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August 7, 2023

**Filed Electronically**

Ms. A. Shonta Dunston  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street  
Raleigh, N.C.

Re: Application for Transfer of Meadowlands Development to Red Bird Utility Operating Company, LLC, d/b/a Red Bird  
Docket Nos.: W-1259, Sub 5 and W-1328, Sub 6

Dear Ms. Dunston:

Pursuant to the Commission's Order issued in these dockets on July 28, 2023, on behalf of Red Bird I submit its response to the items listed in Public Staff's HB 455 Recommendation Letter dated July 25, 2023.

1. The financial information provided in the sections of the Application Form listed below is too outdated for the Public Staff to make a recommendation. The Public Staff needs information current as of no earlier than December 31, 2022, to move forward with its investigation.
  - a. Revenues and Expenses
  - b. Original Cost of Utility System

**RESPONSE:** Please see the attached updated pages 4 and 5 to the Transfer Application with information as of 12/31/2022. Please note that the "Original Cost of Utility System" information was provided by Meadowlands and it is the Company's understanding that all of the Original Cost was paid for via contributions in aid of construction (CIAC).

2. The information required in the sections of the Application Form listed below was not provided. The Public Staff needs this information current as of no earlier than December 31, 2022, to move forward with its investigation.

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- a. Other Financial Information – Item 1
- b. Items 1 and 2 reference Attachments G and L for this information. However, Attachments G and L to the Company’s application do not provide the required capital structure information for the Company.

**RESPONSE:** Please see page 6 of Red Bird’s attached 2022 Annual Report, which shows information regarding Red Bird’s capital structure. Additionally, as to Item 2, Red Bird referenced Attachment G due to the fact that the Purchase Price is confidential. The reference was meant to indicate that the full amount of the purchase price found in Attachment G will be financed utilizing member equity.

- 3. The addendum showing the projected cash flows and income statement for the utility system for the first five years of operation required by Item 3 on page 7 of the Application Form was not provided. The Public Staff needs a completed addendum for the five-year period beginning on January 1, 2023, to move forward with its investigation.

**RESPONSE:** Please see Confidential Attachment E.2, which is an updated version of Confidential Attachment E.1 that was filed on 7/12/2021. The Company has confirmed with Public Staff that the attachment is “consistent with the categories in the addendum and it covers the requisite time period....”

- 4. The documents an applicant may submit in lieu of a completed addendum were either (1) not provided, as is the case with Items 3(1)1 and 3(3), or (2) contain financial information that is too outdated for the Public Staff to make a recommendation, as is the case with Item 3(2). If the Company intends to provide these documents in lieu of submitting a completed addendum, the Public Staff needs information current as of no earlier than December 31, 2022, to move forward with its investigation.

**RESPONSE:** Please see the response to subpart 3 above for a completed addendum.

- 5. The financial information provided to satisfy the requirements of Item 7 of the Application Form Exhibits list (the most recent fiscal year financial statements for Red Bird Utility Operating Company, LLC as the Purchaser) was not provided. The Public Staff needs financial statements for Red Bird Utility Operating Company, LLC on a stand-alone basis for the period ending on December 31, 2022, to move forward with its investigation.

**RESPONSE:** Please see the attached Red Bird 2022 Annual Report.

- 6. The financial information provided to satisfy the requirements of Item 8 of the Application Form Exhibits list (the most recent fiscal year financial statements for CSWR, LLC as the Purchaser’s parent company) was not provided. 2 The Public Staff needs financial statements for CSWR, LLC the period ending on December 31, 2022, to move forward with its investigation.

**Response: See Confidential Attachment E.3, the 2022 Audited Financial Statements for CSWR, LLC.**

7. Exhibit 4 on the Application Form Exhibits list requires a copy of exhibits showing that the Seller has ownership of all property necessary to operate the utility. This information was not provided.

**Response: Please see Attachment P.**

Confidential Attachments E.2 and E.3 will be filed under seal under separate cover, as they contain confidential and proprietary information and are exempt from public disclosure under N.C. Gen. Stat. § 132-1.2.

As always, please contact me if you or the Commission have any questions regarding this filing. Please notify me immediately if there is any question regarding maintaining the confidentiality of the enclosure marked CONFIDENTIAL.

With best regards, we remain

Sincerely yours,

BURNS, DAY & PRESNELL, P.A.



Daniel C. Higgins

Email: [dhiggins@bdppa.com](mailto:dhiggins@bdppa.com)

DCH/krs

cc: Public Staff (w/encl.)

FINANCIAL STATEMENT

1. Will a separate set of books be maintained for the utility business?  
Yes \_\_\_\_\_
2. Will a separate bank account be maintained for the utility business?  
No \_\_\_\_\_
3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?  
(actual or estimated) Past Operations \_\_\_\_\_

