

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1034, SUB 13

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

NOW COMES the Public Staff – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and files this response to the verified reports filed on April 8, 2024, by Water Resources, Inc. (WRI or the Company). The verified report addresses customer testimony at the public hearing held on March 25, 2024, in connection with the application filed by WRI seeking authority to increase the rates the Company charges for water utility service in its Rocky River Plantation (Rocky River) and River Walk service areas in Cabarrus and Mecklenburg Counties.

PURPOSE OF RESPONSE

The purpose of the Public Staff’s response is to provide the results of the Public Staff’s review of WRI’s verified reports regarding the public hearing, and the Public Staff’s opinion on whether the responses adequately address the customers’ concerns. The Company was required to address all customer service

and service quality complaints expressed during the public witness hearing held on March 25, 2024.

SUMMARY OF VERIFIED REPORTS AND PUBLIC STAFF RESPONSE

The Company's verified report, filed on April 8, 2024, by WRI generally addresses the concerns raised by four customers at the hearing, and subsequently addresses customer concerns outlined in the consumer statements of position filed by eight additional customers. The Company's report stated that because it did not receive the transcript until late on April 5, 2024, the Company responded to customers' service-related testimony by annotating customer exhibits and attaching the Company responses thereto.

Thirteen witnesses testified during the public hearing. All customers who testified were residents of the Rocky River service area. Customers who testified at the public witness hearing expressed their concerns regarding poor customer service, billing issues, muddy or discolored water, communication with customers, and water pressure.

Customer Service

Multiple customers identified customer service concerns with WRI regarding the adequacy of the Company's response to customer phone calls. Some customers at the hearing commented that WRI's customer service staff do eventually call you back, and that customer service is a little better than it previously had been.

In its verified report, WRI states that the customer service staff was replaced in 2021, and that it prioritizes returning phone calls. The Company also stated that following a known issue, it changes the voicemail greeting on the customer service phone, so that customers are aware of the issue without waiting for a callback.

The Company somewhat reasonably addressed customer concerns related to customer service calls. WRI should continue to work towards improving its customer communication to respond to customer calls in an efficient and timely manner.

Outages

Most customers expressed concerns related to water outages. The customers described water outages as being so frequent that one customer noted bringing spare clothes with them to work to be prepared to shower in the event of a water outage. Other customers described filling their bathtubs to ensure they could flush the toilet, or buying a house with a pool to do the same or to take a bath in. One customer stated the last several outages were not the fault of WRI, but the fault of cable fiber being installed in the area, and that it happened multiple times. One customer stated that they received boil advisories during the last two outages, which they had never received before. Customers generally described not having any outages recently.

WRI stated in its response to customer concerns about water outages that while there have been some water outages, they were caused by external factors

such as cut water lines by other contractors or pump failures, which were beyond the control of the Company.

The customer testimony and the Company's response to customer concerns appear to be at odds with one another. The customers described frequent water outages, while WRI stated that these incidents have been minimal and that the outages had been caused by variables outside of the Company's control. The Public Staff is aware that for some period, the Company was operating the Rocky River system's pump manually, which may have contributed to water outages and could explain the customers experiencing regularly occurring water outages. The interconnect with the Town of Harrisburg will not prevent issues related to main breaks in the system; however, it will help if a pump fails or is unable to keep up with system demand. Moving forward, the extent of water outages should be lessened. Regarding boil water advisories or system pressure advisories, the WRI should utilize any means it has to communicate quickly and effectively to its customers regarding the safety of the water provided by the Company. Communicating the need to boil water is a minimum requirement and is expected. Customers should not be reporting that they just recently began receiving boil water or system pressure advisories.

Billing

Customers described issues such as not receiving a bill, being overbilled, and the Company not receiving a paid bill. One customer described receiving a notice of disconnection for non-payment, even though she had been using

automatic bill pay, and the bill amounts had been drafted from her account. The customer stated that she was told there was a stack of mail on the desk and that WRI staff had not yet been able to go through it. One customer stated that the office staff responded well if the customer contacted them regarding a billing issue. Two customers mentioned that online billing would be sensible, and a statement from the Highland Ridge Homeowner's Association (HOA) requested that online billing and payment processing be a required part of any approval. The statement is labeled Stremovihtg Exhibit 2.

