

**OFFICIAL COPY**

1 PLACE: Currituck Courthouse, Currituck, North Carolina

2 DATE: June 24, 2015

**FILED**

3 DOCKET NO.: W-354, Sub 344

JUL 08 2015

4 TIME IN SESSION: 7:00 P.M. TO 9:00 P.M.

Clerk's Office  
N.C. Utilities Commission

5 BEFORE: Commissioner Don M. Bailey, Presiding

6 Commissioner Jerry C. Dockham

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IN THE MATTER OF:

10 Application by Carolina Water Service, Inc. of

11 North Carolina, 2335 Sanders Road, Northbrook, Illinois

12 60062, for Authority to Adjust and Increase Rates for

13 Water and Sewer Utility Service in All of its Service

14 Areas in North Carolina

15

16

17 Volume 2

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IDENTIFIED/ADMITTED

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Blaxton Exhibit 1.....12/12

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Galganski Exhibit 1.....50/50

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Phillips Exhibit 1.....64/64

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

2 COMMISSIONER BAILEY: Good evening. Let's come  
3 to order, please, and go on the record. I am  
4 Commissioner Don M. Bailey, and with me this evening is  
5 Commissioner Jerry C. Dockham. The Commission now calls  
6 for hearing at this time for the purpose of taking non-  
7 expert public witness testimony in Docket No. W-354, Sub  
8 344 - In The Matter Of Application By Carolina Water  
9 Service, Inc. of North Carolina, 2335 Sanders Road,  
10 Northbrook, Illinois, for Authority to Increase Rates for  
11 Sewer and Water Utility Service in All Service Areas in  
12 North Carolina.

13 On February 26, 2015, pursuant to the  
14 Commission Rule R-1-17(A), Carolina Water Service gave  
15 advanced notice of its intention to file a general rate  
16 case.

17 On March 31, 2015, Carolina Water Service filed  
18 an application with the Commission seeking authority to  
19 increase its rates for providing water and sewer utility  
20 service in all of its service areas in North Carolina.

21 On April 30th, 2015, the Commission issued its  
22 Order Establishing General Rate Case and Suspending  
23 Rates. Pursuant to this Order, the Commission declared  
24 this proceeding to be a general rate case pursuant to

1 G.S. 62-137 and suspended the proposed new rates for up  
2 to 270 days pursuant to G.S. 62-134.

3 On May 6th, 2015, Carolina Water filed its  
4 Revised Appendix A-1.

5 On May 11th, 2015, Carolina Water filed its  
6 notice regarding its semiannual WSIC/SSIC surcharge  
7 application. In its filing, the Company states that it  
8 does not intend to file an application for a semi-annual  
9 adjustment of the Company's commission-authorized  
10 WSIC/SSIC surcharge mechanism on August 1st, 2015, where  
11 such a rider would become effective October 1, 2015.

12 On May 13th, 2015, Carolina Water filed a  
13 letter stating that given the timing of its general rate  
14 case filing, the evidentiary hearing would normally have  
15 been set for a date near the end of August or early  
16 September 2015; however, at Carolina Water Service's  
17 request the evidentiary hearing was extended  
18 approximately 30 days, to October 5th, 2015.

19 On May 15, 2015, Corolla Light Community  
20 Association, Inc. filed a petition to intervene in this  
21 matter, which was granted by the Commission Order issued  
22 May 19, 2015.

23 On May 22nd, 2015, the Commission issued its  
24 Order Scheduling Hearings and Requiring Customer Notice

1    which, among other things, scheduled the application for  
2    evidentiary hearing on October 5, 2015, and scheduled  
3    this public witness testimony hearing for this date, at  
4    this time and in this place.

5               On May 26th, 2015, the Commission issued its  
6    Reissued Order Scheduling Hearings and Requiring Customer  
7    Notice, noting that the May 22, 2015 Order did not  
8    include revisions to the Order proposed by the Public  
9    Staff that were now incorporated in the May 26th, 2015  
10   Order.

11              On May 27, 2015, the Commission issued an  
12   Errata Order correcting errors in Appendix A -- A-5, Page  
13   5 of 7, of the Commission's May 26th, 2015, Reissued  
14   Order Scheduling Hearings and Requiring Customer Notice.

15              Several consumer statements of position have  
16   been filed in this docket.

17              Pursuant to G.S. 138A-15(E), I remind members  
18   of the Commission of their duty to avoid conflicts of  
19   interest and inquire at this time as to whether any  
20   commissioner has any known conflict of interest with  
21   respect to this docket.

22              COMMISSIONER DOCKHAM:  No.

23              COMMISSIONER BAILEY:  Let the record reflect  
24   that no such conflicts were identified.



1           I now call upon the parties to announce their  
2     appearances for the record, beginning with the Applicant  
3     utility.

4           MR. BENNINK: Thank you, Commissioner Bailey.  
5     My name is Robert Bennink. I am a lawyer in private  
6     practice in Cary, North Carolina. I practice under the  
7     name of Bennink Law Office. I am here tonight  
8     representing the Applicant Carolina -- Carolina Water  
9     Service, Inc., of North Carolina.

10          With me is Mr. Martin J. Lashua. Mr. Lashua is  
11     the vice-president for North Carolina Operations and we  
12     also have other individuals with the Company present in  
13     the hearing room. We will be glad to meet with customers  
14     at the conclusion of the hearing if there are any  
15     questions or information that they want to ask from  
16     Company personnel. Thank you.

17          MR. GRANTMYRE: My name is William Grantmyre,  
18     Public Staff. We represent the Using and Consuming  
19     Public in cases before the North Carolina Utilities  
20     Commission. And with me is Gina Casselberry, Utilities  
21     Engineer with the Public Staff. And we will also be glad  
22     to talk to any of the customers after the hearing. Thank  
23     you.

24          MR. BRADY ALLEN: Good evening, Commissioner

1 Bailey and Commissioner Dockham. My name is Brady Allen,  
2 and with me is my co-counsel, Britton Allen. We  
3 represent the Corolla Light Community Association. Our  
4 business address is 1514 Glenwood Avenue, Suite 200,  
5 Raleigh, North Carolina, 27608.

6 We understand this hearing is for receiving  
7 public testimony, and for that reason we are here  
8 listening in an observational capacity. Thank you.

9 COMMISSIONER BAILEY: Any preliminary matters  
10 we need to get taken care of?

11 MR. BENNINK: No, sir.

12 MR. GRANTMYRE: No, sir.

13 COMMISSIONER BAILEY: The Public Staff can call  
14 its witness.

15 MR. GRANTMYRE: Yes. Teresa Blaxton. I'm  
16 going to name the next two so you will know who is coming  
17 up next, but keep your seat. The next two are Hugh  
18 McCain and Lynn Hoffman. But Teresa Blaxton is the first  
19 witness.

20 MS. BLAXTON: Blaxton.

21 MR. GRANTMYRE: See, I have already --

22 MS. BLAXTON: That's okay. Everyone does. I'm  
23 just going to hand this out before I sit.

24 MR. BENNINK: Ms. Blaxton, do you have any

1 copies?

2 MS. BLAXTON: I have extras. I have extras if  
3 anyone needs one.

4 COMMISSIONER BAILEY: I'm going to swear you  
5 in.

6 MS. BLAXTON: Yes, sir.

7 COMMISSIONER BAILEY: And you are going to be  
8 able to sit. Put your left hand on the Bible.

9 MR. BENNINK: Ms. Blaxton.

10 MS. BLAXTON: I believe I can. Yes, sir.

11 MR. BENNINK: Ms. Blaxton, could we get some  
12 copies?

13 MS. BLAXTON: Yes.

14 MR. BENNINK: If you don't mind. Thank you.

15 COURT REPORTER: And will this be an exhibit?

16 MR. BENNINK: Thank you.

17 COMMISSIONER BAILEY: Yes.

18 MS. BLAXTON: I have more.

19 COMMISSIONER BAILEY: Is your last name  
20 Blaxton?

21 MS. BLAXTON: B-L-A-X-T-O-N. Yes.

22 COMMISSIONER BAILEY: Blaxton. Okay. We are  
23 for the record, this is going to be Resolution to Corolla  
24 Light Community Association, Inc., Blaxton Exhibit 1.

1 (Whereupon, Blaxton Exhibit 1 was  
2 marked for identification and  
3 admitted into evidence.)

4 DIRECT EXAMINATION BY MR. GRANTMYRE:

5 Q Please state your name for the record.

6 A Teresa Blaxton.

7 Q Please spell your last name.

8 A B-L-A-X, as in X-ray, -T-O-N.

9 Q And you are a customer of Carolina Water?

10 A I am.

11 Q And you live in the Corolla Light Community?

12 A I have a home there, yes.

13 Q Okay. And what is your street address?

14 A The Corolla Light --

15 Q Yes.

16 A -- is 1119 Currituck Court.

17 Q Okay.

18 A Corolla.

19 Q And as far as this subdivision, are there  
20 subsets within Corolla Light, you know, little  
21 communities in it?

22 A It's -- it's part of the Lighthouse Villas.

23 Q Okay. Lighthouse Villas. Okay. Please  
24 proceed with your statement.

1                   COMMISSIONER BAILEY:  Let's -- let's do the  
2                   swearing in, first.

3                   MR. GRANTMYRE:  Oh, okay.

4                   MS. BLAXTON:  Yes, let's.

5                   MR. GRANTMYRE:  I'm sorry.

6                   MS. BLAXTON:  I -- left hand.

7                   COMMISSIONER BAILEY:  Put your left hand on the  
8                   Bible and raise your right hand, please.

9                   TERESA BLAXTON:       Being first duly sworn,  
10                                       Testified as follows:

11                  CONTINUED DIRECT EXAMINATION BY MR. GRANTMYRE:

12                  Q       Okay.

13                  A       I am a property owner in the Corolla Light  
14                  Resort and I am also a member of our board of directors.  
15                  And I was here for the last -- the last time that we did  
16                  this and not much has changed.  So what you will find is  
17                  that the Corolla Light folks who are talking this evening  
18                  are going to hit a few of the same points that we hit the  
19                  last time that we were here because it still is relevant  
20                  and that nothing has really changed.  But we are also  
21                  going to emphasis some new information.  We tried to  
22                  coordinate to avoid redundancy in the interest of moving  
23                  along.

24                  But there -- I just wanted to ask you to be

1 thinking as we are going through all of this presentation  
2 of data to you tonight that there really isn't anything  
3 we are going to say that Carolina Water shouldn't already  
4 be aware of and, you know, this is not magic and surely  
5 they're aware of many more issues than we would be and  
6 yet they still chose to go ahead and make this request  
7 for what we regard as a rather exorbitant rate increase.

8           So the other thing that I wanted to say is this  
9 is a tough time of year for our owners to show up because  
10 most of them are in the rental program so their homes are  
11 filled up with visitors right now. They are renting  
12 their properties. I happen to be someone who doesn't  
13 rent and I am retired so I can show up. But it is kind  
14 of a difficult thing for our owners who don't live in the  
15 area to come to the hearing. So please don't take our  
16 relatively small numbers as in any way a sign of a lack  
17 of interest. Our owners are quite interested in this  
18 issue.

19           So now I will switch gears and put on my board  
20 of director's hat and I have been asked to read into the  
21 record a resolution that's been recently adopted by our  
22 board of directors.

23           Resolution of Corolla Light Community  
24 Association, Inc. Opposition to Carolina Water Service,

1 Inc. Rate Increase Request.

2 Resolution of the Corolla Light Community  
3 Association (hereinafter referred to as "CLCA") in  
4 opposition to the request of Carolina Water Service, Inc.  
5 of North Carolina (hereinafter referred to as "CWS")  
6 filed with the North Carolina Utilities Commission  
7 (Docket No. W-354, Sub 336) for a general increase in  
8 wastewater treatment rates.

9 Whereas, the CLCA and the residents of the CLCA  
10 community are provided wastewater treatment services by  
11 CWS; and

12 Whereas, CWS has filed for a general increase  
13 in CLCA's (and Monteray Shores') wastewater treatment  
14 rates of nearly 28% after having been granted a  
15 substantial rate increase just over four (4) years ago  
16 (Docket NO. W-354, Sub 327); and

17 Whereas, the requested increase is greater than  
18 the requested increase for other service areas even  
19 though CLCA and Monteray Shores already pay rates that  
20 are significantly higher than the rates in other areas;  
21 and

22 Whereas, the Order in CWS's previous general  
23 rate increase proceedings stated in future general rate  
24 case proceedings the issue of rate disparity should be

1 reviewed and appropriate consideration should be given to  
2 moving the CLCA and Monteray Shores served areas toward  
3 uniform rates; and

4           Whereas, there has been minimal observable  
5 investment by CWS in the maintenance or improvement in  
6 the wastewater treatment plant facilities serving CLCA  
7 since the Company's last general rate case Order, which  
8 was issued in March 2014; and

9           Whereas, if granted, the rate increases  
10 proposed by CWS would continue the disparity in rate  
11 treatment for CLCA and Monteray Shores; and

12           Whereas, the residents of CLCA and Monteray  
13 Shores were not notified of the proposed rate increase in  
14 a timely manner because the direct mailing postmarked  
15 June 5th, 2015, and received on or about June 10th, 2015,  
16 provided only approximately two [2] weeks before the  
17 hearing scheduled for June 24, 2015, in Currituck County  
18 to receive public comment, which made it impossible for  
19 many residents to attend; and

20           Whereas, CLCA has petitioned and has been  
21 granted approval to intervene in the subject rate case  
22 proceedings before the North Carolina Utilities  
23 Commission.

