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PLACE: Carteret County Courthouse
Beaufort, North Carolina
DATE: Tuesday, October 18, 2022
DOCKET NO.: W-354, Sub 398
W-354, Sub 399
TIME: 7:00 p.m. - 8:56 p.m.
BEFORE: Commissioner Jeffrey A. Hughes, Presiding
Commissioner ToNola D. Brown-Bland
Commissioner Floyd B. McKissick, Jr.
Commissioner Karen M. Kemerait

IN THE MATTER OF:
Carolina Water Service, Inc. of North Carolina,
5821 Fairview Road, Suite 401,
Charlotte, North Carolina 28209,
for Determination of Fair Value of Utility Assets
Pursuant to N.C. Gen. Stat. § 62-133.1A and
Establishing Rate Base for Acquisition of the
Carteret County Water System and for a
Certificate of Public Convenience and Necessity to
Provide Water Utility Service to Carteret County
Water System, and for Approval of Rates
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:
Jo Anne Sanford, Esq.
Sanford Law Office, PLLC
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FOR THE USING AND CONSUMING PUBLIC:
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Public Staff - North Carolina Utilities Commission
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P R O C E E D I N G S

COMMISSIONER HUGHES: Good evening. Let us come to order and go on the record. I'm Commissioner Jeff Hughes, presiding Commissioner for this hearing, and with me this evening are Commissioners ToNola D. Brown-Bland, Floyd B. McKissick, and Karen M. Kemerait.

I now call for hearing Docket Number W-354, Sub 398, In the Matter of the Application of Carolina Water Service, Inc. of North Carolina, which I will refer from this point forward as CWSNC, to Establish a Rate Base for the Carteret County Water System Under the Fair Value Methodology Authorized by North Carolina General Statute § 62-133.1A.

In addition, we will hear public testimony in this hearing for Docket Number W-354, Sub 399, In the Matter of the Application by CWSNC for a Certificate of Public Convenience and Necessity to Serve the Current Territory of Carteret County's Water System and Approval of Rates.

On July 26, 2022, CWSNC filed an Application to establish the rate base for the Carteret County Water System under the Fair Value

1 Methodology authorized by Statute § 62-133.1A.

2 On August 2nd, 2022, CWSNC filed a
3 Companion Application for a Certificate of Public
4 Convenience and Necessity to serve the current
5 territory of Carteret County Water System and
6 approval of rates.

7 On August 16th, 2022, the Public Staff
8 filed a letter deeming the Company's Fair Value
9 Application was complete.

10 On August 26th, 2022, CWSNC filed a
11 revised CPCN Application and responses to
12 deficiencies identified by the Public Staff.

13 On September 13th, 2022, the Commission
14 issued an Order Establishing Discovery Guidelines,
15 Requiring Customer Notice, and Scheduling Hearings
16 in both the Fair Value Application docket as well as
17 the CPCN Application docket.

18 A public witness hearing was scheduled for
19 7:00 p.m. today for the purpose of receiving the
20 testimony regarding these two dockets.

21 An expert witness hearing was scheduled
22 for November 3rd, 2022 in the Fair Value docket, and
23 an expert witness hearing was scheduled for the CPCN
24 Application on April 11th, 2023.

1 On October 17th (sic), 2022, the Public
2 Staff filed in the Fair Value docket a Notice of
3 Affidavit of Lynn Feasel, direct testimony of Mike
4 Lane, and direct testimony of Charles Junis.

5 That brings us to today.

6 Pursuant to North Carolina General Statute
7 § 138A-15(e), I remind members of the Commission of
8 our duty to avoid conflicts of interest, and inquire
9 at this time as to whether any Commissioner has any
10 known conflict of interest with respect to this
11 docket?

12 (No response)

13 Let the record reflect that I have no such
14 conflict and that my fellow Commissioners have not
15 identified any such conflict.

16 I now call upon for the parties to
17 announce their appearance for the record, beginning
18 with the Applicant.

19 MS. SANFORD: Thank you, Commissioner
20 Hughes, Commissioners Kemerait, McKissick, and
21 Brown-Bland. My name is Jo Anne Sanford. I'm with
22 the Sanford Law Office in Raleigh. And I represent
23 Carolina Water Service, Inc. of North Carolina,
24 which we're referring to tonight as Carolina Water

1 Service.

2 If I may, with me tonight are some
3 representatives of Carolina Water and they include
4 Don Denton, the State President, at counsel table
5 with me; Deb Clark; Tony Konsul; and Dana Hill.
6 Thank you very much.

7 MR. CREECH: Good evening, Chair and
8 Commissioners. My name is William Creech. I'm an
9 attorney with the Public Staff of the North Carolina
10 Utilities Commission. And here with me is Charles
11 Junis who's head of our Water, Sewer, and Telephone
12 Division. And the Public Staff is an advocate for
13 the Using and Consuming Public and we're here
14 tonight to hear what ratepayers have to say in this
15 proceeding.

16 COMMISSIONER HUGHES: Thank you.

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

19 MS. SANFORD: We have none other than our
20 request to make a brief opening statement.

21 COMMISSIONER HUGHES: That will be fine.
22 Public Staff?

23 MR. CREECH: Please, we'd like the same.

24 COMMISSIONER HUGHES: Okay. Since there

1 are no other preliminary matters to address, we'll
2 go ahead and proceed with the hearing. But before
3 we begin, I would like to say a few words regarding
4 the process we will follow for the hearing tonight.

5 First, I would like to say that we
6 appreciate everyone coming here tonight and to voice
7 your views on this important matter. We welcome
8 your testimony and want to hear from you.

9 In conducting this hearing, the Commission
10 functions in a judicial capacity as we are required
11 to by the North Carolina law.

12 Because the Commission functions as a
13 court, we cannot respond to your questions, instead,
14 we are here to receive evidence from you in the form
15 of your testimony.

16 The Public Staff, which as Mr. Creech
17 explained, represents the Using and Consuming
18 Public, is made a party to this proceeding pursuant
19 to the North Carolina General Statute § 62-15(d).
20 In this proceeding, the Public Staff represents you,
21 the Using and Consuming Public, and the Public Staff
22 will assist you in providing your testimony tonight.

23 In order to facilitate a full and fair
24 opportunity for all speakers to participate, we will

1 use the following procedures:

2 Witnesses who wish to testify must sign up
3 with the Public Staff. The Public Staff will call
4 each witness in the order listed on the roster.

5 Anyone not signed up?

6 (No response)

7 In order to allow each person an equal
8 amount of time, there will be a limit of three
9 minutes for each witness to speak. Therefore, we
10 would appreciate it if witnesses would try to avoid
11 any repetitive and redundant testimony.

12 Now, I understand we don't have a
13 tremendous number of speakers tonight so we'll be a
14 little lenient with that three minutes, but I would
15 ask you to make your point as concise as possible.
16 And we realize if someone in front of you says the
17 same thing that you wanted to say you don't have to
18 repeat it, you can just agree with that and that
19 will go into the record.

20 To comply with the Rules of Procedure and
21 Evidence, I must have each witness swear or affirm
22 the truth of their testimony prior to providing that
23 testimony. When you hear your name called, please
24 proceed to the stand, and I will deliver the oath.

1 If you would prefer to affirm your testimony, please
2 let me know when you come to the stand.

3 After your testimony has been sworn or
4 affirmed, I will ask you to please state your name
5 and address for the evidentiary record and then you
6 may provide your testimony.

7 Please refrain from offering opinions on
8 matters that are not related to the Applications in
9 these dockets. Also, please be sure to address your
10 testimony to the Commission and not members of the
11 audience. In lieu of oral testimony, you may submit
12 written testimony as long as you swear to its
13 accuracy.

14 Counsel for any party may ask questions of
15 the witnesses tonight. In addition, the Commission
16 will have the opportunity to ask questions. This
17 means that if you provided testimony you might be
18 asked questions by the attorneys or by the
19 Commissioners.

20 Testimony is being recorded by a court
21 reporter; therefore, to ensure accuracy of the
22 record, we ask that you speak clearly and not engage
23 in any unconventional modes of testimony. No poems.
24 No singing.

1 (Laughter)

2 COMMISSIONER HUGHES: Additionally, please
3 remain quiet when you are not testifying so that the
4 court reporter is able to hear the testifying
5 witness.

6 As a final reminder, the Commission and
7 the attorneys for the parties are not allowed to
8 respond to your questions during this hearing.
9 However, both the Public Staff, and participants,
10 and members of the Company that were introduced to
11 you at the beginning of the meeting will be here and
12 available after the hearing to answer questions.

13 Let us begin.

14 Does the -- does Carolina Water Service or
15 the Public Staff wish to provide an opening
16 statement? And I understand we might have another
17 representative who wants to make an opening
18 statement.

19 MS. SANFORD: Yes. Commissioner Hughes, I
20 would like to make an opening, but I have been
21 remiss by not recognizing Mr. Wheatly, the County
22 Attorney, who is here with other representatives of
23 County Government.

24 And so, Mr. Wheatly, I don't know if you

1 wish to make a statement in the vein of an opening
2 statement or if you wish to testify as a witness,
3 but I want to welcome you. And could you identify
4 for us, for the record, your colleagues?

5 MR. WHEATLY: Yes. Chairman and other
6 members, this is Dee Meshaw who is the Finance
7 Officer for the County. This is one of the
8 assistants to the Assistant County Manager. This is
9 Gene Foxworth who is the Assistant County Manager.
10 And in the blue blazer is Tommy Burns who is our
11 County Manager.

12 COMMISSIONER HUGHES: Great. We
13 appreciate you coming tonight.

14 MS. SANFORD: Thank you.

15 COMMISSIONER HUGHES: Do I understand, do
16 you want to make an additional comment, and would
17 you like to do that now or as a witness?

18 MR. WHEATLY: I can do it either as a
19 witness, but basically to give the Commission some
20 sort of a background of how we got here and the
21 County selling this property. We're hoping to sell
22 this property to Carolina Water Service. And give
23 you some background as to exactly what the system is
24 and what we are planning on doing with it.

