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1 PLACE: Dobbs Building, Raleigh, North Carolina  
2 DATE: Tuesday, July 7, 2015  
3 TIME: 7:00 p.m. - 7:22 p.m.  
4 DOCKET NO: W-354, Sub 344  
5 BEFORE: Chairman Edward S. Finley, Jr., Presiding  
6 Commissioner Bryan E. Beatty  
7 Commissioner ToNola D. Brown-Bland  
8 Commissioner Don M. Bailey  
9 Commissioner Jerry C. Dockham  
10 Commissioner James G. Patterson  
11

**FILED**

JUL 15 2015

Clerk's Office  
N.C. Utilities Commission

## IN THE MATTER OF:

13 Application of Carolina Water Service, Inc., of North  
14 Carolina, 2335 Sanders Road, Northbrook, Illinois  
15 60062, for Authority to Adjust and Increase Rates for  
16 Water and Sewer Utility Service in All of Its Service  
17 Areas in North Carolina.

18  
19 VOLUME 3  
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NORTH CAROLINA UTILITIES COMMISSION

1 A P P E A R A N C E S:

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3 FOR CAROLINA WATER SERVICE, INC., OF NORTH CAROLINA:

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9 FOR THE USING AND CONSUMING PUBLIC

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## EXHIBITS

IDENTIFIED / ADMITTED

No Exhibits of Record

## P R O C E E D I N G S

CHAIRMAN FINLEY: The Commission -- let the record reflect that the Commission has convened tonight. It is 7:00 on July 7, 2015. We are convened in Docket Number W-354, Sub 344, which is an Application by Carolina Water Service, Inc., of North Carolina for a General Increase in Its Rates and Services. The purpose of this hearing has been scheduled to take the testimony of the public witnesses. We've inquired of the Public Staff as to whether or not there are any public witnesses. The Public Staff has indicated that there --

MS. HOLT: (Interposing) Oh, she's raising her hand now. Okay.

CHAIRMAN FINLEY: Does she want to testify now?

MS. TATE: Yes, I would.

CHAIRMAN FINLEY: All right. Well, we'll strike that and we'll start all over again.

Good evening. Let's come to order and go on the record. My name is Edward S. Finley, Jr. With me this evening are Commissioners Bryan E. Beatty, ToNola D. Brown-Bland, Don M. Bailey, Jerry C. Dockham and James G. Patterson.

NORTH CAROLINA UTILITIES COMMISSION

1           The Commission now calls for hearing at this  
2 time for the purpose of taking the non-expert public  
3 witness testimony in Docket Number W-354, Sub 344, In  
4 The Matter of Application of Carolina Water Service,  
5 Inc., of North Carolina, 2335 Sanders Road,  
6 Northbrook, Illinois, for Authority to Increase Rates  
7 for Water and Sewer Utility Service in All Service  
8 Areas in North Carolina.

9           On March 31, 2015, Carolina Water Service  
10 filed an Application with the Commission seeking  
11 authority to increase its rates for providing water  
12 and sewer utility service in all of its service areas  
13 in North Carolina.

14           On April 30, 2015, the Commission issued its  
15 Order Establishing General Rate Case and Suspending  
16 Rates. Pursuant to this Order, the Commission  
17 declared this proceeding to be a general rate case  
18 pursuant to G.S. 62-137 and suspended the proposed  
19 rates for 270 days pursuant to G.S. 62-134.

20           On May 11, 2015, Carolina Water Service  
21 filed its notice regarding its semi-annual WSIC/SSIC  
22 surcharge application. In its filing, the Company  
23 states that it does not intend to file an application  
24 for a semi-annual adjustment of the Company's

1 Commission-authorized WSIC/SSIC surcharge mechanism on  
2 August 1, 2015.

3 On May 13, 2015, Carolina Water filed a  
4 letter stating that given the timing of its general  
5 rate case filing, the evidentiary hearing would  
6 normally have been set at a date near the end of  
7 August or early September 2015; however, at Carolina  
8 Water Service's request, the evidentiary hearing date  
9 was extended approximately 30 days to October 5, 2015.

10 On May 15, 2015, Corolla Light Community  
11 Association, Inc., filed a Petition to Intervene in  
12 this matter which was granted by Commission Order  
13 May 19, 2015.

14 On May 22, 2015, the Commission issued its  
15 Order Scheduling Hearing and Requiring Customer Notice  
16 which, among other things, scheduled the Application  
17 for evidentiary hearing on October 5, 2015 and  
18 scheduled the public witness testimony hearing for  
19 this date, at this time and place.

20 On July 1, 2015, Carolina Water Service  
21 filed its ongoing three-year water service improvement  
22 charge and sewer system improvement charge plan.