24           Now, therefore, be it resolved that CLCA:



1 Strongly opposes the magnitude of the  
2 wastewater treatment rate increase requested by CWS for  
3 CLCA and Monterey Shores; and

4 Strongly opposes being singled out for higher  
5 rates than any other territory served by CWS, and  
6 requests that the Commission adopt a uniform rate  
7 schedule for all CWS waste water treatment customers; and

8 Respectfully requests that the North Carolina  
9 Utilities Commission thoroughly investigate and analyze  
10 the basis of the CWS request, allowing only an increase  
11 that is clearly justified; and

12 This Resolution is adopted by unanimous vote of  
13 the CLCA Board of Directors via a conference held on June  
14 12, 2015.

15 And the resolution is signed by our Board  
16 President, Jack Waber, and attested by our Board  
17 Secretary, Lenny Frieden.

18 COMMISSIONER BAILEY: Questions?

19 MR. GRANTMYRE: Okay. I'll finish up.

20 Q How many homeowners -- is the Corolla Light  
21 Community Association, does that cover all of Corolla  
22 Light or just part of it?

23 A All of it.

24 Q Uh --

1           A     All of the developed land and -- and certain  
2     lots that are not developed, but have been designated  
3     as --

4           Q     Okay.

5           A     -- as lots.

6           Q     Approximately how many lots or homes are  
7     represented by Corolla Light Community Association?

8           A     About --

9                   AUDIENCE MEMBER:   425.

10          A     -- 425.

11          Q     425. And in your area -- the Lighthouse  
12     Villas, is that where you say you live?

13          A     Yes, sir.

14          Q     Okay. How many -- how many homes are in  
15     Lighthouse Villas approximately?

16          A     Hmm, 567.

17                   AUDIENCE MEMBER:   568.

18          A     568. Okay.

19          Q     568. Approximately how many of those are  
20     rental properties during the summer season?

21          A     Well, I would say it's the same as the rest of  
22     the resort which would put it at probably 75% or slightly  
23     higher. Not everyone rents, but the vast majority of our  
24     homeowners do rent.

1           Q     And when they rent, they do weekly rentals  
2     during --

3           A     Yes.

4           Q     -- the summer?

5           A     Yes, sir.

6           Q     And the summer season lasts from Memorial Day  
7     through -- through Labor Day?

8           A     There's -- there's a bit of a shoulder season  
9     on each end, but that's the high point, is Memorial Day  
10    to Labor Day.

11          Q     And, of course, Easter weekend and --

12          A     Yes.

13          Q     -- and Memorial Day and then maybe Thanksgiving  
14    or something?

15          A     Thanksgiving, yeah.

16          Q     And when it is pretty in October, they do  
17    pretty well, too, like last year?

18          A     I'm sure they wish -- they always wish they  
19    could do better, but you know.

20          Q     Without the hurricane.

21          A     We do have a fair number of folks who come in  
22    September and October.

23          Q     You realize -- or maybe you don't. You realize  
24    that everything filed in this case is on the Commission's

1 website -- are you aware of that -- where you could look  
2 up everything, the customers can go and look on the  
3 Commission's website and read it?

4 A Yes, sir.

5 Q And there are -- you have probably seen, if you  
6 have looked or those that have looked, there are several  
7 letters already from customers that are full-time  
8 residents that are complaining about subsidizing rental  
9 property; are you aware of that?

10 A I'm aware of it, but I think you will hear some  
11 information --

12 Q I know. I know.

13 A -- later that speaks to that a little bit.

14 MR. GRANTMYRE: Okay. I have no further  
15 questions.

16 MR. BRITTON ALLEN: We have no questions.

17 MR. BENNINK: No questions.

18 COMMISSIONER BAILEY: You are dismissed.

19 MR. GRANTMYRE: Thank you. The next is Hugh  
20 McCain.

21 MR. MCCAIN: Good evening, everybody. I, too,  
22 am coming with a bunch of paper and I'm appearing as both  
23 a homeowner and also as -- as a representative of  
24 Monterey Shores.

1                   MR. MCCAIN: I believe I have passed out  
2 everything.

3                   MR. BENNINK: Did you just have two, Mr.  
4 McCain? Do you have two?

5                   MR. MCCAIN: Yeah. One from me and one from  
6 the Association.

7                   MR. BENNINK: All right.

8                   COMMISSIONER BAILEY: All right. We are going  
9 to admit these into evidence exhibit -- the first one is  
10 going to be called McCain Exhibit 1 and the second one is  
11 going to be McCain Exhibit Number 2.

12                               (McCain Exhibits 1 and 2 were marked  
13 for identification and admitted  
14 into evidence.)

15 DIRECT EXAMINATION BY MR. GRANTMYRE:

16           Q     Please state your name and your mailing  
17 address.

18           A     Hugh McCain, 852 Seascape Court, Monteray  
19 Shores, Corolla, North Carolina 27927.

20           Q     And could you please spell your last name?

21           A     M-C-C-A-I-N.

22           Q     And you are Senator McCain's cousin?

23           A     Yes, I am.

24           Q     Okay.

1           A       My father's first cousin.

2                   COMMISSIONER BAILEY:  Let's swear you in, Mr.  
3   McCain.

4                   MR. GRANTMYRE:  I'm sorry.

5   HUGH MCCAIN:    Being first duly sworn,  
6                   Testified as follows:

7                   COMMISSIONER BAILEY:  You may proceed.

8                   MR. MCCAIN:  Thank you.

9   CONTINUED DIRECT EXAMINATION BY MR. GRANTMYRE:

10           Q       Please proceed with your statement, whichever  
11   one you want to do first.

12           A       I am going to do the personal one first if it  
13   pleases the group.  Actually, what I am going to do is  
14   just read what I presented to you and prepared it because  
15   that's how I looked at it.

16                   Mr. Chairman, distinguished members of staff  
17   and of the Commission.

18                   I come before you as a permanent resident of  
19   852 Seascapes Court in Monterey Shores Subdivision of  
20   Corolla, North Carolina to register my opposition to the  
21   current rate increase requested by Carolina Water  
22   Services, Inc., for wastewater treatment provided in the  
23   Monterey Shores area.  I have resided there with my wife  
24   since 2005 and have owned the house since the year 2000.

1 While I understand reasonable increases due to cost  
2 exposures by the servicing company, I do not understand  
3 why the current increase is necessary considering the  
4 lack of any announced or evident improvements or  
5 expansions to the system. There has not even been any  
6 visible infrastructure repairs or replacements. Since my  
7 last appearance before the Commission regarding the poor  
8 water quality provided by Carolina Water Service  
9 resulting in the eventual sale of the water system to  
10 Currituck County, all residents have experienced  
11 considerable cost increases from the wastewater services  
12 provided. These increases have taken place since a  
13 recession and during an extremely long period of no to  
14 low inflation costs. Please consider the following facts  
15 which are -- I have attachments backing up to what I am  
16 going to say right now based on personal bills:

17           Since 2008, the base meter rate has increased  
18 from \$37.25 to the current \$52.26, which in that period  
19 of time was a 40.3% increase.

20           Since the sale of the water plant to Currituck  
21 County, my bill has increased from \$37.25 for wastewater  
22 service with no charge per gallons to the current \$68.15  
23 that includes a charge of \$15.80 for 2,390 gallons of  
24 water purchased at \$6.65 per gallon. This represents an

1 increase of \$30.90 per month, or 82.95% when comparing  
2 2,390 gallons in May 2015 versus 3,110 in October 2008.

3 The currently requested increase to \$66.72 for  
4 the metered service compared to the 2008 metered service  
5 of \$37.25, in itself, is an increase of \$29.47. This is  
6 a 79.11% increase over seven [7] years.

7 The current requested increase of \$14.46 would  
8 add an additional \$27.67 -- 27.67% increase.

9 This is a concise look as a homeowner inside  
10 the numbers over the past seven years. I ask all of you  
11 this simple question. How much increase is reasonable  
12 considering the fact that the cost of the wastewater  
13 services has almost doubled since 2008? If the current  
14 request is approved, then my monthly bill, using my  
15 average usage numbers exemplified above, will increase to  
16 \$82.61. This will be a \$45.36 increase that equals a  
17 121.77% increase over what I paid in 2008 for wastewater  
18 treatment. Can Carolina Water Services give a reasonable  
19 explanation for these exorbitant increases?

20 In addition to the financial burden this rate  
21 increase request will cost, I question how Carolina Water  
22 Services can charge for the wastewater services based  
23 upon the water purchased by residents of the community  
24 from Currituck County. This billing system has an



1 already built-in overcharge since we all know that not  
2 all the water metered to the homes is sent back through  
3 the wastewater system. There are pools, car washings,  
4 lawn and shrubbery watering, and the, yes, all important  
5 consumption side of it.

6 To conclude, I would like to be on the record  
7 questioning why this hearing was sent out with less than  
8 a 30 day notice, and why the location of the hearing is  
9 in the mainland of Currituck County. This does not give  
10 enough time to communicate with all the owners of the  
11 property in -- all the owners of property in Monteray  
12 Shores since the vast majority are not full-time  
13 residents. Also, I question the reason to have the  
14 hearing on the mainland when the area of service for  
15 Carolina Water Service is on the Northern Outer Banks of  
16 Currituck County. This is quite a deterrent to getting  
17 participants in the hearing, considering the distance and  
18 the hour and a half one-way trip this is. There are  
19 locations much closer. Some are even in Corolla, North  
20 Carolina.

21 With these points shared, please record my  
22 complete opposition to the request for a wastewater rate  
23 increase. I ask the Commission to require Carolina Water  
24 Services, Inc., to provide detailed explanation for the

1 past increases and the currently requested increase, to  
2 include reasonable justification for the charges being  
3 passed on based upon gallons of water purchased each  
4 month, when it is when the Company -- when it is not  
5 necessary when the Company owned the water system. There  
6 was no gallon charge back when the Company owned the  
7 water system and sold the water.

8 Respectfully submitted, Hugh McCain.

9 And would you like to question me on this  
10 before I go to the Association?

11 Q Why don't you do the Association and then we  
12 will come back.

13 A Okay.

14 Q If you would, please.

15 A I would like to also at this time read into the  
16 record as the President of the Monterey Shores Homeowners  
17 Association the following statement.

18 As President of the Monterey Shores Homeowners  
19 Association, I come before you to represent the interests  
20 of individual property owners of Monterey Shores in  
21 Corolla, North Carolina. I bring before you several  
22 concerns from this Community. The first concern is  
23 regarding the very timing and location of this hearing.  
24 Considering the fact that the vast majority of owners in

1 the community reside elsewhere, the notice for this  
2 hearing did not provide enough time to make arrangements  
3 to attend this hearing. Additionally, the distance is an  
4 extreme hardship for even those that do reside in our  
5 community. In our opinion, it would have been more  
6 advantageous for both the Commission and the Residents of  
7 the Community had the hearing have been in the area that  
8 Carolina Water Services provides services to. There are  
9 several facilities in Corolla that could accommodate this  
10 meeting.

11 Secondly, there has been minimal expansion in  
12 the Monteray Shores Subdivision. There should be no need  
13 for expansion since nearly five years ago, and I  
14 participated in this, Carolina Water Services made a  
15 plant expansion that provided the capacity for the growth  
16 projected to happen, and that released Monteray Shores  
17 Subdivision from a building moratorium that had existed  
18 for many years due to the lack of wastewater capacity.  
19 This includes the new build-out of the Corolla Bay  
20 Subdivision. Monteray Shores was represented at the  
21 hearings regarding this matter.

22 Since members of the community could not be  
23 here, I need to ask the Commission if it would read into  
24 the record at the Raleigh, North Carolina hearing any and

1 all letters or petitions pertaining to this rate increase  
2 -- rate increase sent by our owners to the Commission.  
3 Meanwhile, please read this letter into the record, as  
4 the representation of all the owners of Monterey Shores  
5 Homeowners Association standing in total opposition to  
6 this requested rate increase, as it would bring  
7 additional financial hardships to the community.

