

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

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

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Application by Currituck Water and)
Sewer, LLC, 4700 Homewood Court,)
Suite 108, Raleigh, North Carolina)
27609, and Sandler Utilities at Mill)
Run, LLC, 448 Viking Drive, Suite 220,)
Virginia Beach, Virginia 23452, for)
Authority to Transfer the Sandler)
Utilities at Mill Run Wastewater)
System and Public Utility Franchise in)
Currituck County, North Carolina, and)
for Approval of Rates)

REPORT ON CUSTOMER COMMENTS
FROM PUBLIC HEARING HELD ON
FEBRUARY 2, 2022

NOW COMES Currituck Water & Sewer, LLC, (“CWS”) and files this report in response to the public hearing held by means of the North Carolina Utilities Commission’s (“Commission”) on February 2, 2022. This report is required by ordering paragraph 4 of the Commission’s November 18, 2021 *Order Establishing Discovery Guidelines, Scheduling Hearings, and Requiring Customer Notice*.

Overview of the testimony the eight Eagle Creek customers who testified

Only eight of the 422 customers testified. Not all who indicated a wish to testify did so. As a preliminary matter, the testimony of several of the eight customers of the 422 who testified focused on the major failures of the system beginning in September 2020. This is quite understandable in that it occurred so recently, its impact are substantial, and efforts to rectify

have proven difficult. Nevertheless, events began in September 2020, and continue, but must be placed in an appropriate context.

First and foremost, there is documented evidence dating back to 2010, from third party wastewater professionals, that the Eagle Creek vacuum and wastewater system was not being properly operated, maintained or managed. By Sandler Utility's own admittance, they were an absentee owner and were not actively engage in the operation, maintenance or capital planning of the wastewater system until Envirolink staff began operating the system on September 7, 2020. They have openly admitted to being unaware of the failing condition of the wastewater system.

As evidence from the references below, since that time, there is additional evidence that both the Commission, the Public Staff and the North Carolina Department of Environmental Quality knew or should have known of the condition of the Eagle Creek wastewater system.

- 2012 Envirotech Emergency Action Plan – submitted to the Washington Regional Office of the now Department of Environmental Quality.
- 2015 Proposed Order Granting Rate Increase to Sandler Utilities at Mill Run, LLC. Issued by the North Carolina Utilities Commission.
- 2016 Letter from Envirotech to the North Carolina Utilities Commission
- August 2020 NC DEQ Inspection Report

The record and evidence, along with customer testimony contradicts some information related from memory of several witnesses, some of whom have only resided in the community since in or around 2020. From the Commission's and NC DEQ files, disruptions have occurred with some frequency prior to September 2020. Accounting records obtained from the former operator and partially submitted as part of this filing indicate that the frequency of service interruptions were more frequent than that described by some of the memory of some of the witnesses.

Over the 20 year period prior to September 2020, NC DEQ conducted three on-site inspections of the Eagle Creek facility and reported only minor maintenance issues despite repeated system failures as documented from the Commission's own files. Envirolink acquired Envirotech in the spring of 2020, with the former Envirotech staff operating the facility until September 2020. The photo evidence (provided to Public Staff) of the condition of the wastewater system taken on August 4 2020, show a wastewater system in a state of serious deterioration and contradict testimony that the system was being properly operated, maintained and managed prior to Envirolink's operations. In addition, the August 2020 inspection by NC DEQ indicates that they had been fully aware of the deteriorated system for 2 years noting the filter were being by-passed for over 2 years.

Over the two year period since September of 2020, NC DEQ has conducted four site inspections and has issued a consent judgement against Sandler Utility. The evidence shows that the Division has been aware of the failing condition of the wastewater system for many years but has failed to require Sandler to upgrade the facilities.

In addition, to the increased involvement by the North Carolina Department of Environmental Quality, there have been seven third party evaluations of the Eagle Creek wastewater system by professionals. While each evaluation has identified areas for operational improvements, each report concludes that the facility suffers from numerous years of poor operation, maintenance, management and inadequate resources. Recognizing that prior to the catastrophic failure of September 2020, Envirolink staff had assumed operation for less than 25 days, Envirolink does not agree that it is responsible for a lack of maintenance or the deteriorated condition of the wastewater treatment plant, vacuum station or service pits in the community. The only rational conclusion is that the system was in a deteriorated state prior to Envirolink's staff assuming operations of the facility. Every qualified professional, including vacuum technology manufacturers that have reviewed the Eagle Creek facility conclude that the system requires major capital upgrades. The only differences of opinion are on the most

appropriate solution to upgrade the facilities. The following are referenced as specific evidence from these reports:

1. Photos of the wastewater system taken August 2020 prior to transitioning to Envirolink staff
2. September 30, 2020 [**23 days** after Envirolink staff assumed operation] Airvac Site Survey:
 - a. The current operators have no experience with vacuum technology systems.
 - b. One vacuum pump was locked up and the other could only pull 5 inches of vacuum.
 - c. Only one of the two sewage pumps would run but would not pump.
 - d. Vacuum from the tank was leaking through the pump seals and when the pump ran sewage leaked onto the floor.
 - e. The motor windings were faulty on the other sewage pump.
 - f. The conical screens on the vacuum pumps were plugged with grease.
 - g. When the vacuum pump was finally started, it would not produce the required vacuum pressure.
 - h. No backup vacuum valves or controllers were on site.
 - i. During the site visit the power to the main vacuum panel board went down and the standby generator wasn't working.
 - j. No spare fuses were on site.
 - k. In all pits inspected by the Airvac technician, there were no clamps on the vacuum control hoses and breather hoses had been disconnected.
3. October 7, 2020 Flovac Survey [**30 days** after Envirolink assumed operations].
 - a. The 10" main vacuum plug valve at the vacuum station was inoperable.
 - b. After working most of the day to identify leaking valves in the collection system, vacuum returned to the system only to fail again before the end of the day.

- c. A review of the vacuum station discovered that the only previously believed functioning sewage pump was actually not working due to rotating unit bearing failure.
 - d. It appeared the second sewage pump that was not working also had failed bearings.
 - e. The dedicated vacuum pump truck that was supposed to be on-site was not there, and the system had to be shut down to protect the vacuum pumps from flooding from sewage.
 - f. The water level probes in the vacuum tank were not functioning properly if at all.
 - g. The operators claimed the internal condition of the vacuum tank was poor.
 - h. The vacuum tank was cleaned and placed back in service.
 - i. With the system down for so long many of the valve pits were flooded.
 - j. There were almost no spare parts on hand.
4. October 30, 2020 Airvac Site Survey [53 days after Envirolink assumed operations].
- a. Workers were on site with a pump truck trying to pump out water and sewage from the upper pit chambers.
 - b. After working all day to locate leaks the system was running with good vacuum.
 - c. There are still a lot of hoses without clamps.
 - d. At least one and as many as four water level probes in the vacuum tank were missing wires and therefore were malfunctioning.
 - e. At least two of the solenoid valves were not working.
 - f. Missing parts included test hoses, 6 vacuum pit valves, 20 controllers, 3 probes and 3/8" and 5/8" hose clamps.
5. November 20, 2020 Flovac Site Survey [74 days after Envirolink assumed operations]
- a. The starter contacts for vacuum pump number 1 were melted/welded shut and the pump would not turn off.
 - b. There were insufficient spare parts to rebuild the system.
 - c. The operator was so busy searching for leaking valves that he had no time to rebuild the valve pit controllers.

