

PUBLIC

INFORMATION SHEET

PRESIDING: Commissioner McKissick, Jr. Presiding, Commissioners Duffley and Hughes
PLACE: Dobbs Building, Raleigh, NC
DATE: Monday, November 20, 2023
TIME: 1:00 p.m. to 5:59 p.m.
DOCKET: W-933 Sub 12 and W-1328 Sub 0
COMPANY: Red Bird Utility Operating Company, LLC
and Etowah Sewer Company, Inc.

DESCRIPTION: In the Matter of Joint Application of Red Bird Utility Operating Company, LLC, d/b/a Red Bird Water and Etowah Sewer Company, Inc. for Authority to Transfer of Public Utility Franchise and for Approval of Rates

VOLUME 2

APPEARANCES

See attached

WITNESSES

See attached

EXHIBITS

REPORTED BY: Kaylene Clayton
TRANSCRIBED BY: Kaylene Clayton
DATE FILED: 12/22/2023

TRANSCRIBED PAGES: 46
PREFILED PAGES: 313
TOTAL PAGES: 359

1 PLACE: Dobbs Building, Raleigh, North Carolina
2 DATE: Monday, November 20, 2023
3 TIME: 1:00 p.m. - 5:59 p.m.
4 DOCKET: W-933, Sub 12 & W-1328, Sub 0
5 BEFORE: Commissioner Floyd B. McKissick, Jr.
6 Commissioner Kimberly W. Duffley
7 Commissioner Jeffrey A. Hughes
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IN THE MATTER OF:

Joint Application by Red Bird Utility Operating
Company, LLC d/b/a Red Bird Water and Etowah Sewer
Company, Inc. for Transfer of Public Utility Franchise
and for Approval of Rates

VOLUME 2

1 A P P E A R A N C E S:
2 FOR Red Bird Utility Operating Company, LLC d/b/a Red
3 Bird Water and Etowah Sewer Company, Inc.:
4 Melinda L. McGrath, Esq.
5 Molly McIntosh Jagannathan, Esq.
6 Troutman Pepper Hamilton Sanders, LLP
7 301 South College Street, Suite 3400
8 Charlotte, North Carolina 28202

9
10 FOR THE USING AND CONSUMING PUBLIC:
11 Davia Newell, Esq.
12 James Bernier, Esq.
13 Public Staff - North Carolina Utilities Commission
14 4326 Mail Service Center
15 Raleigh, North Carolina 27699-4326

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

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Jan 12 2024

DATE: 11/1/2023 DOCKET NO.: W-1328 Sub O

ATTORNEY NAME and TITLE: KIRAN H MEHTA

Umelinda L Mehta & Molly McIntosh Jagannathan

FIRM NAME: TROUTMAN ~~HAMILTON~~ PEPPER HAMILTON SANDERS, LLP

ADDRESS: 301 S. COLLEGE ST.

CITY: CHARLOTTE STATE: NC ZIP CODE: 28202

APPEARANCE ON BEHALF OF: RED BIRD

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.

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Email: kiran.mehta@troutman.com

SIGNATURE: [Handwritten Signature]

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

NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE: November 1, 2023 DOCKET #: W-933, Sub 12
W-1328, Sub 0

PUBLIC STAFF ATTORNEY: Gina Holt & Davia Newell
James Bernier

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

ACCOUNTING: _____

CONSUMER SERVICES: _____

COMMUNICATIONS: _____

ENERGY: _____

ECONOMICS: _____

LEGAL: gina.holt@psncuc.nc.gov davia.newell@psncuc.nc.gov & james.bernier@

TRANSPORTATION: _____ psncuc.nc.gov

WATER: _____

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

/s/Gina Holt

/s/Davia Newell

Cox Direct Exhibit 1

Docket Nos.: W-1328, Sub 0 and W-933, Sub 12

I/A

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Oct 12 2024

Josiah Cox – President

Mr. Cox is President of Red Bird Utility Operating Company, LLC, Red Bird Utility Holding Company, LLC, and also of, Central States Water Resources, LLC, (“CSWR”). Both companies are part of an affiliated group that provides water and/or wastewater utility services to more than 300 customers in 11 states.

Mr. Cox received a Bachelor of Science degree with a major in Environmental Science from the University of Kansas where he was also a student-athlete. Professionally he has worked at the Kansas state biological survey, where he performed a wildlife habitat study. He then worked at a civil engineering firm where he was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. He focused mainly on the water and wastewater side of the civil engineering business and participated in every aspect of that business from waste-load allocation studies (now known as the anti-degradation processes), to design, permitting, project management, and construction management. He also ran the firm's environmental consulting division and was the second private consultant to submit a Water Quality Impact Assessment in the state of Missouri in 2003. He later joined the engineering firm's executive leadership team and helped run all the firm's operations.

Beginning in 2005, he formed a full-service civil engineering, environmental consulting, general contracting, and construction management firm. He gained extensive experience with rural communities in every facet of the water and wastewater compliance process, including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. The firm performed stream sampling and built waste-load allocation models to determine receiving water-body protective permit-able effluent pollutant loads. They did full engineering design of multiple whole community water and wastewater infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and delivered these designs through federal and state administered permitting processes in Missouri. The engineering firm also administered the construction of these water and wastewater systems from green field site selection all the way through system startup and final engineering sign-off. During this time, Mr. Cox also began the Master of Business Administration (MBA) program at Washington University in St. Louis, from which he earned his advanced degree and graduated in 2007.

Additionally beginning in 2008, Mr. Cox took over the operations of an existing rural sewer district and to date he still operates a system, managing the functioning, testing, and maintenance of this system. He also acts as the administrator for this municipal system, performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, customer service, and public town meetings required to service the community.

In late 2010, after working on several small, distressed water and wastewater systems, Mr. Cox created a business plan to acquire and recapitalize failing systems as investor-owned, regulated water and wastewater utility companies. In early 2011, he went to the capital markets to raise money to implement his plan, and over a period of approximately three years met with more than fifty- two infrastructure investment groups in an attempt to raise necessary financing. In February 2014, he was able to raise sufficient debt and equity capital to start CSWR. In 2018, he attracted an additional large institutional private equity investor, which allowed CSWR to expand the scope of its business plan. Since its formation, CSWR has acquired, and is currently operating more than 800 water and/or wastewater systems in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas.

Marty Moore – Chief Financial Officer

Marty Moore is the Chief Financial Officer of CSWR, LLC, and has held this position since April 2020. As CFO, Mr. Moore provides leadership, direction, and oversight of the finance and accounting teams, managing the process for financial forecasting, budgeting, and reporting in addition to overseeing the human resources and risk management functions.

After receiving a Bachelor of Business Administration in Accounting from Abilene Christian University, Mr. Moore gained a wide range of financial management experience. Moore's extensive senior-level finance and operational expertise includes serving as CFO of international automation equipment manufacturer Baldwin Technology Co., a company he helped Barry-Wehmiller/Forsyth Capital take private in 2012. Prior to that, Mr. Moore held senior leadership positions with Summit Marketing, Consolidated Terminals, Barnhill's Buffet Inc., and Global Materials Services. He began his career at Arthur Andersen. Moore most recently led finance and corporate services as CFO of Gardner Capital, a national affordable housing and renewable energy developer, investor, and tax credit syndicator. He has an extensive background in mergers and acquisitions and works alongside Mr. Cox in accelerating the company's already rapid growth trajectory.

Todd Thomas – Vice President

Todd Thomas holds the office of Senior Vice President of CSWR. Mr. Thomas received his Bachelor of Science in Civil Engineering from The Missouri University of Science and Technology, and a Master of Business Administration from Washington University in St. Louis.

Before joining CSWR, Mr. Thomas was President of Brotcke Well and Pump, Vice President of Operations and Business Development of the Midwest for American Water Contract Operations, and General Manager of Midwest Operations for Environmental Management Corporation. Mr. Thomas currently serves on the Technical Advisory Team for the Public Water Supply District 2 of St. Charles County, MO.

Mr. Thomas's past positions in related industries has provided him with extensive experience in water and sewer utilities. He has in depth, firsthand knowledge about the amount of damage resulting from the lack of maintenance on a well system, and he understands how much money and effort are required to restore a well system after neglect.

In his position as Senior Vice President at CSWR, Mr. Thomas's primary responsibilities include utility operations along with the acquisition, development, and rate stabilization of CSWR- affiliated utilities. Those duties include operations, maintenance, capital planning, and regulatory compliance for all affiliate-owned facilities. He is responsible for the management of all operations and maintenance service providers, and engineering firms.

Mike Duncan –Vice President

Mike Duncan is the Vice President of CSWR and was promoted to that position in October 2020. As Vice President, he has played an integral role in researching, preparing, filing, and processing acquisition applications in Missouri, Kentucky, Tennessee, Louisiana, Texas, North Carolina, and Mississippi. He also has taken a leading role in preparing and filing rate cases in Missouri, Kentucky, and Louisiana.

After receiving his Bachelor of Arts degree from Washington University in St. Louis, the first eleven years of his career were spent as an administrator and later director at a non-profit organization in St. Louis, Missouri. As Executive Director, Mr. Duncan oversaw accounting, finance, human resources, IT, and communications for the organization. During his employment he earned his Master of Business Administration from the Olin School of Business at Washington University. Prior to joining CSWR, he spent two years as Director of Operations with NAPA Auto Tire & Parts, a partner-owned chain of auto parts stores, overseeing projects related to distribution, logistics, IT, and general management.

Jake Freeman – Director of Engineering

Jake Freeman is the Director of Engineering of CSWR and has held this position since January 2019. As Director of Engineering, he oversees the engineering, surveying, and facility construction upgrades for all newly acquired CSWR water and wastewater utilities including those in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. He also oversees ongoing capital upgrade projects on all CSWR affiliated and operated facilities.

After receiving a Bachelor of Science degree in Mechanical Engineering from the University of Missouri – Columbia, Mr. Freeman spent the first two years of his career working for Corrigan Mechanical, a design-build mechanical contractor in St. Louis, where he designed, estimated, and managed plumbing, HVAC and process piping construction projects in Missouri and southern Illinois. He then spent eleven years performing similar tasks for Brotcke Well & Pump, a well and pump service contractor servicing water wells and water treatment equipment throughout Missouri, Illinois, Kentucky, and Kansas. Prior to his employment with CSWR, he held the position of Vice President of Brotcke Well & Pump and Principal for their engineering services and managed their newly opened office in Kansas City.

Jo Anna McMahon - Vice President of Government Affairs

Jo Anna McMahon is the Vice President of Government Affairs for CSWR. Ms. McMahon holds several top water and wastewater certifications throughout the country. She received her Bachelor of Business Administration degree from the University of Arkansas at Little Rock, and will be graduating in May 2023 with a Master of Business Administration degree at from Washington University in St. Louis, Missouri.

Before joining CSWR, Ms. McMahon worked for both public and private utilities, respectively serving a both municipality and military installations. Ms. McMahon has extensive experience as both an Operations Coordinator and as a Specification Specialist.

In her previous position as Director for Environmental Health and Safety at CSWR, her responsibilities included managing daily operations of wastewater and water treatment facilities of various sizes ranging from 3,600 gallons per day (gpd) to 64,000,000 gpd. Throughout that time, Ms. McMahon led teams of operators in creating and executing infrastructure improvement plans, managing and developing employees, and providing a standard of excellence in customer service while keeping facilities and operations within regulatory compliance throughout Louisiana, Kansas, and Arkansas.

Ms. McMahon's previous employment equipped her with invaluable experience in water and sewer utilities. She has a wide range of firsthand experience in managing water and wastewater treatment facilities safely and in a financially and operationally sound manner.

Chelsie Carter - Director of Customer Experience

Chelsie Carter is the Director of Customer Experience at CSWR. Ms. Carter joined CSWR in 2021 as Customer Experience Manager and was promoted to Director level within seven months, leading an overhaul of the CSWR's customer service functions during a period of dramatic growth.

Ms. Carter first earned a Bachelor of Science degree followed by her Master of Business Administration from Lindenwood University. She has a strong background in training and management as well as extensive experience with utility providers. Prior to joining CSWR, she led the Accounts Receivable division at the St. Louis Metropolitan Sewer District, where she also served as the point of contact for dozens of major accounts. Areas of oversight included billing \$34M per month in customer invoices, customer service for 430k customers, processing an average of \$1M in payment remittance per day and collecting more than \$92M in delinquent accounts. Ms. Carter also spent 16 years with American Water, starting as the supervisor for the Customer Call Center and working her way up to Business Services Specialist. In this role she was the point of contact for the Public Service Commission on customer-related issues and resolutions. She has provided direction and support for several rate cases, acquisitions, and software implementations.

Since joining CSWR, Ms. Carter continues to oversee the entire customer life cycle, focusing on improving the customer experience in the areas of self-service, software systems and processes.



MISSOURI
DEPARTMENT OF
NATURAL RESOURCES

Michael L. Parson
Governor

Dru Buntin
Director

June 22, 2023

OFFICIAL COPY VIA EMAIL

Josiah Cox
Confluence Rivers Utility Operating Company, Inc.
1650 Des Peres Road, Suite 303
Des Peres, MO 63131

RE: Confluence Rivers Utility Operating Company

Dear Josiah Cox:

The Missouri Department of Natural Resources regulates approximately 5,000 domestic wastewater treatment systems and approximately 2,700 public water systems in the State that are subject to the Missouri Clean Water Law and the Missouri Safe Drinking Water Law, respectively. The Department's primary goal as the regulatory authority in administering these state laws is to ensure environmental protection and human health and safety against pollution and health risks that may be caused by failing or improperly operating wastewater treatment systems and public water systems. The Department promotes compliance through compliance assistance, education, and, when necessary, enforcement actions. When systems end up in enforcement, it is often a result of limited resources and available solutions, which can sometimes draw cases out over a period of years.

When systems are unable to resolve their technical, managerial, or financial problems, one reliable solution is selling the system to a higher-performing utility operating company. In Missouri, Confluence Rivers Utility Operating Company, Inc. (CRUOC) is one of the few utility operating companies who is willing to acquire some of the most difficult failing systems. CRUOC has consistently taken swift actions after taking control of these systems to bring them into compliance by employing qualified operators, effectively administering and managing the systems, and investing in repairs and upgrades.

CRUOC's willingness to acquire systems with long-standing compliance issues has proven to be beneficial to human health and the environment by bringing many of these systems into compliance with environmental laws. The Department looks forward to continuing to work with CRUOC as it continues to acquire wastewater and public water systems in Missouri, in furtherance of the Department's initiative to encourage regionalization and consolidation of the many private systems in Missouri that are struggling to achieve compliance with laws for the protection of public health and the environment.



If you have any questions regarding this correspondence, you may contact Joe Clayton at Department of Natural Resources, Water Protection Program, Compliance and Enforcement Section, P.O. Box 176, Jefferson City, MO 65102-0176; by phone at 573-522-1120; or by email at cwenf@dnr.mo.gov. Thank you for your cooperation in this matter.

Sincerely,

WATER PROTECTION PROGRAM



Joe Clayton
Compliance and Enforcement Section Chief

JC/ehh

c: Lance Dorsey, Chief, PDWB, Compliance and Enforcement



MISSISSIPPI STATE DEPARTMENT OF HEALTH

March 14, 2023

Commissioner Brent Bailey
MPSC-Central District
Woolfolk Building
501 North West Street
Suite 201A
Jackson, MS 39201

Dear Commissioner Bailey:

The Mississippi State Department of Health's mission is to protect and advance the health, well-being, and safety of everyone in Mississippi. As you are aware, the Bureau of Public Water Supply (Bureau) exists within the Office of Environmental Health to carry out the Department's mission for the safety of the state's drinking water supplies through the implementation and oversight of the federal and state Safe Drinking Water Acts. The Bureau believes, much like the Mississippi Public Service Commission, that citizens of the state should have access to reliable, affordable, and safe drinking water from the state's utilities.

We recognize the PSC's goals in many ways mirror those of the Bureau. We acknowledge the recent coordinated efforts our agencies have taken to improve the service and water quality of a few of the more troubled water systems in the state. We anticipate future opportunities of continued collaboration to assist customers in need with their water systems.

The Bureau sees many emerging opportunities where our agencies could encourage utilities to merge and consolidate management, services and/or physical connection. Through our continued cooperation and funding the Legislature is considering, we hope our partnership can expedite consolidation and regionalization opportunities. These situations would give opportunities for citizens without safe drinking water the ability to get it or may allow citizens with safe drinking water to obtain higher quality drinking water. These consolidation efforts could include utilities/private investors buying poorly performing utilities.

As you may be aware, Great River Utility Company has recently acquired several drinking water systems across the state. Great River Utility has worked closely with the Bureau's compliance and field staff to maintain compliance with the various rules and regulations of the Safe Drinking Water Act. A viable entity such as Great River Utility desiring to help problematic drinking water systems by investing in them for improved services to citizens is very appreciated and supported by the Bureau.

We believe the Bureau's coordination with the PSC to identify problematic drinking water systems and to identify long-term solutions, such as those offered by entities like Great River, is very beneficial to our shared goals and objectives.

The Bureau appreciates Great River Utilities' commitment to improved regulatory compliance, and the Bureau remains committed to our partnership with PSC to find sensible and feasible solutions to shared problems. If we may be of additional service to the PSC, please do not hesitate to contact us.

Sincerely,



William F. Moody, P.E., BCEE
Director, Bureau of Public Water Supply

Cox Direct Exhibit 4 Docket Nos. W-1328, Sub 0 and W-933, Sub 12

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08/12/2023

Vendor	Inv #	Date	Amount	PSI Acct	Service Area	Type
McGill Associates, P.A.	19.00346-8890	12/31/2021	24,144.00	183.001	NC-Etowah	W&S
21 Design Group Inc.	14545	7/11/2022	24,120.64	183.001	NC-Etowah	Sewer
21 Design Group Inc.	14092	6/8/2022	22,680.85	183.001	NC-Etowah	W&S
21 Design Group Inc.	15656	9/13/2022	17,066.48	183.001	NC-Etowah	Sewer
McGill Associates, P.A.	21.00317-11740	12/31/2021	16,505.00	183.001	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-9133	12/31/2021	16,259.00	183.001	NC-Etowah	W&S
McGill Associates, P.A.	21.00317- 12021	12/31/2021	14,265.00	183.001	NC-Etowah	W&S
21 Design Group Inc.	15195	8/15/2022	11,869.83	183.001	NC-Etowah	Sewer
21 Design Group Inc.	16186	10/19/2022	11,073.59	183.001	NC-Etowah	Sewer
21 Design Group Inc.	19414	4/5/2023	10,545.73	183.001	NC-Etowah	Sewer
Beckemeier LeMoine Law	75-036	3/1/2022	9,945.60	183.002	NC-Etowah	W&S
21 Design Group Inc.	20012	6/13/2023	9,606.08	183.001	NC-Etowah	Sewer
McGill Associates, P.A.	21.00317-10883	12/31/2021	8,403.00	183.001	NC-Etowah	W&S
McGill Associates, P.A.	21.00317-11437	12/31/2021	8,205.00	183.001	NC-Etowah	W&S
Black, Slaughter & Black, PA	208686	12/31/2021	7,022.50	183.002	NC-Etowah	W&S
McGill Associates, P.A.	21.00317-11148	12/31/2021	5,272.00	183.001	NC-Etowah	W&S
Valbridge Property Advisors	19.06.27-A	12/31/2021	5,000.00	183.001	NC-Etowah & Golf Systems - NC	W&S
The Beckemeier Law Firm LC	75-010	12/31/2021	4,765.00	183.002	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-7051	12/31/2021	4,271.25	183.001	NC-Etowah	W&S
21 Design Group Inc.	5423	12/31/2021	3,922.50	183.001	NC-Etowah	W&S
McGill Associates, P.A.	21.00317-13114	12/31/2021	3,845.00	183.001	NC-Etowah	W&S
Beckemeier LeMoine Law	75-027	12/31/2021	3,752.00	183.002	NC-Etowah	W&S
McGill Associates, P.A.	21.00317-13666	1/15/2022	3,220.00	183.001	NC-Etowah	W&S
McGill Associates, P.A.	21.00317-12883	12/31/2021	2,925.00	183.001	NC-Etowah	W&S
21 Design Group Inc.	5717	12/31/2021	2,806.25	183.001	NC-Etowah	W&S
McGill Associates, P.A.	21.00317-12320	12/31/2021	2,760.00	183.001	NC-Etowah	W&S
Beckemeier LeMoine Law	75-038	6/1/2022	2,496.00	183.002	NC-Etowah	W&S
Law Firm Carolinas	247578	6/1/2022	2,424.11	183.002	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-7310-B	12/31/2021	2,342.25	183.001	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-7310	12/31/2021	2,342.25	183.001	NC-Etowah Sewer	W&S
Black, Slaughter & Black, PA	221657	12/31/2021	2,294.04	183.002	NC-Etowah	W&S
Law Firm Carolinas	258615 NC	7/1/2023	2,000.00	183.002	NC-Etowah	Sewer
Beckemeier LeMoine Law	75-049	4/1/2023	1,952.00	183.002	NC-Etowah	Sewer
21 Design Group Inc.	6015	12/31/2021	1,918.75	183.001	NC-Etowah	W&S
Beckemeier LeMoine Law	75-039	6/8/2022	1,753.60	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	68417	12/31/2021	1,745.00	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-050	4/3/2023	1,532.50	183.002	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-13386	12/15/2021	1,500.00	183.001	NC-Etowah	Sewer
Burns, Day & Presnell, P.A.	71647	12/31/2021	1,466.67	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-046	1/4/2023	1,428.80	183.002	NC-Etowah	W&S
McGill Associates, P.A.	21.00317-17614	3/1/2023	1,380.00	183.001	NC-Etowah	Sewer
21 Design Group Inc.	18112	2/9/2023	1,348.20	183.001	NC-Etowah	Sewer
McGill Associates, P.A.	19.00346-9408	12/31/2021	1,331.50	183.001	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	69832	12/31/2021	1,303.39	183.002	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-6790	12/31/2021	1,269.30	183.001	NC-Etowah	W&S
Beckemeier LeMoine Law	75-037	5/1/2022	1,196.80	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-040	6/30/2022	1,187.20	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-017	12/31/2021	1,150.00	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	69700	12/31/2021	1,080.21	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-009	12/31/2021	1,070.00	183.002	NC-Etowah	W&S
McGill Associates, P.A.	19-00346-9592	12/31/2021	1,000.00	183.001	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-8664	12/31/2021	915.00	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	71093	12/31/2021	867.68	183.002	NC-Etowah	W&S
21 Design Group Inc.	11137	12/31/2021	862.50	183.001	NC-Etowah	W&S
21 Design Group Inc.	6856	12/31/2021	846.25	183.001	NC-Etowah	W&S

Beckemeier LeMoine Law	75-023	12/31/2021	840.00	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	69213	12/31/2021	830.00	183.002	NC-Etowah	W&S
21 Design Group Inc.	13259	4/1/2022	830.00	183.001	NC-Etowah	Sewer
Burns, Day & Presnell, P.A.	73268	8/31/2022	786.25	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	71248	12/31/2021	744.17	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	71446	12/31/2021	708.34	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-022	12/31/2021	708.00	183.002	NC-Etowah	W&S
21 Design Group Inc.	19786	4/30/2023	618.50	183.001	NC-Etowah	Sewer
The Beckemeier Law Firm LC	75-007	12/31/2021	612.00	183.002	NC-Etowah	W&S
21 Design Group Inc.	6295	12/31/2021	566.25	183.001	NC-Etowah	W&S
21 Design Group Inc.	6597	12/31/2021	561.25	183.001	NC-Etowah	W&S
21 Design Group Inc.	18599	3/8/2023	560.00	183.001	NC-Etowah	Sewer
21 Design Group Inc.	12747	3/1/2022	540.00	183.001	NC-Etowah	Sewer
The Beckemeier Law Firm LC	75-019	12/31/2021	452.50	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-028	12/31/2021	448.00	183.002	NC-Etowah	W&S
21 Design Group Inc.	4088	12/31/2021	405.00	183.001	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	70885	12/31/2021	391.95	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-011	12/31/2021	387.00	183.002	NC-Etowah	W&S
21 Design Group Inc.	16717	11/17/2022	381.15	183.001	NC-Etowah	Sewer
Burns, Day & Presnell, P.A.	72562	4/25/2022	361.25	183.002	NC-Etowah	Sewer
Burns, Day & Presnell, P.A.	74261	3/1/2023	361.25	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	72394	3/25/2022	340.00	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	74718	6/1/2023	318.75	183.002	NC-Etowah	Sewer
21 Design Group Inc.	4360	12/31/2021	307.50	183.001	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	70066	12/31/2021	277.66	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	74870	7/20/2023	276.25	183.002	NC-Etowah	Sewer
Beckemeier LeMoine Law	75-035	2/1/2022	274.80	183.002	NC-Etowah	W&S
21 Design Group Inc.	5058	12/31/2021	262.50	183.001	NC-Etowah	W&S
21 Design Group Inc.	7090	12/31/2021	240.00	183.001	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-006	12/31/2021	236.50	183.002	NC-Etowah	W&S
21 Design Group Inc.	8949	12/31/2021	232.50	183.001	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	72177	2/1/2022	212.50	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-004	12/31/2021	208.50	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-021	12/31/2021	197.50	183.002	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-10894	12/31/2021	183.00	183.001	NC-Etowah	W&S
Beckemeier LeMoine Law	75-041	8/8/2022	182.40	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-054	7/31/2023	160.00	183.002	NC-Etowah	Sewer
The Beckemeier Law Firm LC	75-008	12/31/2021	151.50	183.002	NC-Etowah	W&S
Law Firm Carolinas	262676	5/1/2023	150.00	183.002	NC-Etowah	Sewer
Burns, Day & Presnell, P.A.	73126	8/12/2022	148.75	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-047	2/1/2023	128.00	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-013	12/31/2021	125.00	183.002	NC-Etowah	W&S
Black, Slaughter & Black, PA	228780	12/31/2021	125.00	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-045	1/1/2023	121.60	183.002	NC-Etowah	W&S
21 Design Group Inc.	7717	12/31/2021	120.00	183.001	NC-Etowah	W&S
21 Design Group Inc.	13667	7/1/2022	120.00	183.001	NC-Etowah	W&S
21 Design Group Inc.	10675	12/31/2021	117.50	183.001	NC-Etowah	W&S
Black, Slaughter & Black, PA	226628	12/31/2021	112.50	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-016	12/31/2021	112.00	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	72612	5/13/2022	106.25	183.002	NC-Etowah	Sewer
The Beckemeier Law Firm LC	75-012	12/31/2021	106.00	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-052	6/1/2023	103.00	183.002	NC-Etowah	Sewer
The Beckemeier Law Firm LC	75-018	12/31/2021	91.00	183.002	NC-Etowah	W&S
McGill Associates, P.A.	19.00346-7605	12/31/2021	90.00	183.001	NC-Etowah	W&S
21 Design Group Inc.	11145	12/31/2021	88.75	183.001	NC-Etowah	W&S
21 Design Group Inc.	5239	12/31/2021	86.25	183.001	NC-Etowah	W&S

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09/11/2023

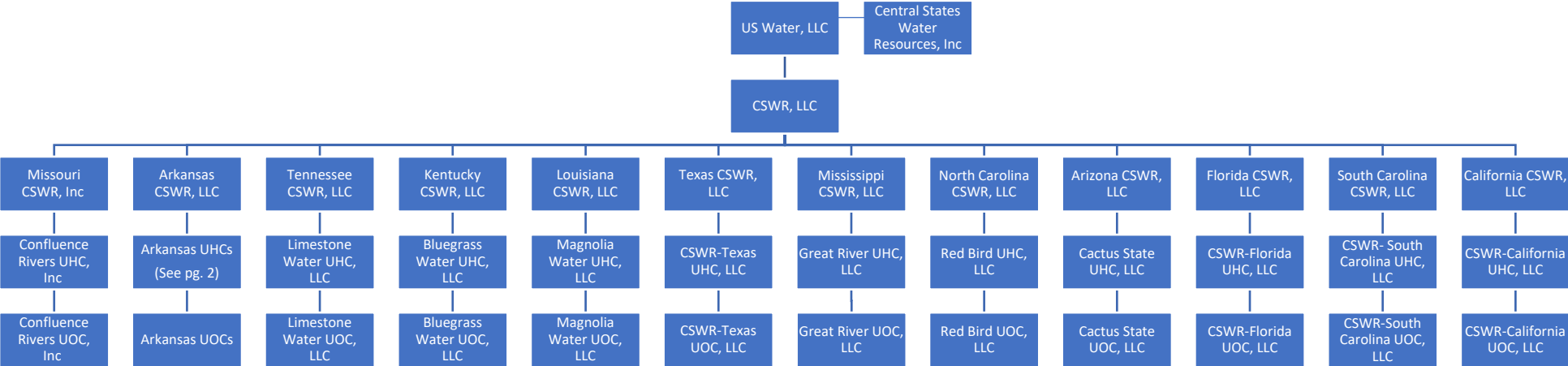
The Beckemeier Law Firm LC	75-003	12/31/2021	86.00	183.002	NC-Etowah	W&S
Beckemeier LeMoine Law	75-026	12/31/2021	86.00	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	72943	6/30/2022	85.00	183.002	NC-Etowah	W&S
21 Design Group Inc.	17322	1/1/2023	69.30	183.001	NC-Etowah	W&S
Beckemeier LeMoine Law	75-043	10/3/2022	60.80	183.002	NC-Etowah	W&S
21 Design Group Inc.	7387	12/31/2021	57.50	183.001	NC-Etowah	W&S
Beckemeier LeMoine Law	75-025	12/31/2021	56.00	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-014	12/31/2021	50.00	183.002	NC-Etowah	W&S
The Beckemeier Law Firm LC	75-015	12/31/2021	50.00	183.002	NC-Etowah	W&S
Burns, Day & Presnell, P.A.	73979	1/31/2023	42.50	183.002	NC-Etowah	W&S
21 Design Group Inc.	15013	8/2/2022	30.00	183.001	NC-Etowah	Sewer
Beckemeier LeMoine Law	75-020	12/31/2021	29.50	183.002	NC-Etowah	W&S
21 Design Group Inc.	4616	12/31/2021	28.75	183.001	NC-Etowah	W&S
21 Design Group Inc.	4821	12/31/2021	28.75	183.001	NC-Etowah	W&S
21 Design Group Inc.	3616	12/31/2021	28.75	183.001	NC-Etowah	W&S
21 Design Group Inc.	10976	12/31/2021	18.75	183.001	NC-ETOWAH	W&S

317,269.22

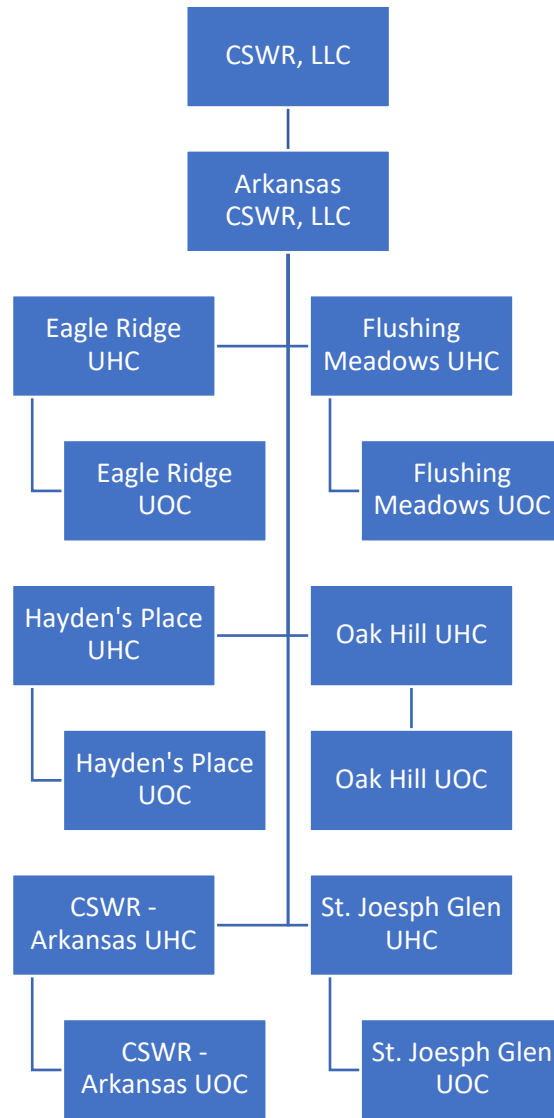
OFFICIAL COPY Oct 12 2023

Central States Water Resources Corporate Entity Organizational Chart

-/A



Arkansas CSWR Organizational Chart Detail





21 Design Group, Inc.
 1351 Jefferson Street, Suite 301
 Washington, MO 63090

Phone # 636-432-5029 jill@21designgroup.net

Date	Invoice #
6/8/2022	14092

OFFICIAL COPY

Bill To
Red Bird Utility Operating Company NC-ETOWAH Sewer Company 1650 Des Peres Rd, Suite 303 St. Louis, MO 63131

Jan 12 2024

Terms	Project
Due on receipt	0595-19 NC-ETOWAH Sewer Company

Serviced	Quantity	Class	Description	Rate	Amount
5/11/2022	0.5			120.00	60.00
5/18/2022	0.5			120.00	60.00
5/25/2022	0.5			125.00	62.50
5/9/2022				21,427.00	21,427.00
				5.00%	1,071.35
					22,498.35

--

Total	\$22,680.85
--------------	--------------------



21 Design Group, Inc.
 1351 Jefferson Street, Suite 301
 Washington, MO 63090

Phone # 636-432-5029 jill@21designgroup.net

Invoice

Date	Invoice #
7/11/2022	14545

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Jan 12 2024

Bill To
Red Bird Utility Operating Company NC-ETOWAH Sewer Company 1650 Des Peres Rd, Suite 303 St. Louis, MO 63131

Terms	Project
Due on receipt	0595-19 NC-ETOWAH Sewer Company

Serviced	Quantity	Class	Description	Rate	Amount
6/6/2022	1.25			120.00	150.00
6/10/2022	2			125.00	250.00
6/13/2022	1			125.00	125.00
6/15/2022	0.5			120.00	60.00
6/15/2022	0.75			95.00	71.25
6/20/2022	0.25			120.00	30.00
7/5/2022				15,818.47	15,818.47
7/5/2022				6,500.00	6,500.00
				5.00%	22,318.47 1,115.92 23,434.39

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Total	\$24,120.64
--------------	-------------



21 Design Group, Inc.
 1351 Jefferson Street, Suite 301
 Washington, MO 63090

Phone # 636-432-5029 jill@21designgroup.net

Invoice

Date	Invoice #
10/31/2021	10976

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Bill To
Magnolia Water Utility Operating Company LA-TESI 1650 Des Peres Rd, Ste 303 Des Peres, MO 63131

Terms	Project
Due on receipt	0670-21 LA-Hackberry Place WW

Serviced	Quantity	Class	Description	Rate	Amount
10/4/2021	0.5			120.00	60.00
10/4/2021	0.5			115.00	57.50
10/12/2021	1.25			90.00	112.50
10/13/2021	0.25			115.00	28.75
10/20/2021	0.25			115.00	28.75
10/29/2021	0.25			115.00	28.75

Jan 12 2024

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Total	\$316.25
--------------	----------

BURNS, DAY & PRESNELL, P.A.

Attorneys at Law
Post Office Box 10867
Raleigh, NC 27605

Telephone (919) 782-1441

Central States Water Resources

ap@CSWRGroup.com

Tax ID Number: 56-1540754

Invoice Date: April 25, 2022

File #: 19-4009.6

Invoice #: 72562

RE: Etowah Sewer

FOR PROFESSIONAL SERVICES RENDERED

DATE DESCRIPTION

Mar-03-22 Email from E. Rocchio with draft responses to Public Staff DRs 3 and 4; Review and revise draft responses; Email to client personnel; Email from R. Mitten; Email from E. Rocchio; Finalize and serve DR Responses

Mar-29-22 Email to and email from T. Thomas; Email to D. Drooz regarding meeting with Tribute; Email from and email to Drooz; Email to client personnel

Totals \$361.25

Total Fees & Disbursements **\$361.25**

████████████████████

████████

██

████████

BURNS, DAY & PRESNELL, P.A.

Attorneys at Law
Post Office Box 10867
Raleigh, NC 27605

Telephone (919) 782-1441

Central States Water Resources

ap@CSWRGroup.com

Tax ID Number: 56-1540754

Invoice Date: May 13, 2022

File #: 19-4009.6

Invoice #: 72612

RE: Etowah Sewer

FOR PROFESSIONAL SERVICES RENDERED

DATE	DESCRIPTION		
Apr-01-22	Telephone to and telephone from C. Junis regarding status		
	Totals	<hr/>	\$106.25
	Total Fees & Disbursements		<hr/>
	[REDACTED]		[REDACTED]
	[REDACTED]		[REDACTED]
	[REDACTED]		[REDACTED]

BURNS, DAY & PRESNELL, P.A.

Attorneys at Law
Post Office Box 10867
Raleigh, NC 27605

Telephone (919) 782-1441

Central States Water Resources

ap@CSWRGroup.com

Tax ID Number: 56-1540754





Invoice Date: July 8, 2022

File #: 19-4009.6

Invoice #: 72943

RE: Etowah Sewer

FOR PROFESSIONAL SERVICES RENDERED

DATE	DESCRIPTION		
Jun-28-22	Email from D. Drooz; Email to client personnel regarding Tribute RV Development Plans		
Jun-29-22	Email from T. Thomas regarding Tribute RV Development Plans		
	Totals	<hr/>	\$85.00
	Total Fees & Disbursements		<hr/> \$85.00
			
			
	BALANCE NOW DUE		<hr/> \$85.00

BURNS, DAY & PRESNELL, P.A.

Attorneys at Law
Post Office Box 10867
Raleigh, NC 27605

Telephone (919) 782-1441

Central States Water Resources

ap@CSWRGroup.com

Tax ID Number: 56-1540754





Invoice Date: August 12, 2022

File #: 19-4009.6

Invoice #: 73126

RE: Etowah Sewer

FOR PROFESSIONAL SERVICES RENDERED

DATE	DESCRIPTION		
Jul-05-22	Email from H. Herbert regarding Tribute RV park development plans; Email to and email from T. Thomas; Email to H. Herbert; Email to J. Freeman; Email from A. Silas		
Jul-06-22	Email from B. Lucas		
	Totals	\$148.75	
	Total Fees & Disbursements		\$148.75
			
			

Invoice

McGill Associates, P.A.
 Post Office Box 2259
 Asheville, NC 28802



August 15, 2020

Invoice No: 19.00346 - 9133

Mr. Jacob Freeman
 Director, Engineering
 Central States Water Resources
 1650 Des Peres Rd.
 Suite 303
 St. Louis, MO 63131

Billing Manager MJ Chen

Project 19.00346 Water/Wastewater Systems Due Diligence
 email to: AP@CSWRGroup.com

Phase 001 Etowah Sewer

Professional Personnel

	Hours	
Senior Project Manager I	.20	
Totals	.20	
Total Labor		34.00
Total this Phase		\$34.00

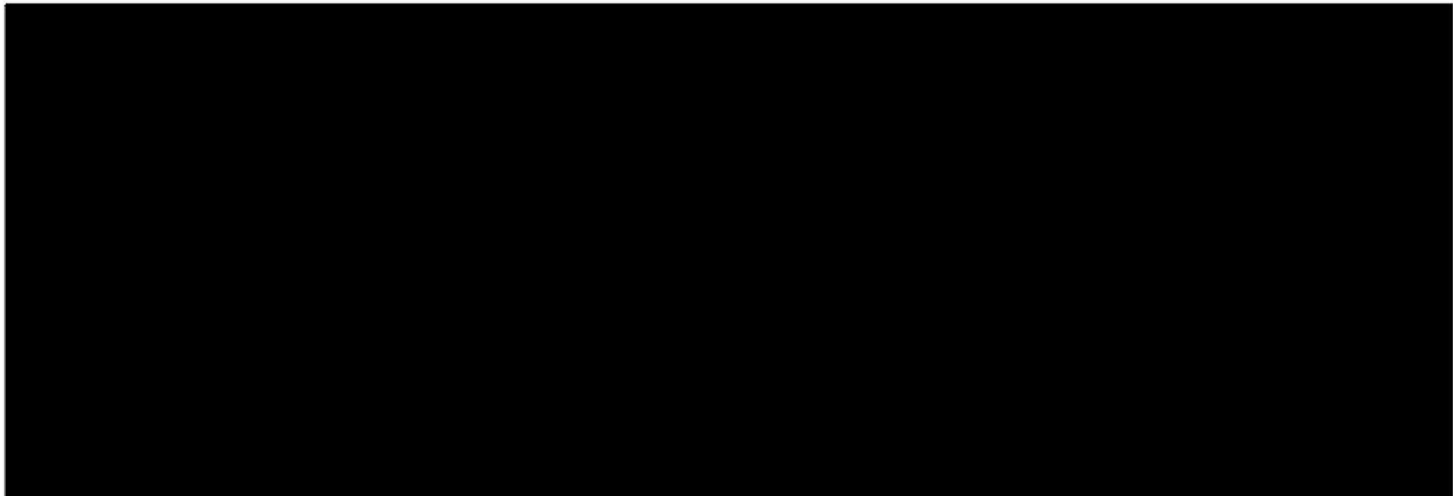
Phase 003 Etowah Sewer-ALTA/NSPS Land Title Survey

Fee

Total Fee	41,300.00		
Percent Complete	96.5254	Total Earned	39,865.00
		Previous Fee Billing	23,640.00
		Current Fee Billing	16,225.00
		Total Fee	16,225.00
Total this Phase			\$16,225.00

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Jan 12 2024



Invoice

McGill Associates, P.A.
Post Office Box 2259
Asheville, NC 28802



August 15, 2021

Invoice No: 21.00317 - 12320

Mr. Jacob Freeman
Director, Engineering
Central States Water Resources
1650 Des Peres Rd Suite 303
St Louis, MO 63131

Billing Manager MJ Chen NC
Project 21.00317 Etowah Sewer Company Wastewater System
Invoices emailed to: ap@cswrgroup.com

Phase 023 Engineering Permitting
Fee

Total Fee 9,200.00

Percent Complete

30.00

Total Earned

2,760.00

Previous Fee Billing

0.00

Current Fee Billing

2,760.00

Total Fee

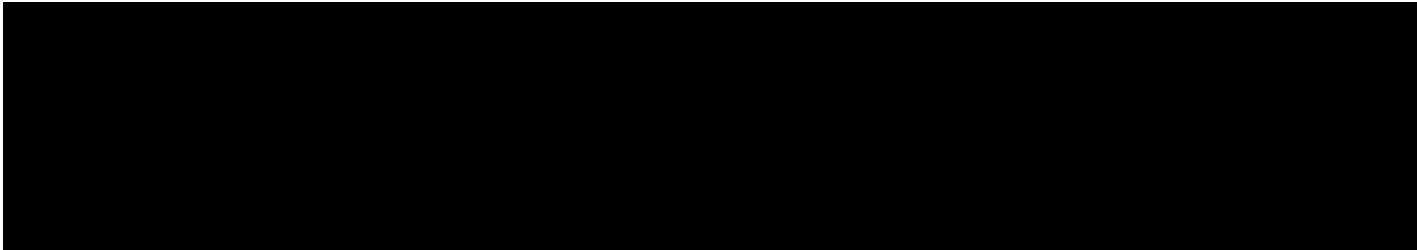
2,760.00

Total this Phase

\$2,760.00

Total Invoice - Net 30 Days

\$2,760.00





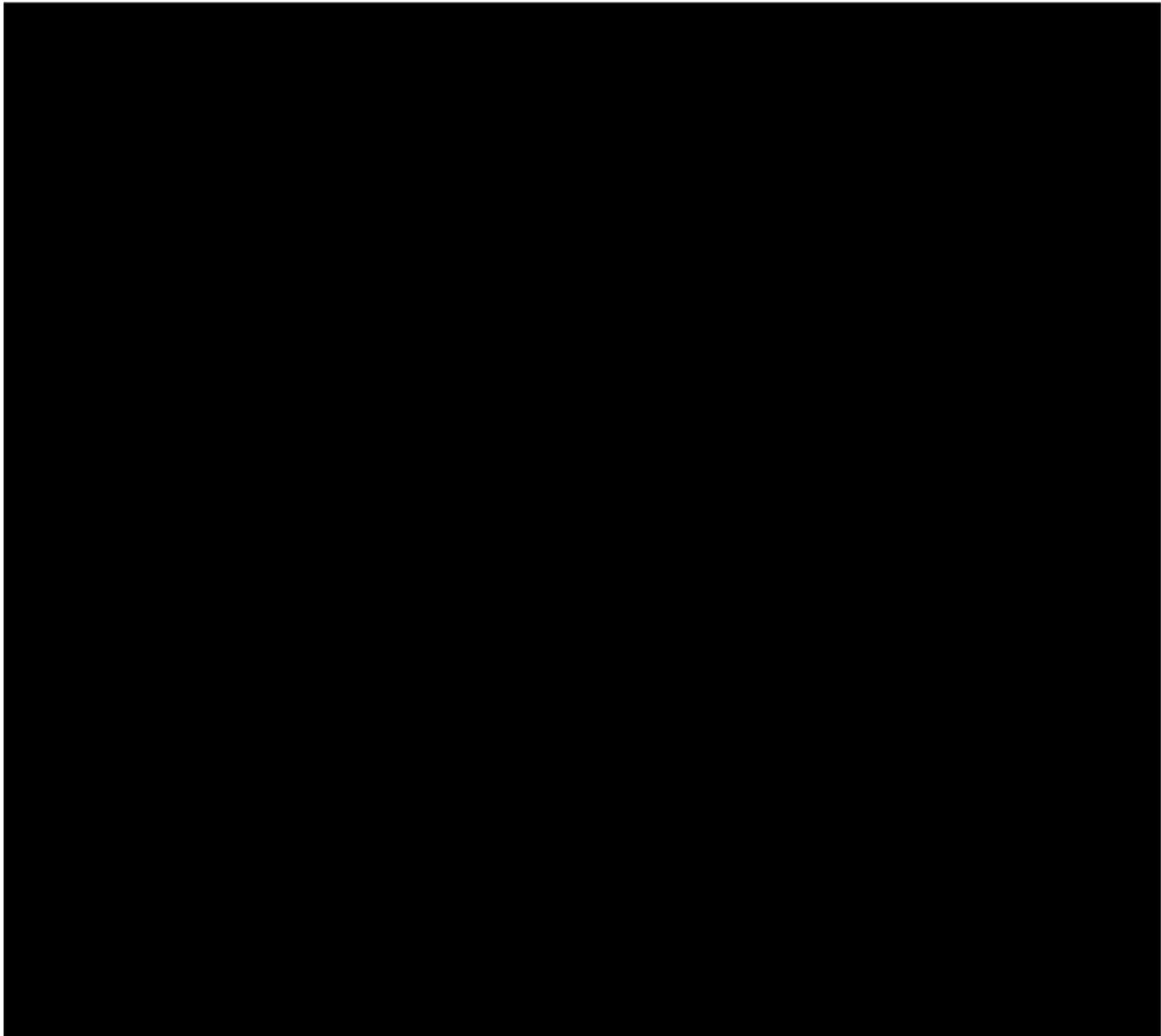
**Beckemeier
LeMoine Law**

Invoice # 75-041
Date: 08/08/2022

13421 Manchester Road, Suite 103
St. Louis, MO 63131

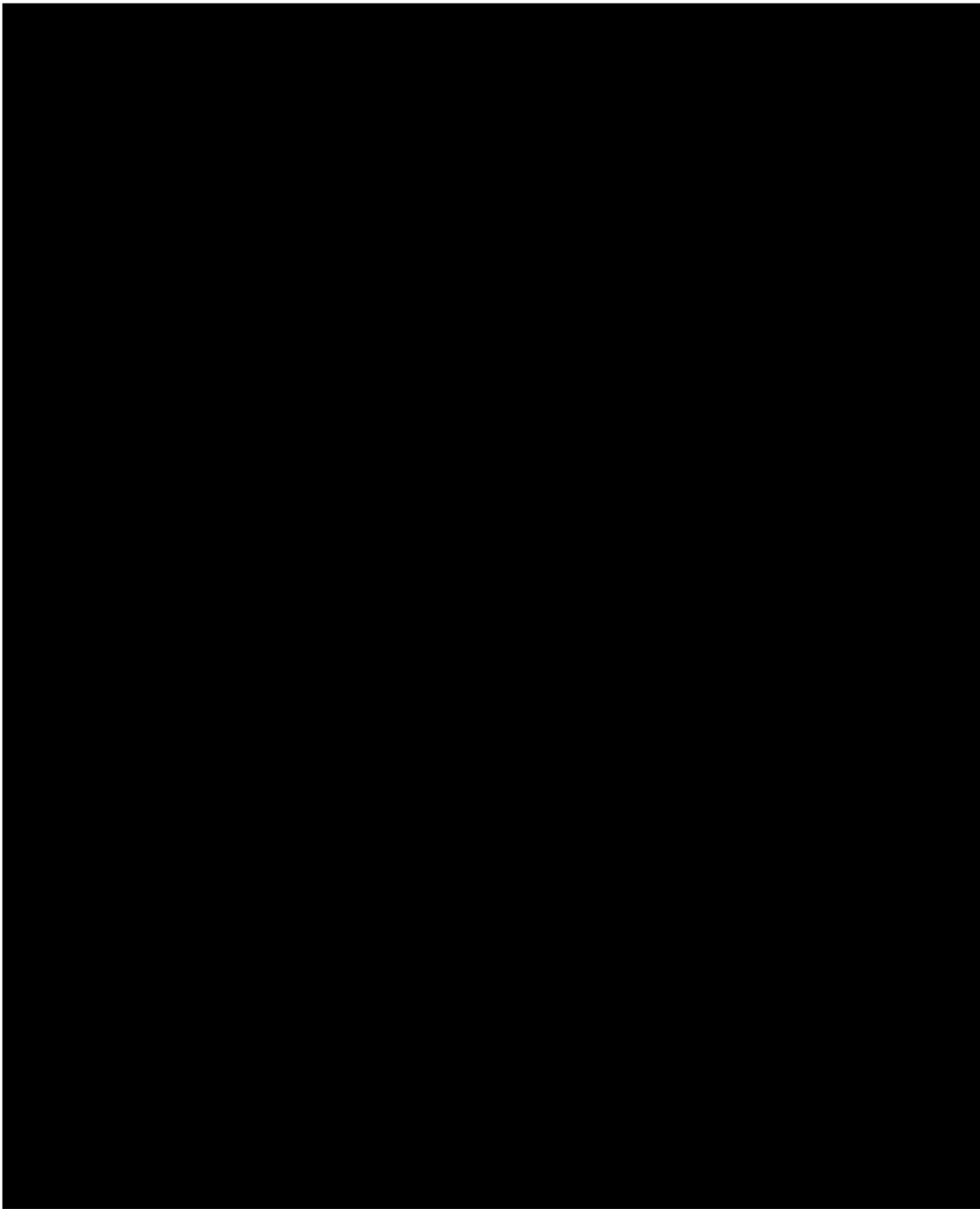
CSWR, Inc. - North Carolina
1630 Des Peres Rd., Ste. 140
St. Louis, MO 63131

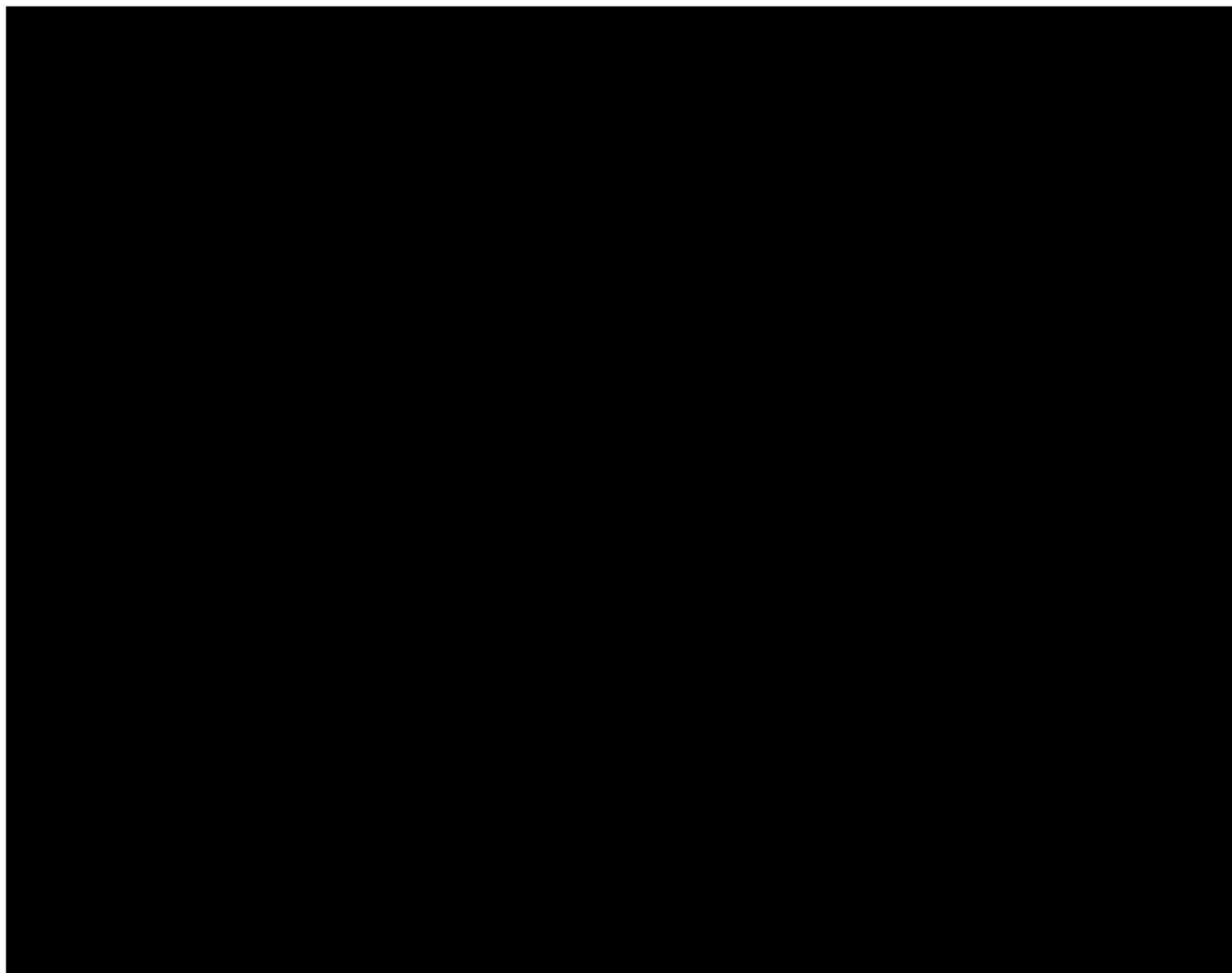
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Jan 12 2024

