

INFORMATION SHEET

PRESIDING: Commissioner Duffley, Presiding; and Commissioners Brown-Bland, Hughes, McKissick, and Kemerait

PLACE: Dobbs Building, Raleigh, NC

DATE: Thursday, March 9, 2023

TIME: 2:05 p.m. – 5:42 p.m.

DOCKET NOS.: A-41, Sub 22

COMPANY: Bald Head Island Transportation, Inc., and Bald Head Island Transportation, LLC

DESCRIPTION: Joint Application of Bald Head Island Transportation, Inc., and Bald Head Island Transportation, LLC, for Approval of Transfer of Common Carrier Certificate to Bald Head Island Ferry Transportation, LLC, and Permission to Pledge Assets.

VOLUME NUMBER: 6

APPEARANCES

(See attached)

WITNESSES

(See attached)

EXHIBITS

(See attached)

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REPORTED BY: Kaylene Clayton

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PLACE: Dobbs Building, Raleigh, North Carolina
DATE: Thursday, March 9, 2023
TIME: 2:05 p.m. - 5:42 p.m.
DOCKET NO.: A-41, Sub 22
BEFORE: Commissioner Kimberly W. Duffley, Presiding
Chair Charlotte A. Mitchell
Commissioner ToNola D. Brown-Bland
Commissioner Daniel G. Clodfelter
Commissioner Jeffrey A. Hughes
Commissioner Floyd B. McKissick, Jr.
Commissioner Karen M. Kemerait

IN THE MATTER OF:

Joint Application of

Bald Head Island Transportation, Inc., and
Bald Head Island Ferry Transportation, LLC, for
Approval of Transfer of Common Carrier Certificate to
Bald Head Island Ferry Transportation, LLC, and
Permission to Pledge Assets

VOLUME: 6

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T A B L E O F C O N T E N T S
E X A M I N A T I O N S

	PAGE
DR. JULIUS A. WRIGHT	
Direct Examination by Mr. Trathen.....	10
Prefiled Direct Testimony of Dr. Julius A. Wright	13
Prefiled Summary of the Direct Testimony of ... Dr. Julius A. Wright	55
Cross Examination By Mr. Higgins.....	60
Cross Examination By Mr. Styers.....	63
Cross Examination By Mr. Ferrell.....	97
Cross Examination By Mr. Creech.....	103
Redirect Examination By Mr. Trathen.....	104
Cross Examination By Mr. Styers.....	112
Redirect Examination By Mr. Trathen.....	118
PANEL OF	PAGE
KRISHNA K. RAJEEV, MICHELLE BOSWELL, AND JOHN R. HINTON	
Direct Examination By Mr. Creech.....	125
Prefiled Direct Testimony of Sonja Johnson, ... Krishna Rajeev, and John R. Hinton as Substituted and Adopted By Michelle Boswell	131
Prefiled Amended and Supplemental Testimony ... of Sonja Johnson, Krishna Rajeev, and John R. Hinton as Substituted and Adopted By Michelle Boswell	155

1 Prefiled Summary of the Amended and 184
 Supplemental Testimony of Michelle Boswell,
 2 Krishna Rajeev, and John R. Hinton

3 Cross Examination By Mr. Styers..... 187

4 Cross Examination By Mr. Ferrell..... 197

5 Cross Examination By Mr. Schauer..... 200

6 Cross Examination By Mr. Higgins..... 242

7 Redirect Examination By Mr. Creech..... 248

8 Examination By Chair Mitchell..... 251

9 Examination By Commissioner Clodfelter..... 257

10 Examination By Commissioner McKissick..... 260

11 Examination By Commissioner Kemerait..... 267

12 Examination By Commissioner Duffley..... 269

13 Examination By Mr. Styers..... 272

14 Examination By Chair Mitchell..... 274

15 Examination By Mr. Ferrell..... 275

16 Examination By Mr. Schauer..... 277

17 Examination By Mr. Higgins..... 278

18 Examination By Mr. Creech..... 279

19
20
21
22
23
24

E X H I B I T S

IDENTIFIED/ADMITTED

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Confidential Exhibits JLL-1	-/8
through JLL-6	
BHIT Wright Cross Examination	85/124
Exhibit 1	
Wright Exhibits 1 through 11.....	11/124
Public Staff Joint Panel	130/-
Exhibit 1 - Public and	
Confidential	
BHIT Public Staff Cross	193/-
Examination Exhibit 1	
BHIT Public Staff Cross	193/-
Examination Exhibit 2	

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 3-7-23 **DOCKET NO.:** A-41, Sub 22

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CITY: Raleigh **STATE:** NC **ZIP CODE:** 27601

APPEARANCE ON BEHALF OF: Village of Bald Head Island

APPLICANT: ___ **COMPLAINANT:** ___ **INTERVENOR:** X

PROTESTANT: ___ **RESPONDENT:** ___ **DEFENDANT:** ___

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SIGNATURE: /s/ Marcus Trathen

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DATE: 3-7-23 **DOCKET NO.:** A-41, Sub 22

ATTORNEY NAME and TITLE: Craig D. Schauer

FIRM NAME: Brooks Pierce McLendon Humphrey & Leonard, LLP

ADDRESS: 1700 Wells Fargo Capitol Center, 150 Fayetteville St.

CITY: Raleigh **STATE:** NC **ZIP CODE:** 27601

APPEARANCE ON BEHALF OF: Village of Bald Head Island

APPLICANT: ___ **COMPLAINANT:** ___ **INTERVENOR:** X

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NORTH CAROLINA UTILITIES COMMISSION APPEARANCE SLIP

DATE: 3-7-23 DOCKET NO.: A-41, Sub 22

ATTORNEY NAME and TITLE: Amanda S. Hawkins

FIRM NAME: Brooks Pierce McLendon Humphrey & Leonard, LLP

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CITY: Raleigh STATE: NC ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Village of Bald Head Island

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: X

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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APPEARANCE SLIP**

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DATE: 3-7-23 **DOCKET NO.:** A-41 Sub 22

ATTORNEY NAME and TITLE: Jo Anne Sanford

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CITY: Raleigh **STATE:** NC **ZIP CODE:** 27604

APPEARANCE ON BEHALF OF: Village of Bald Head Island

APPLICANT: ___ **COMPLAINANT:** x **INTERVENOR:** ___

PROTESTANT: ___ **RESPONDENT:** ___ **DEFENDANT:** ___

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 3-7-23 DOCKET NO.: A-41 Sub 22

ATTORNEY NAME and TITLE: M. Gray Styers, Jr. + Elizabeth Hedrick

FIRM NAME: Fox Rothschild

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CITY: Raleigh STATE: NC ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Bald Head Island Limited; and Bald Head Island Transportation

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: ___

PROTESTANT: ___ RESPONDENT: x DEFENDANT: ___

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SIGNATURE: M. Gray Styers /s/ Elizabeth Hedrick

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

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DATE: 3-7-23 **DOCKET NO.:** A-41 Sub 22

ATTORNEY NAME and TITLE: David Ferrell, Attorney

FIRM NAME: Nexsen Pruet PLLC

ADDRESS: 4141 Parklake Ave., Suite 200

CITY: Raleigh **STATE:** NC **ZIP CODE:** 27612

APPEARANCE ON BEHALF OF: Respondent SharpVue Capital, LLC

APPLICANT: ___ **COMPLAINANT:** ___ **INTERVENOR:** ___

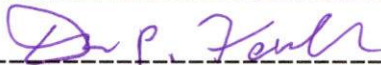
PROTESTANT: ___ **RESPONDENT:** x **DEFENDANT:** ___

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

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DATE: 3-7-23 DOCKET NO.: A-41 Sub 22

ATTORNEY NAME and TITLE: Daniel Higgins

FIRM NAME: Burns, Day & Presnell, PA

ADDRESS: PO Box 10867

CITY: Raleigh STATE: NC ZIP CODE: 27608

APPEARANCE ON BEHALF OF: Bald Head Island Club

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: x

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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Email: dhiggins@dppa.com

SIGNATURE: 

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NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE: March 7, 2023

DOCKET #: A-41, Sub 22

PUBLIC STAFF ATTORNEYS: Gina C. Holt and William E. H. Creech

TO REQUEST A **CONFIDENTIAL** TRANSCRIPT, PLEASE PROVIDE YOUR EMAIL ADDRESS BELOW:

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CONSUMER SERVICES _____
COMMUNICATIONS _____
ENERGY _____
ECONOMICS _____
LEGAL: gina.holt@psncuc.nc.gov;
zeke.creech@psncuc.nc.gov
TRANSPORTATION _____
WATER _____

Non-confidential transcripts are located on the Commission's website. To view and/or print, please access <https://ncuc.net>.

COUNSEL/MEMBER(S) REQUESTING A **CONFIDENTIAL** TRANSCRIPT WHO HAS SIGNED A CONFIDENTIALITY AGREEMENT WILL NEED TO SIGN BELOW.

/s/ Gina C. Holt


/s/ William E. H. Creech

DOCKET NO. A-41, SUB 22

REGULATORY CONDITIONS

These Regulatory Conditions set forth requirements imposed upon Pelican Legacy Holdings, LLC (Holdings), Bald Head Island Ferry Transportation, LLC (and BHIFT), a wholly owned subsidiary of Pelican Legacy Holdings, LLC (Holdings), SharpVue Capital, LLC (SharpVue), and other entities that invest in Holdings that are owned or controlled by SharpVue or its principals, Lee Roberts and Douglas Vaughn, which are currently SVC Pelican Partners, LLC (Partners), SharpVue Real Estate Partners II, LP, Pelican Co-Invest, LLC, and SharpVue Real Estate Partners II AI, LP (as well as any successor entities)(“SharpVue Affiliates”), as a condition of approval of the application by BHIL, BHIT, and BHIFT pursuant to N.C. Gen. Stat. § 62-111 and Commission Rule R2-8.1 for authority (1) to transfer BHIT’s Common Carrier Certificate to BHIFT to operate the passenger ferry transportation services to and from Bald Head Island, the tram services on the island, and, the parking, barge, and tug operations (collectively, the Transportation Assets) (the (Transfer), and for BHIFT or SharpVue to pledge assets and borrow or issue debt pursuant to N.C.G.S. §§ 62-160 and 62-161 secured by the Transportation Assets as may be necessary to finance the Transfer (the Pledging of Assets, and collectively with the Transfer, the Proposed Transaction).

These Regulatory Conditions, which become effective only upon closing of the Transfer, shall apply jointly and severally to Holdings, BHIFT, SharpVue, and SharpVue Affiliates, and shall be interpreted in the manner that ensures BHIFT’s customers (a) are protected from any known adverse effects from the Transfer, (b) are protected as much as possible from potential costs and risks resulting from the Transfer, (c) receive sufficient known and expected benefits to offset any potential costs and risks resulting from the Transfer. These Regulatory Conditions do not

apply, however, to how the SharpVue Affiliates operate or manage cash for other investments separate from and unrelated to their investment in Holdings and that have no effect on the rates and services provided by BHIFT.

For purposes of these Regulatory Conditions, the North Carolina Utilities Commission is referred to as “the Commission,” and the Public Staff – North Carolina Utilities Commission is referred to as “the Public Staff.” For purposes of these Regulatory Conditions, the term “affiliated” or “Affiliate” (other than previously defined SharpVue Affiliate) shall mean Holdings, BHIFT, and any business entity of which 10% or more is owned or controlled, directly or indirectly, by Holdings and BHIFT, including but not limited to Pelican Real Property, LLC, Pelican Logistics, LLC, and Pelican IP, LLC.

Each entity bound by these Regulatory Conditions must acknowledge and consent to these Regulatory Conditions and is further required not to cause any subsidiary entities to violate such Regulatory Conditions, nor to prevent any bound entity from taking action to comply with the Regulatory Conditions, as long as the Regulatory Conditions remain in effect. The consent and acknowledgment as set forth above does not constitute a general consent to expansion of the Commission’s jurisdiction over such entity(entities) beyond that established by Chapter 62 of the North Carolina General Statutes. Further, as long as SharpVue and its affiliates own or operate ferry, tram, parking, barge, and tug operations, SharpVue and the SharpVue Affiliates agree to submit to the Commission’s regulation and oversight of those operations as set forth in the Regulatory Conditions herein and the Commission’s December 30, 2022 Order in Docket No. A-41, Sub 21, unless and until and to whatever extent such Order may be overturned, reversed, or replaced and is thus no longer valid and enforceable.

The Commission retains the right to impose future limitations on BHIFT that the public interest requires.

1 **Transfer-related Direct Costs and Expenses.** Direct costs and expenses associated with the Transfer will be excluded from the regulated expenses of BHIFT for Commission financial reporting and ratemaking purposes. Direct Transfer expenses are change-in-control payments made to terminated executives, Transfer-related bonuses, severance payments, regulatory process costs, and transaction fees (such as, but not limited to, acquisition, architectural, broker, environmental, financing, investment banker, and legal fees for due diligence, transaction structuring, financial market analysis, and fairness opinions based on formal agreements with investment bankers). BHIFT will file a summary report of its final accounting for direct Transfer and Transfer-related -expenses within 120 days after the close of the Transfer, and supplemental reports within 60 days after each quarter until such expenses cease.

2 **Non-Consummation of Transfer.** If the Transfer is not consummated, neither the cost nor the receipt of any termination payment shall be allocated to BHIL or BHIT or included in regulated expenses of BHIL or BHIT for Commission financial reporting and ratemaking purposes. BHIL's and BHIT's customers shall not otherwise bear any direct expenses or costs associated with a non-consummated Transfer.

3 **Acquisition Adjustments.** SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall neither pursue nor recover an acquisition adjustment on assets used and useful in provided ferry or tram services in any future rate case.

4 **Parking Availability.** SharpVue, SharpVue Affiliates, Holdings or their affiliates will provide no less spaces for parking than the aggregate of: (i) the current number of paved, lined spaces at the Deep Point lots (1,955) and (ii) the number of overflow cars that it can currently accommodate on the unpaved, gravel lots at Deep Point (347). Holdings and its affiliates also commit that it will meet the parking space commitments of this paragraph in one, or a combination of, the following ways: (i) at the Deep Point parking lots currently used by BHIL; (ii) through the acquisition and development of other conveniently located parking lots with regular shuttle service to convey passengers and their baggage to and from the Deep Point terminal; or (iii) through the construction of parking decks or garages in lieu of surface lots. This obligation would continue until such time as the Commission were to allow a waiver or modification of this condition upon a showing of a demonstrable decline in demand for parking at Deep Point or the availability of equivalent parking by a third-party provider.

5. **Parking and Barge/Tugboat Rates:** For a period of four years following the closing of the sale and barge/tugboat assets and the parking facilities at the Deep Point Terminal, or the next rate case filed by BHIFT, whichever is earlier, Holdings or its affiliates will not increase the aggregate rates for parking ticket classes or levels or barge/tugboat services more than the compound average growth rate from

January 1, 2023 of the Consumer Price Index for All Urban Consumers (CPI-U) as calculated by the U.S. Bureau of Labor Statistics.

6. **Hold Harmless Commitment.** The Transfer shall be effectuated in a manner designed to prevent harm to BHIFT's ratepayers. Notwithstanding this, SharpVue, SharpVue Affiliates, Holdings, and BHIFT (as well as any successor entities directly or indirectly owning or controlling BHIFT assets, operations, or its employees) shall take all such actions as may be reasonably necessary and appropriate to hold BHIFT's customers harmless from the effects of the Transfer.
7. **Distributions to SharpVue, SharpVue Affiliates, and Holdings.** BHIFT shall not pay to SharpVue, SharpVue Affiliates, Holdings, or their members or managers any distribution that would result in a cash balance of less than \$500,000 for ferry, tram, parking and barge operations.
8. **Common Equity Capital.** Until a final order is issued in BHIFT's next (first) general rate case, BHIFT shall maintain common equity capital at levels equal to or greater than 40% of total adjusted booked capital (including common equity, preferred stock, long-term debt, and long-term capital leases) (On Day 1, booked capital is invested common equity). No equity distributions, whether by dividend or other form, such as the management fees of SharpVue, may be made that would result in invested equity capital of BHIFT falling below this minimum 40% level without prior approval of the Commission. Notwithstanding the foregoing, BHIFT may petition the Commission for an exception to this Regulatory Condition.

9. **Notice of BHIFT-related Investments.** Whenever SharpVue, SharpVue Affiliates, or Holdings makes any new or increased direct or indirect investment in a business entity other than Holdings and/or BHIFT where: (a) such investment appears or will appear on the books of BHIFT, or will otherwise have a direct effect on the books, costs, rates, revenues, charges, obligations, services, capitalization, or indebtedness of BHIFT, and (b) the amount of such investment is equal to 10% or more of BHIFT's book capitalization, then BHIFT shall file or cause to be filed, as soon as practicable following Board or other approval of the subject transaction and any public announcement thereof (if any), a confidential notice of the investment with the Commission. The notice shall include a full description of the investment and an explanation of how will appear on the books of BHIFT, or will otherwise have an effect on the books, costs, rates, revenues, charges, obligations, services, capitalization, or indebtedness of BHIFT.
10. **Notice of Default or Bankruptcy.** If SharpVue or SharpVue Affiliates experiences a material default on a Holdings or BHIFT-related obligation or files for bankruptcy, Holdings and BHIFT shall notify the Commission of the event in advance, if possible, or, if not, as soon as possible but not later than ten days after such event.
11. **Non-attribution or Forgiveness of Intercompany "Loan."** To the extent that closing of the Transfer memorializes any intercompany "loan" between BHIL and BHIT (see \$19,808,223 of Related Party Loan(s) as reported in BHIT's Financial Report of December 31, 2021), SharpVue, SharpVue Affiliates, Holdings, and

BHIFT must disclaim any such “loan” and any such “loan” or indebtedness shall not be binding upon Holdings and BHIFT and shall not be presented for Commission consideration whatsoever, whether for rate base purposes or otherwise. This requirement applies to all existing or subsequent indebtedness of BHIL or BHIT through closing, but not to cumulative negative retained earnings as shown on BHIT’s balance sheet prior to closing.

