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March 10, 2023

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Room 5063
Raleigh, NC 27603

Re: In the Matter of
Joint Application of Bald Head Island Transportation, Inc., Bald Head Island Limited
LLC, and Bald Head Island Ferry Transportation, LLC, for Approval of Transfer of
Common Carrier Certificate to Bald Head Island Transportation, LLC, and Permission
to Pledge Assets
NCUC Docket No. A-41, Sub 22
Summary Testimony of Charles A. Paul, III and Lee H. Roberts

Dear Ms. Dunston:

Attached for filing in the above referenced docket on behalf of Bald Head Island
Transportation, Inc. (BHIT), Bald Head Island Limited, LLC (BHIL), and Bald Head
Island Ferry Transportation, LLC (BHIFT), collectively "Applicants", is the Summary
Testimony of Charles A. Paul, III and Lee H. Roberts.

If you should have any questions concerning this filing, please do not hesitate to contact
me.

Sincerely,

/s/ M. Gray Styers, Jr.

M. Gray Styers, Jr.

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota
Nevada New Jersey New York North Carolina Pennsylvania South Carolina Texas Washington

Ms. A. Shonta Dunston
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Enclosure

cc: Parties and Counsel of Record
William E. H. Creech – NC Public Staff
Elizabeth D. Culpepper – NC Public Staff
Lucy Edmondson – NC Public Staff
Jessica Heironimus – NC Public Staff
Gina Holt – NC Public Staff

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Mar 10 2023

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. A-41, SUB 22

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Joint Application)
of Bald Head Island Transportation, Inc.,)
Bald Head Limited LLC, and Bald Head)
Island Ferry Transportation, LLC, for)
Approval of Transfer of Common Carrier)
Certificate to Bald Head Island Ferry)
Transportation, LLC, and Permission to)
Pledge Assets)
)
)

**TESTIMONY SUMMARY
OF
REBUTTAL TESTIMONY OF
LEE H. ROBERTS AND
CHARLES A. PAUL, III**

**ON BEHALF OF
APPLICANTS**

Lee H. Roberts and Charles A. Paul, III Testimony Summary

Docket No. A-41, Sub 22

We are Lee Roberts, the Managing Partner of SharpVue Capital, LLC (“SharpVue”), and Charles “Chad” Paul, the President of Bald Head Island Transportation, Inc. (“BHIT”) and Chief Executive Officer and Manager of Bald Head Island Limited LLC (“BHIL”). Our rebuttal testimony addresses issues and questions raised in the response testimony regarding future plans for ownership and management of the ferry, tram, parking, and barge operations post closing.

In finding a purchaser for the transportation assets, it was important to BHIL (and the Mitchells) to identify a new owner who is committed to maintaining the ongoing success of the island. SharpVue intends to keep the current management in place and hire current employees of the operations to provide a seamless transition. SharpVue’s ownership will ensure ratepayer will receive high-quality service and continue to come to the island for commercial, residential, and recreational purposes.

Contrary to assertions otherwise, SharpVue’s interests are aligned with the Island and its stakeholders—just like the Mitchells’ have been in the past. Our economic incentive is to maximize asset utilization, which is dependent on the success of the Island itself. When Bald Head Island flourishes, so will we. Moreover, SharpVue is willing to invest in the system to improve service, accommodate growth, and prepare for contingencies – something BHIL and BHIT are no longer in a position to do.

SharpVue is willing, able, and planning to be a long-term owner and operator of the system and will have sufficient capital to execute these plans. After closing, we will have \$2 million in cash on hand and a \$2 million revolving line of credit available. In addition, SharpVue has the ability to call upon additional capital for future investments if needed. SharpVue’s base case has always been to buy and hold the utility assets for the long term.

Concerns about the purchase price being too high are also not supported by the facts. Instead, multiple independent appraisers have valued the property. The most recent appraisal has clearly established that the amount being paid by SharpVue is at or below fair market value. Significantly, its lender is willing to provide financing based upon that valuation.

As reflected in the regulatory conditions we propose, SharpVue is ready and willing to make commitments to mitigate perceived risks and protect ratepayers going forward. Those conditions (largely following those proposed by the Public Staff) address concerns such as parking availability and rates (which will survive regardless of the Sub 21 appeal), affiliate transaction pricing, on-time performance metrics, cash distributions, debt/equity ratios, ownership or control of necessary property, and ten-year capital expenditure plans, among others.

The systems may be well run for now, but the absence of investments and engaged ownership will result in deteriorating equipment and declining service quality in the future. Ownership of the transportation systems by SharpVue is far beneficial to customers compared to forcing a liquidating estate to continue to own it. The biggest stumbling block that may prevent the realization of this benefit is if SharpVue cannot earn a return on its full investment in the parking facilities and the tugboat/barge operations, as proposed in the response testimony. We believe that Commission precedent, economic principles, and sound regulatory principles support establishing the rate base for these assets at their fair market value, as represented by the allocated purchase price. Perhaps most significantly, doing so will not result in a material increase in rates.

SharpVue is excited to consummate this transaction and looks toward the future. We hope the decision of this Commission recognizes the benefits and allows this transaction to proceed.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Testimony Summary of Charles A. Paul, III and Lee H. Roberts has been served by electronic mail, hand delivery, or by depositing a copy of same in the United States Mail, postage prepaid, properly addressed to parties and counsel of record as shown on the Commission’s Service List in docket A-41, Sub 22, and has also been provided to Commission’s Counsel and to the appropriate members of the NC Public Staff. This is the 10th day of March, 2022.

/s/ M. Gray Styers, Jr.
M. Gray Styers, Jr.
Counsel for
Bald Head Island Transportation, Inc.
and Bald Head Island Limited, LLC