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May 3, 2024

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

RE: Docket Nos. W-1297, Sub 17 & W-1344, Sub 0 - PUBLIC

Dear Ms. Dunston:

On March 4, 2024 HISCO I LLC and HISCO East LLC filed for approval with the Commission an Application for Transfer of Certificate of Public Convenience and Necessity and Approval of Rates and an Application for Approval of Issuance of a Certificate of Public Convenience and Necessity. By order of the Commission the transfer docket has been assigned Docket No. W-1297, Sub 17 and W-1344 Sub 0. The application for the CPCN has been assigned Docket No. W-1344, Sub 1 by the Commission. As part of the March 4, 2024 submission the Applicants included a document encaptioned Application for Transfer of Public Utility Franchise and for Approval of Rates describing in some detail information about the submissions addressing certain issues the Applicants felt were useful to the Commission in processing the Applications.

In this document in paragraph 7. the Applicants stated as follows:

As discussed in Pre-Filing meetings with the Public Staff, historically, there has been some ambiguity regarding the service area of HISCO East. HISCO I has rectified this by working with the Public Staff, NC DHHS, and Carteret County, culminating in an approved EOP recognizing all of the connections in question. In this application HISCO I is submitting a completed NCUC form for both the transfer of the CPCN from HISCO East and the form for the issuance of a CPCN to HISCO I to officially establish the full, updated service area definition with the NCUC now that approval has been achieved through the EOP process. Subsequent to NCUC approval, HISCO I intends to further expand its authorized service area so as to make service available to more extensive portions of the Island.

HISCO I and the Public Staff have engaged in continuing discussions addressing the extent to which existing connections in Harkers island are being served by HISCO East pursuant to its existing CPCN and therefore should be subject to the transfer application and connections in Harkers Island that do not fall within the existing HISCO East service area as approved by the Commission. At the request of the Public Staff the Applicants have agreed to amend or modify their two Applications so that to the greatest extent possible existing approved connections are addressed in the Transfer Application and existing unapproved connections are addressed in the CPCN Application. In accordance with this understanding with the Public Staff the Applicants submit the attached Amended Applications.

HISCO I views these amendments as clerical changes and minor modifications to the original applications and that the amendments should not alter schedules the Commission may have under consideration or deadlines imposed upon the Commission for addressing the Applications. HISCO I has discussed this cover letter for the attached submissions with the Public Staff and is authorized to represent that the Public Staff agrees that the amendments should not alter schedules the Commission may have under consideration or deadlines imposed upon the Commission addressing the Applications.

Please accept for filing the attached documents in the above captioned dockets.

Thank you for your attention to this matter.

Sincerely,
Edward S. Finley, Jr.
Counsel for HISCO I, LLC.

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Amended Applications in these dockets was duly served upon parties of record either by depositing same in a depository of the United States Postal Service, first class postage prepaid, or by electronic delivery.

This the 3rd day of May, 2024.

Edward S. Finley, Jr.,

/s/ Edward S. Finley, Jr.

Edward S. Finley, Jr., PLLC

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Raleigh, NC 27608

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COUNSEL FOR APPLICANT

OFFICIAL COPY

May 06 2024

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE
AND FOR APPROVAL OF RATES

INSTRUCTIONS

Notes or explanations placed in the margins of the application are acceptable. If additional space is needed, supplementary sheets may be attached. If any section does not apply, write "not applicable" or cross out the section.

SELLER

1. Trade name used for utility business HISCO East, LLC
2. Mailing address P. O. Box 370 Harkers Island, North Carolina 28531
3. Business telephone number Billing: (336)-596-9050 , Service: (919)-810-4929

PURCHASER

4. Trade name used for utility business HISCO I, LLC
5. Name of owner (if different from trade name) HILDCO, LLC
6. Business mailing address 2820 Selwyn Avenue, Suite 425
City and state Charlotte, North Carolina Zip code 28209
7. Business street address (if different from mailing address) N/A
8. Business telephone number 336-202-6578
9. If corporation, list the following:
President N/A Vice President N/A
Secretary N/A Treasurer N/A
Three (3) largest stockholders and percent of voting shares held by each
N/A
10. If partnership, list the owners and percent of ownership held by each
HILDCO, LLC (100%); Sole Member - Operating Agreement included in Exhibits in lieu of Partnership Agreement
11. Is the purchaser acquiring the utility assets or stock? Utility Assets
(No filing fee required if stock transfer only.)

