

PUBLIC

INFORMATION SHEET

PRESIDING: Commissioner Kemerait, Presiding; Commissioner Hughes
PLACE: Dobbs Building, Raleigh, NC
DATE: Tuesday, October 24, 2023
TIME: 12:01 p.m. - 1:35 p.m
DOCKET NO.: W-1328 Sub 10 and W-1146 Sub 13
COMPANY: Red Bird Utility Operating Company, LLC
and Total Environmental Solutions, Inc.
DESCRIPTION: In the Matter of Application of Red Bird Utility Operating Company, LLC,
1650 Des Peres Road, Suite 303, St. Louis, Missouri 63131, and Total
Environmental Solutions, Inc., Post Office Box 14056, Baton Rouge,
Louisiana 70898, for Authority to Transfer the Lake Royale Subdivision
Water and Wastewater Utility Systems and Public Utility Franchise in
Franklin and Nash Counties, North Carolina, and for Approval of Rates

VOLUME NUMBER: 2

APPEARANCES

See attached

WITNESSES

See attached

EXHIBITS

None attached

REPORTED BY: Lisa A. DeGroat
TRANSCRIBED BY: Lisa A. DeGroat
DATE FILED: November 7, 2023

TRANSCRIPT PAGES: 102
PREFILED PAGES: 129
TOTAL PAGES: 231

PLACE: Dobbs Building, Raleigh, North Carolina
DATE: Tuesday, October 24, 2023
TIME: 12:01 p.m. - 1:35 p.m.
DOCKETS: W-1146, Sub 13
W-1328, Sub 10
BEFORE: Commissioner Karen M. Kemerait
Commissioner Jeffrey A. Hughes

IN THE MATTER OF:

Application of

Red Bird Utility Operating Company, LLC

1650 Des Peres Road, Suite 303, St. Louis, Missouri

63131, and Total Environmental Solutions, Inc.,

Post Office Box 14056, Baton Rouge, Louisiana 70898,

For Authority to Transfer the Lake Royale Subdivision

Water and Wastewater Utility Systems and Public

Utility Franchise in Franklin and Nash Counties,

North Carolina, and for Approval of Rates

VOLUME 2



1 A P P E A R A N C E S:

2 FOR RED BIRD UTILITY OPERATING COMPANY, LLC:

3 Daniel C. Higgins, Esq.

4 Burns, Day & Presnell, P.A.

5 Post Office Box 10867

6 Raleigh, North Carolina 27608

7

8 FOR TOTAL ENVIRONMENTAL SOLUTIONS, INC.:

9 Edward S. Finley, Jr., Esq.

10 Edward S. Finley, Jr., PLLC

11 2024 White Oak Road

12 Raleigh, North Carolina 27608

13

14 FOR THE LAKE ROYALE PROPERTY OWNERS ASSOCIATION:

15 David Drooz, Esq.

16 Fox Rothschild, LLP

17 434 Fayetteville Street

18 Raleigh, North Carolina 27601

19

20 FOR THE USING AND CONSUMING PUBLIC:

21 Megan Jost, Esq.

22 Public Staff - North Carolina Utilities Commission

23 4326 Mail Service Center

24 Raleigh, North Carolina 27699-4300

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T A B L E O F C O N T E N T S
E X A M I N A T I O N S

JOSIAH COX	PAGE
Direct Examination by Mr. Higgins.....	14
Prefiled Direct Testimony of Josiah Cox.....	18
Prefiled Rebuttal Testimony of Todd Thomas as adopted by Josiah Cox	57
Prefiled Supplemental Testimony of Josiah Cox	87
Cross Examination by Mr. Drooz.....	92
Examination by Commissioner Kemerait.....	106
Examination by Commissioner Hughes.....	128
Examination by Mr. Drooz.....	131
Examination by Mr. Higgins.....	134
KATELYN O'REILLY	PAGE
Prefiled Rebuttal Testimony of Katelyn O'Reilly...	137
PANEL OF LYNN FEASEL and EVAN M. HOUSER	PAGE
Direct Examination by Ms. Jost.....	142
Prefiled Direct Testimony and Appendix A of Lynn Feasel	146
Prefiled Corrected Direct Testimony and Appendix A of Evan M. Houser	156
Prefiled Joint Settlement Testimony of Lynn Feasel and Evan M. Houser	192
Examination by Commissioner Kemerait.....	198
Examination by Commissioner Hughes.....	208

1	Examination by Ms. Jost.....	210
2	JOHN R. HINTON	PAGE
3	Direct Examination by Ms. Jost.....	212
4	Prefiled Direct Testimony and Appendix A of John R. Hinton	215
5	Examination by Commissioner Kemerait.....	221
6	Examination by Ms. Jost.....	224
7	Examination by Mr. Higgins.....	226
8		
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E X H I B I T S

IDENTIFIED/ADMITTED

Cox Corrected Direct Exhibits 1	55/135
through 4 (Confidential - filed under seal)	
Cox Rebuttal Exhibits 1 through 3	85/135
Cox Supplemental Exhibit 1	92/135
Public Staff Feasel Direct Exhibit 1	144/212
(Confidential - filed under seal)	
Public Staff Feasel Direct	144/212
Exhibits I through III (Confidential - filed under seal)	
Public Staff Settlement Exhibits 1	198/212
and 2	
Hinton Direct Exhibit 1	221/227
Settlement Agreement and	-/230
Stipulation, filed October 23, 2023	

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 9/25/2023 DOCKET NO.: W-1328, SU310
ATTORNEY NAME and TITLE: DANIEL C. HIGGINS

FIRM NAME: BURNS, DAY & PRESWELL, PA
ADDRESS: PO BOX 10867
CITY: RALEIGH STATE: NC ZIP CODE: 27608

APPEARANCE ON BEHALF OF: RED BIRD UTILITIES OPERATING
COMPANY, LLC

APPLICANT: COMPLAINANT: ___ INTERVENOR: ___
PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://www.ncuc.net/>, hover over the Dockets tab, select Docket Search, enter the docket number, and click search, select the highlighted docket number and select Documents for a list of all documents filed.

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SIGNATURE: _____

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Nov 08 2023

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 9-25-2023 DOCKET NO.: N-1146 Sub 13
ATTORNEY NAME and TITLE: Edward S. Finley, Jr.

FIRM NAME: Edward S. Finley, Jr. PLLC
ADDRESS: 2024 White Oak Rd.
CITY: Raleigh STATE: NC ZIP CODE: 27608

APPEARANCE ON BEHALF OF: Total Environmental Solutions, Inc.

APPLICANT: COMPLAINANT: ___ INTERVENOR: ___
PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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(Signature Required for distribution of **CONFIDENTIAL** information)

NORTH CAROLINA UTILITIES COMMISSION

APPEARANCE SLIP

DATE: 9-25-23 DOCKET NO.: W-1328 sub 10
W-1146 sub 13
ATTORNEY NAME and TITLE: David Drooz

FIRM NAME: Fox Rothschild
ADDRESS: 436 Fayetteville St
CITY: Raleigh STATE: NC ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Laka Royale AOA

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR:
PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE: September 25, 2023

DOCKET #: 1146, Sub 13

DOCKET #: 1328, Sub 10

PUBLIC STAFF ATTORNEYS: Megan Jost

TO REQUEST A **CONFIDENTIAL** TRANSCRIPT, PLEASE PROVIDE YOUR EMAIL ADDRESS BELOW:

ACCOUNTING _____

CONSUMER SERVICES _____

COMMUNICATIONS _____

ENERGY _____

ECONOMICS _____

LEGAL: megan.jost@psncuc.nc.gov

TRANSPORTATION _____

WATER _____

Non-confidential transcripts are located on the Commission's website. To view and/or print, please access <https://ncuc.net>.

COUNSEL/MEMBER(s) REQUESTING A **CONFIDENTIAL** TRANSCRIPT WHO HAS SIGNED A CONFIDENTIALITY AGREEMENT WILL NEED TO SIGN BELOW.

/s/ Megan Jost

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Nov 08 2023

Cox Direct Exhibit 1

Docket Nos.: W-1328, Sub 10 and W-1146, Sub 13

I/A

Josiah Cox – President

Mr. Cox is President of Red Bird Utility Operating Company, LLC, Red Bird Utility Holding Company, LLC, and also of, Central States Water Resources, LLC, (“CSWR”). Both companies are part of an affiliated group that provides water and/or wastewater utility services to more than 300 customers in 11 states.

Mr. Cox received a Bachelor of Science degree with a major in Environmental Science from the University of Kansas where he was also a student-athlete. Professionally he has worked at the Kansas state biological survey, where he performed a wildlife habitat study. He then worked at a civil engineering firm where he was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. He focused mainly on the water and wastewater side of the civil engineering business and participated in every aspect of that business from waste-load allocation studies (now known as the anti-degradation processes), to design, permitting, project management, and construction management. He also ran the firm's environmental consulting division and was the second private consultant to submit a Water Quality Impact Assessment in the state of Missouri in 2003. He later joined the engineering firm's executive leadership team and helped run all the firm's operations.

Beginning in 2005, he formed a full-service civil engineering, environmental consulting, general contracting, and construction management firm. He gained extensive experience with rural communities in every facet of the water and wastewater compliance process, including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. The firm performed stream sampling and built waste-load allocation models to determine receiving water-body protective permit-able effluent pollutant loads. They did full engineering design of multiple whole community water and wastewater infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and delivered these designs through federal and state administered permitting processes in Missouri. The engineering firm also administered the construction of these water and wastewater systems from green field site selection all the way through system startup and final engineering sign-off. During this time, Mr. Cox also began the Master of Business Administration (MBA) program at Washington University in St. Louis, from which he earned his advanced degree and graduated in 2007.

Additionally beginning in 2008, Mr. Cox took over the operations of an existing rural sewer district and to date he still operates a system, managing the functioning, testing, and maintenance of this system. He also acts as the administrator for this municipal system, performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, customer service, and public town meetings required to service the community.

In late 2010, after working on several small, distressed water and wastewater systems, Mr. Cox created a business plan to acquire and recapitalize failing systems as investor-owned, regulated water and wastewater utility companies. In early 2011, he went to the capital markets to raise money to implement his plan, and over a period of approximately three years met with more than fifty- two infrastructure investment groups in an attempt to raise necessary financing. In February 2014, he was able to raise sufficient debt and equity capital to start CSWR. In 2018, he attracted an additional large institutional private equity investor, which allowed CSWR to expand the scope of its business plan. Since its formation, CSWR has acquired, and is currently operating more than 800 water and/or wastewater systems in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas.

Marty Moore – Chief Financial Officer

Marty Moore is the Chief Financial Officer of CSWR, LLC, and has held this position since April 2020. As CFO, Mr. Moore provides leadership, direction, and oversight of the finance and accounting teams, managing the process for financial forecasting, budgeting, and reporting in addition to overseeing the human resources and risk management functions.

After receiving a Bachelor of Business Administration in Accounting from Abilene Christian University, Mr. Moore gained a wide range of financial management experience. Moore's extensive senior-level finance and operational expertise includes serving as CFO of international automation equipment manufacturer Baldwin Technology Co., a company he helped Barry-Wehmiller/Forsyth Capital take private in 2012. Prior to that, Mr. Moore held senior leadership positions with Summit Marketing, Consolidated Terminals, Barnhill's Buffet Inc., and Global Materials Services. He began his career at Arthur Andersen. Moore most recently led finance and corporate services as CFO of Gardner Capital, a national affordable housing and renewable energy developer, investor, and tax credit syndicator. He has an extensive background in mergers and acquisitions and works alongside Mr. Cox in accelerating the company's already rapid growth trajectory.

Todd Thomas – Vice President

Todd Thomas holds the office of Senior Vice President of CSWR. Mr. Thomas received his Bachelor of Science in Civil Engineering from The Missouri University of Science and Technology, and a Master of Business Administration from Washington University in St. Louis.

Before joining CSWR, Mr. Thomas was President of Brotcke Well and Pump, Vice President of Operations and Business Development of the Midwest for American Water Contract Operations, and General Manager of Midwest Operations for Environmental Management Corporation. Mr. Thomas currently serves on the Technical Advisory Team for the Public Water Supply District 2 of St. Charles County, MO.

Mr. Thomas's past positions in related industries has provided him with extensive experience in water and sewer utilities. He has in depth, firsthand knowledge about the amount of damage resulting from the lack of maintenance on a well system, and he understands how much money and effort are required to restore a well system after neglect.

In his position as Senior Vice President at CSWR, Mr. Thomas's primary responsibilities include utility operations along with the acquisition, development, and rate stabilization of CSWR- affiliated utilities. Those duties include operations, maintenance, capital planning, and regulatory compliance for all affiliate-owned facilities. He is responsible for the management of all operations and maintenance service providers, and engineering firms.

Mike Duncan –Vice President

Mike Duncan is the Vice President of CSWR and was promoted to that position in October 2020. As Vice President, he has played an integral role in researching, preparing, filing, and processing acquisition applications in Missouri, Kentucky, Tennessee, Louisiana, Texas, North Carolina, and Mississippi. He also has taken a leading role in preparing and filing rate cases in Missouri, Kentucky, and Louisiana.

After receiving his Bachelor of Arts degree from Washington University in St. Louis, the first eleven years of his career were spent as an administrator and later director at a non-profit organization in St. Louis, Missouri. As Executive Director, Mr. Duncan oversaw accounting, finance, human resources, IT, and communications for the organization. During his employment he earned his Master of Business Administration from the Olin School of Business at Washington University. Prior to joining CSWR, he spent two years as Director of Operations with NAPA Auto Tire & Parts, a partner-owned chain of auto parts stores, overseeing projects related to distribution, logistics, IT, and general management.

Jake Freeman – Director of Engineering

Jake Freeman is the Director of Engineering of CSWR and has held this position since January 2019. As Director of Engineering, he oversees the engineering, surveying, and facility construction upgrades for all newly acquired CSWR water and wastewater utilities including those in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. He also oversees ongoing capital upgrade projects on all CSWR affiliated and operated facilities.

After receiving a Bachelor of Science degree in Mechanical Engineering from the University of Missouri – Columbia, Mr. Freeman spent the first two years of his career working for Corrigan Mechanical, a design-build mechanical contractor in St. Louis, where he designed, estimated, and managed plumbing, HVAC and process piping construction projects in Missouri and southern Illinois. He then spent eleven years performing similar tasks for Brotcke Well & Pump, a well and pump service contractor servicing water wells and water treatment equipment throughout Missouri, Illinois, Kentucky, and Kansas. Prior to his employment with CSWR, he held the position of Vice President of Brotcke Well & Pump and Principal for their engineering services and managed their newly opened office in Kansas City.

Jo Anna McMahon - Vice President of Government Affairs

Jo Anna McMahon is the Vice President of Government Affairs for CSWR. Ms. McMahon holds several top water and wastewater certifications throughout the country. She received her Bachelor of Business Administration degree from the University of Arkansas at Little Rock, and will be graduating in May 2023 with a Master of Business Administration degree at from Washington University in St. Louis, Missouri.

Before joining CSWR, Ms. McMahon worked for both public and private utilities, respectively serving a both municipality and military installations. Ms. McMahon has extensive experience as both an Operations Coordinator and as a Specification Specialist.

In her previous position as Director for Environmental Health and Safety at CSWR, her responsibilities included managing daily operations of wastewater and water treatment facilities of various sizes ranging from 3,600 gallons per day (gpd) to 64,000,000 gpd. Throughout that time, Ms. McMahon led teams of operators in creating and executing infrastructure improvement plans, managing and developing employees, and providing a standard of excellence in customer service while keeping facilities and operations within regulatory compliance throughout Louisiana, Kansas, and Arkansas.

Ms. McMahon's previous employment equipped her with invaluable experience in water and sewer utilities. She has a wide range of firsthand experience in managing water and wastewater treatment facilities safely and in a financially and operationally sound manner.

Chelsie Carter - Director of Customer Experience

Chelsie Carter is the Director of Customer Experience at CSWR. Ms. Carter joined CSWR in 2021 as Customer Experience Manager and was promoted to Director level within seven months, leading an overhaul of the CSWR's customer service functions during a period of dramatic growth.