12. Post-Closing Financial Information. Holdings and BHIFT shall file confidentially pre-and post-Transfer closing balance sheets and the associated closing journal entries, including relevant descriptions and disclosures for the transactions recorded as soon as practicable but not later than the end of the second full quarter following the close of the Transfer, and shall provide confidentially to the Public Staff closing documents for the consummation of the Proposed Transaction, including closing statements for Holdings and BHIFT.

13. Meetings with Public Staff. Holdings and BHIFTA management shall meet periodically with the Public Staff, whenever requested, to discuss Holdings’ financial condition, BHIFT’s financial condition and results, service quality metrics and maintenance initiatives and results, and the ferry, barge, tug, and tram transportation services, parking services, and any changes and potential improvements, and new tariffs.

14. Access to Books and Records. In accordance with and to the extent provided by North Carolina law, the Commission and the Public Staff shall continue to have access to the books and records of Holdings and BHIFT.

15. **Management.** SharpVue, Holdings, and BHIFT have indicated that they intend to maintain current management comprised of existing key BHIL and BHIT employees Chad Paul, Shirley Mayfield, and Captain Bion Stewart. Holdings and BHIFT shall notify the Commission at least 14 days prior to any termination of agreements (except for termination for cause) with or resignation by these key personnel or as soon as practicable following their knowledge of any such termination or resignation .
16. **Regulatory Reporting Requirements.** BHIFT shall comply with all regulatory reporting requirements, including Annual Report, Quarterly Report, and Quarterly Financial Report of monthly information.
17. **Regulatory Staffing.** Holdings and BHIFT shall maintain sufficient, adequately trained personnel to ensure that regulatory reporting requirements are complied with in a timely and accurate manner. BHIFT shall notify the Public Staff when there is any change in regulatory or compliance personnel at the management level.
18. **Overall Service Quality and On-Time Performance.** Upon consummation of the Transfer, SharpVue, Holdings, and BHIFT shall continue to provide safe and reliable parking, ferry, barge, tug, and tram services consistent with current practices. Holdings and BHIFT shall have a goal of on-time ferry departures of 90%, excluding delays caused by force majeure events beyond their control, including, but not limited to, adverse weather conditions, river and port traffic, requested emergency response and evacuation services, and dredging by third-parties that affect transit to and from Bald Head Island. BHIFT shall evaluate

service delivery and related components to maintain and improve overall ridership experience and report findings of its evaluation to the Public Staff at meetings pursuant to Regulatory Condition #14 and at public meetings conducted pursuant to Regulatory Condition #22.

19. **Affiliated Agreements.** Holdings and BHIFT shall file with the Commission agreements pursuant to N.C.G.S. § 62-153. All such agreements that involve payment of fees or other compensation by Holdings or BHIFT shall require acceptance and authorization by the Commission and shall be subject to any other Commission action required or authorized by North Carolina law and the Rules and orders of the Commission. Holdings, and BHIFT shall file notice with the Commission of any proposed amendments to, assignment of, or transfer of management rights under the Management Agreement (referred to by BHIFT as an “Investment Management Agreement”) among SharpVue, Partners, and Holdings that would result in SharpVue Managing Partners Lee Roberts and Douglas Vaughn no longer be leading the provision of management services under the Management Agreement.

20. **Intellectual Property.** All intellectual property currently used in parking, ferry, barge, tug, and tram operations shall continue to be available for use by BHIFT at no additional charge. To the extent that intellectual property of BHIL conveyed to Pelican IP, LLC, at closing is currently used in parking, ferry, barge, tug, or tram operations, BHIFT shall have the continued right to utilize such intellectual

property and shall not be charged a licensing fee or any other sum associated with such use.

21. **Public meetings with Stakeholders.** Management of Holdings and BHIFT shall meet at least semi-annually in a noticed public meeting (one of which must be on Bald Head Island) with ferry, barge, tug, and tram service constituents to receive input on all aspects of such services.
22. **Ferry Terminals, Barge, and Parking Access.** BHIFT shall continue to have the right to maintain the long-term lease for ferry terminal facilities on the mainland and island (Terminal Lease) and the right to secure and maintain a perpetual easement(s) or long-term lease(s) or otherwise ensure ownership or control of all property necessary for regulated parking and barge and tug operations at reasonable rates, with escalations not to exceed the rate of inflation for an annual 12-month period at a rate greater than the annual increase in the Consumer Price Index for Urban Consumers, CPI-U, as published by the U.S. Bureau of Labor Statistics, unless any such rent escalation at a different rate is approved by the Commission in a rate case proceeding. In the event that any such easement or lease is terminated, expires, or is rendered inoperable, the grantor/lessor shall file written notice in this docket at least 90 days in advance and BHIFT shall be granted access (for example, by new easement or lease) to such facilities necessary for regulated operations at reasonable rates.
23. **Supplemental Assets.** The subsequent sale, assignment, lease, easement, or other transfer of any right or interest in and to supplemental assets (assets other than

regulated assets) under the Asset Purchase Agreement (APA) for the Transfer shall not materially impact customers of regulated operations for the ferry, tram, parking, barge, or tug.

24. **Mergers and Acquisitions.** For any proposed merger or other business combination that would affect BHIFT, Holdings, or SharpVue, BHIFT shall file an application for approval pursuant to N.C.G.S. § 62-111(a) at least 90 days before the proposed closing date for such merger or other business combination.
25. **Vessel Replacement.** Within one year of the closing of the Transfer, Holdings and BHIFT shall file a ten-year plan for the capital expenditures to replace any of BHIT's current ferry vessels, including the proposed financing of any capital expenditures related to the vessels.
26. **Transfer Pricing Between Affiliates.** For untariffed goods and services provided by Holdings, BHIFT, SharpVue, or Sharp Affiliates to a non-utility Affiliate, the transfer price paid shall be set at the higher of market value or Holdings', BHIFT's, SharpVue's, or SharpVue Affiliates' cost. For untariffed goods and services provided to Holdings, BHIFT, SharpVue, or SharpVue Affiliates by a non-utility Affiliate, the transfer price charged by a non-utility Affiliate to Holdings, BHIFT, SharpVue, or SharpVue Affiliates shall be set at the lower of market value or the non-utility Affiliate's cost. Services provided by Holdings, BHIFT, SharpVue, or SharpVue Affiliates to utility Affiliates or by utility Affiliates to Holdings, BHIFT, SharpVue, or SharpVue Affiliates shall be transferred at the supplier's cost, unless otherwise directed by order of the Commission.

27. **Rate Case.** BHIFT agrees not to seek an increase in rates for at least one year following the consummation of the Transfer, other than as allowed under Condition 5 above.
28. **Tariff/Service Regulations.** Within thirty days of the issuance of the final Order in this docket, the Applicants will file tariffs/service regulations, with rates and operating schedules, for parking and tugboat/barge services for approval by the Commission consistent with its Order in this docket.
28. **Successors.** The respective successors and assigns of Holdings, BHIFT, SharpVue, and SharpVue Affiliates shall be bound by these regulatory conditions, Commission rules, and Commission jurisdiction established by Chapter 62 of the North Carolina General Statutes. Any successor or assign shall file in this docket consent to submit to the Commission's jurisdiction for the limited purpose of allowing the Commission to oversee and enforce these regulatory conditions.

Exhibit JAW-1

Resume of Julius A. Wright, Ph.D.

Julius A. “Chip” Wright is the President of
 J. A. Wright and Associates, LLC
 6 Overlook Way
 Cartersville, GA 30121
 770-365-1872
jawright@mindspring.com.

Experience Overview

Prior to starting his firm, Dr. Wright was a Client Partner for AT&T Solutions Utilities and Energy Practice and before that a Principal in EDS’ Management Consulting Services. Dr. Wright has been consulting electric gas, and telephone utilities on regulation, economics, rates, production modeling and strategic planning for the past three years. Prior to this Dr. Wright served an eight-year term as a Utility Commissioner for the state of North Carolina. Prior to that he served three terms in the North Carolina State Senate while he was a senior project engineer for Corning Glass Works on their optical wave guide project in Wilmington, North Carolina. He has a total of 14 years’ government-related experience, 12 years’ chemical plant-related engineering experience, and he has established two companies.

Dr. Wright, beginning in 2020, is also an Adjunct Professor at Emory University in Atlanta GA. providing lectures and graduate level student assistance related to economic and public policy issues. In addition, (2011) he was a Visiting Professor at the University of the Virgin Islands teaching sophomore courses in both Macro and Micro Economics.

While serving on the North Carolina Utility Commission, he served four years on the National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee. He has served in various other advisory capacities, including the Keystone

Committee on Externalities; the North Carolina Radiation Protection Committee, and on an Oversight Committee for a joint North Carolina/New York/ Department of Energy (DOE) project.

Dr. Wright has also served on the Southern States Energy Board Task Force on Restructuring the Electric Utility Industry.

Regulatory Policy Issues, Prudence Reviews and Regulatory Studies

- Presented a report to the Louisiana Public Service Commission related to why that state should not adopt retail electric competition, Docket No. R-35462, Dec. 15, 2022
- Presented direct and rebuttal testimony supporting the Village of Bald Head Island related to that islands ferry transportation services and those services being declared a utility to be regulated by the North Carolina Utility Commission. The Commission’s Order in this proceeding found in favor of the positions I took in the case. NCUC, August, Sept. 2022, Docket No. A-41, Sub 21.
- Presented a report to the US District Court, Western Division of North Carolina, in support of Duke Energy’s response to a lawsuit claiming that Duke had violated the

FERC's policies related to wholesale market contracts. The court sided with Duke in this lawsuit. Civil Action No. 3:19-cv-515-KDB-DSC, Feb. 18, 2002.

- Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina's and Duke Energy Progress' filings related to the appropriate tariff design and economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.
- Regulatory Policy: Presented testimony to the South Carolina Utility Commission in support of Duke Energy Progress' efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, Docket No. 2018-318-E.
- Presented testimony and rebuttal testimony to the North Carolina Utility Commission in support of Duke Energy Carolinas' efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, Feb., 2017, Docket No. E-7, Sub 1146.
- Presented testimony and rebuttal testimony to the North Carolina Utility Commission in support of Duke Energy Progress' efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, June and November, 2017, Docket No. E-2, Sub 1146.
- Provided testimony and rebuttal testimony on behalf of Duke Energy Carolinas in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-7, Sub 1146, August 25, 2017.
- Provided testimony and rebuttal testimony on behalf of Duke Energy Progress in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-2, Sub 1142, June 1, 2017.
- Provided Testimony on behalf of Dominion Energy North Carolina related to the appropriate regulatory policy related to the Commission's rule regarding the use of the Company's nuclear capacity factor compared to national averages as a way to determine the prudence of nuclear operations in a fuel cost recovery proceeding, Docket No. E-22, Sub 546, October 2017.
- Prudence review: report for Georgia Power Company regarding the prudence of Plant Vogtle new nuclear construction costs, "*The South Carolina Public Service Commission's Prudence Reviews of Summer Units 2 and 3 as Persuasive Precedent for the Georgia Public Service Commission's Regulatory Treatment of Vogtle Units 3 and 4,*" April 5, 2016, Georgia Public Service Commission, Docket No 29849.
- Regulatory study: "*The Economic and Rate Implications from an Electric Utility's Loss of Large Load Customers,*" presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.
- Regulatory study: Dr. Wright routinely provides testimony support and witness training to several Fortune 500 investor-owned utilities in the Southeast, most recently involving two rate cases (2011, 2012) and three rate related cases dealing with an ongoing nuclear construction project (2008, 2010, 2012).

- Prudence review: related to a review of affiliate cost structure relative to compliance with FERC Order 707, conducted for a major SE utility, 4th quarter, 2008.
- Prudence review: related to a review of Affiliate Cost for Service Company Charges to a Regulated Utility, study conducted for SCANA Corporation, May, 2008.
- Regulatory study: review of Electric Utility Formula Rate Plans and specific Entergy formula rate plans, conducted for Entergy Mississippi, Jan-May, 2008.
- Prudence review: June 2005, provided a financial analysis related to the options for collecting and saving nuclear plant decommissioning costs for Duke Energy and this study along with a presentation was provided to the North Carolina Public Utility Commission and Staff.
- Regulatory study: provided analysis for Entergy Mississippi that was presented to the Mississippi Public Service Commission related to the valuation of services that Company provided to an unregulated affiliate, November 2002.
- Prudence review: “*Energy Deregulation*,” March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California’s restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor’s report.
- Prudence review: Principal author with Dr. Al Danielsen of “*Reliability of Electric Supply In Georgia*,” published by The Bonbright Utilities Center, University of Georgia, June, 2001.
- Regulatory Policy & Study: Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0, 2000.
- Prudence review: was the principal author of a report and investigation titled “*An Analysis of Commonwealth Edison’s Planning Process For Achieving Reliability of Supply*,” which was an investigation of the Company’s planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.
- Regulatory study: co-authored a national study that used computer modeling techniques to quantify the impact of electric competition on the aggregate economy in each of the 48 continental United States.
- Regulatory Policy: presented testimony to Louisiana Legislative Committee on behalf of Entergy Corporation regarding the various regulatory and technical issues that need to be addressed in the transition to competition.
- Regulatory Policy: presented testimony For Virginia Power with regard to its transition to competition plan.

- Regulatory Policy: testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory policies.
- Regulatory Policy: presented testimony for Entergy Corp. in both Louisiana and Arkansas in support of its transition to competition filing.
- Regulatory study: worked with three major southeastern utilities on developing business and regulatory strategy as they prepare for competition.
- Regulatory Policy & Study: filed a report with the South Carolina Legislature that studied the impact of electric competition on the state of South Carolina.
- Was a panelist on a Southern Gas Association national televised forum on performance based regulation for the natural gas industry.
- Regulatory Policy & Study: Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.
- Developed regulatory and marketing strategy for Entergy with regard to its telecommunications initiatives. In these efforts he worked with the EDS Telecommunications Consulting Group.
- Prudence review: was the lead analysis of the prudence of Central Vermont Public Service Company's power and resource acquisitions over a five year period. The prudence of this utility's power supply strategy was under investigation in a rate case proceeding. Dr. Wright's team filed testimony supporting the Company and their efforts were instrumental in undermining the charges of imprudence brought by the Company's opposition.
- Regulatory Policy & Study: developed an EDS intra-company task force to address the issues related to FERC's Transmission NOPR. This task force subsequently filed three responses to FERC's Open Access NOPR which provide a basis for EDS to maintain a leadership position as the electric utility industry undergoes restructuring to a competitive market.
- Regulatory study: helped develop a regulatory strategy and presented testimony on behalf of South Carolina Pipeline. In this case, an economic analysis prepared by Dr. Wright and Dr. Frank Cronin (from EDS Economic Planning and Analysis Consulting Group) was presented along with recommendations. The analysis and recommendations were generally accepted by the Commission staff.
- Prudence reviews: as a North Carolina Utility Commissioner Dr. Wright was involved in the prudence reviews of the costs related to the construction of three nuclear plants, Catawba 1 & 2 and Shearon Harris. In addition, he was involved in several other prudence reviews of various utilities.

Resource Planning & Economic Analysis

As a Commissioner he has been involved in a variety of resource planning issues including chairing the last North Carolina Resource Planning hearing that involved Duke Power Company, Carolina Power and Light, Virginia Power Company and the North Carolina Electric Membership Corporation.

He was also selected by the states of North Carolina and New York and the Department of Energy to be one of five representatives on a peer review panel overseeing a Resource Planning project being conducted by the Oak Ridge National Laboratories. In addition to these initiatives Dr. Wright has:

- Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina’s and Duke Energy Progress’ filings related to the appropriate tariff design and related economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.
- *“The Economic and Rate Implications from an Electric Utility’s Loss of Large Load Customers,”* presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.
- Provided an analysis of electric vehicle economics and the legislative, engineering, and regulatory issues that regulated electric utilities should address in both residential and commercial installments of electric vehicle charging stations. Studied performed for Fortune 500 Southeastern investor-owned utilities, 2011-2012.
- Provided a study to a Fortune 500 large Southeastern investor-owned utility related to the use of regulated electric rates designed to help retain current large industrial customers, 2012.
- Provided a Fortune 500 large Southeastern based investor-owned electric utility an economic, engineering, and environmental evaluation of a proposed renewable fuel alternative including the provision of an assessment and the design for a large-scale pilot test in one of that utility’s fossil-fired facilities, 2012.
- Regulatory Policy & Testimony: Provided testimony for Entergy Mississippi related to whether the Mississippi Public Service Commission should adopt some proposed Federal standards related to integrated resource planning and energy efficiency, Docket No. 2008-AD-477, February 2009.
- Provided a report to Entergy Mississippi on fuel cost recovery mechanisms that included a nationwide survey of fuel adjustment and any related performance based regulatory mechanisms, 2008.
- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy related to whether the North Carolina Public Utility Commission should approve the recovery of nuclear generation project development costs, Docket No. E-7-Sub 819, April 2008.
- Provided a review for Duke Energy of the cost assumptions and regulatory initiatives related to new nuclear plant construction nationwide, April 2008.

