

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1049, SUB 25
DOCKET NO. W-1328, SUB 2

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| | | |
|---|---|----------------------------|
| In the Matter of | | |
| Application of A&D Water Service, Inc. and |) | ORDER APPROVING |
| Red Bird Utility Operating Company, LLC, |) | STIPULATION, TRANSFER, AND |
| d/b/a Red Bird Water for Transfer of Public |) | RATES; GRANTING FRANCHISE; |
| Utility Franchise of A&D Water Service's |) | AND REQUIRING BOND AND |
| North Carolina Service Areas and for |) | CUSTOMER NOTICE |
| Approval of Rates |) | |

BY THE COMMISSION: On October 9, 2020, and as supplemented on October 20, 2020, Red Bird Utility Operating Company, LLC d/b/a Red Bird Water (Red Bird) and A&D Water Service, Inc. (A&D) filed with the North Carolina Utilities Commission (Commission) an Application for Transfer of Public Utility Franchise and Approval of Rates (Application) seeking authority to transfer the water and/or wastewater utility systems and public utility franchise serving the Buffalo Meadows, Camelot, Cinnamon Woods, High Vista, Hunter's Glen, Kirk Glen, Mountain Valley, Rolling Oaks Estates, Sherwood Forest, Skyview Park, and White Oak Village subdivisions in Ashe, Henderson, Buncombe, Transylvania, and Gaston Counties, North Carolina (collectively, A&D Systems) from A&D to Red Bird and approval of rates.

On December 22, 2020, the Public Staff – North Carolina Utilities Commission (Public Staff) filed a deficiency letter (First Deficiency Letter) outlining information that was needed to complete the Application.

On July 2, 2021, Red Bird filed supplemental materials to address the deficiencies identified in the First Deficiency Letter.

On July 23, 2021, the Public Staff filed a letter sent to A&D noting that A&D was delinquent in filing its annual reports for the years 2017, 2018, 2019, and 2020 and that the Public Staff would not process the Application until A&D filed the required four years of annual reports.

On October 8 and 11, 2021, and on December 15, 2022, Red Bird filed supplemental materials in support of the Application.

On June 14, 2023, Red Bird filed a letter indicating that it considered the Application to be complete.

On June 30, 2023, North Carolina Session Law 2023-67, entitled “An Act to Expedite Transfer of Water or Wastewater Public Utilities” (Act), was signed into law by Governor Roy Cooper, having been previously ratified by the North Carolina General Assembly. The Act provides timelines for the Commission’s consideration of applications for grants or transfers of certificates of public convenience and necessity (CPCN) for certain water and wastewater systems.

Section 1.(b) of the Act applies to applications for the grant or transfer of CPCNs for water and wastewater systems currently pending before the Commission as of June 30, 2023. Among other things, this section requires the Commission to provide notice by July 31, 2023, whether any pending application is complete.

On June 30, 2023, the Commission issued an Order Requiring Report of the Public Staff and Initiating Rulemaking Proceeding which, in part, directed the Public Staff to file on or before July 25, 2023, whether each application identified by the Public Staff as subject to the provisions of Section 1.(b) of the Act was complete and identifying any deficiencies in any identified application that were not complete.

On July 25, 2023, the Public Staff filed a second deficiency letter (Second Deficiency Letter) outlining additional and updated information needed to complete the Application. In the Second Deficiency Letter, the Public Staff recommended that the Commission deem the Application incomplete.

On July 28, 2023, the Commission issued an Order Determining Application Incomplete which directed Red Bird to file information sufficient to address the deficiencies noted in the Second Deficiency Letter (Deficiency Order).

On October 18, 2023, Kiran H. Mehta, Molly M. Jagannathan, and Holly R. Ingram of the firm of Troutman Pepper Hamilton Sanders LLP each filed a Notice of Appearance of Counsel for Red Bird.

On October 31, 2023, Red Bird filed a Motion of Counsel for Red Bird to Withdraw, which requested the withdrawal of Daniel C. Higgins and the firm of Burns, Day, and Presnell, P.A. as counsel of record for Red Bird, which the Commission granted on November 1, 2023.

On November 1, 2023, Mindy L. McGrath of the firm of Troutman Pepper Hamilton Sanders LLP filed a Notice of Appearance of Counsel for Red Bird.

On December 12, 2023, pursuant to the Commission’s Deficiency Order, Red Bird filed additional information to address the deficiencies noted in the Second Deficiency Letter.

On December 19, 2023, the Public Staff filed a letter with the Commission indicating that these dockets now include all of the information required for a complete Application.

On January 2, 2024, the Commission issued an Order Finding Application Complete and Requiring the Public Staff to Provide Specific Application Data (January 2 Order).

On January 9, 2024, the Public Staff provided the information requested in the January 2 Order. On January 12, 2024, the Public Staff provided a corrected response to the January 2 Order.

On January 17, 2024, Red Bird filed Updated Application Page 1 and Updated Attachment A to the Application.

On January 23, 2024, the Commission issued an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice (Scheduling Order) which, among other things, scheduled a public witness hearing for February 29, 2024, and an expert witness hearing for April 1, 2024.

On January 31, 2024, Red Bird filed a proposed Notice to Customers, which was agreed upon by Red Bird and the Public Staff.

On February 5, 2024, the Commission issued an Order Approving Customer Notice and the attached Notice to Customers stated that the public witness hearing was subject to cancellation if no significant protests were received by February 19, 2024.

Subsequent to the filing of Red Bird's Application in these dockets, the Public Staff engaged in substantial discovery with Red Bird regarding the matters addressed in the Application and supplemental and additional materials filed with the Commission in support of the Application.

On February 7, 2024, Red Bird filed the Direct Testimony and Exhibits of Josiah Cox, President of Red Bird and CSWR, LLC (CSWR), a Missouri limited liability company formed to provide managerial, technical, and financial support to its utility operating affiliates, including Red Bird.

On February 21, 2024, the Public Staff filed a Motion to Cancel Public Witness Hearing requesting that the public witness hearing scheduled for February 29, 2024, be cancelled. In support of its motion, the Public Staff states that three consumer statements of position regarding the Application had been filed; however, the Public Staff believes that neither the quantity nor content of the filed consumer statements of position constitutes the "significant protests" necessary to avoid cancellation of the hearing. The Public Staff further states that the issues set forth in the consumer statements of position are well explained and could be considered on the merits by the Commission. Red Bird supported the motion.

On February 23, 2024, the Commission issued an Order Canceling Public Witness Hearing.

On February 28, 2024, Red Bird filed a Certificate of Service reflecting proper service of the Notice to Customers.

On March 6, 2024, the Public Staff filed the Direct Testimony and Exhibit of John R. Hinton, Director of the Economic Research Division of the Public Staff; the Direct Testimony and Exhibit of Kuei Fen Sun, a Public Utility Regulatory Analyst with the Accounting Division of the Public Staff; and the Direct Testimony and Exhibits of D. Michael Franklin, a Public Utilities Engineer with the Water, Sewer, and Telephone Division of the Public Staff.

On March 14, 2024, Red Bird filed a motion requesting an extension of time, until March 19, 2024, to file rebuttal testimony. In support of its motion, Red Bird states that the parties were engaged in settlement discussions and that Red Bird believes that the additional time would allow the parties an opportunity to resolve the issues in dispute. Red Bird also notes that the Public Staff does not oppose the requested extension. On March 14, 2024, the Commission granted the requested extension.