REVENUES AND EXPENSESFor 12 Months Ended 12/31/2022 (Date)

|     | <u>Revenues</u>                                     | <u>Water</u> | <u>Sewer</u>  |
|-----|---|--------------|---------------|
| 4.  | Residential service (flat rate)                     | \$ _____     | \$ 295,016.07 |
| 5.  | Residential service (metered rate)                  | \$ _____     | \$ 0          |
| 6.  | Nonresidential service (flat rate)                  | \$ _____     | \$ 0          |
| 7.  | Nonresidential service (metered rate)               | \$ _____     | \$ 0          |
| 8.  | Other revenues (describe in remarks below)          | \$ _____     | \$ 0          |
| 9.  | Total Revenues (Lines 4 thru 8)                     | \$ _____     | \$ 295,016.07 |
| 10. | Total salaries (except owner)                       | \$ _____     | \$ 0          |
| 11. | Salaries paid to owner                              | \$ _____     | \$ 0          |
| 12. | Administrative and office expense (except salaries) | \$ _____     | \$ 3,206.42   |
| 13. | Maintenance and repair expense (except salaries)    | \$ _____     | \$ 5,921.82   |
| 14. | Transportation expenses                             | \$ _____     | \$ 0          |
| 15. | Electric power for pumping                          | \$ _____     | \$ 37,939.29  |
| 16. | Chemicals for treatment                             | \$ _____     | \$ 0          |
| 17. | Testing fees  | \$ _____     | \$ 0          |
| 18. | Permit fees   | \$ _____     | \$ 0          |
| 19. | Purchased water/sewer treatment                     | \$ _____     | \$ 220,678.52 |
| 20. | Annual depreciation                                 | \$ _____     | \$ 0          |
| 21. | Taxes: State income taxes                           | \$ _____     | \$ 0          |
| 22. | Federal income taxes                                | \$ _____     | \$ 0          |
| 23. | Gross receipts (or franchise tax)                   | \$ _____     | \$ 199.27     |
| 24. | Property taxes                                      | \$ _____     | \$ 500        |
| 25. | Payroll taxes                                       | \$ _____     | \$ 0          |
| 26. | Other taxes   | \$ _____     | \$ 0          |
| 27. | Interest on debt during year                        | \$ _____     | \$ 0          |
| 28. | Other expenses (describe in remarks below)          | \$ _____     | \$ 13,350.50  |
| 29. | Total Expenses (Lines 10 thru 28)                   | \$ _____     | \$ 281,795.82 |
| 30. | Net Income (Line 9 minus Line 29)                   | \$ _____     | \$ 13,220.25  |

Remarks

31. Line 28 consists of office supplies, bank fees, bond fees, insurance fees, subcontractor collection/credit card fees
32. \_\_\_\_\_
33. \_\_\_\_\_
34. \_\_\_\_\_
35. \_\_\_\_\_

NUMBER OF CUSTOMERS SERVED

|     | <u>Water</u>                      |                | <u>Sewer</u>     |                 |
|-----|-----------------------------------|----------------|------------------|-----------------|
|     | <u>Flat Rate</u>                  | <u>Metered</u> | <u>Flat Rate</u> | <u>Metered</u>  |
| 36. | Customers at beginning of year    | _____          | _____            | _____           |
| 37. | Customers at end of year          | _____          | _____            | _____           |
| 38. | Average gallons used per customer | _____          | _____            | _____ per month |

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:

Water: \_\_\_\_\_  
Sewer: See Attachment G

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended 12/31/2022 (Date)

**Note:** List the total original cost to construct and establish the system, whether or not paid for by the Seller.

|   | <u>Utility Property in Service</u> |              |
|---|------------------------------------|--------------|
|   | <u>Water</u>                       | <u>Sewer</u> |
| 2. Land and rights-of-way   | \$ _____                           | \$ 75,000    |
| 3. Structures and site improvement  | \$ _____                           | \$ 300,000   |
| 4. Wells  | \$ _____                           | \$ 0         |
| 5. Pumping equipment  | \$ _____                           | \$ 300,000   |
| 6. Treatment equipment  | \$ _____                           | \$ 0         |
| 7. Storage tanks  | \$ _____                           | \$ _____     |
| 8. Mains (excluding service connections)  | \$ _____                           | \$ 4,000,000 |
| 9. Service connections  | \$ _____                           | \$ 1,050,000 |
| 10. Meters (including spare meters)   | \$ _____                           | \$ 0         |
| 11. Office furniture and equipment  | \$ _____                           | \$ 0         |
| 12. Transportation equipment  | \$ _____                           | \$ 0         |
| 13. Other utility property in service (describe in remarks below)                             | \$ _____                           | \$ 0         |
| 14. Total utility property in service (Lines 2 thru 13)                                       | \$ _____                           | \$ 5,725,000 |
| 15. Less: acquisition adjustments (difference between original cost above and cost to Seller) | \$ _____                           | \$ _____     |
| 16. Less: Seller's accumulated depreciation   | \$ _____                           | \$ _____     |
| 17. Less: Seller's accumulated tap fees and other contributions in aid of construction        | \$ _____                           | \$ 5,725,000 |
| 18. Seller's net investment in utility property (Line 14 minus 15, 16, & 17)                  | \$ _____                           | \$ 0         |

|                                       | <u>Utility Property Not in Service</u> |              |
|---------------------------------------|--|--------------|
|                                       | <u>Water</u>                           | <u>Sewer</u> |
| 19. Construction work in progress     | \$ _____                               | \$ 300,000   |
| 20. Property held for future use      | \$ _____                               | \$ 0         |
| 21. Other (describe in remarks below) | \$ _____                               | \$ 0         |

Remarks

22. It is the Company's understanding that the developers expensed the cost of the system into the cost basis for each of the 740 residential lots.  
23. As such, all of the value is offset by CIAC and there is no depreciation to report.  
24. \_\_\_\_\_  
25. \_\_\_\_\_

ANNUAL DEPRECIATION

26. If annual depreciation is claimed using a composite rate for the entire system, show rate of depreciation used:

Water: \_\_\_\_\_  
Sewer: N/A See Remarks Above

27. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used: N/A See Remarks Above

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

WATER / SEWER COMPANY WITH  
REVENUES LESS THAN \$200,000  
(REVISED Docket No. M-100, Sub 160, 3/30/2022)

# ANNUAL REPORT

OF

Red Bird Utility Operating Company, LLC / W- 1328  
Company Name (as certificated by NCUC) The Utility's NCUC Docket No.

