Staff/Curry-Dills 1 - Petition..... | 24 |
| 16 | Public Staff/Curry-Dills 2 - Utility bill..... | 25 |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |

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

2 COMMISSIONER BROWN-BLAND: Good evening. We'll
3 come back to order and go on the record. I am ToNola D.
4 Brown-Bland, Presiding Commissioner for this hearing, and
5 with me this evening are Commissioners Lyons Gray and
6 Daniel G. Clodfelter.

7 I now resume the hearing in Docket Number W-
8 390, Sub 13, in the Matter of Request by Public Staff for
9 Appointment of Carolina Water Service, Inc. of North
10 Carolina as Emergency Operator of the Riverbend Estates
11 Water System in Macon County, North Carolina.

12 On August 15, 2017, at 7:00 p.m., the scheduled
13 Show Cause Hearing in this docket was convened, and
14 evidence from the Public Staff was introduced and
15 received, but during the Public Staff's case, an
16 electrical power outage at the courthouse caused the
17 Presiding Commissioner to recess and continue this
18 hearing. Continuation was initially scheduled by
19 Commission Order for September 28, 2017, but was later
20 rescheduled by Commission Order dated September 26, 2017,
21 to be held this evening, Wednesday, October 25th, 2017,
22 at 6:00 p.m. The record will reflect it is now 6:40
23 p.m., and that is due to discussions between counsel and
24 discussions between Public Staff and who I presume to be

1 customers of the Riverbend System.

2 In the meantime, on September 22nd, 2017, the
3 Public Staff filed the supplemental testimony and
4 exhibits of Charles Junis.

5 Pursuant to G.S. 138A-15(e), I remind members
6 of the Commission of our duty to avoid conflicts of
7 interest, and I inquire at this time as to whether any
8 Commissioner has any known conflict of interest with
9 respect to this docket?

10 (No response.)

11 COMMISSIONER BROWN-BLAND: The record will
12 reflect that no conflicts were identified.

13 And I now call on counsel for the parties to
14 announce their appearances. I'll start with you.

15 MR. GRANTMYRE: Madame Chairman, William
16 Grantmyre, Public Staff Legal Department, and with me is
17 Public Staff Utilities Engineer Charles Junis. We
18 represent the Using and Consuming Public.

19 COMMISSIONER BROWN-BLAND: Okay. Welcome back.

20 MR. SLOAN: I'm Stuart Sloan. I'm attorney for
21 Riverbend Estates Water System, Inc., and Mr. Robert
22 Hardegree who is to the left of me here.

23 COMMISSIONER BROWN-BLAND: All right. Good
24 evening, Mr. Sloan and Mr. Hardegree.

1 At this time I normally ask are there any
2 preliminary matters, and I know that there are some, and
3 so Mr. Grantmyre, I believe you would like to begin
4 those?

5 MR. GRANTMYRE: Yes. I would like to make a
6 statement to the Commission. I will say that I've
7 already -- before the hearing began, I made these similar
8 statements or the same statements to the customers. And
9 what the statement is, that yesterday afternoon Carolina
10 Water Service, Inc. of North Carolina and Riverbend
11 Estates Water System, Inc. filed with the Commission an
12 Application to Transfer the Riverbend Estates Water
13 System to Carolina Water.

14 Now, this transfer would have to be approved by
15 the North Carolina Commission, and they have applied that
16 as Carolina Water, who is currently the Commission
17 appointed emergency operator, executed an Asset Purchase
18 Agreement which is attached to the Application, as did
19 Riverbend Estates Water System.

20 COMMISSIONER BROWN-BLAND: Mr. Grantmyre, let
21 me interrupt you just to ask, that agreement has been
22 filed in a separate docket; is that correct?

23 MR. GRANTMYRE: That's filed in W-354, Sub 358,
24 and also in W-390, Sub 14.

1 COMMISSIONER BROWN-BLAND: All right. Thank
2 you.

3 MR. GRANTMYRE: And in this transfer
4 application, the franchise to operate the Riverbend
5 Estates Water System would be transferred to Carolina
6 Water and they would be the utility. Riverbend Estates
7 Water System would no longer be a public utility. The
8 contract provides that Carolina Water would be acquiring
9 all the water system assets, including the five real
10 property parcels at Riverbend Estates that were one time
11 part of the water system or still are part of the water
12 system properties. There is a purchase price in the
13 Asset Purchase Agreement. It's \$53,000 plus. I'm not
14 sure of the exact number, but it will be paid directly by
15 Carolina Water to the Town of Franklin to pay the amounts
16 owed to the Town of Franklin as of May 16th when Carolina
17 Water took over as emergency operator. The Public Staff
18 will be recommending that the purchase price go into
19 Carolina Water's rate base as part of their uniform
20 statewide system rate base.