8 Respectfully submitted, Hugh McCain, President  
9 of the Association.

10 Q With respect to your two exhibits, do you  
11 understand that all the exhibits that are presented here  
12 today will be on the Commission's website and will be  
13 part of the record in this case?

14 A Yes, sir.

15 Q And you also understand that the transcript of  
16 all the testimony will also be on the record for the  
17 customers --

18 A. I do, sir.

19 Q -- and the Commission to read, and those  
20 Commissioners that are not here tonight will be reading  
21 the transcripts?

22 A Yes, sir, I understand.

23 Q Okay. Now, with respect to how many houses are  
24 in the Monterey Shores or how many --

1           A     We have about 384 pieces of property. About a  
2     third of those are vacant lots, the rest are rentals --  
3     rental properties, and I think and our general manager  
4     can probably tell you more specifically. I think there  
5     are 27 or 28 full-time residents in the community.

6           Q     Is that houses or persons?

7           A     Houses.

8           Q     And you're one of them, I take it, based on  
9     your --

10          A     Yes, sir.

11          Q     -- consumption on your water bill?

12          A     Yes, sir.

13          Q     Okay. And when you say the rental properties,  
14     these are seasonal rentals, weekly rentals during the  
15     summertime?

16          A     Correct. Yes, sir.

17          Q     And attached to your individual statement, you  
18     put in some copies of bills from -- it says Utilities  
19     Inc., but it's the -- they come from Carolina Water  
20     Service?

21          A     Yes, sir. That is my water/sewer. Yes, sir.

22          Q     And how long ago did you and these go back to,  
23     2008 and --

24          A     Yes, sir.

1 Q -- and carry forward?

2 A Yes.

3 Q And approximately how much long ago was it that  
4 you received the notice?

5 A For this meeting?

6 Q For this -- this hearing?

7 A Sometime around June 10th or 11th, somewhere  
8 around there.

9 MR. GRANTMYRE: Thank you. I have no further  
10 questions.

11 MR. BRITTON ALLEN: We have no questions.

12 MR. BENNINK: No questions.

13 COMMISSIONER BAILEY: You are dismissed.

14 MR. MCCAIN: Thank you.

15 MR. GRANTMYRE: Next is Lynn Huffman. Is it  
16 Huffman or Hoffman?

17 MS. HOFFMAN: Hoffman.

18 MR. GRANTMYRE: The next two will be Karen  
19 Galganski --

20 MS. GALGANSKI: Galganski.

21 MR. GRANTMYRE: -- and Don Cheek.

22 MS. HOFFMAN: Would you like for me to  
23 distribute this now or after I swear in?

24 COMMISSIONER BAILEY: Now.

1 MS. HOFFMAN: Do you need one or two?

2 MR. BENNINK: The court reporter needs one.

3 MS. HOFFMAN: I will be happy to give you one.

4 There you are. I have more I can get. I just have --

5 some of these are highlighted. I will be back.

6 COMMISSIONER BAILEY: All right. The long one

7 is going to be exhibit -- Hoffman Exhibit 1. The short

8 one is going to be Hoffman Exhibit Number 2. Let me

9 swear you in before Mr. Grantmyre gets going on here.

10 (Hoffman Exhibits Numbers 1 and 2

11 were marked for identification and

12 admitted into evidence.)

13 LYNN HOFFMAN: Being first duly sworn,

14 Testified as follows:

15 COMMISSIONER BAILEY: Mr. Grantmyre.

16 DIRECT EXAMINATION BY MR. GRANTMYRE:

17 Q Please state your name and mailing address.

18 A My name is Lynn Hoffman. If this matters, I'm

19 also testifying on behalf of my husband, Richard Hoffman.

20 Our address is 1062 Beacon Hill Drive in Corolla. And we

21 have another address in Northern Virginia. Would you

22 like that?

23 Q No. But the property that you're testifying

24 about is the --

1           A       1062 Beacon Hill Drive.

2           Q       -- Beacon Hill, Corolla.

3           A       In Corolla Light Resort, Corolla.

4           Q       And so you -- you split your time in two  
5 locations?

6           A       I do.

7           Q       Okay.

8           A       Primarily, I'm here in the off season.

9           Q       Lucky you. Okay.

10          A       I do feel lucky.

11          Q       Please proceed with your statement.

12          A       All righty. I will try to paraphrase, and some  
13 of the things -- some of my points have been brought up.  
14 I'll try not to drill you about them, but I think they  
15 bear -- some of them bear repeating.

16                 Of course, I'm here to protest this rate  
17 increase. I actually think that we should not be asking  
18 for a stay in the increase. I'm here actually because I  
19 would like to suggest we're due a restructuring downward  
20 of the rates because I have some clear evidence, and  
21 anybody else in Corolla that has gone through the time  
22 and trouble to install a second meter on their home as we  
23 have, will have this same evidence that, in fact, a  
24 significant amount of the water that we are being billed



1 for by -- for sewer and wastewater treatment from  
2 Carolina Water Service never enters the system. Because  
3 this is extremely important, the Outer Banks of North  
4 Carolina and these vacation homes are not typical in any  
5 stretch of a typical consideration for the type of  
6 residential homes that generally your services are being  
7 provided to.

8 That's why there is so much protest here.

9 Okay. We have -- you have a sheet that I have handed out  
10 to you and it's pretty interesting. If you look down the  
11 highlighted columns, the Excel sheet.

12 Q Is this Exhibit 2, the numbers? Okay.

13 Please --

14 A This is an Excel spreadsheet.

15 Q -- please proceed.

16 A All righty. If -- and I have highlighted under  
17 2013, 2014, and 2015, a column called Second Meter.

18 Second meter is outside usage. It is pool, hot tub, foot  
19 wash, outdoor showers, the things that are very common

20 and in usage the majority of the Outer Banks homes

21 because they are vacation properties. We have had

22 several other witnesses here that have explained in their

23 communities that the majority of the homes, over 80%, by

24 my calculations, are seasonal homes that have pools, that

1 have spas, that have these things that most typical  
2 residential homes inhabited year round do not have.

3 The interesting thing on this, if you just drop  
4 down to the bottom, is we have now almost three years,  
5 two and a half years of a very clear trend line that's  
6 established here, and it's showing that approximately 50%  
7 of the fresh water that we are billed for on our  
8 wastewater bills is not being treated, is not being sent  
9 down the pipes, down the sewer.

10 Of particular notice, I would like you to look  
11 at the months such as December, February, March, look at  
12 the months where there's an actual zero on that second  
13 meter, not a drop, not one gallon registered of sewer  
14 use. However -- and for us, my husband and I, one of the  
15 very few people that put a second meter on our house, we  
16 weren't billed for that. However, for the other 99% of  
17 homeowners in Corolla that don't have a second meter is  
18 that if they were at our house, they would have been  
19 billed for about 2400 gallons of water because that's  
20 what registered on the fresh water. That is the basis of  
21 a lot of the complaints here.

22 I can reiterate some of the points that have  
23 been made already. I will try to be brief, but I think  
24 it bears repeating. You know, in 2011 when this whole

1 restructuring went through, there was a comment that the  
2 average charges, sewer charges would decrease. I mean,  
3 the startling evidence is irrefutable that it's quite to  
4 the contrary.

5           We, in our particular case, went from a bill in  
6 high season/summer that was about \$200 to immediately  
7 after this change, we had a one-month water bill that was  
8 over \$900. Yes, I winced and it took my breath away when  
9 I opened that envelope, and at that moment, I picked up  
10 the phone. I called our property manager. I said lower  
11 the level of the pool, turn off our irrigation, don't  
12 turn -- we used to dump our hot tub to keep our water  
13 clean. More -- I have been told since then, okay, people  
14 don't have to do that every week. Well, we don't do that  
15 every week anymore. We let the chemicals work.

16           Okay. That brought our bill down a lot. Now  
17 it is only about \$400 in an average month. I have  
18 evidence, and you have it in your hands, for that.  
19 Anyways, the point is it's been dramatic. It's been  
20 dramatic in part because this structure was completely  
21 revamped. Not only was the flat rate increased  
22 significantly, Mr. McCain had great statistics 30%. This  
23 whole brand new -- the thing is this per gallon charge,  
24 monthly charge for wastewater treatment that's based upon

1 a fresh water meter.

2 In our particular unique service area, this is  
3 a fiction that I would like you to please to address. Do  
4 not allow it to perpetuate. That's the essence of my  
5 testimony and my pleading to you. There is great detail  
6 in here. I encourage you to go through it. Gentlemen,  
7 you as well, I would be happy to talk to you about this  
8 after we are done. I applaud your business acumen,  
9 actually. I have to say that because in 2011, I thought  
10 it was brilliant. I think it was brilliant to put  
11 testimony out there of all -- of expenses and costs that  
12 -- and they are significant to maintain the fresh water  
13 service, drill wells, do all these things and get a rate  
14 put through, get new charges for a wastewater treatment,  
15 get per gallon, completely restructure the billing and  
16 then spin off the fresh water. I thought that was very  
17 strategic because your -- the business expenses went way,  
18 way down, yet the business revenues went way up on the  
19 part of the business that they retained, the sewer side.

20 This really needs rebalancing. And a couple  
21 last things -- a few things in closing. I happen to be,  
22 I think you said, lucky. I am lucky because we have a  
23 home in Dare County in Duck that we rent. Dare County  
24 bills quarterly. My quarterly bill is less than --

1     quarterly bill than one month of any of my Corolla Light  
2     water bills. I would be happy to provide those. That's  
3     outside of the scope of this. I didn't really want to  
4     bore anybody with that, but it's interesting for people  
5     that like numbers.

6             To try and summarize and fill -- let someone  
7     else fill my seat, my suggestion is perhaps our -- if you  
8     are going -- if you're not going to install wastewater  
9     meters to give us accurate wastewater bills, then there  
10    should be some kind of a prorated percentage, and I think  
11    if we can demonstrate that actually the wastewater is  
12    being treated as 40, 30, 50% less, that's what the rate  
13    should be 30, or 40, or 50% less than the allowed metered  
14    rate that is approved. That would be equitable.

15            I would like to say that this is a different  
16    and unique situation. I would like a greater  
17    understanding of the circumstances of these vacation  
18    homes, the usage, the fact that, yes, in the rest of your  
19    district and the rest of the states that are not vacation  
20    oriented to the large degree that we are, maybe 90% of  
21    the water goes down the drain, maybe 90 or 95% of the  
22    water is going through at the sewer. That's not our  
23    case, and the bill should not be based on fresh water.

24            I want to thank you for the opportunity to

1 speak, for your time and your attention. That might just  
2 sum it up. I might become redundant if I sit here much  
3 longer. Thank you.

4 COMMISSIONER BAILEY: Mr. Grantmyre, have you  
5 got any questions?

6 MR. GRANTMYRE: I have some questions, some  
7 follow-up questions.

8 Q You had -- now, Currituck County now bills you  
9 for the fresh water; correct?

10 A Yes, they do. Southern Outer Banks Water  
11 System.

12 Q Now, what was the cost for you to have  
13 installed this second meter? You had to pay a connection  
14 fee of some sort?

15 A Yes, I did. As a matter of fact, it was \$950  
16 to buy the meter and then it was \$650 to pay the plumber  
17 to install it and put in a backflow preventer which was  
18 code, so we are talking about approximately \$1600 and  
19 change.

20 Q Okay. Now, you get a -- two bills then from --

21 A Uh-huh.

22 Q -- Currituck County. Do they charge the same  
23 dollar amount for the water on each bill or is there a  
24 separate irrigation meter charge?

1           A       There is one meter in every pump which is on  
2       this Excel sheet as first meter. That's the norm. Every  
3       drop of water that goes to a house is fresh water billed.

4           Q       Okay.

5           A       We knew that there was a significant amount of  
6       our water that does not go through this sewer. That's  
7       why we put in a second meter. I would -- the very bottom  
8       of the very last line, horizontally on the bottom of this  
9       spreadsheet shows gross savings. In 2013, 2014, it's  
10       about \$1250. We're only -- which my point is, that even  
11       though I have put this money out, we'll break even on  
12       this, this year. That's nice for us. However, that's  
13       the amount of money that all of my fellow homeowners have  
14       been overcharged. That's -- that is what I want to  
15       underscore here. That is the extent for a home like ours  
16       which is, you know, it is a six bedroom home. It has a  
17       pool. It has a hot tub. That is not an unusual home. I  
18       think that is pretty typical for these kind of vacation  
19       homes.

20          Q       Now, you made a statement somewhere I picked up  
21       on. You seasonally rent this home during the summer,  
22       correct?