1 We don't get to answer your questions on the record.
2 We have people here who are happy to talk with you
3 tonight or at any time who are working with the
4 County on this transaction, who are also working to
5 try to answer questions as the public has them.

6 We are here tonight for a public hearing
7 and before this Utilities Commission, this panel of
8 the Commission, and it is a two-part public hearing.
9 This is a little bit unusual for us. It's not
10 terribly unusual but a little bit, and that's
11 because there are two dockets before the Commission.
12 We call them dockets. You call them cases.

13 One case has to do with this Fair Value
14 proceeding that you've heard us mention, a term of
15 art within our industry and a new term of art
16 because it's a relatively new statute, and this
17 statute provides a mechanism whereby accounting
18 decisions can be made. That's a poor statement but
19 that's essentially what is going on there; a formula
20 in the accounting system.

21 The other -- the second matter is the
22 transfer docket. That's a more ordinary proceeding.
23 And that's where this Commission makes a decision
24 about whether one franchise which is where a

1 territory, where service is provided is called,
2 whether a franchise can be transferred from one
3 entity like Carteret County to another which is
4 Carolina Water. So, two things going on and tonight
5 is your night to speak to both of them.

6 On behalf of Carolina Water, I want to say
7 that they've worked hard to -- and with a great deal
8 of interest and perseverance to have the opportunity
9 to purchase this system. They look forward to doing
10 that, and participating in these proceedings in an
11 effort to get permission and authority to do that.
12 They look forward to serving you. We appreciate the
13 chance to be here tonight. And again, if any
14 questions could be put to us later that we can
15 answer, we will be glad to try to do that. Thank
16 you.

17 MR. CREECH: Commissioner Hughes, William
18 Creech again with the Public Staff. I just wanted
19 to reiterate what counsel for Carolina Water, Jo
20 Anne Sanford, just noted. Again, there are two
21 proceedings going on here, I think it's been stated,
22 this will be the third time. But the first
23 proceeding and this is a joint public hearing of
24 course, how should the system be valued and whether

1 the system should be transferred from a local
2 government entity to a private water company. Those
3 are the two items going on here.

4 The Public Staff, we're in the process and
5 the parties are in the process of filing testimony
6 in the first, the valuation aspect. And then as
7 Commissioner Hughes noted on the timeline, later the
8 transfer proceeding occurs, and that hearing is not
9 until -- that evidentiary hearing, this is the
10 public hearing for it, but the evidentiary hearing
11 is not until April on that. So, those two things
12 are going on.

13 This is a first of its kind in North
14 Carolina and so we really appreciate y'all being
15 here tonight. Thank you.

16 COMMISSIONER HUGHES: Thank you very much.
17 And just to add one quick thing in case your
18 interested, for the counsel, all of the testimony
19 tonight will be filed as evidence in each docket.
20 So you don't have to stand up, and you might not
21 even understand exactly the differences and the
22 nuances between the two dockets, but you can speak
23 your mind and what you say will be recorded as
24 evidence in both dockets, even though those dockets

1 will be as the counsel said treated separately in
2 each.

3 And with that, we will turn to the public
4 witnesses.

5 MR. CREECH: Commissioner Hughes, first
6 we'd like to call Claud Wheatly, the County
7 Attorney.

8 MR. WHEATLY: Where should I be sworn,
9 sir?

10 MR. CREECH: Right there.

11 COMMISSIONER HUGHES: Prefer to swear?

12 MR. WHEATLY: I'll swear, sir.

13 CLAUD WHEATLY;
14 having been duly sworn,
15 testified as follows:

16 COMMISSIONER HUGHES: Please proceed.

17 DIRECT STATEMENT BY THE WITNESS:

18 My name is Claud Wheatly and I am the
19 attorney for Carteret County and have been for more
20 years than I can remember. And in my 50 years of
21 practicing law, this is the first time I've ever
22 been before the Utilities Commission.

23 Basically, this project that we have that
24 we're trying to sell to Carolina Water, this project

1 began in 2003. At that time, the County had grants
2 and made loans and basically spent \$12,119,914 to
3 build this system.

4 Since the inception of this system, the
5 general revenues that have been lost and we've had
6 to cover through our general fund and through the
7 creation of a tax district in the water system of
8 \$5,545,000. A water district in 2011 assessed taxes
9 for the first time of 5.5 cents per \$100 value on
10 the tax record.

11 Presently, the tax district has paid from
12 2012 to present \$3,810,835. In this tax district we
13 have 3,875 parcels. Of that, we have 1,254
14 customers. We have 2,621 of our citizens paying
15 taxes who are not receiving any water service.

16 The sale was anticipated and brought
17 through 168-269, which is the procedure that we must
18 follow as a county government, and we used the upset
19 bid process. It started at \$7 million from Aqua and
20 ended up with five upsets with finally at
21 \$9.5 million from Carolina Water.

22 We signed a contract with them that
23 basically in the contract they had to agree to
24 maintain our current water rates for four years. At

1 that time, they got the greatest protection they
2 could have for increased water rates, that's you
3 people.

4 Now, Carolina Water has been operating our
5 service since we've been losing money on it and
6 they've been operating it since February. No
7 complaints from any of the customers. They are
8 doing this to anticipate and hoping to close the
9 transaction and buy this company from us.

10 In 2021, as a result of the losses that
11 were incurred, we increased the rates at, the people
12 tell us, 95 percent. Well, after the two or three
13 months, the lower income folks couldn't pay it. But
14 also at that time, we did not assess the tax rate in
15 the district. So we have lowered it and we have not
16 assessed another tax rate in our district
17 anticipating the sale. Now, if no sale, we are
18 going to end up having to put the tax rate back.

19 The other thing is we owe a million and a
20 half dollars on our bonds and loans that we have.
21 And of course from the sale of this property, we
22 were hoping that we would be in a position that we
23 would get enough money to pay that loan off, retire
24 that service, and not go back to that district and

1 make them pay that money. And the thing about it
2 is, is that the people in the district, if the sale
3 goes through they don't have to pay that 5.5 cents.
4 And the customers who are using the water, they
5 don't have to pay it either, so basically they are
6 getting a reduction on their taxes.

7 If the sale doesn't go through, we are
8 going to have to go back and manage it ourselves,
9 which we did not do a very good job.

10 MULTIPLE AUDIENCE MEMBERS: Amen.

11 THE WITNESS: And the cost or the money
12 situation, our cost is going to be approximately
13 \$370,000 if we have to staff it. Carolina Water
14 with their ability and the number of people they
15 have, they can do it much cheaper than we can. A
16 lot of people think that private industry can do
17 better than the government anyway, and find out that
18 is true.

19 Now, we're in a situation where we're
20 hoping that we can redeem some of this money that we
21 have spent and be able to use it for the benefit of
22 the people of our county. We don't feel that the
23 users or customers are using the same pipes, same
24 system, same water, and they'll be able to get it

1 from people that are more professionally trained to
2 run these systems. And so it would be a great
3 benefit to the people of our county to be able to
4 give this system to a professional-run group,
5 supervised by you five, and we get out of the water
6 business, and take the money that we can recoup and
7 pay our debts, and use it for our schools and jails
8 and whatever else we have to use it for --

9 UNKNOWN SPEAKER: Airport.

10 THE WITNESS: And I thank you for
11 listening to me. If I can answer any questions --

12 COMMISSIONER HUGHES: Yes. Before you do
13 that, I forgot to ask you your address.

14 THE WITNESS: I'm sorry, 1613 Front
15 Street, Beaufort, North Carolina 28516.

16 COMMISSIONER HUGHES: Okay. And just as a
17 matter of routine, we're going to ask everyone if
18 they are a customer of the system that will be
19 transferred.

20 THE WITNESS: No, sir.

21 COMMISSIONER HUGHES: With that, if you'll
22 hold on for a second we'll see if there's any
23 questions for you.

24 MS. SANFORD: No questions. Thank you.

1 MR. CREECH: Just one question. Thank
2 you, Commissioner.

3 COMMISSIONER HUGHES: Please proceed,
4 Mr. Creech.

5 EXAMINATION BY MR. CREECH:

6 Q Mr. Wheatly, one question. There was a general
7 statement about it being more cost efficient
8 for the private company to run it than the
9 County. Have y'all run those numbers? Do you
10 know that?

11 A We know what we have done for the last 20 years
12 and we know that we continue to run it in the
13 red and have to go back to the tax district and
14 pay the difference. We know that it costs us
15 \$370,000. Right now, Carolina Water is going
16 under contract for \$3,500 a month. They are
17 not going to do that continually pending the
18 sale. If the sale doesn't go through, we're
19 going to have to find us a water operator.
20 They've got water operators. They can send
21 them and manage several plants at one time. We
22 know we've got to do one man one job. And
23 it's -- I think you would understand that.
24 That is just so much more efficient. They can

1 probably make money where we can't.

2 Q But in terms of actual dollars on that, you've
3 not run -- do you have those numbers?

4 A I know that our staffing cost - I got a bill
5 from the finance director today - is around
6 \$370,000 to get a manager, and the operators,
7 the assistants, the meter readers, and all
8 those people; do the maintenance, fix the
9 leaks.

10 Q And in terms of the contract with Carolina
11 Water running it, what all are they doing for
12 \$3,500?

13 A They are basically providing the supervision
14 that is required by the State. We have to have
15 certain state operators who come in and manage
16 these things. And they've been -- well, what
17 they're doing on a day-to-day basis I couldn't
18 tell you, Zeke.

19 Q Yes, sir.

20 A I don't know how to run a water company.
21 And -- but basically, they've been running it
22 with meeting compliance. We met all our
23 guidelines. All our testing has been perfect.
24 And we've just been -- we're in really good

1 shape.

2 Q Thank you.

3 MR. CREECH: Thank you.

4 COMMISSIONER HUGHES: I'll ask my
5 colleagues if you have questions.

6 EXAMINATION BY COMMISSIONER KEMERAIT:

7 Q Mr. Wheatly, thank you for the background
8 information. I just had a question, just for
9 clarification.

10 I think you said that in 2021,
11 that you did increase, substantially increase
12 the rates; is that right?

13 A Ninety-five percent.

14 Q And then you had lowered them again?

15 A After a few months the public outcry was so
16 great.

17 UNKNOWN SPEAKER: What?

18 Q And then just for a clarification as well that
19 the contractual arrangement that you have with
20 Carolina Water requires Carolina Water not to
21 increase rates for a period of time, four
22 years; is that correct?

