

1 STAFF CONFERENCE

FEBRUARY 21, 2022

2 CHAIR MITCHELL: Good morning. Let's come
3 to order and go on the record, please. I'm Charlotte
4 Mitchell, Chair of the Utilities Commission, and with
5 me this morning are Commissioners Brown-Bland, Gray,
6 Clodfelter, Duffley, Hughes, and McKissick.

7 In compliance with the State Government
8 Ethics Act, I remind Members of the Commission of our
9 duty to avoid conflicts and inquire, at this time, as
10 to whether any member of the Commission has a known
11 conflict of interest with respect to matters coming
12 before us.

13 (No response)

14 The record will reflect that no conflicts
15 have been identified, so we'll proceed with Public
16 Staff Transportation Item P1.

17 MR. RAJEEV: Good morning. Krishna Rajeev
18 with the Public Staff Transportation Rates Division.
19 Item P1, in Docket A-41, Sub 20, (see) Application of
20 Bald Head Island Transportation, Incorporated for
21 Amendment to the Tariff clarifying the definition of
22 excess baggage, reducing the standard check baggage
23 allowance from 63, and increasing the excess baggage
24 fee from \$5.00 to \$23.00. Public Staff has reviewed

NORTH CAROLINA UTILITIES COMMISSION

1 the application and recommends approval with the
2 proposed order attached in Exhibit No. P-1.

3 CHAIR MITCHELL: Commission has a few
4 questions for Public Staff. It's my understanding
5 that representative of the Company is here as well.
6 In the event the Company is better suited to answer
7 the questions and -- in fact, why don't y'all come on
8 up and just be prepared to answer some of these
9 questions.

10 MR. STYERS: Would you like Mr. Paul and
11 Ms. Mayfield to come up as well, Chair?

12 THE COURT: Probably, yes. Mr. Styers, just
13 for the record, would you go ahead and --

14 MR. STYERS: Certainly. My name is Gray
15 Styers of the law firm of Fox Rothschild, and it's my
16 honor this morning to represent Bald Head Island,
17 Limited and its subsidiary Bald Head Island
18 Transportation.

19 CHAIR MITCHELL: And you have with you?

20 MR. STYERS: Oh. And I have with me
21 Mr. Chad Paul who is -- excuse me. I have with me
22 Mr. Chad Paul who is the CEO of Bald Head Island,
23 Limited and Ms. Shirley Mayfield who is the Chief
24 Financial Officer of Bald Head Island, Limited.

1 CHAIR MITCHELL: Well, good morning,
2 everybody. Commission has a few questions. And I'll
3 ask those questions and I'll check in with my
4 colleagues to see if they have any additional
5 questions.

6 Reading through the materials in the record
7 on this one, we're curious. What analysis has been
8 done to verify the Company's expectation that the
9 requested changes and fee amounts will be revenue
10 neutral?

11 MR. STYERS: Glad to answer that question,
12 Chair Mitchell. Just by way of backgrounds, the
13 Commissioners may not realize that we implemented
14 significant changes and implemented the excess baggage
15 fee for the first time in 2012. There's a fair amount
16 of, shall we say, concern on the Island about imposing
17 that fee. There were stakeholders meetings on the
18 Island, moderated by Ms. Downey of the Public Staff,
19 and a lot of, you know, concern expressed before the
20 current fee was instituted at \$5.00.

21 In the last six years at \$5.00 per excess
22 ticket fee, in 2015, there were eight tickets sold for
23 a total of \$40.00. In 2017, there were three tickets
24 sold for a total of \$15.00, and in 2021, there were

1 five tickets sold for a total of \$25.00 for a
2 operation which has several -- over a million dollars
3 in revenue. So, given our experience, what we
4 realized after 2012 is that if we educate our
5 ridership well so they know exactly what the
6 expectations are, they know how to pack in advance;
7 they realize what the rules are, they will comply with
8 those; they will not purchase excess tickets, they
9 will comply with those rules and, in fact, they'll be
10 no controversy or complaints or concerns about those
11 baggage rules, notwithstanding the concerns that were
12 expressed in 2012 when we went through this process.

13 So, you know, that's the historical
14 experience of the fact that folks have adapted and not
15 purchased excess baggage tickets at all, quite
16 frankly, demonstrates the flexibility of the ridership
17 to comply with the rules.

18 We also have done a fairly extensive survey
19 of other passenger ferries and other location to
20 Country, Catalina Island Ferry, the Fire Island Ferry,
21 the Daufuskie Island Ferry in Georgia and really found
22 that their experience has been the same, that they set
23 forth clear rules that are on their website. Their
24 passengers and riders know that they have limits on

1 baggage, and also found that riders comply with those
2 without any problems, so both our own experience as
3 well as surveying other ferry operations around the
4 country led us to believe that there would be no
5 revenue coming from this.