23          A       I seasonally rent -- actually, I wanted to --  
24       I'm glad you mentioned that. I think in the Outer Banks

1     what we're enjoying is more than a summer season. It's  
2     not, you know ten or twelve weeks, June to August season  
3     anymore. The season is closer to five months on average  
4     because people have discovered that May is gorgeous and a  
5     lot cheaper and the same thing with September. As Dr.  
6     Blaxton referred to, we have a shoulder season that is  
7     becoming more and more popular all of the time.

8           Q     And -- but you do rent.

9           A     I do.

10          Q     Your house is in the rental program?

11          A     Yes, it is. I manage it.

12          Q     Now, with regard to the pool backwash, I know  
13     there is evaporation in pools and spills over --

14          A     Yeah. Uh-huh.

15          Q     -- the side of the pool --

16          A     Yeah.

17          Q     -- when you backwash the filters. Doesn't that  
18     go into the sewer system?

19          A     Oh, no. It goes onto the ground.

20          Q     They let you put it on the ground in Currituck  
21     County?

22          A     Whatever -- when you clean it, when you hose it  
23     off, whatever you are doing --

24          Q     I'm talking about backwashing the filter. You



1 have a filter that filters the water, it must run  
2 through, and when you backwash, that water has to go  
3 somewhere. Does it go into the sewer system?

4 A I can't -- I don't treat the pool myself.

5 Q Okay.

6 A So I can't answer to how they do that.

7 Q Okay. And you said that you cut off the  
8 irrigation when you got that first --

9 A Yes.

10 Q -- \$900 bill. How large is your lawn?

11 A I have a small lawn, actually, because our  
12 house was built right up to the maximum coverage. The  
13 lot itself was only about a 7000 square foot lot. There  
14 is only a couple of thousand foot of irrigated and there  
15 is a driveway and everything else. It's not a large lot  
16 and not a large lawn.

17 Q Now, your house in Corolla Light, the houses in  
18 Corolla Light, would it be fair to say they generally  
19 have small lawns and those that do have lawns, do not  
20 have large lawns?

21 A I mean, I don't know how -- how you define  
22 large, but in general, I don't think there is any lot in  
23 Corolla Light that I -- that I'm aware of that's over a  
24 quarter of an area, 10,000 square feet. That might be a

1 large one. And then we have homes that are townhomes  
2 that are condominium style. I mean, there's a variety.

3 Q Now, you stated you get a quarterly bill from  
4 Dare County --

5 A Yes.

6 Q -- that's less than the one month --

7 A. One month.

8 Q -- bill you get for wastewater. Is that --  
9 Dare --

10 A Total.

11 Q -- County, are you billed for water and  
12 wastewater?

13 A Yeah. And let me clarify. It is a total month  
14 of water service, wastewater and fresh water --

15 Q Okay.

16 A -- is more than a quarter because Dare County  
17 is -- all of it is one -- I get one bill. It's  
18 wastewater and fresh water.

19 Q So when you talk about comparing it to Corolla  
20 Light, you are talking about your water bill on your  
21 first meter, your water bill on your second meter, plus  
22 the wastewater or sewer bill that you get from Carolina  
23 Water; is that correct?

24 A Yeah. What I'm really talking about is the

1 fact that water is being provided and sewage treatment,  
2 and wastewater is being treated all over, not just the  
3 Outer Banks, but the State of North Carolina for far less  
4 than we are being billed. That's what I'm trying to say.

5 MR. GRANTMYRE: Thank you. I have no further  
6 questions. Some of the others may.

7 MR. BRITTON ALLEN: No questions.

8 MR. BRADY ALLEN: No questions.

9 CROSS EXAMINATION BY MR. BENNINK:

10 Q Ms. Hoffman, I do have a few questions.

11 A All righty.

12 Q For clarification.

13 A Sure.

14 Q If you would look at your -- your Exhibit 2  
15 which is your usage for calendar years 2013, 2014, and to  
16 date 2015.

17 A Yes.

18 Q Let's just look at the month of March 2013.

19 A Okay.

20 Q I want to make sure that I'm understanding your  
21 testimony. The first meter registered, let's say,  
22 approximately 6500 gallons of usage?

23 A Yes.

24 Q And that's what you use?

1           A       That was -- yes. The month that you're  
2     pointing out and the reason you are asking me why is it  
3     higher in that particular --

4           Q       No. I'm not asking that.

5           A       Oh, I'm sorry.

6           Q       The question is the first meter, what does it  
7     register?

8           A       That is the fresh --

9           Q       How do you use that water?

10          A       That's the fresh water meter that the County --  
11     that's the original meter that was on the house. The  
12     second meter is the one that we put on for the outside  
13     use, the things that are non-sewer, so that's showing you  
14     the things that we are not billed for.

15          Q       All right. And the -- the -- I call it the  
16     second meter and irrigation meter?

17          A       Yeah.

18          Q       Are you charged separately by the County for  
19     the water you use there? Do you receive one bill or are  
20     you billed for --

21          Q       The County --

22          A       -- 16,400 gallons?

23          A       The County is charging us for everything. The  
24     second meter is the things that -- let me make sure that

1 I have this right for you. The other meter is for the  
2 things that are Utilities Inc., Carolina Water Service is  
3 charging us for.

4 Q All right. And that's -- that's my -- that's  
5 my question. I don't know if you have any of your  
6 Carolina Water Service bills, but for instance in the  
7 month of March 2013 --

8 A Uh-huh.

9 Q -- was your bill based -- would your bill from  
10 Carolina Water Service have been based upon usage of 6480  
11 gallons?

12 A It would have been based on 9920. Well, that,  
13 I understand your point. That's a higher number.

14 Q What would your Carolina Water Service bill  
15 have been based upon? How much usage?

16 A The second --

17 Q For sewer service -- for sewer service?

18 A The second meter, the second meter.

19 Q But I thought the second meter was for  
20 irrigation?

21 A. Irri--- all outside -- I don't have an  
22 irrigation meter. I have everything that goes into the  
23 house and then the other -- the second one -- let me  
24 explain this to you a different way. We have a fresh

1 water meter that measures everything. If we turn off the  
2 meter that's for the outside, we have a second meter that  
3 is at the street. The second meter fills our pool. It  
4 handles irrigation, except we have turned it off. It  
5 handles the outdoor shower, a foot wash, the outdoor use.  
6 That's why you see zero in some of the other months. It  
7 wasn't used. It was turned off.

8 Q All right. And I guess -- we will be glad to  
9 talk with you after the hearing, but for purposes of the  
10 record, I'm trying to -- to understand the basis upon  
11 which you are charged for sewer utility service. How  
12 much usage each month?

13 A If --

14 Q Based on these meter readings?

15 A Right. It's its own meter reading, the second  
16 meter.

17 MS. BLAXTON: Lynn, it's a more fundamental  
18 question.

19 THE WITNESS: I understand. I understand. I  
20 will go back and double check.

21 MS. BLAXTON: He doesn't understand why the  
22 meters are different. Now, don't worry about --

23 Q We --

24 MS. BLAXTON: He doesn't actually -- yeah.

1           A     It's your readings. We have them separated so  
2     you can't bill for things that are going in the outside,  
3     the outside meters.

4           Q     And that's the second meter?

5           A     Yes.

6           Q     All right. And so my question is just basic,  
7     does that mean that Carolina Water Service during the  
8     month of March 2013 would have billed you for usage,  
9     water usage that -- based for their sewer system charge  
10    of 16480 gallons?

11          A     Yes.

12          Q     So if that is true, then, isn't it correct that  
13    you're not being charged for sewage treatment for the  
14    9920 gallons that was used for other purposes?

15          A     You're not -- we are not being charged for  
16    things that are used on the second meter outdoors.

17          Q     All right. Then all --

18          A     That's why we put a second meter in.

19          Q     Carolina Water Service, then, is only charging  
20    you for sewer service for fresh water. It's classified  
21    what we will call fresh water that comes through the  
22    first meter. So to the extent water is used through the  
23    second meter to fill the pool --

24          A     Right.

1 Q -- water the lawn --

2 A Right.

3 Q -- you're not --

4 A We are not charged for that. That's exactly  
5 right.

6 Q Okay. That's all.

7 A We're not, but we are one of the very few  
8 people that have a second meter. Everyone else out there  
9 -- if I didn't have a second meter, I would have been  
10 charged roughly 1600 -- 16,500 gallons for sewage and  
11 wastewater treatment. That's what I would have been  
12 charged --

13 Q That's right.

14 A -- on my bill if I only had one.

15 Q And, again, tell us what you paid to have the  
16 second meter installed.

17 A A total of about \$1600 a little extra.

18 Q And so that is an option for anyone else in --  
19 in the subdivision that faces the same situation.

20 A It is. And I actually -- and appreciate you  
21 mentioning that because if -- the other option here, if  
22 -- if Carolina Water Service doesn't want to prorate the  
23 wastewater gallons on -- based upon something less than  
24 the fresh water to make more accurate billing, I mean,



1 meters could be installed for everybody so that everybody  
2 only is billed for our wastewater, and those of us that  
3 already did install that meter, we could get a rebate.  
4 That would be another option that would be fair and  
5 equitable.

6 MR. BENNINK: I have no further questions.

7 MR. GRANTMYRE: Thank you.

8 MS. HOFFMAN: Thank you.

9 MR. GRANTMYRE: Karen Galganski. Close?

10 MS. GALGANSKI: That's it.

11 MR. GRANTMYRE: Okay.

12 MS. GALGANSKI: Gentlemen, I only brought two  
13 copies.

14 MR. BRITTON ALLEN: Give them to the  
15 Commissioners.

16 MR. GRANTMYRE: All right. Give it to the  
17 court reporter, then.

18 MS. GALGANSKI: No? Yes?

19 MR. GRANTMYRE: All right. Give it to the  
20 Commissioner, please.

21 COMMISSIONER BAILEY: Just this one?

22 MS. GALGANSKI: Yes. I mean, this one could be  
23 given up as soon as I'm finished.

24 MR. GRANTMYRE: Yeah. We will give that to the

1 court reporter when you are done.

2 COMMISSIONER BAILEY: Okay. This is going to  
3 be called Galganski -- is that right --

4 MS. GALGANSKI: Yes, sir.

5 COMMISSIONER BAILEY: -- Exhibit Number 1.

6 (Galganski Exhibit Number 1 was  
7 marked for identification and  
8 admitted into evidence.)

9 COMMISSIONER BAILEY: Okay. Let's swear you  
10 in.

11 KAREN GALGANSKI: Being first duly sworn,

12 Testified as follows:

13 DIRECT EXAMINATION BY MR. GRANTMYRE:

14 Q Please state your name and address at Monterey  
15 Shores.

16 A Karen Galganski, 873 Welk Court, Corolla.

17 Q And you're in Monterey Shores --

18 A Yes, sir.

19 Q -- Development?

20 A Yes, sir.

21 Q Could you please spell your last name for the  
22 court reporter?

23 A G-A-L-G-A-N-S-K-I.

24 Q Please proceed with your statement.

1           A       I would first like to state that it was  
2 extremely upsetting to know that this hearing was stacked  
3 -- has stacked the deck twice in favor of the Applicant.  
4 First, by rule that written statements are not evidence  
5 unless those persons submitting the statements appear at  
6 the public hearing and testify and, second, that the  
7 hearing is held one and a half hours from the residences  
8 of the communities involved in this application.  
9 Monterey Shores is a 384 lot PUD, of which there are 27  
10 full-time residents. Of the remaining 357 lots, more  
11 than two-thirds of the homeowners live in Maryland, New  
12 York, New Jersey, and Pennsylvania. I am a full-time  
13 resident of Monterey Shores. My husband and I have been  
14 a homeowner since 2003.

15               In CWSNC's application, the Applicant seeks an  
16 increase of water and sewer utility service rates. It is  
17 a fact that all of Monterey Shores receives their water  
18 supply from Southern Outer Banks Water, owned and  
19 operated by Currituck County. This application would  
20 affect Corolla Light and Monterey Shores only as it  
21 relates to the Applicant's request for a sewer service  
22 increase. I believe that the rate increase sought by  
23 Carolina Water Service, Inc., is not justified.

24               As a consumer, I can see no cause for an

1 increase of rates. Applicant has not shown any growth or  
2 change in maintenance to the current plant located in  
3 Corolla, nor current or impending large maintenance or  
4 repair to any sewer lines, including cleaning out the  
5 lines, replacing lift sectors, or replacing broken lines  
6 within Monterey Shores. They currently staff an average  
7 of one person in Corolla. Applicant also has an  
8 unhealthy reputation for not answering their telephone,  
9 replying to telephone messages, or providing useful  
10 information when called upon to answer questions. I know  
11 this, as I served as President of Monterey Shores PUD for  
12 eight years and have served as General Manager for the  
13 last six years. In both positions, I have fielded many  
14 phone calls from contractors and homeowners requesting an  
15 insight as to how to get Carolina Water to assist them in  
16 sewer taps or adding or replacing lines. I myself have  
17 had two occasions that Applicant proved more than  
18 frustrating when called upon to deal with customer  
19 service issues.

