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February 9, 2024

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Application by Red Bird Utility Operating Company, LLC (“Red Bird”) for a Certificate of Public Convenience and Necessity for Pine Mountain Lakes in Burke County, North Carolina, and for Approval of Rates
Docket No. W-1328, Sub 11**

Dear Ms. Dunston:

Enclosed on behalf of Red Bird Utility Operating Company, LLC, please find the Non-Confidential Direct Testimony of Josiah Cox, including Cox Direct Exhibits 1 –5.

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

Sincerely yours,

/s/ Molly M. Jagannathan
Molly M. Jagannathan

Encl.

Cc: Parties of Record w/ Encl.

CERTIFICATE OF SERVICE**DOCKET NO. W-1328, SUB 11**

I hereby certify that a copy of the Non-Confidential Direct Testimony of Josiah Cox on behalf of Red Bird Utility Operating Company, LLC 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 list in this proceeding.

This the 9th day of February 2024.

RED BIRD WATER UTILITY OPERATING COMPANY, LLC

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1328, SUB 11

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application by Red Bird)
Utility Operating Company, LLC d/b/a Red)
Bird Water for a Certificate of Public)
Convenience and Necessity to Provide)
Water and Sewer Service to Pine Mountain)
Lakes Subdivision in Burke County, North)
Carolina and for Approval of Rates)

**NON-CONFIDENTIAL DIRECT TESTIMONY OF JOSIAH COX
ON BEHALF OF RED BIRD UTILITY OPERATING COMPANY, LLC**

I. INTRODUCTION

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. WHAT IS YOUR POSITION WITH RED BIRD UTILITY OPERATING**
5 **COMPANY, LLC D/B/A RED BIRD WATER?**

6 A. I am President of Red Bird Utility Operating Company, LLC (“Red Bird” or the
7 “Company”). I am also the President of Central States Water Resources, Inc.
8 (“Central States”) and CSWR, LLC (“CSWR”), each a Red Bird affiliate. Later in
9 my testimony I describe CSWR’s relationship to Red Bird and discuss the role
10 CSWR would play in Red Bird’s future operations if the Commission approves Red
11 Bird’s application for a Certificate of Public Convenience and Necessity (“CPCN”)
12 and approval of rates for water and wastewater systems in Burke County, North

1 Carolina, currently owned and operated by the Pine Mountain Lakes Property
2 Owners Association (“Pine Mountain”). I also describe Central States’ involvement
3 in the proposed acquisition transaction.

4 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
5 **EXPERIENCE.**

6 A. I received a Bachelor of Science with a major in Environmental Science from the
7 University of Kansas. I began my career working at the Kansas Biological Survey
8 & Center for Ecological Research, where I performed a wildlife habitat study.
9 Thereafter, I began working at a civil engineering firm where I was involved in
10 various facets of the land development process, including permitting, entitlement,
11 civil design, project management, and construction management. I focused mainly
12 on the water and wastewater side of the civil engineering business and participated
13 in every part of that business from waste-load allocation studies (now known as
14 “anti-degradation processes”), design, permitting, project management, and
15 construction management. I also ran the firm’s environmental consulting division
16 and was the second private consultant to submit a water quality impact study in the
17 State of Missouri in 2003. I subsequently joined the engineering firm’s executive
18 leadership team and helped run all the firm’s operations.

19 Beginning in 2005, I raised money from a group of investors and formed a
20 full-service civil engineering, environmental consulting, general contracting, and
21 construction management firm. I served as the Chief Operating Officer, and
22 eventually, the Chief Executive Officer. I obtained extensive experience with rural
23 communities in every facet of the water and wastewater compliance process,

1 including environmental assessment, permitting, design, construction, operation
2 and community administration of the actual water and wastewater (sewer) systems.
3 That engineering firm performed stream sampling and built waste-load allocation
4 models. In addition, we did full engineering design of multiple whole community
5 wastewater and water infrastructure systems including wells, water distribution,
6 water treatment, water storage, wastewater conveyance, and wastewater treatment
7 plants, and then took those designs through the federal and state administered
8 permitting processes in Missouri. The firm also administered the construction of
9 these water and wastewater systems from greenfield site selection all the way
10 through system startup and final engineering sign-off.

11 During this time, I began the Master of Business Administration program at
12 Washington University in St. Louis, from which I graduated in 2007. From 2008
13 until 2020, I oversaw the operations of a rural sewer district where I managed the
14 functioning, testing, and maintenance of that system. I also acted as the
15 administrator for this municipal system and had responsibility for all the billing,
16 emergency response, accounts payable/accounts receivable, collections, budgeting,
17 customer service, and public town meetings required to serve the community.

18 In late 2010, after working on several small, failing water and wastewater
19 systems, I created a business plan to acquire and recapitalize failing systems as
20 investor-owned regulated water and wastewater utility companies. In early 2011, I
21 went to the capital markets to raise money to implement my plan, and over a period
22 of approximately three years, I met with over 52 infrastructure investment groups

1 to raise the necessary financing. By February 2014, I achieved my goal, and I used
2 the debt and equity capital I was able to raise to start CSWR.

3 In 2018, I attracted an additional large institutional private equity investor,
4 which allowed me to expand the scope of my business plan. This new investor is
5 allowing CSWR to form companies for the purpose of acquiring water and
6 wastewater systems in additional states. Since its formation, CSWR has acquired,
7 and currently is operating through various affiliates, more than 800 water and
8 wastewater systems in Missouri, Kentucky, Louisiana, Texas, Tennessee,
9 Mississippi, Arizona, Florida, South Carolina, and Arkansas. In North Carolina,
10 CSWR is currently operating four systems and recently received approval to
11 operate a fifth.

12 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
13 **PROCEEDING?**

14 A. The purpose of my testimony is to support the application for a CPCN for Pine
15 Mountain's water and wastewater assets that was filed in this docket on September
16 30, 2021 (the "Application").¹ The Application seeks Commission authority for
17 Red Bird to acquire all utility assets currently used by Pine Mountain and to provide
18 water and wastewater utility services to customers in Pine Mountain's service area
19 located in Burke County, and for approval of rates for those systems. My testimony
20 describes the proposed transaction and explains why both Red Bird and Pine
21 Mountain believe Commission approval of the transaction is in the public interest.

¹ Red Bird filed its initial Application on September 30, 2021, and supplemental and additional materials in support of the Application on November 3, 2021, February 3, 2023, October 19, 2023, and December 15, 2023. The Commission issued its *Order Finding Application Complete and Requiring the Public Staff to Provide Specific Application Data* in this docket on January 5, 2024.

1 I also describe Red Bird's relationship to CSWR, the role CSWR would play in
2 Red Bird's operation of the systems at issue in this proceeding, and the benefits that
3 Red Bird's relationship with CSWR would bring to customers served by the Pine
4 Mountain systems.

5 While Red Bird's position is that issues like the calculation of rate base in the
6 assets to be acquired, whether a buyer is entitled to an acquisition adjustment as a
7 result of the condition of the system, and whether a buyer is entitled to recover due
8 diligence, transactional, and regulatory costs associated with the acquisition should
9 be deferred to the first rate case following an acquisition, my testimony also
10 addresses these items in the event the Commission determines it should consider
11 any of these issues in this proceeding.

12 **Q. ARE YOU FILING ANY EXHIBITS WITH YOUR TESTIMONY?**

13 A. Yes. My testimony is accompanied by the following exhibits:

14 **Cox Direct Exhibit 1:** An organizational chart of Red Bird and its affiliates.

15 **Cox Direct Exhibit 2:** Current list of CSWR's senior leadership team, including a
16 brief biography of each member.

17 **Cox Direct Exhibit 3:** Correspondence dated June 22, 2023, from the Missouri
18 Department of Natural Resources to Josiah Cox.

19 **Cox Direct Exhibit 4:** Correspondence dated February 27, 2023, from the
20 Mississippi Department of Environmental Quality to Mississippi Public Service
21 Commissioner Brent Bailey.

22 **Cox Direct Exhibit 5:** List of due diligence, transactional and regulatory activities
23 and costs.

1 **Q. WERE THOSE EXHIBITS PREPARED BY YOU OR UNDER YOUR**
2 **DIRECTION AND SUPERVISION?**

3 A. Yes, my exhibits were prepared by me or under my direction and supervision.

4 **II. BACKGROUND INFORMATION REGARDING**
5 **RED BIRD AND ITS AFFILIATES**

6 **Q. PLEASE PROVIDE SOME BACKGROUND INFORMATION ABOUT**
7 **RED BIRD AND CSWR.**

8 A. Red Bird is a North Carolina limited liability company formed to acquire water and
9 wastewater assets in North Carolina and to operate those assets as a regulated public
10 utility. In December 2021, the Commission authorized Red Bird to acquire and
11 operate four wastewater systems previously owned by the Homeowners
12 Associations of Ocean Terrace and Pine Knoll Townes I, II and III (“Ocean
13 Terrace/Pine Knoll Townes”), all of which are located in Pine Knoll Shores, North
14 Carolina.² In February 2023, the Commission authorized Red Bird to acquire
15 facilities previously owned by Bear Den Acres Development (“Bear Den”) in
16 Spruce Pine, North Carolina.³ More recently, the Commission approved Red Bird’s
17 acquisition of the utility assets and franchise of Crosby Utilities, Inc. (“Crosby”) in
18 Wake County,⁴ the water and wastewater utility assets of Total Environmental
19 Solutions, Inc. (“TESI”), located in Franklin and Nash Counties,⁵ and most

² See *Order Accepting and Approving Bond, Granting Franchise, and Requiring Customer Notice*, Docket No. W-1328, Sub 7 (December 8, 2021).

³ *Order Approving Stipulation, Approving Bond, Approving Transfer and Rates, and Requiring Customer Notice*, Docket Nos. W-1328, Sub 4; W-1040, Sub 10 (February 7, 2023).

