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September 8, 2022

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

Re: In the Matter of
Village of Bald Head Island v. Bald Head Island Transportation, Inc.
and Bald Head Island Limited, LLC
NCUC Docket No. A-41, Sub 21
Direct Testimony and Exhibits of Charles "Chad" A. Paul, III (Public)

Dear Ms. Dunston:

On behalf of Bald Head Island Transportation, Inc. and Bald Head Island Limited, LLC, I herewith submit the attached Direct Testimony and Exhibits of Charles "Chad" A. Paul, III (Public / Redacted) in the above referenced docket.

Thank you in advance for your assistance with this filing. If you should have any questions concerning this submittal, please contact me.

Sincerely,

Brad M. Risinger

pbb

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
Page Two
September 8, 2022

Enclosure

cc: Parties and Counsel of Record
Zeke Creech – NC Public Staff
Lucy Edmondson – NC Public Staff
Jessica Heironimus – NC Public Staff

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. A-41, SUB 21

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

VILLAGE OF BALD HEAD ISLAND, Complainant,)	
v.)	
BALD HEAD ISLAND TRANSPORTATION, INC. and BALD HEAD ISLAND LIMITED, LLC,)	
Respondents.)	

**PUBLIC / REDACTED
DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

September 8, 2022

1 **Q. Please state your name, occupation, and business address.**

2 **A.** My name is Charles A. “Chad” Paul, III. I am the President of Bald Head Island
3 Transportation, Inc. (“BHIT”). I also serve as Chief Executive Officer and a
4 Manager of Bald Head Island Limited LLC (“BHIL”), BHIT’s parent company.
5 My business address is 6 Marina Wynd, Bald Head Island, North Carolina 28461-
6 5073.

7 **Q. Please describe your educational and professional background.**

8 **A.** I have a B.A. degree in economics from Holy Cross and a Master’s degree from the
9 Harvard University Graduate School of Business Administration. Before joining
10 BHIL and BHIT in 2010, I worked for JP Morgan Chase, Salomon Brothers, and
11 Arnolt Partners. I am also a managing partner of Harbor Island Partners, LLC, a
12 private equity investment partnership that invests in a diverse mix of industry and
13 product services company holdings.

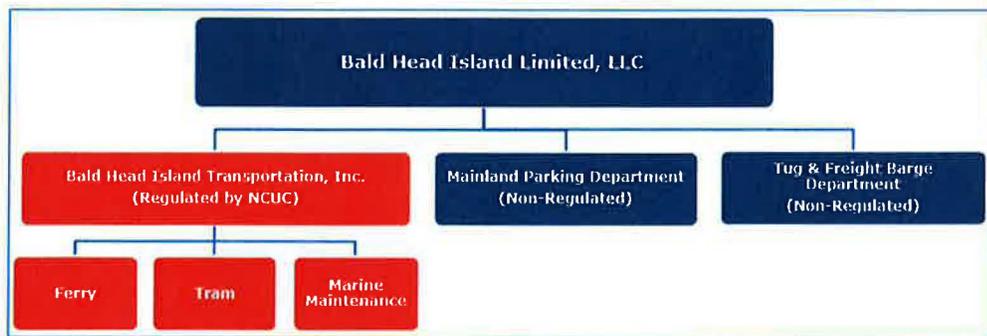
14 **Q. Can you describe what BHIL and BHIT do?**

15 **A.** BHIL was formed by George P. Mitchell to purchase Bald Head Island out of
16 receivership in 1983. Bald Head is the southernmost barrier island in North
17 Carolina. It sits at the mouth of the Cape Fear River and the Atlantic Ocean just
18 off the coast of Southport, North Carolina. It has 12,000 acres of beach, marsh, and
19 maritime forest.

20 Mr. Mitchell created BHIL in part to ensure that Bald Head was developed in a
21 responsible and sustainable manner to preserve the island’s natural environment.
22 In furtherance of this mission, BHIL set aside 10,000 acres as a permanent nature
23 reserve which will remain undeveloped. To this day, Bald Head remains accessible

1 only by boat, and once on the Island, transportation is largely restricted to trams,
2 golf carts, bicycles, and pedestrian traffic. Gasoline-engine vehicles are strictly
3 regulated by the Village of Bald Head Island and allowed for the tram, construction
4 activities, deliveries of equipment and suppliers, and other commercial services on
5 the island (e.g. garbage pick-up, etc.)

6 To ensure that property owners, residents, employees, and the public have reliable
7 and safe access to the island, BHIL formed BHIT to operate the passenger ferry and
8 on-island tram system in 1993 and obtained final authority for its operations from
9 this Commission in 1995. BHIT owns four passenger ferries that transport
10 passengers between Southport and Bald Head Island. BHIT also owns 23 tram
11 units that transport passengers on the Island to and from the Island Terminal and
12 their final destination. BHIL also owns the ferry terminals in Southport and on the
13 Island and leases them to BHIT pursuant to the 2010 Rate Case order. The
14 ownership structure of these entities is reflected, below, in Figure 1:



15

16

Figure 1

17 **Q. Are the regulated and non-regulated entities under BHIL's corporate**
18 **umbrella operated separately and distinctly?**

1 A. Very much so. The financial books of BHIT, the BHIL Parking Department, and
2 the BHIL Tug & Freight Barge Department are kept, maintained, and audited
3 separately. Additionally, each operation has its own vertically integrated employee
4 base to include employees, managers, and senior managers. An exception to this
5 structure is inter-company services provided by BHIT's Marine Maintenance that
6 also provide services to the barge and tugboat operated by BHIL, careful allocations
7 of costs and expenses among benefitted entities are honored and accounted for
8 pursuant to Commission practice and guidelines.

9 **Q. Could you describe the changes that are occurring with regard to BHIL and**
10 **BHIT ownership and operation of these infrastructure assets?**

11 A. George Mitchell died in July 2013. Since that time, BHIL and BHIT have
12 continued to operate under the umbrella of his Estate, but that Estate is moving
13 toward settlement and closure. The Mitchell family is not in a position to continue
14 operations of BHIL and BHIT in perpetuity, and the decision was made to divest
15 the remaining assets.

