

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 356

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Carolina Water Service,)
Inc. of North Carolina, 4944 Parkway)
Plaza Boulevard, Suite 375, Charlotte,)
North Carolina 28217, for Authority to)
Adjust and Increase Rates for Water)
and Sewer Utility Service in All of Its)
Service Areas in North Carolina, Except)
Corolla Light and Monteray Shores)
Service Area and Elk River)
Development)

**REPORT ON CUSTOMER
COMMENTS FROM PUBLIC
HEARINGS IN ASHEVILLE AND
BOONE, NORTH CAROLINA,
JULY 25-26, 2017**

NOW COMES Carolina Water Service, Inc. of North Carolina (“CWSNC” or “Company”) and files this report in response to customer comments raised at the Asheville and Boone public hearings.

The first public hearing in this case was held on July 25, 2017, at 7:00 PM in the Buncombe County Courthouse, Asheville, North Carolina. Chairman Edward S. Finley, Jr. presided, joined by Commissioners ToNola D. Brown-Bland, Bryan E. Beatty, James G. Patterson, Lyons Gray, and Daniel G. Clodfelter. Staff Attorney Gina C. Holt appeared for the Public Staff on behalf of the using and consuming public, accompanied by Public Staff Water Engineer Gina Casselberry. Jo Anne Sanford of Sanford Law Office, PLLC appeared on behalf of CWSNC, joined by Matthew Klein, President of CWSNC. Other Company personnel, present and available to assist customers with questions or requests, included: Bryce Mendenhall, Vice-President of Operations; Tony Konsul, Regional Manager;

Gary Peacock, Area Manager; Rex Woody, Area Manager; Richard Lightle, Lead Operator; Richard Linneman, Financial Planning & Analysis Manager; and Anthony Gray, Senior Regulatory & Financial Analyst.

OVERVIEW OF THE PUBLIC HEARINGS

Twenty-one (21) witnesses testified at the Asheville public hearing and one (1) witness testified in Boone. Each customer who testified expressed concern about the proposed percentage increase in rates. Several of the customers made positive comments about the level of service provided by CWSNC, the professionalism of Company personnel, and/or the quality of the water. However, customers variously raised issues about the level of service (including repairs), water quality, communications, and rate equity among different kinds of service providers.

The service quality issues were principally confined to three areas: (1) water main breaks; (2) delays in road-bed repairs; and (3) communications—including those relating to boil water notices, a sewage spill, and the rate increase. Other areas of customer focus included: the differential between reported “average” statewide rates for water and wastewater and the “average” for CWSNC; the move towards uniform rates; and the statutory standards that govern the Company’s ability to recover in rates for increased investment in plant and in expenses of operation.

GENERAL RESPONSES TO CUSTOMER ISSUES

In response to customer comments and concerns, CWSNC will address some important principles and facts that impact both the Company’s service obligation and the rules that apply to the rate-setting process. The Company appreciates this opportunity to speak to its concerned customers and to its regulators.

1. Proposed Rates – The legal principles that govern ratemaking are set forth in North Carolina General Statutes, Chapter 62, and in rules promulgated under those statutes. By law, CWSNC receives a rate increase only if it proves, in the face of an investigation by the Public Staff (and any Intervenor opposition), that such an increase is authorized under the law, based on the actual cost and level of prudent and reasonable investment in plant and operation. Further, investment in plant is *only* recoverable after it has been made, placed into service, and audited by the Public Staff. This principle—referred to as the “used and useful” requirement—applies whether costs are recovered in a general rate case or under a system improvement charge.¹
2. Investment in Replacing Aging Infrastructure – As documented by the U.S. Environmental Protection Agency (“EPA”) and the American Water Works Association (“AWWA”) a need exists for significant investment throughout North Carolina—more than \$20 billion—in replacing aging water and wastewater infrastructure, including drinking water pipes, wastewater collection pipes, and wastewater treatment facilities.²
3. Customer Communications:
 - A. Boil Water Notices – Boil water notices are only issued to the affected customers within a particular system. The boil water notice specifies the affected property, and for any single event it is possible that only a subset of the system’s customers will receive such a notice.

¹ Also, known as the Water System Improvement Charge (WSIC) and the Sewer System Improvement Charge (SSIC).