On March 18, 2024, the Public Staff and Red Bird filed a Joint Motion for Leave to File Stipulation and Settlement Testimony (Joint Motion) requesting that the Public Staff and Red Bird be permitted to file a settlement agreement and settlement testimony in lieu of Red Bird filing rebuttal testimony and exhibits. In support of the Joint Motion, the Public Staff and Red Bird explain that they have reached a settlement in principle but require additional time, until March 21, 2024, to memorialize the terms in a stipulation and settlement agreement and to file supporting testimony and exhibits. On March 19, 2024, the Commission granted the Joint Motion and issued an Order Granting Extension of Time to File Settlement Agreement and Stipulation in Lieu of Rebuttal Testimony.

On March 21, 2024, Red Bird and the Public Staff (together, the Stipulating Parties) filed a Settlement Agreement and Stipulation (Stipulation) resolving all issues between the Stipulating Parties. In support of the Stipulation, and on the same day, Red Bird filed the Settlement Testimony of witness Cox, and the Public Staff filed the Joint Settlement Testimony and Exhibit of witnesses Sun and Franklin.

On March 22, 2024, the Stipulating Parties filed a Joint Motion to Excuse Witnesses, Waive Cross-Examination, and Admit Testimony requesting that Red Bird witness Cox and Public Staff witnesses Hinton, Sun, and Franklin be excused from attending the expert witness hearing.

On March 22, 2024, the Commission issued an Order Excusing Witnesses, Accepting Testimony, Cancelling Expert Witness Hearing, and Requiring Proposed Orders. The Commission excused all witnesses from appearing and testifying at the expert witness hearing and received into the record the witnesses' prefiled testimony and exhibits, Red Bird's Application and supplemental materials filed in these dockets, and the Stipulation. The Commission also canceled the expert witness hearing and required the Stipulating Parties to file proposed orders, or a joint proposed order, on or before April 19, 2024.

DESCRIPTION OF THE STIPULATION

The Stipulation provides, in pertinent part, the following:

The Stipulating Parties agree that the Application filed by Red Bird in this docket should be approved by the Commission, subject to the following terms and conditions:

1. Prior to closing and pursuant to future Commission orders, Red Bird shall post a bond in the amount of \$100,000 in a form acceptable to the Commission for the A&D Systems.
2. At closing, Red Bird will adopt the tariffs and rates currently in effect for A&D's water and wastewater customers.
3. At closing, Red Bird will adopt A&D's accounting records, provide the detailed accounting records received from A&D to the Public Staff, and not adjust or make changes to those records without Commission approval.
4. The Stipulating Parties agree that the appropriate total net book value of the assets Red Bird is acquiring from A&D is \$19,046, as detailed by system in Public Staff Sun Exhibit 1, Schedule 1. The Stipulating Parties also agree that no plant additions through the closing date will be included in this or in any future proceedings.
5. Red Bird may request recovery of up to \$173,250.35 in the next general rate case involving the A&D systems as follows:
 - a. Up to \$159,121.50 for engineering due diligence work supported by invoices provided in response to Public Staff Data Request 9 (PS DR 9) and listed in Cox Direct Exhibit 6, provided that the work results in reasonable and prudent capital investments to improve the A&D Systems;
 - b. \$14,128.85 for legal costs related to the acquisition of the A&D Systems, as supported by invoices provided in response to PS DR 9 and listed in Cox Direct Exhibit 6; and

- c. Costs, up to the amounts listed in the following table,¹ are to be allocated to each system as follows:

| System | Transfer Amount | System | Transfer Amount |
|-----------------------|------------------------|-------------------------|------------------------|
| Buffalo Meadows Water | \$15,977 | Mountain Valley | \$12,351 |
| Buffalo Meadows Sewer | \$15,793 | Rolling Oak Estates | \$ 5,766 |
| Camelot | \$ 6,898 | Sherwood Forest | \$14,910 |
| Cinnamon Woods | \$11,230 | Skyview Park | \$12,781 |
| High Vista | \$33,531 | White Oak Village Water | \$ 9,508 |
| Hunter's Glen | \$14,441 | White Oak Village Sewer | \$11,157 |
| Kirk Glen | \$ 8,907 | TOTAL | \$173,250 |

6. Red Bird agrees not to pursue rate recovery of any additional costs associated with the transfer, including due diligence, transactional, and regulatory costs, other than those listed in preceding Sections 5 (a), (b), and (c).
7. The Stipulating Parties agree that an acquisition adjustment in the amount of \$15,159 should be included in the rate base due to the condition of the High Vista wastewater system and associated regulatory compliance issues rendering it operationally troubled. Depreciation starts the date the transaction closes with an amortization rate of 4%. Red Bird agrees not to pursue an additional acquisition adjustment related to the A&D Systems in this or in any future proceeding.
8. Consistent with Settlement Agreement and Stipulation in Docket No. W-1328, Sub 10, Red Bird and key leadership from CSWR will meet annually with the Public Staff and provide an update detailing all changes in Red Bird's facilities and operations since the last annual update and discuss the Company's financial condition.

Based upon the foregoing, including the Application, the testimony and exhibits of the witnesses, the Stipulation, prior dockets regarding A&D, and the entire record of this proceeding, the Commission makes the following

¹ The Commission notes that the table does not account for \$0.35 of the actual total due to rounding.

FINDINGS OF FACT

1. Red Bird is a North Carolina limited liability company in good standing. Red Bird is a wholly owned subsidiary of its sole member, Red Bird Utility Holding Company, LLC (RBUH), which is also a North Carolina limited liability company in good standing. RBUH is a wholly owned subsidiary of its sole member, North Carolina Central States Water Resources, LLC, which is also a North Carolina limited liability company in good standing and a wholly owned subsidiary of CSWR.

2. Red Bird presently holds nine utility franchises in North Carolina.²

3. The A&D Systems include 13 water and/or wastewater systems that provide service to Buffalo Meadows, Camelot, Cinnamon Woods, High Vista, Hunter's Glen, Kirk Glen, Mountain Valley, Rolling Oaks Estates, Sherwood Forest, Skyview Park, and White Oak Village subdivisions in Ashe, Henderson, Buncombe, Transylvania, and Gaston Counties, North Carolina (A&D Service Areas). Specifically, seven discrete water systems serve Camelot, Cinnamon Woods, and White Oak Village subdivisions in Henderson County; Kirk Glen and Rolling Oaks Estates subdivisions in Buncombe County; Skyview Park subdivision in Gaston County; and Buffalo Meadows subdivision in Ashe County. Additionally, six discrete wastewater systems serve High Vista, Hunter's Glen, Mountain Valley, and White Oak subdivisions in Henderson County; Sherwood Forest subdivision in Transylvania County; and Buffalo Meadows subdivision in Ashe County. In total, the A&D Systems serve approximately 427 water customers and 455 wastewater customers.