PROPOSED AND PRESENT RATES

	Proposed Rates	Present Rates
12. Metered Residential Service:	SEE EXHIBIT A: PRESENT RATES	
Water:		N/A
Sewer:		N/A
13. Flat Rate Residential Service:		N/A
Water:		
Sewer:	N/A; No Change	\$60.00, \$61.10 per REU (by Service Area; See Exhibit A: Present Rates for detail)
14. Nonresidential Service (explain):		
Water:	N/A	N/A
Sewer:	No Change; All customers are Flat Rate	Flat Rate agreement with each customer
15. Tap-on fees:		See hi it SC C sto ers ates
Water:	N/A	N/A
Sewer:	N/A; No Change	By Service Area. See Exhibit A: Present Rates \$2,500 (Sub-0, Sub-1, Sub-5); \$849 (Sub-2); \$3,000 (Sub-3)

OTHER PROPOSED RATES

16. Finance charge for late payment: 1% per month
(NCUC Rule R12-9) specifies not more than one percent (1.0%) per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.)
17. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: N/A
18. Reconnection charge if water service discontinued at customer's request: N/A
19. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: See Exhibit A: Present Rates (Sub1: \$47; All others: \$50)
20. Other charges: Returned Check Charges - See Exhibit A: Present Rates
(Sub1: \$18.80; All others: \$20.00)
21. What date are the proposed rates to become effective: N/A; no changes proposed
22. How long have the present rates been in effect? See Exhibit A: Present Rates (Date varies by Service Area)
Most recent service area, Sub-6: \$60.00 per REU (May 2016)

PURCHASER'S PROPOSED BILLING

1.

Frequency of billing shall be (monthly, quarterly, etc.)

Monthly
2.

Billing shall be for service (in advance or arrears)

Arrears
3.

Bills past due 25 days after billing dates: (NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
4.

Will regular billing be by written statement? (yes or no)

Yes
5.

Will the billing statement contain the following? (Indicate yes or no for each item)
- (a)

Meter reading at beginning and end of billing period

No
- (b)

Date of meter readings

No
- (c)

Gallons used, based on meter readings

No
- (d)

Amount due for current billing period listed as a separate amount

Yes
- (e)

Amount due from previous billing period listed as a separate amount

Yes
- (f)

Amount due for each special charge (i.e., deposits, tap fees, etc.) listed as a separate amount ..

Yes
6.

Show how the following will appear on the billing statement:
- (a)

Mailing address of Company:

2820 Selwyn Avenue, Suite 425 Charlotte, North Carolina 28209
- (b)

Address where bill can be paid in person:

328 Island Road, Harkers Island, North Carolina 28531
- (c)

Name and phone number of alternative persons to contact for emergency service after business hours:
Dan Fortin: Fortin Contracting Service; 252-393-8720
7.

Is service already metered? (yes or no)

No
8.

Does the Purchaser understand the provisions for establishing credit and collecting customer deposits set forth in NCUC Rules and Regulations, Chapter 12? (yes or no)

Yes
- (Customer deposits must be refunded to customers having not more than two (2) bills overdue during a 12-month period and who are not then delinquent on the payment of their bills, per NCUC Rule R12-5.)
9.

List the amount of customer deposits still held by Seller:
- Water:

N/A

Sewer:

\$0

PURCHASER'S SERVICE ORGANIZATION

- | | NAME | ADDRESS | TELEPHONE |
|-----|------------------------|---|-----------|
| 10. | General Manager | SEE EXHIBIT B: PURCHASER'S SERVICE ORGANIZATION | |
| 11. | Complaints or Billing | | |
| 12. | Engineering Operations | | |
| 13. | Emergency Service | | |
| 14. | Accounting | | |
15.

Are the names and phone numbers shown above listed in the phone book by each of the proposed service areas? (yes or no)

No. Contact information for customer service, billing, and service-related issues will be printed on customer bills and also will be available online.
16.

Will customers be able to make telephone calls for service without being charged for a long distance phone call? (yes or no)

es
17.