- Provided analysis for Entergy Mississippi related to new nuclear plant applications and any new regulatory mechanisms adopted by various states related to the approval or cost recovery associated with these new nuclear plants, April 2008.
- Presented testimony on behalf of Entergy Mississippi on its IRP or electric resource plan and demand side initiatives, June, 2008, Docket No. 2008-AD-158.
- Provided testimony in Georgia for Georgia Power Company supporting that Company's Integrated Resource Planning (IRP) process, the appropriate methods for evaluating demand side energy options, and supporting that Company's planned demand side programs, Docket No. 24505-U, June 2007.
- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy and Progress Energy related to the regulatory and economic rationale and appropriateness for using the "peaker" methodology and other methodologies for the establishment of avoided cost rates, Docket No. E-100-Sub 106, June 2007.
- Regulatory Policy & Testimony: Provided analysis for Entergy Mississippi that was presented to the Mississippi Public Service Commission related to the valuation of services that Company provided to an unregulated affiliate, November 2002.
- Regulatory Policy & Testimony: Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.
- Was instrumental in acquiring a large engagement for a major southeastern utility examining their competitive position as it relates to a competitive electric market. During the engagement he provided input and guidance on regulatory issues related to the deregulation of the electric industry.
- Assisted Carolina Power and Light Company in their integrated resource planning process by advising and facilitating a Commission directed public policy panel.
- Developed an overview of Niagara Mohawk Gas' integrated resource planning efforts. This engagement was under a contract from Oak Ridge National Laboratories.

Renewable Fuels, Demand Side, Energy Efficiency

- Regulatory Policy & Testimony: Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina's and Duke Energy Progress' filings related to the appropriate tariff design and economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.
- Regulatory Policy & Study: Provided an analysis of electric vehicle economics and the legislative, engineering, and regulatory issues that regulated electric utilities should address in both residential and commercial installments of electric vehicle charging stations. Studied performed for Fortune 500 Southeastern investor-owned utilities, 2011-2012.

- Provided a Fortune 500 large Southeastern based investor-owned electric utility an economic, engineering, and environmental evaluation of a proposed renewable fuel alternative including the provision of an assessment and the design for a large-scale pilot test in one of that utility’s fossil-fired facilities, 2012.
- Provided testimony for Entergy Mississippi related to that Company's proposed new demand side initiatives Docket No. EC-123-0082-00, February 2009.
- Regulatory Policy & Testimony: Provided testimony for Entergy Mississippi related to whether the Mississippi Public Service Commission should adopt some proposed Federal standards related to integrated resource planning and energy efficiency, Docket No. 2008-AD-477, February 2009.
- Presented testimony on behalf of Public Service of North Carolina supporting that Company's proposed demand side initiatives as well as the cost recovery of those initiatives, Docket No. G-5, Sub 495, March 2008.
- Regulatory Policy & Testimony: Provided testimony in South Carolina for Duke Energy, South Carolina Electric and Gas, and Progress Energy related to whether the South Carolina Public Service Commission should adopt some proposed Federal standards related to smart metering and energy efficiency rate setting procedures, Docket No. 2005-386-E, April, 2007.
- Provided testimony in South Carolina for South Carolina Electric and Gas related to Integrated Resource Planning and that Company's demand side initiatives, June 2007.
- Provided testimony in Georgia for Georgia Power Company supporting that Company's Integrated Resource Planning process, the appropriate methods for evaluating demand side energy options, and supporting that Company's planned demand side programs, Docket No. 24505-U, June 2007.
- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy and Progress Energy related to whether the North Carolina Public Utility Commission should adopt some proposed Federal standards related to smart metering, energy efficiency, and electric resource planning, Docket No. E-100-Sub 108, November 2006.

Nuclear Issues

- Regulatory Policy & Testimony: Provided Testimony on behalf of Dominion Energy North Carolina related to the appropriate regulatory policy related to the Commission’s rule regarding the use of the Company’s nuclear capacity factor compared to national averages as a way to determine the prudence of nuclear operations in a fuel cost recovery proceeding, Docket No. E-22, Sub 546, October 2017.
- Prudence review: report for Georgia Power Company regarding the prudence of Plant Vogtle new nuclear construction costs, “*The South Carolina Public Service Commission’s Prudence Reviews of Summer Units 2 and 3 as Persuasive Precedent for the Georgia Public Service Commission’s Regulatory Treatment of Vogtle Units 3 and 4,*” April 5, 2016, Georgia Public Service Commission, Docket No 29849.

- Dr. Wright provided testimony support and witness training involving three rate related cases dealing with an ongoing nuclear construction project (2008, 2010, 2012).
- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy related to whether the North Carolina Public Utility Commission should approve the recovery of nuclear generation project development costs, Docket No. E-7-Sub 819, April 2008.
- August 2008 provided a study to Duke Energy Carolinas examining the issue of cost justification for new nuclear power facilities.
- June, 2005, provided a financial analysis related to the options for collecting and saving nuclear plant decommissioning costs for Duke Energy and this study along with a presentation was provided to the North Carolina Public Utility Commission and Staff.

Cost of Service, Rate Design, Performance Based Regulation, Forecasting, Public Utility Policies

While serving more than eight years on the North Carolina Commission, Dr. Wright was involved in several cost of service and rate design analyses, testimonies, and orders. This included work in electric, telephone, gas, and water utilities. Additionally, he has presented testimony on performance based ratemaking, and for over two decades has worked extensively with Entergy Mississippi and the Mississippi Public Service Commission on that utility’s performance based regulatory mechanism (which is thought to be the oldest continuously operating major electric utility PBR mechanism in the nation). He has also been involved in analyzing electric utility forecasting models, including end-use models, regression analysis (both linear and nonlinear) and customer discrete choice modeling forecasts. Furthermore, Dr. Wright’s Ph.D. is in environmental and regulatory economics with special research into nonlinear minimal cost optimization procedures for electric utility production models. This work included optimizing investments, optimal regulatory regimes, pricing, cost recovery, and rate of return issues.

In addition, he has:

- Presented direct and rebuttal testimony supporting the Village of Bald Head Island related to that islands ferry transportation services and those services being declared a utility to be regulated by the North Carolina Utility Commission. The Commission’s Order in this proceeding found in favor of the positions I took in the case. NCUC, August, Sept. 2022, Docket No. A-41, Sub 21.
- Regulatory Policy & Testimony: Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina’s and Duke Energy Progress’ filings related to the appropriate tariff design and economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.
- Presented testimony to the South Carolina Utility Commission in support of Duke Energy Progress’ efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, Docket No. 2018-318-E.

- Regulatory Policy, Study & Testimony: “*The Economic and Rate Implications from An Electric Utility’s Loss of Large Load Customers,*” presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.
- Provided a study to a Fortune 500 large Southeastern investor-owned utility related to the use of regulated electric rates designed to help retain current large industrial customers, 2012.
- Regulatory Policy & Testimony: Presented testimony on behalf of Public Service of North Carolina related to the establishment of a formulary performance type rate setting mechanism for this natural gas LDC, August 2008, Docket No. G-5, Sub 495.
- Regulatory Policy & Testimony: Provided testimony in Georgia for Georgia Power Company supporting that Company's methodology for pricing fuel and its use of marginal replacement fuel cost procedures in its intra-company resource sharing arrangement with the Southern company, Docket No. 191142-U, April 2005.
- Regulatory Policy & Testimony: Provided an economic analysis of the proper regulatory regime for South Carolina Pipeline Company. In this analysis he presented testimony supporting performance based ratemaking and his recommendations were generally accepted by the Commission staff.
- Developed forecasted rates for two New York state utilities. These rates were developed to support a bond filing by a co-generator.
- Provided a forecast of power payments from New York State Electric and Gas (NYSEG) to two independent power producers (IPPs). This forecast was used to estimate the level of overpayments by NYSEG to these IPPs, under PURPA regulations, which he used in a filing before FERC supporting the company’s claim of unlawful overpayments.

Telecommunications

As a Commissioner he has regulated all types of telecommunications providers for eight years. In addition, he has worked with two electric utilities in strategy formulation in regard to their entering the telecommunications business. Furthermore, he has eight years experience as a fiber optic engineer.

Other Areas of Expertise

Prior to joining EDS, he worked for eight years as a senior process engineer for Corning Glass in the design and production of optical waveguides (or fiber optics). Prior to that he worked for four years in the chemical industry as a process chemist and later as a senior project engineer. He has done work in environmental monitoring, process and product improvement, plant utilization, as well as starting and selling two successful companies – one in the financial leasing business and the other in the entertainment industry.

Presentations and Publications

Presentation to the Louisiana Public Service Commission related to why that state should not adopt retail electric competition, Docket No. R-35462, Dec. 15, 2022

Report for Georgia Power Company regarding the prudence of Plant Vogtle new nuclear construction costs, *“The South Carolina Public Service Commission’s Prudence Reviews of Summer Units 2 and 3 as Persuasive Precedent for the Georgia Public Service Commission’s Regulatory Treatment of Vogtle Units 3 and 4,”* April 5, 2016, Georgia Public Service Commission, Docket No 29849.

“The Economic and Rate Implications from An Electric Utility’s Loss of Large Load Customers,” presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.

“Energy Deregulation,” March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California’s restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor’s report.

“Low Cost States and Electric Restructuring - The Issue is the Price!” presented to the 1999 Miller Forum on Government, Business and the Economy, University of Southern California, April 19, 1999.

An Analysis of Commonwealth Edison’s Planning Process For Achieving Reliability of Supply, Illinois Commerce Commission Docket No. 98-0514.

The Impact of Competition on the Price of Electricity, author, published by L. A. Wright and Associates, November, 1998.

“Retail Competition in the Electric Industry: The Impact on Prices,” presented at the 18th Annual Bonbright Center Energy Conference, Atlanta, Georgia, Sept. 10, 1998.

Potential Economic Impacts of Restructuring the Electric Utility Industry, co-author, published by the Small Business Survival Committee, Washington, DC, November, 1997.

“How Deregulation Will Affect Power Quality and Energy Management,” presented at the Power Quality and Energy Management Conference co-sponsored by Entergy and EPRI, New Orleans, LA, Nov. 14, 1997.

“Deregulation of the Electric Industry,” Proceedings: National Business Energy Forum, New Orleans, LA, June 26, 1997.

“A Different View of the Market,” presented at the Southeastern Electric Exchange Conference, Charlotte, N.C., June 25, 1997.

“Restructuring The Electric Utility Industry: Theory vs. Reality,” presented at the American Bar Association Restructuring Conference, Raleigh, NC, Dec. 5, 1996.

“Restructuring: The Best Approach for Virginia,” presented at the Virginia State Corporation Commission Electricity Restructuring Forum, Charlottesville, VA, Nov. 15, 1996.

“Alternative Rate Making for the Natural Gas Industry: State Issues,” presented at the Tenth Annual NARUC Biennial Regulatory Information Conference, Columbus, Ohio, Sept. 12, 1996.

“RetailCo: To Regulate or Not?” presented at the 9th Annual Automatic Meter Reading Symposium, New Orleans, La., Sept. 10, 1996.

“Convergence: The Competitive Revolution Comes To Electric Power,” presented to the Southeastern Association of Regulatory Commissioners Annual Convention, Point clear, Alabama, June 4, 1996.

“Stranded Assets Recovery Issues,” presented at the Western Electric Power Institute: Financial Forum, Tucson, Arizona, March 8, 1996.

“The Deregulation of the Electric Utility Industry : Current Status,” presented at the North Carolina Economic Developers Association Midwinter Conference, Pinehurst, N.C., February 23, 1996.

“Performance Based Regulation for The Natural Gas Industry,” panelist on Southern Gas Association’s Televised Regulatory Forum, Dallas, Texas, Jan. 18, 1996.

“Industry Structure Should Meet Stakeholder Objectives,” Electric Light and Power, Jan., 1996.

“Quantifying the Value of Stranded Investment: A Dynamic Modeling Approach,” Proceedings: Implementing Transmission Access and Power Transactions Conference, Denver, Colorado, Dec. 14, 1995.

“Quantifying the Value of Stranded Investment: A Dynamic Modeling Approach,” at the 15th Annual Bonbright Center Electric and Natural Gas Conference, October 9-11, 1995, Atlanta, Georgia.

Comments to FERC in the matter of Notice of Proposed Rulemaking on Open Access, Docket No. 95-9-000, 1995.

“The Road to Competition for Re-Regulated Industries,” presented at the 1995 National PROMOD users Forum, St. Petersburg, Florida, May 1, 1995.

“Comparing New York State Electric and Gas Corporation’s Non-Utility Generator Payments to Current Avoided Cost Rates,” report submitted in support of affidavit filed before FERC in Docket No. EL 95-28-000.

“A Solution To The Transmission Pricing and Stranded Investment Problems” Public Utilities Fortnightly, January 1995.

“Electric Utility Competition: The Winning Focus,” presented at 1994 Southeastern Electric and Natural Gas Conference, Atlanta, Georgia, October 1994.

“Gas Integrated Resource Planning: The Niagara Mohawk Experience,” for Martin Marietta Energy Systems, Inc., under contract to the United States Department of Energy, ORNL/SUB/93-03369.

“Future Regulation In the Water Industry - Can We Solve the Problems Before They Happen?” Water, Vol. 29, No. 2, pp. 14-17, Summer 1988.

“The Regulatory Process - Historical and Today,” presented at Carolina Power and Light Company’s IRP Public Participation Committee Seminar, June 1994.

“The Regulatory Role In DSM: Who Pays?” presented at Carolina Power and Light Company’s IRP Public Participation Committee Seminar, June 1994.

“The Regulatory Process In North Carolina,” North Carolina Telephone Association, June 1991.

Testimony

- Presented a report to the Louisiana Public Service Commission related to why that state should not adopt retail electric competition, Docket No. R-35462, Dec. 15, 2022
- Presented direct and rebuttal testimony supporting the Village of Bald Head Island related to that islands ferry transportation services and those services being declared a utility to be regulated by the North Carolina Utility Commission. The Commission’s Order in this proceeding found in favor of the positions I took in the case. NCUC, August, Sept. 2022, Docket No. A-41, Sub 21.
- Presented a report to the US District Court, Western Division of North Carolina, in support of Duke Energy’s response to a lawsuit claiming that Duke had violated the FERC’s policies related to wholesale market contracts. The court sided with Duke in this lawsuit. Civil Action No. 3:19-cv-515-KDB-DSC, Feb. 18, 2002.
- Provided testimony and rebuttal testimony on behalf of Duke Energy Carolinas and Duke Energy Progress in South Carolina related to the appropriate regulatory policy and economic valuation of solar related net energy metering. Docket No. 2019-182-E, October 2020.
- Provided testimony and rebuttal testimony on behalf of Duke Energy Carolinas in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-7, Sub 1146, August 25, 2017.
- Provided testimony and rebuttal testimony on behalf of Duke Energy Progress in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-2, Sub 1142, June 1, 2017.
- Provided Testimony on behalf of Dominion Energy North Carolina related to the appropriate regulatory policy related to the Commission’s rule regarding the use of the Company’s nuclear capacity factor compared to national averages as a way to determine the prudence of nuclear operations in a fuel cost recovery proceeding, Docket No. E-22, Sub 546, October 2017.
- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc., in support of that company’s revisions to its Formula Ratemaking procedures, Docket No. 2014-UN-132, June 2014.
- Rebuttal testimony for Progress Energy Carolinas, related to the economic and rate implications from an electric utility’s loss of large load customers, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.
- Provided a study to a Fortune 500 large Southeastern investor-owned utility related to the use of regulated electric rates designed to help retain current large industrial customers, and developed proposed testimony in support of this issue, 2012.
- Provided an affidavit in support of Progress Energy Carolinas to the North Carolina Utility Commission in a proceeding considering the appropriate avoided cost rates that should be paid to an independent power producer, Docket No. E-2, Sub 966, Sept. 2010.

- Presented testimony on behalf of Entergy Mississippi in an investigation of the Commissions procedures concerning confidentiality, Docket No. 2010-AD-259, August, 2010.
- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc., in support of the formula rate plan annual evaluation, Docket No. 2002-UN-526, March, 2009.
- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc., in support of an energy efficiency pilot program and cost recovery mechanism, Docket No. 2009-UN-064, February, 2009.
- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc., in a proceeding to review statewide energy generation needs, Docket 2008-AD-270, August 2008.
- Presented testimony on behalf of Public Service of North Carolina related to the establishment of a formulary type rate setting mechanism for this natural gas LDC, August, 2008, Docket No. G-5, Sub 495.
- Presented testimony on behalf of Entergy Mississippi in an investigation of that utility's fuel charges and its fuel cost recovery, July, 2008, Docket No. 2008-AD-270.
- Presented testimony on behalf of Entergy Mississippi on its IRP or electric resource plan and demand side initiatives, June, 2008, Docket No. 2008-AD-158.
- Presented testimony for Duke Energy in North Carolina related to the approval to incur pre-construction costs for the proposed Lee Nuclear Station, Docket No. E-7, Sub 819, May, 2008.
- Presented testimony for Duke Energy in South Carolina related to the approval to incur pre-construction costs for the proposed Lee Nuclear Station, Docket No. 2007 -440-E, June, 2008.
- Presented rebuttal testimony for Duke Energy in North Carolina related to the recovery of costs incurred by Duke related to GridSouth and why these expenses should be fully recoverable at this time, Docket No. E-7, Sub 828, October, 2007.
- Provided testimony for Georgia Power in its 2007 Integrated Resource Plan reviewing the plan filed by the Company and discussing how its demand-side proposals were reasonable, compared the Company's demand-side proposals to those found in neighboring states, and discussed the application of the various tests used to evaluate demand-side programs (TRC, RIM, PTC), Docket number 24505-U, May, 2007.
- Presented two testimonies before the South Carolina Public Service Commission on behalf of South Carolina Electric and Gas, Duke Energy and Progress Energy Carolinas in the investigation of adoption of energy efficiency and generation standards related to the Energy Policy Act of 2005, Dockets No. 2005-385-E and No. 2005-386-E, April, 2007.