1630 Des Peres Road, Suite 140

Mailing Address

Des Peres

City

MO

State

63131

Zip

Area Code ( 314 ) 736-4672  
Telephone Number (including area code)

Area Code ( 314 ) 736-4743  
Fax Number (including area code)

Bthies@cswrgroup.com

Email Address

TO THE

## NORTH CAROLINA UTILITIES COMMISSION

For The Year Ended

December 31, 2022

Annual Report should be electronically filed with the Commission in Docket No. **M-2**  
**Sub 2023W**

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Aug 17 2023



## **FILING INSTRUCTIONS**

### **WHEN TO FILE:**

This form, consisting of sixteen pages and reflecting **2022** operations, must be filed with the Commission no later than **May 1, 2023**. Failure to electronically file your Annual Report on or before the due date will result in Commission action, which may result in the assessment of financial penalties (North Carolina General Statute § 62-310).

### **WHERE TO FILE:**

Electronically filed with the Commission at <https://www.ncuc.gov> in Docket No. **M-2 Sub 2023W** with the description "**2022 Annual Report of [name of company]**."

### **VERIFICATION REGARDING ACCURACY OF REPORT:**

This report must be verified by the chief executive officer, a senior level financial officer, or the responsible accounting officer of the utility.

### **QUESTIONS:**

If you need help to electronically file your organization's Annual Report, please contact the Chief Clerk's Office at (919) 733-7328. If you have any other questions or need assistance in completing this report, call or write the Public Staff - Accounting Division, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326, Telephone Number (919) 733-4279. This report is available on the Commission's web site at: <https://www.ncuc.gov>.



**GENERAL COMPANY DATA**1. **FILING STATUS:** (check one only)

☒ Corporation      ☐ Partnership      ☐ Sole Proprietorship  
☐ Subchapter S Corp.      ☐ Limited Liability Company      ☐ Other (Describe: \_\_\_\_\_)

2. **NAME, TITLE, AND COMPENSATION OF OFFICERS, PARTNERS, MEMBER / MANAGERS OR SOLE PROPRIETORS:**

| <u>Name</u> | <u>Title</u>                         | <u>Total Compensation</u> 1/ |
|-------------|--------------------------------------|------------------------------|
| Josiah Cox  | President                            | 0.00                         |
| Marty Moore | CFO                                  | 0.00                         |
| Brent Thies | Vice President, Corporate Controller | 0.00                         |

1/ Include salary, wages, bonuses, partnership/owner drawings, etc.

3. **INDIVIDUAL TO WHOM CORRESPONDENCE OR QUESTIONS CONCERNING THIS REPORT CAN BE SENT:**

|             |                          |                      |
|-------------|--------------------------|----------------------|
| Brent Thies | VP, Corporate Controller | 314-736-4672         |
| <u>Name</u> | <u>Title</u>             | <u>Telephone No.</u> |

4. **YEAR COMPANY FIRST BEGAN OPERATIONS:** 20215. **NAMES AND OWNERSHIP INTEREST OF THREE LARGEST STOCKHOLDERS / OWNERS OF UTILITY:**

Central States Water Resources

6. **ACCOUNTING RECORDS ARE MAINTAINED AT:**

1630 Des Peres Road, Suite 140

Street Address

|             |              |            |
|-------------|--------------|------------|
| Des Peres   | MO           | 63131      |
| <u>City</u> | <u>State</u> | <u>Zip</u> |

7. **REPORTING COMPANY'S ACCOUNTING YEAR ENDING DATE (ONLY IF DIFFERENT THAN DECEMBER 31):**

Note: North Carolina Utilities Commission Rule R1-32 requires that Annual Reports be completed based on the calendar year ended December 31.

8. **GENERAL FINANCIAL DATA:**

|                                      | <u>WATER</u> | <u>SEWER</u> | <u>COMBINED</u> |
|--------------------------------------|--------------|--------------|-----------------|
| Annual operating revenues            | 0            | 68,138       | 83,904          |
| Utility plant in service at year end | 0            | 1,720        | 1,720           |
| End-of-period customers              | 0            | 170          | 170             |

**SERVICE AREAS**

(NOTE: If more columns are needed for additional subdivisions or service areas, use supplementary sheets.)

