

Troutman Pepper Hamilton Sanders LLP
301 S. College Street, 34th Floor
Charlotte, NC 28202



troutman.com

Mindy L. McGrath
mindy.mcgrath@troutman.com

November 15, 2023

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 Etowah Sewer Company, Inc. for Transfer of Public Utility Franchise and for Approval of Rates
Docket No. W-933, Sub 12
Docket No. W-1328, Sub 0**

Dear Ms. Dunston:

Enclosed on behalf of Red Bird Utility Operating Company, LLC, please find the Verified Report Regarding Issues Raised at Public Hearing.

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

Best regards,

/s/ Mindy McGrath
Mindy McGrath

Enclosure

c: Parties of Record w/ Encl.

OFFICIAL COPY

Nov 15 2023

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-933, SUB 12
DOCKET NO. W-1328, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Red Bird Utility Operating)	RED BIRD OPERATING COMPANY,
Company, LLC, and Etowah Sewer)	LLC’S VERIFIED REPORT
Company, Inc., for Transfer of Public Utility)	REGARDING ISSUES RAISED AT
Franchise and for Approval of Rates)	PUBLIC HEARING

Pursuant to the September 26, 2023, Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice, Red Bird Utility Operating Company, LLC (“Red Bird”) provides this Verified Report addressing customer service and service quality complaints, as well as actions planned by Red Bird to remedy customer concerns expressed during the public witness hearing held on November 1, 2023.

Rates/Billing

Many of the customers who testified during the public hearing expressed concerns about future rate increases associated with Red Bird’s proposed acquisition of the Etowah system. As stated in the Transfer Application and in the Notice to Customers (“Notice”), Red Bird proposes to adopt Etowah’s currently approved rates for the purposes of this acquisition.

Upon acquiring the Etowah system Red Bird plans to implement improvements to both the Etowah system and the service provided to customers. The Notice informed customers that Red Bird anticipates filing a rate case after it has owned and operated the Etowah system for a period of time and made investments and improvements to address service quality issues. It is anticipated that a rate increase will be necessary and appropriate

at that time. As indicated in the Notice, Red Bird also anticipates seeking Commission approval of uniform rates for all systems that it acquires.

At the time Red Bird actually proposes a rate increase, customers will have the opportunity to be heard, the Public Staff will participate, and the Commission will review the reasonableness and prudence of all investments made to improve wastewater quality and service to customers during the Company's first rate case, and it will determine the extent of the rate increase for Red Bird. Red Bird anticipates making the improvements outlined in the Notice, but until Red Bird actually owns and operates the system it will not be able to identify and assess the nature and extent of any system issues that need to be addressed. Red Bird, as with all CSWR affiliated companies, seeks the lowest cost solutions for all quality issues and oftentimes discovers that operational changes conducted within the first few months of an acquisition can eliminate the need for costly investments. As a result, there is currently no way to determine the extent of a future rate increase due to the number of factors that will inevitably affect such an increase.

Sewer Quality Issues

Red Bird also heard from customers regarding the stress that the current system is under. This is also highlighted in the compliance history extending through Q2 of this year where the Etowah system has struggled to meet limits of BOD and fecal coliform. While Red Bird has no knowledge of what specific efforts have been made in the past to address sewer issues, CSWR's operating subsidiaries have experience in addressing this kind of issue in other systems that have been acquired across 11 different states. Due to the compliance history of this wastewater facility and the issues voiced by customers, Red Bird understands the severity of the issues at this site and has been working with various third-

party engineers to come up with a plan to address these issues upon closing on this system. These fixes include such items as replacing blowers, pumps, and potentially the disinfection system to ensure safe, reliable, and environmentally responsible service. Red Bird is committed to providing safe and reliable service and plans to make the necessary repairs to bring the Etowah wastewater treatment system into compliance.

Potential Future Development

Red Bird also heard concerns from customers about a potential future development that may negatively impact current ratepayers. As Commissioner McKissick indicated in his introductory remarks, this is not an issue for determination in this case, but Red Bird notes that it has experience with plant upgrades and extensions due to new developments in other jurisdictions and takes every necessary precaution to ensure that current customers are not negatively impacted by any expansions. For example, while a plant expansion may be necessary to treat additional capacity, current ratepayers will never bear the costs of the expansion if it is solely intended to treat future connections. Red Bird heard customers' concerns and will work to address those concerns if any future developments come to fruition.

Red Bird appreciates the opportunity to address customer concerns voiced at the public hearings and will strive to achieve high levels of communication and transparency if it is allowed to acquire the Etowah system.

WHEREFORE, Red Bird respectfully requests that the Commission accept this report and, after hearing from the Public Staff, issue an order approving the transfer of the Etowah system serving the Etowah development to Red Bird, approving rates, and requiring Red Bird to notify its customers of the transfer.

Respectfully submitted this 15th day of November, 2023.

/s/ Mindy McGrath

Mindy McGrath (NC Bar No. 35628)
Molly Jagannathan (NC Bar No. 36931)
Troutman Pepper Hamilton Sanders LLP
301 College Street
34th Floor
Charlotte, NC 28202
Telephone: (704) 916-1522
mindy.mcgrath@troutman.com

STATE OF MISSOURI

COUNTY/CITY OF ST LOUIS CITY

VERIFICATION

AARON SILAS, being first duly sworn, deposes and says that he/she is DIRECTOR OF REGULATORY OPERATIONS of CSWR, LLC, the ultimate corporate parent of Red Bird Utility Operating Company, LLC, that he/she has read the foregoing Report and that the matters set forth therein are true of his/her own knowledge, except as to those matters and things therein alleged upon information and belief, which he believes to be true.

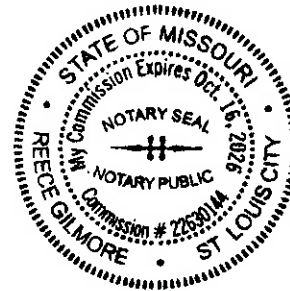
This the 15th day of November, 2023.

[Handwritten Signature]

Sworn to and subscribed before me,

this the 15th day of November, 2023.

[Handwritten Signature]
Notary Public



My Commission Expires: Oct 16, 2026

CERTIFICATE OF SERVICE

DOCKET NO. W-933, SUB 12

DOCKET NO. W-1328, SUB 0

I hereby certify that a copy of Red Bird Utility Operating Company, LLC's Verified Report Regarding Issues Raised at Public Hearing 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 15th day of November 2023.

RED BIRD UTILITY OPERATING COMPANY, LLC

/s/ Mindy McGrath

Mindy McGrath (NC Bar No. 35628)

Molly M. Jagannathan (NC Bar No. 36931)

MM Telephone: (704) 916-1522

MMJ Telephone: (704) 998-4074

Troutman Pepper Hamilton Sanders LLP

301 College Street

34th Floor

Charlotte, NC 28202

mindy.mcgrath@troutman.com

molly.jagannathan@troutman.com