- Presented testimony before the North Carolina Public Utilities Commission on behalf of Duke Energy and Progress Energy Carolinas in the investigation of adoption of energy efficiency and generation standards related to the Energy Policy Act of 2005, Docket No. E-100, Sub 108 November 2006.
- Presented testimony before the North Carolina Public Utilities Commission on behalf of Duke Energy in the investigation of Duke Energy’s 2006 Integrated Resource Plan, Docket No. E-100, Sub 103, June, 2006.
- Provided testimony for Georgia Power in its 2005 Fuel Adjustment Hearing on the issue of the appropriate pricing methodology for the dispatch and sale of electricity in the Southern Company system, Docket number 19142-U, April, 2005.
- Presented testimony on behalf of South Carolina Electric and Gas Company before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the inclusion of a generating plant in rate base and to the recovery of RTO (Gridsouth) related costs, Docket No. 2004-178-E, October, 2004.
- Presented testimony on behalf of Entergy Mississippi before the Mississippi civil court dealing with maintaining the confidentiality of special use contracts, August, 2004.
- Presented rebuttal testimony before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the reasons for continuing a program that allows flexible, competitive based pricing for large, interruptible customers that have alternative fuels, Docket No. 2004-6-G, May 29, 2004.
- Presented testimony before the Georgia Public Service Commission on the appropriate range for a return on equity earnings band (a form of performance based regulation) to set in a Savannah Electric & Power Company rate case, Docket No. 14618-U, April, 2002.
- Presented testimony before the Georgia Public Service Commission on behalf of Scana Energy Marketing related to affiliate relationships and the appropriate affiliate rules between Atlanta Gas Light Company’s regulated and unregulated affiliates. Docket No. 146060-U, August 24, 2001.
- Presented testimony before the Georgia Public Service Commission on the appropriate range for a return on equity earnings band (a form of performance based regulation) to set in a Georgia Power Company rate case, Docket No. 14000-U, November 19, 2001.
- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power the appropriate affiliate relationship protections necessary in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-43, Sub 0.
- Presented testimony before the South Carolina Public Service Commission on behalf of South Carolina Pipeline Corporation regarding issues related to its annual review of gas costs as reflected in its purchase gas adjustment charge, Docket No. 1999-007-G, September, 1999.
- Presented testimony before the Arkansas Public Service Commission on behalf of Entergy Arkansas, Inc. regarding regulatory policies related to the definition of public

utilities as it impacts citing requirements of non-utility owned generating facilities, Dockets No. 98-337-U, March 9, 1999.

- Presented Rebuttal and Surrebuttal testimony before the Louisiana Public Service Commission on behalf of Entergy Louisiana, Inc. and Entergy Gulf States regarding regulatory policies related to stranded cost recovery and on the issue of whether investors have been compensated for the risk of not recovering stranded costs, Dockets Nos. U-22092SC and U-20925, September, 1998.
- Presented testimony to the South Carolina Public Utility Commission for South Carolina Pipeline Corp. related to acquisition adjustments and regulatory policies related to performance based regulation, Docket No. 90-588-G, June, 1998.
- Testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory polices, April 16, 17, 1997.
- Support of Transition Proposals filed by Virginia Power Corporation, March, 1997.
- Entergy Arkansas testimony in support of Transition to Competition Filing, 1997.
- Entergy Louisiana testimony in support of Transition to Competition Filing, 1997.
- Support of Performance Based Regulation for GTE South Inc., Docket No. P-19, Sub 277, before the North Carolina Utility Commission, filed Nov. 22, 1995.
- Stranded Cost Regulatory Policy and Recovery Testimony before the South Carolina Public Service Commission, the Commission approved the request Dr. Wright was advocating, Docket No. 95-1000-E, October 27, 1995.
- Performance based rate making mechanism and rate levels, testimony on behalf of South Carolina Pipeline Corporation, Docket No. 90-588-G, filed August 3, 1995.
- Prudence Review of Power Resource Planning for Central Vermont Public Service Company, Docket No. 5724, September 7, 1994.
- Rebuttal testimony on behalf of Central Vermont Public Service Company, Docket 5724, September 7, 1994.
- Surrebuttal testimony on behalf of Central Vermont Public Service Company, Docket No. 5724, September 9, 1994.

Education

Dr. Wright received a Ph.D. in Economics from North Carolina State University, focusing on regulatory and environmental economics, and is a member of the honor society.

He received an MBA in finance from Georgia State University in 1978, graduating with honors.

He received a Master of Economics from North Carolina State University in 1991 and was a member of the honor society.

He received a B.S. in Chemistry from Valdosta State College in Valdosta, Georgia, graduating Magna Cum Laud.

In addition, he has completed the Michigan State University Regulatory Course, several other NARUC courses on regulation, been an instructor on regulatory issues at several NARUC courses, completed management courses at Corning Glass and financial seminars at Bank Boston and Merrill Lynch dealing with regulation.

Dr. Wright (in 2011) has also been a Visiting Professor at the University of the Virgin Islands teaching sophomore courses in both Macro and Micro Economics.

Exhibit JAW-2

Letter from State Auditor to State Treasurer Dated November 15, 2021

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600
Telephone: (919) 807-7500
Fax : (919) 807-7600
<https://www.auditor.nc.gov>

November 15, 2021

The Honorable Dale Folwell
North Carolina State Treasurer
3200 Atlantic Avenue
Raleigh, NC 27604

Dear Treasurer Folwell:

I am writing this letter to **insist** that you, as the Chairman of the Local Government Commission, remove from the December 2021 agenda both applications to sell bonds to purchase the assets of the Bald Head Island Transportation System.

N.C.G.S. § 159-52(a) lists thirteen criteria that the Commission **should** consider when deciding to approve an application to sell bonds. Specifically, item (8) references the consideration of the “appraised and assessed value of the property subject to taxation.”

Additionally, N.C.G.S. § 159-52(b) states “(b) The Commission shall approve the application **if**, upon the information and **evidence** it receives, it finds and determines... (2) That the amount proposed is **adequate** and **not excessive** for the proposed purpose of the issue.” (*Emphasis added*).

To date, the Commission has **not** received the **evidence**, required by statute, that supports the value of the assets, and provides adequate support for Commission member consideration verifying that the amount proposed is adequate and not excessive.

The two valuations/appraisals of the assets of the Bald Head Island Transportation System that have been submitted used assumptions that have raised a number of questions, have used estimates of asset values supplied by the seller, and has garnered so many other questions that have gone unanswered, even after multiple requests. Until the applications to sell bonds to purchase the assets of Bald Head Island Transportation System is supported by a valuation/appraisal that accurately and reliably sets the value of the assets, no application should be allowed on the Commission agenda at any time.

NO other unit of government, nor any authority that has to go through the Commission for approval to sell bonds, is allowed to appear on the agenda without the evidence to support the sale. Why are the two applications for the sale of bonds to purchase the Bald Head Island Transportation System assets being treated differently?



The Honorable Dale Folwell
 November 15, 2021
 Page 2

As a voting member of the Commission, N.C.G.S. § 159 requires that I have the information/evidence I need to approve or reject the application. Thus far, I have not been provided that information.

As the State Auditor, I question the preferential treatment of these applicants and the precedent that will be set for other units applying for approval to sell bonds.

Also, it is imperative to note that the Commission just lost three Commissioners, whose term ended June 30, 2021 and were not reappointed. These three terminated Commissioners have been intricately involved in all the discussions, issues, history of the application for the bond sale, and all the associated problems. There is absolutely not enough time for the new appointees to educate themselves well enough to make an informed vote at the December meeting, especially since the appointments for the vacated positions have not been made as of this date.

While I have seen, first-hand, the **extreme pressure** put upon you to get the application(s) on the Commission agenda, that cannot be the reason for putting them on the December 2021 agenda. The application(s) to purchase the Bald Head Island assets should not be back on the agenda until the Commission has the evidence, required by state statute, to make informed decisions and the new appointees to the Commission have had an opportunity to become well versed in the details of the bond sale so they can make an informed vote.

Again, I **insist** the two applications for the approval of the sale of bonds to purchase the Bald Head Island Transportation System be removed from the December 2021 agenda.

Best regards,



Beth A. Wood, CPA
 STATE AUDITOR

OFFICIAL COPY

APR 10 2023



Exhibit JAW-3

**Letter from State Auditor to State
Treasurer Dated January 12, 2022**



STATE OF NORTH CAROLINA
Office of the State Auditor

BETH A. WOOD, CPA
 STATE AUDITOR

2 S. Salisbury Street
 20601 Mail Service Center
 Raleigh, NC 27699-0600
 Telephone: (919) 807-7500
 Fax: (919) 807-7600

January 12, 2022

The Honorable Dale Folwell
 North Carolina State Treasurer
 3200 Atlantic Avenue
 Raleigh, NC 27604

Dear Treasurer Folwell:

I am writing to follow up on my letter, dated November 15, 2021 regarding applications submitted to the Local Government Commission (Commission) to sell bonds to purchase the assets of the Bald Head Island Transportation System.

While the applications for approval to sell bonds were removed from the December 2021 agenda, I insist that "no" applications should be included in the Commission agenda, in the future, for approval, without the support of a valuation/appraisal that provides a credible AND reliable value of the assets.

I will reiterate the statutory requirements for Commission Members to approve "any" application related to the sale of bonds:

- N.C.G.S. § 159-52(a) lists thirteen criteria that the Commission **should** consider when deciding to approve an application to sell bonds. Specifically, item (8) references the consideration of the "appraised and assessed value of the property subject to taxation."
- Additionally, N.C.G.S. § 159-52(b) states "(b) The Commission shall approve the application **if**, upon the information and **evidence** it receives, it finds and determines... (2) That the amount proposed is **adequate** and **not excessive** for the proposed purpose of the issue." (*Emphasis added*).

Most importantly, **no other** unit of government, nor authority is allowed to appear on the Commission agenda without meeting the criteria/requirements of N.C.G.S. § 159-52 and without providing the required evidence to support the sale of bonds. To allow "any" application to be included on the agenda, without meeting all the requirements of the above referenced statute, will set a dangerous precedence and undermines the integrity of the Commission's responsibility in the approval process for units of government and authorities to sell bonds.

Therefore, until "any/all" applicant(s), who wish to sell bonds for the purpose of purchasing the assets of the Bald Head Island Transportation System meets the criteria of N.C.G.S. § 159-52, the applications should "not" be included in the Commission agenda for Member approval.



The Honorable Dale Folwell
January 12, 2022
Page 2

I recognize that there will be renewed efforts to apply pressure to get one or both of the previous applications (or possibly others) on the Commission agenda; however, I trust that you, as the Chairman of the Commission, will ensure that does not happen until the application(s) meet all criteria required by North Carolina Statutes and the policies and procedures of the Commission.

Sincerely,



Beth A. Wood, CPA
STATE AUDITOR

Exhibit JAW-4


Public Statement of State Treasurer Dated December 2, 2021

Statement from State Treasurer Dale R. Folwell, CPA, Regarding the Local Government Commission's December Agenda and the Sale of the Bald Head Island Ferry System

[NC nctreasurer.com/news/press-releases/2021/12/02/statement-state-treasurer-dale-r-folwell-cpa-regarding-local-government-commissions-december-agenda](https://www.nc-treasurer.com/news/press-releases/2021/12/02/statement-state-treasurer-dale-r-folwell-cpa-regarding-local-government-commissions-december-agenda)

Raleigh, NC

Dec 2, 2021

In a letter  a few weeks ago, State Auditor Beth Wood insisted that applications to purchase the Bald Head Island ferry (System) by the Village of Bald Head Island (Village) and the Bald Head Island Transportation Authority (Authority) not be included in the December Local Government Commission (LGC) agenda.

One of the many reasons cited was that members of the LGC are bound by law to consider the applications and assessed value of the property subject to taxation and that the amount of borrowing is adequate and not excessive.

I want to note that this ferry system is owned by a family from Texas who chose the broker, lawyers, investment bankers and, most importantly, both appraisers for the potential sale. In addition, a recent letter from the Authority stated that the family categorically refused to sell the System to the Village even after voters in November approved the authorization of General Obligation (GO) bonds to purchase the System.

Complicating the matter further, Governor Roy Cooper replaced all his appointees to the LGC less than 48 hours after the voters of the Village approved the GO bonds. While this is his right, his actions caused the loss of years of combined institutional knowledge on this transaction.

According to a study paid for by the seller, the System is a partially regulated monopoly. The passenger ferry is regulated but the parking and barges are not. Regulated or not, it is a public highway that uses boats instead of cars.

But for this privately owned "highway" system, residents, tourists and, most importantly, workers (a group which at times is six times larger than the other group) could not live, eat and work on the island.

There may be some that ride the ferry who are unaware of the difference in a partially regulated monopoly. They may not know what it means when the family states that they categorically refuse to sell the System to the Village, but they may sell it to Wall Street bankers. What they do know is how many hours per day they must work to ride the “highway.”

For nearly 100 years, the treasurer as LGC chair has set the agenda. As chair, my goals have never changed: governance, transparency and, to the Auditor’s letter, a correct valuation that brings reasonable price certainty to the average blue-collar worker is paramount.

The LGC deserves a side-by-side open comparison of the applications submitted by the Village and the Authority.

If there is going to be a transfer of wealth from working people to the family through higher tolls, then the commission deserves this comparison to properly fulfill its duties.

The LGC has never been faced with approving bonds for a ferry system. The LGC is uniquely able and enabled to not be bound by any particular special interest. I believe the LGC has a responsibility to “measure twice, and cut once,” and it is not intended to function as a “rubber stamp.”

Therefore, I intend to honor State Auditor Beth Wood’s request not to include any applications for the sale of the Bald Head Island Ferry System in the agenda for December’s Local Government Commission (LGC).

Exhibit JAW-5

LGC Meeting Transcript – Excerpt of Meeting on November 11, 2021

NC Local Government Commission Meeting**November 2, 2021****Full meeting audio available at <https://www.youtube.com/watch?v=MepA1Ja89Xk>****The following excerpt begins at 1:35:27**

State Treasurer Dale Folwell: Members, in the December meeting we're going to be dealing with Bald Head Island. I want to remind you of that. And also to ask your opinion for holding our January 2022 meeting on the 11th of January instead of right after the New Year.

State Auditor Beth Wood: May I ask a question. Where is the valuation for Bald Head Island . . . that makes sense and ties to something that makes sense to me. The two I've seen – I would – I would – they are not worth the paper they are written on. I could punch holes in them and I'm not even going to evaluate it. So is there a valuation coming that tells me how much that stuff is really worth. Tim?

Tim Romocki, Director, Debt Management: There is not a third valuation.

Wood: And not one coming? So why is it on the agenda? I cannot loan money on something that I have no idea what the value is. We can't do that. The Commission cannot do that. That is just ludicrous. This sounds so political to me. We're not about politics. We're supposed to be loaning money and with this property and all that goes with it so that it works, so that the organization that gets it - and again I don't care who gets it - can pay back the money and if the assets are overvalued and we loan too much money then they cannot make it. If I'm not getting a third valuation that makes sense then why is it on the agenda?

Romocki: Well, I'll take responsibility for putting it on the agenda because there has been fits and starts. And there have been different thoughts about trying to put it on the agenda up until this point. Well, there have been several motions to have it put on the agenda over the last 4 months - 5 months – that is accurate No. 1 and No. 2, there is a referendum on the ballot today in Bald Head that will, depending on how that referendum goes, we have 2 applications sitting in this building. One application is for a revenue bond from the Authority. The other application is for a GO bond from the Village. We'll get to the parcels in a minute - we're talking about the financing. Depending on how that referendum goes, the applicant, being the Village, because the Authority is not issuing the referendum – it's not on the ballot – so depending on how the referendum goes, the Village will have a choice to make whether it's thumbs up or thumbs down as to whether they would want to reapply or alter their application to come in with a revenue bond application just like the Authority is because currently – we still ain't gotten a price valuation – just hang on – I don't go from A-Z as fast as you do – so, but you say why is it on the agenda is because there has been fits and starts about this about this during the whole process and I think we will be a lot clearer tomorrow about what the next 4 weeks look like in terms of this particular agenda item. I thought the Village was doing an evaluation of the valuation.

Secretary of Revenue Ronald Penny: They did that.

Wood: I could do that. It's not worth the paper it is written on so it's done. Okay.

Romocki: Wait a minute now, I thought the Authority did 2 valuations – the Authority had done 2 and then appraisal certified valuations. Then the Village hired a 3rd evaluator/appraiser to critique the previous valuations and that's all – they did not come up with a new valuation as you said the auditor would – they just criticized the current ones that were before.

Wood: Well, again, I don't need the Village to hire anybody because I've already asked questions that nobody can answer. Depreciation – I've asked to see the true depreciation numbers on those assets that would give me some idea. The depreciation is well understated in those valuations. I could just look at them and tell. If anybody spends any time on those valuations at all, you could tell that. I want to make something clear here. So we're putting Bald Head Island back on the agenda – not because it fits the criteria of being on the agenda - but for political reasons.

Cindy Aiken, Assistant General Counsel, NC Department of State Treasurer: So this is Cindy, I don't want to speak out of turn but, if they have submitted -

Wood: Their job is to look at what gets submitted, the application and the numbers that come behind it make sure that it is feasible and then it gets on the agenda as a recommendation from Staff to me and many, many get turned down because the numbers all don't work. Now, we've got 2 valuations that are not any good so I don't know how we can put it on the agenda for us to vote on with the valuations that is \$57 million or whatever - it is no good, it is no good. It is so obvious if you look at the tax valuation, assessment numbers and the valuation – they are not this far apart – they are this far apart – and there is no valuations. In the State of North Carolina they are this far apart and again, everything that comes on this agenda I am thinking ya'll are bringing it to me, you've done all the research, you've looked at all the numbers but if you can't tell me those assets are truly worth the \$47 million or whatever the valuations say they are, I don't understand why it is on the agenda to take up my time. Mr. Treasurer?