21 The Public Staff -- the customers at Riverbend,
22 we will recommend that they in the future pay Carolina
23 Water's uniform rates, and it's expected to be \$24.44
24 base facility charge. Carolina Water has a pending

1 general rate case before the Commission, and there's been
2 a Stipulation and Proposed Order filed, and that is the
3 base facility charge which has been recommended by the
4 Public Staff in the Stipulation. And that is for monthly
5 charge for no usage. The rate -- that's the uniform rate
6 base facility charge for Carolina Water statewide.

7 We will also be recommending a commodity charge
8 of \$6.86 a month for one -- per 1,000 gallons, I'm sorry,
9 which is the exact amount that the Town of Franklin
10 charges to Carolina Water for the bulk water they sell.
11 This is a bulk water purchase system. All the water
12 comes from the Town of Franklin. Based upon the average
13 monthly bill of 4,200 gallons, the average bill under the
14 new rates would be \$53.25. Currently under the emergency
15 operator rates, the average bill for 4,200 comes out to
16 be \$85.12, so therefore there would be a reduction in the
17 average monthly bill per customer based on 4,200 gallons
18 of 31 -- \$31.87.

19 The Public Staff will be recommending that the
20 Commission have expedited consideration of the Transfer
21 Application. The Public Staff will also recommend that
22 the Commission reduce the rates on an interim basis the
23 next time Carolina Water reads meters, and we were
24 informed that that was today. So the Public Staff will

1 be recommending that the Commission reduce the rates to
2 the uniform rates effective for any water that's consumed
3 by the customers on -- after today or after the meter
4 readings today. This will expedite the relief for the
5 customers.

6 Now, the rates approved -- that the Commission
7 approved in early May for the emergency operator,
8 Carolina Water, are provisional rates subject to refund
9 and audit. And the Public Staff will be doing an audit
10 of that and will be recommending -- if the -- Carolina
11 Water collected more than its cost, then we will be
12 recommending partial refunds. And it was not Carolina
13 Water that came up with those rates; it was the Public
14 Staff. We wanted to make sure there were adequate funds.
15 So for better or worse, I was the one responsible for
16 those rates.

17 Now, the Public Staff, after closing, will
18 recommend -- if a closing takes place will delete our
19 previous recommendation for the \$84,000 fine or penalty
20 that was recommended because we asserted that the system
21 had been abandoned.

22 Now, we also -- as shown in the testimony, the
23 supplemental testimony filed by Charles Junis, that the
24 Company, REWS or Riverbend Estates Water System, has been

1 overbilling the customers since 2015. And part of it has
2 to do with billing higher rates than approved by the
3 Commission on certain months, but also the Company did
4 not implement the rate reductions based on the reduction
5 in the gross receipts tax and the reductions in the state
6 income taxes. Now, this is dealt with extensively in
7 Charles Junis' supplemental testimony. Now, if those
8 calculations are not complete, the Public Staff is
9 continuing to review the information provided by the
10 Company, and the Company says -- informed us tonight they
11 think they've given us all the information they have. To
12 the extent there's not definite information, we will give
13 calculations based on our best available information to
14 estimate what might have been billed that month.

15 The Public Staff plans to calculate the refund
16 to each customer. The one that we've completed to date
17 -- or it's not completed because we're missing a couple
18 of months, but -- is it Curry --

19 MR. JUNIS: Mrs. Curry.

20 MR. GRANTMYRE: -- Mrs. Curry, hers was about
21 \$71, plus there would be interest in the other months.

22 And we will then present these numbers to the
23 Company and -- along with our calculations, and if we can
24 agree to that, then the Company would refund -- has

1 agreed to refund to each of the customers the appropriate
2 amount. And upon the Company's refund of that to the
3 customers, the Public Staff is prepared to -- or will
4 withdraw our recommendation for the \$33,000 penalty which
5 we've recommended because of the -- charging higher than
6 the Commission -- or increasing rates without permission.
7 Now, that does not include all the billing issues, so the
8 Public -- the Commission would have discretion on the
9 other billing issues to consider. But we will work with
10 the Company, Riverbend Estates Water System, to provide
11 the Stipulation in a written form to be filed with the
12 Commission. And we would request then that this case be
13 held open pending the completion of all those items.

