



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

November 2, 2023

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1328, Sub 11 – Application by Red Bird Utility Operating Company LLC, d/b/a Red Bird Water for a Certificate of Public Convenience and Necessity and for Approval of Rates for Pine Mountain Lakes

Dear Ms. Dunston:

On July 25, 2023, the Public Staff filed a letter in this docket identifying eight deficiencies in the application for a certificate of public convenience and necessity (CPCN) filed by Red Bird in this docket.

On October 19, 2023, Red Bird Utility Operating Company, LLC d/b/a Red Bird Water (Red Bird) filed a letter responding to the Public Staff's letter. The Public Staff has reviewed the response and is of the opinion that the following deficiencies remain:

**Items 3 and 4 – Addendum to CPCN Application**

The Commission's Application for a Certificate of Public Convenience and Necessity and for Approval of Rates form requires that a utility complete either a two-page addendum attached to the form or provide the following information: (1) audited financial statements for the utility and/or parent company; (2) Budgets, capital and operating, for the company's North Carolina utility operations for the next five years; and (3) the most recent fiscal year budgets, capital and operating, and the actual amounts for that year for the utility's and/or parent company's North Carolina utility operations.

Item 3 from the Public Staff's July 25 letter states:

The addendum showing the projected cash flows and income statement for the utility system for the first five years of operation required by Item 3 on page 8 of the Application Form was not provided. The Public Staff needs a

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Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Economic Research  
(919) 733-2267

Energy  
(919) 733-2267

Legal  
(919) 733-6110

Transportation  
(919) 733-7766

Water/Telephone  
(919) 733-5610

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completed addendum for the five-year period beginning on January 1, 2023, to move forward with its investigation.

In response to Item 3, Red Bird states in its October 19 letter, "Please see Confidential Attachment 3 which represents an updated Attachment H. The Company has confirmed with Public Staff that the attachment is 'consistent with the categories in the addendum and it covers the requisite time period...'"

Item 4 from the Public Staff's July 25 letter states:

The documents an applicant may submit in lieu of a completed addendum were either (1) not provided, as is the case with Item 3(3), or (2) contain financial information that is too outdated for the Public Staff to make a recommendation, as is the case with Items 3(1) and 3(2). If the Company intends to provide these documents in lieu of submitting a completed addendum, the Public Staff needs information current as of no earlier than December 31, 2022, to move forward with its investigation.

Red Bird did not provide the missing information identified by the Public Staff in Item 4. Rather, Red Bird states in its October 19 letter, "Please see the response to subpart 3 above for a completed addendum." Therefore, it is the Public Staff's understanding that Red Bird has elected to provide the addendum as opposed to provide the alternative information.

Red Bird's Confidential Attachment 3 includes the information required by pages 1 and 2 of the Commission's Addendum to Application for Certificate of Public Convenience and Necessity and for Approval of Rates. However, Red Bird failed to provide the "written detailed narrative explanation of all assumptions underlying the information and data contained in the addendum" as required by Item 3 of the instructions on the last page of the Addendum. The Public Staff cannot complete its review of the addendum without this information.

#### **Item 5 – Water System DEQ Plan Approval**

Item 5 from the Public Staff's July 25 letter states:

Item 4 on the Application Form Exhibits list (a copy of the plan approval letter for the water system from the Department of Environment Quality (DEQ)) was not provided. Because the water system is regulated by the DEQ Department of Water Resources, Public Water Supply Section, there should be a plan approval letter for the system.

In response to Item 5, Red Bird states in its October 19 letter, "Please see Attachments 4-7."

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Attachment 7 is a letter advising the manager of Pine Mountain Lakes development of the DEQ water system approval under Serial No. 95-08004 dated November 8, 1994, for a water main extension for Section 17 of the Pine Mountain Lakes development. The approval letter states that the water system consists of three wells; one 79,000-gallon and two 29,500-gallon ground storage tanks; one 5,600-gallon hydropneumatic tank; four booster pump stations; 8-inch, 6-inch, 4-inch, and 2-inch distribution piping; and valves, hydrants, and other appurtenances to serve Sections 7, 9, 11, 16, and 17 of the development and a 100-unit motel and restaurant, totaling 416 equivalent residential connections.

