

# PUBLIC

## INFORMATION SHEET

PRESIDING: Commissioner Brown-Bland, Presiding; Commissioners Clodfelter, Duffley, Hughes, and McKissick, Jr.

PLACE: Raleigh, NC

DATE: Monday, October 9, 2023

TIME: 1:00 p.m. to 2:06 p.m.

DOCKET NO.: W-1300 Sub 60

COMPANY: Old North State Water Company, LLC

DESCRIPTION: In the Matter of Old North State Water Company, LLC, 3212 6th Avenue South, Suite 200, Birmingham, Alabama 3522, for Authority to Adjust and Increase Rates for Water Utility Service in All Its Service Areas in North Carolina

VOLUME NUMBER: 5

### APPEARANCES

See attached

### WITNESSES

See attached

### EXHIBITS

See attached

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REPORTED BY: Joann Bunze  
TRANSCRIBED BY: Joann Bunze  
DATE FILED: October 12, 2023

TRANSCRIPT PAGES: 17  
PREFILED PAGES: 0  
TOTAL PAGES: 17

PLACE: Dobbs Building, Raleigh, North Carolina  
DATE: Monday, October 9, 2023  
TIME: 1:00 p.m. to 2:06 p.m.  
DOCKET: W-1300, Sub 60  
BEFORE: Commissioner ToNola D. Brown-Bland, Presiding  
Commissioner Daniel G. Clodfelter  
Commissioner Kimberly W. Duffley  
Commissioner Jeffrey A. Hughes  
Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

Application of

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

VOLUME 5



1 A P P E A R A N C E S:  
2 FOR OLD NORTH STATE WATER COMPANY, LLC:  
3 Gray Styers, Esq.  
4 Elizabeth Sims Hedrick, Esq.  
5 Fox Rothschild, LLP  
6 434 Fayetteville Street  
7 Raleigh, North Carolina 27601

8  
9 FOR THE USING AND CONSUMING PUBLIC:  
10 Reita D. Coxton, Esq.  
11 Public Staff - North Carolina Utilities Commission  
12 4326 Mail Service Center  
13 Raleigh, North Carolina 27699-4300

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T A B L E O F C O N T E N T S  
E X A M I N A T I O N S

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Examination By Commissioner Clodfelter.....	66
Examination By Commissioner Duffley.....	66
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Examination By Ms. Hedrick.....	66
Examination By Commissioner Clodfelter.....	66

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E X H I B I T S

IDENTIFIED/ADMITTED

ONSWC McDonald Mitchell Redirect ..... 66/66  
Exhibit 1

(Confidential filed under seal)

ONSWC McDonald Mitchell Redirect ..... 66/66  
Exhibit 2

(Confidential filed under seal)

ONSWC McDonald Mitchell Joint ..... -/66  
Direct Exhibits 1, 1a, 2, and 3

(Confidential filed under seal)

Public Staff Potential Cross ..... -/66  
Exhibit Numbers 3 and 8

ONSWC Campbell Direct Exhibit 2 ..... -/66  
through 4

(Confidential filed under seal)

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Oct 20 2023

NORTH CAROLINA UTILITIES COMMISSION  
APPEARANCE SLIP

DATE: Oct. 2, 2023 DOCKET NO.: W-1300, Sub 60

ATTORNEY NAME and TITLE: Gray Styers  
Elizabeth Hedrick

FIRM NAME: Fox Rothschild LLP

ADDRESS: 434 Fayetteville Street, Suite 2800

CITY: Raleigh STATE: NC ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Utility - Old North State Water Company

APPLICANT:  COMPLAINANT:  INTERVENOR:

PROTESTANT:  RESPONDENT:  DEFENDANT:

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://www.ncuc.net/>, hover over the Dockets tab, select Docket Search, enter the docket number, and click search, select the highlighted docket number and select Documents for a list of all documents filed.

ONLY fill out this portion if you have signed an NDA to receive **CONFIDENTIAL** transcripts and/or exhibits:

Yes, I have signed the Confidentiality Agreement.

Email: gstyers@foxrothschild.com; ehedrick@foxrothschild.com

SIGNATURE: Gray Styers Elizabeth M. Hedrick

(Signature Required for distribution of **CONFIDENTIAL** information)

**NORTH CAROLINA UTILITIES COMMISSION**  
**PUBLIC STAFF - APPEARANCE SLIP**

DATE: October 2, 2023

DOCKET #: W-1300, Sub 60

PUBLIC STAFF ATTORNEYS:

Reita Coxton

TO REQUEST A **CONFIDENTIAL** TRANSCRIPT, PLEASE PROVIDE YOUR EMAIL ADDRESS BELOW:

ACCOUNTING \_\_\_\_\_

CONSUMER SERVICES \_\_\_\_\_

COMMUNICATIONS \_\_\_\_\_

ENERGY \_\_\_\_\_

ECONOMICS \_\_\_\_\_

LEGAL: \_\_\_\_\_ reita.coxton@psncuc.nc.gov

TRANSPORTATION \_\_\_\_\_

WATER \_\_\_\_\_

Non-confidential transcripts are located on the Commission's website. To view and/or print, please access <https://ncuc.net>.