- d. The assistant operators lacked technical experience with vacuum sewer systems and wastewater collection in general.
 - e. There were multiple houses where raw sewage was overflowing from the candy cane air vents.
 - f. Raw sewage was found backing up into the upper valve pit chambers.
6. July 2021 A3-USA report
- a. The poor condition of the system and the current service issues are the result of years of neglect due to inadequate maintenance and inadequate investment.
 - b. The frequency of pit valve failures coupled with design limitations have resulted in the need to increase the number of operators assigned to the collection system.
 - c. Often operators are too busy to acknowledge calls of problems from home owners.
 - d. The vacuum tank and controls are in poor condition.
 - e. The capacity of the vacuum pumps does not provide for a safety factor.
 - f. The system lacks alarms to alert both operators and home owners.
7. Testimony of Mr. Gary Lickfield
- a. Mr. Lickfeld testified that he moved into the Eagle Creek subdivision in 2002. He testified, "I've experienced outages not even a year after I moved into my house." The first experience he had was with Hurricane Isabel when he had raw sewage back up into his house. He learned at that time that the sewer plant did not have a working generator at state code. There are not a lot of vacuum systems in the state, and regulators don't know or are not familiar with how to enforce it. It should not take 25 years of enforcement to go through this to figure out how to enforce it."
 - b. He testified that "when Envirolink took over, the plant was nonoperational, and that is due to Sandler's negligence of the plant, along with Envirotech that managed the plant at that time because there was no maintenance records for what they did. Mr. Lickfeld had problems in 2010 or 2011 when his pit collapsed.

The response from Sandler and Envirotech was "we don't have any money to fix it. "

- c. In 2015 at the time of the rate increase for Sandler the state came in, inspected the plants, and had a laundry list of items that need to be fixed, repaired or replaced. Mr. Lickfeld testified that "I found out from another state official that no one ever went back, after that rate increase was approved to see what if anything was done so it's used and neglect by Sandler and Envirotech, and Envirolink was given a huge task of bringing the plant and the system back online.
- d. Mr. Lickfeld testified that one common theme has been that technicians kept coming up with ideas and things that they wanted to do and were saying that Sandler would not find the money to do it, and it wasn't until recent court proceedings that that was being done.

8. Testimony of Ms. Susan Powers

- a. In response to the constant refrain from the Public Staff lawyers who seemed to believe that this case is about Envirolink, she testified that since 2020 the service has gone downhill. She testified "now they also inherited a used car, too, basically, and- but also I don't feel they did what it needed to do to keep it in tiptop shape. I think somebody else gave the example, you know, if you get a used car you're going to make sure to change the oil every so often and check all the fluids and keep it running no it didn't do that period." She testified that she is a board member and a month ago she sent out an email to Deborah Massey , the contact for Envirolink, and she thinks that email communication has gotten better.

9. Testimony of Mr. David Shephard

- a. Since about 2006, Mr. Shephard has been the drainage committee chairman for the neighborhood. The drainage and the sewerage collection obviously connects pretty considerably, because if the subdivision does not drain, it pretty much doesn't matter what kind of sewer system there is. It's going to have a problem.

- b. He testified that the man who initially put the system in and who lives in the neighborhood maintains that when Envirotech first bid to run the system, it significantly underbid the operations expense. And from that point on, once those expenses were put in place and the rates were set, Sandler was running behind the power curve from the beginning. He doesn't think they collected enough money to truly do what they needed to do on the system. That's not an excuse for them. I think that's just a fact.
- c. This vacuum system depends on a technician. If there is a low vacuum alarm at the plant, it depends on a technician to be available and get there within a set period of time. It takes less than an hour if the technician finds where the leak is, a leak in a pit where a valve will be stuck open and air is being sucked into the vacuum main, reducing pressure on the whole system.
- d. Mr. Shepherd has read the field reports, so he knows the system was old, it had old valves and old controllers. Instead of being rebuilt to maintain on a regular basis, they were waiting until they failed, and then they were replacing them. So that was working. It's not the way to do it but that was working. All of a sudden we had a situation where we had people that didn't know how to rebuild those controllers. They didn't know how to rebuild those valves. They didn't know what to do when they went to the failed pit. They didn't know how to time the controllers or didn't seem to. With respect to the failure of 2020, the field reports told what happened. It was one thing after another. Oil and pumps hadn't been changed, filter screens and the vacuum pumps were totally clogged up where it was only a pinhole.

The only plausible explanation is that the condition of the wastewater system was allowed degrade as a result of years of poor operation, maintenance and oversight by the owners and regulatory officials. While customers are understandably frustrated, Envirolink staff only had 23 days of operation prior to the major outage and it is not logical that the facility could deteriorate in 23 days to the condition noted in these reports. The reality is that the condition

of the system documented in these reports is the result of years of poor operation, maintenance, management and oversight by Envirotech, Sandler, NC DEQ and NC Public Staff.

Envirolink admits that while its technicians have extensive experience in wastewater operations and maintenance, their experience with vacuum system operation, at the time of transition was limited to classroom training with only limited field experience. However, Envirolink did and continues to devote significant resources to operating the system until a more reliable and sustainable solution can be implemented. Envirolink has a staff of over 10 local technicians that are backed up by a staff in excess of 70 technicians in other locations that have assisted in periodically in restoration efforts. In addition, Envirolink was the first to solicit the assistance of Airvac on September 30th, Bill Freed with Envirotech on September 30th and Flovac on October 6th, solicited and continues to work closely with Flovac and A3-USA in evaluating operations, and the condition of the system. As Mr. Shepherd states..." This is fact."

The solution suggested by some that the operators stand by ready to repair or replace many moving system parts of a vacuum system when they fail is Envirolink's current practice but this is not good operating practice and relies on response times to address failures after they occur but prior to system failure. According to Airvac and Flovac competitors, this is the reason that a monitoring system was developed.

Admittedly, there are vacuum systems that function properly, but there are equal numbers of vacuum system that experience problems similar to Eagle Creek. According to both Flovac and Qua-Vac, there are numerous examples where both companies have had to retrofit their product to solve vacuum system reliability issues with other vacuum systems. Reportedly, a significant portion of their marketing strategy is retrofit of failed or failing vacuum systems. Valve failures and the impact on the system operation, is an inherent risk with vacuum systems.

All vacuum system require operators to respond and repair leaks in minutes or risk service issues for multiple residents. This is highlighted in the testimony of Mr. Shepherd. In addition

to examining vacuum systems recommendations provided by Airvac, CWS has reviewed literature, professional publications and wastewater engineering professionals to evaluate the effectiveness and reliability of vacuum systems.

