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June 7, 2023

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27603

***RE: In the Matter of Application of Old North State Water Company, Inc.
for Authority to Adjust and Increase Rates for Water Utility Service
in All Its Service Areas in NC
Docket No. W-1300, Sub 60
Supplement to Old North State Water Company's Amended Motion
to Reschedule Hearing***

Dear Ms. Dunston:

Attached for filing in the above referenced docket is Supplement to Old North State Water Company's Amended Motion to Reschedule Hearing.

If you have any questions concerning this filing, please do not hesitate to contact me.

Thank you in advance for your assistance with this filing.

Very truly yours,

/s/ David T. Drooz

David T. Drooz

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota
Nevada New Jersey New York North Carolina Pennsylvania South Carolina Texas Washington

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June 7, 2023
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cc: Parties and Counsel of Record
Reita Coxton, NC Public Staff
Jennifer Harrod, Commission Staff
Gina Holt, NC Public Staff
Jessica Heironimus, NC Public Staff
Erica Jones, NC Public Staff
Charles M. Junis, PE, NC Public Staff

**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, Inc., 3212 6 th Avenue South, Suite 200, Birmingham, Alabama 35222, for Authority to Adjust and Increase Rates for Water Utility Service in All Service Areas in North Carolina)	SUPPLEMENT TO OLD NORTH STATE WATER COMPANY'S AMENDED MOTION TO RESCHEDULE HEARING
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Now comes Old North State Water Company, Inc. (ONSWC or Company), through undersigned counsel, and submits supplemental information for its Amended Motion filed May 31, 2023, in this docket.

The supplemental information is a copy of the proposal for an accounting review (Attachment 1). The purpose of this supplemental information is to show, in advance, the scope of work for the accounting review. ONSWC believes this scope of work will comply with the Commission's May 19, 2023, Order Requiring Further Reporting and Directing Old North State Water Company, Inc. to Refrain from Certain Actions.

In particular, the May 19 Order provides in decretal paragraph 2 that "ONSWC shall provide the Commission with a copy of the report of the accounting review it has commissioned." Earlier in the May 19 Order the scope of that accounting review is referenced where the Commission states:

Mr. McDonald plans to hire an outside firm this spring to "thoroughly review the accounting needs and processes and to perform an accounting review of ONSWC and its financial statements." The

Company states that it will provide a copy of this accounting review on request.

The Public Staff had requested a “management audit” of ONSWC, and a “full forensic audit” of both ONSWC and Integra in its report filed December 22, 2022, in this docket. A management audit and a forensic audit are quite different from an accounting review. They would require substantially more time and cost to complete. ONSWC believes the scope on the attached proposal complies with what is required by the Commission’s May 19 Order, and submits the proposal to make the scope clear at the outset.

Respectfully submitted, this the 7th day of June, 2023.

/s/ David T. Drooz
David T. Drooz
North Carolina State Bar No. 10310
Fox Rothschild LLP
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Raleigh, NC 27601
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Attorney for
Old North State Water Company, Inc.

CERTIFICATE OF SERVICE

I do hereby certify that I have served a copy of the foregoing SUPPLEMENT TO OLD NORTH STATE WATER COMPANY'S AMENDED MOTION TO RESCHEDULE HEARING on each of the parties of record in this proceeding or their attorneys of record, and the NC Public Staff, by emailing them an electronic copy or by causing a paper copy of the same to be hand-delivered or deposited in the United States Mail, postage prepaid, properly addressed to each.

This the 7th day of June, 2023.

Electronically submitted

/s/ David T. Drooz

Haynes  Downard LLP
Certified Public Accountants and Business Advisors

May 23, 2023

John McDonald, CEO
Old North State Water Company, Inc.
3212 6th Avenue South
Suite 200
Birmingham, AL 35222

We truly appreciate the opportunity to submit the enclosed proposal to perform accounting and review services for Old North State Water Company, Inc.