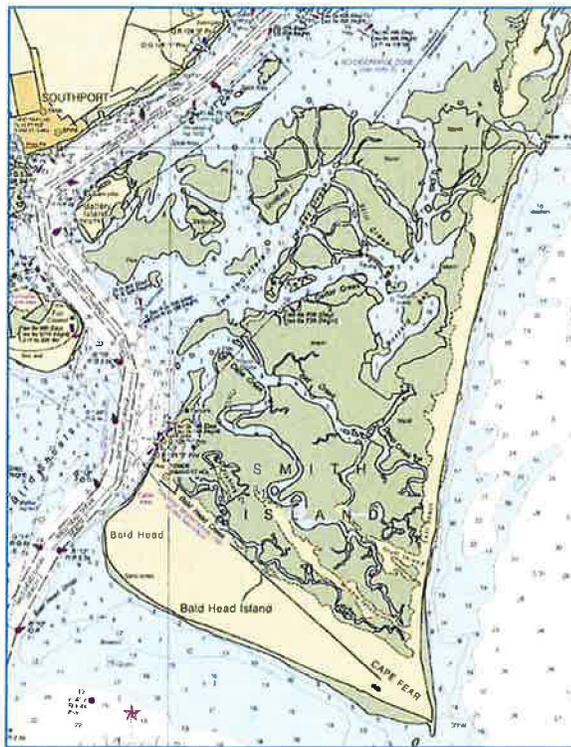
16 To that end, BHIL and BHIT entered into an Asset Purchase Agreement ("APA")
17 to sell most of their remaining operations and some real estate assets on or
18 associated with Bald Head Island to an affiliate of SharpVue Capital, LLC
19 ("SharpVue"), a North Carolina limited liability company, and its affiliates on May
20 17, 2022 (the "SharpVue Transaction").

21 SharpVue is seeking approval, in a separate docket before the Commission, to
22 receive the Certificate of Common Carrier Authority issued by this Commission in

1 1995 pursuant to which BHIT has been operating the passenger ferries and trams
2 under the Commission's jurisdiction.

3 **Q. Can you describe the ferry and tram services that are operated pursuant to**
4 **the Common Carrier Authority granted to BHIT by the Commission?**

5 **A.** BHIT owns and operates four passenger ferries (the "Ferries") that travel between
6 the Deep Point Terminal in Southport and the Island Terminal on Bald Head Island.
7 To visually illustrate the route that the ferries take between Southport and the
8 Island, Figure 2 shows the vessel's nautical route (*see* Exhibit 1):



9

10

Figure 2

11

12

The schedules for the Ferries are approved by the Commission. The current
schedule was approved in Commission Docket No. A-41, Sub 18. While the ferry

1 service runs 365 days per year, BHIT rotates and utilizes the individual ferries to
2 provide safe and reliable service to passengers as cost-effectively as practicable.

3 Ferry ticket prices have only been raised once since 1993 – almost 30 years ago.

4 The one rate case was in NCUC Docket No. A-41, Sub 7, in 2010. BHIT sells all
5 ferry ticket classes at the Deep Point Terminal and one-way-return tickets at the
6 Island Terminal. Pursuant to 2010 Rate Case declarations, certain ticket
7 classifications include baggage and tram service to and from the on-Island terminal
8 and the passenger's ultimate destination on the island. To provide the on-island
9 tram service, BHIT owns 23 tram units that are comprised of a truck driven by a
10 BHIT employee and an attached passenger trailer. Passengers' belongings are
11 transported in the truck's bed. Each unit is subject to routine inspection and
12 maintenance, and each truck has a useful life of about 7 to 10 years while the
13 passenger trailers have a useful life of about 20-25 years.

14 Employee and contractor ferry tickets do not include tram service on the island.
15 The passengers utilizing those tickets either walk to their destinations (which are
16 often near the on-island terminal), are picked up at the terminal by their employer,
17 or travel by a BHIT-operated tram shuttle to the Contractor Services location.

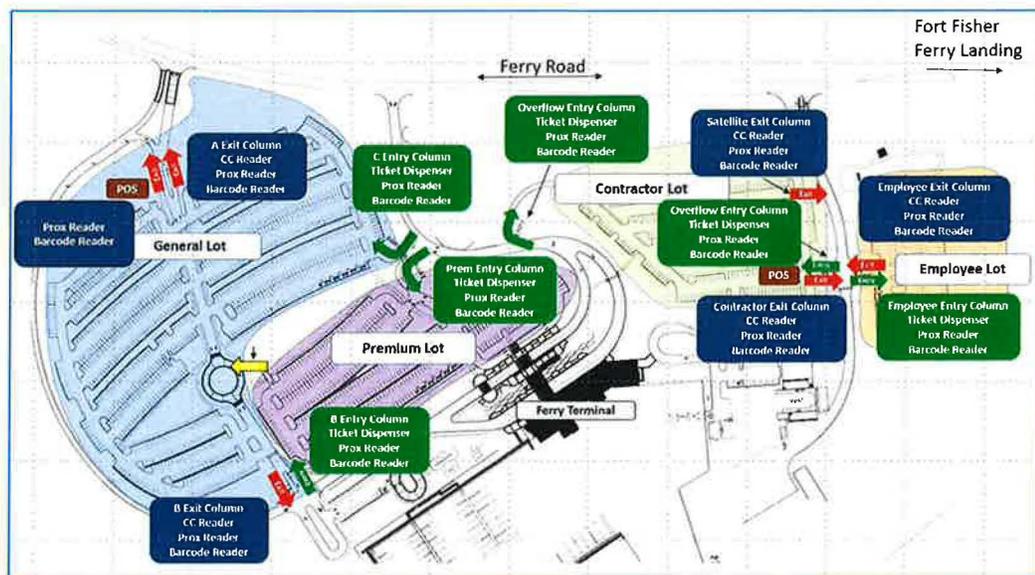
18 **Q. Who typically uses the ferry and tram services?**

19 **A.** Bald Head Island is comprised of a mix of residential, commercial, and resort
20 facilities. The ferries serve residents; both overnight and day-trip visitors;
21 construction, maintenance, and custodial contractors; and employees of local
22 employers, including commercial businesses, the Bald Head Island Club, and the

1 Village of Bald Head, and BHIL itself. In 2021, BHIT transported over 373,000
2 passengers, and its ferries made over 8,000 round trips. (See Exhibit 2). About 40
3 percent of passengers traveled on general fare tickets which allows them to utilize
4 on-island tram service.