As stated in the recent third party engineering report required by NC DEQ and conducted by Century Engineering and the additional information provided to Public Staff from professional publications, vacuum system suffer from the following:

- High energy consumption
- Additional cost for vacuum valves and vacuum stations
- Expert design is required
- Energy needed to maintain vacuum
- Skilled operators are required – training necessary
- Very few operator with vacuum experience
- Very few vacuum systems
- System components are not quickly available
- Faults of individual valves affect the entire system
- Problems cited in the 1978 EPA Demonstration project include:
 - Problems with the operation of the sliding-vane vacuum pumps occurred repeatedly.
 - An excessive amount of water condensed in the lubrication system of the pumps.
 - Manometer-type condensate drains installed on the vacuum pumps required manual draining of condensate every day which resulted in the pumps losing their oil.
 - Bearing surfaces on one pump had to be rebuilt.
 - Failure of the vacuum valves resulted from malfunctions in the valve controller.
 - One valve failed in the open position due to a small particle of debris in the pneumatic circuit of the valve controller.

- Another valve failed because of freezing moisture in the control circuit check valve.

To address these issues, CWS is proposing to rebuild the collection system serving the Eagle Creek in order to upgrade the system to provide adequate service to all Eagle Creek residents. CWS has demonstrated that it has the resources available and that it is fully prepared to address the service issues experienced by the Eagle Creek residents.

The system is and has been owned by a real estate developer. Real estate developers, as the Commission is well aware from many similar examples, are not in the sewage collection and treatment business and are not motivated to own and operate utility systems with their long term viability in mind.

As detailed in the CWS prefiled testimony as owner CWS has the financing and access to capital to operate the Eagle Creek system on a long term basis without a desire to sell lots. CWS plans to own and operate nearby systems, Fost and Flora, that will enhance service to the Eagle Creek customers and permit a spreading of costs over a wider customer base. This will permit the presence of more operators on hand for greater periods of time. Presently the choice is Sandler or CWS.

The witnesses have drawn a distinction between operations under Envirotech and under Envirolink. The two contract operators are not completely distinguishable one from the other, and neither has been the owner of the system, responsible for providing the funding to operate, repair and maintain it.

Envirolink bought Envirotech and transitioned their operators to their own staff. Some have remained. Some have not. Those who have left did so due to unwillingness to abide by the appropriate operating practices Envirolink sought to impose. Bill Freed, who was the former

operator and owner of Envirotech, can be made available to the Commission as a witness to testify that many of the concerns aimed at Envirolink are misplaced.

While the participation by DEQ and the North Carolina Attorney General is understandable, their efforts to provide immediate solutions to the numerous outages and enhance instantaneous communications have precipitated many of the issues of which the customers complain. Their current actions are a clear reflection of the community demanding they take action, but is also a reflection of years of lack of oversight.

While Envirolink has voluntarily increased staffing since assuming operations to provide 24/7 on-site coverage, this is not a sustainable practice for a wastewater system serving 422 connections. It is unreasonable to require the customers to pay for 24/7 coverage, as the Consent Judgement now requires, when a more cost effective and reliable solution is readily available.

Envirolink has quickly responded by hiring and funding new operators to comply with these requirements. Envirolink receives compensation of approximately \$23,000 per year to provide this level of staffing.

The pool of operators from which Envirolink had to choose to comply with these requirements are not trained in vacuum systems because there are very few wastewater operators with vacuum experience or in resolving the many system deficiencies that they confronted. Still, they had hit the ground running. Envirolink provided training in the vacuum system to staff prior to and immediately after taking over the Eagle Creek wastewater system.

As substantiated in customer testimony, prior to Envirolink assuming operations, residents of Eagle Creek were unaware of issues because they were not receiving any communications or information about the on-going repairs or condition of the wastewater system. That changed when Envirolink assumed operations. While we have experienced challenges in communicating

and reaching the community, as stated in the testimony of Mr. Lickfield and Mr. Shephard, Envirolink was working with the HOA to facilitate communications. Both the HOA and Envirolink learned that this resulted in untimely communications leading to residents interpreting the communications as inaccurate. In response, Envirolink modified its procedure and continues to modify procedures based on feedback from the community. Presently, Envirolink produces daily communication on its activities.

The owners and operators of a sewer system serving 422 connections, except in the unusual circumstances confronting the Eagle Creek system, have no ability to communicate with its customers on a 24 hour seven day a week basis. Envirolink instituted this procedure quickly to comply with concerns of residents. These requirements presented many obstacles.

Further, Envirolink has met with the HOA and community via Townhall style meetings over four times in the last year communicating initiatives and soliciting feedback from the community in addition to meeting with several of residents one on one. The only other organization that can has met with the community is the Public Staff. Neither NC DEQ, the Attorney General, or Sandler Utility have organized meetings to update community.

As documented by every report related to the Eagle Creek vacuum system, the condition of the Eagle Creek sewage collection and treatment system is such that replacement of major portions of the system will be required irrespective of whether the vacuum system remains in place or is replaced by another system for collection such as gravity.

Disruption during the improvements should be expected. However, CWS is taking measures to minimize the disruptions. Ultimately, management must make this decision based on a careful and cost effective analysis. Nevertheless, Currituck Water and Sewer will seek to respond to customer input and continue to provide information to assist customers in drawing accurate conclusions. CWS already has held customer meetings to answer questions and provide information. Long term as well as short term costs must be taken into account. Only those costs

deemed by this Commission to be reasonable and prudent in the context of rate requests can be recoverable from customers. Already, substantial costs are being incurred to comply with the consent decree.

The manner in which the Eagle Creek vacuum system has been installed and operates means that an outage in one location can cause disruption of service to a wide range of the entire system. Locating the outage, rectifying it, and restoring the system back to operation is more complicated and time consuming for the Eagle Creek vacuum system than would be the case for a system that did not rely upon the vacuum concept. Many of the hours of outage identified by customers at the hearing must be traced to the way the vacuum system is configured and operates.

Summary of customer testimony and individual responses

Rhonda Klussmann

Ms. Klussmann purchased her home in August 2020. She has not experienced any sewage backups into her home so far. However, she has encountered sewage overflows at her pit and candy cane at least five times. She is concerned that dewatering that might be required to install the gravity system in the peat soil will cause ground to be unstable, and that foundations and swimming pools could shift or sink.