Ms. Carter first earned a Bachelor of Science degree followed by her Master of Business Administration from Lindenwood University. She has a strong background in training and management as well as extensive experience with utility providers. Prior to joining CSWR, she led the Accounts Receivable division at the St. Louis Metropolitan Sewer District, where she also served as the point of contact for dozens of major accounts. Areas of oversight included billing \$34M per month in customer invoices, customer service for 430k customers, processing an average of \$1M in payment remittance per day and collecting more than \$92M in delinquent accounts. Ms. Carter also spent 16 years with American Water, starting as the supervisor for the Customer Call Center and working her way up to Business Services Specialist. In this role she was the point of contact for the Public Service Commission on customer-related issues and resolutions. She has provided direction and support for several rate cases, acquisitions, and software implementations.

Since joining CSWR, Ms. Carter continues to oversee the entire customer life cycle, focusing on improving the customer experience in the areas of self-service, software systems and processes.



MISSOURI
DEPARTMENT OF
NATURAL RESOURCES

Michael L. Parson
Governor

Dru Buntin
Director

June 22, 2023

OFFICIAL COPY VIA EMAIL

Josiah Cox
Confluence Rivers Utility Operating Company, Inc.
1650 Des Peres Road, Suite 303
Des Peres, MO 63131

RE: Confluence Rivers Utility Operating Company

Dear Josiah Cox:

The Missouri Department of Natural Resources regulates approximately 5,000 domestic wastewater treatment systems and approximately 2,700 public water systems in the State that are subject to the Missouri Clean Water Law and the Missouri Safe Drinking Water Law, respectively. The Department's primary goal as the regulatory authority in administering these state laws is to ensure environmental protection and human health and safety against pollution and health risks that may be caused by failing or improperly operating wastewater treatment systems and public water systems. The Department promotes compliance through compliance assistance, education, and, when necessary, enforcement actions. When systems end up in enforcement, it is often a result of limited resources and available solutions, which can sometimes draw cases out over a period of years.

When systems are unable to resolve their technical, managerial, or financial problems, one reliable solution is selling the system to a higher-performing utility operating company. In Missouri, Confluence Rivers Utility Operating Company, Inc. (CRUOC) is one of the few utility operating companies who is willing to acquire some of the most difficult failing systems. CRUOC has consistently taken swift actions after taking control of these systems to bring them into compliance by employing qualified operators, effectively administering and managing the systems, and investing in repairs and upgrades.

CRUOC's willingness to acquire systems with long-standing compliance issues has proven to be beneficial to human health and the environment by bringing many of these systems into compliance with environmental laws. The Department looks forward to continuing to work with CRUOC as it continues to acquire wastewater and public water systems in Missouri, in furtherance of the Department's initiative to encourage regionalization and consolidation of the many private systems in Missouri that are struggling to achieve compliance with laws for the protection of public health and the environment.



If you have any questions regarding this correspondence, you may contact Joe Clayton at Department of Natural Resources, Water Protection Program, Compliance and Enforcement Section, P.O. Box 176, Jefferson City, MO 65102-0176; by phone at 573-522-1120; or by email at cwenf@dnr.mo.gov. Thank you for your cooperation in this matter.

Sincerely,

WATER PROTECTION PROGRAM



Joe Clayton
Compliance and Enforcement Section Chief

JC/ehh

c: Lance Dorsey, Chief, PDWB, Compliance and Enforcement



MISSISSIPPI STATE DEPARTMENT OF HEALTH

March 14, 2023

Commissioner Brent Bailey
MPSC-Central District
Woolfolk Building
501 North West Street
Suite 201A
Jackson, MS 39201

Dear Commissioner Bailey:

The Mississippi State Department of Health's mission is to protect and advance the health, well-being, and safety of everyone in Mississippi. As you are aware, the Bureau of Public Water Supply (Bureau) exists within the Office of Environmental Health to carry out the Department's mission for the safety of the state's drinking water supplies through the implementation and oversight of the federal and state Safe Drinking Water Acts. The Bureau believes, much like the Mississippi Public Service Commission, that citizens of the state should have access to reliable, affordable, and safe drinking water from the state's utilities.

We recognize the PSC's goals in many ways mirror those of the Bureau. We acknowledge the recent coordinated efforts our agencies have taken to improve the service and water quality of a few of the more troubled water systems in the state. We anticipate future opportunities of continued collaboration to assist customers in need with their water systems.

The Bureau sees many emerging opportunities where our agencies could encourage utilities to merge and consolidate management, services and/or physical connection. Through our continued cooperation and funding the Legislature is considering, we hope our partnership can expedite consolidation and regionalization opportunities. These situations would give opportunities for citizens without safe drinking water the ability to get it or may allow citizens with safe drinking water to obtain higher quality drinking water. These consolidation efforts could include utilities/private investors buying poorly performing utilities.

As you may be aware, Great River Utility Company has recently acquired several drinking water systems across the state. Great River Utility has worked closely with the Bureau's compliance and field staff to maintain compliance with the various rules and regulations of the Safe Drinking Water Act. A viable entity such as Great River Utility desiring to help problematic drinking water systems by investing in them for improved services to citizens is very appreciated and supported by the Bureau.

We believe the Bureau's coordination with the PSC to identify problematic drinking water systems and to identify long-term solutions, such as those offered by entities like Great River, is very beneficial to our shared goals and objectives.

The Bureau appreciates Great River Utilities' commitment to improved regulatory compliance, and the Bureau remains committed to our partnership with PSC to find sensible and feasible solutions to shared problems. If we may be of additional service to the PSC, please do not hesitate to contact us.

Sincerely,



William F. Moody, P.E., BCEE
Director, Bureau of Public Water Supply

Vendor	Inv #	Date	Amount	PSI Acct	Service Area	Type	Service Type2	Budget Code
21 Design Group Inc.	7723	12/31/2021	9,330.00	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
21 Design Group Inc.	17758	1/10/2023	1,434.30	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
21 Design Group Inc.	8957	12/31/2021	258.75	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
21 Design Group Inc.	17308	1/1/2023	207.90	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
21 Design Group Inc.	11158	12/31/2021	187.50	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
21 Design Group Inc.	8219	12/31/2021	57.50	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-037	5/1/2022	3,065.60	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-054	7/31/2023	2,214.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-035	2/1/2022	1,966.40	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-023	12/31/2021	1,541.50	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-020	12/31/2021	1,020.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-041	8/8/2022	929.60	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-036	3/1/2022	881.60	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-039	6/8/2022	790.40	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-038	6/1/2022	668.80	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-022	12/31/2021	515.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-024	12/31/2021	479.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-043	10/3/2022	456.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-034	12/31/2021	304.50	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-049	4/1/2023	288.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-053	6/30/2023	256.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-040	6/30/2022	212.80	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-021	12/31/2021	115.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-025	12/31/2021	115.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-042	8/31/2022	91.20	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-051	4/30/2023	64.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Beckemeier LeMoine Law	75-044	11/9/2022	60.80	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Law Firm Carolinas	236167	12/31/2021	7,312.06	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Law Firm Carolinas	234715	12/31/2021	331.25	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Law Firm Carolinas	245500	2/1/2022	206.25	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
Law Firm Carolinas	260903 NC	3/16/2023	150.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
McGill Associates, P.A.	19.00346-11733	12/31/2021	5,580.50	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
McGill Associates, P.A.	19.00346-11137	12/31/2021	2,606.03	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
McGill Associates, P.A.	19.00346-10894	12/31/2021	2,255.25	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
McGill Associates, P.A.	19.00346-11425	12/31/2021	2,018.50	183.001	NC-Lake Royale	W&S	Water	Lake Royale - Water
The Beckemeier Law Firm LC	75-018	12/31/2021	324.00	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
The Beckemeier Law Firm LC	75-019	12/31/2021	265.50	183.002	NC-Lake Royale	W&S	Water	Lake Royale - Water
21 Design Group Inc.	16078	10/19/2022	69,859.31	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	12883	3/1/2022	35,427.00	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	15619	9/13/2022	9,236.35	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	14631	7/11/2022	8,867.25	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	16697	11/17/2022	4,437.23	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	13269	4/1/2022	3,540.00	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	18120	2/9/2023	3,101.75	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	12351	2/1/2022	2,188.75	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	11930	12/31/2021	900.00	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	12754	3/1/2022	802.50	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	15021	8/2/2022	530.00	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	18608	3/8/2023	90.96	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater
21 Design Group Inc.	19243	4/5/2023	60.00	183.001	NC-Lake Royale	Sewer	Wastewater	Lake Royale - Wastewater

187,601.59

**Cox Direct Exhibit 4
Docket Nos.: W-1328, Sub 10 and W-1146, Sub 13**

9/25/23, 8:33 AM

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Detailed Facility Report



Detailed Facility Report

Facility Summary

LAKE ROYALE WWTP

NCSR 1611, LOUISBURG, NC 27549

FRS (Facility Registry Service) ID: 110006804226

EPA Region: 04

Latitude: 35.948611

Longitude: -78.190833

Locational Data Source: NPDES

Industries: --

Indian Country: N

Enforcement and Compliance Summary

Statute	CWA
Compliance Monitoring Activities (5 years)	1
Date of Last Compliance Monitoring Activity	10/22/2019
Compliance Status	Violation Identified
Qtrs in Noncompliance (of 12)	12
Qtrs with Significant Violation	2
Informal Enforcement Actions (5 years)	13
Formal Enforcement Actions (5 years)	6
Penalties from Formal Enforcement Actions (5 years)	\$1,501
EPA Cases (5 years)	--
Penalties from EPA Cases (5 years)	--

Regulatory Information

Clean Air Act (CAA): No Information
 Clean Water Act (CWA): Minor, Permit Effective (NC0042510)
 Resource Conservation and Recovery Act (RCRA): No Information
 Safe Drinking Water Act (SDWA): No Information

[Go To Enforcement/Compliance Details](#)
[Known Data Problems](#)

Other Regulatory Reports

Air Emissions Inventory (EIS): No Information
 Greenhouse Gas Emissions (eGGRT): No Information
 Toxic Releases (TRI): No Information
 Compliance and Emissions Data Reporting Interface (CEDRI): No Information

Facility/System Characteristics

Facility/System Characteristics

System	Statute	Identifier	Universe	Status	Area	Permit Expiration Date	Indian Country	Latitude	Longitude
FRS		110006804226					N	35.948611	-78.190833
ICIS		36221					U	35.948764	-78.190548
ICIS-NPDES	CWA	NC0042510	Minor: NPDES Individual Permit	Effective		09/30/2024	N	35.948611	-78.190833

Facility Address

System	Statute	Identifier	Facility Name	Facility Address	Facility County
FRS		110006804226	LAKE ROYALE WWTP	NCSR 1611, LOUISBURG, NC 27549	
ICIS		36221	RIVIERA UTIL /LAKE ROYALLE	LAKE ROYALE, BUNN, NC 27508	Warren County
ICIS-NPDES	CWA	NC0042510	LAKE ROYALE WWTP	NCSR 1611, LOUISBURG, NC 27549	Franklin County

Facility SIC (Standard Industrial Classification) Codes

System	Identifier	SIC Code	SIC Description
ICIS-NPDES	NC0042510	6515	Mobile Home Site Operators

Facility NAICS (North American Industry Classification System) Codes

System	Identifier	NAICS Code	NAICS Description
			No data records returned

Facility Industrial Effluent Guidelines

Identifier	Effluent Guideline (40 CFR Part)	Effluent Guideline Description
NC0042510	401	General provisions

Facility Tribe Information

Reservation Name	Tribe Name	EPA Tribal ID	Distance to Tribe (miles)
			No data records returned

Enforcement and Compliance

Compliance Monitoring History Last 5 Years

Statute	Source ID	System	Activity Type	Compliance Monitoring Type	Lead Agency	Date	Finding (if applicable)
CWA	NC0042510	ICIS-NPDES	Inspection/Evaluation	Base Program - Sampling	State	10/22/2019	

Entries in italics are not counted as EPA official inspections.

Compliance Summary Data

Statute	Source ID	Current SNC (Significant Noncompliance)/HPV (High Priority Violation)	Current As Of	Qtrs with NC (Noncompliance) (of 12)	Data Last Refreshed
CWA	NC0042510	No	06/30/2023	12	09/22/2023

Three-Year Compliance History by Quarter

Statute	Program/Pollutant/Violation Type	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	QTR 13+
CWA (Source ID: NC0042510)		07/01-09/30/20	10/01-12/31/20	01/01-03/31/21	04/01-06/30/21	07/01-09/30/21	10/01-12/31/21	01/01-03/31/22	04/01-06/30/22	07/01-09/30/22	10/01-12/31/22	01/01-03/31/23	04/01-06/30/23	07/01-09/22/23
Facility-Level Status		Significant Category 1 Noncompliance	Significant Category 1 Noncompliance	Violation Identified	Violation Identified	Violation Identified	Violation Identified	Violation Identified	Violation Identified	Violation Identified	Violation Identified	Violation Identified	Violation Identified	Violation Identified
Quarterly Noncompliance Report History		Failure to Report DMR - Not Received	Failure to Report DMR - Not Received	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance	Reportable Noncompliance
Pollutant		Disch Point	Mon Loc	Freq										
BOD ₅ day 20		001 - M	Effluent Gross	NMth										
CWA						6%						24%		
Single Event Violations		Agency												
CWA	Permit Violations - Unapproved Operation	State	11/13/2017	→	→	→	→	→	→	→	→	→	→	→
CWA	Permit Violations - Unapproved Operation	State	10/22/2019	→	→	→	→	→	→	→	→	→	→	→
Late or Missing Discharge Monitoring Report (DMR) Measurements														
Counts of Missing DMR Measurements		2	2	2	2	2	2	2	2	2	2	2	2	2

Informal Enforcement Actions Last 5 Years

Statute	System	Source ID	Type of Action	Lead Agency	Date
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	06/08/2023
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	03/14/2023

Statute	System	Source ID	Type of Action	Lead Agency	Date
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	11/05/2021
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	10/19/2020
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	06/08/2020
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	01/02/2020
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	12/18/2019
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	11/15/2019
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	10/15/2019
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	07/10/2019
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	05/31/2019
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	02/08/2019
CWA	ICIS-NPDES	NC0042510	Base Program - Notice of Violation	State	02/08/2019

Entries in italics are not counted as "informal enforcement actions" in EPA policies pertaining to enforcement response tools.

