



the system, Red Bird proposes to charge the current Commission approved rates for Baywood and Cottonwood. The present and proposed rates are as follows:

<u>Monthly Metered Residential Water Service:</u>	<u>Present</u>	<u>Proposed</u>
Base Charge, zero usage	\$ 9.60	\$ 9.60
Usage Charge, per 1,000 gallons	\$ 1.92	\$ 1.92
<u>Monthly Flat Rate for Wastewater Service:</u>	\$44.03	\$44.03

Based on an average usage of approximately 3,000 gallons per month, the monthly water utility bill is \$15.36, and the monthly flat rate wastewater bill is \$44.03.

Upon acquisition, Red Bird plans to make capital improvements and implement changes to operations that will increase annual operating costs above current levels. Non-confidential Attachment E.1 to the Application states that Red Bird plans to request a rate increase approximately 14 months post-acquisition, subject to Commission approval.<sup>1</sup> As part of that request, Red Bird also intends to seek uniform rates across all its North Carolina systems, including Baywood and Cottonwood. If the full amount of the projected rate increase, including the request for uniform rates, were approved by the Commission in the timeframe proposed by Red Bird, the average monthly bill charged to each customer for water and wastewater utility service could be as follows:

<u>Timeframe</u>	<u>Monthly Water Utility Bill</u>	<u>Monthly Wastewater Bill</u>
Present <sup>2</sup>	\$ 15.36	\$ 44.03
Year 1	\$ 15.36	\$ 44.03
Year 2 <sup>3</sup>	\$ 63.76	\$ 84.39
Years 3 through 5	\$ 73.44	\$ 92.46

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission’s Staff Conference on July 25, 2022. The Public Staff recommended that the matter be scheduled for a public witness hearing for the sole purpose of receiving testimony from customers; that the matter also be scheduled for an expert witness hearing for the sole purpose of receiving expert witness testimony from Red Bird, the Public Staff, and intervenors, if any; and that Red Bird be required to provide

---

<sup>1</sup> Any future change in rates proposed by Red Bird would require filing a general rate case application pursuant to N.C. Gen. Stat. § 62-134 and approval by the Commission. Future rates are subject to change and could be less or more than the projected \$73.44 per customer.

<sup>2</sup> The timeframe of the present through the first two months of Year 2 assumes an average monthly usage of 3,000 gallons per customer.

<sup>3</sup> Values are based on two months at Year 1 rates and ten months at the higher projected rate of \$73.44 per customer for water utility service and \$92.46 for wastewater utility service, which are the projected average monthly bill amounts for Red Bird customers statewide.

notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

Based upon the foregoing, and the recommendation of the Public Staff, the Commission hereby establishes the procedural schedule, including filing requirements of Red Bird, the Public Staff, and other parties, and requires that Red Bird provide public notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

The guidelines regarding discovery in this docket, subject to modification for good cause shown, are as follows:

1. Any deposition shall be taken before the deadline for the filing of the Public Staff and other intervenor testimony. A notice of deposition shall be served on all parties at least seven business days prior to the taking of the deposition.

2. Any motion for subpoena of a witness to appear at the expert witness hearing shall be filed with the Commission before the deadline for the filing of the Public Staff and other intervenor testimony, shall be served by hand delivery or facsimile to the person sought to be subpoenaed at or before the time of filing with the Commission, and shall make a reasonable showing that the evidence of such person will be material and relevant to an issue in the proceeding. N.C. Gen. Stat. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena within one business day of the filing of such motion.

3. Formal discovery requests related to the Application and Red Bird's prefiled direct and supplemental testimony shall be served on Red Bird by hand delivery, facsimile, or electronic delivery with Red Bird's agreement, no later than 14 calendar days prior to the filing of Public Staff and other intervenor testimony. Red Bird shall have up to ten calendar days to file with the Commission objections to discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days prior to the deadline for the filing of Public Staff and other intervenor testimony.

4. Formal discovery requests of the Public Staff or other intervenors shall be served by hand delivery, facsimile, or electronic delivery (with the agreement of the receiving party) no later than five calendar days after the filing of that party's testimony. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than nine calendar days after the filing of that party's testimony.

5. Formal discovery requests related to prefiled rebuttal testimony shall be served by hand delivery, facsimile, or electronic delivery with Red Bird's agreement, no later than two calendar days after the filing of such testimony. The party served shall have up to two calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than three business days after the filing of such rebuttal testimony. Discovery related to rebuttal testimony

shall be limited to new material introduced in such rebuttal testimony and will be carefully scrutinized upon objection that such discovery should have been sought during the initial period of discovery.

6. Discovery requests need not be filed with the Commission when served; however, objections shall be filed with the Commission and the objecting party shall attach a copy of the relevant discovery request to the objections. Each discovery request, or part thereof, to which no objection is filed, shall be answered by the time objections are due, subject to other agreement of the affected parties or other order of the Commission. Upon the filing of objections, the party seeking discovery shall have two business days to file with the Commission a motion to compel, and the party objecting to discovery shall have one business day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected party by hand delivery, facsimile, or electronic delivery with the agreement of the receiving party, at or before the time of filing with the Commission.