The Company's verified report stated that WRI has experienced significant delays with payments mailed through the US Postal Service. WRI stated that as soon as payments are received, they are immediately deposited and posted to customer accounts, and that customers are not charged late fees. The Company's response went on to say that customers who use bill pay through their bank will see a deduction from their account immediately even though the check has not been received by WRI. The Company stated that it expects in May of 2024 to have an online system available where the customer can log in and make payments. In response to another customer statement of position, WRI stated that it denies that customers have experienced overcharged billing.

The Public Staff anticipates that upon the introduction of the Company's website and online bill pay system, the quality of billing services should improve significantly. Mail in billing, while previously common, is not commonplace these days, and systems should be put in place to allow customers to manage bills online. It seems that, similar to the topic of water outages, the Company and

customers are at odds regarding overbilling. Considering that meter reading is done manually, and that bills are handled by mail, it seems unlikely that there have never been issues of overbilling. If customers experience issues with overbilling, they should attempt to resolve them by contacting the Company, followed by the Public Staff Consumer Services Division if a resolution cannot be found directly with the Company.

Water Quality/Sediment

Most of the customers who spoke at the public witness hearing reported discolored or muddy water, and several stated that they had to replace appliances or fixtures due to the quality of the water. One customer brought bottles of water that he stated had been collected that day prior to his in-home filtration system. The water in the bottles had a notable brown tint, a color photo was filed in the docket as Michael Ammons Exhibit 1 to the customer hearing transcript.

In response to the photo of the water bottles, WRI stated that discolored water can be from poorly maintained water heaters or plumbing fixtures, and not necessarily from the water supply. The Company went on to state that they would contact the homeowner to pull samples for testing and provide options for any issue that is confirmed through the sampling process. However, the Company did not indicate that it had contacted the customer nor pulled samples for laboratory testing in its report. The Public Staff recommends that the Company follow through with its intentions and provide the results to the customer and the Public Staff. In response to another customer's concerns, WRI stated that it acknowledges that

before 2018 residents had experienced discolored water from time to time due to iron in the water. WRI went on to state that they had begun weekly backwashing of the iron and manganese filter since that time, and that other complaints of milky water are due to air in the lines, which can occur due to a water line repair or a well pump replacement. WRI provided suggested actions to resolve any discoloration experienced after a water outage. WRI also described utilizing its blow offs and hydrants to expel sediment from the lines following repairs.

The Public Staff, in its testimony filed on April 12, 2024, has made recommendations that the Company evaluate cleaning the elevated storage tank and replacing the media in its filter. The Company stated, in response to discovery, that it had not replaced the media in its iron and manganese filter or cleaned the elevated storage tank. These are both actions that may resolve ongoing concerns related to discolored water in the Rocky River system.

Hydrants

Two customers expressed concerns related to fire hydrants being nonfunctional during water outages.

WRI stated in its verified report that it acknowledges there have been water outages and that these are caused by water lines being cut by other contractors or pump failures. WRI stated that these incidents have been minimal and that the outages had been caused by variables outside of the control of the Company.

In most cases, systems that provide fire flow are unable to do so in the event of a water outage. Lack of fire flow is a safety issue associated with water outages.

HOA Statement

One customer brought with them a statement from the Highland Ridge HOA with signatures from customers of the Rocky River system. The statement discussed the customers' opposition to WRI's application for a rate increase due to cost, as well as water quality, pressure, outages, and billing. The Highland Ridge HOA statement was read into the record by public witness Don Stremovihgt and is filed as Stremovihgt Exhibit 2.

WRI did not directly address the Highland Ridge HOA statement; however, the issues raised in the Highland Ridge HOA statement related to customer service and service quality were addressed by the Company, as required by the Commission's Order.

CONCLUSION

The Public Staff has reviewed the verified report of WRI addressing the concerns testified to by customers during the public hearing held on March 25, 2024. The Public Staff believes the responses adequately address the primary customer concerns expressed in the hearing; however, the Company's response is based on consumer statements rather than the customer concerns expressed at the hearing. While the concerns raised are largely similar, the Public Staff recommends that after the Company has fully reviewed the Highland Ridge HOA

statement and the public hearing transcript, that WRI supplement its response as necessary. If the Company supplements its report, the Public Staff requests an opportunity to review the supplemental report and address it as necessary.

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

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



Evan M. Houser

Signature of Person Making Verification

Evan M. Houser

Typed or Printed Name

April 22, 2024

Date

Subscribed and sworn before me this the 22nd day of April, 2024.

Jessica Heironimus
Jessica Heironimus, Notary Public

My Commission Expires: June 4, 2028

CERTIFICATE OF SERVICE

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

This the 22nd day of April, 2024.

Electronically submitted
/s/ Gina Holt