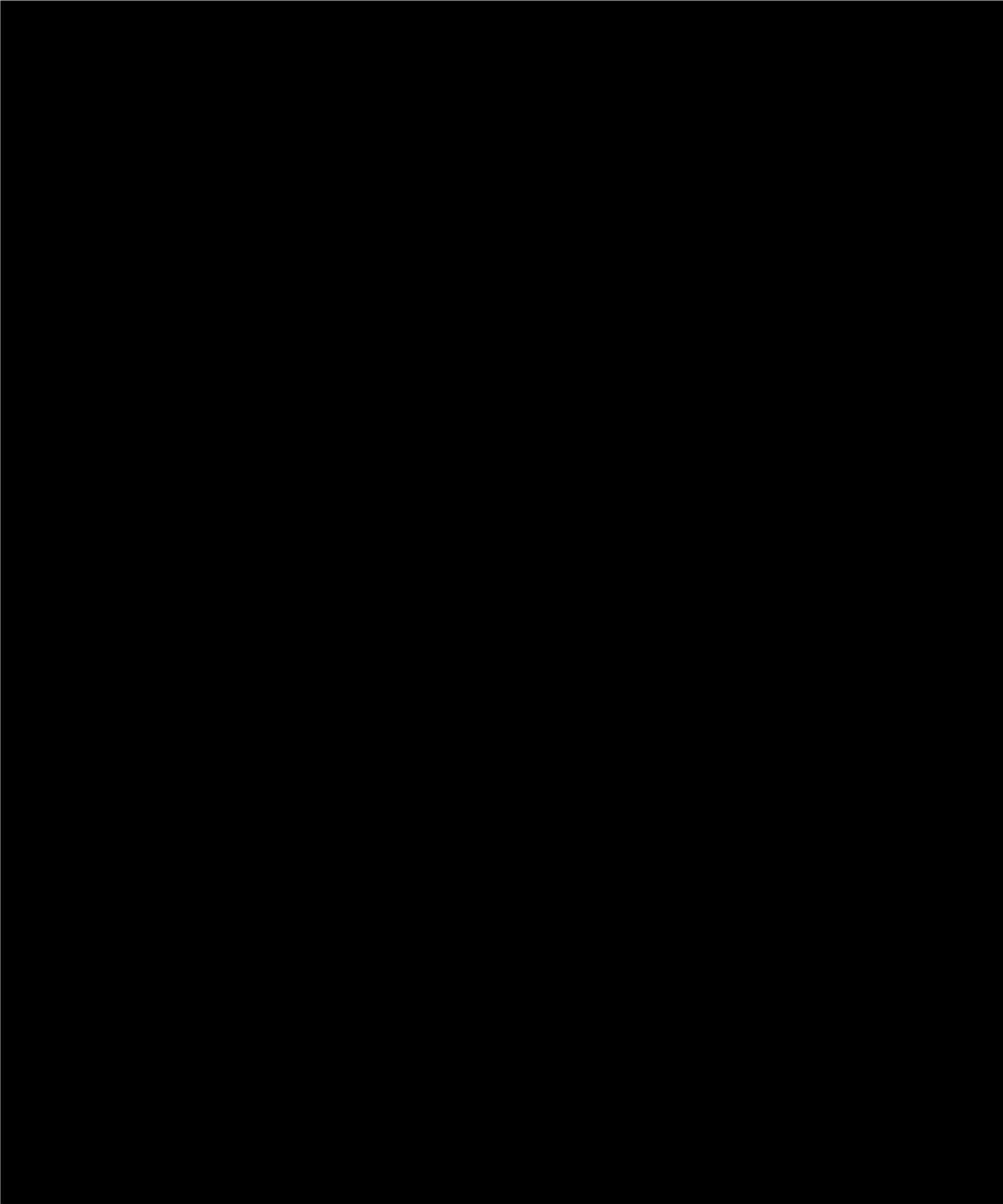


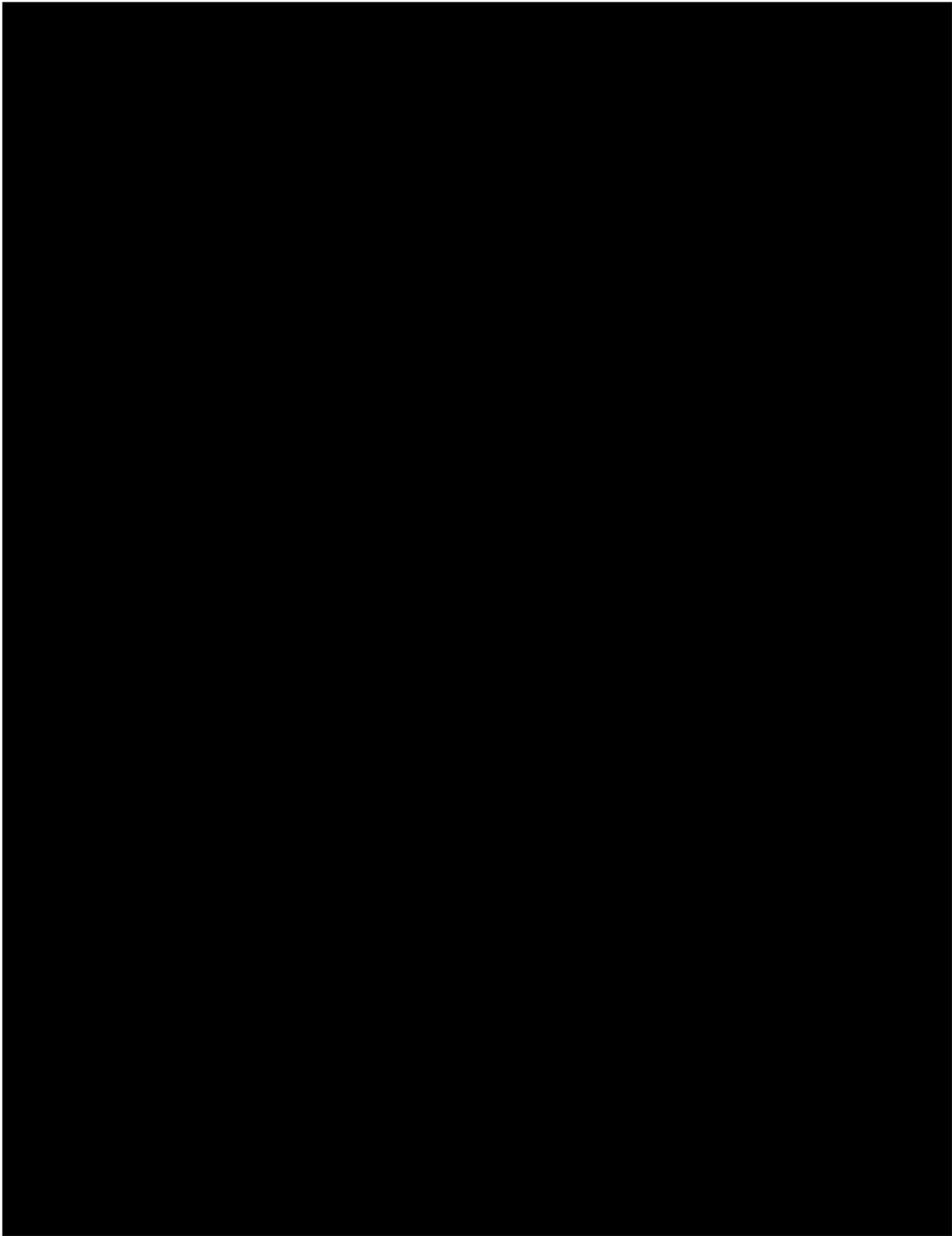


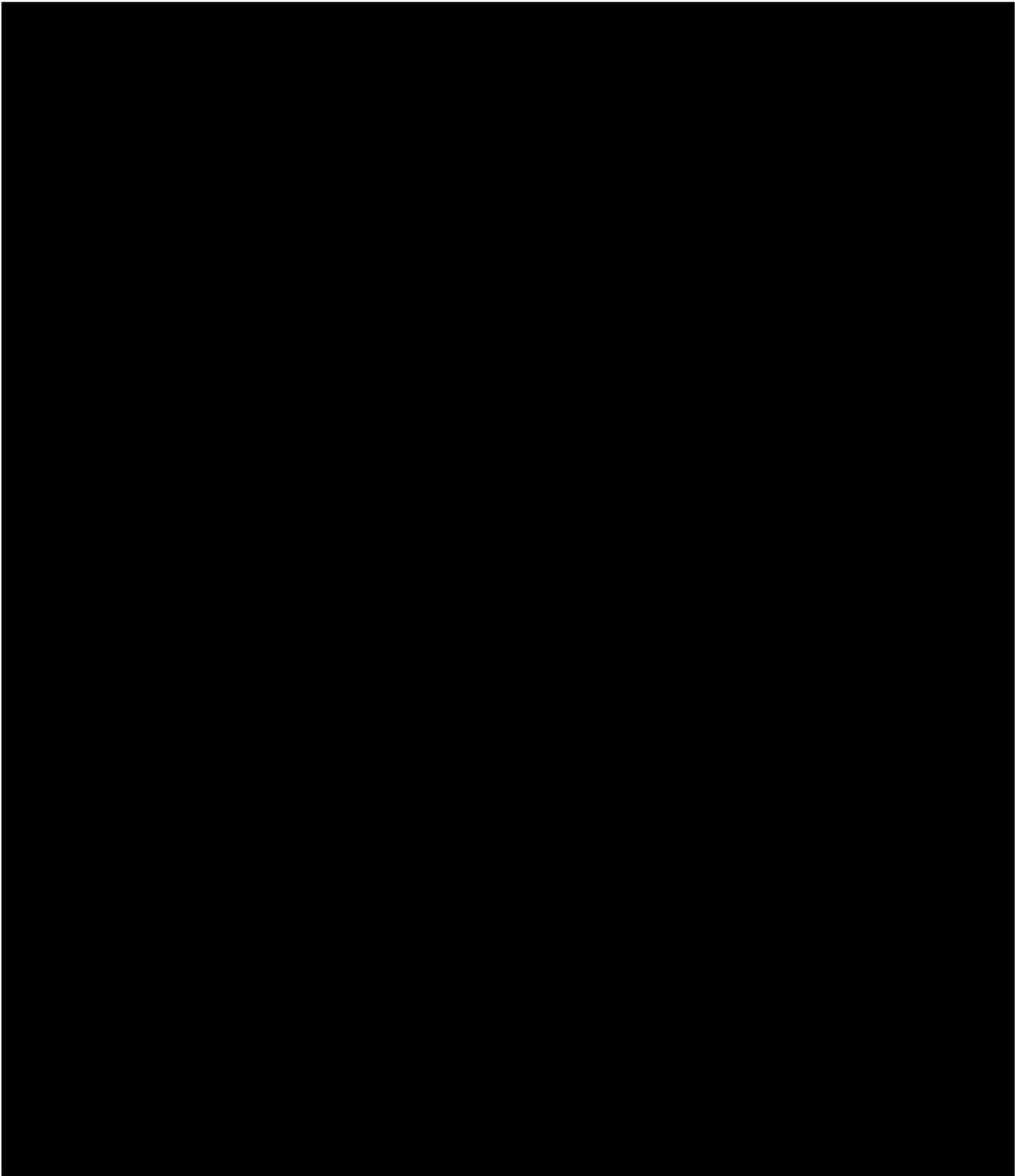
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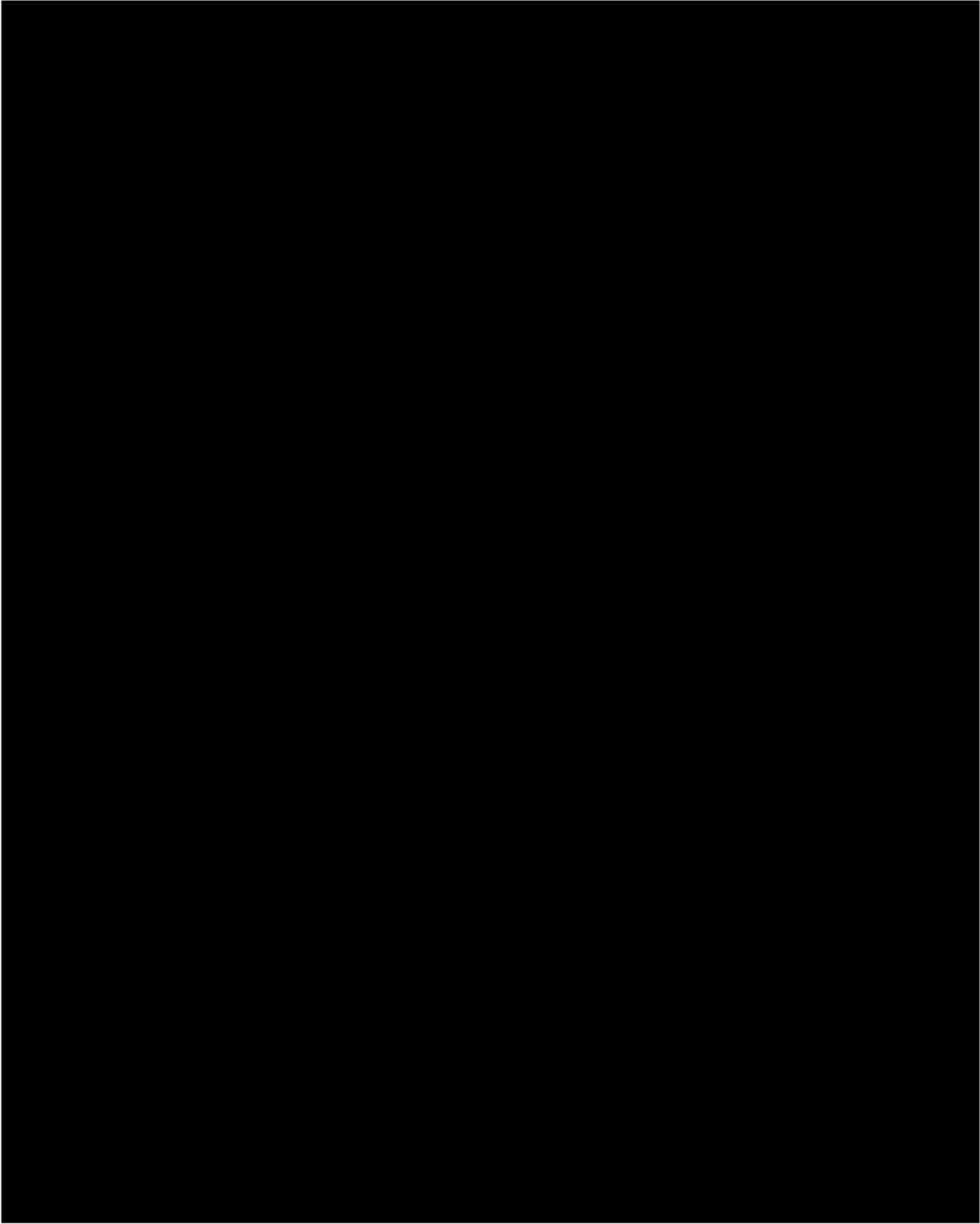
Etowah [Redacted]

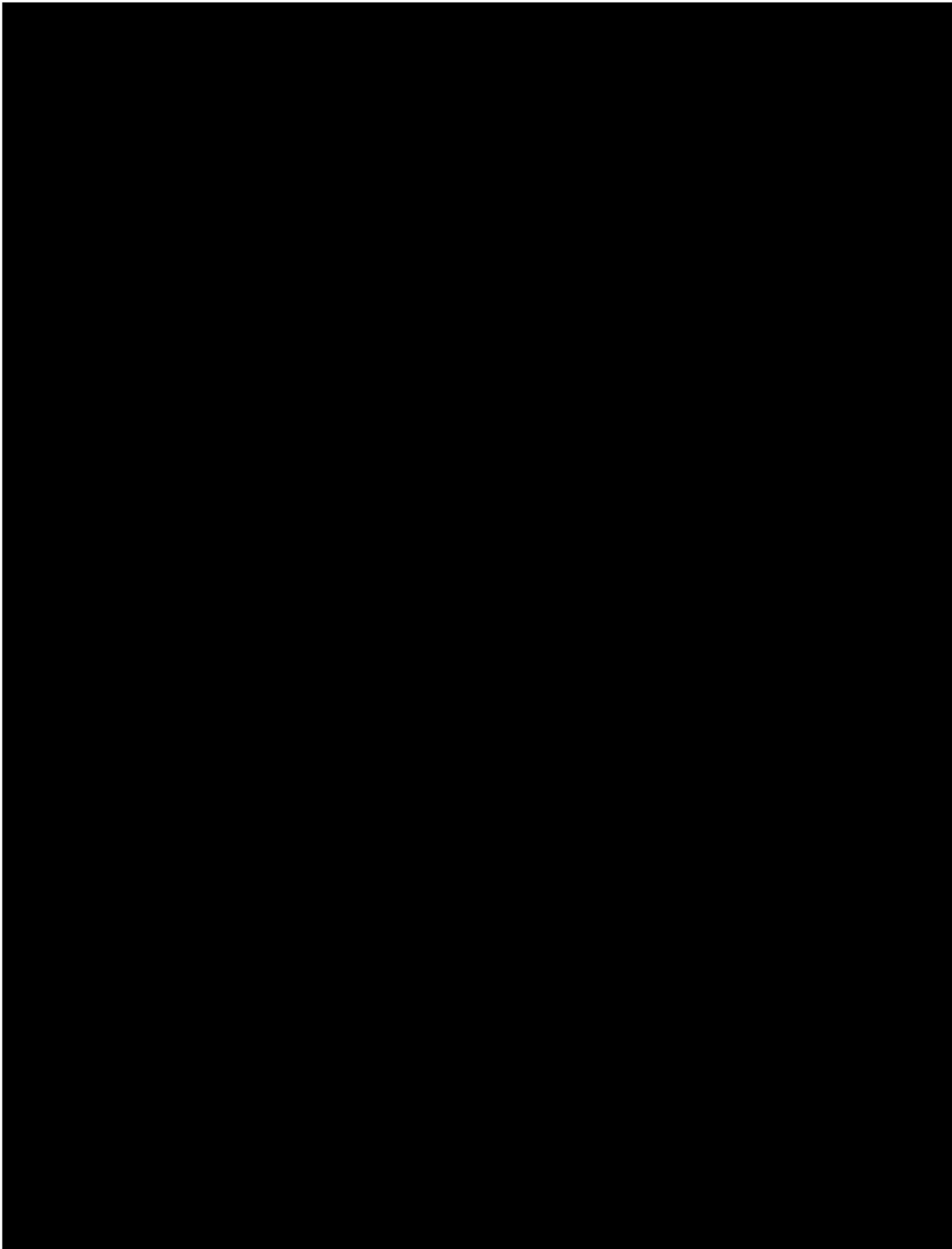
Date	Firm Member	Notes	Quantity	Rate	Total
07/01/2022	FSN	Send and review emails to and from Kevin Griffin	0.20	\$304.00	\$60.80
07/12/2022	FSN	Send and review emails to and from Kevin Griffin	0.20	\$304.00	\$60.80
07/13/2022	FSN	Send and review emails to and from Kevin Griffin	0.20	\$304.00	\$60.80
				Subtotal	\$182.40

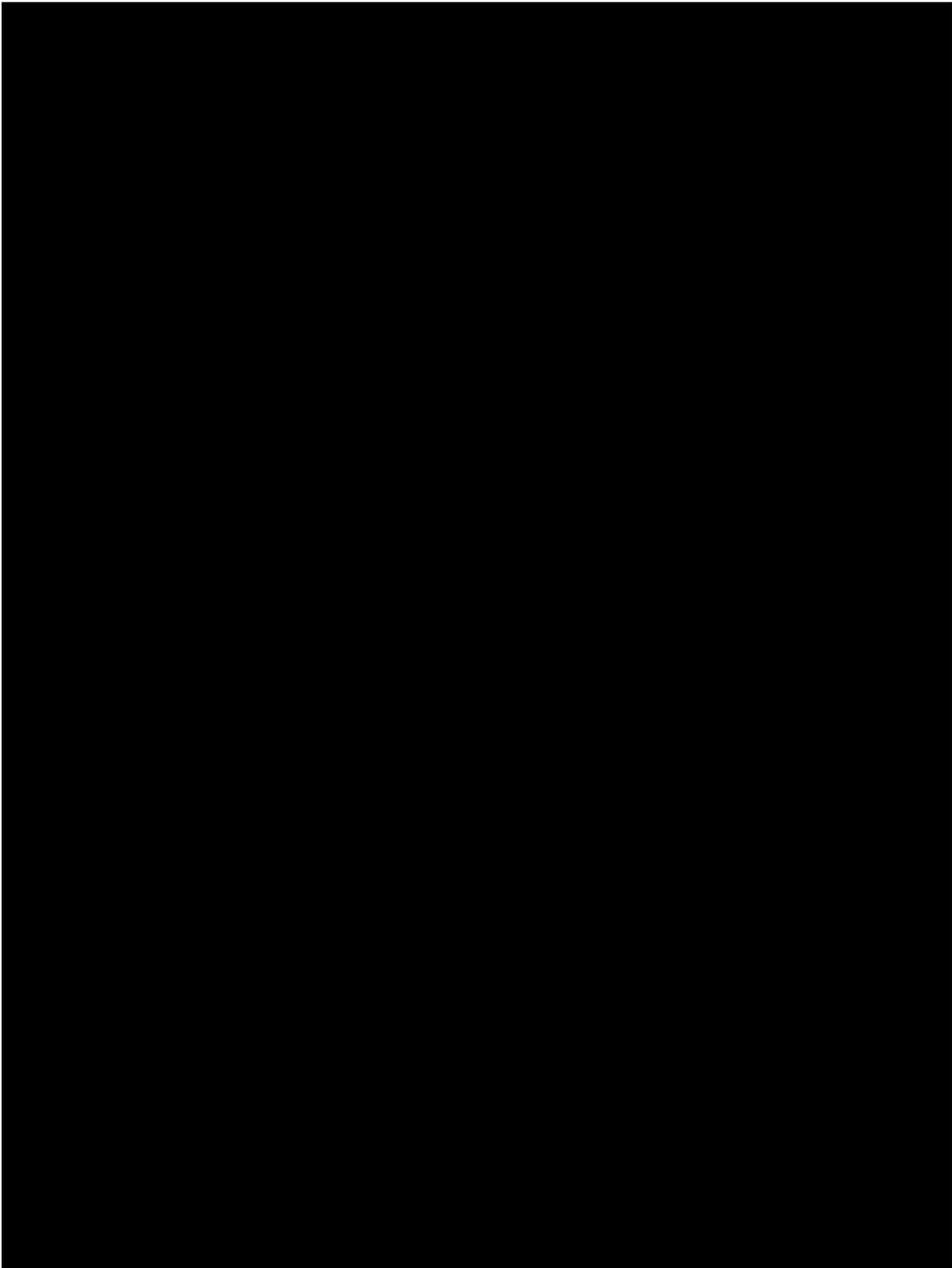


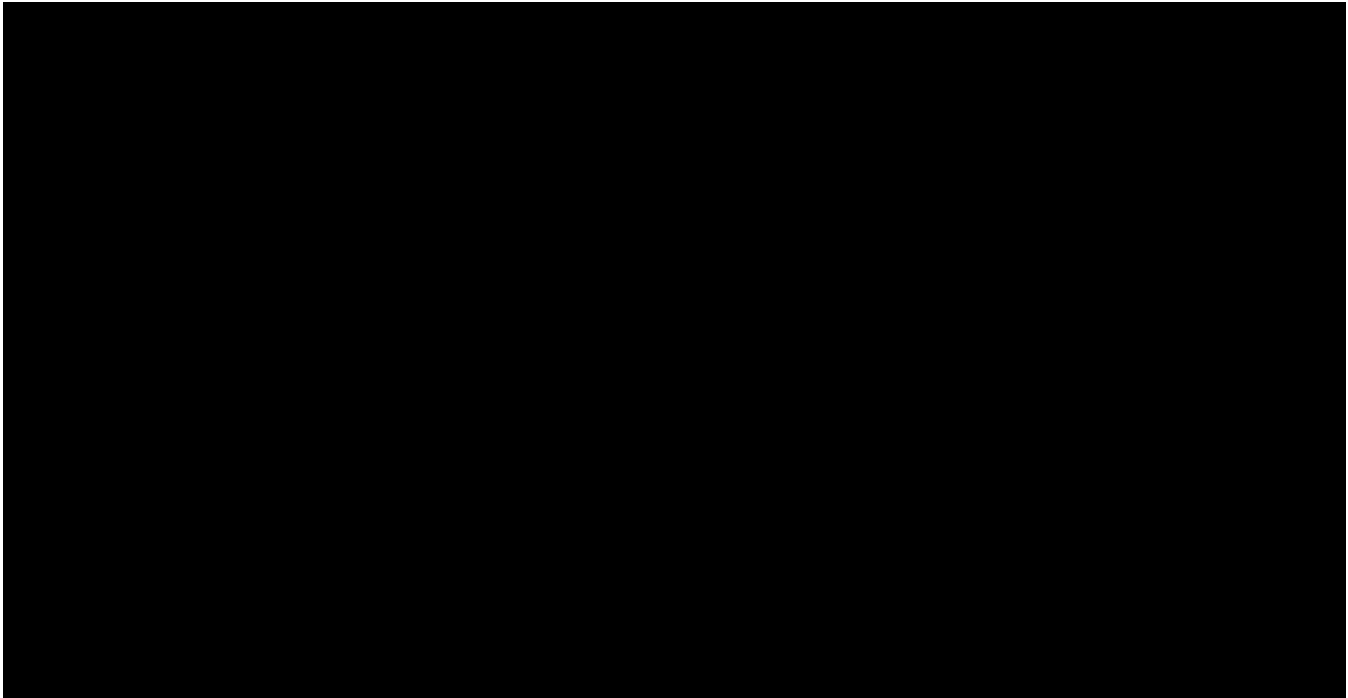












Federal I.D. #85-4165371

Please make all amounts payable to: Beckemeier LeMoine Law

Payment is due upon receipt.

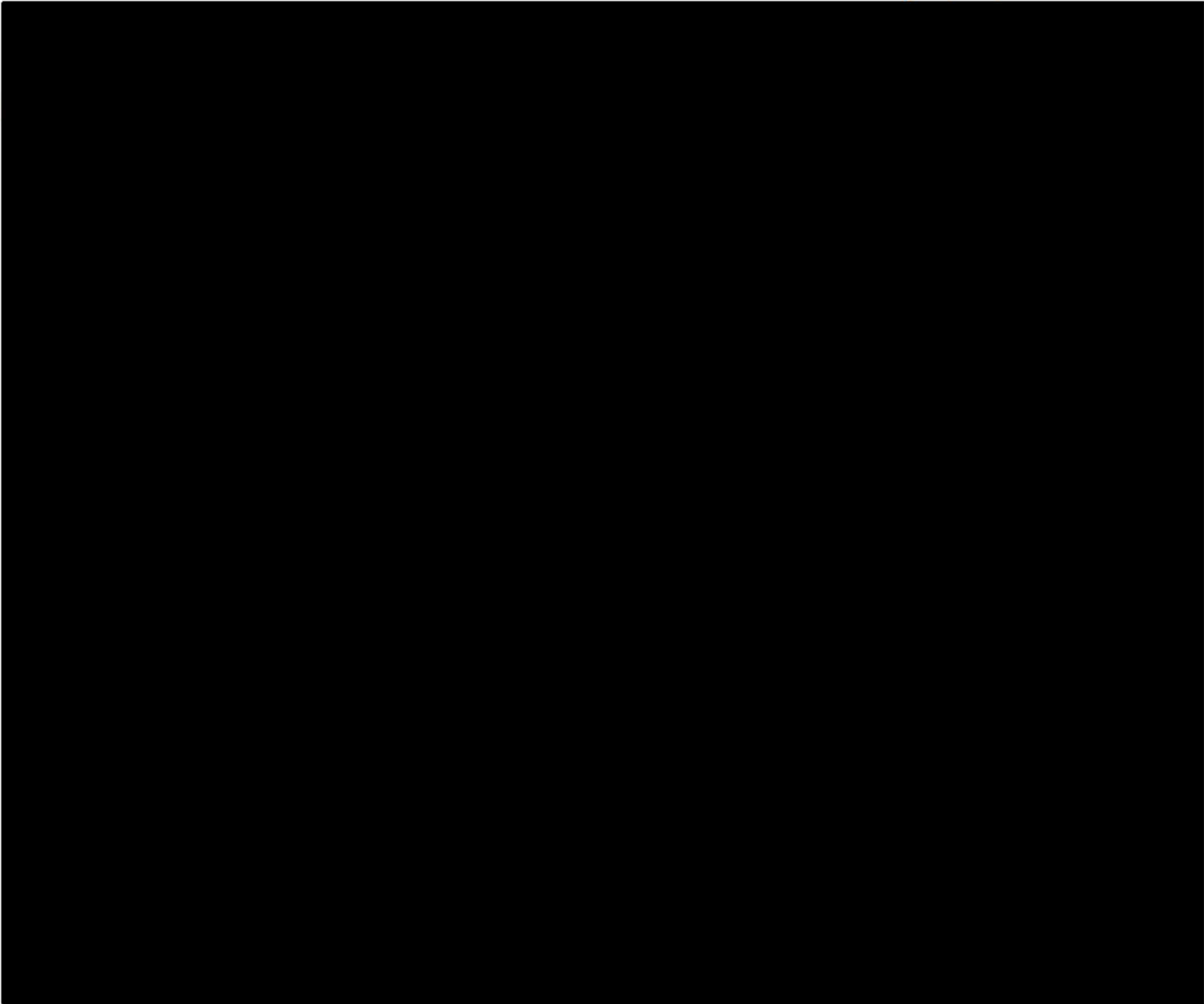
The Beckemeier Law Firm, LC

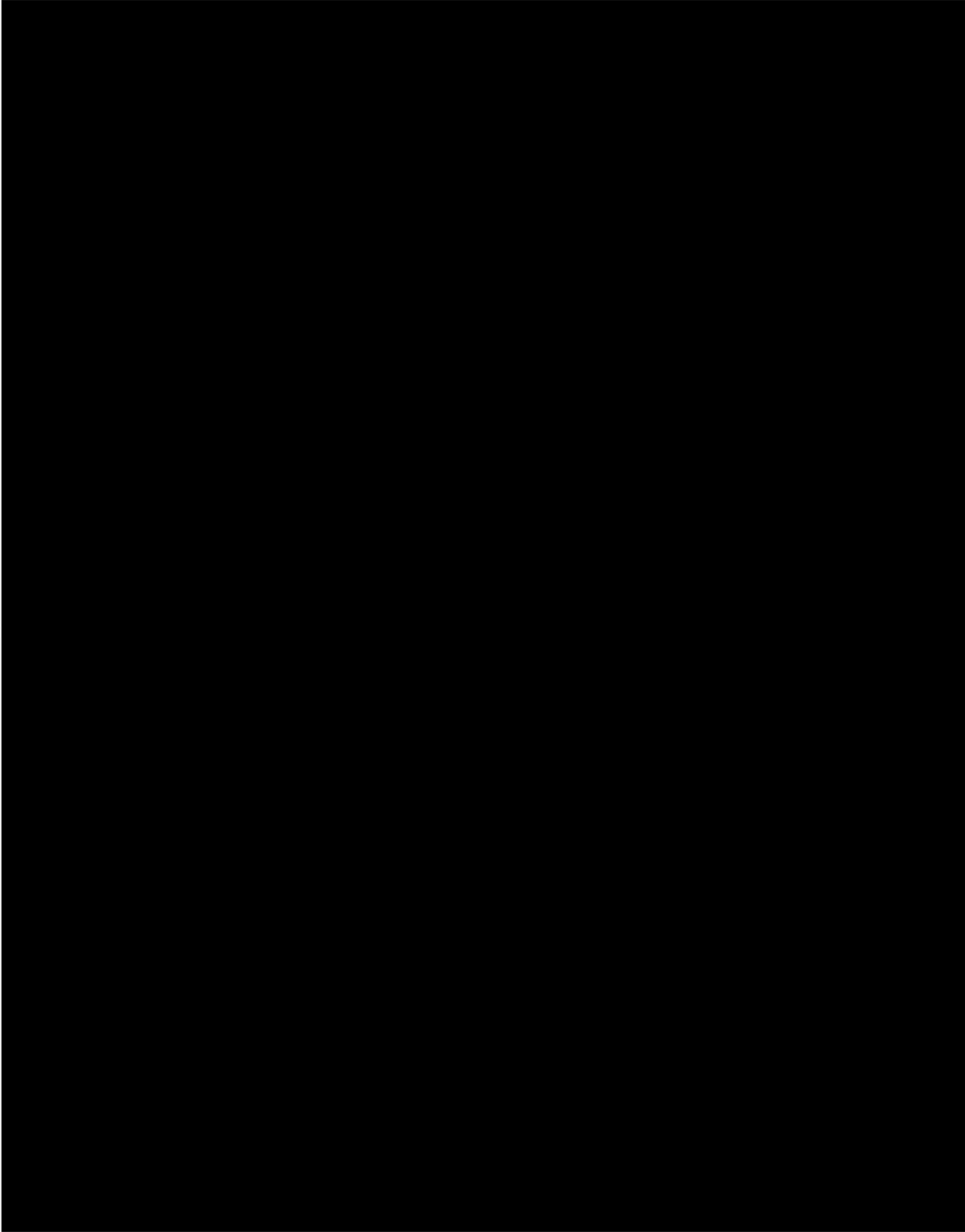
13421 Manchester Road, Suite 103
St. Louis, MO 63131

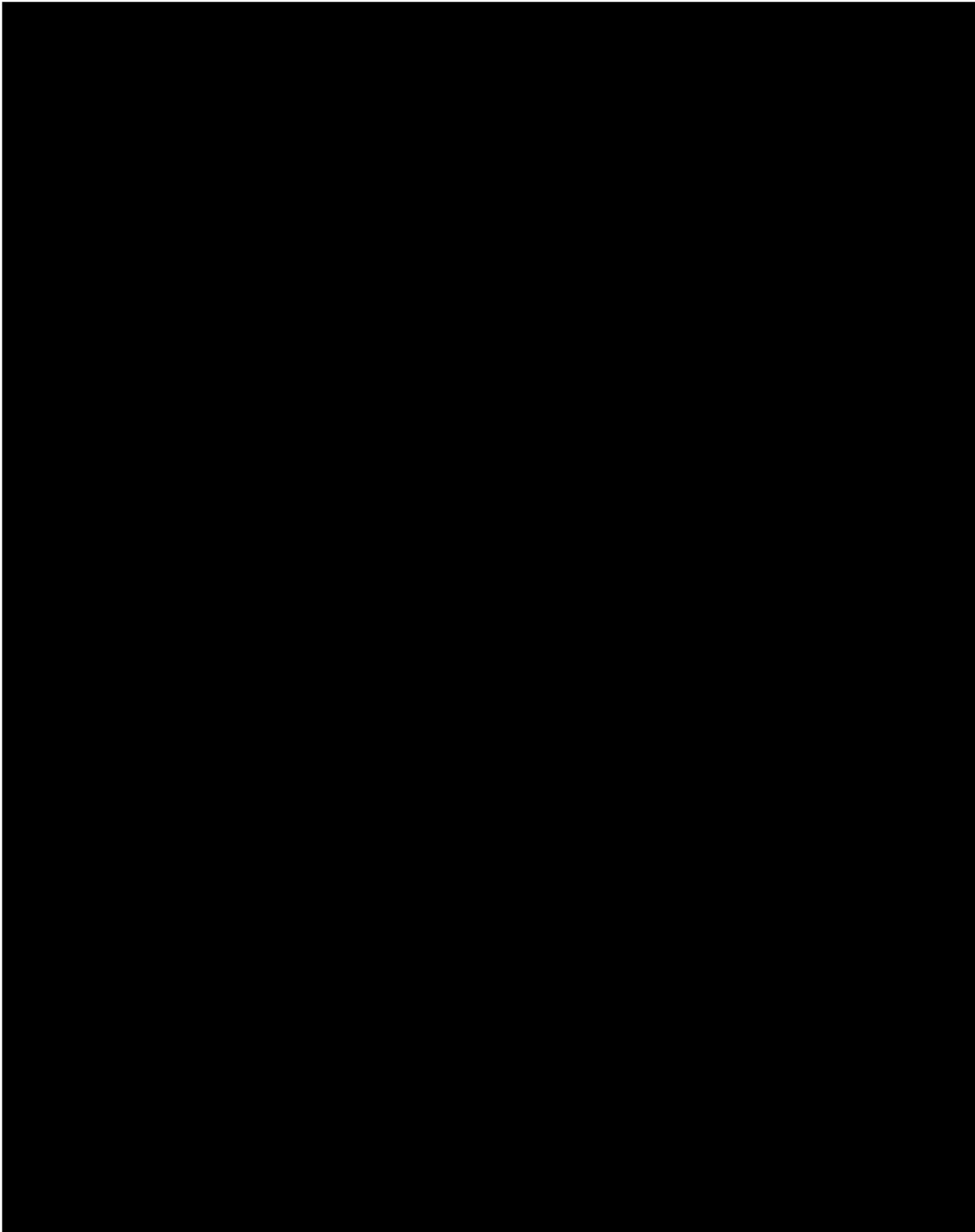
Invoice # 75-003
Date: 10/12/2019

CSWR, Inc. - North Carolina
500 Northwest Plaza Dr.
Suite 500
St. Ann, MO 63074

DATE RCVD 10/15/19 GL CODE 183.002
SCAN _____ EMAIL _____ JOB _____
DATAPP _____ QB 9/30/19
DT PD 11/5/19 GK# m
2491





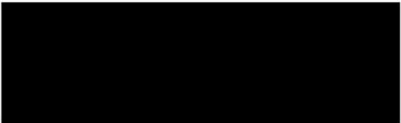




00878-CSWR, Inc. - North Carolina-Etowah

Etowah

Date	Firm Member	Notes	Quantity	Rate	Total
09/03/2019	CMD	Multiple telephone conferences with title company re: title work	0.30	\$215.00	\$64.50
09/04/2019	CMD	Review and respond to email from local counsel re: title work	0.10	\$215.00	\$21.50
				Subtotal	\$86.00





FEDERAL I.D. NO. 90-0354740*
Please make all amounts payable to: The Beckemeier Law Firm, LC

Payment is due upon receipt.



Phone: 336-378-1899
Fax: 336-378-1850
www.lawfirmcarolinas.com
FEIN: 56-0949842

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CSWR, LLC
1650 Des Peres Rd, Suite 303
St. Louis, MO 63131

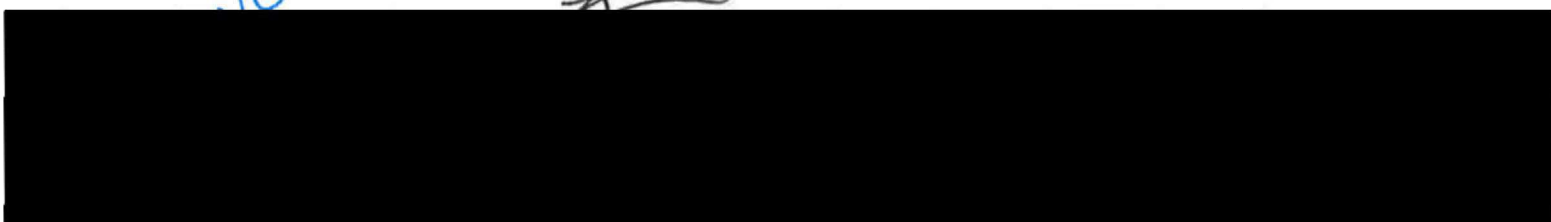
Statement Date December 7, 2020
Statement No. 228780
Account No. 219813.000

Page: 1

DATE RCVD 12/15/20 GL CODE 183.002
SCAN _____ EMAIL _____ JOB _____
DATAPP _____ QB 12/1/20
DT PD _____ CK# _____

RE: Real Estate

Jan 12 2024

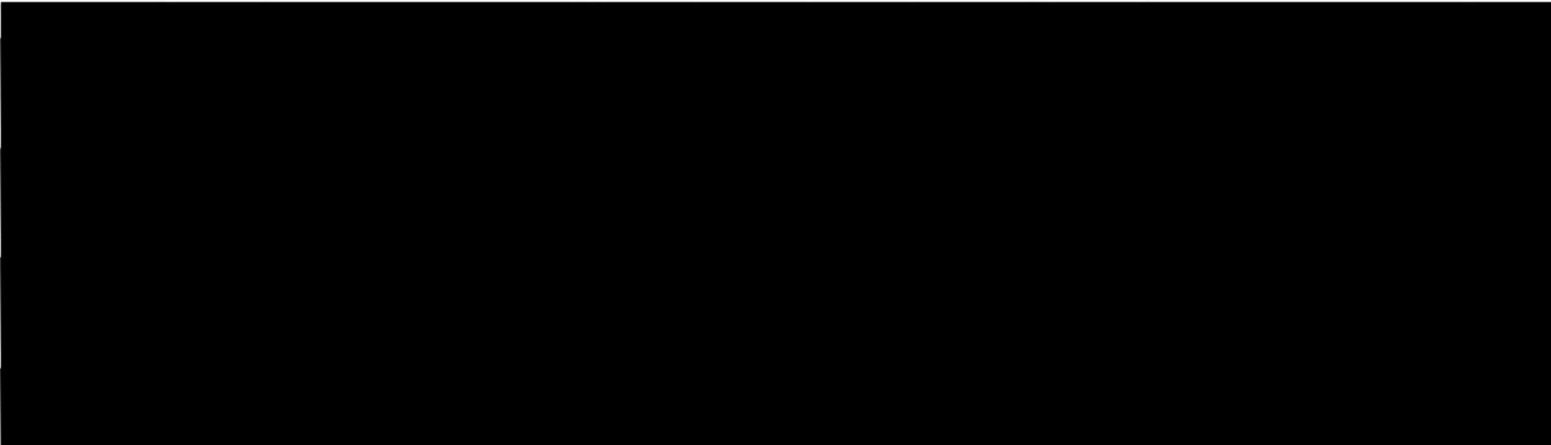


11/23/2020

JSR (CSWR) Etowah - going through the commitment and defining vesting deeds to fee and easement tracts.

0.50

125.00



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PO Box 41027
Greensboro, NC 27404-1027

Amount Remitted: _____

Check No.: _____

Statement Date 12/07/2020

Statement No. 228780

Account No. 219813.000

CSWR, LLC
 1650 Des Peres Rd, Suite 303
 St. Louis, MO 63131

Statement Date April 26, 2023
 Statement No. 262676
 Account No. 219813.000

Page: 1

RE: Real Estate

		Hours	
03/13/2023	JSR (CSWR) (Etowah) send EMD to seller.	0.50	150.00
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Law Firm Carolinas
 PO Box 41027
 Greensboro, NC 27404-1027



Amount Remitted: _____
 Check No.: _____
 Statement Date 04/26/2023
 Statement No. 262676
 Account No. 219813.000



Phone: 336-378-1899
 Fax: 336-378-1850
 www.lawfirmcarolinas.com
 FEIN: 56-0949842

OFFICIAL COPY

CSWR, LLC
 1650 Des Peres Rd, Suite 303
 St. Louis, MO 63131

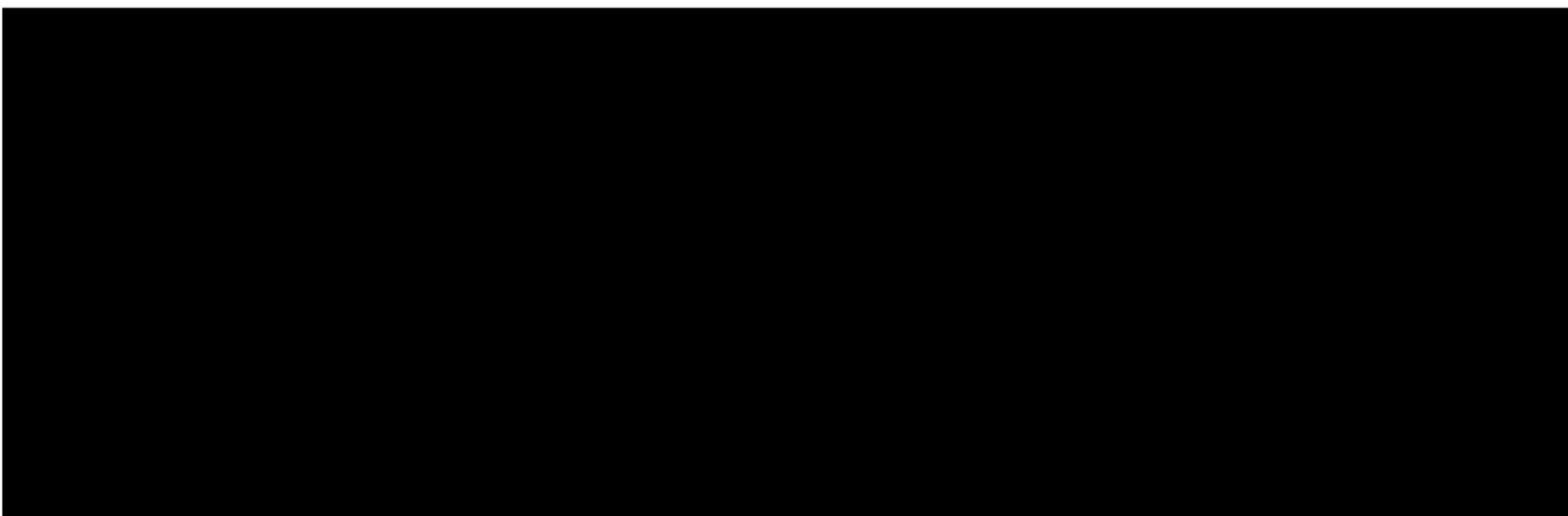
Statement Date April 15, 2020
 Statement No. 208686
 Account No. 219813.000

Page: 1

RE: Real Estate

Jan 12 2024

		Hours	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
03/10/2020	JSR Etowah - reviewing file prior to visit by Nancy Ferguson with Chicago Title. (No Charge)	0.50	
03/11/2020	JSR General - Meeting with Nancy Ferguson with Chicago Title to go through a file for closing. General - email to abstractor and client concerning search adjustments. Etowah - title search on easement tracts. Etowah - title search on easement tracts.	3.50	787.50
03/12/2020	JSR Etowah - title search on easement tracts. Etowah - title search on easement tracts, follow up on what looks to be a mistaken tract, perform search on new tract.	4.25	956.25
03/24/2020	JSR Etowah - completing preliminary title opinion, adding fee simple parcels.		





BLACK
SLAUGHTER
BLACK

Attorneys at Law

Phone: 336-378-1899
Fax: 336-378-1850
www.lawfirmcarolinas.com
FEIN: 56-0949842

CSWR, LLC
1650 Des Peres Rd, Suite 303
St. Louis, MO 63131

Statement Date June 16, 2020
Statement No. 221657
Account No. 219813.000
Page: 1

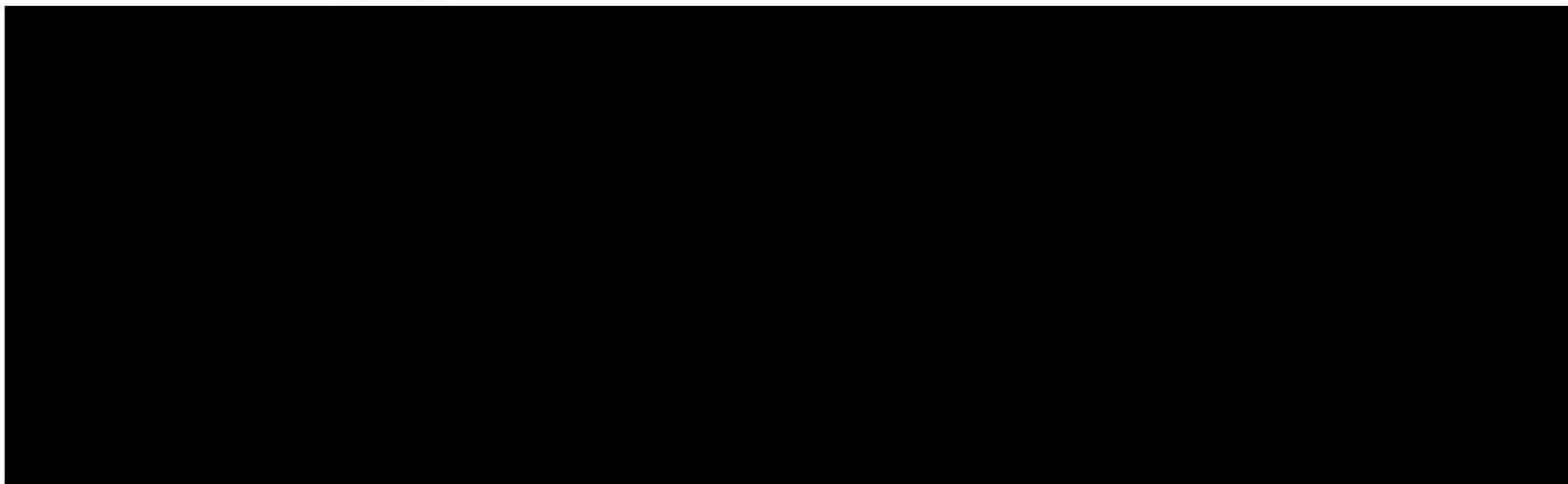
RE: Real Estate

DATE RCVD 06/17/20 GL CODE 183.002
PRCD BY Krista GL DATE 6/1/20

04/01/2020

JSR Etowah - title search on easement tracts.

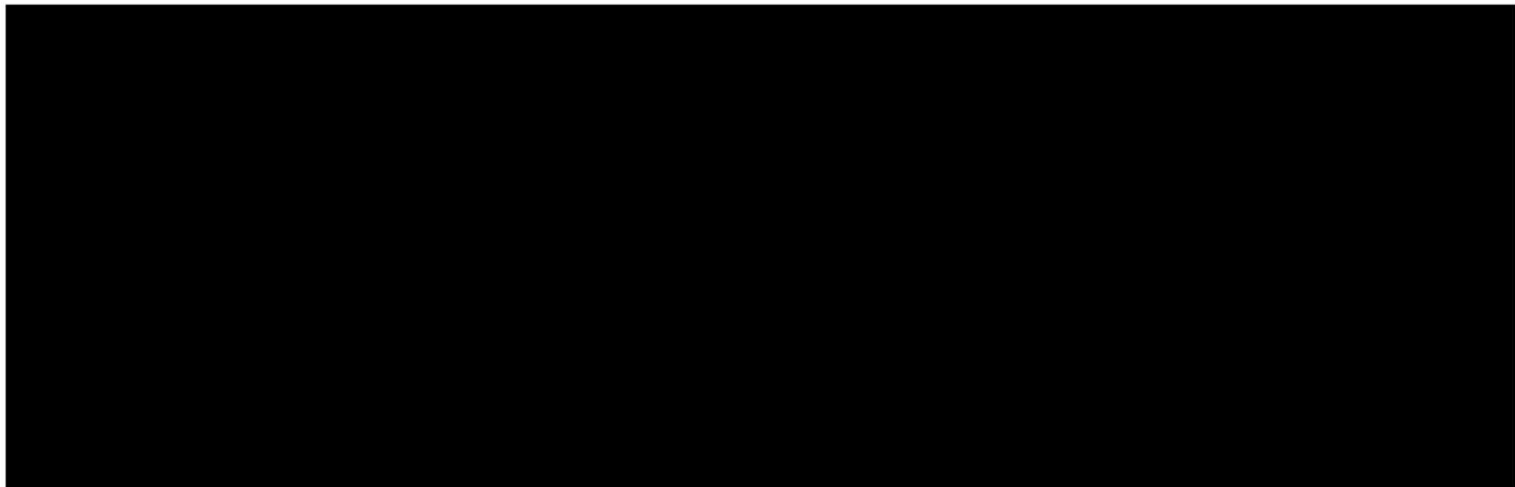
Hours
5.50 1,237.50



04/13/2020

JSR Etowah - searching, saving, and adding documents to the dropbox.
[redacted] reviewing and mapping legal description, email concerning a likely
incorrect legal description, request solution from client (needs a survey).

1.25 281.25



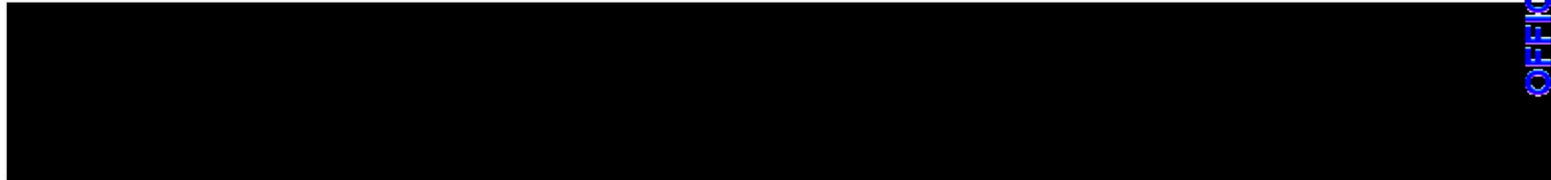
OFFICIAL COPY

Jan 12 2024

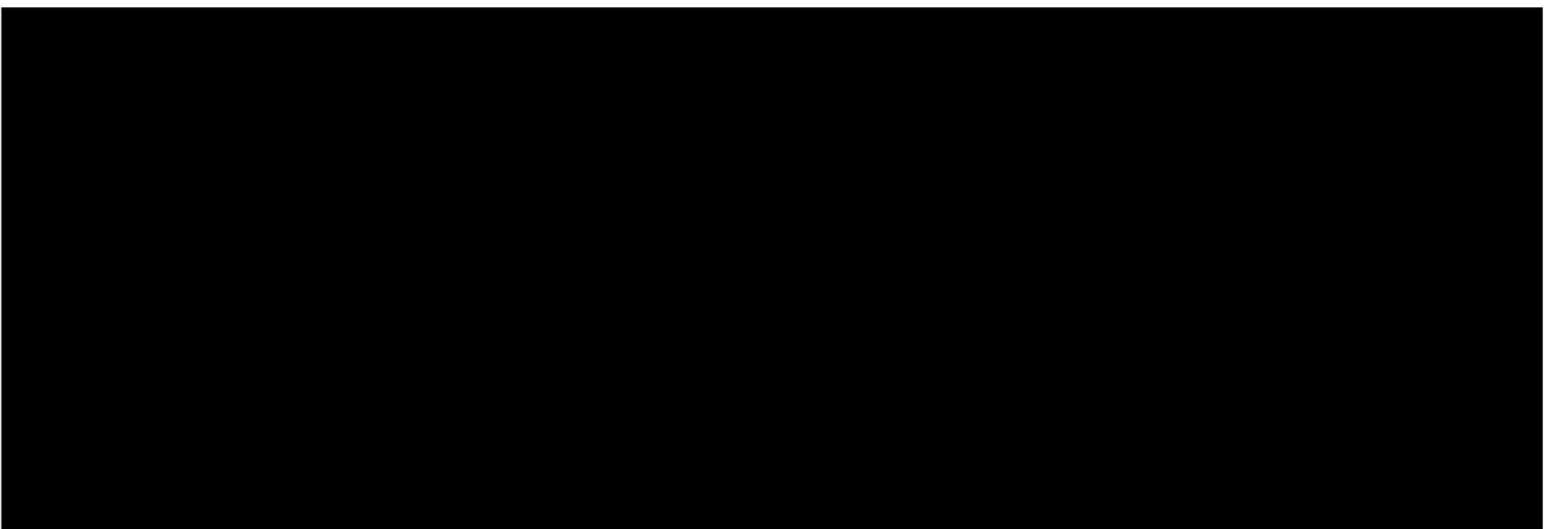
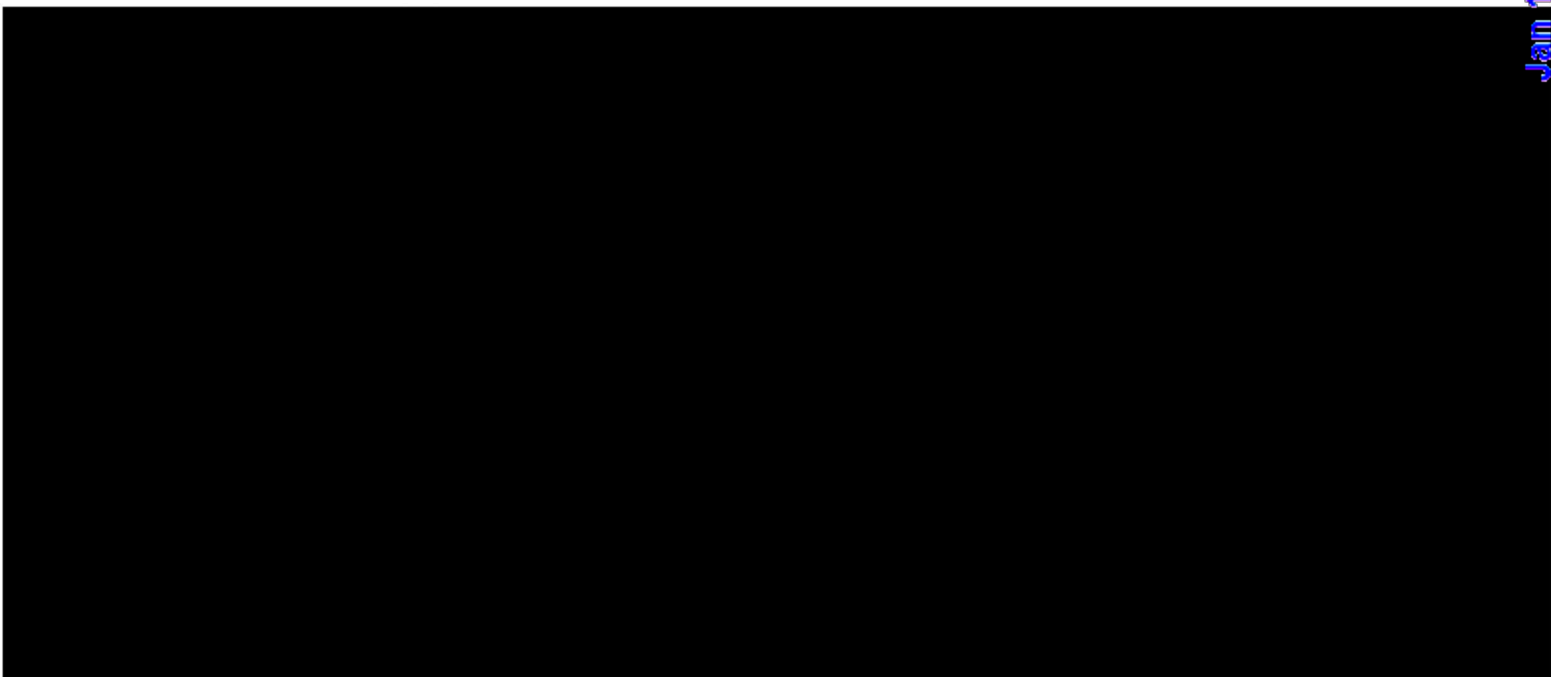
CSWR, LLC
Account No. 219813.000
RE: Real Estate

Statement Date 06/16/2020
Statement No. 22165
Page No. 2

OFFICIAL COPY



04/24/2020	JSR Etowah - marked up service area opinion for review, cannot access, receive new email, quick review.	0.50	112.50
04/27/2020	JSR Etowah - conversation with abstractor and email to client concerning the link between the grantee search and service area search.	0.25	56.25



Jan 12 2024

**Red Bird Utility Operating Company, LLC
Docket No. W-1328, Sub 0**

**Etowah Sewer Company Inc.
Docket No. W-933, Sub 12**

**Public Staff Data Request No. 13
Date Sent: November 13, 2023
Date Due: November 16, 2023**

Public Staff Technical Contacts: Mike Franklin
Phone: (919) 715-2666
E-Mail: mike.franklin@psncuc.nc.gov

Lynn Feasel
Phone: (919) 733-0943
Email: lynn.feasel@psncuc.nc.gov

Windley Henry
Phone: (919) 733-0949
Email: windley.henry@psncuc.nc.gov

Public Staff Legal Contacts: Davia Newell
Phone: (919) 733-0977
Email: davia.newell@psncuc.nc.gov

Gina Holt
Phone: (919) 733-0971
E-Mail: gina.holt@psncuc.nc.gov

James Bernier, Jr.
Phone: (919) 733-0976
Email: james.bernier@psncuc.nc.gov

Subject of Data Request: Beckemeier Rebuttal Testimony

Please provide all responses to this request in 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 1 for instructions for responding to this and all other Data Requests served on the Company by the Public Staff in the above-captioned proceedings.

1. Starting on page 3, line 13 of his rebuttal testimony, witness Beckemeier testifies about why Red Bird conducts due diligence and the contended benefits of such activities.
 - a. When is due diligence conducted? Please describe the timing of each aspect of due diligence and how the Company utilizes the information obtained.
 - b. Does due diligence benefit the Company?
 - i. If yes, provide examples.
 - ii. If no, provide an explanation why not.
 - c. Does due diligence inform the Company and its owners about the earning potential of the acquisition?
 - d. Does due diligence inform the negotiation of the purchase price?

RESPONSE:

1a. Due diligence on a particular acquisition begins within a week or two weeks after the Purchase Agreement is executed and concludes prior to closing an acquisition. The primary benefit to conducting extensive due diligence prior to closing an acquisition is to identify any defects in the system assets in order to plan for the capital improvements that will be needed to properly operate the system. In addition, conducting due diligence enables potential purchaser to identify any deficient real property rights that could inhibit the ability to properly operate the system. Identifying such deficiencies allows a purchaser such as Red Bird to take steps to cure such defects and deficiencies as soon as practicable, either prior to or after the closing to avoid disruptions in the proper operations of the system.

With respect to the Etowah system, the Valbridge appraisal was completed on August 5, 2019. McGill Associates, P.A. (“McGill”) conducted its on-site inspections on December 4, 2019, and the reports were prepared thereafter. The initial title due diligence began soon after the Purchase and Sale Agreement was fully executed in August of 2019. GIS work and surveys were launched in December of 2019. The first title research results were produced in November of 2019, and the initial title commitment was issued on March 26, 2020. Survey and GIS drafts were generated in mid-2020. Updated title, GIS, and survey work continued through December 2022, in that the title work was updated multiple times due to discovery of new title matters once survey work occurred and also due to the delay in the closing timeline on this transaction.

In 2023, there has been minimal title work performed on this project. However, once a closing date is set, all title work will need to be updated to the closing date and the surveys will also need to be updated due to the delay in the closing date from when the surveys were performed.

1b. Yes. Refer to response to PS DR13-1a. In addition, due diligence provides clarity on where the system components are located and if proper ownership rights exist for the seller to transfer the same. Due diligence also determines if there are judgments or other liens against the property being acquired. And finally, due diligence assures there is good, legal access to the components of the system to facilitate operations after the closing.

1c. No.

1d. Due diligence does not inform the Company on the initial purchase price. However, in some instances, the discovery of material defects in the due diligence process has resulted in a reduction to the purchase price to accommodate the costs associated with curing the defects. This did not occur with respect to the Etowah transaction.

2. On page 4, lines 16-18 of his rebuttal testimony, witness Beckemeier testifies that, "Based on the foregoing activities, we determined that there are material defects in the title rights impacting Etowah that need to be cured prior to the closing or shortly thereafter." Please provide the following information:
 - a. The definition of "material defects in title rights";
 - b. List of material defects;
 - c. When the material defects identified in the title rights will be cured;
 - d. The estimated time and cost by vendor to cure the material defects identified;
 - e. Whether the Company intends to seek recovery of the additional costs to cure the material defects identified.

RESPONSE:

2a. Any defect that does or could inhibit the use or operations of the system after closing.

2b. There were two sites in which the legal right to access was in question and required significant title research and survey work to resolve. One access issue remains and an easement right will need to be acquired from a third party either before or after the closing to address this defect. In addition, the legal descriptions of multiple sites of real property being acquired included defects and/or errors that needed to be updated with new survey work. Many of the easement rights necessary to access the service lines set forth within the covenants, conditions and restrictions (aka Indentures) within the service area property were not clearly described requiring title and survey work to ascertain the specific location of the easement rights. Moreover, the seller owns additional utility easement rights within

the service area that were not clearly described, which required survey work to determine their actual location.

2c. Many of the above-referenced defects have been clarified or cured during due diligence and the remaining items should be cured prior to the closing date.

2d. We do not itemize costs related to curing each specific defect.

2e. Yes. Red Bird intends to seek recovery of the additional costs in its first rate case proceeding.

3. On page 5, lines 8-9 of his rebuttal testimony, witness Beckemeier testifies that, “For a potential purchaser to properly assess the feasibility of acquiring a utility system it is incumbent upon the purchasing utility company to perform due diligence.” He goes on to list three areas that due diligence generally consists of. Please provide the following information:
 - a. The date each of these three areas of due diligence were completed for the Etowah system:
 - i. Engineering review;
 - ii. Valuation of the system assets; and
 - iii. Real property rights;
 - b. The factors used by the Company to “assess the feasibility of acquiring a utility system”; and
 - c. The factors used by the Company to assess the business need for the acquisition, including any cost-benefit analysis, forecasting, or evaluation.

RESPONSE:

3a. See Answer 13-1.a. above.

3ai. The preliminary engineering report was prepared in February 2020.

3aii. The Valbridge valuation study was submitted in August 2019.

3aiii. The determination of real property rights is ongoing.

3b. CSWR does not “assess the feasibility of acquiring a utility system” other than identifying any legal impediments to owning and operating a system.

3c. “Business need” is not a consideration.

4. On page 6, lines 12-15 of his rebuttal testimony, witness Beckemeier testifies that, “Therefore, even if engineering due diligence were not standard practice in a deal like this, which we think it is, at least part of the expense associated

with McGill's report was required to be incurred in order for Red Bird to complete its acquisition application." Please quantify the expense associated with the McGill report that was required to be incurred in order for Red Bird to complete its application.

RESPONSE:

4. The cost of the McGill study has been provided to Public Staff in the due diligence invoices.

5. On page 6, lines 18-21 of his rebuttal testimony, witness Beckemeier testifies regarding the need for and reasonableness of the appraisal. Please provide the following:
- a. Statute, rule, and/or Commission order supporting the use of an appraisal to determine whether to grant a CPCN or establish rate base and
 - b. The benefit to customers of an appraisal.