Ms. Klussmann sponsored the petition that she and others had circulated on or before January 21, 2022. Ms. Klusssmann represented that the petition represents the overall preference of homeowners in Kinnakee Shores. She holds no position on the homeowners board of directors. Signatures were obtained through door-to-door solicitations, gathering for community meetings and at the Eagle Creek Golf Club during dinner hours. 247 signatures from the 423 homes in Eagle Creek signed the petitions. Most of those who signed support upgrading the existing vacuum system. Customers are frustrated with repeated outages and expressed a

desire for reliable service. According to Ms. Klussmann many of the homeowners who chose an upgrade to the existing system expressed distrust in Envirolink and in Envirolink's ability to limit disruptions of other utilities such as electricity, Internet and water and landscaping hardscapes and roads to be restored with a replacement. She expressed concern that Envirolink would not provide timely and accurate progress updates and schedule changes. She complained of intentional understaffing of maintenance technicians, lack of timely and accurate system status communications to customers and an inability to provide reliable sewer service. She said those signing the petition were motivated by the view that Currituck Water and Sewer is motivated by a purchase of the Eagle Creek system at a discount only to profit greatly from the gravity system due to significant rate hikes. She stated that some homeowners are in favor of upgrading the current system due to costs alone.

She testified that projected rates for vacuum upgrades are lower than estimates provided for the gravity system.

For homeowners who prefer gravity replacement, this option was chosen because the homeowners are not confident that the upgrading of existing system will become long term reliable service.

Response:

As CWS has represented in its direct prefiled testimony of Michael Myers and at a meeting with Eagle Creek residents, which Ms. Klussmann did not attend, CWS is willing to base its ultimate determination on whether to upgrade the existing vacuum system or to replace it with an alternative system such as a gravity system in part on input from the Eagle Creek consumers. The cost comparison between an upgrade of the vacuum system and a replacement with an alternative system must be based on a careful analysis and not on unverified representations upon which customers might be relying. Even if the ultimate decision is to upgrade the vacuum

system, substantial replacements will be necessary. Existing pits malfunction and have exceeded their useful lives and must be replaced. These pits are located on lots of consumers.

Customers base their concern about disruptions from replacement in part on factors rising from the installation of the force main from the Foss development through the Country Club property. The owner of the Country Club has been far from cooperative in fulfilling its contractual and legal responsibilities and has disputed which party is responsible for costs for the spray irrigation system. The Public Staff is fully aware that without financial inducements, he has been unwilling to agree to permit modifications necessary for system improvements.

Specifically, regarding the disruptions experience from the installation of the force main serving the Fost development were the results of mismarked utility lines and the locator for which Dominion Energy has taken responsibility. Dominion freely has admitted this error.

In addition, to the disruption of electrical service, the irrigation system was damaged during construction. This was a result of mismarked lines by the Golf Course owner. Regardless, the contractor had repair parts available and attempted to immediately repair the line but was prohibited because the Golf Course owner intentionally energized the irrigation pumps causing water to fill the trench and creating a safety issue. When approached to shut the pumps off, so the repair could be made, the Golf Course owner refused and demanded payment in order to shut down the pumps. The owner of the Golf Club unlawfully and inappropriately attempted to restrict access and place the blame on the contractor for CWS and impeded efforts of the contractor to restore service.

While CWS absolutely endeavors to engage and incorporate the community's concerns in the final solution, it is obvious from the testimony of those who sponsored and circulated the poll that they very much favored upgrade of the existing system. The wording of the poll is far from neutral. Gathering of signatures at the Country Club over the dinner hour does not suggest a scientifically conducted poll.

Any accurate cost comparisons must take into account not only the cost of upgrade or replacement but the ongoing costs of operation. The concern is that those who signed the petition, although well intended, were doing so without the type of information that the owner and operator of the system must take into account in its investment and operating decisions.

No factual support was provided for the allegation that CWS intends to buy the system at a reduced price with the intention of making inappropriate future profits. CWS stresses that the Commission at any future rate proceeding will have ample opportunity to assess the investment and operating cost decisions for a determination of reasonableness and prudence. CWS stresses that its overall plan is to acquire the Foss and Flora systems in an effort to spread fixed costs as well as ongoing operation costs over a larger customer base in order to reduce rates, not to increase them.

EnviroLink has experienced difficulties beyond its own control in communicating with consumers in the Eagle Creek community. It is not customary practice for the owner and operator of a wastewater system of 423 connections to have instantaneous communication with consumers. Even Duke Energy has only in recent years instituted the infrastructure and processes to provide such communication. Nevertheless, EnviroLink in part through its own unrecovered costs has instituted such a communication process that customers at the public hearing affirm has improved the communication process. Some even complained that they now receive too many messages under the existing system.

Gertrude Elder

Ms. Elder has lived in Eagle Creek for 16 years. She participated in circulating the poll of customers. She testified "And up until roughly two years ago, when EnviroLink took over the maintenance of our system, we never really had any major issues." She finds " Mr. Myers, EnviroLink, CWS completely untrustworthy." She has had backups in her home. She complains

that “her calls to Envirolink were met with a response that they had no idea there were issues or that the techs were on the site when they really weren't.” She testified “since they're trying to purchase this system from Sandler, that they've started communicating on a regular basis with the community.” She complains that “their workmanship is no better.” She testified “this place is crawling with Envirolink employees every day, but there are still failures every single day. She complains with CWS’ solution to replace the existing vacuum system with the gravity system. She testified they would have it essentially digging up most of the entire neighborhood, although they said they'll mitigate any problems that would occur. Again we really don't trust them. Their word means nothing to us.” She testified that “this would be two years of our neighborhood being ripped apart; them running pipes through the backyards, to the golf course, having to remove fences, possibly damaging existing patios due to the dewatering required, and I really don't believe they would fix any of the damage that occurs. They didn't for the golf course, and I heard this from the owner personally. The damage they did when they ran the pipes for the Fost development and how they said they would restore his course, they never did, and they told him that's as much as they were doing.” She wants the Commission and to add safeguards so that the neighborhood will not be completely destroyed.

Response:

The record before the Commission and testimony that can be provided in response to Ms. Elder’s allegations show that there were major issues with Eagle Creek system substantially before two years ago.

Based on the deficiencies and operational history of the Eagle Creek system in recent years it is understandable that Ms. Elder expresses the frustration that she does and her belief that conditions will not improve should the sale go through. A reasonable assumption is that Ms. Elder expressed these frustrations to those from whom she sought responses to the customer survey. CWS’ evidence will show that her recitation of the activity on the golf course which she received second hand from the golf course owner, is inaccurate.

Ms. Elder, as a consumer within Eagle Creek faces two choices, continued ownership and operation under Sandler or new ownership and operation under CWS, who is well positioned to make the necessary improvements and provide reliable service. The Commission must make this determination and say for itself which of the two alternatives is most likely to provide solutions to issues of which Ms. Elder complains.

As set forth in the response above it will not be possible simply to continue to repair all elements of the existing vacuum system. Some replacement will be required. CWS is prepared to undertake these steps in a systematic, safe and minimally disruptive manner.

Gary Lickfeld

Mr. Lickfeld Has been a resident in the subdivision for 20 years. He was one of the original owners. He is in favor of the gravity based system. He testified that gravity is more expensive upfront, but he believes that it is a longer, better term solution than upgrading the vacuum system. He is of the opinion that people who favor vacuum are not taking into consideration the cost that will be necessary to maintain that system and the potential for more costs when the system expires in 10 years. He is of the opinion that gravity will last much longer. He testified that there are over 200 pits in the neighborhood, which is like a mini-lift station. With gravity it would be reduced to 7 lift stations, which is a lot better than the 200 pits.