² See, http://portal.ncdenr.org/c/document_library/get_file?uuid=df1eeae-d14b-455d-9ad4-73b5d635f057&groupId=14655572. See also, “Buried No Longer,” American Water Works Association (AWWA) - <http://www.awwa.org/Portals/0/files/legreg/documents/BuriedNoLonger.pdf>; Drinking Water Needs Assessment, U.S. Environmental Protection Agency - <https://www.epa.gov/sites/production/files/2015-07/documents/epa816r13006.pdf>; and Wastewater Needs Assessment, U.S. Environmental Protection Agency - <https://www.epa.gov/cwns/clean-watersheds-needs-survey-cwns-2012-report-and-data>.

- B. Legal Compliance – In a general rate case, the Public Notice to customers is prescribed by the requirements of statute and is issued by the Commission, based upon the input of CWSNC and the Public Staff. It is a joint effort to provide specific information to all customers about current and proposed rates. In a case like this—the first post-consolidation rate case for CWSNC—the length and complexity of the Public Notice serves the purpose of detail and transparency, yet is likely daunting to many customers who attempt to understand all its contents and the personal impact.
 - C. Improvements. CWSNC has recently augmented its communications capacity and is working diligently on additional means to communicate with its customers. Emphasis will be on enhancing the ability to communicate electronically, in general, and through social media, in particular. The success of this approach will depend on the availability and accuracy of various modes of contact, and will thus be a function of customer permission and homeowners' association ("HOA") participation. Customers have very different preferences for how they communicate with the Company, and CWSNC is working to maximize the capacity of the various means of communication.
 - D. Outreach to Customers. Company representatives spoke with customers at each public hearing. Additionally, and after the hearing, CWSNC addressed customer questions posed by the attorney for the Connetsee Falls Property Owners Association ("CFPOA").
4. Rate Comparisons – An attempt to make general, but meaningful, comparisons between statewide average costs for all water and wastewater service providers and the costs of a provider like CWSNC often results in an "apples to oranges" assessment. The core distinction is found in the

concept of “economies of scale.” The costs of serving an individual customer in Raleigh or Charlotte, by a governmental utility enterprise, will likely on average be less than the cost of serving the typical CWSNC customer. This is the case because, among other things, urban areas are densely populated, they generally source water from large surface impoundments or rivers, they treat waste in large central treatment facilities, governmental entities tax their citizens, and they are often not required to utilize “cost-of-service” ratemaking, as are the utilities regulated under Chapter 62 of the General Statutes. Contrast this to the areas served by CWSNC and others like it: often rural, less densely populated, generally not subject to city taxation, and frequently served by smaller waste treatment plants and by hundreds of wells, dispersed across the state and drawing water up from rock. The difference in cost attributes are obvious, and should inform any conversation about comparisons in respective average costs.

SPECIFIC RESPONSES TO CUSTOMER TESTIMONY - ASHEVILLE

1. Michael Sanders, 488 Tsuganawvi Court, Brevard 28712, Connestee Falls subdivision. *Tr. Vol. 1, pp. 16-28*

Mr. Sanders expressed concern about the frequency of pipe failures and main breaks at Connestee Falls, the Company’s response to a recent sewage spill into the lake, and communications about boil water notices.

RESPONSE:

- Investment. CWSNC has spent an estimated \$489,000 since 2009 on various water and sewer capital projects within the Connestee Falls subdivision. Much of the investment replaced approximately 2,040 feet of water main along Nodatsi Drive and approximately 5,000 feet of sewer force main along the lakes within Connestee Falls. Additional radiological

treatment was added to a well system and permitting plans are underway to replace the aging wastewater treatment plant, which is expected to be a significant capital project (since 2015, \$236,000 has been invested in engineering costs associated with the plant).

- Main and Service Line Breaks. Since January, 2016, CWSNC has experienced approximately thirteen (13) service interruptions in Connestee Falls, one of which was due to ordinary maintenance. Water main breaks are inevitable for various reasons, including aged infrastructure and a failure, upon initial installation by a developer, to properly bed the pipe. Both the Company and customers are dependent upon the integrity of the initial installations, which were generally not performed by CWSNC. CWSNC apologizes for these service interruptions and assures its customers and the Commission that the Company has taken, and will continue to take, all reasonable and necessary steps to address and satisfactorily resolve all service-related problems, including the breaks, as expeditiously and efficiently as possible. Specifically, the Company is tracking line breaks and has a replacement plan in place to address the vulnerable sections of the existing water main.

In all of these instances, boil water notices were issued by use of the automated “Voice Reach” system, which delivers a voice message to the customer. Two of those main breaks occurred back-to-back, so, in those cases, only the initial advisory was issued and rescinded. In two others, the customers’ doors were tagged by CWSNC personnel, since the breaks only affected a small number of customers.