RESPONSE:

5a. Witness Beckemeier did not conduct any research to determine whether there is a statute, rule, or Commission decision governing the use of an appraisal to determine whether to grant a CPCN or to determine rate base. This Commission has previously determined that Red Bird has the technical, managerial, and financial qualifications to own and operate a water and wastewater utility in North Carolina, and believes a similar conclusion is justified in this case.

5b. The primary benefit of an appraisal is to assist the Commission in determining the fair market value of the assets being acquired and to determine if the purchase price is reasonable.

6. On page 10, lines 4-11 of his rebuttal testimony, witness Beckemeier testifies about the need to update due diligence because of delays in the regulatory process in North Carolina. Please provide the following information:
- a. The meaning of "closing time frame" as it is used on page 10, line 8 of witness Beckemeier's testimony including the starting and ending points and all other specific milestones;
 - b. Does "closing time frame" have the same meaning, starting and ending points, and other milestones in other jurisdictions in which CSWR affiliates have sought approval of acquisitions or transfers of water or wastewater systems?
 - c. List of transactions closed by CSWR affiliates including:
 - i. State;
 - ii. Regulator;

- iii. Name of system;
 - iv. Closing time frame;
 - 1. Start date; and
 - 2. End date.
 - v. Amount of due diligence costs incurred; and
 - vi. Amount of due diligence costs allowed for recovery in rates.
- d. For each CPCN or transfer application filed by Red Bird with the Commission, invoices for updated due diligence necessitated by the delay in the process of approving the transactions.

6a. The average purchase timeline of a utility system by a CSWR entity in states other than NC from when the purchase agreement is fully executed to the closing is approximately one year. The specific milestones are purchase agreement formation, completion of engineering and title due diligence, regulatory approval, and closing.

6b. Yes. The standard milestones and process in states where CSWR has closed transactions is the same; however, the outlier in NC is the timeframe for regulatory review and approval.

6c. Red Bird objects to this request to the extent it requires the Company to undertake legal analysis, research, and/or the compilation of new studies. Red Bird also objects to this request on the basis that it is unduly burdensome as this data cannot be easily queried from our systems to provide a comprehensive response in the given timeframe. Subject to and notwithstanding these objections, Red Bird will provide a list of all acquisition cases by state and docket number.

6d. Red Bird objects to this request to the extent it requires the Company to undertake legal analysis, research, and/or the compilation of new studies. Red Bird also objects to this request on the basis that it is unduly burdensome as this data cannot be easily queried from our systems to provide a comprehensive response in the given timeframe. Subject to and notwithstanding these objections, Red Bird will supplement this response and provide a list of all acquisition cases by state and docket number.

John R. Ashcroft Secretary of State
 2023 ANNUAL REGISTRATION REPORT
 BUSINESS

01372666
Date Filed: 4/18/2023
John R. Ashcroft
Missouri Secretary of State

OFFICIAL COPY
 Jan 12 2024

* SECTION 1, 3 & 4 ARE REQUIRED

REPORT DUE BY: 4/30/2023

01372666
 Central States Water Resources, Inc.
 C T CORPORATION SYSTEM
 120 S CENTRAL AVE
 SAINT LOUIS MO 63105

RENEWAL MONTH:
JANUARY

I OPT TO CHANGE THE CORPORATION'S RENEWAL MONTH TO FOR A \$25.00 FEE

PRINCIPAL PLACE OF BUSINESS OR CORPORATE HEADQUARTERS: *

1630 Des Peres Rd (Required)

Suite 140

STREET

Saint Louis MO 63131-1504

CITY / STATE ZIP

If changing the registered agent and/or registered office address, please check the appropriate box(es) and fill in the necessary information.

The new registered agent _____

IF CHANGING THE REGISTERED AGENT, AN ORIGINAL WRITTEN CONSENT FROM THE NEW REGISTERED AGENT MUST BE ATTACHED AND FILED WITH THIS REGISTRATION REPORT.

The new registered office address _____

Must be a Missouri address, PO Box alone is not acceptable. This section is not applicable for Banks, Trusts and Foreign Insurance.

OFFICERS		BOARD OF DIRECTORS	
NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT ACCEPTABLE). MUST LIST PRESIDENT AND SECRETARY BELOW		NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT ACCEPTABLE). MUST LIST AT LEAST ONE DIRECTOR BELOW	
A		B	
<u>PRESIDENT</u>	Cox, Josiah M 1630 Des Peres Rd Suite 140 Saint Louis MO 63131-1504	<u>NAME</u>	Cox, Josiah M 1630 Des Peres Rd Suite 140 Saint Louis MO 63131-1504 USA
<u>SECRETARY</u>	Thomas, F. Todd 1630 Des Peres Rd Suite 140 Saint Louis MO 63131-1504	<u>NAME</u>	Standen, Daniel J. 667 Madison Ave FL 3 New York NY 10065 USA
<u>TREASURER</u>	Moore, Martin W. 1630 Des Peres Rd Suite 140 Saint Louis MO 63131-1504	<u>NAME</u>	Rooney, Tom 667 Madison Ave. FL 3 New York NY 10065 USA
		<u>NAME</u>	Rigas, John 1135 Bowline Dr. Vero Beach FL 32963 USA

NAMES AND ADDRESSES OF ALL OTHER OFFICERS AND DIRECTORS ARE ATTACHED

The undersigned understands that false statements made in this report are punishable for the crime of making a false declaration under Section 575.060 RSMo. Photocopy or stamped signature not acceptable. *

4 **Authorized party or officer sign here** Madison McIntosh (Required)

Please print name and title of signer: Madison McIntosh / Other

NAME TITLE

REGISTRATION REPORT FEE IS:

___ \$20.00 If filed on or before 4/30/2023

___ \$35.00 If filed on or before 5/31/2023

___ \$50.00 If filed on or before 6/30/2023

___ \$65.00 If filed on or before 7/31/2023

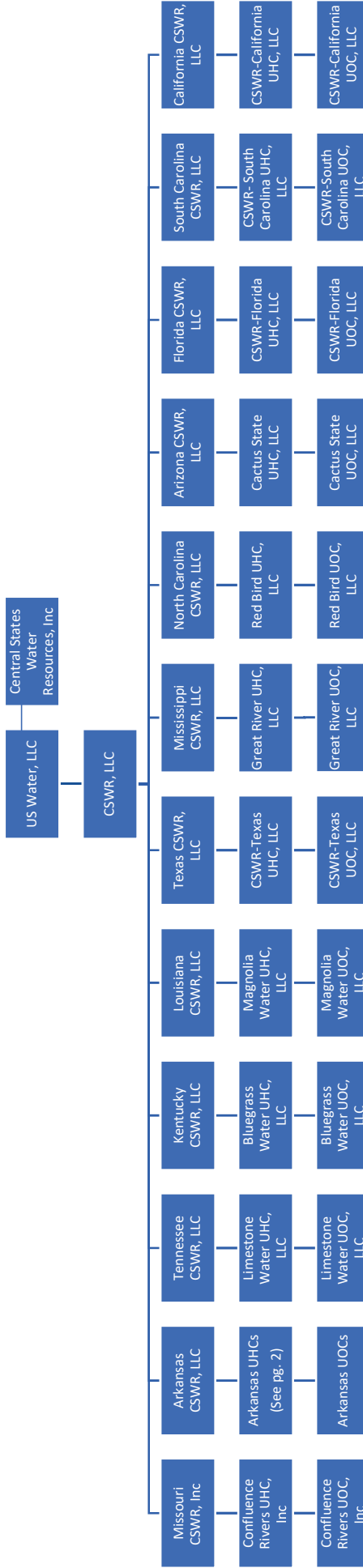
ADD AN ADDITIONAL \$25.00 FEE IF CHANGING THE RENEWAL MONTH.

WHEN THIS FORM IS ACCEPTED BY THE SECRETARY OF STATE, BY LAW IT WILL BECOME A PUBLIC DOCUMENT AND ALL INFORMATION PROVIDED IS SUBJECT TO PUBLIC DISCLOSURE

E-MAIL ADDRESS (OPTIONAL): jim@bl-stl.com

I/A

Central States Water Resources Corporate Entity Organizational Chart





LIMITED LIABILITY COMPANY ANNUAL REPORT

I/A

NAME OF LIMITED LIABILITY COMPANY: Red Bird Utility Operating Company, LLC

SECRETARY OF STATE ID NUMBER: 1918727 STATE OF FORMATION: NC

REPORT FOR THE CALENDAR YEAR: 2022

Filing Office Use Only
E - Filed Annual Report
1918727
CA202306802023
3/9/2023 12:15
Changes

SECTION A: REGISTERED AGENT'S INFORMATION

1. NAME OF REGISTERED AGENT: CT Corporation System

2. SIGNATURE OF THE NEW REGISTERED AGENT: SIGNATURE CONSTITUTES CONSENT TO THE APPOINTMENT

3. REGISTERED AGENT OFFICE STREET ADDRESS & COUNTY 4. REGISTERED AGENT OFFICE MAILING ADDRESS
160 Mine Lake Ct Ste 200 160 Mine Lake Ct Ste 200
Raleigh, NC 27615 Wake County Raleigh, NC 27615

SECTION B: PRINCIPAL OFFICE INFORMATION

1. DESCRIPTION OF NATURE OF BUSINESS: Investing in and operating water and waste water utilities

2. PRINCIPAL OFFICE PHONE NUMBER: (314) 736-4672 3. PRINCIPAL OFFICE EMAIL: Privacy Redaction

4. PRINCIPAL OFFICE STREET ADDRESS 5. PRINCIPAL OFFICE MAILING ADDRESS
1630 Des Peres Rd, Suite 140 1630 Des Peres Rd, Suite 140
St. Louis, MO 63131 St. Louis, MO 63131

- 6. Select one of the following if applicable. (Optional see instructions)
The company is a veteran-owned small business
The company is a service-disabled veteran-owned small business

SECTION C: COMPANY OFFICIALS (Enter additional company officials in Section E.)

NAME: Central States Water Resources, Inc. NAME: NAME:
TITLE: Manager TITLE: TITLE:
ADDRESS: ADDRESS: ADDRESS:
1630 Des Peres Rd, STE 140
St. Louis, MO 63131

SECTION D: CERTIFICATION OF ANNUAL REPORT. Section D must be completed in its entirety by a person/business entity.

Central States Water Resources, Inc., by Josiah M. Cox President 3/9/2023
SIGNATURE DATE

Central States Water Resources, Inc., by Josiah M. Cox President Manager
Print or Type Name of Company Official Print or Type Title of Company Official

This Annual Report has been filed electronically.

MAIL TO: Secretary of State, Business Registration Division, Post Office Box 29525, Raleigh, NC 27626-0525

OFFICIAL COPY
Jan 12 2024



LIMITED LIABILITY COMPANY ANNUAL REPORT

NAME OF LIMITED LIABILITY COMPANY: Red Bird Utility Holding Company, LLC

SECRETARY OF STATE ID NUMBER: 1918725 STATE OF FORMATION: NC

REPORT FOR THE CALENDAR YEAR: 2022

Filing Office Use Only
E - Filed Annual Report
1918725
CA202306802004
3/9/2023 12:01
Changes

SECTION A: REGISTERED AGENT'S INFORMATION

1. NAME OF REGISTERED AGENT: CT Corporation System

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3. REGISTERED AGENT OFFICE STREET ADDRESS & COUNTY 4. REGISTERED AGENT OFFICE MAILING ADDRESS
160 Mine Lake Ct Ste 200 160 Mine Lake Ct Ste 200
Raleigh, NC 27615 Wake County Raleigh, NC 27615

SECTION B: PRINCIPAL OFFICE INFORMATION

1. DESCRIPTION OF NATURE OF BUSINESS: Investing in and operating water and waste water utilities

2. PRINCIPAL OFFICE PHONE NUMBER: (314) 965-2277 3. PRINCIPAL OFFICE EMAIL: Privacy Redaction

4. PRINCIPAL OFFICE STREET ADDRESS 5. PRINCIPAL OFFICE MAILING ADDRESS
1630 Des Peres Rd, Ste. 140 1630 Des Peres Rd, Ste. 140
St. Louis, MO 63131 St. Louis, MO 63131

6. Select one of the following if applicable. (Optional see instructions)
The company is a veteran-owned small business
The company is a service-disabled veteran-owned small business

SECTION C: COMPANY OFFICIALS (Enter additional company officials in Section E.)

NAME: Central States Water Resources, Inc. NAME: NAME:
TITLE: Manager TITLE: TITLE:
ADDRESS: ADDRESS: ADDRESS:
1630 Des Peres Rd, STE 140
St. Louis, MO 63131

SECTION D: CERTIFICATION OF ANNUAL REPORT. Section D must be completed in its entirety by a person/business entity.

Central States Water Resources, Inc., by Josiah M. Cox President 3/9/2023
SIGNATURE DATE

Central States Water Resources, Inc., by Josiah M. Cox President Manager
Print or Type Name of Company Official Print or Type Title of Company Official

This Annual Report has been filed electronically.

MAIL TO: Secretary of State, Business Registration Division, Post Office Box 29525, Raleigh, NC 27626-0525

OFFICIAL COPY
Jan 12 2024



LIMITED LIABILITY COMPANY ANNUAL REPORT

NAME OF LIMITED LIABILITY COMPANY: North Carolina Central States Water Resources, LLC

SECRETARY OF STATE ID NUMBER: 1918561 STATE OF FORMATION: NC

REPORT FOR THE CALENDAR YEAR: 2023

Filing Office Use Only
E - Filed Annual Report
1918561
CA202306905055
3/10/2023 02:30
Changes

SECTION A: REGISTERED AGENT'S INFORMATION

1. NAME OF REGISTERED AGENT: CT Corporation System

2. SIGNATURE OF THE NEW REGISTERED AGENT: SIGNATURE CONSTITUTES CONSENT TO THE APPOINTMENT

3. REGISTERED AGENT OFFICE STREET ADDRESS & COUNTY 4. REGISTERED AGENT OFFICE MAILING ADDRESS
160 Mine Lake Ct Ste 200 160 Mine Lake Ct Ste 200
Raleigh, NC 27615 Wake County Raleigh, NC 27615

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1630 Des Peres Rd, STE 140 1630 Des Peres Rd, STE 140
St. Louis, MO 63131 St. Louis, MO 63131

- 6. Select one of the following if applicable. (Optional see instructions)
The company is a veteran-owned small business
The company is a service-disabled veteran-owned small business

SECTION C: COMPANY OFFICIALS (Enter additional company officials in Section E.)

NAME: Central States Water Resources, Inc. NAME: NAME:
TITLE: Manager TITLE: TITLE:
ADDRESS: ADDRESS: ADDRESS:
1630 Des Peres Rd, STE 140
St. Louis, MO 63131

SECTION D: CERTIFICATION OF ANNUAL REPORT. Section D must be completed in its entirety by a person/business entity.

Central States Water Resources, Inc., by Josiah M. Cox President 3/10/2023
SIGNATURE DATE

Central States Water Resources, Inc., by Josiah M. Cox President Manager
Print or Type Name of Company Official Print or Type Title of Company Official

This Annual Report has been filed electronically.

OFFICIAL COPY
Jan 12 2024



State of Missouri
John R. Ashcroft, Secretary of State
Corporations Division
PO Box 778 / 600 W. Main St., Rm. 322
Jefferson City, MO 65102

LC1371449
Date Filed: 5/28/2019
John R. Ashcroft
Missouri Secretary of State

OFFICIAL COPY

Jan 12 2024

Amendment of Articles of Organization

(Submit with filing fee of \$25.00)

Charter #: LC1371449

- 1. The current name of the limited liability company is First Round CSWR, LLC
2. The effective date of this document is the date it is filed by the Secretary of State of Missouri, unless a future date is otherwise indicated:

(Date may not be more than 90 days after the filing date in this office)

- 3. State date of occurrence that required this amendment: 5/17/2019
Month/Day/Year

- 4. The articles of organization are hereby amended as follows:
The name of the limited liability company shall be: CSWR, LLC.

New Name (if applicable): CSWR LLC

- 5. (Check if applicable) This amendment is required to be filed because:
[] management of the limited liability company is vested in one or more managers where management had not been so previously vested.
[] management of the limited liability company is no longer vested in one or more managers where management was previously so vested.
[X] a change in the name of the limited liability company.
[] a change in the time set forth in the articles of organization for the limited liability company to dissolve.
6. This amendment is (check either or both):
[X] authorized under the operating agreement
[] required to be filed under the provisions of RSMo Chapter 347
[] both

In Affirmation thereof, the facts stated above are true and correct:
(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040, RSMo)

Josiah Cox, President
Authorized Signature

JOSIAH COX, PRESIDENT
Printed Name

05/28/2019
Date

Name and address to return filed document:
Name: Caroline Margaret Johnson
Address: Email: CarolineJ@beckemeierlaw.com
City, State, and Zip Code:

STATE OF MISSOURI



John R. Ashcroft
Secretary of State

CERTIFICATE OF AMENDED ARTICLES OF ORGANIZATION

WHEREAS,

CSWR, LLC
LC1371449

FORMERLY,

First Round CSWR, LLC

filed its amended Articles of Organization with this office and WHEREAS that filing was found to conform to the Missouri Limited Liability Company Act;

NOW, THEREFORE, I, JOHN R. ASHCROFT, Secretary of State of the State of Missouri, by virtue of authority vested in me by law do hereby certify and declare that the above entity's Articles of Organization are amended.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 28th day of May, 2019.


Secretary of State



**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1146, SUB 13
DOCKET NO. W-1328, SUB 10

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Application by Red Bird Utility Operating)
Company, LLC, 1650 Des Peres Road,)
Suite 303, St. Louis, Missouri 63131, and)
Total Environmental Solutions, Inc., Post)
Office Box 14056, Baton Rouge, Louisiana)
70898, for Authority to Transfer the Lake)
Royale Subdivision Water and Wastewater)
Utility Systems and Public Utility Franchise)
in Franklin and Nash Counties, North Carolina,)
and for Approval of Rates)

**SUPPLEMENTAL TESTIMONY OF JOSIAH COX
ON BEHALF OF RED BIRD UTILITY OPERATING COMPANY, LLC**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Josiah Cox. My business address is 1650 Des Peres Road, Suite 303, St.
3 Louis, Missouri, 63131.

4 **Q. WHAT IS YOUR POSITION WITH RED BIRD UTILITY OPERATING**
5 **COMPANY, LLC (“RED BIRD” OR “COMPANY”)?**

6 A. I am President of Red Bird Utility Operating Company, LLC (“Red Bird”). I also am
7 President of CSWR, LLC, (“CSWR”), the corporate parent of Red Bird.

8 **Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS DOCKET?**

9 A. Yes, my direct testimony on behalf of Red Bird was filed in these dockets on August
10 30, 2023.

11 **Q. WHAT IS THE PURPOSE OF THE TESTIMONY YOU ARE NOW FILING?**

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08/11/2024

1 A. My supplemental testimony is provided on behalf of Red Bird to support the
2 Commission's approval and adoption of the Settlement Agreement and Stipulation
3 ("Stipulation") entered into by the Public Staff and Red Bird and filed with the Commission
4 on October 23, 2023.

5 **Q. DID THE STIPULATION RESOLVE ALL DISPUTED ISSUES BETWEEN**
6 **RED BIRD AND THE PUBLIC STAFF?**

7 A. Yes, it resolved all contested issues remaining between the Company and Public Staff.

8 **Q. WHAT WERE THE UNRESOLVED ISSUES?**

9 A. The disputed issues related to the rate base in the utility assets Red Bird proposes to
10 acquire from Total Environmentl Solutions, Inc. ("TESI"), the extent of Red Bird's due
11 diligence and acquisitions costs to potentially be recovered in the first general rate case
12 relating to the TESI system serving the Lake Royale development, and Red Bird's request
13 for an acquisition adjustment in connection with the acquisition of the TESI systems.

14 **Q. HOW DOES THE STIPULATION RESOLVE ALL OF THOSE ISSUES?**

15 A. The Stipulation reflects Red Bird's agreement to not pursue an acquisition adjustment
16 in these dockets, establishes the net book value of the TESI water and wastewater system
17 assets to be acquired by Red Bird, and provides for Red Bird's recovery of a meaningful
18 portion of its due diligence cost and transactional costs relating to this acquisition in a
19 future rate case.

20 **Q. DID RED BIRD MAKE SIGNIFICANT CONCESSIONS IN REACHING THE**
21 **AGREEMENT ON THE STIPULATION?**

22 A. Yes, we did. That being said, the Stipulation is a product of the arms-length
23 negotiations of the parties that yielded a result that both parties could accept. Commission

1 approval of the Stipulation will also provide us with certainty moving forward as to the
2 TESI system.

3 The Stipulation is the product of the give-and-take in settlement negotiations between Red
4 Bird and the Public Staff. There are provisions of the Stipulation that are more important
5 to Red Bird, and, likewise, there are provisions that are more important to the Public Staff.
6 Nonetheless, working from different starting points and different perspectives, these parties
7 were able to find common ground and achieve a settlement. We also anticipate that the
8 Stipulation will facilitate an earlier closing of this acquisition, and thereby allow Red Bird
9 to begin operating this system and bringing the benefits of its ownership of this system to
10 TESI customers earlier than would otherwise be possible.

11 **Q. DID OTHER REASONS SUPPORT RED BIRD'S WILLINGNESS TO SETTLE**
12 **THESE FINAL ISSUES WITH THE PUBLIC STAFF?**

13 A. Yes. Red Bird has other transfer applications pending before the Commission, and we
14 look forward to adding TESI to the portfolio of systems the Company seeks to build in
15 North Carolina. As we move forward with our business model and plans here, we will
16 continue to work to replicate in North Carolina the record of success our affiliate group has
17 achieved elsewhere.

18 As shown in my direct testimony, Red Bird has the financial, technical, and managerial
19 ability to acquire, own, and operate TESI's water and wastewater systems in a manner that
20 fully complies with applicable health, safety, and environmental protection laws and
21 regulations, and to provide reliable, safe, and adequate service to customers. Red Bird is
22 part of an affiliate group that currently owns and operates wastewater systems serving
23 approximately 219,000 wastewater customers and drinking water systems serving

1 approximately 145,000 customers in Missouri, Arkansas, Kentucky, Louisiana, Texas,
2 Tennessee, Mississippi, Florida, South Carolina, North Carolina, and Arizona.

3 **Q. DID PUBLIC STAFF REQUEST THAT RED BIRD ADDRESS CERTAIN**
4 **ISSUES IN THIS SUPPLEMENTAL TESTIMONY?**

5 A. Yes; those issues are addressed in the next few questions and answers.

6 **Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN SCIENS WATER**
7 **AND/OR SCIENS CAPITAL MANAGEMENT, LLC, AND US WATER SYSTEMS,**
8 **LLC.**

9 A. Sciens Capital Management, LLC, is an independent investment firm that provides
10 various investment opportunities to both private and institutional clients. In 2018 it
11 launched the Sciens Water Opportunities Fund, an entity that holds investor dollars to be
12 distributed to make investments in the United States water sector. U. S. Water Systems,
13 LLC (“US Water”) is a Delaware limited liability company formed by Sciens Capital
14 Management, LLC to oversee those water sector investments, including investments in
15 CSWR.

16 **Q: WHO IS THE ULTIMATE SOURCE OF THE FUNDING USED BY RED BIRD**
17 **TO ACQUIRE SYSTEMS, TO MAKE THE INVESTMENTS NECESSARY TO**
18 **ADDRESS ISSUES WITH SYSTEMS THAT ARE ACQUIRED, AND TO FUND**
19 **RED BIRD’S OPERATIONS?**

20 A. US Water is the source of equity capital that CSWR invests in its utility affiliates,
21 including Red Bird although, as stated in my previous answer, US Water’s funds are
22 provided by capital raised by Sciens Capital Management, LLC. Those affiliates use the
23 equity provided by CSWR to acquire small, oftentimes distressed water and wastewater
24 systems, make capital investments necessary to bring those systems into compliance with
25 applicable laws and regulations to ensure they provide safe and reliable service, and
26 provide working capital required to financially sustain the utility affiliates until they can
27 obtain fully compensatory rates from state regulators. Red Bird currently is using equity

1 provided by CSWR for the purposes I just described for the Ocean Terrace/Pine Knoll
2 Townes, Bear Den, and Crosby Utilities acquisitions the Commission previously
3 authorized.

4 **Q: PLEASE EXPLAIN HOW FUNDING PROVIDED TO CSWR BY US WATER**
5 **IS ALLOCATED AMONG THE CSWR AFFILIATES.**

6 A. Funding is provided to the various CSWR utility affiliates based upon their respective
7 capital needs. Funds are allocated based on assessments of need, with consideration for
8 health, safety and compliance being prioritized. Those needs include the costs of acquiring
9 the systems (including the purchase price paid for assets, due diligence costs, and
10 acquisition costs), the costs of capital investments necessary to upgrade and improve
11 systems to ensure compliance with applicable health, safety, and operating laws and
12 regulations, and the working capital necessary to sustain them until they can establish fully
13 compensatory rates. Funding from US Water is approved and pulled down to CSWR three
14 times per year.

15 **Q: ARE THERE ANY LIMITATIONS AND/OR CONDITIONS PLACED ON THE**
16 **FUTURE FUNDING OF RED BIRD BY ANY OF RED BIRD'S UP STREAM**
17 **OWNERS?**

18 A. No.

19 **Q: CAN YOU PROVIDE AN UPDATED VERSION OF THE EXPLANATION OF**
20 **CORPORATE STRUCTURE AS A LATE FILED EXHIBIT IN THIS DOCKET?**

21 A: Yes, attached as Cox Supplemental Exhibit 1 is an updated explanation of corporate
22 structure provided pursuant to the request by the Public Staff.

23 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

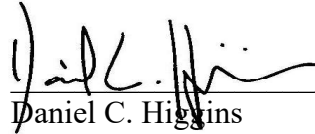
24 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing document has been served on all counsel of record for all parties in this docket, if any, and the Public Staff, by either depositing same in a depository of the United States Postal Service, first-class postage prepaid and mailed by the means specified below, or by electronic delivery.

This the 23rd day of October, 2023.

BURNS, DAY & PRESNELL, P.A.



Daniel C. Higgins
Post Office Box 10867
Raleigh, NC 27605
Tel: (919) 782-1441
Email: dhiggins@bdppa.com
Attorneys for Red Bird

Updated Explanation of Corporate Structure

The entity/corporate structure in place in North Carolina for Red Bird Utility Operating Company, LLC's affiliate group – consisting of the utility operating company, an intermediate holding company, and a state holding company – is a legacy structure that predates the acquisition of CSWR, LLC (“CSWR”), by U.S. Water Systems, LLC (“US Water”), in late 2018. Prior to that acquisition, affiliates operating in Missouri and Arkansas – which were the affiliated group's only operations at that time – utilized an identical three-tiered structure. That legacy structure has continued to be replicated in each new state the affiliate group entered.

By virtue of U.S. Water's acquisition of CSWR, US Water is the sole owner/member of CSWR, and it provides equity capital to CSWR which CSWR uses to make equity investments in its affiliated utility operating companies, including Red Bird.

In North Carolina, Red Bird Utility Operating Company, LLC, holds (or will hold) all acquired utility assets and will operate as a regulated utility. Red Bird Utility Holding Company, LLC, the intermediate holding company, is the sole member of Red Bird Utility Operating Company, LLC and North Carolina Central States Water Resources, LLC, the state holding company, is the sole member of Red Bird Utility Holding Company, LLC. Neither the intermediate or state holding companies have assets or employees, so their existence adds no operating or administrative costs to the utility operating company.

CSWR, LLC (“CSWR”) is the sole member of North Carolina Central States Water Resources. CSWR employs all administrative, professional, and other personnel providing affiliated services to Red Bird Utility Operating Company, LLC and all its various state utility operating company affiliates. Costs incurred by CSWR are either direct charged to an affiliate or are allocated using the Massachusetts allocation methodology. CSWR also provides its utility operating affiliates equity capital necessary to make acquisitions and to fund required capital improvements, and provides working capital to fund day-to-day operations until compensatory rates can be established.

Central States Water Resources, Inc., is the designated manager of all affiliated limited liability companies both inside and outside North Carolina, and exists solely for that purpose. Central States Water Resources, Inc. has no assets or paid employees, and performs its managerial responsibilities using CSWR personnel.

Red Bird Utility Operating Company, LLC
Docket No. W-1328, Sub 8
Baytree Waterfront Properties, Inc.
Docket No. W-938, Sub 6
Response to Public Staff Data Request No. 17
Date Sent: November 2, 2023
Date Due: November 5, 2023

Public Staff Technical Contacts:

Mike Franklin
Phone: (919) 715-2666
E-Mail: mike.franklin@psncuc.nc.gov

Hemanth Meda
Phone: (919) 733-0920
E-Mail: hemanth.meda@psncuc.nc.gov

Lynn Feasel
Phone: (919) 733-0943
Email: lynn.feasel@psncuc.nc.gov

Windley Henry
Phone: (919) 733-0949
Email: windley.henry@psncuc.nc.gov

Public Staff Legal Contacts:

James Bernier, Jr.
Phone: (919) 733-0976
Email: james.bernier@psncuc.nc.gov

Davia Newell
Phone: (919) 733-0977
Email: davia.newell@psncuc.nc.gov

Gina Holt
Phone: (919) 733-0971
E-Mail: gina.holt@psncuc.nc.gov

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

Erica Jones
Phone: (919) 733-6113
Email: erica.jones@psncuc.nc.gov

Subject of Data Request: Cox Rebuttal Testimony

Please provide all responses to this request in 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 1 for instructions for responding to this and all other Data Requests served on the Company by the Public Staff in the above-captioned proceedings.

1. On page 3, lines 12-16 in the rebuttal testimony of Mr. Josiah Cox, witness Cox testifies, "In preparation for this testimony a review of available compliance documentation for the Baytree system was completed to assess the compliance history and competency of the existing ownership. As a result of that review a number of trends in reporting, facility status, and enforcement action were noted that indicate the existence of compliance and management issues at the facility." Please identify the existing owner, location of the "Baytree system," and the facility's major components.

Response: The information Mr. Cox relied on for the portion of his rebuttal testimony referenced in this request did not relate to the wastewater system currently owned and operated by Baytree Waterfront Properties, Inc., but instead related to the Baytree Lakes wastewater system. Consequently, the referenced testimony is in error. Red Bird regrets the error and apologizes for any resulting confusion.

2. On page 3, lines 16-23 and page 4, line 1, in the rebuttal testimony of Mr. Josiah Cox, witness Cox testifies, "The facility received numerous notices of violation (NOVs) and civil penalty (CP) assessments over the period observed with NOVs and CPs issued monthly for monitoring reporting that was not submitted for previous months. Each violation stated that while the reporting had been completed and submitted, the facility owner or responsible official failed to sign the reports in order for them to be accepted. In fact, the notices stated the owner "refused to sign" the reports as required by law. This resulted in monthly fines of \$10,083.44 being issued for two missing reports and to cover the enforcement costs associated with issuing the NOVs and CPs." Please provide copies of the NOVs and CPs referred to in Mr. Cox's rebuttal testimony.

Response: The information Mr. Cox relied on for the portion of his rebuttal testimony referenced in this request did not relate to the wastewater system currently owned and operated by Baytree Waterfront Properties, Inc., but instead related to the Baytree Lakes wastewater system. Consequently, the referenced testimony is in error. Red Bird regrets the error and apologizes for any resulting confusion.

3. On page 4, lines 5-11 of his rebuttal testimony, witness Cox testifies that reports available after August 2022, show the facility consistently exceeding its flow

limits in both monthly average flow and daily maximum flow. He further states that daily maximum exceedances ranged from more than 20,000 gallons per day to more than 50,000 gallons per day. Please provide copies of all reports Mr. Cox is referring to that show monthly average flow and/or daily maximum flow limits being exceeded.

Response: The information Mr. Cox relied on for the portion of his rebuttal testimony referenced in this request did not relate to the wastewater system currently owned and operated by Baytree Waterfront Properties, Inc., but instead related to the Baytree Lakes wastewater system. Consequently, the referenced testimony is in error. Red Bird regrets the error and apologizes for any resulting confusion.

4. On page 4, lines 14-20 of witness Cox's rebuttal testimony, he testifies that post August 2022 reports identify that no disinfection process is currently in use at the facility and that there is a chlorine dosing system present in the Baytree system, but it is disconnected from the system because the piping is too corroded to allow the chlorine feed to be connected. Mr. Cox further states that the reports "also state that the 'area manager' (presumably either a DEQ or local official, or an operator of the facility) has received quotes for the piping replacement required to reenble the disinfection system, but that the owner refused to grant approval for the work to be performed." Please provide the following:
 - a. Copies of all post-August 2022 reports that Mr. Cox is referring to that support Mr. Cox's rebuttal testimony; and
 - b. An explanation as to why improvements to the Baytree disinfection system were not identified by third party engineering firm, McGill Associates P.A., as proposed improvements in Application Attachment L.1, Application Confidential Attachment L, or in Red Bird's response to Public Staff Data Request No.3.

Response: The information Mr. Cox relied on for the portion of his rebuttal testimony referenced in this request did not relate to the wastewater system currently owned and operated by Baytree Waterfront Properties, Inc., but instead related to the Baytree Lakes wastewater system. Consequently, the referenced testimony is in error. Red Bird regrets the error and apologizes for any resulting confusion.

5. On page 4, lines 20-21 and page 5, lines 1-2 of witness Cox's rebuttal testimony, he testifies that the DEQ inspector indicated in his report that all effluent that is sprayed has not been disinfected. Mr. Cox adds that "such a practice represents a risk of introducing harmful pathogens to the environment or causing health issues for people nearby." Please provide documentation that supports Mr. Cox's testimony that Baytree effluent is "sprayed" and shows the areas of the Baytree wastewater system where effluent is sprayed.

Response: The information Mr. Cox relied on for the portion of his rebuttal testimony referenced in this request did not relate to the wastewater system currently owned and operated by Baytree Waterfront Properties, Inc., but instead related to the Baytree Lakes wastewater system. Consequently, the referenced testimony is in error. Red Bird regrets the error and apologizes for any resulting confusion.

6. On page 6, lines 1-3 of witness Cox's rebuttal testimony, he testifies, "That report, which was prepared by a third-party engineering firm in February 2021 identified necessary sewer system repairs and upgrades estimated to cost more than \$155,000." Please provide an explanation for the differences between Confidential Attachment L and Attachment L.1 and why the rebuttal testimony does not discuss the content of Confidential Attachment L.

Response: Although prepared in February 2021, the \$155,000 amount referenced in Mr. Cox's rebuttal testimony represents the most current preliminary estimate of the cost of facility and equipment updates, replacements, and improvements required for the Baytree system. Because the most recent estimate superseded the estimate from September 2020 reflected in Attachment L, Mr. Cox did not believe it was necessary to discuss the prior estimate.

7. On pages 9 and 10 of witness Cox's rebuttal testimony, he testifies about law firms hired by Red Bird. Please provide the following information:
 - a. Documentation that 1) clearly describes the work completed, 2) how the work relates to the application and approval process, 3) the amount of time and associated cost, and 4) identifies the individual that performed the work;
 - b. The name, job title, and resume, CV, or other description of educational and work experience for each individual employee of Beckemeier LeMoine, Law Firm Carolinas, and Burns, Day & Presnell that directly worked on or supervised due diligence or other legal activities that Red Bird seeks cost recovery in this docket;
 - c. Copies of work product resulting from "coordinating all due diligence and closing activities" and the need for another law firm to perform this responsibility.
 - d. For any information that is claimed to be privileged relating to legal invoices, work product or items related to this or any previous data responses, please provide privilege logs.

Objections and Response: Red Bird objects to DR 17-7 on the basis that the information requested does not relate to "new material introduced" in the Cox Rebuttal Testimony filed October 30, 2023, in these dockets; that it seeks production of information that is neither relevant to any issues that are or may be involved in these dockets, nor reasonably calculated to lead to the discovery of admissible evidence, and portions of the request would

impose undue burden. In addition, some of the information requested is protected from disclosure by the attorney-client privilege.

Subject to and without waiving its objections, Red Bird responds as follows:

- a. Redacted copies of legal bills for the law firms referenced in Mr. Cox's rebuttal testimony have been or will be uploaded to Public Staff's Sharefile platform. Those bills include a description of the tasks performed. The cost associated with those tasks is also identified on each bill. How the work relates to the proposed acquisition and the Commission's approval process is described at page 10 of Mr. Cox's rebuttal testimony.
 - b. The name, job title, and CV of attorneys at Beckemeier LeMoine Law and Law Firm Carolinas can be found, respectively, on the following websites: www.beckemeierlemoine.com and www.lawfirmcarolinas.com.
 - c. The request for attorney work-product seeks privileged information which is not subject to discovery.
 - d. Red Bird has not prepared a privilege log as doing so would be unduly burdensome.
8. On page 11, lines 8-10 of witness Cox's rebuttal testimony, he states "we have found the true condition and needs of systems we acquire can only really be determined after we own and operate those systems. . . ." Given witness Cox's statement, please provide the basis for the costs of due diligence inquiries performed before a system is acquired and Red Bird actually owns and operates the system being reasonable and prudent and appropriate for recovery in rates.

Response: The purposes of pre-closing due diligence work are described on pages 10-11 of Mr. Cox's rebuttal testimony, and that pre-closing due diligence work is the basis for the referenced costs.

9. On page 14, lines 22-23 of witness Cox's direct testimony, he testifies that "[t]he impact on future rates of Red Bird's acquisition of the Baytree system will not and cannot be known at the present time, so it would be inappropriate and unreasonable for the Commission to consider that issue in the current case." Please explain how this statement applies to an acquisition adjustment where the purchase price is known based on a contractual agreement and the net plant value is also known.

Response: The impact on future rates of the proposed acquisition adjustment will not and cannot be known at the present time because various factors affecting those rates

are not presently known. Those factors include, but are not limited to, Red Bird's capital structure, its cost of equity, its cost of debt, and whether rates will be set on a system-specific or consolidated basis.

10. On page 16, lines 5-7 of witness Cox's direct testimony, he testifies, "[Instead, those revenues are substantially supplemented by working capital provided by investments from U.S. Water Systems, LLC ("U.S. Water") – the affiliate group's ultimate corporate parent." Please provide the following information:
 - a. Is Sciens Capital Management, LLC (Sciens) the parent of U.S. Water Systems, LLC (U.S. Water)? If not, who is?
 - b. Is Sciens the sole member or investor of U.S. Water? If not, please list all members or investors of U.S. Water and quantify the size of each member of investor's interest in U.S. Water;
 - c. Personnel organizational chart of CSWR;
 - d. Personnel organizational chart of U.S. Water;
 - e. List of board members of U.S. Water;
 - f. Personnel organizational chart of Sciens;
 - g. List of board members of Sciens;
 - h. Copies of proposed annual budgets in 2022 and 2023 submitted by CSWR to U.S. Water;
 - i. Copies of annual budgets approved in 2022 and 2023 by U.S. Water; and
 - j. Amounts and dates of capital pulldowns from U.S. Water in 2022 and 2023.

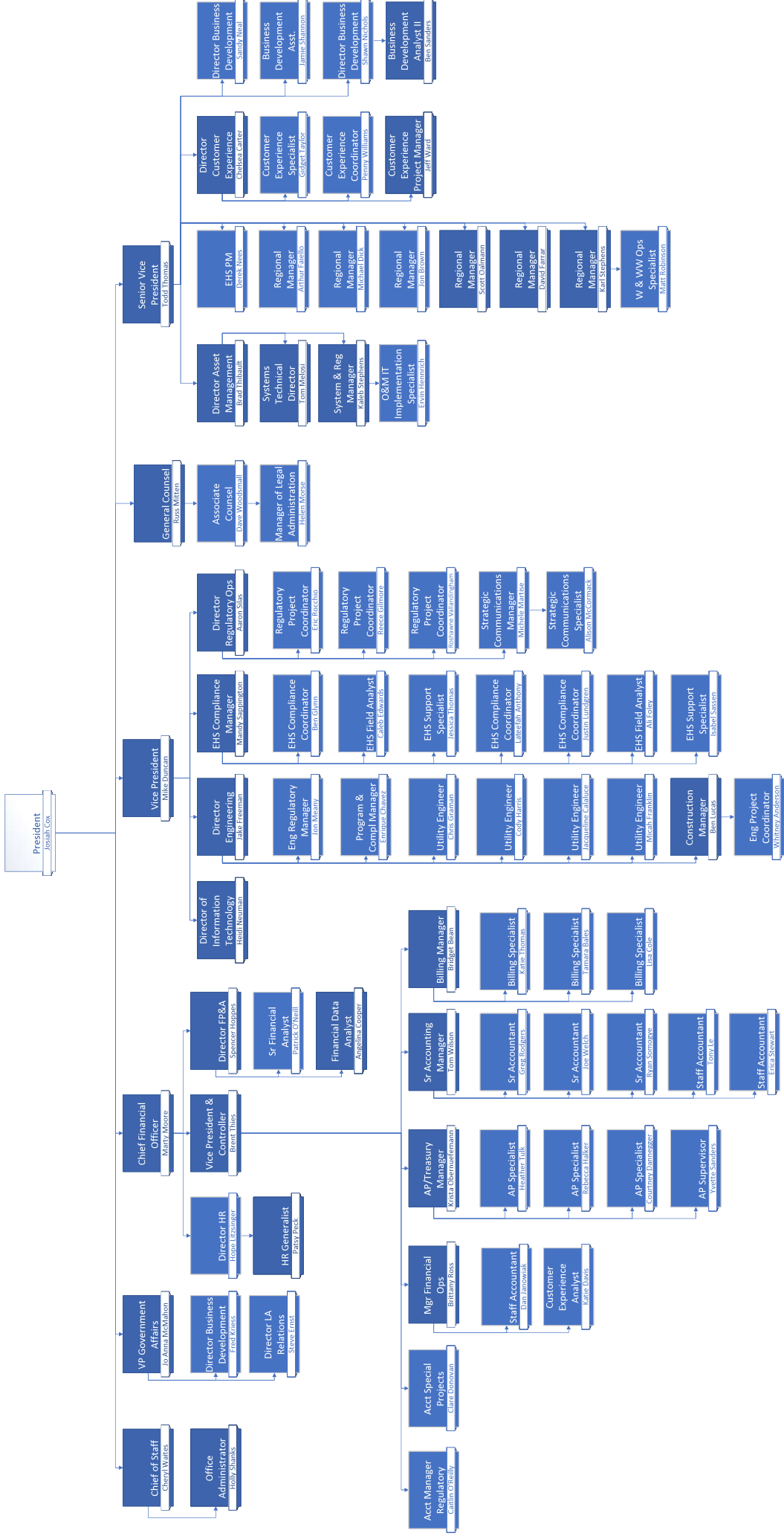
Objections and Response: Red Bird objects to DR 17-10 on the basis that the information requested does not relate to "new material introduced" in the Cox Rebuttal Testimony filed October 30, 2023, in these dockets; that it seeks production of information that is neither relevant to any issues that are or may be involved in these dockets, nor reasonably calculated to lead to the discovery of admissible evidence.

Subject to and without waiving its objections, Red Bird responds as follows:

- a. Red Bird does not know the identity of the parent of U.S. Water Systems (U.S. Water) or whether a "parent" exists.
- b. Red Bird does not know the identities of investors in U.S. Water.
- c. A copy of the personnel organization chart of CSWR, LLC, is attached to this response.
- d. Red Bird does not have a copy of the personnel organization chart of U.S. Water or know whether such a chart exists.
- e. Dan Standen, John Rigas, and Tom Rooney.
- f. Red Bird does not have a copy of the personnel organization chart of Sciens Capital Management, LLC, (Sciens) or know whether such a chart exists.
- g. Red Bird does not know if Sciens has a board of directors or the identities of the members of that board if it exists.

11. Will Red Bird Utility Operating Company, LLC stipulate that the portions of Josiah Cox's Supplemental testimony filed in Docket Nos. W-1146, Sub 13 and W-1328, Sub 10 that relate to the Company's financial viability and their future commitment to provide necessary capital also applies to the provision of utility services for the Baytree Waterfront Properties, Inc.?

Response: It is unclear from this request which portions of the supplemental testimony Mr. Cox submitted in Docket Nos. W-1146, Sub 13 and W-1328, Sub 10 Public Staff believes "relate to the Company's financial viability and their future commitment to provide necessary capital." The request also is unclear as to which entities the terms "Company" or "their" refer. However, Red Bird will stipulate that if the Commission approves the transaction at issue in these dockets CSWR is committed to providing equity capital necessary to: 1) acquire that system, 2) make upgrades and improvements necessary to ensure compliance with applicable health, safety, and operating laws and requirements, and 3) provide working capital required to financially sustain operations until the Commission authorizes compensatory rates in a future rate case.



STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1146, SUB 13
DOCKET NO. W-1328, SUB 10

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Red Bird Utility Operating)	
Company, LLC, 1650 Des Peres Road,	)	RED BIRD’S OBJECTIONS
Total Environmental Solutions, Inc., Post	)	AND RESPONSES TO PUBLIC STAFF’S
Office Box 14056, Baton Rouge, Louisiana	)	13 TH SET OF DATA REQUESTS
70898, for Authority to Transfer the Lake)	
Royale Subdivision Water and Wastewater)	
Utility Systems and Public Utility Franchise)	
in Franklin and Nash Counties, North Carolina,)	
and for Approval of Rates)	

NOW COMES Red Bird Utility Operating Company, LLC (“Red Bird”), pursuant to the Order Scheduling Hearings, Establish Discovery Guidelines, And Requiring Notice issued July 11, 2023 in these dockets (“Scheduling Order”), and objects to certain items included in Public Staff’s 13th set of data requests in these dockets, on the grounds set forth below.

Request 1: Scienswater

- a. Please describe any and all past or present legal, financial, or operating relationships, affiliation, or similar arrangement between US Water Systems, LLC; CSWR, LLC; and/or Scienswater (or any of the entities listed as part of Scienswater’s portfolio on Scienswater’s website,¹ including, but not limited to, Integrated Water Services, Inc.; CROM, LLC; Sciens Water Finance Corporation; and/or Sciens Water Digital Holdings (collectively, the Scienswater Portfolio entities)).
- b. Please describe any and all anticipated future involvement, affiliation, relationship, or similar arrangement between the entities listed in 1.a.

Objections and Response: Red Bird objects to this Request on the basis that it seeks information that is overbroad, unduly burdensome, and neither relevant to any issues that are or may be involved in these dockets, nor reasonably calculated to lead to the discovery

¹ <https://scienswater.com/our-portfolio/>

of admissible evidence. Red Bird also objects to the Request on the basis that it is vague, ambiguous, and indefinite, and calls for speculation.

Subject to those objections and without waiving same, Red Bird responds as follows:

- a. US Water Systems, LLC, is the sole owner/member of CSWR, LLC, and as such provides equity capital to CSWR, LLC, which it uses to make equity investments in its affiliated utility operating companies, including Red Bird. CSWR, LLC has no legal, financial, or operating relationships or affiliations with Sciens Water or any of the other entities listed on Sciens Water's website.
- b. Other than its current relationship and involvement with US Water, LLC, CSWR, LLC has no information regarding any planned future legal, financial, or operational involvement, affiliation, or relationship with Sciens Water or any of the other entities listed on Sciens Water's website.

Request 2: Midwest Water Operations, LLC

- a. Please describe any and all past or present legal, financial, or operating relationships, affiliation, or similar arrangement between US Water Systems, LLC; CSWR, LLC; Scienswater; and/or Midwest Water Operations, LLC.
- b. Please describe any and all anticipated future involvement, affiliation, relationship, or similar arrangement between any of the entities listed in 2.a.

Objections and Response: Red Bird objects to this Request on the basis that it seeks information that is overbroad, unduly burdensome, and neither relevant to any issues that are or may be involved in these dockets, nor reasonably calculated to lead to the discovery of admissible evidence. Red Bird also objects to the Request on the basis that it is vague, ambiguous, and indefinite, and calls for speculation.

Subject to those objections and without waiving same, Red Bird responds as follows:

- a. CSWR, LLC's past and current relationships with Midwest Water Operations, LLC, have been solely of a vendor/customer nature. CSWR, LLC has no information regarding past or present legal, financial, or operating relationships, if any, between Midwest Water Operations, LLC, and either US Water Systems, LLC or Sciens Water.
- b. CSWR, LLC anticipates any future relationships it may have with Midwest Water Operations LLC would be of a similar vendor/customer nature. CSWR, LLC has no information regarding possible future relationships between Midwest Water Operations, LLC and either US Water, LLC or Sciens Water.

Request 3: ClearWater Solutions, LLC

- a. Please describe any and all past or present legal, financial, or operating relationships, affiliation, or similar arrangement between US Water Systems, LLC; CSWR, LLC; Scienswater; and/or ClearWater Solutions, LLC.
- b. Please describe any anticipated future involvement, affiliation, relationship, or similar arrangement between any of the entities listed in 3.a.

Objections and Response: Red Bird objects to this Request on the basis it seeks information that is overbroad, unduly burdensome, and neither relevant to any issues that are or may be involved in this Docket, nor reasonably calculated to lead to the discovery of admissible evidence. Red Bird also objects to the Request on the basis that it is vague, ambiguous, and indefinite, and calls for speculation.

Subject to those objections and without waiving same, Red Bird responds as follows:

- a. **CSWR, LLC's past and current relationships with Clearwater Solutions, LLC have been solely of a vendor/customer nature. CSWR, LLC has no information regarding past or present legal, financial, or operating relationships, if any, between Clearwater Solutions, LLC, and either US Water Systems, LLC, or Sciens Water.**
- b. **CSWR, LLC anticipates any future relationships it may have with Clearwater Solutions, LLC would be of a similar vendor/customer nature. CSWR, LLC has no information regarding possible future relationships between Clearwater Solutions, LLC and either US Water, LLC, or Sciens Water.**

Request 4: Goods and Services between Affiliates

- a. Are any of the entities listed in response to questions 2 and 3 above providing goods or services to North Carolina CSWR, LLC; Red Bird Utility Holding Company, LLC; and/or Red Bird Utility Operating Company, LLC?
- b. If the answer to 4.a. is "yes," please describe, in detail, the nature of those goods and services.
- c. Please provide copies of any contracts, agreements, or similar documents related to the goods and services discussed in the response to 4.b.

Objection and Response: Red Bird objects to this Request on the basis that it seeks information that is overbroad, unduly burdensome, and neither relevant to any issues that are or may be involved in these dockets, nor reasonably calculated to lead to the discovery of admissible evidence. Red Bird also objects to the Request on the basis that it is vague, ambiguous, and indefinite.

Subject to those objections and without waiving same, Red Bird responds as follows:

- a. **Clearwater Solutions, LLC, as successor in interest to Midwest Water Operations, LLC, currently provides operations and maintenance service on a contract basis to**

Red Bird Utility Operating Company, LLC. Neither Clearwater Solutions, LLC nor Midwest Water Operations provides any services to North Carolina CSWR, LLC or Red Bird Utility Holding Company, LLC.

- b. See response to DR 13.4(a) above.**
- c. A copy of the contract between Clearwater Solutions, LLC, and Red Bird Utility Operating Company, LLC, will be provided to Public Staff when his response is served.**

Request 5: Goods and Services between Other Entities of Interest

- a. Scienswater
 - i. Do Scienswater or any of the Scienswater Portfolio entities provide goods or services to North Carolina CSWR, LLC; Red Bird Utility Holding Company, LLC; and/or Red Bird Utility Operating Company, LLC, directly or indirectly?
 - ii. If the answer to 5.a.i. is “yes,” please describe, in detail, the nature of those goods and services.
 - iii. Please provide copies of any contracts, agreements, or similar documents related to the goods and services discussed in the response to 5.a.ii.

Objections and Response: Red Bird objects to this Request on the basis that it seeks information that is overbroad, unduly burdensome, and neither relevant to any issues that are or may be involved in these dockets, nor reasonably calculated to lead to the discovery of admissible evidence. Red Bird also objects to the Request on the basis that it is vague, ambiguous, and indefinite.

Subject to those objections and without waiving same, Red Bird responds as follows:

- i. No.**
- ii. See response to DR 13.5(a)(i).**
- iii. See response to DR 13.5(a)(i).**

Request 6: Please provide copies of all discovery responses provided in File No. WR-2023-0006 (In the Matter of Confluence Rivers Utility Operating Company, Inc.’s Request for Authority to Implement a General Rate Increase for Water Service and Sewer Service Provided in Missouri Service Areas) by any Affiliate of Red Bird listed on the CSWR/Central States Water Resources Corporate Entity Organizational Chart provided with this data request.

Objections: Red Bird objects to this Request on the basis that the requested production of “all discovery responses” provided “by any Affiliate or Red Bird” in connection with a Missouri rate case is overbroad, unduly burdensome, and seeks documents that are neither relevant to any issues that are or may be involved in these dockets, and that this request is not reasonably calculated to lead to the discovery of admissible evidence. Red Bird also objects to the Request on the basis that it is vague, ambiguous, and indefinite.

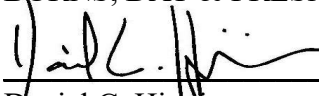
Red Bird also objects to this request on the grounds that under North Carolina Session Law 2023-67, entitled “An Act to Expedite Transfer of Water or Wastewater Public Utilities,” the issues presented in these dockets, which concern the proposed transfer of TESI’s utility assets and franchise to Red Bird, are limited to the following:

[Whether] the proposed grant or transfer, including adoption of existing or proposed rates for the transferring utility, is in the public interest, will not adversely affect service to the public under any existing franchise, and the person acquiring said franchise or certificate of public convenience and necessity has the technical, managerial, and financial capabilities necessary to provide public utility service to the public.

The request for production of discovery responses provided by a Red Bird affiliate in connection with a rate case before the Missouri Public Service Commission seeks materials that are neither relevant to any issues involved in these dockets, nor is the request reasonably calculated to lead to the discovery of admissible evidence.

Respectfully submitted, this the 30th day of August, 2023.

BURNS, DAY & PRESNELL, P.A.



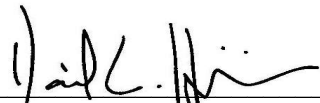
Daniel C. Higgins
P.O. Box 10867
Raleigh, North Carolina 27605
Telephone: (919)782-1441
[E-mail: dhiggins@bdppa.com](mailto:dhiggins@bdppa.com)
Attorneys for Red Bird

CERTIFICATE OF SERVICE

I certify that I have served a true and exact copy of the foregoing document on all parties to these dockets in accordance with Commission Rule R1-39, by United States mail, first class postage prepaid; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 30th day of August, 2023.

BURNS, DAY & PRESNELL, P.A.

By: 
Daniel C. Higgins
P.O. Box 10867
Raleigh, North Carolina 27605

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AUG 12 2024



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Sciens Water was conceived in 2015 and the Sciens Water Opportunities Fund launched in 2018 to make control investments in private companies that address the big problems facing U.S. water infrastructure today, with a focus on utilities, transmission and distribution, and wastewater treatment and recycling.

Sciens Water looks for opportunities where it can apply value-added strategies to help water and wastewater businesses grow into leading national platforms, while generating both current income capital appreciation for its investors.



Sciens Water Opportunity Fund Investment Team

John Rigas

Chairman & Chief Executive Officer

Daniel Standen

Partner

Alex Loucopoulos

Partner

Jan 12 2024



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Tom Rooney

Chairman, Operating Committee

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Seth Siegel

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MIT Water

MIT Water is the premier network for water research and innovation at MIT. Our mission is to bring together creative, passionate, and motivated individuals to explore ways by which research, innovation and policy can help solve the most pressing challenges in the water sector.

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Columbia
Water Center



COLUMBIA WATER CENTER

Founded in January 2008, the Columbia Water Center is committed to understanding and addressing both the role and scarcity of fresh water in the 21st century. The Water Center was established for the purpose of studying the diminishing levels of fresh water and creating innovative sustainable and global solutions.



MISSISSIPPI RIVER CITIES & TOWNS INITIATIVE

Since 2012, the Mississippi River Cities and Towns Initiative has been promoting economic and environmental security and stability along the Mississippi River Corridor. There are 124 Mississippi main stem cities and towns. These riparian population centers are soundly River-centric. MRCTI g common voice to those who depend most upon the River, and by virtue of doing so, spans political economic interests.

Sciens Water is honored to serve as an Advisory Board Member to the Mississippi River Cities and Towns Initiative

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ADDRESS:

667 Madison Avenue
 New York, New York 10065



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SELLER DOCKET NO. W-933, Sub 12
PURCHASER DOCKET NO. W-1328, Sub 0
FILING FEE RECEIVED _____

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE
AND FOR APPROVAL OF RATES

INSTRUCTIONS

Notes or explanations placed in the margins of the application are acceptable. If additional space is needed, supplementary sheets may be attached. If any section does not apply, write "not applicable" or cross out the section.

SELLER

- 1. Trade name used for utility business Etowah Sewer Company Inc
- 2. Mailing address PO Box 1659 Etowah, NC 28729-1659
- 3. Business telephone number 828-273-3466

PURCHASER

- 4. Trade name used for utility business Red Bird Utility Operating Company, LLC d/b/a Red Bird Water
- 5. Name of owner (if different from trade name) _____
- 6. Business mailing address 1650 Des Peres Road, Suite 303
City and state St. Louis, MO Zip code 63131
- 7. Business street address (if different from mailing address) _____
- 8. Business telephone number 314-736-4672
- 9. If corporation, list the following: **LLC** **See Attachment K for a copy of CSWR Organizational Chart**

President <u>Josiah Cox, Manager</u>	Vice President _____
Secretary _____	Treasurer _____

Three (3) largest stockholders and percent of voting shares held by each
CSWR North Carolina Utility Holding Company, LLC is the sole owner/member of Red Bird Utility Operating Company d/b/a Red Bird Water
- 10. If partnership, list the owners and percent of ownership held by each

- 11. Is the purchaser acquiring the utility assets or stock? Utility Assets
 (No filing fee required if stock transfer only.)

