

File
W-1075, Sub 12

Southern Trace HOA
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Docket No. W-1075 Sub 12

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May 22 2018

Mr. Ayers, Executive Director
Public Staff
4326 Mail Service Center
Raleigh, NC 27699-4326

May 14, 2018

Subject: Southern Trace HOA Opposition of KRJ Requested Rate Increase

Dear Mr. Ayers:

I am writing to express strong opposition toward the percentage of the rate increase requested by KRJ, Inc. dba KRJ Utilities (KRJ) for the Southern Trace Homeowners Association (Southern Trace) located in Garner, NC 27529.

We believe the requested 89% increase is excessive, unjustifiable, and does not represent the quality of water services rendered to Southern Trace by KRJ.

From the inception of the subdivision, homeowners within the subdivision have suffered from low water pressure, no water, sludge water, brown water, and other water discoloration any of which occurring on a daily basis. The ongoing problems have been reported to KRJ numerous times over the years. Each time receiving the same response, "Low pressure is due to the number of homeowners simultaneously using irrigation systems. Water discoloration is due to the rain." One of our homeowners, Tom Rains, took it upon himself to investigate the connection between the use of irrigation systems and low water pressure in the neighborhood.

On multiple days, Mr. Rains drove throughout the subdivision observing and recording the number of irrigation systems operating. He then compared his that information to the water pressure in his own home. His findings were

that the simultaneous use of multiple irrigation systems was not the cause of Southern Trace's low water pressure issues.

The water system at Southern Trace is a three well system. Since at least 2015, homeowners have been informed, by Rod Butler of KRJ, that well #2 does not function well and is (and had been) losing yield, and that possibilities of fracking or digging a fourth well were being explored. To date neither has happened.

KRJ has informed homeowners that Southern Trace has not received a rate increase since 2005. We understand that the rate increase in part is designed to cover the cost of repairing and replacing aging infrastructure. However, the cost of bringing such a sub-par water system to a more proficient state should not be passed on to homeowners, just because, "[Filing a rate case] is a laborious and drawn out process, taking several months. This is largely the reason why KRJ has delayed in filing a rate case for as long as we have." (KRJ letter notifying homeowners of the rate case application, February 6, 2018)

KRJ also stated in the notice that documented expenses for the period of July 1, 2015-June 30, 2016 were the basis for their rate increase request. It is important to note that during this time period, Southern Trace experienced two major water system problems. The first in 2015 when both well #1 and well #2 were severely malfunctioning leaving some homeowners without water for days. Over several weeks, repairs were made by KRJ. *Although water was restored to homes, the repair did not alleviate the aforementioned water problems.* The second, in 2016 when AT&T accidentally cut a water line during installation. AT&T reimbursed KRJ (\$5,000+) for the infraction.

Using this timeframe as a basis for rate increase is deceptive and does not provide the Public Staff nor the Commission with a true representation of KRJ's expenses nor does it allow for a well-informed decision to be made.

KRJ has informed us of their egregious rate increase request but has failed to provide any plans to improve the water system. We are interested in knowing of the particular water related purposes proposed by KRJ requiring such and exorbitant rate increase.

We agree that periodic rate increases are necessary to run and maintain an efficient and reliable water system. However, rate increases without water quality increasing is simply unjust.

Water is a fundamental need; it is essential to our physical health and well-being. For this reason, we are not opposed to a rate increase that includes clean water from a reliable delivery system at an affordable rate.

We appreciate your consideration and fair stance regarding our opposition. Should the need arise, you may contact me at 919-817-5265.

Kindly,
Jacqueline Walker, President
Southern Trace HOA
1209 Magnolia Hill Rd.
Garner, NC 27529