COUNSEL/MEMBER(S) REQUESTING A **CONFIDENTIAL** TRANSCRIPT WHO HAS SIGNED A CONFIDENTIALITY AGREEMENT WILL NEED TO SIGN BELOW.

/s/Reita Coxton

## ONSWC Capital Improvements Since October 2020

### Wastewater

#### Briar Chapel

- 1) Lift Station A bypass project **Completed Fall of 2021**
- 2) Rehab Wastewater Treatment Plant **October 2020 - June 2021**
  - a) New RAZ pumps in clarifier
  - b) New mud well pumps
  - c) New anthracite in filters
  - d) New EQ pumps
  - e) New EQ aerator
  - f) 2 aerators in aeration basin
  - g) Installed SCADA
  - h) Installed heat trace on exposed pipes
  - i) Rewired faulty electrical panels and installed new VFDs.
  - j) Installed all weather drive around plant for sludge removal trucks
  - k) New sump pump for dumpster area for odor control
  - l) New screening wash down equipment to keep rags out of the plant
  - m) Installed aerator timers to only aerate the digester after hours for odor control
  - n) New blowers for aeration basin and filters
  - o) New Chemical feed pumps
  - p) New Sampler
- 3) Lift Station rehabs **October 2020 - September 2021**
  - a) Installed SCADA and signage.
  - b) Pumped cleaned grease and set maintenance schedule
  - c) Rebuilt LS A pump #1
  - d) Rebuilt LS B pump #1
  - e) Rebuilt LS C pump #2
  - f) Rebuilt LS G pump #1
  - g) New volutes for LS D pump #1 and pump #2
  - h) Built inventory of back up pumps for LS A, LS B, LS C, LS D
  - i) Executed contract with Evoqua for odor control at LS A, LS B, LS C, LS D and LS E
  - j) Executed back up power maintenance program, exercising generators 10 minutes weekly.
- 4) Wastewater Treatment plant expansion **December 2021 thru December 2022**
  - a) Added 250,000 GPD wastewater treatment plant to accommodate development at SD East
- 5) Reclaimed Irrigation **October 2020 - Summer of 2021**
  - a) Installed 43 new controllers for spray zones
  - b) Replaced all irrigation controller communication radios
  - c) New aerators and bubblers for holding ponds
  - d) New Chemical feed pumps
  - e) Built inventory of pipe, fittings and spray heads



- f) New JD gator
- g) GIS Mapping
- 6) SD East lift station **Fall of 2021 - Winter of 2022**
  - a) Oversaw construction of SD East
  - b) Completed construction of SD East forcemain to existing forcemain on Taylor Road roughly 500 feet of 14" HDPE under Hwy 15/501.
  - c) GIS Mapping
  - d) Jetted gravity line from apartments to SD East Lift station since the line was installed years ago and was holding rocks and mud.
  - e) Regouted manholes to keep infiltration issues at apartments at SD East

## Horse Creek Farms

- 1) Collection System **Spring 2021**
  - f) Installed 2 new lift station control panels (3 LS total)
  - g) Installed 2 new lift station pumps
  - h) Dug up 200 feet of road to fix leaking manhole where ground had settled. Backfilled with gravel and good dirt. New asphalt on road that was dug up.
  - i) Installed signage.
  - j) Cleaned lift stations of grease and jetted lines
  - k) Instituted a required program of jetting 10% of the collection system annually
  - l) Backup power program implemented
  - m) Built inventory of back up pumps for lift stations
  - n) Installed scada

## Carolina Plantations

- 1) Wastewater Treatment Plant **Spring 2021**
  - a) 2 new EQ pumps
  - b) 2 new return pumps
  - c) 2 new blowers
  - d) Vent T installed
  - e) Pumped rags out of EQ basin
  - f) New well pump for wash down
  - g) Back up power implementation
  - h) New control panel
  - i) Installed scada
  - j) 2 new chemical feed pumps
  - k) Built inventory of critical components
- 2) Lift Station
  - a) Cleaned grease and pumped lift station
  - b) Jetted collection system
  - c) Installed scada

## Stateside

- 1) Wastewater Treatment plant **Fall 2021**
  - a) New membranes – all membranes had to be replaced
  - b) New permeate pump
  - c) Implemented daily cleaning schedule for screen to keep trash out of membranes
  - d) Back up power implementation
  - e) New sump pump for dumpster area for screen
  - f) Installed scada
  - g) New blower
  - h) 2 new chemical feed pumps
  - i) Built inventory for critical componets
- 2) Infiltration basins
  - a) New ground water monitoring station controls
  - b) Cleaned pond #2 of sludge for better drainage
- 3) Collection System
  - a) Installed scada
  - b) Cleaned grease and pumped lift station
  - c) Replaced 2 ARVs and implemented maintenance schedule
  - d) Mapped collection system into GIS