PROPOSED AND PRESENT RATES

	<u>Proposed Rates</u>	<u>Present Rates</u>
12. Metered Residential Service:		
Water: _____		
Sewer: <u>Consistent with Docket W-933 Sub 10</u>		<u>See Docket W-933 Sub 10</u>
13. Flat Rate Residential Service:		
Water: _____		
Sewer: <u>Consistent with Docket W-933 Sub 10</u>		<u>See Docket W-933 Sub 10</u>
14. Nonresidential Service (explain):		
Water: _____		
Sewer: <u>Consistent with Docket W-933 Sub 10</u>		<u>See Docket W-933 Sub 10</u>
15. Tap-on fees:		
Water: _____		
Sewer: <u>Consistent with Docket W-933 Sub 10</u>		<u>See Docket W-933 Sub 10</u>

OTHER PROPOSED RATES

- 16. Finance charge for late payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date
 (NCUC Rule R12-9) specifies not more than one percent (1.0%) per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.)
- 17. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: \$14.99
- 18. Reconnection charge if water service discontinued at customer's request: \$14.99
- 19. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: \$14.99
- 20. Other charges: _____
- 21. What date are the proposed rates to become effective: Upon Closing
- 22. How long have the present rates been in effect? 1/01/2016

See Attachment A

PURCHASER'S PROPOSED BILLING

- 1. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
- 2. Billing shall be for service (in advance or arrears) Arrears
- 3. Bills past due 20 days after billing dates: (NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
- 4. Will regular billing be by written statement? (yes or no) Yes
- 5. Will the billing statement contain the following? (Indicate yes or no for each item)
 - (a) Meter reading at beginning and end of billing period Yes
 - (b) Date of meter readings Yes
 - (c) Gallons used, based on meter readings Yes
 - (d) Amount due for current billing period listed as a separate amount Yes
 - (e) Amount due from previous billing period listed as a separate amount Yes
 - (f) Amount due for each special charge (i.e., deposits, tap fees, etc.) listed as a separate amount .. Yes
- 6. Show how the following will appear on the billing statement:
 - (a) Mailing address of Company: P.O Box 790379 St. Louis MO 63179
 - (b) Address where bill can be paid in person: See Attachment H
 - (c) Name and phone number of alternative persons to contact for emergency service after business hours: See Attachment H
- 7. Is service already metered? (yes or no) Yes
- 8. Does the Purchaser understand the provisions for establishing credit and collecting customer deposits set forth in NCUC Rules and Regulations, Chapter 12? (yes or no) Yes
(Customer deposits must be refunded to customers having not more than two (2) bills overdue during a 12-month period and who are not then delinquent on the payment of their bills, per NCUC Rule R12-5.)
- 9. List the amount of customer deposits still held by Seller:
 - Water: N/A Sewer: \$0

PURCHASER'S SERVICE ORGANIZATION

	<u>NAME</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
10. General Manager	<u>See Attachment H</u>		
11. Complaints or Billing			
12. Engineering Operations			
13. Emergency Service			
14. Accounting			

- 15. Are the names and phone numbers shown above listed in the phone book by each of the proposed service areas? (yes or no) Yes, will be listed in the future
- 16. Will customers be able to make telephone calls for service without being charged for a long distance phone call? (yes or no) Yes
- 17. Will persons designated to receive phone calls for emergency service, after regular business hours, have authority to provide the needed repairs without first contacting owner? (yes or no) Yes
- 18. List the qualifications of the person in charge of the utility system: See Attachment B
- 19. List the date(s) and describe any DENR violation(s) since the last application for franchise, transfer, or rate increase: Purchaser has had no DENR violations

FINANCIAL STATEMENT

1. Will a separate set of books be maintained for the utility business?
Yes

2. Will a separate bank account be maintained for the utility business?
Yes

3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?
(actual or estimated) Past

REVENUES AND EXPENSES

For 12 Months Ended December 31, 2018 (Date)

<u>Revenues</u>	<u>See Attachment C</u>	<u>Water</u>		<u>Sewer</u>
4. Residential service (flat rate)		\$ _____		\$ _____
5. Residential service (metered rate)		\$ _____		\$ _____
6. Nonresidential service (flat rate)		\$ _____		\$ _____
7. Nonresidential service (metered rate)		\$ _____		\$ _____
8. Other revenues (describe in remarks below)		\$ _____		\$ _____
9. Total Revenues (Lines 4 thru 8)		\$ <u>_____</u>		\$ <u>_____</u>
10. Total salaries (except owner)		\$ _____		\$ _____
11. Salaries paid to owner		\$ _____		\$ _____
12. Administrative and office expense (except salaries)		\$ _____		\$ _____
13. Maintenance and repair expense (except salaries)		\$ _____		\$ _____
14. Transportation expenses		\$ _____		\$ _____
15. Electric power for pumping		\$ _____		\$ _____
16. Chemicals for treatment		\$ _____		\$ _____
17. Testing fees		\$ _____		\$ _____
18. Permit fees		\$ _____		\$ _____
19. Purchased water/sewer treatment		\$ _____		\$ _____
20. Annual depreciation		\$ _____		\$ _____
21. Taxes: State income taxes		\$ _____		\$ _____
22. Federal income taxes		\$ _____		\$ _____
23. Gross receipts (or franchise tax)		\$ _____		\$ _____
24. Property taxes		\$ _____		\$ _____
25. Payroll taxes		\$ _____		\$ _____
26. Other taxes		\$ _____		\$ _____
27. Interest on debt during year		\$ _____		\$ _____
28. Other expenses (describe in remarks below)		\$ _____		\$ _____
29. Total Expenses (Lines 10 thru 28)		\$ <u>_____</u>		\$ <u>_____</u>
30. Net Income (Line 9 minus Line 29)		\$ <u>_____</u>		\$ <u>_____</u>

Remarks

31. Other Expenses: _____
32. COLLECTION EXPENSE \$13,335.00; INSURANCE \$11,194.00; LICENSES AND PERMITS \$860.00
33. MISC TAXES \$711.00; PENALTIES \$2,046.00; PROFESSIONAL FEES \$6,055.00
34. SLUDGE REMOVAL \$8,525.00; SUPPLIES \$271.00; TELEPHONE \$5,177.00
35. _____

NUMBER OF CUSTOMERS SERVED

	<u>Water</u>		<u>Sewer</u>	
	<u>Flat Rate</u>	<u>Metered</u>	<u>Flat Rate</u>	<u>Metered</u>
36. Customers at beginning of year	_____	_____	429	12
37. Customers at end of year	_____	_____	429	12
38. Average gallons used per customer	3898			per month

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:

Water: _____

Sewer: See Attachment G

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended December 31, 2018 (Date)

Note: List the total original cost to construct and establish the system, whether or not paid for by the Seller.

	<u>Utility Property in Service</u>	
	<u>Water</u>	<u>Sewer</u>
2. Land and rights-of-way	\$ _____	\$ _____
3. Structures and site improvement	\$ _____	\$ _____
4. Wells	\$ _____	\$ _____
5. Pumping equipment	\$ _____	\$ _____
6. Treatment equipment	\$ _____	\$ _____
7. Storage tanks	\$ _____	\$ _____
8. Mains (excluding service connections)	\$ _____	\$ _____
9. Service connections	\$ _____	\$ _____
10. Meters (including spare meters)	\$ _____	\$ _____
11. Office furniture and equipment	\$ _____	\$ _____
12. Transportation equipment	\$ _____	\$ _____
13. Other utility property in service (describe in remarks below)	\$ _____	\$ _____
14. Total utility property in service (Lines 2 thru 13)	\$ <u>_____</u>	\$ <u>\$870,463</u>
15. Less: acquisition adjustments (difference between original cost above and cost to Seller)	\$ _____	\$ _____
16. Less: Seller's accumulated depreciation	\$ _____	\$ <u>\$587,729</u>
17. Less: Seller's accumulated tap fees and other contributions in aid of construction	\$ _____	\$ <u>744,190</u>
18. Seller's net investment in utility property (Line 14 minus 15, 16, & 17)	\$ <u>_____</u>	\$ <u>-461,456</u>

	<u>Utility Property Not in Service</u>	
	<u>Water</u>	<u>Sewer</u>
19. Construction work in progress	\$ _____	\$ _____
20. Property held for future use	\$ _____	\$ _____
21. Other (describe in remarks below)	\$ _____	\$ _____

Remarks Taken from 2018 Annual Report

22. _____

23. _____

24. **See Attachment H**

25. _____

ANNUAL DEPRECIATION

26. If annual depreciation is claimed using a composite rate for the entire system, show rate of depreciation used:

Water: _____

Sewer: _____

27. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used: **See Attachment M**

OTHER FINANCIAL INFORMATION

1. Please provide the following capital structure information for the Purchaser prior to the purchase of the new water and/or sewer system(s):

a. Capital structure as of _____ Date of Closing (Includes Purchase Price and Initial Improvements)

b. Capital structure balances:

	Amount	Percent Of Total Capital
Long-term debt/loans	\$ _____	_____
Preferred stock (if any)	\$ _____	_____
Common equity:		
Common stock (Member Equity)	\$ <u>See Attachments G & L</u>	100%
Retained earnings	\$ _____	_____
Total common equity	\$ _____	100%
 Total capital	 _____	 100%

2. The purchase price of the system will be financed as follows:

- a. Long-term debt \$ _____
- b. Short-term debt \$ _____
- c. Common stock (Member Equity) \$ See Attachment G
- d. Retained earnings \$ _____
- e. Other (please describe below on Line g) \$ _____
- f. Total purchase price \$ _____

g. Description of other: See Attachment H

3. Please provide the following for improvements/additions to be made in the first year:

a. Brief description: See attachment L

b. Financing:

- (1) Long-term debt \$ _____
- (2) Short-term debt \$ _____
- (3) Common stock (Member Equity) \$ _____
- (4) Retained earnings \$ _____
- (5) Other (please describe below on Line (7)) \$ _____
- (6) Total improvements/additions \$ _____

(7) Description of other: See Attachment H

1. Are there any major improvements/additions required in the next five years and the next ten years? Indicate the estimated cost of each improvement/addition, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, retained earnings, and other (please explain)).

See Attachment L

2. Are there any major replacements required in the next five years and the next ten years? Indicate the estimated cost of each replacement, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, retained earnings, and other (please explain)).

See Attachment L

3. Please fill out the attached addendum showing the projected cash flows and income statement for the first five years of operation of this system. This addendum should be for the utility system for which the subject application is being submitted, exclusively. Instructions are included on page 3 of the addendum. The following information may be provided instead of filing the addendum:

- (1) Audited financial statements for the Purchaser and/or parent company. **See attachment E**
- (2) Budgets, capital and operating, for the Purchaser's North Carolina utility operations for the next five years. **See Attachment F**
- (3) The most recent fiscal year budgets, capital and operating, and the actual amounts for that year for the Purchaser's and/or parent company's North Carolina utility operations. **N/A; No North Carolina Utility Operations**

EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. If the Purchaser is a corporation, enclose a copy of the Articles of Incorporation on file with the North Carolina Secretary of State. (Not required if previously filed with the Commission.)
2. If the Purchasers are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.) **See Attachments I & J for LLC Operating Agreements and Articles of Organization**
3. If the Purchaser is conducting business under a trade name or d/b/a, enclose a copy of the certificate filed with the register of deeds in each county where the Applicant will be conducting business as required by G.S. 66-68.
4. Enclose a copy of (1) exhibits showing that the Seller has ownership of all property necessary to operate the utility and (2) a purchase agreement reduced to writing. Any changes in the purchase agreement should be filed immediately with the Commission. **See Attachment G**
5. If the application is for a stock transfer, enclose a copy of the most recent financial statements, including a balance sheet, for the Seller.
6. Enclose a copy of contracts or agreements, including all attachments, exhibits, and appendices, between the utility and any other party (land developers, customers, etc.) regarding the proposed utility services, including contracts regarding tap fees, construction costs, easements, and rights-of-way, etc. (If none, write "none"). None
7. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Purchaser.
8. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Purchaser. **See Attachment E**
9. If the information requested in Exhibits 7 and 8 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the Purchaser and/or parent company.

FILING INSTRUCTIONS

10. Eight (8) copies of the application and exhibits shall be filed with the **North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. Twenty-five (25) copies of an application to acquire a Class A or B utility company should be filed.** One of these copies must have original signatures. (Applicants must also provide any copies to be returned to them.)
11. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$250 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$100 filing fee. A Class C company (annual revenues less than \$200,000) requires a \$25 filing fee. **MAKE CHECK PAYABLE TO THE N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.**
(No filing fee required if stock transfer only.)

SIGNATURES

Etowah

12. Application shall be signed and verified by the Applicants.

Signature _____
Purchaser

Date September 30, 2020

Signature _____
Seller

Date _____

13. (Typed or Printed Name) Josiah Cox

personally appearing before me and, being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 30th day of September, 20 20



Notary Public Tiffany Logan
Address 1310 Twenty Fifth Avenue Gulfport, MS 39501

My Commission Expires: February 7, 2024
Date

OFFICIAL COPY
Jan 12 2024

EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. If the Purchaser is a corporation, enclose a copy of the Articles of Incorporation on file with the North Carolina Secretary of State. (Not required if previously filed with the Commission.)
2. If the Purchasers are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.) **See Attachments I & J for LLC Operating Agreements and Articles of Organization**
3. If the Purchaser is conducting business under a trade name or d/b/a, enclose a copy of the certificate filed with the register of deeds in each county where the Applicant will be conducting business as required by G.S. 66-68.
4. Enclose a copy of (1) exhibits showing that the Seller has ownership of all property necessary to operate the utility and (2) a purchase agreement reduced to writing. Any changes in the purchase agreement should be filed immediately with the Commission. **See Attachment G**
5. If the application is for a stock transfer, enclose a copy of the most recent financial statements, including a balance sheet, for the Seller.
6. Enclose a copy of contracts or agreements, including all attachments, exhibits, and appendices, between the utility and any other party (land developers, customers, etc.) regarding the proposed utility services, including contracts regarding tap fees, construction costs, easements, and rights-of-way, etc. (If none, write "none"). None
7. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Purchaser.
8. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Purchaser. **See Attachment E**
9. If the information requested in Exhibits 7 and 8 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the Purchaser and/or parent company.

FILING INSTRUCTIONS

10. Eight (8) copies of the application and exhibits shall be filed with the **North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. Twenty-five (25) copies of an application to acquire a Class A or B utility company should be filed.** One of these copies must have original signatures. (Applicants must also provide any copies to be returned to them.)
11. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$250 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$100 filing fee. A Class C company (annual revenues less than \$200,000) requires a \$25 filing fee. **MAKE CHECK PAYABLE TO THE N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.** (No filing fee required if stock transfer only.)

SIGNATURES

12. Application shall be signed and verified by the Applicants.

Signature _____
Purchaser

Date _____

Signature F. Kevin Diff
Seller

Date Sept 28, 2020

13. (Typed or Printed Name) Jeanne B Dresback

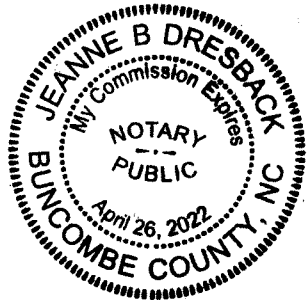
personally appearing before me and, being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 28th day of Sept, 20 20

Jeanne B Dresback
Notary Public

Address

My Commission Expires: April 26, 2022
Date



ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Projected Income Statement

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>Operating revenue</u>					
1.	Metered service revenue					
2.	Flat rate service revenue					
3.	EPA testing surcharge					
4.	Re-connect fees					
5.	Returned check charge					
6.	Late payment charge					
7.	Other operating revenue					
8.	Total operating revenue (Sum of Line 1 thru Line 7)					
	<u>Operating expenses</u>					
9.	Total salaries and wages (employees only)					
10.	Outside labor expenses (non-employees)					
11.	Administrative and office expense					
12.	Maintenance and repair expense					
13.	Purchased water					
14.	Purchased sewage treatment					
15.	Electric power expense (exclude office)					
16.	Chemicals expense					
17.	Testing fees					
18.	Transportation expense					
19.	Other operating expense					
20.	Total operation and maintenance expenses (Sum of Line 9 thru Line 19)					
21.	Annual depreciation expense					
22.	Property taxes paid on utility property					
23.	Payroll taxes					
24.	Franchise (gross receipts) tax					
25.	Annual NCUC regulatory fee					
26.	Total operating expenses (Sum of Line 20 thru Line 25)					
	<u>Income Taxes</u>					
27.	State income taxes					
28.	Federal income taxes					
29.	Total income taxes (Line 27 + Line 28)					
30.	Net operating income (loss) (Line 8 - Line 26 - Line 29)					
31.	Interest expense					
32.	Net income (loss) (Line 30 - Line 31)					

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Statement of Cash Flows

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
1.	Pre-tax operating income (loss):					
2.	Total operating revenue					
3.	Less: Operation and maintenance expenses					
4.	Less: Taxes other than income					
5.	Pre-tax operating income (loss)					
6.	Income tax calculation:					
7.	Pre-tax operating income (loss)					
8.	Plus: Contributions in aid of construction					
9.	Less: Tax depreciation					
10.	Less: Interest expense					
11.	Taxable income (loss)					
12.	State income tax					
13.	Federal income tax					
14.	Total income taxes to be paid					
15.	Net cash provided by (used in) operating activities					
	<u>Cash Flows From Investing Activities</u>					
16.	Purchases of utility plant					
17.	Plus: Cash bonds posted					
18.	Less: Contributions in aid of construction					
19.	Less: Proceeds from disposal of utility plant					
20.	Net cash used (provided) by investing activities					
	<u>Cash Flows From Financing Activities</u>					
21.	Proceeds from issuing short term debt					
22.	Less: Principal repayment of short term debt					
23.	Plus: Proceeds from issuing long term debt					
24.	Less: Principal repayment of long term debt					
25.	Less: Interest payment for short and long term debt					
26.	Plus: Proceeds from issuing stock					
27.	Less: Dividends paid					
28.	Plus: Funds provided by owner					
29.	Net cash provided (used) by financing activities					
30.	Net increase (decrease) in cash					
31.	Cash balance at beginning of year					
32.	Cash balance at end of year					

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Instructions

1. These schedules should reflect all revenues, costs, investment, etc. associated with or to be associated with the utility system for which the subject franchise application is being submitted, exclusively.
2. For purposes of forecasting future expenses, as a simplifying assumption, it may be assumed that increases in such costs due to increases in general price levels, (i.e., inflation) will on average be offset by concurrent rate increases. Thus, no provision(s) for such offsetting changes will need to be made in forecasting costs.
3. A written detailed narrative explanation of all assumptions underlying the information and data contained in this addendum and five (5) copies of all workpapers developed in completing the addendum are to be filed with the Commission's Chief Clerk concurrent with the filing of the franchise application.
4. Computations for Statement of Cash Flows (Page 2 of Addendum)
 - (a) Line 2 should agree with Addendum Page 1 - Projected Income Statement, Line 8.
 - (b) Line 3 should agree with Addendum Page 1 - Projected Income Statement, Line 20.
 - (c) Line 4 should agree with Addendum Page 1 - Projected Income Statement, Sum of Line 22 thru Line 25.
 - (d) Line 14 should equal Line 12 plus Line 13.
 - (e) Line 15 should equal Line 5 less Line 14.
 - (f) Line 30 should equal Line 15 less Line 20 plus Line 29.
 - (g) Line 31 should equal the cash balance at the end of the prior year, except for the beginning balance for Year 1, which should be zero.
 - (h) Line 32 should equal Line 30 plus Line 31.

FORM REVISED 6/04

SELLER DOCKET NO. W-933, Sub 12
PURCHASER DOCKET NO. W-1328, Sub 0
FILING FEE RECEIVED

OFFICIAL COPY
AUG 13 2024

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE
AND FOR APPROVAL OF RATES

INSTRUCTIONS

Notes or explanations placed in the margins of the application are acceptable. If additional space is needed, supplementary sheets may be attached. If any section does not apply, write "not applicable" or cross out the section.

SELLER

- 1. Trade name used for utility business Etowah Sewer Company Inc
2. Mailing address PO Box 1659 Etowah, NC 28729-1659
3. Business telephone number 828-273-3466

PURCHASER

- 4. Trade name used for utility business Red Bird Utility Operating Company, LLC d/b/a Red Bird Water
5. Name of owner (if different from trade name)
6. Business mailing address 1650 Des Peres Road, Suite 303
City and state St. Louis, MO Zip code 63131
7. Business street address (if different from mailing address)
8. Business telephone number 314-736-4672
9. If corporation, list the following: LLC See Attachment K for a copy of CSWR Organizational Chart
President Josiah Cox, Manager Vice President
Secretary Treasurer
Three (3) largest stockholders and percent of voting shares held by each
CSWR North Carolina Utility Holding Company, LLC is the sole owner/member of Red Bird Utility Operating Company d/b/a Red Bird Water
10. If partnership, list the owners and percent of ownership held by each
11. Is the purchaser acquiring the utility assets or stock? Utility Assets
(No filing fee required if stock transfer only.)

PROPOSED AND PRESENT RATES

Table with 2 columns: Proposed Rates, Present Rates. Rows include Metered Residential Service, Flat Rate Residential Service, Nonresidential Service, and Tap-on fees.

OTHER PROPOSED RATES

- 16. Finance charge for late payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date
17. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: \$14.99
18. Reconnection charge if water service discontinued at customer's request: \$14.99
19. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: \$14.99
20. Other charges:
21. What date are the proposed rates to become effective: Upon Closing
22. How long have the present rates been in effect? 1/01/2016

See Attachment A

PURCHASER'S PROPOSED BILLING

1. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
2. Billing shall be for service (in advance or arrears) Arrears
3. Bills past due 20 days after billing dates: (NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
4. Will regular billing be by written statement? (yes or no) Yes
5. Will the billing statement contain the following? (Indicate yes or no for each item)

(a) Meter reading at beginning and end of billing period	Yes
(b) Date of meter readings	Yes
(c) Gallons used, based on meter readings	Yes
(d) Amount due for current billing period listed as a separate amount	Yes
(e) Amount due from previous billing period listed as a separate amount	Yes
(f) Amount due for each special charge (i.e., deposits, tap fees, etc.) listed as a separate amount ..	Yes
6. Show how the following will appear on the billing statement:
 - (a) Mailing address of Company: P.O Box 790379 St. Louis MO 63179
 - (b) Address where bill can be paid in person: See Attachment H
 - (c) Name and phone number of alternative persons to contact for emergency service after business hours: See Attachment H
7. Is service already metered? (yes or no) Yes
8. Does the Purchaser understand the provisions for establishing credit and collecting customer deposits set forth in NCUC Rules and Regulations, Chapter 12? (yes or no) Yes
 (Customer deposits must be refunded to customers having not more than two (2) bills overdue during a 12-month period and who are not then delinquent on the payment of their bills, per NCUC Rule R12-5.)
9. List the amount of customer deposits still held by Seller:
 Water: N/A Sewer: \$0

PURCHASER'S SERVICE ORGANIZATION

	<u>NAME</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
10. General Manager	<u>See Attachment H</u>	_____	_____
11. Complaints or Billing	_____	_____	_____
12. Engineering Operations	_____	_____	_____
13. Emergency Service	_____	_____	_____
14. Accounting	_____	_____	_____

15. Are the names and phone numbers shown above listed in the phone book by each of the proposed service areas? (yes or no) Yes, will be listed in the future
16. Will customers be able to make telephone calls for service without being charged for a long distance phone call? (yes or no) Yes
17. Will persons designated to receive phone calls for emergency service, after regular business hours, have authority to provide the needed repairs without first contacting owner? (yes or no) Yes
18. List the qualifications of the person in charge of the utility system:
See Attachment B
19. List the date(s) and describe any DENR violation(s) since the last application for franchise, transfer, or rate increase: Purchaser has had no DENR violations

SERVICE AREA

Fill in one column for each Subdivision or Service Area.

		(1)	(2)	(3)
1.	Name of Subdivision(s) or Service Area(s)	Etowah		
2.	County (or Counties)			
3.	Type of service (water, sewer, etc.)	Sewer		
4.	If water is purchased, list from whom	N/A		
5.	Source of water supply (wells, etc.)	N/A		
6.	Number of wells in service	N/A		
7.	Pumping capacity of each pump in service	N/A		
8.	Elevated storage tank capacity (gals.)	N/A		
9.	Pressure tank capacity (gals.)	N/A		
10.	Types of water treatment (chlorine, etc.)	N/A		
11.	Number of fire hydrants installed	0		
12.	Is sewage disposal by septic tank or by sewer system?	Sewer System		
13.	If disposal is by sewer system, is sewage treated by utility company or by others?	Treat Own Sewage		
14.	Capacity of Company's sewage treatment plant (gallons per day)	125,000 GPD between both		
15.	Is service metered? (yes or no)	Yes		
16.	Number of water meters in use			
17.	Number of service taps in use (list number of each size)	Water		
		Sewer 470		
18.	Number of customers at the end of test year	Water		
		Sewer 455		
19.	Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)	Water N/A		
		Sewer 700		
20.	Number of customers that can be served by pumping capacity	Water N/A		
21.	Number of customers that can be served by storage tank capacity	Water N/A		
22.	Number of customers that can be served by treatment plant capacity	Sewer 700 Customers		
23.	Name nearest water/sewer utility system	Mountain Valley WWTP		
24.	Distance to nearest water/sewer utility system	Approx. 1 Mile		
25.	Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)	No		
26.	Has the system been offered for sale to the customers, county, or municipality? (yes or no)	Yes		
	If not, why not?	The system has been offered for sale to the county and rejected by the Board of Commissioners.		
27.	a. DENR System I.D. No.	Water		
	b. NPDES or Nondischarge Permit No.	Sewer NC0071323	NC0071323	

FINANCIAL STATEMENT

1. Will a separate set of books be maintained for the utility business?
Yes _____
2. Will a separate bank account be maintained for the utility business?
No _____
3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?
(actual or estimated) Past Operations _____

REVENUES AND EXPENSES

For 12 Months Ended 12/31/2022 (Date)

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
4. Residential service (flat rate)	\$ _____	\$ 167,440.24
5. Residential service (metered rate)	\$ _____	\$ _____
6. Nonresidential service (flat rate)	\$ _____	\$ _____
7. Nonresidential service (metered rate)	\$ _____	\$ _____
8. Other revenues (describe in remarks below)	\$ _____	\$ 26,484.90
9. Total Revenues (Lines 4 thru 8)	\$ _____	\$ 193,125.14
10. Total salaries (except owner)	\$ _____	\$ 0
11. Salaries paid to owner	\$ _____	\$ 0
12. Administrative and office expense (except salaries)	\$ _____	\$ 113.00
13. Maintenance and repair expense (except salaries)	\$ _____	\$ 61,221.73
14. Transportation expenses	\$ _____	\$ 0
15. Electric power for pumping	\$ _____	\$ 19,971.71
16. Chemicals for treatment	\$ _____	\$ 10,494.14
17. Testing fees	\$ _____	\$ 5,746.60
18. Permit fees	\$ _____	\$ 860
19. Purchased water/sewer treatment	\$ _____	\$ 0
20. Annual depreciation	\$ _____	\$ 22,304.00
21. Taxes: State income taxes	\$ _____	\$ 0
22. Federal income taxes	\$ _____	\$ 0
23. Gross receipts (or franchise tax)	\$ _____	\$ 324
24. Property taxes	\$ _____	\$ 1,286.00
25. Payroll taxes	\$ _____	\$ 0
26. Other taxes	\$ _____	\$ 20.00
27. Interest on debt during year	\$ _____	\$ 1,024.00
28. Other expenses (describe in remarks below)	\$ _____	\$ 0
29. Total Expenses (Lines 10 thru 28)	\$ _____	\$ 123,365.18
30. Net Income (Line 9 minus Line 29)	\$ _____	\$ 70,739.96

Remarks

31. _____
32. _____
33. _____
34. _____
35. _____

NUMBER OF CUSTOMERS SERVED

	<u>Water</u>		<u>Sewer</u>	
	<u>Flat Rate</u>	<u>Metered</u>	<u>Flat Rate</u>	<u>Metered</u>
36. Customers at beginning of year	_____	_____	429	12
37. Customers at end of year	_____	_____	429	12
38. Average gallons used per customer	3,898		per month	

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:

Water: See Attachment G

Sewer: _____

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended 12/31/2022 (Date)

Note: List the total original cost to construct and establish the system, whether or not paid for by the Seller.

	<u>Utility Property in Service</u>	
	<u>Water</u>	<u>Sewer</u>
2. Land and rights-of-way	\$ _____	\$ 30,644.00
3. Structures and site improvement	\$ _____	\$ 1,960.00
4. Wells	\$ _____	\$ 0
5. Pumping equipment	\$ _____	\$ 0
6. Treatment equipment	\$ _____	\$ 0
7. Storage tanks	\$ _____	\$ 539,088.00
8. Mains (excluding service connections)	\$ _____	\$ 296,658.00
9. Service connections	\$ _____	\$ 0
10. Meters (including spare meters)	\$ _____	\$ 0
11. Office furniture and equipment	\$ _____	\$ 0
12. Transportation equipment	\$ _____	\$ 0
13. Other utility property in service (describe in remarks below)	\$ _____	\$ 2,113.00
14. Total utility property in service (Lines 2 thru 13)	\$ _____	\$ 870,463
15. Less: acquisition adjustments (difference between original cost above and cost to Seller)	\$ _____	\$ 54,463
16. Less: Seller's accumulated depreciation	\$ _____	\$ 193,578
17. Less: Seller's accumulated tap fees and other contributions in aid of construction	\$ _____	\$ 253,829.24
18. Seller's net investment in utility property (Line 14 minus 15, 16, & 17)	\$ _____	\$ 368,592.76

	<u>Utility Property Not in Service</u>	
	<u>Water</u>	<u>Sewer</u>
19. Construction work in progress	\$ _____	\$ _____
20. Property held for future use	\$ _____	\$ _____
21. Other (describe in remarks below)	\$ _____	\$ _____

Remarks

- 22. _____
- 23. _____
- 24. _____
- 25. _____

ANNUAL DEPRECIATION

26. If annual depreciation is claimed using a composite rate for the entire system, show rate of depreciation used:

Water: _____

Sewer: \$22,304

27. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used: See Attachment M

- _____
- _____
- _____
- _____
- _____

OTHER FINANCIAL INFORMATION

1. Please provide the following capital structure information for the Purchaser prior to the purchase of the new water and/or sewer system(s):

a. Capital structure as of Date of Closing (Includes Purchase Price and Initial Improvements)

b. Capital structure balances:

	<u>Amount</u>	<u>Percent Of Total Capital</u>
Long-term debt/loans	\$ _____	_____
Preferred stock (if any)	\$ _____	_____
Common equity:		
Common stock (Member Equity)	\$ <u>See Attachments G & L</u>	<u>100%</u>
Retained earnings	\$ _____	_____
Total common equity	\$ _____	<u>100%</u>
 Total capital	 <u>_____</u>	 <u>100%</u>

2. The purchase price of the system will be financed as follows:

- a. Long-term debt \$ _____
- b. Short-term debt \$ _____
- c. Common stock (**Member Equity**) \$ **See Attachment G**
- d. Retained earnings \$ _____
- e. Other (please describe below on Line g) \$ _____
- f. Total purchase price \$ _____

g. Description of other: **See Attachment H**

3. Please provide the following for improvements/additions to be made in the first year:

a. Brief description: **See attachment L**

b. Financing:

- (1) Long-term debt \$ _____
- (2) Short-term debt \$ _____
- (3) Common stock (**Member Equity**) \$ _____
- (4) Retained earnings \$ _____
- (5) Other (please describe below on Line (7)) \$ _____
- (6) Total improvements/additions \$ _____

(7) Description of other: **See Attachment H**

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AUG 13 2024

1. Are there any major improvements/additions required in the next five years and the next ten years? Indicate the estimated cost of each improvement/addition, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, retained earnings, and other (please explain)).

See Attachment L

2. Are there any major replacements required in the next five years and the next ten years? Indicate the estimated cost of each replacement, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, retained earnings, and other (please explain)).

See Attachment L

3. Please fill out the attached addendum showing the projected cash flows and income statement for the first five years of operation of this system. This addendum should be for the utility system for which the subject application is being submitted, exclusively. Instructions are included on page 3 of the addendum. The following information may be provided instead of filing the addendum:

- (1) Audited financial statements for the Purchaser and/or parent company. **See attachment E**
- (2) Budgets, capital and operating, for the Purchaser's North Carolina utility operations for the next five years. **See Attachment F**
- (3) The most recent fiscal year budgets, capital and operating, and the actual amounts for that year for the Purchaser's and/or parent company's North Carolina utility operations.
N/A; No North Carolina Utility Operations

EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. If the Purchaser is a corporation, enclose a copy of the Articles of Incorporation on file with the North Carolina Secretary of State. (Not required if previously filed with the Commission.)
2. If the Purchasers are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.) See Attachments I & J for LLC Operating Agreements and Articles of Organization
3. If the Purchaser is conducting business under a trade name or d/b/a, enclose a copy of the certificate filed with the register of deeds in each county where the Applicant will be conducting business as required by G.S. 66-68.
4. Enclose a copy of (1) exhibits showing that the Seller has ownership of all property necessary to operate the utility and (2) a purchase agreement reduced to writing. Any changes in the purchase agreement should be filed immediately with the Commission. See Attachment G
5. If the application is for a stock transfer, enclose a copy of the most recent financial statements, including a balance sheet, for the Seller.
6. Enclose a copy of contracts or agreements, including all attachments, exhibits, and appendices, between the utility and any other party (land developers, customers, etc.) regarding the proposed utility services, including contracts regarding tap fees, construction costs, easements, and rights-of-way, etc. (If none, write "none"). None
7. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Purchaser.
8. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Purchaser. See Attachment E
9. If the information requested in Exhibits 7 and 8 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the Purchaser and/or parent company.

FILING INSTRUCTIONS

10. Eight (8) copies of the application and exhibits shall be filed with the **North Carolina Utilities Commission, 4325 Mall Service Center, Raleigh, North Carolina 27699-4325. Twenty-five (25) copies of an application to acquire a Class A or B utility company should be filed.** One of these copies must have original signatures. (Applicants must also provide any copies to be returned to them.)
11. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$250 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$100 filing fee. A Class C company (annual revenues less than \$200,000) requires a \$25 filing fee. **MAKE CHECK PAYABLE TO THE N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.** (No filing fee required if stock transfer only.)

SIGNATURES

Etowah

12. Application shall be signed and verified by the Applicants.

Signature _____
Purchaser

Date September 30, 2020

Signature _____
Seller

Date _____

13. (Typed or Printed Name) Josiah Cox

personally appearing before me and, being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 30th day of September, 2020



Notary Public Tiffany Logan
Address 1310 Twenty Fifth Avenue Gulfport, MS 39501

My Commission Expires: February 7, 2024
Date

EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. If the Purchaser is a corporation, enclose a copy of the Articles of Incorporation on file with the North Carolina Secretary of State. (Not required if previously filed with the Commission.)
2. If the Purchasers are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.) **See Attachments I & J for LLC Operating Agreements and Articles of Organization**
3. If the Purchaser is conducting business under a trade name or d/b/a, enclose a copy of the certificate filed with the register of deeds in each county where the Applicant will be conducting business as required by G.S. 66-68.
4. Enclose a copy of (1) exhibits showing that the Seller has ownership of all property necessary to operate the utility and (2) a purchase agreement reduced to writing. Any changes in the purchase agreement should be filed immediately with the Commission. **See Attachment G**
5. If the application is for a stock transfer, enclose a copy of the most recent financial statements, including a balance sheet, for the Seller.
6. Enclose a copy of contracts or agreements, including all attachments, exhibits, and appendices, between the utility and any other party (land developers, customers, etc.) regarding the proposed utility services, including contracts regarding tap fees, construction costs, easements, and rights-of-way, etc. (If none, write "none"). None
7. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Purchaser.
8. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Purchaser. **See Attachment E**
9. If the information requested in Exhibits 7 and 8 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the Purchaser and/or parent company.

FILING INSTRUCTIONS

10. Eight (8) copies of the application and exhibits shall be filed with the **North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. Twenty-five (25) copies of an application to acquire a Class A or B utility company should be filed.** One of these copies must have original signatures. (Applicants must also provide any copies to be returned to them.)
11. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$250 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$100 filing fee. A Class C company (annual revenues less than \$200,000) requires a \$25 filing fee. **MAKE CHECK PAYABLE TO THE N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.** (No filing fee required if stock transfer only.)

SIGNATURES

12. Application shall be signed and verified by the Applicants.

Signature _____
Purchaser

Date _____

Signature F. Kevin Diff
Seller

Date Sept 28, 2020

13. (Typed or Printed Name) Jeanne B Dresback

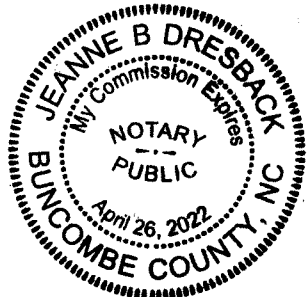
personally appearing before me and, being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 28th day of Sept, 20 20

Jeanne B Dresback
Notary Public

Address

My Commission Expires: April 26, 2022
Date



Projected Income Statement

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>Operating revenue</u>					
1.	Metered service revenue					
2.	Flat rate service revenue					
3.	EPA testing surcharge					
4.	Re-connect fees					
5.	Returned check charge					
6.	Late payment charge					
7.	Other operating revenue					
8.	Total operating revenue (Sum of Line 1 thru Line 7)					
	<u>Operating expenses</u>					
9.	Total salaries and wages (employees only)					
10.	Outside labor expenses (non-employees)					
11.	Administrative and office expense					
12.	Maintenance and repair expense					
13.	Purchased water					
14.	Purchased sewage treatment					
15.	Electric power expense (exclude office)					
16.	Chemicals expense					
17.	Testing fees					
18.	Transportation expense					
19.	Other operating expense					
20.	Total operation and maintenance expenses (Sum of Line 9 thru Line 19)					
21.	Annual depreciation expense					
22.	Property taxes paid on utility property					
23.	Payroll taxes					
24.	Franchise (gross receipts) tax					
25.	Annual NCUC regulatory fee					
26.	Total operating expenses (Sum of Line 20 thru Line 25)					
	<u>Income Taxes</u>					
27.	State income taxes					
28.	Federal income taxes					
29.	Total income taxes (Line 27 + Line 28)					
30.	Net operating income (loss) (Line 8 - Line 26 - Line 29)					
31.	Interest expense					
32.	Net income (loss) (Line 30 - Line 31)					

Statement of Cash Flows

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
1.	Pre-tax operating income (loss):					
2.	Total operating revenue					
3.	Less: Operation and maintenance expenses					
4.	Less: Taxes other than income					
5.	Pre-tax operating income (loss)					
6.	Income tax calculation:					
7.	Pre-tax operating income (loss)					
8.	Plus: Contributions in aid of construction					
9.	Less: Tax depreciation					
10.	Less: Interest expense					
11.	Taxable income (loss)					
12.	State income tax					
13.	Federal income tax					
14.	Total income taxes to be paid					
15.	Net cash provided by (used in) operating activities					
	<u>Cash Flows From Investing Activities</u>					
16.	Purchases of utility plant					
17.	Plus: Cash bonds posted					
18.	Less: Contributions in aid of construction					
19.	Less: Proceeds from disposal of utility plant					
20.	Net cash used (provided) by investing activities					
	<u>Cash Flows From Financing Activities</u>					
21.	Proceeds from issuing short term debt					
22.	Less: Principal repayment of short term debt					
23.	Plus: Proceeds from issuing long term debt					
24.	Less: Principal repayment of long term debt					
25.	Less: Interest payment for short and long term debt					
26.	Plus: Proceeds from issuing stock					
27.	Less: Dividends paid					
28.	Plus: Funds provided by owner					
29.	Net cash provided (used) by financing activities					
30.	Net increase (decrease) in cash					
31.	Cash balance at beginning of year					
32.	Cash balance at end of year					

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Instructions

-
1. These schedules should reflect all revenues, costs, investment, etc. associated with or to be associated with the utility system for which the subject franchise application is being submitted, exclusively.
 2. For purposes of forecasting future expenses, as a simplifying assumption, it may be assumed that increases in such costs due to increases in general price levels, (i.e., inflation) will on average be offset by concurrent rate increases. Thus, no provision(s) for such offsetting changes will need to be made in forecasting costs.
 3. A written detailed narrative explanation of all assumptions underlying the information and data contained in this addendum and five (5) copies of all workpapers developed in completing the addendum are to be filed with the Commission's Chief Clerk concurrent with the filing of the franchise application.
 4. Computations for Statement of Cash Flows (Page 2 of Addendum)
 - (a) Line 2 should agree with Addendum Page 1 - Projected Income Statement, Line 8.
 - (b) Line 3 should agree with Addendum Page 1 - Projected Income Statement, Line 20.
 - (c) Line 4 should agree with Addendum Page 1 - Projected Income Statement, Sum of Line 22 thru Line 25.
 - (d) Line 14 should equal Line 12 plus Line 13.
 - (e) Line 15 should equal Line 5 less Line 14.
 - (f) Line 30 should equal Line 15 less Line 20 plus Line 29.
 - (g) Line 31 should equal the cash balance at the end of the prior year, except for the beginning balance for Year 1, which should be zero.
 - (h) Line 32 should equal Line 30 plus Line 31.

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-933, SUB 10
DOCKET NO. M-100, SUB 138

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-933, SUB 10)	
)	
In the Matter of)	
Etowah Sewer Company Tariff Filing to Reflect)	
House Bill 998)	
)	
DOCKET NO. M-100, SUB 138	)	ORDER APPROVING TARIFF
	)	REVISION AND REQUIRING
	)	CUSTOMER NOTICE
In the Matter of)	
Implementation of House Bill 998 – An Act to)	
Simplify the North Carolina Tax Structure and to)	
Reduce Individual and Business Tax Rates)	

BY THE COMMISSION: Pursuant to Section 2.4.(a) of Session Law 2015-6 (House Bill (HB) 41), the Commission must adjust the rate for the sale of electricity, piped natural gas, and water and wastewater service to reflect all of the tax changes as enacted in Session Law 2013-316 (HB 998). Under G.S. 105-130.3A, as enacted in HB 998, an automatic reduction in the State corporate income tax rate from 5% to 4% became effective for the taxable year beginning on or after January 1, 2016, because certain net General Fund tax collection levels were met for the State’s fiscal year 2014-2015.

On November 19, 2015, the Commission issued its Order Requiring Revised Tariff Filings and Requesting Review by the Public Staff – North Carolina Utilities Commission (Public Staff). In the Order, the Commission concluded, among other things, that water and wastewater public utilities must adjust their rates, effective for the taxable year beginning on or after January 1, 2016, to reflect the reduction from 5% to 4% in the State corporate income tax rate. Therefore, the Commission required, among other things, that all water and wastewater public utilities file revised tariffs by no later than December 21, 2015, reflecting the new rates at the 4% State corporate income tax rate. The Commission concluded that such tariff filings were provisionally approved effective beginning on January 1, 2016 pending review by the Public Staff and final approval by the Commission.

On December 16, 2015, Etowah Sewer Company (Etowah or the Company) filed its revised tariff. On December 16, 2015, the Public Staff filed a letter stating that it had reviewed the Company’s revised tariff, believes it complies with the Commission’s Order, and recommended approval.

Based on the record of evidence in these dockets, the Commission finds it appropriate to approve Etowah's December 16, 2015 tariff filing, effective January 1, 2016. The Company is required to provide a customer notice, as attached, and file a verification that it has adjusted its rates accordingly.

IT IS, THEREFORE, ORDERED as follows:

1. That the Schedule of Rates, attached as Appendix A, is approved and is deemed filed with the Commission pursuant to G.S. 62-138. This Schedule of Rates was effective for bills rendered on and after January 1, 2016.

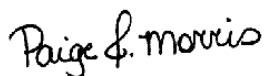
2. That a copy of the Notice to Customers attached as Appendix B be mailed with sufficient postage or hand delivered by the Company to all of its customers contemporaneously with the next billing of customers.

3. That the Company shall file with the Commission the attached Verification properly signed and notarized not later than thirty (30) days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 13th day of May, 2016.

NORTH CAROLINA UTILITIES COMMISSION



Paige J. Morris, Deputy Clerk

SCHEDULE OF RATES

for

ETOWAH SEWER COMPANY

for providing sewer utility service in

ETOWAH COMMUNITY

Henderson County, North Carolina

Monthly Sewer Utility Service:

Residential Flat Rate	\$26.33
Commercial Customers (metered rates)	
Base Charge, zero usage	\$26.33
Usage Charge, per 1,000 gallons	\$ 4.05

Connection Charge:

Residential	\$2,300 per connection
Commercial	\$2,300, minimum per connection, plus \$6.97 per gallon of design flow over 330 gallons per day

Reconnection Charge:

If sewer service cut off by utility for good cause	\$ 14.99
--	----------

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

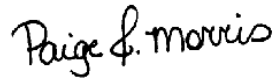
Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-933, Sub 10, on this the 13th day of May, 2016, effective January 1, 2016.

NOTICE TO CUSTOMERS

Notice is hereby given that the North Carolina Utilities Commission has approved a rate decrease for Etowah Sewer Company to reflect a tax change enacted by the North Carolina General Assembly. Under House Bill 998, an Act to Simplify the North Carolina Tax Structure and to Reduce Individual and Business Tax Rates, effective January 1, 2016, the State corporate income tax rate was decreased from 5% to 4%. The Company has decreased its rates by 0.09% to reflect the decrease in the State corporate income tax rate, effective January 1, 2016.

This the 13th day of May, 2016.

NORTH CAROLINA UTILITIES COMMISSION



Paige J. Morris, Deputy Clerk

VERIFICATION

I, _____, state and attest that Etowah

Sewer Company has:

- (1) Adjusted its rates as ordered in Docket No. W-933, Sub 10, and
- (2) Mailed with sufficient postage or hand delivered to all affected customers the customer notice issued by the North Carolina Utilities Commission in Docket No. W-933, Sub 10, by the date specified in the Order.

This the _____ day of _____, 2016.

By: _____
Signature

Name of Utility Company

Sworn to and subscribed before me

This the _____ day of _____, 2016.

Notary Public

Printed Name

My Commission Expires: _____

Attachment B

Josiah Cox – President

Mr. Cox received a Bachelors of Science with a major in Environmental Science from the University of Kansas. Professionally he has worked at the Kansas state biological survey, where he performed a wildlife habitat study. He then worked at a civil engineering firm where he was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. He focused mainly on the water and wastewater side of the civil engineering business and participated in every part of that business from waste-load allocation studies (now known as the anti-degradation processes), design, permitting, project management, and construction management. He also ran the firm's environmental consulting division and was the second private consultant to submit a water quality impact study in the state of Missouri in 2003. He joined the engineering firm's executive leadership team and helped run all the firm's operations.

Beginning in 2005, he raised money from a group of investors and formed a full-service civil engineering, environmental consulting, general contracting, and construction management firm. He served as the Chief Operating Officer, and finally Chief Executive Officer, he obtained extensive experience with rural communities in every facet of the water and wastewater compliance process, including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. The firm performed stream sampling and built waste-load allocation models to determine receiving water-body protective permit-able effluent pollutant loads. They did full engineering design of multiple whole community wastewater and water infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and taken these designs through federal and state administered permitting processes in Missouri. The engineering firm also administered the construction of these water and wastewater systems from green field site selection all the way through system startup and final engineering sign off. During this time, he began the Master of Business Administration (MBA) program at Washington University in St. Louis, from which he graduated in 2007.

In addition, starting in 2008, he took over the operations of an existing rural sewer district, and he still operates a system managing the functioning, testing, and maintenance of the system. He also acts as the administrator for this municipal system performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, customer service, and public town meetings required to service the community.

Todd Thomas – Vice President

Todd Thomas holds the office of Senior Vice President of First Round CSWR, LLC (First Round), the company that is the ultimate parent of Bluegrass Water Utility Operating Company, Inc. Mr. Thomas received his Bachelor of Science in Civil Engineering from The Missouri University of Science and Technology, and a Master of Business Administration from Washington University in St. Louis.

Before joining CSWR, Mr. Thomas was President of Brotcke Well and Pump, Vice President of Operations and Business Development of the Midwest for American Water Contract Operations, and

General Manager of Midwest Operations for Environmental Management Corporation. Mr. Thomas currently serves on the Technical Advisory Team for the Public Water Supply District 2 of St. Charles County, MO.

Mr. Thomas's previous employment provided him extensive experience in water and sewer utilities. He has extensive firsthand experience with how much damage can be done by lack of maintenance on a well system and how much money and effort is required to restore a well system after neglect.

Now, in his position as Senior Vice President at CSWR, Mr. Thomas's main responsibilities include utility operations along with the acquisition, development, and rate stabilization of CSWR utilities. These duties include operations, maintenance, capital planning, and regulatory compliance for all CSWR facilities. He is responsible for the management of all operations and maintenance service providers, customer service and billing service providers, and engineering firms.

Mike Duncan – Assistant Vice President

Mike Duncan is the Director of Business Operations and Assistant Vice President of CSWR, LLC, the parent company of Bluegrass Water, which is managed by Central States Water Resources, Inc. He has held this position since July 2018. As Director of Business Operations, he has completed applications for acquisition cases for water and sewer utilities in Missouri, Kentucky, Tennessee and Louisiana.

After receiving a Bachelor of Arts degree from Washington University in St. Louis, the first eleven years of his career were spent as an administrator and later director at a non-profit organization in St. Louis Missouri. As Director he oversaw accounting, finance, human resources, IT and communications for the organization. During his employment he received a master's in business administration from Olin School of Business at Washington University. Prior to his employment with CSWR, he spent two years as Director of Operation with Auto Tire & Parts Napa, a partner-owned chain of auto parts stores, overseeing projects related to distribution, logistics, IT and general management.

Jake Freeman – Director of Engineering

Jake Freeman is the Director of Engineering of CSWR, LLC, the ultimate parent company of Red Bird Water UOC, LLC which is managed by Central States Water Resources, Inc. He has held this position since January 2019. As Director of Engineering he oversees all engineering, surveying and facility construction upgrades for all newly acquired CSWR water and sewer utilities including those in Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi, Tennessee, Illinois and North Carolina. He also oversees ongoing capital upgrade projects on all CSWR owned and operated facilities.

After receiving a Bachelor of Science degree in Mechanical Engineering from the University of Missouri – Columbia, he spent the first two years of his career working for Corrigan Mechanical, a design-build mechanical contractor in St. Louis designing, estimating and managing plumbing, HVAC and process piping construction projects in Missouri and southern Illinois. He then spent eleven years

performing similar tasks for Brotcke Well & Pump, a well and pump service contractor servicing water wells and water treatment equipment throughout Missouri, Illinois, Kentucky and Kansas. Prior to his employment with CSWR, he was serving as Vice-President of Brotcke Well & Pump and Principal for their engineering services. He was also managing their newly opened office in Kansas City.

Jami Favor - Environmental, Health and Safety Director

Jami Favor holds the office of Environmental, Health and Safety Director of CSWR, LLC the company that is the ultimate parent of Red Bird Water Utility Operating Company. Mr. Favor holds several top water and wastewater certifications throughout the country. Mr. Favor also has received his Associate of Science in Ecological Controls and Associate of Applied Arts.

Before joining CSWR, Mr. Favor worked for Woodard and Curran's as an Area Manager of Contract Operations and Maintenance for Public Water Supply District 2 of St. Charles County, MO and General Manager of Quincy, WA. Mr. Favor had a number of responsibilities to include budget and financial accountability, creating and implementing Capital Improvement Plans, daily operations of wastewater and water treatment facilities, including both industrial wastewater and reuse facilities that provided high efficient softening and reverse osmosis treatment to industrial customers, implementation and oversight of Industrial Pretreatment Programs, collection and water distribution maintenance.

Mr. Favor's previous employment provided him extensive experienced in water and sewer utilities. He has extensive firsthand experience with how manage financially, operationally and safely water and wastewater treatment facilities.

In his position as Environmental, Health and Safety Director at CSWR, Mr. Favor's main responsibilities include budgeting/financial accountability of operations, identifying capital improvements projects, overseeing regulatory compliance, implementing Computer Maintenance Management System and Regulatory Data bases for all CSWR facilities, development of safety programs, and overseeing third party Operations and Maintenance contractors of CSWR facilities.

CSWR

CSWR, LLC purchased and currently operates 58 public drinking water and wastewater systems in Missouri, Arkansas, Kentucky, and Louisiana through which they provide safe and reliable utility service to approximately 38,365 connections. CSWR, LLC also has additional pending acquisition applications in Missouri, Texas, Kentucky, and Tennessee.

Since March 2015, affiliates in Missouri, Arkansas, Kentucky, and Louisiana have designed, permitted, and completed construction of approximately \$6 million of upgrades and improvements to drinking water systems. Those upgrades and improvements include construction of ground water storage tanks and drinking water pressurization pump assemblies, drilling water wells, erecting or rehabilitating well houses, closing failed wells, blasting/coating water storage tanks, replacing meter pits with new meters, replacing or repairing numerous water distribution lines, installing numerous isolation valve systems, installing multiple flush hydrants, repairing hundreds of leaking lines, and constructing or rehabilitating various other improvements to existing drinking water systems.

For wastewater systems, CSWR affiliated companies have designed, permitted, and completed construction of approximately \$8.3 million of sanitary system improvements. Those improvements include wastewater line repairs to remedy infiltration and inflow problems, construction of sewer main extensions, construction and repairs of multiple lift stations, closures of environmentally-distressed wastewater treatment plants, conversion of failing wastewater treatment plants into sludge storage/flow equalization and treatment basins, conversion of failed mechanical systems to I-Fast systems, and construction of various other improvements to existing wastewater treatment facilities.

CSWR has access to experienced technical and managerial expertise and experience not usually available to water systems of smaller size. And CSWR's business model makes these assets available to its affiliates at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve for its member utility operating companies.

The affiliated group of which Red Bird Water is a member has been able to secure an ongoing commitment from Sciens Capital Management, a Wall Street private equity firm, to provide capital necessary to purchase small, oftentimes distressed, systems and then make investments necessary to bring those systems into compliance with applicable health, safety, and environmental protection laws and regulations. Investment is provided primarily in the form of equity, but an affiliate also has committed to make debt capital available at reasonable rates if Red Bird Water is unable to obtain debt financing from non-affiliated commercial sources.

The Missouri Public Service Commission and the Missouri Department of Natural Resources have recognized the solid track record CSWR and its affiliates have established for acquiring, rehabilitating, maintaining, and operating troubled water and wastewater systems in that state. And in a recent order authorizing the group's Kentucky affiliate to acquire several troubled wastewater systems, the Kentucky Public Service Commission expressly found the group has the financial, technical, and managerial ability necessary to provide reasonable service to the public.

Revenues and Expenses
For 12 months Ended December 31, 2018

<u>Revenues</u>	<u>Water</u>
4. Residential service (flat rate)	\$ 153,422.46
5. Residential service (metered rate)	\$ 4,291.54
6. Nonresidential service (flat rate)	
7. Nonresidential service (metered rate)	
8. Other revenues (describe in remarks below)	
9. Total Revenues (Lines 4 thru 8)	\$ 157,714.00
10. Total salaries (except owner)	\$ 53,723.00
11. Salaries paid to owner	
12. Administrative and office expense (except salaries)	\$ 723.00
13. Maintenance and repair expense (except salaries)	\$ 31,127.00
14. Transportation expenses	
15. Electric power for pumping	\$ 17,884.00
16. Chemicals for treatment	\$ 11,698.00
17. Testing fees	\$ 2,695.00
18. Permit fees	
19. Purchased water/sewer treatment	\$ 471.00
20. Annual depreciation	\$ 22,309.00
21. Taxes: State income taxes	
22. Federal income taxes	\$ -
23. Gross receipts (or franchise tax)	
24. Property taxes	\$ 1,117.00
25. Payroll taxes	
26. Other taxes	
27. Interest on debt during year	
28. Other expenses (describe in remarks below)	\$ 48,174.00
29. Total Expenses (Lines 10 thru 28)	\$ (189,921.00)
30. Net Income (Line 9 minus Line 29)	\$ (32,207.00)

Attachment H

Page 1, Proposed and Present Rates:

CSWR North Carolina plans to adopt this systems current rates and charges. CSWR North Carolina seeks to adopt the rates found in the most recent tariff revision located in the Docket No. found on page 1. Please see this Docket for both present rates, and our proposed rates/charges. This tariff document has also been attached as "Attachment A".

Page 2, Q6:

CSWR North Carolina will implement operational changes to improve and enhance customer service. Customers will have access to a 24-hour phone line to report any utility service issues. CSWR North Carolina will ensure customers served by the system have access to customer service representatives during normal business hours to talk about any customer concerns. CSWR North Carolina will also offer online bill paying options to customers including e-checks, debit card, and credit cards.

CSWR North Carolina will also use contractors for billing and to provide emergency answering services for customer calls. The billing contractor will be responsible for computing, printing, and sending monthly bills to customers and for collecting payments. The billing contractor's staff will also field and process customer bill inquiries, make bill adjustments, deal with customer requests for payment plans, and interact with Commission Staff regarding billing issues. Billing contractor employees will also be trained to route customer service complaints and inquiries to the service contractor.

Page 2, Q10-14:

The general manager will be Josiah Cox and he can be located/contacted at 500 NW Plaza #500, St Ann, MO 63074 at phone number 314-736-4672. See attachment B for his qualifications.

For complaints or billing, Nitor Billing Services can be located/contacted at 100 Chesterfield Business PKWY Suite 256, Chesterfield, MO 63005 at phone number 314-540-3803. Customers may contact the company by calling the customer service toll-free phone number or sending an email to customer service. The customer service toll free number and the website are available 24/7. We currently use Nitor Billing Services as our third-party customer service provider. They operate M-F, 7am-5pm CST and take both emergency and customer service-related calls. They have agreed to expand their operation to support any additional call volume we have.

For engineering operations and emergency service, Midwest Water can be contacted at 1351 Jefferson Street, Suite 301 Washington, MO 63090 at phone number 636-432-3001. The collective professional experience at Midwest Water is 30+ years and Midwest has been operating for nearly five (5) years. Local operators have not yet been identified, but their information will be provided once available.

For accounting services, CSWR, LLC can be contacted at 500 NW Plaza #500, St Ann, MO 63074 at phone number 314-736-4672.

Page 5, Q24:

In order to determine an appropriate rate base for purposes of future cost recovery, CSWR North Carolina intends to request an adjustment to rate base to reflect the value of real estate assets used and useful in providing service to customers. In proceedings in other states, CSWR North Carolina has relied on real estate appraisals to establish rate base for systems it has acquired. These appraisals allow adjustments to rate base based on the value of existing undepreciated land and land rights owned by the selling utility. This method has resulted in fair, reasonable rate base valuations and reasonable opportunities to earn a return sufficient to raise the necessary capital to support these systems. It would provide an efficient, cost-effective alternative to the fair market value approach when the acquisition involves a smaller system, and it is particularly necessary where the acquiring entity would be ineligible to participate in the fair market value process. The Company has not performed an appraisal of the system to determine the appropriate amount of such adjustment.

Page 6, Q2-3:

Funds will be provided by a mix of equity and debt financing. Although the initial capital structure will be comprised of 100% equity, CSWR North Carolina plans to add debt in the future to achieve a 50/50 debt to equity ratio. Equity financing will be provided through an infusion from CSWR North Carolina's ultimate parent company CSWR, LLC. The source of debt financing will be determined after acquisition of the system. The exact timeline for construction has not yet been determined but CSWR North Carolina plans to move as quickly as possible to address known issues on the system upon approval of the CCN and closing of the acquisition.

Attachment I**OPERATING AGREEMENT OF
CSWR-NORTH CAROLINA, LLC**

THIS OPERATING AGREEMENT (this "Agreement") is signed as of the 18th day of November, 2019 (the "Effective Date"), by CSWR, LLC, a Missouri limited liability company, as the sole Member of CSWR-NORTH CAROLINA, LLC, a North Carolina limited liability company (the "Company").

RECITALS

WHEREAS, on November 18, 2019, the Company was organized a limited liability company under the laws of North Carolina pursuant to the North Carolina Limited Liability Company Act, Chapter 57D (the "Act") for the purpose of, among other things, of investing in and operating water and waste water utilities;

WHEREAS, the aforementioned Member desires to adopt this Operating Agreement setting forth the Member's desire for the management and operation of such limited liability company.

NOW THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Member hereby states as follows:

**ARTICLE I.
ORGANIZATION**

1.1. Certain Definitions. As used herein, the following terms have the following meanings:

- (a) "Act" is defined in Section 1.2 hereof.
- (b) "Agreement" means this Operating Agreement, as the same may be amended from time to time.
- (c) "Business Property" means all properties, assets and interests (whether real or personal, tangible or intangible) now or hereafter owned or held by the Company.
- (d) "Capital Account" means the Capital Account maintained by the Company for each Member in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), as amended from time to time.
- (e) "Capital Contributions" means with respect to the Member, the total amount of money and the fair market value of the other property, if any, to be contributed to the Company by the Member in accordance with Article II hereof. The Member's "Paid-In Capital Contribution" means the amount of the Member's Capital Contribution actually paid in cash or other property actually contributed to or on behalf of the Company. With respect to the Company, such terms shall mean the aggregate

Capital Contributions and aggregate Paid-In Capital Contributions, respectively, of the Member.

(f) "Capital Transaction" means any of the following items or transactions: a sale, transfer or other disposition of all or substantially all of the assets of the Company, condemnation actions, net insurance recoveries (other than for temporary loss of use), the refinancing of the mortgage or other indebtedness of the Company. The payment of Capital Contributions by the Member shall not be included within the meaning of the term "Capital Transaction."

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

(h) "Company" means this limited liability company and any successors hereto.

(i) "Depreciation" means for each fiscal year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such fiscal year. In the event the book value of an asset differs from its adjusted tax basis at the beginning of such year, then the Depreciation shall be an amount which bears the same ratio to the fair market value (as may be adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g)) as the Depreciation determined for federal income tax purposes bears to the beginning adjusted tax basis.

(j) "Dissolution Proceeds" is defined in Section 10.2 hereof.

(k) "Net Profits" or "Net Losses" for the applicable period means the gross income of the Company minus (a) all net cash outlays of any kind, whether capital in nature or not, to the extent the same are not depreciable or amortizable for federal income tax purposes (or, as the context may require, to the extent the same are not depreciated or amortized for federal income tax purposes), including, without limiting the generality of the foregoing, all operating expenses payable by the Company, salaries, life insurance premiums on policies owned by the Company, and interest on any Company indebtedness; and (b) all Depreciation allowable for federal income tax purposes. In the event that such sum is a positive number, it shall be considered "Net Profits" and if the sum is a negative number, it shall be considered "Net Losses."

(l) "Person" is defined in Section 1.9 hereof.

(m) "Treasury Regulation(s)" means the Income Tax Regulations promulgated under the Code, as such Treasury Regulations may be amended or supplemented from time to time.

1.2. Formation. The Member has formed the Company under and pursuant to the provisions of the Act, for the limited purposes and scope set forth in this Agreement. The Member has filed in the appropriate governmental office(s) Articles of Organization which conform to the requirements of the Act in order to constitute the

Company as a valid limited liability company under the Act. The costs and expenses associated with such filing shall be borne by the Company.