23 Several customer Statements of Position have  
24 been filed.

1           Pursuant to the State Ethics Act, I remind  
2 all members of the Commission of their duty to avoid  
3 conflicts of interest and inquire whether any member  
4 of the Commission has a known conflict of interest  
5 with regard to the matters coming before the  
6 Commission this evening?

7                           (No response.)

8           There appear to be no conflicts, so we will  
9 proceed, and we'll ask the parties to identify  
10 themselves for purposes of the record.

11           MS. SANFORD: Thank you, Chairman Finley.  
12 I'm Jo Anne Sanford with Sanford Law Office  
13 representing Carolina Water Service. And, if I might,  
14 with me at the table tonight are out-going --  
15 out-gone, I guess, President, Carl Daniel, who's  
16 agreed to sit up here with us one last time, and the  
17 new state President, Matt Klein, and, of course,  
18 Vice-President Martin Lashua. We have a number of  
19 employees in the audience. They are here because we  
20 never know how many members of the public to expect  
21 and we wanted to have enough people here to handle any  
22 questions. So I'll ask them to raise their hands, if  
23 they would, and they are available for any customer  
24 assistance. Thank you.

1 CHAIRMAN FINLEY: Very well. Thank you.

2 MS. HOLT: Good evening. I'm Gina Holt with  
3 the Public Staff here on behalf of the Using and  
4 Consuming Public. And with me at counsel table is  
5 Public Staff Engineer, Gina Casselberry.

6 CHAIRMAN FINLEY: I believe the Public Staff  
7 has a witness so if you will call her around please.

8 MS. HOLT: Ms. Eleanora Tate.

9 MS. TATE: I am too old to be doing this but  
10 I still am.

11 ELEANORA E. TATE; was duly sworn and  
12 testified as follows:

13 MS. TATE: So help me God.

14 CHAIRMAN FINLEY: Have a seat and make  
15 yourself comfortable.

16 MS. TATE: He is in the room with us.

17 DIRECT EXAMINATION

18 BY MS. HOLT:

19 Q Ms. Tate, could you state and spell your name for  
20 the record?

21 A Yes. E-L-E-A-N-O-R-A.

22 Q And what is your address?

23 A Initial E, and the last name is T-A-T-E.

24 Q Okay. What is your address?



1 A 213 Dwelling Place, D-W-E-L-L-I-N-G, Place.  
2 Q And is that Raleigh?  
3 A Knightdale.  
4 Q And in what Subdivision do you live?  
5 A Ashley Hills.  
6 Q Please proceed.  
7 A I am one lone senior citizen crying out in the  
8 CWS Utility's wilderness. I am not speaking for  
9 anyone else except myself since I am the one who  
10 has to pay the water and sewer bills. My  
11 neighbors and I have, from time to time, have  
12 gotten together to talk about the grayish-brown  
13 water coming from our faucets and also to try not  
14 to smell the sour, pig, odoriferous odor that  
15 wafts from the sewage treatment building behind  
16 our homes. We live in a cul-de-sac. In the  
17 spring and early summer when that warm, gentle,  
18 spring wind traverses our lines, we cannot sit on  
19 our decks because the smell is so bad. From time  
20 to time I have even smelled water coming or the  
21 odor coming up from the toilet and it wasn't  
22 because of me.  
23 And one of the things that  
24 concerns me is that about this time last year I

1 received a notice that I was going to have a  
2 water and sewer rate. I pay -- I was paying  
3 about -- between \$50 and \$53, \$54 a month. That  
4 rate went up to \$78. A senior citizen on a fixed  
5 income, I have to struggle to pay these bills  
6 thinking that every month from now on it's going  
7 to be at least \$78. But then the next month I  
8 get a bill that says zero and it's because the  
9 Utilities Commission -- blah, blah, blah --  
10 incorrect -- blah, blah, blah -- and my bill went  
11 down to about \$53, \$54 again; it's remained that  
12 way.

13 This year, I get a notice about  
14 the water and sewage improvement charge that just  
15 took effect. And so I responded by asking why  
16 this charge had been added, and I was not told  
17 what the increase would be but there was. And so  
18 I wrote again, and then I got important notice  
19 enclosed, and this one is dated May 26th, and it  
20 lists a number of subdivisions that are affected.  
21 To my understanding, when we get bills --  
22 customers get bills like this, what we look for  
23 is the listing of our specific subdivision. We  
24 want to see that name. If we don't see that

1 name, then we figure it doesn't apply to us. I  
2 looked high and low on this. Did I see Ashley  
3 Hills? No, I didn't. But being the person that  
4 I am, and being a professional reporter who's now  
5 retired, used to work for *Des Moines Register* in  
6 investigative reporting, I knew that there was  
7 going to be more to this. And so, if you can  
8 figure it out, not seeing Ashley Hills listed on  
9 here, I am still figuring that there's going to  
10 be an increase, and that's very disturbing to me  
11 because I'm not seeing the fruits of CWS's  
12 labors. What I am unfortunately having to endure  
13 is profit going to people other than us who live  
14 there. I'm not seeing an improved services  
15 whatsoever.

