

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1300, SUB 60

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application by Old North State Water Company, LLC, 3212 6th Avenue South, Suite 200, Birmingham, Alabama 35222, for Authority to Adjust and Increase Rates for Water Utility Service in All Its Service Areas in North Carolina	) ) ) ) ) ) )	ORDER GRANTING MOTION OF OLD NORTH STATE WATER COMPANY, INC. FOR EXTENSION OF TIME TO FILE REPORT AND RESCHEDULING HEARING
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BY THE PRESIDING COMMISSIONER: On June 29, 2021, Old North State Water Company, Inc. (ONSWC or Company),<sup>1</sup> filed an Application for Rate Increase in Docket No. W-1300, Sub 60 (Sub 60 Rate Case). On June 13, 2022, the Commission issued its Order Approving Settlement Agreement and Stipulation, Granting Partial Rate Increase, and Requiring Customer Notice (Rate Case Order).

In the Rate Case Order, the Commission directed the Public Staff to conduct an investigation into the various sources of funding utilized by ONSWC for its capital and operational needs; the funds disbursed by ONSWC to Chatham North Holdings, Inc. (CNH); and the relationships, operating agreements, and contracts between and among the Company, Integra Water LLC (Integra), affiliates of Integra, and CNH. The Commission further directed the parties to work together to create a plan to improve the capitalization of the Company.

The Public Staff and the Company did not reach agreement on a recapitalization plan, but on December 12, 2023, the Public Staff filed its Report on ONSWC's Compliance with Laws and Recapitalization Plan (Public Staff Report).

On January 11, 2023, ONSWC filed a Response to Public Staff Report. In its Response, the Company stated that Mr. McDonald planned to hire an outside firm in the spring to "thoroughly review the accounting needs and processes and to perform an accounting review of ONSWC and its financial statements." The Company stated that it would provide a copy of this outside accounting review on request.

On May 19, 2023, the Commission issued its Order Requiring Further Reporting and Directing Old North State Water Company, Inc. to Refrain from Certain Actions (Order

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<sup>1</sup> On July 12, 2022, Old North State Water Company, Inc., made an undocketed filing notifying the Commission of the Company's conversion from a limited liability company (LLC) to a C Corporation and that Company's name is now Old North State Water Company, Inc.

Requiring Further Reporting), which, among other things, directed the Company to provide the Commission with a copy of the accounting review it had commissioned no later than June 18, 2023 and setting an evidentiary hearing before the full Commission for July 25, 2023.

On May 25, 2023, ONSWC filed a Motion on Accounting Review and Motion for Extension of Time (Motion). In the Motion, the Company stated that it had received a proposal from an accounting firm to conduct an external professional review, but that the proposal contemplated a completion date of July 15, 2023. The Company requested an extension to July 21, 2023 to file the external accounting review and sought a change in the hearing date to a date between August 1 and August 18, 2023. In the Motion, the Company further stated that it anticipated that John McDonald, the owner of ONSWC, would be its only witness at the hearing. On May 30, 2023, ONSWC filed an Amended Motion to Reschedule Hearing, stating that after further consultation with the Public Staff, it was requesting the hearing to be held between September 1 and September 15, 2023, in order to give the Public Staff adequate time to review the report of the external professional review.

On June 7, 2023, ONSWC filed a Supplement to Old North State Water Company's Amended Motion to Reschedule Hearing (Supplement to Motion). The Company provided the outside accounting firm's Proposal for Accounting and Review Services in order to ensure that the scope of the engagement was clear to the Commission.

The Presiding Commissioner finds good cause to grant the Company's Motion on Accounting Review and Motion for Extension of Time, as amended, and to provide the parties with additional guidance with respect to the Order Requiring Further Reporting.

IT IS, THEREFORE, ORDERED as follows:

1. That the scope of the outside accounting review should include a review of the Company's accounting needs and processes, including an examination of the transactions between Old North State Water Company, Inc. and any of the following: Integra Water, LLC, Integra Water Madison County, LLC, Integra Water Creola, LLC, Integra Water Vinemont, LLC, John McDonald, Chatham North Holdings, Inc., and ONSWC-Chatham North, LLC (ONSWC-CN);

2. That the Company shall file the outside accounting review with the Commission no later than August 4, 2023;

3. That no later than September 5, 2023, the Public Staff shall notify the Commission of any updates or modifications to the recommendations made in the Public Staff Report, specifically including, but not limited to, its response to ONSWC's proposal for Integra to convert some of its secured debt to an equity interest in ONSWC;

4. That an evidentiary hearing before the full Commission on the issues raised and the relief sought in the Public Staff Report, as well as in ONSWC's Response to

Public Staff Report and all subsequent reports made in this docket, shall be conducted on October 2, 2023 beginning at 1:00 p.m. in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina;

5. That the focus of the hearing shall be whether the management, operation, and financing of Old North State Water Services, Inc., is consistent with the public interest and the interests of customers;

6. That no prefiled testimony is requested; rather the Company and the Public Staff shall make appropriate witnesses available to answer Commission questions regarding the matters specified in this Order, such witnesses to include John McDonald, Integra Chief Financial Officer Joseph P. Mitchell, and a member of the engagement team that conducts the outside accounting review of the Company.

ISSUED BY ORDER OF THE COMMISSION.

This the 12th day of June, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script that reads "Tamika D. Conyers". The signature is written in black ink and is positioned above the printed name of the signatory.

Tamika D. Conyers, Deputy Clerk