Folwell: And I take responsibility for that because there has been -

Wood: Then I am asking you to take it off the agenda because you are wasting my time.

Commissioner Mike Philbeck: Well, I personally don't think putting it on the agenda necessarily means you're going to necessarily have a vote up or down. I think putting it on the agenda means we're going to hash it out again or hash out the present information which we're doing right now in some regard.

Wood: That's not what we're here for.

Secretary of State Elaine Marshall: If I may, it does give an opportunity to let the folks know what they need to do to be able to get it in shape to bring to here.

Wood: We've told them twice – your valuations are no good

Marshall: Well since the second one came in we haven't told them that publicly in a meeting. We have had an occasion -

Wood: Okay. Be ready because they spent 15 pages comparing Bald Head Island to Myrtle Beach. Which is ludicrous... absolutely ludicrous. Okay, fine. Put it on the agenda.

Folwell: Well, I want to be clear that we are not wanting to waste anybody's time.

Wood: That's a waste of my time. Just sitting here for an hour and arguing about numbers that I already know are no good.

Folwell: Maybe that can be tightened up before that happens.

Beth: I don't know how. Somebody is trying to shove a valuation that has been bought down my throat. Because I am a CPA, I've been in the financials before, I read all the disclaimers that the valuator puts on there and things like the numbers are given to us we take to be true and accurate and reliable. Of course you do. But I'm saying nobody will give me the depreciation schedules of what those assets have been depreciated at because I could use those to show you that things over estimated to begin with – over value to begin with but I haven't seen them yet.

Folwell: Do we have the depreciation schedules?

Romocki: We have their audited financials... I don't think...

Wood: Not for those assets – those particular assets you do not. They are not being given out by intention.

Folwell: OK. I am asking that the Staff provide the auditor -

Romocki: We can ask for that.

Folwell: - and the rest of the LGC with that information.

Wood: Can we subpoena them?

[Laughter, several short comments]

Folwell: You have subpoena power, right?

Aiken: She does.

Wood: As the Auditor I do. As a Local Government Commission member, I do not.

Marshall: If they refuse to provide the necessary information for this body to make an informed decision –

Folwell: That will tell you something also

Marshall: - then perhaps no sale until the seller gets right or whatever the reason is that things are being not disclosed so that we can act in our responsibility to protect the public.

Folwell: That's productive. Now, since we're all on the subject of things people not knowing, is the revenue and the profit of the parking operation – we have that information – is that public?

Romocki: Ummm.

Wood: Where did you get it from?

Romocki: I think it's from their audited financials. So they gave us audited financial statements for the parking operation, the barge operation and then for the ferry itself it's under the Utilities Commission and for their audits they go to the Utilities Commission. A summary was done historical of those revenues and expenses and that I know is posted on the Village's website. Individual financial statements aren't.

Folwell: Are there any deficiencies in whether it's outdated or real deficiencies in what you just said that you would like to see typed up, sharpened up or freshened?

Romocki: We had a conversation with them I think 10 days ago of what we would need for December. One is the last numbers we have are the fiscal year end December 19 so they have now December 20 numbers and they also have the summer as the big period – they have unaudited numbers for those – for how they operated their entities– over this past summer and so they are going to provide us with those numbers.

Wood: My question to this is – so you've got these revenues coming in the door – I can increase the revenues any time I want to cover this loan – right? So my point is to prevent that being through the roof, I want to know what the true value of the assets that are being bought are worth because you can always up the revenues to anything you want to cover a loan and that is not how this should be done. We should be paying a fair price of what those assets are truly worth and all I want to know is, what is that? And the depreciation numbers in both of those valuations were estimated and had assumptions in them that I absolutely do not agree with.

Commissioner Joshua Bass: Mr. Treasurer, can I ask again to tell us about there is going to be a vote today at Bald Head. How clear is that? Is that, is that a strict up and down like the citizens say yes we want Bald Head to participate, we want Bald Head to make an offer or is that a down like no we want you to back out.

[Background chatter about it being about a GO bond. Difficult to discern specific speakers.]

Folwell: It's about the authorization for the Village to issue GO bonds for this potential acquisition up to the valuation amount.

Wood: \$50?

Folwell: I think it's \$55 or \$56 million.

Wood: \$55 million.

Bass: Okay, so if they vote it down then they're off the table? Right? Bald Head Island residents – that offer is off the table because they can't borrow the money. Am I right?

Folwell: Well – I'll go out on a limb and say that City Council is on the ballot, the Mayor is on the ballot. If the referendum is voted down, then the Village will have to make a choice whether to reapply, alter their application for it to be a revenue bond so you'd have 2 applicants applying for the same asset and where we will need to get the valuation right both using the same form of payment.

Bass: OK, I have one more question – maybe my memory is wrong here but I was thinking there was a threat from the present owner that if this wasn't settled by a certain time, he had an offer and he could – he was going to go ahead and sell it. Am I right on that?

Wood: A threat to chop it up.

Folwell: There was a – I don't even want to comment on threats – but there was a lot going on but I think that the Utilities Commission would probably have something to say about that so I'm not sure as Auditor Wood said that there was a threat that we would just chop it up and sell it in pieces. I'll just repeat what I've said all along. A year or two ago I obviously knew there was a Bald Head, North Carolina. I've never been there. And, all I've ever desired in this situation is for there to be a governance and transparency and get the valuation right so that's it not just for residents but the actual 6 to 1 workers who actually use the ferry for them to be able to have certainty about what the cost of getting to work is. That's all the 3 things I've ever, ever talked to anybody.

Bass: One more question – at our December meeting, this would not be the only thing discussed? We'll have other things that we would normally do, right?

Folwell: Yes?

Romocki: Yes, there will normal applicants on the agenda for December.

Bass: Well, as far as I am concerned Mr. Treasurer, you have the authority to set the agenda and I am fine with putting Bald Head on the agenda.

Folwell: Well, I used to think I have the authority to set the agenda.

Bass: I think you do.

Folwell: Secretary Marshall tried to convince me otherwise last year. [laughter] Anyway, I think we'll leave it at that and end on the good note that Susan left us with a few minutes ago. We will keep driving toward getting to asking the right questions, thinking about the unintended consequences and try to get the right outcomes. That is all we can do.

Philbeck: Mr. Treasurer, this is Mike Philbeck, may I ask one question? If Bald Head Island were to see the bond vote go down and were as a governing body to reapply as a revenue bond, isn't the maximum term on a revenue bond a shorter maturity thus creating a higher payment?

Folwell: Umm, well, Tim Romocki?

Romocki: Yes, this is Tim Romocki. Well, I think the term of the maturity is really tied to the asset so that's the way the Administrative Code and I think also the statutes are laid out so I think in either case they could have - whether it's a general obligation bond or a revenue bond they could have the same maturity.

Philbeck: They would just have a little bit higher rate if it was a revenue bond, I would imagine.

Romocki: Right, that's the big difference. With the general obligation bond, it is backed by the taxing power of Bald Head and so that would give it a slightly better credit rating possibly and then a lower interest rate.

Philbeck: Thank you.

Excerpt ends at 1:53:23

Exhibit JAW-6

Citizen Letter to State Treasurer and State Auditor Dated August 3, 2021

August 3, 2021

Memorandum to NC State Treasurer Dale R. Folwell and NC State Auditor Beth A. Wood

Subject: Bald Head Island Transportation Authority

On July 26, 2021, the Bald Head Island Transportation Authority (BHITA) released a new real estate appraisal of assets that make up the Bald Head Island ferry transportation system. As you know, BHITA is proposing to acquire those assets from their current owner, Bald Head Limited (Limited), for \$47.75M, and to finance the acquisition with a \$56.1M revenue bond issue that the Local Government Commission (LGC) must approve.

BHITA’s second real estate appraisal was done by Newmark Knight Frank (NKF). It took approximately 3 weeks to complete and was done in response to concerns that the LGC raised about the validity of BHITA’s initial appraisal of Limited’s transportation assets. The initial appraisal was done in 2019 and came to \$50.8M. It was based largely on two real estate appraisals, done by the Worsley Real Estate Company, of Limited’s ferry terminal landing sites on BHI and at the Deep Point marina in Southport NC on the mainland. Those sites were appraised by Worsley at \$6.07M and \$36.325M, respectively.

NKF’s appraisal of the BHI and Deep Point Terminal sites came to \$6.5M and \$33M, respectively, or 6.8 percent below Worsley’s estimates. Importantly, NKF’s total valuation of \$39.5M when added to the \$8.4M appraised value of Limited’s transportation assets that are not real estate (e.g., vessels, autos, trams, IT system, etc.), BHITA’s second appraisal came to \$47.9M or just slightly above its proposed \$47.75M purchase price.

In our July 21, 2020 letter to you, we explained that BHITA’s proposed \$47.75M purchase price represents the highest price that BHITA could possibly pay Limited, and finance through an (\$56.1M) investment-grade bond issue, rated BBB- or just one notch above junk. The Worsley and NKF appraisals, therefore, were pertinent to BHITA’s deal with Limited only in terms of satisfying BHITA’s statutory requirement that whatever price it ended up paying Limited could not exceed the appraised value of Limited’s transportation assets.

The question remains, however, whether Limited’s transportation assets are actually worth BHITA’s \$47.75M offer price. For reasons detailed below, and BHITA’s two appraisals notwithstanding, we do not believe those assets are worth anywhere near \$47.75M.

As to the Worsley appraisals, we will simply note the LGC raised several critical questions with BHITA about the validity and reliability of Worsley’s valuations of the Deep Point and BHI ferry terminal sites in a list of “must answer” questions that the LGC staff submitted to BHITA in late June, 2021. In its July 6, 2021, response, BHITA made no real attempt to defend Worsley’s appraisals. Instead, BHITA simply noted that it had retained NKF to conduct a second appraisal that presumably would address the LGC’s concerns with the Worsley appraisals, and responded to several specific “must answer” questions that the LGC raised with a “See New Appraisal.”

The balance of this memorandum explains why the NKF appraisals are factually flawed to the point of rendering them unacceptable as a means of valuing the Deep Point and BHI ferry terminal sites.

1. NKF’s Deep Point Appraisal Suffers from Mathematical Errors and Highly Questionable Sales Comparables Used in Valuing Land

Even though NKF’s Deep Point appraisal is 182 pages long, the gist of its valuation is based on data that NKF used in its Cost Approach, as presented in various table on pages 59-61. These data are summarized below which simply replicates figures presented on those three pages.

Depreciated Replacement Cost											
	Site Improvements	Ferry Terminal	Marine Maintenance	Shipping/Receiving	Data Center	Barge Equipment	Attendant Buildings	Storage			
Replacement Cost New	12,116,405	7,074,189	214,357	331,214	60,147	6,075	9,202	18,347	19,829,936	Depreciated Replacement Cost	15,444,043
Less: Age/Life Depreciation	3,295,373	990,386	33,354	51,537	9,359	1,063	1,610	3,211	4,385,893	Land Value	10,080,000
Adjusted RCN	8,821,032	6,083,803	181,003	279,677	50,788	5,012	7,592	15,136	15,444,043	As Stabilized Value	25,524,043
Less: Functional Obsolescence	-	-	-	-	-	-	-	-	-	Deferred Maintenance	(175,000)
Adjusted RCN	8,821,032	6,083,803	181,003	279,677	50,788	5,012	7,592	15,136	15,444,043		25,349,043
Less: External Obsolescence	-	-	-	-	-	-	-	-	-		
Depreciated Replacement Cost	8,821,032	6,083,803	181,003	279,677	50,788	5,012	7,592	15,136	15,444,043		
Depreciation	See Below	14.00%	15.56%	15.56%	15.56%	17.50%	17.50%	17.50%			
Site improvements	Adj. Cost New	Indirect Costs 20%	Total Costs	Entrepreneurial 15%	Replacement Cost New	Depreciation %	Depreciation				
Surface Parking	4,068,433	813,687	4,882,120	732,318	5,614,438	20%	1,122,888	4,491,550			
Landscaping	746,130	149,226	895,356	134,303	1,029,659	35%	360,381	669,279			
Concrete Sidewalks	2,012,312	402,462	2,414,774	362,216	2,776,991	35%	971,947	1,805,044			
Concrete Curbs	603,694	120,739	724,433	108,665	833,098	35%	291,584	541,514			
Asphalt Paving	651,486	130,297	781,783	117,267	899,051	47%	419,857	479,194			
Barge Ramp	164,349	32,870	197,219	29,583	226,802	35%	79,381	147,421			
Parking Equipment	533,600	106,720	640,320	96,048	736,368	7%	49,337	687,031			
	8,780,004	1,756,001	10,536,005	1,580,401	12,116,406		3,295,373	8,821,032			

The Replacement Cost New figures (e.g., \$12,116, 405 for site improvements) are taken from NKF’s Entrepreneurial Profit table at the top of p. 60. Depreciation expenses for the various buildings are based on Age/Life depreciation percentages depicted in the Age/Life Depreciation Summary table at the bottom of p. 60. Although the depreciation percentage for site improvements in the latter NKF table is 49.62%, we used depreciation percentages reported in NKF’s Site Improvement – Depreciation table at the top of p. 61. This actually reduced the depreciation percentage from 49.2% to 27.2% which had the effect of increasing the Depreciated Replacement Cost New of the site improvements from \$6,012,160 to \$8,821,032.

Even so, the total Depreciated Replacement Cost New of all building and site improvements at Deep Point sums to \$15,444,043 which includes a 20% indirect (upward) cost adjustment, and a 15% entrepreneurial profit (upward) adjustment. In our view, allowing an entrepreneurial profit adjustment in this instance is questionable given that the Ferry system is a partially unregulated monopoly that currently generates excessive profits with very little entrepreneurial risk. How NKF got from its **\$15,444,043** Depreciated Replacement Cost New estimate on pages 59-61 to a **\$23,964,416** replacement cost new estimate that NKF used to arrive at its \$33.9M Cost Approach Valuation Summary on p. 13 of the report is not explained. We assume the \$8.52M difference is a mathematical error on NKF’s part.

In its Income Approach valuation of the Deep Point site, NKF takes the total Cost Approach valuation of \$33.9M and reduces it to \$30.9M in order to remove the 15% entrepreneurial profit adjustment (to site improvements and buildings) and a modest capital expenditure requirement. The adjusted \$30.9M cost estimate is then multiplied by a 7.5% Developer Return Parameter (e.g., investor hurdle rate) to estimate a hypothetical annual market rent payment of \$2,317,500. The rent payment is then divided by a 7.25% discount rate to get back to NKF's Income Capitalization Approach valuation of \$31.8M as described and calculated in the table on page 67. Since all buildings at Deep Point have a building area of 50,325 sq. ft., NKF's estimated annual rent works out to \$46.05 per sq. ft.

Of note, a significant percentage of the 50,325 sq. ft. of building space is roofed but open-air space. The current average rental rate for commercial (heated and air conditioned) office space in Wilmington NC is \$19.41. While we were unable to discern the going rental rate for office space in Southport, NC, where Deep Point is located, we expect it is significantly lower than the \$19.41 rate in Wilmington.

We are not surprised that NKF's hypothetical rental rate for Deep Point is nearly 2.8 times the actual average rental rate for office space in Wilmington. As explained above, NKF's replacement cost estimates of the Deep Point buildings and site improvements are based on faulty calculations that resulted in excessive valuations.

Second, NKF's Income Capitalization Approach valuation, including its annual rental rate estimate, are based on its flawed Cost Approach valuation and does not reflect how much income the Deep Point property currently generates, or even could generate had NKF developed pro forma financial statements that could have been used to value the Deep Point ferry terminal site. In any case, for NKF to suggest that its Income Capitalization Approach somehow satisfies the LGCs interest in seeing an Income Approach used in appraising the Deep Point property along with a Cost Approach -- in an effort cut down on the likelihood of an erroneous valuation -- is highly questionable, at best.

A third major shortcoming of NKF's Deep Point appraisal has to do with its land valuation of \$10,080,000. NKF arrived at the latter estimate by dividing, arbitrarily and without explanation, the 54.8-acre parcel that BHITA is proposing to acquire from Limited, into two pieces: a 43.26-acre parking area and a 11.54-acre ferry terminal and barge area which sits directly on the river front. Based on the sale of comparable properties, NKF estimates the value of the 11.54 acre terminal and barge site at \$653,380 per acre, and the 43.26 acre parking site at \$58,713 per acre. In our view, both of the cost per acre figures are clearly excessive.

The \$653,380 per acre estimate of the ferry terminal and barge site are based on allegedly comparable sales of waterfront property that is used or could be used for marinas, waterfront building lots, or some other use that is far more valuable than Limited's ferry terminal or barge loading area. While Limited's Deep Point property does include an 83-private boat slip marina, that acreage is not being sold to BHITA, and should not have been used by NKF to identify comparable properties on which its \$653,380 per acre land cost estimate is based.

Similarly, the 43.26 acre parking area, valued at \$58,713 per acre, is immediately adjacent to a 74 acre track of land that has been for sale for several years and is currently listed at \$43,919 per acre, or 23% less than NKF's per acre estimate for land classified as parking area.

Had NKF reduced its cost per acre estimate (based on sales of comparable properties) for both the terminal and barge area as well as the parking area by a minimum of say 20 percent, its valuation of land at Deep Point would have declined to \$8.64M, leaving its total Cost Approach estimate at \$23,508,043, not \$33.9M. Based on its Income Capitalization calculations, NKF's hypothetical annual rental rate also would have declined from \$46.05 per sq. ft. to \$36.84 which is still twice as high as the average rental rate of \$19.41 per sq. ft. for commercial space in Wilmington.