⁴ *Order Approving Stipulation, Approving Bond, Approving Transfer and Rates, and Requiring Customer Notice*, Docket Nos. W-1328, Sub 9; W-992, Sub 8 (August 29, 2023).

⁵ *Recommended Order Approving Stipulation, Approving Transfer and Rates, Granting Franchise, Approving Bond, and Requiring Customer Notice*, Docket Nos. W-1328, Sub 10; W-1146, Sub 13 (December 14, 2023) and *Order Allowing Recommended Order to Become Effective and Final*, Docket Nos. W-1328, Sub 10; W-1146, Sub 13 (December 22, 2023).

1 recently, the water and wastewater utility assets serving the Jefferson Landing (“JL
2 Golf”) Subdivision in Ashe County, North Carolina.⁶ In addition to the Application
3 in this docket, Red Bird currently has transfer applications to acquire public utility
4 franchises pending before this Commission in six other dockets, as well as one other
5 pending application for a Certificate of Public Convenience and Necessity.⁷ As is
6 the case with the Pine Mountain systems, many of the systems which Red Bird
7 seeks to acquire in North Carolina are either distressed or troubled systems, or they
8 require the infusion of capital investment that the current owners are either unable
9 or unwilling to provide. If the Commission approves the Application in this docket,
10 Red Bird will acquire, own, and operate the water and wastewater systems currently
11 owned by Pine Mountain.

12 As I noted above, Red Bird is an affiliate of CSWR, a Missouri limited
13 liability company formed to provide managerial, technical, and financial support to
14 its utility operating affiliates. A corporate organization chart illustrating that
15 relationship is attached to my testimony as **Cox Direct Exhibit 1**. To date, CSWR-
16 affiliated utility operating companies have acquired and are operating water and/or
17 wastewater systems in Missouri, Kentucky, Louisiana, Texas, Tennessee,
18 Mississippi, Arizona, Florida, South Carolina, and Arkansas, as well as the
19 previously identified systems in North Carolina. In addition to Red Bird’s other
20 applications pending before this Commission, CSWR affiliates have applications

⁶ *Order Approving Stipulation, Approving Bond, Approving Transfer and Rates, and Requiring Customer Notice*, Docket Nos. W-1328, Sub 3; W-1296, Sub 3 (January 31, 2024).

⁷ *See* Docket Nos. W-1328, Sub 0; W-1328, Sub 2; W-1328, Sub 6; W-1328, Sub 8; W-1328, Sub 12; W-1328, Sub 13; W-1328, Sub 14.

1 pending in Mississippi, Florida, Louisiana, Tennessee, Arizona, Missouri, South
2 Carolina, and Texas seeking authority to acquire more such systems.

3 **Q. WHAT IS CSWR'S BUSINESS PLAN WITH REGARD TO THE**
4 **ACQUISITION AND OPERATION OF SMALL AND TROUBLED,**
5 **DISTRESSED OR UNDERCAPITALIZED WATER AND WASTEWATER**
6 **SYSTEMS?**

7 A. CSWR's business plan is to pursue the purchase and recapitalization of small water
8 and wastewater systems and to operate those systems as investor-owned regulated
9 utilities. Many of the systems CSWR hopes to acquire are not currently regulated.
10 Of those that are regulated, many, if not most, are out of compliance with utility
11 commission rules and/or with federal and/or state pollution, environmental and/or
12 safety laws and regulations. Indeed, many systems we acquire do not even have the
13 federal or state permits required to lawfully operate. We also have found that many
14 regulated systems we acquire have not increased their rates for a decade or more
15 and, as a result, lack the financial resources necessary to cover normal operating
16 costs and/or to maintain and replace assets used to provide service or bring their
17 operations into compliance with rapidly changing environmental and water quality
18 regulations.

19 Further, some systems we acquire are in receivership and, therefore, lack
20 the ability to raise the capital necessary to improve their systems. The current
21 owners of other systems are unable or unwilling to provide the capital necessary to
22 maintain their systems. CSWR's business plan has been and continues to be making
23 investments in and taking the risks necessary to bring small water and wastewater

1 systems into compliance with current statutes, rules, and regulations. Through its
2 affiliates, CSWR has been able to acquire distressed, troubled and/or
3 undercapitalized systems, invest capital necessary to upgrade or repair physical
4 facilities, and operate those systems in a way that satisfies customers, regulators,
5 and investors alike.

6 CSWR's business plan and the expertise its personnel provide to affiliates
7 have convinced regulators in Missouri, Kentucky, Louisiana, Texas, Tennessee,
8 Mississippi, Florida, South Carolina, and Arizona to allow those affiliates to
9 acquire and operate numerous small water and wastewater systems in those states.
10 In more than 100 separate orders – several involving the acquisition of multiple
11 discrete systems – regulators in each of those states have determined our affiliate
12 group has the technical, managerial, and financial qualifications necessary to
13 acquire, own, and operate water and/or wastewater systems. This Commission
14 made the same determination when it authorized Red Bird to acquire and serve
15 several small systems in this state, and we are hopeful the Commission will
16 continue to authorize Red Bird to acquire additional systems in North Carolina. If
17 the Commission authorizes Red Bird to acquire the Pine Mountain water and
18 wastewater systems, they will become part of the portfolio of systems the Company
19 seeks to build in North Carolina. We hope the Commission will give Red Bird the
20 same opportunity it did in the Ocean Terrace/Pine Knoll Townes, Bear Den,
21 Crosby, TESI, and JL Golf dockets, so we can continue our efforts to replicate in
22 North Carolina the record of success our affiliate group has achieved elsewhere.

1 **Q. PLEASE DESCRIBE RED BIRD’S AFFILIATES’ EXPERIENCE WITH**
2 **WATER AND WASTEWATER SYSTEMS.**

3 A. Red Bird is part of an affiliate group that currently owns and operates wastewater
4 systems serving approximately 241,000 customers and drinking water systems
5 serving approximately 172,000 customers in Arizona, Arkansas, Florida,
6 Kentucky, Louisiana, Mississippi, Missouri, Tennessee, Texas, North Carolina, and
7 South Carolina. By virtue of that affiliation, Red Bird has the financial, technical,
8 and managerial ability to acquire, own, and operate the Pine Mountain water and
9 wastewater systems in a manner that fully complies with applicable health, safety,
10 environmental protection, and regulatory laws and regulations, and to provide
11 reliable, safe, and adequate service to customers.

12 On the wastewater side of the business, the CSWR affiliate group has
13 purchased wastewater treatment plants with associated pressure systems and sewer
14 pumping stations, gravity force mains, and gravity conveyance lines. Since March
15 2015, with the approval of state wastewater regulatory authorities, CSWR-affiliated
16 companies have designed, permitted, and completed construction of numerous
17 sanitary sewer system improvements. These improvements include wastewater line
18 repairs to eliminate infiltration and inflow, building numerous sewer main
19 extensions, building and/or repairing hundreds of lift stations, the closure of a
20 number of existing regulatory impaired wastewater systems, building new or
21 refurbishing over 150 activated sludge plants, constructing dozens of moving bed
22 bio-reactor plants, converting multiple failing wastewater systems into sludge
23 storage/flow equalization and treatment basins, converting failed mechanical

1 systems to I-Fast systems, and constructing various other wastewater treatment
2 supporting improvements.

3 On the water side of the business, since March 2015 the CSWR affiliate
4 group has designed, permitted, and completed construction – with the approval of
5 state regulatory authorities – upgrades and improvements to numerous drinking
6 water systems. Those upgrades and improvements include constructing a large
7 number of ground water storage tanks and drinking water pressurization pump
8 assemblies, drilling water wells, erecting or rehabilitating well houses, closing
9 failed wells, blasting/coating water storage tanks, replacing meter pits with new
10 meters, replacing or repairing numerous water distribution lines, installing
11 numerous isolation valve systems and a large number of flush hydrants, repairing
12 hundreds of leaking lines, and constructing or rehabilitating various other
13 improvements to existing drinking water systems.

14 The CSWR-affiliated group of companies is likely the most qualified utility
15 in the United States to serve Pine Mountain's customers based on the number of
16 systems we own, the number of systems we have purchased and brought into (and
17 kept in) environmental compliance, and our personnel having the most relevant
18 experience running small water and wastewater utilities. Our affiliate group
19 currently owns and operates more than 800 water and wastewater plants within our
20 eleven-state operational footprint. On a daily basis we deliver, on average, more
21 than 22.8 million gallons of water to our more than 65,000 water connections and
22 treat almost 32.3 million gallons of wastewater from more than 90,000 wastewater
23 connections. In Louisiana alone, our affiliate has removed 59 systems from

1 Agreements on Consent with the Louisiana Department of Environmental Quality
2 – the fastest timeframe ever for a large group of systems – and we are 100%
3 compliant with environmental compliance agreements entered into with state
4 regulators. These agreements are necessary because of the extremely distressed
5 nature of many systems our group acquires, and our record of compliance with and
6 removal from these agreements is a testament to our ability to own and operate such
7 systems in a manner that complies with applicable laws and regulations, and our
8 ability to provide safe and reliable service to customers.

9 **Q. DOES CSWR HAVE PERSONNEL QUALIFIED TO PERFORM THE**
10 **SERVICES YOU IDENTIFIED IN YOUR PRECEDING ANSWER?**

11 A. Yes, it does. First, I already described my background and experience in the water
12 and wastewater utility industry, and the other key members of CSWR's senior team
13 who are involved in Red Bird's operations are equally qualified to meet the
14 demands and needs of Red Bird and its customers, and of this Commission and
15 other regulators charged with overseeing Red Bird's operations. The members of
16 CSWR's senior team were identified in Attachment C to the Application, but
17 because some of that information no longer is accurate, I have included an updated
18 list of our senior team members as **Cox Direct Exhibit 2**. Second, CSWR's
19 qualifications are evidenced by the fact CSWR already is providing similar services
20 for water and wastewater systems in Arizona, Arkansas, Florida, Kentucky,
21 Louisiana, Mississippi, Missouri, South Carolina, Tennessee, and Texas, as well as
22 for the Ocean Terrace/Pine Knoll Townes, Bear Den, Crosby, TESI, and soon the
23 JL Golf systems in North Carolina.

