

**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

February 20, 2022

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

Re: Docket No. A-41, Sub 22 – Joint Application of Bald Head Island Transportation, Inc., Bald Head Island Limited LLC, and Bald Head Ferry Transportation, LLC, for Approval of Transfer of Common Carrier Certificate to Bald Head Island Ferry Transportation, LLC, and Permission to Pledge Assets

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket please find the public (non-Confidential) version of the Amended and Supplemental Joint Testimony of Sonja R. Johnson, Krishna K. Rajeev, and John R. Hinton.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

Electronically submitted
/s/Gina C. Holt
Manager, Legal Division, Water, Sewer,
Telephone, & Transportation Sections
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Electronically submitted
/s/ William E. H. Creech
Staff Attorney
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Attachment

Executive Director (919) 733-2435	Communications (919) 733-5610	Economic Research (919) 733-2267	Legal (919) 733-6110	Transportation (919) 733-7766
Accounting (919) 733-4279	Consumer Services (919) 733-9277	Electric (919) 733-2267	Natural Gas (919) 733-4326	Water (919) 733-5610

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. A-41, SUB 22

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 Ferry Transportation, LLC, and
Permission to Pledge Assets

) **AMENDED AND**
) **SUPPLEMENTAL**
) **JOINT TESTIMONY OF**
) **SONJA R. JOHNSON,**
) **KRISHNA K. RAJEEV, AND**
) **JOHN R. HINTON**
) **ON BEHALF OF**
) **THE PUBLIC STAFF-**
) **NORTH CAROLINA**
) **UTILITIES COMMISSION**

February 20, 2023

1 **Q. Please state your name, business address, and present**
2 **position.**

3 A. My name is Sonja R. Johnson, and my business address is 430
4 North Salisbury Street, Raleigh, North Carolina. I am the Financial
5 Manager of the Natural Gas and Transportation Section of the
6 Accounting Division of the Public Staff – North Carolina Utilities
7 Commission (Public Staff). My qualifications and experience are
8 provided in Appendix A.

9 **Q. Please state your name, business address, and present**
10 **position.**

11 A. My name is Krishna K. Rajeev, and my business address is 430
12 North Salisbury Street, Raleigh, North Carolina. I am the Director of
13 the Transportation Rates Division of the Public Staff. My
14 qualifications and experience are provided in Appendix B.

15 **Q. Please state your name, business address, and present**
16 **position.**

17 A. My name is John R. Hinton, and my business address is 430 North
18 Salisbury Street, Raleigh, North Carolina. I am the Director of the
19 Economic Research Division of the Public Staff. My qualifications
20 and experience are provided in Appendix C.

1 **Q. Please describe the purpose of your amended and**
2 **supplemental testimony in this proceeding.**

3 A. The purpose of our amended and supplemental testimony is to
4 present the results of the Public Staff's investigation of the original
5 application filed on July 14, 2022, by Bald Head Island
6 Transportation, Inc. (BHIT) and Bald Head Island Ferry
7 Transportation, LLC (BHIFT), a wholly owned subsidiary of Pelican
8 Legacy Holdings, LLC (Holdings), and managed by SharpVue
9 Capital, LLC (SharpVue), as well as the Amended Application filed
10 on January 24, 2023 (as amended, the Application) by BHIT, BHIFT,
11 and Bald Head Island Limited LLC (BHIL and collectively, with BHIT
12 and BHIFT, the Applicants), pursuant to N.C. Gen. Stat. § 62-111 for
13 approval to transfer BHIT's Common Carrier Certificate to BHIFT to
14 operate the passenger ferry transportation services to and from Bald
15 Head Island, the tram services on the island, and, in addition, the
16 parking, barge, and tug operations (collectively, the Transportation
17 Assets) (the Transfer).

18 We also present the results of our investigation of the request for
19 BHIFT or SharpVue, to pledge assets and borrow or issue debt,
20 pursuant to N.C.G.S. §§ 62-160 and 62-161, secured by the
21 Transportation Assets as may be necessary to finance the Transfer
22 (the Pledging of Assets, and collectively with the Transfer, the

1 Proposed Transaction). In our amended and supplemental
2 testimony, we describe the scope of the Public Staff's investigation
3 of the Proposed Transaction; discuss the balancing of costs and
4 benefits of the Proposed Transaction; and present the Public Staff's
5 recommendation to the Commission regarding approval of the
6 Proposed Transaction.

7 Finally, we describe the basis for, and major provisions of, the
8 Regulatory Conditions recommended by the Public Staff, which are
9 attached hereto as Exhibit 1 (Regulatory Conditions).

10 **Q. Please describe the Public Staff's investigation.**

11 A. The Public Staff reviewed the Application to assess potential costs
12 and benefits and service-related aspects of the Proposed
13 Transaction and analyzed the complex and multiple levels of
14 business entities in the proposed ownership chain and management
15 above BHIFT. Our investigation included written data requests,
16 review of the responses to those data requests as well as the
17 responses to other parties' data requests, a site visit, conversations
18 with the parties, review of the testimony from the public witness
19 hearing on November 1, 2022, review of the consumer statement
20 positions filed in Docket No. A-41, Sub 22CS, and additional
21 conversations with customers of the utility.

1 **Q. Why is it important to identify and balance the costs and**
2 **benefits of the Proposed Transaction?**

3 A. North Carolina Gen. Stat. § 62-111(a) provides that "no franchise
4 now existing . . . shall be sold . . . except after application to and
5 written approval by the Commission, which approval shall be given if
6 justified by the public convenience and necessity."

7 As explained in the Order Approving Merger Subject to Regulatory
8 Conditions and Code of Conduct issued September 29, 2016, in
9 Docket Nos. E-2, Sub 1095; E-7, Sub 1100; and G-9, Sub 682
10 (Duke/Piedmont Merger Order):

11 In prior merger proceedings the Commission has
12 established a three-part test for determining whether a
13 proposed utility merger is justified by the public
14 convenience and necessity. That test is (1) whether the
15 merger would have an adverse impact on the rates and
16 services provided by the merging utilities; (2) whether
17 ratepayers would be protected as much as possible
18 from potential costs and risks of the merger; and (3)
19 whether the merger would result in sufficient benefits to
20 offset potential costs and risks. See Order Approving
21 Merger Subject to Regulatory Conditions and Code of
22 Conduct (Duke/Progress Merger Order), issued June
23 29, 2012, in Docket Nos. E-2, Sub 998 and E-7, Sub
24 986, aff'd, In re Duke Energy Corp., 232 N.C. App. 573,
25 755 S.E.2d 382 (2014). These questions are related to
26 one another and together establish a reasoned
27 framework upon which utility mergers may be
28 evaluated. In making these assessments, the
29 Commission has also examined factors such as
30 whether service quality will be maintained or improved,
31 the extent to which costs can be lowered and rates can
32 be maintained or reduced, and whether effective
33 regulation of the merging utilities will be maintained. See

1 Order Approving Merger and Issuance of Securities,
2 issued April 22, 1997, in Docket No. E-7, Sub 596.

3 Duke/Piedmont Merger Order, at 68.

4 The Public Staff believes the Commission's three-part test for
5 determining whether a proposed merger is justified by the public
6 convenience and necessity is also applicable in determining the
7 appropriateness of the proposed Transfer.