For each subdivision or service area, list the following in alphabetical order.

| Name of subdivision or service area  | Ocean Terrace | Pine Knolls 1 | Pine Knolls 2 |
|--|---------------|---------------|---------------|
| Water: DENR System Identification No.  |               |               |               |
| Sewer: NPDES or Non Discharge Permit No.   | WQ0018525     | V-06-93-74    | VI-18-13      |
| County (or counties)   | Carteret      | Carteret      | Carteret      |
| Type of service (Check one or more)  |               |               |               |
| <u>Water Service</u>   | W(    )       | W(    )       | W(    )       |
| <u>Sewer Service</u>   | S( x    )     | S( x    )     | S( x    )     |
| Number of wells in service   |               |               |               |
| Total <u>pumping capacity</u> of pumps in service (gpm)  |               |               |               |
| Total <u>storage tank capacity</u> (gallons)   |               |               |               |
| Source of <u>water supply</u> (check one or more)  |               |               |               |
| Pumped from <u>Wells</u>   | W(    )       | W(    )       | W(    )       |
| <u>Purchased from others</u>   | P(    )       | P(    )       | P(    )       |
| <u>Other</u>   | O(    )       | O(    )       | O(    )       |
| <u>Not applicable</u>  | N( x    )     | N( x    )     | N( x    )     |
| Types of <u>water treatment</u> (check one or more)  |               |               |               |
| <u>Chlorination</u>  | C(    )       | C(    )       | C(    )       |
| <u>Iron treatment</u>  | I(    )       | I(    )       | I(    )       |
| <u>Other</u>   | O(    )       | O(    )       | O(    )       |
| <u>Not applicable</u>  | N( x    )     | N( x    )     | N( x    )     |
| Are hydrants and storage tanks available for fire protection?  |               |               |               |
| <u>Fire protection</u>   | F(    )       | F(    )       | F(    )       |
| <u>No fire protection</u>  | N(    )       | N(    )       | N(    )       |
| Is service <u>metered</u> ?  |               |               |               |
| <u>Meters</u>  | M(    )       | M(    )       | M(    )       |
| <u>No meters</u>   | N( x    )     | N( x    )     | N( x    )     |
| Source of <u>sewage treatment</u> (check one or more)  |               |               |               |
| <u>Treat own sewage</u>  | T( x    )     | T( x    )     | T( x    )     |
| <u>Purchase treatment from others</u>  | P(    )       | P(    )       | P(    )       |
| <u>Not applicable</u>  | N(    )       | N(    )       | N(    )       |
| Number of customers at year end:   |               |               |               |
| Water  |               |               |               |
| Sewer  | 32            | 46            | 46            |
| Number of customers that can be served by mains already installed (include present customers, vacant lots, etc.):                                |               |               |               |
| Water  |               |               |               |
| Sewer  | 32            | 46            | 46            |
| Number of availability customers at end of year (only applicable to companies charging availability rates separate from water or sewer service): |               |               |               |
| Water  |               |               |               |
| Sewer  | N/A           | N/A           | N/A           |

**SERVICE AREAS**

(NOTE: If more columns are needed for additional subdivisions or service areas, use supplementary sheets.)  
For each subdivision or service area, list the following in alphabetical order.

|  |               |         |         |
|--|---------------|---------|---------|
| Name of subdivision or service area  | Pine Knolls 3 |         |         |
| Water: DENR System Identification No.  |               |         |         |
| Sewer: NPDES or Non Discharge Permit No.   | V-04-19-75    |         |         |
| County (or counties)   | Carteret      |         |         |
| Type of service (Check one or more)  |               |         |         |
| <u>Water Service</u>   | W(    )       | W(    ) | W(    ) |
| <u>Sewer Service</u>   | S( x    )     | S(    ) | S(    ) |
| Number of wells in service   |               |         |         |
| Total <u>pumping capacity</u> of pumps in service (gpm)  |               |         |         |
| Total <u>storage tank capacity</u> (gallons)   |               |         |         |
| Source of <u>water supply</u> (check one or more)  |               |         |         |
| Pumped from <u>Wells</u>   | W(    )       | W(    ) | W(    ) |
| <u>Purchased from others</u>   | P(    )       | P(    ) | P(    ) |
| <u>Other</u>   | O(    )       | O(    ) | O(    ) |
| <u>Not applicable</u>  | N( x    )     | N(    ) | N(    ) |
| Types of <u>water treatment</u> (check one or more)  |               |         |         |
| <u>Chlorination</u>  | C(    )       | C(    ) | C(    ) |
| <u>Iron treatment</u>  | I(    )       | I(    ) | I(    ) |
| <u>Other</u>   | O(    )       | O(    ) | O(    ) |
| <u>Not applicable</u>  | N( x    )     | N(    ) | N(    ) |
| Are hydrants and storage tanks available for fire protection?  |               |         |         |
| <u>Fire protection</u>   | F(    )       | F(    ) | F(    ) |
| <u>No fire protection</u>  | N(    )       | N(    ) | N(    ) |
| Is service <u>metered</u> ?  |               |         |         |
| <u>Meters</u>  | M(    )       | M(    ) | M(    ) |
| <u>No meters</u>   | N( x    )     | N(    ) | N(    ) |
| Source of <u>sewage treatment</u> (check one or more)  |               |         |         |
| <u>Treat own sewage</u>  | T( x    )     | T(    ) | T(    ) |
| <u>Purchase treatment from others</u>  | P(    )       | P(    ) | P(    ) |
| <u>Not applicable</u>  | N(    )       | N(    ) | N(    ) |
| Number of customers at year end:   |               |         |         |
| Water  |               |         |         |
| Sewer  | 46            |         |         |
| Number of customers that can be served by mains already installed (include present customers, vacant lots, etc.):                                |               |         |         |
| Water  |               |         |         |
| Sewer  | 46            |         |         |
| Number of availability customers at end of year (only applicable to companies charging availability rates separate from water or sewer service): |               |         |         |
| Water  |               |         |         |
| Sewer  | N/A           |         |         |