Mr. Lickfeld testified that he moved into the Eagle Creek subdivision in 2002. He testified, "I've experienced outages not even a year after I moved into my house." The first experience he had was with Hurricane Isabel when he had raw sewage back up into his house. He learned at that time that the sewer plant did not have a working generator at state code. There are not a lot of vacuum systems in the state, and regulators don't know or are not familiar with how to enforce it. It should not take 25 years of enforcement to go through this to figure out how to enforce it.

He testified that when Envirolink took over, the plant was nonoperational, and that is due to Sandler's negligence of the plant, along with Envirotech that managed the plant at that time because there was no maintenance records for what they did. Mr. Lickfeld had problems in 2010 or 2011 when his pit collapsed. The response from Sandler and Envirotech was "we don't have any money to fix it. "

Mr. Lickfeld testified that the consumers recently had been presented with other options such as a step system, a low pressure system which would involve grinder pumps, some of which would be attached to our electric at our house. Mr. Lickfeld testified that "I'm not in favor of that because both of those options have more moving parts and you know things break, things get expensive to fix. Low pressure system and step systems and vacuum systems do not have a long lifespan."

In 2015 at the time of the rate increase for Sandler the state came in, inspected the plants, and had a laundry list of items that need to be fixed, repaired or replaced. Mr. Lickfeld testified that "I found out from another state official that no one ever went back, after that rate increase was approved to see what if anything was done so it's used and neglect by Sandler and Envirotech, and Envirolink was given a huge task of bringing the plant and the system back online.

Mr. Lickfeld testified that one common theme has been that technicians kept coming up with ideas and things that they wanted to do and were saying that Sandler would not find the money to do it, and it wasn't until recent court proceedings that that was being done.

Mr. Lickfeld testified that he learned from his county commissioner that Sandler owes a huge amount of money to Envirolink, over \$500,000.

With respect to the petition, Mr. Lickfeld spoke to numerous residents around him and he never received a chance to sign the petition. No one came to his door. He also thinks that it was skewed to intentionally show a more ponderous toward vacuum system upgrades versus gravity , because in their own statement, they said they don't have any confidence in Mike

Myers, which I do, and it doesn't make sense but if you don't have confidence in him to put the gravity system in, why would you have confidence in him to upgrade the vacuum system? That doesn't make any sense, it doesn't hold any water.

Mr. Lickfeld testified that he would request that whatever system is installed, that Currituck Water and Sewer be willing to clean out the lines from every resident to the main connection point of their service to do all the backups. They Currituck Water and Sewer “have stated that they would be willing to wait three years for a rate increase to give time to Fost and Flour developers to grow at potentially lower the rate increases.”

A reason Mr. Lickfeld has confidence in Mike Myers is because, “he gave people the opportunity to go meet with him, and I was one of them. And I asked a lot of questions and he was able to put my mind at ease. The whole community had an opportunity to meet with him and not many people chose to, so that's on them. “

Mr. Lickfeld testified “I think everybody needs to step back and look at the mission statement of the Attorney General's office and, and even the only Utilities Commission's mission statement, because it's all there to protect us, the customers. And from the time of this mass failure until now, I haven't felt very well protected by any entities, and I have doubts in those entities.”

In response to what was a repeated theme in the questions of the Public Staff attorneys as to the existence of problems prior to Envirolink’s taking over as the contract operator, Mr. Lickfeld testified, “Yes, the first one was in 2003 when Hurricane Isabel because I learned we had raw sewage back up into our master bathtub downstairs. Because I learned the plant, at that time, did not have an operational backup generator because we were without power from on a Thursday. And I believe power came back on either late Monday or early Tuesday the following week, so we were without power several days and have had several large rain events over the time. Now, I didn't track over that period of time how many outages we've had. Like I said, the

next major issue I had was in year 2010 or 2011 when I couldn't flush the toilet. And when I went outside, the pit in the yard had collapsed into the ground. It sunk down three or four feet. And like I said, I called Envirotech and Sandler, at that time, and they told me they didn't have the money to fix it. And I said well, that's crazy. I pay my bills on time, and they ended up hanging up the phone on me.

Mr. Lickfeld testified, "that you know I have brought up issues with Envirolink, and they had responded to all the issues that I brought up and to try to make things better. You know, you can ask, but you know, he approached the board, our board, to establish communication for the neighborhood. And the communication broke down from the board, not from him, so that was a board issue that caused that problem. With respect to the November 2021 outages he testified I do not blame Envirolink for this. I blame Sandler and Envirotech for not maintaining that system since its inception because even the state generated reports in 2015 state that the plant and the system are subpar at best, which means that should have been on their radar and more due diligence from the state.

Again after the oft repeated questions from the Public Staff implying that the problems rest with Envirolink the following dialogue occurred.

Q. Did service quality improve in your opinion after Envirolink took over?

A. Yes, and they had the utmost ultimate task of bringing a system back online that was not maintained since its inception, so I think yes I think they are way better than Envirotech ever was. I know it's a huge feat to overcome, especially when you, talking with various technicians, they would come up with ideas and flip them up the chain. And, you know, we're being told that Sandler wasn't going to pay for anything, and it didn't- you know, it didn't come to fruition as more stuff is being added because of the recent court proceedings forcing them to do so."

With respect to communication Mr. Lickfeld testified initially they were the homeowners association was putting out emails and when the big failure went out, and then the emails just abruptly stopped. And when I questioned the board about it, our president, he said that they could not get involved with a private sewer company, and that he was sending the emails as a resident. It was told to me that Mr. Myers had a communication, was initially established via the board, and the communication just broke down from the board. They just stopped sending out things and I don't know why.

When asked if he received communications directly from Envirolink Mr. Lickfeld responded, "Yes, I've received numerous communications, I highly depend on those emails, especially when I know it's going to rain because of when the system get inundated with water due to pit failures and water intrusion, so I definitely keep an eye on the emails and check them on a regular basis throughout the day. And in the beginning, it's kind of funny because people complained that they weren't receiving information from Envirolink. And at the meeting in December, that was one of the big complaints. And then somebody brought up the fact that now we're receiving sometimes three or four emails a day with updates and what's been occurring, and they're complaining about getting too much. So I think you know they've done an outstanding job communicating to us directly and not going through the board.

Again, in response to the continuous questions by the Public Staff the following occurred:

Q. Let me back track a moment did you experience similar outage duration when before Envirolink became the operator?

A. Yes I did not track them and it was largely you know heavy impact rains and storms or Nor'easter type events. But I did not track them myself, you know specifically dates because at that time I didn't think it was necessary because a big failure hadn't happened yet. And you know, I was assuming that people were doing their jobs, regulators and the states or keeping an eye on these things.

He testified, “because I had testified at the 2015 hearing and I know my house did not have a backflow valve. And one of the owners of Envirotech testified that he was there, present when every single house had a backflow valve installed, when it was under construction, which I know was not true because mine did not have one.

