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Clerk's Office
N.C. Utilities Commission

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO W-218, SUB 497

BEFORE THE NORTH CAROLINA UTILITES COMMISSION

In the Matter of)	
Application of Aqua NC, Inc.,)	
For Authority to Adjust and Increase Rates for)	ERIC GALAMB'S
Water and Sewer Utility Service in All Service)	BRIEF
Areas in North Carolina)	

Eric Galamb submits this brief in opposition to Aqua North Carolina, Inc's ("Aqua's") Application for Rate Increase filed in the above-captioned docket. First, Aqua's use of staff to facilitate violation cleanup is not a burden that should be borne by the customers. Second, any rate increase will precipitate customers to conserve water and Aqua will be requesting escalation in future rates. Third, the poor customer service provided by Aqua is burdensome to the rate payers. Therefore, the Commission should dismiss Aqua's request for an increase and maintain current rates.

ARGUMENT

- I. **Aqua Incorrectly Applied Staff Time and Materials for Non-Approved Activities Resulting in Higher Charges to Customers. These Inappropriate Charges are Not in the Public Interest.**

Aqua was fined by the State of North Carolina for illegal discharges associated with NPDES permits issued for Hawthorne, Governor's Club and

others. On September 11, 2018, the Commission heard arguments in the above docket. On this date, Mr. Becker stated, "The Company does not like to pay the fines". Although Aqua paid the monetary fine levied by the State, a portion of the full charges associated with the cleanup were paid by the rate holders and not the shareholders. During the cleanup at the Hawthorne waste water treatment plant, two (2) Aqua staff were directed to remove the sludge from Little Barton Creek and return it to the head of the treatment plant. Aqua neglected normal inspections and maintenance when staff were cleaning up the environmental catastrophe. It is possible that other Aqua facilities maintenance (such as wells filter replacement) were delayed possibly causing a pump to burn out. This spiral of charges is borne by the customers because "The Company does not like to pay the fines" and they have found a way to pass the charges onto the customers rather than the shareholders.

The Proposed Rate Increase is Not in the Public Interest

Aqua is a monopoly provider of utility services and, as such, its rates and operations are affected with the public interest and governed by the Utilities Commission. Aqua staff charged their time and materials to the company (ultimately paid by the customers) and not the shareholders. This is the method that Aqua avoided paying the entire cost (cleanup and fine) and it is not in the public interest.

Aqua has not shown that the proposed rate increase is in the public interest. Aqua has demonstrated that their primary focus is to their shareholders and

continue to pass on inappropriate charges to their customers. Therefore, the Commission should not approve Aqua's proposal.

II. Aqua is Concerned that Water Saving Measures Will Adversely Affect the Company Valuation. Aqua's Concerns are Not in the Public Interest.

Basic economics state that price reflects supply and demand. On September 11, 2018, Mr. Becker stated, "The Company is concerned with less water consumption by the customers". The current approved rate that Aqua charges their customers is excessive and the customers have responded with lower consumption as shown in the three (3) year average discussed by Mr. Becker. Customer's wages have been stagnant for a decade but Aqua's rates have increased exponentially.

The Proposed Rate Increase is Not in the Public Interest

Customers will conserve water any way that they can. Customers will forgo watering the lawn in the summer and put down extra seed in the fall because the seed (\$90 for 50 pounds) is much cheaper than the minimum monthly Aqua bill. Customers may institute, "if it's yellow, let it mellow, if it is brown, flush it down" policy because of the rate increase.

An approved rate increase will force customers to conserve more, fulfilling Aqua's concern about future consumption. Aqua has not shown that the proposed rate increase is in the public interest.

III. Poor Customer Service Provided by Aqua is Burdensome to the Rate Payers

Aqua stated during testimony that they have two (2) call centers. Calling the center, you will hear a recorded message that your call will be recorded. If calls were recorded, then Aqua has done a miserable job reviewing and learning from them to achieve customer satisfaction. Every expense is passed on to the customer. I attest from first-hand experience that Aqua's customer service from the billing department, call center, or Mr. Shannon Becker is dreary. The cost associated with the billing department, call center, and Mr. Becker's salary are not reasonable and prudent based on the quality of services provided. Aqua incurred these costs without the aim of providing the best long-term services at the lowest long-term costs.

The Proposed Rate Increase is Not in the Public Interest

Aqua acquired most of the facilities from developers or through company acquisitions. Either Aqua failed to do their due diligence or believed that they could "stick it to the little guy" via rate increases. There is no other explanation for them to acquire wells that provide poor water quality. If they knew that the wells had issues, they would have discounted the purchase contract reflecting the true value of the facility. Even Mr. Becker stated that he would not consume the water brought to the Commission by Aqua customers. This poor service should not be passed on to the customers. Aqua must first use non-reimbursable company funds to bring all facilities into drinking and NPDES standards as the

understood cost of doing business. The costs associated with compliance were already discounted at the time of acquisition.

The customers have already endured poor customer service. An approved rate increase will force customers to petition the local municipality to annex them. Living in the county on an Aqua facility should not exceed the cost of urban living. An approved rate increase will result in annexation petitions. Aqua has not shown that the proposed rate increase is in the public interest.

CONCLUSION

For the reasons stated above, Aqua's proposed rate increase is not in the public interest. In fact, Aqua has made compelling arguments to keep the current rates, or lower them.

Eric Galamb is concerned about the appearance of inefficient and imprudent business practices on the part of Aqua that have led to frequent rate cases without significant improvements in the quality of services provided.

The NC Supreme Courts has ruled that the public is guaranteed adequate service at a reasonable charge and there is no guarantee to the shareholders of constant growth.

Further, if the Commission believes that there is a lack of evidence to support the current rates, I respectfully request that Aqua be granted a \$1.00 per month surcharge until the customer service, non-reimbursable charges (defined above), and inappropriate charges are corrected. Mr. Becker's refusal to

consume water provided by his company is a direct reflection on the poor customer service.

Respectfully submitted, this the 30 day of October 2018.

/s/ Eric Galamb

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CERTIFICATE OF SERVICE

The undersigned certifies that he has served a copy of the foregoing ERIC GALAMB'S BRIEF upon the parties of record in this proceeding and their attorneys by electronic mail.

This the 22nd day of October 2018.

/s/ Eric Galamb
Eric Galamb