## Majestic Oaks

- 1) Wastewater Treatment plant **Summer 2021**
  - a) New blower
  - b) New control panel
  - c) New actuator to 5 day pond
  - d) 2 new pumps for groundwater lower devices
  - e) Reinstalled drain lines for infiltration basin
  - f) Back up power implementation
  - g) Installed scada
- 2) Lift Stations
  - a) New pumps – all 3 lift stations only had 1 pump
  - b) Installed scada
  - c) Cleaned grease and pumped lift stations
- 3) Majestic Oaks West
  - a) Reworked/interconnected low pressure mains to a single header for 12 homes
    - i) Original developer installed low pressure mains inconsistent with DEQ approved plans
  - b) Reworked/interconnected low pressure mains to a single header for 3 duplexes
    - i) Original developer installed low pressure mains inconsistent with DEQ approved plans

## Water Systems

### Fall of 2020

1. New gravel, and grading on well access roads, could not access wells due to mud and rutting.
2. Significant man hours to locate blow offs to purge all water systems.



Photographs are indicative of the water quality we found when flusing began on systematic schedule

3. Purchased over 20 pancake air compressors in Raleigh water systems after finding water logged hydrotanks due to air compressors not workings.
4. New filter media at Prescott
5. New started and RAD filter media at Kingston manor
6. Contracted with Environment 1 on labs. The current lab would process samples or turnover records due to unpaid lab invoices from previous contract ops firm.
7. New chemical feed pumps, hose and mixing tanks as previous contract ops firm took equipment without authorization.
8. Build inventory of key components, such as chemical feed pumps, contactors, relay switches, pressure switches, pipe and fittings, etc.
9. Sequestering Blaney Farms well #2 and Senter Farms well #6
10. New well pump Asheboro Country Club
11. Implemented mowing contract for all NC water systems as all access road right of ways and well lots were waist high.
12. Implemented water meter reading equipment with Trimble handhelds to upload water readings.
13. Built meter inventory to install new meters for new connections.

### Winter 2021

1. Repaired water distribution line at Bingham Woods on remote well. The location was in a swampy area and on New Years Day. Worked around the clock to get community back up and running with in 24 hours.
2. Replaced well #6 pump at Senter
3. Repaired another broken water line at Bingham Woods remote well.

### Summer 2021

1. Installed 500 feet of schedule 80 2" pipe at Bingham Woods from remote well to bypass the schedule 40 line.
2. Completed construction of well house and iron/manganese filters at Twin Lake Farms.
3. Started construction inspections on new development. Previous contractor never performed construction inspections.
4. Installed site tubes on all NC hydrotanks

### 2022 1<sup>st</sup> six months

1. Blaney Farms- Replaced well 2 Master Meter
2. Stonewood Manor- replaced starter coil on remote well 4
3. Stonewood Manor- water leak on Veneer Court. tapping saddle bolts rusted away. Replaced 2 tapping saddles. This is the third time this has happened on Veneer Court. Concerned that all Stonewood tapping saddles may be affected. Contacted Stonewood developer to find out what utility contractor installed the distribution system. Stainless steel bolts should have been used. System is less than 6 years old.
4. Bailey Farms- replaced 3 inch check valve on well 2. Replaced chlorine feed lines.
5. Camberly- Replaced 1 inch influent and effluent clear reinforced tubing on RADS filters at wells 6&9. Replaced pre-chlorine feed pump and tubing. Existing pre-chlorine pump rebuilt and placed in inventory as spare.
6. Ashcroft/Cadence- Repaired 4 inch leaking isolation valve connecting Ashcroft and Cadence.
7. Bingham Woods- Well 7 is online. Well 5 and 6 are resting as much as possible. Replaced well 6 pump and motor and 2 sections of pipe with holes.
8. Rocklyn- Repaired water leak damaged by landscaping contractor.

### Last 6 months 2022

1. Repaired several leaking fittings on Dogwood Acres hydro tank.
2. Fish Hawk Ranch- Replaced soda ash injection fitting with KYNAR to be compatible with soda ash.
3. Bailey Farms- Replaced 2 inch galvanized pipe on hydro tank which was leaking.

### 2023

Bella Vista- Repairing remote well pipe leaking underneath the facilities concrete slab.

Bella Vista - Installed 400 feet of new 2" distribution line from well #2, water line compromised due to water hammer. Installed soft start on well.

**Upcoming Project Estimates**

Olde Mill Trace, RAD treatment \$100,000, Winter 2023

Autumn Ridge, RAD treatment \$120,000, Spring 2024

### ONSWC Operations Hiring Schedule

In August 2020 ONSWC had to bring operations in house after due to termination of 3<sup>rd</sup> party contract ops firm September 30, 2020.

Three third party operations firms were hired in August 2020 to replace the contract operator terminated for poor performance and to cover all NC water systems:

- R&A Labs (Greensboro)
- Rockwater Group (Raleigh South)
- G&C Environmental (Raleigh North).