Will persons designated to receive phone calls for emergency service, after regular business hours, have authority to provide the needed repairs without first contacting owner? (yes or no)

Yes
18.

List the qualifications of the person in charge of the utility system:

SEE EXHIBIT C: UTILITY MANAGEMENT QUALIFICATIONS

19.

List the date(s) and describe any DENR violation(s) since the last application for franchise, transfer, or rate increase:

N/A
-
-
-
-
-
-
-

SERVICE AREA

Fill in one column for each Subdivision or Service Area.

		(1)	(2)	(3)
		SEE EXHIBIT D: SERVICE AREA		
1.	Name of Subdivision(s) or Service Area(s)			
2.	County (or Counties)			
3.	Type of service (water, sewer, etc.)			
4.	If water is purchased, list from whom			
5.	Source of water supply (wells, etc.)			
6.	Number of wells in service			
7.	Pumping capacity of each pump in service			
8.	Elevated storage tank capacity (gals.)			
9.	Pressure tank capacity (gals.)			
10.	Types of water treatment (chlorine, etc.)			
11.	Number of fire hydrants installed			
12.	Is sewage disposal by septic tank or by sewer system?			
13.	If disposal is by sewer system, is sewage treated by utility company or by others?			
14.	Capacity of Company's sewage treatment plant (gallons per day)			
15.	Is service metered? (yes or no)			
16.	Number of water meters in use			
17.	Number of service taps in use (list number of each size)			
	Water			
	Sewer			
18.	Number of customers at the end of test year			
	Water			
	Sewer			
19.	Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)			
	Water			
	Sewer			
20.	Number of customers that can be served by pumping capacity			
21.	Number of customers that can be served by storage tank capacity			
22.	Number of customers that can be served by treatment plant capacity			
23.	Name nearest water/sewer utility system			
24.	Distance to nearest water/sewer utility system			
25.	Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)			
26.	Has the system been offered for sale to the customers, county, or municipality? (yes or no)			
	If not, why not?			
27.	a. DENR System I.D. No.	Water		
	b. NPDES or Nondischarge Permit No.	Sewer		

FINANCIAL STATEMENT

1. Will a separate set of books be maintained for the utility business?
Yes
2. Will a separate bank account be maintained for the utility business?
Yes
3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?
(actual or estimated) Actual

REVENUES AND EXPENSES

For 12 Months Ended Dec. 31, 2023 (Date)

See Exhibit E

Revenues	Water	Sewer
SEE EXHIBIT E: REVENUE AND EXPENSES		
4. Residential service (flat rate)	\$ _____	\$ 149,128.61
5. Residential service (metered rate)	\$ _____	\$ -
6. Nonresidential service (flat rate)	\$ _____	\$ -
7. Nonresidential service (metered rate)	\$ _____	\$ -
8. Other revenues (describe in remarks below)	\$ _____	\$ 57,283.98
9. Total Revenues (Lines 4 thru 8)	\$ N/A	\$ 206,412.59
10. Total salaries (except owner)	\$ _____	\$ -
11. Salaries paid to owner	\$ _____	\$ -
12. Administrative and office expense (except salaries)	\$ _____	\$ 4,765.90
13. Maintenance and repair expense (except salaries)	\$ _____	\$ 26,516.27
14. Transportation expenses	\$ _____	\$ 11,476.66
15. Electric power for pumping	\$ _____	\$ 8,032.42
16. Chemicals for treatment	\$ _____	\$ 5,188.49
17. Testing fees	\$ _____	\$ 9,307.50
18. Permit fees	\$ _____	\$ -
19. Purchased water/sewer treatment	\$ _____	\$ -
20. Annual depreciation	\$ _____	\$ 1,892.33
21. Taxes: State income taxes	\$ _____	\$ -
22. Federal income taxes	\$ _____	\$ -
23. Gross receipts (or franchise tax)	\$ _____	\$ -
24. Property taxes	\$ _____	\$ 3,408.27
25. Payroll taxes	\$ _____	\$ -
26. Other taxes	\$ _____	\$ -
27. Interest on debt during year	\$ _____	\$ -
28. Other expenses (describe in remarks below)	\$ _____	\$ 118,494.69
29. Total Expenses (Lines 10 thru 28)	\$ N/A	\$ 189,082.53
30. Net Income (Line 9 minus Line 29)	\$ N/A	\$ 17,330.06

Remarks

31. #4 | Commercial accounts pay Residential Unit Equivalents in proportion to their flows.
32. #8 | Other revenues include: Uncategorized Income (\$471.48), Interest/Dividend Income (\$1.50), Connection Charges (\$56,811)
33. #28 | Other Op. Exp: Contractual Svcs (89K), Rents (23K), Insurance (6K), Reg Fees, Other Misc.
34.
35.