14 There may be some customers that want to
15 testify tonight. I'm not sure.

16 COMMISSIONER BROWN-BLAND: Mr. Grantmyre, to
17 flesh out a couple of things, so the anticipation of when
18 this overage payment might be available to the customers,
19 did you all have a date for that?

20 MR. GRANTMYRE: I believe the date of November
21 30th was mentioned, and that is a very workable date.

22 COMMISSIONER BROWN-BLAND: Okay. And then to
23 the extent that the records that you all currently have
24 that have been provided by Mr. Sloan and his client,

1 you're indicating through what you just told us that
2 there's some incompleteness. To the extent that there is
3 incompleteness -- let me say it this way, you sort of
4 have been able to get to this point where you are based
5 on testimony last time from Ms. Curry and the fact that
6 she made some of her bills available and you could see.
7 Will the Public Staff -- or is it advisable that the
8 Public Staff seek to get whatever customer records are
9 available, if there are customers that wish to make them
10 available to you?

11 MR. GRANTMYRE: We would love to get any months
12 the -- Ms. Curry was missing, I think, two or three
13 months of her bills, so we couldn't see, but if -- if we
14 could get those. Is it -- how many months are missing or
15 -- but we need any customers who want to provide their
16 bills, but she had exceptionally good records. I mean,
17 she had all the bills for like three years, and it's
18 unusual for people to be that accurate with retaining
19 bills.

20 The records we have are addressed in Charles
21 Junis' supplemental testimony, and we got additional
22 information from the Company on Friday. The Company
23 tells us that they think that that's all the information
24 they're going to have, and I think the Public Staff could

1 make some calculations to provide for the missing data.
2 We can only -- if the data's not there, we have to, you
3 know, make some calculations which we will present to the
4 Company for their review, also.

5 COMMISSIONER BROWN-BLAND: And that -- that,
6 by definition, will involve some estimation based on
7 historical use patterns. And I'm just asking that if the
8 actual records are available from the customers, do you
9 have a way to request that those customers contact you in
10 much the same way that Ms. Curry ended up providing her
11 information, to give them a chance to get actual
12 recovery?

13 MR. GRANTMYRE: Do we have all the customers'
14 addresses?

15 MR. JUNIS: Yes.

16 MR. GRANTMYRE: We have the customers'
17 addresses, and we could send them a letter asking them to
18 send us any records, particularly if they have the
19 missing months.

20 COMMISSIONER BROWN-BLAND: And not having them
21 will not mean that they will get --

22 MR. GRANTMYRE: We can still do the
23 calculations. They would be more accurate.

24 COMMISSIONER BROWN-BLAND: Yes, but they don't

1 get recovery, but it would aide you in your -- in your
2 audit?

3 (Off-the-record discussion between
4 Mr. Junis and Mr. Grantmyre.)

5 MR. GRANTMYRE: Charles Junis has informed me
6 that Mrs. Curry's records agree with the information the
7 Company has given, so we would make conservative
8 estimates based upon the missing information, but the
9 information she provided matches up with the information
10 the Company has provided.

11 COMMISSIONER BROWN-BLAND: All right. And with
12 regard to the asset purchase, just for the record, the
13 facilities and the equipment is included, and that is --
14 it's my understanding from last time we were here that
15 some portions of the system property had not been
16 transferred to REWS. This would include all of that?

17 MR. GRANTMYRE: Yes. The prior water company,
18 which was also owned by Mr. Hardegree, executed the Asset
19 Purchase Agreement along with his current water company.
20 So the two companies, the one that still has title to the
21 real estate has executed the Asset Purchase Agreement
22 along with the new company, so that -- that's been taken
23 care of.

24 COMMISSIONER BROWN-BLAND: And the 53,000,

1 perhaps 53,000 plus that is the purchase price and it
2 would be paid to the Town, does it -- to your knowledge,
3 does that fully satisfy the Town? Was that -- I seem to
4 recall that that debt was made fixed and that there was
5 not a continued interest or late penalty being applied.

6 MR. GRANTMYRE: Well, the Town at one time had
7 talked about possibly adding some interest, but we've not
8 seen it yet. And if it -- if there was added interest,
9 we'll add it, increase the purchase price. The Town is
10 going to be made whole, and we want the Town --

11 COMMISSIONER BROWN-BLAND: Is that provided for
12 in the agreement, that the purchase price would increase?

13 MR. GRANTMYRE: I'm not sure. I think they
14 would probably amend it because Carolina Water wants to
15 make sure it gets continued water service from the Town.
16 If there was going to be an increase in -- if there was
17 going to be interest, it was going to start October 1st
18 of this year, so we're only talking about 24 days. We've
19 not seen anything that the Town has implemented any
20 interest payments yet.

21 MR. SLOAN: I've made the Town -- I mean, the
22 Town is aware of the Asset Purchase Agreement, and we
23 confirmed --

24 MR. GRANTMYRE: Can she hear you?

1 MR. SLOAN: -- we confirmed with the Town -- I
2 think between the last meeting we -- I contacted the Town
3 attorney and let him know that we were attempting to
4 sell, and then the sale, and so I asked him for an
5 updated bill. And I thought he sent that updated bill to
6 either you all or to the -- to Matt Klein at Carolina
7 Water.

8 MR. GRANTMYRE: That bill did not have any
9 interest, I've been informed by Charles Junis.

10 COMMISSIONER BROWN-BLAND: All right. Mr.
11 Sloan, you heard what Mr. Grantmyre had to say. Do you
12 have anything to add, any differences, or are you in
13 agreement?

14 MR. SLOAN: We're mostly in agreement. Just a
15 couple of details. If the Public Staff could prepare --
16 for the refunds, if they would do a similar spreadsheet
17 as they did with Ms. Curry, that's very helpful. They
18 had a format that they presented when they -- after last
19 hearing they submitted a request for information to us,
20 and their format is very helpful. If they could use that
21 same format for refunds. And we'd also ask, just as a
22 detail, that refunds be given to current customers, so
23 there may be some change in ownership over the years, but
24 -- over the months here, but that the customer be current

1 -- a current customer of the water system.

2 MR. GRANTMYRE: We've found trying to track
3 down prior customers gets very difficult, and most of the
4 funds never reach the customers because of change of
5 address and lack of forwarding addresses, et cetera, et
6 cetera, so we would be comfortable with the refunds going
7 to the current customers.

8 MR. SLOAN: And then in general, you know, I
9 just wanted to say that my client, you know, his desire
10 is that the Town of Franklin gets paid. That's his debt.
11 He sees that as his debt, as the Company's debt. And he
12 also would like for each customer to have a refund. He's
13 -- you know, we discussed it. If -- you know, if the
14 math shows that there's a refund due, he's -- he's ready
15 to make that happen.

16 COMMISSIONER BROWN-BLAND: That's good to hear,
17 Mr. Sloan. The Commission's concern and the reason that
18 we scheduled this hearing in the first place was to make
19 sure that the customers who were not present in Raleigh
20 when the emergency operator was appointed had an
21 opportunity to know what was going on, and most
22 importantly, we didn't want to make decisions that would
23 cause the customers to be in a position where they were
24 not made whole and did not receive what they paid for.

1 And that's why the Commission was of the opinion that we
2 needed thorough auditing and that we needed to have Mr.
3 Hardegree appear so that we could learn what happened.

4 In the interim, the Public Staff, on the
5 customers' behalf, has worked very diligently and, along
6 with Mr. Sloan and with the involvement of the emergency
7 operator as well, have come to what sounds like maybe a
8 good resolution. And we have not yet made -- the
9 Commission has not yet made its decision on that, but we
10 encourage the parties to see this through. And it sounds
11 like things are going on the right track from -- from
12 where we are.

13 Customers have come out again tonight. Mr.
14 Grantmyre, do we know -- last time I recall, and the
15 testimony of Mr. Junis indicated, that service had been
16 made through CWS to all the customers. Do we know that
17 all customers had notice of tonight's hearing?

18 MR. GRANTMYRE: Yes. Carolina Water filed a
19 Certificate of Service almost a month ago, but I have
20 seen it in the file.

21 COMMISSIONER BROWN-BLAND: And it was for this
22 October 25th hearing?

23 MR. GRANTMYRE: Yes.

24 COMMISSIONER BROWN-BLAND: All right. Have you

1 spoken with the customers and noted whether there is
2 other information that customers wish the Commission to
3 be made aware of at this point?

4 MR. GRANTMYRE: Yes. There's one -- Mrs. Curry
5 was here, and she had to leave. She teaches Sunday
6 School tonight. And Mr. Dills wants to present her -- a
7 letter from her.

8 (To Mr. Junis) Is there more than one?

