

1 PLACE: Henderson County Courthouse
2 Hendersonville, North Carolina
3 DATE: Tuesday, May 21, 2024
4 TIME: 7:00 p.m. - 7:28 p.m.
5 DOCKET: W-1226, Sub 4
6 BEFORE: Hearing Examiner Jenny Li
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12 IN THE MATTER OF:

13 Application of
14 Fairfield Water Company for
15 Authority to Adjust and Increase Rates for
16 Water Utility Service in Fairfield
17 Water's Service Area in Henderson County,
18 North Carolina
19

20 VOLUME 1
21
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24

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

2 FOR FAIRFIELD WATER COMPANY:

3 No counsel of record

4

5 FOR THE USING AND CONSUMING PUBLIC:

6 Davia Newell, Esq.

7 Public Staff - North Carolina Utilities Commission

8 4326 Mail Service Center

9 Raleigh, North Carolina 27699-4326

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NORTH CAROLINA UTILITIES COMMISSION

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E X H I B I T S:

IDENTIFIED/ADMITTED

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

2 HEARING EXAMINER LI: Good evening. Let's
3 come to order, please, and go on the record. Everyone
4 hear me clearly?

5 MS. NEWELL: Yes.

6 HEARING EXAMINER LI: Thank you. I'm Jenny
7 Li, a Hearing Examiner with the North Carolina
8 Utilities Commission, and I have been assigned to
9 preside over this Public Hearing tonight.

10 I now call to Hearing Docket Number W-1226,
11 Sub 4, which is the Application by Fairfield Water
12 Company, hereafter, Fairfield Water, the Company, or
13 Applicant, for Authority to Adjust and Increase its
14 Rates for Water Utility Service.

15 On January 6, 2024, Fairfield Water filed an
16 Application with the Commission seeking Authority to
17 Increase it's Rates for Providing Water Utility
18 Service in Fairfield Water Service Area in Henderson
19 County, North Carolina. The Applicant provides water
20 utility service to 12 customers, which is consisting
21 of 11 quadruplexes, and one church in the Fairfield
22 Water service area.

23 On February 12, 2024, the Commission issued
24 an Order Establishing General Rate Case and Suspending

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1 Rates, which declared this proceeding to be a general
2 rate case and suspended the proposed new rates for up
3 to 217 days pursuant to the N.C. General Statute
4 § 62-134 and 137, respectively.

5 On March 12, 2024, Fairfield Water filed an
6 amended Application to rectify an error to question 11
7 on the page -- first page of the Application.

8 On April 5, 2024, the Commission issued an
9 Order scheduling hearings, establishing procedures and
10 filing requirements, and requiring customer notice.
11 The Order scheduled a Public Hearing for 7:00 p.m. on
12 Tuesday, May 21, 2024, at the Henderson County
13 Courthouse in Hendersonville, North Carolina, which is
14 where we are tonight, for the sole purpose of
15 receiving testimony from Fairfield Water customers in
16 its service area.

17 This Order also scheduled an Expert Witness
18 Hearing at 10 a.m. on Wednesday, July 10, 2024, in the
19 Dobbs Building, 430 North Salisbury Street, Raleigh,
20 North Carolina, for the sole purpose of receiving
21 expert witness testimony from Fairfield Water, the
22 Public Staff, and any interveners in this proceeding.
23 The Order also required Fairfield Water to distribute
24 customer notice to all affected customers in its

1 service area.

2 According to the Application and the
3 customer notice, Fairfield Water proposed rates will
4 increase the average monthly bill for each
5 quadruplex's water utility service from \$170.36 to
6 \$293.33, based on an average monthly consumption of
7 10,302 gallons of usage, and the church's water
8 utility service from \$32.73 to \$60.65, based on 503
9 gallons of usage.

10 On May 15, 2024, Fairfield Water filed its
11 Certificate of Service, indicating that the customer
12 notice had been provided as required by the
13 Commission's April 5, 2024 Order.

14 That brings us up-to-date. I see Company's
15 representative is here present tonight to observe and
16 hear all the testimonies.

17 Now, will the Public Staff please announce
18 its appearance.

19 MS. NEWELL: Thank you. Good evening.
20 Davia Newell, Staff Attorney with the Public Staff
21 representing the Using and Consuming Public, and I'm
22 joined here tonight with Public Staff Engineer, Shashi
23 Bhatta.