- Unintended Sewage Spill into Lake Atagahi. CWSNC recently experienced two “sanitary sewer overflows” (“SSOs”), which were on June 15, 2017, and July 7, 2017. These SSOs were due to lightning strikes at the lift station and resulted in Lake Atagahi being closed for recreation purposes from

Friday, June 16, 2017, to Tuesday, June 20, 2017. CWSNC pulled samples and tested the water on Friday, June 16, 2017, at which time the coliform levels were elevated. The CFPOA tested the water on Monday, June 19, 2017, and determined that the levels were acceptable, thus allowing Lake Atagahi to re-open the next day. The SSOs were also reported to the North Carolina Department of Environmental Quality ("DEQ"), as required.

- Complaint about Having to Pay for Testing. As indicated above, CWSNC sampled Lake Atagahi at its expense. The Company also understands that the CFPOA samples and tests Lake Atagahi water on a weekly basis to monitor its suitability for recreation purposes. Thus, the Company is unclear why the CFPOA would have necessarily experienced increased costs due to the SSO incident, under the circumstances described, but apologizes if that was the case. The Company is willing in good faith to reimburse the CFPOA for the cost of this test and will contact the CFPOA representative to discuss such payment.
- Poor Communication About Boil Water Notices. *Attachment 1* is an example of the boil water advisories that were issued by CWSNC to Conneetee Falls customers in conjunction with each line break. It should be reiterated that only the customers affected by a break are notified. The boil water advisories state the specific streets (i.e., customers) that were affected. These notices are delivered by the Voice Reach system, after any break that necessitates the alert. On a going-forward basis, CWSNC will request that customers provide the Company with their best telephone and e-mail contact information, to assist in the event of future boil water advisories. Receipt of proper customer contact information facilitates proper and prompt delivery of the required customer communication.

2. Carl Burkhart, 135 Kanasdatsi Drive, Brevard 28712, Connestee Falls subdivision. *Tr. Vol. 1, pp. 28-32*

Mr. Burkhart was concerned about the communication of boil water advisories. He also complained of the difficulty in understanding the notices associated with the rate case.

RESPONSE: First, please see the references in the General Response and elsewhere concerning communication of boil water notices. Second, as indicated in the introductory paragraphs, the rate case notices reflect the best efforts of the Company, Public Staff, and Commission to provide transparency and adequate detail to customers about the requested rate increases. In this case, the notice is a lengthy document, principally because it addresses the entire statewide footprint of CWSNC's 140 systems, scattered from Murphy to Corolla. CWSNC is working to improve its communications capacity and plans to expand and target communications with customers via e-mail and social media, through HOAs, and in other ways. Customers and HOAs will be asked to assist by providing and updating the various modes of contact.

3. Susan Kish, 36 Sakkoleeta Court, Brevard 28712, Connestee Falls subdivision. *Tr. Vol. 1, pp. 32-37*

Ms. Kish complained of poor communications in the aftermath of the sewage spill into the lake, and repeated concerns about the communication of boil water notices.

RESPONSE: As indicated, the boil water notices are communicated by Voice Reach when possible and by door-hangers where necessary. They are augmented by attempts to reach key members of the community, HOA contacts, etc. For an example of the Company's communication outreach after the spill, please see *Attachment 2*, an e-mail from Tony Konsul to Sharon Jenkins of the CFPOA.

4. Phil Reitano, 135 Hawks Nest Trail, Lake Lure 28746, Fairfield Mountain Valley subdivision. *Tr. Vol. 1, pp. 32-40*

Mr. Reitano objects to the frequency and amount of the rate increases, and spoke to his general concern about communications.

RESPONSE: CWSNC does not and should not receive rate increases unless it proves its case—by presentation of evidence, subject to the law, and against the skilled opposition of the Public Staff. However, rate increases are necessary to support prudent investment in this capital-intensive industry. The communications issues have been previously discussed and addressed.

5. Jim Hemphill, 108 Woodhaven Drive, Flat Rock 28731, Woodhaven subdivision. *Tr. Vol. 1, pp. 40-47*

Mr. Hemphill spoke to his concerns about the frequency and amount of rate increases.

RESPONSE: These issues have been previously discussed and addressed.

6. Jack Zinselmeier, 157 Bluebird Road, Lake Lure 28746, Fairfield Mountains subdivision. *Tr. Vol. 1, pp. 47-53*

Mr. Zinselmeier complained of delayed responses to road bed repairs, on two separate instances.