20 Second, with the stagnation of new development  
21 over the last several years, Monterey Shores has only had  
22 eight houses built between the end of 2013 and present  
23 day, and the remaining unimproved lots comprise almost  
24 one-third of Monterey Shores.

1                   Third, Monterey Shores is a tourist-driven  
2   community. During the months of June, July, and August,  
3   an increase of service can be shown as 110 houses lease  
4   their homes to tourists. This figure has steadily  
5   declined. Four years ago Monterey Shores had 124 houses  
6   that rented. During the remaining nine months, Applicant  
7   services 27 full-time residents, with only two residences  
8   having children.

9                   Finally, and most importantly, Applicant  
10   currently is approved to charge the consumer by water  
11   consumption gallons, not wastewater consumption. Under  
12   that guideline, drinking water, water used for swimming  
13   pools, hot tubs or irrigation, all of which do not enter  
14   the wastewater treatment plant, is still being charged to  
15   the consumer by Applicant for 'wastewater service' and  
16   Applicant is receiving the revenue for non-wastewater  
17   gallons usage. Likewise, all of Corolla, which includes  
18   Monterey Shores and Corolla Light, does not have any  
19   street sewer systems where wastewater from washing cars,  
20   rainwater, or any other discharged water falls into  
21   piping and is eventually processed by Applicant.

22                  My household consists of two adults, new energy  
23   efficient appliances, no irrigation system, no hot tub,  
24   no pool. I attach a copy of three invoices for my

1 residence. The first, an invoice bill dated November  
2 2006, shows my gallon usage at 3,200. The sewer portion  
3 of my invoice was \$35.50. The second, an invoice bill  
4 dated April 2015, shows my gallons usage at 3,201 gallon.  
5 The sewer portion of my invoice was \$72.87, double the  
6 amount eight years prior. As a comparison, my March 2015  
7 invoice received from the Southern Outer Banks Water was  
8 \$29.18 for 3,150, which is only a 50-gallon difference of  
9 actually used gallons of water.

10 Over the years, increase by increase has been  
11 favored by the Commission.

12 In 2010, the base charge was \$40.41 and \$13.35  
13 per 1,000 gallons. 2011 to 2013, the base charge was  
14 \$55.54 and \$7.06 per 1,000 gallons of water usage. 2014  
15 the Commission ordered a decrease in sewer rates to  
16 remove the repealed gross receipts tax, which was  
17 reflected in our bill of August 2014. In 2014, they were  
18 billing \$52.26 the base charge and \$6.65 per 1,000  
19 gallons.

20 I would also like to point to Applicant's  
21 increase request in 2013, where Applicant requested  
22 \$15.65 increase in a less than 1-inch meter and a \$1.99  
23 increase in the usage charge per 1,000 gallons. In 2015,  
24 they are requesting an increase of \$14.46 in a less than

1 1-inch meter and a usage charge increase of \$1.84, which,  
2 if approved will be, according to Applicant's notice,  
3 another 27.7% increase based on an average usage of 4,347  
4 gallons.

5 For all reasons set forth above, I implore the  
6 Commission to deny the Applicant's request for a rate  
7 increase for either the base facility charge or the usage  
8 charge.

9 Thank you for your consideration.

10 Q Now, you stated you and -- you're a full-time  
11 resident?

12 A Yes, sir.

13 Q And you don't rent your house --

14 A No, sir.

15 Q -- during the summer months? And you stated  
16 you do not have a pool, a hot tub, and no irrigation  
17 system?

18 A No, sir.

19 Q Okay. So I presume, then, that you did not  
20 install an irrigation unit?

21 A I can't.

22 Q Okay. And --

23 A That's only permissible for any outside water.  
24 If it runs into the house, it is not permissible.

1           Q     And do you know how -- who inspects the -- who  
2     installs that meter? Is it the Currituck County?

3           A     SOBW, yes, sir.

4           Q     So they install the meter?

5           A     Yes, sir.

6           Q     And who checks to make sure --

7           A     Well, a plumber will install it. The County  
8     will provide it. Let me clarify. They don't install it  
9     -- to my knowledge, they don't install it themselves.

10          Q     Who -- who -- do you know -- answer this if you  
11     know, but if you don't just say you don't know. Who  
12     inspects the installation to make sure that the second  
13     meter installed does not go into -- that water is not  
14     going into the house?

15          A     There is an inspector that does do that.

16          Q     Okay. And --

17          A     The County has their inspectors.

18          Q.     And he's -- the County has the inspector?

19          A     Yes, sir.

20                 MR. GRANTMYRE: Okay. Okay. Thank you. I  
21     have no further questions.

22                 MR. BRITTON ALLEN: We have no further  
23     questions.

24                 MR. BENNINK: No questions.



1 MS. GALGANSKI: The second?

2 MR. BENNINK: Please. I guess we need to give  
3 that to the court reporter.

4 MR. GRANTMYRE: Don Cheek is next on the list.  
5 He had a question mark.

6 MR. CHEEK: I'm ready.

7 MR. GRANTMYRE: Oh.

8 MR. CHEEK: I had no questions until I heard  
9 all of this. I have got to do it.

10 MR. GRANTMYRE: Okay.

11 COMMISSIONER BAILEY: Put your left hand on the  
12 Bible and raise your right.

13 MR. CHEEK: Yes, sir.

14 DON CHEEK: Being first duly sworn,

15 Testified as follows:

16 COMMISSIONER BAILEY: Okay.

17 DIRECT EXAMINATION BY MR. GRANTMYRE:

18 Q Please state your name and please provide your  
19 address.

20 A My name is Donald Cheek, C-H-E-E-K. I live at  
21 1131 Gray Court, Corolla, North Carolina, 27927. I have  
22 lived there for 21 years. I'm also the general manager  
23 of The Corolla Light Resort.

24 Q Okay. So you're a full-time resident?

1           A     That's correct.  Yes, sir.

2           Q     What is Corolla Light Resort?  You said you are  
3     the general manager?

4           A     That's correct.

5           Q     Could you -- so they would be a commercial  
6     customer?

7           A     Parts of it is commercial.  We have area on our  
8     resort that we do have commercial --

9           Q     Okay.

10          A     -- our sports complex, our oceanfront complex,  
11     in addition to the individual homeowners.

12          Q     Okay.  Please proceed with your statement.

13          A     Mine are basically just comments of sitting and  
14     listening to -- to testimony and a lot of things pop into  
15     my mind.  Number one, I have been in the resort  
16     management business for 21 years and I get accused  
17     sometimes of saying, well, you all set a meeting so  
18     nobody could be there.  I'm not saying this is the case  
19     at all.  What I'm saying is it gives the appearance of a  
20     two-week notice that came in the mail, doesn't give you  
21     time for individuals -- we have had two that have already  
22     testified.  I have a third one that will testify shortly  
23     that drove long hours to be here.  They're not staying  
24     here right now.  They are not in Corolla Light.  They

1     drove from their homes to be here to testify because of  
2     the importance of it.

3             Should others be here? Probably. Could they  
4     be here? No. Our resort is made up of 425 homes. The  
5     majority of them are rental homes. We have ten year-  
6     round residents. Two of those year-round residents are  
7     really not in the condition to get in a vehicle and drive  
8     down here. I even offered an opportunity for them to  
9     come tonight and come down. They weren't able to do  
10    that. So with a proper notice in the time that we were  
11    not into the rental season, obviously, you could have a  
12    lot more people here and they could get a lot more  
13    testimony of how this impacts them as individuals. Okay.

14            The question was mentioned earlier about pools.  
15    Where does the water go from swimming pools? The County  
16    has an ordinance that when you put in a swimming pool,  
17    your water does not go into the wastewater system; it  
18    goes in the ground either in a French drain system, into  
19    the sand, or some type of drain so it can perk. So it  
20    does not go back through the wastewater system.

21            There was mention a moment ago about the option  
22    to purchase a meter and Ms. Hoffman made the indication  
23    that her cost was roughly \$1,600 to do that. Is it an  
24    option? It certainly is an option for people that can

1    afford to purchase a meter and have it installed. The  
2    situation we have got, which you all are probably  
3    impacted like we were about five or six years ago, my  
4    property values of my home dropped dramatically as most  
5    people did on the Outer Banks, and I think some of you  
6    all here were probably in that same impact that we dealt  
7    with. We still have owners that are in a situation to  
8    where they rent their home to generate revenue to help  
9    pay for their home. The people that wanted to sell homes  
10   could sell homes because the price went down so quick and  
11   so rapid.

12                    So now you have got these people that are  
13   trying to rent that are in a position they are competing  
14   with one another, trying to get rentals. So we -- by the  
15   market going south and also the competitiveness of  
16   rentals, a lot of people started dropping rates just to  
17   get people to come to their home to help defer this cost.  
18   They still have the other costs of the wastewater and the  
19   sewer and all the other incidentals they have to pay for,  
20   but in a lot of cases was less revenue than they were  
21   generating before which makes it very difficult.

22                    A lot of things happened. We most recently --  
23   I don't know if you-all heard about it or not -- we had a  
24   major fire in our development. It destroyed -- destroyed

1 a business that had been there for quite some time. It  
2 was a real estate company. And as a result, it destroyed  
3 five homes. Of the five homes, two are completely --  
4 have to be torn down. The other three are going to have  
5 to be gutted and rebuilt on the inside.

6 We have an impact. We have a revenue loss  
7 there. It's a huge revenue loss for those people that  
8 have those homes. Not just that, but you mentioned about  
9 the Villas. The Villas is an association within Corolla  
10 Light. The fire was in the Mirage Association. Mirage  
11 has 42 units and they're impacted. We have had people  
12 that have come to rent there since the fire and they  
13 don't want to stay there because the fact they are seeing  
14 dumpsters to where people are cleaning out their house,  
15 trying to get where they can rebuild to generate some  
16 revenue, so they're losing a tremendous amount of revenue  
17 that they are counting on not just to pay their water  
18 bill and pay their sewer bill.

19 So all I'm asking for is consideration,  
20 consideration that it's very difficult to bring people  
21 out this time of year for a meeting. Could there be more  
22 people? Absolutely. At a proper time people could make  
23 arrangements and probably get down here. Rental season  
24 is not it. These people have to rent. Most of the

1 people have to rent. Not all of them do, but most of  
2 them have to rent.

3 Now, the 425 homes we have, we have about 287  
4 that actually rent their homes out and are very dependent  
5 on that, so consideration for that and definitely  
6 consideration for this increase. You know, we just went  
7 through this a few years ago and it's very difficult. I  
8 don't think the economy has changed a whole lot since  
9 that last request. If anything, in some situations it's  
10 worser, I'm sure.

11 So we would ask for your consideration. We  
12 would ask that proper notification be given in the future  
13 to allow people time to make plans to come here. I know  
14 you have received some letters already. Letters are not  
15 near as important in my mind as an individual can  
16 actually sit here and talk to you and then answer  
17 questions that you might have, so we do thank you for  
18 holding this hearing. It's important, and we appreciate  
19 the opportunity for those of us who could make it to be  
20 able to sit here and at least give you our opinion. I  
21 don't know if I mentioned when I first started, but as a  
22 homeowner, I'm certainly opposed to the rate increase,  
23 and as a general manager of the resort, the consensus I'm  
24 hearing from the owners, I'm obviously representing them

1 in opposition as well. So thank you for your time, I  
2 appreciate it.

3 Q Do you happen to know on the rental properties  
4 in general what the, I guess, you call it the fillage  
5 rate for the summer, how much -- what -- is it about 95%?

6 A That rent?

7 Q No. That -- that are fully rented, you know,  
8 for the summer?

9 A Probably right -- right now, we're in about 70,  
10 75% rate and that changes. It varies from week to week.  
11 You know, some weeks you think it's going to be an  
12 exceptional week and you don't have the numbers.

13 Q But isn't July and August your --

14 A The normally the biggest weeks. That's  
15 correct.

16 Q Because the water usage or what Carolina Water  
17 bills is the highest --

18 A Uh-huh.

19 Q -- in those two months?

20 A That's normally our biggest months. That's  
21 correct.

22 Q Okay.

23 A And then it goes along with, you know, school  
24 is out. You know, people are delayed because of winter

1 and all so they come a little later so that's correct,  
2 sir.