The timing of the hiring allowed 30 days of transition from the former contractor to the newly hired contractors. ONSWC then began hiring direct employed staff, beginning with the following:

- Amanda Grenier was hired to operate Briar Chapel wastewater facility, collections and reclaimed permits in September 2020.
- Lee Buck was hired to operate Majestic Oaks and Cedar Point in September 2020.
- Jeff Jarman was an existing contractor for Stateside, Carolina Plantations and Horse Creek Farms.

This was a major shift for the Birmingham office as they were now responsible for 24 hours, 7 days a week field operations, maintenance, and construction. ONSWC began an initiative in February of 2021 to move away from all third-party operations. The utility believed we could not accomplish excellence in operations and exceptional customer service without hiring our own operations personnel. Prior to 2021, ONSWC did not have a single operations employee in NC, and Integra Water in Alabama had 4.5 full time equivalents (FTEs) in Alabama. Beginning in 2021, the following positions were also filled:

#### 2021

2/21 Mechanic/repair technician  
3/21 Briar Chapel wastewater, Collections, and Reclaimed/spray ORC.  
6/21 Wastewater Operator in Training  
6/21 Raleigh water ORC  
6/21 Raleigh water ORC  
6/21 Raleigh water ORC  
10/21 Wastewater Operator in Training  
12/21 Briar Chapel grade 2 wastewater operator

#### 2022

2/22 Wastewater Operator in Training  
7/22 Water Operations Manager  
10/22 Utility Technician – Briar Chapel  
11/22 Briar Chapel WW Operator  
12/22 Wastewater Operator in Training  
12/22 Wastewater Operator in Training

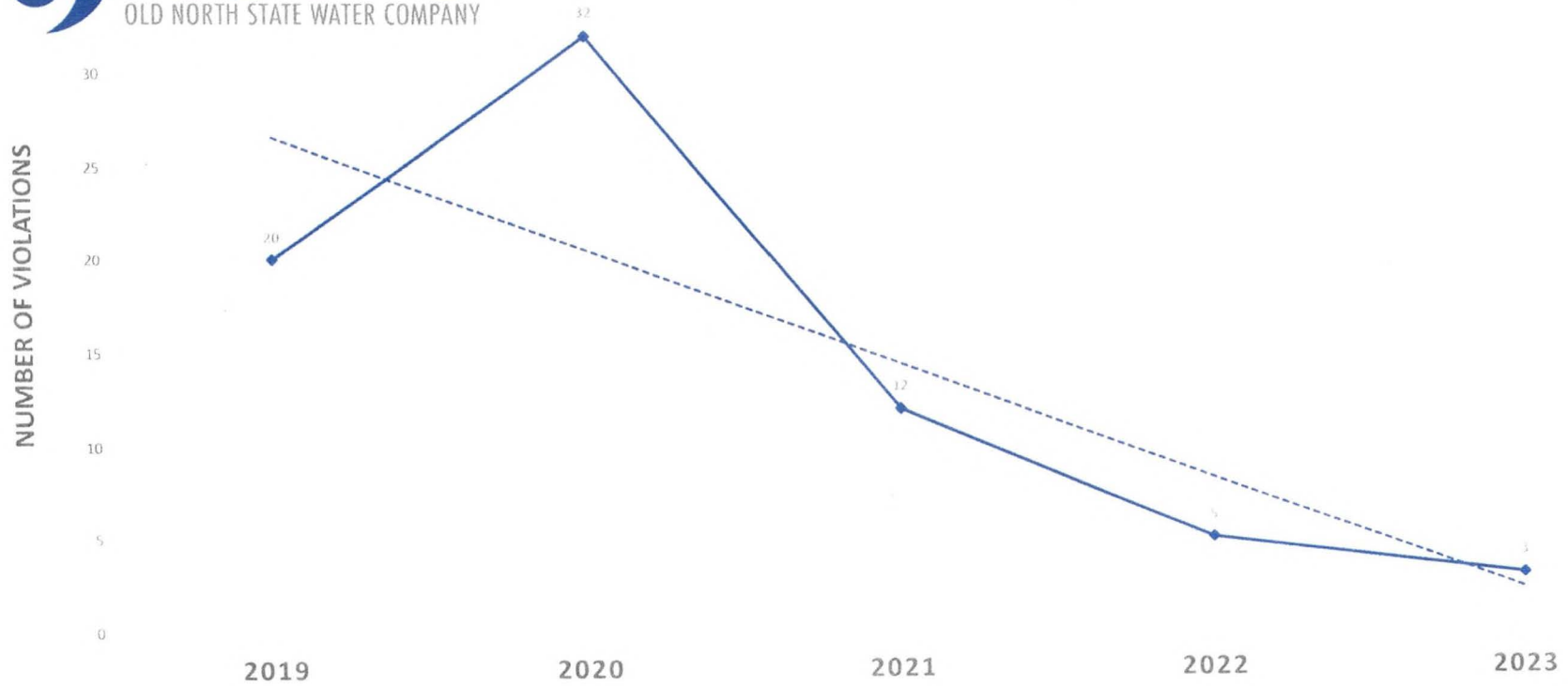
**2023**

5/23 Greensboro Water ORC  
6/2023 Greensboro Water ORC  
9/23 Briar Chapel Utility Technician

In addition to these hires, vehicles had to be acquired to support all the new operations personnel.



