

March 5, 2024

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

Re: Docket No.: A-41, Sub 23

Dear Ms. Dunston:

This letter is being submitted as a response to Bald Head Island Transportation's (BHIT) request to modify the schedule of the Bald Head Island Ferry.

The Bald Head Island Club, and its wholly owned affiliate Shoals Club, is the largest commercial entity on Bald Head Island. The combined clubs are the largest employer on the island. As such, the Club is the largest single customer of the Bald Head Island Transportation (BHIT) system. The Club's employees, most of whom reside in Brunswick or New Hanover Counties, rely on the Bald Head Island Ferry to commute to and from work on a daily basis. The cost of this transportation comprises a significant portion of the annual budget of the Club. In addition, the Club represents over 1,300 member families who are homeowners on the island. These homeowner families, their guests, and their renters rely on the BHIT's ferry service to reach their homes.

While there are many other businesses on the island whose employees use the ferry, our organization represents nearly every homeowner and a majority of workers who depend on the services provided by BHIT. We have received many questions and concerns related to the proposed ferry schedule changes. We were not consulted by BHIT prior to the submission of the proposed ferry schedule changes.

We have six primary concerns with the schedule changes proposed by BHIT.

First, BHIT did not spend proper time to consult with or get feedback from ferry users prior to submission of the proposed schedule.

Second, the proposed schedule will cause significant hardship to island employees, businesses, visitors, and homeowner families based on the reduction of both quantity and timing of ferry runs.

Third, while BHIT claims in its filing that it used certain data to design the proposed reduced schedule, that data is not available to system users to analyze the effect of the proposed schedule.

Fourth, while reducing service, BHIT's request does not indicate any plan to increase the amount of tram service required to transport ferry users to their final destination.

Fifth, while the proposed schedule significantly reduces the number of ferry runs per day resulting in significant cost savings for BHIT, BHIT proposes no justification for failing to pass on these savings to the users of the ferry.

Sixth, the schedule change request filed by BHIT fails to address some of the obvious inefficiencies experienced by ferry users that contribute to the time currently required to complete a ferry run – and thus adversely impact on time performance (OTP).

Lack of Consultation with Ferry Users

In its filing with the NCUC requesting the transfer of the transportation system to SharpVue, BHIT committed to seeking feedback from system users on a regular basis. It is a certainty that BHIT shared the proposed schedule change with SharpVue prior to filing the schedule change request. It is very disconcerting that both BHIT and SharpVue failed to appropriately seek user input while developing the proposed schedule change. The Club took these entities at their word when deciding not to oppose the ferry transfer, as one of the facts relied upon by the Club was the stated willingness of BHIT and SharpVue to seek user input and feedback. Yet, in the first action by BHIT since filing for the request to sell the ferry to SharpVue, employees, businesses, homeowners, and visitors were not consulted in the development of the proposed schedule.

The filing states “Specifically, Mr. Chad Paul made presentations to the Annual Meeting of the Bald Head Island Association (HOA) on January 27, 2024”. This is a gross exaggeration. On January 27, Mr. Paul was invited to speak to BHA membership regarding Mitchell family activities. He was one of six presenters including the Village, the Chapel, the Conservancy, the Clubs and the Old Baldy lighthouse foundation, and his presentation fell between the Chapel and the Conservancy. In his 12 minutes, Mr. Paul mentioned the schedule changes at the end of his presentation after spending time on many other topics. The new schedule was his ninth item and he took about 90 seconds to describe this proposal. Mr. Paul’s brief statement, at the end of the multi-topic presentation, represents the sole public comment the Club is aware of on the topic. For a change as significant as the proposed ferry schedule change, the NCUC—and the primary consumers of the regulated utility—should expect significant public notice and consultation with the users of the system. The number of concerns voiced by users since the filing of the schedule change request strongly indicates that the request would have benefitted from user consultation and input.

Hardships Due to Reduction of Service

Multiple hardships would be created by the proposed reduced schedule. Many island workers leave the island between 4:15 and 5:15 each day. With the new schedule, there will only be one contractor ferry to accommodate that “rush hour.” BHIT does not provide any data for analysis, nor do they acknowledge the impact of such reduction. The new schedule would also eliminate the last ferry leaving the island at night. The Club and many other businesses rely on the late ferry for their last employees to leave the island. These businesses will likely be required to reduce hours, and employee hours will be cut, and the businesses will have reduced revenue, due to the proposed new schedule. Businesses have come to rely on the timing of the last boat to get their employees home at night. Island employees will have a more difficult time getting to and from the island. While the contractor ferry schedule is unchanged, many island employees end up on the passenger ferry when the contractor ferry is full. Potential island employees, already

facing a difficult commute, may be even less inclined to take jobs on BHI. This will have a negative effect on Brunswick County and New Hanover County residents who depend on BHI for their livelihood. If island businesses find hiring even more difficult than it is now, they will be forced to pass on their costs to their customers. With ferry ticket prices unchanged, BHIT will have reduced costs, but island residents and visitors will see an increased cost of living.

Lack of Availability of Data for Analysis

BHIT cites average daily ferry usage to claim that the new proposed schedule will adequately serve the needs of ferry users. BHIT's use of daily rider counts does not adequately account for the peak intraday usage period. In order for the users of the system to reasonably respond to the requested schedule change, BHIT should provide enough data to allow for analysis of impact to users. The Club requests that BHIT provide the following data for our analysis:

- Counts of ferry riders by run, split between time ticketed and standby users for the past 36 months.
- Counts of the number of passengers bumped by run for the past 36 months.
- Documentation of each late and/or cancelled run for the past 36 months.
- Documentation of the incidences of vessel out of service issues for the past 36 months.
- Documentation of each incidence of the use of the ferry for public safety reasons indicating whether the ferry was delayed or cancelled due to emergency use.
- Detailed projections of the amount of operational savings to BHIT based on adoption of the new proposed schedule.
- Any other data used by BHIT in development of their new proposed schedule.