8 **Q. Please describe BHIT's and BHIL's operations.**

9 A. BHIT provides ferry transportation of passengers and BHIL provides
10 barge and tug transportation between the Deep Point Marina in
11 Southport to Bald Head Island in Brunswick County, related BHIL
12 parking operations on the mainland, and BHIT tram services on the
13 island. BHIT began providing service in 1988 and was granted a
14 Common Carrier Certificate on January 6, 1995. The mainland and
15 island terminals are owned by BHIL and rented to BHIT by lease
16 dated January 1, 2006, and amended January 1, 2011 (as amended,
17 the Terminal Lease), for consecutive five year terms, "unless either
18 party objects to the renewal prior to the expiration of the term or any
19 extension thereof, or unless earlier terminated as provided herein."
20 Pelican Real Property, LLC, another wholly owned subsidiary of
21 Holdings, would acquire BHIL's non-regulated real property assets
22 under the Asset Purchase Agreement (as amended, APA) and as

1 such, would become BHIFT's successor lessor for the Terminal
2 Lease. The Terminal Lease does not cover now-regulated parking,
3 barge, or tug operations, and there is not yet a similar long-term
4 lease or perpetual easement or other arrangement to ensure
5 ownership or control for those operations.

6 **Q. Please describe the Proposed Transaction.**

7 A. The APA for the Proposed Transaction (attached as Confidential
8 Exhibit E to the Application) provides for the sale of BHIT's regulated
9 ferry and tram assets, BHIL's parking, barge, and tug assets, and
10 other assets owned by BHIL related to real estate, intellectual
11 property, and supplemental assets, at a purchase price of \$67.2
12 million to entities wholly owned by Holdings.

13 As depicted in the organizational chart on Exhibit B to the
14 Application, BHIFT is the sub-entity of Holdings that will acquire
15 BHIL's and BHIT's regulated assets.

16 As indicated in Confidential Exhibit F to the Application, the
17 acquisition is proposed to be financed with **[BEGIN**
18 **CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** of equity
19 capital and **[BEGIN CONFIDENTIAL]** [REDACTED] **[END**
20 **CONFIDENTIAL]** of debt. Thus, the financing structure is comprised
21 of approximately **[BEGIN CONFIDENTIAL]** [REDACTED] **[END**

1 **CONFIDENTIAL]** common equity and **[BEGIN CONFIDENTIAL]**
2 **██████████ [END CONFIDENTIAL]** debt.

3 BHIFT indicated in its Application and testimony that there are no
4 immediate plans to change rates, terms, or conditions of service;
5 management; or operational structure or to make any significant
6 changes in the number of employees and staff. (Application ¶¶ 20
7 and 21, at 5-6, ¶ 19, at 6-7, ¶ 30, at 10)

8 The Proposed Transaction is impacted, however, by a “Right of First
9 Refusal” (ROFR) dated August 21, 1999, from BHIT and BHIL to the
10 Village of Bald Head Island (Village). BHIL and BHIT have filed a
11 Complaint against the Village in Brunswick County Superior Court for
12 adjudication of the merits and status of the ROFR.¹ The timing and
13 outcome of the litigation could impact the Proposed Transaction,
14 namely the ability of BHIL and BHIT to sell their regulated assets and
15 the ability of any proposed purchaser to obtain real property title
16 insurance and therefore, financing, as part of any acquisition.²

¹ A copy of the Complaint (including the ROFR) is attached to the Village’s abeyance motion filed in this docket on February 3, 2023.

² See Complaint ¶ 53: Sharp Vue has represented to Plaintiffs that it is ready, willing, and able to close the Transaction, and that its lender stands ready to finance the Transaction once title insurance is in place. Sharp Vue, in consultation with Transportation and Limited, repeatedly sought a commitment of title insurance to accompany its purchase and financing of the Transaction but has been unable to secure such policy because of the Village’s continued claims that the ROFR is valid and should remain part of the public record. SharpVue in tum has informed Plaintiffs that it may not close the Transaction without title insurance.

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Application

Q. Please describe issues of ownership, management, and control relating to the Proposed Transaction.

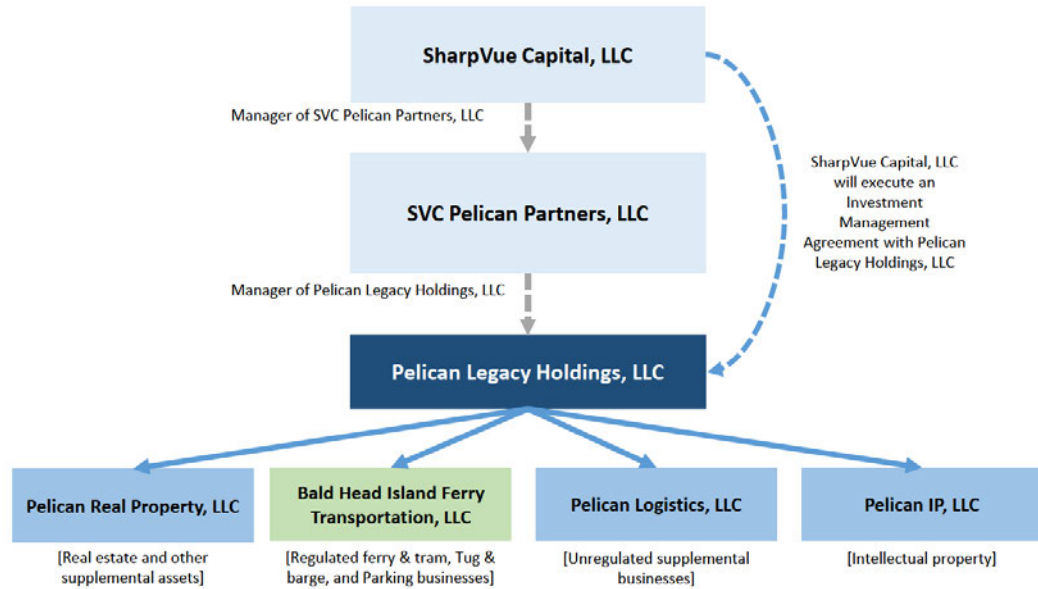
A. At the time of the Application, and as generally shown in Application Exhibit B and the figure below,³ BHIFT's [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] Holdings. Holdings' [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] SVC Pelican Partners, LLC (Partners), and Partners' [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] SharpVue⁴. Therefore, at the time of filing the Application, SharpVue [BEGIN CONFIDENTIAL] [REDACTED] [REDACTED] [END CONFIDENTIAL] BHIFT, Holdings, and Partners.⁵

³ Representatives of BHIFT have informed the Public Staff that Exhibit B will be updated (via correction to the Application or in rebuttal testimony) to again include Pelican Logistics, LLC, as contemplated in the APA, which is wholly owned by Holdings and will own supplemental assets that are not real property or intellectual property (IP).