The purpose of the enclosed presentation is to describe to you our qualifications and experience under the following categories:

- Profile of Haynes Downard LLP
- Review Approach
- Scope of the Engagement
- Engagement Team
- Fees

We believe our proposal will demonstrate that as a full service accounting firm, including audit, management consulting, regulatory filing, government compliance reporting, and tax services; we are especially well qualified to serve your needs.

Thank you again for this opportunity and if you have any questions regarding our Firm or this proposal, please do not hesitate to contact us. We greatly appreciate your consideration of our Firm.

Very truly yours,



Joseph M. Campbell, Jr., CPA

Old North State Water Company, Inc. Proposal for Accounting and Review Services

Firm Profile

Haynes Downard LLP is a firm of certified public accountants and management consultants with offices in Birmingham and Jasper, Alabama. The firm is a member of the American Institute of Certified Public Accountants and the Alabama Society of Certified Public Accountants. The firm is licensed by the Alabama State Board of Public Accountancy. The firm has 18 employees, 6 of which are licensed as certified public accountants by the State of Alabama.

Our firm undergoes a peer review on a three year cycle, which is conducted by an independent third party firm. Our Firm is committed to adhering to documented quality control standards. As such, we devote time to internal quality reviews conducted on a random selection basis in years in which the firm is not subjected to an outside quality control review. The firm has experienced no enforcement actions and there have been no charges of substandard audit or review engagements.

We are a full-service public accounting firm in that we offer services in the areas of auditing, accounting, tax, regulatory compliance, management consulting, and litigation support services. We are unique in that we provide a myriad of services to various non-profit and governmental organizations within our region.

In order to perform quality and efficient opinion engagements, our professionals obtain extensive training in order to keep up to date with the ever changing compliance requirements and ensure our professionals possess the highest technical knowledge.

Review Approach

Assign Experienced Personnel

The personnel we will assign to this engagement have significant experience in conducting reviews of various types of organizations. It is our firm's policy to assign the same key staff members to an engagement each year in order to provide a greater understanding of the client's structure and environment and to enhance communication with your Staff and Board.

Scope of Review

The objective of our engagement is to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

A review engagement includes primarily applying analytical procedures to your financial data and making inquiries of management. A review engagement is substantially less in scope than an audit engagement, the objective of which is the expression of an opinion regarding the financial statements as a whole. A review engagement does not contemplate obtaining an understanding of the Company's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents; or other procedures ordinarily performed in an audit engagement. Accordingly, we will not express an opinion regarding the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the Company or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our review procedures that indicates fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our review procedures regarding noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our responsibility is to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- 1) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- 2) The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America.
- 3) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.¹
- 4) The prevention and detection of fraud.
- 5) To ensure that the Company complies with the laws and regulations applicable to its activities.
- 6) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- 7) To provide us with—
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the review engagement.
 - unrestricted access to persons within the Company of whom we determine it necessary to make inquiries.

Scope of the Engagement

We will perform a review of the financial statements of Old North State Water Company, Inc. for the year ended December 31, 2022. Assuming anticipated cooperation from your staff we anticipate that our review procedures will be completed and our report issued by July 15, 2023.

Fees

Fees for the review of the financial statements will be billed at our standard hourly rate which are estimated to be \$200 per hour based on anticipated staffing.

The Engagement Team

Max Campbell, CPA – engagement partner

Max received a B.S. degree in accounting from the University of Alabama in Huntsville, a Masters degree in accounting from the University of Alabama at Birmingham, and further graduate level work at Auburn University. Max has been in the accounting profession for twenty nine years, with six years as an accountant in industry and twenty three years in public accounting. He is a member of the American Institute of Certified Public Accountants and the Alabama Society of CPAs. Max will conduct the review and provide supervision of staff involved.

Lewis Jones, CPA – managing partner

Lewis received a B.S. degree in accounting from the University of Alabama at Birmingham. Lewis has been practicing public accounting since 1984 and has experience in multiple industries. He is a member of the American Institute of Certified Public Accountants and the Alabama Society of CPAs. Lewis has made numerous presentations to various industry groups on such topics as reading, understanding, and interpreting financial statements, budgeting, board responsibilities, and internal controls for limited accounting staff environments.