

March 6, 2002

To: Mr. Christopher J. Ayers  
Executive Director, Public Staff  
4326 Mail Service Center  
Raleigh, North Carolina 27699-4326

Subject: Docket Nos. W-1328, Sub 4 and  
W-1040, Sub 10

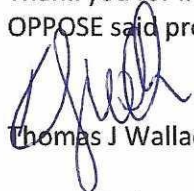
As the owners of Lot 8, Phase II, Bear Den Acres Development , Inc. we formally submit our opposition to the proposed transfer of public utilities and opposition to the proposed approval of the requested exorbitant rate increases. We have owned Lot 8 since February 21, 2003. As a member of the Bear Den Water Association we have continuously paid a reasonable monthly charge for the availability of water.

To our knowledge the Association was not convened to discuss the proposed transfer of the Public Utility Franchise from our not-for-profit Bear Den Acres Water Association to Red Bird Utility Operating Company, LLC and members were not made aware of such proposed transfer until we received the Public Notice.

Section 11 of the Declarations of Restrictions, Conditions, Easements, Covenants and Agreements On Bear Den Acres Development, Inc. Phase 11 filed in McDowell County, North Carolina allows the Association to contract with the developer or other entity for supplying water to its members. Absent any specific contrary authority, it is legally implicit that any change in operation shall be approved by at least a simple majority of its members. The above subject proposal did not receive approval from its members nor were the members informed of such proposed transfer prior to its submission to the North Carolina Utilities Commission.

By copy of this letter, we our are requesting the North Carolina Attorney General to determine if the Developer has the authority to transfer the operation of the water system without approval by the members of the Association. If, after their review of the facts it is determined that the transfer is legally sufficient, we request the AG to represent us in opposing the exorbitant rate increases requested by Red Bird. Each member of the Association pays North Carolina property taxes, and most members of the Association are on fixed incomes. Some members may receive cost of living increases approved by the Social Security Administration, but we would venture to say no member has sufficient budget to absorb the proposed rates of increases.

Thank you for informing us of the above subject proposals and providing us the opportunity to strongly OPPOSE said proposals.

  
Thomas J Wallace

  
Judith A Wallace

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