

**OFFICIAL COPY**

Dec 07 2023

In the Matter of )  
Application by Red Bird Utility Operating )  
Company, LLC, and Baytree Waterfront )  
Properties, Inc. for Transfer of Public Utility )  
Franchise and for Approval of Rates )

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

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

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

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

13     A. My supplemental testimony is provided on behalf of Red Bird to support the  
14     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 December 6, 2023.

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 the rate base in the utility assets Red Bird proposes to  
8 acquire in the wastewater system owned by Baytree Waterfront Properties, Inc. that serves  
9 the Windemere Pointe Subdivision in Montgomery County, the extent of Red Bird’s due  
10 diligence and acquisitions costs to potentially be recovered in the first general rate case  
11 relating to the Baytree system, and Red Bird’s request for an acquisition adjustment in  
12 connection with the acquisition of the Baytree system.

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

14 A. The Stipulation reflects Red Bird’s agreement to not pursue an acquisition adjustment  
15 in these dockets, establishes the net book value of the Baytree wastewater system assets to  
16 be acquired by Red Bird, and provides an opportunity for Red Bird’s recovery of a portion  
17 of its due diligence cost and transactional costs relating to this acquisition in a future rate  
18 case.

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

21 A. Yes, we did. That being said, the Stipulation is a product of the arms-length  
22 negotiations of the parties that yielded a result that both parties could accept. Commission

1 approval of the Stipulation will also provide us with certainty moving forward as to the  
2 Baytree system.

3 The Stipulation is the product of the give-and-take in settlement negotiations between Red  
4 Bird and the Public Staff. There are provisions of the Stipulation that are more important  
5 to Red Bird, and, likewise, there are provisions that are more important to the Public Staff.  
6 Nonetheless, working from different starting points and different perspectives, these parties  
7 were able to find common ground and achieve a settlement. We also anticipate that the  
8 Stipulation will facilitate an earlier closing of this acquisition, and thereby allow Red Bird  
9 to begin operating this system and bringing the benefits of its ownership of this system to  
10 Baytree's customers earlier than would otherwise be possible.

11 **Q. ARE THERE OTHER BENEFITS TO COMMISSION APPROVAL OF THE**  
12 **SETTLEMENT AGREEMENT AND STIPULATION?**

13 A. Yes. Red Bird has other transfer applications pending before the Commission, and we  
14 look forward to adding Baytree to the portfolio of systems the Company seeks to build in  
15 North Carolina. As we move forward with our business model and plans here, we will  
16 continue to work to replicate in North Carolina the record of success our affiliate group has  
17 achieved elsewhere.

18 As shown in my direct testimony, Red Bird has the financial, technical, and managerial  
19 ability to acquire, own, and operate Baytree's wastewater systems in a manner that fully  
20 complies with applicable health, safety, and environmental protection laws and regulations,  
21 and to provide reliable, safe, and adequate service to customers. Red Bird is part of an  
22 affiliate group that currently owns and operates wastewater systems serving approximately  
23 219,000 wastewater customers and drinking water systems serving approximately 145,000

1 customers in Missouri, Arkansas, Kentucky, Louisiana, Texas, Tennessee, Mississippi,  
2 Florida, South Carolina, North Carolina, and Arizona.

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

4 **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.

This the 7<sup>th</sup> day of December, 2023.

BURNS, DAY & PRESNELL, P.A.

A handwritten signature in black ink, appearing to read "Daniel C. Higgins", is written over a horizontal line.

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