5 **Q. Can you describe the parking services that BHIL provides which are not**
6 **regulated by the Commission but are a subject of this hearing?**

7 **A.** Since the 2009 opening of the Deep Point Terminal, BHIL has provided parking in
8 lots that are adjacent or near the terminal. BHIL still owns and controls the parking
9 lots at Indigo Plantation (the original mainland ferry terminal) and could utilize
10 them for parking overflow from Deep Point, but to date has not needed to do so.
11 Figure 3, below, provides a visual snapshot of currently available parking near
12 Deep Point and identifies its four key levels: Premium, General, Contractor and
13 Employee (see Exhibit 3):
14



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Figure 3

Q: How many parking spaces are currently available at Deep Point?

A: There are currently [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] paved/striped parking spots and additional gravel spots that bring that total to [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. The breakdown of those spots among the various parking levels is shown in Figure 4 (see Exhibit 4): [BEGIN CONFIDENTIAL]



(a) Lot also used by employees in winter and as overflow lot during summer.

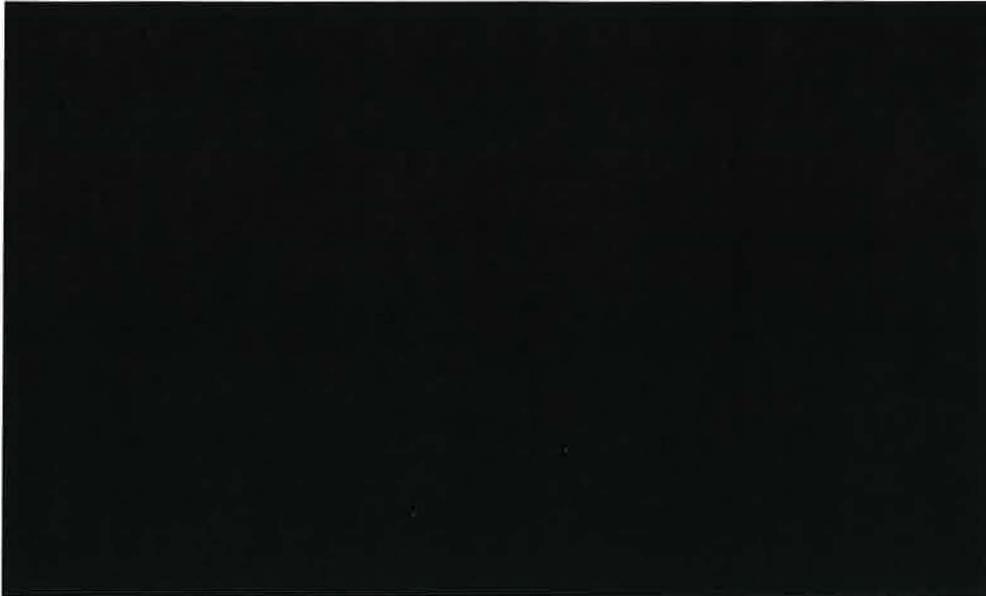
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[END CONFIDENTIAL]

Figure 4

Q. Are the parking lots utilized at a relatively constant rate through the calendar year?

1 A. No, there is wide variance in parking utilization depending upon the season. The
2 most recent full-year data is reflected, below, in Figure 5 (*see* Exhibit 5), and it is
3 exemplary of the year-to-year utilization that BHIL's parking operation
4 experiences. In 2021, for instance, the only lot to reach its capacity was the General
5 Lot in June and July, when vacation visitors to the Island are most common. Excess
6 demand was met through gravel and grass parking and through flexible use of
7 excess capacity in the other lots. The Premium Lot, where Islanders who spend
8 longer periods on the Island tend to park, only exceeded [BEGIN
9 CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of its capacity during June
10 and July. The same applied to the Employee Lot, where it's likely seasonal
11 employees for Island businesses pushed utilization above [BEGIN
12 CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] only for June and July. In the
13 contractor lot, parking was near to or exceeded [BEGIN CONFIDENTIAL] [REDACTED]
14 [END CONFIDENTIAL] of its capacity from June through October, as builders
15 and renovators took advantage of seasonal opportunities. [BEGIN
16 CONFIDENTIAL]



1

2 [END CONFIDENTIAL]

3

Figure 5

4 Q. What does it currently cost for consumers to parking in the varying lots?

5 A. Current parking fees are reflected in Figure 6 (*see* Exhibit 6), below:

DEEP POINT PARKING RATES				
Class	Premium	General (a)	Contractor	Employee
Annual Pass	\$1,350.00	\$1,200.00	\$700.00	\$650.00
General Daily	n/a	\$12.00	n/a	n/a
Contractor Daily	n/a	n/a	\$10.00	n/a
QR Exit Pass Coupon	n/a	n/a	\$6.00	\$6.00

6

(a) First 2-hours free.

7

Figure 6

8 Q. Could you explain the reasons for the differences in the parking fees?

9 A. As one might see at airports and other transportation hubs, the Premium Lot is
10 located nearest to the Deep Point Terminal and has a slightly elevated cost for its
11 annual pass versus the General Lot. In addition to its annual pass option, the

1 General Lot has a \$12 daily ticket option that would typically be used by vacation
2 visitors to the Island and day-trippers. Fees in the Contractor and Employee lots
3 have historically been reduced in recognition of the important role that these
4 individuals play in advancing the interests of the Island and improving the
5 experience for visitors to the Island. In addition to reduced annual-rate parking,
6 contractors have a reduced daily rate and each of the lots have an “exit pass” coupon
7 option that allows parkers to use the lot at half of the General Lot rate.