NUMBER OF CUSTOMERS SERVED

SEE EXHIBIT F: NUMBER OF CUSTOMERS SERVED

	Water		Sewer	
	Flat Rate	Metered	Flat Rate	Metered
36. Customers at beginning of year	N/A	N/A	104	N/A
37. Customers at end of year	N/A	N/A	109	N/A
38. Average gallons used per customer	N/A		5,400 (180 GPD) per month	

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:

Water: N/A

Sewer: \$250,000.00

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended Dec. 31, 2023 (See Exhibit G) (Date)

Note: List the total original cost to construct and establish the system, whether or not paid for by the Seller.

SEE EXHIBIT G: ORIGINAL COST OF UTILITY SYSTEM

	Utility Property in Service		Balance at End of Year	
			Water	Sewer
2. Land and rights-of-way	\$	N/A - No Water Service	\$	105,022.64
3. Structures and site improvement	\$		\$	119,462.64
4. Wells	\$		\$	-
5. Pumping equipment	\$		\$	-
6. Treatment equipment	\$		\$	49,478.89
7. Storage tanks	\$		\$	-
8. Mains (excluding service connections)	\$		\$	88,588.23
9. Service connections	\$		\$	-
10. Meters (including spare meters)	\$		\$	3,235.00
11. Office furniture and equipment	\$		\$	2,936.45
12. Transportation equipment	\$		\$	46,103.03
13. Other utility property in service (describe in remarks below)	\$		\$	69,151.10
14. Total utility property in service (Lines 2 thru 13)	\$		\$	483,977.98
15. Less: acquisition adjustments (difference between original cost above and cost to Seller)	\$		\$	-
16. Less: Seller's accumulated depreciation	\$		\$	271,262.70
17. Less: Seller's accumulated tap fees and other contributions in aid of construction	\$		\$	-
18. Seller's net investment in utility property (Line 14 minus 15, 16, & 17)	\$	N/A - No Water Service	\$	212,715.28

	Utility Property Not in Service		Balance at End of Year	
			Water	Sewer
19. Construction work in progress	\$	N/A - No Water Service	\$	-
20. Property held for future use	\$		\$	-
21. Other (describe in remarks below)	\$		\$	-

SEE EXHIBIT G: ORIGINAL COST OF UTILITY SYSTEM

Remarks

22. #6 - Plant Sewers

23. #8 Sewer Lines

24. #12 Transportation Equipment: 2013 GMC Sierra, Trailer

25. #13 Power Operated Equipment: Skid Steer, Takeuchi Compact Excavator

ANNUAL DEPRECIATION

26. If annual depreciation is claimed using a composite rate for the entire system, show rate of depreciation used:

Water: n/a

Sewer: n/a - See Exhibit M: Seller Financials: Tax Depreciation Schedule as of December 31, 2023

27. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used:

See Exhibit M: Seller Financials: Tax Depreciation Schedule as of December 31, 2023

OTHER FINANCIAL INFORMATION

1.

Please provide the following capital structure information for the Purchaser prior to the purchase of the new water and/or sewer system(s):

a.

Capital structure as of October 5, 2023 (Date of Purchase Agreement; No changes since)

b.

Capital structure balances:

	<u>Amount</u>	<u>Percent Of Total Capital</u>
Long-term debt/loans	\$ <u>-</u>	<u>-</u>
Preferred stock (if any)	\$ <u>-</u>	<u>-</u>
Common equity:		
Common stock	\$ <u>-</u>	<u>-</u>
Retained earnings	\$ <u>-</u>	<u>-</u>
Total common equity	\$ <u>\$250,000</u>	<u>100%</u>
Total capital	\$ <u><u>\$250,000</u></u>	<u><u>100%</u></u>

2.

The purchase price of the system will be financed as follows:

a.

