



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

July 29, 2022

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1125, Subs 9 and 10

Dear Ms. Dunston:

On July 29, 2022, the Public Staff filed its report as provided for in the Commission's Order Declaring an Emergency and Directing Public Staff to Identify Emergency Operator issued July 22, 2022. On July 29, 2022, after preparing its report, Charles M. Junis, Director of the Public Staff Water, Sewer, and Telephone Division, received by email the attached letter from Ray E. Hollowell, Jr., the sole company official and managing member of Outer Banks/Kinnakeet Associates, LLC, dated July 25, 2022.

By copy of this letter, we are forwarding a copy to all parties of record.

Sincerely,

Electronically submitted  
s/ Elizabeth D. Culpepper  
Staff Attorney  
[elizabeth.culpepper@psncuc.nc.gov](mailto:elizabeth.culpepper@psncuc.nc.gov)

Attachment

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Legal  
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Jul 29 2022

July 25, 2022

Mr. Charles Junis  
North Carolina Utilities Commission  
Public Staff  
430 N. Salisbury Street, Suite 2074  
4326 Mail Service Center  
Raleigh, NC 27699-4300

Ms. A. Dunston Chief Clerk  
430 N. Salisbury Street  
Dobbs Building, 5<sup>th</sup> Floor  
4325 Mail Service Center  
Raleigh, NC 27699-4300

Ms. Elizabeth Culpepper North Carolina Utilities Commission  
430 N. Salisbury Street  
Dobbs Building  
4325 Mail Service Center  
Raleigh, NC 27699-4300

Re: W-1125 Sub 9 and W-1125 Sub 10

Messieurs and Madams,

In the matter of the "Order Declaring an Emergency and Directing Public Staff to Identify Emergency Operator" issued July 22, 2022 by the North Carolina Utilities Commission. It is my understanding and interpretation that the referenced order has directed Public Staff to:

- a. Confirm whether CWS NC is willing to serve as the Emergency Operator;
- b. Identify other potential Emergency Operators;
- c. Confirm my willingness, as the sole owner of OBX/Kinnakeet, to consent to an appointment of an emergency operator;
- d. Submit a report no later than July 29, 2022 to the Commission.

In furtherance of this directive, my willingness to consent to the appointment of an Emergency Operator, is contingent upon the designee. To clarify, OBX/Kinnakeet intends to object to the appointment of CWS NC as the Emergency Operator. The reasons for this objection are as follows:

1. OBX/Kinnakeet has entered into an agreement with Currituck Water & Sewer whereby Currituck Water & Sewer would acquire the wastewater system serving the community. OBX/Kinnakeet will not enter into a Purchase Agreement with Carolina Water Services now or at anytime in the future.

2. Currituck Water & Sewer has investigated the wastewater system and developed a corrective action plan that addresses the needs of the wastewater system sufficient to address the concerns of the complainant;
3. Currituck Water & Sewer has the technical, managerial and financial capacity and expertise to undertake the actions necessary to complete the upgrades and repairs necessary;
4. Upon knowledge and belief, Currituck Water & Sewer disclosed to Public Staff prior to the July 22, 2022 hearing, the execution and existence of the Purchase Agreement;
5. Upon knowledge and belief, Currituck Water & Sewer disclosed to Public Staff prior to the July 22, 2022 hearing, that in light of the executed Purchase Agreement, their willingness to be the Emergency Operator;
6. OBX/Kinnakeet and Currituck Water & Sewer intends to request North Carolina Utilities Commission approval of the transfer of the sewer system from OBX/Kinnakeet to Currituck Water & Sewer;
7. Upon knowledge and belief, Currituck Water & Sewer is willing to serve as the Emergency Operator upon order of the Commission;

Based on the foregoing, the most expeditious and prudent resolution concerning the Kinnakeet Shores Wastewater System are:

1. Appoint Currituck Water & Sewer the Emergency Operator;
2. In conjunction with the order appointing Currituck Water & Sewer the Emergency Operator, adjust the service fees sufficient to meet the ongoing operational expenses;
3. Recognizing that the Purchase Agreement includes a purchase price of \$100, that upon submittal of a joint application for approval of the transfer, that the North Carolina Utilities Commission immediately order OBX/Kinnakeet to issue customer notice and order staff to schedule customer hearings;
4. Recognizing that the Purchase Agreement includes a purchase price of \$100, that the Commission waive submittal of certain financial records, which will take considerable time to assemble and unnecessarily delay the transfer;
5. Upon conclusion of the customer hearings and assuming no significant customer concerns, that North Carolina Utilities Commission issue its order indicating either approval or denial of the transfer;

While in a moment of desperation and anxiety leading into the hearing, I submitted correspondence in conflict with prior communication and this letter, I have had time to further consider the best and most expeditious course of action to meet the needs of the community.

Based on the foregoing, I am not will to consent to the appointment of CWS NC as an emergency operator. This objection aside, I am willing to consent to the appointment of Currituck Water & Sewer as the Emergency Operator.

Sincerely,