Formal Enforcement Actions Last 5 Years

Statute	System	Law/Section	Source ID	Type of Action	Case No.	Lead Agency	Case Name	Issued/Filed Date	Settlements/Actions	Settlement/Action Date	Federal Penalty Assessed	State/Local Penalty Assessed	Penalty Amount Collected	SEP Value	Comp Action Cost
CWA	ICIS-NPDES	OTHER	NPDES/NC0042510	Administrative - Formal	<i>NC/LV-2020-0222</i>	State	Total Environmental Solutions Inc	08/24/2020	↓	08/24/2020	\$0	\$285	==	\$0	\$0
CWA	ICIS-NPDES	OTHER	NPDES/NC0042510	Administrative - Formal	<i>NC/LV-2020-0224</i>	State	Total Environmental Solutions Inc	02/14/2020	↑	02/14/2020	\$0	\$384	==	\$0	\$0
CWA	ICIS-NPDES	OTHER	NPDES/NC0042510	Administrative - Formal	<i>NC/LV-2019-0175</i>	State	Total Environmental Solutions Inc	12/13/2019	↓	12/13/2019	\$0	\$284	==	\$0	\$0
CWA	ICIS-NPDES	OTHER	NPDES/NC0042510	Administrative - Formal	<i>NC/LV-2019-0247</i>	State	Total Environmental Solutions Inc	10/23/2019	↑	10/23/2019	\$0	\$134	==	\$0	\$0
CWA	ICIS-NPDES	OTHER	NPDES/NC0042510	Administrative - Formal	<i>NC/LV-2019-0169</i>	State	Total Environmental Solutions Inc	07/25/2019	↓	07/25/2019	\$0	\$282	==	\$0	\$0
CWA	ICIS-NPDES	OTHER	NPDES/NC0042510	Administrative - Formal	<i>NC/LV-2019-0328</i>	State	Total Environmental Solutions Inc	04/23/2019	↓	04/23/2019	\$0	\$132	==	\$0	\$0

Environmental Conditions

Watersheds

12-Digit WBD (Watershed Boundary Dataset) HUC (RAD (Reach Address Database))	WBD (Watershed Boundary Dataset) Subwatershed Name (RAD (Reach Address Database))	State Water Body Name (ICS (Integrated Compliance Information System))	Beach Closures Within Last Year	Beach Closures Within Last Two Years	Pollutants Potentially Related to Impairment	Watershed with ESA (Endangered Species Act)-Listed Aquatic Species?
030201010601	Lake Sagamore-Cypress Creek	CYPRESS CREEK	No	No	==	Yes

Assessed Waters From Latest State Submission (ATTAINS)

State	Report Cycle	Assessment Unit ID	Assessment Unit Name	Water Condition	Cause Groups Impaired	Drinking Water Use	Ecological Use	Fish Consumption Use	Recreation Use	Other Use
No data records returned										

Air Quality Nonattainment Areas

Pollutant	Within Nonattainment Status Area?	Nonattainment Status Applicable Standard(s)	Within Maintenance Status Area?	Maintenance Status Applicable Standard(s)
No data records returned				

Pollutants

Toxics Release Inventory History of Reported Chemicals Released in Pounds per Year at Site

TRI Facility ID	Year	Total Air Emissions	Surface Water Discharges	Off-Site Transfers to POTWs (Publicly Owned Treatment Works)	Underground Injections	Releases to Land	Total On-Site Releases	Total Off-Site Transfers
No data records returned								

Toxics Release Inventory Total Releases and Transfers in Pounds by Chemical and Year

Chemical Name
No data records returned

CWA (Clean Water Act) Discharge Monitoring Report (DMR) Pollutant Loadings

NPDES ID	Description	2019	2020	2021	2022	2023
NC0042510	DMR Pollutant Loadings (lb/year)	430	439	236	532	113
NC0042510	DMR Pollutant Loadings - Load Over Limit (lb/year)	16,80	1,05	0	0	0
NC0042510	DMR Conventional Loadings (lb/year)	==	==	==	79.53	==
NC0042510	DMR Conventional Loadings - Load Over Limit (lb/year)	==	==	==	0	==
NC0042510	DMR Toxic-Weighted Loadings (lb-eq/year)	0.1127	0.0570	0.0145	0.0170	0.0077
NC0042510	DMR Toxic-Weighted Loadings - Load Over Limit (lb-eq/year)	0.0389	0.0012	0	0	0

Community

Environmental Justice

This section shows indexes from EJSscreen, EPA's screening tool for environmental justice (EJ) concerns. EPA uses these indexes to identify geographic areas that may warrant further consideration or analysis for potential EJ concerns. Use of these indexes does not designate an area as an "EJ community" or "EJ facility." EJSscreen provides screening level indicators, not a determination of the existence or absence of EJ concerns. For more information, see the [EJSscreen home page](#).

EJSscreen Indexes Shown

Compare to US State

Index Type Environmental Justice Supplemental

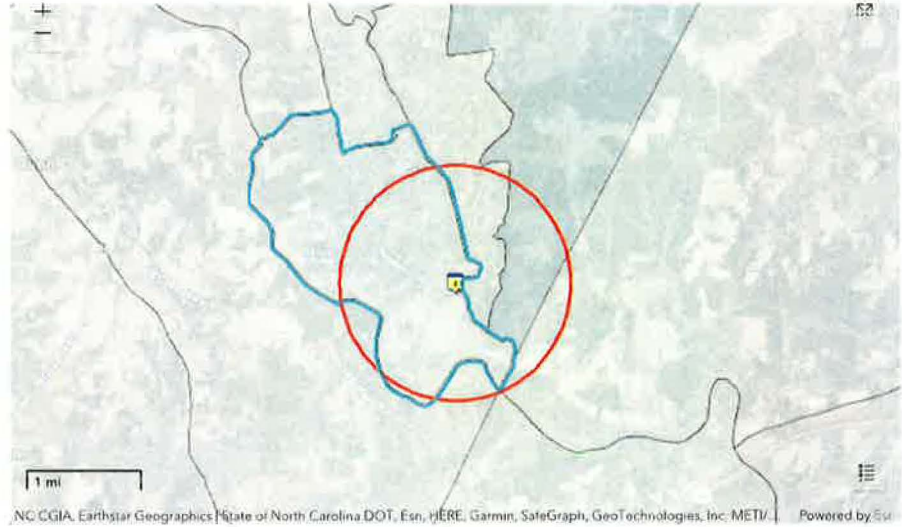
Related Reports

[EJSscreen Community Report](#)

[Download Data](#)

Facility 1-mile Radius Facility Census Block Group

Census Block Group ID: 370690607033	US (Percentile)	
Supplemental Indexes	Facility Census Block Group	1-mile Max
Count of Indexes At or Above 80th Percentile	0	2
Particulate Matter 2.5	37	75
Ozone	34	78
Diesel Particulate Matter	14	41
Air Toxics Cancer Risk	48	82
Air Toxics Respiratory Hazard Index	43	74
Toxic Releases to Air	26	58
Traffic Proximity	0	49
Lead Paint	22	82
Risk Management Plan (RMP) Facility Proximity	14	47
Hazardous Waste Proximity	10	30
Superfund Proximity	15	41
Underground Storage Tanks (UST)	0	57
Wastewater Discharge	21	37



Demographic Profile of Surrounding Area (1 mile)

This section provides demographic information regarding the community surrounding the facility. ECHO compliance data alone are not sufficient to determine whether violations at a particular facility had negative impacts on public health or the environment. Statistics are based upon the 2010 U.S. Census and 2017 - 2021 American Community Survey (ACS) 5-year Summary and are accurate to the extent that the facility latitude and longitude listed below are correct. EPA's spatial processing methodology considers the overlap between the selected radii and the census blocks (for U.S. Census demographics) and census block groups (for ACS demographics) in determining the demographics surrounding the facility. For more detail about this methodology, see the [Data Dictionary](#).

General Statistics (U.S. Census)	
Total Persons	937
Population Density	347/sq. mi.
Housing Units in Area	586
General Statistics (ACS (American Community Survey))	
Total Persons	982
Percent People of Color	23%
Households in Area	431
Households on Public Assistance	53
Persons With Low Income	207
Percent With Low Income	21%
Geography	
Radius of Selected Area	1 mi.
Center Latitude	35.948611
Center Longitude	-78.190813
Land Area	92%
Water Area	8%
Income Breakdown (ACS (American Community Survey)) - Households (%)	
Less than \$15,000	23 (5.36%)
\$15,000 - \$25,000	66 (15.38%)
\$25,000 - \$50,000	35 (8.16%)
\$50,000 - \$75,000	41 (9.56%)
Greater than \$75,000	264 (61.54%)

Age Breakdown (U.S. Census) - Persons (%)	
Children 5 years and younger	54 (6%)
Minors 17 years and younger	217 (23%)
Adults 18 years and older	720 (77%)
Seniors 65 years and older	117 (12%)
Race Breakdown (U.S. Census) - Persons (%)	
White	756 (81%)
African-American	141 (15%)
Hispanic-Origin	35 (4%)
Asian/Pacific Islander	6 (1%)
American Indian	6 (1%)
Other/Multi-racial	29 (3%)
Education Level (Persons 25 & older) (ACS (American Community Survey)) - Persons (%)	
Less than 9th Grade	15 (1.84%)
9th through 12th Grade	41 (5.04%)
High School Diploma	201 (24.69%)
Some College/2-year	210 (25.8%)
B.S./B.A. (Bachelor of Science/Bachelor of Arts) or More	151 (18.55%)

LAST UPDATED ON SEPTEMBER 21, 2022

[DATA REFRESH INFORMATION](#)

DMR Exceedances Report

Effluent Limit Exceedances Report

LAKE ROYALE WWTP, LOUISBURG, NC, 27549

Facility Information

NPDES (National Pollutant Discharge Elimination System) ID: NC0042510
 FRS (Facility Registry Service) ID: 110006804226
 Other NPDES (National Pollutant Discharge Elimination System) IDs associated with this FRS (Facility Registry Service) ID: None
 TRI (Toxics Release Inventory) ID(s): None
 Major/Non-Major Indicator: Non-Major
 Facility Type: NON-POTW
 Latitude/Longitude: 35 948611/-78.190833
 4-Digit SIC (Standard Industrial Classification) Code: 6515 - OPER OF RES MOBILE HOME SITES
 6-Digit NAICS (North American Industry Classification System) Code: --

Receiving Watershed Information

State Water Body Name (ICIS (Integrated Compliance Information System)): CYPRESS CREEK
 WBD (Watershed Boundary Dataset) Subwatershed Name / 12-Digit WBD (Watershed Boundary Dataset) HUC (Hydrologic Unit Code) (FRS Derived): (030201010601) Lake Sagamore-Cyprus Creek
 Listed for Impairment (ATTAINS (Assessment, Total Maximum Daily Load (TMDL) Tracking and Implementation System)): No
 Impairment Class (ATTAINS (Assessment, Total Maximum Daily Load (TMDL) Tracking and Implementation System)): Not provided

Permit Information

Permit Status: Effective
 Permit Issuance: STATE OF NORTH CAROLINA
 Original Issue Date: 02/28/1979
 Last Issue Date: 05/27/2020
 Permit Effective Date: 07/01/2020
 Permit Expiration Date: 09/30/2024
 DMR Signer: --
 Approved Pretreatment Program: N/A
 Combined Sewer Overflow (CSO) Outfall: N/A

Enforcement Information

Last Formal Enforcement Action: 08/24/2020
 Civil Enforcement Case Number: NC-LV-2020-0222
 DOJ/Court Docket Number: --
 Court Docket Number:
 Type Description: State CWA Penalty AO

Related Reports

- [View DMR Pollutant Loading Report](#)
- [View Detailed Facility Report](#)
- [View Effluent Charts](#)

Report Options

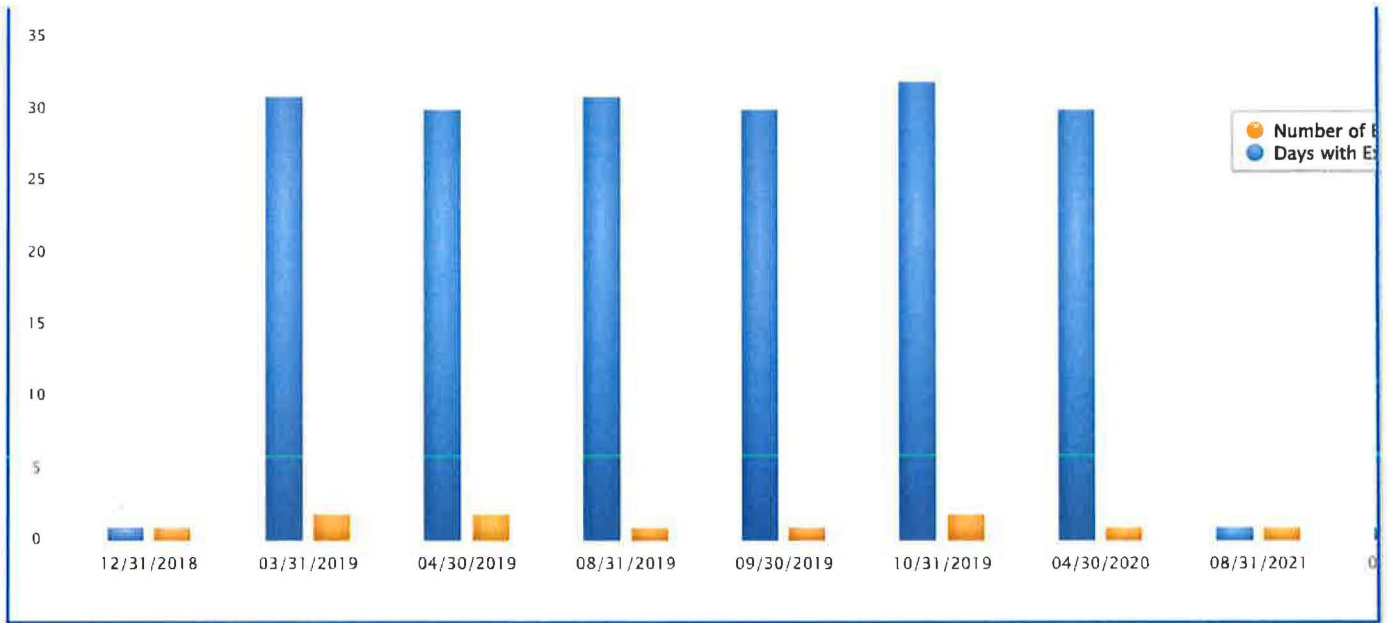
Select an Exceedance Type: Effluent Limit Exceedances Benchmark Threshold Exceedances

Adjust Date Range:

Display records identified as potential outliers or data errors

Total Exceedance Counts

Number of Exceedances	Days with Exceedances	Months with Exceedances
12	187	9



Exceedance Counts by Pollutant

Parameter Code	Description	Statistical Base Type	Contains Potential Outliers?	Number of Exceedances	Days with Exceedances
00310	BOD, 5-day, 20 deg. C	30DA AVG		2	61
00310	BOD, 5-day, 20 deg. C	DAILY MX		4	2
00610	Nitrogen, ammonia total (as N)	30DA AVG		4	122
31616	Coliform, fecal MF, MFC broth, 44.5 C	DAILY MX		1	1
50060	Chlorine, total residual	DAILY MX		1	1

Exceedance Details

Date	Outfall	Parameter	Average Daily Flow (MGD)	Statistical Base Type	DMR Value	Limit Value	Percent Exceedance	Load over Limit (lb/period)	Load over Limit (lb-eq/period)	Days per Period	Days with Exceedances
12/31/2018	001	31616 - Coliform, fecal MF, MFC broth, 44.5 C	--	DAILY MX	2,420 #/100mL	<= 400 #/100mL	505	--	--	31	1
03/31/2019	001	00310 - BOD, 5-day, 20 deg. C	0.0025	30DA AVG	27.33 mg/L	<= 22 mg/L	24	3.44	--	31	31
03/31/2019	001	00310 - BOD, 5-day, 20 deg. C	--	DAILY MX	36.70 mg/L	<= 33 mg/L	11	--	--	31	--
04/30/2019	001	00310 - BOD, 5-day, 20 deg. C	0.0026	30DA AVG	25.64 mg/L	<= 22 mg/L	17	2.37	--	30	30
04/30/2019	001	00310 - BOD, 5-day, 20 deg. C	--	DAILY MX	44.50 mg/L	<= 33 mg/L	35	--	--	30	--

Date	Outfall	Parameter	Average Daily Flow (MGD)	Statistical Base Type	DMR Value	Limit Value	Percent Exceedance	Load over Limit (lb/period)	Load over Limit (lb-eq/period)	Days per Period	Days with Exceedances
08/31/2019	001	00610 - Nitrogen, ammonia total (as N)	0.0045	30DA AVG	6.28 mg/L	<= 3.5 mg/L	79	3.23	0.0036	31	31
09/30/2019	001	00610 - Nitrogen, ammonia total (as N)	0.0042	30DA AVG	3.90 mg/L	<= 3.5 mg/L	11	0.4206	0.0005	30	30
10/31/2019	001	00610 - Nitrogen, ammonia total (as N)	0.0044	30DA AVG	9.90 mg/L	<= 3.5 mg/L	183	7.29	0.0081	31	31
10/31/2019	001	50060 - Chlorine, total residual	0.0044	DAILY MX	0.0750 mg/L	<= 0.028 mg/L	168	0.0535	0.0268	31	1
04/30/2020	001	00610 - Nitrogen, ammonia total (as N)	0.0028	30DA AVG	5 mg/L	<= 3.5 mg/L	43	1.05	0.0012	30	30
08/31/2021	001	00310 - BOD, 5-day, 20 deg. C	--	DAILY MX	34.90 mg/L	<= 33 mg/L	6	--	--	31	1
01/31/2023	001	00310 - BOD, 5-day, 20 deg. C	--	DAILY MX	40.90 mg/L	<= 33 mg/L	24	--	--	31	1

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Nov 08 2023

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2022-151-WS

Joint Application for Approval of the Sale of)	REBUTTAL TESTIMONY
Assets and Transfer of Facilities, Territory and)	OF WAYNE OWENS ON
Certificate of Public Convenience and Necessity)	BEHALF OF TOTAL
from Total Environmental Solutions, Inc. to)	ENVIRONMENTAL
CSWR South Carolina Utility Operating)	SOLUTIONS, INC.
Company, LLC)	

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Wayne Owens. My business address is 1824 Ryder Drive, Baton Rouge,
3 Louisiana, 70808.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by South Louisiana Electric Cooperative Association (“SLECA”) the parent
6 company of Total Environmental Solutions, Inc.) to serve as the CEO for Total
7 Environmental Solutions, Inc. (“TESI”).