8 **Q. What is the history of parking rates at Deep Point since 2009?**

9 **A.** The only increases since 2009 were \$1 increases in 2019 and 2021 to the cost of
10 “daily” parking in the General Parking lot). As is demonstrated in Exhibit 7,
11 parking rates have increased well less than inflation since 2009.

12
13 **Q. The direct testimony filed by the Village in this docket appears to emphasize
14 that there are no alternatives for ferry passengers to parking at BHIL’s
15 parking facilities at Deep Point; how do you respond to that argument?**

16 **A.** I am pleased that the high quality and reasonable pricing of parking services offered
17 by BHIL has resulted in competitors not pursuing off-site alternatives. Over the
18 years, property has been available for purchase in and around Southport -- and, in-
19 fact, directly across Highway 211 from Deep Point -- that could have been
20 purchased and used by a parking competitor (via a shuttle-served lot or walk-to,
21 off-site parking lot, as exists for other ferry operations around the country, as
22 discussed in the direct testimony of James Leonard), yet no one has come forward

1 to develop such an alternative parking option, so, therefore, to date, there are not
2 any other, currently existing, permanent parking facilities for ferry passengers. But
3 that doesn't mean that there couldn't be in the future.

4 **Q. Is public access to the terminal available to potential competitive parking**
5 **providers (or anyone else)?**

6 A. Yes. No payment is required, no gate needs to be opened, and no other barriers
7 exist for shuttles, carpools, buses, or any other vehicles to reach the entrance to the
8 ferry terminal at Deep Point. In this respect, access is very similar to that at an
9 airport or train station. Generally, if there are multiple ferry passengers in any
10 vehicle (a personal car or otherwise), those passengers and their luggage are
11 dropped off at the entrance to the terminal, and then the driver of the vehicle
12 proceeds to the parking lot, but the driver could leave the terminal area altogether
13 without parking, and, again, without making any payment or opening any gates –
14 again, similar to access at an airport or train station.

15 **Q. Are there examples of private, off-site parking for other ferry, airport and**
16 **train passengers?**

17 A. Yes. James Leonard is familiar with other ferry operations around the country, so
18 I will simply reference his testimony regarding ferries. Based upon my own
19 experience and observations, Fast Park, which started as a subsidiary of Parking
20 Company of America, provides parking at the RDU Airport, in addition, according
21 to their website, to parking at airports in Albuquerque, Atlanta, Austin, Baltimore-
22 BWI (two facilities), Cincinnati-CVG, Cleveland (two facilities), Houston-IAH,

1 Houston-Hobby, Indianapolis, Memphis, Milwaukee, Orlando, and Tucson. Train
2 passengers leaving from Raleigh Union Station can park at a number of downtown
3 Raleigh parking decks, but my observation is that they generally park at The Dillon
4 building parking deck located across the street from the station.

5 **Q. Can you describe the barge services that BHIL provides which are not**
6 **regulated by the Commission but are a subject of this hearing?**

7 **A. BHIL operates a freight barge transporting vehicles across the Cape Fear River**
8 between Southport and Bald Head Island. It is a 100-foot steel deck barge that
9 carries vehicles of varying sizes, including supply and construction trucks, and
10 large highway trucks. The barge is pushed by a tugboat on its trips between the
11 mainland and the Island. The operation of the barge, including its equipment, is
12 discussed in the Direct Testimony of James W. Fulton, Jr. For those not familiar
13 with how these barges operate, Figure 7, below, shows the barge being pushed by
14 its tugboat in an image that also appears at www.bhibarge.com along with other
15 photos of the barge and tugboat in operation:



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Figure 7

Q. Can you please describe the nature of the barge’s business activity?

A. As Figure 7 depicts, the *Brandon Randall* transports vehicles. Because of the Village of Bald Head Island’s strict limitation on the operation of internal combustion engine (ICE) vehicles on the Island, only those vehicles with a Village-issued ICE permit may be transported on the barge. As a roll-on/roll-off barge, the barge is essentially a link in the transportation journey of its vehicles – whose trips neither begin nor end with the barge – but instead originate with their owners and end to perform tasks or deliver items to the Island or the mainland.

Q. What relationship does the barge operation have to the vehicles it transports or the materials, if any, that each transported vehicle contains?

A. The only connection between BHIL’s barge operation and the vehicles it transports is that BHIL rents space on the barge’s deck on the basis of every 6 lane-feet occupied by a vehicle. The barge can accommodate about 110,700 lane feet of vehicles on each crossing. There are no variable charges based on what cargo, if any, that a particular vehicle carries. The BHIL barge operation does not take custody or possession of any cargo carried in a vehicle, nor does it take an inventory of such cargo.

Q. Is the barge operation utilized at or near its capacity?

A. No, as shown in Figure 8 (*see* Exhibit 8), below, the highest annualized capacity that the barge has reached since 2015 is approximately [BEGIN CONFIDENTIAL] [REDACTED]:

1



2

3 [END CONFIDENTIAL]

4

Figure 8

5 **Q. Is the barge utilized at a relatively constant rate through the calendar year?**

6 **A.** While there is substantial capacity for barge traffic to increase, its level of
7 utilization throughout the year is more consistent than, for example, BHIT's ferry
8 operation. We believe this is due to the barge's business being centered around
9 freight – including groceries, dry goods, gasoline and heating oils – as well as
10 construction, road and infrastructure improvement. While barge traffic increases
11 in the summer months when there are more visitors on the island that make use of
12 the basic supplies the barge conveys, our data shows that the barge has a roughly
13 eight-month cycle of heavier activity that runs from March through October. The
14 most recent full-year data is reflected, below, in Figure 9 (*see* Exhibit 9): [BEGIN
15 CONFIDENTIAL]