23 A Yes, ma'am.

24 Q Thank you for that clarification.

1 UNKNOWN SPEAKER: (Inaudible)

2 COURT REPORTER: I'm sorry, sir, you can't
3 speak out.

4 COMMISSIONER HUGHES: Commissioner
5 McKissick?

6 COMMISSIONER MCKISSICK: Yes. Just a
7 couple of questions.

8 EXAMINATION BY COMMISSIONER MCKISSICK:

9 Q I just want to get some clarification. I know
10 you said the system began around 2003.

11 A Yes, sir.

12 Q What is the total investment the County
13 currently has in the system?

14 A We have -- our total investment is -- I wrote
15 it all down. Our total investment is
16 \$9,937,055.

17 Q Okay. So \$9,937,055 --

18 A Yes. When people wanted to come on line,
19 different subdivisions --

20 Q Yes.

21 A -- and they would put in their infrastructure,
22 they had to give it to the County, and it's
23 valued -- and that's an additional \$2,023,381.
24 And we had another \$159,478 on some

1 miscellaneous equipment for a total of
2 \$12,119,914.

3 Q \$12,914,000?

4 A \$12,119,914.

5 Q \$12,119,914. Okay. And let me ask you this,
6 you went through the upset bidding process?

7 A Yes, sir.

8 Q Over what period of time did that occur? Do
9 you recall?

10 A I don't recall. We went through the ads today
11 and basically it originated when Aqua made us
12 an offer of \$7 million and then we had a public
13 hearing. Commissioners agreed to accept the
14 offer subject to the upset. And then it was
15 upset five times and each one required -- every
16 time there was an upset it was a 10-day upset
17 process. And then once they would come in and
18 pay the upset amount as advertised, then we had
19 to run another ad.

20 So, it probably -- each time
21 they would do that, it would probably take
22 almost a month and then get it back before the
23 Board.

24 Q I understand. I'm familiar with the upset bid

1 process.

2 So that's how the number which
3 is proposed in the acquisition price was
4 occurred, it was the highest upset bid that you
5 received?

6 A Yes, sir. It was \$9,500,000.

7 Q And let me ask you this. You said the County
8 would be out of the water business once they
9 sell this particular system with just a little
10 over 1200 customers. Are you providing water
11 service any other place in Carteret County?

12 A No, sir. This is the only water company. This
13 is sort of a bifurcated system.

14 Q I see.

15 A And we have one out in Merrimon and that system
16 is separate and independent, but we're selling
17 that to Carolina Water, too, if you allow it.

18 Q So it's proposed to that system, correct?

19 A Yes, sir.

20 Q Just trying to get some history so I can
21 understand every aspect of the transaction.

22 Thank you. I appreciate the --

23 A That's why I appreciate you giving me the time
24 to give you the background of where we are.

1 Q I think it's very important and insightful. We
2 appreciate your testimony.

3 A Thank you sir.

4 COMMISSIONER HUGHES: I just have one
5 quick question.

6 EXAMINATION BY COMMISSIONER HUGHES:

7 Q You mentioned that the plan or at least the
8 potential plan for using the funds from the
9 sale for, I think you said, schools and jails
10 and --

11 A We'll use it for schools and jail and anything
12 else we wish.

13 Q Okay.

14 A Whatever pressing project we have. Like small,
15 small counties, we have more needs than we've
16 got money.

17 Q So there is no official plan to use that money?

18 A No, sir.

19 Q Okay.

20 A But the Commissioners are salivating hoping to
21 get it.

22 EXAMINATION BY COMMISSIONER McKISSICK:

23 Q Can I ask you, after you -- assuming the sale
24 were to go through and you retired all of your

1 expenses related to the system, what would you
2 anticipate that the County would net out
3 approximately?

4 A Well, it's \$9.5 million is the purchase price.
5 We owe \$1.5 million. So hopefully, we would be
6 in a position to be in, you know, and get
7 somewhere north of \$7 million.

8 COMMISSIONER McKISSICK: Thank you.

9 COMMISSIONER HUGHES: Thank you very much
10 for your time.

11 MR. CREECH: Commissioner Hughes, may I
12 follow up on Commissioner McKissick's question, if I
13 may?

14 COMMISSIONER HUGHES: Sure, please.

15 EXAMINATION BY MR. CREECH:

16 Q One follow up question, if I can, on the funds
17 expended by the County on the system. Of the
18 totals that you mentioned, what aspect of
19 those, what dollars of those were loans and
20 grants?

21 A Well, the total \$9 million was loans and
22 grants. And the other monies that I -- the
23 \$5 million, that \$5.5 million, they were monies
24 that came either from the general fund, or from

1 the tax district, or the water district.

2 Q Okay. So just to clarify, it's \$9 million in
3 loans and grants and \$5.5 million general funds
4 and the tax collected, the water district
5 collection; is that right?

6 A Speak up a little bit, please.

7 Q My apologies. It's \$9 million in grants and
8 loans towards the \$12.5 million, correct?

9 A Yes, sir.

10 MR. CREECH: Thank you.

11 COMMISSIONER HUGHES: Are there questions
12 on Commissioner questions?

13 MS. SANFORD: No questions. Thank you.

14 THE WITNESS: Am I excused, sir?

15 COMMISSIONER HUGHES: You're excused.
16 Thank you very much for your time.

17 THE WITNESS: Thank you very much for
18 allowing me the time.

19 COMMISSIONER HUGHES: Please call your
20 next witness.

21 MR. CREECH: Yes. We'd like to call John
22 M. Moore, Jr.

23 MR. MOORE: I want to give my time up to
24 my speaker.

1 MR. CREECH: Okay. Thank you.

2 So, Mr. Moore would like to -- you'd like
3 to give your time to someone else to speak; is that
4 right?

5 MR. MOORE: Yes, sir.

6 MR. CREECH: We would like to call then
7 Clark Palton, P-A-L-T-O-N. It's Patton. My
8 apologies.

9 MR. PATTON: Yes. It's Patton,
10 P-A-T-T-O-N.

11 MR. CREECH: Mr. Patton, if you could
12 please state your name --

13 COURT REPORTER: I'm sorry --

14 MR. CREECH: Okay. I'm sorry.

15 COMMISSIONER HUGHES: Is swearing okay?

16 MR. PATTON: Yes.

17 CLARK PATTON;

18 having been duly sworn,

19 testified as follows:

20 COMMISSIONER HUGHES: Please continue.

21 DIRECT EXAMINATION BY MR. CREECH:

22 Q Mr. Patton, if you can, please state your name,
23 address for the record, and indicate whether or
24 not you're a customer, please?

1 A My name is Clark Patton. I live at 181 Shell
2 Landing Road in Beaufort, North Carolina. I am
3 a resident that has the County water.

4 Q Thank you. Please proceed with your statement.

5 A Thank you. One comment that was made while we
6 were sitting here listening to the County
7 Attorney was that he mentioned about the County
8 not making money on it. I thought public
9 offices aren't here to make money. So it
10 shouldn't be an entity that the County is going
11 to make money off of the water. It should be
12 revenue neutral.

13 All of us got in the mail --
14 thank you very much to the Commission -- our
15 notice for tonight. I would like to talk on,
16 one, the CWSNC purchase price of \$9,500,000,
17 the average of the three appraisals is
18 \$10,935,667.

19 Why would they -- why would the
20 County want to go with losing \$1.4 million if
21 we need so much money for schools and the jail?
22 That's another \$1.4 million we could have for
23 that.

24 Another thing is, another

1 history thing that wasn't brought up was in
2 December of 2019, the County used dollars for a
3 feasible study for a water system merger. The
4 study was done to see if they could merge it
5 with the Town of Beaufort for \$1. The Town of
6 Beaufort turned it down. In this study, the
7 assets owned by the County was calculated to be
8 \$12,335,392. So, that was that.

9 And in the study, it has on
10 here that Southern Corrosion, Incorporated, has
11 an existing water tank management addendum to a
12 contract. So, they've been contracted to take
13 care of the water system, an outside source
14 was. Does that contract stay when CWSNC takes
15 over?

16 And that will bring me to the
17 next one, is within the first year upon
18 acquisition the Application states no major
19 improvements or additions are planned in the
20 next 10 years. It's between now and 2032 if
21 this is approved. Now, it states here it will
22 be 2033. In the contract with the company
23 taking care of it, the next washout is eight
24 years of service which is 2023. The repainting

1 of the tank exterior is year 12, which is 2027.
2 And the repainting of the tank interior is year
3 12, 2027.

4 So, are these service not going
5 to be provided? Because after the tank they
6 put in there the next 10 years they won't be
7 doing anything. So that was another thing that
8 I saw brought up on this.

9 For close to nine months, the
10 residents of the County came up here, even some
11 that were not on the system, and we voiced our
12 opinions and that we did not want the sale of
13 this system. It did not need to be done. And
14 the Commission did not listen to the people and
15 it was voted 4-3. And we still don't
16 understand why they wanted to sell it.

17 I would like to see has the
18 system ever been negatively affected? Has the
19 State come down and taken over the system
20 because it wasn't being run properly? All the
21 tests that are turned into the State, has our
22 water turned bad being run by the County?
23 Because it sounds like the County is saying
24 that they didn't have the correct employees to

1 run this and it was a bad water system. It was
2 a great water system. With that, I conclude my
3 remarks.

4 COMMISSIONER HUGHES: You asked some
5 questions during your testimony. I'll remind you we
6 can't answer them --

7 THE WITNESS: Yes, sir. I --

8 COMMISSIONER HUGHES: -- rhetorical, but
9 your questions related to service, the Public Staff
10 may be able to answer afterwards.

