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Admitted in: North Carolina

March 21, 2024

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

Re: Application by Red Bird Utility Operating Company, LLC and A&D Water Services, Inc. for Transfer of Public Utility Franchise and for Approval of Rates
Docket No. W-1049, Sub 25
Docket No. W-1328, Sub 2

Dear Ms. Dunston:

Enclosed please find the Settlement Testimony of Josiah Cox on behalf of Red Bird Utility Operating Company, LLC.

Please contact me if you or the Commission have any questions regarding this filing.

Best regards,

/s/ Mindy L. McGrath
Mindy L. McGrath

Enclosure

c: Parties of Record w/ Encl.

CERTIFICATE OF SERVICE**DOCKET NO. W-1049, SUB 25****DOCKET NO. W-1328, SUB 2**

I hereby certify that a copy of the Settlement Testimony of Josiah Cox was served electronically or by depositing a copy of the same in the United States Mail, first class postage prepaid, at the addresses contained in the official service lists in these proceedings.

This the 21st day of March 2024.

RED BIRD UTILITY OPERATING COMPANY, LLC

/s/ Mindy McGrath

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1328, SUB 2
DOCKET NO. W-1049, SUB 25

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Application by A&D Water Services, Inc. and)
Red Bird Utility Operating Company, LLC,)
d/b/a Red Bird Water for Transfer of Public)
Utility Franchise and for Approval of Rates)

**SETTLEMENT TESTIMONY OF JOSIAH COX
ON BEHALF OF RED BIRD UTILITY OPERATING COMPANY, LLC**

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

2 A. My name is Josiah Cox. My business address is 1630 Des Peres Road, Suite 140,
3 St. Louis, Missouri, 63131.

4 **Q. ARE YOU THE SAME JOSIAH COX WHO PREVIOUSLY FILED**
5 **DIRECT TESTIMONY IN THIS DOCKET?**

6 A. Yes.

7 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

8 A. The purpose of my settlement testimony is to support the Settlement Agreement
9 and Stipulation (“Stipulation”) entered into by the Public Staff and Red Bird Utility
10 Operating Company, LLC (“Red Bird” or the “Company”) (collectively, the
11 “Stipulating Parties”) on March 21, 2024.

1 **Q. DOES THE STIPULATION RESOLVE ALL ISSUES IN THIS**
2 **PROCEEDING?**

3 A. Yes. The Stipulation resolves all issues in this proceeding, including the rate base
4 in the utility assets Red Bird proposes to acquire from A&D Water Services, Inc.
5 (“A&D”), the extent of Red Bird’s due diligence costs, the rates Red Bird will
6 charge following the acquisition, and whether Red Bird will seek an acquisition
7 adjustment in this or any future proceeding.

8 **Q. HOW DOES THE STIPULATION RESOLVE ALL OF THOSE ISSUES?**

9 A. The Stipulation reflects the Stipulating Parties agreement that Red Bird be entitled
10 to an acquisition adjustment relating to the acquisition of the High Vista wastewater
11 system, establishes the net book value of the A&D water and wastewater system
12 assets to be acquired by Red Bird, and provides for Red Bird’s recovery of a portion
13 of its due diligence and transactional costs relating to this acquisition. The
14 Stipulation also establishes that Red Bird will adopt the proposed tariffs and rates
15 currently in effect for the Buffalo Meadows, Camelot, Cinnamon Woods, High
16 Vista, Hunters Glen, Kirk Glen, Mountain Valley, Rolling Oaks Estates, Sherwood
17 Forest, Skyview Park, and White Oak Village subdivisions.

18 **Q. DOES RED BIRD BELIEVE THE STIPULATION IS A REASONABLE**
19 **RESOLUTION OF THE ISSUES IN THIS PROCEEDING?**

20 A. Yes. The Company believes the Stipulation reflects a fair, just, and reasonable
21 resolution of the issues it addresses. The Stipulation is the result of arms-length
22 negotiations between the Stipulating Parties and resolves all of the issues in this

1 proceeding without the necessity of contentious litigation. Therefore, we
2 respectfully request that the Commission approve the Stipulation in its entirety.

3 **Q. ARE THERE OTHER BENEFITS TO COMMISSION APPROVAL OF THE**
4 **STIPULATION?**

5 A. Yes. We anticipate that the Stipulation will facilitate an earlier closing of this
6 acquisition, thereby allow Red Bird to begin operating these systems, and bringing
7 the benefits of its ownership of these systems to A&D's customers earlier than
8 would otherwise be possible. This is especially important where, as here, several of
9 the A&D systems in this proceeding are not in compliance with applicable health,
10 safety, and environmental protection laws and regulations.

11 In addition, Red Bird has other transfer applications pending before the
12 Commission, and we look forward to adding the A&D systems to the portfolio of
13 systems the Company seeks to improve in North Carolina. Red Bird is part of an
14 affiliate group that currently owns and operates wastewater systems serving
15 approximately 241,000 wastewater customers and drinking water systems serving
16 approximately 172,000 customers in Missouri, Arkansas, Kentucky, Louisiana,
17 Texas, Tennessee, Mississippi, Florida, South Carolina, North Carolina, and
18 Arizona. As we move forward with our business model and plans in North Carolina,
19 we will continue to work to replicate the record of success our affiliate group has
20 achieved elsewhere.

21 Finally, as shown in my direct testimony, Red Bird has the financial,
22 technical, and managerial ability to acquire, own, and operate the A&D water and
23 wastewater systems in a manner that achieves compliance with applicable health,

1 safety, and environmental protection laws and regulations, and provides reliable,
2 safe, and adequate service to all of A&D's customers.

3 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

4 A. Yes.