

July 31, 2020

To: Public Staff, NC Utilities Commission

Re: Aqua America Rate Increase Request

As a 23-year customer of first Heater Utilities and now Aqua America, I request that you deny their proposal for blanket rate increases across their service area. There are a number of reasons Aqua America should not be granted their request:

1. Overall service is poor. We have low pressure and low flow rates. On our street, it is difficult to water the lawn and take a shower at the same time. Water availability is declining, and Aqua appears to have more customers than it can adequately provide for.
2. There are no fire hydrants anywhere near our neighborhood. This results in a lower Fire Department rating, which in turn leads to increased insurance costs. Even if we had hydrants, the low pressure and flow rates might not be adequate for fire fighting.
3. Water quality is not very good. The water smells faintly like dirt, and the hardness is between 120 and 250 ppm (i.e. "hard as a rock"). Water deposits are ruining home water systems and appliances if the water is not softened. Also, no chlorination or fluoridation, leading to increased dental and other costs.
4. The water has this peculiar aeration. Every fresh glass looks like skim milk; see the unretouched photo ---→. This wasn't a problem 10 years ago, but has increased steadily until it is a normal occurrence. Aqua Customer Service is completely unresponsive to complaints.



5. Aqua is very healthy financially, with performance Is much higher than others in its industry (data from the Morningstar website):

	Aqua America
Price/Earnings Ratio	29.41
Price/Book	2.9
Price/Sales	11.34

<b>Operating Margin</b>	<b>36.7%</b>
<b>Net Margin</b>	<b>27.47</b>
<b>Return on Equity</b>	<b>7.85</b>
<b>Debt/Equity</b>	<b>1.04</b>

In fact, Aqua is one of the top performers in the industry. Given this kind of financial performance, why should we be responsible for fattening the returns for the Aqua shareholders even more?

6. To our knowledge, Aqua has made no changes or improvements in our area in 14 years.

In summary, Aqua wants more money to continue to be a lousy utility provider. Other than buying our original provider (Heater Utilities), they haven't invested anything in our area that might address these issues or justify higher rates. We have to filter and soften our water and incur all the additional costs of having Aqua as our provider, with the added privilege of paying them more money – how can this make sense?

I request that you consider these facts, and deny their request.

Sincerely,

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## Mission Statement

The Commission is responsible to both the public and utilities and, by law (G. S. 62-2), must regulate in a manner designed to implement the policy of the State of North Carolina to:

- Provide fair regulation of public utilities in the interest of the public.
- Promote the inherent advantage of regulated public utilities.
- Promote adequate, reliable, and economical utility service.
- Promote least cost energy planning.
- Provide just and reasonable rates and charges for public utility services and promote conservation of energy.
- Assure that facilities necessary to meet future growth can be financed on reasonable and fair terms.
- Encourage and promote harmony between utility companies and their customers.
- Foster planned growth of public utility services.
- Coordinate energy supply facilities with the state's development.
- Cooperate with other states and the federal government in providing interstate and intrastate public utility service and reliability of energy supply.
- Facilitate the construction of facilities in and the extension of natural gas service to unserved areas.

## Water/Wastewater Industry

The Commission regulates, as a public utility, anyone furnishing water to the public for compensation or operating a public sewerage system for compensation, except for the following:

- Operations with less than 15 residential customers;
- Municipal or County systems;
- Sanitary Districts;
- Mobile Home Parks, where water/wastewater is included in rent;
- Homeowners' Associations; and
- Nonprofit and consumer-owned corporations.

The Commission grants certificates for specific service areas and regulates the rates and service aspects of the public utility operation. However, the Commission does not directly regulate drinking water quality, but does require compliance with the Department of Environment and Natural Resources (DENR) - Division of Environmental Health's rules and regulations in this regard. Similarly, the Commission does not directly regulate the discharge of sewage being treated, but does require compliance with the DENR - Division of Water Quality's rules and regulations in this regard.

In accordance with N.C.G.S. 62-110.3, traditional water/wastewater public utilities are required to file a bond with the Commission. See Topics of Interest – [Bonding](#).

The Commission regulates the resale of water/wastewater utility service in most apartment complexes and manufactured home parks under different rules and requirements than those which our traditional water/wastewater public utilities are subject to.