16 At one point I inquired about what  
17 I could do about the smell of the water, which  
18 affects the sewer because the water goes out  
19 through the sewer lines, and I was told by a  
20 Utility's employer -- employee was *run the water*  
21 *for five or 10 minutes and then it will clear up.*  
22 To me, that makes absolutely no sense because all  
23 that is is a waste of water. I don't even use  
24 the minimum amount of gallons of water;

1       therefore, I would not even use the minimum of  
2       the sewer charge because it's just me. I don't  
3       water my lawn with the hose, I don't do any of  
4       those sorts of things so I cannot see why a sewer  
5       charge is being proposed. I'm concerned because,  
6       in the future of Wake County and across North  
7       Carolina, there are people who believe that North  
8       Carolina, in order to progress, needs to get rid  
9       of its poor people and one way to do that is to  
10      keep raising the bills for essential utilities  
11      that either we dry up and blow away or we move  
12      from where we are to someplace else. I'm not  
13      real sure about the originator of this quote and  
14      I'm probably paraphrasing but I think it might  
15      have been Dr. W.E.B. Du Bois who said, *the battle*  
16      *for natural resources is going to be the battle*  
17      *of the twentieth century.* Not saying  
18      twenty-first, saying twentieth because he lived  
19      during that period and so that is very true in my  
20      estimation. And CWS seems to be a leading  
21      component of doing exactly that and it's  
22      increasing its profits and we are the ones made  
23      to pay for it.

24                   And I guess I'll close by saying

1       that when different food companies have been  
2       shown to be in error by The Food and Drug  
3       Administration, for example, it will remove high  
4       fructose sugar from its Miss Effie's chocolate  
5       cookie snacks and by removing those it's suppose  
6       to make the health of those people who eat those  
7       cookies better and, in turn, they turn around and  
8       raise the prices. Now, the consumer has a choice  
9       of whether to eat those cookies or going to a  
10      more reasonable brand. We, who live and have our  
11      bills for water and sewer through CWS, don't have  
12      much of a choice. We have to pay that bill or  
13      else we have to move or we have to just dry up  
14      and die. And so that's all I have to say and I  
15      thank you for listening.

16    Q    Ms. Tate, did you file a letter?

17    A    Oh, I've just been filing letters. Yes, I have  
18       been filing letters. My first letter was filed  
19       last year.

20    Q    Well, related to this case?

21    A    This year, I filed a letter April 24th, State of  
22       North Carolina Utilities Commission.

23    Q    Okay.

24    A    And I got a response from the State of North

1 Carolina promptly afterward, April 29th,  
2 concerning the Docket, and they thanked me for my  
3 letter -- the Attorney General's Office and --

4 Q Now, was that letter related to the notice you  
5 got stating that your rates would be increased  
6 because of the water/sewer improvement charge?

7 A I got that -- I wrote that as a result of that  
8 but at the same time I inquired with some private  
9 parties and they told me to expect some more  
10 rates, you know, coming down the pipe.

11 *To the North Carolina Utilities*  
12 *Commission, the Carolina Water Service,*  
13 *Incorporated, of North Carolina, just sent me the*  
14 *enclosed letter saying that it has requested and*  
15 *received approval from the Utilities Commission*  
16 *to raise my water and my sewer services charges*  
17 *yet once again without the input of the public*  
18 *once again. This is not fair. The CWS has been*  
19 *trying to increase unfairly my and my neighbors*  
20 *rates every year and from time to time has*  
21 *successfully increased them without improving any*  
22 *service or cleaning the nasty, smelly, gray*  
23 *water, and the putrid smell coming from its*  
24 *Knightdale treatment center. I can't even drink*

1 the water without gagging. Again, I implore you  
2 to reconsider this inhumane and unfair request  
3 from CWS that was done in secret so that the  
4 public would have no chance to make our concerns  
5 known. Please reconsider this unfair and  
6 untimely request and apparent approval.