### WASTEWATER NOVS PER YEAR

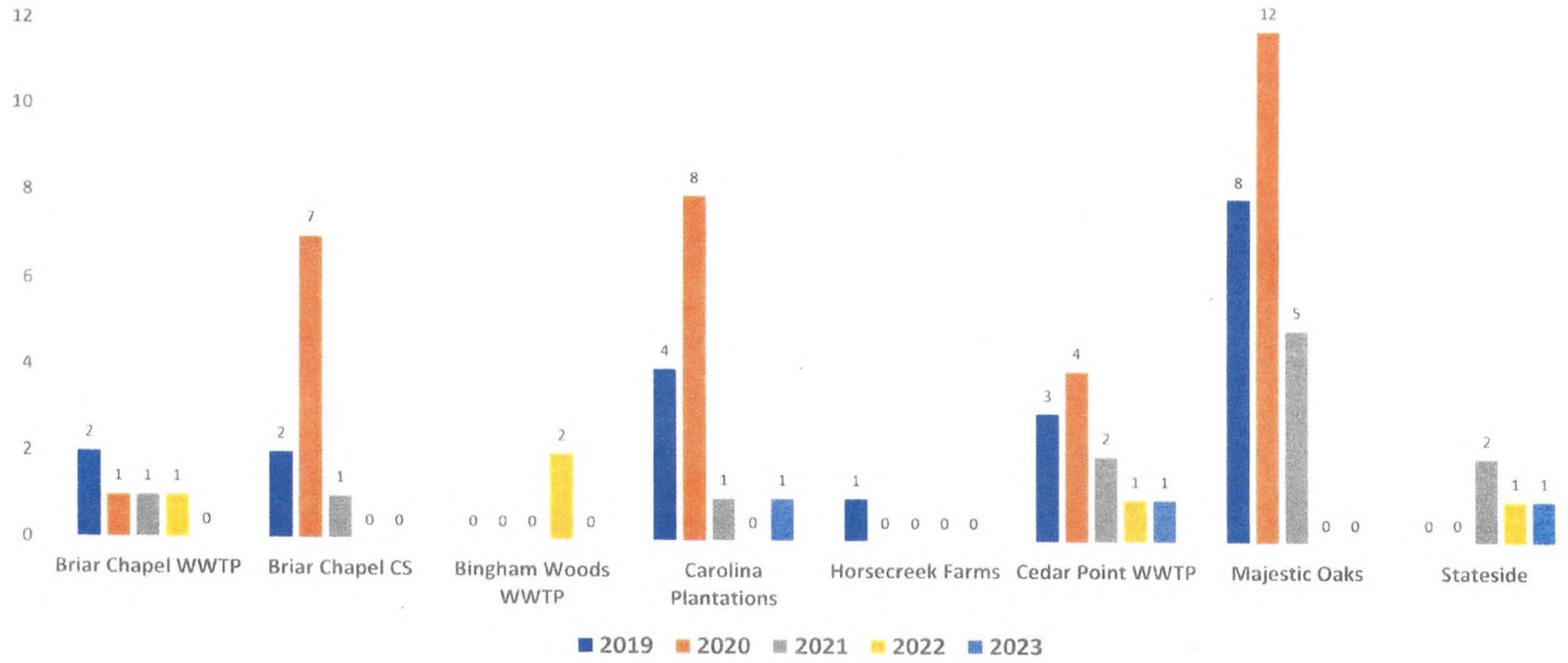


\*\*NOVs issued due to IRI Q software change regarding continuous monitoring have been omitted.  
\*\* NOVs have been attributed to the year of occurrence rather than the year of issuance.

