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INFORMATION SHEET

PRESIDING: Chairman Finley, Commissioners Brown-Bland, Dockham, Patterson and Gray
PLACE: Carteret County Courthouse, Wilmington, NC
DATE: August 22, 2017
TIME: 7:00 p.m. – 7:20 p.m.
DOCKET NO.: W-354, Sub 356
COMPANY: Carolina Water Service, Inc. of NC
DESCRIPTION: Application 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
VOLUME: 4

APPEARANCES

FOR CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA:
Robert H. Bennink, Jr., Esq.

FOR THE USING AND CONSUMING PUBLIC:
William E. Grantmyre, Esq.

WITNESSES

Simon Lock
Tom Musser

EXHIBITS

✓ Lock Exhibit 1 (I)

JUDICIAL NOTICE

COPIES ORDERED: -0-
REPORTED BY: Kim Mitchell
TRANSCRIBED BY: Kim Mitchell
DATE TRANSCRIBED: August 31, 2017

TRANSCRIPT PAGES: 20
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TOTAL: 20

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SEP 05 2017
Clerk's Office
N.C. Utilities Commission

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE 8/22/17
DOCKET #: W-354, SUB 356
NAME OF ATTORNEY Robert H. BENNINK, JR.
TITLE _____
FIRM NAME BENNINK LAW OFFICE
ADDRESS 130 MURPHY DRIVE
CITY CARY, NC
ZIP 27513

APPEARING FOR: CAROLINA WATER SERVICE, INC. of NC

APPLICANT ☒ COMPLAINANT _____ INTERVENOR _____
PROTESTANT _____ RESPONDENT _____ DEFENDANT _____

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NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE 08/22/17 DOCKET #s: W-354, Sub 356

PUBLIC STAFF MEMBER William E. Grantmyre, Staff Attorney

ORDER FOR TRANSCRIPT OF TESTIMONY TO BE **EMAILED** TO THE
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All Public Staff personnel working on case.

Signature of Public Staff Member

NORTH CAROLINA UTILITIES COMMISSION

Carolina Water Service, Inc. of North Carolina
Date

W-354, Sub 356
Company Name

08/22/17
Docket #

PUBLIC HEARING

Customer Name	Address	Subdivision Name	Do you wish to make a statement?
1. SIMON LOCK	6014 CARDINAL DR	FARFIELD HARBOR	<input checked="" type="checkbox"/>
2. TOM MUSSEN	1211 SANTA LUCIA		<input checked="" type="checkbox"/>
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6014 Cardinal Drive, New Bern, NC28560

Simon: 252-626-7716 ~ Penny: 252-876-3811

August 22, 2017

My wife and I are residents of Fairfield Harbour in New Bern and as a result we are customers of CWS. We are hereby requesting that the North Carolina Utilities Commission not only deny in total the greedy demands by CWS but also require them to implement a rate structure that is more soundly based on actual water and sewer services used by each individual customer. Furthermore, it should encourage rather than penalizes those who practice water conservation to preserve and protect our precious water resources.

To make it clear I am not a radical environmentalist but rather believe that we all need to be prudent custodians of our natural resources for both current and future generations.

Firstly, the information that we received from CWS is sorely lacking in detail in terms of where they would like to implement increases since none of the proposed rates are shown – see Page Appendix A-2. But for CWS to come along and request an average rate increase of almost 32 percent for water – assuming a consumption of just under 4000 gallons and sewer rate increase of over 13% is outrageous and totally out of touch with reality considering that this Commission gave CWS an increase of around 20% less than two years ago. During this same period inflation rates have been on the order of 0.5 to 2.5%.

Secondly the rate model is badly flawed because CWS are basically punishing those that consume smaller amounts of water by proportionally demanding a greater overall rate increase percentage wise for a household using say 1000 gallons per month versus a household that uses 5000 gallons per month.