**WATER AND SEWER COMBINED BALANCE SHEET**  
**ASSETS AND OTHER DEBITS**

| <b>Line No.</b> | <b>Title of Account<br/>(a)</b>  | <b>Balance at<br/>Beginning of Year<br/>(b)</b> | <b>Balance at<br/>End of Year<br/>(c)</b> |
|-----------------|--|---|---|
|                 | <b><u>Utility Plant</u></b>  |   |   |
| 1.              | Utility plant (must agree with Page 9, Line 5, Column (d))                     | 1,720   | 1,720                                     |
| 2.              | Accumulated provision for depreciation and amortization of utility plant       | 0   | 0   |
| 3.              | Net utility plant (Line 1 minus Line 2)  | 1,720   | 1,720                                     |
| 4.              | Utility plant acquisition adjustment   | 0   | 0   |
| 5.              | Accumulated provision for amortization of acquisition adjustment               | 0   | 0   |
| 6.              | Net utility plant acquisition adjustment (L4 minus L5)                         | 0   | 0   |
| 7.              | Total utility plant (L3 plus L6)   | 1,720   | 1,720                                     |
|                 | <b><u>Other Property and Investments</u></b>                                   |   |   |
| 8.              | Nonutility property  | 0   | 0   |
| 9.              | Accumulated provision for depreciation and amortization of nonutility property | 0   | 0   |
| 10.             | Other investments  | 0   | 0   |
| 11.             | Total other property and investments (L8 - L9 + L10)                           | 0   | 0   |
|                 | <b><u>Current Assets and Other Debits</u></b>                                  |   |   |
| 12.             | Cash   | 13,191  | 15,680                                    |
| 13.             | Special deposits   | 0   | 0   |
| 14.             | Customer accounts receivable   | 0   | 6,396                                     |
| 15.             | Materials and supplies   |   |   |
| 16.             | Other current and accrued assets   | 1,718,413                                       | 2,662,023                                 |
| 17.             | Miscellaneous deferred debits  | 2,071   | 11,079                                    |
| 18.             | Total current assets and other debits (L12 thru L17)                           | 1,733,675                                       | 2,695,178                                 |
| 19.             | <b>Total assets and other debits (L7 + L11 + L18)</b>                          | <b>1,735,395</b>                                | <b>2,696,898</b>                          |

Remarks:

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Aug 17 2023

**WATER AND SEWER COMBINED BALANCE SHEET**  
**CAPITAL, LIABILITIES, AND OTHER CREDITS**

| <b>Line No.</b> | <b><u>Title of Account</u></b><br>(a)                                  | <b><u>Balance at Beginning of Year</u></b><br>(b) | <b><u>Balance at End of Year</u></b><br>(c) |
|-----------------|--|---|---|
|                 | <b><u>Stockholders' Equity (if Corporation)</u></b>                    |   |   |
| 1.              | Common stock shares  | 0   | 0   |
| 2.              | Paid-in capital  | 1,640,065   | 1,647,776                                   |
| 3.              | Retained earnings  | (9,370)   | (176,400)                                   |
| 4.              | Other  | 0   |   |
| 5.              | Total common equity (Sum of L1 thru L4)                                | 1,630,696   | 1,471,376                                   |
| 6.              | Preferred stock  | 0   | 0   |
| 7.              | Total stockholders' equity (L5 + L6)                                   | 1,630,696   | 1,471,376                                   |
|                 | <b><u>OR</u></b>   |   |   |
|                 | <b><u>Proprietary Capital (if Partnership/Proprietorship)</u></b>      |   |   |
| 8.              | Total proprietary capital  |   |   |
|                 | <b><u>Liabilities and Other Credits</u></b>                            |   |   |
| 9.              | Long-term debt   |   |   |
| 10.             | Accounts payable   | 85,265  | 90,354                                      |
| 11.             | Notes payable  | 15,000  | 1,016,542                                   |
| 12.             | Customer deposits  | 0   | 0   |
| 13.             | Taxes accrued  | 0   | 0   |
| 14.             | Interest accrued   | 0   | 0   |
| 15.             | Other current and accrued liabilities                                  | 4,433   | 118,627                                     |
| 16.             | Customer advances for construction                                     |   |   |
| 17.             | Other deferred credits   |   |   |
| 18.             | Miscellaneous operating reserves                                       |   |   |
| 19.             | Contributions in aid of construction                                   | 0   | 0   |
| 20.             | Total liabilities and other credits (Sum of L9 thru L19)               | 104,699   | 1,225,522                                   |
| 21.             | <b>Total capital, liabilities, &amp; other credits (L7 + L8 + L20)</b> | <b>1,735,395</b>                                  | <b>2,696,898</b>                            |

**STATEMENT OF RETAINED EARNINGS / PROPRIETARY CAPITAL**

|     |  |                  |
|-----|--|------------------|
| 22. | Retained earnings or proprietary capital at beginning of year <sup>1/</sup>                        | (9,370)          |
| 23. | Add: Net income (loss) for the year <sup>2/</sup>  | (167,030)        |
| 24. | Less: Dividends declared during the year   |                  |
| 25. | Other (itemize below)  |                  |
| 26. | <b>Retained earnings or proprietary capital at end of year (Sum of L22 thru L25) <sup>3/</sup></b> | <b>(176,400)</b> |

Line 25 (other retained earnings activity) \_\_\_\_\_

1/ Reference to Page 6, Line 3, Column (b) or Page 6, Line 8, Column (b), whichever is applicable.