RESPONSE: CWSNC experienced a water main break in November 2016 that occurred from a sudden hydrant closing by the fire department while it battled a wildfire in the community. A road repair was necessitated by that break and delays in repair were caused by multiple factors. First, the resort was actually evacuated on November 11, 2016, due to the wildfire. Second, the asphalt plant was closed from December 5 through December 23, 2016, because of cold weather. The road repair was made on December 26, 2016, three days after the plant reopened.

On April 27, 2017, there was another road repair event, at 197 O'Brien Road. A water main leak occurred and was repaired the same day. However, the asphalt

company experienced a scheduling delay in getting the road patched, which pushed road repair completion to June 12, 2017.

7. John Jennings, 129 McIntosh Circle, Lake Lure 28746, Apple Valley subdivision. *Tr. Vol. 1, pp. 53-54*

Mr. Jennings' primary issue was rates.

RESPONSE: Issues about rates are the subject of proof to and decision by the Commission, and not addressed within this Report. However, as part of its effort to ensure safe and reliable service to Apple Valley, CWSNC notes it replaced approximately 4,080 feet of 8-inch water main in 2017, including fire hydrants and service lines, within this subdivision.

8. Allen Higgins, 210 Winter Star Loop, Burnsville 28714, Mount Mitchell Lands subdivision. *Tr. Vol. 1, pp. 54-59*

Mr. Higgins expressed concern about uniform rates and about the rate increases generally.

RESPONSE: Mr. Higgins lives within the Mt. Mitchell subdivision in an area that previously experienced water main issues. The water main that serves this customer was replaced in 2013, when approximately one (1) mile of PVC was replaced with ductile iron. No problems have been experienced since that time. The move toward uniform rates will allow such investments to be shared across a larger body of ratepayers, thereby minimizing the rate impact to any one community of the costs of significant repairs—costs which can be extremely burdensome to any one system, especially to a small system. It is important to realize that sooner or later all infrastructure must be repaired or replaced.

9. Jack Barton, 108 Thrush Court, Lake Lure 28746, Rumbling Bald subdivision. *Tr. Vol. 1, pp. 59-61*

Mr. Barton expressed concern about the rate structure, which he contends contains an inordinately high fixed-charge component.

RESPONSE: Mr. Barton and his neighbors live in a community which has full-time and seasonal residents, both in significant numbers. Ratemaking methodology is always a balance between competing interests, including the proper allocation of charges between the fixed costs of plant and the variable costs associated with usage. Recognizing the arguments “go both ways,” CWSNC’s response to its customers is that, in fairness, part-time occupants should help provide appropriate stable support for the total costs of a “year-round plant.” Balanced reliance for necessary cost recovery between base or “fixed” charges and volumetric charges is particularly appropriate for seasonal systems and fair to both the seasonal and the year-round customers, in the Company’s view.

10. Margaretta Lang, 358 Big Ridge Road, Burnsville 28714, Mount Mitchell Lands subdivision. *Tr. Vol. 1, pp. 61-62*

Ms. Lang complained of boil water notices, and of the breaks that led to them.

RESPONSE: CWSNC experienced one water main break in 2017 which resulted in a boil water advisory that would have affected Ms. Lang. The break, which occurred on July 13, 2017, was repaired on the same day; both the boil water and rescind notices are appended as *Attachment 3*.

11. Warren Grafer, 934 South Toe River Road, Burnsville 28714, Mount Mitchell Lands subdivision. *Tr. Vol. 1, pp. 62-66*

Mr. Grafer believed that a comparison of average statewide water and wastewater rates to CWSNC’s higher average rates signified unfairness to CWSNC’s customers.

RESPONSE: Please see the general introductory comments to understand CWSNC’s position regarding why these comparisons must be made in the context of the differences in the costs to serve various customers. It is important to CWSNC for customers to understand these significant differences in *actual costs*

and that only the actual, proven costs are the drivers of rates in cases before the Commission.

12. Donn Levine, 100 Big Ridge Court, Burnsville 28714, Mount Mitchell Lands subdivision. *Tr. Vol. 1, pp. 66-71*

Mr. Levine raised several concerns, including: (1) a concern about inadequate water pressure and objection to paying for his own “booster” pump; (2) concern about a five-day gap prior to receiving notice that he should boil water, followed by a notice that he did not have to boil water, due to his elevation; (3) poor communications; and (4) the frequency of water main breaks.