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. The purpose of my testimony is to respond briefly to the Direct Testimony of Dawn M.
10 Hipp and Daniel P. Hunnell II filed on behalf of the South Carolina Office of Regulatory
11 Staff (ORS).

12 **Q. PLEASE DESCRIBE TESI BRIEFLY.**

13 A. TESI currently owns and operates water and wastewater systems serving the Foxwood
14 Hills subdivision in Oconee County. According to information in TESI’s Annual Report,
15 the water system serves approximately 599 connections, and the wastewater system serves
16 approximately 582 connections. The water connections as of July 2022 were 623 and the

1 wastewater connections were 606. In addition, there are there are condominiums
2 containing 114 individual units which have been closed for a number of months and are in
3 the final stages of renovation and are expected to reopen in the near future. TESI last had
4 rates approved by this Commission more than 16 years ago – on May 9, 2006, by Order
5 No. 2006-292(A) in Docket No. 2004-90-W/S. In addition, TESI owns and operates water
6 and wastewater systems in Louisiana and North Carolina.

7 **Q. HAS TESI SIGNED AN ASSET PURCHASE AGREEMENT TO SELL THE**
8 **FOXWOOD HILLS SYSTEMS?**

9 A. Yes. The terms of the Agreement, including the purchase price, were negotiated by the
10 parties in good faith and at arm’s length, and TESI believes the terms of the Agreement are
11 fair and reasonable and serve the public interest.

12 **Q. WHAT IS THE STATUS OF TESI’S OPERATIONS IN THE THREE STATES**
13 **WHERE IS CURRENTLY OPERATES?**

14 A. TESI is in the process of selling its water and wastewater business entirely. As described
15 in Mr. Cox’s Rebuttal Testimony, TESI has entered into purchase agreements that will, if
16 closed, result in the transfer of all TESI’s water and wastewater assets in Louisiana, North
17 Carolina, and South Carolina. A number of TESI sewer systems in Louisiana are currently
18 subject to a Federal Consent Decree requiring significant capital investment in those
19 systems. TESI will require an increase in credit limit to meet the demands of the capital
20 improvements mandated by the Consent Decree. To obtain increased borrowing capacity
21 it would be necessary for SLECA, TESI’s parent company, to endorse the loans to fund
22 the capital expenditures. This is not a viable option. TESI’s parent company sustained
23 catastrophic losses from Hurricane IDA in September 2021. SLECA is an electric

1 distribution cooperative that suffered over \$129,000,000 of infrastructure destruction plus
2 the total loss of its administrative office facilities. The expenses will continue to increase
3 as restoration efforts continue.

4 The North and South Carolina systems do not generate adequate profitability to
5 justify continued ownership as they would be the only remaining systems owned by TESI
6 after the sale of the Louisiana systems.

7 **Q. WHY IS TESI SEEKING TO SELL ITS WATER AND WASTEWATER SYSTEM**
8 **ASSETS?**

9 A. The costs of maintaining the sewer and wastewater systems and implementing the
10 requirements of the Federal Consent Decree for those Louisiana sewer systems still subject
11 to that Decree have made continued ownership and operation of these systems exceedingly
12 difficult for TESI. These catastrophic losses suffered because of Hurricane Ida make the
13 need to sell the two Carolina operations even more critical. South Carolina operations are
14 not sufficiently profitable to justify TESI's continued ownership as a standalone operation.
15 These facilities are too remote from Baton Rouge, Louisiana to manage efficiently. After
16 the sale of Louisiana Assets, the North and South Carolina operations don't justify
17 maintaining management and administrative staff for these two remote operations.

18 **Q. HAS TESI MADE ANY RECENT INVESTMENTS IN ITS SOUTH CAROLINA**
19 **SYSTEMS?**

20 A. No. As set out above, TESI does not possess the capital resources or the access to capital
21 necessary to invest in, maintain, and improve its systems, in South Carolina, Louisiana, or
22 North Carolina. Similarly, TESI does not have the wherewithal to seek to adjust its rates
23 with this Commission, even though TESI's current rates have been in place since 2006.

1 Q. WHAT IS TESI'S FINANCIAL CONDITION WITH RESPECT TO ITS SOUTH
2 CAROLINA OPERATIONS?

3 A. According to the TESI 2021 Annual Reports filed with this Commission, TESI's water
4 operations had a net loss of \$113,603, and its sewer operations had a net loss of \$19,164.
5 TESI has experienced similar losses in recent years.

6 Q. ORS WITNESS HUNNELL PROVIDES SOME TESTIMONY (P. 8) REGARDING
7 THE PERFORMANCE BONDS TESI HAS PROVIDED TO THE COMMISSION.
8 WHAT IS YOUR RESPONSE?

9 A. Mr. Hunnell is correct that TESI currently has provided the Commission with bonds (in
10 the form of irrevocable letters of credit) for water operations and sewer operations each in
11 the amount of \$100,000. Mr. Hunnell further testifies that "[i]f the Commission does not
12 approve the acquisition and transfer, ORS recommends the Commission require TESI to
13 increase its performance bond amounts" to \$350,000 for both water and wastewater
14 operations. TESI would not be able to "increase its performance bond amounts" to
15 \$350,000. Again, TESI is simply not able to continue to operate these systems.

16 Q. DOES TESI HAVE ACCESS TO CAPITAL IN ORDER TO MAKE
17 INVESTMENTS AND IMPROVEMENTS IN THE SYSTEM?

18 A. No, it does not. TESI is trying to exit the utility business altogether.

19 Q. ORS WITNESS HUNNELL TESTIFIES THAT TESI IS "CURRENTLY
20 OPERATING IN COMPLIANCE WITH THE COMMISSION'S RULES AND
21 REGULATIONS." CAN YOU PROVIDE SOME MORE CONTEXT FOR THE
22 COMMISSION?

1 A. While TESI may be so operating at this point in time, because of the difficulties described
2 above, TESI is unlikely to continue to be able to maintain regulatory compliance on a
3 going-forward basis. In addition, Mr. Hunnell overlooks a number of difficulties TESI has
4 faced with respect to its systems. For example, the Foxwood Hills Wastewater Treatment
5 Plant has received eleven notifications of violations (NOVs) from the South Carolina
6 Department of Environmental Control (“SCDHEC”) since January 2018 for exceeding
7 effluent limitations. As a result, in 2021, TESI executed a Consent Order with SCDHEC
8 (21-061) requiring TESI to undertake certain actions and pay DHEC a civil penalty.

9 **Q. ORS WITNESS HIPP TESTIFIES (P. 4-5) THAT THE SALE OF ASSETS TO**
10 **CSWRSC WILL NOT PROVIDE CUSTOMER BENEFITS THAT AREN’T**
11 **CURRENTLY PROVIDED BY TESI? IS THIS CORRECT?**

12 A. As I have emphasized above, TESI’s resources are dwindling. I am not specifically familiar
13 with the changes CSWRSC seeks to provide customers. However, I can tell the
14 Commission that TESI will not be making “operational changes” in the areas of customer
15 service, billing, or complaint response should TESI maintain ownership of these systems.

16 **Q. ORS WITNESS HIPP INCLUDES ONE CONDITION (P. 12) IN HER DIRECT**
17 **TESTIMONY ADDRESSING “REFUNDS RELATED TO THE 2017 TAX CUTS**
18 **AND JOBS ACT.” CAN YOU RESPOND TO THAT CONDITION?**

19 A. TESI understands this requirement and has agreed to provide customers with all refunds
20 required by the TCJA prior to the closing of the acquisition. TESI also agrees to provide
21 the Commission and ORS a final calculation of the total refunds to be issued and a
22 reconciliation of each refund issued customers including the address, amount, and date
23 the refund was mailed.

1 **Q. WILL THE TRANSFER OF ASSETS, FACILITIES, PROPERTY AND**
2 **CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO CSWRSC**
3 **SERVE THE PUBLIC CONVENIENCE AND NECESSITY?**

4 A. Yes. From TESI's perspective, the transfer of these systems to CSWRSC could
5 not have come at a better time. TESI simply is not in the position to own,
6 maintain, and operate these systems.

7 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

8 A. Yes, it does.

Thomas Rebuttal Exhibit 3

*(Adopted by Witness Cox & referred to on transcript pages 5 and 85 as Cox Rebuttal Exhibit 3)

WATER / SEWER COMPANIES WITH
REVENUES OF \$200,000 OR MORE
(REVISED 1/12)

I/A

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NOV 08 2023

ANNUAL REPORT

OF

Total Environmental Solutions, Inc. / W- 1146 Sub 9
Company Name (as franchised by NCUC) NCUC Certificate No.

P.O. Box 14059
Mailing Address

Baton Rouge LA 70898
City State Zip

Area Code (225) 766-4477 extension 3026
Telephone Number (including area code)

Area Code (225) 766-6701
Fax Number (including area code)

wowens@tesl-usa.com
Email Address

TO THE

**NORTH CAROLINA
UTILITIES COMMISSION**

For The Year Ended

December 31, 2019

RETURN TO: Public Staff - Accounting Division
North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4326

WATER AND SEWER, COMBINED INCOME STATEMENT AND RETAINED EARNINGS STATEMENT

Line No.	Item (a)	Water (b)	Sewer (c)	Combined (d)
	Utility Operating Income			
1.	Operating revenues ^{1/}	1,019,702	50,249	1,069,951
2.	Operating expenses:			
2.	Operation and maintenance expense ^{2/}	1,084,703	57,741	1,142,444
3.	Depreciation expense	10,855	5,763	16,618
4.	Amortization expense			
5.	Taxes other than income and franchise ^{3/}	9,742	4,898	14,640
6.	Operating revenue deductions (Add Lines 2 - 5)	1,105,300	68,402	1,173,702
7.	NCUC regulatory fee			
8.	Franchise (gross receipts) tax	814	90	904
9.	Income taxes - State	4,740	525	5,265
10.	Federal			
11.	Investment tax credit - net			
12.	Total operating expenses (Add Lines 6 - 11)	1,110,854	69,017	1,179,871
13.	Income from utility plant leased to others			
14.	Utility operating income (Line 1 - Line 12 + Line 13)	(91,153)	(18,768)	(109,921)
	Other Income			
15.	Income from merchandise, job., & contract work - net			
16.	Nonoperating rental income			
17.	Interest and dividend income			
18.	Miscellaneous operating income			
19.	Total other income (Add Lines 15 - 18)			
20.	Total income (Line 14 + Line 19)			(109,921)
	Income Deductions			
21.	Other income deductions			
22.	Interest on long-term debt			
23.	Amortization of debt discount and expense			
24.	Amortization of premium on debt - Credit			
25.	Interest on debt to associated companies			
26.	Other interest expense			1,007
27.	Interest charged to construction - Credit			
28.	Other (describe) -			
29.	Total income deductions (Add Lines 21 - 28)			1,007
30.	Net income (Line 20 minus Line 29)			(110,927)
	Retained Earnings			
31.	Unappropriated retained earnings at beginning of year			(1,333,350)
	Credits:			
32.	Balance transferred from income			(110,927)
33.	Miscellaneous credits to retained earnings			
	Debits:			
34.	Miscellaneous debits to retained earnings			
35.	Appropriations of retained earnings			
36.	Dividends declared - preferred			
37.	Dividends declared - common			
38.	Unappropriated retained earnings at end of year (Sum of Lines 31 through 37)			(1,444,277)

1/ Reference to Page 15, Line 22 for water operations and Page 17, Line 26 for sewer operations.

2/ Reference to Page 16, Line 28 for water operations and Page 18, Line 28 for sewer operations.

3/ Reference to Page 15, Line 5, Columns (b), (c), and (d).

WATER / SEWER COMPANY WITH
REVENUES OF \$200,000 OR MORE
(REVISED 1/12)

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Nov 08 2023

ANNUAL REPORT

OF

Total Environmental Solutions, Inc. / W- 1146 Sub 9
Company Name (as franchised by NCUC) NCUC Certificate No.

P.O. Box 14059
Mailing Address

Baton Rouge LA 70898
City State Zip

Area Code (225) 766-4477 Ext. 3026
Telephone Number (including area code)

Area Code (225) 766-6701
Fax Number (including area code)

frobicheaux@tesi-usa.com
Email Address

TO THE

NORTH CAROLINA UTILITIES COMMISSION

For The Year Ended

December 31, 2020

RETURN TO: Public Staff - Accounting Division
North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4326

WATER AND SEWER COMBINED INCOME STATEMENT AND RETAINED EARNINGS STATEMENT

Line No.	Item (a)	Water (b)	Sewer (c)	Combined (d)
	Utility Operating Income			
1.	Operating revenues ^{1/}	1,059,100	38,705	1,097,805
	Operating expenses:			
2.	Operation and maintenance expense ^{2/}	1,025,659	34,877	1,060,536
3.	Depreciation expense	10,816	6,490	17,305
4.	Amortization expense	609	350	959
5.	Taxes other than income and franchise ^{3/}	11,335	4,511	15,846
6.	Operating revenue deductions (Add Lines 2 - 5)	1,048,419	46,228	1,094,646
7.	NCUC regulatory fee			0
8.	Franchise (gross receipts) tax	910	101	1,011
9.	Income taxes - State	5,185	576	5,761
10.	Federal			0
11.	Investment tax credit - net			0
12.	Total operating expenses (Add Lines 6 - 11)	1,054,513	46,905	1,101,418
13.	Income from utility plant leased to others			0
14.	Utility operating income (Line 1 - Line 12 + Line 13)	4,587	(8,200)	(3,613)
	Other Income			
15.	Income from merchandise, job., & contract work - net			
16.	Nonoperating rental income			
17.	Interest and dividend income			
18.	Miscellaneous operating income			
19.	Total other income (Add Lines 15 - 18)			0
20.	Total income (Line 14 + Line 19)			(3,613)
	Income Deductions			
21.	Other income deductions			
22.	Interest on long-term debt			
23.	Amortization of debt discount and expense			
24.	Amortization of premium on debt - Credit			
25.	Interest on debt to associated companies			
26.	Other interest expense			1,048
27.	Interest charged to construction - Credit			
28.	Other (describe) -			
29.	Total income deductions (Add Lines 21 - 28)			1,048
30.	Net income (Line 20 minus Line 29)			(4,661)
	Retained Earnings			
31.	Unappropriated retained earnings at beginning of year			(1,444,277)
	Credits:			
32.	Balance transferred from income			(68,448)
33.	Miscellaneous credits to retained earnings			
	Debits:			
34.	Miscellaneous debits to retained earnings			
35.	Appropriations of retained earnings			
36.	Dividends declared - preferred			
37.	Dividends declared - common			
38.	Unappropriated retained earnings at end of year (Sum of Lines 31 through 37)			(1,512,725)

1/ Reference to Page 15, Line 22 for water operations and Page 17, Line 26 for sewer operations.

2/ Reference to Page 16, Line 28 for water operations and Page 18, Line 28 for sewer operations.

3/ Reference to Page 15, Line 5, Columns (b), (c), and (d).