7. A party shall not be granted an extension of time to pursue discovery due to that party's late intervention or other delay in initiating discovery.

8. Further, the Commission finds good cause to require the Company and all other parties who file exhibits and workpapers that include tables of numbers and calculations to provide the Commission Staff, the Public Staff, and any other party upon request from such party an electronic version of all such exhibits and workpapers, with formulas intact.

The Commission urges all parties to work in a cooperative manner and to try to accommodate discovery within the time available. The Commission recognizes that in the past, most discovery has been conducted in an informal manner without the need for Commission involvement or enforcement, and that such has been generally successful. The above guidelines are without prejudice to the parties conducting informal discovery or exchanging information by agreement at any time with the understanding that such will not be enforceable by the Commission if outside these guidelines.

IT IS, THEREFORE, ORDERED as follows:

1. That the Application is scheduled for a public witness hearing beginning at 7:00 p.m. on Monday, January 23, 2023, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603;

2. That the public witness hearing will be conducted solely for the purpose of receiving the testimony of customers in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing pursuant to Commission Rule R1-21(g)(5);

3. That Crosby and Red Bird are required to file separate, verified reports addressing all customer service and service quality complaints expressed during the

public witness hearing held on Monday, January 23, 2023, within 15 days of the conclusion of the public witness hearing. The Public Staff shall and other intervenors may file a verified response and any comments to Crosby's and Red Bird's reports on or before Thursday, February 23, 2023;

4. That the Application is scheduled for an expert witness hearing beginning at 10:00 a.m., on Tuesday, April 4, 2023, and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603;

5. That the parties shall comply with the discovery guidelines established herein and shall work in a cooperative manner as to discovery;

6. That Red Bird is required to prefile all testimony on which it will rely at the expert witness hearing on or before Friday, February 3, 2023, which is 60 days prior to the expert witness hearing. The Public Staff and intervenors, if any, shall file their testimony on or before Thursday, February 23, 2023, which is 40 days prior to the expert witness hearing, and Red Bird shall file its rebuttal testimony, if any, on or before Wednesday, March 15, 2023, which is 20 days prior to the expert witness hearing;

7. That on or before Monday, January 9, 2023, any persons having an interest in this matter may file petitions to intervene to this proceeding pursuant to Commission Rules R1-5, R1-7, and R1-19;

8. That Red Bird shall consult with all other parties and file, no later than Tuesday, March 28, 2023, a list of witnesses to be called at the expert witness hearing, the order of witnesses, and each party's estimated time for cross-examination. If the parties cannot agree, the remaining parties shall, no later than Friday, March 31, 2023, make a filing indicating their points of disagreement with Red Bird's filing;

9. That an officer or representative of Red Bird is required to appear before the Commission at the time and place of the expert witness hearing to testify concerning any of the information contained in the Application;

10. That all parties filing supporting exhibits in Excel format shall provide the Commission Staff electronic versions of the exhibits filed in native Excel format, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that Red Bird and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact;

11. That all parties filing supporting exhibits in PDF format shall provide to the Commission Staff electronic versions of the exhibits filed in native Excel format via email at NCUCexhibits@ncuc.net, where applicable, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that Red Bird and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall

provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact; and

12. That the Notice to Customers, attached hereto as Appendix A, shall be mailed with sufficient postage or hand delivered by Red Bird to all affected customers no later than ten days after the date of this Order and that Red Bird shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 20 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of September, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "A. Shonta Dunston". The signature is written in a cursive style with a large, circular initial "D" for Dunston.

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS  
DOCKET NO. W-992, SUB 8  
DOCKET NO. W-1328, SUB 9**

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that Red Bird Utility Operating Company, LLC (Red Bird), 1650 Des Peres Road, Suite 303, St. Louis, Missouri 63131, and Crosby Utilities, Inc. (Crosby), 7536 NC 39 Hwy, Zebulon, North Carolina 27597, filed an Application with the North Carolina Utilities Commission (Commission) for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the Baywood Forest Subdivision (Baywood) Water and Wastewater Utility Systems and the Cottonwood Subdivision (Cottonwood) Wastewater Utility System and corresponding Public Utility Franchise in Wake County, North Carolina, from Crosby to Red Bird and approval of rates.

Upon acquisition, Red Bird plans to make capital improvements including replacing two deep well pumps and rehabilitating the 10,000-gallon pneumatic tank for the Baywood water utility system and installing a standby diesel generator and portable diesel generator at two separate lift stations for the wastewater system serving both subdivisions. Based on Red Bird's estimated costs for these improvements, due diligence costs, and the purchase price of the Baywood water utility system and the and wastewater utility system serving Baywood and Cottonwood, the approximate annual revenue requirement associated with the capital expenditures is \$115,298 or \$33.13 per customer per month for 25 years, subject to true-up.

