



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

December 22, 2020

Mr. Daniel C. Higgins, Esq.  
Burns, Day & Presnell, P. A.  
2626 Glenwood Avenue, Suite 560  
Raleigh, North Carolina 27608

Re: Proposed Transfer of Etowah Sewer Company, Inc., to Red Bird Utility Operating Company, LLC, d/b/a Red Bird Water, Docket Nos.: W-933, Sub 12 and W-1328, Sub 0

Dear Mr. Higgins:

The Public Staff has carefully reviewed your transfer application for the Etowah Sewer Company, Inc., wastewater utility system (Etowah Sewer Company or the Etowah system) and identified the following material deficiencies in the application.<sup>1</sup> These deficiencies must be addressed for the application to be considered complete and appropriate for further review by the Public Staff.

1. Application page 2, line 6(b) – The application references Attachment H as the source of the address where bills can be paid in person. Attachment H does not include the address.
2. Application page 3, line 2 – County information for the service area was not provided.
3. Application page 4 – The application references Attachment C as the source of information of revenue and expense data for Etowah Sewer Company. The revenue and expense data included in Attachment C is dated and must

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<sup>1</sup> Similar, if not identical, deficiencies were identified in the other Red Bird applications currently pending before the Commission and will be outlined in separate letters in those proceedings.

Executive Director  
(919) 733-2435

Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Economic Research  
(919) 733-2267

Energy  
(919) 733-2267

Legal  
(919) 733-6110

Transportation  
(919) 733-7766

Water/Telephone  
(919) 733-5610

be replaced with current data for 2020. The updated submission must also note that Etowah Sewer Company is a sewer utility.

4. Application page 5 – Current data for 2020 must be provided for lines 2 through 25.
5. Application page 6, line 1b – The application references Attachments G and L as the source of information for Red Bird Water’s capital structure prior to the purchase of the Etowah system. The information is not included in either attachment and must be provided. Data provided must be current for 2020.
6. Application page 6, line 3 – The application references Attachment L as the source of information for any improvements or additions that will be required in the first year following the purchase and transfer of the Etowah system. The attachment does not include all required information.
7. Application page 7 – The application references Attachment L as the source of information for any major improvements, additions, or replacements that will be required in the next five and ten years. The attachment does not include all required information. The following pieces of information must be supplied, by year for five years and ten years, for all major improvements, additions, and replacements expected over those time horizons: estimated cost of the improvement, addition, or replacement; year when the improvement, addition, or replacement will occur; and the way in which the improvement, addition, or replacement will be financed. The necessary information must be provided and the resubmission should not be labeled Confidential. The current, incomplete submission was submitted and labeled Confidential. The Public Staff believes that this required information is not confidential and should be filed publicly.
8. Application page 7, line 3(1) – The application does not include a 5-year Projected Income Statement or 5-year Projected Statement of Cash Flows for the Etowah system.
9. Application page 7, line 3(2) – The application does not include capital and operating budgets for Red Bird Water’s North Carolina utility operations for the next five years. The budgets must include, but should not be limited to, the starting year, ending year, and various components of rate base (such

Daniel C. Higgins  
December 22, 2020  
Page Three

as plant cost, contributions in aid of construction (CIAC), revenues and expenses, and cash flows).

10. Application page 8 – Red Bird Water is required to provide exhibits showing that Etowah Sewer Company owns all property necessary to operate the Etowah system.
11. Application page 8 – Red Bird Water marked the Purchase and Sale Agreement (the Agreement) required on page 8 of the application confidential and filed it as Confidential Attachment G. The Agreement must be filed publicly with the Chief Clerk and only confidential portions, such as the purchase price, should be redacted.
12. Exhibits A, B, C, D, E, F, G, and H were not included with the Agreement. The Agreement also failed to include the service area description, description of land and improvements and/or easements and/or leases, and personal property and equipment included in the sale.
13. The application does not provide a property appraisal or other comparable documentation to support the purchase price of the utility system set forth in the Agreement.

Please provide and file the information described above with the Chief Clerk as soon as reasonably possible, so the Public Staff can continue to process your transfer application.

If you have any questions, please do not hesitate to contact me, by email at [reita.coxton@psncus.nc.gov](mailto:reita.coxton@psncus.nc.gov), or Mike Franklin, by phone at (919) 715-2666.

Sincerely,

Electronically submitted  
/s/ Reita D. Coxton  
Staff Attorney  
[reita.coxton@psncuc.nc.gov](mailto:reita.coxton@psncuc.nc.gov)

cc: Dianna Downey – Public Staff-Legal  
William Grantmyre – Public Staff-Legal  
Aaron Silas – Red Bird  
Russ Mitten – Red Bird