⁴ SharpVue was founded in 2016. SharpVue was previously an arm of Curi, formerly known as Medical Mutual. In 2019, Lee Roberts and partner Douglas Vaughn spun SharpVue off into its own investment management firm. Roberts previously served as State Budget Director and worked with Piedmont Community Bank Holdings, Cherokee Investment Partners, and Morgan Stanley. Vaughn previously served in senior management with Triangle Capital Corp. and as President of VIETRI, Inc., among other key prior experience. www.sharpvuecapital.com

⁵ It is the Public Staff's understanding that, at present, SharpVue [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] Partners, though Partners [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] Holdings, and Holdings [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] BHIFT.

Proposed Organizational Structure
Exhibit B to the Amended Application under Sub 22 as of 2/16/2023



1

2 As depicted in Exhibit B, BHIFT proposed that SharpVue execute an
 3 Investment Management Agreement (IMA)⁶ with Partners and
 4 Holdings whereby SharpVue would among other things, manage the
 5 regulated parking, ferry, barge, tug, and tram assets of BHIFT. In
 6 support of the proposal, BHIFT indicated in response to discovery
 7 that such an agreement is “commonly used in the financial advisory
 8 industry” and a “common feature of private equity funds.”

9 As for day-to-day operations, BHIFT indicated that it intends to
 10 contract with current management employees of BHIT and BHIL

⁶ BHIFT provided a confidential copy of the draft IMA to the Public Staff in discovery and indicated that it is subject to revision prior to closing.

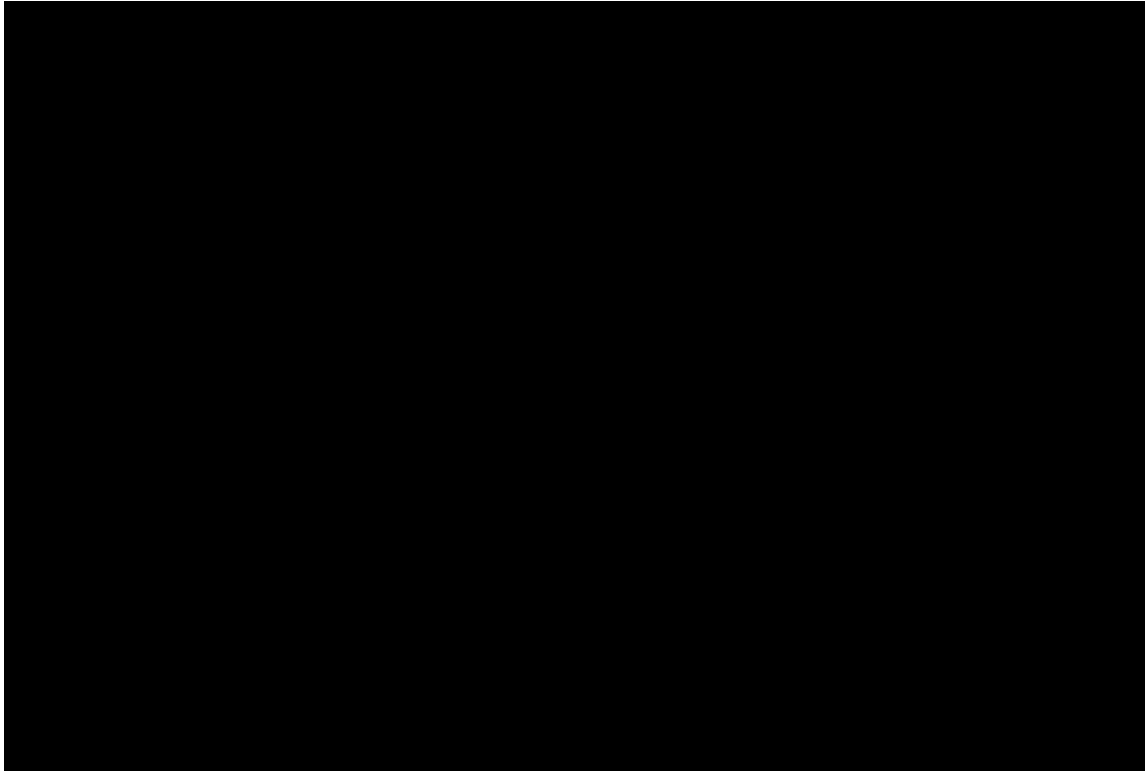
1 operations to continue in current roles and duties⁷ including "Chad"
2 Paul, III, President of BHIT and Chief Executive Officer (CEO) and a
3 Manager of BHIL; Shirley Mayfield, Chief Financial Officer of BHIL;
4 and Captain Bion Stewart, current Chief Operations Officer (COO) of
5 BHIT. (Application ¶ 17, at 7)

In discovery, the Public Staff obtained an updated chart of the organizational structure as shown below:

⁷ BHIFT stated in response to discovery:

We anticipate that Bald Head Island Ferry Transportation, LLC will be the employer for current employees of the Ferry Operations and Tram Operations. We anticipate that Chad Paul and Shirley Mayfield will provide management services to all subsidiaries of Pelican Legacy Holdings, LLC (including Bald Head Island Ferry Transportation, LLC), and may have employment agreements with Pelican Legacy Holdings, LLC. This is beneficial to ratepayers in that it maintains the current structure employed by BHIL/BHIT, which has not historically resulted in any stated concern by any party, the Public Staff or the Commission. This safeguards ratepayers because the employees they interact with regarding the ferry and tram will be employed by the entity holding the certificate for the ferry and tram operation – and thus will not be confused about who they are dealing with and the Commission will have jurisdiction over the regulated utility, BHIFT.

[BEGIN CONFIDENTIAL]



[END CONFIDENTIAL]

1 The organizational structure illustrated above depicts in greater
2 detail BHIFT's proposed ownership and management structure
3 contemplated for closing. As part of its investigation, the Public Staff
4 learned that, at transaction closing, SharpVue will no longer be a
5 member of Partners,⁸ and therefore, will no longer be the ultimate
6 parent company of Partners, Holdings, and BHIFT. Additionally, the
7 Public Staff learned that, at closing, Partners [BEGIN
8 CONFIDENTIAL] [REDACTED]

⁸ In its updated organizational structure, SharpVue indicates that it [BEGIN
CONFIDENTIAL] [REDACTED]
[REDACTED] [END CONFIDENTIAL] Partners.

1 [REDACTED]

2 [REDACTED]

3 **[END CONFIDENTIAL]** As a result, BHIFT indicated in discovery to

4 the Public Staff that it does not consider either SharpVue or Partners

5 to be the ultimate parent company of BHIFT. Rather, while BHIFT

6 will still be wholly owned by Holdings, Holdings will be comprised of

7 various investors that include Partners, **[BEGIN CONFIDENTIAL]**

8 [REDACTED]

9 [REDACTED]

10 **[END CONFIDENTIAL]** The Public Staff learned that Partners is

11 (and will continue to be after closing), along with Lee Roberts and

12 Chad Paul, one of the three initial Managers on the Board of

13 Managers of Holdings, such that Partners will be the sole owner and

14 manager of Holdings and BHIFT after closing. However, pursuant to

15 the IMA, Partners' management rights in Holdings will be assigned

16 for the term of the IMA to SharpVue. This arrangement results in Lee

17 Roberts and Douglas Vaughn, the Managing Partners of SharpVue,

18 owning or controlling over 50% of the equity ownership interests in

19 Holdings, and, therefore, a controlling interest in BHIFT's regulated

20 parking, ferry, tram, barge, and tug operations.

