

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1040, SUB 10
DOCKET NO. W-1328, SUB 4

In the Matter of
Application by Red Bird Utility Operating)
Company, LLC, 1650 Des Peres Road, Suite 303,)
St. Louis, Missouri 63131, and Bear Den Acres)
Development, Inc., 600 Bear Den Mountain Road,)
Spruce Pine, North Carolina 28777, for Authority to)
Transfer the Bear Den Acres Development Water)
System and Public Utility Franchise in McDowell)
County, North Carolina, and for Approval of Rates)

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

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

2 **A.** My name is Josiah Cox. My business address is 1650 Des Peres Road, Suite 303, St.
3 Louis, Missouri, 63131.

4 **Q. WHAT IS YOUR POSITION WITH RED BIRD UTILITY OPERATING**
5 **COMPANY, LLC (“RED BIRD” OR “COMPANY”)?**

6 **A.** I am President of Red Bird Utility Operating Company, LLC (“Red Bird”). I also am
7 President of CSWR, LLC, (“CSWR”), the corporate parent of Red Bird.

8 **Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS DOCKET?**

9 **A.** Yes, my direct testimony on behalf of Red Bird was filed in these dockets on February
10 11, 2022.

11 **Q. WHAT IS THE PURPOSE OF THE TESTIMONY YOU ARE NOW FILING?**

12 **A.** My supplemental testimony is provided on behalf of Red Bird, to support the
13 Commission’s approval and adoption of the Settlement Agreement and Stipulation

1 (“Stipulation”) entered into by the Public Staff and Red Bird and filed with the Commission
2 on March 2, 2022.

3 **Q. DID THE STIPULATION RESOLVE ALL DISPUTED ISSUES BETWEEN**
4 **RED BIRD AND THE PUBLIC STAFF?**

5 **A.** Yes, it resolved all contested issues remaining between the Company and Public Staff.

6 **Q. WHAT WERE THE UNRESOLVED ISSUES?**

7 **A.** The disputed issues related to Red Bird’s request for an acquisition adjustment in
8 connection with the acquisition of the Bear Den water system, the Bear Den rate base, and
9 the extent of Red Bird’s due diligence and acquisitions costs.

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

11 **A.** The Stipulation reflects Red Bird’s agreement to not pursue an acquisition adjustment
12 in these two dockets, establishes the net book value of the Bear Den water system assets to
13 be acquired by Red Bird, and provides for Bear Den’s recovery of a meaningful portion of
14 its due diligence cost and transactional costs relating to this acquisition in a future rate case.

15 **Q. DID RED BIRD MAKE SIGNIFICANT CONCESSIONS IN REACHING THE**
16 **AGREEMENT ON THE STIPULATION?**

17 **A.** Yes, we did. That being said, the Stipulation is a product of the arms-length
18 negotiations of the parties that yielded a result that both parties could accept. Commission
19 approval of the Stipulation will also provide us with certainty moving forward as to the
20 Bear Den system.

21 The Stipulation is the product of the give-and-take in settlement negotiations between Red
22 Bird and the Public Staff. There are provisions of the Stipulation that are more important
23 to Red Bird, and, likewise, there are provisions that are more important to the Public Staff.

1 Nonetheless, working from different starting points and different perspectives, these parties
2 were able to find common ground and achieve a settlement. We also anticipate that the
3 Stipulation will facilitate an earlier closing of this acquisition, and thereby allow Red Bird
4 to begin operating this system and bringing the benefits of its ownership of this system to
5 Bear Den customers earlier than would otherwise be possible.

6 **Q. DID OTHER REASONS SUPPORT RED BIRD'S WILLINGNESS TO SETTLE**
7 **THESE FINAL ISSUES WITH THE PUBLIC STAFF?**

8 **A.** Yes. Red Bird has other transfer applications pending before the Commission, and we
9 look forward to adding Bear Den to the portfolio of systems the Company seeks to build
10 in North Carolina. As a newcomer to the North Carolina water and sewer utility landscape,
11 we are hopeful that reaching a compromise in this matter with the Public Staff will be a
12 step forward in our efforts to achieve that objective. As we move forward with our business
13 model and plans here, we will continue to work to replicate in North Carolina the record
14 of success our affiliate group has achieved elsewhere.

15 As shown in my direct testimony, Red Bird has the financial, technical, and managerial
16 ability to acquire, own, and operate Bear Den's water system in a manner that fully
17 complies with applicable health, safety, and environmental protection laws and regulations,
18 and to provide reliable, safe, and adequate service to customers. Red Bird is part of an
19 affiliate group that currently owns and operates wastewater systems serving approximately
20 94,000 customers and drinking water systems serving approximately 59,000 customers in
21 Missouri, Arkansas, Kentucky, Louisiana, Texas, Tennessee, Mississippi, and Arizona, as
22 well as the Ocean Terrace/Pine Knoll Townes systems which we recently acquired in North
23 Carolina.

1 There has been no significant protest by customers of the Bear Den system, the Stipulation
2 resolves the disputed issues and provides the parties with certainty moving forward, which
3 the Company and its investors need. This Stipulation is in the public interest and should be
4 approved.

5 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

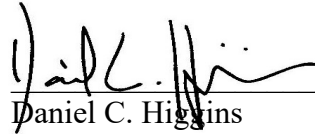
6 **A.** Yes.

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing document has been served on all counsel of record for all parties in this docket, if any, and the Public Staff, by either depositing same in a depository of the United States Postal Service, first-class postage prepaid and mailed by the means specified below, or by electronic delivery.

1 This the 18th day of March, 2022.

BURNS, DAY & PRESNELL, P.A.



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