He testified that if Currituck Water and Sewer decided to do a vacuum upgrade or a step system or a low pressure system, I do not want to share a tank with another resident, and I think the tank should be a maximum size per state code, per resident, so if the system does go down, we have storage, because right now, we have 40 to 45 gallons between two houses, and the average load of laundry is like 30 gallons.

Response:

Of the four customers who testified at the 1:30 session of the hearing Mr. Leckfeld was the only customer that was not one who circulated the petition. In fact, he stated that he was not given an opportunity to sign the petition and felt it was not objectively presented. Even a cursory review of the petition supports Mr. Leckfeld’s conclusion. CWS stresses that Mr. Leckfeld’s extensive testimony was substantially at odds with those of other witnesses who suggested that all the problems with the system only originated more recently. In response to questions repeated over and over again suggesting that the problems with the Eagle Creek sewer system originated in the 2020 timeframe when Envirolink took over as system operator, Mr. Leckfeld, who has been a resident since the inception of the subdivision and who testified from firsthand experience as to the operation of the system prior to 2020, repeatedly, repeatedly responded to these Public Staff questions that there have been many prior disruptions dating back to when the system was first installed. Unlike most of the other witnesses, he has lived in Eagle Creek for 20 years and was an original resident, and his memory of past occurrences is based on firsthand knowledge. His testimony is corroborated by the record from the 2015 rate case.

Tammy Green

Ms. Green moved into Eagle Creek in April 2014. She counted 69 days that they were out of service from September 2020 to November 2021. She testified that the mere fact that she had to check an email or Facebook daily, sometimes multiple times a day to ensure that we can use our system is actually quite ridiculous. She testified that the trust between the community, Sandler, Envirolink and Mike Myers is broken. She testified that there have been times we've been told that we really don't have a choice and that they are going to put in whatever system they see to be fit.

She testified that she did not know how long the system will take to be installed. She repeated the claim that the force main installed outside of Eagle Creek from the Fost development with minimal obstacles the community lost Internet service several times as well as power, not to mention the water pipe that flooded the ditch that they had.

She complained that there has been no transparency as to what a new system would cost. She said it is well understood that our system requires repair; however to say that a multi-million dollar replacement with gravity that it has probability of impacting our daily lives during installation. She favors simply replacing and upgrading the current system.

She provided hearsay statement from representatives of Flovac, the manufacturer of the vacuum system, who insinuated that the system hadn't failed and can be brought up to a functioning level with minimum impact to our monthly bills or our daily lives.

She testified that she along with Rhonda created the petitions. She testified we did attempt to remain unbiased and nonjudgmental and made ourselves readily available when we obtained the 247 signatures.

Response

Ms. Green, one of the three sponsors of the petition to testify, basically repeated the testimony of the other two petition sponsors. Again, she ignores the fact that CWS stated in community meetings and in its prefiled testimony that it is willing to cooperate with the Eagle Creek residents in determining whether to repair or replace the sewer system. Any repair will require replacement of pits and some of the disruption she fears. Her reference to installing the force main from the Fost development is based on insufficient and inaccurate information and ignores the fact that combining the sewer collection system from the Fost development with that of Eagle Creek should work at the long term benefit of the Eagle Creek customers.

Ms. Green's testimony admits and conflicts with other testimony that purports that Envirolink was not communicating.

CWS fully agrees and understands Ms. Green's frustration as it relates to getting reliable cost information for the different options. Unfortunately, Ms. Green is receiving conflicting and sometimes confusing information from sales people, Public Staff and others. For its part, CWS has been consistent with the cost information it has provided. While CWS has been consistent with its estimates, CWS does have concerns about cost given the current supply chain and labor shortages being experienced across the US.

CWS agrees and can substantiate Ms. Green's statement regarding Flovac's position that the existing vacuum system can be brought up to standard; however, information CWS has obtained from Flovac does not allow it to draw the conclusion that this can be done with minimal impact to rates or daily lives.

Greg Ewan

Mr. Ewan has been a sewer customer since 2005. He testified that “prior to September 2020 we were completely unaware of any issues with the sewer system outside of some major flooding events that had affected certain parts of the neighborhood during storms and such. In the last two years it has been a challenge to live here. We've only experienced one actual backup at our home that was reported, but almost daily there's a need to go on to social media to find out whether or not we can flush the toilet, or do laundry, or use any sort of water in the house.

He testified that “we had only one backup at our home which we reported and it was fixed within two days . That's the only thing that I reported directly to the operator.”

Mr. Ewan's experience with Envirolink with one backup was not good. He testified that communication with the neighborhood has been very poor until very recently in December when we started to get daily updates. He says that many of the technicians have told him that they were inexperienced , were recently hired, and were unable to answer a question for me about whether or not I needed to conserve water.

Mr. Ewan has concerns about CWS's ability to replace the entire system. He thinks that the level of disruption that is going to cause as a neighborhood is not something that can be comprehend at the moment. He referenced the petition where the residents erred on the side of repair with some stipulations that maintenance be carried out by another party, at least for the first five years. He asked that if the petition be approved that the Commission impose a condition that the maintenance contract be held by another party who understands the system and knows how to go about taking care of it as had, by the way, the prior company that performed the maintenance. He said remember we had no clue there was ever any issue with the sewer system prior to September 2020.

Response

The fact that Mr. Ewan did not know that there were issues with the system prior to the more recent disruptions is understandable, but there is no evidence that the problems due to lack of

maintenance and repair did not exist. Ultimately, to the extent that the system continues to be owned and operated by a public utility, that owner and operator will be responsible for the difficult decisions that must be made. The issue before the Commission is whether or not to approved the proposed transfer. As has been the case since this system was initially certificated, it will be the responsibility of the Commission to regulate the service and rates of the public utility. Wishes and sentiments of consumers and their communications with regulators are important. Nevertheless, the owner and operator of systems such as those at Eagle Creek are responsible to provide the capital and operational knowledge in the first instance, and sometimes hard decisions are necessary in the short term in order to ensure that long term service and rates comply with the public interest.

Based on information obtained from several residents, Envirotech (the former operator) and substantiated in Mr. Lickfield's testimony, it is not surprising that Mr. Ewan was unaware of problems prior to Envirolink. It has been communicated to Envirolink through numerous sources and through Mr. Lickfield's testimony that neither Sandler or Envirolink provided any communication to the residents regarding system outages or service issues.

In addition, it is worth considering and highlighting that over the past 30 days, Flovac technicians have been on-site providing training and oversight of Envirolink's technicians and that during this time the frequency of service issues has remained steady and constant.

Susan Powers

Ms. Powers testified that Currituck Water and Sewer has spent a lot of time trying to convince us that the gravity system is the best route to go. I don't really dispute that. I think if the neighborhood had been built originally with the gravity system, we may not have the issue we

have now. I think the concern for most people is the installation of the gravity system at this point.