6 CHAIR MITCHELL: Thank you, Mr. Styers.
7 That's helpful information. In this instance, though,
8 the Company is requesting both an increased fee and a
9 reduction in the number of, you know, allowed bags
10 before you get to the excess threshold, so why both of
11 those measures?

12 MR. STYERS: So, again, the driver of the
13 entire proposal before you is to address a service
14 problem that is described in our application, in which
15 I can go into more detail, and which has been
16 recognized island-wide that, you know, the number of
17 items and the size of the items is just causing
18 problems at both terminals.

19 When we came to the Public Staff back in the
20 fall to present this concern and to start thinking
21 about how best to address that, we met, among others,
22 with Ms. Downey who said I've been through what
23 happened in 2012. I want you to develop a consensus
24 on the Island as to how to address this problem. I

1 don't want you to come to us and to the Commission and
2 then have complaints and concerns and folks come up
3 that they're wanting staff conference and request
4 stakeholders' meetings.

5 So, what we did before filing the
6 application, in this case, was to meet with the
7 elected officials on the Island, specifically the
8 mayor and the counsel of Bald Head, the Village of
9 Bald Head. Met with the largest, kind of,
10 representative organization, which is the Homeowners
11 Association.

12 Met with the largest employers on the Island
13 and said how do we address this -- do you agree
14 there's a problem, do you agree that we need to
15 address it, and how should we address it, and this was
16 the consensus that came out of those meetings with the
17 elected officials, the Homeowners Associations, and
18 the employers on the Island.

19 They recognized that we need to limit the
20 number of bags and-- which is also consistent with
21 the requirements for islands like Daufuskie and
22 Catalina and Fire. Most of them limit it only to two
23 bags. We are limiting it to three, more than what
24 those other ferry operations limit it to. We felt

1 this was the consensus that was developed, but we had
2 our own stakeholders meeting before, on our own,
3 rather than going through the Commission
4 mandated stakeholders' process in 2012.

5 And, secondly, it was generally recognized
6 that there needed to be a excess baggage fee level
7 price that would, you know, encourage, facilitate
8 compliance, and we already had the \$23.00 ticket price
9 for oversized baggage, so the administrative -- and
10 that's something the price point that the ridership,
11 you know, is already accustomed to. We already have a
12 ticket at that amount.

13 We also looked at what the airlines were
14 doing, and we felt like it made sense to have the same
15 ticket price that customers were already familiar with
16 for excess -- for oversized baggage and have that same
17 ticket price for excess baggage. Another analogy is
18 Southwest Airlines, allows you to have two free bags,
19 unlike the other airlines. But once you get to the
20 third bag on Southwest, you have to pay a \$75.00 third
21 bag fee on Southwest, which is exactly the same price
22 that Southwest charges for an oversized bag that
23 exceeds 62 inches in total emissions.

24 So, looking at what other transportation

1 companies were doing, looking at what our current
2 structure was so that it would be the same price point
3 for excess and oversize and out of the development of
4 the discussions we had on the Island with the mayor,
5 with the village counsel, and the Homeowners
6 Association, this was the solution that everyone
7 recommended.

8 CHAIR MITCHELL: Okay. Thank you for that
9 additional explanation. The Transportation calculator
10 performed analysis of how many bags were handled over
11 the past several years under -- that were handled for
12 free under the current rules that would have been
13 considered excess under the new rules. I mean, I know
14 you explained that very few excess baggage fees were
15 imposed or have been imposed since 2012, but --

16 MR. STYERS: As a fact-based question, I
17 wanted to defer to the experts on my left. I don't
18 know if that -- we don't keep track of how many bags
19 each customer brings. We keep track of total bags.
20 Sometimes -- well, so what we know, total baggage --

21 MR. PAUL: Total dollies.

22 MR. STYERS: Total dollies, but we've never
23 done an analysis because if you're letting a fare of
24 100 passengers and you've got 150 bags, 200 bags, we

1 don't know which passengers may have brought two and
2 which passengers may have brought eight. I don't
3 think there's been that analysis.

4 MR. PAUL: So let's also step back, Chair
5 Mitchell. So one of the driving forces behind this is
6 to move to electronic ticketing. I want to be
7 careful. Electronic ticketing is not reservations,
8 electronic reservations. In order to move towards
9 electronic ticketing and eventually, maybe possibly,
10 move towards electronic reservations, both within the
11 ferry schedule for the main ferry as well as the
12 contractor ferry, we need to define baggage so that we
13 can tie those electronic tickets to those bags.