3 MR. GRANTMYRE: Thank you. I have no further  
4 questions.

5 MR. BRITTON ALLEN: We have no questions.

6 MR. BENNINK: No questions.

7 MR. CHEEK: Thank you. I appreciate it.

8 COMMISSIONER BAILEY: We appreciate you coming.

9 MR. GRANTMYRE: And Rhonda Cheek said no. Do  
10 you still say no?

11 MS. CHEEK: No.

12 MR. GRANTMYRE: The next person said no,  
13 Sranne Senanni?

14 MS. SENANNI: Senanni.

15 MR. GRANTMYRE: That's a no?

16 MS. SENANNI: Still a no.

17 MR. GRANTMYRE: Okay. Dave Phillips. That's a  
18 yes?

19 MR. PHILLIPS: Yes.

20 MR. GRANTMYRE: Okay. And next up will be  
21 Barbara Gernat and Meade Gwinn.

22 COMMISSIONER BAILEY: Okay. We will call this  
23 exhibit Phillips Exhibit 1.

24 (Whereupon, Phillips Exhibit Number 1



1                   was marked for identification and  
2                   admitted into evidence.)

3                   MR. GRANTMYRE: Do you have an extra one for  
4                   our engineer?

5                   MR. PHILLIPS: Oh, yes.

6                   COMMISSIONER BAILEY: We will swear you in.  
7                   Put your left hand on the Bible and raise your right.

8                   DAVE PHILLIPS: Being first duly sworn,

9                   Testified as follows:

10                  DIRECT EXAMINATION BY MR. GRANTMYRE:

11                  Q     Please state your name.

12                  A     Dave Phillips.

13                  Q     And please spell your last name.

14                  A     P-H-I-L-L-I-P-S.

15                  Q     Two L's?

16                  A     Two L's.

17                  Q     Okay. And you're a resident of Corolla Light  
18                  or you have a house there?

19                  A     I have a house there.

20                  Q     And --

21                  A     A condominium.

22                  Q     Okay. A condo at 1056 Mirage Street, Number  
23                  413?

24                  A     Right.

1 Q Okay. Please proceed with your statement.

2 A Chairman Bailey or Commissioner Bailey --  
3 Bailey and Commissioner Dockham, I own a small three-  
4 bedroom rental condominium in Corolla Light community  
5 located in Corolla, North Carolina. While I don't  
6 normally involve myself in commenting on utility rate  
7 increases, 27% seemed rather extraordinary so I took some  
8 time to research the matter. What I found is nothing  
9 short of outrageous.

10 The table below was created using data from  
11 actual CWS bills I've received. The 8,120 gallons used  
12 as a reference in the table is the actual amount I was  
13 billed for in July 2009.

14 As you can see, CWS is requesting a 264%  
15 increase over the sewage rate they charged in 2009 based  
16 on 8,120 gallons. In fact, in July of 2009, CWS provided  
17 both sewer and water service to Corolla Light. My bill  
18 for that month, water and sewer combined for 8,120  
19 gallons, was \$134.62. That's 1% less than what they want  
20 to charge today, only six years later, for sewage service  
21 alone. During this time, CWS has continued to use the  
22 same wastewater treatment facility, and has made few, if  
23 any, improvements that would justify any rate increase,  
24 let alone the 264% increase documented in the table

1     above.

2                 In another example of the egregious nature of  
3     this request, this table compares CWS's current and  
4     proposed rates to the actual rates Currituck County  
5     charges Ocean Sands, a Corolla neighborhood only a few  
6     miles south of Corolla Light.

7                 Ocean Sands is a vacation community very --  
8     with very similar demographic to what you see in Corolla  
9     Light. It's a seasonal rental property. It is vacant  
10    much of the year so whatever difficulties that might be  
11    present in servicing such an area, those same  
12    difficulties apply in Ocean Sands.

13                As the table shows, CWS's current rate is 78%  
14    higher than Currituck County's rate for Ocean Sands, and  
15    the proposed rate is 127% higher. Again, this is based  
16    on 8,120 gallons.

17                Currituck County has proven that a competent  
18    operator can provide sewage service on the Outer Banks at  
19    rates much lower than what CWS is currently charging. I  
20    urge the Commission to not only deny the proposed  
21    increase, but roll back CWS rates to levels comparable to  
22    what Currituck County charges Ocean Sands. Sincerely,  
23    David Phillips.

24                And what I have attached to the letter is the

1 2009 bill which I reference in the tables and behind that  
2 you will see the rate schedule that Currituck County  
3 provides for Ocean Sands for their sewage service.

4 Q Does that complete your statement?

5 A Yes, it does.

6 Q Okay. Do you rent your condo?

7 A I do.

8 Q Okay. It is seasonal rentals during the  
9 summer?

10 A Yes.

11 Q Okay. Now, with regard to Ocean Sands, have  
12 you ever had the opportunity to observe their wastewater  
13 treatment plant?

14 A I have not.

15 Q Okay. Are you aware that it is a very old  
16 plant that Currituck County maybe -- maybe has considered  
17 -- or has considered divesting itself of?

18 A I'm not familiar with it.

19 Q And in comparison, Carolina Water has a brand  
20 new NPR plant, state-of-the-art wastewater treatment  
21 plant?

22 A Is that new since 2009?

23 Q No, it's the 2009 plant.

24 A I see.

1 Q Okay.

2 A No, I was not aware of that.

3 MR. GRANTMYRE: Thank you. I have no further  
4 questions.

5 MR. BRITTON ALLEN: No questions.

6 CROSS EXAMINATION BY MR. BENNINK:

7 Q One question for clarification, if you know.

8 A Sure.

9 Q Does Currituck County provide sewer service to  
10 any other locality other than Ocean Sands?

11 A I couldn't speak to that.

12 MR. BENNINK: All right. That's all. Thank  
13 you.

14 COMMISSIONER BAILEY: Thank you.

15 MR. GRANTMYRE: Barbara --

16 MS. GERNAT: Gernat.

17 MR. GRANTMYRE: Gernat. Okay.

18 COMMISSIONER BAILEY: Raise your right hand.

19 BARBARA GERNAT: Being first duly sworn,

20 Testified as follows:

21 DIRECT EXAMINATION BY MR. GRANTMYRE:

22 Q Please state your name and spell your last  
23 name.

24 A It's Barbara Gernat, G-E-R-N-A-T.

1 Q And what is your address?

2 A 5309 Captains Way --

3 Q And --

4 A -- Nags Head, which is in the Captains Watch  
5 mini development within The Village.

6 Q Okay. When you say The Village, you are  
7 talking about The Village of Nags Head?

8 A At Nags Head. Uh-huh.

9 Q And --

10 A That large development.

11 Q And that is located within the Town of Nags  
12 Head, also, correct?

13 A Correct.

14 Q Okay. Please proceed with your statement.

15 A First of all, I will apologize for reading my  
16 information. I don't want to ramble, but yet I want to  
17 do it right. I also did not bring copies, but would be  
18 very willing to give you copies of this information which  
19 is a bit different than what I had sent previously to Ms.  
20 Casselberry.

21 Q But would you be willing to give whatever you  
22 are reading to the court reporter so assist her when  
23 she --

24 A Certainly.

1           Q     -- when she does the transcript because then we  
2     could all read the transcript.

3           A     Okay. And there a lot of scribbles, so -- but  
4     I think you have probably done that before.

5                 I am requesting that you deny Carolina Water's  
6     application for a rate increase at the Nags Head Sewage  
7     Plant based on the plant's inefficient operations and  
8     inequitable rates.

9                 In 1992, we owned a vacation home at 5308  
10    Captains Way. Since 2005, we have been full-time  
11    residents on Captains Way. We weathered the terrible  
12    problems of 2009, which you are all aware of, while  
13    living at 5308. Carolina Water increased our rates by  
14    30%, a little more than 30%. The severity of the  
15    problems subsided. Since there were no major concerns,  
16    we confidently purchased 5309, which is closer to the  
17    plant, actually across the golf course from the plant,  
18    because the plant is located on the course.

19                The odors increased to horrific levels during  
20    the spring of 2014. I began noting dates and alerting  
21    the plant engineer and/or customer service. During the  
22    summer I reported approximately 47 days of terrible odors  
23    which often prohibited opening windows or being outdoors.  
24    In October 2014, the Town staff and community members met

1 with Danny Lassiter, Eddie Baldwin, and Joel Norris from  
2 Carolina Water. The staff assured us, Carolina Water's  
3 staff, assured us that the plant could handle the usage,  
4 but not -- but did not directly answer many of our  
5 questions regarding efficiency and effectiveness. We had  
6 a little bit of smoking mirrors approach at our meeting.  
7 Mr. Lassiter did say that odors are a normal thing. They  
8 did follow through, however, on their promise to install  
9 new equipment to replace that which was over 20 years old  
10 and are using more costly chemicals. That happened  
11 during the fall/winter of 2014 and this spring. Since I  
12 live within view of the plant, I saw the cranes and I saw  
13 the actual equipment going in.

14           However, their efforts have not solved the  
15 problems. The odors began again this spring with a  
16 vengeance. Since May 22, the odors have been very bad.  
17 I was told that the meter readings prior to Memorial Day  
18 were less than 100,000 gallons per day. During the  
19 holiday weekend, the readings rose to 315,000 gallons.  
20 Last week, the average reading was 324,000 gallons with  
21 one day of 364,000 gallons.

22           To date, I have logged and reported 17 days of  
23 the most nauseating odors, strong chemical or sewage  
24 odors, for 17 out of 32 days. I am told that the plant



1 can handle up to 500,000 gallons per day. I'm also told  
2 that odors are exacerbated by humidity, temperatures, and  
3 winds. Nags Head has always been on the ocean. It is  
4 humid, windy, and warm, hot the last couple of weeks like  
5 the rest of you have experienced. I have to conclude  
6 that Carolina Water's facility is not appropriate to meet  
7 the needs of the community.

8 We are a tourist destination for families, for  
9 beachgoers, water sports and golf. I believe over half  
10 the homes are seasonal rentals. The rental company that  
11 services most of The Village has had 95% occupancy rate  
12 this week, yet July is our most crowded month. The  
13 Commission looks at yearly average flow rates. I ask you  
14 to rethink that protocol because of our seasonal issues.  
15 If odors continue, the plant will not only hurt us  
16 physically, but fiscally. Who wants to buy a home, spend  
17 time outdoors, or play golf in the stench?

18 Regarding the flat-rate fees: I live in a  
19 three-bedroom home and pay the same rate as a six-  
20 bedroom, home which is twice my size, or a ten-bedroom  
21 home. There are approximately 623 residential units and  
22 20 commercial properties which are retail and restaurants  
23 in The Village. Approximately 40% of the homes are five  
24 bedrooms or more. Approximately 43% of those are six to

1    ten bedroom homes. Many homes are second or summer  
2    rentals -- or second homes or summer homes. I request a  
3    more equitable scale.

4                    When asked about this issue in October, Mr.  
5    Lassiter told us to be -- it would be quite a problem to  
6    reconfigure the billing. I pay close to three times more  
7    for sewage than I do for water. We are a tourist  
8    destination so our usage from spring to late fall is much  
9    different than the winter, although our winter activities  
10   have increased. Thanksgiving week is a huge week for us,  
11   Christmas, New Year's is huge.

12                   I understand that Carolina Water must be  
13    equitable to its shareholders and to the utilities to  
14    state, but certainly not at the -- as a priority over or  
15    at the expense of its clients. I am, however, willing to  
16    pay my share of an increase if it is equitable and solve  
17    the problem -- and solves the problems on a permanent  
18    basis.

19                   Again, on behalf of the residents of The  
20    Village and the Town of Nags Head, I ask that at this  
21    time you deny the 21.2% increase, which would result in  
22    an approximately 54% increase in the last five years with  
23    no foreseeable solution to our concerns. Thank you.

24                   Q    So your testimony is you are -- and your

1 husband are permanent residents of --

2 A Yes, sir. We have been for five -- for ten  
3 years.

4 Q For ten years. And from what you have  
5 testified, I think -- I think it somewhat unequitable  
6 that with your house not being on the rentals program,  
7 you are subsidizing some of these six- to ten-bedroom  
8 homes that are on the rental program that create a lot of  
9 wastewater during the peak season?

10 A Yes. And I know that when we don't have our  
11 visitors or vacationers, it's an odd configuration  
12 because there might be a ten-bedroom house that doesn't  
13 use any wastewater. But somehow it seems to me you all  
14 are much smarter and better at numbers than I am and  
15 Carolina Water is much smarter and better with numbers  
16 than I am, that we can find some minimal rate and some  
17 kind of equitable rate that I am not paying the same  
18 amount and three times what the water rate is.

19 Q One of the customers from Nags Head -- I have  
20 looked in my file and I don't have that letter with me --  
21 said that the -- they wanted the base rate to be lower  
22 and the per gallon charge higher because that would  
23 protect the permanent residents and not have them  
24 subsidize the rental property. Was that your letter

1 or --

2 A No.

3 Q Okay.

4 A That's more numbers than I do usually.

5 Q Okay.

6 A I mean, this is a lot of numbers for me.

7 Q Thank you. And on the odors from the  
8 wastewater treatment plant, I believe the gist of your  
9 testimony is that during peak seasons when the flows to  
10 the plant increase primarily from the rental seasons,  
11 that's when the odors occur?