Before discussing NKF's appraisal of the BHI ferry terminal landing site, it should be noted that NKF did address concerns raised by the LGC about stark differences between its valuation and what the Brunswick County tax assessor uses to assess property taxes on the Deep Point property. In a table entitled Taxes and Assessments on p. 49, NKF notes that the County valued parcel 23800003 at \$15,964,290, as of January 1, 2021; \$9,346,000 for the land and \$6,617,490 for improvements. According to NKF's table, Tax Comparables, also on p. 49, \$15,964,290 is 65% of its market value estimate which implies a valuation of \$24,560,446, including land and improvements.

However, the figures immediately above are inaccurate because the Brunswick County tax records indicate that parcel 23800003 encompasses the entirety of Limited's Deep Point property, including 18.93 acres associated with the 83-slip marina that BHITA is not acquiring from Limited. Parcel 2380000302 which is the property BHITA is proposing to purchase encompasses 52.6 acres and is valued by Brunswick County at \$10,262,850; of which \$7,101,000 is the assessed value of the land and \$3,161,850 the value of improvements. We do not know why NKF made such an obvious error. It may have resulted from BHITA's request that NKF complete its audit in two weeks which was extended to three. Whatever the reason, this and other obvious errors cited above, certainly do not instill confidence in the report's credibility, reliability, or usefulness.

2. NKF's Appraised Value of the BHI Ferry Terminal Site Is Grossly Inflated

NKF's appraised value of the BHI ferry terminal site comes to \$6,500,000, or 7.1% higher than the Worsley valuation (\$6,070,000). The \$6.5M total includes 5.577 acres of land (see Attachment A) which NKF values at \$6,300,000. In our view, the appraisal is grossly inflated for two principal reasons.

First, all 5.57 acres are valued the same (i.e., \$1,091,854 per acre) even though only 2.8 acres are usable. As is reflected in Brunswick County's site map of land on BHI being purchased by BHITA, 2.77 acres encompasses a protective tidal dune and a sand beach on the river front. Because this acreage is highly unstable due to on-going erosion that results from periodic

dredging of the Wilmington Harbor Navigation Channel, and periodic storm damage, it is now and will very likely remain unbuildable. Thus, the land could not be used for “some form of residential or recreational development such as single family homes or beach front vacation cabins,” as NKF suggests it could on p. 49 of its report. Although NKF acknowledges that 2.77 of the 5.57-acre parcel is unusable, all 5.57 acres are valued at \$1,091,854 per acre, based on a highly questionable selection of comparable sales. Unusable land should be valued much lower (e.g., \$100,000 per acre in this instance). This adjustment alone would have reduced the \$6,500,000 valuation to \$3,334,191, or by 49%.

Second, since roughly 90% of the 2.8 acres of usable land can only be used as it currently is – for paved road way and tram parking space -- it also should be discounted significantly from multiple use commercial real estate that NFK relied on to derive its \$1,091,854 per acre land valuation estimate. Were the land at the BHI ferry terminal site that is used for paved tram parking and roadway adjusted downward by 30%, as it certainly should have been at the very least, NFK’s estimated value for the BHI ferry terminal site would have been reduced by another \$825,441, bringing the total value down to \$2,508,750, based on the latter two adjustments alone.

Finally, drawing on its \$6.5M Cost Approach valuation, and its circuitous Income Capitalization calculation, NFK estimates a hypothetical annual market rent for the BHI ferry terminal property of \$63.80 per sq. ft. for roofed, but largely open-air building space. This is 3.3 times the current average rental rate for (enclosed, air conditioned) office space in Wilmington (\$19.41). An annual rental rate calculated in the same manner that NFK used, but based on a total valuation of \$2,508,750, would work out to \$24.88 per sq ft which is still 28 percent higher than the going rate for commercial office space in Wilmington. In our view, The NKF’s estimated \$63.80 per sq. ft. annual rental rate – based on a \$6.5M total valuation -- for the BHI ferry terminal site is patently unreasonable, and the underlying appraisal could and should be dismissed on that basis alone.

3. BHITA’s Real Estate Appraisals are Irrevocably Flawed and Should Not Be Used to Establish a Purchase Price for Limited’s Transportation Assets

We do not profess to know what the Deep Point and BHI ferry terminal sites are actually worth and what users of the BHI transportation system might reasonably be asked to pay. We are quite certain, however, that the market value of Limited’s transportation assets, including the two ferry terminal sites, is substantially below the \$47.75M that BHITA is proposing to pay Limited and finance through its \$56.1M revenue bond issue. A bond issue that, according to BHITA’s cash flow projections, will cost users of the transportation system \$111M over the next 30 years.

As explained in our July 8, 2021 letter to you, we further believe that if BHITA borrowed \$56.1M in order pay Limited \$47.75M, BHITA would effectively tap-out its borrowing capacity at least until a significant portion of its debt is paid down. Should significant capital spending requirements materialize in the near term (e.g., due to damage caused by a hurricane), BHITA

may have no choice but to ask the State for a capital infusion, or, failing that, default on its bond payments. As such, and because Limited’s transportation assets are worth no where near \$47.75M, BHITA is asking the LGC to approve a revenue bond issue that would prove unreasonably costly to users of the transportation system, and subject Bald Head Island and the State to an unnecessarily high level of financial risk. BHITA’s bond application should be rejected by the LGC for these two reasons alone.

We also believe, however, that some entity needs to acquire the BHI transportation system from Limited. Limited is a real estate development company that has operated on BHI since acquiring it out of bankruptcy in 1983. Limited’s work on BHI is effectively done, and the transportation system represents its last major asset on the island which Limited clearly wants and needs to sell.

Since the system represents the only way (other than private boat), to move people and things between the island and the mainland, the transportation system is vitally important to the island and all BHI stakeholders. So goes the transportation system, so goes Bald Head Island, at least as a viable resort community.

For that reason, we would urge the LGC to reject BHITA’s current bond application, and to instruct BHITA and the Village of Bald Head Island to work out a reasonable and mutually acceptable purchase price, bond issue, and operating agreement that would govern the transportation system going forward. We believe that the LGC doing so would ultimately benefit all parties involved.

Respectfully yours,

Robert T. Blau, CFA
 5 Starrush Trail, Bald Head Island

J. Paul Carey
 611 Currituck Way, Bald Head Island

- cc: Honorable Ronald Penny, NC Secretary of Revenue
 Honorable Elaine Marshall, NC Secretary of State
 Honorable Mike Philbeck, NC Speaker of House
 Mr. Joshua Bass
 Ms. Viola Harris
 Mr. Scott Padgett
 Mr. Edward Munn
 Ms. Sharon Edmundson, NC Deputy Treasurer
 Mr. Timothy Romocki, Director, Debt Management, NC Department of State Treasurer
 Ms. Susan Rabon, Chair, Bald Head Island Transportation Authority
 Mr. J. Andrew Sayre, Mayor, Village of Bald Head Island

Attachment A

BHI Marina
Tax Parcel# 260JA008
Parcel A 5.89 ac. Bald Head Island Landing (Plat 124/91)
BHI Limited LLC
2021 Value - \$3,710,630



BRUNSWICK COUNTY															7/28/2021 10:02:52 AM				
Bald Head Island Limited LLC										Parcel: 260JA008			Return/Appar: UNQ ID 139341						
30038860										SHT HSD ZONE A (100), BRUNSWICK COUNTY (100), DOGHER HOSP TAX (100)			CARD NO. 1 of 1 ID NO: 30010278059						
Reval Year: 2019 Tax Year: 2021										TR-PARCEL A 5.89AC BALD HEAD ISL LNDG R 124/91			S.8900 AC SRC-						
Approved By 07 on 01/06/2021: 6068 SHS-MARINA										TW-03 CT- FR ES- JIC LAST ACTION 10210198									
CONSTRUCTION DETAIL					MARKET VALUE					CORRELATION OF VALUE									
Foundation - 4					8.00					Standard					CORRELATION %				
Special Finishes					8.00					Standard					DEPR. BUILDING VALUE - CARD 176,220				
Swp. Fluid System - 3					15.00					WAREHOUSE CONSTRUCTION					MARKET LAND VALUE - CARD 3,500,340				
Swp. Air Grade					33.00					STYLE: 1 - 1.0 Story					TOTAL MARKET VALUE - CARD 3,710,630				
Interior Walls - 17					14.00										TOTAL APPRAISED VALUE - CARD 3,710,630				
Cedar or Redwood Siding					14.00										TOTAL PRESENT USE VALUE				
Roofing Structure - 08					14.00										TOTAL VALUE DEFERRED - PARCEL 0				
Wood Trim					14.00										TOTAL TAXABLE VALUE - PARCEL 3,710,630				
Roofing Cover - 12					8.00														
Prefinished Metal					8.00														
Interior Wall Construction - 6					37.00														
Custom Interiors					37.00														
Interior Floor Cover - 08					8.00														
Wood					8.00														
Heating Fuel - 06					1.00														
Natural					1.00														
Heating Type - 06					6.00														
Heat Pump Only					6.00														
Air Conditioning Type - 63					8.00														
Central					8.00														
Structural Frame - 62					11.00														
Wood Frame					11.00														
Ceiling & Insulation - 01					4.00														
Suspended Ceiling Insulated					4.00														
Half-Bathrooms					4.00														
BMS - 8 Pkts x 1.1 L x 5					1.00														
Rustling Fixtures					1.00														
IS					1.00														
IS					1.00														
TOTAL POINT VALUE					342,000														
MARKET ADJUSTMENTS																			
Market Overlap (1)					-1.00														
Non-Std Wall					1.00														
Height					1.00														
Quality					33,000														
Bldg					1.00														
Construction					1.00														
Factor					1.394														
TOTAL ADJUSTMENT FACTOR					1.394														
TOTAL QUALITY INDEX					194														
Click on image to enlarge																			
SUBAREA																			
TYPE	GS	AREA	UNITS	DESCRIPTION	COUNT	UNIT PRICE	COND	BLDG	AVS	ETB	ANN	DEF	%	OB / XF	DEPR	VALUE			
DAS	0	21.95	0	CONCRETE	0	13,665	5.00	0	0	0	0	0	0	0	0	297,000			
DSP	0	21.95	0	PREF-ENCLOS	0	48	12.00	0	0	0	0	0	0	0	0	264			
PCS	0	21.95	0	PREF-ENCLOS	0	48	12.00	0	0	0	0	0	0	0	0	264			
PRPLACE	1	5.89	0	TOTAL OB / XF VALUE												39,000			
TOTALS		6.70		TOTALS												371,544			

Exhibit JAW-7

BHIL and BHIT Responses to Village's Third Data Requests

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

Docket No. A-41, Sub 22

In the Matter of	)	BALD HEAD ISLAND
Joint Application of Bald Head Island	)	LIMITED, LLC AND BALD
Transportation, Inc., Bald Head Island	)	HEAD ISLAND
Limited, LLC, and Bald Head Island	)	TRANSPORTATION,
Ferry Transportation, LLC, for Approval	)	INC.’S RESPONSES TO
of Transfer of Common Carrier	)	VILLAGE OF BALD HEAD
Certificate to Bald Head Island Ferry	)	ISLAND’S THIRD DATA
Transportation, LLC, and Permission to	)	REQUESTS
Pledge Assets)	

Bald Head Island Limited LLC (“BHIL”) and Bald Head Island Transportation, Inc., (“BHIT”), by and through legal counsel, hereby respond to Village of Bald Head Island (the “Village”)’s Third Data Requests as follows:

General Statement

In responding to these requests, BHIL and BHIT do not waive their legal position that the North Carolina Utilities Commission (“Commission”) has no jurisdiction over BHIL’s tugboat/barge operations and parking facilities for the reasons set forth in its Notice of Appeal and Exceptions filed on January 27, 2023, in Commission Docket No. A-41, Sub 21, and, therefore, that discovery on these topics is not reasonably calculated to lead to the discovery of admissible evidence. Notwithstanding this legal position, BHIT and BHIL provides all responsive documents and complete responses to these data requests subject to the specific objections stated below.

In responding to these requests, BHIL and BHIT have made reasonable efforts to research documentation and data regarding the subject matter of this proceeding. These

responses are based upon information presently available to BHIL, BHIT, and their attorneys, and specifically known to the individuals who were involved in preparing these responses. It is possible that future discovery and independent investigation may supply additional facts or information, add meaning to known facts, and establish entirely new factual conclusions and contentions, all of which may lead to substantial additions to, changes in, and variations from the responses set forth herein.

These responses are made without prejudice to BHIL and BHIT's rights to provide additional evidence at the time of any proceeding before the Commission. BHIL and BHIT reserve the right to supplement or correct these responses. BHIL and BHIT also reserve the right to object to future discovery on the same or related matters and do not waive any objection by providing the information in these responses. Finally, BHIL and BHIT reserve the right to object to the admissibility of any of these responses, in whole or in part, at any further proceeding on this matter, on any grounds, including but not limited to timeliness, materiality, relevance, and privilege.

General Objections

1. BHIL and BHIT object to the Data Requests to the extent they are vague, ambiguous, and/or incapable of reasonable ascertainment.
2. BHIL and BHIT object to the Data Requests to the extent they seek information, documents, and/or things protected from disclosure by the attorney-client privilege, the work product doctrine, consulting expert privilege, and/or the common-interest privilege. Inadvertent disclosure of any such information, documents, and/or things shall not operate as a waiver of any applicable privilege or immunity. With respect to privileged information, BHIL and BHIT specifically object to Instruction No. 7 as it

pertains to privileged documents or communications that were created or occurred during the pendency of this proceeding.

3. BHIL and BHIT object to the Data Responses to the extent they seek discovery of documents available by means that are less burdensome, less expensive, or more appropriate.

4. BHIL and BHIT object to the Instructions accompanying the Data Requests to the extent they purport to impose burdensome obligations that are not required by the rules of the Utilities Commission or by law.

DATA REQUESTS

1. Please produce any and all documents identified, referred to, or relied upon in preparing your response to the Village’s Third Set of Data Requests.

RESPONSE: BHIL and BHIT object to the extent this request seeks documents protected from disclosure by the attorney-client privilege and/or work product doctrine. Without waiving their objections, BHIL and BHIT refer the Village to the documents attached to the Petition and those provided concurrently with these responses.

2. Refer to page 2 of the Amended Application and the statement that BHIL is joining in the Application to, among other things, ensure operations may continue without interruption. Is Limited threatening to discontinue utility services? If so, please explain fully and in detail the basis for such actions, the anticipated date of such discontinuance and the services impacted, and the precipitating causes for any such discontinuance.

RESPONSE: No. Without waiving its objections, BHIL has no plans to discontinue utility services and has never threatened to do so. BHIT has operated the regulated utility since 1993 and has an exemplary record with the Commission dating back 30 years in its operation of the regulated utility. Moreover, with 26 previous transitions selling significant assets on Bald Head Island, BHIL has a proven transition process providing support and guidance and intends to offer the same to SharpVue. The extent to which the transition to a new owner is seamless to customers and occurs without disruption can depend upon a number of variables, including the identity of the new owner and its management.

- 3. If such a report exists, please produce information showing the barge’s monthly on-time performance from 2012 to present.

RESPONSE: Without waiving its objections, BHIL states that because the barge has never operated under an approved tariff and schedule, no such document exists.

- 4. Please produce any complaints you have received regarding the barge operations over the last 10 years.

RESPONSE: Without waiving its objections, BHIL refers the Village to the documents produced herewith and marked as BHIL_IT 003247-3255.

- 5. Please produce information showing the monthly utilization of parking spaces in the parking facilities from 2017 to present, including the total number of parking spaces available and the number of parking spaces used.

RESPONSE: Without waiving its objections, BHIL tracks parking utilization data based on parking exits per lot. Please refer to the document produced herewith and marked as BHIL_IT 006161 for further information regarding the utilization. The total number of parking spaces are set forth in the table below.

DEEP POINT PARKING FACILITY (Parking Lot Stall Allocation)	
Parking Lot	# Spaces
Premium Parking Lot	396
General Parking Lot Spaces	1,021
General Parking Lot Gravel Spaces	167
General/Contractor Parking Lot Gravel Spaces (June 2022)	180
Contractor Parking Lot (a)	366
Employee Parking Lot	172
Total	2,302

(a) Lot also used by employees in winter and as overflow lot during summer.

- 6. Please produce information showing the daily utilization of parking spaces in the parking facilities the months of June, July, and August for 2017 to present, including the total number of parking spaces available and the number of parking spaces used.

RESPONSE: The response to this request can be derived from the document referred to in the response to request no. 5 above.

- 7. Please refer to the Rebuttal Testimony of Kevin O’Donnell in Docket No. A-41, Sub 21, at Rebuttal Exhibit KWO-1. Please admit that the following from Rebuttal Exhibit KWO-1 is an accurate summary of rate base for the respective operations as of December 31, 2021. To the extent that you are unwilling or unable to make this admission, please explain in detail any disagreement with

this analysis and provide Limited’s calculation or analyses (in excel format with operating functions intact) of the rate base for the transportation assets. Identify all documents relating to this calculation or analysis.

