

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 400

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	PUBLIC STAFF'S VERIFIED
Application by Carolina Water Service, Inc.)	RESPONSE TO CAROLINA
of North Carolina for Authority to Adjust and)	WATER SERVICE, INC. OF
Increase Rates and Charges for Water and)	NORTH CAROLINA'S
Sewer Utility Service in All Service Areas of)	REPORT ON CUSTOMER
North Carolina and Approval of a Three-Year)	COMMENTS FROM THE
Water and Sewer Investment Plan)	CHARLOTTE PUBLIC
)	HEARING ON OCTOBER 26,
)	2022
)	

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and pursuant to the Commission's Order Scheduling Hearing, Establishing Intervention and Testimony Due Dates and Discovery Guidelines, and Requiring Notice issued on September 2, 2022, and submits its verified response to Carolina Water Service, Inc. of North Carolina's (CWSNC or Company) Report on Customer Comments from Public Hearing in Charlotte, North Carolina, on October 26, 2022.

The purpose of the Public Staff's response is to provide the results of the Public Staff's review of CWSNC's report regarding the public hearing held on October 26, 2022, in Charlotte and whether CWSNC's report adequately addresses the customer's concerns.

On October 26, 2022, eleven customers, Mr. James Godwin (The Farm), Mr. Fred Becker (The Harbour, on behalf of the HOA), Mr. Rod Baldwin (The

Point), Mr. Charles G. Farrar (The Point, on behalf of the HOA), Mr. Angelo Chiazza (The Point), Mr. Jim Hadzicki (The Point), Mr. Dan Harman (The Farms), Mr. Phil Lavrich (The Point), Mr. Phil Morris (The Point), Ms. Anne Seymour (The Point), and Mr. Michael Miller (The Harbour) testified. The primary concerns raised by the customers were excessive rates, interconnection with the Town of Mooresville, irrigation water usage, existing wells abandonment, hardness, water quality, boil water notices, the Company's finances, inadequate water quality reporting, discriminatory rates and consumption.

On November 15, 2022, CWSNC filed a report in response to customers' concerns stating that the rate of growth in and around the Mooresville area has been significant, cost for providing safe and potable water has been increasing and the rate designs are changing; the burden of proof in the rate case is on the Company and that the Company has filed volumes of documentation which are available on the NCUC's website; annual Consumer Confidence Reports which contain EPA required water quality information are sent to the customers annually and additional information on the water quality is available on the Company's website; and that comparing Company's water rates to a municipality rates is not a fair comparison. CWSNC stated that the Company is installing water lines and meters in the area (The Point, The Farm, and The Harbour) to provide adequate water flow during heavy seasonal usage (April to September), mostly due in part to the demands of irrigation. The Company also stated that the backwash water or water generated during the regeneration of the softeners from some of the existing wells is discharged to Lake Norman with a National Pollution Discharge Elimination

System (NPDES) permit and some of the contaminants are not meeting the discharge concentration limit. Therefore, per the Company, the second interconnection with the Town of Mooresville is a solution to resolve the NPDES discharge limit, allowing the wells to be disconnected from the water system, solution to a high-water demand, reduction in hardness and water quality issues. The Company stated that the capital investments are near complete for the second interconnection with the Town of Mooresville to serve three systems. The Company stated that it is evaluating the cost of using 19 wells for irrigation purposes, and once the cost evaluation is complete, it will be presented to the three systems' residents.

Regarding the customers' concern on boil water advisories, the Company stated that it had issued two boil water advisories during excessive water usage periods during summer months, one advisory was issued during a water main break repair just for the 13 customers along White Horse Drive in The Point and issued one advisory when the fire department was in the area to test fire hydrants. Regarding the high-water bill complaint, the Company stated that the bills are, on average, high at The Point, which is driven by the consumption and the rate design, and that the charges the Company can impose for water and wastewater service are determined under a strict, lengthy, and detailed investigation by the Public Staff. Thus, there is no unreasonable discrimination on the rates changed among the customers. The Company stated that the requested 10.7% return on equity is not equivalent to a rate of return. The rate of return requested by the Company is 7.67%, and that any return on equity established by the Commission is not a

guaranteed return. Mr. Dan Harman from The Farm specifically complained about his high-water bill in August, a \$800 bill vs. \$400 bill from the previous month. The Company stated that a representative was sent out to investigate if the meter was working properly and if there were any leaks in the service line, specifically on the Utility's side. The representative determined that the meter was working properly, and there was no leak, and reviewed Mr. Harman's water usage history. The representative monitored Mr. Harman's meter for a month. The Company concluded that the high bill was in fact due to high water consumption.

The Public Staff believes the Company has adequately addressed the content of the Charlotte public hearing. The 19 wells and three water treatment plants are utility assets included in the Company's WSIP and subject to oversight by the Commission, therefore, the interconnection and any actions taken to decommission or repurpose those assets will be subject to reasonableness and prudence in the next general rate case. The Public Staff reviewed and investigated the rate increase requested by CWSNC and filed its testimony on October 26, 2022. The Public Staff's testimony addresses customer concerns, including the magnitude of request, rate of return, water quality and rate design. Therefore, this concludes the Public Staff's response.

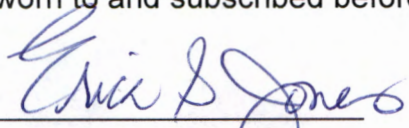
VERIFICATION

Shashi M. Bhatta, being duly sworn, deposes and says:

That she is a Public Utilities Engineer with the Water, Sewer, and Telephone Division of the Public Staff – North Carolina Utilities Commission and is acquainted with the facts set out in this pleading; that she had read the foregoing response and knows the contents thereof, and that the same is true of her own knowledge, expert to those matters alleged on information and belief, and as to those, she believes it to be true.


Shashi M. Bhatta

Sworn to and subscribed before me this the 21st day of November 2022.



Notary Public
My Commission Expires: 2/13/26