14 We don't currently operate that way. As
15 most of you know, it's first come, first served. You
16 go to the window, you buy your ticket, or you have an
17 annual pass and you go that route. We do not --
18 today, people present their bags. We've got a tag on
19 there; who they are, phone number, where they're going
20 on the Island. That's part of the process that goes.
21 We do not keep track of the number of bags. We keep
22 track of the number of dollies.

23 Going back with some Coastguard regulations
24 we had to do for buoyancies and weight, we went back

1 about a decade ago. We went through a period of time,
2 for six months, where we weighed every single dolly
3 and we counted the number bags in those dollies. So
4 we have some of that data, but we don't have how many
5 bags per folks. So what we do, for example, with
6 working through this, I gave Mr. Styers some
7 information for July 4th weekend.

8 How do we know that? Because we know the
9 dolly counts. So dolly counts are just like people
10 counts on the boats for the Coastguards. That's why
11 we keep track of that. We know what the average
12 weight of the dolly is, so over that three-day period
13 of time, we transported 2. -- or 1.2 million pounds of
14 luggage, which would, on the data side, say that's
15 13,000 pieces.

16 So that's part of the backdrop, is that to
17 move towards some kind of electronic ticketing. To
18 move to that reservation, we need to work with this.
19 The other item that I bring up within the context of
20 that whole piece there is the system has an upper
21 terminal that designs -- if you've been to Bald Head,
22 there's an upper terminal that was designed by
23 Siemens. It's very similar to the conveyors and the
24 items that you see in the airport for baggage.

1 The problem is, is that, that was designed
2 at a time where we didn't need to have a baggage
3 definition because we were only transporting. When we
4 had the rate case, we had, I think, about 265,000 or
5 so passengers. You know, we crossed 370,000
6 passengers last year. Well, 370,000 passengers,
7 roughly three to four people traveling at a time,
8 bringing six bags. That's 24 pieces of luggage being
9 jammed down that system to catch that next boat, and
10 we're running half hour boats.

11 It's just not possible with that volume of
12 baggage to go to make that work, so we had to make
13 modifications there, so it's kind of a -- we're coming
14 at this from several different angles on where we can
15 go, but we do not have -- the specific question, we do
16 not have any kind of data that's specific to each
17 passenger bringing X amount of dollars.

18 We can do it by dollies, and we know what
19 the average dolly weight is and we know what the
20 average items per dolly going in there. Whether it be
21 a bag of golf clubs or a tub or a suit case, we know
22 what's going in there.

23 MR. STYERS: Once we have electronic
24 ticketing, we'll be able to track data much more in

1 greater detail and get into the weight more often.
2 You know, I do think that there is some comfort that
3 the stakeholders and their representatives on the
4 Island all felt like this was a manageable system of
5 the three bags, again, and of the \$23.00 per excess
6 bag, you know, accommodated, you know.

7 And some of those stakeholders that were
8 involved in those submitted letters are actually the
9 rental companies that deal with those renters who come
10 onto the Island as well. So we tried to reach out to
11 various stakeholders and, to the extent, they felt
12 like this was a workable solution, kind of guided our
13 policy that we are trying to implement in the revised
14 tariffs.

15 CHAIR MITCHELL: I have one last question,
16 then I'll check in with my colleagues. So how will
17 transportation assess the efficacy of these changes?
18 What operational improvements are you-all looking for
19 here?

20 MR. STYERS: The big one is on-time
21 performance. I mean that -- again, this is a service.
22 This whole initiative is pushed from a service
23 perspective, so we're going to be tracking. And we
24 are committed and we have committed to Public Staff

1 and to our customers to try to improve on-time
2 performance, so the big metric is going to be on-time
3 performance. Other metrics, obviously coming up to
4 the summer, we'll be looking at utilization of the
5 dollies and employees.

6 And, you know, a lot of this is anecdotal,
7 but I mean, you know, in a time of labor shortage and
8 labor supply issues, we're concerned about our
9 employees handling and trying to load these ferries
10 safely and efficiently. We're also trying to make
11 sure that baggage gets onto the boat that the
12 passenger himself or herself is also on.

13 And we've recognized the problems in the
14 past, so we'll be looking at the -- again, from our
15 employees, you know, how they're handling it. Are we
16 able to get there on time, are they able to manage the
17 amount of luggage within the turn at the terminal, and
18 are we able to get the bags on the same ferry as the
19 passengers, so those would be some of the major
20 metrics.