12 A Yes. We -- I smell no odors in April --

13 Q January, February --

14 A -- they started slightly in May and then just  
15 got to the point where I cannot sit out on my deck. I  
16 can't go out --

17 Q And 4th of July week will be the worst?

18 A Yes, sir.

19 Q Okay. Thank you. I have no further --

20 A And we are already 95% rented out in The  
21 Village at least with that company that is the largest  
22 rental company.

23 MR. GRANTMYRE: Okay. Thank you. I have no  
24 further questions.

1 MR. BRITTON ALLEN: I actually have a couple.

2 CROSS EXAMINATION BY MR. BRITTON ALLEN:

3 Q Have you been in the hearing room the entire  
4 hearing?

5 A Yes, sir.

6 Q Do you recall a question Mr. Grantmyre asked  
7 the first witness concerning people who are home --  
8 homeowners, permanent residents worrying about  
9 subsidizing rental residences?

10 A I did hear that.

11 Q You did hear that. And then that's something  
12 that you're concerned about; is that right? You just  
13 said that you were?

14 A Yes. Yes.

15 Q And the reason -- and your -- your place --  
16 your development, you are charged a flat fee?

17 A Yes.

18 Q Everyone is charged fee and you're not metered;  
19 is that correct?

20 A Correct.

21 Q So if you were metered, would that -- would  
22 that improve that situation for you?

23 A It probably would improve it for me if there  
24 was some sort of adjustment based on those low usage

1 winter rates.

2 Q I understand. I understand. But -- so your  
3 concern is more because you're paying a flat fee, you're  
4 subsidizing?

5 A I pay the same flat fee on every month as did a  
6 ten-bedroom -- as does a ten-bedroom home.

7 MR. BRITTON ALLEN: Thank you.

8 MR. BRADY ALLEN: No questions.

9 MR. BENNINK: No questions.

10 MR. GRANTMYRE: One quick follow up.

11 REDIRECT EXAMINATION BY MR. GRANTMYRE:

12 Q You understand Carolina Water has applied for a  
13 metered rate for The Village of Nags Head?

14 A No. I'm not aware of that.

15 Q Okay.

16 MR. GRANTMYRE: They haven't?

17 MR. BENNINK: No.

18 AUDIENCE MEMBER: Commercial only.

19 AUDIENCE MEMBER: No.

20 MR. GRANTMYRE: It's commercial only. Okay.

21 I'll look again. The way I read it, it is said  
22 residential.

23 MS. GERNAT: Thank you very much.

24 COMMISSIONER BAILEY: Thank you, ma'am. I

1 appreciate it.

2 COMMISSIONER BAILEY: Any more witnesses?

3 MR. GRANTMYRE: Oh, I'm sorry. Meade Gwinn.

4 COMMISSIONER BALIEY: I'm going to swear you  
5 in, please.

6 MEADE GWINN: Being first duly sworn,

7 Testified as follows:

8 DIRECT EXAMINATION BY MR. GRANTMYRE:

9 Q Please state your name and spell your last  
10 name.

11 A My name is Meade Gwinn. My last name is  
12 spelled G-W-I-N-N.

13 Q And what is your address of your property at  
14 The Village of Nags Head?

15 A 4913 South Links Drive, Nags Head, North  
16 Carolina.

17 Q And are you a permanent resident there?

18 A I am not.

19 Q Okay. You are a customer of Carolina Water?

20 A I am.

21 Q Okay. Please proceed with your statement.

22 A Thank you. Commissioner Bailey, Commissioner  
23 Dockham, distinguished guests, my name is Meade Gwinn. I  
24 am the President of The Village of Nags Head Property

1 Owners Association. I want to thank you, first of all,  
2 for providing us an opportunity to share our thoughts and  
3 concerns with you this evening.

4 The Village of Nags Head, as you have heard  
5 earlier with Barbara's testimony, has about 623  
6 residential units in that subdivision within the Town of  
7 Nags Head. Now, most of those units are rentals units.  
8 My home is a second home. I do have a pool, no hot tub.  
9 And as a result, the Village of Nags Head is a  
10 significant generator of income to the State of North  
11 Carolina through rental income taxes, sales taxes,  
12 property taxes, and more. The one thing unique about our  
13 community is that we're not a typical home with children  
14 that are school-aged children using a lot of services, so  
15 we don't get back proportionally what other families get  
16 back in services from the State. My point is that our  
17 owners pay out far more by comparison to what they  
18 receive from the State.

19 The owners also depend on rental income to help  
20 defray their overhead. I happened to see one piece of  
21 property with my daughter who is looking to buy, and it  
22 is in the rental unit and perhaps about 55% of what the  
23 gross charges would be would actually go to the owner.  
24 The balance of it is for overhead and expenses. And as



1 the chief was saying earlier with -- with the  
2 competition, rates are coming down in some cases. These  
3 rate increases are putting a significant pinch on -- on  
4 what the owners have left over to pay for their homes.

5 The other thing that it means, that satisfied  
6 customers will come back again and again. So we are not  
7 asking for much in the way of services or assistance from  
8 the State, but in this case we are asking for your help.

9 Carolina Water Service has no competition. We  
10 don't have any leverage in terms of being able to -- to  
11 hold down their rates other than through you all. And  
12 you are the only regulatory body that has the authority  
13 to determine what is a fair and appropriate rate that  
14 they may charge for treating our sewage. If you grant  
15 their request, this will be the second time in recent  
16 years that they have had an increase and this amounts --  
17 this next one will be about a 23% increase over our  
18 current rates.

19 Our concern is more than just about the  
20 requested rate increase, but it also about the persistent  
21 issues that Carolina Water Services has not adequately  
22 addressed. The two issues have to do with the terrible  
23 odor that Barbara has -- has mentioned very, very  
24 succinctly -- it plagues those that are downwind of the

1 treatment facility -- and the problems associated with  
2 not being able to handle all of the waste treatment  
3 particularly during the peak summer months. These issues  
4 reduce the enjoyment, as Barbara said, by our renters and  
5 may deter -- deter them from coming back again or, even  
6 worse, telling their friends that they know the problems  
7 with the odor and the potential health hazards associated  
8 with the facility being unable to handle wastewater  
9 treatment during peak season. We are going into it right  
10 now.

11           There have been a few customer meetings held  
12 between Carolina Water Service and the citizens within  
13 The Village of Nags Head concerning the wastewater  
14 problems. And as of this writing, those problems are  
15 still there. I am aware that since the last meeting in  
16 October of 2014, the facility has completed several  
17 upgrades and has attempted to address the odor issue, but  
18 has been unsuccessful in correcting those problems, so we  
19 haven't benefitted from the last increase that included  
20 the sewer system improvement charge. As some may not  
21 know, the SSIC is the additional rate adjustment to the  
22 general rate allowed by the Utilities Commission that is  
23 intended to give the utility company additional income  
24 for the repair, improvement and replacement of the sewer

1 system infrastructure completed between rates cases. In  
2 this case that hasn't been done, and yet they are asking  
3 for another increase.

4 Public records that I looked at recently  
5 included an email dated June 10th, 2015, to a customer by  
6 the name of Spencer Sharp. This is in public record.  
7 This email was generated in response to his comments by  
8 Gina Casselberry with the Public Staff, North Carolina  
9 Utilities Commission. She writes that the last sewer  
10 system improvement charge was provisionally approved by  
11 the Order dated March 24th, 2015. She further writes  
12 that the Public Staff will review the books and the  
13 records of the Company for prudence and reasonableness.  
14 I would strongly suggest that the outcome of Carolina  
15 Water Service's efforts to correct these issues should  
16 also be included in the analysis.

17 In conclusion, the rate increase should only be  
18 granted if and when the Company adequately addresses the  
19 problems that you have heard about this evening, and that  
20 the Public Staff can then scrutinize their expenses and  
21 requested rate percentage for prudence and  
22 reasonableness.

23 I thank you all for your time and thoughtful  
24 consideration of all the customers presenting here this

1 evening. Thank you.

2 Q With respect to the odor from the wastewater  
3 treatment plant, I believe you testified earlier that you  
4 are the president of the HOA?

5 A Property Owners Association.

6 Q Okay.

7 A Yes, sir.

8 Q As -- in your meetings, have many of the  
9 customers talked to you about odors at the wastewater  
10 treatment plant?

11 A Yes, they have.

12 Q And how is it -- is similar to what Ms. Gernat  
13 said, it's normally during the high flow seasons that the  
14 odors occur?

15 A Yes, it is. And I have worked on the golf  
16 course. I have played on that golf course there. It's  
17 in our community. And a hot day when the wind is  
18 blowing, which it always does down there, you are going  
19 to get a healthy dose of that smell, and it's awful.

20 Q Now, the -- the wastewater treatment plant is  
21 on the ocean side of that -- that golf course hole,  
22 correct?

23 A It is -- it is towards the ocean from the golf  
24 course.

1 Q Yeah.

2 A Yes, it is.

3 Q And how far is your house from -- and Mrs.  
4 Gernat's house is on the other side of the fairway; is  
5 that correct?

6 A Yes, it is. I am -- I'm -- if you know where  
7 the hospital is, I'm down by the hospital, so I'm a  
8 pretty good distance from that facility.

9 Q Okay. But you do play on the golf course?

10 A I do.

11 Q And when you go down that fairway --

12 A You can pretty well -- when you are hitting on  
13 Number 12, you are going to get a healthy dose from the  
14 plant and then from that retention pond down there, which  
15 it certainly is questionable when you go by it.

16 MR. GRANTMYRE: Thank you. That's all the  
17 questions I have.

18 MR. BRITTON ALLEN: We have no questions.

19 CROSS EXAMINATION BY MR. BENNINK:

20 Q Mr. Gwinn, I've got --

21 A Oh, I'm sorry.

22 Q That's all right. You mentioned the sewer  
23 system improvement charge?

24 A Yes.

1           Q     Is -- is it your impression that that applies  
2     to Nags Head Village?

3           A     Yes, sir. I am.

4           Q     I say by way of history that the last rate  
5     case, are you aware that the last time the rates were  
6     increased for Nags Head sewer customers was in, I  
7     believe, February of 2011?

8           A     Uh-huh.

9           Q     A little over four years ago?

10          A     Right.

11          Q     The sewer system improvement charge was  
12     approved by the Utilities Commission in the 2014 rate  
13     case for Carolina Water Service and Nags Head Village was  
14     not part of that case. The Company, in that case, did  
15     not apply to increase or change rates for Nags Head  
16     Village, and so at this point in time the sewer system  
17     improvement charge does not apply to Nags Head and it's  
18     been your understanding that -- that it was the other way  
19     around?

20          A     It was my understanding that it is included in  
21     the current request.

22          Q     It is included in the current request, but  
23     today it does not apply --

24          A     Today does not apply, but it would apply if

1     this were approved by the Commission, would it not?

2           Q     That's right.  That's right.

3           A     Okay.

4           Q     I just want to clarify that.

5           A     Okay.

6                   MR. BENNINK:  Thank you.

7                   MR. GRANTMYRE:  The next customer, it had a  
8     maybe, and it's John --

9                   MR. RATZENBERGER:  Ratzenberger.

10                  MR. GRANTMYRE:  -- Ratzenberger, Town of Nags  
11     Head.  Town of Nags Head.  Okay.

12                  MR. RATZENBERGER:  I have no goodies.

13                  COMMISSIONER BAILEY:  Let's swear him in.

14     JOHN RATZENBERGER:           Being first duly sworn,

15                                   Testified as follows:

16     DIRECT EXAMINATION BY MR. GRANTMYRE:

17           Q     Please state your name, and spell your last  
18     name.

19           A     My name is John Ratzenberger -- Ratzenberger,  
20     R-A-T-Z-E-N-B-E-R-G-E-R.

21           Q     And what is your address?

22           A     I live at 119 Sea Watch Court in the Sea Watch  
23     Community of The Village of Nags Head in Nags Head, North  
24     Carolina.

1           Q     So you are a customer, then, of Carolina Water  
2     for sewer service?

3           A     Yes, I am.

4           Q     And you also -- I think you said that you are  
5     also testifying as a commissioner for the Town of Nags  
6     Head?

7           A     Right. I am -- I'm a commissioner in the Town  
8     of Nags Head. We have a couple of municipal facilities  
9     that are also customers. I would prefer to leave most of  
10    that to our town manager who will follow me.