11 THE WITNESS: Yes, sir.

12 COMMISSIONER HUGHES: But I just wanted to
13 remind you of that.

14 Any questions for Mr. Patton?

15 MS. SANFORD: No. Thank you, Mr. Patton.

16 THE WITNESS: Thank you.

17 MR. CREECH: Thank you. No questions.

18 (Cell phone ringing)

19 THE WITNESS: It's not mine.

20 (Laughter)

21 COMMISSIONER HUGHES: Thank you very much.

22 THE WITNESS: Yes, sir.

23 COMMISSIONER HUGHES: Next witness.

24 MR. CREECH: We would like to call Patrick

1 Kelly, please.

2 PATRICK KELLY;
3 having been duly sworn,
4 testified as follows:

5 COMMISSIONER HUGHES: Please proceed.

6 DIRECT EXAMINATION BY MR. CREECH:

7 Q Mr. Kelly, would you please state your name and
8 give your address for the record, and indicate
9 whether you're a water customer, please?

10 A Yes. My name is Patrick Kelly. I live at 204
11 Shell Landing Road, Beaufort, North Carolina,
12 and I am a water system user.

13 So, one of the things I was
14 looking at from a presentation that was given
15 several months ago when we came to the
16 Commissioners' meetings was about the losses
17 for the last seven years, and that was from
18 2014 to 2020. Now, I think that's kind of
19 included in some of the conversation, or
20 testifying, earlier was that in that seven
21 years there was a loss of \$3,327,000 and some
22 other change. Now, that was before the water
23 tax district was included. So with the water
24 tax district, after that money was included,

1 there was only a loss of \$771,000.

2 Now, us as users, I don't think
3 can be blamed for a loss on the system when the
4 Commissioners could have raised rates on the
5 water system. So, I don't think that's a
6 penalty that the users should have to be given
7 in that circumstance.

8 Also looking at rate forecasts
9 that they were doing in that same presentation,
10 at the time if they were going to keep the
11 water tax district at 5.5 cents they would have
12 raised our rates to \$56.08. And then if there
13 to get rid of the water tax district, it would
14 have been an 87.1 percent increase that would
15 have made the system sustainable at \$79.45
16 based on the average residential water bill,
17 which I think was around 5,000 gallons of usage
18 a month.

19 I'm sorry. I'm trying to find
20 one other document I have.

21 Looking at a rate schedule
22 comparing the 95 percent increase that was
23 given, actually raised the average rate to
24 \$107.45. So that was that 95 percent increase.

1 Then at the next meeting that we came to there
2 was one lady who had come, I think they had
3 said at that meeting that there was several
4 emails, I cannot remember how many but I
5 believe it was under 10 to the best of my
6 knowledge. However, as was also said by
7 Mr. Patton, we had numerous users coming to
8 meetings for months before that and saying that
9 we were willing to get a rate increase, that we
10 were pleased with what the County had to offer
11 us. The County, the water was great. In fact,
12 since Carolina Water Service has started taking
13 over our system, several people in our
14 neighborhood have noticed around eight o'clock,
15 nine o'clock at night, there's actually a
16 decrease in water pressure. We haven't emailed
17 the County because we spent close to 10 months
18 falling on deaf ears. What's the point of even
19 sending anything, saying anything more. But I
20 do want that to go on record as well.

21 I agree with everything
22 Mr. Patton said. I think that we would end up
23 paying less if the County were to run the
24 system; that we're not having to pay for

1 shareholders. We're not having to pay for
2 executives. So, yes, we might have to pay for
3 one water system operator, however, I think
4 there are other people who we are not having to
5 put money in the pockets to continue to pay.

6 That concludes my testimony.

7 COMMISSIONER HUGHES: Thank you very much.
8 Questions for Mr. Patton (sic)?

9 MS. SANFORD: No questions. But a comment
10 I meant to make earlier is to indicate that the
11 Commission's Order requires that the Company file a
12 report on this hearing within 14 days having to do
13 with service quality. So I wanted to make sure that
14 was clear to the people in the room that we will be
15 responding to any service quality complaints. So,
16 it's not a question, but I want to get that in.

17 BY MR. CREECH:

18 Q Mr. Kelly, I do want to ask you about, you said
19 a decrease in water pressure in recent months.
20 Can you elaborate on that?

21 A So, in the mornings when I wake up before going
22 to work, taking a shower, there is no problems
23 with water pressure. No problem washing dishes
24 in the sink. However, in the evenings

1 sometimes it's eight o'clock, sometimes it's
2 ten o'clock at night, I go do to bed shortly
3 after ten so I don't know what the water
4 pressure does after that until I wake up about
5 five in the morning; however, the water
6 pressure noticeably goes from having a strong
7 stream to probably I would say half pressure.
8 I mean, it's a noticeable difference when you
9 turn it on. You don't hear the whooshing
10 sounds that you hear during the day time.
11 That's my best description that I can give you.

12 Q And that's at your home?

13 A At my home and other users that I have talked
14 to; some that are here tonight, some that are
15 not here tonight. It's spread not just in
16 Shell Landing but down 101. Users that are
17 down there that I know and neighborhoods I know
18 as well.

19 MR. CREECH: Thank you.

20 THE WITNESS: You're welcome.

21 COMMISSIONER HUGHES: Do Commissioners
22 have questions? Commissioner McKissick?

23 EXAMINATION BY COMMISSIONER MCKISSICK:

24 Q Just a little more information about this

1 service problem you're experiencing.

2 When did this problem with
3 water pressure begin or when did you first
4 observe it?

5 A I've noticed it at least four months now I
6 would say. It's been several months. I can't
7 tell you when. I just know that all of a
8 sudden I noticed it and honestly I didn't know
9 Carolina Water Service was the ones running our
10 system. I know that the person who was running
11 the water system took a different job, but I
12 didn't know they hadn't found a replacement.

13 Q And it is something you observe day in and day
14 out on an ongoing basis?

15 A Everyday.

16 Q Everyday. And the pressure is low during what
17 hours of the day?

18 A I would say eight o'clock is when I mainly
19 notice it.

20 Q Eight P.M.?

21 A Sorry. Eight P.M. to I go to bed shortly after
22 the ten every day, so that's when I notice it,
23 between that window on a daily basis.

24 Q And have you reported it?

1 A I have not reported it. And the reason I
2 stated was we spent months talking to
3 Commissioners and the County and it just kind
4 of fell on deaf ears. So, to be honest, I've
5 kind of felt defeated.

6 Q Do you know if any other users of the system
7 that have reported that problem?

8 A I don't know of anyone that's reported it, to
9 be honest.

10 Q And other than that problem that you had over
11 the last four months, have you observed any
12 other or service deficiencies that you would
13 like to identify?

14 A I have not noticed anything else myself.

15 Q So generally you've been content with the
16 service the County has provided?

17 A I thought the County -- during this last four
18 months and even beyond, besides the water
19 pressure, I've never had a problem with my
20 water.

21 Q And is it your belief that if Carolina Water
22 were to take over the system that you would
23 experience any service problems or --

24 A From the research that I have done of Carolina

1 Water Service in North Carolina as well as
2 their parent companies and subsidiary companies
3 in other states, I have seen plenty of
4 complaints including one neighborhood in this
5 county, in Morehead City. I can't even think
6 of the name of it.

7 UNKNOWN VOICES: Brandywine.

8 THE WITNESS: Brandywine.

9 COMMISSIONER HUGHES: Again --

10 THE WITNESS: I'm sorry.

11 COMMISSIONER HUGHES: I'll ask the
12 audience to refrain from --

13 THE WITNESS: Brandywine.

14 BY COMMISSIONER McKISSICK:

15 Q Okay. So your greatest concern is the
16 potential for a rate increase; is it not?

17 A Yes. I don't understand how a company that is
18 a for-profit company is not going to want to
19 increase rates, not just to sustain the system
20 but to continue to make a profit. That is what
21 a private company is. I mean, I'm a great
22 libertarian. I'm against the government
23 running a lot of things. I think private
24 sector is great. However, when it's a monopoly

1 I can't say that that's the same. If there is
2 competition that allows free market. This is
3 no monopoly and there's no competition. They
4 can set the rates to however they please.

5 COMMISSIONER McKISSICK: Thank you. I
6 don't have any further questions.

7 THE WITNESS: Thank you.

8 EXAMINATION BY COMMISSIONER BROWN-BLAND:

9 Q Mr. Kelly -- and I think I just heard some of
10 it in your last few statements but I was going
11 to ask you and I'll give you an opportunity to
12 just kind of summarize -- you used the term
13 earlier that you think that the residents and
14 users of the system are being penalized by this
15 potential sale and transfer. Just kind of
16 summarize why it is you see it as penalizing
17 you?

18 A So, I don't think that we're being penalized.
19 I think that our conversations with County
20 Commissioners and the County employees was that
21 through raising rates we would end up paying
22 less in the long run to have a sustainable
23 system. That there's things that we could have
24 done. We actually even talked about grants

1 that were available. Offered to help with
2 those grants. Offered to create a board to
3 also help as a commission with the water system
4 and County.

5 I don't think we're being
6 penalized. However, I think that, once again,
7 a corporate company who is a for-profit coming
8 in, it's their business to make money. And
9 buying a system for \$9.5 million when the
10 County only owes \$1.6 million, the County can't
11 make money when only owing \$1.6 million left
12 and having to run the system. Now a company
13 comes in with \$9.5 plus having to maintain the
14 system. I understand that they need to buy
15 with the other business they own in the area
16 but it's not that great.

17 Q Are you aware of or do you know of any
18 instances where the Carolina Water Company has
19 met with users or members of the public over
20 this transfer?

21 A I don't know if Carolina Water has met with
22 anybody in this part of the county. I assume
23 with Brandywine where they have a water system
24 that they have met with the users there.

1 Through looking in the -- Brandywine has got a
2 private newspaper, some kind of article they
3 release on a monthly, bi-monthly basis, I'm not
4 a hundred percent sure, I know that has had
5 issues and Carolina Water Service has a
6 representative that has started going to their
7 neighborhood meetings. I do know that. But as
8 far as users on the County's water system, I
9 don't know of any conversations.