With respect to distrust of Mike Myers expressed by other witnesses, Ms. Powers related and repeated claims having to do with the installation of the force main from the Fost development and the disruption installation of that line caused. She maintains that attempt to convince the residents to go with the gravity system is glossing over any kind of installation issues, and, depending on who you talk to, there could be major and catastrophic.

She testified that she had not had a water overflow at her house. She complained of a lack of communication from Envirolink. She testified that there are people in the front of the neighborhood which she believes have never had a sewer backup and had no clue that anything was going on.

She created a spreadsheet , based on official emails from Deborah Massey. She counted a total of 98 days with outages. The longest outage was in September of 2020 or 31 days. She prefers that if the sale is approved that CWS keep the vacuum system updated and that they will continue to maintain it.

In response to the constant refrain from the Public Staff lawyers who seemed to believe that this case is about Envirolink, she testified that since 2020 the service has gone downhill. She testified “now they also inherited a used car, too, basically, and- but also I don't feel they did what it needed to do to keep it in tiptop shape. I think somebody else gave the example, you know, if you get a used car you're going to make sure to change the oil every so often and check all the fluids and keep it running no it didn't do that period.” She testified that she is a board member and I month ago she sent out an email to Deborah Massey , the contact for Envirolink, and she thinks that email communication has gotten better.

Response

See responses set forth above. Ms. Powers repeats for the most part the positions of other witnesses.

As described previously, Ms. Power's concerns related to the Fost force main were the result of the mislocates by Dominion Power and the actions of the Golf Course owner.

Ms. Power's has not experience issues and was not aware of any issues prior to Envirolink. This is likely because neither Sandler Utility nor Envirotech made any efforts to communicate with the community. Envirolink does not dispute that initial communication procedures proved ineffective but has since modified and increased communication efforts.

CWS does not dispute and agrees with Ms. Power's claims of 98 days of service interruptions and contends that these service interruptions are a direct result of years of poor operation, maintenance and management and that the conditions of the system necessitates the need for upgrades.

CWS agrees with Ms. Power's statement that Envirolink inherited a used car but disagrees with the statement that Envirolink has not done what is needed to keep in tip top shape. Envirolink has taken numerous actions (many without funding from the owners) to keep the system operational until a permanent fix can be constructed.

David Shepheard

Mr. Shepheard maintains that the life of a vacuum system is actually 50 to 100 years. CWS misrepresents the fact that the life is 10 or 12 years.

Since about 2006, Mr. Shepheard has been the drainage committee chairman for the neighborhood. The drainage and the sewerage collection obviously connects pretty considerably, because if the subdivision does not drain, it pretty much doesn't matter what kind of sewer system there is. It's going to have a problem.

Mr. Shepheard has had no backups at his house on Eagle Creek Rd. His daughter Elizabeth has had no backups. His son Matthew has had plenty of backups and has received money from Sandler's insurance company. He testified that during the past year Envirolink has probably visited Matthew's pit a dozen to 15 times. He testified there's been a lot of discussion about the fact that Envirolink inherited a system that was very used and very worn. There's truth in that. Sandler Utilities did not put in the money they needed to for proper maintenance based on the manufacturer's recommendations. That's very clear.

He testified that the man who initially put the system in and who lives in the neighborhood maintains that when Envirotech first bid to run the system, it significantly underbid the operations expense. And from that point on, once those expenses were put in place and the rates were set, Sandler was running behind the power curve from the beginning. He doesn't think they collected enough money to truly do what they needed to do on the system. That's not an excuse for them. I think that's just a fact.

When Envirotech first began, Mr. Shepheard didn't even know there was a problem in the neighborhood for a long time. The only reason he found out early in 2015 was because he was involved in drainage and involved in the community. The only failures, as mentioned previously, was when there would have a major rainfall. You've heard that numerous times. Now I'm talking about major storms.

With respect to Ms. Powers calculation of the 989 days without sewer, Mr. Shepheard testified that there are a number of lines that go to the plant; he thinks five. And if one line goes down the whole neighborhood tries to conserve water. We've asked, Gee, we've got a vacuum

problem. We've got a line shut down. If the problem is on that particular line it serves, that's maybe 50 houses. The whole neighborhood is not really down , one line is down, but the rest of the neighborhood is having to conserve water to help that particular line.

This vacuum system depends on a technician. If there is a low vacuum alarm at the plant, it depends on a technician to be available and get there within a set period of time. It takes less than an hour if the technician finds where the leak is, a leak in a pit where a valve will be stuck open and air is being sucked into the vacuum main, reducing pressure on the whole system.

The subdivision went through a significant period of time where the issues come up particularly on the weekends. If the technicians got a trouble call from Friday night, we were in trouble. The whole weekend, the system was in distress because they weren't responding or if they got a call during the night, they weren't responding and by the time they responded, we had multiple pits down. Now, they began to shut down entire lines on the system to try to start getting it back up and if they didn't, the entire neighborhood goes down.

Envirolink took over from Envirotech in 2020. Up until that time when Bill Freed owned Envirotech he had, as far back as memory serves me, qualified and trained people who knew how to address an issue whether it be a single pit or bigger, and they knew what to do logically as a troubleshooting operation to find the problem and fix it. They would come to the problem pit and if the controller, which is the one that fires the valve to empty the pit, wasn't working, they'd put in a new controller and they would time it properly, and they'd connect all the tubes properly and they would go away from that pit and that was it. You didn't see another problem in that pit until maybe something else went down, maybe the valve or something reached its useful life and they hadn't been doing the proper maintenance.

When Envirolink took over first quarter of 2020 he still had several of the Envirotech technicians employed by him. In August 2020 there was a hostile work environment with these employees leaving in August of 2020. We started having the significant issues in September-

October 2020. There was no one currently employed by Envirolink at that time. In Mr. Shepherd's opinion only that technician knew what to do when the system started to cascade into failure.

And when it totally went down and all these lines filled with water, that was the catastrophic failure. And it took many weeks and the assistance from in Envirotech and from FlowVac and Airvac, the major manufacturers of the system, to help bring that system back up again.

Mr. Shepherd has read the field reports, so he knows the system was old, it had old valves and old controllers. Instead of being rebuilt to maintain on a regular basis, they were waiting until they failed, and then they were replacing them. So that was working. It's not the way to do it but that was working. All of a sudden we had a situation where we had people that didn't know how to rebuild those controllers. They didn't know how to rebuild those valves. They didn't know what to do when they went to the failed pit. They didn't know how to time the controllers or didn't seem to. With respect to the failure of 2015, the field reports told what happened. It was one thing after another. Oil and pumps hadn't been changed, filter screens and the vacuum pumps were totally clogged up where it was only a pinhole.