1.3. Name. The business and affairs of the Company shall be conducted solely under the name of "**CSWR-North Carolina, LLC**", and such name shall be used at all times in connection with the business and affairs of the Company; provided that the Member may operate the Company under any other name necessary or convenient to qualify it to do business in any state or jurisdiction.

1.4. Term. The Company shall continue in existence perpetually, or until dissolved by the Member under the terms of this Agreement.

1.5. Business of the Company. The business of the Company is to: (i) invest in and operate water and waste water utilities; (ii) own, finance, hold, manage, manufacture, sell, exchange or otherwise deal with and dispose of all or any part of the Business Property; and (iii) transact any and all lawful business for which a limited liability company may be organized under the Act and exercise all rights and engage in all activities related thereto (the "Business").

1.6. Principal Office. The principal office of the Company shall be at 500 Northwest Plaza Drive, Suite 500, St. Ann, MO 63074, or such other location as may be hereafter determined by the Manager.

1.7. Registered Office and Registered Agent. The name of the Company's registered agent for service of process in North Carolina and the address of the Company's registered office in North Carolina shall be as provided in the Articles of Organization. The Manager may in his sole discretion and from time to time change the address of the registered office and the registered agent by filing the documents required by law.

1.8. Articles of Organization and Other Instruments. The Member has executed or has authorized the execution of the Articles of Organization in accordance with the Act, and shall execute such other documents and instruments and take all such other actions as may be deemed by the Manager to be necessary or appropriate to effectuate and permit the continuation of the Company under the laws of the State of North Carolina or the laws of any other state in any other state which the Member deems necessary or appropriate. The Manager shall, from time to time, take appropriate action, including the preparation and filing of such other amendments to the Articles of Organization and other certificates as may be required under the laws of the State of North Carolina or any other state, to enable the Company to do business in the State of North Carolina or any other state.

1.9. Additional Definitions. The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The term "Person" includes individuals, partnerships, corporations, limited liability companies, trusts, and other associations and entities. The words "include," "includes," and "including" shall be deemed to be followed by the phrase

"without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

**ARTICLE II.
CAPITAL CONTRIBUTIONS**

2.1. Initial Capital Contributions. The Member shall make the Capital Contribution to the Company as reflected on Exhibit A attached hereto and incorporated herein by reference.

**ARTICLE III.
DISTRIBUTIONS**

3.1. Distributions. Except as otherwise requested by the Member or required by law, cash distributions shall be made to the Member on the following bases at such time (but at least annually) and in such amounts as the Manager in his sole discretion shall determine:

(a) Distributions, other than from a Capital Contribution, shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To the Member, in an amount equal to the unpaid balance of principal and accrued interest of any loan by the Member to the Company;

(iii) The balance, if any, shall be distributed to the Member.

(b) The proceeds of any Capital Transaction and the distribution upon liquidation under Section 10.2 shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To establish such reserves as the Manager in his discretion determines to be reasonably necessary for any contingent or foreseeable liability or obligation of the Company; provided, however, that the balance of any such reserve remaining at such time as the Manager shall reasonably determine shall be distributed in accordance with subparagraphs (iii) through (v) of this Section 3.1(b);

(iii) To the payment to the Member of an amount equal to the unpaid balance of principal and accrued interest of any Loan by the Member;

(iv) To the Member, an amount equal to its Capital Contributions reduced (but not below zero) by the amount of all prior distributions to it under this Section 3.1;

(v) The balance, if any, shall be distributed to the Member.

3.2. Distributions to Be Made In Cash. Unless otherwise determined by the Member, all distributions to the Member shall be made in cash.

**ARTICLE IV.
ALLOCATION OF NET PROFITS AND NET LOSSES**

4.1. Profits and Losses. Net Profits and Net Losses incurred and/or accrued shall be allocated to the Member.

**ARTICLE V.
ACCOUNTING; RECORDS**

5.1. Accounting Methods. The Company books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied. All Federal, state and local tax returns of the Company shall be prepared by the Company's certified public accountants, under the direction of the Manager.

5.2. Fiscal Year. The fiscal year of the Company shall be the twelve calendar month period ending December 31.

5.3. Tax Status. The Member shall elect such tax status that it deems appropriate for each tax year by notifying the Manager of such election.

**ARTICLE VI.
POWERS, RIGHTS AND DUTIES OF THE MEMBER AND MANAGER**

6.1. Restriction of the Member's Rights to Participate in Management. Except as otherwise expressly provided herein, the Member shall have no voice in, take any part in, nor interfere with, the conduct, control, or management of the business of the Company in its capacity as the Member, nor shall the Member have any authority or power to act for, or on behalf of, the Company, or to bind the Company in any respect whatsoever.

6.2. Member Consent. (a) The affirmative vote, approval or consent of the Member shall be required to: (i) alter the primary purposes of the Company as set forth in Section 1.5; (ii) do any act in contravention of this Agreement or cause the Company to engage in any business not authorized by the Articles of Organization or the terms of this Agreement; (iii) do any act which would make it impossible to carry on the usual course of business of the Company; (iv) change or reorganize the Company into any other legal form; (v) amend this Agreement; (vi) issue an Interest in the Company to any Person and admit such Person as a Member; (vii) approve a merger or consolidation with another Person, (viii) change the status of the Company from one in which management is vested in the one or more Managers to one in which management is vested in the Member, or vice versa; (ix) possess any Company property or assign the rights of the Company in specific Company property for other than a Company purpose; (x) perform any act (other than an act required by this Agreement or any act taken in good faith reliance upon counsel's opinion) which would, at the time such act occurred, subject the Member to liability as a general

partner in any jurisdiction; (xi) operate the Company in such a manner as to have the Company classified as an "investment company" for purposes of the Investment Company Act of 1940; (xii) have an order for relief entered against the Company under applicable federal bankruptcy law; OR (xiii) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Company in any bankruptcy, reorganization or insolvency proceeding.

(b) The Member shall have the right to replace a Manager of the Company and name its successor at any time by providing written notice to the Manager being replaced of such decision in which the successor Manager is also set forth.

6.3. Manager.

(a) The Manager shall have the power to do all things necessary or convenient to carry out the business affairs of the Company. The initial Manager shall be Central States Water Resources, Inc., a Missouri corporation.

(b) The Manager shall not have any contractual right to such position and shall serve until the earliest of (i) the withdrawal of the Manager, or (ii) the removal of the Manager. The Manager may be removed and replaced in accordance with the provisions of Section 6.2(b).

(c) Except to the extent provided herein, the Member hereby agrees that only the Manager and agents of the Company authorized by the Manager shall have the authority to bind the Company. The Member shall not take any action to bind the Company without notifying the Manager of such action. If the Member takes any action to bind the Company, it shall indemnify and hold harmless the Manager against any claim, loss, expense or liability (including, without limitation, attorneys' fees and expenses, whether or not litigation is commenced) incurred by the Manager as a result of the unauthorized action of such Member.

(d) The Manager's duty of care in the discharge of the duties of the Manager to the Company and the Member is limited to discharging his duties pursuant to this Agreement in good faith, with the care a corporate officer of like position would exercise under similar circumstances, in the manner he reasonably believes to be in the best interests of the Company. In discharging his duties, the Manager shall not be liable to the Company or to the Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement or by separate written instrument executed by the Member.

(e) The Manager's compensation shall be established by the Member, and the Manager shall be entitled to reimbursement of any general overhead expenses incurred in the regular course of his duties.

6.4. Indemnification

(a) The Company, except as provided in Section 6.4(b), shall indemnify any Person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether criminal, civil, administrative or investigative, including without limitation any action by or in the right of the Company, by reason of the fact that he/it was or is a Member or Manager of the Company or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise; against expenses, including attorneys' fees, judgments, fines, taxes and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding if such Person's conduct is not finally adjudged to be knowingly fraudulent, deliberately dishonest or willful misconduct. The right to indemnification conferred in this paragraph shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any actual or threatened civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding. Such right will be conditioned upon receipt of an undertaking by or on behalf of the Member or manager to repay such amount if it shall ultimately be determined that he/it is not entitled to be indemnified by the Company as authorized in this Article. Such right shall survive any amendment or repeal of this Article with respect to expenses incurred in connection with claims, regardless of when such claims are brought, arising out of acts or omissions occurring prior to such amendment or repeal. The Company may, by action of the Member, provide indemnification to employees and agents of the Company with the same scope and effect as the foregoing indemnification of Member and Manager.

(b) If a claim under Section 6.4(a) is not paid in full by the Company within thirty (30) days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense, including reasonable attorneys' fees and costs, of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the limited liability company law of North Carolina for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including the Member or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/it has met the applicable standard of conduct set forth in the limited liability company law of North Carolina, nor an actual determination by the Company (including its Member or independent legal counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) The indemnification provided by this Section 6.4 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, consent of the Member or otherwise, both as to action in his/its official capacity and as to action in another capacity while holding such office, and shall continue as to a Person who has ceased to be a Member, Manager, employee, partner, trustee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person.

(d) The Company may purchase and maintain insurance on behalf of any Person who is or was a Member, Manager, employee or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his/its status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Section 6.4.

(e) For the purposes of this Section 6.4, references to the Company includes the resulting or surviving entity in any merger or consolidation so that any Person who is or was a Member, Manager, employee or agent of such a constituent entity or is or was serving at the request of such constituent entity as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Section 6.4 with respect to the resulting or surviving entity as he/it would if he/it had served the resulting or surviving entity in the same capacity.

(f) For purposes of this Section 6.4, the term "other enterprise" shall include employee benefit plans; the term "fines" shall include any excise taxes assessed on a Person with respect to any employee benefit plan; and the term "serving at the request of the Company" shall include any service as a member, manager, director, officer, employee, partner, trustee or agent of, or at the request of, the Company which imposes duties on, or involves services by, such member, manager, director, officer, employee, partner, trustee or agent with respect to an employee benefit plan, its participants, or beneficiaries.

(g) In the event any provision of this Section 6.4 shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision of this Section 6.4 and any other provisions of this Section 6.4 shall be construed as if such invalid provision had not been contained in this Section 6.4. In any event, the Company shall indemnify any Person who is or was a Member or Manager of the Company, or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, to the full extent permitted under North Carolina law, as from time to time in effect.

6.5. Liability of the Member. The Member shall not be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or

requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Member or a Manager for liabilities of the Company.

**ARTICLE VII.
DETERMINATIONS BY THE MEMBER**

7.1. **Actions by the Member.** The Member shall have the right to take any action set forth herein in accordance with the terms of the Agreement. In addition, if the Member determines that it wants to take an action that is not expressly granted to it within this Agreement, it shall take such action only after notifying the Manager in writing of the intended action.

**ARTICLE VIII.
ACTIONS OF THE MANAGER**

8.1. **Actions by the Manager.** The Manager shall decide any question related to the operations of the Company, unless the question is one upon which, by express provision of the Act, the Articles of Organization or this Agreement, the Member is required to consent, in which case such express provision shall govern and control the decision on such question.

**ARTICLE IX.
TRANSFER OF MEMBER'S INTEREST**

9.1. **Transfer of Member's Interest.** The Member shall have the right to transfer all or part of its Interest to another Person upon such terms that the Member deems acceptable. Prior to the effective date of the transfer of all or part of the Interest, the Member must notify the Manager of the transfer in writing.

9.2. **Effect of Assignment; Documents.** All Interests in the Company transferred pursuant to the provisions of this Article shall be subject to the restrictions and obligations set forth in this Agreement. As a condition to any Person being admitted as an additional Member or a substituted Member, such Person must execute this Agreement and agree to be bound by all of its terms and provisions as a substituted Member or additional Member.

**ARTICLE X.
DISSOLUTION OF THE COMPANY**

10.1. **Dissolution Acts.**

(a) No act, thing, occurrence, event or circumstance shall cause or result in the dissolution of the Company except that the happening of any one of the following events shall work as an immediate dissolution and termination of the Company:

(i) A determination by Member to dissolve and terminate the Company; and

(ii) The event of the death of the Member.

(b) Without limiting the other provisions hereof, the transfer of all or any part of a Member's Interest, in accordance with the provisions of this Agreement or the admission of a new Member, shall not work the dissolution of the Company.

10.2. Distribution of Proceeds on Dissolution; Reserves. Upon the dissolution and termination of the Company, a the Member or such other Person designated by the Member (the "Winding-Up Member") shall file a Notice of Winding Up pursuant to the Act and shall proceed with the liquidation and termination of the Company as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice, and the proceeds therefrom and any other funds and assets of the Company (the "Dissolution Proceeds"), shall be applied and distributed pursuant to the provisions of Section 3.1.b.

**ARTICLE XI.
GENERAL**

11.1. Notices. Any notice, request, approval, consent, demand or other communication required or permitted hereunder shall be given in writing by (1) personal delivery, (2) expedited delivery service with proof of delivery, (3) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (4) email or facsimile (provided that such email or facsimile is confirmed as received), and shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the last known address, or in the case of email or facsimile, upon receipt.

11.2. Amendments. This Agreement may be amended by a written agreement of amendment executed by the Member.

11.3. Miscellaneous. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns. Captions contained in this Agreement in no way define, limit, or extend the scope or intent of this Agreement. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to any other Persons or circumstances, shall not be affected thereby.

11.4. Remedies. If the Company or any party to this Agreement obtains a judgment against any other party by reason of breach of this Agreement or failure to comply with the provisions hereof, reasonable attorneys' fees as fixed by the court shall be included in such judgment. No remedy conferred upon the Company or the Member in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No waiver by the Member or the Company of any breach of this Agreement shall be deemed to be a waiver of any other breach of any kind or nature and no acceptance of payment or performance by a Member or the Company after any such

breach shall be deemed to be a waiver of any breach of this Agreement, whether or not such Member or the Company knows of such breach at the time it accepts such payment or performance. If the Member has the right herein to approve or consent to any matter or transaction, such approval or consent may be withheld in the sole discretion of the Member for any reason or no reason. No failure or delay on the part of the Member or the Company to exercise any right it may have shall prevent the exercise thereof by the Member or the Company at any time such other may continue to be so in default, and no such failure or delay shall operate as a waiver of any default.

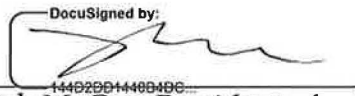
11.5. Compliance with Securities Laws. Notwithstanding anything herein contained to the contrary, no transfer or disposition of Interests in the Company pursuant to the terms hereof shall be made unless such transfer or disposition complies in all respects with the provisions of the Securities Act of 1933 and the securities laws of any and all states with jurisdiction over such transfer or disposition, and the rules and regulations promulgated thereunder.

11.6. Binding Effect. This Agreement and any amendment hereto made as provided herein shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Member, its heirs, executors, administrators, and legal or personal representatives.

11.7. Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of North Carolina.

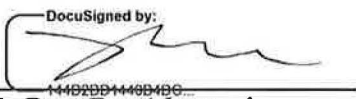
IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

CSWR, LLC

By: 

Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

Agreed and Accepted by:



Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

**EXHIBIT A
INITIAL CAPITAL CONTRIBUTIONS**

<u>Member's Name and Address</u>	<u>Member's Interest</u>	<u>Capital Contribution</u>
CSWR, LLC	100%.	Kept by Company Accountant

OFFICIAL COPY

Jan 12 2024



NORTH CAROLINA

Department of the Secretary of State

OFFICIAL COPY

Oat 02 2024

To all whom these presents shall come, Greetings:

I, Elaine F. Marshall, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

CSWR-NORTH CAROLINA, LLC

the original of which was filed in this office on the 18th day of November, 2019.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 18th day of November, 2019.

Elaine F. Marshall

Secretary of State

State of North Carolina
Department of the Secretary of State

SOSID: 1918561
Date Filed: 11/18/2019 2:40:00 PM
Elaine F. Marshall
North Carolina Secretary of State
C2019 319 00606

OFFICIAL COPY

Jan 12 2024

Limited Liability Company
ARTICLES OF ORGANIZATION

Pursuant to §57D-2-20 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is: CSWR-North Carolina, LLC
(See Item 1 of the Instructions for appropriate entity designation)
2. The name and address of each person executing these articles of organization is as follows: (State whether each person is executing these articles of organization in the capacity of a member, organizer or both by checking all applicable boxes.) **Note: This document must be signed by all persons listed.**

Name	Business Address	Capacity
<u>Caroline Doss</u>	<u>13421 Manchester Rd. Suite 103 St. Louis, MO 63131</u>	<input type="checkbox"/> Member <input checked="" type="checkbox"/> Organizer
<u>_____</u>	<u>_____</u>	<input type="checkbox"/> Member <input type="checkbox"/> Organizer
<u>_____</u>	<u>_____</u>	<input type="checkbox"/> Member <input type="checkbox"/> Organizer

3. The name of the initial registered agent is: C T Corporation System

4. The street address and county of the initial registered agent office of the limited liability company is:

Number and Street 160 Mine Lake Ct, Suite 200
City Raleigh State: NC Zip Code: 27615-6417 County: Wake

5. The mailing address, if different from the street address, of the initial registered agent office is:

Number and Street _____
City _____ State: NC Zip Code: _____ County: _____

6. Principal office information: (Select either a or b.)

a. The limited liability company has a principal office.

The principal office telephone number: 314-736-4672

The street address and county of the principal office of the limited liability company is:

Number and Street: 500 Northwest Plaza Drive, Suite 500
City: St. Ann State: MO Zip Code: 63074 County: St. Louis

The mailing address, if different from the street address, of the principal office of the company is:

Number and Street: _____

City: _____ State: _____ Zip Code: _____ County: _____

b. The limited liability company does not have a principal office.

7. Any other provisions which the limited liability company elects to include (e.g., the purpose of the entity) are attached.

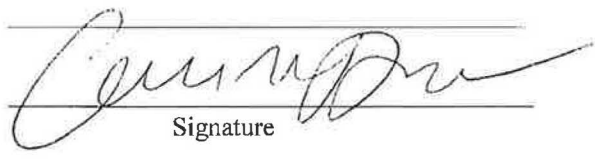
8. **(Optional):** Listing of Company Officials (See instructions on the importance of listing the company officials in the creation document.

Name	Title	Business Address

9. **(Optional):** Please provide a business e-mail address: _____
The Secretary of State's Office will e-mail the business automatically at the address provided above at no cost when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is offered, please see the instructions for this document.

10. These articles will be effective upon filing, unless a future date is specified:

This is the 15 day of November, 2019.


Signature

Caroline Doss, Organizer for CSWR-North Carolina, LLC
Type or Print Name and Title

The below space to be used if more than one organizer or member is listed in Item #2 above.

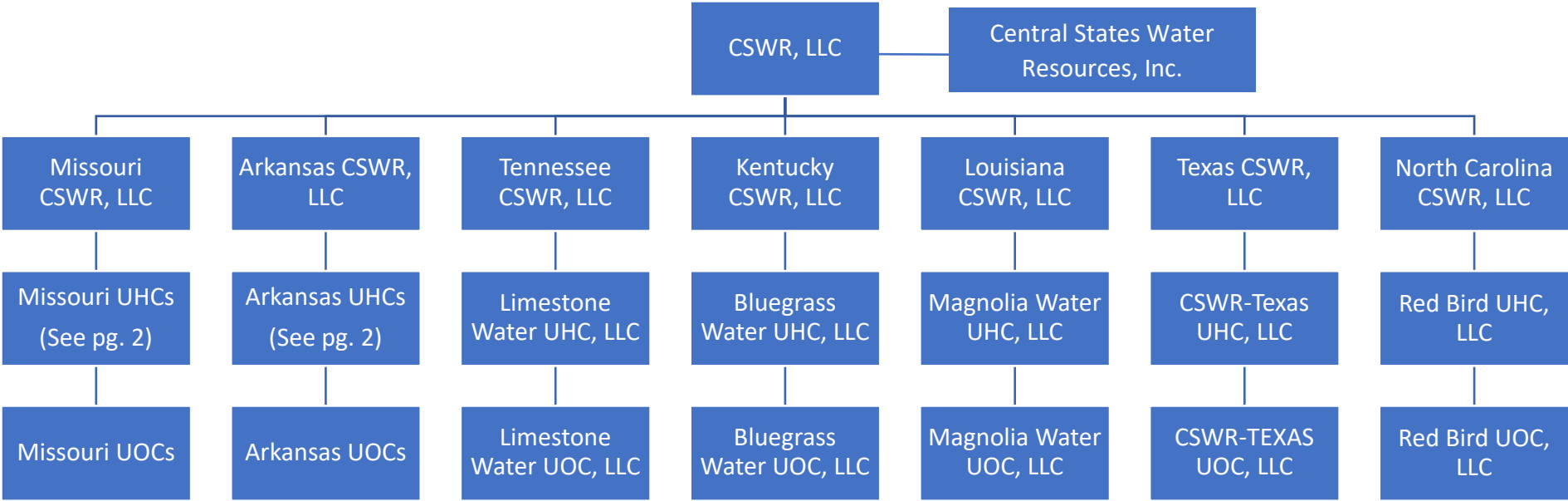
_____	_____
Signature	Signature
_____	_____
Type and Print Name and Title	Type and Print Name and Title

NOTE:

1. Filing fee is \$125. This document must be filed with the Secretary of State.

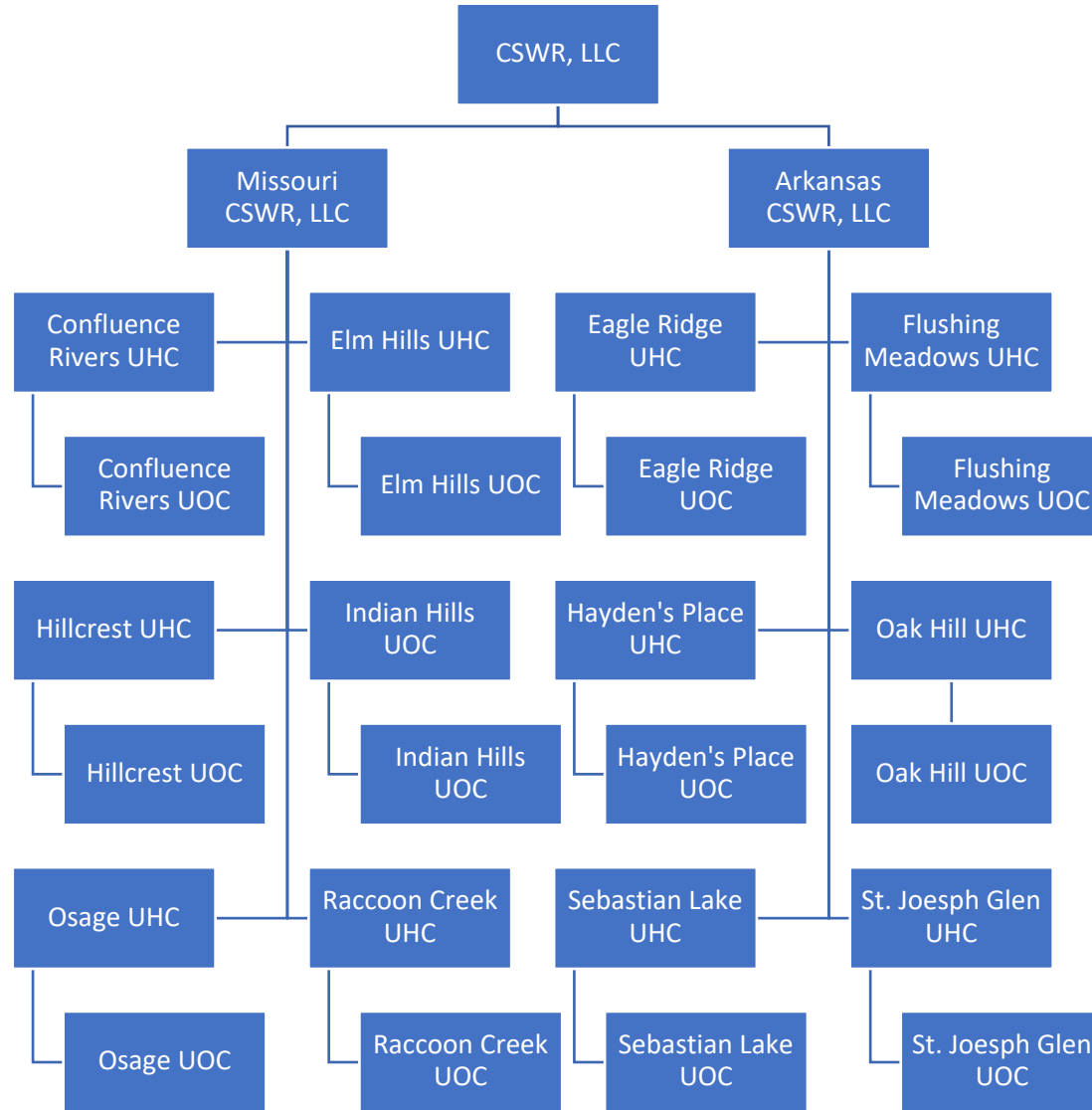
Attachment K

Central States Water Resources Corporate Entity Organizational Chart



Attachment K

Missouri & Arkansas CSWR Organizational Chart Detail



12/31/18

2018 FEDERAL SUMMARY DEPRECIATION SCHEDULE

PAGE 1

ETOWAH SEWER COMPANY, INC

56-1617733

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179/ SDA	PRIOR 179/ SDA/ DEPR.	METHOD	LIFE	CURRENT DEPR.
FORM 1120										
1	ROOT BLOWER	6/22/93		2,113			2,113	S/L HY	7	0
2	SEWER LINES	1/01/89		179,162			102,117	S/L	50	3,583
3	SEWER LINES	6/30/89		93,139			47,505	S/L	50	1,863
4	SEWER PLANT	1/01/89		126,073			123,446	S/L	24	0
5	SEWER PLANT ADDITIONS	1/01/90		7,398			7,239	S/L	24	0
6	DECLORANATION TANK	2/08/94		1,391			1,386	S/L	24	5
7	SEWER PLANT PUMPS	4/25/94		4,087			4,087	S/L HY	7	0
8	FENCE	1/01/89		1,960			1,960	S/L	10	0
9	SEWER PLANT PUMPS	5/31/95		7,233			7,233	S/L HY	7	0
10	SEWER PLANT	12/31/01		380,421			253,616	S/L	24	15,851
11	SEWER PLANT ADDITION	6/01/02		12,485			8,103	S/L	24	520
12	SEWER LINE - HOLLY SPRING	6/10/04		24,357			6,615	S/L	50	487
TOTAL				839,819		0	565,420			22,309
TOTAL DEPRECIATION				<u>839,819</u>		<u>0</u>	<u>565,420</u>			<u>22,309</u>
GRAND TOTAL DEPRECIATION				<u>839,819</u>		<u>0</u>	<u>565,420</u>			<u>22,309</u>

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Oat 02 2024

<u>NO.</u>	<u>Description</u>	<u>Date Acquired</u>	<u>Cost/Basis</u>	<u>Life</u>	<u>Current Depreciation</u>	<u>Depreciation Rate</u>
1	ROOT BLOWER	6/22/1993	\$ 2,113	7	\$ -	0.00%
2	SEWER LINES	1/1/1989	\$ 179,162	50	\$ 3,583.00	2.00%
3	SEWER LINES	6/30/1989	\$ 93,139	50	\$ 1,863.00	2.00%
4	SEWER PLANT	1/1/1989	\$ 126,073	24	\$ -	0.00%
5	SEWER PLANT ADDITIONS	1 /01/90	\$ 7,398	24	\$ -	0.00%
6	DECLORANATION TANK	2/8/1994	\$ 1,391	24	\$ 5.00	0.36%
7	SEWER PLANT PUMPS	4/25/1994	\$ 4,087	7	\$ -	0.00%
8	FENCE	1 /01/89	\$ 1,960	10	\$ -	0.00%
9	SEWER PLANT PUMPS	5/31/1995	\$ 7,233	7	\$ -	0.00%
10	SEWER PLANT	12/31/2001	\$ 380,421	24	\$ 15,851.00	4.17%
11	SEWER PLANT ADDITION	6/1/2002	\$ 12,485	24	\$ 520.00	4.16%
12	SEWER LINE - HOLLY SPRING	6/10/2004	\$ 24,357	50	\$ 487.00	2.00%
	Total		\$ 839,819.00		\$ 22,309.00	2.66%

Please Make Checks Payable to:



**P.O Box 790379
St. Louis MO 63179**

ACCOUNT NAME	[REDACTED]
SERVICE ADDRESS	[REDACTED]
ACCOUNT #	[REDACTED]
DATE	07/06/20
SECURITY CODE	[REDACTED]
SYSTEM	[REDACTED]
SERVICE PERIOD	06/01/20 - 06/19/20

OFFICIAL COPY

Prior Read Date	Prior Read	Current Read Date	Current Read	Usage
05/26/20	190,610	06/19/20	205,430	14,820

Please visit our website: www.magnoliawateruoc.com, and use the Security Code found in the upper right corner of your invoice to register your online account.

Through your customer portal, you may view your account history, pay your bill by Credit, Debit Card or ECheck, sign up for AutoPay, and even go paperless by enrolling in "Ebill" to receive an e-mail notification that a new bill is available. All Online payments are subject to processing fees.

PLEASE NOTE: When signing up for AutoPay, please pay the ENTIRE balance outstanding on your account. Failure to do so may result in a late penalty. AutoPay will take effect beginning the following invoice after successfully enrolling. AutoPay is drafted from your registered payment method 5 days prior to the due date. We recommend logging in, paying your current invoice due, and activating AutoPay for your next billing.

WATER CUSTOMERS: YOUR CURRENT CCR IS AVAILABLE AT THE SITE LISTED BELOW. CALL 855-643-8152 FOR A PAPER COPY.

<https://www.centralstateswaterresources.com/wp-content/uploads/2020/05/EVANGELINE-OAKS-LA1015009-CCR-2019.pdf>

MESSAGES

Due to Covid-19 and our commitment to the community, we are suspending all late fees, late notices and disconnections. Please be aware that balances are still accumulating; keeping current on your account will help to avoid large balances in the future.

If mailing payment, please be sure to use correct mailing address:
P.O. Box 790379
St. Louis, MO 63179

ACCOUNT ACTIVITY

Description	Amount
Previous Balance	\$12.56
Payment Received	(\$12.56)
Balance	\$0.00
Current Billing	
Water	\$45.36
Total Current Billing Charges	\$45.36
TOTAL DUE	\$45.36

06/11/2020

GENERAL INFORMATION

For billing inquiries, call (855) 643-8152 Monday-Friday, 8am-5pm CST or email: support@magnoliawateruoc.com.

YOUR PROMPT PAYMENT IS APPRECIATED!

*****SEPARATE AND RETURN BELOW STUB WITH PAYMENT*****

Red Bird Water UOC, LLC
P.O Box 790379
St. Louis MO 63179

NAME	[REDACTED]
SERVICE ADDRESS	[REDACTED]
ACCOUNT #	[REDACTED]
DUE DATE <small>**Previous Balance Due Immediately</small>	07/31/20
TOTAL DUE	\$45.36
Amount Paid	\$

Payment must be received by due date to avoid late fees.

Red Bird Water UOC, LLC
P.O Box 790379
St. Louis MO 63179



ATTACHMENT Q
ETOWAH - EASEMENTS

A list of Easements in favor of Seller relating to the WWTP site & Sewer System and the provision of services to the Properties which are not shown within a recorded plat or dedicated roadway to be assigned to Buyer, or granted to Buyer by Seller, is as follows:

1. Easement recorded in Book 728, Page 285 of the land records of Henderson County, North Carolina on November 8, 1988;
2. Easement in Deed recorded in Book 728, Page 289 of the land records of Henderson County, North Carolina on November 8, 1988;
3. Easement recorded in Book 782, Page 455 of the land records of Henderson County, North Carolina on September 13, 1991;
4. Easement recorded in Book 782, Page 460 of the land records of Henderson County, North Carolina on September 13, 1991;
5. Easement recorded in Book 782, Page 465 of the land records of Henderson County, North Carolina on September 13, 1991;
6. Easement recorded in Book 782, Page 470 of the land records of Henderson County, North Carolina on September 13, 1991;
7. Easement recorded in Book 783, Page 821 of the land records of Henderson County, North Carolina on October 7, 1991;
8. Easement in Restrictions for Homeplace Subdivision recorded in Book 828, Page 845 of the land records of Henderson County, North Carolina on September 13, 1993;
9. Easement in Deed recorded in Book 858, Page 747 of the land records of Henderson County, North Carolina on December 6, 1994;
10. Easement in Declaration of Restrictive Covenants recorded in Book 797, Page 253 of the land records of Henderson County, North Carolina on April 22, 2002 (TRACT 3 ON COMMITMENT);
11. Easement in Restrictions for Sunset Ridge Subdivision recorded in Book 1097, Page 155 of the land records of Henderson County, North Carolina on April 22, 2002;
12. Declaration of Restrictions, Limitations and Protective Covenants recorded in Book 1348, Page 232 of the land records of Henderson County, North Carolina on January 23, 2008;
13. Sewer Line Easement Agreement recorded in Book 1401, Page 6 of the land records of Henderson County, North Carolina on July 15, 2009;
14. Easement recorded in Book 1475, Page 581 of the land records of Henderson County, North Carolina on October 10, 2011;
15. Sewer Line Easement recorded in Book 1620, Page 313 of the land records of Henderson County, North Carolina on June 17, 2015;
16. Sewer Line Easement recorded in Book 3157, Page 539 of the land records of Henderson County, North Carolina on January 29, 2018 (TRACT 4 ON COMMITMENT);
17. Sewer Line Easement recorded in Book 3157, Page 543 of the land records of Henderson County, North Carolina on January 29, 2018;
18. Sewer Line Easement recorded in Book 3157, Page 547 of the land records of Henderson County, North Carolina on January 29, 2018 (TRACT 5 ON COMMITMENT).

The Parties believe that the foregoing are all of the easements relating to the Properties possessed by Seller and necessary for Buyer to provide service to the Properties and acknowledge the terms of Section 1.01(c) of the Purchase and Sale Agreement, as amended, regarding Easements to be provided by the Seller after Closing, as necessary.

Buyer will file recorded copies of the Easements listed herein with the Commission within 30 days of Closing.

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
CHARLES S. CARTER - OF COUNSEL

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

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

May 13, 2021

Filed Electronically

F. KENT BURNS – RETIRED

Ms. Kimberly A. Campbell
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, N.C.

Re: Application of Red Bird Utility Operating Company, LLC, d/b/a Red Bird Water for
Transfer of Etowah Sewer Company, Inc.
Docket Nos.: W-933, Sub 12 and W-1328, Sub 0

Dear Ms. Campbell:

On behalf of Red Bird Water I file the enclosed supplemental materials in support of the Application for Transfer of Public Utility Franchise and for Approval of Rates previously filed in this docket.

Specifically, I enclose Amended Pages 3, 4 and 5 to the Application, Attachment C.2 (Etowah's Form 4562), a redacted Non-confidential version of Attachment E.1 (redacted Income Statement / Cash Flow spreadsheet), Attachment E.2 (pro forma balance sheet), (Attachment G.2 (redacted Purchase and Sale Agreement), Attachment L.1 (redacted engineering summary), and Attachment O (list of assets being acquired) to the Application.

I am also filing Confidential Attachments E.1, E.3 and P to the Application. They are all marked "CONFIDENTIAL" and filed under seal as they contain confidential and proprietary information and are exempt from public disclosure under N.C. Gen. Stat. § 132-1.2. The Confidential attachments will be filed separately.

As always, please contact me if you or the Commission have any questions regarding this filing. Please notify me immediately if there is any question regarding maintaining the confidentiality of the exhibits marked as CONFIDENTIAL.

OFFICIAL COPY

May 12 2024

With best regards, we remain

Sincerely yours,

BURNS, DAY & PRESNELL, P.A.



Daniel C. Higgins

DCH/krs

Enclosures

cc: Public Staff Legal
Public Staff Water and Sewer
Red Bird Water
Etowah Sewer Company, Inc.

SERVICE AREA

Fill in one column for each Subdivision or Service Area.

	(1)	(2)	(3)
1. Name of Subdivision(s) or Service Area(s)	Etowah		
2. County (or Counties)			
3. Type of service (water, sewer, etc.)	Sewer		
4. If water is purchased, list from whom	N/A		
5. Source of water supply (wells, etc.)	N/A		
6. Number of wells in service	N/A		
7. Pumping capacity of each pump in service	N/A		
8. Elevated storage tank capacity (gals.)	N/A		
9. Pressure tank capacity (gals.)	N/A		
10. Types of water treatment (chlorine, etc.)	N/A		
11. Number of fire hydrants installed	0		
12. Is sewage disposal by septic tank or by sewer system?	Sewer System		
13. If disposal is by sewer system, is sewage treated by utility company or by others?	Treat Own Sewage		
14. Capacity of Company's sewage treatment plant (gallons per day)	125,000 GPD between both		
15. Is service metered? (yes or no)	Yes		
16. Number of water meters in use			
17. Number of service taps in use (list number of each size)	Water Sewer 41 423 443 470		
18. Number of customers at the end of test year	Water Sewer 41 423 443 455		
19. Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)	Water N/A Sewer 700		
20. Number of customers that can be served by pumping capacity	Water N/A		
21. Number of customers that can be served by storage tank capacity	Water N/A		
22. Number of customers that can be served by treatment plant capacity	Sewer 700 Customers		
23. Name nearest water/sewer utility system	Mountain Valley WWTP		
24. Distance to nearest water/sewer utility system	Approx. 1 Mile		
25. Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)	No		
26. Has the system been offered for sale to the customers, county, or municipality? (yes or no)	Yes		
If not, why not? <u>The system has been offered for sale to the county and rejected by the Board of Commissioners.</u>			
27. a. DENR System I.D. No.	Water		
b. NPDES or Nondischarge Permit No.	Sewer	NC0071323	NC0071323

FINANCIAL STATEMENT

1. Will a separate set of books be maintained for the utility business?
Yes _____
2. Will a separate bank account be maintained for the utility business?
Yes _____
3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?
(actual or estimated) Past _____

REVENUES AND EXPENSES

For 12 Months Ended 12/31/2020 (Date)

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
4. Residential service (flat rate)	\$ _____	\$ _____
5. Residential service (metered rate)	\$ _____	\$ <u>159,364.64</u>
6. Nonresidential service (flat rate)	\$ _____	\$ _____
7. Nonresidential service (metered rate)	\$ _____	\$ _____
8. Other revenues (describe in remarks below)	\$ _____	\$ <u>27,600.00</u>
9. Total Revenues (Lines 4 thru 8)	\$ _____	\$ <u>186,964.64</u>
10. Total salaries (except owner)	\$ _____	\$ _____
11. Salaries paid to owner	\$ _____	\$ _____
12. Administrative and office expense (except salaries)	\$ _____	\$ <u>41,313.41</u>
13. Maintenance and repair expense (except salaries)	\$ _____	\$ <u>64,669.47</u>
14. Transportation expenses	\$ _____	\$ <u>690.00</u>
15. Electric power for pumping	\$ _____	\$ <u>23,047.69</u>
16. Chemicals for treatment	\$ _____	\$ <u>17,032.50</u>
17. Testing fees	\$ _____	\$ <u>3316.15</u>
18. Permit fees	\$ _____	\$ <u>820.00</u>
19. Purchased water/sewer treatment	\$ _____	\$ <u>1603.09</u>
20. Annual depreciation	\$ _____	\$ _____
21. Taxes: State income taxes	\$ _____	\$ _____
22. Federal income taxes	\$ _____	\$ _____
23. Gross receipts (or franchise tax)	\$ _____	\$ _____
24. Property taxes	\$ _____	\$ <u>1381.55</u>
25. Payroll taxes	\$ _____	\$ _____
26. Other taxes	\$ _____	\$ <u>391.00</u>
27. Interest on debt during year	\$ _____	\$ _____
28. Other expenses (describe in remarks below)	\$ _____	\$ <u>32,142.77</u>
29. Total Expenses (Lines 10 thru 28)	\$ _____	\$ _____
30. Net Income (Line 9 minus Line 29)	\$ _____	\$ <u>4997.01</u>

Remarks

31. Other Expenses: Autodialysis \$6077.77 / Sludge Pumping \$18,400.00 / Accountant \$1981.00
32. Insurance \$5604
33. _____
34. _____
35. Other Revenue - \$27,600 - Tee Fees

NUMBER OF CUSTOMERS SERVED

	<u>Water</u>		<u>Sewer</u>	
	<u>Flat Rate</u>	<u>Metered</u>	<u>Flat Rate</u>	<u>Metered</u>
36. Customers at beginning of year	_____	_____	<u>429</u>	<u>12</u>
37. Customers at end of year	_____	_____	<u>443</u>	<u>12</u>
38. Average gallons used per customer	_____ per month			

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:

Water: _____

Sewer: See Attachment G

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended December 31, 2020 (Date)

Note: List the total original cost to construct and establish the system, whether or not paid for by the Seller.

	Balance at End of Year	
	Water	Sewer
2. Land and rights-of-way	\$ _____	\$ _____
3. Structures and site improvement	\$ _____	\$ _____
4. Wells	\$ _____	\$ _____
5. Pumping equipment	\$ _____	\$ _____
6. Treatment equipment	\$ _____	\$ _____
7. Storage tanks	\$ _____	\$ _____
8. Mains (excluding service connections)	\$ _____	\$ _____
9. Service connections	\$ _____	\$ _____
10. Meters (including spare meters)	\$ _____	\$ _____
11. Office furniture and equipment	\$ _____	\$ _____
12. Transportation equipment	\$ _____	\$ _____
13. Other utility property in service (describe in remarks below)	\$ _____	\$ _____
14. Total utility property in service (Lines 2 thru 13)	\$ _____	\$ 870,463
15. Less: acquisition adjustments (difference between original cost above and cost to Seller)	\$ _____	\$ _____
16. Less: Seller's accumulated depreciation	\$ _____	\$ (632,337)
17. Less: Seller's accumulated tap fees and other contributions in aid of construction	\$ _____	\$ (753,390)
18. Seller's net investment in utility property (Line 14 minus 15, 16, & 17)	\$ _____	\$ -515,264

	Balance at End of Year	
	Water	Sewer
19. Construction work in progress	\$ _____	\$ _____
20. Property held for future use	\$ _____	\$ _____
21. Other (describe in remarks below)	\$ _____	\$ _____

Remarks Updated from 2019 Annual Report with 2020 Depreciation information

22. _____

23. **Based on a review of the financial information provided by Etowah, it seems that Sellers Accumulated tap fees and other CIAC increases each year with no offset to the Total Property in Service. Based on this information, Red Bird believes the Net Investment in Utility Property might not be accurately reflected**

24. _____

25. _____

ANNUAL DEPRECIATION

26. If annual depreciation is claimed using a composite rate for the entire system, show rate of depreciation used:

Water: _____

Sewer: _____

27. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used: **See Attachment M**

Form **4562**

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2020

Department of the Treasury
Internal Revenue Service (99)

► Attach to your tax return.
► Go to www.irs.gov/Form4562 for instructions and the latest information.

Attachment
Sequence No. **179**

Name(s) shown on return

ETOWAH SEWER COMPANY, INC

Identifying number

56-1617733

Business or activity to which this form relates

FORM 1120

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions).....	1	
2	Total cost of section 179 property placed in service (see instructions).....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions).....	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.....	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.....	9	
10	Carryover of disallowed deduction from line 13 of your 2019 Form 4562.....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instrs....	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11.....	12	
13	Carryover of disallowed deduction to 2021. Add lines 9 and 10, less line 12.....	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions.....	14	
15	Property subject to section 168(f)(1) election.....	15	
16	Other depreciation (including ACRS).....	16	22,304.

Part III MACRS Depreciation (Don't include listed property. See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2020.....	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.....		<input type="checkbox"/>

Section B – Assets Placed in Service During 2020 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property.....						
b 5-year property.....						
c 7-year property.....						
d 10-year property.....						
e 15-year property.....						
f 20-year property.....						
g 25-year property.....			25 yrs		S/L	
h Residential rental property.....			27.5 yrs	MM	S/L	
i Nonresidential real property.....			39 yrs	MM	S/L	

Section C – Assets Placed in Service During 2020 Tax Year Using the Alternative Depreciation System

20a Class life.....					S/L	
b 12-year.....			12 yrs		S/L	
c 30-year.....			30 yrs	MM	S/L	
d 40-year.....			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28.....	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions.....	22	22,304.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.....	23	

INCOME STATEMENT						
	Year 1	Year 2	Year 3	Year 4	Year 5	
<u>Operating revenue</u>						
Metered service revenue	\$ 132,371	\$ 409,423	\$ 464,833	\$ 464,833	\$ 464,833	
Flat rate service revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
EPA testing surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	
Re-connect fees	\$ 2,787	\$ 8,619	\$ 9,786	\$ 9,786	\$ 9,786	
Returned check charge	\$ 1,393	\$ 4,310	\$ 4,893	\$ 4,893	\$ 4,893	
Late payment charge	\$ 2,787	\$ 8,619	\$ 9,786	\$ 9,786	\$ 9,786	
Other operating revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
Total operating revenue	\$ 139,338	\$ 430,972	\$ 489,298	\$ 489,298	\$ 489,298	
<u>Operating expenses</u>						
Total salaries and wages (employees only)	\$ -	\$ -	\$ -	\$ -	\$ -	
Outside labor expenses (non-employees)	\$ 118,718	\$ 118,718	\$ 118,718	\$ 118,718	\$ 118,718	
Administrative and office expense	\$ 22,050	\$ 22,050	\$ 22,050	\$ 22,050	\$ 22,050	
Maintenance and repair expense	\$ 10,584	\$ 10,584	\$ 10,584	\$ 10,584	\$ 10,584	
Purchased water	\$ -	\$ -	\$ -	\$ -	\$ -	
Purchased sewage treatment	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Electric power expense (exclude office)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	
Chemicals expense	\$ -	\$ -	\$ -	\$ -	\$ -	
Testing fees	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	
Transportation expense	\$ -	\$ -	\$ -	\$ -	\$ -	
Other operating expense	\$ -	\$ -	\$ -	\$ -	\$ -	
Total operation and maintenance expenses	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475	
Annual depreciation expense	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753	
Property taxes paid on utility property	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	
Payroll taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
Franchise (gross receipts) tax	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	
Annual NCUC regulatory fee	\$ 1,581	\$ 1,581	\$ 1,581	\$ 1,581	\$ 1,581	
Total operating expenses	\$ 218,855	\$ 219,359	\$ 221,878	\$ 221,878	\$ 221,878	
<u>Income Taxes</u>						
State income taxes	\$ -	\$ 5,290	\$ 6,686	\$ 6,686	\$ 6,686	
Federal income taxes	\$ -	\$ 44,439	\$ 56,158	\$ 56,158	\$ 56,158	
Total income taxes	\$ -	\$ 49,729	\$ 62,844	\$ 62,844	\$ 62,844	
Net operating income (loss)	\$ (79,517)	\$ 161,884	\$ 204,576	\$ 204,576	\$ 204,576	
Interest expense	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753	
Net income (loss)	\$ (140,247)	\$ 100,650	\$ 140,824	\$ 140,824	\$ 140,824	

Addendum to Application for Transfer of Public Utility Franchise and for approval of rates

STATEMENT OF CASH FLOWS

	Year 1	Year 2	Year 3	Year 4	Year 5
PRE-TAX OPERATING INCOME (LOSS)					
Total Operating Revenue	\$ 139,338	\$ 430,972	\$ 489,298	\$ 489,298	\$ 489,298
Operation and Maintenance Expenses	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475
Taxes Other than Income	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650
Pre-Tax Operating Income (Loss)	\$ (18,787)	\$ 272,846	\$ 331,173	\$ 331,173	\$ 331,173
INCOME TAX CALCULATION					
Pre-Tax Operating Income (Loss)	\$ (18,787)	\$ 272,846	\$ 331,173	\$ 331,173	\$ 331,173
CIAC					
Tax Depreciation	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753
Interest Expense	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753
Taxable Income (Loss)	\$ (140,247)	\$ 150,379	\$ 203,667	\$ 203,667	\$ 203,667
State Income Tax	\$ -	\$ 5,290	\$ 6,686	\$ 6,686	\$ 6,686
Federal Income Tax	\$ -	\$ 44,439	\$ 56,158	\$ 56,158	\$ 56,158
Total Income Taxes to be Paid	\$ -	\$ 49,729	\$ 62,844	\$ 62,844	\$ 62,844
Net Cash Provided by Operating Activities	\$ (18,787)	\$ 223,117	\$ 268,329	\$ 268,329	\$ 268,329
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Utility Plant	\$ 1,214,603	\$ 60,454	\$ -	\$ -	\$ -
Cash Bonds Posted	\$ 134,956	\$ 6,717	\$ -	\$ -	\$ -
CIAC					
Proceeds from Disposal of Utility Plant					
Net Cash Used by Investing Activities	\$ 1,349,559	\$ 67,171	\$ -	\$ -	\$ -
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Short Term Debt					
Principal Repayment of Short Term Debt					
Proceeds from Long Term Debt	\$ 674,779	\$ 33,586	\$ -	\$ -	\$ -
Principal Repayment of Long Term Debt					
Interest Payment for Debt	\$ (60,730)	\$ (61,234)	\$ (63,753)	\$ (63,753)	\$ (63,753)
Proceeds from Equity	\$ 674,779	\$ 33,586	\$ -	\$ -	\$ -
Dividends Paid	\$ 79,517				
Funds Provided by Owner					
Net Cash Provided by Financing Activities	\$ 1,368,345	\$ 5,938	\$ (63,753)	\$ (63,753)	\$ (63,753)
Net Increase (Decrease in Cash)	\$ (0)	\$ 161,884	\$ 204,576	\$ 204,576	\$ 204,576
Cash Balance at Beginning of Year	\$ -	\$ (0)	\$ 161,883	\$ 366,460	\$ 571,036
Cash Balance at End of Year	\$ (0)	\$ 161,883	\$ 366,460	\$ 571,036	\$ 775,613

Projected Income Statement Assumptions

- Pre-rate increase revenues are based on multiplying the rates found in a system's most recent tariff and adding in a usage charge assuming 3,000-gallon usage per household per month.
- Flat Rate and Metered service revenues are expected to be 95% of total revenues with an allocation between the two derived from the allocation found in the most recent annual report.
- Reconnect fees are assumed to be 2% of revenues.
- Returned Check Charges are assumed to be 1% of revenues.
- Late Payment Charges are assumed to be 2% of revenues.
- Property Taxes are assumed to be 1% of total expenses.
- Franchise Tax are assumed to be 1% of total expenses.
- Annual NCUC Regulatory Fees are assumed to be 1% of total expenses.
- A water rate increase to \$73.44 and a sewer rate increase to \$92.46 is assumed to take place approximately 14 months post-acquisition. The Company is aware that any future increases in rates for the system at issue must be vetted and approved by the North Carolina Utilities Commission, which, after considering all relevant factors, is required by law to set rates that are fair and reasonable and consistent with applicable legal standards.
- Assumptions for O&M expense, chemicals, repairs, power, and purchased water/wastewater were made on a per system basis depending on specific plant specifications and geographic location.
- The following assumptions were made on an annual per connection basis:
 - Maintenance Expense - \$2 per connection
 - Testing Fees - \$.25 per connection
 - Administrative Expense - \$50 per connection
- The following assumptions were made regarding tax rates:
 - State Tax Rate – 2.5%
 - Federal Tax Rate - 21%

Cash Flow Assumptions

- The cash flow values are derived from balance sheet and income statement information.
- The cash flow projections utilize a hypothetical capital structure of 50% debt and 50% equity.
- The hypothetical debt assumes a term length of 240 months.
- The hypothetical debt assumes an interest rate of 9%.
- Depreciation expense assumes an average depreciation rate of 4.5%.
- Funds Provided by Owner change year-over-year to bring the Cash Balance at End of Year from a negative dollar amount to \$0.
- The Purchase of Utility Plant values found in Year 1 and Year 2 were created using the following assumptions:
 - Purchase Price - \$ [REDACTED]
 - Legal & Engineering Due Diligence Estimates - \$ [REDACTED]
 - Capital Estimates - \$ [REDACTED]
 - 5/6 of the total funds from the estimates above will be utilized in Year 1 and 1/6 of the funds will be utilized in the beginning months of Year 2

Attachment E.2

RED BIRD WATER UOC BALANCE SHEET

	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Cash	\$ -	\$ 82,380	\$ 2,508,691	\$ 4,935,002	\$ 7,361,313
Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ -	\$ 82,380	\$ 2,508,691	\$ 4,935,002	\$ 7,361,313
Property, Plant, and Equipment	\$ 14,952,938	\$ 20,945,538	\$ 20,945,538	\$ 20,945,538	\$ 20,945,538
Preliminary Survey	\$ 2,644,200	\$ -	\$ -	\$ -	\$ -
Total Long-Term Assets	\$ 17,597,138	\$ 20,945,538	\$ 20,945,538	\$ 20,945,538	\$ 20,945,538
Total Assets	\$ 17,597,138	\$ 21,027,918	\$ 23,454,229	\$ 25,880,540	\$ 28,306,851
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest	\$ 461,925	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ 461,925	\$ -	\$ -	\$ -	\$ -
Notes Payable	\$ 8,798,569	\$ 10,472,769	\$ 10,472,769	\$ 10,472,769	\$ 10,472,769
Working Capital Transfer from Parent	\$ 584,898	\$ 1,464,665	\$ 2,407,214	\$ 3,349,763	\$ 4,292,312
Total Long-Term Liabilities	\$ 9,383,467	\$ 11,937,434	\$ 12,879,983	\$ 13,822,532	\$ 14,765,081
Total Liabilities	\$ 9,845,392	\$ 11,937,434	\$ 12,879,983	\$ 13,822,532	\$ 14,765,081
EQUITY					
Equity Capital Contributed	\$ 8,798,569	\$ 10,472,769	\$ 10,472,769	\$ 10,472,769	\$ 10,472,769
Retained Earnings	\$ (1,046,823)	\$ (1,382,285)	\$ 101,477	\$ 1,585,239	\$ 3,069,001
Total Equity	\$ 7,751,746	\$ 9,090,484	\$ 10,574,246	\$ 12,058,008	\$ 13,541,770
Total Liabilities and Equity	\$ 17,597,138	\$ 21,027,918	\$ 23,454,229	\$ 25,880,540	\$ 28,306,851

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made as of the 23 day of August, 2019 by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its assigns ("Buyer"), and ETOWAH SEWER COMPANY, INC., a North Carolina corporation qualified and registered to transact business in the State of North Carolina ("Seller").

ARTICLE I
ACQUISITION OF THE PROPERTY

Section 1.01 The Property. Subject to the terms and provisions of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, all of the following described property (the "Property"):

(a) All immovable property, including all right, title and interest therein, described in EXHIBIT A attached hereto, including but not limited to any mineral and other subsurface rights, together with all buildings and improvements located thereon, and all appurtenant rights relating thereto, including, but not limited to, warranties and guaranties, access easements and other easements and rights relating thereto, access to utilities, rights of way and similar rights located on or within or relating to any of the foregoing (collectively, the "Immovable Property");

(b) All movable property and intangible property used in connection with the ownership and/or operation of the Immovable Property, including, but not limited to, all such property described in EXHIBIT B attached hereto and made a part hereof (collectively, the "Movable Property");

(c) All of Seller's right, title, and interest in and to the area that the System (as defined below) services (the "Service Area"), as determined by Buyer and set forth in EXHIBIT C to be attached hereto prior to the conclusion of the Feasibility Period (as hereinafter defined), including but not limited to, all real property interests such as easements, rights of way, permits and leases related to the System, and including any and all sewer facilities, equipment, lines, plants, pipes, manholes, meters, lift or pump stations and appurtenances; and

(d) All property or rights of whatever nature and kind that Seller owns which in any way is used or is useful in the operation of a sewer utility system located in Henderson County, North Carolina (the "System").

Section 1.02 Purchase Price.

(a) The purchase price (the "Purchase Price") for the Property shall be [REDACTED]. The reasonable allocation of the Purchase Price between the categories in Sections 1.01(a) and 1.01(b) of the Property shall be set forth in EXHIBIT D prior to the Closing.

(b) The Purchase Price less any Earnest Money shall be payable in cash at Closing by wired funds and shall be paid by Buyer to Seller (to the account notified by Seller to Buyer prior to the Closing Date) on the Closing Date as defined in Section 4.01.

Section 1.03 Earnest Money. Within fifteen (15) days after the Effective Date (as defined below), Buyer shall deposit with a title company of its choice (the "Title Company") the sum of **Four Thousand Eighty and 00/100 Dollars (\$4,080.00)** as the earnest money under this Agreement (the "Earnest Money"). The Earnest Money shall be returned to Buyer or paid to Seller in accordance with the terms and conditions of this Agreement.

ARTICLE II
SURVEY AND TITLE REVIEW

Section 2.01 Survey. Buyer shall have the right, for its own benefit, to procure one or more ALTA surveys of the Immovable Property, subject to Section 2.03 (the "Survey"). The Survey shall be current, staked, and shall be made on-the-ground and signed, sealed, and certified in favor of Buyer by a duly licensed surveyor selected or approved by Buyer and receipt of the Survey by Buyer prior to Closing, subject to Section 2.03, is a condition to Closing. The cost of the Survey shall be borne by the Buyer.

Section 2.02 Title Insurance. The Buyer shall, within fifteen (15) days after the Effective Date, order and must receive prior to the Closing, subject to Section 2.03, as a condition to Closing, a commitment for title insurance and complete, legible copies of all exception documents (the "*Title Commitment*") issued by the Title Company covering the Immovable Property, binding the Title Company to issue to Buyer at Closing an owner's policy of title insurance paid for by Buyer (the "*Title Policy*") on the standard form of policy in the amount specified by Buyer insuring good, merchantable, and insurable fee simple title to the Immovable Property in Buyer, free and clear of all restrictions, easements, encumbrances, mortgages, liens, claims and other matters except any Permitted Exceptions as defined in Section 2.03.

Section 2.03 Buyer's Review. Buyer shall have until the expiration of the Feasibility Period to examine the Title Commitment and the Survey, and to deliver to Seller in writing Buyer's objections to any items contained or set forth in the Title Commitment or the Survey (the "*Unacceptable Exceptions*"). If Seller is unable or unwilling to eliminate and remove all of the Unacceptable Exceptions, then within fifteen (15) days after receipt of Buyer's written notice, Seller shall notify Buyer in writing of its inability or unwillingness to remove the Unacceptable Exceptions (and such notice shall set forth which Unacceptable Exceptions that Seller is unable or unwilling to remove) and Buyer may terminate this Agreement by giving written notice of such election delivered to Seller. If Buyer so terminates this Agreement, the Earnest Money shall be promptly returned to Buyer, after which neither Party shall have any further rights, duties or obligations hereunder, except as expressly provided in this Agreement to the contrary. If Buyer does not so terminate this Agreement after receiving Seller's written notice, then the Unacceptable Exceptions together with other exceptions not objected to by Buyer shall become Permitted Exceptions (the "*Permitted Exceptions*").

Section 2.04 Feasibility Period.

(a) Seller shall allow Buyer and its agents, employees, contractors, and consultants access to the Property to conduct soil and engineering tests, inspections of equipment, personal property, lines and other components of the System and to conduct any other tests Buyer deems necessary or appropriate in its sole and absolute discretion to determine the feasibility of the Property for Buyer's intended use (the "*Feasibility Study*"), for a period of **One Hundred (180) days** after the Effective Date (the "*Feasibility Period*"). Buyer shall bear all costs and expenses of its investigation and restore the Property to its condition prior to such investigation, ordinary wear and tear excepted.

(b) If Buyer finds the Property unacceptable for any reason or no reason, then Buyer, in its sole and absolute discretion, may terminate this Agreement by written notice to Seller on or before the expiration of the Feasibility Period. If Buyer so terminates this Agreement, the Title Company shall, upon demand by Buyer, promptly return the Earnest Money to Buyer and thereafter neither Party shall have any further rights, duties or obligations to the other hereunder.

(c) Seller shall deliver to Buyer within ten (10) business days after the Effective Date of this Agreement, the most recent title commitments, title policies, surveys, environmental site assessments, preliminary plats and site plans, any cross access and easement documents in connection with the Property, any development agreements affecting the Property, lease agreements affecting the Property, any customer lists for the System and any other documents Buyer may reasonably request related to the Property and/or the System.

Section 2.05 Other Termination Rights. In addition to any other rights and remedies set out herein (including but not limited to the termination rights in Sections 2.03, 2.04, 3.02(b) and 5.02), the Buyer shall have the right to terminate this Agreement as set out below:

(a) At any time up to and including the Closing Date if the regulatory bodies required to approve the sale of the System and the Property to the Buyer have not fully and unconditionally approved the sale upon the terms set out herein. In Buyer's sole and absolute discretion, Buyer may terminate this Agreement if the necessary regulatory approvals are not fully and unconditionally granted to Buyer in a form satisfactory to Buyer (as determined in Buyer's sole and absolute discretion) prior to the Closing by giving written notification of such termination to Seller, and upon such termination the Buyer shall receive a prompt return of the Earnest Money.

(b) In the event that, prior to the Closing, all or any portion of the Property is taken, condemned, expropriated, or made the subject of any eminent domain proceedings, or any of the foregoing is threatened (interchangeably, a "Taking"), Buyer may elect to either move to Closing and receive any Taking proceeds, plus an assignment of Seller's right, title, and interest thereto and claim therefor, as full satisfaction for the Taking, or Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing. If Buyer does not receive written notice of a Taking more than five (5) days prior to the Closing, the Closing Date shall be postponed to a date that is not less than five (5) days after Buyer's receipt of written notice of a Taking.

Section 2.06. Effect of Termination. Subject to Article V, upon the termination of this Agreement, the Title Company shall pay the Earnest Money to the appropriate party in accordance with the terms and conditions of this Agreement, and upon such payment being made the parties shall have no further liability hereunder (except with respect to liabilities of Seller accruing prior to such termination and those obligations hereunder which survive the termination of this Agreement).

ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.01 Representations, Warranties and Covenants of Seller. Seller hereby represents and warrants to Buyer that the facts recited below are true, complete and accurate as of the date hereof and will continue to be true, complete and accurate at Closing:

(a) Seller is a corporation duly formed and in good standing under the laws of the State of North Carolina, is qualified to conduct business in the State of North Carolina and has the requisite power and authority to enter into and to perform the terms of this Agreement without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties. Seller is not subject to any law, order, decree, restriction or agreement that prohibits or would be violated by this Agreement or the consummation of the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have been duly authorized by all requisite action of Seller. This Agreement constitutes, and each document and instrument contemplated hereby to be created and delivered by Seller, when executed and delivered, shall constitute the legal, valid, and binding obligation by Seller, enforceable against Seller in accordance with its respective terms (subject to bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally).

(b) Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated hereby is prohibited by, or requires Seller to obtain any consent, authorization, approval or registration under any law, statute, rule, regulation, judgment, order, writ, injunction or decree which is binding upon Seller, other than any regulatory approvals disclosed in writing to Buyer.

(c) Seller has and will have at Closing good, merchantable, and insurable title, in fee simple, to the Property, free and clear of all mortgages, liens, claims, or other encumbrances (except those required by the Title Company in the Title Commitment to be fully satisfied with the Purchase Price at the Closing).

(d) To be best of Seller's Knowledge there are no pending or threatened condemnation, liens, claims, other encumbrances, special assessments, or similar proceedings or charges affecting the Property or Seller by any governmental authority.

(e) Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate, or non-resident alien for purposes of US income taxation, pursuant to Section 1445 of the Internal Revenue Code.

(f) Seller has not: (i) filed any voluntary or had involuntarily filed against it in any court or with any governmental body pursuant to any statute either of the United States or of any State, a petition in bankruptcy or insolvency or seeking to effect any plan or other arrangement with creditors, or seeking the appointment of a receiver; (ii) had a receiver, conservator or liquidating agent or similar person appointed for all or a substantial portion of its assets; (iii) suffered the attachment or other judicial seizure of all, or substantially all of its assets; (iv)

given notice to any person or governmental body of insolvency; or (v) made an assignment for the benefit of its creditors or taken any other similar action for the protection or benefit of its creditors. Seller is not insolvent and will not be rendered insolvent by the performance of its obligations under this Agreement.

(g) There are no leases affecting any portion of the Property except such leases disclosed to Buyer in writing by Seller and there are no options, rights of first refusal or contracts granting any rights to acquire any right, title or interest in any portion of the Property, except as listed in the Title Commitment, if any.

(h) Seller has not received any notice of any violation of any ordinance, regulation, law or statute of any government agency or instrumentality pertaining to the Property and/or the System or any portion thereof which has not been complied with in all respects.

(i) There is no action, suit, proceeding or claim affecting Seller, the Property and/or the System, relating to or arising out of any lease, option or contract affecting the Property or the System, or the ownership, operation, use or occupancy of the Property or the System, pending or being prosecuted in any court or by or before any agency or other governmental instrumentality nor, to the best of Seller's Knowledge, has any such action, suit, proceeding or claim been threatened or asserted. There is no proceeding pending or presently being prosecuted in connection with the assessed valuation or taxes of other impositions payable in respect of any portion of the Property.

(j) No work has been performed or is in progress at, and no materials have been furnished to, the Property which might give rise to mechanic's, materialman's or other liens against the Property.

(k) The Property currently has or will have at Seller's sole cost and expense prior to the Closing cross access and easements rights and benefits providing pedestrian and vehicular access to and from the Property and all components within the System necessary to operate the same.

(l) The buildings and improvements, if any, that constitute part of the Immovable Property are structurally sound and there are no defects known to Seller that have not been disclosed to the Buyer in writing by Seller.

(m) To the best of Seller's Knowledge, there are no pending or contemplated zoning changes, variances, special zoning exceptions, conditions or agreements affecting, or potentially affecting the Property or any part thereof.

(n) Except as has been disclosed to Seller in writing by Buyer, the Property complies with all applicable laws of all governmental or quasi-governmental authorities having jurisdiction over, against or affecting the Property. Seller has not received written notice of any, and there are no violations of any laws, similar rules and regulations relating and/or applicable to the ownership, use and operation of the Property as it is now operated, and/or other licenses or permits, which remain uncured. All governmental or quasi-governmental occupancy and use permits, licenses, consents, approvals, permits, authorizations, certificates, and other requirements of the authorities necessary or required for the continued use and operation of the System and/or the Property for the purposes for which the same are intended (collectively, "Approvals"), if any, have been unconditionally and finally issued and paid for and are in full force and effect in accordance with the respective terms thereof. All work or conditions required to be performed or fulfilled pursuant to the Approvals (on or off-site) have been fully performed in accordance with the requirements thereof and the Property fully complies with the Approvals.

(o) To the best of Seller's Knowledge, there is no fact or condition which materially and adversely affects the business, operations, affairs, properties or condition of Seller or the Property, which has not been set forth in this Agreement or in the other documents, certificates or written statements furnished to Buyer in connection with the transactions contemplated hereby.

(p) To the best of Seller's Knowledge, no representation or warranty made by Seller in this Agreement, in any Exhibit attached hereto, or in any letter or certificate furnished to Buyer pursuant to the terms

hereof, each of which is incorporated herein by reference and made a part hereof, contains any untrue statement of a fact or omits to state a fact necessary to make the statements contained herein or therein not misleading.

(q) Environmental Matters.

(i) Except as disclosed on the attached EXHIBIT E, to the best of Seller's Knowledge, the Property is currently and has been in compliance with all Environmental Laws (as defined below) and Seller has not received any: (i) Environmental Notice (as defined below) or Environmental Claim (as defined below); or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing.

(ii) Except as disclosed on the attached EXHIBIT F, to the best of Seller's Knowledge, Seller has obtained and is in material compliance with all Environmental Permits (as defined below) (each of which is disclosed on EXHIBIT F) necessary for operating the System or use of the Property and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Seller through the Closing in accordance with Environmental Law, and Seller is not aware of any condition, event or circumstance that might prevent or impede, after the Closing, the operation of the System as currently conducted or the ownership, lease, operation or use of the Property. With respect to any such Environmental Permits, Seller has undertaken, or will undertake prior to the Closing, all measures necessary to facilitate transferability of the same, and Seller is not aware of any condition, event or circumstance that might prevent or impede the transferability of the same and has not received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(iii) None of the Property is listed on, or to the best of Seller's Knowledge, has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA (as defined below), or any similar state list.

(iv) To the best of Seller's Knowledge, there has been no Release of Hazardous Materials (as defined below) in contravention of Environmental Law with respect to the Property or any real property currently or formerly owned, leased or operated by Seller in connection with the System, and Seller has not received an Environmental Notice that any of the Property or real property currently or formerly owned, leased or operated by Seller in connection with the System (including soils, groundwater, surface water, buildings and other structure located thereon) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, Seller.

(v) To the best of Seller's Knowledge, no underground storage tanks are located on the Immovable Property and no construction debris has been buried on or under the Immovable Property.

(vi) EXHIBIT G contains a complete and accurate list of all off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by Seller and, to the best of Seller's Knowledge, any predecessors in connection with the System or the Property as to which Seller may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and Seller has not received any Environmental Notice regarding potential liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by Seller.

(vii) Seller has not retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

(viii) Seller has provided or otherwise made available to Buyer and listed in EXHIBIT H: (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the Property or any real property currently or formerly owned, leased or operated by Seller in connection with the System which are in the possession or control of

Seller related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

(ix) Seller is not aware of nor reasonably anticipates, as of the Closing, any condition, event or circumstance concerning the Release or regulation of Hazardous Materials that might, after the Closing, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the System and Property as currently carried out.

Section 3.02 Covenants of Seller.

(a) Seller will own, operate, use and manage the System and the Property only in the ordinary course of business consistent with past practice and in any event will ensure that, any provisions of this Agreement to the contrary notwithstanding, (i) the physical and environmental condition of the Property is the same at the time of the Closing as it is as of the Effective Date, only ordinary wear and tear as to the physical condition excepted, and (ii) Seller's title to the Immovable Property and the survey condition of the Immovable Property is the same at the time of the Closing as it is as of the Effective Date, only improvements to the title condition or survey condition performed or undertaken by Seller to address Unacceptable Exceptions excepted.

(b) Seller shall maintain current hazard insurance in force on the Property until the Closing Date. The risk of loss to the Property shall not pass to Buyer unless and until delivery of possession of the Property is delivered to Buyer. If an event of casualty occurs to the Property prior to Closing, the Buyer may elect to either move to Closing and accept any insurance proceeds and deductible, plus an assignment of all of Seller's right, title, and interest in and to any and all insurance claims, as full satisfaction for the damage to the Property or the Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing, but if Buyer does not receive written notice of such casualty more than five (5) days prior to the Closing, the Closing Date shall be postponed to a date that is not less than five (5) days after Buyer's receipt of written notice of such casualty.

(c) Seller agrees to execute any documents required by the controlling governing authority to replat or rezone the Property.

Section 3.03. Certain Definitions.

The following definitions apply in this Agreement:

(a) "*CERCLA*" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

(b) "*Environmental Claim*" means any action, governmental order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release (as defined below) of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

(c) "*Environmental Notice*" means any applicable law, and any governmental order or binding agreement with any governmental authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials.

(d) “*Environmental Laws*” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit. The term “Environmental Laws” includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

(e) “*Environmental Permits*” means any permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

(f) “*Hazardous Materials*” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

(g) “*Knowledge*” or “*Seller’s Knowledge*” means the actual knowledge of Seller and each of Seller’s Representatives; in each case, after due inquiry.

(h) “*Release*” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

(i) “*Representatives*” in relation to a person means such person’s managers, shareholders, officers, directors, employees, agents, advisors, affiliates, successors, and permitted assigns and for the avoidance of doubt the Representatives of Seller.

Section 3.04 Indemnification. From and after the Closing, Seller shall defend, hold harmless and indemnify the Buyer and/or Buyer’s Representatives (as defined below) (collectively, “*Indemnified Party*”) from and against any and all losses, damages, diminutions in value, liabilities, deficiencies, claims, actions, judgements, settlements, interest, awards, penalties, fines, costs, or expenses of any kind, including professional fees and attorneys’ fees, that are suffered or incurred by the Indemnified Party or to which the Indemnified Party may otherwise become subject to at any time (collectively, “*Losses*”) arising out of or as a result of: (i) any inaccuracy in or breach of any representation, warranty and/or covenant made by Seller in this Agreement; (ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement; (iii) any actual or alleged liability of Seller and/or Seller’s Representatives, or any actual or alleged liability of Buyer that derives from any such liability of Seller and/or Seller’s Representatives, whether such liability arises before or after the Closing; and (d) any claim by a third party based upon, resulting from or arising out of (A) the business, operations, properties, assets or obligations of Seller conducted, existing or arising on or prior to the Closing; (B) any inaccuracy in or breach of any representation or warranty made by Seller in this Agreement, or any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement; (C) any negligent or more culpable act or omission of Seller or its Representatives (including any reckless or willful misconduct) in connection with the performance of its obligations under this Agreement; or (D) any failure by Seller or its Representatives to comply with any applicable federal, state or local laws, regulations or codes in the performance of its obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, Seller is not obligated to indemnify, hold harmless, or defend Indemnified Party against any claim (whether direct or indirect) if such claim or corresponding Losses arise out of or result from Indemnified Party’s gross negligence or more culpable act or omission (including recklessness or willful misconduct).

ARTICLE IV
CLOSING

Section 4.01 Closing.

(a) Subject to the terms and conditions of this Agreement, the Closing of the purchase and sale of the Property pursuant to this Agreement (the "*Closing*") shall take place at the Title Company thirty (30) days after the expiration of the Feasibility Period, or (i) such earlier date as is elected by Buyer by giving not less than three (3) days prior notice to Seller, or (ii) such later date as agreed in writing by Seller and Buyer (the "*Closing Date*").

(b) At the Closing, Seller shall deliver to Buyer the following:

(i) A certificate of good standing for Seller plus the requisite duly executed corporate approvals for the sale;

(ii) A general warranty deed in executed form, conveying good, merchantable, and insurable title in fee simple to all of the Immovable Property, free and clear of any and all mortgages, liens, encumbrances, claims, conditions, easements, assessments, and restrictions, except for the Permitted Exceptions, if any;

(iii) A duly executed bill of sale, conveying all of the Movable Property described in EXHIBIT B, free and clear of any and all mortgages, liens, claims, restrictions, and encumbrances;

(iv) A duly executed termination of lease, terminating any existing lease agreements encumbering or relating to the Property;

(v) A duly executed assignment of any interest in any other Property used and/or useful in the operation of the System that is owned by Seller;

(vi) Such other instruments and documents that are customarily executed by a seller of immovable property in the county in which the Property is located, including, but not limited to, resolutions or unanimous written consents of the Board of Directors of Seller, and if required the shareholders of Seller, to authorize the sale of the Property to Buyer pursuant to this Agreement;

(vii) Tax statements for calendar year of Closing;

(viii) Possession of the Property;

(ix) If requested by Buyer, and to the extent assignable, duly executed, conveyances and assignments to Buyer of any and all consents, authorizations, variances, waivers, licenses, permits, and approvals from any federal, state, county, municipal, or other governmental or quasi-governmental agency, department, board, commission, bureau, or other entity or instrumentality relating to the Property, including, without limitation, those relating to environmental, foundation, use, utilities, building, fire, traffic, and zoning heretofore or hereafter held by or granted to Seller (collectively, the "*Approvals*"). No additional consideration shall be due by Buyer for the Approvals, it being understood and agreed by Seller that the Purchase Price covers the Property, the Approvals, and the Claims (as hereinafter defined); and

(x) If requested by Buyer, duly executed assignments to Buyer, with full substitution and subrogation, of any and all claims, actions, rights, causes of action, rights of action, and warranties, whether arising in contract, tort, or otherwise, including, but not limited to, environmental claims, actions, rights, causes of action, rights of action, and warranties, that Seller has or may have against any and all persons and entities as a result of any apparent or non-apparent damage to, destruction of, or diminution in value of the Property, or any part thereof, occurring prior to the Closing (collectively, the "*Claims*"). No additional

consideration shall be due by Buyer for the Claims, it being understood and agreed by Seller that the Purchase Price covers the Property, the Approvals, and the Claims.

- (c) At the Closing, Buyer shall deliver to Seller the following:
- (i) The Purchase Price; and
 - (ii) Such other instruments and documents that are customarily executed by a buyer of immovable property in the county in which the Property is located.

Section 4.02 Closing Costs and Prorations. Buyer and Seller hereby covenant and agree that:

(a) Seller shall pay the costs of any roll back taxes, one-half (1/2) of the escrow fee charged by the Title Company, and Seller's attorneys' fees and expenses. Seller shall also pay all fees, costs, and expenses for title curative work and any other work that Seller agrees to perform or undertake in order to address any Unacceptable Exceptions and/or to otherwise enable Seller to sell and deliver to Buyer good, merchantable, and insurable fee simple title to the Property as required by this Agreement.

(b) Buyer shall pay all remaining title fees charged by the Title Company, recording fees, and Buyer's attorneys' fees.

(c) All ad valorem real estate taxes and assessments levied or assessed against the Property shall be prorated according to the calendar year as of the Closing Date, based on the most recent tax bill and assessments levied for the same.

ARTICLE V DEFAULTS AND REMEDIES

Section 5.01 Buyer's Default and Seller's Remedies.

(a) Buyer's Default. Buyer shall be in default under this Agreement if and only if any and all conditions to be satisfied under the terms of this Agreement prior to Closing have been satisfied (or duly waived) and Buyer fails or refuses to perform Buyer's obligations at Closing for any reason other than a default by Seller. For the avoidance of doubt, a termination under Section 2.04 will not constitute an event of default by Buyer.

(b) Seller's Remedies. If Buyer is in default under this Agreement, the sole and exclusive remedy of Seller, shall be receipt of the Earnest Money. Buyer and Seller agree that in such case the Earnest Money shall be liquidated or stipulated damages under North Carolina law for a breach or default by Buyer under this Agreement and/or any other actions or claims that could arise out of or are related to this Agreement because of the difficulty, inconvenience, and uncertainty of ascertaining actual damages for such default. Therefore, in no event shall Buyer be liable for or Seller be entitled to any actual damages or any other type of damages or remedy under any action or claim that could arise out of or that could any way relate to this Agreement other than the right to receive the stipulated amount of the Earnest Money as full satisfaction of Seller's claims.

Section 5.02 Seller's Defaults and Buyer's Remedies.

(a) Seller's Defaults. Seller shall be in default under this Agreement on the occurrence of any of one or more of the following events:

- (i) Any breach of a representation or warranty made by Seller in this Agreement or failure of any such representation or warranty to be true, accurate and complete; or
- (ii) Any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement.

(b) Buyer's Remedies. If Seller defaults under this Agreement (whether before or after the Closing or before termination or after termination in relation to provision that survive termination) Buyer may:

(i) If such default is identified prior to Closing, terminate this Agreement by written notice to Seller and Title Company, in which event the Title Company shall promptly refund the Earnest Money to Buyer;

(ii) Enforce specific performance of this Agreement against Seller; and/or

(iii) Pursue such other remedies as may be available at law or in equity, including a suit for any damages and the right to recover attorneys' fees and costs.

Section 5.03 Attorneys' Fees. If either party defaults under this Agreement, and the non-defaulting party employs an attorney to enforce the terms hereof, such non-defaulting party shall be entitled to reasonable attorneys' fees and costs from the defaulting party.

Section 5.04 Survival. The provisions of this Section 5 and of Article III, Article VI, Article VII shall survive the termination of this Agreement. The provisions of Article III shall survive the Closing for a period of five (5) years, except that the representations and warranties in Sections 3.01(a), (b), and (c), and Section 3.04 shall survive indefinitely. All other provisions of this Agreement shall survive Closing unless otherwise expressly stated.

ARTICLE VI **COMMISSIONS**

Section 6.01 Commission. No commissions are due and/or owing for the procurement of this Agreement to any third parties. Seller shall defend, indemnify, and hold harmless Buyer from and against any and all claims by any person or entity for brokerage fees, brokerage commissions, finder's or other fees, which shall include, but shall not be limited to, any and all court costs, attorneys' fees and other costs and expenses relating thereto, alleged to be due to any broker and/or agent with whom Seller has dealt in connection with this Agreement or the sale of the Property to Buyer, and Buyer shall defend, indemnify, and hold harmless Seller from and against any and all claims by any person or entity for brokerage fees, brokerage commissions, finder's or other fees, which shall include, but shall not be limited to, any and all court costs, attorneys' fees and other costs and expenses relating thereto, alleged to be due to any broker and/or agent with whom Buyer has dealt in connection with this Agreement or the purchase of the Property by Buyer.

ARTICLE VII **MISCELLANEOUS PROVISIONS**

Section 7.01 Effective Date of Agreement. The term "Effective Date" as used herein shall mean the date this Agreement has been fully executed by Seller and Buyer, as indicated by their signatures below, and a signed copy thereof is delivered to and acknowledged by the Title Company.

Section 7.02 Notices. All notices, demands and requests which may be given or which are required to be given by either party to the other, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be deemed effective when sent to the address or telecopy number of the party to receive such notice set forth below if effected by telecopy, e-mail or other electronic transmission, hand delivery, by Federal Express or other reputable courier service, or when deposited in any post office or mail receptacle regularly maintained by the United States Government, certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Buyer: Josiah M. Cox
Central States Water Resources, Inc.
500 Northwest Plaza Drive
Suite 500
St. Ann, MO 63074

with a copy to: James A. Beckemeier
The Beckemeier Law Firm, LC
13421 Manchester Rd., Ste. 103
St. Louis, MO 63131
Phone: 314-965-2277
Facsimile: 314-965-0127
E-Mail: jim@beckemeierlaw.com

If to Seller: Kevin Griffin, President
Etowah Sewer Company, Inc.
1408B Patton Ave.
Asheville, NC 28808
Phone: (828) 273-3466
Facsimile: _____
E-Mail: kevin@hialtainvestments.com

with a copy to: _____

Attention: _____
Phone: _____
Facsimile: _____
E-Mail: _____

Section 7.03 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA AND ALL PROCEEDINGS OR OBLIGATIONS HEREUNDER SHALL BE MADE AND ARE PERFORMABLE IN HENDERSON COUNTY, NORTH CAROLINA.

Section 7.04 Successors and Assigns. This Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective heirs, administrators, successors and assigns. Buyer shall have the right to assign this Agreement to another entity or affiliate by providing written notice to Seller of such assignment. However, Seller shall not have the right to assign this Agreement without the written consent of the Buyer.

Section 7.05 Counterparts and Amendments. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. This Agreement may only be amended by a written document signed by each of the parties hereto, which document shall make specific reference to this Agreement.

Section 7.06 Time. Time is of the essence in the performance of each term, condition, and covenant contained in this Agreement. No extension of time for performance of any obligation or act shall be deemed an extension of time for performance of any other obligation or act. If any date for performance of any term, condition or provision hereof shall fall on a Saturday, Sunday or legal holiday, then the time of such performance shall be extended to the next business day.

Section 7.07 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or

unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby but shall be enforced to the greatest extent permitted by law.

Section 7.08 Entire Agreement. Buyer and Seller each acknowledges and agrees that at all times each have intended that none of the preliminary negotiations concerning this Agreement would be binding on any party. This Agreement and the Exhibits attached hereto prior to the Closing Date contain all the covenants, conditions, agreements and understandings between the parties and shall supersede all prior covenants, conditions, agreements, letters of intent, term sheets, and understandings between Seller and Buyer with respect to the purchase and sale of the Property and all other matters contained in this Agreement.

Section 7.9 Final Exhibits. The legal description of the Immovable Property contained in the Survey shall be substituted for the legal description of the Immovable Property used in EXHIBIT A as of the date hereof without the necessity of the parties executing any additional amendments to this Agreement. EXHIBIT C shall be included as part of this Agreement when, and in the form, notified to Seller by Buyer in writing. EXHIBIT D shall be included as part of this Agreement if and when it is in the form, agreed by Seller and Buyer in writing prior to Closing.

Section 7.10 Buyer Exchange. Seller and Buyer agree to cooperate should the other elect to purchase the Property or other real property as part of a like-kind exchange under IRC section 1031. Any contemplated exchange shall not impose upon the cooperating party any additional liability or financial obligation, and Buyer or Seller, as appropriate agrees to hold the other harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon either party's ability to acquire a suitable exchange property or effectuate an exchange. In the event any exchange contemplated by Buyer or Seller should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.

Section 7.11 Rollback Taxes, Standby Fees and Special Assessments. If this sale results in the assessment after Closing of additional taxes, standby fees or special assessments for periods of Seller's ownership (including taxes assessed as a result of a change in ownership or usage), the additional taxes, fees or assessments plus any penalties and interest shall be paid by Seller to Buyer within fifteen (15) days of receipt by Buyer of a statement for such taxes, fees or assessments.

Section 7.12 Ambiguities Not to Be Construed against Party Who Drafted Agreement. The rule of construction that ambiguities in a document will be construed against the party who drafted it will not be applied in interpreting this Agreement.

Section 7.13 No Special Relationship. The parties' relationship is an ordinary commercial relationship of seller and buyer, and they do not intend to create and have not created the relationship of principal and agent, partnership, joint venture, or any other special relationship.

Section 7.14 Confidentiality. The parties will keep confidential this Agreement, this transaction, and all information learned in the course of this transaction, except to the extent disclosure is required by law or court order or to enable third parties to advise or assist Buyer to investigate the Property or either party to close this transaction.

Section 7.15 Business Day. As used in this Agreement, the term "business day" means Monday through Friday of each week, except for days on which banks in Henderson county, North Carolina are closed for business. If the final date of any period which is set out any section of this Agreement falls upon a day which is not a business day, then, and in such event, the time of such period will be extended to the next business day.

Section 7.16 Further Assurances. From the date hereof, Seller and Buyer each agrees to do such things, perform such acts and make, execute, acknowledge and deliver such documents as may be reasonably necessary and customary to complete the transactions contemplated by this Agreement. In particular, Seller and Buyer each agrees to do such things as may be reasonably necessary with respect to the transfer of the Property.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under proper authority and effective and binding as of the date first set above.

BUYER:

CENTRAL STATES WATER RESOURCES, INC.,
a Missouri corporation

By: [Signature]
Josiah M. Cox, President

SELLER:

ETOWAH SEWER COMPANY, INC.
a North Carolina corporation

By: [Signature]
Name: F. Kevin Griffin
Title: President

RECEIPT OF EARNEST MONEY

The undersigned Title Company hereby acknowledges its receipt of an executed copy of this Agreement and, the Earnest Money provided herein and, further, agrees to comply with and be bound by the terms and provisions of this Agreement, without demand, including, without limitation, those terms relating to the disposition of the Earnest Money.

Name of Title Company

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

Description of the Immovable Property

(The legal description(s) of the Land, Improvements thereon, Easements, & Rights of Way shall be determined by survey and title commitments, which shall be inserted prior to the expiration of feasibility period).

EXHIBIT B
Description of the Movable Property
(tools, devices, equipment, furniture, fixtures, machinery, supplies, and other tangible items)

EXHIBIT C
Service Area Map
(area in which the System service lines, plant, pipes, manholes, meters, lift or
pump stations and appurtenances, utility facilities, etc. are located)

EXHIBIT D
[Purchase Price Allocation will be completed by Company CPA]

EXHIBIT E
[Environmental Non-Compliance]

EXHIBIT F
[List of Permits and Non-Compliance with Permits]

EXHIBIT G
[Off-site Hazardous Materials Locations]

EXHIBIT H
[Reports, Studies, Audits, Records, Data, Site Assessment, Economic Models, etc.]

Etowah (Wastewater)

Facility Information:

Wastewater System: NPDES # NC0067288

Etowah, Henderson County, NC

~441 Service connections

Assets: 6 lift stations & associated equipment / 2 package plants & associated equipment (one site with two package plants)

Description of need:

The Etowah Wastewater Treatment Plant is an extended aeration package plant with a combination of gravity and force main collection system until it reaches the plant. There are 6 lift stations in the collection system. The lift stations are in average to good condition and will require some reinvestment to ensure uninterrupted service to customers. Additionally, 4 of the lift stations currently have no backup power. The wastewater treatment plant consists of two extended aeration package plants run in parallel. The plants are 20 and 30 years old and in satisfactory condition, with improvements needed to the plant structure and treatment equipment. The plant has incurred effluent exceedance for TSS, BOD, and fecal coliform on a regular basis over the last several years. Nuisance solids have been an issue for treatment and plant operations as the existing bar screen is underperforming and allowing rags and debris to pass into the treatment basins. The influent lift station is currently experiencing consistent problems relating to what is likely the result of the wet well being undersized or the currently installed pumps underperforming. Investigation will be required following closing to determine if a new wet well is needed or if pumps can simply be replaced. There is a regulatory limit on lift station start ups per hour that will likely be the determining factor, however if it is possible to replace pumps rather than the wet well, significant cost savings can be realized in the reworking of the lift station.

Proposed Improvements:

In order to ensure uninterrupted service and prevent backups in the event of a power failure, generator quick connects, and transfer switches will be installed at the 4 lift stations which do not currently have backup power for use with a portable generator. The failing grinder pumps in several lift stations will be replaced to similarly ensure uninterrupted service and prevent backups and overflows. Other improvements will be made to the lift stations including installation of hoist plates and a portable hoist, replacing guide rails and chains as needed, and replacing control panel enclosures. At the plant, the plant will be cleaned out to restore treatment capacity, a new solids screening system will be installed to prevent further problems with nuisance solids. The disinfection system will be replaced with an ultraviolet disinfection system to prevent further fecal coliform violations. The steel tankage must be rehabilitated to extend the life of the plant structure. Walkways, handrails, stairs, and signage will be repaired and replaced as needed. As described above, due to issues with the influent lift station, further evaluation is needed which will result in either the replacement of the wet well and all equipment or reworking the pumping systems.

Etowah WWTF (Wastewater)				
Item	Unit Cost	Unit	Quantity	Cost
Install Transfer Switch for Portable Generator Use	\$ 7,100	EA	4	\$28,400
Purchase Portable Hoist	\$ 3,000	EA	1	\$3,000
Install Baseplate for Use with Portable Hoist	\$ 500	EA	4	\$2,000
Replace 2 HP Grinder Pump	\$ 6,000	EA	4	\$24,000
Replace 3 HP Grinder Pump	\$ 7,500	EA	4	\$30,000
Replace 5 HP Grinder Pump	\$ 9,000	EA	2	\$18,000
Replace Pump Guide Rail and Chains	\$ 2,500	EA	6	\$15,000
Replace Control Panel Enclosures at Meadows LS	\$ 5,000	EA	1	\$5,000
Replace Walkways, Handrails, Stairs, and Signs	\$ 20,000	LS	1	\$20,000
Replace Tablet Disinfection System with Ultraviolet Disinfection System	\$ 100,000	LS	1	\$100,000
Influent lift station rehab	\$ 95,000	LS	1	\$95,000
Rehab Steel Tankage *Based on 25% of surface area	\$ 15	SF	2500	\$37,500
Install Vertical Screw Screen	\$ 70,000	LS	1	\$70,000
Replace Surge Protective Device	\$ 5,000	LS	1	\$5,000
Replace WWTP #1 Blower Panelboard	\$ 17,500	LS	1	\$17,500
Total				\$470,400

EXHIBIT B

Description of the Movable Property

(tools, devices, equipment, furniture, fixtures, machinery, supplies, and other tangible items)

Wastewater: 6 lift stations & associated equipment / 2 package plants & associated equipment

All personal property comprising the Sewer System and/or Water System that services the area set forth on Exhibit A, including but not limited to, the water lines, pipes, wells, well house, tanks, pumps, meters, valves, and any other appurtenances of the Water System, and all machinery, equipment, supplies and other tangible items used in connection with the Water System and including but not limited to the sewer lines, pipes, lagoons, pump stations, pumps, tanks, meters, valves, and any other appurtenances of the Sewer System, and all machinery, equipment, supplies and other tangible items used in connection with the Sewer System.

WATER / SEWER COMPANY WITH
REVENUES LESS THAN \$200,000
(REVISED Docket No. M-100, Sub 160, 3/30/2022)

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AUG 13 2024

ANNUAL REPORT

OF

Red Bird Utility Operating Company, LLC / W- 1328
Company Name (as certificated by NCUC) The Utility's NCUC Docket No.

1630 Des Peres Road, Suite 140
Mailing Address

Des Peres MO 63131
City State Zip

Area Code (314) 736-4672
Telephone Number (including area code)

Area Code (314) 736-4743
Fax Number (including area code)

Bthies@cswrgroup.com
Email Address

TO THE

NORTH CAROLINA UTILITIES COMMISSION

For The Year Ended

December 31, 2022

Annual Report should be electronically filed with the Commission in Docket No. **M-2**
Sub 2023W

FILING INSTRUCTIONS

WHEN TO FILE:

This form, consisting of sixteen pages and reflecting **2022** operations, must be filed with the Commission no later than **May 1, 2023**. Failure to electronically file your Annual Report on or before the due date will result in Commission action, which may result in the assessment of financial penalties (North Carolina General Statute § 62-310).

WHERE TO FILE:

Electronically filed with the Commission at <https://www.ncuc.gov> in Docket No. **M-2 Sub 2023W** with the description "**2022 Annual Report of [name of company]**."

VERIFICATION REGARDING ACCURACY OF REPORT:

This report must be verified by the chief executive officer, a senior level financial officer, or the responsible accounting officer of the utility.

QUESTIONS:

If you need help to electronically file your organization's Annual Report, please contact the Chief Clerk's Office at (919) 733-7328. If you have any other questions or need assistance in completing this report, call or write the Public Staff - Accounting Division, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326, Telephone Number (919) 733-4279. This report is available on the Commission's web site at: <https://www.ncuc.gov>.

GENERAL COMPANY DATA

1. **FILING STATUS:** (check one only)

Corporation Partnership Sole Proprietorship
 Subchapter S Corp. Limited Liability Company Other (Describe: _____)

2. **NAME, TITLE, AND COMPENSATION OF OFFICERS, PARTNERS, MEMBER / MANAGERS OR SOLE PROPRIETORS:**

<u>Name</u>	<u>Title</u>	<u>Total Compensation</u> ^{1/}
Josiah Cox	President	0.00
Marty Moore	CFO	0.00
Brent Thies	Vice President, Corporate Controller	0.00

1/ Include salary, wages, bonuses, partnership/owner drawings, etc.

3. **INDIVIDUAL TO WHOM CORRESPONDENCE OR QUESTIONS CONCERNING THIS REPORT CAN BE SENT:**

Brent Thies	VP, Corporate Controller	314-736-4672
Name	Title	Telephone No.

4. **YEAR COMPANY FIRST BEGAN OPERATIONS:** 2021

5. **NAMES AND OWNERSHIP INTEREST OF THREE LARGEST STOCKHOLDERS / OWNERS OF UTILITY:**

Central States Water Resources

6. **ACCOUNTING RECORDS ARE MAINTAINED AT:**

1630 Des Peres Road, Suite 140
Street Address

<u>Des Peres</u>	<u>MO</u>	<u>63131</u>
City	State	Zip

7. **REPORTING COMPANY'S ACCOUNTING YEAR ENDING DATE (ONLY IF DIFFERENT THAN DECEMBER 31):**

Note: North Carolina Utilities Commission Rule R1-32 requires that Annual Reports be completed based on the calendar year ended December 31.

8. **GENERAL FINANCIAL DATA:**

	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>
Annual operating revenues	<u>0</u>	<u>68,138</u>	<u>83,904</u>
Utility plant in service at year end	<u>0</u>	<u>1,720</u>	<u>1,720</u>
End-of-period customers	<u>0</u>	<u>170</u>	<u>170</u>

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Aug 13 2024

SERVICE AREAS

OFFICIAL COPY
Aug 13 2024

(NOTE: If more columns are needed for additional subdivisions or service areas, use supplementary sheets.)
For each subdivision or service area, list the following in alphabetical order.

Name of subdivision or service area	Ocean Terrace	Pine Knolls 1	Pine Knolls 2
Water: DENR System Identification No.			
Sewer: NPDES or Non Discharge Permit No.	WQ0018525	V-06-93-74	VI-18-13
County (or counties)	Carteret	Carteret	Carteret
Type of service (Check one or more)			
<u>Water Service</u>	W()	W()	W()
<u>Sewer Service</u>	S(x)	S(x)	S(x)
Number of wells in service			
Total <u>pumping capacity</u> of pumps in service (gpm)			
Total <u>storage tank capacity</u> (gallons)			
Source of <u>water supply</u> (check one or more)			
Pumped from <u>Wells</u>	W()	W()	W()
<u>Purchased from others</u>	P()	P()	P()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N(x)	N(x)
Types of <u>water treatment</u> (check one or more)			
<u>Chlorination</u>	C()	C()	C()
<u>Iron treatment</u>	I()	I()	I()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N(x)	N(x)
Are hydrants and storage tanks available for fire protection?			
<u>Fire protection</u>	F()	F()	F()
<u>No fire protection</u>	N()	N()	N()
Is service <u>metered</u> ?			
<u>Meters</u>	M()	M()	M()
<u>No meters</u>	N(x)	N(x)	N(x)
Source of <u>sewage treatment</u> (check one or more)			
<u>Treat own sewage</u>	T(x)	T(x)	T(x)
<u>Purchase treatment from others</u>	P()	P()	P()
<u>Not applicable</u>	N()	N()	N()
Number of customers at year end:			
Water			
Sewer	32	46	46
Number of customers that can be served by mains already installed (include present customers, vacant lots, etc.):			
Water			
Sewer	32	46	46
Number of availability customers at end of year (only applicable to companies charging availability rates separate from water or sewer service):			
Water			
Sewer	N/A	N/A	N/A

SERVICE AREAS

(NOTE: If more columns are needed for additional subdivisions or service areas, use supplementary sheets.)
 For each subdivision or service area, list the following in alphabetical order.

Name of subdivision or service area	<u>Pine Knolls 3</u>	_____	_____
Water: DENR System Identification No.	_____	_____	_____
Sewer: NPDES or Non Discharge Permit No.	<u>V-04-19-75</u>	_____	_____
County (or counties)	<u>Carteret</u>	_____	_____
Type of service (Check one or more)			
<u>Water Service</u>	W()	W()	W()
<u>Sewer Service</u>	S(x)	S()	S()
Number of wells in service	_____	_____	_____
Total <u>pumping capacity</u> of pumps in service (gpm)	_____	_____	_____
Total <u>storage tank capacity</u> (gallons)	_____	_____	_____
Source of <u>water supply</u> (check one or more)			
Pumped from <u>Wells</u>	W()	W()	W()
<u>Purchased from others</u>	P()	P()	P()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N()	N()
Types of <u>water treatment</u> (check one or more)			
<u>Chlorination</u>	C()	C()	C()
<u>Iron treatment</u>	I()	I()	I()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N()	N()
Are hydrants and storage tanks available for fire protection?			
<u>Fire protection</u>	F()	F()	F()
<u>No fire protection</u>	N()	N()	N()
Is service <u>metered</u> ?			
<u>Meters</u>	M()	M()	M()
<u>No meters</u>	N(x)	N()	N()
Source of <u>sewage treatment</u> (check one or more)			
<u>Treat own sewage</u>	T(x)	T()	T()
<u>Purchase treatment from others</u>	P()	P()	P()
<u>Not applicable</u>	N()	N()	N()
Number of customers at year end:			
Water	_____	_____	_____
Sewer	<u>46</u>	_____	_____
Number of customers that can be served by mains already installed (include present customers, vacant lots, etc.):			
Water	_____	_____	_____
Sewer	<u>46</u>	_____	_____
Number of availability customers at end of year (only applicable to companies charging availability rates separate from water or sewer service):			
Water	_____	_____	_____
Sewer	<u>N/A</u>	_____	_____

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**WATER AND SEWER COMBINED BALANCE SHEET
ASSETS AND OTHER DEBITS**

Line No.	Title of Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
	Utility Plant		
1.	Utility plant (must agree with Page 9, Line 5, Column (d))	1,720	1,720
2.	Accumulated provision for depreciation and amortization of utility plant	0	0
3.	Net utility plant (Line 1 minus Line 2)	1,720	1,720
4.	Utility plant acquisition adjustment	0	0
5.	Accumulated provision for amortization of acquisition adjustment	0	0
6.	Net utility plant acquisition adjustment (L4 minus L5)	0	0
7.	Total utility plant (L3 plus L6)	1,720	1,720
	Other Property and Investments		
8.	Nonutility property	0	0
9.	Accumulated provision for depreciation and amortization of nonutility property	0	0
10.	Other investments	0	0
11.	Total other property and investments (L8 - L9 + L10)	0	0
	Current Assets and Other Debits		
12.	Cash	13,191	15,680
13.	Special deposits	0	0
14.	Customer accounts receivable	0	6,396
15.	Materials and supplies		
16.	Other current and accrued assets	1,718,413	2,662,023
17.	Miscellaneous deferred debits	2,071	11,079
18.	Total current assets and other debits (L12 thru L17)	1,733,675	2,695,178
19.	Total assets and other debits (L7 + L11 + L18)	1,735,395	2,696,898

Remarks:

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Aug 13 2024

**WATER AND SEWER COMBINED BALANCE SHEET
CAPITAL, LIABILITIES, AND OTHER CREDITS**

Line No.	Title of Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
	<u>Stockholders' Equity (if Corporation)</u>		
1.	Common stock shares	0	0
2.	Paid-in capital	1,640,065	1,647,776
3.	Retained earnings	(9,370)	(176,400)
4.	Other	0	
5.	Total common equity (Sum of L1 thru L4)	1,630,696	1,471,376
6.	Preferred stock	0	0
7.	Total stockholders' equity (L5 + L6)	1,630,696	1,471,376
	OR		
	<u>Proprietary Capital (if Partnership/Proprietorship)</u>		
8.	Total proprietary capital		
	<u>Liabilities and Other Credits</u>		
9.	Long-term debt		
10.	Accounts payable	85,265	90,354
11.	Notes payable	15,000	1,016,542
12.	Customer deposits	0	0
13.	Taxes accrued	0	0
14.	Interest accrued	0	0
15.	Other current and accrued liabilities	4,433	118,627
16.	Customer advances for construction		
17.	Other deferred credits		
18.	Miscellaneous operating reserves		
19.	Contributions in aid of construction	0	0
20.	Total liabilities and other credits (Sum of L9 thru L19)	104,699	1,225,522
21.	Total capital, liabilities, & other credits (L7 + L8 + L20)	1,735,395	2,696,898

STATEMENT OF RETAINED EARNINGS / PROPRIETARY CAPITAL

22.	Retained earnings or proprietary capital at beginning of year ^{1/}	(9,370)
23.	Add: Net income (loss) for the year ^{2/}	(167,030)
24.	Less: Dividends declared during the year	
25.	Other (itemize below)	
26.	Retained earnings or proprietary capital at end of year (Sum of L22 thru L25) ^{3/}	(176,400)

Line 25 (other retained earnings activity) _____

1/ Reference to Page 6, Line 3, Column (b) or Page 6, Line 8, Column (b), whichever is applicable.

2/ Reference to Page 8, Line 33, Column (d).

3/ Must agree with Page 6, Line 3, Column (c), or Page 6, Line 8, Column (c), whichever is applicable.

SCHEDULE OF DEBT OF UTILITY
 (Use additional pages if needed to report all loans)

Type of Loan ^{1/}	Lender	Collateral ^{2/}	Date of Loan	Maturity Date	Original Loan Amount	Current Amount Outstanding	Interest Rate (%) ^{3/}	Interest Paid This Year
N/A								
Totals								

1/ Indicate purpose of loan and whether the loan is a first mortgage, notes payable to banks, etc.
 2/ Indicate whether loan is personally endorsed, and if so, by whom.
 3/ If interest rate is variable, please describe terms of rate changes (example: prime rate + 1.0%).

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WATER AND SEWER COMBINED INCOME STATEMENT

For the Year Ended December 31, _____

<u>Line No.</u>	<u>Item</u> (a)	<u>Water</u> (b)	<u>Sewer</u> (c)	<u>Combined</u> (d)
Operating Revenues				
1.	Metered service revenue	0		0
2.	Flat rate service revenue		68,138	68,138
3.	Reconnection fees			0
4.	Returned check charges			0
5.	Late payment charges	0		0
6.	Other operating revenue (itemize below)			0
7.	TOTAL OPERATING REVENUES (Sum of L1 thru L6)	0	68,138	68,138
Operating Expenses				
8.	Total salaries and wages (employees only)			
9.	Outside labor expense (non-employees)		113,247	113,247
10.	Administrative and office expense		86,575	86,575
11.	Maintenance and repair expense		9,380	9,380
12.	Purchased water/sewer expense			0
13.	Electric power expense (exclude office)		6,231	6,231
14.	Chemicals expense			0
15.	Testing fees		3,395	3,395
16.	Transportation expense (cost of operating utility vehicle)			0
17.	Annual depreciation expense			0
18.	Property taxes paid on utility property			0
19.	Payroll taxes (FICA, FUTA, SUTA)			0
20.	Other operating expense (itemize below)		12,041	12,041
21.	TOTAL OPERATING EXPENSES (Sum of L8 thru L20)	0	230,869	230,869
Operating Taxes				
22.	Franchise (gross receipts) tax			0
23.	Annual NCUC regulatory fee		1,600	1,600
24.	State income taxes		2,700	2,700
25.	Federal income taxes			0
26.	TOTAL OPERATING TAXES (Sum of L22 thru L25)	0	4,300	4,300
27.	NET OPERATING INCOME (LOSS) (L7 - L21 - L26)	0	(167,030)	(167,030)
Non-operating revenues and expenses				
28.	Interest income			
29.	Other non-operating revenue (itemize below)			
30.	Interest expense			
31.	Other non-operating expense (itemize below)			
32.	TOTAL NON-OPERATING INCOME (L28+L29-L30-L31)	0	0	0
33.	Net income (loss) (L27 + L32)	0	(167,030)	(167,030)

Line 6 (other operating revenue)

Line 20 (other operating expense)

Line 29 (other non-operating revenue)

Line 31 (other non-operating expense)

Property Insurance

MONTHLY BILLING DATA

Line No.	Month (a)	Water Operations			Sewer Operations		
		Flat Rate Customers (b)	Metered Customers (c)	Gallons Sold To Metered Customers (d)	Flat Rate Customers (e)	Metered Customers (f)	Gallons Sold To Metered Customers (g)
1.	January				170		
2.	February				170		
3.	March				170		
4.	April				170		
5.	May				170		
6.	June				170		
7.	July				170		
8.	August				170		
9.	September				170		
10.	October				170		
11.	November				170		
12.	December				170		
13.	Totals for the year				170		

RATES CHARGED AT YEAR END

<u>Line No.</u>	<u>Item</u>	<u>Water</u> (a)	<u>Sewer</u> (b)
1.	Rates being charged at year end:		
	Measured (metered) service: Base charge (including _____ gallons)		
	Usage charge (per 1,000 gallons)		
	Flat rate service		Ocean Terrace - \$1,920 Pine Knolls I - \$920 Pine Knolls II - \$1,840 Pine Knolls III - \$920
	Tap-on fee or connection fee		
	Reconnect fee		14.99
	Late payment charge		25

INVESTMENT IN WATER/SEWER UTILITY SYSTEM

For the Year Ended December 31, 2022

Line No.	Item (a)	Water (b)	Sewer (c)	Combined (d)
1.	Original cost of system(s)		1,720	1,720
2.	Actual cost of all additions to system(s) since original construction		0	0
3.	Total cost of system(s) to date (L1 plus L2)		1,720	1,720
4.	Accumulated depreciation		0	0
5.	Net cost of system(s) (L3 minus L4)		1,720	1,720
6.	Cost of plant additions during this 12-month reporting period		0	0
	<u>Contributions in aid of construction (CIAC) (excluding gross-up) received during this 12-month reporting period</u>			
7.	Connection or tap fees		0	0
8.	Capacity fees		0	0
9.	Meter installation fees		0	0
10.	Cash contributions from a developer used by a utility to construct plant		0	0
11.	Utility plant installed or paid for by the contributor and then conveyed by the contributor to the utility		0	0
12.	Land conveyed by the contributor to the utility		0	0
13.	Total CIAC (excluding gross-up) received during this 12-month reporting period (Sum of L7 thru L12)		0	0
14.	Cumulative CIAC received (excluding gross-up)		0	0
15.	Taxes collected on CIAC during this 12-month reporting period		0	0
16.	Cumulative tax collected on CIAC		0	0
17.	Taxes paid on CIAC collected during the previous 12-month reporting period		0	0
18.	Cumulative tax paid on CIAC		0	0

IMPORTANT: CIAC are generally defined in the National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts as money, services, or property received by the utility company from customers, developers, or any other source at no cost to the utility company which offsets the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment to be used to provide utility service. Tap-on fees and meter installation fees are forms of CIAC.

BOND INFORMATION

(Note: If more lines are needed for additional bonds, attach supplementary sheets.)

For **each** bond (certificate of deposit, letter of credit, etc.) posted, list the following:

Line No.	Form of Bond (CD, Letter of Credit, or Surety)	Issuer of Surety	Amount of Bond	Is the Bond Still in Effect?	Date of Next Renewal
1.	Surety	Crane Agency	300,000	Yes	11/9/2023
2.	Surety	Crane Agency	75,000	Yes	3/18/2023
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

Signature and Title:  Date: 4/29/2023

I declare under penalty of perjury that the foregoing is true and correct.

IMPORTANT: Rule R7-37(g) and Rule R10-24(g) require water and sewer companies to attach a separate electronically filed statement which is electronically signed under penalty of perjury to its Annual Report stating the amount of each bond, whether the bond is still in effect, and the date of next renewal. Completion of the above meets this requirement.

SYSTEM AND OPERATOR STATUS (WATER)

Subdivision or System	County	Number of Wells	Certified Operator In Responsible Charge	>50* miles

* Check if more than 50 miles from residence of Operator in Responsible Charge (ORC).

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REGULATORY ENFORCEMENT REPORT

List any notice of violation during the reporting year from any regulatory agency (County Health Department, DWQ, DEH, EPA, etc.) Use additional pages, if necessary.

WATER OPERATIONS

System ID No.	System Name	Date of Notice	Type of Violation	Resolved? (Y/N)

SEWER OPERATIONS

NPDES or Nondischarge Permit No.	System Name	Date of Notice	Type of Violation	Resolved? (Y/N)
VI-07-21	Ocean Terrace	7/7/2022	Permit Violation	Y
VI-18-13	Pine Knoll	7/7/2022	Permit Violation	N

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REGULATORY FEE RECONCILIATION

Line No.	Item	Amount
	<u>Regulatory Fee Reports</u>	
1.	Regulatory fee report for quarter ended March 31, Line 1	17,456
2.	Regulatory fee report for quarter ended June 30, Line 1	16,981
3.	Regulatory fee report for quarter ended September 30, Line 1	24,488
4.	Regulatory fee report for quarter ended December 31, Line 1	24,979
5.	Total NC jurisdictional revenues for the year reported on regulatory fee reports (Sum of Lines 1 through 4)	83,904
6.	Total operating revenues [Page 8, Line 7, Column (d)]	68,138
7.	Difference between regulatory fee reports and Annual Report (Line 5 minus Line 6)	15,766
	<u>Explanation of Difference(s)</u> (Include a brief written description of each difference)	
8.	Redbird Utility Operating Company filed regulatory fees for Bear Den on behalf of owner	15,766
9.		
10.		
11.		
12.		
13.	Total difference(s) (Sum of Lines 8 through 12 - Should be equal to Line 7)	0

VERIFICATION REGARDING ACCURACY OF REPORT

(NOTE: THIS VERIFICATION SHALL BE COMPLETED BY EITHER THE CHIEF EXECUTIVE OFFICER, A SENIOR LEVEL FINANCIAL OFFICER, OR THE RESPONSIBLE ACCOUNTING OFFICER.)

I, Brent Thies, state and attest under penalty of perjury that the attached Annual Report to the North Carolina Utilities Commission is filed on behalf of Red Bird Utility Operating Company (**Name of Water and/or Sewer Company**) as required by the North Carolina Utilities Commission; that I have reviewed said Report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said Report has been prepared and presented in accordance with all applicable North Carolina General Statutes, Commission Rules, and Commission Orders.



Signature of Person Making Verification

Vice President, Corporate Controller

Job Title

8/26/23

Date



NORTH CAROLINA

Department of the Secretary of State

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APR 17 2022

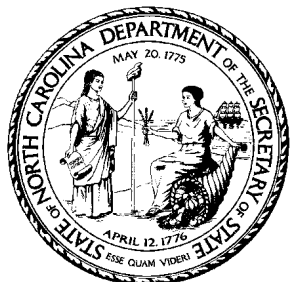
CERTIFICATE OF EXISTENCE (Limited Liability Company)

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

NORTH CAROLINA CENTRAL STATES WATER RESOURCES, LLC

is a limited liability company duly formed, and existing under the laws of the State of North Carolina, having been formed on 18th day of November, 2019

I FURTHER certify that, as of the date of this certificate, (i) the said limited liability company is not dissolved under the terms of its articles of organization, (ii) the said limited liability company's articles of organization are not suspended for failure to comply with the Revenue Act of the State of North Carolina, (iii) that said limited liability company is not administratively dissolved for failure to comply with the provisions of the North Carolina Limited Liability Company Act, (iv) that this office has not filed any decree of judicial dissolution, articles of dissolution, articles of merger, or articles of conversion for said limited liability company.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 11th day of April, 2022.

Elaine F. Marshall

Secretary of State



NORTH CAROLINA

Department of the Secretary of State

OFFICIAL COPY

APR 17 2022

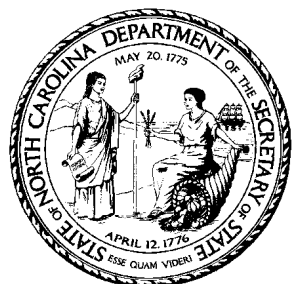
CERTIFICATE OF EXISTENCE (Limited Liability Company)

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

RED BIRD UTILITY HOLDING COMPANY, LLC

is a limited liability company duly formed, and existing under the laws of the State of North Carolina, having been formed on 19th day of November, 2019

I FURTHER certify that, as of the date of this certificate, (i) the said limited liability company is not dissolved under the terms of its articles of organization, (ii) the said limited liability company's articles of organization are not suspended for failure to comply with the Revenue Act of the State of North Carolina, (iii) that said limited liability company is not administratively dissolved for failure to comply with the provisions of the North Carolina Limited Liability Company Act, (iv) that this office has not filed any decree of judicial dissolution, articles of dissolution, articles of merger, or articles of conversion for said limited liability company.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 11th day of April, 2022.

Elaine F. Marshall

Secretary of State



NORTH CAROLINA

Department of the Secretary of State

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AUG 12 2024

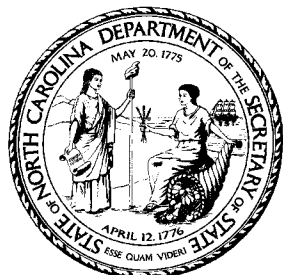
CERTIFICATE OF EXISTENCE (Limited Liability Company)

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

RED BIRD UTILITY OPERATING COMPANY, LLC

is a limited liability company duly formed, and existing under the laws of the State of North Carolina, having been formed on 19th day of November, 2019

I FURTHER certify that, as of the date of this certificate, (i) the said limited liability company is not dissolved under the terms of its articles of organization, (ii) the said limited liability company's articles of organization are not suspended for failure to comply with the Revenue Act of the State of North Carolina, (iii) that said limited liability company is not administratively dissolved for failure to comply with the provisions of the North Carolina Limited Liability Company Act, (iv) that this office has not filed any decree of judicial dissolution, articles of dissolution, articles of merger, or articles of conversion for said limited liability company.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 11th day of April, 2022.

Elaine F. Marshall

Secretary of State

WATER / SEWER COMPANY WITH
REVENUES LESS THAN \$200,000
(REVISED Docket No. M-100, Sub 160, 3/30/2022)

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AUG 13 2024

ANNUAL REPORT

OF

Red Bird Utility Operating Company, LLC / W- 1328
Company Name (as certificated by NCUC) The Utility's NCUC Docket No.

1630 Des Peres Road, Suite 140
Mailing Address

Des Peres MO 63131
City State Zip

Area Code (314) 736-4672
Telephone Number (including area code)

Area Code (314) 736-4743
Fax Number (including area code)

Bthies@cswrgroup.com
Email Address

TO THE

NORTH CAROLINA UTILITIES COMMISSION

For The Year Ended

December 31, 2022

Annual Report should be electronically filed with the Commission in Docket No. **M-2**
Sub 2023W

FILING INSTRUCTIONS

WHEN TO FILE:

This form, consisting of sixteen pages and reflecting **2022** operations, must be filed with the Commission no later than **May 1, 2023**. Failure to electronically file your Annual Report on or before the due date will result in Commission action, which may result in the assessment of financial penalties (North Carolina General Statute § 62-310).

WHERE TO FILE:

Electronically filed with the Commission at <https://www.ncuc.gov> in Docket No. **M-2 Sub 2023W** with the description "**2022 Annual Report of [name of company]**."

VERIFICATION REGARDING ACCURACY OF REPORT:

This report must be verified by the chief executive officer, a senior level financial officer, or the responsible accounting officer of the utility.

QUESTIONS:

If you need help to electronically file your organization's Annual Report, please contact the Chief Clerk's Office at (919) 733-7328. If you have any other questions or need assistance in completing this report, call or write the Public Staff - Accounting Division, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326, Telephone Number (919) 733-4279. This report is available on the Commission's web site at: <https://www.ncuc.gov>.

GENERAL COMPANY DATA

1. **FILING STATUS:** (check one only)

Corporation Partnership Sole Proprietorship
 Subchapter S Corp. Limited Liability Company Other (Describe: _____)

2. **NAME, TITLE, AND COMPENSATION OF OFFICERS, PARTNERS, MEMBER / MANAGERS OR SOLE PROPRIETORS:**

<u>Name</u>	<u>Title</u>	<u>Total Compensation</u> 1/
Josiah Cox	President	0.00
Marty Moore	CFO	0.00
Brent Thies	Vice President, Corporate Controller	0.00

1/ Include salary, wages, bonuses, partnership/owner drawings, etc.

3. **INDIVIDUAL TO WHOM CORRESPONDENCE OR QUESTIONS CONCERNING THIS REPORT CAN BE SENT:**

Brent Thies	VP, Corporate Controller	314-736-4672
<u>Name</u>	<u>Title</u>	<u>Telephone No.</u>

4. **YEAR COMPANY FIRST BEGAN OPERATIONS:** 2021

5. **NAMES AND OWNERSHIP INTEREST OF THREE LARGEST STOCKHOLDERS / OWNERS OF UTILITY:**

Central States Water Resources

6. **ACCOUNTING RECORDS ARE MAINTAINED AT:**

1630 Des Peres Road, Suite 140
Street Address

<u>Des Peres</u>	<u>MO</u>	<u>63131</u>
<u>City</u>	<u>State</u>	<u>Zip</u>

7. **REPORTING COMPANY'S ACCOUNTING YEAR ENDING DATE (ONLY IF DIFFERENT THAN DECEMBER 31):**

Note: North Carolina Utilities Commission Rule R1-32 requires that Annual Reports be completed based on the calendar year ended December 31.

8. **GENERAL FINANCIAL DATA:**

	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>
Annual operating revenues	<u>0</u>	<u>68,138</u>	<u>83,904</u>
Utility plant in service at year end	<u>0</u>	<u>1,720</u>	<u>1,720</u>
End-of-period customers	<u>0</u>	<u>170</u>	<u>170</u>

SERVICE AREAS

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Aug 13 2024

(NOTE: If more columns are needed for additional subdivisions or service areas, use supplementary sheets.)
For each subdivision or service area, list the following in alphabetical order.

Name of subdivision or service area	Ocean Terrace	Pine Knolls 1	Pine Knolls 2
Water: DENR System Identification No.			
Sewer: NPDES or Non Discharge Permit No.	WQ0018525	V-06-93-74	VI-18-13
County (or counties)	Carteret	Carteret	Carteret
Type of service (Check one or more)			
<u>Water Service</u>	W()	W()	W()
<u>Sewer Service</u>	S(x)	S(x)	S(x)
Number of wells in service			
Total <u>pumping capacity</u> of pumps in service (gpm)			
Total <u>storage tank capacity</u> (gallons)			
Source of <u>water supply</u> (check one or more)			
Pumped from <u>Wells</u>	W()	W()	W()
<u>Purchased from others</u>	P()	P()	P()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N(x)	N(x)
Types of <u>water treatment</u> (check one or more)			
<u>Chlorination</u>	C()	C()	C()
<u>Iron treatment</u>	I()	I()	I()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N(x)	N(x)
Are hydrants and storage tanks available for fire protection?			
<u>Fire protection</u>	F()	F()	F()
<u>No fire protection</u>	N()	N()	N()
Is service <u>metered</u> ?			
<u>Meters</u>	M()	M()	M()
<u>No meters</u>	N(x)	N(x)	N(x)
Source of <u>sewage treatment</u> (check one or more)			
<u>Treat own sewage</u>	T(x)	T(x)	T(x)
<u>Purchase treatment from others</u>	P()	P()	P()
<u>Not applicable</u>	N()	N()	N()
Number of customers at year end:			
Water			
Sewer	32	46	46
Number of customers that can be served by mains already installed (include present customers, vacant lots, etc.):			
Water			
Sewer	32	46	46
Number of availability customers at end of year (only applicable to companies charging availability rates separate from water or sewer service):			
Water			
Sewer	N/A	N/A	N/A

SERVICE AREAS

(NOTE: If more columns are needed for additional subdivisions or service areas, use supplementary sheets.)
 For each subdivision or service area, list the following in alphabetical order.

Name of subdivision or service area	<u>Pine Knolls 3</u>	_____	_____
Water: DENR System Identification No.	_____	_____	_____
Sewer: NPDES or Non Discharge Permit No.	<u>V-04-19-75</u>	_____	_____
County (or counties)	<u>Carteret</u>	_____	_____
Type of service (Check one or more)			
<u>Water Service</u>	W()	W()	W()
<u>Sewer Service</u>	S(x)	S()	S()
Number of wells in service	_____	_____	_____
Total <u>pumping capacity</u> of pumps in service (gpm)	_____	_____	_____
Total <u>storage tank capacity</u> (gallons)	_____	_____	_____
Source of <u>water supply</u> (check one or more)			
Pumped from <u>Wells</u>	W()	W()	W()
<u>Purchased from others</u>	P()	P()	P()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N()	N()
Types of <u>water treatment</u> (check one or more)			
<u>Chlorination</u>	C()	C()	C()
<u>Iron treatment</u>	I()	I()	I()
<u>Other</u>	O()	O()	O()
<u>Not applicable</u>	N(x)	N()	N()
Are hydrants and storage tanks available for fire protection?			
<u>Fire protection</u>	F()	F()	F()
<u>No fire protection</u>	N()	N()	N()
Is service <u>metered</u> ?			
<u>Meters</u>	M()	M()	M()
<u>No meters</u>	N(x)	N()	N()
Source of <u>sewage treatment</u> (check one or more)			
<u>Treat own sewage</u>	T(x)	T()	T()
<u>Purchase treatment from others</u>	P()	P()	P()
<u>Not applicable</u>	N()	N()	N()
Number of customers at year end:			
Water	_____	_____	_____
Sewer	<u>46</u>	_____	_____
Number of customers that can be served by mains already installed (include present customers, vacant lots, etc.):			
Water	_____	_____	_____
Sewer	<u>46</u>	_____	_____
Number of availability customers at end of year (only applicable to companies charging availability rates separate from water or sewer service):			
Water	_____	_____	_____
Sewer	<u>N/A</u>	_____	_____

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**WATER AND SEWER COMBINED BALANCE SHEET
ASSETS AND OTHER DEBITS**

Line No.	Title of Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
	Utility Plant		
1.	Utility plant (must agree with Page 9, Line 5, Column (d))	1,720	1,720
2.	Accumulated provision for depreciation and amortization of utility plant	0	0
3.	Net utility plant (Line 1 minus Line 2)	1,720	1,720
4.	Utility plant acquisition adjustment	0	0
5.	Accumulated provision for amortization of acquisition adjustment	0	0
6.	Net utility plant acquisition adjustment (L4 minus L5)	0	0
7.	Total utility plant (L3 plus L6)	1,720	1,720
	Other Property and Investments		
8.	Nonutility property	0	0
9.	Accumulated provision for depreciation and amortization of nonutility property	0	0
10.	Other investments	0	0
11.	Total other property and investments (L8 - L9 + L10)	0	0
	Current Assets and Other Debits		
12.	Cash	13,191	15,680
13.	Special deposits	0	0
14.	Customer accounts receivable	0	6,396
15.	Materials and supplies		
16.	Other current and accrued assets	1,718,413	2,662,023
17.	Miscellaneous deferred debits	2,071	11,079
18.	Total current assets and other debits (L12 thru L17)	1,733,675	2,695,178
19.	Total assets and other debits (L7 + L11 + L18)	1,735,395	2,696,898

Remarks:

**WATER AND SEWER COMBINED BALANCE SHEET
CAPITAL, LIABILITIES, AND OTHER CREDITS**

Line No.	Title of Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
	<u>Stockholders' Equity (if Corporation)</u>		
1.	Common stock shares	0	0
2.	Paid-in capital	1,640,065	1,647,776
3.	Retained earnings	(9,370)	(176,400)
4.	Other	0	
5.	Total common equity (Sum of L1 thru L4)	1,630,696	1,471,376
6.	Preferred stock	0	0
7.	Total stockholders' equity (L5 + L6)	1,630,696	1,471,376
	OR		
	<u>Proprietary Capital (if Partnership/Proprietorship)</u>		
8.	Total proprietary capital		
	<u>Liabilities and Other Credits</u>		
9.	Long-term debt		
10.	Accounts payable	85,265	90,354
11.	Notes payable	15,000	1,016,542
12.	Customer deposits	0	0
13.	Taxes accrued	0	0
14.	Interest accrued	0	0
15.	Other current and accrued liabilities	4,433	118,627
16.	Customer advances for construction		
17.	Other deferred credits		
18.	Miscellaneous operating reserves		
19.	Contributions in aid of construction	0	0
20.	Total liabilities and other credits (Sum of L9 thru L19)	104,699	1,225,522
21.	Total capital, liabilities, & other credits (L7 + L8 + L20)	1,735,395	2,696,898

STATEMENT OF RETAINED EARNINGS / PROPRIETARY CAPITAL

22.	Retained earnings or proprietary capital at beginning of year ^{1/}	(9,370)
23.	Add: Net income (loss) for the year ^{2/}	(167,030)
24.	Less: Dividends declared during the year	
25.	Other (itemize below)	
26.	Retained earnings or proprietary capital at end of year (Sum of L22 thru L25) ^{3/}	(176,400)

Line 25 (other retained earnings activity) _____

1/ Reference to Page 6, Line 3, Column (b) or Page 6, Line 8, Column (b), whichever is applicable.

2/ Reference to Page 8, Line 33, Column (d).

3/ Must agree with Page 6, Line 3, Column (c), or Page 6, Line 8, Column (c), whichever is applicable.

SCHEDULE OF DEBT OF UTILITY
 (Use additional pages if needed to report all loans)

Type of Loan ^{1/}	Lender	Collateral ^{2/}	Date of Loan	Maturity Date	Original Loan Amount	Current Amount Outstanding	Interest Rate (%) ^{3/}	Interest Paid This Year
N/A								
Totals								

1/ Indicate purpose of loan and whether the loan is a first mortgage, notes payable to banks, etc.
 2/ Indicate whether loan is personally endorsed, and if so, by whom.
 3/ If interest rate is variable, please describe terms of rate changes (example: prime rate + 1.0%).

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WATER AND SEWER COMBINED INCOME STATEMENT

For the Year Ended December 31, _____

<u>Line No.</u>	<u>Item</u> (a)	<u>Water</u> (b)	<u>Sewer</u> (c)	<u>Combined</u> (d)
Operating Revenues				
1.	Metered service revenue	0		0
2.	Flat rate service revenue		68,138	68,138
3.	Reconnection fees			0
4.	Returned check charges			0
5.	Late payment charges	0		0
6.	Other operating revenue (itemize below)			0
7.	TOTAL OPERATING REVENUES (Sum of L1 thru L6)	0	68,138	68,138
Operating Expenses				
8.	Total salaries and wages (employees only)			
9.	Outside labor expense (non-employees)		113,247	113,247
10.	Administrative and office expense		86,575	86,575
11.	Maintenance and repair expense		9,380	9,380
12.	Purchased water/sewer expense			0
13.	Electric power expense (exclude office)		6,231	6,231
14.	Chemicals expense			0
15.	Testing fees		3,395	3,395
16.	Transportation expense (cost of operating utility vehicle)			0
17.	Annual depreciation expense			0
18.	Property taxes paid on utility property			0
19.	Payroll taxes (FICA, FUTA, SUTA)			0
20.	Other operating expense (itemize below)		12,041	12,041
21.	TOTAL OPERATING EXPENSES (Sum of L8 thru L20)	0	230,869	230,869
Operating Taxes				
22.	Franchise (gross receipts) tax			0
23.	Annual NCUC regulatory fee		1,600	1,600
24.	State income taxes		2,700	2,700
25.	Federal income taxes			0
26.	TOTAL OPERATING TAXES (Sum of L22 thru L25)	0	4,300	4,300
27.	NET OPERATING INCOME (LOSS) (L7 - L21 - L26)	0	(167,030)	(167,030)
Non-operating revenues and expenses				
28.	Interest income			
29.	Other non-operating revenue (itemize below)			
30.	Interest expense			
31.	Other non-operating expense (itemize below)			
32.	TOTAL NON-OPERATING INCOME (L28+L29-L30-L31)	0	0	0
33.	Net income (loss) (L27 + L32)	0	(167,030)	(167,030)

Line 6 (other operating revenue)

Line 20 (other operating expense)

Line 29 (other non-operating revenue)

Line 31 (other non-operating expense)

Property Insurance

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MONTHLY BILLING DATA

Line No.	Month (a)	Water Operations			Sewer Operations		
		Flat Rate Customers (b)	Metered Customers (c)	Gallons Sold To Metered Customers (d)	Flat Rate Customers (e)	Metered Customers (f)	Gallons Sold To Metered Customers (g)
1.	January				170		
2.	February				170		
3.	March				170		
4.	April				170		
5.	May				170		
6.	June				170		
7.	July				170		
8.	August				170		
9.	September				170		
10.	October				170		
11.	November				170		
12.	December				170		
13.	Totals for the year				170		

RATES CHARGED AT YEAR END

<u>Line No.</u>	<u>Item</u>	<u>Water</u> (a)	<u>Sewer</u> (b)
1.	Rates being charged at year end:		
	Measured (metered) service: Base charge (including _____ gallons)		
	Usage charge (per 1,000 gallons)		
	Flat rate service		Ocean Terrace - \$1,920 Pine Knolls I - \$920 Pine Knolls II - \$1,840 Pine Knolls III - \$920
	Tap-on fee or connection fee		
	Reconnect fee		14.99
	Late payment charge		25

INVESTMENT IN WATER/SEWER UTILITY SYSTEM

For the Year Ended December 31, 2022

Line No.	Item (a)	Water (b)	Sewer (c)	Combined (d)
1.	Original cost of system(s)		1,720	1,720
2.	Actual cost of all additions to system(s) since original construction		0	0
3.	Total cost of system(s) to date (L1 plus L2)		1,720	1,720
4.	Accumulated depreciation		0	0
5.	Net cost of system(s) (L3 minus L4)		1,720	1,720
6.	Cost of plant additions during this 12-month reporting period		0	0
	<u>Contributions in aid of construction (CIAC) (excluding gross-up) received during this 12-month reporting period</u>			
7.	Connection or tap fees		0	0
8.	Capacity fees		0	0
9.	Meter installation fees		0	0
10.	Cash contributions from a developer used by a utility to construct plant		0	0
11.	Utility plant installed or paid for by the contributor and then conveyed by the contributor to the utility		0	0
12.	Land conveyed by the contributor to the utility		0	0
13.	Total CIAC (excluding gross-up) received during this 12-month reporting period (Sum of L7 thru L12)		0	0
14.	Cumulative CIAC received (excluding gross-up)		0	0
15.	Taxes collected on CIAC during this 12-month reporting period		0	0
16.	Cumulative tax collected on CIAC		0	0
17.	Taxes paid on CIAC collected during the previous 12-month reporting period		0	0
18.	Cumulative tax paid on CIAC		0	0

IMPORTANT: CIAC are generally defined in the National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts as money, services, or property received by the utility company from customers, developers, or any other source at no cost to the utility company which offsets the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment to be used to provide utility service. Tap-on fees and meter installation fees are forms of CIAC.

BOND INFORMATION

(Note: If more lines are needed for additional bonds, attach supplementary sheets.)

For **each** bond (certificate of deposit, letter of credit, etc.) posted, list the following:

Line No.	Form of Bond (CD, Letter of Credit, or Surety)	Issuer of Surety	Amount of Bond	Is the Bond Still in Effect?	Date of Next Renewal
1.	Surety	Crane Agency	300,000	Yes	11/9/2023
2.	Surety	Crane Agency	75,000	Yes	3/18/2023
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

Signature and Title:  Date: 4/29/2023

I declare under penalty of perjury that the foregoing is true and correct.

IMPORTANT: Rule R7-37(g) and Rule R10-24(g) require water and sewer companies to attach a separate electronically filed statement which is electronically signed under penalty of perjury to its Annual Report stating the amount of each bond, whether the bond is still in effect, and the date of next renewal. Completion of the above meets this requirement.

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REGULATORY ENFORCEMENT REPORT

List any notice of violation during the reporting year from any regulatory agency (County Health Department, DWQ, DEH, EPA, etc.) Use additional pages, if necessary.

WATER OPERATIONS

System ID No.	System Name	Date of Notice	Type of Violation	Resolved? (Y/N)

SEWER OPERATIONS

NPDES or Nondischarge Permit No.	System Name	Date of Notice	Type of Violation	Resolved? (Y/N)
VI-07-21	Ocean Terrace	7/7/2022	Permit Violation	Y
VI-18-13	Pine Knoll	7/7/2022	Permit Violation	N

REGULATORY FEE RECONCILIATION

Line No.	Item	Amount
	<u>Regulatory Fee Reports</u>	
1.	Regulatory fee report for quarter ended March 31, Line 1	17,456
2.	Regulatory fee report for quarter ended June 30, Line 1	16,981
3.	Regulatory fee report for quarter ended September 30, Line 1	24,488
4.	Regulatory fee report for quarter ended December 31, Line 1	24,979
5.	Total NC jurisdictional revenues for the year reported on regulatory fee reports (Sum of Lines 1 through 4)	83,904
6.	Total operating revenues [Page 8, Line 7, Column (d)]	68,138
7.	Difference between regulatory fee reports and Annual Report (Line 5 minus Line 6)	15,766
	<u>Explanation of Difference(s)</u> (Include a brief written description of each difference)	
8.	Redbird Utility Operating Company filed regulatory fees for Bear Den on behalf of owner	15,766
9.		
10.		
11.		
12.		
13.	Total difference(s) (Sum of Lines 8 through 12 - Should be equal to Line 7)	0

VERIFICATION REGARDING ACCURACY OF REPORT

(NOTE: THIS VERIFICATION SHALL BE COMPLETED BY EITHER THE CHIEF EXECUTIVE OFFICER, A SENIOR LEVEL FINANCIAL OFFICER, OR THE RESPONSIBLE ACCOUNTING OFFICER.)

I, Brent Thies, state and attest under penalty of perjury that the attached Annual Report to the North Carolina Utilities Commission is filed on behalf of Red Bird Utility Operating Company (**Name of Water and/or Sewer Company**) as required by the North Carolina Utilities Commission; that I have reviewed said Report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said Report has been prepared and presented in accordance with all applicable North Carolina General Statutes, Commission Rules, and Commission Orders.



Signature of Person Making Verification

Vice President, Corporate Controller

Job Title

8/26/23

Date



NORTH CAROLINA

Department of the Secretary of State

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APR 17 2022

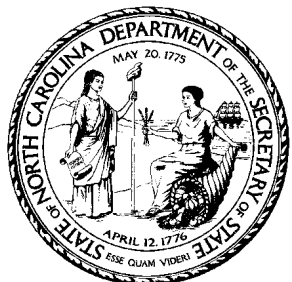
CERTIFICATE OF EXISTENCE (Limited Liability Company)

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

NORTH CAROLINA CENTRAL STATES WATER RESOURCES, LLC

is a limited liability company duly formed, and existing under the laws of the State of North Carolina, having been formed on 18th day of November, 2019

I FURTHER certify that, as of the date of this certificate, (i) the said limited liability company is not dissolved under the terms of its articles of organization, (ii) the said limited liability company's articles of organization are not suspended for failure to comply with the Revenue Act of the State of North Carolina, (iii) that said limited liability company is not administratively dissolved for failure to comply with the provisions of the North Carolina Limited Liability Company Act, (iv) that this office has not filed any decree of judicial dissolution, articles of dissolution, articles of merger, or articles of conversion for said limited liability company.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 11th day of April, 2022.

Secretary of State



NORTH CAROLINA

Department of the Secretary of State

OFFICIAL COPY

APR 17 2022

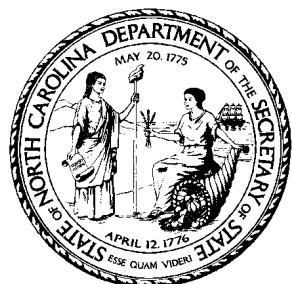
CERTIFICATE OF EXISTENCE (Limited Liability Company)

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

RED BIRD UTILITY HOLDING COMPANY, LLC

is a limited liability company duly formed, and existing under the laws of the State of North Carolina, having been formed on 19th day of November, 2019

I FURTHER certify that, as of the date of this certificate, (i) the said limited liability company is not dissolved under the terms of its articles of organization, (ii) the said limited liability company's articles of organization are not suspended for failure to comply with the Revenue Act of the State of North Carolina, (iii) that said limited liability company is not administratively dissolved for failure to comply with the provisions of the North Carolina Limited Liability Company Act, (iv) that this office has not filed any decree of judicial dissolution, articles of dissolution, articles of merger, or articles of conversion for said limited liability company.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 11th day of April, 2022.

Elaine F. Marshall

Secretary of State



NORTH CAROLINA

Department of the Secretary of State

OFFICIAL COPY

AUG 12 2024

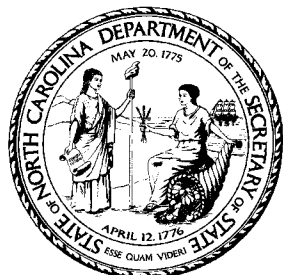
CERTIFICATE OF EXISTENCE (Limited Liability Company)

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify that

RED BIRD UTILITY OPERATING COMPANY, LLC

is a limited liability company duly formed, and existing under the laws of the State of North Carolina, having been formed on 19th day of November, 2019

I FURTHER certify that, as of the date of this certificate, (i) the said limited liability company is not dissolved under the terms of its articles of organization, (ii) the said limited liability company's articles of organization are not suspended for failure to comply with the Revenue Act of the State of North Carolina, (iii) that said limited liability company is not administratively dissolved for failure to comply with the provisions of the North Carolina Limited Liability Company Act, (iv) that this office has not filed any decree of judicial dissolution, articles of dissolution, articles of merger, or articles of conversion for said limited liability company.



Scan to verify online.

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Elaine F. Marshall

Secretary of State

Contractor Response Time Narrative

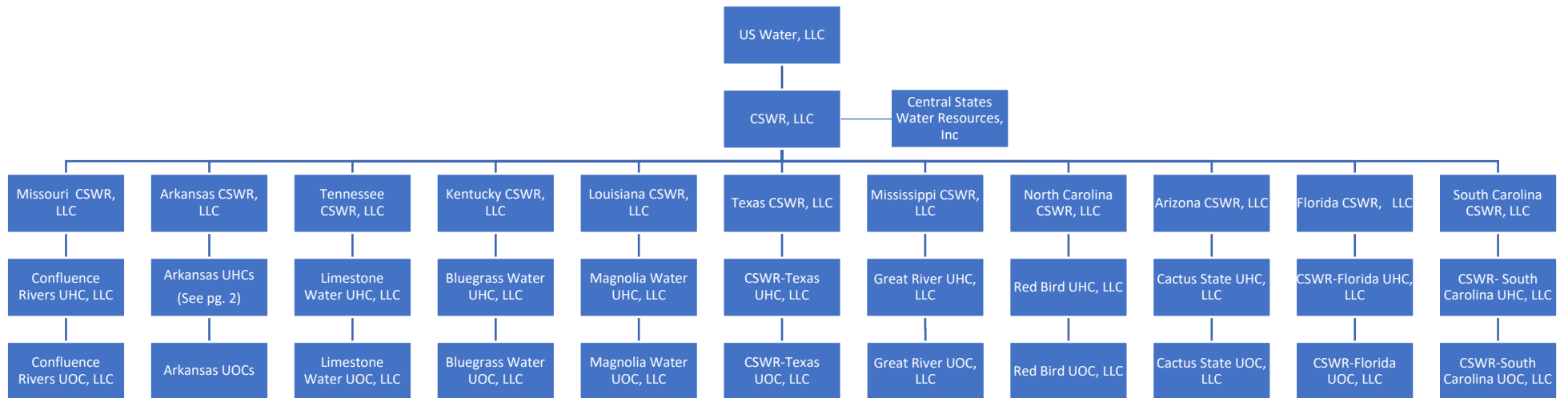
In general, the Operations and Maintenance Contractors and the Customer Service Staff work hand in hand to resolve customer service issues and complaints. A general workflow of a customer service workorder is that a problem is identified and pictures are taken of the issue, a solution is identified and communicated with customer service staff to keep the customer informed, the work associated with the solution is completed, and then the customer service staff will “close” the work order and mark it complete. In the case of emergencies as defined by the table below, O&M Staff must be on-site within an hour of receipt of the customers call. For “Major” calls, O&M must resolve the complaint within the first 48 hours. For “Critical” calls, O&M staff reach out to the customer within an hour of receipt and the work order is either escalated to “Emergency” status, or de-escalated to “Major” status and handled accordingly.

The chart reflected in this exhibit details the contractor response time by system in three other jurisdictions (AR, KY, MO) for the time period of Q1 2022. On a per system basis, the table shows the average amounts of days elapsed between a customer work order being opened and a work order being resolved. A “0” in the days elapsed column represents a work order being opened and closed in the same day. The table below represents some of the categories demonstrated in the 148 work orders opened during this period for the 43 separate systems represented in the chart on the next page:

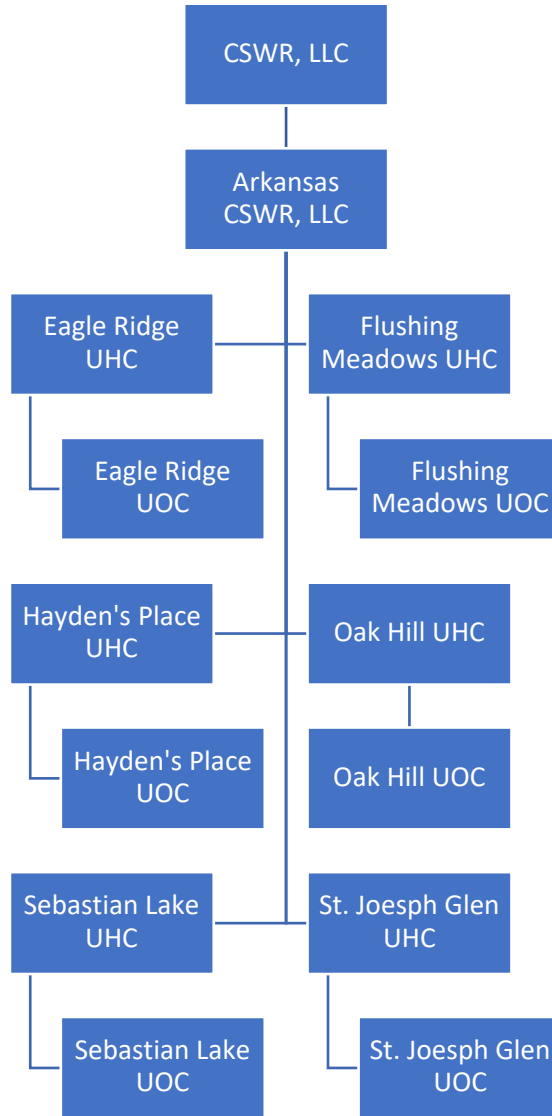
Type of Call	Criteria
Emergency	<ul style="list-style-type: none"> • Any outage/interruption of service • Sewage backup in a home or public space • Alarm (visual or audible) on a lift station or treatment plant • Main break/leak that is destructive or disturbing property • Safety issues, such as missing manhole covers, missing fencing, etc
Critical	<ul style="list-style-type: none"> • Water leak/break not causing immediate damage • Low Pressure reports (water) • Report of liquids from manholes, in trenches, ditches that does not appear to be solely sewage (i.e. rainwater) • Water aesthetic issues that customer service cannot resolve over the call
Major	<ul style="list-style-type: none"> • Work de-escalated by O&M from Critical • Investigative work orders for service connections • Tap requests (once investigative work order is complete, and funds received) • Inspections
Minor	<ul style="list-style-type: none"> • Cosmetic repairs to be completed after field work is complete • Slow leaks • Road Repairs

State - System	Average of Days Elapsed
AR - Chicot	2
AR - Eaglebrook - ERUOC	2
AR - Flushing Meadows	2
AR - Hayden's Place	0
AR - North Hills - OHUOC	6
AR - Oak Tree - OHUOC	3
AR - Sebastian Lake	0
AR - WR - Boulder Run	3
KY - Arcadia Pines - BGUOC	1
KY - Brocklyn - BGUOC	1
KY - Center Ridge - Water District 1 - BGUOC	0
KY - Center Ridge - Water District 3 - BGUOC	0
KY - Center Ridge - Water District 4 - BGUOC	3
KY - Delaplain - BGUOC	2
KY - Herrington Haven - BGUOC	1
KY - Persimmon Ridge - BGUOC	0
KY - River Bluff - BGUOC	4
KY - Springcrest - BGUOC	0
MO - Auburn Lakes - ConRivUOC	0
MO - Branson Cedars - ConRivUOC	1
MO - Central Rivers - Berkshire - EHUOC	1
MO - Central Rivers - Fox Run - EHUOC	0
MO - Central Rivers - Park Estates - EHUOC	0
MO - Central Rivers - Prairie Fields - EHUOC	0
MO - Central Rivers - Private Gardens - EHUOC	0
MO - Central Rivers - WilMar Estates - EHUOC	0
MO - DeGuire - ConRivUOC	1
MO - Evergreen - ConRivUOC	3
MO - Freeman Hills - ConRivUOC	1
MO - Gladlo - ConRivUOC	0
MO - Indian Hills	2
MO - Lake Virginia - ConRivUOC	2
MO - Majestic Lakes - ConRivUOC	0
MO - Missouri Utilities - EHUOC	1
MO - Osage - Cedar Glenn	0
MO - Osage - Chelsea Rose	1
MO - Osage - Cimarron Bay	3
MO - Osage - Eagle Woods(Route KK)	1
MO - Port Perry - ConRivUOC	4
MO - Smithview - ConRivUOC	2
MO - Spring Branch	1
MO - Terre Du Lac - ConRivUOC	1
MO - Willows - ConRivUOC	3
Grand Total	1

CSWR/Central States Water Resources Corporate Entity Organizational Chart



Arkansas CSWR Organizational Chart Detail



O&M Qualification and Bidding Process Description

CSWR is dedicated to identifying and employing qualified low-cost firms to operate facilities that we acquire. A multi-step process has been developed to ensure that the Operation Firm that delivers the best value of service is selected. The cost savings yielded from this process are due to the ability to bid multiple systems in a single bid package, and the ability of Red Bird UOC to choose from the lowest cost qualified bidders.

The first step in this process is to identify potential firms in the vicinity of the acquisition. CSWR utilizes several avenues to identify potential Operation Firms. This includes, but is not limited to, web searches, contacting local Rural Water Associations, word of mouth, and local contacts in the area. The goal is to contact as many potential Operating Firms as possible to make sure that we can identify a firm that provides adequate services to assist CSWR in delivering safe and reliable water resources and/or sewer service to the communities we serve.

After identifying potential firms, CSWR sends a Request for Qualifications (RFQ) packet to all identified firms (a copy of the RFQ is attached). After a firm is deemed qualified to serve as a CSWR contractor, CSWR will begin to send Requests for Proposals (RFPs) for projects that are within their service area and are within their operational capabilities. These RFPs contain multiple service areas/projects in order to best achieve economies of scale and yield cost-savings to our utility ratepayers. As new firms are identified and become qualified, the Company receives more bids and has a better chance of finding the best value firm to provide service.

After approval for acquisitions, the Company will divide up projects due for closing on a regional basis. This is done in attempt to lower operational costs and make the projects more manageable for CSWR and the selected Operations Firm. Another benefit to the regional approach is that it gives the opportunity for local operations firms to compete with the Nationwide firms. After the RFPs have been returned, CSWR's Environmental, Health & Safety Team review all Proposals to find the best value for the facility. The value is determined by a combination of cost and services provided proposed to be provided from the Operations Firm. After the best value proposal is determined, CSWR and the selected firm will negotiate to ensure that all parties agree on how to best serve the community.

In North Carolina specifically, CSWR has sent out RFQ packets to 11 different entities and have approved three of those entities as qualified contractors (identified below):

- Inframark Water & Infrastructure Services
- Woodard & Curran
- Midwest Water Operations

At this time, the Company plans to award one of these three contractors the O&M contract to serve the customers of the Bear Den water system that is the subject of these dockets.

We Need You

Central States Water Resources, LLC (CSWR), and its affiliates, are looking to work with qualified and experienced water and wastewater operations and management (O&M) firms to bring safe, reliable and environmentally responsible water resources to every community in the U.S.

CSWR, Inc. owns and operates several private, regulated water and wastewater utility companies across the nation. We provide professional and managerial services to make sure the communities we serve have access to clean, safe and reliable water resources, 24/7. We work with outside firms like yours to make sure our utility operating companies have professional operation, maintenance and construction services. Our goal at CSWR, Inc. is to transform local water and wastewater treatment facilities across the United States, improving both the quality of water and the quality of life for our customers.

Benefits of Working with Us

CSWR is transforming how water utilities work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards, while protecting the aquifers, lakes, rivers and streams that are essential to our world.

Our O&M partners get the benefits of access to working with industry-leading technology, a growing network of water and wastewater professionals and the opportunity to grow your business.

CSWR also provides:

- Training vouchers pending state approval
- Opportunity to learn how to use a computer-based training monitoring system (CMMS)
- Professional, 24/7 customer service

We Need You

We're building our database for all current and future projects for construction and water and wastewater O&M. This Qualification Application is solely a request for information. It does not represent an offer, nor does it confer any rights on any respondent. CSWR is not responsible under any circumstances for any costs incurred by responding to this Qualification Application.

Questions? Please contact us at operations@cswrgroup.com.

QUALIFICATION APPLICATION

Please fill out the information below to be notified of any current or future CSWR projects.

Firm Name:

1. Address:
2. Company Headquarters (if different from above):

Number of years in business under current business name:

List all other business names firm has operated under and the time frames for each:

List any Disadvantaged Business Enterprise (DBE) certifications:

Please mark which types of projects you are interested in:

	Water	Wastewater
Operation & Maintenance		
Construction		

If firm is a corporation, LLC or partnership, provide the following information:

Type of organization:	
State of incorporation:	
Date of Incorporation:	
Name of President:	
Name of Vice President:	
Name of Secretary:	
Name of Treasurer:	

SERVICES PROVIDED

Please mark each box for services that your firm provides. Do not include services which are subcontracted to other firms.

Operations & Maintenance (O&M)

Service	Water	Wastewater
System O&M		
Engineering		
Laboratory Testing		
Grounds Maintenance/Landscaping		
Discharge Reporting		
Permitting		
Other (specify):		
Other (specify):		

Construction

Service	Water	Wastewater
General Contracting		
Engineering/Design		
Structural		
Plumbing/Piping		
Electrical		
Cement/Foundations		
Other (specify):		
Other (specify):		

INSURANCE REQUIREMENTS

For all of our O&M projects, we require the insurance coverage listed below. The following Certificates of Insurance (“COI”), as outlined here, must be furnished to CSWR **upon receipt of approval of the award of the contract**. COI shall provide a minimum of a thirty (30) day notice of cancellation to CCPS and shall name CSWR as an additional insured as follows:

Comprehensive General Liability Insurance

Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

Automobile Liability Insurance

Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

Worker’s Compensation and Employers Liability Insurance

Worker’s Compensation and Employers Liability in the amount required by law.

Commercial Umbrella Coverage

Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.

Pollution Legal Liability

Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Professional Liability Error and Omissions

Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Duration of Insurance Policies

Except as otherwise expressly required, all insurance policies herein specified shall be in force for the term of the contract and contain a Rider that the insurance policies cannot be cancelled without a thirty (30) day prior written notice to the parties insured.

SAFETY RECORD

Please provide your firm’s Workers’ Compensation Experience Modifier and OSHA Recordable Rate for the past three years.

Please provide your Days Away, Restricted, or Transferred (DART) Incident Rate calculated from OSHA’s Form 300 and Experience Modifier Rate (EMR) for the last three years in the table below.

Year	DART	EMR

Please provide a copy of any Drug and Alcohol policies including testing programs. Also, provide a brief narrative summarizing any health and safety programs and/or processes



References

Provide three trade references below include name of reference, current contact person, telephone number and address:

- 1.
- 2.
- 3.

Provide two bank references below, include name of reference, current contact person, telephone number and address:

- 1.
- 2.

The person undersigned affirms that all information contained within this Qualifications Application is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent’s firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature): _____
 Name: _____
 Title: _____
 Date: _____

Explanation of Corporate Structure

The entity/corporate structure in place in North Carolina for Red Bird Utility Operating Company, LLC's affiliate group – consisting of the utility operating company, an intermediate holding company, and a state holding company – is a legacy structure that predates the acquisition of CSWR, LLC, by U.S. Water Systems, LLC, in late 2018. Prior to that acquisition, affiliates operating in Missouri and Arkansas – which were the affiliated group's only operations at that time – utilized an identical three-tiered structure. After U.S. Water System's acquisition, the legacy structure was replicated in each new state the affiliate group entered.

In North Carolina, Red Bird Utility Operating Company, LLC, holds (or will hold) all acquired utility assets and will operate as a regulated utility. Red Bird Utility Holding Company, LLC, the intermediate holding company, is the sole member of Red Bird Utility Operating Company, LLC and North Carolina Central States Water Resources, LLC, the state holding company, is the sole member of Red Bird Utility Holding Company, LLC. Neither the intermediate or state holding companies have assets or employees, so their existence adds no operating or administrative costs to the utility operating company.

CSWR, LLC ("CSWR") is the sole member of North Carolina Central States Water Resources. CSWR employs all administrative, professional, and other personnel providing affiliated services to Red Bird Utility Operating Company, LLC and all its various state utility operating company affiliates. Costs incurred by CSWR are either direct charged to an affiliate or are allocated using the Massachusetts allocation methodology. CSWR also provides its utility operating affiliates equity capital necessary to make acquisitions and to fund required capital improvements, and provides working capital to fund day-to-day operations until compensatory rates can be established.

Central States Water Resources, Inc., is the designated manager of all affiliated limited liability companies both inside and outside North Carolina, and exists solely for that purpose. Central States Water Resources, Inc. has no assets or paid employees, and performs its managerial responsibilities using CSWR personnel.

Attachment E.1 - Updated 10072021

Addendum to Application for Transfer of Public Utility Franchise and for approval of rates

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Oct 02 2024

<u>Operating Budget</u>						
	Year 1	Year 2	Year 3	Year 4	Year 5	
<u>Operating revenue</u>						
Metered service revenue	\$ 132,371	\$ 409,423	\$ 464,833	\$ 464,833	\$ 464,833	
Flat rate service revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
EPA testing surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	
Re-connect fees	\$ 2,787	\$ 8,619	\$ 9,786	\$ 9,786	\$ 9,786	
Returned check charge	\$ 1,393	\$ 4,310	\$ 4,893	\$ 4,893	\$ 4,893	
Late payment charge	\$ 2,787	\$ 8,619	\$ 9,786	\$ 9,786	\$ 9,786	
Other operating revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
Total operating revenue	\$ 139,338	\$ 430,972	\$ 489,298	\$ 489,298	\$ 489,298	
<u>Operating expenses</u>						
Total salaries and wages (employees only)	\$ -	\$ -	\$ -	\$ -	\$ -	
Outside labor expenses (non-employees)	\$ 118,718	\$ 118,718	\$ 118,718	\$ 118,718	\$ 118,718	
Administrative and office expense	\$ 22,050	\$ 22,050	\$ 22,050	\$ 22,050	\$ 22,050	
Maintenance and repair expense	\$ 10,584	\$ 10,584	\$ 10,584	\$ 10,584	\$ 10,584	
Purchased water	\$ -	\$ -	\$ -	\$ -	\$ -	
Purchased sewage treatment	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Electric power expense (exclude office)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	
Chemicals expense	\$ -	\$ -	\$ -	\$ -	\$ -	
Testing fees	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	
Transportation expense	\$ -	\$ -	\$ -	\$ -	\$ -	
Other operating expense	\$ -	\$ -	\$ -	\$ -	\$ -	
Total operation and maintenance expenses	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475	
Annual depreciation expense	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753	
Property taxes paid on utility property	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	
Payroll taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
Franchise (gross receipts) tax	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	\$ 1,535	
Annual NCUC regulatory fee	\$ 1,581	\$ 1,581	\$ 1,581	\$ 1,581	\$ 1,581	
Total operating expenses	\$ 218,855	\$ 219,359	\$ 221,878	\$ 221,878	\$ 221,878	
<u>Income Taxes</u>						
State income taxes	\$ -	\$ 5,290	\$ 6,686	\$ 6,686	\$ 6,686	
Federal income taxes	\$ -	\$ 44,439	\$ 56,158	\$ 56,158	\$ 56,158	
Total income taxes	\$ -	\$ 49,729	\$ 62,844	\$ 62,844	\$ 62,844	
Net operating income (loss)	\$ (79,517)	\$ 161,884	\$ 204,576	\$ 204,576	\$ 204,576	
Interest expense	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753	
Net income (loss)	\$ (140,247)	\$ 100,650	\$ 140,824	\$ 140,824	\$ 140,824	

STATEMENT OF CASH FLOWS

	Year 1	Year 2	Year 3	Year 4	Year 5
PRE-TAX OPERATING INCOME (LOSS)					
Total Operating Revenue	\$ 139,338	\$ 430,972	\$ 489,298	\$ 489,298	\$ 489,298
Operation and Maintenance Expenses	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475	\$ 153,475
Taxes Other than Income	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650
Pre-Tax Operating Income (Loss)	\$ (18,787)	\$ 272,846	\$ 331,173	\$ 331,173	\$ 331,173
INCOME TAX CALCULATION					
Pre-Tax Operating Income (Loss)	\$ (18,787)	\$ 272,846	\$ 331,173	\$ 331,173	\$ 331,173
CIAC					
Tax Depreciation	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753
Interest Expense	\$ 60,730	\$ 61,234	\$ 63,753	\$ 63,753	\$ 63,753
Taxable Income (Loss)	\$ (140,247)	\$ 150,379	\$ 203,667	\$ 203,667	\$ 203,667
State Income Tax	\$ -	\$ 5,290	\$ 6,686	\$ 6,686	\$ 6,686
Federal Income Tax	\$ -	\$ 44,439	\$ 56,158	\$ 56,158	\$ 56,158
Total Income Taxes to be Paid	\$ -	\$ 49,729	\$ 62,844	\$ 62,844	\$ 62,844
Net Cash Provided by Operating Activities	\$ (18,787)	\$ 223,117	\$ 268,329	\$ 268,329	\$ 268,329
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Utility Plant	\$ 1,214,603	\$ 60,454	\$ -	\$ -	\$ -
Cash Bonds Posted	\$ 134,956	\$ 6,717	\$ -	\$ -	\$ -
CIAC					
Proceeds from Disposal of Utility Plant					
Net Cash Used by Investing Activities	\$ 1,349,559	\$ 67,171	\$ -	\$ -	\$ -
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Short Term Debt					
Principal Repayment of Short Term Debt					
Proceeds from Long Term Debt	\$ 674,779	\$ 33,586	\$ -	\$ -	\$ -
Principal Repayment of Long Term Debt					
Interest Payment for Debt	\$ (60,730)	\$ (61,234)	\$ (63,753)	\$ (63,753)	\$ (63,753)
Proceeds from Equity	\$ 674,779	\$ 33,586	\$ -	\$ -	\$ -
Dividends Paid	\$ 79,517				
Funds Provided by Owner					
Net Cash Provided by Financing Activities	\$ 1,368,345	\$ 5,938	\$ (63,753)	\$ (63,753)	\$ (63,753)
Net Increase (Decrease in Cash)	\$ (0)	\$ 161,884	\$ 204,576	\$ 204,576	\$ 204,576
Cash Balance at Beginning of Year	\$ -	\$ (0)	\$ 161,883	\$ 366,460	\$ 571,036
Cash Balance at End of Year	\$ (0)	\$ 161,883	\$ 366,460	\$ 571,036	\$ 775,613

Troutman Pepper Hamilton Sanders LLP
301 S. College Street, 34th Floor
Charlotte, NC 28202



troutman.com

Mindy L. McGrath
mindy.mcgrath@troutman.com

November 15, 2023

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

**Re: Application by Red Bird Utility Operating Company, LLC and Etowah Sewer Company, Inc. for Transfer of Public Utility Franchise and for Approval of Rates
Docket No. W-933, Sub 12
Docket No. W-1328, Sub 0**

Dear Ms. Dunston:

Enclosed on behalf of Red Bird Utility Operating Company, LLC, please find the Verified Report Regarding Issues Raised at Public Hearing.

Please contact me if you or the Commission have any questions regarding this filing.

Best regards,

/s/ Mindy McGrath
Mindy McGrath

Enclosure

c: Parties of Record w/ Encl.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-933, SUB 12
DOCKET NO. W-1328, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Red Bird Utility Operating	)	RED BIRD OPERATING COMPANY,
Company, LLC, and Etowah Sewer	)	LLC’S VERIFIED REPORT
Company, Inc., for Transfer of Public Utility	)	REGARDING ISSUES RAISED AT
Franchise and for Approval of Rates	)	PUBLIC HEARING

Pursuant to the September 26, 2023, Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice, Red Bird Utility Operating Company, LLC (“Red Bird”) provides this Verified Report addressing customer service and service quality complaints, as well as actions planned by Red Bird to remedy customer concerns expressed during the public witness hearing held on November 1, 2023.

Rates/Billing

Many of the customers who testified during the public hearing expressed concerns about future rate increases associated with Red Bird’s proposed acquisition of the Etowah system. As stated in the Transfer Application and in the Notice to Customers (“Notice”), Red Bird proposes to adopt Etowah’s currently approved rates for the purposes of this acquisition.

Upon acquiring the Etowah system Red Bird plans to implement improvements to both the Etowah system and the service provided to customers. The Notice informed customers that Red Bird anticipates filing a rate case after it has owned and operated the Etowah system for a period of time and made investments and improvements to address service quality issues. It is anticipated that a rate increase will be necessary and appropriate

at that time. As indicated in the Notice, Red Bird also anticipates seeking Commission approval of uniform rates for all systems that it acquires.

At the time Red Bird actually proposes a rate increase, customers will have the opportunity to be heard, the Public Staff will participate, and the Commission will review the reasonableness and prudence of all investments made to improve wastewater quality and service to customers during the Company's first rate case, and it will determine the extent of the rate increase for Red Bird. Red Bird anticipates making the improvements outlined in the Notice, but until Red Bird actually owns and operates the system it will not be able to identify and assess the nature and extent of any system issues that need to be addressed. Red Bird, as with all CSWR affiliated companies, seeks the lowest cost solutions for all quality issues and oftentimes discovers that operational changes conducted within the first few months of an acquisition can eliminate the need for costly investments. As a result, there is currently no way to determine the extent of a future rate increase due to the number of factors that will inevitably affect such an increase.

Sewer Quality Issues

Red Bird also heard from customers regarding the stress that the current system is under. This is also highlighted in the compliance history extending through Q2 of this year where the Etowah system has struggled to meet limits of BOD and fecal coliform. While Red Bird has no knowledge of what specific efforts have been made in the past to address sewer issues, CSWR's operating subsidiaries have experience in addressing this kind of issue in other systems that have been acquired across 11 different states. Due to the compliance history of this wastewater facility and the issues voiced by customers, Red Bird understands the severity of the issues at this site and has been working with various third-

party engineers to come up with a plan to address these issues upon closing on this system. These fixes include such items as replacing blowers, pumps, and potentially the disinfection system to ensure safe, reliable, and environmentally responsible service. Red Bird is committed to providing safe and reliable service and plans to make the necessary repairs to bring the Etowah wastewater treatment system into compliance.

Potential Future Development

Red Bird also heard concerns from customers about a potential future development that may negatively impact current ratepayers. As Commissioner McKissick indicated in his introductory remarks, this is not an issue for determination in this case, but Red Bird notes that it has experience with plant upgrades and extensions due to new developments in other jurisdictions and takes every necessary precaution to ensure that current customers are not negatively impacted by any expansions. For example, while a plant expansion may be necessary to treat additional capacity, current ratepayers will never bear the costs of the expansion if it is solely intended to treat future connections. Red Bird heard customers' concerns and will work to address those concerns if any future developments come to fruition.

Red Bird appreciates the opportunity to address customer concerns voiced at the public hearings and will strive to achieve high levels of communication and transparency if it is allowed to acquire the Etowah system.

WHEREFORE, Red Bird respectfully requests that the Commission accept this report and, after hearing from the Public Staff, issue an order approving the transfer of the Etowah system serving the Etowah development to Red Bird, approving rates, and requiring Red Bird to notify its customers of the transfer.

Respectfully submitted this 15th day of November, 2023.

/s/ Mindy McGrath

Mindy McGrath (NC Bar No. 35628)
Molly Jagannathan (NC Bar No. 36931)
Troutman Pepper Hamilton Sanders LLP
301 College Street
34th Floor
Charlotte, NC 28202
Telephone: (704) 916-1522
mindy.mcgrath@troutman.com

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Nov 13 2023

STATE OF MISSOURI

COUNTY/CITY OF ST LOUIS CITY

VERIFICATION

AARON SILAS, being first duly sworn, deposes and says that he/she is DIRECTOR OF REGULATORY OPERATIONS of CSWR, LLC, the ultimate corporate parent of Red Bird Utility Operating Company, LLC, that he/she has read the foregoing Report and that the matters set forth therein are true of his/her own knowledge, except as to those matters and things therein alleged upon information and belief, which he believes to be true.

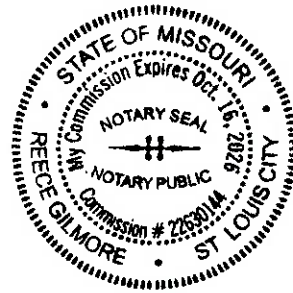
This the 15th day of November, 2023.

[Handwritten Signature]

Sworn to and subscribed before me,

this the 15th day of November, 2023.

[Handwritten Signature]
Notary Public



My Commission Expires: Oct 16, 2026

CERTIFICATE OF SERVICE

DOCKET NO. W-933, SUB 12

DOCKET NO. W-1328, SUB 0

I hereby certify that a copy of Red Bird Utility Operating Company, LLC's Verified Report Regarding Issues Raised at Public Hearing was served electronically or by depositing a copy of the same in the United States Mail, first class postage prepaid, at the addresses contained in the official service lists in these proceedings.

This the 15th day of November 2023.

RED BIRD UTILITY OPERATING COMPANY, LLC

/s/ Mindy McGrath

Mindy McGrath (NC Bar No. 35628)

Molly M. Jagannathan (NC Bar No. 36931)

MM Telephone: (704) 916-1522

MMJ Telephone: (704) 998-4074

Troutman Pepper Hamilton Sanders LLP

301 College Street

34th Floor

Charlotte, NC 28202

mindy.mcgrath@troutman.com

molly.jagannathan@troutman.com

Etowah Sewer Company
Docket No. W-933, Sub 12
ORIGINAL COST RATE BASE

W-933, Sub 12 & W-1328, Sub 0
Public Staff
Feasel Exhibit I
Schedule 2

Sewer Operation

<u>Line No.</u>	<u>Item</u>	<u>Per W-933 Sub 9 (a)</u>	<u>Public Staff Adjustments [1] (b)</u>	<u>After Public Staff Adjustments (c)</u>
1.	Plant in service	\$951,285	\$22,645	\$973,930 [2]
2.	Accumulated depreciation	(547,706)	(277,450)	(825,156) [3]
3.	Contributions in aid of construction, net of amortization	<u>(510,305)</u>	<u>79,325</u>	<u>(430,981) [4]</u>
4.	Net plant in service	(106,726)	(175,481)	(282,207)
5.	Cash working capital	0	0	0
6.	Average tax accruals	<u>0</u>	<u>0</u>	<u>0</u>
7.	Original cost rate base	<u>(\$106,726)</u>	<u>(\$175,481)</u>	<u>(\$282,207)</u>

- [1] Column (c) minus Column (a)
[2] Public Staff Feasel Exhibit I, Schedule 2-1, Line 71, Column (c).
[3] Public Staff Feasel Exhibit I, Schedule 2-1, Line 71, Column (h).
[4] Public Staff Feasel Exhibit 1, Schedule 2-2, Line 24, Column (a) minus column (d).

Etowah Sewer Company
Docket No. W-933, Sub 12
CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION,
AND DEPRECIATION EXPENSE

W-933, Sub 12 & W-1328, Sub 0
Public Staff
Feasel Exhibit I
Schedule 2-1

Line No.	Item	Plant In	Depreciable		Year Placed	Life	Years in Service [4]	Annual Depreciation [5]	Accumulated Depreciation [6]
		Service Per Public Staff	CIAC	Plant In Service					
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<u>Per Sub 7 Rate Case Proceeding:</u>									
1.	Land	\$10,045 [1]		\$10,045	1989 [1]	n/a [1]	n/a	\$0	\$0
2.	Sewer lines	179,162 [1]		179,162	1989 [1]	50 [1]	34.5	3,583	123,622
3.	Sewer lines	93,139 [1]		93,139	1989 [1]	50 [1]	34.5	1,863	64,266
4.	Sewer plant	126,073 [1]		126,073	1989 [1]	24 [1]	34.5	0	126,073
5.	Fence	1,960 [1]		1,960	1989 [1]	10 [1]	34.5	0	1,960
6.	Root blower	2,113 [1]		2,113	1993 [1]	7 [1]	30.5	0	2,113
7.	Dechlorination tank	1,391 [1]		1,391	1994 [1]	24 [1]	29.5	0	1,391
8.	Pumps	4,087 [1]		4,087	1994 [1]	7 [1]	29.5	0	4,087
9.	Pumps	7,233 [1]		7,233	1995 [1]	7 [1]	28.5	0	7,233
10.	Plant additions	3,711 [1]		3,711	1996 [1]	24 [1]	27.5	0	3,711
11.	Pumps	1,402 [1]		1,402	1996 [1]	7 [1]	27.5	0	1,402
12.	Blower	557 [1]		557	1996 [1]	7 [1]	27.5	0	557
13.	Sampler	2,868 [1]		2,868	1996 [1]	7 [1]	27.5	0	2,868
14.	Sewer plant	380,421 [1]		380,421	2001 [1]	24 [1]	22.5	15,851	356,645
15.	Sewer plant addition	12,485 [1]		12,485	2002 [1]	24 [1]	21.5	520	11,184
16.	Rebuild pump and breaker	2,365 [1]		2,365	2002 [1]	7 [1]	21.5	0	2,365
17.	Auto dialers installation	3,000 [1]		3,000	2003 [1]	10 [1]	20.5	0	3,000
18.	Rebuild/rewind 3 hp pump	1,620 [1]		1,620	2003 [1]	7 [1]	20.5	0	1,620
19.	Sewer line installation - Holly Springs	24,357 [1]		24,357	2004 [1]	24 [1]	19.5	1,015	19,790
20.	Pump replacement	1,425 [1]		1,425	2005 [1]	7 [1]	18.5	0	1,425
21.	Rebuild pump	1,608 [1]		1,608	2005 [1]	7 [1]	18.5	0	1,608
22.	Rebuild pump	1,998 [1]		1,998	2005 [1]	7 [1]	18.5	0	1,998
23.	Rebuild pump	1,822 [1]		1,822	2006 [1]	7 [1]	17.5	0	1,822
24.	Rebuilt lift station	1,804 [1]		1,804	2007 [1]	7 [1]	16.5	0	1,804
25.	Pump replacement	803 [1]		803	2007 [1]	7 [1]	16.5	0	803
26.	Pump replacement @Meadows	3,410 [1]		3,410	2007 [1]	7 [1]	16.5	0	3,410
27.	Pump replacement: EQ pump and wiring	1,802 [1]		1,802	2007 [1]	7 [1]	16.5	0	1,802
28.	Pump replacement: rebuilt pump station	1,425 [1]		1,425	2007 [1]	7 [1]	16.5	0	1,425
29.	Built berm at sewer plant	6,458 [1]		6,458	2007 [1]	10 [1]	16.5	0	6,458
30.	WWTP easement clearing	4,138 [1]		4,138	2007 [1]	5 [1]	16.5	0	4,138
31.	Meadows lift station clearing	573 [1]		573	2007 [1]	5 [1]	16.5	0	573
32.	De-chlorination units installation	1,542 [1]		1,542	2007 [1]	7 [1]	16.5	0	1,542
33.	De-clor units	1,206 [1]		1,206	2007 [1]	7 [1]	16.5	0	1,206
34.	Plant in service per Sub 7 rate case proceeding (Sum of L1 thru L 33)	888,003	-	888,003				22,832	763,901
<u>Plant Additions Since Rate Case 7 through Rate Case 9:</u>									
35.	Auto dialer installation	1,600 [1]		1,600	2009 [1]	10 [1]	14.5	0	1,600
36.	Pump replacement @ WWTP	1,456 [1]		1,456	2010 [1]	7 [1]	13.5	0	1,456
37.	Install new EQ pump	150 [1]		150	2010 [1]	7 [1]	13.5	0	150
38.	ISCO refrigerated sampler	1,929 [1]		1,929	2010 [1]	7 [1]	13.5	0	1,929

Etowah Sewer Company
Docket No. W-933, Sub 12
CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION,
AND DEPRECIATION EXPENSE

Line No.	Item	Plant In	Depreciable				Years in Service [4]	Annual Depreciation [5]	Accumulated Depreciation [6]	
		Service Per Public Staff	CIAC	Plant In Service	Year Placed In Service	Life				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
39.	Influent pump station rail system	1,318 [1]		1,318	2010	[1]	7	13.5	0	1,318
40.	New pump installation	4,704 [1]		4,704	2010	[1]	7	13.5	0	4,704
41.	New 5hp hydromatic installation - Jonathan Creek	3,841 [1]		3,841	2011	[1]	7	12.5	0	3,841
42.	Bank stabilization	10,144 [1]		10,144	2011	[1]	24	12.5	423	5,283
43.	Backfilled sunken spot - Sunset Ridge	550 [1]		550	2011	[1]	24	12.5	23	286
44.	Pump installation/replacement of 2 influent pumps	10,393 [1]		10,393	2011	[1]	7	12.5	0	10,393
45.	New blower	4,287 [1]		4,287	2011	[1]	7	12.5	0	4,287
46.	Rebuild diffusers and manifold on old pump	4,555 [1]		4,555	2012	[1]	7	11.5	0	4,555
47.	Pump replacement - Sunset Ridge	2,024 [1]		2,024	2013	[1]	7	10.5	0	2,024
48.	Control box installation - Sunset Ridge	2,646 [1]		2,646	2013	[1]	10	10.5	0	2,646
49.	New water service - 840 Brickyard	1,038 [1]		1,038	2013	[1]	24	10.5	43	454
50.	Pump replacement #2	5,412 [1]		5,412	2013	[1]	7	10.5	0	5,412
51.	Effluent discharge pipes	1,861 [1]		1,861	2013	[1]	24	10.5	78	814
52.	Replacement: volute and seals pump #1	2,834 [1]		2,834	2013	[1]	7	10.5	0	2,834
53.	Stoning the driveway at WWTP	1,280 [1]		1,280	2014	[1]	5	9.5	0	1,280
54.	Replaced velute on pump - Johnathan Creek	1,260 [1]		1,260	2014	[1]	7	9.5	0	1,260
55.	Plant in service additions from Sub 7 to Sub 9 (Sum of L35 thru L 54)	63,282		63,282					566	56,527
<u>Plant Additions Since Rate Case 9-2021 & 2022:</u>										
56.	Battery for Generator - Plant	571 [2]		571	2021	[2]	3	2.5	190	476
57.	Shutoff Valve - Homeplace L.S.	1,110 [2]		1,110	2021	[2]	20	2.5	56	139
58.	Diffusers on Drop Pipes - Plant	1,644 [2]		1,644	2021	[2]	7	2.5	235	587
59.	Check Valve Blower #2 - Plant	683 [2]		683	2021	[2]	7	2.5	98	244
60.	New Wiring & Overload on Pump #1 - Plant	0 [2]		-	2021	[2]	7	2.5	0	0
61.	Generator Controller - Sunset Ridge L.S.	0 [2]		-	2021	[2]	15	2.5	0	0
62.	Hydraulic Hose for Blower #2 - Plant	0 [2]		-	2021	[2]	10	2.5	0	0
63.	Sewer Main & Sewer Tap	0 [2]		-	2021	[2]	50	2.5	0	0
64.	Pump #2 - Sunset Ridge L.S.	3,810 [2]		3,810	2022	[2]	7	1.5	544	816
65.	Refurbish Driveway	0 [2]		-	2022	[2]	40	1.5	0	0
66.	Pump #1 - Main L.S.	8,230 [2]		8,230	2022	[2]	7	1.5	1,176	1,764
67.	Sewer Main Shutoff - Johnathan Creek L.S.	4,465 [2]		4,465	2022	[2]	20	1.5	223	335
68.	Pump #2 - Meadows L.S.	1,388 [2]		1,388	2022	[2]	10	1.5	139	208
69.	Motor on Pump #1 - Sunset Ridge L.S.	744 [2]		744	2022	[2]	7	1.5	106	159
70.	Plant in service additions from Sub 9 to 2022 (Sum of L56 thru L 69)	22,645		22,645					2,767	4,728
71.	Totals Plant in Service (L34+L55+L70)	\$973,930		\$973,930					\$26,165	\$825,156

[1] Based on last two general rate cases, Docket No. W-933, Sub 7 and Docket No. W-933, Sub 9.
[2] Per examination of the Company's financial record.
[3] Per Public Staff Engineer Franklin.
[4] Based on year placed in service using half year convention.
[5] Column (c) divided by Column (e), unless fully depreciated.
[6] Column (f) x Column (g), unless fully depreciated.

Etowah Sewer Company
Docket No. W-933, Sub 12
CALCULATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION,
ACCUMULATED AMORTIZATION, AND AMORTIZATION EXPENSE

Line			Years	Amortization	Accumulated
<u>No.</u>	<u>Item</u>	<u>Amount</u>	<u>Since</u>	<u>Expense</u>	<u>Amortization</u>
		<u>(a)</u>	<u>Collected</u>	<u>[5]</u>	<u>[6]</u>
			<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
	<u>CIAC:</u>				
1.	Tap on fees per Sub 2 rate case	\$361,800	[1] various	\$0	\$361,800
2.	1998 Tap on fees	9,000	[2] 25.5	284	7,242
3.	1999 Tap on fees	86,400	[2] 24.5	2,730	66,885
4.	2001 Tap on fees	5,400	[2] 22.5	171	3,848
5.	2002 Tap on fees	19,800	[2] 21.5	626	13,459
6.	2003 Tap on fees	59,800	[2] 20.5	1,890	38,745
7.	2004 Tap on fees	99,268	[2] 19.5	3,137	61,172
8.	2004 Developer contribution	24,357	[2] 19.5	770	15,015
9.	2005 Tap on fees	66,700	[2] 18.5	2,108	38,998
10.	2006 Tap on fees	149,362	[2] 17.5	4,720	82,600
11.	2007 Tap on fees	43,700	[2] 16.5	1,381	22,787
12.	2010 Tap on fees	6,900	[3] 13.5	218	2,943
13.	2012 Tap on fees	6,900	[3] 11.5	218	2,507
14.	2013 Tap on fees	11,500	[3] 10.5	363	3,812
15.	2014 Tap on fees	4,600	[4] 9.5	145	1,378
16.	2015 Tap on fees	11,500	[4] 8.5	363	3,086
17.	2016 Tap on fees	6,900	[4] 7.5	218	1,635
18.	2017 Tap on fees	32,200	[4] 6.5	1,018	6,617
19.	2018 Tap on fees	6,900	[4] 5.5	218	1,199
20.	2019 Tap on fees	9,200	[4] 4.5	291	1,310
21.	2020 Tap on fees	27,600	[4] 3.5	872	3,052
22.	2021 Tap on fees	106,673	[4] 2.5	3,371	8,428
23.	2022 Tap on fees	24,185	[4] 1.5	764	1,146
24.	Total accumulated CIAC (Sum of L1 thru L23)	<u>\$1,180,645</u>		<u>\$25,876</u>	<u>\$749,664</u>

[1] Based on Final Order issued in Sub 2 general rate case proceeding.
 [2] Based on prior rate case proceeding, Docket No. W-933, Sub 7.
 [3] Based on prior rate case proceeding, Docket No. W-933, Sub 9.
 [4] Per examination of Company's financial records.
 [5] Based on year placed in service using half year convention.
 [6] Column (a) x 3.16% amortization rate, unless footnoted otherwise.
 [7] Column (b) x Column (c), unless footnoted otherwise.

