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Re: Docket Nos. W-933, Sub 12 and W-1328, Sub 0 – Application for Transfer of Public Utility Franchise from Etowah Sewer Company to Red Bird Water and for Approval of Rates

Dear Ms. Dunston:

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

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 The financial information provided in the sections of the Application Form listed below is too outdated for the Public Staff to make a recommendation.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

RESPONSE: Please see the attached updated Application for Transfer of Public Utility Franchise with information as of 12/31/2022. Please note that the updated financial information was provided by Etowah Sewer Company.

2. The information required in the sections of the Application Form listed below was not provided. The Public Staff needs this information current as of no earlier than December 31, 2022, to move forward with its investigation.
 - a. Other Financial Information – Item 1

RESPONSE: Please see Page 6 of Red Bird's attached 2022 Annual Report which shows information regarding Red Bird's capital structure.

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

RESPONSE: Please see Red Bird's attached 2022 Annual Report.

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

Response: Please see Confidential Attachment E.2, the attached Confidential 2022 Audited Financial Statements for CSWR, LLC.

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

RESPONSE: Please see Confidential Attachment E.3 while is an updated version of Attachment E.1 filed on October 7, 2021. The Company has confirmed with Public Staff that the attachment is "consistent with the categories in the addendum and it covers the requisite time period..."

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

RESPONSE: Please see the response to subpart 5 above for a completed addendum.

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

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

With best regards, we remain

Sincerely yours,

BURNS, DAY & PRESNELL, P.A.



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DCH/krs

cc: Public Staff (w/encl.)