

PLACE: Dobbs Building, Raleigh, North Carolina
DATE: Monday, October 9, 2023
TIME: 1:00 p.m. to 2:06 p.m.
DOCKET: W-1300, Sub 60
BEFORE: Commissioner ToNola D. Brown-Bland, Presiding
Commissioner Daniel G. Clodfelter
Commissioner Kimberly W. Duffley
Commissioner Jeffrey A. Hughes
Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

Application of

Old North State Water Company, LLC,

3212 6th Avenue South, Suite 200,

Birmingham, Alabama 35222, for Authority to

Adjust and Increase Rates for Water Utility Service

in All Its Service Areas in North Carolina

VOLUME 5



1 A P P E A R A N C E S:
2 FOR OLD NORTH STATE WATER COMPANY, LLC:
3 Gray Styers, Esq.
4 Elizabeth Sims Hedrick, Esq.
5 Fox Rothschild, LLP
6 434 Fayetteville Street
7 Raleigh, North Carolina 27601

8
9 FOR THE USING AND CONSUMING PUBLIC:
10 Reita D. Coxton, Esq.
11 Public Staff - North Carolina Utilities Commission
12 4326 Mail Service Center
13 Raleigh, North Carolina 27699-4300

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E X H I B I T S

IDENTIFIED/ADMITTED

ONSWC McDonald Mitchell Redirect 66/66
Exhibit 1

(Confidential filed under seal)

ONSWC McDonald Mitchell Redirect 66/66
Exhibit 2

(Confidential filed under seal)

ONSWC McDonald Mitchell Joint -/66
Direct Exhibits 1, 1a, 2, and 3

(Confidential filed under seal)

Public Staff Potential Cross -/66
Exhibit Numbers 3 and 8

ONSWC Campbell Direct Exhibit 2 -/66
through 4

(Confidential filed under seal)

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Oct 12 2023

P R O C E E D I N G S

1
2 COMMISSIONER BROWN-BLAND: Good
3 afternoon. Let's come back to order and go on the
4 record. We are still in the case of W-1300,
5 Sub 60. And we have witnesses already sworn in and
6 on the stand, if they would return to the stand.

7 MS. HEDRICK: Commissioner, before we
8 get started, I have a few preliminaries I'd like to
9 address with the Commission, if that's all right.

10 COMMISSIONER BROWN-BLAND: Okay. And
11 before you do that, realize right now we're in open
12 session.

13 MS. HEDRICK: I don't think there's
14 anything in the preliminaries that needs to be in
15 closed session.

16 The first thing we wanted to let the
17 Commission know was that we had reached out to the
18 Public Staff last week to see if we could
19 potentially reach a resolution on some of the
20 issues that are before the Commission.

21 Legal counsel for the parties had a
22 productive discussion both Thursday and Friday, and
23 I believe we have a meeting scheduled with both of
24 our respective clients next Wednesday.

1 MR. STYERS: Tentatively, uh-huh.

2 MS. HEDRICK: And we're hopeful that,
3 after that, we will be able to present a joint
4 stipulation for the Commission to consider that may
5 help resolve a lot of the issues that are before
6 you. So we don't --

7 COMMISSIONER BROWN-BLAND: You just said
8 "a lot". You're not saying "all".

9 MS. HEDRICK: I think it will resolve
10 most of everything, other than what I'm going to
11 address shortly.

12 So the second thing is that we have
13 filed a motion this afternoon. It was just filed.
14 I think you may not have seen it yet.

15 But this was filed in an overabundance
16 of caution since there has already been an
17 inadvertent disclosure of confidential information
18 in this case to a third party.

19 And since a letter has been sent to the
20 Public Staff asserting certain rights as it relates
21 to that confidential information, we've asked the
22 Commission -- a little unusual -- to enter an Order
23 that Mr. McDonald, as the controlling owner of Old
24 North State, has the right to set who is listed on

1 the service docket.

2 And that motion's before you. I'm happy
3 to answer any questions you might have about that,
4 but otherwise, we just want to thank you in advance
5 for your consideration of that motion.

6 And then, finally, as part of our
7 discussions with the Public Staff, the Public Staff
8 recommended and we agree that the Motion to
9 Transfer the Pipeline that was filed the week
10 before last should be refiled in its own docket.
11 So unless there's any objection from the
12 Commission, we plan do that as soon as possible.