2/ Reference to Page 8, Line 33, Column (d).

3/ Must agree with Page 6, Line 3, Column (c), or Page 6, Line 8, Column (c), whichever is applicable.

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**WATER AND SEWER COMBINED INCOME STATEMENT**

For the Year Ended December 31, \_\_\_\_\_

| <b>Line No.</b> | <b>Item (a)</b>  | <b>Water (b)</b> | <b>Sewer (c)</b> | <b>Combined (d)</b> |
|-----------------|--|------------------|------------------|---------------------|
|                 | <b>Operating Revenues</b>                                  |                  |                  |                     |
| 1.              | Metered service revenue                                    | 0                |                  | 0                   |
| 2.              | Flat rate service revenue                                  |                  | 68,138           | 68,138              |
| 3.              | Reconnection fees  |                  |                  | 0                   |
| 4.              | Returned check charges                                     |                  |                  | 0                   |
| 5.              | Late payment charges                                       | 0                |                  | 0                   |
| 6.              | Other operating revenue (itemize below)                    |                  |                  | 0                   |
| 7.              | TOTAL OPERATING REVENUES (Sum of L1 thru L6)               | 0                | 68,138           | 68,138              |
|                 | <b>Operating Expenses</b>                                  |                  |                  |                     |
| 8.              | Total salaries and wages (employees only)                  |                  |                  |                     |
| 9.              | Outside labor expense (non-employees)                      |                  | 113,247          | 113,247             |
| 10.             | Administrative and office expense                          |                  | 86,575           | 86,575              |
| 11.             | Maintenance and repair expense                             |                  | 9,380            | 9,380               |
| 12.             | Purchased water/sewer expense                              |                  |                  | 0                   |
| 13.             | Electric power expense (exclude office)                    |                  | 6,231            | 6,231               |
| 14.             | Chemicals expense  |                  |                  | 0                   |
| 15.             | Testing fees   |                  | 3,395            | 3,395               |
| 16.             | Transportation expense (cost of operating utility vehicle) |                  |                  | 0                   |
| 17.             | Annual depreciation expense                                |                  |                  | 0                   |
| 18.             | Property taxes paid on utility property                    |                  |                  | 0                   |
| 19.             | Payroll taxes (FICA, FUTA, SUTA)                           |                  |                  | 0                   |
| 20.             | Other operating expense (itemize below)                    |                  | 12,041           | 12,041              |
| 21.             | TOTAL OPERATING EXPENSES (Sum of L8 thru L20)              | 0                | 230,869          | 230,869             |
|                 | <b>Operating Taxes</b>                                     |                  |                  |                     |
| 22.             | Franchise (gross receipts) tax                             |                  |                  | 0                   |
| 23.             | Annual NCUC regulatory fee                                 |                  | 1,600            | 1,600               |
| 24.             | State income taxes   |                  | 2,700            | 2,700               |
| 25.             | Federal income taxes                                       |                  |                  | 0                   |
| 26.             | TOTAL OPERATING TAXES (Sum of L22 thru L25)                | 0                | 4,300            | 4,300               |
| 27.             | NET OPERATING INCOME (LOSS) (L7 - L21 - L26)               | 0                | (167,030)        | (167,030)           |
|                 | <b>Non-operating revenues and expenses</b>                 |                  |                  |                     |
| 28.             | Interest income  |                  |                  |                     |
| 29.             | Other non-operating revenue (itemize below)                |                  |                  |                     |
| 30.             | Interest expense   |                  |                  |                     |
| 31.             | Other non-operating expense (itemize below)                |                  |                  |                     |
| 32.             | TOTAL NON-OPERATING INCOME (L28+L29-L30-L31)               | 0                | 0                | 0                   |
| 33.             | Net income (loss) (L27 + L32)                              | 0                | (167,030)        | (167,030)           |

Line 6 (other operating revenue)

Line 20 (other operating expense)

Line 29 (other non-operating revenue)

Line 31 (other non-operating expense)

Property Insurance

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MONTHLY BILLING DATA

| Line No. | Month<br>(a)        | <u>Water Operations</u>           |                                 |   | <u>Sewer Operations</u>           |                                 |   |
|----------|---------------------|-----------------------------------|---------------------------------|---|-----------------------------------|---------------------------------|---|
|          |                     | <u>Flat Rate Customers</u><br>(b) | <u>Metered Customers</u><br>(c) | <u>Gallons Sold To Metered Customers</u><br>(d) | <u>Flat Rate Customers</u><br>(e) | <u>Metered Customers</u><br>(f) | <u>Gallons Sold To Metered Customers</u><br>(g) |
| 1.       | January             |                                   |                                 |   | 170                               |                                 |   |
| 2.       | February            |                                   |                                 |   | 170                               |                                 |   |
| 3.       | March               |                                   |                                 |   | 170                               |                                 |   |
| 4.       | April               |                                   |                                 |   | 170                               |                                 |   |
| 5.       | May                 |                                   |                                 |   | 170                               |                                 |   |
| 6.       | June                |                                   |                                 |   | 170                               |                                 |   |
| 7.       | July                |                                   |                                 |   | 170                               |                                 |   |
| 8.       | August              |                                   |                                 |   | 170                               |                                 |   |
| 9.       | September           |                                   |                                 |   | 170                               |                                 |   |
| 10.      | October             |                                   |                                 |   | 170                               |                                 |   |
| 11.      | November            |                                   |                                 |   | 170                               |                                 |   |
| 12.      | December            |                                   |                                 |   | 170                               |                                 |   |
| 13.      | Totals for the year |                                   |                                 |   | 170                               |                                 |   |