	<u>Parking Facilities</u>	<u>Barge Facilities</u>	<u>BHI Ferry Transportation</u>
Plant in Service	\$10,225,330	\$2,765,525	\$6,737,006
Less: Accumulated Depreciation	(\$6,447,301)	(\$1,406,191)	(\$3,597,515)
Net Plant in Service	\$3,778,029	\$1,359,334	\$3,139,491
Cash Working Capital (formula approach)	\$184,012	\$87,967	\$794,304
Tax Accruals (formula approach)	(\$3,066)	(\$1,866)	(\$70,188)
Accumulated Deferred Taxes	\$0	\$0	(\$14,350)
Total Rate Base	<u>\$3,958,975</u>	<u>\$1,445,434</u>	<u>\$3,849,258</u>

RESPONSE: Without waiving its objections, BHIL and BHIT do not admit that Rebuttal Exhibit KWO-1 is an accurate summary of rate base for the respective operations as of December 31, 2021. BHIL and BHIT affirmatively state that the Plant in Service, Accumulated Depreciation, and Net Plant in Service numbers in this exhibit are incorrect. As of the date of this response, BHIL and BHIT have not calculated the valuation of these assets as if they were part of a regulated utility’s rate base, but will supplement this response with those calculations when they are available.

- Has the Asset Purchase Agreement between the parties been amended since the Commission’s December 30, 2022 ruling in Docket No. A-41, Sub 21? If so, please identify the amendments and provide the amended terms. Please supplement this response should the agreement be amended after your initial response to this request.

RESPONSE: Without waiving their objections, BHIL and BHIT refer the Village to Exhibit E to the Amended Application, which includes any and all amendments to the Asset Purchase Agreement.

- Please identify any known capital needs (e.g., repair, retrofit, upgrade, and/or replace) relating to the regulated Transportation Assets (including the ferry/tram, parking, barge/tug), including projected costs associated with such needs, presently existing or projected over the next ten years. Identify any documents relating to such needs.

RESPONSE: Without waiving their objections, BHIL and BHIT state that—in the current opinion of their management—that operating capital, repairs and maintenance capital, and investment capital budget planning will be reviewed and assessed post-transaction and that all such capital investments will be evaluated and implemented in a manner consistent with past practices. Notwithstanding, we would anticipate normal annual capital expenditures to be in the \$1.2 million range

(past 5-year average) with additional capital expenditures over the next 3-5 years to cover extraordinary capital expenditures such as paving the three gravel lots in the Deep Point Parking area in Southport, NC, and the purchase of a new catamaran ferry.

This 6th day of February, 2023.

ONLY AS TO OBJECTIONS:

FOX ROTHSCHILD, LLP

By: /s/ Elizabeth S. Hedrick

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*Attorneys for
Bald Head Island Transportation, Inc.,
and Bald Head Island Limited, LLC*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing BALD HEAD ISLAND LIMITED, LLC AND BALD HEAD ISLAND TRANSPORTATION, INC. RESPONSES TO THE VILLAGE OF BALD HEAD ISLAND’S THIRD DATA REQUESTS has been served this day by electronic mail to the parties listed below.

This the 6th day of February, 2023.

By: /s/ Elizabeth S. Hedrick
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Exhibit JAW-8
SharpVue Responses to
Village's Second Data Requests

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

Docket No. A-41, Sub 22

In the Matter of)	
Joint Application of Bald Head Island)	
Transportation, Inc., and Bald Head	)	SHARPVUE CAPITAL, LLC'S
Island Ferry Transportation, LLC, for	)	RESPONSES TO VILLAGE
Approval of Transfer of Common Carrier	)	OF BALD HEAD ISLAND'S
Certificate to Bald Head Island Ferry	)	SECOND DATA REQUESTS
Transportation, LLC, and Permission to)	
Pledge Assets)	

SharpVue Capital, LLC (“SharpVue”), by and through its undersigned counsel, hereby responds to the Village of Bald Head Island’s Second Data Request to SharpVue Capital, LLC in the above-captioned docket.

GENERAL OBJECTIONS

SharpVue objects to the Data Requests to the extent they seek information, documents, materials, support, and/or things protected from disclosure by the attorney-client privilege, the work-product doctrine, consulting expert privilege, the common-interest privilege, and/or seek information beyond the regulated assets at issue herein. Inadvertent disclosure of any such information, documents materials, support, and/or things shall not operate as a waiver of any applicable privilege or immunity. SharpVue’s production of documents or information does not waive any SharpVue’s right to object to this request as not reasonably calculated to lead to the discovery of admissible evidence in this docket.

Certain SharpVue information provided herein are produced on the condition that they are held as confidential pursuant to the parties’ confidentiality agreement. SharpVue

reserves the right to object to the admissibility of any of these responses, in whole or in part, at any further proceeding of this matter, on any grounds, including but not limited to timeliness, materiality, relevance, and privilege.

RESPONSE TO DATA REQUESTS

1. Please produce any and all documents identified, referred to, or relied upon in preparing your response to the Village’s Second Set of Data Requests.

RESPONSE: See SHARPVUE NOS. 0831 to 0882.

2. Provide a complete summary of the existing business operations, if any, of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC.

RESPONSE: BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC are all affiliates of and managed by SharpVue Capital, LLC. These entities were established to own and operate the assets purchased pursuant to the Asset Purchase Agreement (“APA”) attached as Exhibit E to the Joint Application filed herein. BHI Ferry Transportation, LLC will own the regulated assets, and Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC will own the non-regulated assets – much in the same way the existing owner holds the assets.

3. Provide state the current capitalization of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC and identify all documents showing such capitalization.

RESPONSE: See Exhibit F to the Joint Application filed herein. This document has been previously provided to the Village in a previous data request, and was provided as CONFIDENTIAL – ATTORNEYS’ EYES ONLY.

4. Provide a complete summary of SharpVue’s experience providing utility services, broken down by SharpVue entity. If SharpVue’s experience consists solely of acquiring ownership interests entities providing utility services, please (a) identify the entity providing utility services, (b) state the percentage

ownership interest held and the type and nature of the interest, and (c) state the dates that SharpVue Capital acquired and sold such interests.

RESPONSE: SharpVue plans to hire the operations’ current management to continue in their current roles and duties, to include (but not limited to): Charles A. “Chad” Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the current Chief Operating Officer of Bald Head Island Transportation, Inc. Further, SharpVue has committed to hire almost all of the current employees.

SharpVue objects to Data Request No. 4 in that it requests irrelevant information that is not likely to lead to discoverable information about separate and distinct investments that are not related to its purchase of the assets described in the APA. SharpVue has raised capital specifically for this opportunity from a group of primarily local investors with the understanding that this collection of assets can be held for the long term. In other words, and importantly, this investment will not be held in a limited life fund, but in an LLC with a perpetual life.

5. What is the average length of SharpVue Capital’s pre percentage ownership interest held and the type and nature of the interest, and (c) state the dates that SharpVue Capital acquired and sold such interests.

RESPONSE: SharpVue objects to Data Request No. 5 in that it requests irrelevant information that is not likely to lead to discoverable information about separate and distinct investments that are not related to its purchase of the assets described in the APA. SharpVue has raised capital specifically for this opportunity from a group of primarily local investors with the understanding that this collection of assets can be held for the long term. In other words, and importantly, this investment will not be held in a limited life fund, but in an LLC with a perpetual life.

6. Explain all ways in which SharpVue will maintain a strong local community presence and constructive relationships on the island.

RESPONSE: SharpVue intends to step into the Seller’s shoes, and maintain the same level of strong local community presence and constructive relationships on the island, to include employing the same personnel who have been representing the Sellers on the island in the past.

7. Explain all ways in which SharpVue will be a committed partner to the continued success, prosperity, and conservation mission of Bald Head Island.

RESPONSE: The success of SharpVue’s investment depends fully on Bald Head Island’s continued success and prosperity, and therefore the interests of SharpVue and island stakeholders are fully aligned.

8. Specify the capital improvements that SharpVue commits to undertake as owner of the transportation facilities, including (a) the projected date of completion of the improvement, and (b) the project cost of the improvement.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions, including related to capital improvements, in due course.

9. Does SharpVue intend to exercise operational control of the ferry and tram assets? In your response, state whether SharpVue’s intention is to transfer operational control of the assets to a third party while retaining ownership the underlying real estate assets and the timeframe for this restructuring.

RESPONSE: BHI Ferry Transportation, LLC is an affiliate of and will be managed by SharpVue Capital, LLC – not an unrelated third party entity. SharpVue plans to hire the operations’ current management to continue in their current roles and duties, to include (but not limited to): Charles A. “Chad” Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the current Chief Operating Officer of Bald Head Island Transportation, Inc.

10. What is SharpVue’s timeframe for divesting 100% of the initial investments in this project?

RESPONSE: SharpVue has no divestment timeframe. SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions in due course.

11. Identify the source of funds for the capital improvements specified in response to data request 8 and state whether such funds are currently committed or otherwise secured. If not committed or otherwise secured, state SharpVue's plans for obtaining the necessary funds.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions, including related to capital improvements, in due course. Regarding funding, see Exhibit F to the Joint Application filed herein.

12. Provide an estimate (in dollars) of the public benefits that SharpVue contends will accrue from the Transaction, if any. Provide all backup and workpapers substantiating and supporting this calculation in native format.

RESPONSE: SharpVue has not undertaken such an analysis.

13. Provide a complete description of the public benefits that SharpVue contends will accrue from the Transaction.

RESPONSE: SharpVue will ensure that the ferry and tram services continue uninterrupted in the same professional, safe, and reliable manner that the public has come to expect. Going forward, SharpVue is willing and able to provide the operations with the capital they need to accommodate growth and enhance the passenger experience while maintaining efficient operations.

14. Does SharpVue commit to implementing electronic ticketing? If so, specify when electric ticketing will be implemented.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it, and make strategic decisions, which could include electronic ticketing, in due course.

15. Will SharpVue commit to improving baggage handling operations? If “yes,” explain how SharpVue plans to improve baggage handling operations, the estimated cost associated with such improvements, and when SharpVue commits to completing the improvements.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it, and make strategic decisions, which could include changes or improvements to the baggage handling operation, in due course.

16. State the acquisition premium associated with the ferry assets, and provide a spreadsheet (in native form) showing the calculation of the premium, including any workpapers associated with or supporting the calculation.

RESPONSE: SharpVue does not believe the term “acquisition premium” applies in this context.

17. Does SharpVue commit that it will not seek to recover any portion of the acquisition premium described in the preceding data request from barge and/or parking customers (either directly or indirectly) if those services remain unregulated?

RESPONSE:

SharpVue does not believe the term “acquisition premium” applies in this context. SharpVue does not intend to raise prices as a result of any acquisition fees or expenses. After closing the transaction, SharpVue intends to continue the parking and barge operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions in due course.

18. In paragraph 34 of the Application, the applicants state that SharpVue “has experience with infrastructure projects which will be valuable in assuming operations.” Please identify all such projects, specify SharpVue’s role in such project, identify the extent of any ownership interest in such projects, and the dates SharpVue acquired and disposed of any interest in such projects.

RESPONSE: Lee H. Roberts, managing partner of SharpVue, has been involved with the following selected infrastructure transactions, among others:

- **Financing of the \$1.6 billion Africa ONE fiber network encircling the African continent;**
- **Financing of the \$2.2 billion Mumbai Trans Harbour Link, India’s longest bridge;**
- **Establishment of the Triangle Transit Authority's master developer program for "Transit-Oriented Development" around light rail;**
- **The \$5 billion redevelopment of the World Trade Center site in lower Manhattan;**
- **The \$300 million IPO and recapitalization of Golar LNG, the world’s largest maritime shipper of liquefied natural gas;**
- **Acquisition of one of the largest privately owned waste services companies in the United States;**
- **Financing to support the wastewater treatment infrastructure for one of the largest master-planned communities in the Southeast.**

Moreover, with regard to this transaction, SharpVue has reached agreement with the operations’ current management to continue in their current roles and duties, to include (but not limited to): Charles A. “Chad” Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the current Chief Operating Officer of Bald Head Island Transportation, Inc. Further, SharpVue has committed to hire almost all of the current employees.

19. Identify all facts in support of the allegations of paragraph 27 of the Application.

RESPONSE: See Exhibit F to the Joint Application filed herein.

20. Identify all facts in support of the allegations of paragraph 28 of the Application.

RESPONSE: In addition to the business, finance, and management experience of the SharpVue team, SharpVue has a history of participating in infrastructure projects, as described above. Further, SharpVue has reached agreement with the operations’ current management to continue in their current roles and duties, to include (but not limited to): Charles A. “Chad” Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the

current Chief Operating Officer of Bald Head Island Transportation, Inc. Further, SharpVue has committed to hire almost all of the current employees.

21. Specify how SharpVue allocates the purchase price among the assets to be purchased in the Transaction and how it proposes to allocate the purchase price among the acquired assets at closing. If SharpVue contends that it has not allocated the purchase price among the assets, explain how SharpVue has valued the individual components of the transaction and provide all documents relating to the valuation of these components.

RESPONSE: Of the \$67.7M purchase price, \$56M is allocated to ferry, tram, parking, and barge. Otherwise, SharpVue has not completed such an analysis but will do so at the time of closing under the APA.

22. Does SharpVue intend – either as a component of the Transaction or as a component of a planned future transaction – to pledge the assets comprising the ferry and tram operations as collateral or security? If SharpVue does not presently intend to pledge these assets, might SharpVue consider pledging those assets in the future?

RESPONSE: See Exhibit F to the Joint Application filed herein.

23. Does SharpVue intend – either as a component of the Transaction or as a component of a planned future transaction – to pledge the parking facilities or barge assets as collateral or security? If SharpVue does not presently intend to pledge these assets, might SharpVue consider pledging those assets in the future?

RESPONSE: See Exhibit F to the Joint Application filed herein.

24. Identify the individual investors in Pelican Legacy Holdings, LLC and SVC Pelican Partners, LLC, including name, address and committed funding amount.

RESPONSE: SharpVue objects to this request because among other things it is beyond the scope of information relevant to the proceeding or likely to lead to discoverable information. Without waiving objections, see Exhibit F to the Joint Application filed herein for the committed funding

amount. As is customary for such transactions, the committed amount will be in SharpVue’s possession at closing under the APA.

- 25. Identify the “co-investors” in Pelican Legacy Holdings, LLC, including name and address.

RESPONSE: SharpVue objects to this request because among other things it is beyond the scope of information relevant to the proceeding or likely to lead to discoverable information. Without waiving objections, see Exhibit F to the Joint Application filed herein for the committed funding amount. As is customary for such transactions, the committed amount will be in SharpVue’s possession at closing under the APA.

- 26. Provide the Operating Agreements for Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC.

RESPONSE: See SHARPVUE NOS. 0831 to 0882.

- 27. State the ownership (by percentage of each owner) of each of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, SVC Pelican Partners, LLC, and SharpVue Capital, LLC.

RESPONSE: SharpVue objects to this request because among other things it is beyond the scope of information relevant to the proceeding or likely to lead to discoverable information. Without waiving objections, see Exhibit F to the Joint Application filed herein for the committed funding amount. As is customary for such transactions, the committed amount will be in SharpVue’s possession at closing under the APA.

- 28. Identify all communications with the Bald Head Association staff, Officers, or Board of Directors members concerning the Transaction or related matters before the North Carolina Utilities Commission, including those in Docket No. A-41, Sub 21.

RESPONSE: Objection to questions about Docket No. A-41, Sub 21 in Docket No. A-41, Sub 22. Without waiving objections, on July 27, 2022, Lee Roberts was invited to and attended an informational meeting for the Bald Head Island Association staff, officers, Board of Directors, and members. The Village and the Authority were also represented at the meeting. The meeting was held in person on the island and by Zoom. Mr.

Roberts, as well as the other invited guests, discussed the transaction and answered questions from Association members. Upon information and belief, over 400 Association members either participated in the meeting live or later viewed a recording of the meeting posted to the Association’s website.

- 29. Please identify all due diligence referenced at page 6, line 14 of the Testimony of Lee H. Roberts.

RESPONSE: SharpVue performed research and review of the operating costs, financial data, and related information of BHIT/BHIL, which has been previously provided to the Village by BHIT/BHIL. Further, SharpVue had the benefit of the fact that BHITA had spent four years evaluating the system in great depth in conjunction with their plans to purchase the ferry and tram services. SharpVue obtained and reviewed appraisals, evaluations, reports, and analyses on all of the assets included in the APA and reviewed the records related to these operations as a going concern – all of which we believe has been previously provided to the Village by BHIT/BHIL.

- 30. Refer to page 6, line 16 of the Testimony of Lee H. Roberts. Please describe what is meant by “changes to its regulatory status or to the rate base” and provide copies (in native format) of all analysis or due diligence conducted or reviewed relating to such changes and their potential impact on utility rates.

RESPONSE: A decision in Docket No. A-41, Sub 21 or any future docket to include the assets of the parking and barge businesses that SharpVue has contracted to purchase from Bald Head Island Limited, LLC (“Limited”) in the ferry/tram rate base or to otherwise regulate those assets. Notwithstanding the above, SharpVue agrees to assume responsibility for all rights and obligations of BHIT that flow from the Commission’s order approving a settlement of the 2010 Rate Case for the ferry and tram services in A-41, Sub 7. Specifically, this includes but is not limited to, the element of that order that \$523,725 of annual revenues (including regulatory fee impact) from the parking business that SharpVue seeks to acquire from BHIL will continue to be imputed to the revenue requirement of the utility with respect to the existing Commission-ordered ferry/tram rates until such time as the Commission may approve an adjustment to rates. SharpVue also affirms it will adhere to the 2012 and 2022 Commission orders regarding baggage entered in A-41, Sub 9 and 20, the current treatment of fuel surcharge as provided in the 2010 rate case, as well as abiding by the terms of the lease agreement between BHIT and BHIL to lease real property in Southport, North

Carolina and on Bald Head Island (upon which services involving the assets at issue in this docket are performed).

- 31. Refer to page 6, lines 16-21 of the Testimony of Lee H. Roberts. Please provide copies (in native format) of all financial and operational analysis and due diligence conducted or reviewed showing that SharpVue can continue to operate the ferry and tram services at the approved rates for at least one year.

