

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1034, SUB 13

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Water Resources, Inc., for)	VERIFIED RESPONSE OF
Authority to Adjust and Increase Rates for)	THE PUBLIC STAFF TO
Water Utility Service in Rocky River)	SUPPLEMENTAL VERIFIED
Plantation Subdivision in Cabarrus County)	REPORTS ON CUSTOMER
and River Walk Subdivision in)	COMMENTS FROM PUBLIC
Mecklenburg County, North Carolina)	HEARING BY WATER
)	RESOURCES, INC.

NOW COMES the Public Staff – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and files this response to the supplemental verified report (Supplemental Report) filed on June 3, 2024, by Water Resources, Inc. (WRI or the Company). The Supplemental Report supplements the Company’s first verified report filed on April 22, 2024, in response to customer testimony at the public hearing as requested by the Commission in its Order Requiring Filing of Supplemental Verified Response (Supplemental Order) to Customer Concerns, in connection with the application filed by WRI seeking authority to increase the rates the Company charges for water utility service in its Rocky River Plantation (Rocky River) and River Walk service areas in Cabarrus and Mecklenburg Counties.

PURPOSE OF RESPONSE

The purpose of the Public Staff's response is to provide the results of the Public Staff's review of WRI's Supplemental Report regarding the public hearing, and the Public Staff's opinion on whether the responses adequately address the customers' concerns.

The Public Staff previously filed a verified response to the Company's first verified report on April 22, 2024, which contains a more comprehensive list of customer concerns expressed at the hearing. The Public Staff seeks to provide in this report responses to specific items, which it believes benefit from additional discussion.

The Company was required to address the Highland Ridge HOA statement filed as Stremovihtg Exhibit 2 on or before May 9, 2024. The Supplemental Order additionally allowed the Company to include a response to any customer concerns that had not been previously addressed in its April 8, 2024 report. The Supplemental Order additionally required the Public Staff to file a verified response on May 10, 2024, or Public Staff witness Evan M. Houser to provide a verbal response to the Commission as sworn testimony during the expert witness hearing scheduled for May 13, 2024. By the May 13, 2024 expert witness hearing, the Company had not yet filed its supplemental report as ordered, and after a request was made by WRI's counsel at the expert witness hearing, the Company was granted additional time to file its supplemental report.

**SUMMARY OF VERIFIED SUPPLEMENTAL REPORT AND PUBLIC STAFF
RESPONSE**

The Company's Supplemental Report, filed on June 3, 2024, by WRI generally addresses the concerns raised by seven customers at the hearing, including the HOA statement presented by Mr. Stremovihtg, as required by the Supplemental Order.

Sediment and Mud

WRI responded in its report to multiple customers who experienced mud and sediment in their water lines and appliances by stating that minor sediment can accumulate in the distribution lines of any water system and that WRI opens blow offs in the lowest portions of its system to remove any sediment which entered the lines during repairs. WRI acknowledges that customers may still experience sediment and provided instructions on how customers can address sediment at home. The Public Staff agrees that customers may find the steps outlined in WRI's response helpful; however, the presence of sediment in the distribution system should not be wholly resolved by customers flushing their lines in lieu of a utility solution.

The Public Staff, in its testimony filed on April 12, 2024, made recommendations that the Company evaluate whether conditions warrant cleaning the elevated storage tank and/or replacing the media in its filter. These actions may resolve ongoing concerns related to discolored water or sediment in the Rocky River system not attributable to water line repairs.

Mr. Devitto

The Company stated in its report that it did not have a record of contact with Mr. Devitto after February of 2023, and that Mr. Devitto may have filed a complaint with the Public Staff instead. The Public Staff Consumer Services Division does not have a record of an informal complaint from Mr. Devitto between February 1, 2021, and March 1, 2024; however, Mr. Devitto did contact the Public Staff and spoke directly to our technical staff without filing a complaint.

Ms. Buck

In response to Ms. Buck, the company stated that Well 1 “was taken offline because a slightly elevated level of radon was detected during routine water testing.” The Public Staff understands that Well 1 was taken offline due to repeated exceedances of the Safe Drinking Water Act’s Combined Radium standard. I believe that “slightly elevated” is a mischaracterization of the degree to which the sample results exceeded the MCL limit. Sample results collected quarterly between May 2018 and April 2019 were 26%, 54%, 104%, 84%, and 110% higher than the MCL limit.

While the Public Staff agrees that the presence of Radium in Well 1 is not due to negligence by WRI, the Company is responsible for providing safe and reliable service.

Mr. Ferris

WRI stated in its report that it did not receive a copy of Mr. Ferris' statement. The statement was filed in Docket No. W-1034, Sub 13CS, on March 11, 2024, titled "Consumer Statement of Position (8)" and is located on pdf page 13 of 24.

In response to Mr. Ferris' comment about billing, the Company stated that it "has committed to delivering an online billing portal and payment system within 6 months of the Utilities Commission order regarding the current rate case." The Public Staff notes that this is a deviation from the Company's previous expectation that the website would be online by May 2024. As of the date of writing, the website does not appear to be functional. The Public Staff interprets the Company's statement to mean that the Company agrees with the Public Staff's six-month deadline for the website.

In responding to Mr. Ferris' comments about meter reading frequency, the Company stated that the readings are recorded each month as displayed on the meter readings and never "guessed." While the Public Staff does not have the impression that the Company's meter readings are guesses, meter readings provided by the Company in the W-1034, Sub 8 rate case and the present proceeding appear to include estimated meter readings for McMillan Acres.

Mr. Stremovihtg

WRI responded to comments from Mr. Stremovihtg regarding the marking of water lines that were hit by Windstream as hearsay and inaccurate. While the

Public Staff is not fully apprised of the accuracy of the water line marking circumstances, it does not believe that costs related to repair of the water lines hit by Windstream are or will be included in rates paid by customers, nor has the Company requested to recover those costs from customers.

Mr. Stremovihtg stated during the hearing that WRI's administrative staff member was "trying to do all these different things. No wonder you have so many things that are falling through the cracks." WRI responded that the statement was conjecture and that Ms. Lockwood's time commitment has been documented at 15 hours per week on average. It is my understanding from the Public Staff Accounting Division that the parties are not in agreement that Ms. Lockwood's time is well documented at 15 hours per week.

Highland Ridge HOA Statement

The Company responded to 13 issues in relation to the HOA statement, including the following items:

1. Inconsistent quality of service
2. Continual inconsistency in water quality
3. Inconsistency of water pressure and regular water service
4. Regular lack of maintenance
5. Regular issues of water outages
6. Issues of inconsistent and overbilling

7. Ongoing and regular issues of unsafe, undrinkable water documented by notices left on doors and in mailboxes to not drink the water and water must be boiled for safe usage until further notice
8. WRI has not applied previously approved rate increases to improve consumer services or water quality
9. Requested rate adjustment and increase recommendations for requirement either before approval or as a requirement of any approval, required to be fully implemented within 30 days of approval of any water rate increase
10. Improving customer service by providing online billing and payment processing
11. Update to WRI service maps every 10 years
12. Making WRI service line maps easily accessible and available to North Carolina 811 Dig
13. The hearing protests/consumer statements close on Monday, the 11th, only one to two business days after the receipt of delivery of notice via USPS mail, shows intent to use a tactic as usual by Dennis Abbott or the Company to deny the public/WRI consumers opportunity to hold him or them accountable and protest any rate increase

While a number of the topics addressed fall outside of the Commission's requirement that the Company address all customer service and service quality complaints expressed during the public witness hearing, each topic enumerated is related to the HOA statement. WRI responded to the item number 9 listed above; however, the HOA statement contains a heading stating that the Highland Ridge

HOA is requesting item numbers 10-12 to be implemented within 30 days of a rate increase.

The Company stated that it believes issues related to inconsistent quality of water service, continual inconsistency in water quality, inconsistency of water pressure and regular water service, regular issues of water outages, and ongoing and regular issues of unsafe, undrinkable water have been addressed by the interconnection with the Town of Harrisburg.

