

May 22, 2018

Ms. Lynn Jarvis  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street  
Raleigh, NC 27603

**RE: *Application to Transfer 95% Membership Interest  
in Old North State Water Company, LLC  
NCUC Docket No. W-1300, Sub 52***

Dear Ms. Jarvis:

On behalf of Old North State Water Company, LLC (“ONSWC”) and the Members, Managers and Owners of same (the “Applicants”), we are herewith filing an Application to Transfer the 95% Membership Interest of John L. McDonald in ONSWC to Integra Water Company, LLC, a Georgia limited liability company.

With the maturing of the Company, we now feel it is in the best interest of the Company to transfer controlling interest in the Company from an individual to a company of like kind.

If you have any questions or comments regarding this filing, please do not hesitate to call me.

Very truly yours,

*/s/ Karen M. Kemerait*

Karen M. Kemerait

pbb

Enclosure

cc: Christopher J. Ayers, Esq.  
Mr. David Furr  
William Grantmyre, Esq.  
Ms. Freda Hilburn

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. G-40, Sub 52

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

IN THE MATTER OF:

Application of Old North State Water	)	
Company, LLC to Transfer Membership	)	APPLICATION
Interest of John McDonald to Integra Water	)	
Company, LLC	)	

Old North State Water Company, LLC (“ONSWC”) applies to the North Carolina Utilities Commission (“Commission”) pursuant to N.C. Gen. Stat. § 62-111 for authorization to transfer John L. McDonald’s ninety-five percent (95%) membership interest in ONSWC to Integra Water Company, LLC (“Integra Water”), a Georgia limited liability company, in the manner described in this pleading. In support of this Application, ONSWC shows the Commission the following:

1. ONSWC is a limited liability company organized and existing under the laws of the State of North Carolina. Its principal office is located at 4700 Homewood Court, Suite 108, Raleigh, North Carolina 27609. ONSWC provides water and wastewater utility services throughout the State of North Carolina through its various water and wastewater utility franchises.

2. John McDonald is a member, manager, and owner of ONSWC, and he has a 95% membership interest in ONSWC. Michael Myers is a member, manager, and owner of ONSWC, and he has a five percent (5%) membership interest in ONSWC.

3. Integra Water is a limited liability company organized and existing under the laws of the State of Georgia. Its principal office is located at 600 University Park

Place, Suite 275, Birmingham, Alabama 35209. Integra Water is a water and wastewater utility that is headquartered in Birmingham, Alabama. Integra Water owns and operates water and wastewater utility systems throughout the Southeastern United States and Gulf Coast. John McDonald is the sole owner of Integra Water, holding one hundred percent (100%) of its membership interest.

4. With the maturing of ONSWC as a company that owns and operates water and wastewater systems throughout North Carolina, ONSWC's members, managers and owners request approval to transfer the 95% membership of John McDonald, an individual, in ONSWC to Integra Water, a water and wastewater company owned by John McDonald. The transfer of John McDonald's membership interest in ONSWC to Integra Water will better position ONSWC for continued growth in North Carolina.

5. The name and address of the applicant's attorney who is authorized to receive notices and communications with respect to this Application is:

Karen M. Kemerait.  
Smith Moore Leatherwood LLP  
434 Fayetteville Street  
Suite 2800  
Raleigh, North Carolina 27601  
Telephone: (919) 755-8764  
E-mail: karen.kemerait@smithmoorelaw.com

6. The transfer of the 95% membership interest from John McDonald to Integra Water does not, and will not, entail the transfer of any utility assets or alter in any way the Commission's jurisdiction of ONSWC's obligations under the North Carolina General Statutes and the rules and regulations of the Commission. ONSWC will remain in compliance with all applicable statutes and all regulatory rules and conditions of the Commission.

7. The transfer of John McDonald's 95% membership interest in ONSWC to Integra Water will have no effect on the operations, services, or rates of ONSWC. This transfer will be in the best interest of ONSWC.

8. The customers of ONSWC will see no change in the public utility service that they receive, and ONSWC will continue to provide the same high-quality service and maintain prudent utility operating standards.

9. Upon receipt of Commission approval of this Application, the attached Assignment and Assumption of Membership Interest ("Exhibit A") will be executed, and the proposed transfer will occur.

WHEREFORE, Old North State Water Company, LLC requests that the Commission approve the transfer of the 95% membership interest in ONSWC from John McDonald to Integra Water Company, LLC in order to better position ONSWC for continued growth in North Carolina.

Respectfully submitted, this 22nd day of May, 2018.

SMITH MOORE LEATHERWOOD LLP

/s/ Karen M. Kemerait  
Karen M. Kemerait  
State Bar No. 18270  
434 Fayetteville Street  
Suite 2800  
Raleigh, NC 27601  
Telephone: (919) 755-8764  
E-mail: karen.kemerait@smithmoorelaw.com

## Assignment and Assumption of Membership Interests

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this “**Agreement**”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2018, by and between JOHN L. MCDONALD (“**Assignor**”), Manager and Member holding 95% of the percentage interests of Old North State Water Company, LLC (“**ONSWC**”), a North Carolina limited liability company, and INTEGRA WATER COMPANY, LLC (“**Assignee**”), a Georgia limited liability company.