21 However, BHIFT indicated that, beyond the unexecuted IMA and key

22 employee agreements, various closing-related documents are not

1 yet complete, such that the Public Staff cannot confirm all proposed
2 aspects of the Transfer.

3 In light of all the foregoing, particularly the intertwined issues of
4 ownership, management, and control, the Public Staff requires that,
5 in addition to binding Holdings and BHIFT to the Regulatory
6 Conditions discussed later in our testimony, SharpVue and entities
7 under common ownership or control of SharpVue and its principals
8 Lee Roberts and Douglas Vaughn each be bound as well.

9 **Q. Please discuss the source of debt capital and the proposed**
10 **Pledging of Assets.**

11 A. With the help of SharpVue, Holdings plans to obtain its long-term
12 debt from [BEGIN CONFIDENTIAL] [REDACTED]
13 [REDACTED] [END CONFIDENTIAL] whereby the parking, ferry, barge,
14 tug, and tram assets will be pledged. [BEGIN CONFIDENTIAL]
15 [REDACTED] [END CONFIDENTIAL] has also offered to provide a [BEGIN
16 CONFIDENTIAL] [REDACTED] [END
17 CONFIDENTIAL] that will be available to fund future capital needs.
18 The Public Staff has been informed by BHIFT and [BEGIN
19 CONFIDENTIAL] [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED] [END CONFIDENTIAL]

4 **Q. Please provide additional detail on the investors of equity**
5 **capital.**

6 A. As depicted in the updated organizational structure above, the equity
7 investors in Holdings will be comprised of Partners, [BEGIN
8 CONFIDENTIAL] [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED] [END CONFIDENTIAL]

12 The Public Staff learned from BHIFT that investors have started
13 making initial contributions towards their planned investment
14 amounts, and that a capital call for the remaining capital will be made
15 in advance of closing. BHIFT contends that the provisions embedded
16 within the investor subscription agreements and operating
17 agreement for Holdings ensure that the remaining capital will be
18 provided.

19 **Q. What are the benefits of the Transfer?**
20 A. The existing owners indicated through their representatives that they
21 are no longer interested in owning or further investing in the Bald

1 Head Island ferry operations. The proposed purchase of BHIFT and
2 retention of key managers and employees would allow for an orderly
3 transition from BHIT for ratepayers. Additionally, BHIFT indicated it
4 will “spend the first year after the purchase communicating with
5 stakeholders and evaluating the current operations in more detail
6 and . . . look[ing] for opportunities to improve service and make any
7 needed investments over time.” (Roberts Direct Testimony at 6)⁹ The
8 Public Staff believes that Holdings and BHIFT will be adequately
9 capitalized and supported by owners with significant investment
10 experience and owner-managers Lee Roberts and Douglas Vaughn

⁹ In response to discovery, BHIFT indicated that:

The due diligence reports contracted by and provided to the Bald Head Island Transportation Authority, including the analysis by Mercator, and reviewed by its finance and bond advisors, all consistently found that the transportation system has been well run, and that its assets have been well maintained. Our own due diligence confirmed these conclusions. SharpVue has not yet developed its own independent maintenance and replacement schedules for ferry and tram operating assets. Related to ferry operation, we do think steps can be taken to improve system operations. A starting point would be improved information technology, that would allow reservations and electronic ticketing. We also believe that—once the ownership of the system is settled and the sale to SharpVue has closed—we will be able to more effectively address employee hiring, training, and retention issues. 2023 will be the first full calendar year that the new baggage policies approved by the Commission in Docket A-41, Sub 20 will be in place, and we are hopeful that, with better public understanding of those policies, baggage handling will improve, which hopefully should improve on-time performance. But, as we stated in our verified Application, we will also evaluate how to improve baggage handling operations, and when and how to replace the next ferry in the fleet that may be approaching obsolescence. SharpVue will evaluate ferry and tram operations during the first year and may develop new or revised maintenance and replacement schedules if it determines these are necessary.

1 with access to sufficient capital. Additionally, BHIFT has agreed to
2 continue to provide for adequate and reasonably priced parking.¹⁰

3 **Q. What is the Public Staff's recommendation with regard to the**
4 **Proposed Transaction?**

5 A. As a result of its investigation, the Public Staff recommends that the
6 Proposed Transaction be approved, subject to the provisions of the
7 Regulatory Conditions described below. These Public Staff
8 conditions, together with the above-described plans of BHIFT (with
9 respect to employees, parking, operations, and services), guard
10 against adverse impacts on rates and services, assure that the
11 benefits of the Proposed Transaction outweigh its costs, and protect
12 customers from risks and costs as much as possible, consistent with
13 the requirements of the three-part test.

14 **Q. Please explain the primary reasons for, and the major**
15 **provisions of the Regulatory Conditions recommended by the**
16 **Public Staff.**

17 A. As a result of its investigation, the Public Staff developed its
18 recommended Regulatory Conditions, which we believe are

¹⁰ For example, response to discovery, SharpVue indicated that:
After closing the transaction, SharpVue intends to continue the parking
operations without significant or immediate change. SharpVue
understands that the current parking rates are outlined on BHIL/IT 000719.
SharpVue understands this document was previously provided to the
Public Staff. SharpVue expects that aggregate rates will not rise faster
than overall cost inflation.

1 necessary to ensure that the Proposed Transaction is justified by the
2 public convenience and necessity and serves the public interest. The
3 following is a description of the major provisions of our recommended
4 Regulatory Conditions:

5 **Applicability of the Regulatory Conditions**

6 The Regulatory Conditions would apply jointly and severally to
7 SharpVue, SharpVue Affiliates (defined as Partners, [BEGIN
8 **CONFIDENTIAL]** [REDACTED]
9 [REDACTED] [END
10 **CONFIDENTIAL]**, Holdings, and BHIFT and their successors.

11 **Requirements of the Entities**

12 The Regulatory Conditions set forth the requirements the Public Staff
13 believes are necessary to be imposed on Holdings, BHIFT,
14 SharpVue, and SharpVue Affiliates to protect the public interest.
15 Each entity would further be required not to cause any other entity
16 among them to violate the Regulatory Conditions, nor to prevent the
17 other entities from taking action to comply with the Regulatory
18 Conditions, for so long as the Regulatory Conditions would remain in
19 effect and would be applicable to Holdings, BHIFT, SharpVue, and
20 SharpVue Affiliates.

1 These Regulatory Conditions are primarily designed to protect
2 ratepayers as much as reasonably possible from potential costs and
3 risks associated with the Transfer. Regulatory Conditions 1 through
4 3 provide that all transfer-related direct costs and expenses would
5 be excluded from the regulated expenses of BHIFT, and that the
6 recovery of an acquisition adjustment would not be allowed in any
7 future rate case.