With respect to communication, initially the HOA did try to help because the HOA wasn't getting any communication. Mr. Shepherd is the vice president of the HOA board and has been on the board since 2015. And when the board determined that the communications were so horrible, the board tried to step in with its own email system and Facebook and tried to get information from Envirolink which they often did provide, and the HOA tried to disseminate that. The HOA has a 5 member board, but all the members have jobs and families so when a line would go down, they would finally let us let the board know, and it might be an hour after the fact. And if one of the board wasn't in the station at the time to be able to send the email, it couldn't be sent right away. Even if it was sent did, often times by the time the board had communicated that, the problem had passed, and another line was shut down. So the HOA

basically told Envirolink - you need to handle this communication yourself. We are not able to do it in proper fashion for our neighborhood. We could not do it in an accurate fashion, and we were telling Envirolink, this is your job, not ours. We will do everything we can to help but we can't communicate the failures. You have to do that in timely fashion.

With respect to the allegation that the vacuum system has exceeded its useful life, it was installed around 2000, and the pipes are designed to last 100 years. The main moving parts are in the pits. There is a controller with a cost in the range of \$500. But these things can be rebuilt over and over again. That's the proper maintenance we're talking about, not waiting for the controller to fail but going in after the 10 year mark and doing a general just typical maintenance of every controller. The other movable part that fails in the pit is the valve that releases the sewage into the actual line itself. The parts on that are about \$40 to rebuild. They don't have to be rebuilt until about 15 years. In far less than 30 minutes, a technician can rebuild them. The system has many years to go; however, they have to catch up on it. These parts on these pits have to be gone through; parts have to be replaced one at a time, and they all need to be looked at, and then you can move on to the next pit. Once they're done they have literally a new system.

Mr. Shepherd mentioned the pedestals which are being put behind a number of the pits. Those pedestals are going to house the controller that fires the whole pit up so that the water doesn't flood when we do get rain.

Mr. Shepherd testified that the vacuum system is not functioning properly because of lack of maintenance and now lack of operators who know how to fix up it when they go down. It is not dead; it is not past its useful life; it simply needs rehabilitation.

Mr. Shepherd opposes they sale right now. He supported the connection of the force main, but he opposes the sale at this point. He is familiar with the consent order, and he would like to

see the terms of the consent order carried out by Sandler at Mill Run before the sale is completed.

Response

Hopefully, those reviewing Mr. Shephard's testimony can appreciate the difficulties that are posed by attempting at this point to continue to provide service through the existing vacuum system. Mr. Shephard's testimony drives home the point that the system has many moving parts that require far more attention than other less complicated and more commonly operated systems. Mr. Shephard's testimony likewise sheds light on difficulties that have been presented as far as communicating in real time with customers with regard to a system that is highly interconnected and where failures on one part of the system have widespread complications elsewhere on the system.

Mr. Shephard's testimony presents valuable testimony, but unfortunately it appears that the references and resources provided to Mr. Shephard, are incomplete. For instance:

- The pipes do have a 50-100 year life [if designed and constructed properly]; however, the valves, controllers and vacuum station have much shorter lives.

CWS agrees and can substantiate Mr. Shephard's concern that the operations of the sewer system has been under funded for many years and that the system has been behind the curve for many years.

CWS understands and agrees that the Mr. Shephard was unaware of problems because of the lack of communication prior to Envirolink. Mr. Shephard testified that he only became aware because of his position on the drainage committee.

CWS agrees and can substantiate Mr. Shephard's statement that a vacuum system is highly reliant on technician response times and that an issue with one service can impact the whole system.

CWS does not agree with Mr. Shephard that Envirotech employees were qualified and trained. CWS's research indicates that only Mr. Freed had training on vacuum systems and that his staff was not trained on proper operation and maintenance of vacuum systems.

Envirolink does not agree with Mr. Shephard's statement that the former Envirotech employees did not decide to stay with Envirolink because of hostile work place. Based on conversations with these employees, their preference was complete autonomy, and they did not feel comfortable working within a team atmosphere.

CWS acknowledges Mr. Shephard's statement that restoration efforts included Envirotech, Flovac, Airvac and others but would highlight their assistance was at the request of Envirolink and Envirolink's efforts to find the necessary equipment and parts in order to restore service as quickly as possible and these efforts were not the result of not having qualified personnel.

CWS acknowledges and agrees that prior to Envirolink, Sandler Utility and Envirotech were completely reactive to problems but would highlight that Mr. Sheppard's statement substantiate CWS's position that the problem with Eagle Creek system predate Envirolink and CWS's position that the system has been in poor condition for many years.

CWS is also aware through conversations with Mr. Shephard that Mr. Shephard is particularly concerned about disruptions during construction and would suggest that CWS endeavors to include Mr. Sheppard in on-going discussions regarding the final solution.

James Hutson

Mr. Hutson began experiencing problems in 2016 in the wake of Hurricane Matthew. He hasn't experienced a backup per se; however, he has experienced sewage in the pit, limited water hours, etc., due to outages.

His concern is a deep and grave worry of whether or not a gravity system is adequate to replace what they have. He testified that "if the existing system were properly maintained, we will not be in the situation we're in."

The strata that the neighborhood is built in is a combination of fill and solid layers with a high water table. This lends itself to a vacuum system for sewage management for a number of reasons. We also experience seasonal flooding in the back of the neighborhood. Some home do experience water in their garages exacerbating existing issues with the sewer.

He believes that gravity is not ideal. The neighborhood is at sea level. When the water does come in, there can be serious flooding. It has nowhere to go. So if the system were maintained as it should have been he has no doubt that it would not be in a situation it is in.

Response

CWS has engaged the services of a local North Carolina licensed Professional Engineer that is familiar with the Eagle Creek community and the soil conditions.

CWS is aware of the challenges surrounding any construction in the area surrounding and including Eagle Creek. Further, CWS is aware that neighboring communities (Fost and Lakeview) utilize gravity sewer collection as opposed to vacuum.

Given Mr. Hutson's experience with construction, CWS endeavors to include Mr. Hutson in the on-going discussion regarding a final solution.

Mr. Hutson's testimony reinforces many of the points made above with respect to the elevation of the Eagle Creek subdivision and the susceptibility to water intrusion from heavy rains. CWS has carefully investigated the issues with respect to installing alternative piping in the type of soil in Eagle Creek and the challenges with alternative installation there. Reliance on the vacuum system has been far from immune to difficulties with the terrain and elevation.

STATE OF NORTH CAROLINA

COUNTY OF WAKE

VERIFICATION

I, MICHAEL MYERS, being first duly sworn, depose and say that I am duly authorized to act on behalf of CURRITUCK WATER AND SEWER LLC AS VICE-PRESIDENT; that I have read the foregoing Report on Customer Comments From Public Hearing Held on February 2, 2022, and that the same is true and accurate to my personal knowledge and belief.

This 4th day of March 2022.



Michael Myers
Vice President
Currituck Water and Sewer LLC

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Report on Customer Comments From Public Hearing Held on February 2, 2022 filed in Dockets W-1130, Sub 11 and W-1333, Sub 0, has been served on parties of record as shown on the Commission's Service List for these dockets, either by electronic mail or by depositing same in the U. S. Mail, first class delivery, postage prepaid.

This the 4th day of March 2022.

Edward S. Finley, Jr., PLLC

/s/ Edward S. Finley, Jr..

Edward S. Finley Jr.

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