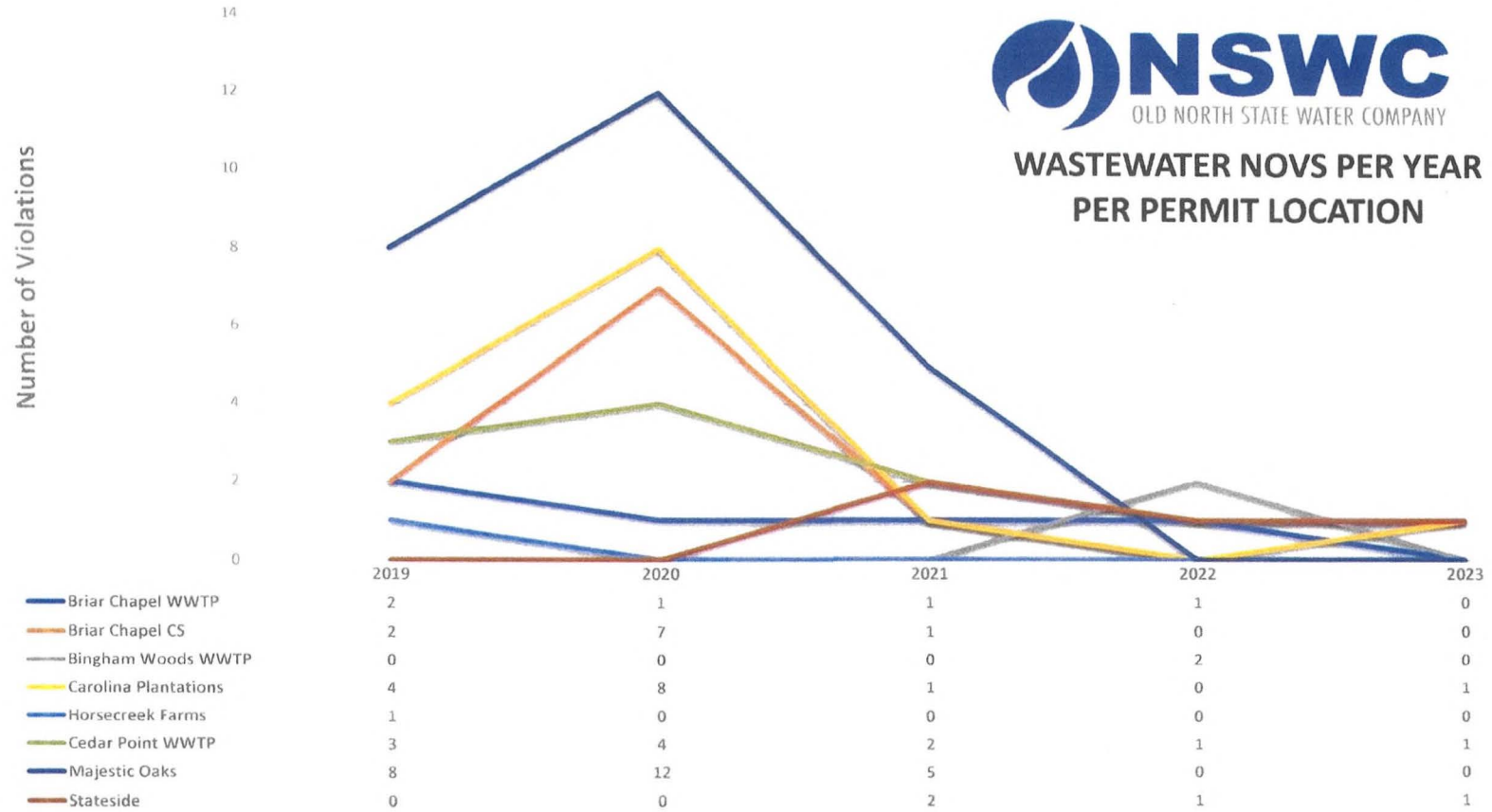




### VIOLATIONS PER PERMIT LOCATION



\*NOVs issued due to DQI software change regarding continuous monitoring have been omitted  
\*\*NOVs have been attributed to the year of occurrence rather than the year of issuance



\*NOVs issued due to DFG software change regarding continuous monitoring have been omitted

\*\* NOVs have been attributed to the year of occurrence rather than the year of issuance

ONSWC McDonald Mitchell Joint Direct Exhibit 3  
W-1300 Sub 60

WQ0028552	Raleigh	Briar Chapel WWTP	2019	2
WQCS00372	Raleigh	Briar Chapel CS		2
WQ0005279	Raleigh	Bingham Woods WWTP		0
WQ0033770	Wilmington	Carolina Plantations		3
NC0062359	Wilmington	Horsecreek Farms		1
WQ0036766	Wilmington	Cedar Point WWTP		3
WQ0030088	Wilmington	Majestic Oaks		8
WQ0035809	Wilmington	Stateside		0
		TOTAL		19

2019  
19

Stateside

2020	
2021	NOV-2021-LV-0009 NOV-2021-LV-0095
2022	NOV-2022-LV-0350
2023	NOV-2023-LV-0588

Carolina Plantations

2019	NOV-2019-LM-0094 NOV-2019-LV-0635 NOV-2019-LV-0714
2020	NOV-2020-LV-0386 NOV-2020-LV-0629 NOV-2020-LV-0446 NOV-2020-LV-0003 NOV-2020-LV-0572 NOV-2020-LV-0573 NOV-2020-LV-0731 NOV-2020-LV-0810 NOV-2020-LV0871
2021	NOV-2021-SP-0001
2022	
2023	NOV-2023-SP-0001

Magestic Oaks

2019	NOV-2019-LM-0083 NOV-2019-LV-0003 NOV-2019-LV-0069 NOV-2019-LV-0143 NOV-2019-LV-0232 NOV-2019-LV-0287 NOV-2019-LV-0531
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ONSWC McDonald Mitchell Joint Direct Exhibit 3  
W-1300 Sub 60