8 Regulatory Condition 4 relates to parking, barge, and tug rates and
9 operation schedules. Regulatory Condition 5 is a general condition
10 that would require the owners and Managers of BHIFT to take
11 actions to hold customers harmless from the effects of the Transfer.
12 The Condition helps ensure that BHIFT would continue to provide
13 safe and reliable utility service at reasonable rates.

14 Regulatory Conditions 6, 7, 8, 9, 10, and 11 relate to financial
15 management. Condition 6 would prohibit BHIFT from paying any
16 distribution in excess of 80% of BHIFT's net income, and Regulatory
17 Condition 7 would ensure that BHIFT maintains 40% of its booked
18 capitalization as common equity, which the Public Staff believes
19 would ensure the regulated utility's ongoing financial viability.
20 Regulatory Condition 8 ensures that the Commission would be
21 informed if SharpVue, SharpVue Affiliates, or Holdings makes any
22 investment in a business entity that constitutes 10% or more of the

1 booked capitalization of BHIFT. Regulatory Condition 9 ensures that
2 the Commission would be notified if SharpVue, SharpVue Affiliates,
3 Holdings, or BHIFT experiences a default on an obligation or files for
4 bankruptcy. Regulatory Condition 10 requires that the intercompany
5 loan between BHIL and BHIT, as reported on BHIT's financial
6 statement of December 31, 2021, would not be binding upon
7 Holdings and BHIFT.¹¹ This requirement would apply to any
8 subsequent indebtedness through the consummation of the
9 Transfer. Regulatory Condition 11 provides that Holdings and BHIFT
10 would file with the Commission post-closing financial information and
11 provide closing-related documents to the Public Staff.

12 Regulatory Conditions 12 through 27 address various regulatory and
13 service quality concerns that would further provide for safe and
14 reliable services at reasonable rates consistent with current

¹¹ With respect to Application Exhibit A, ("Bald Head Island Transportation, Inc. Financial Report December 31, 2021"), Note 9, regarding the inter-company loan wherein the Company owes Limited \$19,808,228 as of December 31, 2021, but there is no agreement, terms, or expiration on the loan. SharpVue has indicated on behalf of BHIFT that:

(a) SharpVue understands that this is an intracompany loan between separate legal entities, Bald Head Island Limited, LLC and Bald Head Island Transportation, Inc., which are ultimately under common ownership.

(b) SharpVue is not aware of any related filing with the North Carolina Utilities Commission or subsequent approval by the North Carolina Utilities Commission.

(c) SharpVue's transaction is structured as an acquisition of assets. SharpVue will not assume any debt, including this "loan," from Bald Head Island Transportation, Inc. As a result, this "loan" will not be part of Bald Head Island Ferry Transportation, LLC's capital structure, and will not be included in a future general rate case.

1 practices. Regulatory Conditions 22 through 26 have been added
2 since the Public Staff's initial testimony, and address vessel
3 maintenance and replacement plans, access for regulated
4 operations on a long-term basis, transfer of supplemental assets not
5 materially impacting customers, approval of subsequent mergers
6 and acquisitions, affiliate transactions, and timing of any future rate
7 case.

8 **Q. Does the Commission decision to regulate parking, barge, and**
9 **tug operations in Docket No. A-41, Sub 21 change the Public**
10 **Staff's recommendation as originally filed?**

11 A. While the Public Staff testimony now incorporates aspects of
12 parking, barge, and tug operations, the Public Staff's
13 recommendation that the Transfer be approved subject to the
14 Regulatory Conditions has not changed. However, in the event the
15 decision regarding the utility status of parking, barge, and tug
16 operations is overturned on appeal, a number of issues would need
17 to be revisited, for which parties should be provided the opportunity
18 to file comments and possibly supplemental testimony and
19 Regulatory Conditions. These issues include, but are not limited to,
20 the breadth and applicability of Regulatory Conditions to different or
21 additional entities in general, and especially relating to parking. The
22 Public Staff would request, among other things, that Holdings and

1 BHIFT ensure the availability of adequate and reasonably priced
2 parking, and that for future general rate cases, an appropriate level
3 of parking revenue be imputed in the setting of just and reasonable
4 rates for BHIFT on a level that is consistent with the prior general
5 rate case.

6 **Q. Is the Public Staff establishing rate base in this transfer?**

7 A. No. As discussed in further detail in the Public Staff's Response to
8 the Village's abeyance motion filed in this Docket on February 8,
9 2023, and as the Commission has already ordered existing rates to
10 remain in effect pending a future rate case, the Public Staff does not
11 believe it is necessary to establish rate base in this proceeding.
12 There have been various instances, such as with Piedmont Natural
13 Gas Company, Inc. (Piedmont) and Duke Energy Corporation (Duke)
14 in Docket Nos. G-9, Sub 682, E-2, Sub 1095, and E-7, Sub 1100,
15 where rate base was not established. The establishment of rate
16 base, to include the addition of parking, barge, and tug assets,
17 should take place in the next general rate case.

18 **Q. Are there any other issues that should be brought to the**
19 **Commission's attention relating to the Transfer?**

20 A. Yes. In the Transfer, it is not yet clear that the regulated utility
21 (BHIFT) will own the real property upon which the regulated parking,
22 barge, or tug operations are located; instead, it appears that the land

1 will be owned by Pelican Real Property, LLC, an unregulated entity.
2 Upon consummation of the Transfer, BHIFT should be assured
3 access to and control of the parking, barge, and tug facilities. This
4 could be attained, for example, by perpetual easement or long-term
5 lease or other means to ensure ownership or control, and the terms
6 of such agreement or arrangement should be included in the
7 Regulatory Conditions attached hereto.

8 **Q. Does this conclude your testimony?**

9 A. Yes.

QUALIFICATIONS AND EXPERIENCE

SONJA R. JOHNSON

I am a graduate of North Carolina State University with a Bachelor of Science and Master of Science degree in Accounting. I was employed by the Public Staff from December 2002 until May 2004 and rejoined the Public Staff in January 2006. I became the Financial Manager for Natural Gas and Transportation in May 2022.

As a Financial Manager, I am responsible for the performance and supervision of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

Since initially joining the Public Staff in December 2002, I have filed testimony or affidavits in several water and sewer general rate cases. I have

also filed testimony in applications for certificates of public convenience and necessity to construct water and sewer systems and noncontiguous extension of existing systems. My experience also includes filing affidavits in several fuel cost recovery cases and Renewable Energy and Energy Efficiency Portfolio Standard (REPS) cost recovery cases for the utilities currently organized as Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, and Virginia Electric and Power Company d/b/a Dominion Energy North Carolina.

While away from the Public Staff, I was employed by Clifton Gunderson, LLP. My duties included the performance of cost report audits of nursing homes, hospitals, federally qualified health centers, intermediate care facilities for the mentally handicapped, residential treatment centers and health centers.

QUALIFICATIONS AND EXPERIENCE

KRISHNA K. RAJEEV

I received a Bachelor of Arts degree in Business from the University of Iowa in 2011. I joined the Public Staff in October 2011 as a consumer complaint analyst and was promoted to the Transportation Rates Division in November 2013 as a rate specialist. Since August 2017, I have served as the Director of the Transportation Rates Division.