The Public Staff also anticipates that most of these issues will be addressed by the interconnection with the Town of Harrisburg as well as with the recommendations of the Public Staff to investigate the filter and elevated storage tank as possible sources of the discolored water issues. The interconnection should provide consistent supply and pressure via an automatic connection that opens when the tank is less than half full. The Public Staff additionally anticipates that the Harrisburg interconnection will provide adequate pressure in the event of a pump failure, resulting in a decrease in system pressure advisories.

The Company responded to concerns related to inconsistent billing and overbilling, which WRI stated it addresses on a 1:1 basis in a timely, professional, and appropriate manner. The Public Staff anticipates that billing consistency and online billing concerns received from customers should be resolved with a functional utility website.

The HOA statement additionally outlined a request that WRI update its service line maps every 10 years, to which WRI responded that maps are updated

as improvements are made via engineer drawings that must be approved by the North Carolina Department of Environmental Quality (DEQ). While it is correct that some projects require drawings to be approved by DEQ, those drawings are typically not comprehensive of the entire distribution system, and WRI could develop a system map using mapping software such as GIS.

The HOA statement additionally requests that the utility be required to reduce service line hits to the Company's underground facilities and reduce unaccounted for water either before approval of a rate increase or within 30 days of approval of any water rate increase. The Company did not respond to these items directly; however, the Public Staff believes they are outside the scope of the Commission's Order Scheduling Hearings, Establishing Procedural and Filing Requirements, and Requiring Customer Notice issued on March 1, 2024.

Mr. Ammons

WRI responded to Mr. Ammons submission of discolored water samples at the customer hearing by outlining their collection of water samples from Mr. Ammons' residence on May 20, 2024. WRI's response includes photos of the water samples, which appear to be clear. WRI's Supplemental Report states that the water sample collected on May 20, 2024, had an iron concentration of 0.03 mg/L and a manganese concentration of <0.006 mg/L, both below the applicable secondary MCLs.

The Public Staff, in its testimony filed on April 12, 2024, made recommendations that the Company evaluate cleaning the elevated storage tank

and replacing the media in its filter. These actions may resolve ongoing concerns related to discolored water or sediment in the Rocky River system.

Ms. Seward-Chavis

WRI responded to testimony from Ms. Seward-Chavis stating that she cannot figure out why the cost to connect to Harrisburg was \$470,000. In response, WRI stated that the town charged a \$102,000 development fee to the Company, and that all other costs for materials, general contractors, road borings, civil engineers, electrical contractors, surveyors, etc., were in addition to the \$102,000 development fee.

The cost breakdown of the project as requested by WRI in its application is approximately \$278,051 (59%) for Permitting, Construction & Easement Costs, \$88,366 (19%) for Legal fees, and \$103,940 (22%) in fees and permitting costs paid to the Town of Harrisburg.

CONCLUSION

The Public Staff has reviewed the verified Supplemental Report of WRI addressing the concerns testified to by customers during the public witness hearing held on March 25, 2024. The Public Staff believes the responses adequately address the customer concerns related to customer service and service quality issues expressed at the public witness hearing and address the additional issues outlined by the Commission's Supplemental Order.

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

I, Evan M. Houser , state and attest that this Verification is filed on behalf of Public Staff – North Carolina Utilities Commission, as required by the North Carolina Utilities Commission; that I have reviewed the attached response to the Water Resources, Inc.’s verified supplemental report addressing the March 25, 2024 customer hearing held in Docket No. W-1034, Sub 13 and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein and in any exhibits, documents, and statements thereto attached; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, and no material information or fact has been knowingly omitted or misstated therein.



Evan M Houser
Signature of Person Making Verification
Evan M. Houser
Typed or Printed Name
June 5, 2024
Date

Subscribed and sworn before me this the 5th day of June, 2024.

Jessica Heironimus
Jessica Heironimus, Notary Public

My Commission Expires: June 4, 2028

CERTIFICATE OF SERVICE

I do hereby certify that I have this day served a copy of the foregoing upon each of the parties of record in this proceeding or their attorneys of record by emailing them an electronic copy or by causing a paper copy of the same to be hand-delivered or deposited in the United States Mail, postage prepaid, properly addressed to each.

This the 22nd day of April, 2024.

Electronically submitted
/s/ Gina Holt