CSWR provides Red Bird the same level of experience and expertise CSWR currently provides to its affiliated systems located outside North Carolina. The types and quality of services CSWR provides Red Bird are not usually available to small systems like the Pine Mountain systems involved here. CSWR's business model was developed to provide support, expertise, and experience to affiliates and to do so while achieving economies of scale attributable to CSWR's centralized management structure. Not only would CSWR and Red Bird provide current Pine Mountain customers with expertise not generally available to small water and wastewater systems, but it can realize economies of scale that would not be possible if Red Bird had to acquire or provide such expertise and support on a company or system-specific basis.

Q. PLEASE DESCRIBE THE ECONOMIES OF SCALE YOU JUST MENTIONED AND HOW THOSE WOULD BENEFIT PINE MOUNTAIN'S CUSTOMERS.

A. CSWR's size and its consolidation of many small systems under one financing and managerial entity will result in cost efficiencies in the operation of Pine Mountain's water and wastewater systems, particularly in the areas of:

- Commission and environmental regulatory reporting;
- Managerial and operational oversight;
- Utility asset planning;
- Engineering planning;
- Ongoing utility maintenance;
- Utility record keeping;

- 1 • Customer service responsiveness; and
- 2 • Access to capital required to repair and upgrade the Pine Mountain system
- 3 as necessary to ensure compliance with all health and environmental
- 4 requirements and ensure service to customers remains safe and reliable.

5 CSWR and Red Bird believe that Pine Mountain's customers would benefit
6 from economies of scale and other advantages available through CSWR. While
7 these economies would not necessarily result in cost savings compared to Pine
8 Mountain's current operations expenses, the advantages of this acquisition are
9 reflected in CSWR's resources pertaining to customer service, an advanced
10 computerized maintenance management system, and personnel with years of
11 experience across over 800 plants in eleven states (including North Carolina),
12 making CSWR the largest operator of small water and sewer systems in the United
13 States. After owning and operating the Pine Mountain systems for an initial period,
14 Red Bird will be able to accurately assess needs and costs to more accurately
15 identify the actual operating needs and characteristics of each system, and then
16 address those needs.

17 **Q. HAVE THE CSWR-AFFILIATED COMPANIES TAKEN STEPS TO**
18 **IMPROVE SERVICE AT THE SYSTEMS THEY NOW OPERATE?**

19 A. Yes. In addition to the capital improvements made on systems our affiliate group
20 has acquired, we have built from scratch and implemented customer service
21 systems that meet or exceed regulatory commission rules and provide numerous
22 benefits to customers.

1 If the Application is approved, Red Bird would implement operational
2 changes to improve and enhance service to Pine Mountain's current customers. For
3 example, those customers would have access to a 24-hour phone line to report any
4 utility service issues. Those calls initially would be answered by emergency service
5 personnel who are required to respond to emergency service calls within prescribed
6 time limits. Calls would then be transferred into the computerized maintenance
7 management system and converted into work orders, which create a historical
8 record of all reported service issues. Work orders also ensure contracted customer
9 service personnel can quickly and efficiently commence work required to address
10 any customer service issues.

11 In addition, Red Bird would ensure customers have access to customer
12 service representatives during normal business hours to discuss any customer
13 concerns and would establish a utility-specific webpage and dedicated email
14 address to keep customers informed about their utility service. These types of
15 customer service and operational resources generally are not available to customers
16 served by small utilities like Pine Mountain.

17 Information available on Red Bird's website, which is updated regularly,
18 includes dissemination of state-mandated information, up-to-date website bulletins
19 about service issues, and procedures for service initiation or discontinuance.
20 Mirroring relevant utility homepage information, Red Bird provides a dedicated
21 social media page to offer another avenue of communication with customers about
22 utility matters. The social media account is manned by customer service
23 representatives that can answer customer questions. These resources also would

1 provide customers with bulletins on current service status and educational
2 information relevant to their utility service. Finally, Red Bird's platforms offer
3 online bill paying options to customers, including e-checks, debit card, and credit
4 cards.

5 Because of the resources I just described, Red Bird believes the overall
6 quality of customer service will improve if Red Bird is authorized to acquire Pine
7 Mountain's utility assets.

8 **Q. WHAT OTHER OPERATIONAL BENEFITS WOULD RED BIRD BRING**
9 **TO THE PINE MOUNTAIN SYSTEMS AND CUSTOMERS?**

10 A. CSWR currently uses the Computerized Maintenance Management System
11 program called Utility Cloud to facilitate field work, inspections, maintenance
12 schedules, and reporting for all facilities. This allows CSWR to manage data, work,
13 and compliance across plant and distributed field assets. We have implemented
14 Utility Cloud in other jurisdictions to assist in avoiding compliance and equipment
15 failures with real-time data monitoring across people, machines, and sensors
16 throughout all our service areas.

17 The main benefit Utility Cloud offers is that the system is a highly
18 configurable, easy-to-use asset management tool that helps all parties distribute
19 work, report on maintenance, and streamline compliance reports. With the system
20 being highly configurable, Red Bird can build out systems efficiently and begin
21 tracking maintenance and improvements on day one of ownership. Most operators
22 of this system require only a short training session to be able to navigate, create and
23 assign work, and complete work orders. The ability to get Red Bird's contract

1 operators trained on this system so quickly speaks volumes as to how easy the
2 system is to operate.

3 Features of Utility Cloud that CSWR would implement, and that have been
4 beneficial to the operations of its utility affiliates and have streamlined time-
5 consuming processes, include:

- 6 • Automating the completion and submission of compliance reports;
- 7 • Using custom accounts, security roles, and user rights to maintain the
8 separation between projects and managing multiple contractors while
9 storing all CSWR's data in one database;
- 10 • Managing and tracking maintenance history on all assets to assist in
11 identifying potential capital improvement projects;
- 12 • Creating custom alerts as issues arise;
- 13 • Leveraging digital standard operating procedures, manuals, and layouts
14 helping to standardize complex work and meet regulatory and OSHA
15 requirements;
- 16 • Creating workflows and reports for our compliance objectives;
- 17 • Integrating with the survey database to create a useable asset for field
18 work tracking; and
- 19 • Using real-time data and leveraging analytical tools to trend plant
20 performance.

21 Utility Cloud is critical to the operation and maintenance of our utility
22 facilities. The ability to create custom workflows gives us the ability to collect asset
23 and task-specific data quickly and efficiently. Using this system allows CSWR's

1 utility affiliates to quickly implement new processes that apply to all our sites across
2 the country with the click of a button. This is the type of configuration scalability
3 that CSWR requires, and Utility Cloud delivers on behalf of our utility affiliates
4 and their customers.

5 **Q. WHAT EVIDENCE CAN YOU PROVIDE TO SUPPORT YOUR CLAIMS**
6 **ABOUT THE ABILITY OF RED BIRD'S AFFILIATES TO PROVIDE**
7 **THESE SERVICES OUTSIDE NORTH CAROLINA?**

8 A. In Missouri, where CSWR-affiliated companies have operated since 2014, the
9 Missouri Public Service Commission and the Missouri Department of Natural
10 Resources ("MDNR") have recognized the solid track record of CSWR and its
11 affiliates for acquiring, rehabilitating, maintaining, and operating troubled water
12 and wastewater systems. In its Order approving one of our acquisitions, the
13 Missouri Commission noted CSWR's Missouri affiliate's "sound track record in
14 rehabilitating similarly situated [i.e. troubled] systems" and its "ability to acquire,
15 maintain, and operate the systems . . . to ensure safe and adequate service."⁸ And
16 in a letter from the MDNR in June 2023, Red Bird's Missouri affiliate was praised
17 for its

18 willingness to acquire systems with long-standing compliance
19 issues [that] has proven to be beneficial to human health and the
20 environment by bringing many of these systems into compliance
21 with environmental laws. The Department looks forward to
22 continuing to work with [the Missouri affiliate] as it continues to
23 acquire wastewater and public water systems in Missouri, in
24 furtherance of the Department's initiative to encourage
25 regionalization and consolidation of the many private systems in

⁸ *Order Approving Stipulation and Agreement and Granting Certificates of Convenience and Necessity*,
Missouri Public Service Commission File No. WM-2018-0116 (February 4, 2019), at p. 6.

1 Missouri that are struggling to achieve compliance with laws for the
2 protection of public health and the environment.

3 A copy of the MDNR's letter is attached to my testimony as **Cox Direct Exhibit**
4 **3.**

5 Similar sentiments were expressed by the Mississippi State Department of
6 Health in a March 14, 2023, letter to Mississippi Public Service Commissioner
7 Brent Bailey. In that letter, the Department of Health stated:

8 As you may be aware, Great River Utility Company [Red Bird's
9 Mississippi affiliate] has recently acquired several drinking water
10 systems across the state. Great River Utility has worked closely with
11 the [Bureau of Public Water Supply's] compliance and field staff to
12 maintain compliance with the various rules and regulations of the
13 Safe Drinking Water Act. A viable entity such as Great River Utility
14 desiring to help problematic drinking water systems by investing in
15 them for improved services to citizens is very appreciated and
16 supported by the Bureau.

17 A copy of this correspondence is attached to my testimony as **Cox Direct**
18 **Exhibit 4.**

19 As further evidence of our affiliates' capabilities, regulators in Missouri,
20 Texas, Mississippi, Arizona, and Louisiana have asked CSWR and its utility
21 affiliates to assume emergency operational responsibilities for distressed water and
22 wastewater systems in those states. For example, in Texas CSWR-Texas acts as an
23 emergency manager trusted by the Texas Commission to take over some of the
24 state's most troubled utilities. In Louisiana, CSWR was named as the first
25 emergency manager for a water system by the Louisiana Department of Health, in
26 addition to taking over more than a hundred systems pursuant to a Louisiana
27 Department of Environmental Quality agreed Order addressing serious, ongoing
28 environmental compliance issues. In Arkansas and Kentucky, environmental

1 regulators requested that CSWR take over several distressed utilities. And in
2 December 2021, the Arizona Corporation Commission authorized a CSWR affiliate
3 to acquire distressed utilities and approved incentives (including the opportunity to
4 recover all or a significant portion of the difference between purchase price and net
5 book value of acquired assets) for those acquisitions.