10 COMMISSIONER BROWN-BLAND: Thank you.

11 THE WITNESS: Thank you.

12 COMMISSIONER HUGHES: Questions on
13 questions? Yes, please.

14 MS. SANFORD: No questions. Thank you.

15 MR. CREECH: One question.

16 EXAMINATION BY MR. CREECH:

17 Q Again, Mr. Kelly, you talked about a grants
18 discussion. Can you just elaborate on that one
19 moment? You were talking about your
20 discussions with the offering to -- you and
21 other --

22 A So, when the whole discussion of the Carteret
23 County water system being sold came into play,
24 myself and several other community members

1 started what was called Carteret County for
2 Public Water, and a group of 10 or so people.
3 Several of us were doing a lot of research,
4 find out about the North Carolina Water
5 Utilities Commission, finding out about water
6 systems; really had to quickly learn about
7 things. And as we started talking to other
8 systems and how they have become sustainable,
9 we found out about grant opportunities. We
10 learned about grant opportunities that were
11 there. Several of us approached the County,
12 talked with them, talked to several
13 Commissioners in meetings about helping with
14 these grants, writing grants, being able to
15 assist with that, and just got nothing from
16 them.

17 COMMISSIONER HUGHES: Anymore questions?

18 MR. CREECH: Just one more question if I
19 can. If I can, Commissioner.

20 COMMISSIONER HUGHES: Please proceed.

21 BY MR. CREECH:

22 Q You -- following up on grants, a piece. In
23 that same sentence you mentioned about the
24 \$1.5 million and \$9 million. Can you elaborate

1 on that as well?

2 A Yes. So, currently the County has a loan of
3 \$1.5, \$1.6 million, I think somewhere in that
4 range, left to pay off. And that's the only
5 loan that they have left to pay off on the
6 system. Then it would just be the fees of
7 maintaining the system and employees, all of
8 that, on the day-to-day basis. However,
9 Carolina Water Service buying it for
10 \$9.5 million, obviously that goes into the
11 forecast of what they are going to have to make
12 in paying off their \$9.5 million based off of
13 the system and user fees.

14 MR. CREECH: Thank you.

15 THE WITNESS: You're welcome.

16 COMMISSIONER HUGHES: Thank you very much
17 for coming out tonight, Mr. Kelly.

18 THE WITNESS: Thank you.

19 MR. CREECH: Thank you.

20 COMMISSIONER HUGHES: Call your next
21 witness.

22 MR. CREECH: I would like to call John
23 Cawthern.

24 JOHN CAWTHERN;

1 having been duly sworn,

2 testified as follows:

3 DIRECT EXAMINATION BY MR. CREECH:

4 Q Mr. Cawthern, can you please state your name
5 and address for the record and indicate if
6 you're a customer, please?

7 A Okay. I am John Cawthern. I live at 508
8 Island Drive, Beaufort, North Carolina, and I
9 am a County water customer.

10 I kind of came here looking for
11 answers but I guess it just has to fall down
12 and I just have to implore the Utilities
13 Commission not to reward the inaction and
14 ineptitude of the County Commissioners on the
15 way they managed our water system.

16 I used to have a utility,
17 underground utilities company, and I worked for
18 six -- primary contractor for six different
19 water municipalities up in Pennsylvania, and
20 they hired me out as a public, you know, a
21 public utility contractor to fix water main
22 breaks, to fix service, because I could do it
23 cheaper. I could save the municipality money
24 and it was better on their bottom line.

NORTH CAROLINA UTILITIES COMMISSION

1 There has been no attempt by
2 the County to do any of that. They say well
3 the system isn't making money. Well, why isn't
4 it making money? And the better question, why
5 should it make money. Do we make money off the
6 airport. Do we make money from libraries? Do
7 we make money from jails? It's a public
8 necessity.

9 When I bought my house here, I
10 bought it knowing that it was serviced by a
11 county water system. And all the reports were
12 that it was a good system. No issues.
13 Reasonable rates. I understand. I didn't have
14 any problem when you pretty much doubled my
15 water rates. I don't mind paying for service
16 that I'm getting. I don't like to see people
17 rewarded for inaction and ineptitude, which the
18 sale of this business will do. The County
19 Commissioners had a chance to make this system
20 work. And the customers are more than willing
21 to put skin in the game to see that it does
22 work.

23 So, that's pretty much all I
24 have to say, you know. There was a lot that

1 could have been done. I know the one fellow
2 who was very good at looking for public sources
3 for money, grants. I understand that
4 neighboring counties and stuff got a million
5 dollars in grants and stuff to keep their water
6 system good. Why wasn't that ever done in
7 Carteret County? Was it because it couldn't be
8 done? Or was it because the Commissioners
9 chose not to do it? Why did they choose not to
10 do it? Maybe they had a little \$8 million
11 slush fund coming their way. I don't know.
12 But I just implore the Utilities Commission to
13 stop this sale; make the County Commissioners
14 do their job, do what we elected them to do,
15 and properly manage a very, very necessary
16 public service. That's all I have to say.

17 COMMISSIONER HUGHES: Thank you.

18 Questions for Mr. Cawthern?

19 MS. SANFORD: No questions.

20 BY MR. CREECH:

21 Q Mr. Cawthern, I just have two to follow ups if
22 I could. You referenced neighboring counties
23 receiving grant money.

24 A Yeah, wasn't it Craven County, the Jacksonville

1 area? I think they got a large grant last
2 year. I saw something about it in the paper.

3 I know in all the
4 municipalities I worked for up in Pennsylvania,
5 they are constantly receiving grants for
6 infrastructure to run new sewer mains, water
7 mains. It is out there. But none of it ever
8 seemed to come here.

9 Q And one other question. You mentioned an
10 \$8 million slush fund, but that's the
11 difference between the --

12 A Yeah, we owe \$1.6 million on it and they're
13 selling it for had \$9.5.

14 Q Thank you.

15 COMMISSIONER HUGHES: Any questions from
16 the Commissioners?

17 (No response)

18 COMMISSIONER HUGHES: Thank you,
19 Mr. Cawthern, for coming out. You may be excused.
20 Please call the next witness.

21 MR. CREECH: We'd like to call Lisa Camp.

22 LISA CAMP;
23 having been duly sworn,
24 testified as follows:

1 DIRECT EXAMINATION BY MR. CREECH:

2 Q Ms. Camp, if you could please state your name
3 and your address, and whether you're a water
4 customer for the record, please?

5 A Lisa Camp, 108 Cupid Drive in Beaufort, and I
6 am a customer.

7 Q Please proceed.

8 A So, when I bought my house 17 years ago we were
9 on a well, and many of the people who live in
10 this water district are on a well, and don't
11 have to join if they -- they certainly couldn't
12 be forced to join it so that's why there are so
13 few customers. Out of the 3,000, there's 1200.

14 But as we were dealing with
15 this issue, we made suggestions like this area
16 is growing like crazy, why don't you force new
17 construction to get on it. And we just had so
18 many ideas that were not at all considered.
19 And so I did switch to the County water because
20 I knew it was affordable and I knew it was
21 good. We all liked the water quality and we
22 liked the price.

23 But when the potential sale
24 came along, our consensus was that if we're

1 going to pay more, and we knew we would pay
2 more if it was sold, we'd rather pay the
3 County, and we all would rather pay the County.
4 And when they raised it 95 percent, we didn't
5 complain. Except for one lady who showed up
6 who was a widow on a fixed income and she
7 rightly said, I can't do this. What she didn't
8 know was that she's going to do it anyway.
9 Maybe not for four years, but after that,
10 the -- all the water systems that are public
11 don't have the best reputation. And their
12 reputation is that they tell you it's not going
13 to go up and then it will. And the quality
14 will go down.

15 So, I'm going to tell you this.
16 This is a true story. I was at the Hair Trends
17 which is a hair place here with lots of local
18 ladies in it. Sorry. And they all knew that I
19 was involved in this potential protesting of
20 the sale, and they said, "Lisa, what's new with
21 the water system"? And I said, "well, it's
22 going to take about a year or so to go through,
23 because we all just assumed it's going to, so I
24 don't know where it is in the process." And my

1 hairdresser said, "have you noticed it's gotten
2 kind of yellow?" And I said, "you know, I
3 have." And she goes, "I won't drink it
4 anymore. And in fact", she says, "I accused my
5 husband of not flushing the toilet". And I go,
6 "so have I".

7 (Laughter)

8 Because there is no paper in it
9 from them, so, but it's not the fact, it just
10 comes up yellow. And that is a definite
11 change. And I did not know that Carolina Water
12 has been contracted out to run this system. So
13 that is a true story. And I'm sure everybody
14 has noticed it, too. Did I call and complain?
15 Nope, because what's the point.

16 I also just want to say that we
17 are willing to pay more money to the County.
18 That's not the thing. We actually have cheaper
19 water than our neighbors. Beaufort is really
20 high. We also offered to help start a co-op.
21 Let's do a co-op. We have some of those. I
22 think Craven County has a co-op. So, no, no,
23 no, no, we don't want to be in the water
24 business is basically the answer we kept

1 getting. But, you know, if you are a county,
2 it's what -- in my day the Counties ran all the
3 electric and it just seems that they are all
4 going to for-profit, for-profit. So that is my
5 testimony.

6 COMMISSIONER HUGHES: Thank you.

7 Questions for Ms. Camp?

8 MS. SANFORD: I have no questions. Thank
9 you, Ms. Camp.

10 BY MR. CREECH:

11 Q Ms. Camp, I just have one question for you if I
12 could.

13 You indicated about folks
14 paying more regardless. And, in particular,
15 you spoke of a low-income individual at one of
16 the hearings. Do you have a sense about
17 whether a base rate would help folks of low
18 income?

19 A You're talking about giving them a reduced
20 rate?

21 Q Well, it would be a standard base rate and then
22 incremental.

23 A I think that's the way it is now. Everybody
24 gets charged one rate up to certain gallons and

1 then you have to pay more if you use more.