Long-term debt

\$ -

b.

Short-term debt

\$ -

c.

Common stock

\$ -

d.

Retained earnings

\$ -

e.

Other (please describe below on Line g)

\$ \$250,000

f.

Total purchase price

\$ \$250,000

g.

Description of other: Cash

3.

Please provide the following for improvements/additions to be made in the first year:

a.

Brief description: No improvements or additions planned for the existing system outside of repairs and maintenance. Plans for building a new system and expanding to new service areas (subject to NCUC approval) are detailed in the "next five years" section of the application.

b.

Financing:

(1)

Long-term debt

\$ -

(2)

Short-term debt

\$ -

(3)

Common stock

\$ -

(4)

Retained earnings

\$ -

(5)

Other (please describe below on Line (7))

\$ -

(6)

Total improvements/additions

\$ -

(7)

Description of other: N/A

- SEE EXHIBIT H: IMPROVEMENTS/ADDITIONS & REPLACEMENTS**

This image shows a single sheet of white paper with horizontal black ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

- SEE EXHIBIT H: IMPROVEMENTS/ADDITIONS & REPLACEMENTS**

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

3. Please fill out the attached addendum showing the projected cash flows and income statement for the first five years of operation of this system. This addendum should be for the utility system for which the subject application is being submitted, exclusively. Instructions are included on page 3 of the addendum. The following information may be provided instead of filing the addendum:
- (1) Audited financial statements for the Purchaser and/or parent company.
 - (2) Budgets, capital and operating, for the Purchaser's North Carolina utility operations for the next five years.
 - (3) The most recent fiscal year budgets, capital and operating, and the actual amounts for that year for the Purchaser's and/or parent company's North Carolina utility operations.

-8-

EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. If the Purchaser is a corporation, enclose a copy of the Articles of Incorporation on file with the North Carolina Secretary of State. (Not required if previously filed with the Commission.)
2. If the Purchasers are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.)
3. If the Purchaser is conducting business under a trade name or d/b/a, enclose a copy of the certificate filed with the register of deeds in each county where the Applicant will be conducting business as required by G.S. 66-68.
4. Enclose a copy of (1) exhibits showing that the Seller has ownership of all property necessary to operate the utility and (2) a purchase agreement reduced to writing. Any changes in the purchase agreement should be filed immediately with the Commission.
5. If the application is for a stock transfer, enclose a copy of the most recent financial statements, including a balance sheet, for the Seller.
6. Enclose a copy of contracts or agreements, including all attachments, exhibits, and appendices, between the utility and any other party (land developers, customers, etc.) regarding the proposed utility services, including contracts regarding tap fees, construction costs, easements, and rights-of-way, etc. (If none, write "none").
7. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Purchaser.
8. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Purchaser.
9. If the information requested in Exhibits 7 and 8 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the Purchaser and/or parent company.

FILING INSTRUCTIONS

10. Eight (8) copies of the application and exhibits shall be filed with the **North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. Twenty-five (25) copies of an application to acquire a Class A or B utility company should be filed.** One of these copies must have original signatures. (Applicants must also provide any copies to be returned to them.)
11. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$250 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$100 filing fee. A Class C company (annual revenues less than \$200,000) requires a \$25 filing fee. **MAKE CHECK PAYABLE TO THE N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.** (No filing fee required if stock transfer only.)

SIGNATURES

12. Application shall be signed and verified by the Applicants.

Signature _____

Purchaser

Date 2-26-2024

Signature _____

Seller

Date 2/26/2024

13. (Typed or Printed Name) Michael Laws
personally appearing before me and, being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 26th day of February, 2024

Notary Public

Carol R. Hadder
Address 1793 Live Oak St. Apt 211
Beaufort, N.C. 28516
My Commission Expires: May 16, 2027
Date