ANNUAL REPORT

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Company Name (as franchised by NCUC) NCUC Certificate No.

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Area Code (225) 766-4477 Ext. 3026
Telephone Number (including area code)

Area Code (225) 766-6701
Fax Number (including area code)

frobicheaux@tesi-usa.com
Email Address

TO THE

NORTH CAROLINA UTILITIES COMMISSION

For The Year Ended

December 31, 2021

RETURN TO: Public Staff - Accounting Division
North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4326

WATER AND SEWER COMBINED INCOME STATEMENT AND RETAINED EARNINGS STATEMENT

Line No.	Item (a)	Water (b)	Sewer (c)	Combined (d)
	Utility Operating Income			
1.	Operating revenues ^{1/}	1,093,877	23,472	1,117,350
	Operating expenses:			
2.	Operation and maintenance expense ^{2/}	1,140,156	35,497	1,175,653
3.	Depreciation expense	12,000	7,200	19,200
4.	Amortization expense	0	350	350
5.	Taxes other than income and franchise ^{3/}	12,001	3,937	15,937
6.	Operating revenue deductions (Add Lines 2 - 5)	1,164,156	46,983	1,211,140
7.	NCUC regulatory fee			0
8.	Franchise (gross receipts) tax	0	0	0
9.	Income taxes - State	3,128	32	3,160
10.	Federal			0
11.	Investment tax credit - net			0
12.	Total operating expenses (Add Lines 6 - 11)	1,167,285	47,015	1,214,300
13.	Income from utility plant leased to others			0
14.	Utility operating income (Line 1 - Line 12 + Line 13)	(73,408)	(23,543)	(96,950)
	Other Income			
15.	Income from merchandise, job., & contract work - net			
16.	Nonoperating rental income			
17.	Interest and dividend income			
18.	Miscellaneous operating income			
19.	Total other income (Add Lines 15 - 18)			0
20.	Total income (Line 14 + Line 19)			(96,950)
	Income Deductions			
21.	Other income deductions			
22.	Interest on long-term debt			
23.	Amortization of debt discount and expense			
24.	Amortization of premium on debt - Credit			
25.	Interest on debt to associated companies			
26.	Other interest expense			809
27.	Interest charged to construction - Credit			
28.	Other (describe) -			
29.	Total income deductions (Add Lines 21 - 28)			809
30.	Net income (Line 20 minus Line 29)			(97,759)
	Retained Earnings			
31.	Unappropriated retained earnings at beginning of year			(1,512,725)
	Credits:			
32.	Balance transferred from income			(71,400)
33.	Miscellaneous credits to retained earnings			
	Debits:			
34.	Miscellaneous debits to retained earnings			
35.	Appropriations of retained earnings			
36.	Dividends declared - preferred			
37.	Dividends declared - common			
38.	Unappropriated retained earnings at end of year (Sum of Lines 31 through 37)			(1,584,125)

1/ Reference to Page 15, Line 22 for water operations and Page 17, Line 26 for sewer operations.

2/ Reference to Page 16, Line 28 for water operations and Page 18, Line 28 for sewer operations.

3/ Reference to Page 15, Line 5, Columns (b), (c), and (d).

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WATER / SEWER COMPANY WITH
REVENUES OF \$200,000 OR MORE
(REVISED 1/12)

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Nov 08 2023

ANNUAL REPORT

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TO THE

NORTH CAROLINA UTILITIES COMMISSION

For The Year Ended

December 31, 2022

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North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4326

WATER AND SEWER COMBINED INCOME STATEMENT AND RETAINED EARNINGS STATEMENT

Line No.	Item (a)	Water (b)	Sewer (c)	Combined (d)
	Utility Operating Income			
1.	Operating revenues ^{1/}	1,171,926	34,425	1,206,351
	Operating expenses:			
2.	Operation and maintenance expense ^{2/}	1,350,821	46,560	1,397,381
3.	Depreciation expense	15,374	6,876	22,250
4.	Amortization expense	0	0	0
5.	Taxes other than income and franchise ^{3/}	12,155	5,168	17,323
6.	Operating revenue deductions (Add Lines 2 - 5)	1,378,350	58,604	1,436,954
7.	NCUC regulatory fee			0
8.	Franchise (gross receipts) tax	0	0	0
9.	Income taxes - State	2,000	1,700	3,700
10.	Federal			0
11.	Investment tax credit - net			0
12.	Total operating expenses (Add Lines 6 - 11)	1,380,350	60,304	1,440,654
13.	Income from utility plant leased to others			0
14.	Utility operating income (Line 1 - Line 12 + Line 13)	(208,424)	(25,879)	(234,303)
	Other Income			
15.	Income from merchandise, job., & contract work - net			
16.	Nonoperating rental income			
17.	Interest and dividend income			
18.	Miscellaneous operating income			
19.	Total other income (Add Lines 15 - 18)			0
20.	Total income (Line 14 + Line 19)			(234,303)
	Income Deductions			
21.	Other income deductions			
22.	Interest on long-term debt			
23.	Amortization of debt discount and expense			
24.	Amortization of premium on debt - Credit			
25.	Interest on debt to associated companies			
26.	Other interest expense			1,183
27.	Interest charged to construction - Credit			
28.	Other (describe) -			
29.	Total income deductions (Add Lines 21 - 28)			1,183
30.	Net income (Line 20 minus Line 29)			(235,486)
	Retained Earnings			
31.	Unappropriated retained earnings at beginning of year			(1,584,125)
	Credits:			
32.	Balance transferred from income			(235,486)
33.	Miscellaneous credits to retained earnings			
	Debits:			
34.	Miscellaneous debits to retained earnings			
35.	Appropriations of retained earnings			
36.	Dividends declared - preferred			
37.	Dividends declared - common			
38.	Unappropriated retained earnings at end of year (Sum of Lines 31 through 37)			(1,819,612)

1/ Reference to Page 15, Line 22 for water operations and Page 17, Line 26 for sewer operations.

2/ Reference to Page 16, Line 28 for water operations and Page 18, Line 28 for sewer operations.

3/ Reference to Page 15, Line 5, Columns (b), (c), and (d).

Docket Nos.: W-1328, Sub 10 and W-1146, Sub 13

Updated Explanation of Corporate Structure

The entity/corporate structure in place in North Carolina for Red Bird Utility Operating Company, LLC's affiliate group – consisting of the utility operating company, an intermediate holding company, and a state holding company – is a legacy structure that predates the acquisition of CSWR, LLC (“CSWR”), by U.S. Water Systems, LLC (“US Water”), in late 2018. Prior to that acquisition, affiliates operating in Missouri and Arkansas – which were the affiliated group's only operations at that time – utilized an identical three-tiered structure. That legacy structure has continued to be replicated in each new state the affiliate group entered.

By virtue of U.S. Water's acquisition of CSWR, US Water is the sole owner/member of CSWR, and it provides equity capital to CSWR which CSWR uses to make equity investments in its affiliated utility operating companies, including Red Bird.

In North Carolina, Red Bird Utility Operating Company, LLC, holds (or will hold) all acquired utility assets and will operate as a regulated utility. Red Bird Utility Holding Company, LLC, the intermediate holding company, is the sole member of Red Bird Utility Operating Company, LLC and North Carolina Central States Water Resources, LLC, the state holding company, is the sole member of Red Bird Utility Holding Company, LLC. Neither the intermediate or state holding companies have assets or employees, so their existence adds no operating or administrative costs to the utility operating company.

CSWR, LLC (“CSWR”) is the sole member of North Carolina Central States Water Resources. CSWR employs all administrative, professional, and other personnel providing affiliated services to Red Bird Utility Operating Company, LLC and all its various state utility operating company affiliates. Costs incurred by CSWR are either direct charged to an affiliate or are allocated using the Massachusetts allocation methodology. CSWR also provides its utility operating affiliates equity capital necessary to make acquisitions and to fund required capital improvements, and provides working capital to fund day-to-day operations until compensatory rates can be established.

Central States Water Resources, Inc., is the designated manager of all affiliated limited liability companies both inside and outside North Carolina, and exists solely for that purpose. Central States Water Resources, Inc. has no assets or paid employees, and performs its managerial responsibilities using CSWR personnel.

I/A

Total Environmental Solutions, Inc.
Docket No. W-1146, Sub 13
ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit 1
Schedule 2

Combined Water and Sewer Operation

<u>Line No.</u>	<u>Item</u>	Per	W-1146 Sub 13	W-1146 Sub 13
		W-1146 Sub 1 and Sub 3	Public Staff	After
		(a)	Adjustments	Public Staff
			(b)	Adjustments
				(c)
1.	Plant in service	\$381,972	\$212,355	\$594,327
2.	Accumulated depreciation	(44,714)	(362,598)	(407,312)
3.	Contributions in aid of construction, net of amortization	<u>(20,101)</u>	<u>391</u>	<u>(19,710)</u>
4.	Net plant in service	317,157	(149,851)	167,306
5.	Unamortized rate case costs, net pf taxes	42,817	(42,817)	0
6.	Unamortized acquisition costs, net pf taxes	58,527	(58,527)	0
7.	Cash working capital	35,939	(35,939)	0
8.	Average tax accruals	<u>(4,905)</u>	<u>4,905</u>	<u>0</u>
9.	Original cost rate base	<u><u>\$449,535</u></u>	<u><u>(\$282,229)</u></u>	<u><u>\$167,306</u></u>

[1] Feasel Exhibit 1, Schedule 2 (a) plus Schedule 2 (b)

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Nov 08 2023

Total Environmental Solutions, Inc.
Docket No. W-1146, Sub 13
ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit 1
Schedule 2(a)

Water Operation

Line No.	Item	Per	W-1146 Sub 13	W-1146 Sub 13
		W-1146 Sub 1	Public Staff	After
		(a)	Adjustments [1]	Public Staff
			(b)	Adjustments
				(c)
1.	Plant in service	\$289,329	\$186,412	\$475,741 [2]
2.	Accumulated depreciation	(30,203)	(277,430)	(307,633) [2]
3.	Contributions in aid of construction, net of amortization	<u>(20,101)</u>	<u>391</u>	<u>(19,710)</u>
4.	Net plant in service (Sum line)	239,025	(90,627)	148,398
5.	Unamortized rate case costs, net of taxes	42,817	(42,817)	0
6.	Unamortized acquisition costs, net of taxes	58,527	(58,527)	0
7.	Cash working capital	27,856	(27,856)	0
8.	Average tax accruals	<u>(4,895)</u>	<u>4,895</u>	<u>0</u>
9.	Original cost rate base	<u>\$363,330</u>	<u>(\$214,932)</u>	<u>\$148,398</u>

[1] Column (c) minus Column (a)

[2] Feasel Exhibit 1, Schedule 2-1

Total Environmental Solutions, Inc.
Docket No. W-1146, Sub 13
ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit 1
Schedule 2(b)

Sewer Operation

Line No.	Item	Per W-1146 Sub 3 (a)	W-1146 Sub 13 Public Staff Adjustments [1] (b)	W-1146 Sub 13 After Public Staff Adjustments [2] (c)
1.	Plant in service	\$92,643	\$25,944	\$118,587 [2]
2.	Accumulated depreciation	(14,511)	(85,168)	(99,679) [2]
3.	Contributions in aid of construction, net of amortization	<u>0</u>	<u>0</u>	<u>0</u>
4.	Net plant in service	78,132	(59,224)	18,908
5.	Cash working capital	8,083	(8,083)	0
6.	Average tax accruals	<u>(10)</u>	<u>10</u>	<u>0</u>
7.	Original cost rate base	<u>\$86,205</u>	<u>(\$67,297)</u>	<u>\$18,908</u>

[1] Column (c) minus Column (a)

[2] Feasel Exhibit 1, Schedule 2-1

Total Environmental Solutions, Inc.
Docket No. W-1146, Sub 13
CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION,
AND DEPRECIATION EXPENSE

Public Staff
Feasel Exhibit 1
Schedule 2-1

Line No.	Item	Plant In	Depreciable		Year Placed	Life	Years in	Annual	Accumulated	
		Service Per Public Staff	CIAC	Plant In Service						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Per Sub 1 rate case Proceeding-Water:										
1.	Miscellaneous materials and supplies	\$1,072 [1]		\$1,072	1994 [1]	25 [1]	29.5	0	1,072	water
2.	Engineering costs	4,883 [1]		\$4,883	1994 [1]	25 [1]	29.5	0	4,883	water
3.	Travel and meals	1,120 [1]		\$1,120	1994 [1]	25 [1]	29.5	0	1,120	water
4.	22 Taps	6,560 [1]		\$6,560	1993 [1]	25 [1]	30.5	0	6,560	water
5.	50 Taps	14,909 [1]		\$14,909	1994 [1]	25 [1]	29.5	0	14,909	water
6.	65 Taps	19,382 [1]		\$19,382	1995 [1]	25 [1]	28.5	0	19,382	water
7.	7 Blowoffs	1,883 [1]		\$1,883	1995 [1]	25 [1]	28.5	0	1,883	water
8.	Meters	36,100 [1]		\$36,100	1999 [1]	15 [1]	24.5	0	36,100	water
9.	Meters	115,420 [1]		\$115,420	2000 [1]	15 [1]	23.5	0	115,420	water
10.	Vehicle	2,500 [1]		\$2,500	2000 [1]	3 [1]	23.5	0	2,500	water
11.	Meters	85,500 [1]		\$85,500	2001 [1]	15 [1]	22.5	0	85,500	water
Per Sub 3 CPCN Proceeding-Sewer:										
12.	pumping equipment-lift station	\$33,384 [1]		\$33,384	2001 [1]	20 [1]	22.5	0	33,384	sewer
13.	pumping equipment-lift station	\$1,337 [1]		\$1,337	2004 [1]	20 [1]	19.5	67	1,304	sewer
14.	treatment and disposal equipment	\$4,423 [1]		\$4,423	2003 [1]	20 [1]	20.5	0	4,423	sewer
15.	treatment and disposal equipment	\$646 [1]		\$646	2004 [1]	6 [1]	19.5	0	646	sewer
16.	tools shop and garage equipment	\$390 [1]		\$390	2001 [1]	10 [1]	22.5	0	390	sewer
17.	laboratory equipment	1,805 [1]		\$1,805	2002 [1]	6 [1]	21.5	0	1,805	sewer
18.	laboratory equipment	821 [1]		\$821	2004 [1]	6 [1]	19.5	0	821	sewer
19.	power operated equipment	1,844 [1]		\$1,844	2001 [1]	5 [1]	22.5	0	1,844	sewer
20.	purchase price	28,031 [1]		\$28,031	2000 [1]	25 [1]	23.5	1,121	26,349	sewer
21.	franchise cost	19,962 [1]		\$19,962	2005 [1]	25 [1]	18.5	798	14,772	sewer
22.	total plant additions since W 1146 Sub 1-water	186,412 [5]		\$186,412	various		various	12,427	18,304 [5]	water
23.	total plant additions since W 1146 Sub 3-sewer	25,944 [5]		\$25,944	various		various	2,965	13,941 [5]	sewer
24.	total CIAC additions since W 1146 Sub 1-water		(21,900)	(21,900)	2022 [5]	15	1.5	(1,460)	(2,190)	
25.	Total Plant in Service (Sum line 1 thru line 24)	\$594,327	(\$21,900)	\$572,427				\$15,919	\$405,122	

[1] Based on last general rate case, Docket No. W-1146, Sub 1 and W-1146, Sub 3.
 [2] Based on year placed in service using half year convention.
 [3] Column (c) divided by Column (e), unless fully depreciated.
 [4] Column (f) x Column (g), unless fully depreciated.
 [5] Per examination of the Company's financial record.