4. On June 2, 1995, A&D was granted a CPCN in Docket No. W-1049, Sub 0, to provide water utility service to the Cinnamon Woods Subdivision, in Henderson County, North Carolina. On May 8, 2001, A&D was granted a CPCN in Docket No. W-1049, Sub 4, to provide sewer utility service to the Sherwood Forest Subdivision in Transylvania County, North Carolina. On November 25, 2002, A&D was granted a CPCN in Docket No. W-1049, Sub 5, to provide water utility service to the Rolling Oaks Subdivision. On September 25, 2006, A&D was granted a CPCN in Docket No. W-1049, Sub 9, to provide sewer utility service to the High Vista Subdivision, LaVista Village Condominiums, High Vista County Club, and certain adjacent outparcels in Buncombe and Henderson Counties, North Carolina. On November 5, 2007, A&D was granted a CPCN in Docket No. W-1049, Sub 12, to provide water utility service to the Camelot Subdivision in Henderson County, North Carolina. On November 9, 2011, A&D was granted a CPCN in Docket No. W-1049, Sub 14, to provide water and sewer utility service to the White Oak Village Subdivision. Finally, on July 23, 2013, A&D was granted two CPCNs in Docket No. W-1049, Sub 16, the first CPCN was to provide water utility service to the Buffalo

² In addition to the systems for which Red Bird has been granted franchises in North Carolina, Red Bird's indirect corporate parent, CSWR, through separate state affiliates, has acquired and currently operates more than 800 water or wastewater utility systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, Tennessee, Mississippi, Arizona, Florida, and South Carolina, and provides utility service to more than 241,000 wastewater customers and over 172,000 water customers.

Meadows, Kirk Glen, Rolling Acres,³ and Skyview Park Subdivisions, and the second CPCN was to provide sewer utility service to the Buffalo Meadows, Hunter's Glen, and Mountain Valley Subdivisions.

5. A&D operates the A&D Systems under 13 identification numbers and permits issued by the North Carolina Department of Environmental Quality (DEQ). A&D's water systems are operated under the following DEQ, Division of Water Resources identification numbers: NC0105102 (Buffalo Meadows); NC0145169 (Camelot); NC0145167 (Cinnamon Woods); NC0111149 (Kirk Glen); NC0111142 (Rolling Oaks Estates); NC0136190 (Skyview Park); and NC1045025 (White Oak Village). A&D's wastewater systems are authorized under the following DEQ National Pollutant Discharge Elimination System permits: NC0030325 (Buffalo Meadows); NC0089095 (High Vista); NC0067288 (Hunter's Glen); NC0073741 (Mountain Valley); and NC0048658 (Sherwood Forest). A&D holds the permit for the White Oak Village wastewater collection system (WQ0029358) and purchases wastewater treatment.

6. Central States Water Resources, Inc. (Central States), a Red Bird affiliate, entered into an Agreement for Sale of Utility System with A&D dated July 26, 2019 (Purchase Agreement). According to the Purchase Agreement, the closing of the sale will occur after regulatory approval is obtained. Central States subsequently assigned its rights under the Purchase Agreement to Red Bird, pursuant to an Assignment of Contract Rights dated October 19, 2020. The Purchase Agreement is a confidential attachment to the Application.

7. Red Bird seeks Commission approval to acquire the A&D Systems and public utility franchise.

8. Upon acquisition of the A&D Systems, Red Bird plans to make capital improvements. Based on its consulting engineer's 2021 projections, Red Bird estimates that the cost of necessary improvements will be approximately \$1,107,250, consisting of \$224,250 for work on the water systems and \$883,000 for work on the wastewater systems.

9. The approved monthly rates for the A&D Systems, as set forth in the Commission's order issued on December 6, 2016, in Docket Nos. W-1049, Sub 19, and M-100, Sub 138, are as follows:

BUFFALO MEADOWS SUBDIVISION

Monthly Metered Water Rates:

| | |
|--------------------------------------|---------|
| Residential Base Charge, zero usage: | \$15.31 |
|--------------------------------------|---------|

³ Rolling Acres Subdivision, not to be confused with Rolling Oak Estates, was transferred from A&D to the Town of Weaverville by Commission order issued on April 1, 2014, in Docket No. W-1049, Sub 17, and therefore, is not part of the current Application.

Usage Charge, per 1,000 gallons: \$ 4.46

Monthly Metered Sewer Rates:

Residential Base Charge, zero usage: \$28.61

Usage Charge, per 1,000 gallons: \$ 8.24

Connection Charge: Actual cost

Reconnection Charges:

If water service cut off by utility for good cause: \$23.92

If water service discontinued at customer's request: \$23.92

If sewer service cut off by utility for good cause: Actual cost

Returned Check Charge: \$23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

CAMELOT SUBDIVISION

Monthly Water Rates:

Metered Service:

Base Charge, zero usage: \$38.04

Usage Charge, per 1,000 gallons: \$ 3.58

Connection Charge: None

Reconnection Charges:

If water service cut off by utility for good cause: \$24.96

If water service discontinued at customer's request: \$24.96

To avoid having water utility service disconnected (if payment for service is not

received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$24.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

CINNAMON WOODS SUBDIVISION

Monthly Water Rates:

Metered Service:

| | |
|----------------------------------|---------|
| Base Charge, zero usage: | \$16.51 |
| Usage Charge, per 1,000 gallons: | \$ 4.15 |

Connection Charge: \$1,000

Reconnection Charges:

If water service cut off by utility for good cause: \$24.96

If water service discontinued at customer's request: \$24.96

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$24.96

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| <u>Bills Due:</u> | On billing date |
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears. |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date. |

HIGH VISTA

Monthly Flat Rate for Sewer Service:

Residential Rates:

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|-------------------------|----------|
| High Vista Falls: | \$ 35.33 |
| LaVista Village Condos: | \$ 23.00 |

Commercial Rates (Current Active Customers):

| | |
|-------------------------------|----------|
| High Vista Country Club : | \$212.03 |
| Real Estate Sales Office | \$ 8.05 |
| Guardhouse/Security Entrance: | \$ 4.03 |

Commercial Rates (Future Development)/REU: \$ 35.33

REU = Residential Equivalent Unit = (DWQ's monthly design flow rate for customer, or metered water use)/Public Utilities Engineer's residential flow estimate in last rate case, 8,250 gallons/month)

Connection Charge: \$1,500

Reconnection Charge: Actual cost

The Utility shall itemize the estimated costs of disconnecting and reconnecting sewer utility service, and shall furnish a copy of the cost estimate to the customer with the cut off notice for the pending disconnection.

To resume sewer utility service, after service has been cut off by the Utility for good cause, a customer must pay all delinquent sewer charges, including finance charges, plus the actual cost incurred by the Utility to reconnect the service.