21 CHAIR MITCHELL: It looks like Mr. Paul has
22 something to add.

23 MR. PAUL: For the first time, so we work
24 with staff and the Commission to move to -- back to

1 full passenger loads last March. So prior to then, we
2 had our restrictions and the number of passengers. So
3 we went to full passenger loads in March. Last summer
4 was the first time that we ran bump baggage boats, so
5 Commission members here are aware of that sometimes we
6 have more than 150 passengers. We bump a boat. We
7 either bring another boat in or they wait for the next
8 half hour boat.

9 Last summer, we ran boats just because we
10 had too much baggage relative to the 150 passengers on
11 that boat, and think of the logistics downstream. We
12 have this tram operation that's tied to the ferry on
13 the Island. Now we've got people that have arrived.
14 They've got their bags, some of their bags. They
15 don't have their others. They're going to their
16 house. Now we've got to figure out logistically to
17 bring the tram back around.

18 Ms. Mayfield and I always have a year-end
19 meeting with all the summer folks, and I remember the
20 gentleman who is at ECU. He said, "I've got a great
21 one for you. We're finding more renters on Bald Head
22 during this time." If you recall, a tram can carry 12
23 people, and then it has the truck where all the
24 luggage goes in. This gentleman, that weekend, it was

1 the weekend of Memorial Day -- or excuse me, Labor
2 Day. He had transported 12 people to a two-bedroom
3 condo, so they took up that one family, had a
4 two-bedroom condo, took up 12 seats in the tram. He
5 fully loaded all of their luggage, dropped them off,
6 and had to come back because those 12 people had more
7 luggage than they could fit in one go, so there's
8 different constituencies here. There's different
9 customers.

10 The reason why we ended up at three is we do
11 not want and don't think it's beneficial, and that's
12 not the goal here to penalize or hurt islanders from
13 doing the things that they need to do. In reality,
14 island residents, they go off. Husband and wife,
15 partner, they go off. They go to Home Depot, they go
16 to Costco, they go grocery shopping.

17 They're not bringing back more than three
18 checked bags plus a carry-on because when they get to
19 the other side of the Island and they're getting in
20 their golf cart, they can't get eight bags plus the
21 two of them on the golf cart, so that was kind of the
22 happy medium for the islanders.

23 You know, there was concern. There was a
24 lot of people that said go for two bags, be like

1 everybody else. We said no. This way, there's no
2 pressure on that aspect of it. It's really about
3 getting back to training the vacation rental guests
4 and helping them, so I would go back to new videos on
5 Youtube on how to pack. All that kind of stuff is how
6 we'll do that.

7 Implementation, early on, it's totally a
8 physical labor process implementation. We've narrowed
9 that down in scope. We believe that the majority of
10 the implementation and majority of the communication
11 needs to be on the mainland in Southport at Deep Point
12 on arrival, really before they get there, because once
13 the stuff's on the Island, it's three bags. The
14 island operation, the Island terminal, they're going
15 to do the tail never wags the dog. It's really all
16 about the front end communication right there at Deep
17 Point, Ms. Mitchell.

18 MR. STYERS: Am I correct that we are filing
19 with the Commission on-time performance data?

20 MR. PAUL: Yes. That's quarterly.

21 MR. STYERS: We'll continue to file that, as
22 we have in the past. And, hopefully, that will be the
23 statistical demonstration of the success of the
24 program in the coming high season this summer.

1 CHAIR MITCHELL: Well, let me check in.
2 Thank you for that information. Let me check in with
3 my colleagues. Commissioner Duffley and then
4 Commissioner McKissick.

5 COMMISSIONER DUFFLEY: Good morning. So
6 until you have electronic ticketing, how do you plan
7 to enforce this new rule at Deep Point Marina?

8 MR. PAUL: So, right now, when customers
9 come to Deep Point, they pull up their vehicle, and
10 one of our dock hands goes out to help them with their
11 luggage to put it on the racks to get them organized.
12 It'll be basically a spot check there. They'll be
13 able to know, count the number of people per car.
14 Usually, there's three to four people per car on the
15 guests. They'll know right then and there if it's
16 three bags and there's three people, it's nine pieces
17 of luggage that are being checked. That's how they'll
18 do that.

19 COMMISSIONER DUFFLEY: And so if there's
20 more luggage, they'll refer them to the ticket office?

21 MR. PAUL: They'll -- just like when
22 somebody shows up with an excess baggage item -- I
23 mean, excuse me, oversized baggage item, they'll just
24 go to the ticket booth and they'll get their ticket

1 for that item.

2 MR. STYERS: The dock handler would direct
3 them to the ticket booth for the excess baggage.

4 COMMISSIONER DUFFLEY: Okay. Thank you.
5 And how much of this baggage increase is due to the
6 increased rental occupancy of the Island versus people
7 carrying too many bags?