	2020	NOV-2019-PC-0201 NOV-2020-LV-0447 NOV-2020-LV-0511 NOV-2020-LV-0004 NOV-2020-LV-0005 NOV-2020-LV-0055 NOV-2020-LV-0155 NOV-2020-LV-0447 NOV-2020-LV-0571 NOV-2020-LV-0730 NOV-2020-LV-0811 NOV-2020-LV-0872
	2021	NOV-2021-LV-0224 NOV-2021-LV-0010 NOV-2021-LV-0111 NOV-2021-LV-0409 NOV-2021-LV-0606 NOV-2021-PC-0049
	2022	
<b>Bingham Woods</b>	2019	
	2020	
	2021	
	2022	NOV-2022-PC-0048
	2023	NOV-2023-MV-0111
<b>Cedar Point WWTP</b>	2019	NOV-2019-LM-0049 NOV-2019-LV-0550 NOV-2019-LV-0815
	2020	NOV-2020-LV-0001 NOV-2020-LV-0158 NOV-2020-LV-0577
	2021	NOV-2021-LV-0016 NOV-2021-LV-0392 NOV-2021-LV-0481
	2022	NOV-2022-LV-0710
	2023	NOV-2023-LV-0426
<b>Horsecreek Farms</b>	2019	NOV-2019-LV-0866
<b>Briar Chapel WWTP</b>	2019	NOV-2019-PC-0658 NOV-2019-PC-0436
	2020	NOV-2020-PC-0102
	2021	NOV-2021-DV-0329
	2022	NOV-2022-LM-0058

ONSWC McDonald Mitchell Joint Direct Exhibit 3  
W-1300 Sub 60

Briar Chapel CS

2019	NOV-2019-DV-0310 NOV-2019-PC-0645
2020	NOV-2020-DV-0080 NOV-2020-DV-0195 NOV-2020-DV-0304 NOV-2020-DV-0365 NOV-2020-DV-0404 NOV-2020-DV-0454 NOV-2020-DV-0506
2021	NOV-2021-DV-0205

2020	2021	2022	2023
1	1	1	0
7	1	0	0
0	0	1	1
9	1	0	1
0	0	0	0
3	3	1	1
11	6	0	0
0	2	1	1
32	14	5	4
2020	2021	2022	2023
32	14	5	4

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

WAKE COUNTY

SUPERIOR COURT DIVISION

22 CVS 9607

ENVIROLINK, INC. and MICHAEL J. MYERS,

Plaintiffs,

v.

OLD NORTH STATE WATER COMPANY, INC. f/k/a OLD NORTH STATE WATER COMPANY, LLC and JOHN McDONALD,

Defendants.

**ORDER ON JOINT MOTION TO MODIFY CASE MANAGEMENT ORDER**

22 CVS 10096

OLD NORTH STATE WATER COMPANY, INC.,

Plaintiff,

v.

ENVIROLINK, INC. and MICHAEL J. MYERS,

Defendants.

**THIS MATTER** is before the Court on the parties' Joint Motion to Modify Case Management Order ("Motion," ECF No. 59). On 27 January 2023, this Court entered a Case Management Order, establishing various deadlines for this case. ("CMO," ECF No. 45.) The parties now jointly move for an extension of these deadlines based on the unusually large number of documents that have been, and will be, produced

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Oct 20 2023

by the parties during discovery. The Court conducted a Webex conference with the parties on 2 August 2023 to address the issues raised in the Motion.

**THE COURT**, having considered the Motion, the arguments advanced by counsel at the 2 August Webex conference, and all other appropriate matters of record, **CONCLUDES**, in its discretion, that good cause exists to **GRANT** the Motion.

**THEREFORE, IT IS ORDERED** that the CMO deadlines are hereby **EXTENDED**, as follows:

1. The parties shall have through and including **16 January 2024** in which to complete fact discovery;
2. The parties shall have through and including **15 March 2024** in which to complete expert witness discovery;
3. The party bearing the burden of proof on an issue shall make expert disclosures and provide any accompanying expert reports on or before **26 January 2024**, and the opposing party shall make expert disclosures and provide any accompanying expert reports on or before **16 February 2024**;
4. Mediation shall be completed by **30 January 2024**; and
5. The parties shall file all post-discovery dispositive motions on or before **17 May 2024**.



6. No further extensions or modifications to the Case Management Order deadlines shall be granted absent a showing of extraordinary and unforeseen circumstances.

SO ORDERED, this the 2nd day of August, 2023.