6 **Q. DO RED BIRD AND CSWR HAVE THE FINANCIAL CAPACITY TO**
7 **ACQUIRE, OWN, AND OPERATE THE PINE MOUNTAIN SYSTEMS?**

8 A. Yes, Red Bird and CSWR have the financial capacity to finance, own, and operate
9 the systems we propose to acquire from Pine Mountain. The affiliate group of
10 which Red Bird is a member has been able to secure an ongoing commitment from
11 a Wall Street private equity firm to provide capital necessary to purchase small,
12 oftentimes distressed, water and wastewater systems and then make investments
13 necessary to bring those systems into compliance with applicable health, safety,
14 and environmental protection laws and regulations. This investment commitment
15 also includes providing working capital necessary to operate the acquired systems
16 until applications for compensatory rates can be prepared and prosecuted. To date,
17 CSWR, through its affiliates, has invested more than \$536 million to purchase,
18 upgrade, and operate water and wastewater systems. Although those investments
19 have been exclusively in the form of equity, at the appropriate time Red Bird plans
20 to pursue debt financing from non-affiliated commercial sources that would allow
21 the Company to balance its capital structure. Ultimately, Red Bird's objective is to
22 achieve a capital structure consisting of 50%-60% equity and 40%-50% debt.

1 **Q. IF THE AUTHORIZATION REQUESTED IN THE APPLICATION IS**
2 **GRANTED, WOULD RED BIRD HIRE CURRENT EMPLOYEES TO**
3 **PROVIDE SERVICE IN THE AREA SERVED BY PINE MOUNTAIN?**

4 A. No, Red Bird does not plan to hire any current Pine Mountain employees to perform
5 any services after closing.

6 **Q. AFTER CLOSING, HOW DOES RED BIRD PROPOSE TO PROVIDE**
7 **SERVICE TO CUSTOMERS OF THE PINE MOUNTAIN SYSTEMS?**

8 A. If the Application is approved, Red Bird intends to hire a local, non-affiliated third-
9 party Operations and Maintenance (“O&M”) firm that has knowledgeable and
10 experienced personnel, carries required state licenses, and has the insurance
11 coverage necessary to manage daily operations of the Pine Mountain systems.
12 These contracts are competitively bid to ensure that the O&M services Red Bird
13 requires are obtained at a reasonable price. This is the process Red Bird utilized for
14 the Ocean Terrace/Pine Knoll Townes, Bear Den, Crosby, and TESI systems. It
15 also is the approach that Red Bird’s affiliated utility operating companies have
16 successfully employed in every other state where CSWR affiliates operate water
17 and/or wastewater systems.

18 In addition to its service obligations during normal business hours, the
19 O&M firm would be required to have a 24-hour emergency service line, which I
20 previously discussed, to deal with customers experiencing service disruptions.
21 However, notice of all service disruption calls would be forwarded to me, as
22 CSWR’s manager and the executive ultimately responsible for service in the areas
23 served by each of CSWR’s utility affiliates. Further, and as previously described,

1 CSWR uses the Utility Cloud centralized computerized maintenance management
2 system to monitor the performance of our drinking water and wastewater systems,
3 which also allows us to track ongoing maintenance and testing work performed by
4 the O&M contractors we employ at each of our facilities. In addition, CSWR uses
5 geographic information system survey information to accurately map all
6 infrastructure assets, which allows the Company to specifically target ongoing
7 infrastructure re-investment as part of the overall managerial and technical support
8 CSWR provides each of its utility operating affiliates.

9 Red Bird also uses a non-affiliated third-party customer service firm to
10 handle service-related billing questions. Customer service representatives
11 employed by that third-party firm would be available during normal business hours,
12 would take messages twenty-four hours a day, and all customer correspondence
13 would be recorded and logged to consumers' accounts to ensure the highest level
14 of service. This arrangement currently is in place for all CSWR-affiliated utilities,
15 including Red Bird's current operations in North Carolina.

16 While day-to-day operational and customer service functions would be
17 provided by non-employee contractors, all management, financial reporting,
18 underground utility safety and location services, Commission regulatory reporting,
19 environmental regulatory reporting and management, operations oversight, utility
20 asset planning, engineering planning, ongoing utility maintenance planning, utility
21 record keeping, billing, and final customer dispute management would be
22 performed by personnel at CSWR's St. Louis office, with a proportional share of
23 the cost for those services passed down to Red Bird. CSWR personnel also would

1 monitor the activities of the non-employee contractors to make sure the Pine
2 Mountain systems are being operated and maintained properly and customers'
3 needs are being met.

4 **III. DESCRIPTION OF THE PROPOSED TRANSACTION**

5 **Q. PLEASE DESCRIBE THE SYSTEMS RED BIRD PROPOSES TO**
6 **ACQUIRE FROM PINE MOUNTAIN.**

7 A. Red Bird proposes to acquire the water and wastewater systems owned by Pine
8 Mountain Property Owners Association ("POA"). The water systems currently
9 serve approximately 95 residential customers, three POA buildings, a motel, and a
10 restaurant. The wastewater system currently serves approximately 34 residential
11 customers and the aforementioned POA buildings, motel, and restaurant. The water
12 and wastewater systems are located in Burke County.

13 Terms of the proposed asset purchase are governed by the *Purchase and*
14 *Sale Agreement* ("Agreement") between Pine Mountain and Central States. A copy
15 of that Agreement was filed as Confidential Attachment D to the Application.
16 Central States entered into the Agreement with Pine Mountain on March 26, 2021.

17 No closing date for the transaction has been set, but the Agreement
18 identifies various conditions precedent, including obtaining all required regulatory
19 approvals, which must be satisfied before the transaction can close. Section 18 of
20 the Agreement also authorizes Central States to assign all its rights to the acquired
21 assets to an affiliated entity. In accordance with that provision, Central States
22 assigned its rights under the Agreement to Red Bird in April 2022.

1 **Q. WHAT IS THE CONTRACTED PURCHASE PRICE FOR PINE**
2 **MOUNTAIN’S UTILITY ASSETS?**

3 A. Central States contracted to purchase all utility assets of Pine Mountain for
4 **[BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]**. As just noted,
5 Central States later assigned the Agreement to Red Bird.

6 **Q. HAS RED BIRD UNDERTAKEN A PRELIMINARY SURVEY AND**
7 **ANALYSIS OF THE PINE MOUNTAIN SYSTEMS?**

8 A. Yes. As is our normal practice, following execution of the asset purchase agreement
9 and as part of our due diligence efforts we engage a third-party engineering firm to
10 perform a preliminary survey and analysis of the water and/or wastewater system
11 we propose to acquire. In this instance, Red Bird engaged McGill Associates, an
12 engineering firm headquartered in Asheville, North Carolina, to inspect and assess
13 the Pine Mountain systems.

14 McGill surveyed the Pine Mountain water and wastewater systems, and its
15 initial reports were prepared in May 2021. Those reports were filed as Confidential
16 Attachment E to the Application. Pine Mountain’s wastewater system consists of
17 gravity sewer lines, an influent pump station, a concrete measurement flume, an
18 abatement pond, and an extended aeration package wastewater treatment plant that
19 is authorized under NPDES permit NC0036935, which expires July 31, 2025. Two
20 water systems (Pine Mountain Lakes and North Ridge) serve the development. The
21 Pine Mountain Lakes system consists of three wells (two of which currently are in
22 service), two pump stations, two 30,000-gallon storage tanks, one 79,000-gallon
23 storage tank, and one 7,500-gallon hydropneumatic tank. The North Ridge system

1 consists of one well, two pump stations, a 10,000-gallon storage tank, and a 30,000-
2 gallon storage tank.

3 **Q. WHAT IS THE RATE BASE IN THE UTILITY ASSETS TO BE**
4 **ACQUIRED FROM PINE MOUNTAIN?**

5 A. Based on information provided by the current owners, Red Bird determined the net
6 book value for the Pine Mountain systems to be [BEGIN CONFIDENTIAL]
7 [REDACTED] [END CONFIDENTIAL] as of December 31, 2023.

8 **Q. WHAT REMEDIAL WORK ON THE PINE MOUNTAIN SYSTEMS DID**
9 **MCGILL RECOMMEND?**

10 A. McGill preliminarily assessed the Pine Mountain wastewater system to require
11 improvements and upgrades totaling approximately \$522,000. The estimated cost
12 of recommended improvements to Pine Mountain's two water systems was
13 approximately \$753,950 during the initial five years of ownership with an
14 additional capital investment of approximately \$140,000 required during the
15 subsequent five-year period. McGill's specific findings and recommendations are
16 detailed in Confidential Attachment E to the Application.

17 **Q. AFTER CLOSING, WHAT INVESTMENTS DOES RED BIRD PLAN TO**
18 **MAKE TO ADDRESS ISSUES CONFRONTING THE PINE MOUNTAIN**
19 **SYSTEMS?**

20 A. As I previously stated, McGill's preliminary estimate of the cost of the work and
21 capital requirements required to address problems and projected compliance issues
22 with the Pine Mountain water and wastewater systems exceeds \$1.7 million over
23 the first ten years of ownership. However, McGill's survey of the Pine Mountain

1 systems was based on data provided by the seller, information available from public
2 records, and information gathered during a field survey of visible, above-ground
3 assets, and did not include detailed investigation of system components, any system
4 testing procedures, or an inspection or assessment of pipelines, valves, or other
5 below-ground facilities. For those reasons, the survey and capital estimates are
6 preliminary.

7 Regarding the information just discussed, I want to emphasize that these
8 recommendations and capital estimates are preliminary, and capital investment
9 actually required to meet each system's actual needs may be greater or less
10 McGill's estimates. If our affiliate group's ownership and operation of more than
11 800 water and wastewater systems in ten other states has taught us anything, it's
12 that we can never precisely know what capital investment will be required for
13 repairs and upgrades until we have a chance to operate the systems we acquire.
14 Only after having some experience with operating the acquired facilities can we
15 truly determine the nature and full extent of the problems those systems face, and
16 the most cost-effective ways to address and remedy those problems. I am certain
17 we will find that true for the Pine Mountain systems as well. Whatever problems
18 ultimately are determined to exist and require remediation – problems that equally
19 confront the current owner selling the Pine Mountain systems or any other party
20 seeking to acquire those systems – Red Bird will fix those problems in the most
21 cost-effective way possible. Our track record outside North Carolina is clear:
22 CSWR does not invest capital unnecessarily, and it does not "gold plate" the
23 systems it owns and operates. We invest the capital needed to provide safe, reliable,

1 and environmentally compliant water and wastewater service. This is the same
2 attitude and track record we will bring to the Pine Mountain systems as well.

3 **Q. WHAT IS THE COMPLIANCE HISTORY OF THE PINE MOUNTAIN**
4 **SYSTEMS?**

5 A. Based on data reported in the United States Environmental Protection Agency's
6 ECHO database, the Pine Mountain water systems have been out of compliance
7 four of the last 12 calendar quarters, were the subject of one formal and one
8 informal enforcement action within the past five years and were cited for six Safe
9 Drinking Water Act violations during that same period. Pine Mountain's
10 wastewater system was out of compliance four of the past 12 calendar quarters and
11 was the subject of four formal and six informal enforcement actions within the past
12 five years. System violations included exceedances of fecal coliform, BOD, and
13 suspended solids limits. Although these are far from the worst systems our affiliate
14 group has encountered, I view this record of wastewater non-compliance as a matter
15 of concern because the violations involve the release of pathogens into the
16 environment that are potentially harmful to customers and others who may come
17 into contact with the improperly treated effluent.

1 **Q. IF THE COMMISSION DETERMINES IT IS NECESSARY TO DECIDE**
2 **WHETHER AN ACQUISITION ADJUSTMENT IS WARRANTED IN THIS**
3 **PROCEEDING, DOES RED BIRD SEEK APPROVAL OF AN**
4 **ACQUISITION ADJUSTMENT IN CONNECTION WITH ITS PROPOSED**
5 **ACQUISITION OF THE PINE MOUNTAIN SYSTEMS?**

6 A. No. Because the purchase price is less than Red Bird's calculation of the net book
7 value of the Pine Mountain systems, and assuming the Commission accepts that
8 valuation for purposes of determining rate base, Red Bird is not seeking an
9 acquisition adjustment in this case. If the valuation ultimately set by the
10 Commission is less than the agreed-upon purchase price, Red Bird would seek an
11 acquisition adjustment to cover all or a portion of that difference. Regardless, it is
12 our position that both the valuation determination and the acquisition adjustment
13 are issues that should be deferred to Red Bird's initial rate case that includes the
14 Pine Mountain systems.

15 **Q. IF THE COMMISSION APPROVES THE APPLICATION, IS RED BIRD**
16 **WILLING AND ABLE TO MAKE ANY IMPROVEMENTS NECESSARY**
17 **TO BRING PINE MOUNTAIN'S SYSTEMS INTO COMPLIANCE WITH**
18 **APPLICABLE REGULATIONS?**

19 A. Yes. If the Commission grants Red Bird the approval sought in the Application,
20 Red Bird and CSWR are willing and able to invest the capital necessary to bring
21 the Pine Mountain systems into compliance with applicable regulatory and legal
22 requirements. As I described previously, the affiliate group of which Red Bird and
23 CSWR are a part of has access to the capital necessary to address needs and

1 deficiencies in the Pine Mountain systems and to operate those systems in a manner
2 that is in the public interest and complies with applicable statutes, rules, and
3 regulations.

4 **Q. WHAT RATES, RULES, AND REGULATIONS WOULD BE IN EFFECT**
5 **FOR THE PINE MOUNTAIN SYSTEMS THAT ARE THE SUBJECT OF**
6 **THESE DOCKETS?**

7 A. Initially, Red Bird proposes to adopt the rates currently in effect for the Pine
8 Mountain systems. As such, residential customers and the three POA buildings
9 would continue to be billed a flat rate of \$35.56 per month for water utility service.
10 The motel and the restaurant would each continue to be billed a flat rate of \$100.00
11 per month for water utility service. For wastewater utility service, residential
12 customers would continue to be charged a flat rate of \$27.72 per toilet, as would
13 the three POA buildings. A flat rate of \$243.52 per month for wastewater utility
14 service would continue to be charged to the motel and the restaurant. Nevertheless,
15 if the rates for those systems prove to be inadequate to cover reasonable and prudent
16 operating costs and provide the opportunity to earn a fair rate of return on our
17 investment, Red Bird will petition the Commission to increase rates. Red Bird may
18 also seek authority to eventually consolidate rates of the systems that are the subject
19 of these dockets with those of other water and wastewater systems it hopes to
20 acquire.

1 **Q. BEYOND THE ISSUE OF WHETHER RED BIRD HAS THE FINANCIAL,**
2 **TECHNICAL, AND MANAGERIAL ABILITY NECESSARY TO BE**
3 **ALLOWED TO ACQUIRE, OWN AND OPERATE THE PINE MOUNTAIN**
4 **SYSTEMS, WHAT ADDITIONAL DETERMINATIONS HAS THE**
5 **COMMISSION TYPICALLY MADE IN A CPCN DOCKET LIKE THIS?**

6 A. Prior to the amendment to N.C.G.S. § 62-111 discussed below, the Commission
7 historically has gone beyond the threshold issue of competence and established rate
8 base in the acquired assets, as well as the purchaser's due diligence costs associated
9 with the acquisition. Based on our experience in other jurisdictions, and since the
10 approval of this Application is not a rate making proceeding, I would expect those
11 issues to be deferred to the Company's initial post-acquisition rate case. That is
12 effectively what the Commission did when it deferred issues related to Red Bird's
13 interim operating costs in the Ocean Terrace/Pine Knoll Townes docket and would
14 seem to be an appropriate approach in a similar CPCN proceeding such as this one.

15 I also note the law applicable to water and wastewater acquisitions recently
16 changed since the Commission decided the Ocean Terrace/Pine Knoll Townes,
17 Bear Den, and Crosby cases. Changes to N.C.G.S. § 62-111 enacted by the General
18 Assembly and signed into law in June of 2023 provide that the Commission "shall
19 issue an order approving an application" to acquire water and wastewater system
20 assets if the proposed acquisition "is in the public interest, will not adversely affect
21 service to the public under any existing franchise, and the person acquiring said
22 franchise . . . has the technical, managerial, and financial capabilities necessary to
23 provide public utility service to the public." By limiting the focus of the

Commission's inquiry in acquisition cases I believe the General Assembly has signaled that extraneous issues – such as rate base, whether an acquisition adjustment should be approved, and recovery of due diligence costs – should be deferred to a rate case or other post-acquisition proceedings.

Q. WHAT COSTS HAS RED BIRD INCURRED IN CONDUCTING ITS DUE DILIGENCE INQUIRY AND INVESTIGATION RELATING TO THE PINE MOUNTAIN SYSTEMS?

A. We will not know the total due diligence and transactional costs associated with this (or any other) acquisition until the purchase actually closes. Our experience is that smaller systems often require more due diligence work than larger, better managed systems because the document management, record keeping, and regulatory compliance tendencies associated with smaller systems tends to be poor and often incomplete, requiring additional efforts to attempt to accurately determine what exists in the ground and in areas that sometimes have not been maintained for decades.

The due diligence activities undertaken by Red Bird in connection with the acquisition of the Pine Mountain systems included surveying work, legal title work, preliminary civil engineering work, environmental compliance site surveys, and accounting due diligence. As shown on **Cox Direct Exhibit 5**, as of the date of my testimony Red Bird has incurred costs totaling \$231,178.70 for due diligence, transactional, and regulatory work related to the acquisition of the Pine Mountain systems.

1 **Q. WHAT IS THE ROLE OF DUE DILIGENCE INVESTIGATIONS IN**
2 **CONNECTION WITH EVALUATION OF POTENTIAL ACQUISITIONS?**

3 A. Due diligence efforts provide preliminary insight to a potential purchaser as to the
4 condition of a utility system and the problems and issues that must be addressed.
5 As noted above, the full scope and scale of those problems cannot be truly known
6 until we have acquired and begun to operate a system. Due diligence is not a process
7 that is limited to utility acquisitions. Any business considering a significant
8 acquisition routinely conducts due diligence to determine the condition of the assets
9 it proposes to acquire, to confirm that clear title to those assets can be acquired, and
10 to estimate the nature and extent of required future capital investments.

11 The Commission should encourage due diligence in reviewing possible
12 utility acquisitions with the knowledge that not every system that is reviewed will
13 be acquired. This is especially the case with regard to troubled and distressed
14 systems, where investment is required to address problems and bring systems into
15 compliance. Without due diligence it would be impossible for Red Bird to acquire
16 systems with a reasonable understanding of what will be required to operate the
17 systems in a manner that ensures customers receive safe and reliable utility service.
18 Without the basic knowledge our due diligence activities provide about systems we
19 acquire, achieving the objectives I just mentioned would be extremely difficult if
20 not impossible.

21 CSWR prudently investigates acquisition opportunities that present
22 themselves and this analysis necessarily involves the expenditure of time by
23 properly trained employees and the use of consulting engineers, lawyers,

1 accountants, and other experts. There are some potential acquisitions which, after
2 proper due diligence, are shown to be not in the best interests of CSWR or its
3 operating subsidiaries' customers. Nonetheless, these are legitimate business
4 expenses and this type "opportunity cost" should be shared with customers, just as
5 the benefits of completed acquisitions are shared. These efforts are necessary in
6 order to make prudent acquisition decisions and are a reasonable and necessary part
7 of this process. Due diligence activities also provide information useful in
8 determining whether an acquisition application should be approved. For these and
9 other reasons, Red Bird believes it is reasonable and appropriate that the
10 Company's due diligence costs associated with investigating the Pine Mountain
11 system and transactional costs incurred to this point, as shown in **Cox Direct**
12 **Exhibit 5**, be included in rate base, subject to being recovered in the Company's
13 first general rate case.

14 Establishing a regulatory policy that such costs are unrecoverable in rates
15 would create a significant disincentive for future acquisitions in North Carolina,
16 including those of troubled and distressed water and/or wastewater systems whose
17 acquisition by competent and adequately capitalized companies like Red Bird
18 clearly is in the public interest. Finally, as for regulatory costs, those are
19 unavoidable because Commission review and approval of public utility acquisitions
20 is required by law. As further evidence of how "mainstream" due diligence and
21 regulatory costs are to transactions such as the one currently under consideration, I
22 note the Uniform System of Accounts for small water and wastewater companies,

1 which was created by the National Association of Regulatory Utility
2 Commissioners, expressly provides for the capitalization of those costs.

3 **Q. ARE RED BIRD AND CSWR FAMILIAR WITH THE COMMISSION'S**
4 **RULES AND REGULATIONS GOVERNING WATER AND SEWER**
5 **UTILITIES AND DO THOSE COMPANIES PLEDGE TO OPERATE THE**
6 **SYSTEMS AT ISSUE IN THIS DOCKET IN A MANNER THAT**
7 **COMPLIES WITH THOSE RULES AND REGULATIONS?**

8 A. Yes, CSWR and Red Bird are familiar with the Commission's rules and regulations
9 and pledge to operate the Pine Mountain systems in a manner that complies with
10 all Commission rules and all applicable state statutes and regulations.

11 **Q. HOW DOES RED BIRD PROPOSE TO SATISFY THE FINANCIAL**
12 **SECURITY REQUIREMENTS IMPOSED BY COMMISSION RULE R7-**
13 **37?**

14 A. To provide the financial security required by the Commission's rules, Red Bird will
15 post its own bond, to be secured by a corporate surety bond in a form that complies
16 with Commission Rule R7-37.

17 **IV. CONCLUSION**

18 **Q. DO YOU BELIEVE THE PROPOSED TRANSACTION IS IN THE PUBLIC**
19 **INTEREST?**

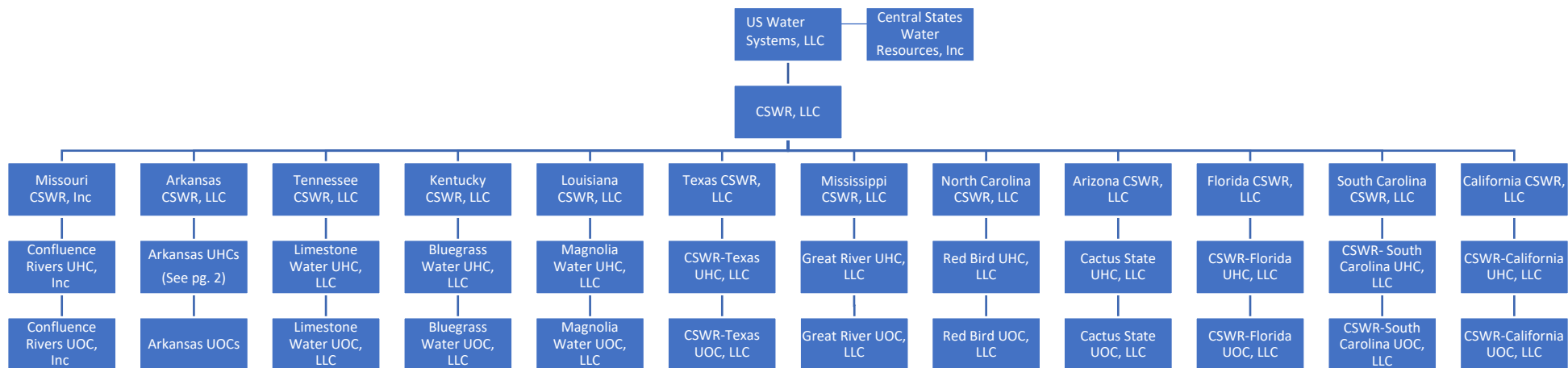
20 A. Yes. I believe Red Bird's proposed acquisition of the water and wastewater systems
21 currently owned and operated by Pine Mountain will be consistent with and would
22 promote the public interest. For the reasons I previously articulated, approving the
23 acquisition of these systems to a well-capitalized enterprise that is a professional

1 utility, will be in the best interest of the Pine Mountain customers. Red Bird and
2 CSWR are fully qualified, in all respects, to own and operate these systems and to
3 otherwise provide safe and adequate service.

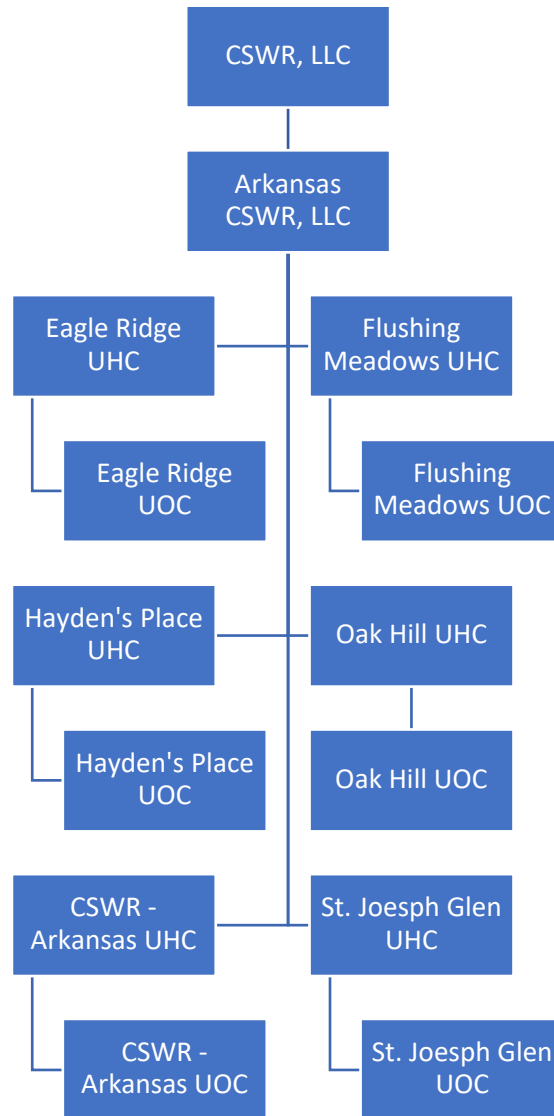
4 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

5 A. Yes.

Central States Water Resources Corporate Entity Organizational Chart



Arkansas CSWR Organizational Chart Detail



Feb 09 2024

OFFICIAL COPY

Josiah Cox – President

Mr. Cox is President of Red Bird Utility Operating Company, LLC, Red Bird Utility Holding Company, LLC, and also of, CSWR, LLC, (“CSWR”) and Central States Water Resources, Inc. All those companies are part of an affiliated group that provides water and/or wastewater utility services to approximately 150,000 customers in 11 states.

Mr. Cox received a Bachelor of Science degree with a major in Environmental Science from the University of Kansas where he was also a student-athlete. Professionally he has worked at the Kansas state biological survey, where he performed a wildlife habitat study. He then worked at a civil engineering firm where he was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. He focused mainly on the water and wastewater side of the civil engineering business and participated in every aspect of that business from waste-load allocation studies (now known as the anti-degradation processes), to design, permitting, project management, and construction management. He also ran the firm's environmental consulting division and was the second private consultant to submit a Water Quality Impact Assessment in the state of Missouri in 2003. He later joined the engineering firm's executive leadership team and helped run all the firm's operations.

Beginning in 2005, he formed a full-service civil engineering, environmental consulting, general contracting, and construction management firm. He gained extensive experience with rural communities in every facet of the water and wastewater compliance process, including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. The firm performed stream sampling and built waste- load allocation models to determine receiving water-body protective permit-able effluent pollutant loads. They did full engineering design of multiple whole community water and wastewater infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and delivered these designs through federal and state administered permitting processes in Missouri. The engineering firm also administered the construction of these water and wastewater systems from green field site selection all the way through system startup and final engineering sign-off. During this time, Mr. Cox also began the Master of Business Administration (MBA) program at Washington University in St. Louis, from which he earned his advanced degree and graduated in 2007.

Additionally, beginning in 2008, Mr. Cox took over the operations of a rural sewer district where he managed the functioning, testing, and maintenance of this system. In that capacity, he also acted as the administrator for the system, performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, customer service, and public town meetings required to service the community. He no longer has any responsibilities for that system.

In late 2010, after working on several small, distressed water and wastewater systems, Mr. Cox created a business plan to acquire and recapitalize failing systems as investor-owned, regulated water and wastewater utility companies. In early 2011, he went to the capital markets to raise money to implement his plan, and over a period of approximately three years met with more than fifty- two infrastructure investment groups in an attempt to raise necessary financing. In February 2014, he was able to raise sufficient debt and equity capital to start CSWR. In 2018, he attracted an additional large institutional private equity investor, which allowed CSWR to expand

the scope of its business plan. Since its formation, CSWR has acquired, and is currently operating more than 800 water and/or wastewater systems in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas.

Marty Moore – Chief Financial Officer

Marty Moore is the Chief Financial Officer of CSWR, LLC, and has held this position since April 2020. As CFO, Mr. Moore provides leadership, direction, and oversight of the finance and accounting teams, managing the process for financial forecasting, budgeting, and reporting in addition to overseeing the human resources and risk management functions.

After receiving a Bachelor of Business Administration in Accounting from Abilene Christian University, Mr. Moore gained a wide range of financial management experience. Moore's extensive senior-level finance and operational expertise includes serving as CFO of international automation equipment manufacturer Baldwin Technology Co., a company he helped Barry- Wehmiller/Forsyth Capital take private in 2012. Prior to that, Mr. Moore held senior leadership positions with Summit Marketing, Consolidated Terminals, Barnhill's Buffet Inc., and Global Materials Services. He began his career at Arthur Andersen. Moore most recently led finance and corporate services as CFO of Gardner Capital, a national affordable housing and renewable energy developer, investor, and tax credit syndicator. He has an extensive background in mergers and acquisitions and works alongside Mr. Cox in accelerating the company's already rapid growth trajectory.

Todd Thomas – Senior Vice President

Todd Thomas holds the office of Senior Vice President of CSWR. Mr. Thomas received his Bachelor of Science in Civil Engineering from The Missouri University of Science and Technology, and a Master of Business Administration from Washington University in St. Louis.

Before joining CSWR, Mr. Thomas was President of Brotcke Well and Pump, Vice President of Operations and Business Development of the Midwest for American Water Contract Operations, and General Manager of Midwest Operations for Environmental Management Corporation. Mr. Thomas currently serves on the Technical Advisory Team for the Public Water Supply District 2 of St. Charles County, MO.

Mr. Thomas's past positions in related industries has provided him with extensive experience in water and sewer utilities. He has in depth, firsthand knowledge about the amount of damage resulting from the lack of maintenance on a well system, and he understands how much money and effort are required to restore a well system after neglect.

In his position as Senior Vice President at CSWR, Mr. Thomas's primary responsibilities include utility operations along with the acquisition, development, and rate stabilization of CSWR-affiliated utilities. Those duties include operations, maintenance, capital planning, and regulatory compliance for all affiliate-owned facilities. He is responsible for the management of all operations and maintenance service providers, and engineering firms.

Mike Duncan – Vice President

Mike Duncan is the Vice President of CSWR and was promoted to that position in October 2020. As Vice President, he has played an integral role in researching, preparing, filing, and processing acquisition applications in Missouri, Kentucky, Tennessee, Louisiana, Texas, North Carolina, and Mississippi. He also has taken a leading role in preparing and filing rate cases in Missouri, Kentucky, and Louisiana.

After receiving his Bachelor of Arts degree from Washington University in St. Louis, the first eleven years of his career were spent as an administrator and later director at a non-profit organization in St. Louis, Missouri. As Executive Director, Mr. Duncan oversaw accounting, finance, human resources, IT, and communications for the organization. During his employment he earned his Master of Business Administration from the Olin School of Business at Washington University. Prior to joining CSWR, he spent two years as Director of Operations with NAPA Auto Tire & Parts, a partner-owned chain of auto parts stores, overseeing projects related to distribution, logistics, IT, and general management.

Jake Freeman – Director of Engineering

Jake Freeman is the Director of Engineering of CSWR and has held this position since January 2019. As Director of Engineering, he oversees the engineering, surveying, and facility construction upgrades for all newly acquired CSWR water and wastewater utilities including those in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. He also oversees ongoing capital upgrade projects on all CSWR affiliated and operated facilities.

After receiving a Bachelor of Science degree in Mechanical Engineering from the University of Missouri – Columbia, Mr. Freeman spent the first two years of his career working for Corrigan Mechanical, a design-build mechanical contractor in St. Louis, where he designed, estimated, and managed plumbing, HVAC and process piping construction projects in Missouri and southern Illinois. He then spent eleven years performing similar tasks for Brotcke Well & Pump, a well and pump service contractor servicing water wells and water treatment equipment throughout Missouri, Illinois, Kentucky, and Kansas. Prior to his employment with CSWR, he held the position of Vice President of Brotcke Well & Pump and Principal for their engineering services and managed their newly opened office in Kansas City.

Jo Anna McMahon - Vice President of Government Affairs

Jo Anna McMahon is the Vice President of Government Affairs for CSWR. Ms. McMahon holds several top water and wastewater certifications throughout the country. She received her Bachelor of Business Administration degree from the University of Arkansas at Little Rock, and will be graduating in May 2023 with a Master of Business Administration degree from Washington University in St. Louis, Missouri.

Before joining CSWR, Ms. McMahon worked for both public and private utilities, respectively serving a both municipality and military installations. Ms. McMahon has extensive experience as both an Operations Coordinator and as a Specification Specialist.

In her previous position as Director for Environmental Health and Safety at CSWR, her responsibilities included managing daily operations of wastewater and water treatment facilities of various sizes ranging from 3,600 gallons per day (gpd) to 64,000,000 gpd. Throughout that time, Ms. McMahon led teams of operators in creating and executing infrastructure improvement plans, managing and developing employees, and providing a standard of excellence in customer service while keeping facilities and operations within regulatory compliance.

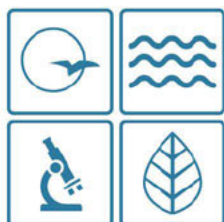
Ms. McMahon's previous employment equipped her with invaluable experience in water and sewer utilities. She has a wide range of firsthand experience in managing water and wastewater treatment facilities safely and in a financially and operationally sound manner.

Chelsie Carter - Director of Customer Experience

Chelsie Carter is the Director of Customer Experience at CSWR. Ms. Carter joined CSWR in 2021 as Customer Experience Manager and was promoted to Director level within seven months, leading an overhaul of the CSWR's customer service functions during a period of dramatic growth.

Ms. Carter first earned a Bachelor of Science degree followed by her Master of Business Administration from Lindenwood University. She has a strong background in training and management as well as extensive experience with utility providers. Prior to joining CSWR, she led the Accounts Receivable division at the St. Louis Metropolitan Sewer District, where she also served as the point of contact for dozens of major accounts. Areas of oversight included billing \$34M per month in customer invoices, customer service for 430k customers, processing an average of \$1M in payment remittance per day and collecting more than \$92M in delinquent accounts. Ms. Carter also spent 16 years with American Water, starting as the supervisor for the Customer Call Center and working her way up to Business Services Specialist. In this role she was the point of contact for the Public Service Commission on customer-related issues and resolutions. She has provided direction and support for several rate cases, acquisitions, and software implementations.

Since joining CSWR, Ms. Carter continues to oversee the entire customer life cycle, focusing on improving the customer experience in the areas of self-service, software systems and processes.



MISSOURI
DEPARTMENT OF
NATURAL RESOURCES

Michael L. Parson
Governor

Dru Buntin
Director

June 22, 2023

OFFICIAL COPY VIA EMAIL

Josiah Cox
Confluence Rivers Utility Operating Company, Inc.
1650 Des Peres Road, Suite 303
Des Peres, MO 63131

RE: Confluence Rivers Utility Operating Company

Dear Josiah Cox:

The Missouri Department of Natural Resources regulates approximately 5,000 domestic wastewater treatment systems and approximately 2,700 public water systems in the State that are subject to the Missouri Clean Water Law and the Missouri Safe Drinking Water Law, respectively. The Department's primary goal as the regulatory authority in administering these state laws is to ensure environmental protection and human health and safety against pollution and health risks that may be caused by failing or improperly operating wastewater treatment systems and public water systems. The Department promotes compliance through compliance assistance, education, and, when necessary, enforcement actions. When systems end up in enforcement, it is often a result of limited resources and available solutions, which can sometimes draw cases out over a period of years.

When systems are unable to resolve their technical, managerial, or financial problems, one reliable solution is selling the system to a higher-performing utility operating company. In Missouri, Confluence Rivers Utility Operating Company, Inc. (CRUOC) is one of the few utility operating companies who is willing to acquire some of the most difficult failing systems. CRUOC has consistently taken swift actions after taking control of these systems to bring them into compliance by employing qualified operators, effectively administering and managing the systems, and investing in repairs and upgrades.

CRUOC's willingness to acquire systems with long-standing compliance issues has proven to be beneficial to human health and the environment by bringing many of these systems into compliance with environmental laws. The Department looks forward to continuing to work with CRUOC as it continues to acquire wastewater and public water systems in Missouri, in furtherance of the Department's initiative to encourage regionalization and consolidation of the many private systems in Missouri that are struggling to achieve compliance with laws for the protection of public health and the environment.



If you have any questions regarding this correspondence, you may contact Joe Clayton at Department of Natural Resources, Water Protection Program, Compliance and Enforcement Section, P.O. Box 176, Jefferson City, MO 65102-0176; by phone at 573-522-1120; or by email at cwenf@dnr.mo.gov. Thank you for your cooperation in this matter.

Sincerely,

WATER PROTECTION PROGRAM



Joe Clayton
Compliance and Enforcement Section Chief

JC/ehh

c: Lance Dorsey, Chief, PDWB, Compliance and Enforcement



STATE OF MISSISSIPPI
TATE REEVES
GOVERNOR
MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
CHRIS WELLS, EXECUTIVE DIRECTOR

February 27, 2023

Commissioner Brent Bailey
MPSC-Central District
Woolfolk Building
501 North West Street
Suite 201A
Jackson, MS 39201 P.O. Box

Dear Commissioner Bailey:

The Mississippi Department of Environmental Quality (MDEQ) shares a common desire with you and other members of the Mississippi Public Service Commission (PSC) to provide our citizens with reliable, affordable, and safe utilities statewide. While our role as the State's environmental regulatory agency may differ slightly from the role of the PSC, we appreciate the partnership we have with your organization in accomplishing these shared goals.

As you are aware, our two organizations have worked closely together through the years specifically on wastewater utilities as MDEQ has environmental regulatory oversight for most of these operations. Furthermore, our organizations continue to see a limited number of wastewater utilities around the state dissolve and/or systems abandoned where citizens serviced by those utilities are left with failing, non-compliant systems. Recently, MDEQ and PSC has worked even more closely to find solutions to known problematic systems that were creating imminent environmental impacts and/or potential health impacts to citizens in the vicinity of these failing systems.