When Red Bird files a general rate case application with the Commission, Red Bird intends to include the costs of purchasing the Baywood and Cottonwood water and wastewater utility systems and its investment in the system in rate base, which would allow Red Bird to recover in rates the reasonable depreciation expense and allow Red Bird the opportunity to earn a return, approved by the Commission, on its post-closing investment. The Company also intends to seek authority to implement uniform rates for all its North Carolina systems.

**EFFECT OF RATES:**

The present rates for Crosby were approved in Docket Nos. W-992, Sub 7 and M-100, Sub 138, and have been in effect since December 7, 2016. Upon acquisition of the system, Red Bird proposes to charge the current Commission approved rates for Baywood and Cottonwood. The present and proposed rates are as follows:

<u>Monthly Metered Residential Water Service:</u>	<u>Present</u>	<u>Proposed</u>
Base Charge, zero usage	\$ 9.60	\$ 9.60
Usage Charge, per 1,000 gallons	\$ 1.92	\$ 1.92
<u>Monthly Flat Rate for Wastewater Service:</u>	\$44.03	\$44.03

Based on an average usage of approximately 3,000 gallons per month, the monthly water utility bill is \$15.36, and the monthly flat rate wastewater bill is \$44.03.

Red Bird plans to request a rate increase and uniform statewide rates approximately 14 months post-acquisition, subject to Commission approval.<sup>1</sup> If the full amount of the projected rate increase, including the request for uniform rates, is granted, the average monthly statewide bill amount could be as much as the rates shown below.

Subject to Commission approval, the present and projected average monthly bill charged to each customer for water and wastewater utility service as proposed by Red Bird are as follows:

<u>Timeframe</u>	<u>Monthly Water Utility Bill</u>	<u>Monthly Wastewater Bill</u>
Present <sup>2</sup>	\$ 15.36	\$ 44.03
Year 1	\$ 15.36	\$ 44.03
Year 2 <sup>3</sup>	\$ 63.76	\$ 84.39
Years 3 through 5	\$ 73.44	\$ 92.46

**PROCEDURES FOR PUBLIC HEARINGS:**

The Commission has scheduled the following hearings on the Application:

*Public witness hearing* at 7:00 p.m. on Monday, January 23, 2023. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, 27603. *This hearing may be canceled if no significant protests are received on or before Monday, January 9, 2023.*

---

<sup>1</sup> Any future change in rates proposed by Red Bird would require filing a general rate case application pursuant to N.C. Gen. Stat. § 62-134 and approval by the Commission. Future rates are subject to change and could be less or more than the projected \$73.44 per customer.

<sup>2</sup> The timeframe of the present through the first two months of Year 2 assumes an average monthly usage of 3,000 gallons per customer.

<sup>3</sup> Values are based on two months at Year 1 rates and ten months at the higher projected rate of \$73.44 per customer for water utility service and \$92.46 for wastewater utility service, which are the projected average monthly bill amounts for Red Bird customers statewide.



The public witness hearing on Monday, January 23, 2023, will be solely for the purpose of receiving the testimony of customers in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing.

*Expert witness hearing* beginning at 10:00 a.m., on Tuesday, April 4, 2023, and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603. The hearing scheduled for Tuesday, April 4, 2023, shall be conducted solely for the purpose of receiving testimony of Red Bird, the Public Staff, and any other parties of record.

Consumer statements may be submitted to the Commission via the web form at <https://www.ncuc.net/contactus.html>. Consumer statements are not evidence unless those persons appear at a public witness hearing and testify concerning the information contained in their consumer statements.

The Public Staff - North Carolina Utilities Commission (Public Staff) is authorized by statute to represent consumers in proceedings before the Commission. Consumer statements to the Public Staff should include the customer's name, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300. Consumer statements may also be faxed to (919) 715-6704.

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, c/o Utilities Section, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. Written statements may also be e-mailed to [utilityAGO@ncdoj.gov](mailto:utilityAGO@ncdoj.gov).

Persons desiring to intervene in this matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5, R1-7, and R1-19, *on or before Monday, January 9, 2023*. Any such petition should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Commission hearings are subject to change because of COVID-19. Any changes to scheduled hearings will be posted on the NCUC website at [www.ncuc.net](http://www.ncuc.net).

Information regarding this proceeding can also be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under Docket Number "W-1328 Sub 9."

This the 22nd day of September, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "A. Shonta Dunston". The signature is written in a cursive style with a large, looped initial "A" and a stylized "Dunston".

A. Shonta Dunston, Chief Clerk

CERTIFICATE OF SERVICE

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers copies of the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket Nos. W-992, Sub 8 and W-1328, Sub 9, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_ 2022.

By: \_\_\_\_\_  
Signature  
\_\_\_\_\_  
Name of Utility Company

The above named Applicant, \_\_\_\_\_, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket Nos. W-992, Sub 8 and W-1328, Sub 9.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Notary Public  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
Date

(SEAL) My Commission Expires: