

1 STAFF CONFERENCE

DECEMBER 6, 2021

2 CHAIR MITCHELL: Good morning. Let's come
3 to order and go on the record. I'm Charlotte
4 Mitchell, Chair of the Utilities Commission, and with
5 me this morning are: Commissioner Brown-Bland,
6 Commissioner Gray, Commissioner Clodfelter,
7 Commissioner Duffley, Commissioner Hughes, and
8 Commissioner McKissick.

9 In compliance with the State Government
10 Ethics Act, I remind Members of the Commission of
11 their duty to avoid conflicts of interest and inquire,
12 at this time, as to whether any member of the
13 Commission has a known conflict of interest with
14 respect to matters coming before us.

15 (No response)

16 CHAIR MITCHELL: The record will reflect
17 that no conflicts have been identified, so we'll
18 proceed with Public Staff, Electric Item P1.

19 MR. SAILLOR: I'm Scott Saillor with the
20 Public Staff Energy Division. Item P1 consists of
21 applications to amend and renew Certificates of Public
22 Convenience and Necessity for Solar PV Generating
23 Facilities. Public Staff recommends the Commission
24 approve the applications and issue the requested

NORTH CAROLINA UTILITIES COMMISSION

1 Certificates.

2 COMMISSIONER BROWN-BLAND: Move approval of
3 the recommendation.

4 COMMISSIONER GRAY: Second.

5 CHAIR MITCHELL: It's been moved and
6 seconded that the item be approved as recommended by
7 the Public Staff. Any questions or discussion on the
8 motion?

9 (No response)

10 CHAIR MITCHELL: Hearing none, all in favor,
11 indicate with an aye.

12 (All Commissioners say aye)

13 CHAIR MITCHELL: Anyone opposed?

14 (No response)

15 CHAIR MITCHELL: Motion carries. Thanks,
16 Mr. Saillor. Next up, we will move to Public Staff
17 Water, Item P1. Mr. Franklin.

18 MR. FRANKLIN: Good morning, Commissioners.
19 I'm Mike Franklin with the Public Staff, Water, Sewer,
20 and Telephone Division. This morning, I have Red Bird
21 Operating, Red Bird Utility Operating Company, LLC.

22 Red Bird has filed an application
23 for Certificate of Public Convenience and Necessity,
24 and for approval of rates to provide wastewater

1 utility service to Ocean Terrace, Pine Knoll Townes I,
2 II, and III townhome communities in Carteret County.

3 Each of Ocean Terrace and Pine Knoll
4 Townes I, II, and III has a separate wastewater
5 utility system owned by its Homeowners Association
6 providing wastewater utility service to combine a
7 total of 170 residences.

8 Presently, these wastewater systems are
9 exempt from Commission regulation. This will be Red
10 Bird's first franchise in North Carolina.

11 The Public Staff recommended Red Bird post a
12 \$300,000 bond for Ocean Terrace and Pine Knoll
13 Townes I, II, and III service areas, and on
14 November 19, 2021, Red Bird posted the required bond
15 amount and filed appropriate bond documents.

16 All filing requirements for a bond secured
17 by commercial surety have been met. Further, the
18 Public Staff recommends that the issue of whether Red
19 Bird should be permitted to include a rate base, the
20 unreimbursed expenses it incurred to provide temporary
21 wastewater service to Ocean Terrace Homeowners
22 Association, be determined in Red Bird's initial rate
23 case.

24 The Public Staff recommends that the

1 Commission issue the proposed order, accepting and
2 approving the bond, granting the franchise, approving
3 rates, and requiring customer notice.

4 The proposed order includes changes made at
5 the request of Commission Staff, after the Staff
6 Conference agenda was published to address the party's
7 filings regarding the unreimbursed Ocean Terrace
8 expenses.

9 The changes have been shared with counsel
10 for Red Bird. Mr. Dan Higgins is in the audience with
11 his client Red Bird. This concludes my summary.

12 CHAIR MITCHELL: Thank you, Mr. Franklin.
13 Mr Franklin, one question for you, quickly. I wasn't
14 able to find, from quick review, the Operations
15 Agreement in the record in this proceeding. Are you
16 aware of whether it's in the record?

17 MR. FRANKLIN: It is not in the record.

18 CHAIR MITCHELL: Thanks. That's all I need.
19 I do have a question for the company. I see
20 Mr. Higgins in the audience. If you would approach,
21 please, sir.

22 MR. HIGGINS: Yes.

23 CHAIR MITCHELL: Actually, Mr. Higgins, just
24 for the purpose of being on camera, I'd ask,

1 Mr. Franklin, if you might scoot over towards counsel,
2 and Mr. Higgins, you can grab that seat right there.

3 Just for purposes of the record,
4 Mr. Higgins, would you introduce yourself, please.

5 MR. HIGGINS: Dan Higgins with Burns, Day &
6 Presnell, appearing on behalf of Red Bird Water.

7 CHAIR MITCHELL: Good morning, Mr. Higgins.
8 Just a quick question for you. In reviewing the
9 material filed in this proceeding, I note that it
10 appears to be the company's position that in making
11 this application with the CPCN, that it's not
12 requesting that cost recovery issues be resolved here,
13 but, rather, any and all cost recovery issues be
14 resolved in a future proceeding. Is that, in fact,
15 the case?

16 MR. HIGGINS: Yes, it is.

17 CHAIR MITCHELL: Okay. Any additional
18 questions for Mr. Higgins? With Public Staff?
19 Commissioner Hughes.

20 COMMISSIONER HUGHES: Yeah. I guess this
21 might be for both, whoever can answer. We've been
22 hearing a lot of concern of public hearings about flat
23 rate sewer, and I noticed that your rate is going to
24 be quite high instead of the flat rate. Do these

1 customers get water from -- is it Pine Knolls Shores
2 or -- where do they get water from, and is there any
3 possibility in the future of metering their water use
4 and potentially considering something other than flat
5 rates?