CONFIDENTIAL

Docket No. W-1146, Sub 13

and

Docket No. W-1328, Sub 10

Public Staff Confidential Feasel Exhibit I

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146, Sub 13
RETURN ON ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit II
Schedule 1(a)

TESI - Water Operations

Line No.	Item	Capital-ization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7] (d)	Net Operating Income (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$110,125 [2]	4.60% [1]	2.30%	\$5,066 [8]
2.	Equity	50.00%	110,125 [2]	-17.99% [6]	-9.00%	(19,816) [9]
3.	Total	<u>100.00%</u>	<u>\$220,250 [3]</u>		<u>-6.70%</u>	<u>(\$14,750) [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$110,125 [4]	4.60% [1]	2.30%	\$5,066 [8]
5.	Equity	50.00%	110,125 [4]	-17.99% [6]	-9.00%	(19,816) [11]
6.	Total	<u>100.00%</u>	<u>\$220,250 [3]</u>		<u>-6.70%</u>	<u>(\$14,750) [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$110,125 [5]	4.60% [1]	2.30%	\$5,066 [8]
8.	Equity	50.00%	110,125 [5]	9.40% [6]	4.70%	10,352 [13]
9.	Total	<u>100.00%</u>	<u>\$220,250 [3]</u>		<u>7.00%</u>	<u>\$15,418 [14]</u>

[1] Per Public Staff recommendation

[2] Column (a) x Line 3, Column (b).

[3] Public Staff Exhibit II, Schedule 2(a), Line 7, Column (c).

[4] Column (a) x Line 6, Column (b).

[5] Column (a) x Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) x Column (c).

[8] Column (b) x Column (c).

[9] Line 3 - Line 1, Column (e).

[10] Public Staff Exhibit II, Schedule 3(a), Line 28, Column (c).

[11] Line 6 - Line 4, Column (e).

[12] Public Staff Exhibit II, Schedule 3(a), Line 28, Column (e).

[13] Line 9 - Line 7, Column (e).

[14] Column (b) x Column (d), Line 9.

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
RETURN ON ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit II
Schedule 1(b)

TESI - Sewer Operations

Line No.	Item	Capital-ization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$205,150 [2]	4.60% [1]	2.30%	\$9,437 [8]
2.	Equity	50.00%	205,150 [2]	-27.80% [6]	-13.90%	(57,037) [9]
3.	Total	<u>100.00%</u>	<u>\$410,300 [3]</u>		<u>-11.60%</u>	<u>(\$47,600) [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$205,150 [4]	4.60% [1]	2.30%	\$9,437 [8]
5.	Equity	50.00%	205,150 [4]	-27.80% [6]	-13.90%	(57,037) [11]
6.	Total	<u>100.00%</u>	<u>\$410,300 [3]</u>		<u>-11.60%</u>	<u>(\$47,600) [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$205,150 [5]	4.60% [1]	2.30%	\$9,437 [8]
8.	Equity	50.00%	205,150 [5]	9.40% [6]	4.70%	19,284 [13]
9.	Total	<u>100.00%</u>	<u>\$410,300 [3]</u>		<u>7.00%</u>	<u>\$28,721 [14]</u>

[1] Per Public Staff recommendation

[2] Column (a) x Line 3, Column (b).

[3] Public Staff Exhibit II, Schedule 2(b), Line 7, Column (c).

[4] Column (a) x Line 6, Column (b).

[5] Column (a) x Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) x Column (c).

[8] Column (b) x Column (c).

[9] Line 3 - Line 1, Column (e).

[10] Public Staff Exhibit II, Schedule 3(b), Line 30, Column (c).

[11] Line 6 - Line 4, Column (e).

[12] Public Staff Exhibit II, Schedule 3(b), Line 30, Column (e).

[13] Line 9 - Line 7, Column (e).

[14] Column (b) x Column (d), Line 9.

Total Environmental Solutions, Inc. (TESI)

Docket No. W-1146 Sub 13
ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit II
Schedule 2

Water and Sewer Combined

<u>Line No.</u>	<u>Item</u>	<u>Per W-1146 Sub 13 [1]</u> (a)	<u>Public Staff Adjustments [2]</u> (b)	<u>After Public Staff Adjustments [3]</u> (c)
1.	Plant in service	\$0	\$0	\$0
2.	Accumulated depreciation	0	0	0
3.	Contributions in aid of construction	0	0	0
4.	Future Improvement	692,900	630,550	630,550
5.	Cash working capital	0	0	0
6.	Average tax accruals	<u>0</u>	<u>0</u>	<u>0</u>
7.	Original cost rate base (Sum of L1 thru L6)	<u><u>\$692,900</u></u>	<u><u>\$630,550</u></u>	<u><u>\$630,550</u></u>

[1] Public Staff Exhibit II, Schedule 2(a) plus 2(b), Column (a).

[2] Public Staff Exhibit II, Schedule 2(a) plus 2(b), Column (b).

[3] Public Staff Exhibit II, Schedule 2(a) plus 2(b), Column (c).

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit II
Schedule 2(a)

TESI - Water Operations

Line No.	<u>Item</u>	Per W-1146 Sub 13 (a)	Public Staff Adjustments [1] (b)	After Public Staff Adjustments (c)
1.	Plant in service		\$0	\$0
2.	Accumulated depreciation		0	0
3.	Contributions in aid of construction		0	0
4.	Future Improvement	235,000	(14,750)	220,250 [2]
5.	Cash working capital		0	0
6.	Average tax accruals	<u> </u>	<u> 0</u>	<u> 0</u>
7.	Original cost rate base (Sum of L1 thru L6)	<u><u>\$235,000</u></u>	<u><u>(\$14,750)</u></u>	<u><u>\$220,250</u></u>

[1] Column (c) minus Column (a).

[2] Public Staff Exhibit II, Schedule 2-1(a), Column (a) plus Column (f).

Total Environmental Solutions, Inc. (TESI)

Docket No. W-1146 Sub 13

ORIGINAL COST RATE BASE

Public Staff
Feasel Exhibit II
Schedule 2(b)

TESI - Sewer Operations

<u>Line No.</u>	<u>Item</u>	<u>Per W-1146 Sub 13 (a)</u>	<u>Public Staff Adjustments [1] (b)</u>	<u>After Public Staff Adjustments (c)</u>
1.	Plant in service		\$0	\$0
2.	Accumulated depreciation		0	0
3.	Contributions in aid of construction		0	0
4.	Future Improvement	457,900	(47,600)	410,300 [2]
5.	Cash working capital		0	0
6.	Average tax accruals		0	0
7.	Original cost rate base (Sum of L1 thru L6)	<u>\$457,900</u>	<u>(\$47,600)</u>	<u>\$410,300</u>

[1] Column (c) minus Column (a).

[2] Public Staff Exhibit II, Schedule 2-1(b), Column (a) plus Column (f).

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
DEPRECIATION AND DEPRECIATION EXPENSE**

Public Staff
Feasel Exh bit II
Schedule 2-1(a)

TESI - Water Operations

Line No.	Item	Plant In Service [1] (a)	Year Acquired [1] (b)	Life [2] (c)	Years In Service [3] (d)	Annual Depreciation [4] (e)	Accumulated Depreciation [5] (f)
1.	Demolish Existing Elevated Storage Tank	\$55,000	2024	20	1	\$2,750	(\$2,750)
2.	Install New Booster Pump Station with Backup Generator	180,000	2024	15	1	12,000	(12,000)
3.	Total future improvement (L1 + L2)	<u>\$235,000</u>				<u>\$14,750</u>	<u>(\$14,750)</u>

- [1] Per examination of Company's financial records.
- [2] Provided by Public Staff Engineer Houser.
- [3] Calculated based on year placed in service using half year convention.
- [4] Column (a) divided by Column (c), unless fully depreciated.
- [5] Column (d) multiplied by Column (e), unless fully depreciated.

Total Environmental Solutions, Inc. (TESI)
 Docket No. W-1146 Sub 13
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE**

Public Staff
 Feasel Exh bit II
 Schedule 2-1(b)

TESI - Sewer Operations

Line No.	<u>Item</u>	Plant In Service [1] (a)	Year Acquired [1] (b)	Depreciation Life In Years [2] (c)	Years In Service [3] (d)	Annual Depreciation [4] (e)	Accumulated Depreciation [5] (f)
1.	duplex pumps and related equipment LS1	\$100,000	2024	7	1	\$14,286	(\$14,286)
2.	transfer switch	7,100	2024	15	1	473	(473)
3.	Portable Generator	36,600	2024	15	1	2,440	(2,440)
4.	Telemetry System	20,000	2024	15	1	1,333	(1,333)
5.	Rehabilitate Wet Well	20,000	2024	20	1	1,000	(1,000)
6.	Demolish Wet Well	8,000	2024	20	1	400	(400)
7.	new Simplex Pumps and related equipment LS9	25,000	2024	7	1	3,571	(3,571)
8.	Demolish existing holding tank and reroute to new wet well	5,000	2024	20	1	250	(250)
9.	Replace ARVs	37,500	2024	10	1	3,750	(3,750)
10.	Rehabilitate two Aeration Chambers and replace piping difusers	30,000	2024	20	1	1,500	(1,500)
11.	Rehabilitate two settling tanks	25,000	2024	20	1	1,250	(1,250)
12.	Rehabilitate Digester and Replace Piping/Diffusers	15,000	2024	20	1	750	(750)
13.	Replace Sand Media in Tertiary Filters	12,000	2024	5	1	2,400	(2,400)
14.	Replace and Reroute Plant Piping	15,000	2024	20	1	750	(750)
15.	100 CFM Blowers, Motors and Control Panel	50,000	2024	5	1	10,000	(10,000)
16.	Install New Permanent Backup Generator and Automatic Transfer Switch	51,700	2024	15	1	3,447	(3,447)
17.	Total future improvement (Sum L1 thru L16)	<u>\$457,900</u>				<u>\$47,600</u>	<u>(\$47,600)</u>

[1] Per examination of Company's financial records.
 [2] Provided by Public Staff Engineer Houser.
 [3] Calculated based on year placed in service using half year convention.
 [4] Column (a) divided by Column (c), unless fully depreciated.
 [5] Column (d) multiplied by Column (e), unless fully depreciated.

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
NET OPERATING INCOME FOR A RETURN

Public Staff
Feasel Exhibit II
Schedule 3

Water and Sewer Combined		Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments (b)	Per Public Staff [1] (c)	Net Company Increase (d)	Operations After Rate Increase [2] (e)	Net Public Staff Decrease (f)	Operations After Rate Decrease [3] (g)
Operating Revenues								
1.	Service revenues	\$0	\$0	\$0	\$0	\$0	\$115,490	\$115,490
2.	Miscellaneous revenues	0	0	0	0	0	0	0
3.	Uncollectible accounts	0	0	0	0	0	0	0
4.	Total operating revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>115,490</u>	<u>115,490</u>
Operating Expenses								
5.	Loss from disposal of equipment	0	0	0	0	0	0	0
6.	Salaries expense	0	0	0	0	0	0	0
7.	Administrative and office expense	0	0	0	0	0	0	0
8.	Purchased power	0	0	0	0	0	0	0
9.	Chemicals	0	0	0	0	0	0	0
10.	Testing	0	0	0	0	0	0	0
11.	Maintenance and repair	0	0	0	0	0	0	0
12.	Permit fees	0	0	0	0	0	0	0
13.	Insurance expense	0	0	0	0	0	0	0
14.	Contract management	0	0	0	0	0	0	0
15.	Other expenses - bank & late charges	0	0	0	0	0	0	0
16.	Legal fees	0	0	0	0	0	0	0
17.	Bad debts expense	0	0	0	0	0	0	0
18.	Sludge removal							
19.	Rate case expense							
20.	Total operating expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation and Taxes								
21.	Depreciation	0	62,350	62,350	0	62,350	0	62,350
22.	Property tax	0	0	0	0	0	0	0
23.	Payroll tax	0	0	0	0	0	0	0
24.	Regulatory fee - other taxes	0	0	0	0	0	162	162
25.	Gross receipts tax	0	0	0	0	0	0	0
26.	State income tax	0	0	0	0	0	962	962
27.	Federal income tax	0	0	0	0	0	7,878	7,878
28.	Total depreciation and taxes	<u>0</u>	<u>62,350</u>	<u>62,350</u>	<u>0</u>	<u>62,350</u>	<u>9,002</u>	<u>71,352</u>
29.	Total operating revenue deductions	<u>0</u>	<u>62,350</u>	<u>62,350</u>	<u>0</u>	<u>62,350</u>	<u>9,002</u>	<u>71,352</u>
30.	Net operating income for return	<u>\$0</u>	<u>(\$62,350)</u>	<u>(\$62,350)</u>	<u>\$0</u>	<u>(\$62,350)</u>	<u>\$106,488</u>	<u>\$44,138</u>

[1] Public Staff Exhibit II, Schedule 3(a) plus Schedule 3(b), Column (c).

[2] Public Staff Exhibit II, Schedule 3(a) plus Schedule 3(b), Column (e).

[3] Public Staff Exhibit II, Schedule 3(a) plus Schedule 3(b), Column (g).

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
NET OPERATING INCOME FOR A RETURN

Public Staff
Feasel Exhibit II
Schedule 3(a)
Page 1 of 2

TESI - Water Operations

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Per Public Staff [2] (c)	Net Company Increase [4] (d)	Operations After Rate Increase [5] (e)	Net Public Staff Increase [6] (f)	Operations After Rate Increase [7] (g)
Operating Revenues:								
1.	Service revenues		\$0		\$0		\$33,302	\$33,302 [8]
2.	Miscellaneous revenues		0		0		0	0
3.	Uncollectible accounts	0	0	0	0	0	0	0
4.	Total operating revenues (Sum of L1 thru L3)	0	0	0	0	0	33,302	33,302
Operating Expenses:								
5.	Salaries and wages		0		0	0	0	0
6.	Contractor operator - labor		0		0	0	0	0
7.	Administrative and office expense		0		0	0	0	0
8.	Sludge removal & treatment		0		0	0	0	0
9.	Maintenance and repair		0		0	0	0	0
10.	Transportation		0		0	0	0	0
11.	Electric power		0		0	0	0	0
12.	Testing		0		0	0	0	0
13.	Chemicals		0		0	0	0	0
14.	Permit and license		0		0	0	0	0
15.	Rate case expense		0		0	0	0	0
16.	Office rent		0		0	0	0	0
17.	Insurance		0		0	0	0	0
18.	Total operating expenses (Sum of L5 thru L17)	0	0	0	0	0	0	0
Depreciation and Taxes:								
19.	Depreciation		14,750	14,750 [3]	0	14,750 [3]	0	14,750 [3]
20.	Property taxes		0		0	0	0	0
21.	Payroll taxes		0		0	0	0	0
22.	Regulatory fee - other taxes		0		0	0	47	47 [9]
23.	Gross receipts tax		0		0	0	0	0
24.	State income tax		0		0	0	336	336 [10]
25.	Federal income tax		0		0	0	2,752	2,752 [11]
26.	Total depreciation and taxes (Sum of L19 thru L25)	0	14,750	14,750	0	14,750	3,135	17,885
27.	Total operating revenue deductions (L18+L26)	0	14,750	14,750	0	14,750	3,135	17,885
28.	Net operating income for return (L4-L27)	\$0	(\$14,750)	(\$14,750)	\$0	(\$14,750)	\$30,167	\$15,417

Total Environmental Solutions, Inc. (TESI)

Docket No. W-1146 Sub 13

FOOTNOTES TO SCHEDULE 3(a)

Public Staff
Feasel Exhibit II
Schedule 3(a)
Page 2 of 2

TESI - Water Operations

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Public Staff Exhibit II, Schedule 2-1(a), Column (e), Line 3.
- [4] Column (e) minus Column (c), unless otherwise footnoted.
- [5] Column (c) plus Column (d), unless otherwise footnoted.
- [6] Column (g) minus Column (c), unless otherwise footnoted.
- [7] Column (c) plus Column (f), unless otherwise footnoted.
- [8] Revenue requirement as calculated by the Public Staff.
- [9] Calculated by the Public Staff.
- [10] Public Staff Exhibit II, Schedule 3-1(a), Column (c), Line 12.
- [11] Public Staff Exhibit II, Schedule 3-1(a), Column (c), Line 14.