CONFIDENTIAL

Docket No. W-933, Sub 12

Docket No. W-1328, Sub 0

Testimony of Lynn Feasel

Exhibit II

CONFIDENTIAL

Docket No. W-933, Sub 12

Docket No. W-1328, Sub 0

Testimony of Lynn Feasel

Exhibit III

Etowah Sewer Company
Docket No. W-933, Sub 12
RETURN ON ORIGINAL COST RATE BASE

W-933, Sub 12 & W-1328, Sub 0
Public Staff
Feasel Exhibit IV
Schedule 1

Etowah - Sewer Operations

Line No.	Item	Capital-ization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$203,473 [2]	4.20% [1]	2.10%	\$8,546 [8]
2.	Equity	50.00%	203,472 [2]	-33.81% [6]	-16.91%	(68,801) [9]
3.	Total	<u>100.00%</u>	<u>\$406,945 [3]</u>		<u>-14.81%</u>	<u>(\$60,255) [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$203,473 [4]	4.20% [1]	2.10%	\$8,546 [8]
5.	Equity	50.00%	203,472 [4]	-33.81% [6]	-16.91%	(68,801) [11]
6.	Total	<u>100.00%</u>	<u>\$406,945 [3]</u>		<u>-14.81%</u>	<u>(\$60,255) [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$203,473 [5]	4.20% [1]	2.10%	\$8,546 [8]
8.	Equity	50.00%	203,472 [5]	9.80% [6]	4.90%	19,940 [13]
9.	Total	<u>100.00%</u>	<u>\$406,945 [3]</u>		<u>7.00%</u>	<u>\$28,486 [14]</u>

[1] Per Public Staff recommendation.
[2] Column (a) x Line 3, Column (b).
[3] Public Staff Exhibit II, Schedule 2, Line 7, Column (c).
[4] Column (a) x Line 6, Column (b).
[5] Column (a) x Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) x Column (c).

[8] Column (b) x Column (c).
[9] Line 3 - Line 1, Column (e).
[10] Public Staff Exhibit II, Schedule 3, Line 28, Column (c).
[11] Line 6 - Line 4, Column (e).
[12] Public Staff Exhibit II, Schedule 3, Line 28, Column (e).
[13] Line 9 - Line 7, Column (e).
[14] Column (b) x Column (d), Line 9.

Etowah Sewer Company
Docket No. W-933, Sub 12
ORIGINAL COST RATE BASE

W-933, Sub 12 & W-1328, Sub 0
Public Staff
Feasel Exhibit IV
Schedule 2

Etowah - Sewer Operations

Line No.	Item	Per Company (a)	Public Staff Adjustments [1] (b)	After Public Staff Adjustments (c)
1.	Plant in service	\$0	\$0	\$0
2.	Accumulated depreciation	0	0	0
3.	Contributions in aid of construction	0	0	0
4.	Future Improvement	470,200	(63,255)	406,945 [2]
5.	Cash working capital	0	0	0
6.	Average tax accruals	0	0	0
7.	Original cost rate base (Sum of L1 thru L6)	<u>\$470,200</u>	<u>(\$63,255)</u>	<u>\$406,945</u>

[1] Column (c) minus Column (a).

[2] Public Staff Exhibit II, Schedule 2-1, Column (a) plus Column (f).

Etowah Sewer Company
Docket No. W-933, Sub 12
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
DEPRECIATION AND DEPRECIATION EXPENSE**

W-933, Sub 12 & W-1328, Sub 0
Public Staff

Feasel Exhibit IV
Schedule 2-1

Etowah - Sewer Operations

Line No.	Item	Plant In Service [1] (a)	Year Acquired [1] (b)	Depreciation Life In Years [2] (c)	Years In Service [3] (d)	Annual Depreciation [4] (e)	Accumulated Depreciation [5] (f)
1.	Install Transfer Switch for Portable Generator Use	\$28,400	2024	20	1	\$1,420	(\$1,420)
2.	Install Baseplate for Use with Portable Hoist	\$3,000	2024	20	1	150	(150)
3.	Replace 2 HP Grinder Pump	24,000	2024	7	1	3,429	(3,429)
4.	Replace 3 HP Grinder Pump	45,000	2024	7	1	6,429	(6,429)
5.	Replace 5 HP Grinder Pump	18,000	2024	7	1	2,571	(2,571)
6.	Replace Pump Guide Rail and Chains	15,000	2024	15	1	1,000	(1,000)
7.	Replace Control Panel Enclosures at Meadows LS	5,000	2024	10	1	500	(500)
8.	Replace Walkways, Handrails, Stairs, and Signs	20,000	2024	10	1	2,000	(2,000)
9.	Replace Valves and Sludge Line Piping	5,000	2024	10	1	500	(500)
10.	Replace Bar Screen Rake and Install Lifting Mechanism	5,000	2024	10	1	500	(500)
11.	Replace 7.5 HP Positive Displacement Blowers at WWTP #1	90,000	2024	7	1	12,857	(12,857)
12.	Replace Tablet Disinfection System with Ultraviolet Disinfection System	100,000	2024	7	1	14,286	(14,286)
13.	Replace Airlift Pumps	10,000	2024	20	1	500	(500)
14.	Replace 5 HP Influent Grinder Pumps	18,000	2024	7	1	2,571	(2,571)
15.	Replace 5 HP Positive Displacement Blowers at WWTP #2 EQ Basin	60,000	2024	7	1	8,571	(8,571)
16.	Replace 20 HP Effluent Pumps	20,800	2024	7	1	2,971	(2,971)
17.	Total future improvement (Sum L1 thru L16)	<u>\$467,200</u>				<u>\$60,255</u>	<u>(\$60,255)</u>

[1] Per examination of Company's financial records.

[2] Provided by Public Staff Engineer Franklin.

[3] Calculated based on year placed in service using half year convention.

[4] Column (a) divided by Column (c), unless fully depreciated.

[5] Column (d) multiplied by Column (e), unless fully depreciated.

Etowah Sewer Company
Docket No. W-933, Sub 12
NET OPERATING INCOME FOR A RETURN

W-933, Sub 12 & W-1328, Sub 0
Public Staff

Feasel Exhibit IV
Schedule 3
Page 1 of 2

Etowah - Sewer Operations

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Per Public Staff [2] (c)	Net Company Increase [4] (d)	Operations After Rate Increase [5] (e)	Net Public Staff Increase [6] (f)	Operations After Rate Increase [7] (g)
Operating Revenues:							
1.	Service revenues	\$0	\$0	\$0	\$0	\$0	\$94,828 [8]
2.	Miscellaneous revenues	0	0	0	0	0	0
3.	Uncollected accounts	0	0	0	0	0	0
4.	Total operating revenues (Sum of L1 thru L3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>94,828</u>
Operating Expenses:							
5.	Salaries and wages	0	0	0	0	0	0
6.	Contractor operator - labor	0	0	0	0	0	0
7.	Administrative and office expense	0	0	0	0	0	0
8.	Sludge removal & treatment	0	0	0	0	0	0
9.	Maintenance and repair	0	0	0	0	0	0
10.	Transportation	0	0	0	0	0	0
11.	Electric power	0	0	0	0	0	0
12.	Testing	0	0	0	0	0	0
13.	Chemicals	0	0	0	0	0	0
14.	Permit and license	0	0	0	0	0	0
15.	Rate case expense	0	0	0	0	0	0
16.	Office rent	0	0	0	0	0	0
17.	Insurance	0	0	0	0	0	0
18.	Total operating expenses (Sum of L5 thru L17)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation and Taxes:							
19.	Depreciation	0	60,255	60,255 [3]	0	60,255 [3]	0
20.	Property tax	0	0	0	0	0	0
21.	Payroll tax	0	0	0	0	0	0
22.	Regulatory fee - other taxes	0	0	0	0	140	140 [9]
23.	Gross receipts tax	0	0	0	0	0	0
24.	State income tax	0	0	0	0	647	647 [10]
25.	Federal income tax	0	0	0	0	5,300	5,300 [11]
26.	Total depreciation and taxes (Sum of L19 thru L25)	<u>0</u>	<u>60,255</u>	<u>60,255</u>	<u>0</u>	<u>60,255</u>	<u>6,087</u>
27.	Total operating revenue deductions (L18+L26)	<u>0</u>	<u>60,255</u>	<u>60,255</u>	<u>0</u>	<u>60,255</u>	<u>66,342</u>
28.	Net operating income for return (L4-L27)	<u>\$0</u>	<u>(\$60,255)</u>	<u>(\$60,255)</u>	<u>\$0</u>	<u>(\$60,255)</u>	<u>\$88,741</u>

Etowah Sewer Company
Docket No. W-933, Sub 12
FOOTNOTES TO SCHEDULE 3

W-933, Sub 12 & W-1328, Sub 0
Public Staff
Feasel Exhibit IV
Schedule 3 Page
2 of 2

Etowah - Sewer Operations

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Public Staff Exhibit II, Schedule 2-1, Column (e), Line 17.
- [4] Column (e) minus Column (c), unless otherwise footnoted.
- [5] Column (c) plus Column (d), unless otherwise footnoted.
- [6] Column (g) minus Column (c), unless otherwise footnoted.
- [7] Column (c) plus Column (f), unless otherwise footnoted.
- [8] Revenue requirement as calculated by the Public Staff.
- [9] Calculated by the Public Staff.
- [10] Public Staff Exhibit II, Schedule 3-1, Column (c), Line 12.
- [11] Public Staff Exhibit II, Schedule 3-1, Column (c), Line 14.

Etowah Sewer Company
Docket No. W-933, Sub 12
CALCULATION OF INCOME TAXES

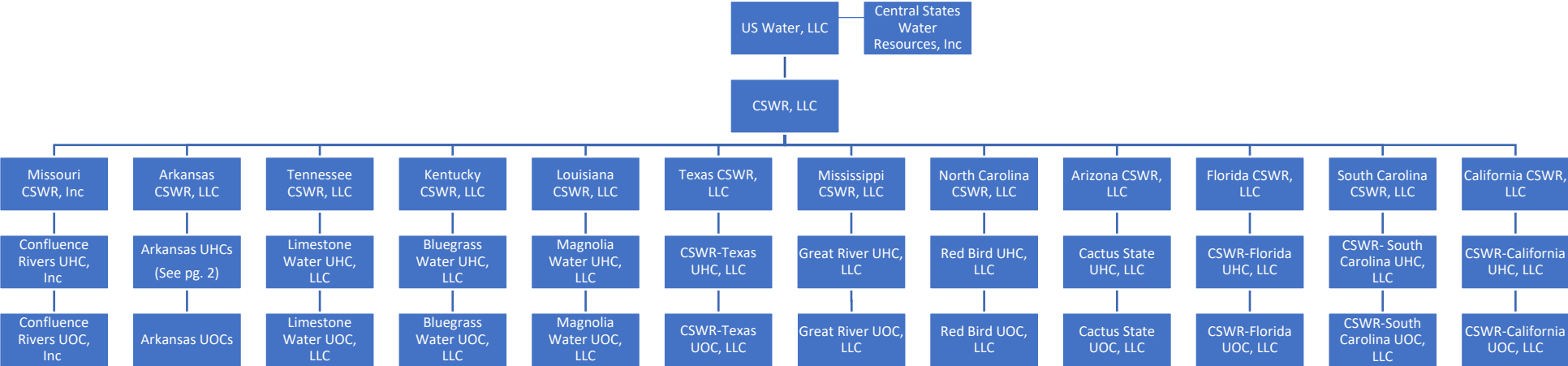
W-933, Sub 12 & W-1328, Sub 0
Public Staff
Feasel Exhibit IV
Schedule 3-1

Line No.	Etowah - Sewer Operations Item	Present	Company	Public Staff
		Rates [1] (a)	Proposed Rates [2] (b)	Recommended Rates [3] (c)
1.	Operating revenue	\$0	\$0	\$94,828
2.	Operating revenue deductions:			
3.	Operating expenses	0	0	0
4.	Depreciation expense	60,255	60,255	60,255
5.	Property taxes	0	0	0
6.	Other taxes	0	0	0
7.	Regulatory fee	0	0	140
8.	Gross receipts tax	0	0	0
9.	Interest expense	8,546 [4]	8,546 [4]	8,546 [4]
10.	Total deductions (Sum of L3 thru L9)	68,801	68,801	68,941
11.	State taxable income (L1 - L10)	(68,801)	(68,801)	25,887
12.	State income tax (L11 x 2.5%)	0	0	647
13.	Federal taxable income (L11 - L12)	(68,801)	(68,801)	25,240
14.	Federal income tax (L13 x 21%)	0	0	5,300
15.	Net amount (L13 - L14)	(68,801)	(68,801)	19,940
16.	Add: Interest expense (L9)	8,546	8,546	8,546
17.	Net income for return (L15 + L16)	(\$60,255)	(\$60,255)	\$28,486

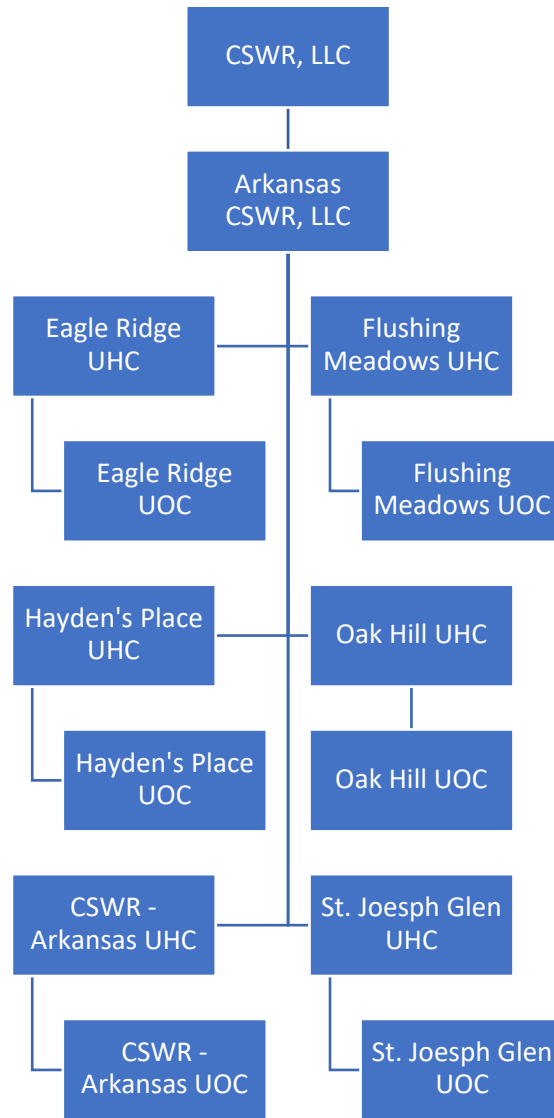
[1] Public Staff Exhibit II, Schedule 3, Column (c).
[2] Public Staff Exhibit II, Schedule 3, Column (e).
[3] Public Staff Exhibit II, Schedule 3, Column (g).
[4] Public Staff Exhibit II, Schedule 1, Column (e), L7.

Central States Water Resources Corporate Entity Organizational Chart

-/A



Arkansas CSWR Organizational Chart Detail





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BEFORE THE ARIZONA CORPORATION COMMISSION

I/A

- DOUG LITTLE
Chairman
- BOB STUMP
Commissioner
- BOB BURNS
Commissioner
- TOM FORESE
Commissioner
- ANDY TOBIN
Commissioner

ARIZONA CORPORATION COMMISSION)
 INVESTIGATION INTO POTENTIAL)
 IMPROVEMENTS TO ITS WATER)
 POLICIES)

DOCKET NO. W-00000C-16-0151
 DECISION NO. 75743
ORDER

Open Meeting
 September 7 and September 8, 2016
 Phoenix, Arizona

Arizona Corporation Commission
DOCKETED
 SEP 19 2016

DOCKETED BY *KE*

BY THE COMMISSION:

* * * * *

FINDINGS OF FACT

BACKGROUND

1. On July 25, 2016, the Arizona Corporation Commission ("Commission") issued Decision No. 75626 that directed Commission Staff to work with industry representatives to develop and present information for Commission review.
2. Further, Staff was ordered to establish a Commission Ombudsman office for small water companies and to work with industry representatives to evaluate ways to reduce the regulatory burden on small water companies.
3. The Decision required that certain information related to several of the policies and components thereof be made available for Commission review by September 1, 2016. The report provides an update on the status of these items and provides various documents for Commission review as directed.

1 **THE WATER POLICIES WORK GROUP**

2 4. The Water Policies Work Group (“Work Group”) consists of members of Commission
3 Staff in the Hearing and Utilities Divisions, Residential Utility Consumer Office (“RUCO”), the Water
4 Utilities Association of Arizona (“WUAA”), the Rural Water Association of Arizona (“RWAA”), along
5 with representatives from several water and wastewater companies including Arizona Water Company,
6 EPCOR Water Arizona, Global Water, and Valley Utilities Water Company. The process was very open
7 and collaborative. Input from all parties involved was incorporated into the end products that are being
8 presented.

9 **EMERGENCY SURCHARGES**

10 5. The Work Group understands the desire of the Commission to lessen the regulatory
11 obligations on smaller water companies while still protecting customers’ interests. One policy that
12 addresses this desire is the direction to facilitate an emergency surcharge process.

13 6. Class C, D or E water or wastewater utilities that face a water supply emergency may
14 request an emergency surcharge. Decision No. 75626, directed the Work Group to evaluate by
15 September 1, 2016, the Commission’s current processing times for Emergency Surcharges, and to
16 develop recommendations to allow a water or wastewater utility to receive a Commission vote on an
17 emergency surcharge within 30 days and within 60 days after filing an initial surcharge application.

18 7. To meet this requirement the Work Group gathered input from the Hearing Division
19 on a draft document of the Emergency Rate Case Application. This document was further refined by
20 discussions of the Work Group. See Attachment A to the Status Update filed September 1, 2016 for
21 the recommended processes that are the results of that group effort and the notice that would be
22 required to be sent to customers at the time the applicant asks Staff to open a docket. Attachment A
23 only specifically identifies the 30 day process; however, language was added to the attached document
24 that, due to the unique circumstances of each case, and for good cause, any of the parties may request
25 an extension of up to an additional 30 days.

26 8. The Work Group has recommended that the Commission adopt the Emergency
27 Surcharges rate case process as detailed in Attachment A and discussed in the Status Update.

28

SHORT FORM RATE APPLICATION

9. Another policy facilitating the reduction of the regulatory burden on small water companies involves making available to smaller companies, some adjustor mechanisms that some larger utilities have been granted. These policies include making changes to the Short Form Rate Application currently available to small water companies to assist with the rate case process. Specifically, Staff was directed to update the Short Form Rate Application to include the schedules necessary for calculating purchased power, purchased water, and system improvement surcharges, and to include a formulaic method that will allow small utilities to calculate a Conservation Adjustment. Further, Staff was directed to revise the questions in the current application to better reflect what is actually needed to process a small company rate case.

10. The Work Group conducted an evaluation that included the information currently requested, any missing information whose inclusion would make the process more efficient, how to make the process easier in general, and how to incorporate the specific features ordered in the Decision. Through the collaborative effort of the Work Group, a Short Form Rate Application has been developed that includes all of the changes ordered in the Decision plus some additional changes that are intended to streamline the process, as discussed in detail below.

11. In its current format, the Short Form Rate Application is available only as a Word/PDF document. During the course of the evaluation, it was determined that in its current format, the application can be somewhat cumbersome and overly burdensome. Specifically, it was difficult to add columns where needed, some information between pages was duplicative, requesting all of the invoices for each of the expense items in the application was unduly burdensome, and some of the instructions were ambiguous, so much so that it wasn't always clear what was being requested.

12. The Work Group has recommended that the Commission make available an Excel spreadsheet that can be downloaded and completed. This would be the first and biggest step to making the process more efficient as discussed further throughout this summary. We believe that addressing the required modifications in a Word or PDF document would likely make it more difficult for small water companies to follow and/or use. Further, there are some efficiencies inherent in Excel that are not available in Word or Adobe. We understand that some of the smaller water companies may not

1 have extensive experience in Excel so the Work Group has recommended that once the changes are in
2 place a version of this spreadsheet should be offered in a fillable PDF/Word format as an alternative.

3 13. In addition to the summary which explains all the changes that the Work Group has
4 recommended for the Short Form Rate Application, there is an accompanying Excel workbook available
5 for Commission review. Attachment B to the Status Update filed September 1, 2016 is the modified
6 version of the Word document for the Short Form Rate Application. Attachment C to the Status
7 Update filed September 1, 2016 contains the schedules for the recommended adjustor mechanisms.

8 14. The Work Group began this process by converting all of the tables included in the
9 existing Short Form Rate Application into schedules in an Excel workbook. The schedules include links
10 throughout which minimize the number of required and repeat inputs. There has also been some
11 additional functionality built-in as detailed below, but in general this includes features such as drop-
12 down menus and automatic formulas.

13 15. To make the process more efficient, the Work Group has recommended tying the Short
14 Form Rate Application to the Annual Report. Combining this information makes for a smoother
15 transition from the Annual Report to a rate case filing since the majority of the information required in
16 the Annual Report is also requested in the Short Form Rate Application¹. The Work Group has
17 recommended developing parameters in the annual report form that would alert the filing company that
18 it may want to consider filing a rate case².

19 16. While the Work Group has recommended the use of Excel, we have not recommended
20 that Excel be used exclusively. Some of the information in the application logically still belongs in the
21 current format, such as the general instructions, the checklist, background information, etc. See
22 Attachment B for the recommendation of the Work Group.

23 17. The Work Group also has recommended that the Commission review the Short Form
24 Rate Application as presented for review and provide further guidance for the Work Group on any
25 additional modifications that may be necessary.

26
27
28 ¹ The Work Group estimates that 70-80 percent of the information required in the Annual Report is also required in the Short Form Rate Application, as can be seen in the provided electronic version of the application.

² For example, a Company operating at a net loss. This functionality has yet to be built into the workbook.

1 *Detailed Changes to the Overall Short Form Rate Case Application:*

2 18. First, the number of copies required throughout the application process for smaller
3 companies has been reduced to two, as discussed in the June 14, 2016 Staff Meeting. Some of the
4 information being requested in the checklist has been clarified, including a recommended materiality
5 threshold of \$250 for the operating expense invoices being requested. This materiality threshold is
6 paramount for reducing the amount of time and resources spent by small utilities in preparing rate
7 applications, and is consistent with the Standard of Materiality discussed later. The definition of an
8 affiliated relationship has also been expanded, and the instructions have been updated to reflect all of
9 the recommended changes³. A simplified example illustrating how income taxes are calculated has also
10 been included.

11 *Specific Changes to the Short Form Rate Case Application by Schedule:*

12 19. The detailed changes as discussed in this section were made for efficiency purposes
13 coupled with addressing the requirements of the Decision.

14 20. **Title sheet** – This is a new sheet that contains inputs for the plant in service, the
15 accumulated depreciation and the fully depreciated plant balances that were approved in the last rate
16 case. This information is then linked throughout as necessary. Having these inputs on the title page
17 contributes to eliminating the need for any inputs on schedule 4 (Plant Summary) and schedule 5 (Utility
18 Plant in Service).

19 21. **Schedule 1: Balance Sheet** – This was formerly pages 24-25 (now page 3). Added
20 formulas and a way to flag for the Company's attention if the balance sheet does not in fact balance.

21 22. **Schedule 2: Water Company Plant Description** – This was formerly pages 17-18
22 (now page 5). No other changes.

23 23. **Schedule 3: Plant Summary** – This was formerly page 15 (now page 7). No longer
24 requires any input, see the Title page comments.

25 24. **Schedule 4: Utility Plant in Service** – This was formerly page 16 (now page 8). No
26 longer requires any input, see the Title page comments.

27

28 ³ For ease, instructions have also been imbedded on each schedule of the workbook that are applicable for that particular schedule.

1 25. **Schedule 5: Water Use Data Sheet** – This was formerly page 19 (now page 9). Added
2 some of the information requested on the Annual Report to be consistent.

3 26. **Schedule 6: Bill Count Summary** – This was formerly pages 30-34 (now page 10).
4 Removes the quarterly reporting requirement. Links to Schedule 7, and to the proof of revenue
5 calculations.

6 27. **Schedule 7: Current and Proposed Rates** – This was formerly page 9 (now page 11).
7 This schedule includes a drop-down box for the meter size and customer type that will allow the
8 Company to select from a list of options. These selections will then link to the commodity charges
9 section at the bottom of this schedule, the bill counts (Schedule 14), and the proof of revenue (hidden
10 but linked to the income statement Schedule 8). In the existing Short Form Rate Application, it isn't
11 clear that the rate information is required for all meter sizes and types, and is often missing when the
12 Company has more than one meter size/type that it serves. These changes correct for this.

13 28. **Schedule 8: Current and Proposed Service Charges** – This was formerly page 11
14 (now page 12). Included now are the service line and meter charges that Staff typically has
15 recommended. These are for illustrative purposes only and are not part of what will be printed as part
16 of the application for the filing.

17 29. **Schedule 9: Income Statement** – This was formerly page 20 (now page 13). Added
18 columns for the Company proposed adjustments. Also added a link to the proof of revenue which
19 follows Staff's typical methodology for calculating revenues using the bill counts. This is intended to
20 assist the Company with the accuracy of its filing and will hopefully speed up the sufficiency
21 determination, which will also speed up the resolution of rate cases and reduce the amount of time
22 between when the Company files the rate case and the date when rates become effective.

23 30. **Schedule 10: Calculation of Depreciation Expense** – This was formerly page 22
24 (now page 15). Reduced the number of required inputs by linking to other schedules and the Annual
25 Report. Also input the depreciation rates that Staff typically has recommended as a reference for the
26 Company. This schedule will now support the depreciation expense on a going forward basis that
27 reflects the test year plant balances.

28

1 31. **Schedule 11: Pro Forma Additions/Subtractions** – Added this schedule, which will
2 allow the Company to include pro forma adjustments along with explanations to the income statement
3 (linked to Schedule 9).

4 32. **Schedule 12: Pro Forma Property Tax** – Also added a pro forma schedule specific for
5 property taxes that will reflect the property taxes using the formula approach, under the Company
6 proposed revenues (linked to Schedule 9).

7 33. **Schedule 13: Customer Notice** – The existing version of the Short Form Rate
8 Application requires that the Company notice its customers on the same day that the application is filed.
9 The Work Group discussed this requirement and determined that it does not need to be done on the
10 same day and that it would likely be easier for small utilities if it weren't. Therefore, the Work Group
11 has recommended that the notice be sent out by the Company as soon as sufficiency is issued. This
12 requirement would be consistent with the process for larger utilities. The notice was, and still is the last
13 page in the document.

14 34. **Schedule 14: Free Cash Flow** – Added a schedule that links to the other schedules that
15 will show the free cash flow of the Company. This will assist the Company with setting the proposed
16 revenue requirement.

17 35. **Schedule 15: Water Conservation Adjustment** – Added a schedule that will calculate
18 a water conservation adjustment (utilizing a formulaic method) given the average usage per customer in
19 the test year as compared to a prior period(s) (Annual Reports or test year in the last rate case).

20 36. **Schedule 16: Purchased Water Adjustor Mechanism (“PWAM”)** – Added a PWAM
21 schedule. This is a more simplistic model for small water companies that is based on the more complex
22 models that have been approved by the Commission in rate cases for larger utilities.

23 37. **Schedule 17: Purchased Power Adjustor Mechanism (“PPAM”)** – Added a PPAM
24 schedule. This is a more simplistic model for small water companies that is based on the more complex
25 models that have been approved by the Commission in rate cases for larger utilities.

26 38. **Schedule 18: Systems Improvement Fund Surcharge (“SIFS”)** – Added a SIFS
27 Schedule. This is a version of the Systems Improvement Benefit (“SIB”) surcharge that has been
28 approved by the Commission in rate cases for larger utilities. This schedule is intended for Class D and

1 E companies with a large enough rate base for the revenue requirement to be set using a rate of return.
2 An option discussed in the Decision, for those companies with very little or negative rate base, is an
3 Emergency repair and replacement fund. The Work Group believes that the particulars of this surcharge
4 is in part a policy issue to be decided within a rate case, that could be coupled with another directive
5 before the Work Group, specifically that of the development of a standard minimum operating margin.

6 39. **Schedule 19: Checklist** – Added a copy of the expense items portion of the checklist
7 (mirroring the word/PDF version of the application) that requires copies of invoices. Also added a
8 template for each expense item that companies can use in putting together their applications.

9 40. **Work paper 1: Plant Additions and Retirements by Year** – This was formerly page
10 14. The Work Group has recommended that instead of this being a schedule that is included with the
11 filing this be included as a work paper that will be made available for Staff's audit. The number of pages
12 that would be required to print would vary depending on the number of years since the last rate case,
13 but to include this as a work paper instead would reduce the number of pages that are printed.

14 41. **Work paper 2: Plant Accumulated Depreciation** – This is a new addition that
15 requires no input by the Company but can be used to assist in the filing by calculating the accumulated
16 depreciation as a check figure. This work paper is linked to work paper 1.

17 42. **Work paper 3: Advances in Aid of Construction** – This was formerly page 27. In
18 addition to recommending that this now be a work paper instead, the Work Group has added an input
19 for the balance of AIAC that was approved in the last rate case. The Work Group also has
20 recommended splitting out the different categories of AIAC to make the process simpler by reducing
21 the need for future data requests for this information. This work paper is linked to work paper 1.

22 43. **Work paper 4: Gross Contributions in Aid of Construction** – This was formerly page
23 28. In addition to recommending that this now be a work paper instead, the Work Group has added
24 an input for the amortization of CIAC. This work paper is linked to work paper 1.

25 44. **Work paper 5: Supplemental Financial Information** – This was formerly page 26.
26 No changes other than to include as a work paper. This work paper is linked to the Annual Report.

27 45. The Work Group realizes that the Short Form Rate Application will evolve over time,
28 and that flexibility is key in developing a product that will be beneficial for all parties involved. In

1 addition to the Work Group, the Excel version of the application being presented was also reviewed
2 by a representative of an ownership group that operates four small Class D and E water companies,
3 and his input was incorporated. The Work Group intends for the application to be reviewed by
4 additional small water companies and operators to solicit additional input. Another crucial step in the
5 evaluation process will be working with a small water company to file an actual rate application utilizing
6 the Excel version. The Work Group anticipates that these additional steps will occur at some as yet to
7 be determined point in the future.

8 46. The Work Group is also still working through the process of a Short Form Rate
9 Application for wastewater companies. The question was posed, "Should there be a short form
10 application for wastewater?" The Work Group's answer is that there should be a version created
11 specifically for wastewater utilities; however, because there are far more regulated water utilities the
12 focus has been on updating the water application. As such the Work Group has recommended that
13 the Commission be given the opportunity to review the recommended changes as presented for the
14 water application. Once further direction is given then the Work Group can develop a similar
15 wastewater application.

16 **ESTABLISH STANDARD OF MATERIALITY**

17 47. Another item detailed in the Small Water Company Rate Case Issues section addressed
18 materiality. This policy states that Staff's audits of small water companies should focus on issues likely
19 to materially impact rates. It also states that any accounting issues that have minimal impact on rates
20 need not be addressed in a small water utility rate case. As such, the Decision directs Staff to develop a
21 standard of materiality that takes into account rate impacts. The Work Group developed the following
22 materiality guidance for the Commission's review and consideration.

23 *Materiality Guidelines:*

24 48. As trained accountants and auditors, Staff members have an academic understanding of
25 "materiality." What is deemed to be material in one set of circumstances may be clearly immaterial in
26 another set of circumstances. When exercising regulatory auditor discretion, Staff needs to be mindful
27 of both the big picture and of any applicable policy statements or positions of the fact finder. The
28 overriding consideration should be whether a particular data request or adjustment will materially change

1 the revenue requirement. The "Materiality Levels by Class" chart below provides guidance on what sort
2 of data requests and adjustments are appropriate in different circumstances.

3 49. Staff is expected to think and utilize reason in applying these materiality guidelines and
4 in reaching recommendations. However, there are four general guidelines that should be specifically
5 applied and followed when assessing materiality and when developing recommendations. These four
6 general guidelines are discussed below. Likewise, an auditor's decision to pursue additional discovery
7 should be undertaken only after giving specific consideration to the materiality of the issue being
8 evaluated. That is, if the answer to a data request is not likely to materially affect the revenue
9 requirement, then the data request should not be sent unless there is some other clearly articulated
10 reason for needing the information.

11 *Four General Guidelines:*

- 12 a. Always consider the magnitude of the adjustment under consideration to the big picture.
13 Is the total underlying rate increase request only \$50,000? If so, then an adjustment of
14 \$2,000 is probably material whereas a possible adjustment of \$500 is probably not
15 material enough to recommend. The following table provides some specific guidance:

16 **Material Levels by Class**

	Revenue	Representative Expense		Rate Base			
		Revenue	Expenses	Data Request Threshold	Adjustment	Data Request Threshold	Adjustment
Class C	1 to 3 Million	\$2,000,000	\$1,700,000	\$400	\$2,000	\$1,000	\$5,000
Class D	.250 to 1 Million	625,000	562,500	250	1,000	500	3,000
Class E	< 250,000	125,000	112,500	250	250	500	1,000

17
18 Data Request Threshold = Default minimum level of individual expenditures that would be reviewed, e.g. the
19 level above which copies of invoices would be provided.

20 Adjustment = Default minimum amount required to recommend an adjustment to an individual account.

- 21
22
23
24 b. If the adjustment under consideration is the result of a companion adjustment, then
25 capture the smaller adjustment in order to assure consistency and completeness in Staff's
26 overall position. For example, if Staff proposes a \$5,000 adjustment to payroll, it is likely
27 that a companion adjustment will also be needed to applicable payroll taxes. In this
28 instance, the accompanying adjustment may only be \$400. The amount of this

1 accompanying adjustment may be too small to consider making as a separate
2 recommendation, but it is none-the-less important to include the accompanying
3 adjustment to assure consistency and completeness in Staff's overall recommendation.
4 There is a secondary approach to these companion adjustments that warrants discussion.
5 If the companion or synchronizing secondary adjustment is truly immaterial, Staff may
6 elect to omit this secondary adjustment. Under such circumstances, it is crucial that it
7 is noted in testimony or in the Staff Report that Staff is choosing to pass on this
8 adjustment because of the immaterial magnitude of the secondary adjustment.

9 c. If the net calculable dollar value of two or more adjustments is immaterial, but the
10 individual components are by themselves material, then the size of the net value is not
11 the deciding factor. However, it is very important to make it clear in testimony or in the
12 Staff Report, that it is the Commission's consideration of the individual components
13 that is important and that focus should not be on the net dollar value of the adjustments.
14 For example, a net impact of \$300 to repairs and maintenance expense would appear to
15 be an immaterial adjustment; however, if this net value is actually composed of one
16 recommended increase of \$90,000 and a recommended decrease of \$89,700 then the
17 issues being addressed are clearly material.

18 d. Always consider – “would a fact finder or other party (such as the Utilities Division
19 Directors, Administrative Law Judges or Commissioners) to the docket, agree that the
20 Staff decision to pursue or not pursue a recommendation in a particular area was
21 reasonable?” From a discovery perspective was the request for more support from the
22 applicant warranted from a materiality point of view? For example, would the fact finder
23 conclude that **it appears** that Staff chose to ignore possible minor adjustments only
24 when the adjustments went in the filing utility's favor? Perception of the decision and
25 actions must always be considered.

26 *Additional Ratemaking Factors Influencing Materiality Decisions:*

27 50. Staff also has a set of additional ratemaking factors that will have relevance when gauging
28 materiality.

1 *Rate Base:*

2 51. The Staff regulatory auditor should keep in mind that adjustments to a utility's rate base
3 only impact the utility's annual revenue requirement by the utility's ROR multiplied by the rate base
4 adjustment (plus income tax gross up.) For example, a rate base adjustment of \$1,000 will only change
5 revenue requirement by \$100 if the ROR is 10 percent (this example ignores possible income tax
6 considerations).

7 *Operating Income – Revenues and Expenses:*

8 52. Adjustments to revenue and expense have a dollar for dollar impact to the utility's annual
9 revenue requirement, again ignoring any income tax considerations. That is, a proposed adjustment of
10 \$1,000 to salaries expense will change the utility's annual revenue requirement by \$1,000 (up or down).

11 *Policy Considerations:*

12 53. Except in cases when the impact of an adjustment is extremely small, the auditor should
13 always capture adjustments that relate to a general Utilities Division policy.

14 *Responding to Filing Utility Proposed Adjustments:*

15 54. A filing utility often sets the materiality threshold in a case. For example, if a filing utility
16 proposes an adjustment of \$100, Staff must still evaluate this proposal. However, Staff should not feel
17 obligated to make adjustments to such a small amount even if small errors in the Company's supporting
18 calculations are found.

19 *Seek Additional Guidance When Necessary:*

20 55. If Staff has doubts whether or not to pursue an adjustment or issue discovery, due to
21 materiality, it may be best to consider just passing on the adjustment, or at least to discuss the matter
22 with a manager.

23 *Proof of Revenues:*

24 56. When it comes to ensuring that the rate design either proposed by the filing utility or by
25 Staff, in fact, generates the annual revenue target, materiality considerations must be approached
26 judiciously. While input from the Staff Manager may be needed in certain cases, Staff generally requires
27 the proof of revenues (associated with existing or proposed rate designs) to be very close to targeted
28

1 revenues. The reason for this is simple. Annual revenues recorded are a mathematical function of the
2 ACC-approved billing rates and the utility's billing determinants⁴.

3 57. Staff should give proper consideration to any reconciling evidence provided by the utility
4 (such as meter reading problems which required manual corrections to customer bills, or even possible
5 cycle billing considerations). But, generally as noted, it should be possible to reconcile a rate design to
6 within 1 percent of targeted revenues.

7 *Rate Filing Sufficiency Reviews:*

8 58. Except for materiality considerations related to Staff's proof of revenue analysis, Staff
9 should not spend time trying to work through either the reasonableness of proposed adjustments or the
10 materiality of company proposed adjustments during Staff's rate filing sufficiency reviews. The focus
11 of such reviews is on the completeness of the filing (does the rate filing meet the ACC's minimum filing
12 requirements for this utility?)

13 *Conclusion:*

14 59. Staff is to present a balanced and reasonably developed financial picture. Staff's
15 recommendations should reflect a balanced consideration of the filing and the recommendations should
16 position the filing utility where it can have a reasonable opportunity to pay its ongoing expenses while
17 also earning a reasonable rate-of-return and income.

18 60. The Work Group has recommended that the Commission adopt the Standard of
19 Materiality as put forth in the Status Report.

20 **DEFINE VIABLE AND NON-VIABLE**

21 61. Prior to implementing the Commission "Policy Regarding Direct Incentives for
22 Acquisitions" or the "Policy Regarding the Acquisition of Viable Systems", the Commission directed
23 the Work Group to define "viable" and "non-viable". The Work Group was also asked to evaluate and
24 define "a demonstrated record of acquiring and improving the service provided to the customers of
25 non-viable water systems" and couple those metrics with recommended ROE adders.

26

27

28 ⁴ Billing determinants would include the monthly number of customers and the respective monthly usage levels for each customer class.

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1 62. To meet this mandate the industry members of the Work Group created draft
2 documents of the definitions that served as the genesis for future revisions and guided the various
3 meetings where these definitions were discussed. The Work Group diligently and collaboratively
4 worked together to develop the following definitions on which all parties agree. The following
5 information is the result of this process.

6 *Definitions of Viable and Non-Viable Pertaining to Small Water and Wastewater Utilities:*

7 63. The United States Environmental Protection Agency (EPA) has defined viable water
8 systems as systems that have, “the technical, financial, and managerial capability to consistently comply
9 with current and prospective performance requirements.”⁵ The Arizona Corporation Commission used
10 a similar definition in its Policy Statement No. 5 of Decision No. 75626, dated July 25, 2016, concerning
11 the consolidation of small water and wastewater utilities.

12 **A viable water and/or wastewater utility is defined as one that:**

- 13 1. Maintains the managerial, technical and financial capabilities to safely and
- 14 adequately operate; and
- 15 2. Is currently in compliance with all Arizona Department of Environmental
- 16 Quality, Arizona Department of Water Resources, and Arizona Corporation
- 17 Commission rules and orders; and
- 18 3. Will be able to meet other requisite regulatory requirements on a short and long-
- 19 term basis.⁶

20 ...
21 ...

24 ⁵ EPA, Methods for Assessing the Viability of Small Water Systems: A review of Current Techniques and Approaches, August, 1995. Located at:
25 <http://nepis.epa.gov/Exec/zyNET.exe/20001RR9.TXT?ZyActionD=ZyDocument&Client=EPA&Index=1995+Thru+1999&Docs=&Query=&Time=&EndTime=&SearchMethod=1&TocRestrict=n&Toc=&TocEntry=&QField=&QFieldYear=&QFieldMonth=&QFieldDay=&IntQFieldOp=0&ExtQFieldOp=0&XmlQuery=&File=D%3A%5Czyfiles%5CIndex%20Data%5C95thru99%5CTxt%5C00000001%5C20001RR9.txt&User=ANONYMOUS&Password=anonymous&SortMethod=h%7C-&MaximumDocuments=1&FuzzyDegree=0&ImageQuality=r75g8/r75g8/x150y150g16/i425&Display=p%7Cf&DefSeekPage=x&SearchBack=Zy.ActionL&Back=Zy.ActionS&BackDesc=Results%20page&MaximumPages=1&ZyEntry=1&SeekPage=x&ZyPURL#>

28 ⁶ W-00000C-16-0151, Decision No. 75626, at page 19 of Attachment No. 1, lines 6-11.

1 **A non-viable water or wastewater utility is defined as one that:**

- 2 1. Lacks and is unable to acquire the managerial, technical and/or financial
3 capabilities to safely and adequately operate; or
4 2. Is currently not in compliance or is unable to achieve compliance with Arizona
5 Department of Environmental Quality, Arizona Department of Water
6 Resources, and/or Arizona Corporation Commission rules or orders or is
7 unable to achieve such compliance without managerial, technical, or financial
8 assistance; or
9 3. Will not be able to meet other requisite regulatory requirements on a short- or
10 long-term basis.

11 64. When making the determination of viability or non-viability, the Commission will
12 consider all of the relevant circumstances of the case and will determine the question of viability or non-
13 viability based on all of the circumstances at the time of the CC&N transfer.

14 65. Non-viability in the short or long-term is different from failure where a utility has
15 deteriorated to the point where it presents a danger to public health and safety, but the same types of
16 facts may indicate a utility has become non-viable before it reaches a failed state. Dockets in which 1)
17 the ACC Staff has filed for the appointment of an interim manager and/or operator or 2) water or
18 wastewater utilities have filed for emergency rate relief, are indicative of a water or wastewater utility
19 that is susceptible to failure.

20 66. The following is not an exhaustive list, but are examples of factors that may be present
21 when a utility is non-viable. Any one of these factors, or any combination of factors could be sufficient
22 to show that a utility is non-viable.

- 23 • The utility lacks and is unable to acquire the managerial, technical and/or financial
24 capabilities to:
25 ○ Perform necessary operations and maintenance to assure an adequate, safe, and
26 permanent water supply and/or adequate, safe treatment of wastewater which
27 may include:
28 ▪ Maintaining and improving essential equipment.

- 1 ▪ Properly addressing growth in excess of the current capacity of the
2 utility.
- 3 ▪ Failing to properly address any needs for significant capital
4 improvements due to aging infrastructure and an inability to attract
5 investment or obtain financing for needed improvements.
- 6 ▪ Contaminants in excess of drinking water or wastewater standards.
- 7 ▪ Failure to consistently or properly perform required testing.
- 8 ▪ Failure to ensure compliance with new drinking water or wastewater
9 treatment standards in effect or going into effect.
- 10 ○ There is a lack of adequate staffing and/or certified operators due to the inability
11 of the utility to attract, hire, and retain engineers, attorneys, accountants, etc. to
12 properly operate the utility.
- 13 ○ A failure to file for regular rate increases and/or the inability to hire experts that
14 may be needed to assist with processing rate cases, that contributes to rates that
15 fail to cover expenses and liabilities, such as required repairs and maintenance,
16 or to cover debt service requirements.
- 17 ○ Is unable or unwilling to ensure adequate supply or treatment capabilities
18 demonstrated by:
- 19 ▪ Insufficient or lack of storage leading to water outages or repeated water
20 shortages.
- 21 ▪ The frequent triggering of curtailment tariffs.
- 22 ▪ The utility relying on hauling or otherwise purchasing water on an
23 emergency basis to meet demand.
- 24 ▪ Implementation of a moratorium on new service connections or the
25 inability to add new service connections due to low supplies or pressure.
- 26 ○ Issues with billing such as a failure to bill (i.e. family members, friends,
27 acquaintances, etc.), sporadic billing, or inaccurate billing.
- 28 ○ The utility is in bankruptcy or is considering bankruptcy.

- 1 ○ The owner and/or operator have walked away from the utility.
- 2 ○ There isn't a clear plan in place in the event of an owner passing away or
- 3 becoming unable to continue running the utility.
- 4 ○ Inability or unwillingness to respond to complaints or requests for service.
- 5 • Is not in compliance with Arizona Department of Environmental Quality, Arizona
- 6 Department of Water Resources, and/or Arizona Corporation Commission rules or
- 7 orders such as:
- 8 ○ Outstanding violations, a history of violations; and/or the inability or
- 9 unwillingness to correct violations.
- 10 ○ Existing mandates for significant capital improvements such as new treatment
- 11 systems and an inability to meet the mandates.
- 12 ○ Failure to obtain approvals to construct, approvals of construction, discharge
- 13 authorizations or other required permits.
- 14 ○ The utility is not current on sales and/or property taxes.
- 15 • Will not be able to meet other requisite regulatory requirements on a short or long-term
- 16 basis:
- 17 ○ The utility's Certificate of Convenience and Necessity has been revoked.
- 18 ○ Accounting systems are not kept in accordance with required standards.
- 19 ○ There is a failure to properly complete and/or submit annual reports to the
- 20 Utilities Division.
- 21 ○ Appointment of an interim manager or operator.
- 22 ○ The utility has filed an application for interim rates or emergency rates.
- 23 ○ The setting of adequate rates would be unduly burdensome with the existing
- 24 customer base.

25 67. Class C, D, and E utilities have fewer customers and consequently lower revenues than
26 Class A and B utilities do, yet they generally must meet all the same financial, managerial and technical
27 requirements as the larger companies. As a result, Class C, D and E utilities may be particularly
28 susceptible to being non-viable for either the short or long term.

1 68. A determination that a utility is non-viable shall be used only in the assessment of
2 whether acquisition incentives are appropriate should that utility be acquired. A non-viable
3 determination is not intended to create new compliance burdens on a utility that otherwise would not
4 exist. The intent here is to help non-viable utilities (and their customers), not to punish these companies
5 simply because they have been designated as non-viable.

6 69. The Work Group has recommended that the Commission adopt the definitions of
7 Viability and Non-Viability as put forth in the Status Update.

8 *Demonstrated Track Record*

9 70. Another key factor in the acquisition process is the established demonstrated track
10 record. While the Work Group agrees on the definitions of viable and non-viable, there are valid yet
11 differing points of view as to whether the definition of a non-viable utility can be applied retroactively.
12 Ultimately the Work Group agreed that this was a policy decision best left to the Commission, and
13 presents the following two options for the Commission's consideration.

14 71. A demonstrated track record of acquiring and improving the service provided to
15 customers of non-viable water systems is defined as:

16 Option 1 – No time restriction

17 A utility that has acquired multiple non-viable water and/or wastewater utilities and that
18 has made reasonable, prudent and timely investments, which resulted in the acquired
19 utility becoming viable. The acquiring utility shall bear the burden of demonstrating a
20 track record. In each case, the Commission will consider all of the relevant circumstances
21 in determining whether a track record of acquiring and improving the service provided
22 to customers of non-viable water and/or wastewater utilities has been demonstrated.

23 Option 2 – Limited to acquisitions post decision

24 A utility that has acquired multiple non-viable water and/or wastewater utilities since
25 the ACC issued Decision No. 75626⁷, and that has made reasonable, prudent and timely
26 investments, which resulted in the acquired utility becoming viable. The acquiring utility
27

28 ⁷ Effective date of Decision No. 75626 is July 25, 2016.

1 shall bear the burden of demonstrating a track record. In each case, the Commission will
2 consider all of the relevant circumstances in determining whether a track record of
3 acquiring and improving the service provided to customers of non-viable water and/or
4 wastewater utilities has been demonstrated.

5 72. The Work Group did not attempt to couple these metrics with the recommended ROE
6 adders; instead, it recommended that the chosen definition be coupled with ROE adders as part of the
7 Cost of Capital reform that the Work Group is still in the process of completing.

8 **RULEMAKING**

9 73. The Decision orders Staff to commence a rulemaking to consider the following
10 amendment to Arizona Administrative Code (“A.A.C.”) R14-2-803.D: “A notice of intent under this
11 section is not required when the reorganization of an existing Arizona water or wastewater public utility
12 holding company is due to the purchase of the shares (or merger of) a Class D or E water or wastewater
13 utility.” On August 31, 2016, Staff opened docket RU-00000A-16-0300, to initiate the process.

14 **STATUS SUMMARY**

15 74. Following are recommendations:

- 16 1. Staff should be directed to post the Emergency Rate Case Application (set forth
17 in Attachment A) on the Commission’s website to make it available for use by
18 utilities. Staff should also be directed to continue to look for ways of improving
19 the efficiency of the emergency surcharge process.
- 20 2. Staff should be directed to post the Short Form Rate Case Application (as
21 discussed in this report) on the Commission’s website to make it available for
22 use by utilities. Staff should also be directed to continue to look for ways of
23 improving the Short Form Rate Case Application.
- 24 3. The Commission could adopt the “Materiality Guidelines” and the definitions
25 of “viable” and “non-viable”, as set forth herein, as Commission policies in
26 order to provide guidance to Staff and to stakeholders.
- 27 4. As discussed on pages 18-19, the Commission should determine which of the
28 two options for the definition of “demonstrated track record” it prefers, and

1 should then adopt that choice as a Commission policy in order to provide
2 guidance to Staff and to stakeholders.

3 75. Regarding the proposed definitions for “Demonstrated Track Record,” we adopt the
4 No time restriction option as our policy on this issue. Although both options have their respective
5 merits, we believe that the No time restriction proposed option best reflects our objectives as set forth
6 in Decision No. 75626.

7 76. Under the guidance of Decision No. 75626, the Work Group has taken steps to define,
8 refine, propose, and implement actions which will significantly improve the regulatory process
9 surrounding small water companies in Arizona. The Work Group should continue forward with making
10 improvements.

11 77. The purpose of establishing acquisition premiums for non-viable companies and “giving
12 credit” to viable companies that purchase them is to incentivize water system consolidation across the
13 state. We know that when a viable company provides service to customers, customers benefit from that
14 company’s financial, managerial, and technical competence. The last thing we want to do is be an
15 impediment to that goal. The Arizona Department of Environmental Quality (“ADEQ”) has also
16 expressed similar sentiments for all water systems (including those regulated by the ACC). Some
17 industry stakeholders, however, have expressed concern that certain regulatory enforcement actions
18 against a prospective new owner of a non-viable water system may actually discourage or inhibit that
19 acquisition due to potential negative perceptions in the financial community that some regulatory
20 actions, both formal and informal, may cause.

21 78. These Stakeholders raise legitimate concern, yet they must be balanced with the
22 Commission and ADEQ’s primary obligation: the health and welfare of Arizonans. We possess
23 enforcement authority to assure that the new owner is:

- 24 a. Making reasonable progress with identifying system deficiencies;
- 25 b. Making reasonable progress with correcting identified deficiencies; and
- 26 c. Is regularly communicating findings/updates with pertinent regulatory agencies
27 (e.g., ACC, ADEQ, etc.)

28

1 We direct ACC Staff to engage with ADEQ and develop a Joint Policy Statement and/or a
2 Memorandum of Understanding dealing with the acquisition of small troubled water utilities. The Joint
3 Policy Statement and/or Memorandum of Understanding should lay out a process that assures the
4 health and safety of the acquired company on a reasonable schedule. The process should be designed
5 to minimize regulatory actions that might exacerbate the financial risk associated with purchasing small
6 companies with compliance issues. Staff is directed to provide the Joint Policy Statement and/or a
7 Memorandum of Understanding for Commission review (or to report on the state of discussion with
8 ADEQ) by October 30, 2016.

9 CONCLUSIONS OF LAW

10 1) The Commission has jurisdiction over the matters discussed herein pursuant to Article
11 XV of the Arizona Constitution and Title 40 of the Arizona Revised Statutes.

12 2) The recommendations set forth in Finding of Fact no. 74 are reasonable, and we adopt
13 them.

14 3) The Commission, having reviewed the Status Update dated September 1, 2016,
15 concludes that it is in the public interest to adopt the policies as discussed herein.

16 4) We adopt Findings of Fact nos. 48 through 60 as our policy statement regarding
17 “Materiality Guidelines.”

18 5) We adopt Findings of Fact nos. 63 through 68 as our policy statement regarding the
19 definitions of “viable” and “non-viable.”

20 6) We adopt Findings of Fact nos. 70 through 72, and 75 as our policy statement regarding
21 the definition of “Demonstrated Track Record.”

22 7) Our policy statements, as discussed herein, are intended to provide helpful information
23 and guidance to Staff and stakeholders, and are not intended as generally applicable requirements.
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ORDER

IT IS THEREFORE ORDERED that Staff shall post the Emergency Rate Case Application (set forth in Attachment A to the Status Update) on the Commission’s website to make it available for use by utilities.

IT IS FURTHER ORDERED that Staff shall continue to look for ways to improve the efficiency of the emergency surcharge process.

IT IS FURTHER ORDERED that Staff shall post the Short Form Rate Case Application (as discussed in this report) on the Commission’s website to make it available for use by utilities.

IT IS FURTHER ORDERED that Staff shall continue to look for ways to improve the Short Form Rate Case Application process.

IT IS FURTHER ORDERED that the “Materiality Guidelines”, as set forth herein, is adopted as a Commission policy.

IT IS FURTHER ORDERED that the definitions of “viable” and “non-viable”, as set forth herein, is adopted as a Commission policy.

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IT IS FURTHER ORDERED that the definition of "demonstrated track record" as set forth in Findings of Fact nos. 70 through 72 and 75 is adopted as a Commission policy.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN LITTLE



COMMISSIONER STUMP



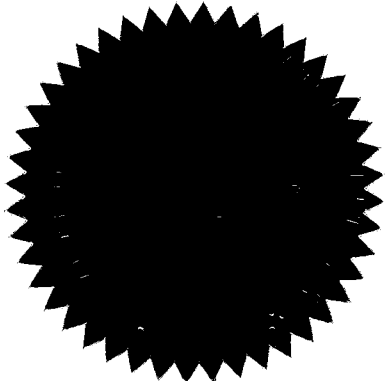
COMMISSIONER FORESE



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COMMISSIONER BURNS



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 19th day of September, 2016.


JODI JERICH
EXECUTIVE DIRECTOR

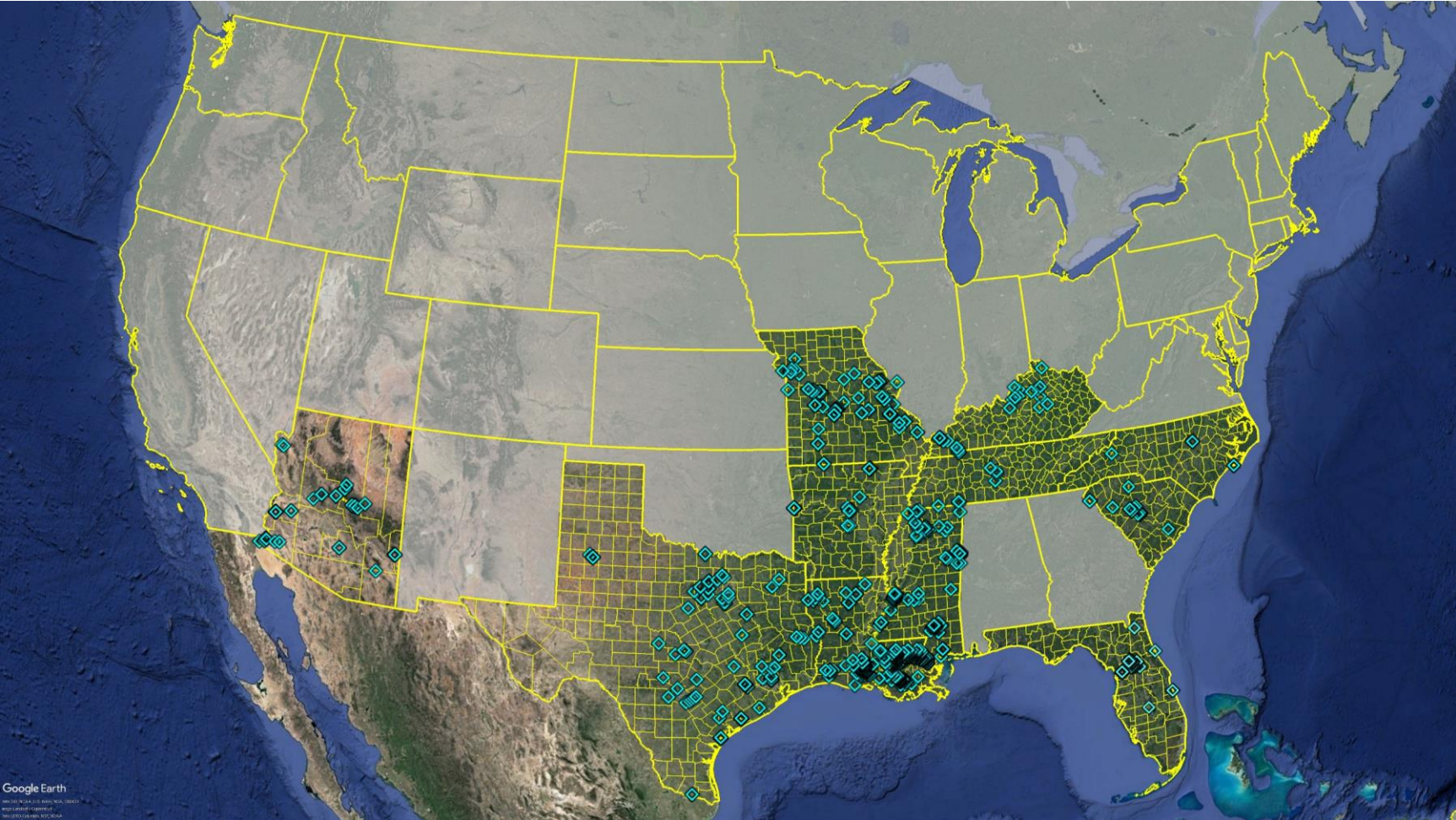
DISSENT: _____

DISSENT: _____

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Mar 12 2024

CSWR Holdings



/A

Red Bird Utility Operating Company
Tap Ons through 12/31/2023

Date	Amount	Rate	Accumulated Depr 12/31/2023
Pre 1998	361,800	3.30%	361,800
12/31/1998	9,000	3.30%	7,430
12/31/1999	86,400	3.30%	68,476
12/31/2001	5,400	3.30%	3,923
12/31/2002	19,800	3.30%	13,730
12/31/2003	59,800	3.30%	39,495
12/31/2004	99,268	3.30%	62,277
12/31/2004	24,357	3.30%	15,281
12/31/2005	66,700	3.30%	39,644
12/31/2006	149,362	3.30%	83,846
12/31/2007	43,700	3.30%	23,089
12/31/2010	6,900	3.30%	2,962
12/31/2012	6,900	3.30%	2,506
12/31/2013	11,500	3.30%	3,797
12/31/2014	4,600	3.30%	1,367
12/31/2015	11,500	3.30%	3,038
12/31/2016	6,900	3.30%	1,595
12/31/2017	32,200	3.30%	6,379
12/31/2018	6,900	3.30%	1,139
12/31/2019	9,200	3.30%	1,215
12/31/2020	27,600	3.30%	2,732
12/31/2021	106,673	3.30%	7,040
12/31/2022	24,185	3.30%	798
Total	1,180,645		753,559

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Mar 13 2024