24 HEARING EXAMINER LI: Good evening. Thank

1 you for attending, Ms. Newell, Ms. Bhatta.

2 Now, I would like to ask the Public Staff,
3 do we have any preliminary matters that we need to
4 address before the hearing?

5 MS. NEWELL: Not at this time.

6 HEARING EXAMINER LI: Ms. Newell, would you
7 please let us know how many public witnesses have --
8 have signed up, and would like to make a testimony.

9 MS. NEWELL: So we've got two witnesses
10 signed up presently who will be testifying tonight.

11 HEARING EXAMINER LI: Thank you.

12 Before we move on, I will first explain our
13 process for how the Public Hearing will be conducted
14 so that everyone is aware of our procedures.

15 This is our witness stand over here to my
16 left, and you will come forward to give sworn
17 testimony on the stand.

18 After being sworn in, the -- each witness
19 will be asked certain identifying questions by the
20 Public Staff counsel and so that it will be clear in
21 the record who the speaker is. For example, Public
22 Staff Attorney, Ms. Newell, will ask you to identify
23 your name and your address for the record. State
24 whether you are a utility customer for Fairfield

1 Water.

2 After the witness has completed his or her
3 statement, the Public Staff counsel will be able to
4 ask you any questions that they may have pertaining to
5 your testimony. Then I will have the similar
6 opportunity to ask -- to ask questions. These
7 questions are primarily to clarify your testimony for
8 the record. And it's important that the Commission's
9 record be clear on this matter because these questions
10 in evidence will be used to base the Commission's
11 decision.

12 This is a judicial hearing. It will be
13 conducted in an orderly manner. Each person who
14 wishes to speak will be given an opportunity to do so,
15 but, please, only one person may speak at a time.
16 When your name is called, please come forward to the
17 table designated for witnesses here to my left, and I
18 will swear you in first. You will not be allowed to
19 ask questions from the stand; however, you may ask the
20 Public Staff questions after the hearing concludes.

21 In order for all customers to be provided an
22 opportunity to give their statements tonight, each
23 witness will be given about three to five minutes to
24 speak. Also, my colleague will work the clock, right

1 here, during the hearing. Please don't feel like we
2 are trying to rush you. We are holding the Public
3 Hearing because we want to hear from you, but, also,
4 we want to be sure that every speaker has enough time
5 to be heard tonight.

6 And the last thing I would like to say is,
7 before hearing from you is about the Public Staff.
8 The Public Staff is the advocate for the consumers,
9 and the Public Staff means it's an independent
10 organization. They have their own experts, like
11 engineers, accountants, attorneys, to help them in
12 their representation of the public.

13 So, now, I will ask the Public Staff to
14 please call your first witness.

15 MS. NEWELL: And the Public Staff would like
16 to call Mr. Ron Varga.

17 MR. VARGA: I would like to defer to Marti
18 at this time.

19 MS. NEWELL: Okay. So at this time, Hearing
20 Examiner, we'd like to call Marti Rimbault.

21 MARTI RIMBAULT;
22 having been duly sworn,
23 testified as follows:

24 HEARING EXAMINER LI: Public Staff, go

1 ahead.

2 MS. NEWELL: And, Marti, can you please
3 state and spell your name for the court reporter.

4 THE WITNESS: My name is Marti Rimbault.
5 M-A-R-T-I. R-I-M-B-A-U-L-T.

6 MS. NEWELL: And can you state your address.

7 THE WITNESS: My personal address, or the
8 property address?

9 MS. NEWELL: The property address.

10 THE WITNESS: The property address, we have
11 two properties; one is 66 Javelin Drive. And the
12 other is 141 Tennis Ranch Road.

13 MS. NEWELL: And are those properties served
14 by Fairfield Water?

15 THE WITNESS: Yes, they are. They are each
16 a quadplex. So they are two of the eleven existing
17 quadplexes.

18 MS. NEWELL: And are you speaking on behalf
19 of yourself or anybody else tonight?

20 THE WITNESS: Well, Mr. Varga has asked that
21 I speak for the two of us. As well, Trey Lyon
22 [phonetic spelling] from -- who owns building 3, Jay
23 Drive. I don't know the -- it might be 31 Jay Drive
24 -- is in Houston on business, so he could not be here

1 today, but we have had several conversations. So I
2 feel confident that I'm speaking on behalf of the
3 owners of five of the 11 buildings.