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
NET OPERATING INCOME FOR A RETURN

Public Staff
Feasel Exhibit II
Schedule 3(b)
Page 1 of 2

TESI - Sewer Operations

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Per Public Staff [2] (c)	Net Company Increase [4] (d)	Operations After Rate Increase [5] (e)	Net Public Staff Increase [6] (f)	Operations After Rate Increase [7] (g)
Operating Revenues:								
1.	Service revenues		\$0		\$0		\$82,188	\$82,188 [8]
2.	Miscellaneous revenues		0		0		0	0
3.	Uncollectible accounts	0	0	0	0	0	0	0
4.	Total operating revenues (Sum of L1 thru L3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,188</u>	<u>82,188</u>
Operating Expenses:								
5.	Salaries and wages		0		0	0	0	0
6.	Contractor operator - labor		0		0	0	0	0
7.	Administrative and office expense		0		0	0	0	0
8.	Sludge removal & treatment		0		0	0	0	0
9.	Maintenance and repair		0		0	0	0	0
10.	Transportation		0		0	0	0	0
11.	Electric power		0		0	0	0	0
12.	Testing		0		0	0	0	0
13.	Chemicals		0		0	0	0	0
14.	Permit and license		0		0	0	0	0
15.	Rate case expense		0		0	0	0	0
16.	Office rent		0		0	0	0	0
17.	Insurance		0		0	0	0	0
18.	Total operating expenses (Sum of L5 thru L17)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation and Taxes:								
19.	Depreciation		47,600	47,600 [3]	0	47,600 [3]	0	47,600 [3]
20.	Property tax		0		0	0	0	0
23.	Payroll tax		0		0	0	0	0
24.	Regulatory fee - other taxes		0		0	0	115	115 [9]
25.	Gross receipts tax		0		0	0	0	0
26.	State income tax		0		0	0	626	626 [10]
27.	Federal income tax		0		0	0	5,126	5,126 [11]
28.	Total depreciation and taxes (Sum of L19 thru L27)	<u>0</u>	<u>47,600</u>	<u>47,600</u>	<u>0</u>	<u>47,600</u>	<u>5,867</u>	<u>53,467</u>
29.	Total operating revenue deductions (L18+L26)	<u>0</u>	<u>47,600</u>	<u>47,600</u>	<u>0</u>	<u>47,600</u>	<u>5,867</u>	<u>53,467</u>
30.	Net operating income for return (L4-L27)	<u>\$0</u>	<u>(\$47,600)</u>	<u>(\$47,600)</u>	<u>\$0</u>	<u>(\$47,600)</u>	<u>\$76,321</u>	<u>\$28,721</u>

Total Environmental Solutions, Inc. (TESI)

Docket No. W-1146 Sub 13

FOOTNOTES TO SCHEDULE 3(b)

Public Staff
Feasel Exhibit II
Schedule 3(b)
Page 2 of 2

TESI - Sewer Operations

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Public Staff Exhibit II, Schedule 2-1(b), Column (e), Line 17.
- [4] Column (e) minus Column (c), unless otherwise footnoted.
- [5] Column (c) plus Column (d), unless otherwise footnoted.
- [6] Column (g) minus Column (c), unless otherwise footnoted.
- [7] Column (c) plus Column (f), unless otherwise footnoted.
- [8] Revenue requirement as calculated by the Public Staff.
- [9] Calculated by the Public Staff.
- [10] Public Staff Exhibit II, Schedule 3-1(b), Column (c), Line 12.
- [11] Public Staff Exhibit II, Schedule 3-1(b), Column (c), Line 14.

Total Environmental Solutions, Inc. (TESI)

Docket No. W-1146 Sub 13

CALCULATION OF INCOME TAXES

Public Staff
Feasel Exh bit II
Schedule 3-1(a)

Line No.	TESI - Water Operations <u>Item</u>	Present	Company	Public Staff
		Rates [1] (a)	Proposed Rates [2] (b)	Recommended Rates [3] (c)
1.	Operating revenue	\$0	\$0	\$33,302
2.	Operating revenue deductions:			
3.	Operating expenses	0	0	0
4.	Depreciation expense	14,750	14,750	14,750
5.	Property taxes	0	0	0
6.	Other taxes	0	0	0
7.	Regulatory fee	0	0	47
8.	Gross receipts tax	0	0	0
9.	Interest expense	5,066 [4]	5,066 [4]	5,066 [4]
10.	Total deductions (Sum of L3 thru L9)	19,816	19,816	19,863
11.	State taxable income (L1 - L10)	(19,816)	(19,816)	13,439
12.	State income tax (L11 x 2.5%)	0	0	336
13.	Federal taxable income (L11 - L12)	(19,816)	(19,816)	13,103
14.	Federal income tax (L13 x 21%)	0	0	2,752
15.	Net amount (L13 - L14)	(19,816)	(19,816)	10,351
16.	Add: Interest expense (L9)	5,066	5,066	5,066
17.	Net income for return (L15 + L16)	<u>(\$14,750)</u>	<u>(\$14,750)</u>	<u>\$15,417</u>

[1] Public Staff Exhibit II, Schedule 3(a), Column (c).

[2] Public Staff Exhibit II, Schedule 3(a), Column (e).

[3] Public Staff Exhibit II, Schedule 3(a), Column (g).

[4] Public Staff Exhibit II, Schedule 1(a), Column (e), L7.

Total Environmental Solutions, Inc. (TESI)

Docket No. W-1146 Sub 13
CALCULATION OF INCOME TAXES

Public Staff
Feasel Exhibit II
Schedule 3-1(b)

Line No.	TESI - Sewer Operations Item	Present	Company	Public Staff
		Rates [1] (a)	Proposed Rates [2] (b)	Recommended Rates [3] (c)
1.	Operating revenue	\$0	\$0	\$82,188
2.	Operating revenue deductions:			
3.	Operating expenses	0	0	0
4.	Depreciation expense	47,600	47,600	47,600
5.	Property taxes	0	0	0
6.	Other taxes	0	0	0
7.	Regulatory fee	0	0	115
8.	Gross receipts tax	0	0	0
9.	Interest expense	9,437 [4]	9,437 [4]	9,437 [4]
10.	Total deductions (Sum of L3 thru L9)	57,037	57,037	57,152
11.	State taxable income (L1 - L10)	(57,037)	(57,037)	25,036
12.	State income tax (L11 x 2.5%)	0	0	626
13.	Federal taxable income (L11 - L12)	(57,037)	(57,037)	24,410
14.	Federal income tax (L13 x 21%)	0	0	5,126
15.	Net amount (L13 - L14)	(57,037)	(57,037)	19,284
16.	Add: Interest expense (L9)	9,437	9,437	9,437
17.	Net income for return (L15 + L16)	<u>(\$47,600)</u>	<u>(\$47,600)</u>	<u>\$28,721</u>

[1] Public Staff Exhibit II, Schedule 3(b), Column (c).

[2] Public Staff Exhibit II, Schedule 3(b), Column (e).

[3] Public Staff Exhibit II, Schedule 3(b), Column (g).

[4] Public Staff Exhibit II, Schedule 1(b), Column (e), L7.

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
CALCULATION OF REVENUE REQUIREMENT

Public Staff
Feasel Exhibit II
Workpaper 4(a)

Water Operations

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement [1] (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement [1] (f)	
	<u>Operating revenue deductions:</u>							
2.	General expenses	\$0			\$0			
3.	Depreciation expense	14,750			14,750			
4.	Property tax	0			0			
5.	Other tax	0			0			
6.	Total	14,750	0.9986000	\$14,771	14,750	0.9986000	\$14,771	
7.	Adjustment for regulatory fee							
	<u>Net operating income for return:</u>							
8.	Debt service return	5,066	0.9986000	5,073				
9.	Equity return:							
10.	REG @ .14%, SIT @ 2.5%, FIT @ 21%	10,352	0.7691717	13,458	1,033	0.7691717	1,343	
11.								
12.								
13.								
14.								\$15,418
15.	Revenue requirement - both methods			<u>\$33,302</u>			<u>\$16,114</u>	\$15,417
16.	Revenue requirement recommended by Public Staff			<u>\$33,302</u>			<u>\$33,302</u>	\$15,417

Total Environmental Solutions, Inc. (TESI)
Docket No. W-1146 Sub 13
CALCULATION OF REVENUE REQUIREMENT

Public Staff
Feasel Exhibit II
Workpaper 4(b)

Sewer Operations

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement [1] (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement [1] (f)	
Operating revenue deductions:								
1.	Maintenance expenses	\$0			\$0			
3.	Depreciation expense	47,600			47,600			
4.	Property tax	0			0			
5.	Other tax	0			0			
6.	Total	47,600	0.9986000	\$47,667	47,600	0.9986000	\$47,667	
7.	Adjustment for regulatory fee							
Net operating income for return:								
8.	Debt service return	9,437	0.9986000	9,450				
9.	Equity return:							
10.	REG @ .14%, SIT @ 2.5%, FIT @ 21%	19,284	0.7691717	25,071	3,927	0.7691717	5,105	
11.		0	0.7264815	0	0	0.7264815	0	
12.		0	0.6393037	0	0	0.6393037	0	
13.		0	0.5908716	0	0	0.5908716	0	
14.		0	0.6393037	0	0	0.6393037	0	\$28,721
15.	Revenue requirement - both methods			<u>\$82,188</u>			<u>\$52,772</u>	\$28,721
16.	Revenue requirement recommended by Public Staff			<u>\$82,188</u>			<u>\$82,188</u>	\$28,721

CONFIDENTIAL

Docket No. W-1146, Sub 13

and

Docket No. W-1328, Sub 10

Public Staff Confidential Feasel Exhibit III

Total Environmental Solutions, Inc.
Docket No. W-1146, Sub 13
CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION,
AND DEPRECIATION EXPENSE

Public Staff Settlement Exhibit 1
Schedule 2-1

Line No.	Item	Plant In	Depreciable		Year Placed In Service	Life	Years in Service	Annual Depreciation [2]	Accumulated Depreciation [4]	
		Service Per Public Staff	CIAC	Plant In Service						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Per Sub 1 rate case Proceeding-Water:										
1.	Miscellaneous materials and supplies	\$1,072 [1]		\$1,072	1994 [1]	25	[1] 29.5	0	1,072	water
2.	Engineering costs	4,883 [1]		\$4,883	1994 [1]	25	[1] 29.5	0	4,883	water
3.	Travel and meals	1,120 [1]		\$1,120	1994 [1]	25	[1] 29.5	0	1,120	water
4.	22 Taps	6,560 [1]		\$6,560	1993 [1]	25	[1] 30.5	0	6,560	water
5.	50 Taps	14,909 [1]		\$14,909	1994 [1]	25	[1] 29.5	0	14,909	water
6.	65 Taps	19,382 [1]		\$19,382	1995 [1]	25	[1] 28.5	0	19,382	water
7.	7 Blowoffs	1,883 [1]		\$1,883	1995 [1]	25	[1] 28.5	0	1,883	water
8.	Meters	36,100 [1]		\$36,100	1999 [1]	15	[1] 24.5	0	36,100	water
9.	Meters	115,420 [1]		\$115,420	2000 [1]	15	[1] 23.5	0	115,420	water
10.	Vehicle	2,500 [1]		\$2,500	2000 [1]	3	[1] 23.5	0	2,500	water
11.	Meters	85,500 [1]		\$85,500	2001 [1]	15	[1] 22.5	0	85,500	water
Per Sub 3 CPCN Proceeding-Sewer:										
12.	pumping equipment-lift station	\$33,384 [1]		\$33,384	2001 [1]	20	[1] 22.5	0	33,384	sewer
13.	pumping equipment-lift station	\$1,337 [1]		\$1,337	2004 [1]	20	[1] 19.5	67	1,304	sewer
14.	treatment and disposal equipment	\$4,423 [1]		\$4,423	2003 [1]	20	[1] 20.5	0	4,423	sewer
15.	treatment and disposal equipment	\$646 [1]		\$646	2004 [1]	6	[1] 19.5	0	646	sewer
16.	tools shop and garage equipment	\$390 [1]		\$390	2001 [1]	10	[1] 22.5	0	390	sewer
17.	laboratory equipment	1,805 [1]		\$1,805	2002 [1]	6	[1] 21.5	0	1,805	sewer
18.	laboratory equipment	821 [1]		\$821	2004 [1]	6	[1] 19.5	0	821	sewer
19.	power operated equipment	1,844 [1]		\$1,844	2001 [1]	5	[1] 22.5	0	1,844	sewer
20.	purchase price	28,031 [1]		\$28,031	2000 [1]	25	[1] 23.5	1,121	26,349	sewer
21.	franchise cost	19,962 [1]		\$19,962	2005 [1]	25	[1] 18.5	798	14,772	sewer
22.	total plant additions since W 1146 Sub 1-water	186,412 [5]		\$186,412	various		various	12,427	18,304 [5]	water
23.	total plant additions since W 1146 Sub 3-sewer	52,654 [5]		\$52,654	various		various	4,301	21,416 [5]	sewer
24.	total CIAC additions since W 1146 Sub 1-water		(21,900)	(21,900)	2022 [5]	15	1.5	(1,460)	(2,190)	
25.	Total Plant in Service (Sum line 1 thru line 24)	\$621,038	(\$21,900)	\$599,138				\$17,254	\$412,597	

[1] Based on last general rate case, Docket No. W-1146, Sub 1 and W-1146, Sub 3

[2] Based on year placed in service using half year convention

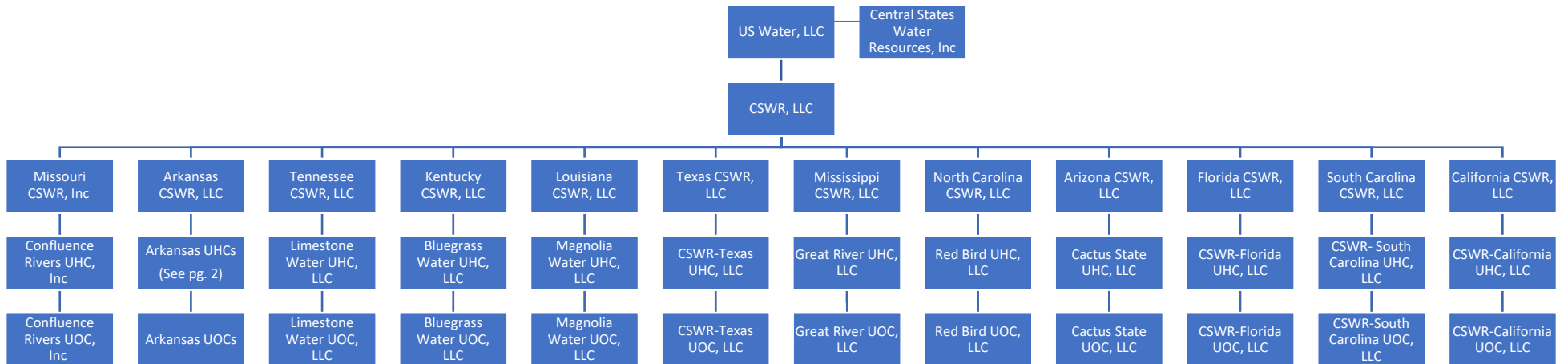
[3] Column (c) divided by Column (e), unless fully depreciated