9 MR. JUNIS: (Inaudible.)

10 MR. GRANTMYRE: Okay. And then there's another
11 customer named Loretta Zachary -- wants to make a
12 statement.

13 Do you still want to make a statement?

14 MS. ZACHARY: No, not after what we've heard.

15 MR. GRANTMYRE: So Ronnie Dills would be the
16 only customer to make a statement unless someone's added
17 to the list. He's got two statements that Mrs. Curry
18 wrote out, and she would like -- and we did this in the
19 Duke Energy Progress where we substituted a person
20 because the person became ill, so we would request that
21 he -- come around here -- and he's the only customer.

22 COMMISSIONER BROWN-BLAND: We need to swear you
23 in. Mr. Grantmyre, I see another customer who's been
24 raising her hand in the back.

1 MR. GRANTMYRE: Do you want to testify?

2 MS. KANAKRY: Right.

3 MR. GRANTMYRE: Okay.

4 RONNIE DILLS: Being first duly sworn,

5 Testified as follows:

6 DIRECT EXAMINATION BY MR. GRANTMYRE:

7 Q Can you please state your name and your
8 address.

9 A My name is Ronnie Dills. I live at 161
10 Lakeshore Drive in Franklin.

11 Q And that is in Riverbend Estates Subdivision?

12 A Yes, sir.

13 Q And you're the gentleman who puts up that
14 wonderful sign in front of the subdivision notifying all
15 the customers of the time and date of the hearing?

16 A Yes, sir. I put the wrong date on it the other
17 day, but we got it straightened out.

18 Q Okay. You had the 28th and you got it straight
19 to the 25th?

20 A Yes, sir.

21 Q Okay. And Mrs. Curry was here and she had to
22 leave, and she asked if you could read two statements
23 that she had. One is a petition and the other is a
24 letter. Can you please read those into the record,

1 please?

2 A I'll try to do my best.

3 Q Okay.

4 A Okay. This is from Beth Curry. She lives at
5 Riverbend Estates. She's written this out to the
6 Commissioners.

7 It says, "I regret that I will not be present
8 for tonight's hearing regarding Mr. Hardegree and the
9 status of the Riverbend Water System. Hopefully, a
10 resolution will be reached" -- from -- "with the
11 Commissioners, Mr. Hardegree, REWS, and Carolina Water.
12 Regardless of the outcome of the aforementioned parties,
13 the people of Riverbend Estates cannot continue to bear
14 the financial brunt of the misdeeds of the former owner
15 of our local water supply. I'm asking you to act
16 immediately on behalf of the people in our community.
17 All levels of government in this great country of ours
18 are duty bound to serve the people by whom they are
19 elected or for whom they are appointed. The decision to
20 increase our water rates 100-plus percent appears to
21 have" -- to have -- "occurred to benefit the property
22 owners involved and did not consider the economic impact
23 and financial burden that's placed upon the customers."

24 "I object to this decision for the following

1 reasons. Number one, it's much too high, price gouging.
2 Two, it took place without a public hearing or without
3 any input from the consumers. And three, it punished
4 paying customers with the unethical and perhaps criminal
5 actions of an individual" -- of an individual --
6 "business owner, Mr. Hardegree. I have contacted
7 Attorney General Josh Stein to inquire about the legality
8 of this unjust rate imposed upon us. And I have spoken
9 to State Representative Kevin Corbin and State Senator
10 Jim Davis to investigate the legal parameters for
11 increasing utility rates and to introduce or enforce
12 legislation to prevent this type of price gouging from
13 the Utility Commission or privately owned utilities."

14 "Personally, this astronomical increase in
15 water rates has been a financial hardship. Riverbend
16 Estates is a working class" -- excuse me, is a --
17 "Riverbend Estates is a working class neighborhood. Most
18 of us are doing our best just to get by." We will -- "We
19 live paycheck to paycheck, hoping to have a little money
20 left over after paying the bills instead of having bills
21 left over at the end of the money. I'm asking you on
22 behalf of my family and the other families in our
23 community to please lower our water rates as soon as
24 possible." Please do not -- excuse me -- "Please do not

1 continue to hold us financially responsible for Mr.
2 Hardegree's wrongdoing." And it's signed Ms. Curry.

3 Q Now, you also have a petition that she
4 presented which basically says the same thing, a lot of
5 what was in the letter; is that correct?

6 A Yes, sir.

7 Q Would you like that introduced into evidence?
8 As it says almost the same thing, we could -- how many
9 people signed that petition?