7 So that had already occurred at  
8 the time that I wrote my letter in response, and  
9 then I got the formal request. This is in -- in  
10 fact, it's from you I believe, and you go to a  
11 great deal of detail, and telling me about how  
12 these steps have occurred. And then at the end,  
13 based on the improvements made and verified,  
14 CWSNC was authorized by the Commission to impose  
15 a .81 percent SSIC charge on your total sewer  
16 utility bill. Based on our calculation, the  
17 average sewer bill will increase by \$0.36 a  
18 month -- well, that's my \$0.36 -- from \$44.71 to  
19 \$45.07 based on an average of 4750 gallons. If  
20 you receive a flat rate service, your average  
21 monthly bill will increase by 36 months (sic) per  
22 month -- \$0.36 per month from \$44.70 to \$45.06.  
23 Since you do not receive water service from  
24 CWSNC -- although we still send both bills to the

1 same place -- there would be no increase in your  
2 water bill. Ms. Tate, I hope this gives you a  
3 better idea of why you received notice of an  
4 increase in your sewer rates. And that was dated  
5 June 3rd in response to my letter that was dated,  
6 not May 5th as somebody apparently told you, but  
7 as of my letter of April 24th. So there is still  
8 a sewer rate increase still headed down the pipe.  
9 And, for me, anything that's going to increase  
10 the price without a noticeable increase in  
11 services is not fair. Having your cookies and  
12 eating them, too, and charging an increased  
13 price.

14 Q Now, you talked about discolored water; do you  
15 still have discolored water?

16 A As of today -- I guess perhaps a month ago there  
17 were people from Utilities, Inc., that were  
18 flushing out the water from the hydrants. They  
19 said that they had installed new water tanks and  
20 that the water was going to be clear from there  
21 on. The water is clear in the toilet. The water  
22 sometimes is clear from the faucets, most of the  
23 time it is clear, but it still has a smell and I  
24 still don't drink it. I have not drunk water



1 from faucets for close to 10 years.

2 Q Have you talked to anyone about the smell?

3 A Uh-huh (Yes).

4 Q And what did they say?

5 A Gobbledygook.

6 Q Okay.

7 A The last time I talked to somebody they said they  
8 were going to talk to Wayne about it. I don't  
9 know who Wayne is.

10 MS. HOLT: We can follow up with that after  
11 the hearing. I have no further questions.

12 CHAIRMAN FINLEY: Ms. Sanford.

13 MS. SANFORD: Thank you.

14 CROSS EXAMINATION

15 BY MS. SANFORD:

16 Q Ms. Tate, thank you for being here. I'm Jo Anne  
17 Sanford and I'm an attorney for Carolina Water.  
18 I had a couple of questions and am just  
19 attempting to clarify a couple of things here.  
20 This system improvement charge about which you  
21 speak is relatively new and we know that  
22 everybody is learning how that works. Have any  
23 of us explained to you that one of the projects  
24 funded under that charge was for the waste

- 1 treatment plant near you, that Knightdale plant,  
2 for improvement of the filtration?
- 3 A I'll believe it when I don't smell it.
- 4 Q Okay. But you are still having problems with  
5 odor?
- 6 A When you sit -- when I sit out on my deck and  
7 there are some mornings when the wind is blowing  
8 from the south southwest, I know they're busy  
9 over there doing something and it sure isn't  
10 making perfume.
- 11 Q Have you noticed any change since December of  
12 2014 when the plant was upgraded -- when the  
13 filtration system was upgraded?
- 14 A Any change in what?
- 15 Q Any improvement in your detection of odors from  
16 the plant.
- 17 A Oh, I've smelled it as late as this spring.
- 18 Q Second question: You are a water customer of CWS  
19 Systems, right?
- 20 A Right.
- 21 Q And a wastewater customer of Carolina Water  
22 Service of North Carolina?
- 23 A I send my bills in one check to the same place.
- 24 Q To the same place, right.

1 MS. SANFORD: Okay. Thank you very much.  
2 No more questions.

3 CHAIRMAN FINLEY: Questions by the  
4 Commission?

5 A I wish that I could ask you gentlemen and ladies  
6 if any of you live in the affected areas, just  
7 out of curiosity, but I'm not allowed to ask  
8 questions so I -- just pretend you didn't hear me  
9 say that.

10 CHAIRMAN FINLEY: Well, we appreciate your  
11 interest. And if you want to come up here after the  
12 hearing we can talk to you about that. But, if you  
13 have no further things to tell us, we appreciate you  
14 coming tonight. Thank you very much.

15 A Well, I just hope you don't increase the price.

16 CHAIRMAN FINLEY: Thank you.

17 (The witness is excused.)

18 CHAIRMAN FINLEY: Anything else, Ms. Holt?

19 MS. HOLT: No, we don't.

20 CHAIRMAN FINLEY: You have no other  
21 witnesses?

22 MS. HOLT: No, we don't.

23 CHAIRMAN FINLEY: That being the case, then  
24 we will conclude the hearing and we will reconvene

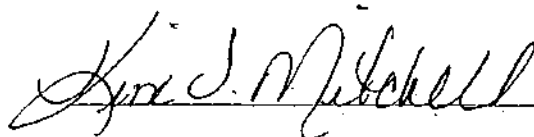
1 tomorrow night in Charlotte. Thank you.

2 (WHEREUPON, the proceedings adjourned at 7:22 p.m..)

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## C E R T I F I C A T E

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



Kim T. Mitchell  
Court Reporter II