RESPONSE: First, regarding water pressure, Mr. Levine’s water pressure was checked at the meter box on August 11, 2011, and registered 35 psi, which meets state requirements. The home elevation is located considerably higher up the mountain from the meter box, which would naturally result in lower pressure within the home. CWSNC is meeting pressure requirements. Homeowners at higher elevations, such as Mr. Levine, often elect to install booster pumps to enjoy higher pressure at their chosen home site. Second, regarding communications, there is some confusion about the boil water notices. A boil water advisory was issued by Voice Reach on July 13, 2017, and was rescinded on July 18, 2017, after sampling and testing for coliform. (See *Attachment 3*). CWSNC is unaware of any communication from the Company to the effect that locations at higher elevations would avoid the requirement of boiling water after a water main break. Third, CWSNC mainly communicates boil water notices directly to customers via its automated Voice Reach system; thus, it depends on accurate contact information plus the assistance of HOAs and community leaders, to help share the news. Finally, regarding water main breaks, leaks and service line breaks are inevitable and can be attributed both to aging infrastructure and to water mains that may have not been initially bedded/or installed properly by developers. CWSNC tracks the leaks and breaks and replaces water mains as needed. An example of such

investment is found in the water main that was replaced on Winter Star Loop, noted above in the response to Mr. Higgins' testimony.

13. Richard Adams, 57 Signature Ln, Burnsville 28714, Mount Mitchell Lands subdivision. *Tr. Vol. 1, pp. 76-83*

Mr. Adams, president of the Mount Mitchell Lands subdivision HOA, spoke to the widely-held concern that the differential in statewide average rates and the rates of CWSNC means "...There's something wrong." *Tr. Vol. 1, p. 73, l.17* He also expressed concern about the repetitive requests for rate increases which are based on new additions or repairs to plant.

RESPONSE: These concerns go to the fundamental perceptions of equity—or the suspicion of inequity—in the regulatory ratemaking process. Though they are not, strictly speaking, "service" concerns, in the narrow meaning of that term, they are critical to the customers' view of and trust in the process whereby his or her rates are set.

As indicated above, many differences in actual cost of service can impact rates for urban and rural systems, including such factors as population density, economies of scale, and the efficiencies found in large central water sources and wastewater treatment facilities. Additionally, the water and wastewater industries are extremely capital intensive, requiring constant and ongoing additions, replacement, and repair to plant. The core protection for Mr. Adams and other customers is found in the fact that CWSNC is subject to "cost of service" ratemaking. Basically, the Company **cannot** lawfully recover in tariffed rates on investment or for expenditures unless it meets a burden of proof to show that it prudently invested as necessary to provide proper service to its North Carolina customers. And it cannot recover on any investment in plant until that plant is in service to customers and audited by the Public Staff. These decisions about allowable return on investment are solely North Carolina-based decisions, and any

financial outcome for CWSNC's owner is merely a byproduct of the Commission's decision on the North Carolina-specific portion of that operation.

CWSNC appreciates Mr. Adams' reference to the assistance provided by the Company in 2014 when the bridge to the subdivision was replaced. CWSNC removed its water main from the bridge during construction, installed generators, and donated money to assist with landscaping at the subdivision entrance. This is an extension of service to customers that the Company was pleased to provide.

14. Vernon McMinn, 100 Udvawadulisi Court, Brevard 28712, Connetsee Falls subdivision. *Tr. Vol. 1, pp. 77-83*

Mr. McMinn was concerned that he could not reconcile his calculation of his bill to the numbers shown on the rate case notice, and he complained of the delay in fixing the road at Connetsee Falls.

RESPONSE: CWSNC is always willing to speak with customers such as Mr. McMinn regarding any questions they may have regarding billing calculations and/or concerns, including rate case notice issues.

15. James T. Cain, 112 Mountains Boulevard, Lake Lure 28746, Fairfield Mountains subdivision. *Tr. Vol. 1, pp. 83-85*

Mr. Cain spoke to the two-fold impact of the rate increase, both on residential customers with respect to their own bills, and to those customers' financial support of the common facilities, such as clubhouses.

RESPONSE: The Company's response about the rate increase is contained elsewhere in this filing.

16. Dennis Shellenberger, 441 Mountains Boulevard, Lake Lure 28746, Fairfield Mountains subdivision. *Tr. Vol. 1, pp. 86-88*

Mr. Shellenberger commented that the CWSNC rates compare unfavorably to the rates he paid in Florida.

RESPONSE: Rates charged by CWSNC must be based on cost of service, and must be justified by proof and over the opposition of the Public Staff in a contested

case. Certain other types of water and wastewater service providers are not required to observe “cost of service” ratemaking. However, if one assumes that prices follow costs with these other providers, then the conclusion would be that their costs of service are simply lower.