13 And knowing that the Commission has
14 questions about that pipeline, we have prepared and
15 are willing -- I think you have a copy already of a
16 confidential comprehensive timeline of the events
17 surrounding that pipeline.

18 We will -- we plan to attach that as a
19 confidential exhibit to the refiled motion when we
20 file it in its own docket.

21 Mr. McDonald's, obviously, here today
22 and can answer any questions that you have about
23 that exhibit, but we do plan to address that more
24 comprehensively in a separate docket once we've had

1 a chance to work with the Public Staff to address
2 some of the value considerations that were raised
3 last week.

4 COMMISSIONER BROWN-BLAND: And do you
5 plan to move that in this docket as well?

6 MR. STYERS: Uh-huh.

7 COMMISSIONER BROWN-BLAND: Okay. And I
8 got a nod, a positive nod.

9 MS. HEDRICK: Yes.

10 MR. STYERS: Yes. Yes. Yes.

11 COMMISSIONER BROWN-BLAND: And --

12 MR. STYERS: I assume that may need to
13 be done on redirect or however, or even as an
14 exhibit in response to a Commission question.
15 We'll leave that up to the Chair to determine that.

16 But that is -- that is -- was requested
17 by the Commission. It's a lengthy document, but we
18 wanted to be as thorough as possible in its content
19 to help explain how we got from Point A to Point B
20 both from a regulatory, a financing, and from an
21 operational perspective.

22 So -- but realizing that it doesn't --
23 that there is still legal issues pertaining to
24 that, and it pertains more -- I mean less to the

1 rate case in the past than it is going forward to a
2 sewer rate case, because it is, in fact, a sewer
3 pipeline, the Public Staff recommended, and we
4 agreed with the Public Staff, that that should be
5 dealt in a separate docket.

6 And so that's -- just didn't have time
7 to get that filed before today but wanted to let
8 you know.

9 COMMISSIONER BROWN-BLAND: And is your
10 intentions that the pipeline motion, as it's been
11 filed --

12 MR. STYERS: No. Well, we filed an
13 application to transfer it in this docket last
14 week.

15 COMMISSIONER BROWN-BLAND: Uh-huh. And
16 that filing will remain in this docket, correct?

17 MR. STYERS: It certainly may. We'll
18 work with the Clerk's office, and the Commission
19 has said no objection.

20 It was certainly filed to -- quite
21 frankly, as we discussed, to show how the
22 \$5 million note payable would actually be repaid.

23 But yes, it can be left in this docket.
24 And we'll work with the Commission's instructions

1 and the Clerk's instructions how they would like
2 for us to file a parallel application to be
3 considered in discovery and by the Commission in
4 another docket.

5 COMMISSIONER BROWN-BLAND: Okay. Very
6 good.

7 And, Ms. Hedrick, you mentioned the
8 recent motion filed, and I have not reviewed it or
9 seen it. But I take it it is tantamount to having
10 counsel help set -- help review what the service
11 list should be.

12 MS. HEDRICK: My understanding is that
13 the former partner of the business is still listed
14 on the service list. There have been requests by
15 the client to have him removed, and that has not
16 happened. And so we filed this Motion hoping that
17 maybe we could get that accomplished.

18 We have worked with the Public Staff.
19 Very graciously, they have -- we've worked out how
20 things will be served going forward if that doesn't
21 get fixed immediately, but -- so we don't think
22 that any confidential information will be disclosed
23 to him going forward. But that is the impetus
24 behind the Motion.

1 MR. STYERS: So, specifically,
2 Mr. McDonald, as 100 percent owner, sole director,
3 president, has the ability to designate who his
4 counsel is and who his agents are, and that that be
5 communicated to you as a commission, and the
6 Commission confirmed that. And that the
7 Commission -- we respectfully ask the Commission
8 provide that information to the Clerk's office and
9 to the Court Reporter's office to assure that there
10 is not any other inadvertent disclosure is the
11 nature of the Motion, quite frankly.

12 It's a little unorthodox and I've never
13 done that in 30 years, but it seemed to be, in this
14 instance, appropriate to bring that to the
15 Commission's attention and to see if you could help
16 us assure that confidentiality so we can be as
17 candid as possible to your questions in the
18 hearing, quite frankly.