8 MR. PAUL: I think that the issue is
9 primarily related to the fact that there's far more
10 vacation homes on the Island. It's very difficult to
11 keep that statistic. The Bald Island Club did some
12 statistics. Pre-Covid, we were probably 400 to 450
13 houses on the Island were rental, vacation rental.
14 And now, based on the club's reporting of temporary
15 memberships that they sell for vacationers, we're
16 probably 650 now.

17 So, it is -- again, we have different
18 customers that we have to cater to and deal with. The
19 problem with the baggage is it comes at the worst
20 possible time, the worst possible time per year. You
21 know, we're running wide open and it's just too much.
22 So we have to give vacation rental guests that are
23 bringing, for the lack of a better word, six bags
24 might as well be unlimited luggage, and that's where

1 the issue really is.

2 COMMISSIONER DUFFLEY: Okay. But how do you
3 know that these renters are bringing more than three
4 bags or six bags?

5 MR. PAUL: Based on the dolly volume that we
6 receive, that we record. Remember, we have to record
7 dolly, number of dollies per vessel, per voyage based
8 on Coastguard rules. So we know if we've got 23
9 dollies on the back of the catamarans, we know we've
10 got 23 dollies back there. We know roughly what's in
11 those dollies in terms of the number of pieces.

12 MR. STYERS: And those who are traveling
13 back and forth, employees, managers, you know, they're
14 observing this from the deck of the ferry, and they
15 can look down. I mean, again, it's anecdotal but, you
16 know, I couldn't help but chuckle at the letter
17 submitted by Dan McConnell, the president of the golf
18 cart rental. I don't know if you saw that letter or
19 not. Those who asked how they could help, we had
20 provided a template letter to them after we had met
21 with them.

22 Dan McConnell completely rejected that
23 template and wrote his own and talked about, and may I
24 quote his quote, that there's employees, who took to

1 and from the Island, who would come and tell him
2 quote: "It's ridiculous how much crap they bring."
3 That's in his letter, so it's something that those who
4 are traveling day in and day out to the Island as
5 employees are just observing from the deck of the
6 ferries.

7 COMMISSIONER DUFFLEY: Okay. Thank you. I
8 have nothing further.

9 CHAIR MITCHELL: Commissioner McKissick.

10 COMMISSIONER McKISSICK: Just a couple of
11 questions. I mean, it seems to me that
12 notwithstanding the luggage issues, which you
13 articulated and which I understand you've come up with
14 a proposed solution for, the greatest problem is the
15 increased number of visitors. I mean, it looks like
16 Bald Head had about 263,000, if you're going back to
17 like May of 2013. At that point, you had, in terms of
18 departures, about a 91 percent departure rate being on
19 time, but now, you said it was over 370,000 this year.

20 MR. PAUL: Correct.

21 COMMISSIONER McKISSICK: I thought I saw
22 somewhere in the report that it was 360,000, so at
23 least a 50 percent increase which has now brought down
24 your -- I guess your rate to 47 percent in terms of

1 departures. What have you done to look at the
2 schedule for ferries or the size of the ferries to
3 accommodate the additional demand and capacity,
4 particularly in light of the fact that you now have
5 moved from 450 vacation homes up to 650?

6 Is this going beyond the number of bags if
7 you're going to meet the increased need and capacity
8 through, you know, increase in volume? So what has
9 been done with the scheduling or larger size to really
10 accommodate it, because this seems like a back door to
11 try and solve a problem.

12 MR. PAUL: So two items there.

13 COMMISSIONER McKISSICK: Yeah.

14 MR. PAUL: One, on-time performance last
15 year, that data is sloppy data, and the reason for
16 that sloppy data is we've been working with the
17 village as well as the Army corps of engineers. For
18 the third year in a row, the Army corps of engineers
19 has set up dredging operations, and literally
20 40 percent of our route is taken up by dredge
21 equipment where we have the slow bell and the ferries
22 cannot run at full speed.

23 So, an overwhelming majority of the major
24 decrease last year was a result that we were not able

1 to operate on time, vis-a-vis every single run was
2 behind five to eight minutes that compounds throughout
3 the day, primarily because we have the slow bell, no
4 wake for 40 percent of our route, so that was part of
5 our process. We're working with the village. We're
6 working with the corps of engineers on making sure
7 when the dredgers come, they don't set up along
8 Battery Island, along the front part of Southport.
9 They move either further south or move further north
10 outside of our jurisdiction. So that was our route,
11 rather. So that's one thing about the on-time
12 performance.

13 COMMISSIONER McKISSICK: Let me ask this, in
14 response to that. When will that dredging operation,
15 when is it anticipated it's going to be completed? I
16 assume it's not ongoing.