6 MR. FRANKLIN: Well, for this particular
7 example, they'll be charging the Homeowners
8 Association, so there's one meter to each homeowner,
9 so there's not submeters or independent meters to the
10 townhome residences.

11 So for this particular application, the flat
12 rate works the best because of the metering situation,
13 and they do receive, I believe, water from the county,
14 but I'm not 100 percent sure of that. But, again,
15 it's through that one meter, and then they're billed
16 by the HOA separately for water and wastewater
17 services.

18 COMMISSIONER HUGHES: So they're -- for the
19 HOA only, has one water meter as well? Is that --

20 MR. FRANKLIN: That's right. They have one
21 meter, and then it's distributed to the residences
22 from that master meter, but not submetered at the
23 residences.

24 COMMISSIONER HUGHES: Okay. Thank you. I

1 don't have any more questions.

2 COMMISSIONER BROWN-BLAND: Move approval of
3 the recommendation.

4 COMMISSIONER GRAY: Second.

5 CHAIR MITCHELL: It's been moved and
6 seconded that the item be approved as recommended by
7 the Public Staff. Any questions, discussion on the
8 motion? Commissioner Duffley.

9 COMMISSIONER DUFFLEY: Mr. Higgins, did you
10 say that you had representatives from Red Bird with
11 you today?

12 MR. HIGGINS: I do have representatives from
13 Red Bird here. I was --

14 COMMISSIONER DUFFLEY: Since this is the
15 first franchise being granted, did you want to
16 introduce them to the Commission?

17 MR. HIGGINS: I certainly will. I was going
18 to introduce them at the conclusion, but I'll gladly
19 introduce them now. Mr. Todd Thomas, introduce
20 yourself.

21 MR. THOMAS: Good morning. I'm Todd Thomas.
22 I'm Senior Vice-President of Central States Water
23 Resources, which we own Red Bird Water. Pleased to
24 meet you-all. Thank you.

1 MR. SILAS: Hi. Aaron Silas, Regulatory
2 Case Manager. So I do a lot of the filings and data
3 request responses, and work to make sure all the
4 information is as accurate as we can get it. So nice
5 to meet you-all. Thank you so much.

6 COMMISSIONER DUFFLEY: Thank you.

7 MR. HIGGINS: Thank you, Commissioner
8 Duffley.

9 COMMISSIONER GRAY: I'm just curious. Where
10 is Red Bird and its owner located?

11 MR. FRANKLIN: St. Louis.

12 COMMISSIONER GRAY: Thank you.

13 CHAIR MITCHELL: Commissioner McKissick.

14 COMMISSIONER MCKISSICK: Yes. One thing I
15 was curious about, the rates that are charged, that
16 are flat rates, it's like \$60 per resident at Ocean
17 Terrace, then \$40 a resident at Pine Knoll II, and
18 then \$20 at Pine Knoll Townes I and III.

19 Can you explain why the difference is,
20 exists, as they are in that rate structure? I'm
21 curious based upon the systems that's in place and
22 perhaps what improvements may be anticipated, need to
23 be done, but can you elaborate a little further about
24 the differential since it is a rather substantial one?

1 MR. FRANKLIN: Right. Sure. Commissioner
2 McKissick, so Ocean Terrace, first of all, has 32
3 residences, and they have the temporary wastewater
4 treatment system currently providing wastewater
5 treatment for their townhome community. Pine Knoll
6 Townes I and III are septic systems --

7 COMMISSIONER McKISSICK: I see.

8 MR. FRANKLIN: -- so their costs are lower.
9 And in this first 14 months of operation, you know,
10 Red Bird will be installing the permanent system, so
11 they'll still be relying on their existing system for
12 some time, at least for approximately a year to 14
13 months.

14 And Pine Knoll Townes II also has its own
15 wastewater treatment system, but they have more
16 residents. They have 46, so that is why there's a
17 difference in the charging for the current
18 application.

19 COMMISSIONER McKISSICK: Excellent. That
20 provides the type of overview I was looking for.
21 Thank you.

22 CHAIR MITCHELL: Additional questions?

23 (No response)

24 CHAIR MITCHELL: Just remind that we've got

1 a motion that's been seconded that the item be
2 approved as recommended by the Public Staff. All in
3 favor, indicate with an aye.

4 (All Commissioners say aye)

5 CHAIR MITCHELL: Anyone opposed?

6 (No response)

7 CHAIR MITCHELL: Motion carries. Thank you
8 both very much. The Commission has before us our
9 minutes from the November 29th Staff Conference for
10 approval. I'll take a motion.

11 COMMISSIONER GRAY: Move approval.

12 COMMISSIONER DUFFLEY: Second.

13 CHAIR MITCHELL: Questions or discussion on
14 the minutes?

15 (No response)

16 CHAIR MITCHELL: All in favor of approving
17 the minutes, indicate with an aye.

18 (All Commissioners say aye)

19 CHAIR MITCHELL: Anyone opposed?

20 (No response)

21 CHAIR MITCHELL: Minutes are approved. Any
22 additional business before we adjourn this morning?

23 (No response)

24 CHAIR MITCHELL: Hearing none, we will be

1 adjourned. Thank you very much. Let's go off the
2 record, please.

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WHEREUPON, this conference is adjourned.

C E R T I F I C A T E

I, TONJA VINES, DO HEREBY CERTIFY that the proceedings in the above-captioned matter were taken before me, that I did report in stenographic shorthand the Proceedings set forth herein, and the foregoing pages are a true and correct transcription to the best of my ability.



Tonja Vines