17. Jerard Worster, 107 Friendly Lane, Asheville 28806, Mt. Carmel subdivision. *Tr. Vol. 1, pp. 88-93*

Mr. Worster expressed concerns about the size and frequency of the rate increase requests, and he asks for a better, clearer explanation of the actual reasons for the rate increase requests.

RESPONSE: Responses to these concerns about rates and communications are contained earlier within this document.

18. Tom Haynes, 107 Woodhaven Drive, Flat Rock 28731, Woodhaven subdivision. *Tr. Vol. 1, pp. 93-96*

Mr. Haynes noted his appreciation for the water and service quality provided by CWSNC (*Tr. Vol. 1 p. 94, l. 5-7*), but expressed concern about the size and frequency of rate increase requests.

RESPONSE: Recent investments by CWSNC within this subdivision include replacement of the hydropneumatic tank located at the well house and installation of a stationary generator at the well, which will automatically start in the event of a power outage.

19. Sean O’Meara, 115 Woodhaven Drive, Flat Rock 28731, Woodhaven subdivision (*Tr. Vol. 1, pp. 96-99*); and

20. Chuck Van Rens, 109 Woodhaven Drive, Flat Rock 28731, Woodhaven subdivision. *Tr. Vol. 1, pp. 99-106*)

Both Mr. O’Meara and Mr. Van Rens objected to the amount and frequency of rate increase requests.

RESPONSE: As indicated, CWSNC’s rates will be set based upon the statutory requirements of proof and after challenge by expert consumer advocates. No

utility is entitled to a rate increase unless it has proved to the Commission essentially that it spent money—only as necessary, or “prudently”—to provide the service that is required. And CWSNC cannot recover on its investment in plant until after that plant is in use, providing service to customers, has been reviewed by the Public Staff, and approved by the Commission. This is true whether the rate increase is sought in a general rate case, like this one, or under the “system improvement charges” (also known as WSIC and SSIC).

21. Betty Jackson, 214 Scottlyn Drive, Asheville 28806, Mt. Carmel subdivision. *Tr. Vol. 1, pp. 106-109*

Ms. Jackson complains of difficulty in understanding the rate request notice, and asserts that communications are generally not satisfactory. She also requested a rate that addressed use of water for irrigation.

RESPONSE: As described above, CWSNC is growing its ability to provide customers with timely, understandable notice about a range of topics. The Company is always open and willing to speak with customers such as Ms. Jackson regarding any questions they may have regarding billing calculations and/or service concerns, including rate case notice and rate design issues.

SPECIFIC RESPONSE TO CUSTOMER TESTIMONY - BOONE

The second public hearing in this case was held on July 26, 2017, at 7:00 PM at the Watauga County Courthouse in Boone, North Carolina. Commissioner Bryan E. Beatty presided, joined by Commissioners ToNola D. Brown-Bland, Jerry C. Dockham, James G. Patterson, Lyons Gray, and Daniel G. Clodfelter. Staff Attorney Gina C. Holt appeared for the Public Staff on behalf of the using and consuming public, accompanied by Public Staff Water Engineer Gina Casselberry. Jo Anne Sanford of Sanford Law Office, PLLC appeared on behalf of CWSNC, joined by Matthew Klein, President of CWSNC. Other

Company personnel, present and available to assist customers with questions or requests, included: Bryce Mendenhall, Vice-President of Operations; Tony Konsul, Regional Manager; Rex Woody, Area Manager; Richard Linneman, Financial Planning & Analysis Manager; and Anthony Gray, Senior Regulatory & Financial Analyst.

One public witness testified in Boone. (*Tr. Vol. 2, p. 10*) Mr. Howell Sharpe of 1954 Sugar Mountain Drive, Sugar Mountain subdivision, had no complaints with the water service. He did, however, express concern about the amount and frequency of the rate increases, comparing them unfavorably to his experience in Atlanta.

RESPONSE: CWSNC has addressed the rate increase concerns earlier in the document and, to avoid duplication, will respectfully offer those comments in response to Mr. Sharpe.

Respectfully submitted, this the 29th day of August, 2017.

SANFORD LAW OFFICE, PLLC

Electronically Submitted

/s/Jo Anne Sanford
State Bar No. 6831
Post Office Box 28085
Raleigh, North Carolina 27611
T: 919-210-4900
e-mail: sanford@sanfordlawoffice.com

ATTORNEY FOR CAROLINA WATER SERVICE, INC.
OF NORTH CAROLINA

6/30/17

188100-063017 Connestee Falls Sub 430 BWA

Customers: (27) IYA CT, DALONIGEI CT, UWOHALI CT (See addresses below)

ID NO. 01-88-104

System Pressure Advisory!