10 A Well, I have only one. Let me see if the other
11 one's in here. I think he has --

12 Q Nine people signed it?

13 A I think Mr. -- Charles has that.

14 Q You'd like to introduce that into evidence for
15 the Commission?

16 COURT REPORTER: What do you want to number it,
17 1 or 2?

18 MR. GRANTMYRE: So we would call that as Curry-
19 Dills Exhibit 1, and we would not ask for you to read it
20 because it is very similar to the letter that she just --
21 you just read.

22 A It's basically the same thing. She just used
23 more dollar numbers than the other one.

24 Q Okay.

1 COMMISSIONER BROWN-BLAND: All right.

2 MR. GRANTMYRE: We have no further questions.

3 COMMISSIONER BROWN-BLAND: The petition will be
4 identified as Public Staff Curry-Dills Exhibit 1.

5 (Whereupon, Public Staff Curry-Dills
6 Exhibit Number 1 was marked for
7 identification and admitted into
8 evidence.)

9 COMMISSIONER BROWN-BLAND: Do you have any
10 questions for --

11 MR. SLOAN: I don't have any questions, but I
12 would like to look at the documentation if I could.

13 COMMISSIONER BROWN-BLAND: All right.

14 MR. GRANTMYRE: I think he wants the petition.
15 Okay.

16 THE WITNESS: Oh, and I don't know if it will
17 help you any, but she has her last year's water bill
18 here, and she has the new one, I mean, for one month last
19 year and the new bill from this month. And is the -- you
20 want me to read the numbers off?

21 MR. GRANTMYRE: Yeah. We would ask that those
22 be identified as Curry-Dills -- Public Staff Curry-Dills
23 Exhibit Number 2. She wanted these introduced to show
24 the difference in the rates before the emergency operator

1 and after the emergency operator, so if we could have
2 those identified.

3 COMMISSIONER BROWN-BLAND: What's the dates on
4 those bills?

5 MR. GRANTMYRE: Excuse me?

6 COMMISSIONER BROWN-BLAND: What's the dates on
7 those bills?

8 MR. GRANTMYRE: One is October 6, 2016. That
9 was the prior rates. And this one from the emergency
10 operator is September 24, 2017. That comes from Carolina
11 Water, Utilities, Inc.

12 COMMISSIONER BROWN-BLAND: All right.
13 Collectively, those two bills will be identified as
14 Public Staff Curry-Dills Exhibit Number 2.

15 (Whereupon, Public Staff Curry-Dills
16 Exhibit 2 was marked for
17 identification and admitted into
18 evidence.)

19 COMMISSIONER BROWN-BLAND: I believe Mr. Sloan
20 wants to see those, too.

21 MR. GRANTMYRE: Yep. Okay. We have no further
22 questions of Mr. Dills.

23 MR. SLOAN: No questions.

24 COMMISSIONER BROWN-BLAND: All right. Mr.

1 Dills, thank you for coming out and helping Ms. Curry.

2 You may step down.

3 MR. GRANTMYRE: (To Ms. Kanakry) Did you want
4 to make a statement?

5 THE WITNESS: I hope I did all right by her.

6 (Witness excused.)

7 MS. KANAKRY: Well, in light of everything
8 that's happened, you know, with the utility company and
9 Mr. Hardegree is out, there's really nothing for me to
10 say anymore because it's just all, you know -- it's not
11 relevant. It's -- anyway --

12 MR. GRANTMYRE: It's no longer relevant.

13 MS. KANAKRY: Yes. But Mr. Hardegree came to
14 my home --

15 COMMISSIONER BROWN-BLAND: Now, if you have --
16 if you have some testimony, you need to come and be
17 sworn.

18 MR. GRANTMYRE: You need to come around and be
19 sworn and testify.

20 LYNN KANAKRY: Being first duly sworn,

21 Testified as follows:

22 DIRECT EXAMINATION BY MR. GRANTMYRE:

23 Q Please state your name and your address.

24 A My name is Lynn Kanakry. I live at 307 North

1 Shore Drive.

2 Q And that's -- could you spell your last name?

3 A K-A-N-A-K-R-Y.

4 Q Okay. And you live in Riverbend Estates?

5 A I do.

6 Q And you get your water from Riverbend Estates
7 Water Company and now the emergency operator?

8 A I do.

9 Q Please proceed with your statement.

10 A Well, when I first moved in, we just were there
11 maybe a day and Mr. Hardegree came to my home, it was on
12 a Sunday, and sat in my living room, and he was very
13 polite and very upset. And he asked me for \$125 for a
14 deposit for our water. And we gave it to him because we
15 didn't know any different. And, you know, made us feel
16 badly because he was saying that, you know, he lost his
17 wife and, you know. And I'm a -- you know, I believe in
18 the Lord, Jesus Christ, Mr. Hardegree, and he, you know,
19 I have to forgive you for what you have done to --

20 COMMISSIONER BROWN-BLAND: Ms. Kanakry, you
21 need to address your comments to the Commission, not to
22 Mr. Hardegree.

23 A Well, I forgive him. And I -- I'm sure -- I
24 hope that the rest of our subdivision can forgive you so

1 they can go on, but what he has done to everyone is just
2 not right. And you all said that he's going to give us
3 -- he's going to be paying money back, giving us money
4 back? How can we trust that? How can we trust that we
5 are going to get money back from him when he has done
6 what he has done to all of us? How can we trust that?

7 Q Let me ask you a question. The refunds, part
8 of the Stipulation is that it would be paid prior to
9 November 30th, and the Public Staff will be calculating
10 the refund amounts and we will be providing that to the
11 Company. And we would be working and ensure that the
12 calculations were correct and the customers did receive
13 the money. If that -- if all those things happen, would
14 you be satisfied with that as far as the refund?

15 A Well, absolutely, yes. I think that's a great
16 thing, you know, what is happening here tonight. I think
17 it's a wonderful thing. I still would like to get my
18 deposit back --

19 Q Yeah. You --

20 A -- since he has no longer -- you know, he sold
21 the company.

22 Q Did you pay cash or by check?

23 A I paid by check.

24 Q Could you -- do you still -- how long ago was

1 that?

2 A That was -- be two years in probably around --
3 let me see, I moved in November 30th. He came maybe a
4 couple days after that, so it was around --

5 Q Can you --

6 A -- December.

7 Q Could you provide the Public Staff a copy of
8 that check if you have it, or could you get it from your
9 bank?

10 A I could.

11 Q They should have a record of it.

12 A I have a record.

13 Q Because we would ensure that that was part of
14 the refund you got.

15 A Yes, yes.

16 Q Do you have anything further?

17 A I don't. I'm just thankful --

18 Q Thank you.

19 A -- that -- what has happened here tonight I
20 think is a wonderful thing. And I thank all of you for
21 all of your work and time you've put into it.

22 Q Thank you.

23 MR. GRANTMYRE: I have no further questions.

24 COMMISSIONER BROWN-BLAND: Any questions, Mr.

1 Sloan?

2 MR. SLOAN: No questions -- well, one question,

3 I'm sorry.

4 COMMISSIONER BROWN-BLAND: Hold on, Ms.

5 Kanakry.

6 THE WITNESS: Yes.

7 CROSS EXAMINATION BY MR. SLOAN:

8 Q The deposit, you never saw the deposit on any
9 statement or applied to --

10 A Oh, yes. He's -- yes. It's been cashed.

11 Q But it wasn't -- it didn't show up on a
12 statement of yours?

13 MR. GRANTMYRE: A bill?

14 Q A bill --

15 A What do you mean?

16 Q Not your bank statement. I mean a bill from
17 the water, it was never credited to you?

18 A Never, no. No. My husband has called Mr.
19 Hardegree and spoken with his wife several times about
20 it, and he's even spoke to Mr. Hardegree about it and,
21 you know, he made the impression that we were never going
22 to get it back, so...

23 Q Well, I hope we can have a chance to refund it
24 to you. It was November of 2015?

1 A The end of November, the 30th, we closed. We
2 moved in that day. And he came maybe a day or two after
3 that. It was on a Sunday, so...

4 Q In 2015?

5 A Yes.

6 Q Okay. Thank you.

7 THE WITNESS: Is that it?

8 COMMISSIONER BROWN-BLAND: Ms. Kanakry, you may
9 step down.

10 THE WITNESS: Thank you.

11 (Witness excused.)

12 COMMISSIONER BROWN-BLAND: Mr. Grantmyre and
13 Mr. Sloan, either of you, are you aware of other
14 customers paying deposits that were to be returned?

15 MR. GRANTMYRE: Carolina Water, if you and your
16 -- I don't remember anything in the contract about that
17 there was going to be deposits delivered. They --
18 they've not had customers tell them they paid deposits.
19 You know, they've been operating the system now since
20 May, and they say they were not informed by any other
21 customers that a deposit was paid.

22 MR. SLOAN: And I'm -- we're not aware of any
23 deposits in the records, but if customers like Ms.
24 Kanakry have a check that shows they made a deposit, if

1 they'd contact the Public Staff or us, you know, if it
2 was a deposit, we should -- that should be refunded or it
3 should be transferred to Carolina Water.