17 MR. PAUL: Yeah. Well, the problem has been
18 is that normally, we deal with that between Bald
19 Island, Oak Island and others once every three years.
20 We have now dealt with it three years in a row, so it
21 could be forever. That's why we went ahead and
22 utilized the Coastguard to say look, this is a real
23 problem for us, it's a real problem for the Island.
24 We've got the constituents there to have them relocate

1 their dredge material and not late in the middle of
2 our route, so --

3 COMMISSIONER McKISSICK: So if it's likely
4 to be ongoing and we don't know when that might end,
5 would that not therefore get back to my original
6 question about dealing with the size of the capacity
7 of the ferries in terms of passenger capacity and
8 luggage capacity, and, likewise, frequency of the
9 departures?

10 MR. PAUL: Frequency departures, and I think
11 also schedule time of departures. So right now, we
12 run 30 minute boats, every 30 minutes. I would
13 suggest that when the operation moved from Indigo in
14 2009 to Deep Point, that added about seven to eight
15 minutes per voyage, and keeping a 30 minute schedule
16 has been a stretch since the day that that's happened.
17 So what I envision, working collaboratively with the
18 village and Public Staff about making it maybe a 45
19 minute schedule and adding some runs and adding some
20 boats. We can do that.

21 So remember we have two terminals. We could
22 easily be running two boats on the hour and one boat
23 on the half. If we needed to add more vessels, to add
24 more capacity to do that, that can be done, but I

1 think that would need to be done in conjunction with
2 electronic reservations, in conjunction with looking
3 at the time that we are allowing ourselves with the
4 fact that we don't really have the slack capacity.

5 Frankly, the folks that have been around
6 this for a lot longer than I have, to include
7 Ms. Mayfield, would suggest back when we were running
8 250,000 passengers, it could be done in our sleep.
9 There was so much extra slack capacity within the
10 construct of what would have been designed 30 years
11 ago. It wasn't a problem. Now it is. I would
12 suggest it's not linear either, Commissioner
13 McKissick.

14 I think you've hit the nail on the head.
15 It's rather a stairstep, so you're on the tread for a
16 long period of time and then you hit the riser. I
17 think we hit the riser probably about 365,000
18 passengers. Why is that a magical number? I can't
19 tell you, but that just seems to be where the magical
20 number is in terms of the volume of passengers, and
21 that's also where we break down on the baggage, and we
22 do that. But I would suggest that historically, the
23 majority of our on-time performance issues are a
24 result of just too much luggage. Is that fair,

1 Ms. Mayfield?

2 MS. MAYFIELD: Well, that was what the team
3 determined.

4 MR. STYERS: So another way of thinking
5 about it, you know, as with most utilities, you know,
6 their operation is very capital-intensive, and so we
7 are trying to utilize our capital and our assets as
8 efficiently as possible, and to realize as much
9 capacity with the capital investments that we have, in
10 fact.

11 You know, a presentation I saw last week
12 talked about reconductoring transmission lines, so
13 this is -- the proposal before you is a way that,
14 perhaps by analogy to that, we are trying to utilize
15 our existing capacity and that we have in a more
16 efficient way that improves service, accommodates the
17 demands that we have, and that we also think are,
18 quite frankly, easy for our customers to comply with.
19 They're just not thinking through necessarily the
20 implications of how they're packing.

21 They are bringing large quantities of
22 supplies from a warehouse store rather than buying
23 them on the Island, and that this is not -- this will
24 not create a hardship for our passengers at all, which

1 is what the stakeholders seems to believe as well, but
2 it allows us to utilize the expensive fixed cost
3 assets that we have and to increase the capacity so we
4 can improve our service. So it's really -- I see it,
5 from an economic perspective, as a way to utilize
6 those assets without making very large capital
7 expenditures that would then be reflected in the rates
8 down the road. So that's another way of thinking
9 about it.

10 COMMISSIONER McKISSICK: And I respect that,
11 understand it. I mean, it's kind of the low-hanging
12 fruit and it's certainly more cost-effective than
13 going out and getting access to additional ferries to
14 carry the additional passengers. But it seems to me
15 that ultimately, there has to be a dual approach which
16 involves greater capacity being provided through
17 additional ferries, have more frequent -- or changing
18 the interval so it works better.

19 MR. STYERS: Going to the electronic
20 ticketing will give us additional data and additional
21 tools with which to make that assessment. I think
22 that's -- again, Mr. Paul talked about this being a
23 growth, an evolution towards where we're heading and
24 this is, we believe, a necessary step, but I think we

1 want to make sure before we make those additional
2 capital investments, additional assets. We want to
3 make sure that we're utilizing our capacity the best
4 we can and we have the data to make those investments
5 as wisely as we can.