16



17 [END CONFIDENTIAL]

18

Figure 9

1 This is exemplary of the year-to-year utilization that the BHIL barge operation
2 experiences, though it is fair to note that there have been some anomalous months
3 during, for example, the COVID pandemic and during hurricanes that have
4 impacted the Island. Barge utilization can also be expressed, below, in Figure 10,
5 in a way that extends the reporting range to 2005 through 2021 (*see* Exhibit 10):
6 **[BEGIN CONFIDENTIAL]**



7

8 **[END CONFIDENTIAL]**

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Figure 10

10 **Q. What does it currently cost to transport a vehicle on the barge?**

11 **A.** The barge currently charges \$60.00 per 6-foot length; a chart that summarizes the
12 rates by 6-foot lengths, and provides examples of application to types of vehicles,
13 is attached as Exhibit 11. From 2006 until July 2019, the barge rate was \$50.00 per
14 6-foot length and then moved to \$55.00 per 6-foot length in July 2019, and moved
15 to \$60 per 6-foot length in June 2021.

16 **Q. Is the barge a passenger vessel?**

1 A. No. A driver is allowed to stay with the vehicle during the barge trip, but that
2 individual is not charged a fee for riding and must ride within the cab of the vehicle.
3 Within the appropriate federal regulations, up to 12 non-crew personnel may be on
4 the barge during its transit.

5 **Q. Does BHIL believe that the barge engages in activity that should subject it to**
6 **regulation as a “common carrier” by the Commission?**

7 A. As explained more fully in Mr. Fulton’s testimony, the BHIL freight barge does not
8 engage in the type of point-to-point movement of household goods (“HHG”) that
9 the Commission regulates as “common carriers.” That regulatory scheme, as
10 applied by the Commission, regulates those in the business of door-to-door, HHG
11 movement that commences at the original HHG location and ends at the owner’s
12 new residence. The Commission promulgates and enforces a variety of consumer
13 protection measures that relate, among other things, to timing, pricing, and handling
14 concerns that arise when an owner relocates to a new residence. The barge, on the
15 other hand, is a link in an intermodal chain of transportation services that can
16 provide underlying assistance to an HHG-regulated mover. Thus, if a family
17 relocated its residence to Bald Head Island, an HHG mover that is responsible for
18 moving the family’s belongings from their prior residence to their new Island home
19 could drive its truck onto the barge in Southport and off it on the Island to continue
20 its trip to the owner’s new home. The HHG mover would be the entity subject to
21 the Commission’s regulations, not the barge.

1 **Q. Are the assets which underlie the parking and barge businesses of BHIL a part**
2 **of the rate base of the regulated ferry and tram utility?**

3 **A.** No. The Commission's order that decided the ferry and tram's last Rate Case in
4 2010 (Docket No. A-41, Sub 7) approved a rate base value of used and useful assets
5 that did not include assets connected with either BHIL's parking or barge
6 businesses.

7 **Q. In relation to the issues of this docket, what has been the consequence to BHIL**
8 **and BHIT of how the ferry and tram rate base was established in the 2010**
9 **Rate Case?**

10 **A.** To us, the "consequence" has been that there was *no* consequence in that the rate
11 base post-2010 continued as it had before: by not including any assets of BHIL in
12 that calculation. Thus, for more than twelve (12) years the rates of the ferry and
13 tram were *not* based upon the net operating cost of service or a rate of return on
14 parking or barge assets. There has never been a valuation or rate of return
15 established for the parking and barge assets in any ratemaking process pursuant to
16 N.C.G.S. § 62-133(b)(1)-(4).

17 **Q. The settlement of the 2010 Rate Case for the ferry and tram included an**
18 **imputation of \$523,097 of parking revenues from BHIL's parking business to**
19 **the ferry and tram rate base. Does that have any bearing on the issues in this**
20 **docket?**

21 **A.** By the terms of the Commission's order resolving the Rate Case, it does not. The
22 order specifies that the imputation is only for the purposes of that Rate Case. It was

1 not a statement about any purported connection between BHIL's parking and
2 BHIT's ferry and tram businesses. The imputation was agreed upon to meet the
3 required revenue target that would result in a ferry ticket rate the Public Staff and
4 the intervenors (to include the Village of Bald Head Island) would accept.

5 **Q. Does the Village request for the Commission to now regulate the parking and**
6 **barge businesses raise concerns for BHIL about the existing rate base of the**
7 **ferry and tram?**

8 **A.** Our concern is that those parking and barge assets have depreciated over the past
9 11-plus years and that depreciation has not been part of the cost of service for the
10 setting of any rates. To regulate those assets now is to change the rules in the middle
11 of the game.

12 While we understand and appreciate the Commission's statement in ruling upon the
13 Motion to Dismiss of BHIL and BHIT that the Commission is only deciding
14 *whether* to exert regulatory authority over the parking and barge businesses, and
15 that Complainant has not sought to set or modify any rates, we urge the Commission
16 to reserve for a future Rate Case any consideration of the status, basis, or value of
17 any assets it might choose to regulate anew, or newly place into the ferry and tram
18 rate base.

