

BURNS, DAY & PRESNELL, P. A.

ATTORNEYS AT LAW
2626 GLENWOOD AVENUE, SUITE 560
RALEIGH, NORTH CAROLINA 27608

KENDRA K. BADER
JAMES M. DAY
DANIEL C. HIGGINS
ANDREA L. HINSHAW
GREG L. HINSHAW
EMILY D. IVERSON
JULIA Y. KIRKPATRICK
JAMES J. MILLS
LACY M. PRESNELL III - OF COUNSEL

F. KENT BURNS – RETIRED

MAILING ADDRESS:
POST OFFICE BOX 10867
RALEIGH, NORTH CAROLINA 27605

TELEPHONE (919) 782-1441
FACSIMILE (919) 782-2311
www.burnsdaypresnell.com

April 18, 2022

Filed Electronically

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

Re: Transfer of Bear Den Acres Development, Inc. to Red Bird Utility Operating Company, LLC, d/b/a Red Bird
Docket Nos.: W-1040, Sub 10 and W-1328, Sub 4

Dear Ms. Dunston:

As requested by the Commission at the hearing held in these dockets on March 28, 2022, Red Bird provides the following documents and information:

1. Certificates of Good Standing and Explanation of Corporate Structure.

The attached Certificates of Good Standing issued by the North Carolina Secretary of State establish that Red Bird Utility Holding Company, LLC (originally known as CSWR-North Carolina Utility Holding Company, LLC); Red Bird Utility Operating Company, LLC (originally known as CSWR – North Carolina Utility Operating Company, LLC); and North Carolina Central States Water Resources, LLC (originally known as CSWR-North Carolina, LLC) are all existing North Carolina limited liability companies in good standing.

The attached Explanation of Corporate Structure explains the interrelationship of these entities and how this model has historically been utilized by Central States Water Resources. An updated Corporate Organization Chart is also attached.

2. Amended Asset Purchase Agreement.

The attached Second Amendment to Agreement for Sale of Utility System reflects that Red Bird is the purchaser of the utility assets that are the subject of that Agreement, and that both Bear Den Acres Development, Inc. (the owner of non-real estate utility

OFFICIAL COPY

Apr 18 2022

infrastructure to be acquired by Red Bird), and Bear Den Mountain Resort, Inc. (the owner of real estate and easements where utility infrastructure is located), are contracted to sell those utility assets and real estate to Red Bird.

3. **O&M Contractor Materials.**

As discussed at the hearing, Red Bird will employ qualified Operations and Maintenance (O&M) Contractors to operate the systems it acquires in North Carolina, as it does in every other state where Red Bird affiliates operate. As a practical matter, most all of the systems Red Bird seeks to acquire are currently operated by contract operators. The attached O&M Qualification and Bidding Process Description explains the multi-step process by which CSWR requests qualification information and references to identify qualified potential O&M Contractors using the attached RFQ Template. The three O&M Contractors in North Carolina that CSWR has identified as qualified are listed in the O&M Qualification and Bidding Process Description. The attached Contractor Response Time Information and Data document details CSWR affiliates' contractor response times by system in three other jurisdictions (AR, KY, MO) for the first quarter of 2022. With respect to the four Ocean Terrace / PKT properties in Pine Knoll Shores which Red Bird acquired in mid-December 2021, Red Bird has received no customer complaints from these properties and no customer service issues have been identified at this time.

4. **Violations Data.**

Per the panel's request, Red Bird provides the attached Information Regarding Violations Data document, as well as the accompanying pdf file of an Excel spreadsheet detailing notices of violation received by any CSWR affiliate since January 2020.

5. **Campground Issue.**

The Certificate of Public Convenience and Necessity ("CPCN") issued by the Commission in 1993 in Docket W-1040, Sub 0 was issued to "Bear Den Acres Development, Inc. And William F. Moody d/b/a Bear Den Campground." In proceedings in Docket W-1040, Sub 2 Bear Den Acres Development, Inc. requested that the CPCN be issued in its name, which is the name under which the Commission issued a revised tariff for Bear Den Acres Development, Inc. in W-1040, Sub 3.

Red Bird does not know if there is a campground operating in the vicinity under a name the same as or similar to Bear Den Campground, but Red Bird confirms, as testified to by Public Staff witness Michael Franklin, that Red Bird will not be acquiring any campground or campground operation from either Bear Den Acres Development, Inc. or Bear Den Mountain Resort, Inc.

Please do not hesitate to contact me if you or the Commission have any questions regarding this filing. Otherwise, we trust that the Commission will find the additional materials and information provided herein to adequately address its questions, and would hope that the Commission will issue its Order approving the subject transfer in the near future.

With best regards, we remain

Sincerely yours,

BURNS, DAY & PRESNELL, P.A.



Daniel C. Higgins

Email: dhiggins@bdppa.com

DCH/krs

Enclosures

cc: Public Staff – Legal
Parties of Record