2 Q Right. Thank you. And then I have one
3 question. You spoke about the --

4 A Yellow water.

5 Q In a jovial way about the yellow water, can you
6 just elaborate on that one more moment?

7 A If you ever talk to a doctor, he'll tell you,
8 if you pee it should be very light-colored.
9 That means you're drinking enough water. And
10 that's what it looks like. If it's dark
11 yellow, then you're not drinking enough water,
12 just for everybody's --

13 (Audience Laughter)

14 Q And is that just in your house or is that in --
15 do you know, I mean, that's what you're
16 experiencing?

17 A Yeah, I think so. It's just I haven't gone to
18 anybody else's house and noticed it. But it's
19 definitely, definitely different and now I know
20 why.

21 Q Okay. Thank you for that.

22 COMMISSIONER HUGHES: Commissioner
23 McKissick?

24 EXAMINATION BY COMMISSIONER McKISSICK:

1 Q Let me follow up on that last line of inquiry.
2 When did you first notice this yellow
3 discoloration in the water?
4 A I'm going to say in the spring.
5 Q So that would be spring of '22?
6 A I go every month for my hair and I can just
7 count back, you know, five, or six, or seven
8 times.
9 Q So beginning around April or May of this year?
10 A (Nods head affirmatively).
11 Q And it's continued to be a problem since then?
12 A To this day. Come on over to my house and
13 look.
14 Q Okay.
15 A You're on Beaufort water here. You can't tell
16 here.
17 Q All right. And have you reported this?
18 A No. Like I said, what's the point.
19 Q Have you had other service-related problems
20 that you have reported that --
21 A No. I haven't had any other problems. I
22 noticed the color.
23 Q Has the taste remained?
24 A Um-um (Gesturing).

1 Q It's yellow. So your water --

2 A My hairdresser said I won't drink it. She is
3 back to buying bottled water.

4 Q And there was one other thing you commented
5 upon which was in back of my mind earlier.

6 You mentioned that many people
7 could potentially become users of the system,
8 have wells already on their property, and they
9 never selected or decided to tap in; is that
10 correct?

11 A That is correct. In my neighborhood there is
12 only one street out of the five, I don't know
13 how many, 20 that has a potential to -- well
14 that's not true. They came in, I don't know
15 how many years ago, you guys would know, and
16 put water lines in our neighborhood so we could
17 tap in but we didn't have to. We had to pay
18 \$18 a month until a certain time to recoup the
19 cost. And then to tap into it, it cost a good
20 thousand dollars if not more, so people keep
21 using their well water. We all have softener
22 systems and there's no need.

23 I'll tell you what made me do
24 it was when we had Florence come through here

1 and we were without electricity for 10 days, I
2 decided -- I couldn't get any water up to my
3 house so that's when I decided to pay the money
4 and get on the system, so I can flush toilets
5 and wash dishes when I have no power, and take
6 a shower.

7 Q So you -- as I recall, you bought your home
8 about 17 years ago?

9 A Yes, sir.

10 Q And Florence came through about four years ago.

11 A Uh-huh (yes).

12 Q So that's when you paid the tap fee?

13 A After that I paid the tap fee. And very happy
14 with the water. Very happy.

15 Q Do you know what a person would have to pay to
16 drill a well today? And would they be
17 permitted to drill wells in this area that's
18 served by the system?

19 A I don't know the cost. I have no idea. It
20 can't be cheap.

21 Q I understand.

22 COMMISSIONER McKISSICK: Thank you. I
23 appreciate your testimony.

24 COMMISSIONER HUGHES: Before you step

1 down, please. If there's no further questions,
2 questions on the Commission's questions? Please.

3 MR. CREECH: I have just one follow up on
4 the service-related item, if I may.

5 EXAMINATION BY MR. CREECH:

6 Q You spoke on -- I think I meant to ask you, if
7 I may follow up on kind of consistent with what
8 Commissioner McKissick was asking, but on the
9 low water pressure. Has that been an issue for
10 you?

11 A I haven't noticed it.

12 Q Okay.

13 A But I shower in the morning.

14 MR. CREECH: Okay, thank you.

15 COMMISSIONER HUGHES: Thank, you for your
16 testimony. You may step down.

17 MR. CREECH: I'll call Jennifer Day.

18 JENNIFER DAY;
19 having been duly sworn,
20 testified as follows:

21 DIRECT EXAMINATION BY MR. CREECH:

22 Q Ms. Day, if you can, please state your name,
23 address, and whether you're a water customer
24 for the record, please?

1 A My name is Jennifer day. My address is 207
2 Wallace Road in Beaufort. And I am a water
3 customer.

4 Q Thank you.

5 A I wanted to kind of say what some of the other
6 people are saying. One, yes, the water
7 pressure drops every night around eight
8 o'clock. I get up around ten, and that's the
9 last time before going to bed, and can barely
10 flush the toilets. During the middle of the
11 night, same thing.

12 The water is yellow. I had a
13 clear glass, I filled it up to go make my
14 coffee, set it down on the counter and I
15 thought that glass is dirty. So I washed the
16 glass and did it again, the water is definitely
17 yellow. I don't know when that started. I
18 just started noticing that it gets light
19 yellow, and you can see it very clearly in a
20 clear glass.

21 I personally went around our
22 neighborhoods and had people -- they signed the
23 petition not to sell this water. And I
24 personally got probably close to 50 signatures

1 in our neighborhood. We presented that
2 petition with close to a thousand signatures on
3 it to the Commissioners at these meetings that
4 we had, that we had this room full and we had
5 the room out there, we had the hallways, we had
6 standing room only, people against selling this
7 water. And the Commissioners did not listen to
8 anybody.

9 So, another thing that I have
10 noticed that -- and this was in the paper just
11 recently -- we're going to bail out the
12 airport, according to Commissioner Wheatly.
13 We're going to pay -- the airport has been
14 losing money for years. Okay. How many people
15 in this county use that airport? But they're
16 going to pay to provide and fix up the airport
17 when we've got 1200 people using this water and
18 they don't want to keep it.

19 So is the selling of our water,
20 like he said, a slush fund or is this going to
21 the airport so we can have our bigwigs fly in
22 and out of Beaufort? That's one of the
23 questions I have. And why is it that when we
24 say, no, we don't want this, the Commissioners

1 do not listen to what we have to say and
2 decided just to go ahead and sell it anyways?

3 That's my testimony.

4 COMMISSIONER HUGHES: Before you step
5 down. Questions for Ms. Day?

6 MS. SANFORD: No questions. Thank you.

7 BY MR. CREECH:

8 Q Ms. Day, I wanted to follow up on your
9 service-related comments and maybe in advance
10 of Commissioner McKissick. If you could,
11 please indicate when you started experiencing
12 your water pressure issues --

13 A I would say it was --

14 Q -- and your yellow water issues?

15 A I would say in the spring. And, once again, I
16 thought, oh gosh, they're doing something to
17 the water. I had no idea that Carolina Water
18 was running it. And I was like, okay, so maybe
19 it will clear up. And the yellow will go away
20 for a little bit but then it comes back.

21 And I've noticed a few times in
22 taking a shower, there's a strong smell. Now,
23 that's only happened occasionally. And then we
24 get this little letter saying, oh, they're

1 testing North River water and the chlorine is
2 this amount, and this amount, and everything
3 tests fine. So, I thought well that's just
4 they are doing. They're running their normal
5 test on it and the water smell changes a little
6 bit.

7 But I have noticed that the
8 water pressure definitely decreases in the
9 evening and throughout the night. That
10 sometimes like I always get up at two o'clock
11 to go to the bathroom. I don't even flush the
12 toilet because I know it's not going to flush.
13 The water pressure has dropped so much during
14 the night that the toilet won't flush. By
15 six o'clock when I get up and, you know, get
16 ready and stuff, then the pressure is back up
17 again.

18 Q All right. I wanted to follow up with you
19 also, you spoke of signatures, you said 50
20 signatures, and then 1000 signatures?

21 A I personally got 50.

22 Q Okay. And how many of those folks were water
23 customers; do you know?

24 A I have no idea. I know that when I went around

1 my neighborhood which is Shell Landing, the 50
2 that I got were water customers. We had
3 petitions out all over the place. And we had
4 people going door-to-door throughout the whole
5 area that is serviced by this water system. We
6 had all over Beaufort, Carteret County, to get
7 people aware of what the Commissioners were
8 doing against what our wishes were.

9 Q And so that's 50, and then ultimately 1000
10 signatures, and they're -- do you know how many
11 water customers there are? Is it 1250?

12 A There are over 1200 customers.

13 MR. CREECH: Thank you.

14 COMMISSIONER HUGHES: Any questions
15 from -- Commissioner McKissick?

16 COMMISSIONER McKISSICK: Just one or two
17 questions.

18 EXAMINATION BY COMMISSIONER McKISSICK:

19 Q During your testimony you referred to a meeting
20 with the County Commissioners; is that correct?

21 A Oh, we've had several meetings. We've come
22 here, I don't know, three or four times. We've
23 had meetings throughout the time -- when we
24 were at Carteret County for the public water,

1 we had lots of people here during those
2 meetings when they discussed selling the water.
3 And each time we were given numbers. Oh well,
4 we're losing this much. We're losing that
5 much. But nobody -- none of the Commissioners
6 were taking responsibility in hiring
7 appropriate people or doing the appropriate
8 things to fix the water system. It was like
9 they already had it in their minds, they're
10 going to sell it regardless of what anybody
11 says.

12 Q And how many of those meetings did you attend,
13 if you recall?

14 A This is my third one?

15 Q This is your third one.

16 A Uh-huh (yes).

17 Q And at the two preceding ones, before today,
18 how many people would you estimate spoke
19 publicly and voiced concerns about the proposed
20 sale of the system?

21 A I don't know how many they list, but everybody
22 had three minutes. And I know it was at least
23 a full page of -- each time of people that got
24 up and spoke against. In the three meetings or

1 the two meetings prior that I attended, I was
2 sitting over in that room and watching it on TV
3 because, like I said, it was overflow. The
4 hallways, everything was full of people. We
5 even had Channel 12 News here and I think
6 Channel 9 was here to talk about it, to support
7 us. Not one person that I saw on TV opposed --
8 I mean, was for the sale. Not a single person.
9 Every person that came up and spoke was against
10 the sale of the water.

11 Q So in the two preceding meetings you attended,
12 each time public comments was received there
13 wasn't any public person, any people speaking
14 in the public hearing that supported the sale?

15 A That's correct.

16 COMMISSIONER McKISSICK: Thank you, ma'am.

17 COMMISSIONER HUGHES: Questions on
18 questions?

19 MS. SANFORD: No, thank you.

20 COMMISSIONER HUGHES: Thank you so much
21 for coming out.

22 MR. CREECH: I'd like to call Liz Ponder.

23 LIZ PONDER;

24 having been duly sworn,

1 testified as follows:

2 DIRECT EXAMINATION BY MR. CREECH:

3 Q Ms. Ponder, if you could please state your
4 name, address and whether you're a water
5 customer for the record, please?

6 A Sure. My name is Liz Ponder. I live at 163
7 Shell Landing Road and I am on the water system
8 with the County.

9 I'd like to first address the
10 valuation of our water system. I know that
11 there is a whole arithmetic that goes into it.
12 I'm not even going to even attempt to
13 understand it because it's not anywhere close
14 to my field, but I think it's important to also
15 note that our County values the system a lot.
16 Enough so that I've attended quite a few
17 Commissioner meetings. I've probably attended
18 10 to 12 since I moved here in late 2017, and
19 the water system -- besides the immediate
20 meeting after Hurricane Florence, the water
21 system has been the most hotly contested issue
22 with the largest amount of turnout.

23 When Ms. Day mentioned that
24 there was an overflow room, that is the next

1 trial room over, and every seat was filled.
2 There are benches and benches in there and
3 every seat people were sitting on the floor,
4 people were in the hallway, the largest turnout
5 is because of the County Water System here.

6 And so the value of it to us is
7 probably much greater than the value that the
8 experts have come up with a number, because
9 we're willing to pay more for it to keep it a
10 county system. We voluntarily asked the County
11 to raise the rates and told them that we would
12 be willing to do those things and support the
13 system in that way because, as Mr. Kelly had
14 mentioned, this is a public utility. It's for
15 the public good, and there is a monopoly on it,
16 and we would prefer that to go towards us.

17 Additionally, you know, the
18 residents were not only willing to pay
19 additional fees for the current usage but also
20 the future maintenance and current maintenance.
21 Those were things that we had discussed with
22 the County. I know that Carteret County for
23 Public Water System had met with the
24 Commissioners or tried to meet multiple times

1 with them to discuss current and future
2 maintenance needs as well.

3 And I would like to say that
4 Mr. Wheatly did speak of the cost associated
5 with the system but he also did not mention
6 that the system -- the citizens who were
7 offered and agreed to increase the cost. So he
8 was talking about how they received some
9 comments about how it's more expensive to
10 certain individuals. But the overwhelming
11 majority of people who participated in these
12 hearings were willing to pay the additional
13 cost and spoke that at the meetings themselves.

14 Now, you've heard about low
15 water pressure and yellow water. I'm going to
16 also add in that we have certainly noticed the
17 water pressure later in the evening, it takes
18 awhile. I fill up our coffee pot to have it
19 prepared for the next morning because I don't
20 like to wait for my coffee when I wake up, and
21 as it's filling up it takes a long time. It's
22 12 cups and I'm standing there I would say over
23 30 seconds, 45 seconds to fill up a coffee pot.
24 That's a long time for water to fill up a

1 normal coffee pot, at least I believe it is.

2 I've noticed a decrease in
3 water pressure and it is certainly yellow. And
4 I would say it's yellow where it's noticeable
5 and my children have noticed it. People don't
6 want to drink it. I haven't noticed a change
7 in the taste, but it's certainly -- there's
8 something going on. And that has, I would also
9 agree that that's probably been going on since
10 late spring or so. But knowing that the County
11 water is actually being serviced by the
12 potential buyer at this point wasn't even
13 addressed to us. None of us even knew that
14 that was happening or if it was then we missed
15 it and I apologize for that.

16 But one other thing I would say
17 is that we had an issue at least in our house,
18 and I don't know if it's related to the water
19 or not, but when we run our dishwasher all of
20 our dishes now have like a chalky white film on
21 it. We run ours at night. Maybe there's not
22 enough pressure. I don't know. We bought the
23 dishwasher about year and a half, two years
24 ago. It's always run very well until recently.

1 In the last couple of months, and the more it
2 runs, the worse it gets. But it's a, sort of,
3 some chalky white residue. You can rinse it
4 off but you've got to scrub it off in the sink.
5 But all of our dishes are now becoming very
6 foggy. Yes, we use the Jet Dry and whatever
7 you're supposed to do to keep your dishes
8 looking nice and it's not helping at all.

9 Making a point to the lower
10 income folks, and I can certainly understand
11 why they would have a hard time with a
12 95 percent increase, but I'm not entirely sure
13 how selling the water is going to help those
14 individuals. When after time those rates are
15 going to go up no matter what. The difference
16 is that we're going to be giving that money to
17 a private entity as opposed to putting it back
18 in for our own selves. They are going to be
19 having a hard time paying no matter what. No
20 matter if the County raises the rates or if the
21 private entity raises the rates. Either way,
22 the rates are going to go up and that's just
23 going to have to be dealt with.

24 My preference certainly would

1 be I'd rather be paying it for myself. Just
2 like I have a mortgage for a reason. I'm not
3 paying rent to give somebody else the money, I
4 want it reinvested back into myself. I want
5 this money reinvested and the water system
6 reinvested back into our community.

7 Additionally, I know that -- I
8 believe that Ms. Day spoke about, talking about
9 a co-op. That certainly was something. And we
10 already have one in the County. It's the
11 Western Carteret Co-Op and they're a water
12 system. We suggested that to the County as
13 well with no real response to that either.

14 And last, the water pressure
15 issue is a big concern. If the water is low in
16 our home, does that mean our fire hydrants are
17 also low? Is that going to impact the
18 life-saving necessity of our fire department to
19 be able to put out fires if our hydrants aren't
20 able to put out as much water pressure as
21 necessary.

22 So I would like to put those
23 questions out there. I don't have the answers
24 to that. Clearly, I'm not skilled in that, but

1 those are certainly some concerns that we have.

2 COMMISSIONER HUGHES: Thank you very much.

3 Questions?

4 MS. SANFORD: No questions. Thank you.

5 BY MR. CREECH:

6 Q If I may, Ms. Ponder, just related to your
7 service-related questions. You spoke to water
8 pressure. You spoke to the color of the water.
9 And you spoke to the chalky white substance.
10 Again, can you clarify when that started for
11 you?

12 A The water pressure, I would say was probably
13 the first thing that I noticed. Late spring or
14 early summer, somewhere in there. I probably
15 noticed it first but it didn't click that there
16 was anything really wrong with it. But the
17 yellow in the water came a little bit after
18 that. The water pressure definitely came
19 first. And the chalky white substance on the
20 dishwasher, I would say has -- it seems like
21 it's a progression. So once it's on the actual
22 dishes themselves, you can kind of feel it with
23 your tongue like when you put a glass up on
24 your mouth, but it's like progressively getting

1 worst. So, it seems like it's just kind of
2 adding layer after layer. And so it could have
3 been going on for a long time and I wouldn't
4 have noticed, but we are now noticing that all
5 of our dishes are turning a little bit more
6 foggy because of that.

7 Q And have you reported those to the County?

8 A No. Like the other individuals have said,
9 we've had very little success when talking to
10 the County, and it doesn't seem like that would
11 be well received.

12 Additionally, I've got to tell
13 you, I didn't know that they were all related
14 until other people were talking about it. So,
15 I didn't know that my yellow water was somebody
16 else's yellow water as well or my water
17 pressure was the same problem somebody else was
18 having. I didn't have that conversation with
19 anyone.

20 Q Thank you. And you had one comment about low
21 income payers and how they were going to be
22 paying more to the low -- to the County or to
23 the private water company. Can you elaborate
24 on what you mean there?

1 A Yeah, sure. As we all know, if the County
2 keeps the water system, if the sale is not
3 allowed to go through, the cost of maintenance
4 and future maintenance and certainly current
5 maintenance that we need right now is going to
6 be put onto the taxpayers to cover all of it.
7 And so our cost as a County is going to have to
8 increase regardless. I think that that's basic
9 economics.

10 But if a private entity comes
11 in and they are paying \$9.5 million for the
12 system, not only do they want to recoup the
13 cost of buying the system, but they're also
14 going to have to pay for the maintenance and
15 all of those things as well, plus they're --
16 I'm assuming they're a privately-held -- or a
17 publicly-held entity in which they have
18 shareholders and all of the other expenses
19 associated with CEOs, and travel, and
20 everything like that, so they're going to have
21 to increase the rates. I mean, they've already
22 sent out a document saying that those rates are
23 going to have to increase and that only gives
24 us a few years' knowledge.

1 So eventually, those lower
2 income individuals, regardless if the County
3 keeps it or if it gets sold, the cost is going
4 up.

5 Q So it's your concern that if you stay with the
6 County you're going to pay for maintenance
7 regardless, but if you go to the private
8 Company you're going to have to pay the
9 \$8 million and the return that the Company is
10 going to want to get back.

11 A Absolutely.

12 MR. CREECH: Thank you.

13 COMMISSIONER HUGHES: Any questions?

14 COMMISSIONER McKISSICK: Sure. Just one
15 or two questions, ma'am.

16 EXAMINATION BY COMMISSIONER McKISSICK:

17 Q How long have you been using this water from
18 the system?

19 A So we moved into our home in August of 2017 and
20 we were on this system then. We did not even
21 know we were on the system because there's a
22 well on our property. So we had the water
23 tested assuming that it was well water. After
24 we had spent the money that's when we were told

1 that it was County water and it came back
2 great. And we've always been very pleased with
3 the quality of water until recent with these
4 certain issues. I can't say that the taste is
5 any different; I haven't noticed that. I use
6 it a lot for cooking, so it gets boiled, and
7 all of that, so I'm not necessarily ingesting a
8 ton of it all at once. But we've been on the
9 water system since 2017.