The Transportation Rates Division oversees household goods movers, regular route motor carriers of passengers, ferry-boat operators, and accordingly maintains the rates and service schedules for the Bald Head Island ferry. I have investigated and addressed consumer complaints regarding the Bald Head Island Transportation (BHIT) utility. I have testified in front of the Commission in various Transportation industry matters, including the amendment of BHIT's service schedules in Docket No. A-41, Sub 18, and BHIT's modification of baggage policies in Docket No. A-41, Sub 20.

QUALIFICATIONS AND EXPERIENCE

JOHN R. HINTON

I received a Bachelor of Science degree in Economics from the University of North Carolina at Wilmington in 1980 and a Master of Economics degree from North Carolina State University in 1983. I joined the Public Staff in May of 1985. I filed testimony on the long-range electrical forecast in Docket No. E-100, Sub 50. In 1986, 1989, and 1992, I developed the long-range forecasts of peak demand for electricity in North Carolina. I filed testimony on electricity weather normalization in Docket Nos. E-7, Sub 620, E-2, Sub 833, and E-7, Sub 989. I filed testimony the level of funding for nuclear decommissioning costs in Docket Nos. E-2, Sub 1023; E-7, Sub 1026, and E-7, Sub 1146. I have filed testimony on the Integrated Resource Plans (IRPs) filed in Docket No. E-100, Subs 114 and 125, and I have reviewed numerous peak demand and energy sales forecasts and the resource expansion plans filed in electric utilities' annual IRPs and IRP updates.

I have been the lead analyst for the Public Staff in numerous avoided cost proceedings, filing testimony in Docket No. E-100, Subs 106, 136, 140,

148, and 158. I filed a Statement of Position in the arbitration case involving EPCOR and Progress Energy Carolinas in Docket No. E-2, Sub 966. I have filed testimony regarding avoided costs related to the cost recovery of energy efficiency programs and demand side management programs in Dockets Nos. E-7, Sub 1032, E-7, Sub 1130, E-2, Sub 1145, and E-2, Sub 1174.

I have filed testimony on the issuance of certificates of public convenience and necessity (CPCN) in Docket Nos. E-2, Sub 669, SP-132, Sub 0, E-7, Sub 790, E-7, Sub 791, and E-7, Sub 1134.

I filed testimony on the merger of Dominion Energy, Inc. and SCANA Corp. in Docket Nos. E-22, Sub 551, and G-5, Sub 585.

I have filed testimony on the issue of fair rate of return in Docket Nos. E-22, Subs 333, 412, and 532; P-26, Sub 93; P-12, Sub 89; G-21, Sub 293; P-31, Sub 125; P-100, Sub 133b; P-100, Sub 133d (1997 and 2002); G-21, Sub 442; G-5, Subs 327, 386; and 632; G-9, Subs 351, 382, 722 and Sub 781, G-39, Sub 47, W-778, Sub 31; W-218, Subs 319, 497, 526 and 573; W-354, Subs 360; 364, 384, and 400 and in several smaller water utility rate cases. I have filed testimony on credit metrics and the risk of a downgrade in Docket No. E-7, Sub 1146.

I have filed testimony on the hedging of natural gas prices in Docket No. E-2, Subs 1001, 1018, and 1292. I have filed testimony on the expansion of natural gas in Docket No. G-5, Subs 337 and 372. I performed the financial analysis in the two audit reports on Mid-South Water Systems, Inc., Docket No. W-100, Sub 21. I testified in the application to transfer the CPCN from North Topsail Water and Sewer, Inc. to Utilities, Inc., in Docket No. W-1000, Sub 5. I have filed testimony on rainfall normalization with respect of water sales in Docket No. W-274, Sub 160.

I was a member of the Small Systems Working Group that reported to the National Drinking Water Advisory Council with the EPA and I have published an article in the National Regulatory Research Institute's Quarterly Bulletin entitled Evaluating Water Utility Financial Capacity.

CONFIDENTIAL

EXHIBIT 1

DOCKET NO. A-41, SUB 22

REGULATORY CONDITIONS

These Regulatory Conditions set forth requirements imposed upon Pelican Legacy Holdings, LLC (Holdings), Bald Head Island Ferry Transportation, LLC (BHIFT), a wholly owned subsidiary of Pelican Legacy Holdings, LLC (Holdings), SharpVue Capital, LLC (SharpVue), and other entities owned or controlled by SharpVue or its principals, Lee Robert and Douglas Vaughn, being “SharpVue Affiliates” comprised of SVC Pelican Partners, LLC (Partners), **[BEGIN CONFIDENTIAL]**

[END CONFIDENTIAL] (as well as any successor entities) as a condition of approval of the application by BHIL, BHIT, and BHIFT pursuant to N.C. Gen. Stat. § 62-111 and Commission Rule R2-8.1 for authority (1) to transfer BHIT’s Common Carrier Certificate to BHIFT to operate the passenger ferry transportation services to and from Bald Head Island, the tram services on the island, and, the parking, barge, and tug operations (collectively, the Transportation Assets) (the Transfer), and for BHIFT or SharpVue to pledge assets and borrow or issue debt pursuant to N.C.G.S. §§ 62-160 and 62-161 secured by the Transportation Assets as may be necessary to finance the Transfer (the Pledging of Assets, and collectively with the Transfer, the Proposed Transaction).

These Regulatory Conditions, which become effective only upon closing of the Transfer, shall apply jointly and severally to Holdings, BHIFT, SharpVue, and SharpVue Affiliates, and shall be interpreted in the manner that ensures BHIFT’s customers (a) are protected from any known adverse effects from the Transfer, (b) are protected as much as possible from potential costs and risks resulting from the Transfer, and (c) receive sufficient known and expected benefits to offset any potential costs and risks resulting from the Transfer.

For purposes of these Regulatory Conditions, the North Carolina Utilities Commission is referred to as “the Commission,” and the Public Staff – North Carolina Utilities Commission is referred to as “the Public Staff.” For purposes of these Regulatory Conditions, the term “affiliated” or “Affiliate” (other than previously defined SharpVue Affiliate) shall mean Holdings, BHIFT, and any business entity of which 10% or more is owned or controlled, directly or indirectly,

by Holdings and BHIFT, including but not limited to Pelican Real Property, LLC, Pelican Logistics, LLC, and Pelican IP, LLC.

Each entity bound by these Regulatory Conditions must acknowledge and consent to these Regulatory Conditions and is further required not to cause any subsidiary entities to violate such Regulatory Conditions, nor to prevent any bound entity from taking action to comply with the Regulatory Conditions, as long as the Regulatory Conditions remain in effect. The consent and acknowledgment as set forth above does not constitute a general consent to expansion of the Commission's jurisdiction over such entity(entities) beyond that established by Chapter 62 of the North Carolina General Statutes. Further, as long as SharpVue and its affiliates own or operate ferry, tram, parking, barge, and tug operations, SharpVue and the SharpVue Affiliates agree to submit to the Commission's regulation and oversight of those operations as set forth in the Regulatory Conditions herein and the Commission's December 30, 2021 Order in Docket No. A-41, Sub 21.

The Commission retains the right to impose future limitations on BHIFT that the public interest requires.