/s/ Mark A. Davis

Mark A. Davis

Special Superior Court Judge  
for Complex Business Cases

**Old North State Water Company, LLC  
Docket No. W-1300, Sub 60  
Public Staff Data Request No. 74  
Date Requested: August 9, 2022  
Date Due: August 19, 2022**

**Public Staff Legal Contacts:**

**Reita Coxton  
Phone #: (919) 733-0970  
Email: reita.coxton@psncuc.nc.gov**

**Gina Holt  
Phone #: (919) 733-0971  
Email: gina.holt@psncuc.nc.gov**

**Jessica Heironimus  
Phone #: (919) 733-0969  
Email: jessica.heironimus@psncuc.nc.gov**

**Please provide responses to this request in a searchable native electronic format (e.g., Excel, Word, or PDF files). If in Excel format, please include all working formulas. In addition, please include: (1) the name and title of the individual who has the responsibility for the subject matter addressed therein; and (2) the identity of the person making the response by name, occupation, and job title. Please also refer to Public Staff Data Request No. 1 for instructions for responding to this and all other Data Requests served on Old North State Water Company, LLC (ONSWC or the Company) by the Public Staff in the above-captioned proceeding.**

**Topic: Chatham North Holdings, Inc. and ONSWC-Chatham North, LLC**

1. Please provide organizing documents for Chatham North Holdings, Inc. (CNH) and ONSWC-Chatham North, LLC (ONSWC-CN).
2. Please list the owner(s) of CNH and ONSWC-CH.
3. Please provide financial statements (including Balance Sheets, Income Statements, and Statements of Cash Flow) for CNH and ONSWC-CN for the following periods:
  - a. The calendar year ending on December 31, 2020;
  - b. The calendar year ending on December 31, 2021; and
  - c. The six month period ending on June 30, 2022.
4. Please describe the current operational status of CNH and ONSWC-CN.
5. Please describe how ONSWC is connected to CNH and ONSWC-CN.

6. Please provide copies of all contracts between any combination of the following entities: CNH, ONSWC-CN, and ONSWC.
7. Please describe Michael Myers's direct and indirect past, present, and expected future involvement with CNH and ONSWC-CN.
8. Please answer the following questions based on the content of the attached email.
  - a. Please identify the preferred stockholder.
  - b. What consideration did Integra Water, LLC and Two River Holdings, LLC contribute in exchange for the 5,000 common shares of CNH?
  - c. Please discuss why ONSWC is the ultimate beneficiary of the \$5 million stockholder's investment.
  - d. Please provide copies of all contracts related to the Briar Chapel/Fearrington Project that any of the following entities entered into: CNH, ONSWC-CN, and ONSWC

**From:** [Kemerait, Karen](#)  
**To:** [Grantmyre, William](#); [Coxton, Reita D](#); [Magarira, Munashe](#)  
**Cc:** [Drooz, David T.](#); [John McDonald](#)  
**Subject:** [External] Old North State Water Company, LLC-Chatham North Holdings, Inc. Loan  
**Date:** Thursday, October 14, 2021 5:50:33 PM

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Hi Bill, Reita, and Munashe,

Old North State Water Company, LLC (“ONSWC”) loaned \$5,000,000 to Chatham North Holdings, Inc. (“CNH”) in December, 2020 as part of a series of intercompany transactions by affiliated entities. The purpose of the loan was to facilitate and document the buyout by CNH of its preferred stockholder, an unaffiliated third-party investor. The preferred stockholder had invested \$5,000,000 in capital (through a special purpose entity that it controlled) into the Briar Chapel system, along with the proposed interconnection of the Briar Chapel and Fearrington systems (“Briar Chapel/Fearrington Project”), in November, 2018. In exchange for its investment, the preferred stockholder received 5,000 preferred shares of stock in CNH. CNH issued 5,000 common shares to Integra Water and Two River Holdings (owned by Michael Myers), of which Integra Water owns 95% of the shares and Two Rivers Holdings owns 5% of the shares. Shortly after CNH’s receipt, the capital invested by the preferred stockholder was used by CNH, via a newly created wholly-owned subsidiary (ONSWC-Chatham North, LLC), to fund the work in the Briar Chapel/Fearrington Project in accordance with a transfer application that was subsequently filed with the Commission.

At the time of the preferred stockholder’s investment, the understanding was that the funds it invested would be utilized in the Briar Chapel/Fearrington Project. When that plan did not materialize (following ONSWC’s withdrawal of the transfer application), the preferred stockholder ultimately requested that it be repaid the \$5,000,000 that it had invested in the Briar Chapel/Fearrington Project. To accommodate that request, and to relieve ONSWC from additional high cost dividend obligations (the effective capital cost was about 11%) as well as other preferred stockholder preferences, Integra Water agreed to fund the buyout through a loan to ONSWC, which in turn loaned the money to CNH. As noted above, ONSWC had been the ultimate beneficiary of the preferred stockholder’s investment.

The principal effect of changing the \$5,000,000 equity from the preferred stockholder into debt is that the capital cost for ONSWC went from 11% to 6%.

We look forward to discussing this with you in more detail during the meeting tomorrow morning.

Best regards, Karen

**Karen Kemerait**

Partner

**Fox Rothschild LLP**

434 Fayetteville St.

Suite 2800  
Raleigh, NC 27601-2943  
(919) 755-8764 - direct  
(919) 755-8800 - fax  
[KKemerait@foxrothschild.com](mailto:KKemerait@foxrothschild.com)  
[www.foxrothschild.com](http://www.foxrothschild.com)

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