**WHEREAS**, transfer of percentage interests of ONSWC is governed by that certain Old North State Water Company, LLC Operating Agreement, dated October 18, 2012 (the “**Operating Agreement**”); and

**WHEREAS**, Assignor desires to assign and transfer to Assignee a ninety-five percent (95%) percentage interest in ONSWC (collectively, the “**Assigned Interest**”).

**NOW, THEREFORE**, in consideration of the mutual covenants, terms and conditions set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment. Assignor hereby assigns and transfers to Assignee all of the right, title and interest in and to the Assigned Interest, including all voting, consent and financial rights now or hereafter existing and associated with ownership of the Assigned Interest.

2. Representations and Warranties of Assignor. The Assignor represents and warrants that (a) there has been no prior assignment or sale of the Assigned Interest and that no other person or entity has any right, title or interest therein; (b) the execution and delivery hereof by the Assignor and the assignment of all its right, title and interest in and to the Assigned Interest does not contravene any agreement to which the Assignor is a party or by which it or its property is bound; and (c) no liens, encumbrances, charges or security interests of any kind exist on the date hereof against the Assigned Interest.

3. Representations and Warranties of Assignee. Assignee has been advised that the Assigned Interest is not registered under the Securities Act of 1933 nor under any state Blue Sky laws, and represents, warrants and agrees that: (a) Assignee is acquiring the securities represented by the Assigned Interest for its own account, solely for investment purposes, and not with a view to resale of said securities; (b) Assignee has such knowledge and experience in business and financial matters which enables it to be capable of evaluating the risks and merits of this investment; (c) Assignee is able to bear the economic risks of this investment; (d) the Assigned Interest will be not resold or otherwise transferred or assigned by Assignee without appropriate compliance with the registration provisions of the Securities Act of 1933 and applicable state blue sky laws or exemption therefrom; and (e) Assignee has been provided with access to all information which it deems material to formulating an investment decision and that such information has been sufficient to make an informed decision.

4. Approval. Assignor and Assignee acknowledge that this assignment of Assignor's Assigned Interest is governed by Article IX of the Operating Agreement, and has been approved by required member approval, such that no further action will be required to effect this assignment after its execution by Assignor and Assignee, though Assignor will deliver a copy of this Agreement to ONSWC to keep with its copy of the Operating Agreement.

5. Acceptance by Assignee. Assignee: (a) accepts the assignment of all of Assignor's right, title and interest in and to the Assigned Interest; and (b) agrees to be bound by all of the terms, covenants, and conditions of this Agreement and of the Operating Agreement.

6. Absolute Conveyance. The conveyance of the Assigned Interest hereunder is an absolute transfer to Assignee, free and clear of all liens and restrictions.

7. Further Assurances. Assignor shall promptly execute and deliver to Assignee any additional instrument or other document which Assignee reasonably requests to evidence or better effect the assignment contained herein.

8. Heirs, Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

9. Governing Law. This Agreement and all other instruments referred to herein shall be governed by, and shall be construed according to, the laws of the State of North Carolina, without regard to conflict of law rules.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original for all purposes, and all such counterparts shall together constitute but one and the same instrument. A signed copy of this Agreement delivered by either facsimile or e-mail shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

11. Amendments and Modifications. This Agreement may not be modified or amended in any manner other than by a written agreement signed by the party to be charged.

12. Defined Terms. Capitalized terms used herein, but not otherwise defined shall have the meanings ascribed to such terms in the Operating Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

**Assignor:**

**Assignee:**

INTEGRA WATER COMPANY, LLC,  
a Georgia limited liability company

\_\_\_\_\_  
John L. McDonald

\_\_\_\_\_  
John L. McDonald  
Member and Manager


For purposes of reflecting my acknowledgement of and consent to the transfer and assignment of the Assigned Interest under the Operating Agreement:

\_\_\_\_\_  
Michael John Myers

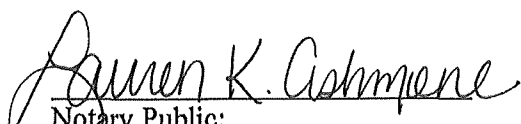
VERIFICATION

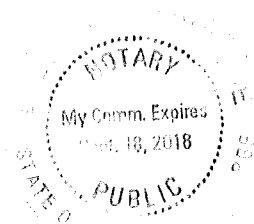
I, John L. McDonald, verify that the contents of this Application to Transfer 95% Membership Interest in Old North State Water Company, LLC are true to the best of my knowledge and I am duly authorized to act on behalf of Old North State Water Company, LLC.

This the 16<sup>th</sup> day of May, 2018.

  
\_\_\_\_\_  
John L. McDonald  
Member and Manager

Sworn to and subscribed before me  
this 16<sup>th</sup> day of May, 2018.

  
\_\_\_\_\_  
Notary Public:



My Commission expires: Sept. 18, 2018



## CERTIFICATE OF SERVICE

I, Karen M. Kemerait, hereby certify that the foregoing **APPLICATION** has been served this day on counsel of record by electronic mail or by depositing copies of same in a depository under the exclusive care and custody of the United States Postal Service, in a postage pre-paid envelope, addressed as follows:

Christopher J. Ayers, Esq.  
Executive Director  
Public Staff – North Carolina Utilities Commission  
430 N. Salisbury Street  
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Ms. Freda Hilburn  
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E-mail: [Hilburn@ncuc.net](mailto:Hilburn@ncuc.net)

This the 22nd day of May, 2018.

/s/ Karen M. Kemerait  
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