6 COMMISSIONER McKISSICK: And I guess there's
7 just one or two follow-up questions. In terms of bag
8 sizes, it looks as if you have added greater clarity
9 to the definition of the size and capacity of bags,
10 but it also leaves enough flexibility that the bags
11 that are being brought were as they may be smaller
12 today, since people can bring fewer, they'll be
13 bigger, impact pretty heavily. So, has any thought
14 been given to -- I mean even reducing it from three
15 bags to say two bags and specifying parameters for
16 size beyond what it is if you get into what I call
17 excess, the excess size.

18 MR. STYERS: There are always trade-offs
19 that we consider in making policy decisions such as
20 this. When we implemented the regulations in 2012, we
21 encouraged folks to use and we actually provided bins
22 to enable them to consolidate -- for example, instead
23 of bringing seven plastic bags of groceries, they
24 would have a bin to put it in. That worked pretty

1 well until the bins got to be such huge bins that a
2 single person couldn't handle it. So there are
3 trade-offs involved in that, that it has been looked
4 at that will continue to be examined.

5 What we did, again, was also look at
6 policies of other ferry systems around the country.
7 We were trying to see what the industry standards are,
8 and this 48-gallon size tub, coolers and 50 pounds
9 seemed to be pretty much the industry standard in
10 other ferry systems around the country.

11 COMMISSIONER McKISSICK: I see. Well, I
12 look forward for us discussing this further and
13 deciding how we should proceed. I appreciate you
14 answering the questions. If something like this is
15 implemented, I think it's important to get the
16 information out to property management companies that
17 are booking the reservation so people know early on.

18 When I looked at the notice requirements
19 that were proposed, they look like they might be late
20 notice for people who might have made reservations
21 substantially earlier so that they might be preparing
22 to bring those bags, not knowing that their new size
23 and weight limitations. I would hope that if it does
24 proceed, that that notice be provided as expeditiously

1 as possible, and maybe the increased demand won't be
2 quite as bad once the pandemic is behind us since a
3 lot of people were working remotely and beach
4 destinations were a convenient venue for doing so.
5 Thank you, Chair Mitchell. I have no further
6 questions.

7 CHAIR MITCHELL: Commissioner Duffley.

8 COMMISSIONER DUFFLEY: One follow-up
9 question. With respect to the electronic ticketing,
10 what's the timeframe on working through that? When do
11 you expect to present a proposal to the Commission on
12 electronic ticketing?

13 MR. PAUL: So as you-all know, we've been
14 working with the Bald Island Transportation Authority
15 for the last several years. This was all part of
16 that. And specifically at the end of March, I will
17 attend the National Passenger Vessel Association
18 conference which is annual. We will be meeting all of
19 the ticketing vendors that provide ferry tickets, and
20 ticketing services will be there.

21 We anticipate -- we've already narrowed it
22 down. We've already talked to several. We will come
23 out of that with probably a choice of three, and the
24 goal would be is to get back with you-all to try to do

1 something regarding electronic ticketing. I want to
2 be very careful about reservations because I know this
3 is a public meeting and there's a difference there,
4 but electronic ticketing, we would look to try to come
5 back to you-all in the fall. We're not going to try
6 to put that in and make that work for the ferry, the
7 main ferry in the middle of the summer, in the middle
8 of season, so it will be a process piece fundamentally
9 and then come back in the fall with electronic
10 ticketing.

11 And if I might just keep going further on
12 electronic ticketing, I would suggest that if we get
13 to electricity ticketing where we can get onto
14 electronic reservations, we can operate a lot on where
15 Mr. McKissick was talking about similar to like the
16 airlines, right? So the airline capacity per plane,
17 regional, has not really increased that much in terms
18 of knowing people on the plane. It's actually -- you
19 know, they've not changed that much.

20 What they've done is they've shorted their
21 reservations, they've shorted their gate slots.
22 They've shorted -- they've done all the things they
23 need to do to work through that. That's the pathway
24 we would follow on working through that. I would

1 suggest that when we have the discussion with you-all
2 on reservations, we're going to find that electronic
3 reservations for the contractor employee schedule are
4 going to be a very different discussion than
5 reservations for the main ferry. Those two different
6 customer bases, it's going to be very hard to do a
7 single move and get multiple objectives solved. We're
8 going to probably have to work with the main ferry
9 first and learn.

10 Our plan is that the electronic software
11 that we have we'll utilize for -- we'll start with the
12 tram. And we already have a software program to book
13 tram reservations, but we'll go there and learn there,
14 and skin our knees and make our mistakes there before
15 we drop it on the main ferry and before we drop it
16 into the contractor employee's schedule.