Returned Check Charge: \$ 23.92

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| <u>Bills Due:</u> | On billing date |
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date. |

HUNTER'S GLEN SUBDIVISION

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| <u>Monthly Residential Flat Rate for Sewer Service:</u> | \$48.96 |
| <u>Monthly Commercial Metered Sewer Rates:</u> | |
| Commercial Base Charge, zero usage: | \$42.14 |
| Usage Charge, per 1,000 gallons: | \$ 7.02 |
| <u>Connection Charge:</u> | Actual cost |
| <u>Reconnection Charges:</u> | |
| If sewer service cut off by utility for good cause: | Actual cost |
| <u>Returned Check Charge:</u> | \$23.92 |

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| <u>Bills Due:</u> | On billing date |
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date. |

KIRK GLEN SUBDIVISION

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|--------------------------------------|---------|
| <u>Monthly Metered Water Rates:</u> | |
| Residential Base Charge, zero usage: | \$36.46 |

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| Usage Charge, per 1,000 gallons: | \$15.25 |
| <u>Connection Charge:</u> | Actual cost |
| <u>Reconnection Charges:</u> | |
| If water service cut off by utility for good cause: | \$23.99 |
| If water service discontinued at customer's request: | \$23.99 |
| <u>Returned Check Charge:</u> | \$23.96 |
| <u>Bills Due:</u> | On billing date |
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date. |

MOUNTAIN VALLEY SUBDIVISION

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| <u>Monthly Residential Flat Rate for Sewer Service:</u> | \$41.45 |
| <u>Connection Charge:</u> | Actual cost |
| <u>Reconnection Charge:</u> | |
| If sewer service cut off by utility for good cause: | Actual cost |
| <u>Returned Check Charge:</u> | \$23.92 |
| <u>Bills Due:</u> | On billing date |
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date. |

ROLLING OAKS ESTATES SUBDIVISION

Monthly Metered Water Rates:

Base Charge, zero usage:

| | |
|------------------------------|---------|
| Residential, standard meter: | \$28.49 |
| Commercial user, 1.0" meter: | \$71.22 |

Usage Charge, per 1,000 gallons: \$ 4.79

Connection Charge: \$600.00

Reconnection Charges:

If water service cut off by utility for good cause: \$23.92

If water service discontinued at customer's request: \$23.92

To avoid having water utility service disconnected (if payment for service is not received by past due date), a customer must pay all past due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut off by Utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

SHERWOOD FOREST SUBDIVISION

Monthly Flat Rate for Sewer Service:

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|--|------------------|
| Residential Rates (Single Family Dwellings, REUs): | \$ 35.02 |
| Commercial Rates: | \$ 35.02 per REU |

| | |
|--------------------------------------|----------|
| Duplex housing (Two units): | \$ 70.06 |
| Condominiums (22 condos): | \$770.60 |
| Restaurant (3.5 REUs): | \$122.60 |
| Assisted living facility (9.6 REUs): | \$336.27 |

Connection Charge: \$1,500

Reconnection Charges: Actual cost

The Utility shall itemize the estimated costs of disconnecting and reconnecting sewer utility service and shall furnish a copy of the cost estimate to the customer with the cut off notice for the pending disconnection.

To resume sewer utility service, after service has been cut off by the Utility for good cause, a customer must pay all delinquent sewer charges, including finance charges, plus the actual cost incurred by the Utility to reconnect the service.

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

SKYVIEW PARK SUBDIVISION

Monthly Metered Water Rates:

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|--------------------------------------|---------|
| Residential Base Charge, zero usage: | \$21.62 |
| Usage Charge, per 1,000 gallons: | \$5.54 |

Connection Charge: Actual cost

Reconnection Charges:

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|--|---------|
| If water service cut off by utility for good cause: | \$23.92 |
| If water service discontinued at customer's request: | \$23.92 |

Returned Check Charge: \$23.92

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| <u>Bills Due:</u> | On billing date |
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date. |

WHITE OAK VILLAGE MOBILE HOME PARK

Monthly Metered Water Service:

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|----------------------------------|---------|
| Base Charge, zero usage: | \$10.00 |
| Usage Charge, per 1,000 gallons: | \$ 3.48 |

Monthly Metered Sewer Rates:

| | |
|----------------------------------|---------|
| Base Charge, zero usage: | \$26.33 |
| Usage Charge, per 1,000 gallons: | \$ 2.21 |

| | |
|---------------------------|-------------|
| <u>Connection Charge:</u> | Actual cost |
|---------------------------|-------------|

Reconnection Charges:

| | |
|--|-------------|
| If water service cut off by utility for good cause: | \$24.96 |
| If water service discontinued at customer's request: | \$24.96 |
| If sewer service cut off by utility for good cause: | Actual cost |

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

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| <u>Returned Check Charge:</u> | \$24.96 |
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|-------------------|-----------------|
| <u>Bills Due:</u> | On billing date |
|-------------------|-----------------|

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|------------------------|----------------------------|
| <u>Bills Past Due:</u> | 15 days after billing date |
|------------------------|----------------------------|

Billing Frequency:

Shall be monthly for service in arrears

Finance Charge for Late Payment:

1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

10. The Stipulation resolves all contested issues related to the transfer of the A&D Systems to Red Bird. The Stipulation is the product of give-and-take settlement negotiations between the Public Staff and Red Bird, is material evidence in this proceeding, and is entitled to be given appropriate weight in this case, along with other evidence from Red Bird and the Public Staff.

11. Red Bird has the technical, managerial, and financial capacity to own and operate the A&D Systems.

12. Consistent with N.C. Gen. Stat. § 62-111(a), approval of the Application is justified by the public convenience and necessity and is in the public interest.

13. The current condition of the High Vista wastewater system, and associated compliance issues, render it operationally troubled, justifying approval of an acquisition adjustment in this proceeding.

14. A bond in the amount of \$100,000 for the A&D Systems for water and wastewater service is just, reasonable, and appropriate.

EVIDENCE AND CONCLUSION FOR FINDINGS OF FACT NOS. 1-2

The evidence supporting these findings of fact is found in Red Bird's Application; the supplemental material filed by Red Bird in these dockets; the testimony of Red Bird witness Cox; and the Commission's records in Docket Nos. W-1328, Subs 3, 4, 6, 7, 8, 9, 10, 11, and Sub 13; Docket Nos. W-1040, Sub 10; W-992, Sub 8; W-1146, Sub 13; W-1296, Sub 3; and W-938, Sub 6, including the Commission's Orders issued in these dockets.

Red Bird witness Cox provided testimony regarding Red Bird, Red Bird's relationship to CSWR, and the role CSWR would play in Red Bird's operation of the A&D Systems. Cox Direct at 4-5. In witness Cox's direct testimony, he explains that Red Bird was formed to acquire water and wastewater assets in North Carolina and to operate those assets as regulated public utilities. *Id.* at 6. As of February 7, 2024, the date the testimony was filed, witness Cox testifies that in addition to the five utility franchises that Red Bird currently holds in North Carolina, Red Bird also has transfer applications to acquire public utility franchises pending before the Commission in five other dockets and

applications for CPCNs pending before the Commission in two other dockets. *Id.* at 6-7.⁴ Witness Cox also states that Red Bird is an affiliate of CSWR and that CSWR, through its utility operating subsidiaries, has acquired and is operating over 800 water and/or wastewater utility systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, Tennessee, Mississippi, North Carolina, Arizona, Florida, and South Carolina. *Id.* at 7-11.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that these findings are informational, procedural, and jurisdictional in nature and are not contested by any party.

EVIDENCE AND CONCLUSION FOR FINDINGS OF FACT NOS. 3-5

The evidence supporting these findings of fact is found in the verified Application; the supplemental material filed by Red Bird in these dockets; the testimony and exhibits of Red Bird witness Cox; the testimony and exhibit of Public Staff witness Franklin; the Commission's records in the instant dockets; and in A&D Docket Nos. W-1049, Subs 0, 4, 5, 9, 12, 14, and 16.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that these findings are informational, procedural, or jurisdictional in nature and are not contested by any party.

EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 6

The evidence supporting this finding of fact is found in Confidential Attachment G of the Application, which includes the Purchase Agreement with A&D dated July 26, 2019; the supplemental filing made by Red Bird on October 20, 2020, which includes the Assignment dated October 19, 2020; Attachment G.4 of the supplemental filing made by Red Bird in these dockets on July 2, 2021, which includes the Amendment to the Purchase Agreement dated October 2, 2020; and the testimony filed by Red Bird witness Cox.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that this finding of fact is informational in nature and is not contested by any party.

⁴ Since the date Red Bird witness Cox filed his direct testimony, the Commission has issued orders granting Red Bird two CPCNs to provide wastewater utility service; one to the Kingsbridge II Subdivision in Onslow County, North Carolina in Docket No. W-1328, Sub 13, and one to the Pine Mountain Lakes Subdivision in Davidson County, North Carolina in Docket No. W-1328, Sub 11. The Commission has also approved two transfer applications for wastewater systems and public utility franchises serving: (1) the Windemere Pointe Subdivision in Montgomery County, North Carolina from Baytree Waterfront Properties, Inc. to Red Bird in Docket Nos. W-938, Sub 6 and W-1328, Sub 8; and (2) the Meadowlands Subdivision in Davidson County, North Carolina from Meadowlands Development, LLC to Red Bird in Docket Nos. W-1259, Sub 5 and W-1328, Sub 6.

EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 7

The evidence supporting this finding of fact is found in the verified Application, and the testimony and exhibits of Red Bird witness Cox.

Based upon the competent, substantial, and material evidence in the record, the Commission concludes that this finding of fact is informational, procedural, or jurisdictional in nature and is not contested by any party.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 8

The evidence for this finding of fact is found in Confidential Attachment L of the Application; Attachments L.1 through L.13 of the supplemental filing made by Red Bird on July 2, 2021; Confidential Attachments L.14 through L.26 of the supplemental filing made by Red Bird on October 8, 2021; the testimony and exhibits of Red Bird witness Cox; and the testimony of Public Staff witness Franklin.

In Red Bird witness Cox's direct testimony, he testifies about the deficiencies and needed improvements in the A&D Systems as identified by Kimley Horn, Red Bird's North Carolina consulting engineers. Cox Direct at 24-26; Cox Direct Exhibit 5. Witness Cox states that the replacements and upgrades recommended by Kimley Horn address operational and/or compliance issues affecting the A&D Systems and that the estimated costs of these improvements to the water and wastewater systems, based on Kimley Horn's 2021 projections, are \$224,250 and \$883,000, respectively. *Id.* at 25. In his testimony, witness Cox emphasizes that these estimated costs are preliminary and explains that the precise capital investments required for repairs and upgrades cannot be known until Red Bird begins operating the A&D Systems. *Id.* at 25-26.

In Public Staff witness Franklin's direct testimony, he notes that it will be incumbent upon Red Bird to ensure that all capital investments associated with the A&D Systems are reasonable and prudent if Red Bird intends to seek their inclusion in future rate case proceedings. Franklin Direct at 15.

The Commission notes Red Bird's assertion that the A&D Systems require maintenance and upgrades to ensure that they are able to continue providing safe and reliable service to the customers they serve. However, the Commission concludes, based upon competent, substantial, and material evidence in the record, that the scope and extent of capital improvements and repairs that are reasonable and prudent is, at this time, not adequately known or knowable by any party to this proceeding. Therefore, the Commission concludes that the appropriate time and venue to determine the reasonableness and prudence of proposed and/or actual capital investments is the next general rate case involving the A&D Systems.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9-10

The evidence supporting these findings of fact is found in the Application; the Stipulation; the joint settlement testimony of Public Staff witnesses Sun and Franklin; the settlement testimony of Red Bird witness Cox; and the entire record in this docket.

Red Bird and the Public Staff are the only parties to this proceeding, and the Stipulation resolves all issues between the Stipulating parties in this proceeding.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that the Stipulation represents a negotiated settlement of all issues in this proceeding and that the provisions agreed to by the Stipulating Parties are reasonable and appropriate for the purpose of this proceeding. In making this determination, the Commission gives substantial weight to the testimony of Public Staff witnesses Sun and Franklin and Red Bird witness Cox and recognizes that the Stipulation is a product of arms-length negotiations involving give-and-take between the Stipulating Parties. The Commission finds that based on the record as a whole, the terms of the Stipulation are just and reasonable to the A&D Systems' customers and all parties to this proceeding. Therefore, the Commission concludes that the provisions of the Stipulation serve the public interest and that it is appropriate to approve the Stipulation in its entirety.

Consistent with the Stipulation, the Commission also concludes that the net book value of the A&D assets Red Bird will acquire is \$19,046 and that no plant additions through the date of the closing of the sale of the A&D Systems to Red Bird will be included in this or in any future proceeding. The Commission also concludes that the amounts for due diligence and other transaction costs should be approved for recovery by Red Bird as described in the Stipulation and that Red Bird has agreed not to pursue rate recovery of any additional costs related to its acquisition of the A&D Systems. The Commission further concludes that Red Bird may include an acquisition adjustment of \$15,159 in rate base and that depreciation starts at the date of closing of the sale of the A&D Systems with an amortization rate of 4%. However, Red Bird may not pursue an additional acquisition adjustment related to the A&D Systems in this or in any future proceeding.

Furthermore, the Commission concludes that it is reasonable, beginning one year after the effective date of the Commission's order approving the Stipulation filed in Docket Nos. W-1146, Sub 13 and W-1328, Sub 10, and continuing annually thereafter, for Red Bird and key CSWR leaders to meet with the Public Staff. During this meeting, Red Bird and CSWR shall provide an update to the Public Staff detailing all changes to Red Bird's facilities and operations since the last annual meeting and update, as well as discuss the overall financial condition of both companies. Finally, the Commission concludes that this meeting should not be limited only to discussing the A&D Systems, but that the discussion shall also address all of Red Bird's current and future North Carolina water and wastewater systems so as to provide appropriate oversight while preventing unnecessary and duplicative efforts on the part of Red Bird and the Public Staff.

EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 11

The evidence supporting this finding of fact is found in the Application and supplemental filings; the testimony and exhibits of Red Bird witness Cox; the testimony and exhibits of Public Staff witnesses Sun, Franklin, and Hinton; the Stipulation; and the entire record of this proceeding.

In Red Bird witness Cox's direct testimony, he testifies that Red Bird has the financial, technical, and managerial ability to acquire, own, and operate the A&D Systems in a manner fully compliant with all health, safety, and other applicable laws and regulations. Cox Direct at 9-13.

In Public Staff witness Franklin's direct testimony, he agrees with Red Bird witness Cox, noting that Red Bird "has the financial, technical and managerial capabilities necessary to provide water and wastewater service to customers in A&D's service area." Franklin Direct at 70. Accordingly, witness Franklin states that the Public Staff recommends that the Commission approve the transfer of the A&D Systems to Red Bird. *Id.*

Public Staff witness Hinton also testifies that Red Bird has the ability to access sufficient capital to own, operate, and improve the A&D Systems; fund system upgrades; and otherwise support future capital improvements. Hinton Direct at 4.