A specific example of our successful partnership has been working with Great River Utility in their recent acquisition of several failing/abandoned wastewater utilities across the state. Great River Utility has worked closely with MDEQ technical staff and made binding commitments to bring these systems back into compliance. A viable entity seeking out troubled utilities/wastewater systems and returning reliable, compliant services to citizens is a welcomed concept by MDEQ. We believe our partnership with the PSC to identify problematic systems and finding long term solutions, as in the case of Great River, reflects very clearly shared goals and objectives.

We appreciate Great River Utilities' commitment to regulatory compliance, and MDEQ remains committed to our partnership with PSC to find sensible solutions to shared problems. If we may be of additional service to the PSC, please do not hesitate to contact us.

Sincerely,

Chris Sanders

Chris Sanders, P.E., BCEE
Director, Office of Pollution Control

OFFICIAL COPY

Feb 09 2024

Vendor	Inv #	Amount	Acquisition
Burns, Day & Presnell, P.A.	69885	1,949.38	Pine Mountain
Beckemeier LeMoine Law	75-020	587.00	Pine Mountain
Burns, Day & Presnell, P.A.	70465	637.50	Pine Mountain
The Beckemeier Law Firm LC	75-019	570.50	Pine Mountain
Beckemeier LeMoine Law	75-021	1,475.50	Pine Mountain
Burns, Day & Presnell, P.A.	70885	391.95	Pine Mountain
Beckemeier LeMoine Law	75-022	469.00	Pine Mountain
Beckemeier LeMoine Law	75-024	56.00	Pine Mountain
Law Firm Carolinas	234715	143.75	Pine Mountain
Burns, Day & Presnell, P.A.	71446	708.34	Pine Mountain
Beckemeier LeMoine Law	75-025	56.00	Pine Mountain
Beckemeier LeMoine Law	75-028	118.00	Pine Mountain
Law Firm Carolinas	238548	522.00	Pine Mountain
Burns, Day & Presnell, P.A.	71647	1,466.66	Pine Mountain
Law Firm Carolinas	239900	5,767.50	Pine Mountain
Law Firm Carolinas	240967	1,561.33	Pine Mountain
Burns, Day & Presnell, P.A.	71928	1,772.68	Pine Mountain
Beckemeier LeMoine Law	75-034	1,663.00	Pine Mountain
21 Design Group Inc.	7392	90.00	Pine Mountain
21 Design Group Inc.	7393	225.00	Pine Mountain
21 Design Group Inc.	8216	57.50	Pine Mountain
21 Design Group Inc.	8613	57.50	Pine Mountain
21 Design Group Inc.	8962	3,837.50	Pine Mountain
McGill Associates, P.A.	19.00346-11137	589.00	Pine Mountain
21 Design Group Inc.	9308	1,918.75	Pine Mountain
McGill Associates, P.A.	19.00346-11425	10,283.25	Pine Mountain
21 Design Group Inc.	9309	86.25	Pine Mountain
McGill Associates, P.A.	19.00346-11733	2,015.00	Pine Mountain
21 Design Group Inc.	9735	425.00	Pine Mountain
21 Design Group Inc.	11928	90.00	Pine Mountain
21 Design Group Inc.	11929	522.50	Pine Mountain
McGill Associates, P.A.	19.00346-12570	1,194.50	Pine Mountain
McGill Associates, P.A.	19.00346-12874	88.00	Pine Mountain
Law Firm Carolinas	244380	343.75	Pine Mountain
21 Design Group Inc.	12349	1,163.75	Pine Mountain
21 Design Group Inc.	12350	2,935.84	Pine Mountain
Law Firm Carolinas	245500	481.25	Pine Mountain
Beckemeier LeMoine Law	75-035	5,227.20	Pine Mountain
21 Design Group Inc.	12750	60.00	Pine Mountain
21 Design Group Inc.	12751	660.00	Pine Mountain
21 Design Group Inc.	12884	2,535.75	Pine Mountain
21 Design Group Inc.	12885	2,535.75	Pine Mountain
Beckemeier LeMoine Law	75-036	820.80	Pine Mountain
Burns, Day & Presnell, P.A.	72395	233.75	Pine Mountain
21 Design Group Inc.	13266	1,587.50	Pine Mountain
21 Design Group Inc.	13267	6,070.23	Pine Mountain

Vendor	Inv #	Amount	Acquisition
Burns, Day & Presnell, P.A.	72563	382.50	Pine Mountain
Law Firm Carolinas	247578	599.11	Pine Mountain
Beckemeier LeMoine Law	75-037	3,768.00	Pine Mountain
Burns, Day & Presnell, P.A.	72613	595.00	Pine Mountain
Beckemeier LeMoine Law	75-038	5,035.20	Pine Mountain
Law Firm Carolinas	248667	687.50	Pine Mountain
Law Firm Carolinas	249559	1,416.75	Pine Mountain
21 Design Group Inc.	13669	457.50	Pine Mountain
21 Design Group Inc.	13670	500.00	Pine Mountain
Beckemeier LeMoine Law	75-039	4,560.00	Pine Mountain
Burns, Day & Presnell, P.A.	72817	956.25	Pine Mountain
Beckemeier LeMoine Law	75-040	3,800.00	Pine Mountain
Burns, Day & Presnell, P.A.	72941	361.25	Pine Mountain
Burns, Day & Presnell, P.A.	72944	616.25	Pine Mountain
21 Design Group Inc.	14096	4,173.93	Pine Mountain
21 Design Group Inc.	14097	68,203.18	Pine Mountain
21 Design Group Inc.	14550	1,420.06	Pine Mountain
21 Design Group Inc.	14551	720.06	Pine Mountain
21 Design Group Inc.	15019	155.00	Pine Mountain
Beckemeier LeMoine Law	75-041	851.20	Pine Mountain
Law Firm Carolinas	252408	450.00	Pine Mountain
Beckemeier LeMoine Law	75-042	60.80	Pine Mountain
21 Design Group Inc.	15502	700.00	Pine Mountain
21 Design Group Inc.	15630	420.00	Pine Mountain
Burns, Day & Presnell, P.A.	73397	42.50	Pine Mountain
Beckemeier LeMoine Law	75-043	668.80	Pine Mountain
21 Design Group Inc.	16175	877.93	Pine Mountain
21 Design Group Inc.	16176	877.94	Pine Mountain
Beckemeier LeMoine Law	75-044	60.80	Pine Mountain
21 Design Group Inc.	16700	1,991.01	Pine Mountain
21 Design Group Inc.	16701	1,991.01	Pine Mountain
Law Firm Carolinas	257276 NC	948.89	Pine Mountain
Burns, Day & Presnell, P.A.	73827	297.50	Pine Mountain
21 Design Group Inc.	17309	3,691.59	Pine Mountain
21 Design Group Inc.	17310	3,691.59	Pine Mountain
21 Design Group Inc.	17625	4,963.84	Pine Mountain
21 Design Group Inc.	17626	4,847.59	Pine Mountain
Beckemeier LeMoine Law	75-045	121.60	Pine Mountain
Beckemeier LeMoine Law	75-046	3,445.80	Pine Mountain
Burns, Day & Presnell, P.A.	73980	361.25	Pine Mountain
Beckemeier LeMoine Law	75-047	1,409.00	Pine Mountain
21 Design Group Inc.	18118	478.46	Pine Mountain
21 Design Group Inc.	18119	200.96	Pine Mountain
21 Design Group Inc.	18605	1,247.21	Pine Mountain
21 Design Group Inc.	18606	1,217.21	Pine Mountain
21 Design Group Inc.	19240	3,037.62	Pine Mountain

Vendor	Inv #	Amount	Acquisition
21 Design Group Inc.	19241	3,007.62	Pine Mountain
21 Design Group Inc.	19774	803.45	Pine Mountain
21 Design Group Inc.	19775	803.45	Pine Mountain
Beckemeier LeMoine Law	75-049	864.00	Pine Mountain
Beckemeier LeMoine Law	75-050	64.00	Pine Mountain
Burns, Day & Presnell, P.A.	74388	63.75	Pine Mountain
Beckemeier LeMoine Law	75-052	64.00	Pine Mountain
Burns, Day & Presnell, P.A.	74719	127.50	Pine Mountain
TRC Environmental Corporation	C-2023-001 58817	193.55	Pine Mountain
21 Design Group Inc.	20101	1,241.55	Pine Mountain
21 Design Group Inc.	20102	1,241.56	Pine Mountain
Law Firm Carolinas	258615 NC	1,550.00	Pine Mountain
21 Design Group Inc.	20343	33.75	Pine Mountain
21 Design Group Inc.	20344	33.75	Pine Mountain
Burns, Day & Presnell, P.A.	74873	467.50	Pine Mountain
Beckemeier LeMoine Law	75-054	64.00	Pine Mountain
21 Design Group Inc.	20710	2,655.92	Pine Mountain
21 Design Group Inc.	20711	2,655.92	Pine Mountain
Burns, Day & Presnell, P.A.	74993	106.25	Pine Mountain
Burns, Day & Presnell, P.A.	75103	85.00	Pine Mountain
21 Design Group Inc.	21462	685.20	Pine Mountain
21 Design Group Inc.	21463	685.21	Pine Mountain
Burns, Day & Presnell, P.A.	75379	233.75	Pine Mountain
Burns, Day & Presnell, P.A.	75447	467.50	Pine Mountain
Windley E. Henry	PS2023-20	1,235.94	Pine Mountain
21 Design Group Inc.	21844	72.50	Pine Mountain
21 Design Group Inc.	22339	294.09	Pine Mountain
21 Design Group Inc.	22340	294.09	Pine Mountain
Troutman Pepper Hamilton Sanders LLP	30655661	6,236.45	Pine Mountain
Windley E. Henry	PS2023-22	175.00	Pine Mountain
Troutman Pepper Hamilton Sanders LLP	30661492	1,261.40	Pine Mountain

231,178.70