19 COMMISSIONER BROWN-BLAND: All right.
20 Thank you.

21 Anything to add on any of that
22 discussion from the Public Staff?

23 MS. COXTON: No, ma'am.

24 MR. STYERS: The Commission does -- the

1 Motion does note that the Public Staff does not
2 oppose that notice and motion.

3 COMMISSIONER BROWN-BLAND: All right.
4 Thank you.

5 And before we go further, the
6 Commission, I guess, has a sort of preliminary
7 matter of its own.

8 And that is -- Commissioner Clodfelter,
9 would you put that -- your request from last Friday
10 on the record regarding the timeline? And if we
11 need to go into closed session already, let me
12 know.

13 COMMISSIONER CLODFELTER: I think we can
14 make the request without being in closed session.

15 COMMISSIONER BROWN-BLAND: Okay. I just
16 want to get it on the record. The information
17 clearly is closed-session information in response
18 to the request, but the request, itself.

19 And the request to the parties, or
20 specifically to Old North State Water Company, was
21 whether it could provide the Commission, in the
22 form of a late-filed narrative exhibit, a timeline
23 of the key events related to the combination of the
24 Briar Chapel and Fearrington Utilities, or the

1 proposed -- what was at one time the proposed
2 combination of the Briar Chapel and Fearington
3 Utilities, and the construction of the force main
4 to the Briar Creek treatment plant; along with not
5 just the timeline of the key operational events,
6 but also the regulatory events and the financial
7 events associated with that along the way.

8 And I understood that counsel was
9 willing to provide -- and the client through
10 counsel was willing to provide such a late-filed
11 narrative exhibit and that the Public Staff
12 concurred that such a filing would be useful. And
13 so that was the request.

14 MR. STYERS: And we were glad to work
15 over the weekend to see that that could be filed --
16 available today for this hearing.

17 COMMISSIONER CLODFELTER: Well, you must
18 have very long weekends if they include Wednesdays,
19 Thursdays, and Fridays as well as Saturdays and
20 Sundays.

21 MR. STYERS: Took a while to compile the
22 information before drafting it.

23 COMMISSIONER BROWN-BLAND: Thank you for
24 that.

1 So any other preliminaries before we get
2 back to --

3 MS. HEDRICK: No, ma'am. Thank you for
4 your time.

5 COMMISSIONER BROWN-BLAND: All right.
6 So at this time we will close the hearing and go
7 into confidential session.

8 (Due to the proprietary nature of the
9 testimony found on pages 14 to 66, it
10 was filed under seal.)

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1 (Confidential testimony ended at
2 2:06 p.m.)

3 COMMISSIONER BROWN-BLAND: We have come
4 to the end of this proceeding. The parties will be
5 filing briefs and proposed orders within 30 days
6 from the availability of the transcript, or the
7 filing of the transcript.

8 And at this time, there's nothing
9 further to come before the Commission.

10 MR. STYERS: We just would express our
11 appreciation if the Commission could consider the
12 Motion that was filed this morning regarding the
13 authorized agents of the Company and this
14 proceeding.

15 That would be greatly appreciated and
16 provide some clarity as to how to proceed. And we
17 thank you for your consideration of that Motion.

18 COMMISSIONER BROWN-BLAND: The
19 Commission will get to that Motion as soon as
20 possible with the understanding that there's no
21 objection from the Public Staff.

22 MS. COXTON: No objection.

23 MR. STYERS: Thank you.

24 COMMISSIONER BROWN-BLAND: All right.

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There being nothing else to come before the
Commission at this time, we will be adjourned.

(Hearing adjourned at 2:06 p.m.)

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CERTIFICATE OF REPORTER

STATE OF NORTH CAROLINA)
COUNTY OF WAKE)

I, Joann Bunze, RPR, the officer before whom the foregoing hearing was conducted, do hereby certify that any witnesses whose testimony may appear in the foregoing hearing were duly sworn; that the foregoing proceedings were taken by me to the best of my ability and thereafter reduced to typewritten format under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

This the 11th day of October, 2023.

Joann Bunze



JOANN BUNZE, RPR

Notary Public #200707300112