- 1. Transfer-related Direct Costs and Expenses.** Direct costs and expenses associated with the Transfer will be excluded from the regulated expenses of BHIFT for Commission financial reporting and ratemaking purposes. Direct Transfer expenses are change-in-control payments made to terminated executives, Transfer-related bonuses, severance payments, regulatory process costs, and transaction fees (such as, but not limited to, acquisition, architectural, broker, environmental, financing, investment banker, and legal fees for due diligence, transaction structuring, financial market analysis, and fairness opinions based on formal agreements with investment bankers). BHIFT will file a summary report of its final accounting for direct Transfer and Transfer-related -expenses within 120 days after the close of the Transfer, and supplemental reports within 60 days after each quarter until such expenses cease.
- 2. Non-Consummation of Transfer.** If the Transfer is not consummated, neither the cost nor the receipt of any termination payment shall be allocated to BHIL or BHIT or included in regulated expenses of BHIL or

BHIT for Commission financial reporting and ratemaking purposes. BHIL's and BHIT's customers shall not otherwise bear any direct expenses or costs associated with a non-consummated Transfer.

3. **Acquisition Adjustments.** SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall neither pursue nor recover an acquisition adjustment in any future rate case.
4. **Parking, Barge, and Tug Operations of Holdings and BHIFT.** The current parking, barge, and tug rates and operation schedules (as provided in response to a Public Staff Data Request by BHIL and BHIT) are attached as an Addendum hereto, and shall be in effect unless modified by Commission order.
5. **Hold Harmless Commitment.** The Transfer shall be effectuated in a manner designed to prevent harm to BHIFT's ratepayers. Notwithstanding this, SharpVue, SharpVue Affiliates, Holdings, and BHIFT (as well as any successor entities directly or indirectly owning or controlling BHIFT assets, operations, or its employees) shall take all such actions as may be reasonably necessary and appropriate to hold BHIFT's customers harmless from the effects of the Transfer.
6. **Distributions to SharpVue, SharpVue Affiliates, and Holdings.** BHIFT shall not pay to SharpVue, SharpVue Affiliates, Holdings, or their members or managers any distribution exceeding 80% of BHIFT's net income calculated on a two-year-rolling average basis. In addition, BHIFT shall limit cumulative distributions paid to SharpVue, SharpVue Affiliates, and Holdings subsequent to closure of the Transfer to (i) the amount of its retained earnings on the day prior to the closure of the Transfer, plus (ii) any future earnings recorded by BHIFT subsequent to closure of the Transfer.
7. **Common Equity Capital.** Until a final order is issued in the next general rate case, BHIFT shall maintain common equity capital at levels equal to or greater than 40% of total adjusted capital (including common equity, preferred stock, long-term debt, and long-term capital leases). No equity distributions by dividend or other form, such as the management fees of SharpVue, may be made that would result in equity capital of BHIFT falling

below this minimum 40% level without prior approval of the Commission. Notwithstanding the foregoing, BHIFT may petition the Commission for an exception to this Regulatory Condition.

- 8. Notice of Certain Investments.** Whenever SharpVue, SharpVue Affiliates, or Holdings makes any new or increased direct or indirect investment in a business entity where: (a) such investment appears or will appear on the books of BHIFT, or will otherwise have an effect on the books, costs, rates, revenues, charges, obligations, services, capitalization, or indebtedness of BHIFT, and (b) the amount of such investment is equal to 10% or more of BHIFT's book capitalization, the investing entity shall file or cause to be filed, as soon as practicable following Board or other approval of the subject transaction and any public announcement thereof (if any), a notice of the investment with the Commission. The notice shall include a full description of the investment and an explanation of how it will be accounted for in the investing entity's books and records.
- 9. Notice of Default or Bankruptcy.** If SharpVue or SharpVue Affiliates experiences a default on an obligation or files for bankruptcy, Holdings and BHIFT shall notify the Commission of the event in advance, if possible, or, if not, as soon as possible but not later than ten days after such event.
- 10. Non-attribution or Forgiveness of Intercompany "Loan."** To the extent that closing of the Transfer memorializes any intercompany "loan" between BHIL and BHIT (see \$19,808,223 of Related Party Loan(s) as reported in BHIT's Financial Report of December 31, 2021), SharpVue, SharpVue Affiliates, Holdings, and BHIFT must disclaim any such "loan" and any such "loan" or indebtedness shall not be binding upon Holdings and BHIFT and shall not be presented for Commission consideration whatsoever, whether for rate base purposes or otherwise. This requirement applies to all existing or subsequent indebtedness of BHIL or BHIT through closing.
- 11. Post-Closing Financial Information.** Holdings and BHIFT shall file pre- and post-Transfer closing balance sheets and the associated closing journal entries, including relevant descriptions and disclosures for the transactions recorded as soon as practicable but not later than the end of the second full quarter following the close of the Transfer, and shall provide

to the Public Staff closing documents for the consummation of the Proposed Transaction, including closing statements for Holdings and BHIFT.

12. **Meetings with Public Staff.** Holdings and BHIFT agree to meet annually with the Public Staff to discuss Holdings' financial condition, BHIFT's financial condition and results, service quality metrics and maintenance initiatives and results, the ferry, barge, tug, and tram transportation services, parking services, any changes and potential improvements, and new tariffs.
13. **Access to Books and Records.** In accordance with and to the extent provided by North Carolina law, the Commission and the Public Staff shall continue to have access to the books and records of Holdings and BHIFT.
14. **Management.** SharpVue, SharpVue Affiliates, Holdings, and BHIFT have indicated that they intend to maintain current management comprised of existing key BHIL and BHIT employees Chad Paul, Shirley Mayfield, and Captain Bion Stewart. Holdings and BHIFT shall notify the Commission at least 30 days prior to any termination of agreements with or resignation by these key personnel.
15. **Regulatory Reporting Requirements.** BHIFT shall comply with all regulatory reporting requirements, including Annual Report, Quarterly Report, and Quarterly Financial Report of monthly information.
16. **Regulatory Staffing.** Holdings and BHIFT shall maintain sufficient, adequately trained personnel to ensure that regulatory reporting requirements are complied with in a timely and accurate manner. BHIFT shall notify the Public Staff if there is any change in regulatory or operational personnel at the supervisor level.
17. **Overall Service Quality and On-Time Performance.** Upon consummation of the Transfer, SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall continue to provide safe and reliable parking, ferry, barge, tug, and tram services consistent with current practices. Holdings and BHIFT shall have a goal of on-time ferry departures of 90%. BHIFT shall evaluate service delivery and related components and make needed changes to improve overall ridership experience.

