

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 398
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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-354, SUB 398

In the Matter of
Application by Carolina Water Service, Inc. of)
North Carolina, 5821 Fairview Road, Suite 401,)
Charlotte, North Carolina 28209, for)
Determination of Fair Value of Utility Assets)
Pursuant to N.C. Gen. Stat. § 62-133.1A and)
Establishing Rate Base for Acquisition of the)
Carteret County Water System)

DOCKET NO. W-354, SUB 399

In the Matter of)
Application by Carolina Water Service, Inc. of)
North Carolina, 5821 Fairview Road, Suite 401,)
Charlotte, North Carolina 28209, for a)
Certificate of Public Convenience and)
Necessity to Provide Water Utility Service to)
the Carteret County Water System, and for)
Approval of Rates)

ORDER GRANTING PUBLIC
STAFF'S MOTION FOR
EXTENSION OF TIME AND
DIRECTING FURTHER UTILITY
REPORTING

BY THE PRESIDING COMMISSIONER: On July 26, 2022, Carolina Water Service, Inc. of North Carolina (CWSNC or the Company) filed an Application for Determination of Fair Value of Utility Assets Pursuant to N.C. Gen. Stat. § 62-133.1A and Establishing Rate Base for Acquisition of the Carteret County Water System in W-354, Sub 398 (the Fair Value Docket).

On August 2, 2022, CWSNC filed in Docket No. W-354, Sub 399 an Application for a Certificate of Public Convenience and Necessity and for Approval of Rates to provide water utility service to the Carteret County Water System in Carteret County, North Carolina (the CPCN Docket).

On September 13, 2022, in both the Fair Value Docket and the CPCN Docket, the Commission issued the Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice (Scheduling Order). Among other things, the Scheduling Order ordered a public witness hearing to be held in both the Fair Value Docket and the

CPCN Docket on October 18, 2022, and directed CWSNC to file a report addressing all customer service and service quality complaints expressed at the public hearing within 14 days after the public witness hearing.

On November 7, 2022, CWSNC filed a Request for Extension of Time to Complete and File Response to Customer Service Quality Complaints, requesting an extension of time to file the Customer Report until November 8, 2022. In the motion, CWSNC noted that the Public Staff did not object to the extension of time provided that it was given the opportunity to file supplemental testimony based on the final report.

On November 7, 2022, the Company filed its Response to Customer Concerns – Beaufort, NC Public Hearing October 18, 2022 (Response to Customer Concerns). The Response to Customer Concerns describes the Company's efforts to investigate and address customer concerns. CWSNC states that it intends to install a pressure recorder to assess low pressure complaints, and that it will make a follow-up report to the Commission when it has been able to make further examination of the low pressure complaints.

On November 21, 2022, the Commission issued its Order Extending Time for Filing Customer Concerns, Allowing Public Staff Response, and Directing Both To Be Filed In CPCN Docket and Fair Value Docket (Order). In that Order, the Commission granted CWSNC's request for an extension of time and directed the Company to report on the low pressure complaints no later than January 15, 2023. The Order also allowed 14 days from the date of the Order for the Public Staff to file a response. The Public Staff's response was due on or before December 5, 2022.

On December 16, 2022, the Public Staff filed its Motion for Extension of Time Nunc Pro Tunc, seeking an extension to December 19 in which to submit a verified response to CWSNC's Response to Customer Concerns.

On December 16, 2022, the Public Staff also filed Public Staff's Verified Response to Carolina Water Service, Inc. of North Carolina's Response to Customer Concerns – Beaufort, NC Public Hearing October 18, 2022 (Public Staff Response). The Public Staff believes that the Company has inadequately addressed the customer complaints received during the Beaufort public hearing and that it has not been forthright with respect to operational changes it has made. After review of the Public Staff Response the Commission has the following questions:

- Why, following the October 18, 2022 customer hearing, CWSNC increased the water levels in the tanks in an apparent attempt to address the evening pressure drops but then returned water levels in the tanks to CWSNC's normal operating procedure after October 25, 2022?
- Given that the water levels in the tanks were actually lower prior to Spring of 2022, the time period when customers reportedly noticed issues with

water pressure, could the water pressure issues have a cause other than tank levels?

- Did the Company increase the frequency of the filter backwash cycle for the Greensand filter in order to reduce iron and manganese levels and thereby address complaints of yellow water? Has this change produced the desired results?
- Did the Company increase the frequency of regenerating the water softening media system to address complaints of chalky water? Has this change produced the desired result?

The Commission is aware that the statutory deadline for resolving the Fair Value proceeding has placed the parties and the Commission under considerable time pressure for addressing important issues. The Commission is appreciative of the parties' efforts to investigate and address customer complaint issues in a timely manner.

Based on the foregoing, and the entire record herein, the Presiding Commissioner finds good cause to grant Motion for Extension of Time Nunc Pro Tunc and to require CWSNC to address the questions and concerns raised in the Public Staff Response.

IT IS, THEREFORE, ORDERED as follows:

1. That Public Staff's Verified Response to Carolina Water Service, Inc. of North Carolina's Response to Customer Concerns – Beaufort, NC Public Hearing October 18, 2022, is accepted as if timely filed;

2. That when the Company files the follow-up report required by the Commission's November 21, 2022 Order Extending Time for Filing Customer Concerns, Allowing Public Staff Response, and Directing Both To Be Filed In CPCN Docket and Fair Value Docket, it shall include its analysis of pressure readings from the pressure recorder installed on November 16, 2022 and shall fully address the questions and concerns raised by the Public Staff Response, including the specific questions outlined in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of December, 2022.

NORTH CAROLINA UTILITIES COMMISSION



Erica N. Green, Deputy Clerk