19 **Q. The Commission's examination of BHIL's parking and barge businesses come**
20 **at a time when those assets are under contract for sale to SharpVue Capital,**
21 **LLC. Can you describe how the SharpVue Transaction came about?**

- 1 A. Ever since the death of Mr. Mitchell in August 2013, it has been common
2 knowledge the day was coming when BHIL and BHIT would have to be wound
3 down and we have been planning for a transfer of the ferry and tram operations for
4 several years. In 2017, the North Carolina General Assembly passed legislation
5 authorizing the creation of regional ferry transportation public authorities that could
6 purchase private ferry operations. (Prior to the passage of this legislation, I had met
7 with then-Governor Pat McCrory and his budget director Lee Roberts to discuss
8 the pending legislation. The City of Southport, Brunswick County, and the Village
9 of Bald Head Island passed resolutions supporting the legislation, which was passed
10 unanimously by both the House and the Senate and signed into law by Governor
11 Cooper.) After passage of the authorizing legislation, The City of Southport,
12 Brunswick County, and the Village of Bald Head Island also unanimously passed
13 resolutions to create the Bald Head Island Transportation Authority (“Authority”),
14 which was chartered as an agency of the State in 2017.
- 15 BHIL and BHIT negotiated an agreement to sell the ferry system as well as BHIL’s
16 parking and barge businesses to the Authority, but the Authority was unable to get
17 the necessary approval for the financing of the purchase from the Local
18 Government Commission. At that point, we had no choice but to begin actively
19 pursuing other options to ensure that the services would continue uninterrupted as
20 BHIL and BHIT wind down operations. *See Exhibit 12.*
- 21 **Q. Do you anticipate that the transaction with SharpVue will have any negative**
22 **impact on passengers?**

1 A. No; not at all. One of the most important things that convinced us that SharpVue
2 was the right partner is that it already has committed to keeping the management
3 team and employees in place. We anticipate that the day after the transaction closes,
4 it will be business as usual and our passengers, parkers and barge users will not
5 notice any difference. Most importantly, SharpVue's purchase will allow the ferry
6 and tram services to keep operating even as BHIT and BHIL wind down their
7 operations so that the public will continue to have safe and reliable access to the
8 island.

9 **Q. Will you have any continued involvement in the ferry and tram operations at**
10 **Bald Head Island following the SharpVue Transaction?**

11 A. Yes. I have reached an agreement with SharpVue to stay on as CEO and manager
12 for up to thirty-six (36) months.

13 **Q. To the best of your knowledge, will SharpVue seek approval for new or**
14 **changed rates as a result of the SharpVue Transaction?**

15 A. No. SharpVue has said it will not request any rate changes because of the SharpVue
16 Transaction itself unless there is a significant change in the regulatory status or rate
17 base of the regulated utility. It has also committed not to evaluate the need for any
18 rate changes for at least a year, and any rate changes that may be considered in the
19 future will be based on operational and financial factors unrelated to the
20 Transaction.

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

22 A. Yes, at this time.

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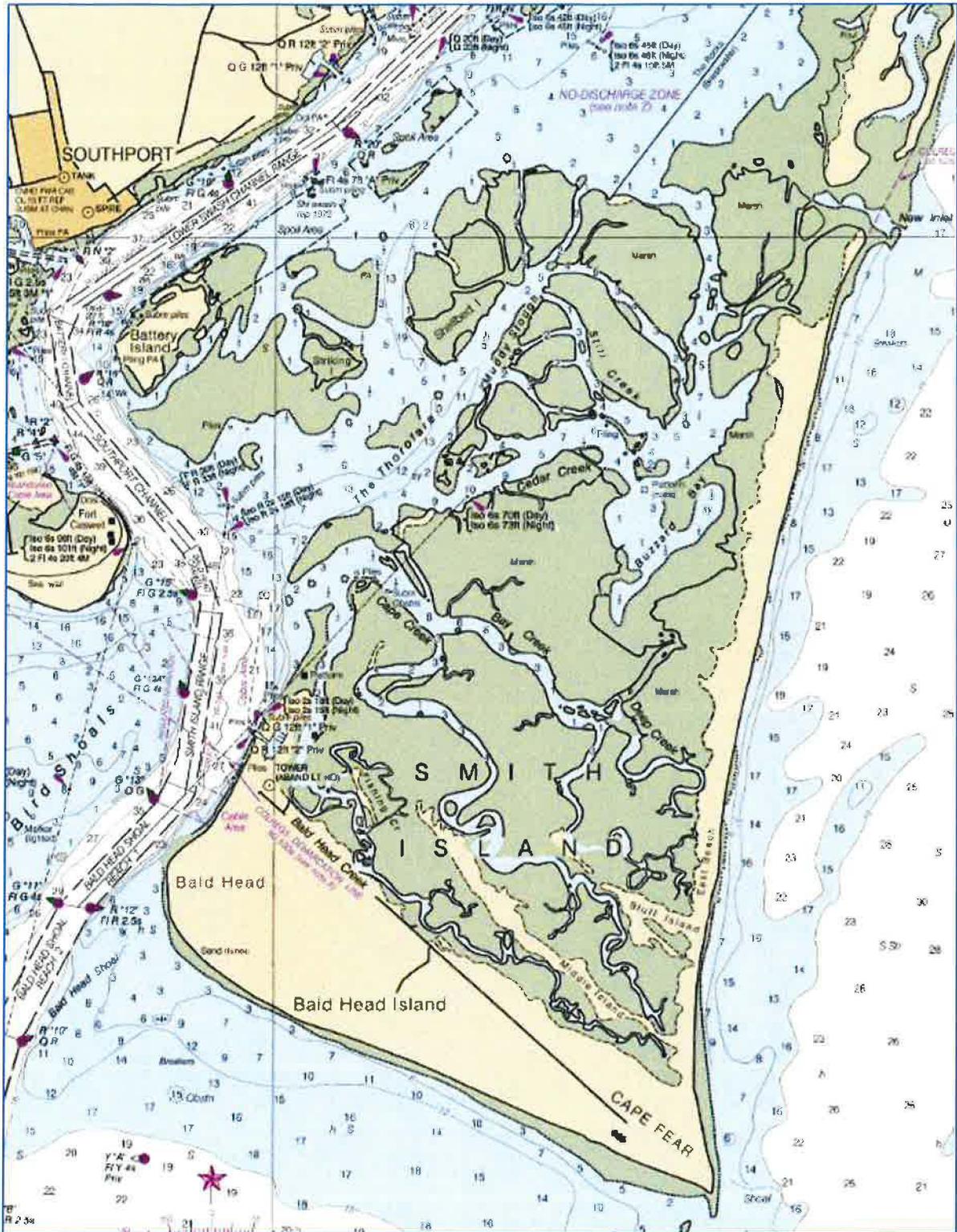
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DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III

EXHIBIT 1

September 8, 2022



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**DIRECT TESTIMONY OF
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CONFIDENTIAL

EXHIBIT 2

September 8, 2022

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. A-41, SUB 21

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

VILLAGE OF BALD HEAD ISLAND,)	
Complainant,)	
v.)	
)	
BALD HEAD ISLAND)	
TRANSPORTATION, INC. and)	
BALD HEAD ISLAND LIMITED,)	
LLC,)	
Respondents.)	