4 MS. NEWELL: And other than in your capacity
5 as a business owner served by Fairfield; do you have
6 any connection or are you affiliated with any parties
7 to this proceeding?

8 THE WITNESS: No.

9 MS. NEWELL: You can go ahead with your
10 statement.

11 THE WITNESS: Thank you.

12 DIRECT STATEMENT BY MARTI RIMBAULT:

13 First of all, I just wanted to state that we
14 did not get notice of this hearing, or this process,
15 until May 3rd. All of our -- the notice was mailed on
16 May 1st, so we received it on Friday the third, which
17 left us very little time to enter protest. And I was
18 able to get in touch with Ron and Trey, and they were
19 also able to state their opinion for the record.

20 We have several concerns. First of all,
21 there are 12 meters, but each of the meters on the
22 quadplexes are being charged at -- four times for the
23 units; however, each of those meters requires no more
24 service than the meter at the church. So we're very

1 surprised and concerned that the base charge would be
2 four times what another meter owner would have.

3 Secondly, we are concerned about some of the
4 costs in improvements that are listed in the documents
5 that were filed for the fiscal year 2022.

6 I know of a couple of instances -- we
7 purchased our buildings on April 1, 2003, and I know
8 of a couple of instances over those 21 years when
9 there have been repairs that have been made to the
10 system. If there was a leak in a main or whatever.
11 But within the last four to five years, in terms of
12 the infrastructure of the existing system, I am not
13 aware of any major repairs that have been done. The
14 two things that have been done were a connection to
15 MSD through Riverstone over an easement for the water
16 supply, and the -- the well house and the well were
17 decommissioned. And then there was a connection made
18 into the MSD sewer system, but only four of the
19 buildings, those owned by George Morosani, were hooked
20 into that at that time.

21 So we are still getting water from
22 Fairfield, who's sourcing their water from MSD versus
23 the well, but none of us are taking part in the sewer
24 system at this time. So when I look at the documents

1 that were filed and it's showing loans of \$45,000 or
2 \$15,000 or \$25,000, I'm not really sure where that
3 money has gone in terms of what improvements were made
4 from that because, as a building owner, I haven't seen
5 those. So there's no detail. Even when you look
6 through, there's one place that says the revenue of
7 the Company water revenue is \$21,000 and, yet, on
8 another page it says it's \$40,000. So I'm just --
9 there really hasn't been a whole lot of time to get
10 into the details. I left town on May 4th and came
11 back on May 18th, so really digging into this right
12 now because I've been out of town, but there -- there
13 just is not really enough detail or improvements that
14 we see that have been made that would justify,
15 basically for me, a doubling in expense.

16 This represents \$75 per unit per month, and
17 this is in an area where we have relatively affordable
18 housing. I don't know -- I don't know how Ron -- I
19 think we all absorb the cost, currently, for our
20 tenants. At this point, I don't know how I can do
21 that, but I also -- I wonder how I can tell the Town
22 that their water bill is going to be as much as their
23 electric bill. It just -- the cost seems exorbitant.
24 I have other rental properties in the county.

1 Obviously, they are on city water, and I understand
2 that the infrastructure cost of those are very
3 different. But, this is going to be two-and-a-half to
4 three times per unit what I pay for other units in the
5 county. And that's -- that's a big jump without more
6 detail. If I could see detail where that money went
7 and how it's being spent, then, you know, I could be
8 brought to see this way of thinking but, all I see is
9 some numbers, and I don't know what the money's been
10 spent on because we, personally, haven't seen any
11 improvements.

12 So I would say that I'm speaking on behalf
13 of five of the 11 buildings. Mr. Morosani owns four
14 of them, and there are two other owners that are not
15 represented here tonight.

16 DIRECT EXAMINATION BY DAVIA NEWELL:

17 Q And have you represent -- or have you had any
18 service or quality-related issues, you or your
19 tenants, or the parties on behalf that you're
20 speaking.