We request this data to be provided to the public in electronic native file format such as a spreadsheet usable for analysis.

Lack of Plan for Increased Tram Service

While BHIT claims that diminished ferry capacity will allow for all riders to be transported on the system, they admit that ferries will have more riders per ferry than is currently experienced. However, BHIT does not indicate it has any plan to increase the number of trams available to service the increased ridership per ferry. Currently, at peak times, there is not enough tram capacity to handle the number of riders requiring tram service. On Saturdays in the summer, tram capacity is sold out months in advance. Increasing the number of riders per ferry will only exacerbate this lack of tram capacity. Without significant investment in tram capacity, the experience of many system users will continue to be poor. The new electronic ticketing system also has had a negative impact on tram capacity. The system has been plagued by downtime and errors. There are many reported instances of users requesting a tram that did not show up or having a tram show up when it is not needed. BHIT seems to blame user error for these issues, but the system has been in place for months and these errors are still occurring. Perhaps BHIT should investigate the number of tram dispatch errors to determine whether this is contributing to the increasing problems with ferry turnaround time.

Cost Savings from Reduced Ferry Runs

The proposed schedule reduces the number of ferry runs by up to eight per day each way. This is approximately a 30% reduction in passenger ferry runs (contractor ferry is unchanged). If

approved this reduction will inherently result in cost savings for BHIT. There is no reason to believe that the proposed schedule will result in any decrease in ridership or revenue for BHIT. In fact, an argument could be made that more users will be required to use reserved tickets rather than Class B no frills tickets to ensure that they have a spot on their desired ferry during peak ridership periods. BHIT does not detail the amount of savings that it projects from the proposed schedule, nor does it indicate that these savings will be passed on to the users of the system. The proposed schedule change has a material effect on the rate of return to be realized by BHIT, yet they make no effort to adjust user rates to account for this increased return.

Other Means to Increase OTP were Not Addressed

BHIT's schedule change request focuses on increasing on-time-performance. OTP is an important factor in the provision of ferry service and BHIT's current record is abysmal. In fact, the current statistics may overstate OTP. The first ferry of the day and almost all ferries following a cancellation are on time. By cancelling a ferry, BHIT resets all remaining ferries for the day to an artificial "on time" status. But the passengers on a cancelled ferry definitely know the difference, as they wait for the next ferry. Unfortunately, BHIT claims most of the OTP issues are outside of their control without providing any data to support that assertion. Through its proposal, BHIT has chosen to pursue the only potential remedy to improve OTP that does not require investment by BHIT. Many ferry riders complain of inefficiencies in the current system that contribute to poor on-time-performance. BHIT's new ticket scanning process takes significantly longer than the prior scanning of paper tickets. Perhaps BHIT could invest in personnel to scan tickets prior to the arrival of the next ferry to reduce the impact of scanning during the boarding process. In a previously approved regulatory filing, BHIT requested a cap of three items of luggage per passenger to reduce the baggage handling requirement, but it does not employ sufficient personnel to adequately enforce this requirement. Perhaps hiring additional personnel or implementing system changes to restrict baggage per ticketed passenger could be effective. Perhaps cutting off baggage 10 minutes before ferry departure would allow for the transfer of bags from dock to boat in a timelier manner. Perhaps investment in additional baggage dollies would allow for all bags to be ready to load prior to the arrival of the next ferry. As BHIT admits, tram capacity affects OTP. Perhaps an investment in more trams and drivers could improve this situation. Finally, investment in new and improved ferries could also improve performance. Reduction in service should be the last resort to solving OTP problems, not the first. If reduction in service is required, perhaps a move to a 35- or 40-minute schedule rather than 45-minute schedule—without a reduction in the number of ferries--could be successful with less impact to ferry users.

Requested Action by NCUC

The Club requests that the NCUC delay ruling on the proposed schedule change request by BHIT until the following actions can occur:

- Since BHIT and SharpVue neglected to solicit user input, we request the NCUC Public Staff hold a public hearing on the island to receive feedback on the proposed schedule and user ideas for how to improve the request. The Club offers to host such a forum. We request that all comments made at this forum become part of the public record in this matter.

- We request that BHIT be required to provide the data outlined above to allow parties to analyze the current ferry operations and recommend alternative solutions. We ask that this data be provided at least 30 days prior to the user public forum.
- We request that BHIT provide an analysis of the cost savings to be realized as a result of the proposed schedule change and account for any investment it has made or plans to make to improve OTP.
- We request that any new and improved schedule that factors in the needs of the ferry users be implemented after the conclusion of the summer busy season on the island. Last year, BHIT implemented a new ticket system at the beginning of the busy season with poor results and added confusion, which certainly reduced OTP. No one wants a repeat of the confusion caused by BHIT last season.
- We request that the NCUC instruct BHIT to include feedback solicited from users as part of any future proposed service change it requests from the NCUC.
- Require BHIT to provide service data as requested in this letter on a regular basis to allow users to analyze the performance of the ferry system including per-ferry daily ridership data and OTP.

If these actions are taken, we are confident that the BHIT request will be analyzed thoroughly and improved, and the impact to users of the ferry will be minimized. We thank you for considering our request.

Signed,

G. Slaughter Fitz-Hugh
President of the Bald Head Island Club Board of Governors

David F. Sawyer
CEO of the Bald Head Island Club