

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1075, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by KRJ, Inc., d/b/a KRJ Utilities)
Company, Post Office Box 2369, Swansboro,)
North Carolina 28584, for Authority to Increase)
Rates for Water and Sewer Utility Service in its)
Southern Trace and Rockbridge Subdivisions in)
Wake County, North Carolina)
	PUBLIC STAFF'S
	REPORT

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission by and through its Executive Director, Christopher J. Ayers, and respectfully submits its report pursuant Order Approving Stipulation with a Condition, Granting Partial Rate Increase, and Requiring Customer Notice, dated August 6, 2018, Ordering Para No. 12. “That, not later than six months from the date of this Order, the Public Staff shall follow up on the concerns expressed by customers of KRJ at the public and evidentiary hearing and shall file a report on the implementation status of the service improvements described in KRJ’s report filed with the Commission on May 30, 2018.”

Public Staff’s Report

Based on its review of the reports of KRJ, Inc. d/b/a KRJ Utilities Company (KRJ) filed on October 10, 2018, and January 3, 2019, the Public Staff has identified the following service improvements relating to concerns expressed by customers:

1. New procedures and policies to improve response time to customer concerns.

2. Improved coordination between KRJ and contractor(s) in regard to repairing leaks.
3. Installation of a SCADA control system in Southern Trace and Rockbridge Subdivisions.
4. Improved pumping capacity at well No. 2 in Southern Trace Subdivision.

Item 1

1. The Public Staff's has reviewed KRJ's Incident Call Logs for Rockbridge and Southern Trace Subdivisions and KRJ has implemented its new policies and procedures for responding to customer complaints.
2. Management Group of North Carolina (MGNC) and its manager, James R. Butler, hired by KRJ to manage the day to day operations, has subscribed to an e-mail package which enables MGNC to send multiple messages to all of its customers by a single sender. In order to implement this new form of communication, MGNC requested e-mail addresses and updated phone numbers for all of its customers. According to MGNC, as of January 6, 2019, approximately 75 percent of the Rockingham customers and 50 percent of the Southern Trace customers have provided updated information. MGNC will continue to update its data base as new contact information is received. The new system has been used several times successfully to notify customers during renovation of Well No. 2 in Southern Trace, as indicated in KRJ's Quarterly Progress Report, filed on January 3, 2019.

3. MGNC has also established a separate e-mail address to facilitate communications. The e-mail address is located on the statement portion of each customer's bill.

Item 2

1. Duke Lazarra, the contractor who was installing mains, is no longer on site or doing repair work. KRJ is now using Vaughan Utilities as its primary contractor to perform repair work. In addition, ABC Utilities, Temple Utilities and Duke Lazarra are back up contractors in the event Vaughan Utilities is unavailable.
2. KRJ is now utilizing a field technician, located in the area, for rapid response. The technician is dispatched to the site to evaluate the situation and report its findings to MGNC. If necessary, MGNC contacts KRJ to determine a course of action for the contractor.
3. Gina Casselberry, Public Staff Utilities Engineer has reviewed MGNC's Incident Call Log for the period August 1, 2018, through December 2018, for Rockbridge and Southern Trace Subdivision. Rockbridge received 10 calls or emails to include: six water quality issues, two minor leaks, one call concerning low pressure, and one water outage; and Southern Trace received four calls to include: one water quality issue, a leaky meter box, a leak in the main, and one call concerning low water pressure. The log indicated the date and time of the call, address, customer name, the nature for the call, coordinating details if applicable, and the date and time the issues was resolved.

For example, in regard to the water outage at Rockbridge, a call was received at 7:00 a.m. indicating a customer had no water. The technician responded and was on site within an hour and 15 minutes. The technician determined that the vendor who services the customer's filter system failed to properly reset the timer and the filter system was not working properly, causing a reduction in pressure. The technician advised the customer that they should notify the filter vender. In regard to a possible water main leak in Southern Trace, the initial call came in at 9:03 a.m. The quick response technician was on site by 10:30 a.m. Details concerning the leak, including pictures, were relayed back to MGNC. MGNC contacted KRJ and a contractor was notified. The contractor arrived on site at 11:28 a.m. It was determined that the leak was a service line and line was repaired.

Based on the Public Staff's review of KRJ's incident log, it is the Public Staff's opinion that KRJ is utilizing its new policies and procedures in response to customer complaints and that response times have improved and are reasonable, based on the nature of the complaints.

In addition, establishing a separate e-mail address to facilitate customer's direct communication with MGNC appears to be working for customers as well. The Public Staff has one suggestion, that MGNC note the time e-mails are received in its incident log.

Item 3

During the evidential hearing, KRJ stated that it intends to install SCADA systems for Rockbridge and Southern Trace Subdivisions when funds become available. The first unit is on order and will be installed in the Rockbridge water treatment building. Until the other units are installed at Rockbridge, the first unit's purpose will be to alarm low system pressure and pump halt due to excess pressure in the iron exchange system. The system that is being installed can easily be upgraded by down loading necessary software. The actual control logic resides in a central terminal unit located in Atlanta, with mirror back-up in St. Louis; communicating is through cellular data channels; community integrity is confirmed every few seconds under current operating regime and every 7-seconds when in control mode.

Item 4

KRJ employed the well drilling contractor Charles R. Underwood for rehabilitation procedures to improve the yield of Southern Trace Well no. 2. The remedial work began on December 4, 2018. On December 8, 2018, an e-mail was transmitted to all customers for whom KRJ had e-mail addresses advising that the well rehabilitation work had been completed, and a yield test run that indicated that the rehabilitation had not achieved any additional yield.

On December 20, 2018, another e-mail was transmitted to the customers stating that a more suitable size pump had been installed, the well disinfected, a clear bacteriological analysis achieved, and that the well had been placed back into service.

MGNC advised the Public Staff that drilling another well on Well no. 2 well site is not recommended, as a new well would most likely encounter the same fracture zones, thereby not providing additional water; MGNC also advised that drilling a well on well sites 1 or 3 is not recommended because a new well on either of these sites would most likely encounter the same fracture zones, essentially the same water already being pumped. KRJ is exploring the possibility of an additional water source.

Respectfully submitted this the 5th day of February, 2019.

PUBLIC STAFF
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CERTIFICATE OF SERVICE

I, William E. Grantmyre, hereby certifies that I served the foregoing Public Staff Report on Bob Bennink, the attorney for KRJ, by electronic delivery upon agreement of the parties.

This the 5th day of February, 2019.

Electronically submitted
/s/ William E. Grantmyre