I was unable to calculate relative percentage increases because CWS in their flawed rate proposal provide no breakdown of what they are proposing to increase but rather show increases for a single hypothetical usage of 3980 gallons. But for the previous rate

increase request the person using say 1000 gallons saw an increase of more than 19% overall while the person using 5000 gallons only saw a proposed increase of about 15%. Compare that to the typical increase in Social Security of 1 to 2% and you realize just how extortionate this rate increase really is.

By way of background, while Fairfield Harbour is not designated as a retirement community, I think it would be safe to say that greater than 50% of the residents of this community are retirees and many are relying on social security and perhaps some retirement funds that were adequate when they moved here but are now not even keeping up with inflation let alone money grabs by monopoly corporations like CWS.

Fairfield Harbour is an old well established community that has not grown substantially over the past several years. Thus, CWS should have all the statistical data on water consumption to be able to construct a more appropriate billing model that will still allow them to maintain and operate the community water system and make a reasonable profit without gouging their customers.

I do not believe that a flat sewer fee is a fair and equitable approach. Rather both water consumption and sewage should be based on volume of water used at the meter. The model that I would encourage the Commissioners to mandate would be the following:

1. A relatively low base charge for water - essentially an amount that covers the cost of reading and maintaining the meter
2. A relatively low sewer connection charge that would accumulate in a fund for the infrequent routine repairs of the sewer lines
3. A sliding scale that more closely addresses the actual cost of providing known quantities of water - the first say 2000 gallons per month would have a lowest charge per gallon, the next say 4000 gallons would have a slightly higher rate and then the top tier of water usage would be charged a much higher rate that would allow CWS to start putting money in reserves for any expansions required because of high water consumption.
4. A similar sliding scale would be used for calculating sewer charges with the assumption that a gallon of water used is equivalent to a gallon of sewage treated.

To take a couple of practical example:

Firstly lets say a household uses 2000 gallons of water per month their bill might look like this:

Base water connection charge	\$4.00
Base sewer connection charge	\$5.00
2000g at \$2/1000g	\$4.00
Sewer charge 2000g at \$5/1000g	\$10.00
Total	\$23.00

Overall cost per gallon = 1.150 cents/gallon

Now lets take a look at a higher volume user - say 6000 gallons of water per month their bill might look like this:

Base water connection charge	\$4.00
Base sewer connection charge	\$5.00
2000g at \$2/1000g	\$4.00
4000g at \$4/1000g	\$16.00
Sewer charge 2000g at \$5/1000g	\$10.00
Sewer charge 4000g at \$8/1000g	\$32.00
Total	\$71.00

Overall cost per gallon = 1.183 cents/gallon

Finally lets take a look at a very high volume user - say 10000 gallons of water per month their bill might look like this:

Base water connection charge	\$4.00
Base sewer connection charge	\$5.00
2000g at \$2/1000g	\$4.00
4000g at \$4/1000g	\$16.00
4000g at \$6/1000g	\$24.00
Sewer charge 2000g at \$5/1000g	\$10.00
Sewer charge 4000g at \$8/1000	\$32.00
Sewer charge 4000g at \$12/1000g	\$48.00
Total	\$143.00

Overall cost per gallon = 1.43 cents/gallon

As can be seen in these examples the highest volume user essentially pays a "penalty" that would allow CWS to start putting money aside for increases in capacity that might

be required because of the impact of the high volume users and would not penalize people who act as good stewards of environmental resources or are just absent from their home and therefore not incurring any costs associated with water or sewage treatment.

I hope that the Public Utilities Commission will seriously consider the alternative rate approach, that I have proposed here, that would place a more equitable burden on all consumers, rather than adversely impacting those who consume the smaller volumes of water.

To put this in perspective the base charges on our electric bill represent from 15-20% of the total amount with actual consumption of electricity accounting for 80-85% of the bill. By contrast under the current model CWS is collecting around 80-85% in base charges and is only allocating 15-20% of their bill to water consumption and absolutely no consideration of variable cost of sewage treatment based on volume.

Respectfully submitted,

Simon Lock, Ph.D.