11          Q     Okay. So you're testifying basically as an  
12    individual customer?

13          A     Yes.

14          Q     Okay. Please proceed with your testimony.

15          A     Okay. I've been involved in this heavily since  
16    2014 because it came to me both as a resident and as a  
17    commissioner about the odor problems and the capacity  
18    problems. I want to thank you all for having the hearing  
19    here for us to talk about it. I do not want to repeat  
20    anything Ms. Gernat or Mr. Gwinn said, but we have had  
21    two issues here and they have been talked about with  
22    Carolina Water, and in many cases they have been very  
23    forthcoming with their own information. And we're  
24    relying very heavily on emails from Mr. Lassiter and



1 others that tell us things they are doing.

2 But first off, the true capacity of the plant  
3 which is permitted, as far as we know, at 400,000  
4 gallons, but I have statements that say that they are  
5 improving and brought it up to 500,000. I don't know if  
6 it is permitted at that level. We were over sometimes,  
7 over 400,000 last year which was the subject of our  
8 meeting, this October meeting that we had. So to hear  
9 that it was up to 500,000 could be a good thing, but we  
10 don't really know that that's the case.

11 That aside, we know -- we also know that the  
12 capacity of the plant, and it's not -- it's nothing to do  
13 with the odor situation. The odor situation is a  
14 separate thing. I personally at my residence do not  
15 smell it. I'm off center from the northeast/southwest  
16 winds that cut through the Town that carry that odor. I  
17 can pick it up when I do walks or runs through The  
18 Village and I hear about it from others that are in --  
19 mostly in that direct path or the golfers. I also hear  
20 about it from all the folks at Douglas R. Remaley Fire  
21 Station 16 which is our Town fire station which is just  
22 east of the plant and gets a healthy dose from the odors.

23 My point on this is really to say that without  
24 getting into all the numbers and the rest of it, I would

1     like the Commission to consider, first off, the  
2     validation of the capacity of the plant and, secondly,  
3     the steps that Carolina Water is taking, has taken, and  
4     will be taking on the resolution of the odor issues that  
5     have been brought up many times as testified by Ms.  
6     Gernat in your consideration of the rate increase to see  
7     if, in fact, they have adequately addressed those issues  
8     to the point of where an increase could be justified by  
9     the expenses of dealing with them.

10                 Right now, I think as you have heard already,  
11     we're not convinced. In fact, some of the emails that we  
12     have from -- show that there are things that will be  
13     still happen later in the summer. So we don't quite  
14     consider the improvements that we have talking about over  
15     a year to be -- to be done yet.

16                 So I simply ask you to take a look at those as  
17     you make the consideration of what you are going to do.  
18     And that completes my statement.

19                 MR. GRANTMYRE: We have no follow-up questions.

20                 MR. BRITTON ALLEN: No questions.

21     CROSS EXAMINATION BY MR. BENNINK:

22                 Q     Mr. Ratzenberger, tell me again your capacity  
23     with the Town of Nags Head.

24                 A     I'm an elected commissioner on the Board of

1 Commissioners, Town of Nags Head.

2 Q All right. Does the Town provide any sewer  
3 utility service at all?

4 A No. If you're not -- if you're not on The  
5 Village system, you're a septic system. We're purely  
6 septic and the Town does no -- does no sewer. It does  
7 water, but that's it.

8 Q So is Carolina Water Service, to your  
9 knowledge, the only public utility operating in -- in the  
10 Town of Nags Head?

11 A Yes.

12 Q And so every -- everyone -- anyone who is not a  
13 customer of --

14 A Right.

15 Q -- the Carolina Water Service has to have a  
16 private septic system?

17 A Correct. Either, you know, an in-ground or  
18 intubative or whatever, but it's -- it's effectively a  
19 private system. The Village of Nags Head is a special  
20 development community that was built up in the Town of  
21 Nags Head specifically to have a mixed  
22 residential/commercial/recreational use in a specific  
23 plot of ground, and to do that to get the density of  
24 homes that they wanted, they permitted a sewer system.

1 Other than that, we in the Town of Nags Head do not  
2 permit overall sewer systems.

3 MR. BENNINK: That's all. Thank you.

4 COMMISSIONER BAILEY: Thank you, sir.

5 MR. RATZENBERGER: Thank you, gentlemen.

6 MR. GRANTMYRE: Cliff Ogburn or Ogburn.

7 MR. OGBURN: Ogburn.

8 COMMISSIONER BAILEY: Put your left hand on the  
9 Bible and raise your right.

10 CLIFF OGBURN: Being first duly sworn,

11 Testified as follows:

12 DIRECT EXAMINATION BY MR. GRANTMYRE:

13 Q Please state your name and spell your last  
14 name.

15 A It's Cliff Ogburn, O-G-B-U-R-N.

16 Q And you list your address as P.O. Box 99, Nags  
17 Head, and you're representing the Town of Nags Head?

18 A Yes, sir.

19 Q Okay. You -- you're not a customer inside --  
20 you, yourself, are not a customer of Carolina Water at  
21 The Village of Nags Head?

22 A Our -- the fire department is.

23 Q Okay. So your -- your fire department, which  
24 the Town is in charge of, is a customer?

1           A       Yes.

2           Q       Okay. Please proceed with your statement.

3           A       Yes, sir. I first want to offer, Nags Head  
4       drove an hour -- Currituck folks drove an hour and a  
5       half. The next time you want to bring us folks together,  
6       we will gladly host a site closer, somewhere maybe that  
7       splits the difference. But I do appreciate the chance to  
8       be able to be here and speak to you.

9                   Just to piggyback a little bit, the capacity  
10       issue that Commissioner Ratzenberger spoke about has been  
11       an ongoing concern, coupled with the complaints of odor  
12       that we get. The State put a moratorium on Carolina  
13       Water back in August of 2008, at which time building  
14       permits and building applications were suspended until  
15       the -- the inefficiencies of the plant could be  
16       addressed. The moratorium was lifted in October of 2010.  
17       Since that time, we have -- we continue to be concerned  
18       about the capacity and whether or not the plant can  
19       actually fully handle the load that's placed on it.

20                   We thankfully -- Mr. Lashua and Mr. Lassiter  
21       and others came before our board in October of '08, and  
22       at that time they have readily told us and admitted to us  
23       that the plant has a very difficult time with meeting the  
24       demand and the load. Mr. Lashua at the time said that it

1 was about like pouring a ten-gallon bucket of water into  
2 a five-gallon bucket.

3 So we do have some concerns ongoing with the  
4 capacity, along with the smell. The -- the rates are  
5 somewhat of a concern. You have heard that. There are  
6 approximately twenty commercial units -- twenty  
7 commercial lots and they may have more than one meter on  
8 these. Some of these are strip developments. They may  
9 have more -- more than one meter, but there are  
10 approximately twenty commercial units. The fire  
11 department is considered as a commercial unit so we get  
12 charged the gallon usage for -- we did the numbers for  
13 us. It will go from about \$2,000 a year to about \$2,500  
14 a year if you approve the rate increase.

15 All these residents are, in fact, a flat fee  
16 and we have taken some -- because we bill water in the  
17 Town and we do it bi-monthly and, of course, have a meter  
18 and we keep records and we can go back and we look at all  
19 the charges and make some comparisons. And when we do  
20 that, we'll look at just looking at a three-quarter meter  
21 for a house. The differences, of course, in a  
22 development like The Village of Nags Head you will have  
23 two of the speakers -- two family -- or excuse me, two  
24 people that are living in the house, but you could also

1 have considerable -- more people living in the same size  
2 house with the three-quarter meter usage and those houses  
3 could go from anywhere from 45,000 gallons of water a  
4 year to 238,000 gallons of water a year. It's a  
5 considerable difference not -- obviously, not all of that  
6 water will pass through the meter for the wastewater, but  
7 they are all paying the same rate. They're all paying  
8 the same amount, be it \$75.00 now or \$91.00 in the  
9 future.

10           It seems as though the -- the other unit that  
11 -- the other development to the Carolina Water Services  
12 doesn't have that flat rate. We -- we -- back in '08  
13 when we went through this process, I believe the  
14 upgrades, the state-of-the-art upgrades that you have  
15 talked about were -- we were wondering at that time why  
16 there was \$10,000,000 being spent in Corolla and \$400,000  
17 being spent in Nags Head and here we are six or seven  
18 years later and we're talking about another rate increase  
19 and we still have these same capacity issues.

20           So I threw a lot out there quick, but I --  
21 those are the statements that I wanted to make.

22           Q     With regard to the odors, do you hear  
23 complaints from the firemen about the odors at the  
24 wastewater treatment plant?

1           A       Yes. And as Ms. Gernat said or Mr.  
2       Ratzenberger said, I believe both, they have -- they have  
3       subsided. They have decreased. But we have come a long  
4       way from where they would go out to their vehicles and  
5       there would be spray from the plant on their vehicles to  
6       -- you can tolerate the smell a lot more than you can  
7       that spray being on your vehicles, and that's improved.  
8       But, yes, we continue to get the odors.

9           Q       And it is mostly during the peak season, the  
10      summer months?

11          A       Well, the -- yes. It is during those -- those  
12      peak months. But the -- a month or so ago the smells  
13      were pretty bad and we weren't in -- we were in May, so  
14      -- but predominately yes.

15          Q       And it was my understanding, and I might have  
16      made a mistake, but I have looked at the notice for  
17      customers and it says residential and commercial metered  
18      rate, that the Town of Nags Head would be willing to  
19      supply Carolina Water metered consumption if, in fact,  
20      the Commission were to order metered consumption and set  
21      rates based on water meter usage --

22          A       Yes.

23          Q       -- one way or another?

24          A       Yes. We couldn't -- I don't -- well, there's a



1 lot of lawyers in here and you can tell me how much of it  
2 is public information, but I can give every three-quarter  
3 inch, one inch, two-inch meter and that usage, but not  
4 tie it to a specific, accurate address --

5 Q But Currituck -- you understand Currituck  
6 County does supply Carolina Water metered usage for all  
7 the water customers or the sewer customers at Monteray  
8 Shores and Corolla Light?

9 A If my attorney tells me I have to do it, I'll  
10 do it.

11 MR. GRANTMYRE: Okay. Thank you. I have no  
12 further questions.

13 MR. BRITTON ALLEN: No questions.

14 CROSS EXAMINATION BY MR. BENNINK:

15 Q Mr. Ogburn --

16 A Yes, sir.

17 Q -- what is your capacity with Nags Head?

18 A I'm the town manager.

19 Q You're the town manager?

20 A Yes, sir.

21 Q And how many fire stations do you have in Nags  
22 Head?

23 A Two.

24 Q Are they both served by Carolina Water Service?

1           A     No, sir.

2           Q     So the -- the fire station that is not a  
3     customer for sewer service from Carolina Water Service,  
4     how do you -- how do you dispose of your sewage there?

5           A     In-ground septic tank.

6           Q     And do you have problems with that?

7           A     No, sir.

8           Q     Okay. And in -- in terms of -- is all of your  
9     water service that you provide to customers in Nags Head  
10    metered?

11          A     Yes, sir.

12          Q     And do you hear complaints such as we have  
13    heard tonight about -- about bills based on -- on the  
14    usage between high users and low users, or is that  
15    generally a problem in terms of customer complaints?

16          A     No, sir. Generally, customers don't complain  
17    about the amount of water they use.

18               MR. BENNINK: All right. That's all. Thank  
19    you.

20               COMMISSIONER BAILEY: How many more have you  
21    got? Have you got any more?

22               MR. GRANTMYRE: That's it unless there is  
23    someone else that --

24               MR. RATZENBERGER: Could I ask you a question?

1 MR. GRANTMYRE: After the hearing you can.

2 MR. RATZENBERGER: I think it has to do with  
3 it, though. I think everybody here from Nags Head missed  
4 that metered thing.

5 MR. GRANTMYRE: Well, I'm not sure if I missed  
6 it or not. I have to look at it again. I looked at the  
7 notice and that's what it said.

8 COMMISSIONER BAILEY: Any more further persons?  
9 Any more evidence?

10 MR. BENNINK: Nothing more --

11 COMMISSIONER BAILEY: Any more issues that we  
12 have?

13 MR. BRITTON ALLEN: No, sir.

14 COMMISSIONER BAILEY: Hearing no other issues,  
15 this public hearing is adjourned. Thank you for being  
16 here.

17 (Proceedings adjourned at 8:59 p.m.)

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STATE OF NORTH CAROLINA  
COUNTY OF CURRITUCK

C E R T I F I C A T E

I, Tonya Dowdy Doxey, Notary Public/Court Reporter, do hereby certify that the foregoing hearing before the North Carolina Utilities Commission in Docket No. W-354, Sub 344 was taken and transcribed under my supervision; and that the foregoing pages constitute a true and accurate transcript of said Hearing.

I do further certify that I am not of counsel for, or in the employment of either of the parties to this action, nor am I interested in the results of this action.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 6th day of July, 2015.

*Tonya Dowdy Doxey*

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Tonya Dowdy Doxey, CVR-M

Notary Public No. 19922620030