**RATES CHARGED AT YEAR END**

| <b><u>Line No.</u></b> | <b><u>Item</u></b>  | <b><u>Water</u><br/>(a)</b> | <b><u>Sewer</u><br/>(b)</b>   |
|------------------------|---|-----------------------------|---|
| 1.                     | <u>Rates being charged at year end:</u>                           |                             |   |
|                        | Measured (metered) service: Base charge (including _____ gallons) |                             |   |
|                        | Usage charge (per 1,000 gallons)                                  |                             |   |
|                        | Flat rate service   |                             | Ocean Terrace - \$1,920<br>Pine Knolls I - \$920<br>Pine Knolls II - \$1,840<br>Pine Knolls III - \$920 |
|                        | Tap-on fee or connection fee                                      |                             |   |
|                        | Reconnect fee   |                             | 14.99   |
|                        | Late payment charge   |                             | 25  |

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**INVESTMENT IN WATER/SEWER UTILITY SYSTEM**

For the Year Ended December 31, 2022

| <b>Line No.</b> | <b>Item (a)</b>   | <b>Water (b)</b> | <b>Sewer (c)</b> | <b>Combined (d)</b> |
|-----------------|---|------------------|------------------|---------------------|
| 1.              | Original cost of system(s)  |                  | 1,720            | 1,720               |
| 2.              | Actual cost of all additions to system(s) since original construction   |                  | 0                | 0                   |
| 3.              | Total cost of system(s) to date (L1 plus L2)  |                  | 1,720            | 1,720               |
| 4.              | Accumulated depreciation  |                  | 0                | 0                   |
| 5.              | Net cost of system(s) (L3 minus L4)   |                  | 1,720            | 1,720               |
| 6.              | Cost of plant additions during this 12-month reporting period   |                  | 0                | 0                   |
|                 | <b><u>Contributions in aid of construction (CIAC) (excluding gross-up) received during this 12-month reporting period</u></b> |                  |                  |                     |
| 7.              | Connection or tap fees  |                  | 0                | 0                   |
| 8.              | Capacity fees   |                  | 0                | 0                   |
| 9.              | Meter installation fees   |                  | 0                | 0                   |
| 10.             | Cash contributions from a developer used by a utility to construct plant  |                  | 0                | 0                   |
| 11.             | Utility plant installed or paid for by the contributor and then conveyed by the contributor to the utility                    |                  | 0                | 0                   |
| 12.             | Land conveyed by the contributor to the utility   |                  | 0                | 0                   |
| 13.             | Total CIAC (excluding gross-up) received during this 12-month reporting period (Sum of L7 thru L12)                           |                  | 0                | 0                   |
| 14.             | Cumulative CIAC received (excluding gross-up)   |                  | 0                | 0                   |
| 15.             | Taxes collected on CIAC during this 12-month reporting period   |                  | 0                | 0                   |
| 16.             | Cumulative tax collected on CIAC  |                  | 0                | 0                   |
| 17.             | Taxes paid on CIAC collected during the previous 12-month reporting period  |                  | 0                | 0                   |
| 18.             | Cumulative tax paid on CIAC   |                  | 0                | 0                   |

**IMPORTANT:** CIAC are generally defined in the National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts as money, services, or property received by the utility company from customers, developers, or any other source at no cost to the utility company which offsets the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment to be used to provide utility service. Tap-on fees and meter installation fees are forms of CIAC.

**BOND INFORMATION**

(Note: If more lines are needed for additional bonds, attach supplementary sheets.)

For **each** bond (certificate of deposit, letter of credit, etc.) posted, list the following:

| Line No. | Form of Bond (CD, Letter of Credit, or Surety) | Issuer of Surety | Amount of Bond | Is the Bond Still in Effect? | Date of Next Renewal |
|----------|--|------------------|----------------|------------------------------|----------------------|
| 1.       | Surety   | Crane Agency     | 300,000        | Yes                          | 11/9/2023            |
| 2.       | Surety   | Crane Agency     | 75,000         | Yes                          | 3/18/2023            |
| 3.       |  |                  |                |                              |                      |
| 4.       |  |                  |                |                              |                      |
| 5.       |  |                  |                |                              |                      |
| 6.       |  |                  |                |                              |                      |
| 7.       |  |                  |                |                              |                      |
| 8.       |  |                  |                |                              |                      |
| 9.       |  |                  |                |                              |                      |
| 10.      |  |                  |                |                              |                      |
| 11.      |  |                  |                |                              |                      |
| 12.      |  |                  |                |                              |                      |
| 13.      |  |                  |                |                              |                      |
| 14.      |  |                  |                |                              |                      |
| 15.      |  |                  |                |                              |                      |
| 16.      |  |                  |                |                              |                      |
| 17.      |  |                  |                |                              |                      |
| 18.      |  |                  |                |                              |                      |

Signature and Title:  Date: 4/29/2023

I declare under penalty of perjury that the foregoing is true and correct.