**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

CONFIDENTIAL

EXHIBIT 3

September 8, 2022

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. A-41, SUB 21

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

CONFIDENTIAL

EXHIBIT 4

September 8, 2022

STATE OF NORTH CAROLINA
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DOCKET NO. A-41, SUB 21

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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

CONFIDENTIAL

EXHIBIT 5

September 8, 2022

STATE OF NORTH CAROLINA
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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

EXHIBIT 6

September 8, 2022

EXHIBIT 6
TO THE DIRECT TESTIMONY OF C. PAUL
A-41 SUB 21

DEEP POINT PARKING RATES				
Class	Premium	General (a)	Contractor	Employee
Annual Pass	\$1,350.00	\$1,200.00	\$700.00	\$650.00
General Daily	n/a	\$12.00	n/a	n/a
Contractor Daily	n/a	n/a	\$10.00	n/a
QR Exit Pass Coupon	n/a	n/a	\$6.00	\$6.00

(a) First 2-hours free.

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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

EXHIBIT 7

September 8, 2022

**EXHIBIT 7
TO THE DIRECT TESTIMONY OF C. PAUL
A-41 SUB 21**

**OFFICIAL COPY
Sep 09 2022**

History of Parking Rates for Bald Head Island terminal at Deep Point

Data provided by Bald Head Island Limited.

Date	CPI	General Daily Parking - Summer Seasonal				General Daily Parking - Winter Seasonal				Contractor Daily Parking				90 Use Daily Exit Pass				
		Annual Growth	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual
7/1/2008	5.6%																	
(a) 7/1/2009	(2.1%)	\$10.00				\$8.00				\$5.00								
7/1/2010	1.2%	\$10.00	0.0%	\$10.12	\$0.12	\$8.00	0.0%	\$8.10	\$0.10	\$5.00	0.0%	\$5.06	\$0.06					
7/1/2011	3.6%	\$10.00	0.0%	\$10.49	\$0.49	\$8.00	0.0%	\$8.39	\$0.39	\$5.00	0.0%	\$5.25	\$0.25					
7/1/2012	1.4%	\$10.00	0.0%	\$10.64	\$0.64	\$8.00	0.0%	\$8.51	\$0.51	\$7.50	50.0%	\$5.32	(\$2.18)					
7/1/2013	2.0%	\$10.00	0.0%	\$10.85	\$0.85	\$8.00	0.0%	\$8.68	\$0.68	\$7.50	0.0%	\$5.42	(\$2.08)					
7/1/2014	2.0%	\$10.00	0.0%	\$11.06	\$1.06	\$8.00	0.0%	\$8.85	\$0.85	\$7.50	0.0%	\$5.53	(\$1.97)					
7/1/2015	0.2%	\$10.00	0.0%	\$11.08	\$1.08	\$8.00	0.0%	\$8.87	\$0.87	\$7.50	0.0%	\$5.54	(\$1.96)					
7/1/2016	0.8%	\$10.00	0.0%	\$11.17	\$1.17	\$8.00	0.0%	\$8.94	\$0.94	\$7.50	0.0%	\$5.59	(\$1.91)					
7/1/2017	1.7%	\$10.00	0.0%	\$11.37	\$1.37	\$8.00	0.0%	\$9.09	\$1.09	\$7.50	0.0%	\$5.68	(\$1.82)					
7/1/2018	2.9%	\$10.00	0.0%	\$11.70	\$1.70	\$8.00	0.0%	\$9.36	\$1.36	\$7.50	0.0%	\$5.85	(\$1.65)					
7/1/2019	1.8%	\$11.00	10.0%	\$11.91	\$0.91	\$9.00	12.5%	\$9.53	\$0.53	\$8.50	13.3%	\$5.96	(\$2.54)	\$5.00				
7/1/2020	1.0%	\$11.00	0.0%	\$12.03	\$1.03	\$9.00	0.0%	\$9.63	\$0.63	\$9.00	5.9%	\$6.02	(\$2.98)	\$5.00	0.0%	\$5.05	\$0.05	
(b) 7/1/2021	4.8%	\$12.00	9.1%	\$12.61	\$0.61	n/a	n/a	n/a	n/a	\$10.00	11.1%	\$6.30	(\$3.70)	\$6.00	20.0%	\$5.29	(\$0.71)	
(b) 7/1/2022	6.1%	\$12.00	0.0%	\$13.38	\$1.38	n/a	n/a	n/a	n/a	\$10.00	0.0%	\$6.69	(\$3.31)	\$6.00	0.0%	\$5.61	(\$0.39)	
CAGR		1.4%		2.3%	(0.9%)	1.1%		1.7%	(0.6%)	5.5%		2.3%	3.2%	4.7%		3.9%	0.7%	