21 A No. The only issues that we've had,
22 especially -- I mean, we would have had, in the
23 past when it was on a well. I think the only --
24 the biggest issue we had was when the Mills River

1 Water Facility went down. And that was -- what,
2 Christmas of 2022 or Christmas of 2021. And a
3 large area of MSD was affected, did not have
4 water. But, fortunately, our tenants understood
5 what was going on, that it wasn't just us. And I
6 can say -- I will say, if we've ever had an issue
7 or anything and I've called, it has been
8 addressed. It's not -- you know, if I've called
9 and said, "hey I've got water off at building
10 such and such, and it's on at my other building,"
11 they're very good to send people out to check on
12 whatever the problem might be.

13 One other point I would like to bring up is,
14 I do have a little bit of question of how we're
15 invoiced each month. And I have talked to their
16 staff about it. But, I think there are rules in
17 place as to what information is supposed to be on
18 an invoice and usage and rate information is not.
19 It has to be handwritten in. So I would like to
20 see that changed. So I understand really a lot
21 more about what we're paying for.

22 Any other questions?

23 MS. NEWELL: Nothing further from the Public
24 Staff -- actually, if I may?

1 HEARING EXAMINER LI: Sure. Go ahead.

2 MS. NEWELL: Ms. Rimbault, did you file a
3 consumer statement of position exhibit to the docket
4 system on Sunday, May 5, 2024?

5 A I did.

6 Q And I'm just going to show you the document for
7 identification. Is this the statement you filed?

8 A That's the document that I sent.

9 Q And would you like that marked and entered into
10 evidence?

11 A Yes, please.

12 MS. NEWELL: So at this time, I would ask
13 that the document, the consumer statement of position
14 filed on Sunday, May 5th, be marked as Rumbault
15 Exhibit 1, and move that it be admitted into the
16 record.

17 HEARING EXAMINER LI: Without objection, it
18 will be so identified and entered into the record as
19 Rimbault Exhibit 1.

20 (WHEREUPON, Rimbault
21 Exhibit 1 is received into
22 evidence.)

23 MS. NEWELL: Nothing further from the Public
24 Staff.

1 HEARING EXAMINER LI: And I don't have any
2 other questions as well. And thank you, Ms. Rimbault.
3 Thank you so much for coming out tonight.

4 THE WITNESS: Thank you.

5 MS. NEWELL: At this time -- at this time,
6 the Public Staff calls Ron Varga.

7 RON VARGA;
8 having been duly sworn,
9 testified as follows:

10 HEARING EXAMINER LI: Public Staff, go
11 ahead, please.

12 MS. NEWELL: Mr. Varga, can you state your
13 name and spell it for the court reporter.

14 THE WITNESS: Yes. It's Ron Varga.
15 V-A-R-G-A. And the company, the LLC that owns the two
16 buildings, is TYSWNC, LLC.

17 MS. NEWELL: And can you state the business
18 address for me.

19 THE WITNESS: It would be 43 Javelin Drive
20 and 53 Javelin Drive. I own two of the fourplexes
21 that we get water from Fairfield Water Department --
22 water company.

23 MS. NEWELL: And are you affiliated with any
24 other parties in this proceeding?

1 THE WITNESS: No.

2 MS. NEWELL: And are you speaking on your
3 own behalf?

4 THE WITNESS: Yes.

5 DIRECT STATEMENT BY RON VARGA:

6 I would just like to add, Marti kind of took
7 care of it for me. She speaks a lot more eloquently
8 than I do. What research I've done and what concerns
9 me is, I've looked at these bills and I've looked at
10 my current water bill from Asheville and my residents
11 in Asheville, I'm basically charged \$6.14 a month for
12 my basic service, not including my water consumption.
13 And, currently, right now, we're paying approximately
14 \$30 per month, per unit in these fourplexes, and based
15 on what Asheville -- excuse me -- Hendersonville City
16 water, their base rate is roughly \$17, and that's for
17 an inch-and-a-half meter. And based on that, we're
18 already paying 78 percent more than another customer
19 does. And Fairfield Water is now asking for an
20 89 percent increase. And I think it's criminal. I
21 don't understand what is going on or why. I mean,
22 where's this money going? Like Marti said, there have
23 been no improvements. We had the well system, and
24 Mr. Morosani decided that he was going to tie in to

1 city water and make it available to us, which was
2 fantastic. Then, you know, wanted to put in a sewer
3 system and made that available, but, you know, we have
4 septic systems here. We spent, you know, \$14,000
5 just, maybe, seven years ago on our own septic system.
6 And, you know, now I'm concerned: is it possible for
7 me to even sink my own well on the property? I mean,
8 this is -- I can't afford this. I know my tenants
9 can't afford this. I'm sure Marti absorbs the water
10 bills just as I am at this time, and we try to keep
11 our rates down. I mean, it's just very difficult, and
12 I don't understand where this increase comes from.