**IMPORTANT:** Rule R7-37(g) and Rule R10-24(g) require water and sewer companies to attach a separate electronically filed statement which is electronically signed under penalty of perjury to its Annual Report stating the amount of each bond, whether the bond is still in effect, and the date of next renewal. Completion of the above meets this requirement.

### SYSTEM AND OPERATOR STATUS (WATER)

[illegible]

\* Check if more than 50 miles from residence of Operator in Responsible Charge (ORC).

**REGULATORY ENFORCEMENT REPORT**

List any notice of violation during the reporting year from any regulatory agency (County Health Department, DWQ, DEH, EPA, etc.) Use additional pages, if necessary.

**WATER OPERATIONS**

| <b>System ID No.</b> | <b>System Name</b> | <b>Date of Notice</b> | <b>Type of Violation</b> | <b>Resolved? (Y/N)</b> |
|----------------------|--------------------|-----------------------|--------------------------|------------------------|
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
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|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |
|                      |                    |                       |                          |                        |

**SEWER OPERATIONS**

| <b>NPDES or Nondischarge Permit No.</b> | <b>System Name</b> | <b>Date of Notice</b> | <b>Type of Violation</b> | <b>Resolved? (Y/N)</b> |
|---|--------------------|-----------------------|--------------------------|------------------------|
| VI-07-21                                | Ocean Terrace      | 7/7/2022              | Permit Violation         | Y                      |
| VI-18-13                                | Pine Knoll         | 7/7/2022              | Permit Violation         | N                      |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |
|   |                    |                       |                          |                        |

**REGULATORY FEE RECONCILIATION**

| Line No. | Item  | Amount |
|----------|---|--------|
|          | <b><u>Regulatory Fee Reports</u></b>  |        |
| 1.       | Regulatory fee report for quarter ended March 31, Line 1  | 17,456 |
| 2.       | Regulatory fee report for quarter ended June 30, Line 1   | 16,981 |
| 3.       | Regulatory fee report for quarter ended September 30, Line 1  | 24,488 |
| 4.       | Regulatory fee report for quarter ended December 31, Line 1   | 24,979 |
| 5.       | Total NC jurisdictional revenues for the year reported on regulatory fee reports (Sum of Lines 1 through 4) | 83,904 |
| 6.       | Total operating revenues [Page 8, Line 7, Column (d)]   | 68,138 |
| 7.       | Difference between regulatory fee reports and Annual Report (Line 5 minus Line 6)                           | 15,766 |
|          | <b><u>Explanation of Difference(s)</u></b><br>(Include a brief written description of each difference)      |        |
| 8.       | Redbird Utility Operating Company filed regulatory fees for Bear Den on behalf of owner                     | 15,766 |
| 9.       |   |        |
| 10.      |   |        |
| 11.      |   |        |
| 12.      |   |        |
| 13.      | Total difference(s) (Sum of Lines 8 through 12 - Should be equal to Line 7)                                 | 0      |

**VERIFICATION REGARDING ACCURACY OF REPORT**

(NOTE: THIS VERIFICATION SHALL BE COMPLETED BY EITHER THE CHIEF EXECUTIVE OFFICER, A SENIOR LEVEL FINANCIAL OFFICER, OR THE RESPONSIBLE ACCOUNTING OFFICER.)

I, Brent Thies, state and attest under penalty of perjury that the attached Annual Report to the North Carolina Utilities Commission is filed on behalf of Red Bird Utility Operating Company (**Name of Water and/or Sewer Company**) as required by the North Carolina Utilities Commission; that I have reviewed said Report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said Report has been prepared and presented in accordance with all applicable North Carolina General Statutes, Commission Rules, and Commission Orders.

  
\_\_\_\_\_  
Signature of Person Making Verification

Vice President, Corporate Controller

\_\_\_\_\_  
Job Title

8/26/23  
\_\_\_\_\_  
Date

**Attachment P**

**MEADOWLANDS – FEE INTEREST/EASEMENTS**

A list of Fee Interests &/or Easements relating to the Lift Stations for provision of sewer services to the Properties which are not shown within a recorded plat or dedicated roadway to be assigned or granted to Buyer, by Seller or, if applicable, a third party, is as follows:

1. Tract 1 (Lift Station) – owned by Seller in fee; Buyer will obtain fee interest at closing;
2. Tract 2 (Lift Station) – owned by Seller in fee; Buyer will obtain fee interest at closing, along with an access easement;
3. Tract 3 (Lift Station) – owned by Meadowlands Homeowners Association, Inc. in fee; Buyer will obtain an easement interest at closing;
4. Sewer Easement set forth in Declaration of Easement recorded in **Book 1581, Pages 1625 – 1627** of the land records of Davidson County, North Carolina on January 11, 2005.

The Parties agree that the foregoing are all of the fee simple and easement rights relating to the Properties possessed by Seller, and that such easement rights will be transferred to the Buyer at the Closing. Upon the transfer of the said easement rights at the Closing along with the other dedicated or available easement rights available for Buyer's use as a utility company after the Closing, the Buyer shall have the necessary rights to provide service to the Properties.

Buyer will file recorded copies of the documents transferring Fee Interests/Easements listed herein and obtained at Closing with the Commission within 30 days of Closing.