Attachment 6 is a letter advising the Pine Mountain Lakes development manager of the DEQ water system approval under Serial No. 95-08357 dated January 12, 1995, for Phase 1 of the development consisting of Well B, one 10,000-gallon and one 30,000-gallon ground storage tank, two booster pump stations, and some water mains.

The Public Staff located a revised DEQ water system approval, which was filed as Exhibit 1 to the Public Staff's Investigative Report and Recommendations on May 25, 2017, in Docket No. W-1316, Sub 0 (See Attachment A). The revised approval, which is under Serial No. 9386-R dated December 4, 1973, is for two wells; well houses; a chlorination apparatus; two 29,600-gallon storage tanks; one 865-gallon hydropneumatic storage tank; three booster pump stations; 12-inch, 8-inch, 6-inch, 4-inch, and 2-inch mains; valves; hydrants; and other appurtenances to serve 184 residential connections, a 100-unit motel, and other connections.

Based on the foregoing, the Public Staff believes Red Bird failed to provide original DEQ approvals, including the approval under Serial No. 9386, as required by Item 4 on the Application Form Exhibits list for all water system components including the two wells and three booster pump stations summarized in approval in Serial No. 9386-R, one 79,000-gallon and two approximately 29,500-gallon ground storage tanks, and one 5,600-gallon hydropneumatic storage tank. In addition to demonstrating official DEQ approval of these water system components, original DEQ approvals contain additional information such as well yields and well pump sizes that is not contained in Attachments 6 or 7 to Red Bird's October 19 letter, or in Attachment A to this letter. The Public Staff needs this additional information to complete its review of Red Bird's application and ensure that Red Bird will be able to adequately serve customers.

For the reasons stated above, it is the Public Staff's opinion that the application remains incomplete.

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If you have any questions, please do not hesitate to contact me.

Sincerely,

Electronically submitted  
/s/ Megan Jost  
Staff Attorney  
megan.jost@psncuc.nc.gov

cc: Parties of Record

OFFICIAL COPY

Nov 02 2023



STATE OF NORTH CAROLINA  
DEPARTMENT OF HUMAN RESOURCES  
*Division of Health Services*

JAMES E. HOLSHOUSER, JR.  
GOVERNOR  
DAVID T. FLAHERTY  
SECRETARY

JACOB KOOMEN, M.D., M.P.H.  
DIRECTOR

P. O. Box 2091

Raleigh 27602

December 4, 1973

RECEIVED  
DEC 18 1973

Mr. Roger P. Hussey  
Executive Vice President  
Pine Mountain Lakes Development  
Post Office Box 197  
Connelly Springs, North Carolina 28612

Re: Water System  
Pine Mountain Lakes Development  
Phase I  
Burke County

Dear Mr. Hussey:

Revised plans and specifications for the referenced project prepared by Wilbur Smith & Associates, Incorporated have been reviewed by engineers of this Section. The revised plans call for two wells, well houses, chlorination apparatus, two (2) 29,600 gallon steel storage tanks, one (1) 865 gallon hydropneumatic storage facilities, three (3) booster pumping station, 12-inch, 8-inch, 6-inch, 4-inch and 2-inch mains, valves, hydrants and other appurtenances to serve 184 residential connections, 100 unit motel and several other connections. On request our Asheville Regional Office will assist in the start up and adjustment of the chlorination apparatus. We respectfully request that the recipients destroy the plans approved under serial number 9386 and retain for filing these plans approved under serial number 9386-R. These revised plans and specifications are approved under Division of Health Services serial number 9386-R, dated November 30, 1973.

One copy of the "Application for Approval..." is enclosed. One copy of the revised plans and specifications bearing the Division of Health Services stamp of approval is being sent to you under separate cover. One copy of each is being forwarded to the Burke County Health Department. The third copy is being retained in our permanent files.

If we can be of further service, please call on us.

Very truly yours,

*Marshall Staton*  
Marshall Staton, Chief  
Sanitary Engineering Section

Enclosure

cc: Mr. E. D. Herndon  
Burke County Health Department  
Wilbur Smith & Associates, Incorporated  
Mr. Dave Creasy