13 DIRECT EXAMINATION BY DAVIA NEWELL:

14 Q And I'll ask you the same questions as I asked
15 the previous owner. Have you had any quality or
16 service-related issues?

17 A No, not that I can remember. There may have been
18 a time or two when something had happened with
19 the well. Either they've gone down or we had a
20 torrential rain and there was some flooding in
21 the area. You know, I can also say that anytime
22 there was an issue, you know, Fairfield Water had
23 sent people out. They were Johnny on the spot.
24 They'd send us letters, you know, occasionally

1 telling us what the content was or what kind of
2 chemicals or, you know, nasty stuff they may have
3 found in the water, and, you know, what they were
4 doing to try to keep it clean.

5 Q Thank you. Was that when the well water was the
6 source of supply.

7 A That was when the well water was supplied. You
8 know, since we've switched over, you know -- or
9 since we switched over to the City, you know, all
10 we get is a bill that says, "You've used X amount
11 of gallons." You know, we've got one meter on
12 each building, you know, with four units. It's
13 kind of real difficult for us to try to break
14 down, you know, which particular tenant may be
15 using more water than another. You know, in each
16 one of my buildings, I have no more than two
17 tenants. You know, I've got -- there's four of
18 us at my home, and my bill is a fraction of what
19 they're asking for if you break this down per
20 unit, you know, per building.

21 MS. NEWELL: Nothing further from the Public
22 Staff.

23 HEARING EXAMINER LI: Mr. Varga, I do have
24 two clarifying questions.

1 DIRECT EXAMINATION BY HEARING EXAMINER LI:

2 Q First, may I ask, how long you have been a
3 customer of Fairfield Water?

4 A I -- I ended up buying this property from my
5 uncle about five years ago, maybe a little bit
6 longer. And so when I first purchased it, it
7 was -- we were on the well system, and then it
8 was just switched over. I don't know the exact
9 date, but I've been there since the day they put
10 the water line in and tied in to the other
11 development next door.

12 Q Thank you. And the second question is; have you
13 experienced any billing issue from Fairfield
14 Water?

15 A Other --

16 Q Since 2023, up to date?

17 A Other than the bill really not being clear other
18 than it's just how many gallons they said you
19 used. There's no -- no break down as to what
20 they're charging you, you know, per gallon or
21 anything like that. So there's -- there's no way
22 for me to know really what's going on.

23 HEARING EXAMINER LI: Thank you. I don't
24 have any other questions.

1 And, Mr. Varga, we appreciate you taking
2 time and to tell us what you think about this
3 Application and some of your concern. You may be
4 excused.

5 THE WITNESS: Thank you.

6 HEARING EXAMINER LI: Thank you.

7 HEARING EXAMINER LI: Ms. Newell, do we have
8 any other --

9 MS. NEWELL: There are no additional
10 witnesses.

11 HEARING EXAMINER LI: Thank you. All right.

12 If there aren't any others who wish to make
13 a statement, then I would like to go ahead and make a
14 closing statement tonight. We will be adjourned, the
15 hearing for now, until it's reconvened at 10 a.m. on
16 Wednesday, July 10, 2024, in Raleigh, North Carolina,
17 and that hearing will be for the sole purpose of
18 receiving expert witness testimony. And please note
19 that, customers, you can follow the progress of this
20 proceeding on the Commission's website which is
21 www.ncuc.gov, and you can use Docket Number W-1224
22 [sic], Sub 4, which is also noted in your customer
23 notice.

24 The transcript of today's hearing will be on

1 the website for viewing once it's completed, so you
2 will be able to check our docket system and be able to
3 find our transcript and see everything that was
4 discussed tonight.

5 And with that, we will adjourn this hearing.
6 Again, I appreciate everyone coming out and sharing
7 your thoughts and concerns in this proceeding.

8 (The proceedings were adjourned.)
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C E R T I F I C A T E

I, KAYLENE CLAYTON, 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.

Kaylene Clayton

Kaylene Clayton