The Stipulation also reflects the Public Staff's agreement that Red Bird has the technical, managerial, and financial capacity to provide water and/or wastewater utility service in the A&D Service Areas. The Commission further notes that it has made similar findings regarding Red Bird in Docket Nos. W-1328, Subs 3, 4, 6, 7, 8, 9, 10, 11, and 13; W-1040, Sub 10; W-992, Sub 8; W-1146, Sub 13; W-1296, Sub 3; and W-938, Sub 6.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that Red Bird has the technical, managerial, and financial capacity to provide adequate, safe, efficient, and reasonable water and wastewater service on an ongoing basis to customers in the A&D Service Areas.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 12

The evidence supporting this finding of fact is found in the Application; Red Bird's supplemental filings; the Stipulation; the direct and settlement testimony of Red Bird witness Cox; the direct testimony of Public Staff witnesses Franklin and Hinton; and the joint settlement testimony of Public Staff witnesses Sun and Franklin.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that good cause exists to approve the Application, as modified under the Stipulation. Consistent with N.C.G.S. § 62-111(a), the Commission concludes that approval of the Application is justified by the public convenience and necessity and is in the public interest. This decision is fully supported by the direct and settlement

testimony filed by Red Bird witness Cox, the direct testimony filed by Public Staff witnesses Franklin and Hinton, the joint settlement testimony filed by Public Staff witnesses Sun and Franklin, and the Stipulation entered into by Red Bird and the Public Staff. Accordingly, the Commission concludes that Red Bird's Application should be approved, as modified under the Stipulation, effective upon the close of the acquisition of the water and wastewater system assets by Red Bird from A&D.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 13

The evidence supporting this finding of fact is found in the Stipulation; the direct testimony and exhibits of Red Bird witness Cox; the direct testimony of Public Staff witness Franklin; the settlement testimony of witness Cox; and the joint settlement testimony of Public Staff witnesses Sun and Franklin.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that the condition of the High Vista wastewater system, as well as the associated regulatory compliance issues, render it operationally troubled. In this determination, the Commission gives substantial weight to the testimony provided by Public Staff witness Franklin regarding the High Vista wastewater system's condition and compliance history, as well as to the terms agreed upon in the Stipulation between Red Bird and the Public Staff. Furthermore, the Commission concludes that it is appropriate to authorize an acquisition adjustment, in the amount of \$15,149, for Red Bird's acquisition of the High Vista wastewater system.

In Public Staff witness Franklin's direct testimony, he notes that he observed various wastewater facility assets in substandard condition that indicate they require repair, replacement, or upgrade. Franklin Direct at 26-27. Witness Franklin also describes the results of his investigation of High Vista's compliance record, during which he found a history of "chronic" noncompliance with environmental regulations. *Id.* at 27-28. Witness Franklin further testifies that, due to the current condition of the system and ongoing environmental compliance violations, the High Vista wastewater system is not currently providing safe and reliable service to the system's customers. *Id.* at 29.

In Public Staff witness Franklin's direct testimony, he further testifies that the Public Staff supports Commission authorization of an acquisition adjustment because the number of compliance violations and the involvement of federal regulatory agencies was "of extreme concern." *Id.* at 87. Additionally, witness Franklin notes that an acquisition adjustment of \$15,159 would increase customer's monthly rates by \$0.90. *Id.*

The Commission notes that it has indicated, and still maintains, "a strong general policy against the inclusion of acquisition adjustments in rate base subject to exceptions in appropriate instances." Order Approving Transfer and Denying Acquisition Adjustment, *Petition of Utilities, Inc., for Transfer of the Certificate of Public Convenience and Necessity for Providing Sewer Utility Service on North Topsail Island and Adjacent Mainland Areas in Onslow County from North Topsail Water and Sewer, Inc., and for Temporary Operating Authority*, No. W-1000, Sub 5 (N.C.U.C. Jan. 6, 2000). However,

the Commission finds that the High Vista wastewater system is unable to provide wastewater service safely and adequately to its customers, based on the system's current condition, its history of chronic noncompliance with environmental regulations, and its current and ongoing failure to comply with environmental regulations as described by witness Franklin. As such, the Commission finds good cause to conclude that the High Vista wastewater system is operationally troubled.

Furthermore, based upon competent, substantial, and material evidence in the record, the Commission finds that the greater weight of the evidence presented to it in this proceeding strongly indicates that the proposed transfer of the High Vista wastewater system from A&D to Red Bird will meaningfully benefit its existing and future customers. The Commission recognizes that Red Bird's access to capital, as well as its operational and managerial experience, are necessary to resolve the problems facing the High Vista wastewater system which contribute to its operational troubles. Therefore, based upon competent, substantial, and material evidence, the Commission concludes that approving an acquisition adjustment of \$15,159 for Red Bird's acquisition of the High Vista wastewater system is reasonable, appropriate, and justified under the circumstances presented before it in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 14

The evidence supporting this finding of fact is found in the Application; the Stipulation; the entire record in this docket; the settlement testimony of Red Bird witness Cox; and the joint settlement testimony of Public Staff witnesses Sun and Franklin.

The Commission concludes that: (1) Red Bird shall post a \$100,000 bond for the A&D Service Areas prior to closing for acceptance and approval by the Commission and shall provide the original bond documents to the Commission's Bond Administrator for acceptance and filing prior to closing; (2) Red Bird shall provide written notice to the Commission within three business days from the date of closing that the sale of the A&D Systems has been completed and the date of such closing; (3) upon the closing of the transfer, Red Bird shall be granted a CPCN to provide water and sewer utility service to the A&D Service Areas; (4) Red Bird shall adopt the tariffs and rates currently in effect for A&D's water and wastewater customers; (5) Red Bird shall adopt A&D's accounting records upon closing, provide the detailed accounting records so received to the Public Staff, and not adjust or make changes to those records without Commission approval; and (6) Red Bird shall provide notice to customers that the transfer has been granted and of the approved rates.

IT IS, THEREFORE, ORDERED as follows:

1. That A&D is hereby authorized to transfer the A&D Systems serving the Buffalo Meadows, Camelot, Cinnamon Woods, High Vista, Hunter's Glen, Kirk Glen, Mountain Valley, Rolling Oaks Estates, Sherwood Forest, Skyview Park, and White Oak Village subdivisions in Ashe, Henderson, Buncombe, Transylvania, and Gaston Counties, North Carolina to Red Bird;

2. That the Stipulation between Red Bird and the Public Staff is hereby approved in its entirety;

3. That Red Bird shall comply with all terms of the Stipulation as filed in these dockets;

4. That the appropriate total net book value of the A&D Systems' assets is \$19,046 and that no plant additions through the date of the closing of the sale of the A&D Systems to Red Bird shall be included in this or any future proceeding;

5. That Red Bird may request recovery of the following costs associated with the transfer of the A&D Systems to Red Bird:

- a. Up to \$159,121.50 for engineering due diligence costs in the next general rate case, provided that the work results in reasonable and prudent capital investments to improve the A&D Systems;
- b. Up to \$14,128.85 for legal costs related to the acquisition of the A&D Systems in the next general rate case relating to the A&D Systems;
- c. Red Bird shall allocate these costs to each system as detailed in the Stipulation; and
- d. Red Bird shall not pursue rate recovery for any additional costs associated with the transfer, including due diligence, transactional, and regulatory costs, other than those listed herein;