10 Q Since 2017?

11 A Yes, sir.

12 Q And I believe during your testimony you
13 indicated that you've attended 10 to 12
14 meetings?

15 A Yes. County Commissioner meetings.

16 Q Was the sale of the water system a point of
17 contention at each one of those meetings?

18 A No. No. I have been attending Commissioner
19 meetings for awhile.

20 Q I see.

21 A And so I was indicating that there was a huge
22 interest in the water system in this potential
23 sale. So much so that I've never seen as many
24 people at these meetings except for that one

1 time right after Hurricane Florence when we
2 were having an emergency meeting.

3 Q Let me ask you about that. Because I recall, I
4 think it was Ms. Camp who testified that after
5 Florence she decided to join the system because
6 of power outages?

7 A Uh-huh (yes).

8 Q To your knowledge, were there others that
9 joined the system in the aftermath of Florence
10 that wanted regular service?

11 A I don't have the answer to that. After
12 Hurricane Florence I spent a lot of
13 time working with -- I volunteered a lot with
14 our local recovery group and worked with a lot
15 of people that aren't on the water system, on
16 the County. We do have a small number, 12 --
17 1250 I think, is the number of individuals. So
18 the majority of my work with people after
19 Florence was in areas that had other water
20 systems besides the County system.

21 I have had many conversations
22 though where individuals say that if the water
23 system is sold they already have wells they
24 might as well just go back to it.

1 Q And it's my understanding the City of Beaufort
2 has its own water system?

3 A That's correct.

4 Q It's also my understanding at some point during
5 discussions between the County and the City of
6 Beaufort about taking over the system that the
7 County owns.

8 A I've heard of that but I'm not knowledgeable in
9 a lot of that. I believe that Mr. Patton had
10 more information on that than I do.

11 Q Thank you.

12 A You're welcome.

13 COMMISSIONER HUGHES: Any questions?

14 MS. SANFORD: Quickly please.

15 EXAMINATION BY MS. SANFORD:

16 Q Ms. -- is it Ponder?

17 A Yes.

18 Q I just want to make sure I've got it right.

19 I have a couple of questions
20 and they are more to help me understand areas
21 where I think we need to improve our
22 communication. I've heard from several
23 witnesses, most recently from you, a great deal
24 of concern about -- these are my words and I'm

1 not trying to put them in anybody's mouth --
2 about sort of an untrammelled possibility of
3 rate increases if this is sold to the private
4 sector.

5 In any of these meetings or
6 conversations has anybody talked to you about
7 the fact that this Commission regulates the
8 rates of this Company, that they decide what
9 the rates can be?

10 A That's certainly knowledge at least that I
11 have.

12 Q Okay.

13 A Yeah.

14 Q I just was -- I was again curious as to whether
15 that was a subject that not in this hearing but
16 subsequent to it, it might be useful for us to
17 try to explain in terms of how it operates, and
18 that Mr. Creech and Mr. Junis are the advocates
19 for the public in these proceedings.

20 A Yeah. I'm very well aware that the Utilities
21 Commission sort of regulates that. I am also
22 well aware that there are times where rate
23 increases are allowed --

24 Q Exactly.

1 A -- despite public displeasure at it. And so I
2 am presenting the side that we would rather, if
3 our rates are going to increase, that it gets
4 invested back into the --

5 Q Into the County. And understood. Thank you
6 for that. I appreciate it.

7 A You're welcome.

8 COMMISSIONER HUGHES: Any questions?

9 MR. CREECH: Thank you, Ms. Ponder.

10 No additional questions here. I don't
11 know if Commissioners --

12 COMMISSIONER HUGHES: Thank you so much,
13 Ms. Ponder.

14 MR. CREECH: We also have Steven Ponder on
15 the witness list but I don't know if he's going
16 to --

17 MR. PONDER: I was going to yield my time
18 to these people.

19 MR. CREECH: And then initially we had
20 John Moore. John, did you have any comments?

21 MR. MOORE: No. No comments.

22 COMMISSIONER HUGHES: Okay. So
23 since there are -- so no more witnesses?

24 MR. CREECH: Unless -- would anyone else

1 care to make a statement?

2 UNKNOWN SPEAKER: I would.

3 MR. CREECH: We have one more. Is that
4 okay?

5 COMMISSIONER HUGHES: Sure.

6 MR. SNOW: My name is Daniel Snow. I live
7 at 194 --

8 COMMISSIONER HUGHES: Excuse me. I need
9 to swear you in.

10 DANIEL SNOW;
11 having been duly sworn,
12 testified as follows:

13 DIRECT EXAMINATION BY MR. CREECH:

14 Q Mr. Snow, if you'll please state your name,
15 slowly give your address if you will, and then
16 indicate if you are a water customer, please?

17 A Daniel Snow, 194 Wallace Road, Beaufort. Yes,
18 I am a customer.

19 Q Thank you.

20 A I only have one question and it pertains to
21 financing for the water company. Pardon me.
22 If all of these homes that are connected to the
23 water system for fire hydrant purposes are
24 taxed appropriately, would that add enough

1 funds into the system or is that a possible
2 area of revenue generation to keep it viable?

3 That's all I have.

4 COMMISSIONER HUGHES: Questions?

5 BY MR. CREECH:

6 Q Is that a question for the County, the existing
7 utility, or is that for the new --

8 A Correct. It would be for the existing utility
9 structure.

10 Q Which we'll certainly take that question and
11 hopefully, Mr. Wheatly is here, and we can
12 also -- and we may even be able to get a
13 question for that --

14 MS. SANFORD: Do you mind -- if I might
15 ask, do you mind repeating the question? Let me be
16 sure I'm understanding what you're asking.

17 THE WITNESS: Yeah. Let me elaborate it a
18 tad.

19 MS. SANFORD: I just --

20 THE WITNESS: All of these homes that are
21 in the Carteret County water area, even if they are
22 on well water right now, if they have a fire and
23 they're close enough to a fire hydrant they're going
24 to be serviced by that water system. I just wonder

1 if they are not being taxed for it appropriately or
2 if they need to be taxed appropriately. There might
3 be a possible area there to recoup some of the funds
4 that the County needs in order to maintain the
5 system.

6 MS. SANFORD: Commissioner Hughes, that
7 would not be a question for the Company.

8 THE WITNESS: Not for you guys, no.

9 MS. SANFORD: It would not be -- a
10 question about taxation would not be for us.

11 THE WITNESS: I apologize if I put this in
12 an inappropriate forum.

13 MS. SANFORD: No. No. It's just that I
14 need to go ahead and tell you that we don't know.

15 MR. WHEATLY: I think it's a question for
16 me.

17 THE WITNESS: Unfortunately yes,
18 Mr. Wheatly.

19 COMMISSIONER HUGHES: You can do that
20 after the hearing. Any further questions?

21 MR. CREECH: Any other comments?

22 COMMISSIONER HUGHES: I do have one.

23 EXAMINATION BY COMMISSIONER HUGHES:

24 Q I have been curious about the fire protection

1 possibilities. Is that something that's
2 prevalent? I mean, as you drive around the
3 County, do you see fire hydrants in your part
4 of the County that maybe don't exist in other
5 parts of the County?

6 A I do notice that there are a lot of fire
7 hydrants in our neighborhood and in the other
8 areas that are serviced by Carteret County
9 water.

10 MR. CREECH: Commissioner, I was going to
11 ask of him since he -- reported if any -- if he had
12 experienced these -- if he had any service-related
13 comments he cared to make?

14 THE WITNESS: Well, I'm also a morning
15 shower taker and I use low faucets and fixtures on
16 purpose. I'm from Florida originally and we
17 conserve water just out of default.

18 As far as the coloration, I drink filtered
19 water from our fridge, but I haven't noticed
20 anything. It's not to say that it's not happening
21 though. And now all of us are probably going to go
22 home and check our water for issues. Sorry guys.

23 COMMISSIONER HUGHES: Okay. I think these
24 questions are generating more questions. I think we

1 have -- Commissioner McKissick, I think, has a
2 question for you.

3 COMMISSIONER MCKISSICK: Yes.

4 EXAMINATION BY COMMISSIONER MCKISSICK:

5 Q Do you know if the areas where you see the fire
6 hydrants is the same geographic area that's in
7 this service district?

8 A That would be my understanding.

9 Q That would be your understanding. So those are
10 among the 2000 or so people, I believe I heard
11 the County Attorney say, were not in the water
12 system but they're paying taxes toward it?

13 A I'm sorry. Can you repeat the tail end of
14 that?

15 Q Yes. I take it anybody that lives in that
16 geographic area, in the event of a fire, they
17 can --

18 A I would assume reasonably that they would be
19 serviced by the fire hydrants even if they are
20 on well water.

21 Q And in that area, is that service -- I'm aware
22 of typically cities having fire departments as
23 opposed to counties having fire departments, so
24 would those hydrants be used by a rural

1 volunteer fire company or by whom?

2 A We do have some volunteer fire departments in
3 the Merrimon area. I know South River is. But
4 our Beaufort EMS would come down Wallace Road
5 and hook up to our fire hydrant in front of our
6 house and start work.

7 Q Sure. I'm just trying to get it all in my
8 mind. Thank you, sir.

9 A Yes, sir.

10 COMMISSIONER HUGHES: Okay. I think
11 that's it. Thank you very much. Any other? Going
12 once, twice.

13 (Audience member raises hand)

14 COMMISSIONER HUGHES: It's not really
15 meant to get back up again. I'm sorry, sir. But if
16 there was any other one -- anyone else that hadn't
17 signed up to speak or has had second thoughts that
18 hasn't spoken already. I'm sorry for the --

19 MR. CREECH: The Public Staff will
20 certainly be available afterwards, and the Company?

21 COMMISSIONER HUGHES: Well, since we've
22 heard from all of the witnesses, is there anything
23 else that needs to be addressed before we adjourn?

24 MS. SANFORD: No, sir.

1 COMMISSIONER HUGHES: Well, hearing none,
2 we are now at the conclusion of this evening's
3 public witness hearing. I want to thank again
4 everyone for coming out and for your testimony. It
5 really means a lot to everyone in this room. We are
6 adjourned.

7 (The proceedings were adjourned)

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C E R T I F I C A T E

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

Kim T. Mitchell
Kim T. Mitchell