4 COMMISSIONER BROWN-BLAND: All right. Is there
5 anything else from either of the parties that we need to
6 take up tonight?

7 MR. GRANTMYRE: No, ma'am.

8 COMMISSIONER BROWN-BLAND: All right. So
9 here's where we stand. We will conclude this evidentiary
10 hearing and record for tonight. And this proceeding is
11 going to be contingent upon the approval of the Asset
12 Transfer Agreement and the issuance of a CPCN in that Sub
13 Docket 14. It will also be contingent upon the
14 completion of the audit that the Public Staff is doing of
15 the records and the calculations of what monies, if any,
16 are due to be refunded -- for overage collections to be
17 refunded to the customers. And as I understand it, Mr.
18 Grantmyre, that means that each -- you will be looking at
19 each customer and making a refund to each customer?

20 MR. GRANTMYRE: Yes.

21 COMMISSIONER BROWN-BLAND: If either of those
22 two contingencies should fail, that is, that the Transfer
23 Agreement for some reason and the CPCN are not approved
24 and that agreement does not go forward, or if the Public

1 Staff is unable to complete the audit and parties are
2 unable to agree on the amount of the overage to be paid,
3 then the evidentiary hearing can be resumed, and we would
4 expect to know whether that's going to happen before the
5 end of the year so that proper notice could go out.

6 I don't usually make these kinds of comments,
7 nor does the Commission, but in part response to the
8 concerns that were put forward by Ms. Curry, I just will
9 say that when a system is in an emergency situation, the
10 Public Staff and the Commission's main concern is to make
11 sure that your water, that the ratepayers and a
12 customer's water is not cut off. And so we were in a
13 unfortunate situation that it came to the Commission as
14 an emergency, and so that was our first concern. It
15 certainly was not done to cause hardship, that we
16 understand that any additional monies in these times can
17 cause a hardship. The way the Commission dealt with that
18 at the time, it was not supposed to be a long-lasting
19 situation, but at the time those increases that went to
20 the emergency operator were also contingent and subject
21 to refund. And as you heard Mr. Grantmyre speak tonight,
22 before this matter is concluded, those calculations will
23 be made, and if a refund is due, that money will be
24 returned and it will likely have some level of interest

1 included with it. And that may be a small measure for
2 the inconvenience, but it's an honest and best effort by
3 both your Public Staff who represents you and this
4 Commission. So that is -- I am certain that that would
5 not satisfy Ms. Curry nor many of you in whole, but that
6 is our best efforts as we attempt to make sure that you
7 have adequate and affordable good quality water service,
8 so we would hope that you would understand from that
9 perspective.

10 Is there anything else that I am neglecting to
11 take care of? I will say to the Public Staff and on
12 record, we would like -- the Commission would like to
13 receive a report from you on -- on or before November
14 30th about the status and what is happening with regard
15 to moving forward in both the Sub 14 and Sub 13 dockets.
16 Those reports will be made public and will be available
17 to customers to see at the Commission's website which is
18 www.ncuc.net. The NCUC is for North Carolina Utilities
19 Commission. All you need to do is go in and plug in this
20 docket number, W-390, Sub 13.

21 All right. We do enjoy coming to Franklin, but
22 we hope this will be the last time in this matter. If
23 not, we will come back to do our jobs. But we hope that
24 this will resolve it, that this will be -- that all

1 parties could move forward from here on. Thank you. We
2 stand adjourned.

3 (Proceedings recessed until a later date.)

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

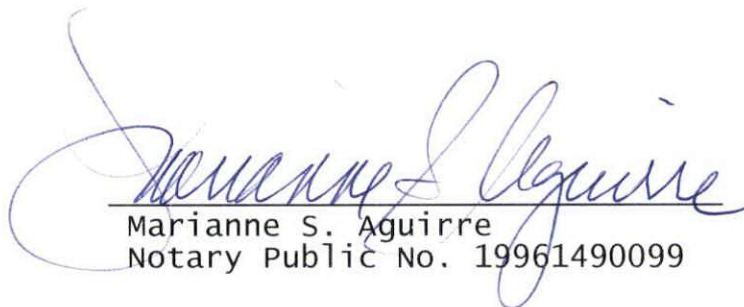
STATE OF NORTH CAROLINA
COUNTY OF RUTHERFORD

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-390, Sub 13 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 6th day of November, 2017.



Marianne S. Aguirre
Notary Public No. 19961490099

FILED

NOV 08 2017

Clerk's Office
N.C. Utilities Commission