6. That Red Bird may include an acquisition adjustment of \$15,159 in rate base for the High Vista wastewater system, with depreciation beginning on the date the sale of the A&D Systems closes with an amortization rate of 4%;

7. That Red Bird shall not request any additional acquisition adjustment related to the A&D Systems in this or in any future proceeding;

8. That, prior to closing, Red Bird shall post a \$100,000 bond in a form acceptable to the Commission and in compliance with N.C.G.S § 62-110.3 and that Red Bird shall provide the original bond documents to the Commission's Bond Administrator for acceptance and filing prior to closing;

9. That the A&D Systems' surety bond held by the Commission shall be released to A&D upon receipt of written notification to the Commission that closing of the transfer of the A&D Systems has been completed;

10. That Red Bird is granted a CPCN to provide water and/or wastewater utility service to the A&D Service Area consisting of the Buffalo Meadows, Camelot, Cinnamon Woods, High Vista, Hunter's Glen, Kirk Glen, Mountain Valley, Rolling Oaks Estates,

Sherwood Forest, Skyview Park, and White Oak Village subdivisions in Ashe, Henderson, Buncombe, Transylvania, and Gaston Counties, North Carolina, effective upon the closing of the transfer of the A&D Systems' assets to Red Bird;

11. That Appendices A-1 through A-3, attached hereto, constitutes the CPCNs;

12. That the CPCNs to provide water and wastewater utility service heretofore granted to A&D are cancelled, effective on the date when Red Bird files with the Commission written notification that the closing of the transfer of the water and wastewater systems has been completed;

13. That all ratemaking determinations included in the Stipulation and set forth in this Order regarding ratemaking issues are hereby determined as stipulated and as set forth above;

14. That the Schedules of Rates, attached hereto as Appendices B-1 through B-11, are approved for water and wastewater utility service in the A&D Service Areas and deemed filed with the Commission pursuant to N.C.G.S. § 62-138. The Schedules of Rates shall become effective on and after the date of closing of the sale of the A&D System water and wastewater utility assets to Red Bird;

15. That Red Bird shall provide notification to the Commission within three days from the date of closing that the sale of the water and wastewater utility systems serving the A&D Service Areas has been completed;

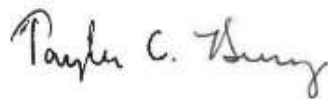
16. That within 30 days from the closing of the sale of the A&D water and wastewater utility systems, Red Bird shall file in these dockets the warranty deed showing Red Bird's ownership of the required easements and all interest in land it has obtained in connection with the operation and maintenance of the A&D water and wastewater utility systems; and

17. That a copy of this Order and Appendix B shall be mailed with sufficient postage or hand delivered by Red Bird to A&D's customers within seven days of the closing of the sale of the water and wastewater utility systems serving the A&D Service Areas and that Red Bird shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 15 days after the mailing or hand delivery of the Order and Appendix B.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of May, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Taylor C. Berry". The signature is written in a cursive, flowing style.

Taylor C. Berry, Deputy Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1328, SUB 2

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

RED BIRD UTILITY OPERATING COMPANY, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water and sewer utility service

to

BUFFALO MEADOWS SUBDIVISION
WHITE OAK VILLAGE MOBILE HOME PARK

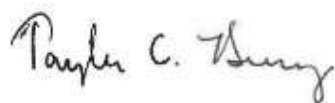
Ashe and Henderson Counties, North Carolina

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of May, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Taylor C. Berry". The signature is written in a cursive, flowing style.

Taylor C. Berry, Deputy Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1328, SUB 2

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

RED BIRD UTILITY OPERATING COMPANY, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide sewer utility service

to

HIGH VISTA
HUNTER'S GLEN SUBDIVISION
MOUNTAIN VALLEY SUBDIVISION
SHERWOOD FOREST SUBDIVISION

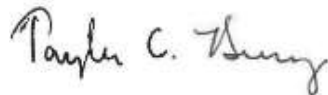
Transylvania, Buncombe, and Henderson Counties, North Carolina

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of May, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Taylor C. Berry". The signature is written in a cursive, flowing style.

Taylor C. Berry, Deputy Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1328, SUB 2

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

RED BIRD UTILITY OPERATING COMPANY, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water utility service

to

CAMELOT SUBDIVISION
CINNAMON WOODS SUBDIVISION
KIRK GLEN SUBDIVISION
ROLLING OAKS ESTATES SUBDIVISION
SKYVIEW PARK SUBDIVISION

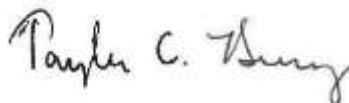
Buncombe, Gaston, and Henderson Counties, North Carolina

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of May, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Taylor C. Berry". The signature is fluid and cursive, with the first name "Taylor" being more prominent.

Taylor C. Berry, Deputy Clerk

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLCto provide water and sewer utility service toBUFFALO MEADOWS SUBDIVISION

Ashe County, North Carolina

Monthly Metered Water Rates:

| | |
|--------------------------------------|----------|
| Residential Base Charge, zero usage: | \$ 15.31 |
| Usage Charge, per 1,000 gallons: | \$ 4.46 |

Monthly Metered Sewer Rates:

| | |
|--------------------------------------|----------|
| Residential Base Charge, zero usage: | \$ 28.61 |
| Usage Charge, per 1,000 gallons: | \$ 8.24 |

| | |
|---------------------------|-------------|
| <u>Connection Charge:</u> | Actual cost |
|---------------------------|-------------|

Reconnection Charges:

| | |
|--|-------------|
| If water service cut off by utility for good cause: | \$ 23.92 |
| If water service discontinued at customer's request: | \$ 23.92 |
| If sewer service cut off by utility for good cause: | Actual cost |

| | |
|-------------------------------|----------|
| <u>Returned Check Charge:</u> | \$ 23.92 |
|-------------------------------|----------|

| | |
|-------------------|-----------------|
| <u>Bills Due:</u> | On billing date |
|-------------------|-----------------|

| | |
|------------------------|----------------------------|
| <u>Bills Past Due:</u> | 15 days after billing date |
|------------------------|----------------------------|

| | |
|---------------------------|---|
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
|---------------------------|---|

| | |
|---|--|
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date. |
|---|--|

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide water utility service to

CAMELOT SUBDIVISION

Henderson County, North Carolina

Monthly Water Rates:

Metered Service:

| | |
|----------------------------------|----------|
| Base Charge, zero usage: | \$ 38.04 |
| Usage Charge, per 1,000 gallons: | \$ 3.58 |

Connection Charge: None

Reconnection Charges:

| | |
|--|----------|
| If water service cut off by utility for good cause: | \$ 24.96 |
| If water service discontinued at customer's request: | \$ 24.96 |

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$ 24.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide water utility service to

CINNAMON WOODS SUBDIVISION

Henderson County, North Carolina

Monthly Water Rates:

| | |
|----------------------------------|----------|
| Metered Service: | |
| Base Charge, zero usage: | \$ 16.51 |
| Usage Charge, per 1,000 gallons: | \$ 4.15 |

Connection Charge: \$1,000

Reconnection Charges:

| | |
|--|----------|
| If water service cut off by utility for good cause: | \$ 24.96 |
| If water service discontinued at customer's request: | \$ 24.96 |

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$ 24.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide sewer utility service to