Hello

This is a courtesy call from your local water provider for Connestee Falls subdivision.

Customers may experience periods of low pressure and/or outages in the distribution system due to an emergency repair. Periods of low or no pressure in the distribution system increases the potential for back siphonage and introduction of bacteria into the water system.

No problem has been detected in the water; however, as a precautionary measure, the Division of Water Resources advises that when water is restored consumers **boil all water** used for human consumption (including drinking, making ice, brushing teeth, washing dishes and food preparation) or use bottled water. The NC Division of Water Resources Public Water Supply Section Asheville Regional Office contact phone number is 828-296-4500.

Vigorous boiling for one (1) minute should kill any disease-causing organisms that may be present in the water.

This office is strongly urging the water consumers to conserve water whenever possible. Customers will be notified by a second phone notification message once the Boil Advisory has been rescinded.

This was a courtesy call from your local water provider. We apologize for any inconvenience this may cause and appreciate your patience. If you should have any questions or concerns, please contact our Customer Service Department at 1-800-525-7990, again that number is 1-800-525-7990.

Thank you very much

This advisory issued on 6/30/17 by:

Transylvania Utilities, Inc.
Transylvania

800-525-7990

and/or

Public Water Supply Section
Division of Water Resources
Asheville Regional Office
828-296-4500

63 IYA CT

37 IYA CT

137 DALONIGEI CT

15 UWOHALI CT

57 UWOHALI CT

76 UWOHALI CT

64 UWOHALI CT

69 UWOHALI CT

58 UWOHALI CT

58 UWOHALI CT

4 UWOHALI CT

20 UWOHALI CT

35 DALONIGEI CT

55 DALONIGEI CT

69 DALONIGEI CT
83 DALONIGEI CT
95 DALONIGEI CT
121 DALONIGEI CT
163 DALONIGEI CT
164 DALONIGEI CT
82 DALONIGEI CT
50 DALONIGEI CT
22 DALONIGEI CT
11 IYA CT
45 IYA CT
59 IYA CT
56 IYA CT

From: Tony Konsul [mailto:TJKonsul@uiwater.com]
Sent: Wednesday, June 21, 2017 8:16 AM
To: CFPOA <cfpoa@comporium.net>
Subject: RE: Sewer Leak in Lake Atagahi

Sharon,
Please see the below responses. Let me know if you need more info.

From: CFPOA [mailto:cfpoa@comporium.net]
Sent: Tuesday, June 20, 2017 12:57 PM
To: Tony Konsul <TJKonsul@uiwater.com>
Subject: Sewer Leak in Lake Atagahi

Good afternoon!

Hate to bother you with this but could you answer the below questions for me? These are just a few questions we have been getting from members.

How did this happen?[*Tony Konsul*] Lightning hit the controls that operate the pumps

How much sewage entered the lake?[*Tony Konsul*] Approximately 950 gallons.

What remediation actions are being taken?[*Tony Konsul*] An electrician was called and repairs were made the same day. Three different pumper trucks companies were called. A pumper truck was on site to stop the overflow at approximately 1:00pm.

What kinds of data are being collected to determine the status of the lake and quality of the water?[*Tony Konsul*] Coliforms samples are being collected from the lake.

What actions will be taken to prevent future occurrences such as this?[*Tony Konsul*] Since this was a lightning strike, it is very difficult to prevent acts of God.

Why didn't the Utility Company call owners about the sewer leak; especially the ones living around Lake Atagahi?[*Tony Konsul*] We notified the POA in hopes they would help us to communicate to those residents as we have done in the past. We really do not know which residents live on or around the lake.

There is a Board meeting tomorrow and I'm going to get tarred and feather if I can't come up with some kind of decent responses.

p.s. Could I possibly get a copy of whatever report you have to file with the State in situations like this?

Thanks bunches!

ATTACHMENT 2
W-354 Sub 356, Response to Customer Concerns
Asheville & Boone

Sharon

Sharon Jenkins, Administrative Manager
Connestee Falls Property Owners Association, Inc.
33 Connestee Trail, Brevard, NC 28712
828-885-2001, 800-537-2001
www.connesteefalls.com



182147-071317 Mt. Mitchell Sub 275 Leak Repair and Boil Advisory

Hello.