[4] Column (f) x Column (g), unless fully depreciated

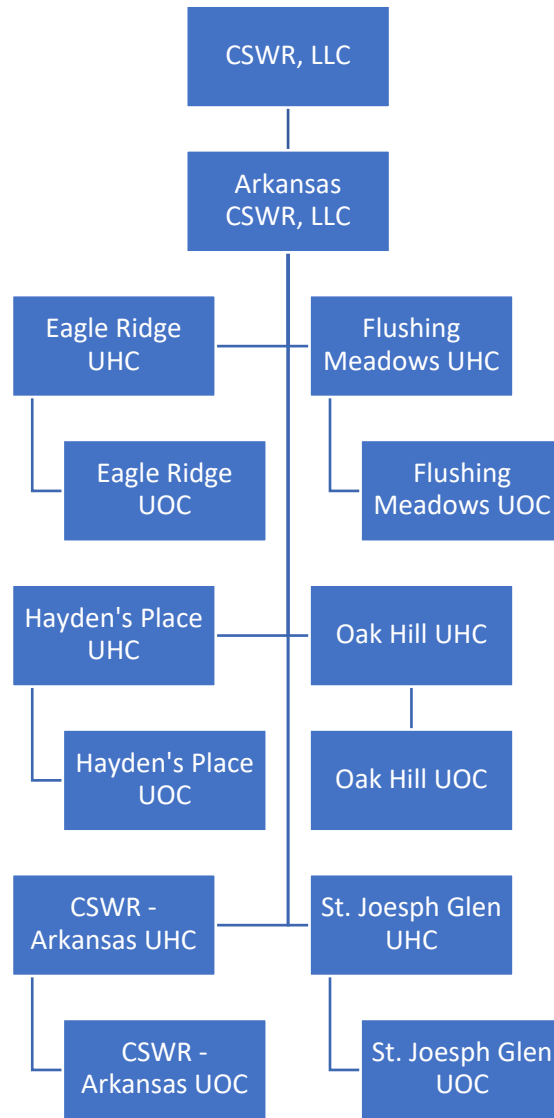
[5] Per examination of the Company's financial records

Vendor	Inv #	Date	Amount	PSI Acct	Service Area	Type	Service	Water Eng DD	Sewer Eng DD
21 Design Group Inc.	7723	12/31/2021	\$9,330.00	183.001	NC-Lake	W&S	Water	\$9,330.00	
21 Design Group Inc.	17758	1/10/2023	\$1,434.30	183.001	NC-Lake	W&S	Water	\$1,434.30	
21 Design Group Inc.	8957	12/31/2021	\$258.75	183.001	NC-Lake	W&S	Water	\$201.25	\$57.50
21 Design Group Inc.	17308	1/1/2023	\$207.90	183.001	NC-Lake	W&S	Water	\$207.90	
21 Design Group Inc.	11158	12/31/2021	\$187.50	183.001	NC-Lake	W&S	Water	\$187.50	
21 Design Group Inc.	8219	12/31/2021	\$57.50	183.001	NC-Lake	W&S	Water	\$57.50	
Beckemeier LeMoine Law	75-037	5/1/2022	\$3,065.60	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-054	7/31/2023	\$2,214.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-035	2/1/2022	\$1,966.40	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-023	12/31/2021	\$1,541.50	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-020	12/31/2021	\$1,020.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-041	8/8/2022	\$929.60	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-036	3/1/2022	\$881.60	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-039	6/8/2022	\$790.40	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-038	6/1/2022	\$668.80	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-022	12/31/2021	\$515.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-024	12/31/2021	\$479.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-043	10/3/2022	\$456.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-034	12/31/2021	\$304.50	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-049	4/1/2023	\$288.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-053	6/30/2023	\$256.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-040	6/30/2022	\$212.80	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-021	12/31/2021	\$115.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-025	12/31/2021	\$115.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-042	8/31/2022	\$91.20	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-051	4/30/2023	\$64.00	183.002	NC-Lake	W&S	Water		
Beckemeier LeMoine Law	75-044	11/9/2022	\$60.80	183.002	NC-Lake	W&S	Water		
Law Firm Carolinas	236167	12/31/2021	\$7,312.06	183.002	NC-Lake	W&S	Water		
Law Firm Carolinas	234715	12/31/2021	\$331.25	183.002	NC-Lake	W&S	Water		
Law Firm Carolinas	245500	2/1/2022	\$206.25	183.002	NC-Lake	W&S	Water		
Law Firm Carolinas	260903 NC	3/16/2023	\$150.00	183.002	NC-Lake	W&S	Water		
McGill Associates, P.A.	19.00346-11733	12/31/2021	\$5,580.50	183.001	NC-Lake	W&S	Water	\$5,580.50	
McGill Associates, P.A.	19.00346-11137	12/31/2021	\$2,606.03	183.001	NC-Lake	W&S	Water	\$2,606.03	
McGill Associates, P.A.	19.00346-10894	12/31/2021	\$2,255.25	183.001	NC-Lake	W&S	Water	\$2,255.25	
McGill Associates, P.A.	19.00346-11425	12/31/2021	\$2,018.50	183.001	NC-Lake	W&S	Water	\$2,018.50	
The Beckemeier Law Firm LC	75-018	12/31/2021	\$324.00	183.002	NC-Lake	W&S	Water		
The Beckemeier Law Firm LC	75-019	12/31/2021	\$265.50	183.002	NC-Lake	W&S	Water		
21 Design Group Inc.	16078	10/19/2022	\$69,859.31	183.001	NC-Lake	Sewer	Wastewater		
21 Design Group Inc.	12883	3/1/2022	\$35,427.00	183.001	NC-Lake	Sewer	Wastewater	\$14,411.25	\$14,411.25
21 Design Group Inc.	15619	9/13/2022	\$9,236.35	183.001	NC-Lake	Sewer	Wastewater		
21 Design Group Inc.	14631	7/11/2022	\$8,867.25	183.001	NC-Lake	Sewer	Wastewater		\$5,470.50
21 Design Group Inc.	16697	11/17/2022	\$4,437.23	183.001	NC-Lake	Sewer	Wastewater		
21 Design Group Inc.	13269	4/1/2022	\$3,540.00	183.001	NC-Lake	Sewer	Wastewater	\$1,695.00	\$1,695.00
21 Design Group Inc.	18120	2/9/2023	\$3,101.75	183.001	NC-Lake	Sewer	Wastewater		
21 Design Group Inc.	12351	2/1/2022	\$2,188.75	183.001	NC-Lake	Sewer	Wastewater	\$150.00	\$150.00
21 Design Group Inc.	11930	12/31/2021	\$900.00	183.001	NC-Lake	Sewer	Wastewater	\$30.00	\$30.00
21 Design Group Inc.	12754	3/1/2022	\$802.50	183.001	NC-Lake	Sewer	Wastewater	\$386.25	\$386.25
21 Design Group Inc.	15021	8/2/2022	\$530.00	183.001	NC-Lake	Sewer	Wastewater	\$250.00	\$250.00
21 Design Group Inc.	18608	3/8/2023	\$90.96	183.001	NC-Lake	Sewer	Wastewater		
21 Design Group Inc.	19243	4/5/2023	\$60.00	183.001	NC-Lake	Sewer	Wastewater		
Total			\$187,601.59					\$40,801.23	\$22,450.50

Central States Water Resources Corporate Entity Organizational Chart



Arkansas CSWR Organizational Chart Detail



STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1146, SUB 13
DOCKET NO. W-1328, SUB 10

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Red Bird Utility Operating)
Company, LLC, 1650 Des Peres Road, Suite)
303, St. Louis, Missouri 63131 and Total)
Environmental Solutions, Inc., Post Office Box)
14056, Baton Rouge, Louisiana 70898, for)
Authority to Transfer the Lake Royale)
Subdivision Water and Wastewater Utility)
Systems and Public Utility Franchise in)
Franklin and Nash Counties, North Carolina,)
and for Approval of Rates)

**SETTLEMENT
AGREEMENT AND
STIPULATION**

Red Bird Utility Operating Company, LLC (Red Bird or Company), and the Public Staff – North Carolina Utilities Commission (Public Staff) (collectively the Stipulating Parties), through counsel and pursuant to N.C. Gen. Stat. § 62-69 and Rule R1-24(c) of the Rules and Regulations of the North Carolina Utilities Commission (Commission), respectfully submit the following Settlement Agreement and Stipulation (Stipulation) for consideration by the Commission in this proceeding. The Stipulating Parties hereby stipulate and agree as follows:

I. BACKGROUND

A. On June 7, 2021, Red Bird and Total Environmental Solutions, Inc. (TESI), filed with the Commission an Application for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the water and wastewater utility systems and public utility franchise serving the Lake Royale Subdivision (Lake Royale) in Franklin and Nash Counties, North Carolina,

from TESI to Red Bird and approval of rates. Red Bird filed with the Commission supplemental and additional materials in support of the Application on June 8 and August 6, 2021, January 24, August 2, and September 8, 2022, and August 18, 2023.

B. On July 11, 2023, the Commission issued its Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice (Scheduling Order). The Commission attached as Appendix A to its Scheduling Order a Notice to Customers stating that a public witness hearing is scheduled for September 25, 2023, and that the Commission may decide the matter without a public witness hearing if no significant protests are received by September 11, 2023.

C. On July 18, 2023, Edward S. Finley, Jr. filed a notice of appearance on behalf of TESI.

D. On July 26, 2023, Red Bird filed a certificate of service stating that the Notice to Customers was mailed or hand delivered to all affected customers by the date specified in the Scheduling Order.

E. On September 11, 2023, the Lake Royale Property Owners Association (POA) petitioned to intervene in these dockets. On September 12, 2023, the Commission issued its order granting the POA's request to intervene.

F. The public hearing was held as scheduled on September 25, 2023.

G. Subsequent to the filing of Red Bird's Application in this docket, the Public Staff engaged in substantial discovery of Red Bird regarding the matters addressed by the Company's Application and supplemental and additional materials filed with the Commission in support of the Application.

H. On August 30, 2023, Red Bird filed the direct testimony of Josiah Cox, President of Red Bird and CSWR, LLC, a Missouri limited liability company formed to provide managerial, technical, and financial support to its utility operating affiliates, including Red Bird. The Cox testimony included four exhibits, one of which was a spreadsheet showing the due diligence expenses incurred by Red Bird as of the date the Cox direct testimony was filed.

I. On September 19, 2023, Public Staff filed the testimony and exhibits of Evan M. Houser, Lynn Feasel, and John R. Hinton.

J. On October 3, 2023, Red Bird filed the rebuttal testimony of Catilin O'Reilly and the rebuttal testimony of Todd Thomas, which included three exhibits.

K. On October 12, 2023, Red Bird filed a Motion for Substitution of Witness and Adoption of Testimony, wherein it requested that Todd Thomas, CSWR's Senior Vice President, be allowed to adopt the pre-filed direct testimony of Josiah Cox, due to a scheduling conflict for Mr. Cox on October 23.

L. On October 13, 2023, Public Staff filed its objections to Red Bird's Motion for Substitution of Witness and Adoption of Testimony.

M. On October 13, 2023, the Commission issued its Order Delaying Hearing and Denying Motion for Substitution of Witness and Adoption of Testimony

N. After settlement negotiations, in which concessions from their litigation positions were made by both Red Bird and the Public Staff, the Stipulating Parties were ultimately able to arrive at a settlement, the terms of which are reflected in the following sections of this Stipulation and supported by the settlement testimony of Red Bird witness Cox and joint settlement testimony of Public Staff witnesses Feasel and Houser.

II. STIPULATION AND AGREEMENT OF THE STIPULATING PARTIES

The Stipulating Parties agree and stipulate as follows:

- A. The transfer of the TESI systems to Red Bird should be approved.
- B. Prior to closing and pursuant to future order by the Commission, Red Bird shall post a bond in the amount of \$100,000 and form acceptable to the Commission for the TESI systems.
 - C. At closing, Red Bird will adopt the tariffs and rates currently in effect for TESI's water and wastewater customers, including any approved pass through approved pursuant to N.C.G.S. § 62-133.11.
 - D. Red Bird will adopt at closing TESI's accounting records, provide the detailed accounting records received from TESI to the Public Staff, and will not adjust or make changes to those records without Commission approval.
 - E. The Stipulating Parties agree that the net book value of the TESI assets Red Bird is acquiring is \$186,541. This amount is based on plant additions through December 31, 2022, as provided by the Company, and includes depreciation and amortization calculated through December 31, 2023. Public Staff Settlement Exhibit 1 shows the calculation of the net book value. The parties reserve the right to seek a determination by the Commission of whether all of the utility assets acquired by Red Bird were used and useful during the applicable test period in Red Bird's initial rate case. Any assets determined by the Commission not to have been used and useful during the applicable test period will be removed from rate base.
 - F. The Stipulating Parties agree that the correct gross amount of contributions in aid of construction (CIAC) to be recorded by Red Bird at closing

is \$21,900. By amortizing the CIAC over 15 years, the net CIAC balance is \$19,710 as of December 31, 2023.

G. Red Bird may request recovery of the following costs associated with the transfer of the Lake Royale systems to Red Bird:

- (i) Up to \$40,801.23 for engineering due diligence work listed in Cox Exhibit 4 in the next general rate case relating to the Lake Royale water system, provided that the work results in reasonable and prudent capital investments to improve the water system.
- (ii) Up to \$22,450.50 for engineering due diligence work listed in Cox Exhibit 4 in the next general rate case relating to the Lake Royale wastewater system, provided that the work results in reasonable and prudent capital investments to improve the wastewater system.
- (iii) Up to \$10,000 for legal costs related to the acquisition of the TESI systems in the next general rate case relating to the Lake Royale water and sewer systems.

H. Red Bird agrees not to pursue rate recovery of any additional costs associated with the transfer, including due diligence, transactional, and regulatory costs, other than those listed in Paragraphs II.G. (i), (ii), and (iii) above and further detailed in **Public Staff Settlement Exhibit 2**.

I. Red Bird agrees not to pursue an acquisition adjustment related to the TESI systems in this or any future proceeding.

J. Until the earlier of the conclusion of Red Bird's first rate case or a Commission order modifying this requirement, Red Bird shall apply for funding

from the North Carolina Department of Environmental Quality, Division of Water Infrastructure in the funding cycle preceding planned water system investment of more than \$100,000 in the TESI water system.

K. Beginning one year after the effective date of the Commission's order approving this Stipulation, and continuing annually, Red Bird and key leadership from CSWR will meet with the Public Staff and provide an update detailing all changes in Red Bird's facilities and operations since the last annual update and discuss the Company's financial condition.

L. Red Bird President Josiah Cox shall file settlement testimony, some of which may be confidential, addressing the following:

- (i) The relationship between Sciens Water and/or Sciens Capital Management, LLC, and US Water Systems, LLC;
- (ii) The ultimate source of the funding received by Red Bird and an explanation of how that funding is allocated among the affiliates of CSWR, LLC;
- (iii) Any limitations and/or conditions placed on the future funding of Red Bird by any of Red Bird's upstream owners; and
- (iv) Attach as an exhibit a revised version of the "Explanation of Corporate Structure," filed as a late filed exhibit in Docket No. W-1328, Sub 4, which reflects U.S. Water Systems, LLC's position in the corporate structure.

III. AGREEMENT TO SUPPORT SETTLEMENT; NON-WAIVER.

A. The Stipulating Parties, and their agents, witnesses, and representatives, will act in good faith to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket; provided, however, that the settlement of any issue pursuant to this Stipulation shall not be cited as precedent by any of the Stipulating Parties in any other proceeding or docket before this Commission or on appeal before the North Carolina Court of Appeals or North Carolina Supreme Court. The provisions of this Stipulation do not necessarily reflect any position asserted by any of the Stipulating Parties. Rather, they reflect settlement among the Stipulating Parties as to all issues and, notwithstanding the items agreed and stipulated to in Section II.A. - L. above, no Stipulating Party waives the right to assert any position on any issue in any future docket before the Commission. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take settlement of contested issues.

B. This Stipulation is a product of negotiation among the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

IV. INTRODUCTION OF TESTIMONY AND WAIVER OF CROSS-EXAMINATION.

A. The Stipulating Parties agree that all pre-filed testimony and exhibits of the Stipulating Parties, including any supplemental testimony filed in support of this Stipulation, may be received in evidence without objection, and each Stipulating Party waives all right to cross examine all of the Stipulating Parties' witnesses with respect to pre-filed testimony and exhibits. If, however, questions are asked by any Commissioner or non-Stipulating Party, then any Stipulating Party may respond to

such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits; provided, however, that such testimony and/or exhibits shall not be inconsistent with this Stipulation.

V. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Parties unless the entire Settlement Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, each Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

VI. COUNTERPARTS

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated to this the 23rd day of October, 2023.

Burns, Day & Presnell, PA

By: /s/ Daniel C. Higgins
Daniel C. Higgins .
Attorney for Red Bird Utility Operating Company, LLC

Public Staff — North Carolina Utilities Commission

By: /s/ Megan Jost
Megan Jost
Staff Attorney