HIGH VISTA FALLS SUBDIVISION (PHASES I THROUGH V), LAVISTA VILLAGE
CONDOMINIUMS, HIGH VISTA COUNTRY CLUB, AND CERTAIN OUT-PARCELS ON
NC HIGHWAY 191 AND BISHOP ROAD

Buncombe and Henderson Counties, North Carolina

Monthly Flat Rate for Sewer Service:

Residential Rates:

| | |
|-------------------------|----------|
| High Vista Falls: | \$ 35.33 |
| LaVista Village Condos: | \$ 23.00 |

Commercial Rates (Current Active Customers):

| | |
|-------------------------------|----------|
| High Vista Country Club: | \$212.03 |
| Real Estate Sales Office: | \$ 8.05 |
| Guardhouse/Security Entrance: | \$ 4.03 |

Commercial Rates (Future Development) / REU: \$ 35.33

REU = Residential Equivalent Unit = (DWQ's monthly design flow rate for customer, or meter water use / Public Utilities Engineer's residential flow estimate in last rate case, 8,250 gallons/month)

Connection Charge: \$1,500

Reconnection Charge: Actual Cost

The Utility shall itemize the estimated costs of disconnecting and reconnecting sewer utility service and shall furnish a copy of the cost estimate to the customer with the cut off notice for the pending disconnection.

To resume sewer utility service, after service has been cut off by the Utility for good cause, a customer must pay all delinquent sewer charges, including finance charges, plus the actual cost incurred by the Utility to reconnect the service.

Returned Check Charge: \$ 23.92

Bills Due: On billing date

| | |
|---|--|
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date. |

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLCto provide sewer utility service

to

HUNTER'S GLEN SUBDIVISION

Henderson County, North Carolina

Monthly Residential Flat Rate for Sewer Service: \$ 48.96Monthly Commercial Metered Sewer Rates:

Commercial Base, Charge, zero usage: \$ 42.14

Usage Charge, per 1,000 gallons: \$ 7.02

Connection Charge: Actual costReconnection Charge:

If sewer service cut off by utility for good cause Actual cost

Returned Check Charge: \$ 23.92Bills Due: On billing dateBills Past Due: 15 days after billing dateBilling Frequency: Shall be monthly for service in arrearsFinance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide water utility service to

KIRK GLEN SUBDIVISION

Buncombe County, North Carolina

Monthly Metered Water Rates:

| | |
|--------------------------------------|----------|
| Residential Base Charge, zero usage: | \$ 36.46 |
| Usage Charge, per 1,000 gallons: | \$ 15.25 |

Connection Charge: Actual cost

Reconnection Charge:

| | |
|--|----------|
| If water service cut off by utility for good cause: | \$ 23.99 |
| If water service discontinued at customer's request: | \$ 23.99 |

Returned Check Charge: \$ 23.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide sewer utility service to

MOUNTAIN VALLEY SUBDIVISION

Henderson County, North Carolina

| | |
|---|--|
| <u>Monthly Residential Flat Rate for Sewer Service:</u> | \$ 41.45 |
| <u>Connection Charge:</u> | Actual cost |
| <u>Reconnection Charge:</u> | |
| If water service cut off by utility for good cause | Actual cost |
| <u>Returned Check Charge:</u> | \$ 23.92 |
| <u>Bills Due:</u> | On billing date |
| <u>Bills Past Due:</u> | 15 days after billing date |
| <u>Billing Frequency:</u> | Shall be monthly for service in arrears |
| <u>Finance Charge for Late Payment:</u> | 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date. |

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide water utility service to

ROLLING OAKS ESTATES SUBDIVISION

Buncombe County, North Carolina

Monthly Metered Water Rates:

| | |
|----------------------------------|----------|
| Base Charge, zero usage: | |
| Residential, standard meter: | \$ 28.49 |
| Commercial user, 1.0" meter: | \$ 71.22 |
| Usage Charge, per 1,000 gallons: | \$ 4.79 |

Connection Charge: \$600.00

Reconnection Charge:

| | |
|--|----------|
| If water service cut off by utility for good cause: | \$ 23.92 |
| If water service discontinued at customer's request: | \$ 23.92 |

To avoid having water utility service disconnected (if payment for service is not received by past due date), a customer must pay all past due and current charges and may have to pay late payment finance charges.

To resume water utility service, after service has been cut off by Utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide sewer utility service to

SHERWOOD FOREST SUBDIVISION

Transylvania County, North Carolina

Monthly Flat Rate for Sewer Service:

| | |
|--|------------------|
| Residential Rates (Single Family Dwellings, REUs): | \$ 35.02 |
| Commercial Rates: | \$ 35.02 per REU |
| Duplex housing (Two units): | \$ 70.06 |
| Condominiums (22 condos): | \$770.60 |
| Restaurant (3.5 REUs): | \$122.60 |
| Assisted living facility (9.6 REUS): | \$336.27 |

Connection Charge: \$ 1,500

Reconnection Charge: Actual cost

The Utility shall itemize the estimated costs of disconnecting and reconnecting sewer utility service and shall furnish a copy of the cost estimate to the customer with the cut off notice for the pending disconnection.

To resume sewer utility service, after service has been cut off by the Utility for good cause, a customer must pay all delinquent sewer charges, including finance charges, plus the actual cost incurred by the Utility to reconnect the service.

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide water utility service to

SKYVIEW PARK SUBDIVISION

Gaston County, North Carolina

Monthly Metered Water Rates:

| | |
|--------------------------------------|----------|
| Residential Base Charge, zero usage: | \$ 21.62 |
| Usage Charge, per 1,000 gallons: | \$ 5.54 |

Connection Charge: Actual cost

Reconnection Charges:

| | |
|--|----------|
| If water service cut off by utility for good cause: | \$ 23.92 |
| If water service discontinued at customer's request: | \$ 23.92 |

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

SCHEDULE OF RATES

for

RED BIRD UTILITY OPERATING COMPANY, LLC

to provide water and sewer utility service to

WHITE OAK VILLAGE MOBILE HOME PARK

Henderson County, North Carolina

Monthly Metered Water Service:

| | |
|----------------------------------|----------|
| Base Charge, zero usage: | \$ 10.00 |
| Usage Charge, per 1,000 gallons: | \$ 3.48 |

Monthly Metered Sewer Service:

| | |
|----------------------------------|----------|
| Base Charge, zero usage: | \$ 26.33 |
| Usage Charge, per 1,000 gallons: | \$ 2.21 |

Connection Charge: Actual Cost

Reconnection Charges:

| | |
|--|-------------|
| If water service cut off by utility for good cause: | \$ 24.96 |
| If water service discontinued at customer's request: | \$ 24.96 |
| If sewer service cut off by utility for good cause: | Actual Cost |

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge

Returned Check Charge: \$ 24.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Order and Schedule of Rates issued by the North Carolina Utilities Commission in Docket Nos. W-1328, Sub 2 and W-1049, Sub 25, and the Order and Schedule of Rates were mailed or hand delivered by the date specified in the Order.

This the _____ day of _____, 2024.

By: _____
Signature

Name of Utility Company

The above-named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Order and Schedule of Rates were mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-1328, Sub 2 and W-1049, Sub 25.

Witness my hand and notarial seal, this the ____ day of _____, 2024.

Notary Public

(SEAL)

Printed or Typed Name

My Commission Expires:

Date