This is a courtesy call from your local water provider for the Mount Mitchell Subdivision.

Customers may experience periods of low pressure and/or outages in the distribution system due to an emergency repair being performed in your area. Periods of low or no pressure in the distribution system increases the potential for back siphonage and introduction of bacteria into the water system.

No problem has been detected in the water; however, as a precautionary measure, the Division of Water Resources advises that when water is restored consumers **boil all water** used for human consumption (including drinking, making ice, brushing teeth, washing dishes and food preparation). As an alternative, bottled water may be used. The NC Division of Water Resources, Public Water Supply Section, Asheville Regional Office contact phone number is (828) 296-4500.

Vigorous boiling for one (1) minute should kill any disease-causing organisms that may be present in the water.

This office is strongly urging the water consumers to conserve water whenever possible. Customers will be notified by a second phone notification message once the Boil Advisory has been rescinded which typically takes 24 to 48 hours.

This was a courtesy call from Carolina Water Service. We apologize for any inconvenience this may cause and appreciate your patience. If you should have any questions or concerns, please contact our Customer Service Department at 1-800-525-7990, once again that number is 1-800-525-7990.

Thank you

7/18/17

182147-071817 Mt Mitchell 275 Boil Advisory Rescind
211 Customers

ID Number 01-00-103

Hello.

This is a courtesy call from Carolina Water Service, your local water provider for the Mt. Mitchell subdivision at 1-800-525-7990. This number will be repeated at the end of this message.

Please be advised that the Boil Advisory in which you were previously notified of has been rescinded. It is no longer necessary for customers to boil water before drinking, cooking, washing dishes or food preparation. Again, the boil advisory has been rescinded. It is no longer necessary for customers to boil water before drinking.

This was a courtesy call from Carolina Water Service, your local water provider. We apologize for any inconvenience this may have caused and appreciate your patience. If you should you have any questions or concerns, please contact our Customer Service Department at 1-800-525-7990, again that number is 1-800-525-7990.

Thank you.

This advisory issued on 7/18/17 by:

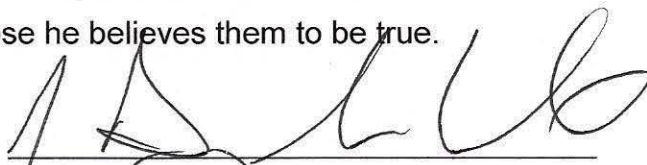
Carolina Water Service Inc. of North Carolina
Yancy County
800-525-7990 and/or

Public Water Supply Section
Division of Water Resources
Asheville Regional Office
(828) 296-4500

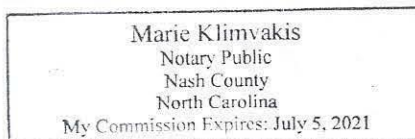
VERIFICATION

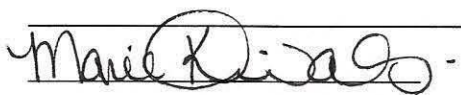
Bryce J. Mendenhall, being duly sworn, deposes and says:

That he is the Vice President of Operations for Carolina Water Service, Inc. of North Carolina; that he is familiar with the facts set out in this **REPORT ON CUSTOMER COMMENTS FROM PUBLIC HEARINGS IN ASHEVILLE AND BOONE, NORTH CAROLINA, JULY 25-26, 2017**, filed in Docket No. W-354, Sub 356; that he has read the foregoing Report and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.


Bryce Mendenhall

Sworn to and subscribed before me this
the 29th day of August, 2017.





Notary Public

My commission expires: July 5, 2021

CERTIFICATE OF SERVICE

I hereby certify that on this the 29th day of August, 2017, a copy of the foregoing REPORT has been duly served upon all parties of record by electronic service, as follows:

Gina C. Holt
Staff Attorney, Legal Division
North Carolina Utilities Commission - Public Staff
gina.holt@psncuc.nc.gov

William E. Grantmyre
Staff Attorney, Legal Division
North Carolina Utilities Commission - Public Staff
william.grantmyre@psncuc.nc.gov

Dwight W. Allen
Britton H. Allen
Brady W. Allen
The Allen Law Offices
dallen@theallenlawoffices.com
bhallen@theallenlawoffices.com
brady.allen@theallenlawoffices.com

Electronically Submitted
/s/Jo Anne Sanford
State Bar No. 6831
SANFORD LAW OFFICE, PLLC
Post Office Box 28085
Raleigh, North Carolina 27611-8085
Tel: (919) 210-4900
sanford@sanfordlawoffice.com