17 MR. STYERS: This has been a topic of
18 discussion with the Bald Island Transportation
19 Authority Board for the past year or two, and we were
20 planning and hoping to be able to have that as part of
21 their implementation of the ownership, if that were to
22 occur. But, obviously, any change to that magnitude
23 needs to occur during the off-season, quite frankly,
24 and because, as Commissioner McKissick pointed out,

1 education and information is so key for the smooth
2 implementation of these measures.

3 And, I will say, we tried to put everything
4 in the application and in the order that we could
5 think of for timely notice and information, but if the
6 Commissioners would like us to add additional
7 notifications or notice processes, we are absolutely
8 open to that because we feel like that that is of
9 vital importance in implementing any change, and it's
10 important.

11 And one reason -- we're not asking for this
12 to be approved today and implemented next week. We
13 wanted to get it approved as soon as we could, and so
14 we knew that there was going to be no opposition. Far
15 enough in advance, we had targeted April 1st. We
16 would still like to do that, but if the Commission
17 wanted for it to be April 15th through May 1st, that's
18 something we'd also consider.

19 CHAIR MITCHELL: Commissioner Gray.

20 COMMISSIONER GRAY: Thank you. There's a
21 rumor floating around that BHIT is seeking a buyer.
22 Is there any truth to that?

23 MR. STYERS: We'd rather not comment on
24 that, Commissioner Gray. I appreciate your question.

NORTH CAROLINA UTILITIES COMMISSION

1 We have been in negotiation -- the Legislature passed
2 a Section of 168 to create the Bald Head Island
3 Authority to purchase the ferry, and we had been in
4 negotiations with them. Publicly, it's well-known for
5 now three years. There's been a lot of public
6 information about the fact that the Commission has not
7 placed the bond offering on their agenda, and that's a
8 known public fact.

9 It's also known that Mr. Mitchell, George
10 Mitchell, passed away a number of years ago, so,
11 ultimately, the assets are in the hands of his estate,
12 and they have created one of the world's -- country's
13 largest endowments and are working to liquidate the
14 assets of the estate to help fund -- in part to fund
15 that endowment, so all of that is public information
16 that I'm glad to share with you.

17 What steps may be taken as a result of what
18 I've just communicated as public information may or
19 may not come before the Commission, so to the extent
20 that it is something that you may be asked to
21 consider. And, in fact, there's already been one
22 filing that has been made last week speculating as
23 well, I think it would be prudent for us to not
24 directly comment on that, if I may --

1 COMMISSIONER GRAY: Thank you.

2 MR. STYERS: -- defer from directly
3 answering that question, at this time.

4 COMMISSIONER DUFFLEY: Chair Mitchell, I
5 move that this agenda item be taken to Executive
6 Conference.

7 COMMISSIONER McKISSICK: Second.

8 CHAIR MITCHELL: All right. Questions or
9 discussion?

10 (No response)

11 All in favor of the motion, indicate with an
12 aye.

13 (All Commissioners say aye)

14 CHAIR MITCHELL: Anyone opposed?

15 (No response)

16 Motion carries.

17 (Motion carries)

18 MR. STYERS: Thank you very much.

19 CHAIR MITCHELL: Thank you-all.

20 MR. STYERS: I appreciate your time this
21 morning.

22 CHAIR MITCHELL: Commission has before us
23 our minutes of the February 7th Staff Conference for
24 approval. I'll take a motion.

1 COMMISSIONER GRAY: Move approval.

2 COMMISSIONER BROWN-BLAND: Second.

3 CHAIR MITCHELL: Questions or discussion?

4 (No response)

5 CHAIR MITCHELL: All in favor of approving
6 the minutes, indicate with an aye.

7 (All Commissioners say aye)

8 CHAIR MITCHELL: Is there anyone opposed?

9 (No response)

10 CHAIR MITCHELL: The February 7th minutes
11 are approved. Just checking in. Any additional
12 business for the Commission this morning before we
13 adjourn?

14 (No response)

15 CHAIR MITCHELL: All right. Hearing none,
16 we will -- just a quick update on the affordability
17 collaborative. Those of you tuning in for those
18 updates, we will begin at 10:50, at 10:50. So, with
19 that, we are adjourned. Let's go off the record,
20 please.

21 -----

22 WHEREUPON, this conference is adjourned.

23 -----

24

C E R T I F I C A T E

I, TONJA VINES, DO HEREBY CERTIFY that the proceedings in the above-captioned matter were taken before me, that I did report in stenographic shorthand the Proceedings set forth herein, and the foregoing pages are a true and correct transcription to the best of my ability.



Tonja Vines