RESPONSE: See operating costs, financial data, and related information of BHIT/BHIL, which has been previously provided to the Village by BHIT/BHIL. See BHITA due diligence documents, including appraisals, evaluations, reports, analyses on all of the assets included in the APA, and records related to these operations as a going concern, all of which we believe has been previously provided to the Village by BHIT/BHIL.

- 32. Refer to page 2, line 18 of the Testimony of Lee H. Roberts. Please provide the basis for Mr. Robert’s statement of familiarity with Bald Head Island, including identification of any prior investments on the island, ownership of property, and other contacts with the island.

RESPONSE: Mr. Roberts has traveled to Bald Head Island multiple times over a twenty-year period. Additionally, Mr. Roberts served as the Budget Director for the State North Carolina at the time of the Bald Head Island Transportation Authority’s formation, and was aware of the related legislative process and thesis behind the Bald Head Island Transportation Authority’s creation. Mr. Roberts does not and has not personally owned property or other investments on Bald Head Island.

- 33. Provide copies of the agreements referenced at page 4, lines 1-7 of the Testimony of Lee H. Roberts. If the agreements have not been reduced to writing, summarize their terms.

RESPONSE: The offers to the operations’ current management have not been reduced to writing, but the offers and expected agreements would be for them to continue in their current roles and duties. Again, SharpVue, on behalf of BHI Ferry Transportation, is simply stepping into the shoes of BHIT.

- 34. If SharpVue intends to hold the ferry assets “long term,” how does SharpVue define this term. Include in your response the specific number of years that

would constitute “long term” ownership and state what assurances you will provide the Commission that you will retain ownership of this assets for this period of time?

RESPONSE: Other than the preliminary information included in investor presentations at SHARPVUE-0001 to SHARPVUE-0655 previously provided to the Village, SharpVue does not have a predefined definition of “long term” ownership. SharpVue plans to analyze the business more fully while operating it and make strategic decisions in due course.

- 35. Provide all documents produced to the Village or any other intervening party (including the Public Staff) in connection with Docket No. A-41, Sub 21.

RESPONSE: All such documents that have been requested to date have been provided to the Village.

This the 12nd day of September, 2022.

NEXSEN PRUET PLLC

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing SHARPVUE CAPITAL, LLC'S RESPONSES TO THE VILLAGE OF BALD HEAD ISLAND'S FIRST DATA REQUESTS has been served this day upon all parties of record in this proceeding, or their legal counsel, by electronic mail or by delivery to the United States Post Office, first-class postage pre-paid.

This the 12th day of September, 2022.

By: /s/ David P. Ferrell

Exhibit JAW-9

SharpVue Responses to Village's Third Data Requests (CONFIDENTIAL)

CONFIDENTIAL MATERIAL
INTENTIONALLY OMITTED

Exhibit JAW-10

SharpVue's Responses to Village's Fourth Data Requests (CONFIDENTIAL)

CONFIDENTIAL MATERIAL
INTENTIONALLY OMITTED

Exhibit JAW-11

SharpVue's Responses to Village's Fifth Data Requests (CONFIDENTIAL)

CONFIDENTIAL MATERIAL
INTENTIONALLY OMITTED

DOCKET NO. A-41, SUB 22

REGULATORY CONDITIONS

These Regulatory Conditions set forth requirements imposed upon Holdings and BHIFT, as a condition of approval of the application by BHIT and BHIFT pursuant to N.C. Gen. Stat. § 62-111 and Commission Rule R2-8.1 for authority to transfer BHIT's Common Carrier Certificate to operate the passenger ferry transportation services to and from Bald Head Island and the tram services on the island to BHIFT (Transfer).

These Regulatory Conditions, which become effective only upon closing of the Transfer, shall apply jointly and severally to SharpVue, Partners, Holdings, BHIFT, and other entities owned or controlled by SharpVue or its principals Lee Robert and Douglas Vaughn, being **[BEGIN CONFIDENTIAL]** [REDACTED]

[END CONFIDENTIAL] (as well as any successor entities), and shall be interpreted in the manner that ensures BHIFT's customers (a) are protected from any known adverse effects from the Transfer, (b) are protected as much as possible from potential costs and risks resulting from the Transfer, and (c) receive

sufficient known and expected benefits to offset any potential costs and risks resulting from the Transfer.

For purposes of these Regulatory Conditions, "SharpVue Affiliates" shall be comprised of Partners, **[BEGIN CONFIDENTIAL]** [REDACTED]

[END CONFIDENTIAL]

SharpVue and SharpVue Affiliates and any successor entities must acknowledge and consent to these Regulatory Conditions imposed upon Holdings and BHIFT. SharpVue and SharpVue Affiliates are further required not to cause any Subsidiary Entities to violate such Regulatory Conditions, nor to prevent Holdings and BHIFT from taking action to comply with the Regulatory Conditions, for so long as such Regulatory Conditions remain in effect and applicable to Holdings and BHIFT. The consent and acknowledgment of SharpVue and SharpVue Affiliates set forth above does not constitute a general consent to expansion of the North Carolina Utilities Commission's jurisdiction over SharpVue and SharpVue Affiliates beyond that established by Chapter 62 of the North Carolina General Statutes.

The Commission retains the right to impose future limitations on BHIFT that the public interest requires.

For purposes of these Regulatory Conditions, the North Carolina Utilities Commission is referred to as “the Commission,” and the Public Staff – North Carolina Utilities Commission is referred to as “the Public Staff.”

- 1. Transfer-related Direct Costs and Expenses.** Direct costs and expenses associated with the Transfer will be excluded from the regulated expenses of BHIFT for Commission financial reporting and ratemaking purposes. Direct Transfer expenses are change-in-control payments made to terminated executives, Transfer-related bonuses, severance payments, regulatory process costs, and transaction fees (such as, but not limited to, acquisition, architectural, broker, environmental, financing, investment banker, and legal fees for due diligence, transaction structuring, financial market analysis, and fairness opinions based on formal agreements with investment bankers). BHIFT will file a summary report of its final accounting for Direct Transfer and Transfer-related -expenses within 120 days after the close of the Transfer, and supplemental reports within 60 days after each quarter until such expenses cease.
- 2. Non-Consummation of Transfer.** If the Transfer is not consummated, neither the cost nor the receipt of any termination payment shall be allocated to BHIT or included in regulated expenses of BHIT for

Commission financial reporting and ratemaking purposes. BHIT's customers shall not otherwise bear any direct expenses or costs associated with a non-consummated Transfer.

3. **Acquisition Adjustments.** SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall neither pursue or recover an acquisition adjustment in any future rate case.
4. **Parking Services of Holdings and BHIFT.** Holdings and BHIFT will continue to provide for the availability of adequate and reasonably priced parking.
5. **Inclusion of Imputed Parking Revenue in Future Rate Proceedings.** For purposes of future general rate case proceedings for BHIFT, the Public Staff shall not be limited to or constrained by the provisions of these Regulatory Conditions in asserting or sustaining arguments regarding the proper treatment of imputed revenue associated with the parking facilities in setting just and reasonable rates for BHIFT. An appropriate level of parking revenue shall be imputed in the setting of just and reasonable rates for BHIFT on a level that is consistent with the prior general rate case.
6. **Hold Harmless Commitment.** The Transfer shall be effectuated in a manner designed to prevent harm to BHIFT's ratepayers. Notwithstanding

this, SharpVue, SharpVue Affiliates, Holdings, and BHIFT (as well as any successor entities directly or indirectly owning or controlling BHIFT or its employees) shall take all such actions as may be reasonably necessary and appropriate to hold BHIFT's customers harmless from the effects of the Transfer.

- 7. Distributions to SharpVue, SharpVue Affiliates, and Holdings.** BHIFT shall not pay to SharpVue, SharpVue Affiliates, Holdings, or their Members or Managers any distribution exceeding 80% of BHIFT's net income calculated on a two-year-rolling average basis. In addition, BHIFT shall limit cumulative distributions paid to SharpVue, SharpVue Affiliates, and Holdings subsequent to closure of the Transfer to (i) the amount of its retained earnings on the day prior to the closure of the Transfer, plus (ii) any future earnings recorded by BHIFT subsequent to closure of the Transfer.
- 8. Common Equity Capital.** Until a final order is issued in BHIFT's next (first) general rate case, BHIFT shall maintain common equity capital at levels equal to or greater than 40% of total adjusted capital (including common equity, preferred stock, long-term debt, and long-term capital leases). No equity distributions, whether by dividend or other form, such as the management fees of SharpVue, may be made that would result in equity

capital of BHIFT falling below this minimum 40% level without prior approval of the Commission. Notwithstanding the foregoing, BHIFT shall maintain the right to petition the Commission for an exception to this Regulatory Condition.

- 9. Notice of Certain Investments.** Whenever SharpVue, SharpVue Affiliates, or Holdings makes any new or increased direct or indirect investment in a business entity where: (a) such investment appears or will appear on the books of BHIFT, or will otherwise have an effect on the books, costs, rates, revenues, charges, obligations, services, capitalization, or indebtedness of BHIFT, and (b) the amount of such investment is equal to 10% or more of BHIFT's book capitalization, the investing entity shall file or cause to be filed, as soon as practicable following Board or other approval of the subject transaction and any public announcement thereof (if one is made), a notice of the investment with the Commission. The notice shall include a full description of the investment and an explanation of how it will be accounted for in the investing entity's books and records.
- 10. Notice of Default or Bankruptcy.** If SharpVue or SharpVue Affiliates experiences a default on an obligation or files for bankruptcy, Holdings and BHIFT shall notify the Commission of the event in advance, if possible, or, if not, as soon as possible but not later than ten days after such event.

- 11. Non-attribution or Forgiveness of Intercompany “Loan.”** To the extent that closing of the Transfer memorializes any intercompany “loan” between BHIL and BHIT (see \$19,808,223 of Related Party Loan(s) as reported in BHIT’s Financial Report of December 31, 2021), SharpVue, SharpVue Affiliates, Holdings, and BHIFT must disclaim any such “loan” and any such “loan” or indebtedness shall not be binding upon Holdings and BHIFT and shall not be presented for Commission consideration whatsoever, whether for rate base purposes or otherwise. This requirement applies to all existing or subsequent indebtedness of BHIL or BHIT through closing.
- 12. Post-Closing Financial Information.** Holdings and BHIFT shall file pre- and post-Transfer closing balance sheets and the associated closing journal entries, including relevant descriptions and disclosures for the transactions recorded as soon as practicable but not later than the end of the second full quarter following the close of the Transfer, and shall provide to the Public Staff closing documents for the consummation of the Proposed Transaction, including closing statements for Holdings and BHIFT.
- 13. Meetings with Public Staff.** the Public Staff to discuss Holdings’ financial condition, BHIFT’s financial condition and results, service quality metrics

and maintenance initiatives and results, and the ferry and tram transportation services, parking services, and any changes and potential improvements and new tariffs.

14. **Access to Books and Records.** In accordance with and to the extent provided by North Carolina law, the Commission and the Public Staff shall continue to have access to the books and records of Holdings and BHIFT.
15. **Management.** SharpVue, SharpVue Affiliates, Holdings, and BHIFT have indicated that they intend to maintain current management comprised of existing key BHIL and BHIT employees Chad Paul, Shirley Mayfield, and Captain Bion Stewart. Holdings and BHIFT shall notify the Commission at least 30 days prior to any termination of agreements with or resignation by these key personnel.
16. **Regulatory Reporting Requirements.** BHIFT shall comply with all regulatory reporting requirements, including Annual Report, Quarterly Report, and Quarterly Financial Report of monthly information.
17. **Regulatory Staffing.** Holdings and BHIFT shall maintain sufficient, adequately trained personnel to ensure that regulatory reporting

requirements are complied with in a timely and accurate manner. BHIFT shall notify the Public Staff when there is any change in regulatory or operational personnel at the supervisor level.

- 18. Overall Service Quality and On-Time Performance.** Upon consummation of the Transfer, SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall continue to provide safe and reliable ferry and tram services consistent with current practices. Holdings and BHIFT shall have a goal of on-time ferry departures of 90%. BHIFT shall evaluate service delivery and related components and make needed changes to improve overall ridership experience.
- 19. Affiliated Agreements.** Holdings and BHIFT shall file with the Commission agreements pursuant to N.C.G.S. § 62-153. All such agreements that involve payment of fees or other compensation by Holdings or BHIFT shall require acceptance and authorization by the Commission and shall be subject to any other Commission action required or authorized by North Carolina law and the Rules and orders of the Commission. Prior to making any changes to existing agreements, Holdings and BHIFT shall file such changes with the Commission. SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall file with the Commission any proposed amendments to,

assignment of, or transfer of management rights under the Management Agreement (referred to by BHIFT as an “Investment Management Agreement”) among SharpVue, Partners, and Holdings as well as any event in which SharpVue Managing Partners Lee Roberts and Douglas Vaughn will no longer be leading the provision of management services under the Management Agreement.

- 20. Intellectual Property.** Any and all intellectual property currently used in ferry and tram operations shall continue to be available for use by BHIFT at no additional charge. Specifically, to the extent that intellectual property of BHIL conveyed to Pelican IP, LLC, at closing is currently used in ferry and tram operations, BHIFT shall have the continued right to utilize such intellectual property and shall not be charged a licensing fee or any other sum associated with such use.
- 21. Consultation with constituents.** The Board of Managers of Holdings shall meet at least semi-annually in a noticed public meeting on Bald Head Island with island residents and other ferry and tram service constituents to receive input on all aspects of ferry and tram services.

- 22. Successors.** The respective successors and assigns of SharpVue, SharpVue Affiliates, Holdings and BHIFT shall be bound by these regulatory conditions, Commission rules, and Commission jurisdiction established by Chapter 62 of the North Carolina General Statutes.

Line	Description	Amount	Note
	[A]	[B]	[C]
Comparison of Rate Base			
1	Barge Net Operating Income	\$642,864	Source = Exhibit KWO-3 Docket No. A-41 Sub 22 Page 1 of 1
2	Regulated Rate of Return	8.33%	Source = Taylor Testimony Table 1 at page 10
3	Inferred Rate Base	\$ 7,717,457	Line 1 / Line 2
4	Purchase Price of Barge	\$ 8,358,150	Source = Exhibit KWO-6 Docket No. A-41 Sub 22 Page 6 of 6
5	Delta	\$ (640,693)	Line 3 - Line 4
Inferred Barge Revenue Requirement			
6	Purchase Price of Barge	\$ 8,358,150	Source = Exhibit KWO-6 Docket No. A-41 Sub 22 Page 6 of 6
7	Regulated Rate of Return	8.33%	Source = Taylor Testimony Table 1 at page 10
8	Inferred Net Income	\$ 696,234	Line 6 x Line 7
9	Less: Interest Expense	\$ 277,908	Line 6 x 50% x 6.65%
10	Income Subject to Tax	\$ 418,325	Line 8 - Line 9
11	Composite Income Tax Rate	22.98%	Source = Exhibit KWO-3 Docket No. A-41 Sub 22 Page 1 of 1
12	Income Taxes	\$ 124,778	(Line 10 / (1 - Line 11)) - Line 10
13	2021 Operating Expenses Excluding Income Taxes	\$ 714,913	Source = Exhibit KWO-4 Docket No. A-41 Sub 22 Page 11 of 22
14	Inferred Barge Revenue Requirement	\$ 1,535,925	Line 8 + Line 12 + Line 13
2021 Barge Revenues			
15	2021 Barge Revenues	\$ 1,535,195	Source = Exhibit KWO-4 Docket No. A-41 Sub 22 Page 11 of 22
16	SharpVue Purchase Price Inferred Rev. Req.	\$ 1,535,925	Line 14
17	Difference	\$ 730	Line 16 - Line 15
18	Percent Difference	0.05%	Line 17 / Line 16
Inferred Barge Revenues			
19	Inferred Barge Revenue Requirement	\$ 1,535,925	Line 14
20	Count of Barge Fees @ \$60	25,587	Line 23
21	Average Revenue per Exit *	\$ 60.03	Line 19 / Line 20
2021 Barge Revenues			
22	2021 Barge Revenues	\$ 1,535,195	Source = Exhibit KWO-4 Docket No. A-41 Sub 22 Page 11 of 22
23	Count of Barge Fees @ \$60	25,587	Line 22 / \$60
24	Average Revenue per Barge Fee	\$ 60.00	Line 22 / Line 23
Original Cost to Mitchell Family Basis			
25	Original Cost Rate Base	\$1,445,434	Source = Exhibit KWO-3 Docket No. A-41 Sub 22 Page 1 of 1
26	Regulated Rate of Return	8.33%	Source = Taylor Testimony Table 1 at page 10
27	Inferred Net Income	\$ 120,405	Line 25 x Line 26
28	Less: Interest Expense	\$ 48,061	Line 25 x 50% x 6.65%
29	Income Subject to Tax	\$ 72,344	Line 27 - Line 28
30	Composite Income Tax Rate	22.98%	Source = Exhibit KWO-3 Docket No. A-41 Sub 22 Page 1 of 1
31	Income Taxes	\$ 21,579	(Line 29 / (1 - Line 30)) - Line 29
32	2021 Operating Expenses	\$ 714,913	Line 13
33	Inferred Barge Revenue Requirement	\$ 856,896	Line 27 + Line 31 + Line 32
34	Count of Barge Fees @ \$60	30,704	Line 23
35	Avg. Barge Fees with Original Rate Base	\$ 27.91	Line 33 / Line 34
36	SharpVue Purchase Price Inferred Rev. Req.	\$ 1,535,925	Line 14
37	2021 Barge Revenues	\$ 1,535,195	Line 15
38	Original Cost to Mitchell Inferred Rev. Req.	\$ 856,896	Line 33
39	Difference	\$ (678,299)	Line 38 - Line 37
40	Percent Difference	-44.18%	Line 39 / Line 37

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