

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1328, SUB 11

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Red Bird Utility Operating	)
Company, LLC d/b/a Red Bird Water	)
for a Certificate of Public Convenience	)
and Necessity to Provide Water and	)
Sewer Utility Service to Pine Mountain	)
Lakes Subdivision in Burke County,	)
North Carolina and for Approval of Rates	)
	ORDER CHANGING EXPERT WITNESS HEARING DATE, AMENDING CUSTOMER PROTEST DEADLINE, AND APPROVING CUSTOMER NOTICE

BY THE COMMISSION: On September 30, 2021, Red Bird Utility Operating Company, LLC d/b/a Red Bird Water (Red Bird) filed with the Commission an Application for a Certificate of Public Convenience and Necessity and for Approval of Rates (Application) seeking to provide water and sewer utility service to Pine Mountain Lakes subdivision in Burke County, North Carolina.

On January 16, 2024, the Commission issued an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice (Scheduling Order), which, among other things, scheduled a public witness hearing for February 20, 2024, and an expert witness hearing for March 25, 2024. The Scheduling Order also stated that “the Commission may cancel the public witness hearing if no significant protests are received on or before Tuesday, February 13, 2024,” and required Red Bird, in consultation with the Public Staff, to file a proposed Notice to Customers for approval by the Commission no later than three business days after the date of the Scheduling Order.

On January 16, 2024, the Public Staff notified the Commission of scheduling conflicts with the dates of both the public witness hearing and the expert witness hearing and requested a change in the dates established for these hearings. The Public Staff also requested additional time between the deadline for filing protests with the Commission and the date of the public witness hearing. The Public Staff states that it wants to ensure that consumers have sufficient time to receive notice of cancellation of the public witness hearing should it be canceled.

On January 19, 2024, Red Bird filed a letter and proposed Notice to Customers with the Commission, stating that based on information recently provided by the seller, it would be filing an updated Application which would include updated customer rates as reflected in the proposed Notice to Customers. Red Bird notes that the Public Staff agrees to the proposed Notice to Customers including the amended dates provided in the

proposed Notice to Customers for the deadline to file customer protests and the date for the expert witness hearing.

Based upon the foregoing and the entire record, the Presiding Commissioner finds good cause to grant the Public Staff's request and amend the deadline for filing customer protests and change the date for the expert witness hearing put forth in the Scheduling Order. The Presiding Commissioner has also reviewed the proposed Notice to Customers and finds good cause to approve issuance of the notice in the form attached hereto as Appendix A.

IT IS, THEREFORE, ORDERED as follows:

1. That a hearing for the purpose of receiving public witness testimony on Red Bird's Application shall be, and is hereby, scheduled to begin at 7:00 p.m. on Tuesday, February 20, 2024, in the Burke County Courthouse, 201 South Green Street, Courtroom 1, Morganton, North Carolina 28655. *That the Commission may cancel the public witness hearing if no significant protests are received on or before Friday, February 9, 2024;*

2. That a hearing for the purpose of receiving expert witness testimony on Red Bird's Application is scheduled to begin at 2:00 p.m. on Wednesday, April 3, 2024, and continuing as necessary until its conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603;

3. That the Notice to Customers attached hereto as Appendix A is hereby approved for issuance and shall be served by mail or hand delivery on each of Pine Mountain's customers within 3 days of the date of this Order.

4. All other provisions of the January 16, 2024 Scheduling Order shall remain the same, including a public witness hearing date of Tuesday, February 20, 2024.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of January, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script that reads "Tamika D. Conyers".

Tamika D. Conyers, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS**

DOCKET NO. W-1328, SUB 11

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that Red Bird Utility Operating Company, LLC (Red Bird), 1630 Des Peres Road, Suite 140, St. Louis, Missouri 63131 filed an Application with the North Carolina Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity and for Approval of Rates (Application) seeking authority to provide water and wastewater utility service to Pine Mountain Lakes in Burke County, North Carolina, and approval of rates.

Upon acquisition, Red Bird plans to make approximately \$1,275,000 in capital improvements to the water and wastewater systems over the next five years, including replacing a lift pump station and enclosure for the Wastewater Treatment Plant along with replacing existing electric service and distribution equipment, replacement of existing pump motor controllers and associated controls in five water distribution system stations, installation of surge protector devices in all pump stations, and the installation of Supervisory Control and Data Acquisition (SCADA) systems for tank fill automation and surveillance. According to Red Bird, these improvements, as well as others, are necessary to ensure proper operation of the Pine Mountain water and wastewater systems and provide safe and reliable service to customers. Such investments in the Pine Mountain systems will eventually result in a rate increase, which will be subject to Commission review and approval in a future rate case.

When Red Bird files a general rate case application with the Commission in the future, Red Bird intends to include in rate base the costs associated with purchasing the Pine Mountain systems and its investment in the systems, which would allow Red Bird to recover in rates the reasonable depreciation expense and allow Red Bird the opportunity to earn a return, approved by the Commission, on Red Bird's post-closing investment. Depending on the number of utility systems it has acquired by the time it files a rate case relating to the Pine Mountain systems, Red Bird may seek approval of uniform rates across all its North Carolina utility systems, including the Pine Mountain Community.