Date	CPI	Premium Annual Parking				Employee Annual Parking				Contractor Annual Parking				General Annual Parking				
		Annual Growth	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual	Actual Rate	% Increase	Hypothetical Rate (Inflation Adjusted)	Diff. vs. Actual
7/1/2008	5.6%																	
(a) 7/1/2009	(2.1%)	\$1,200				\$500				\$500				\$1,000				
7/1/2010	1.2%	\$1,200	0.0%	\$1,215	\$15	\$500	0.0%	\$506	\$6	\$500	0.0%	\$506	\$6	\$1,000	0.0%	\$1,012	\$12	
7/1/2011	3.6%	\$1,200	0.0%	\$1,259	\$59	\$500	0.0%	\$525	\$25	\$500	0.0%	\$525	\$25	\$1,000	0.0%	\$1,049	\$49	
7/1/2012	1.4%	\$1,200	0.0%	\$1,277	\$77	\$525	5.0%	\$532	\$7	\$525	5.0%	\$532	\$7	\$1,000	0.0%	\$1,064	\$64	
7/1/2013	2.0%	\$1,200	0.0%	\$1,302	\$102	\$525	0.0%	\$542	\$17	\$525	0.0%	\$542	\$17	\$1,000	0.0%	\$1,085	\$85	
7/1/2014	2.0%	\$1,200	0.0%	\$1,328	\$128	\$525	0.0%	\$553	\$28	\$525	0.0%	\$553	\$28	\$1,000	0.0%	\$1,106	\$106	
7/1/2015	0.2%	\$1,200	0.0%	\$1,330	\$130	\$525	0.0%	\$554	\$29	\$525	0.0%	\$554	\$29	\$1,000	0.0%	\$1,108	\$108	
7/1/2016	0.8%	\$1,200	0.0%	\$1,341	\$141	\$525	0.0%	\$559	\$34	\$525	0.0%	\$559	\$34	\$1,000	0.0%	\$1,117	\$117	
7/1/2017	1.7%	\$1,200	0.0%	\$1,364	\$164	\$525	0.0%	\$568	\$43	\$525	0.0%	\$568	\$43	\$1,000	0.0%	\$1,137	\$137	
7/1/2018	2.9%	\$1,200	0.0%	\$1,404	\$204	\$525	0.0%	\$585	\$60	\$575	9.5%	\$585	\$10	\$1,000	0.0%	\$1,170	\$170	
7/1/2019	1.8%	\$1,200	0.0%	\$1,430	\$230	\$525	0.0%	\$596	\$71	\$575	0.0%	\$596	\$21	\$1,000	0.0%	\$1,191	\$191	
7/1/2020	1.0%	\$1,200	0.0%	\$1,444	\$244	\$600	14.3%	\$602	\$2	\$575	0.0%	\$602	\$27	\$1,000	0.0%	\$1,203	\$203	
(b) 7/1/2021	4.8%	\$1,200	0.0%	\$1,513	\$313	\$600	0.0%	\$630	\$30	\$700	21.7%	\$630	(\$70)	\$1,000	0.0%	\$1,261	\$261	
(b) 7/1/2022	6.1%	\$1,350	12.5%	\$1,605	\$255	\$650	8.3%	\$669	\$19	\$700	0.0%	\$669	(\$31)	\$1,100	10.0%	\$1,338	\$238	
CAGR		0.9%		2.3%	(1.4%)	2.0%		2.3%	(0.2%)	2.6%		2.3%	0.4%	0.7%		2.3%	(1.5%)	

(a) Operations moved from Indigo Plantation Terminal to Deep Point Terminal in June 2009.
 (b) CPI figures based on Minneapolis Federal Reserve Estimates as at 3.28.22.
 (c) Data analysis is as at July 31st of each year, excepting Contactor Seasonal Rates (calculated based on rates as of December 31st of each year) which was discontinued in 2021.
 (d) Effective October 2021, General Daily Rates were no longer seasonally adjusted as many island based seasonal employers-contractors moved to utilizing 90 Day Exit Use Pass.

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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

CONFIDENTIAL

EXHIBIT 8

September 8, 2022

STATE OF NORTH CAROLINA
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**DIRECT TESTIMONY OF
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CONFIDENTIAL

EXHIBIT 9

September 8, 2022

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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

CONFIDENTIAL
EXHIBIT 10

September 8, 2022

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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

CONFIDENTIAL

EXHIBIT 11

September 8, 2022

STATE OF NORTH CAROLINA
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**DIRECT TESTIMONY OF
CHARLES A. "CHAD" PAUL, III**

EXHIBIT 12

September 8, 2022

FOR IMMEDIATE RELEASE

CONTACT: Chad Paul
Bald Head Island Limited, LLC
910-457-7358
cpaul@bhisland.com

CONTACT: Lee Roberts
SharpVue Capital, LLC
919-890-0517
lee.roberts@sharpvuecap.com

**Bald Head Island Limited, LLC and SharpVue Capital, LLC
Announce Signing of Asset Sale/Purchase Agreement**

Bald Head Island, NC (May 31, 2022) - Bald Head Island Limited, LLC (“Limited”) has executed a definitive agreement to sell substantially all of the remaining Mitchell Family operations and associated real estate assets relating to the Island to SharpVue Capital, LLC (“SharpVue”). The \$67.7 million transaction includes \$56 million for the regulated Ferry & Tram System, and the non-regulated Tug & Freight Barge operation, and Deep Point Parking facility in Southport. The acquisition of the regulated Ferry & Tram System is tied to approval of ownership transfers by the North Carolina Utilities Commission.

“The George P. Mitchell family established and grew these infrastructure operations and assets to aid the Island’s development and this agreement transitions them to a reputable and experienced owner and operator with deep ties to North Carolina,” said Chad Paul, CEO of Limited. “Our team is committed to ensuring a smooth and seamless transition, for the benefit of islanders, employees, and the greater community,” said Paul.

“We recognize the responsibility of operating critical infrastructure in a safe, reliable, and cost-effective manner,” said Lee Roberts, managing partner of SharpVue. Roberts emphasized, “We plan to continue the legacy of stewardship and high-quality service the Mitchells have established, and we’re pleased that the excellent employees and long-standing management team will remain in place to ensure seamless continuity of day-to-day operations.”

About Bald Head Island

Bald Head Island is a ferry-accessed community located two miles off the coast of Southport, NC. Transportation on the island is restricted to trams, golf carts, bicycles, and pedestrian traffic. Of the island’s 12,000 acres, 10,000 acres will remain undeveloped. To learn more about the island, visit baldheadisland.com.

About SharpVue Capital, LLC

SharpVue Capital is based in Raleigh, N.C., and operates private real estate and private credit and equity funds on behalf of institutional investors and qualified individuals. For more information, visit sharpvuecapital.com.

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