18. **Affiliated Agreements.** Holdings and BHIFT shall file with the Commission agreements pursuant to N.C.G.S. § 62-153. All such agreements that involve payment of fees or other compensation by Holdings or BHIFT shall require acceptance and authorization by the Commission and shall be subject to any other Commission action required or authorized by North Carolina law and the Rules and orders of the Commission. Prior to making any changes to existing agreements, Holdings and BHIFT shall file such changes with the Commission. SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall file with the Commission any proposed amendments to, assignment of, or transfer of management rights under the Management Agreement (referred to by BHIFT as an “Investment Management Agreement”) among SharpVue, Partners, and Holdings as well as any event in which SharpVue Managing Partners Lee Roberts and Douglas Vaughn will no longer be leading the provision of management services under the Management Agreement.
19. **Intellectual Property.** All intellectual property currently used in parking, ferry, barge, tug, and tram operations shall continue to be available for use by BHIFT at no additional charge. To the extent that intellectual property of BHIL conveyed to Pelican IP, LLC, at closing is currently used in parking, ferry, barge, tug, or tram operations, BHIFT shall have the continued right to utilize such intellectual property and shall not be charged a licensing fee or any other sum associated with such use.
20. **Consultation with constituents.** The Board of Managers of Holdings shall meet at least semi-annually in a noticed public meeting on Bald Head Island with island residents and other parking, ferry, barge, tug, and tram service constituents to receive input on all aspects of such services.
21. **Ferry Terminals, Barge, and Parking Access.** BHIFT shall continue to have the right to maintain the long-term lease for ferry terminal facilities on the mainland and island (Terminal Lease) and the right to secure and maintain a perpetual easement(s) or long-term lease(s) or otherwise ensure ownership or control for regulated parking and barge and tug operations at reasonable rates, with escalations not to exceed the rate of inflation for an annual 12-month period at a rate greater than the annual increase in the Consumer Price Index for Urban Consumers, CPI-U, as published by the

U.S. Bureau of Labor Statistics. In the event that any such easement or lease is terminated, expires, or is rendered inoperable, the grantor/lessor shall file written notice in this docket at least 90 days in advance and BHIFT shall be granted access (for example, by new easement or lease) to such facilities necessary for regulated operations at reasonable rates.

22. **Supplemental Assets.** The subsequent sale, assignment, lease, easement, or other transfer of any right or interest in and to supplemental assets (assets other than regulated assets) under the Asset Purchase Agreement (APA) for the Transfer shall not materially impact customers of regulated operations for the ferry, tram, parking, barge, or tug.
23. **Mergers and Acquisitions.** For any proposed merger or other business combination that would affect BHIFT, Holdings, SharpVue, or any SharpVue Affiliate, BHIFT and Holdings shall file an application for approval pursuant to N.C.G.S. § 62-111(a) at least 180 days before the proposed closing date for such merger or other business combination.
24. **Vessel Maintenance and Replacement.** Within six months of the closing of the Transfer, Holdings and BHIFT shall file a ten-year plan for the maintenance and replacement of any of BHIT's current ferry vessels, including the proposed financing of any capital expenditures related to the vessels.
25. **Transfer Pricing Between Affiliates.** For untariffed goods and services provided by Holdings, BHIFT, SharpVue, or Sharp Affiliates to a non-utility Affiliate, the transfer price paid shall be set at the higher of market value or Holdings', BHIFT's, SharpVue's, or SharpVue Affiliates' cost. For untariffed goods and services provided to Holdings, BHIFT, SharpVue, or SharpVue Affiliates by a non-utility Affiliate, the transfer price charged by a non-utility Affiliate to Holdings, BHIFT, SharpVue, or SharpVue Affiliates shall be set at the lower of market value or the non-utility Affiliate's cost. Services provided by Holdings, BHIFT, SharpVue, or SharpVue Affiliates to utility Affiliates or by utility Affiliates to Holdings, BHIFT, SharpVue, or SharpVue Affiliates shall be transferred at the supplier's cost, unless otherwise directed by order of the Commission.

26. **Rate Case.** BHIFT agrees not to seek an increase in rates for at least one year following the consummation of the Transfer.
27. **Successors.** The respective successors and assigns of Holdings, BHIFT, SharpVue, and SharpVue Affiliates shall be bound by these regulatory conditions, Commission rules, and Commission jurisdiction established by Chapter 62 of the North Carolina General Statutes. Any successor or assign shall file in this docket consent to submit to the Commission's jurisdiction for the limited purpose of allowing the Commission to oversee and enforce these regulatory conditions.

Addendum

Parking, Barge, Tug rates and operation schedules

Deep Point Parking Lots

- \$12.00 - Daily General Lot Rate (overnight lot and no limit on length of stay);
- \$10.00 - Daily Contractor Lot Rate (no overnight parking permitted);
- \$1,400 - Annual Premium Lot Rate (overnight lot and no limit on length of stay);
- \$1,150 - Annual General Lot Rate (overnight lot and no limit on length of stay);
- \$700 - Annual Contractor Lot Rate (no overnight parking permitted);
- \$650 - Annual Employee Lot Rate (no overnight parking permitted - we do allow overnight parking given special, case-by-case circumstances in this lot);
- QR Code Exit Passes - Parking pass afforded to accommodate primarily Island-based businesses with seasonal or short-term employee needs. QR Code Exit Passes are \$6.00 per use-swipe to get out of a daily ticketed lot only (General Lot and Contractor Lot). QR Code Exit Passes are the responsibility of the businesses purchasing them and they are responsible for keeping track of their balances. Each business is given a code to go online to our website and view their balances.
- \$20.00 - Oversized Vehicle – Barge Landing Overnight-Oversized Parking - We charge an oversize rate of \$20.00 per day (this rate is based on a customer's vehicle taking up the equivalent of two standard-sized parking stalls). Barge Vehicle-Oversized Vehicles are parked in designated parking stalls located behind the Shipping & Receiving facility. All customers receive a tag to show they have paid before parking. This is the only parking area that we require prepayment before parking the customer. These spots are on a first come, first serve basis.

Please note that on a case-by-case basis, BHIL provides accommodation in the Employee Lot for employees who may have to stay overnight on occasion. Examples include the Conservancy, The BHI Club Chefs who sometimes stay a few nights in a row, and employees of the Village who may need to stay on-island on occasion.

Barge & Tug

*Service Schedule*¹²

Since November 7, 2022, the barge has been operating on the following schedule:

- Departure from Deep Point Terminal: Monday-Friday: 8am, 10am, 12pm, 2pm;
- Departure from Bald Head Island Terminal: Monday-Friday: 9am, 11am, 1pm, 3pm;
- Barge Maintenance days 1st and 3rd Wednesday beginning October 5, 2022.

As of March 12, 2023, the barge is currently expected to operate on the following schedule:

- Departure from Deep Point Terminal: Monday, Tuesday, Thursday: 7am, 9am, 11am, 1pm, 3pm;
- Departure from Bald Head Island Terminal: Monday, Tuesday, Thursday: 8am, 10am, 12pm, 2pm, 4pm;
- Departure from Deep Point Terminal: Wednesday, Friday: 7am, 9am, 11am, 1pm;
- Departure from Bald Head Island Terminal: Wednesday, Friday: 8am, 10am, 12pm, 2pm;
- Barge Maintenance days 1st and 3rd Wednesday ending April 12, 2023.

Charges for Barge Transport

Barge deck space ticket charges are currently \$60.00 each. Each ticketed deck space authorizes the holder to utilize six feet in one of three lanes aboard the barge for one round trip. Vehicle size determines the number of deck space tickets required. Lengths over an increment of six feet are rounded to the nearest six feet.

¹² The November – February schedule is the off-peak schedule, and the March – October schedule is the peak season schedule.