**EFFECT OF RATES:**

Upon acquisition of the Pine Mountain system, Red Bird proposes to continue to charge the current residential flat rates for monthly water and sewer utility services and the flat rate for monthly nonresidential (commercial) water service. In addition, Red Bird proposes to maintain the reconnection charge. The present and proposed rates are as follows:

<u>Present</u>	<u>Proposed</u>		
<u>Monthly Water Utility Service</u>			
Flat Rate		\$ 35.56	\$ 35.56
Motel		\$100.00	\$100.00
Restaurant		\$100.00	\$100.00
<u>Monthly Sewer Utility Service:</u>			
Flat Rate		\$ 27.72 per toilet	\$ 27.72 per toilet
Motel		\$312.96	\$312.96
Restaurant		\$312.96	\$312.96
<u>Reconnection Charge:</u>			
If water utility service is cut off by utility		\$14.99	\$14.99
If water utility service is discontinued at customer's request		\$14.99	\$14.99
If sewer utility service is cut off by utility		\$14.99	\$14.99

Based on these rates, residents and the three POA buildings would continue to be billed a flat rate of \$35.56 per month for water utility service. The Motel and Restaurant would continue to be billed a flat rate of \$100.00 per month for water utility service. A flat rate of \$27.72 per toilet per month would continue to be charged for wastewater utility service for residents and the three POA buildings. A flat rate of \$312.96 per month for wastewater utility service would continue to be charged to the Motel and the Restaurant.

The current monthly service rates were not approved by the Commission because the Pine Mountain service area is not currently regulated by the Commission. The Commission will determine in this proceeding whether the current monthly service rates are just and reasonable and whether to approve the connection and reconnection charges as proposed by Red Bird. In this proceeding, the Commission may change the monthly service rates to be charged until the first rate case.

Red Bird plans to request from the Commission a rate increase and uniform statewide rates to become effective approximately 33 months post-acquisition. The extent of a rate increase that could be requested by Red Bird approximately three years in the future cannot be predicted with certainty at this time because the needed capital improvements and repairs are subject to change. Due to the purchase costs and needed capital improvements and repairs, future rates are expected to be higher than the current rates. Any proposed rate increase will be subject to Commission approval.<sup>1</sup>

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<sup>1</sup> Any future change in rates proposed by Red Bird would require filing a general rate case application pursuant to N.C. Gen. Stat. § 62-134, notice to customers, a public hearing, and approval by the Commission.

## PROCEDURES FOR PUBLIC HEARINGS:

The Commission has scheduled the following hearings on the Application:

*Public witness hearing* at 7:00 p.m. on Tuesday, February 20, 2024, to be held in the Burke County Courthouse, 201 South Green Street, Courtroom 1, Morganton, North Carolina 28655. *This hearing may be cancelled if no significant protests are received through the submission of consumer statements on or before Friday, February 9, 2024.*

The public witness hearing on Tuesday, February 20, 2024, will be solely for the purpose of receiving the testimony of customers in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing pursuant to Commission Rule R1-21(g)(5).

*Expert witness hearing* at 2:00 p.m. on Wednesday, April 3, 2024, and continuing as necessary until concluded. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, 27603. The hearing scheduled for Wednesday, April 3, 2024, shall be conducted solely for the purpose of receiving testimony of Red Bird, Pine Mountain, the Public Staff – North Carolina Utilities Commission (Public Staff), and any other parties of record.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Consumer statements to the Public Staff should include the customer's name, contact information, and any information that the consumer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300. Consumer statements may also be faxed to (919) 715-6704.

Consumer statements may be submitted to the Commission via the web form at <https://www.ncuc.gov/contactus.html>. Consumer statements are not evidence unless those persons appear at a public witness hearing and testify concerning the information contained in their consumer statements.

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, c/o Utilities Section, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. Written statements may also be emailed to [utilityAGO@ncdoj.gov](mailto:utilityAGO@ncdoj.gov).

Persons desiring to intervene in this proceeding as formal parties of record should file a petition to intervene pursuant to Commission Rules R1-5 and R1-19, not later than Monday, February 26, 2024. Such petitions should be filed with the Chief Clerk of the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. The direct testimony and exhibits of expert witnesses to be presented by

intervenors should also be filed with the Commission on or before Monday, February 26, 2024.

Information regarding this proceeding can also be accessed from the Commission's website at [www.ncuc.gov](http://www.ncuc.gov) under Docket Number "W-1328 Sub 11."

This the 22nd day of January, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Tamika D. Conyers". The signature is written in a cursive style with a large initial 'T' and 'C'.

Tamika D. Conyers, Deputy Clerk

CERTIFICATE OF SERVICE

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers copies of the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-1328, Sub 11, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_ 2024.

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Utility Company

The above named Applicant, \_\_\_\_\_, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket No. W-1328, Sub 11.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name

(SEAL) My Commission Expires: \_\_\_\_\_  
Date