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Projected Income Statement

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>Operating revenue</u>					
1.	Metered service revenue					
2.	Flat rate service revenue					
3.	EPA testing surcharge					
4.	Re-connect fees					
5.	Returned check charge					
6.	Late payment charge					
7.	Other operating revenue					
8.	Total operating revenue (Sum of Line 1 thru Line 7)					
	<u>Operating expenses</u>					
9.	Total salaries and wages (employees only)					
10.	Outside labor expenses (non-employees)					
11.	Administrative and office expense					
12.	Maintenance and repair expense					
13.	Purchased water					
14.	Purchased sewage treatment					
15.	Electric power expense (exclude office)					
16.	Chemicals expense					
17.	Testing fees					
18.	Transportation expense					
19.	Other operating expense					
20.	Total operation and maintenance expenses (Sum of Line 9 thru Line 19)					
21.	Annual depreciation expense					
22.	Property taxes paid on utility property					
23.	Payroll taxes					
24.	Franchise (gross receipts) tax					
25.	Annual NCUC regulatory fee					
26.	Total operating expenses (Sum of Line 20 thru Line 25)					
	<u>Income Taxes</u>					
27.	State income taxes					
28.	Federal income taxes					
29.	Total income taxes (Line 27 + Line 28)					
30.	Net operating income (loss) (Line 8 - Line 26 - Line 29)					
31.	Interest expense					
32.	Net income (loss) (Line 30 - Line 31)					

SEE EXHIBIT I: PROJECTED INCOME STATEMENT

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Statement of Cash Flows

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
1.	Pre-tax operating income (loss):					
2.	Total operating revenue					
3.	Less: Operation and maintenance expenses					
4.	Less: Taxes other than income					
5.	Pre-tax operating income (loss)					
6.	Income tax calculation:					
7.	Pre-tax operating income (loss)					
8.	Plus: Contributions in aid of construction					
9.	Less: Tax depreciation					
10.	Less: Interest expense					
11.	Taxable income (loss)					
12.	State income tax					
13.	Federal income tax					
14.	Total income taxes to be paid					
15.	Net cash provided by (used in) operating activities					
	<u>Cash Flows From Investing Activities</u>					
16.	Purchases of utility plant					
17.	Plus: Cash bonds posted					
18.	Less: Contributions in aid of construction					
19.	Less: Proceeds from disposal of utility plant					
20.	Net cash used (provided) by investing activities					
	<u>Cash Flows From Financing Activities</u>					
21.	Proceeds from issuing short term debt					
22.	Less: Principal repayment of short term debt					
23.	Plus: Proceeds from issuing long term debt					
24.	Less: Principal repayment of long term debt					
25.	Less: Interest payment for short and long term debt					
26.	Plus: Proceeds from issuing stock					
27.	Less: Dividends paid					
28.	Plus: Funds provided by owner					
29.	Net cash provided (used) by financing activities					
30.	Net increase (decrease) in cash					
31.	Cash balance at beginning of year					
32.	Cash balance at end of year					

SEE EXHIBIT J: PROJECTED STATEMENT OF CASH FLOWS

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Instructions

-
1. These schedules should reflect all revenues, costs, investment, etc. associated with or to be associated with the utility system for which the subject franchise application is being submitted, exclusively.
 2. For purposes of forecasting future expenses, as a simplifying assumption, it may be assumed that increases in such costs due to increases in general price levels, (i.e., inflation) will on average be offset by concurrent rate increases. Thus, no provision(s) for such offsetting changes will need to be made in forecasting costs.
 3. A written detailed narrative explanation of all assumptions underlying the information and data contained in this addendum and five (5) copies of all workpapers developed in completing the addendum are to be filed with the Commission's Chief Clerk concurrent with the filing of the franchise application.
 4. Computations for Statement of Cash Flows (Page 2 of Addendum)
 - (a) Line 2 should agree with Addendum Page 1 - Projected Income Statement, Line 8.
 - (b) Line 3 should agree with Addendum Page 1 - Projected Income Statement, Line 20.
 - (c) Line 4 should agree with Addendum Page 1 - Projected Income Statement, Sum of Line 22 thru Line 25.
 - (d) Line 14 should equal Line 12 plus Line 13.
 - (e) Line 15 should equal Line 5 less Line 14.
 - (f) Line 30 should equal Line 15 less Line 20 plus Line 29.
 - (g) Line 31 should equal the cash balance at the end of the prior year, except for the beginning balance for Year 1, which should be zero.
 - (h) Line 32 should equal Line 30 plus Line 31.

EXHIBITS

As defined in application form

	#
ARTICLES OF INCORPORATION (PURCHASER)	1
PARTNERSHIP AGREEMENT (PURCHASER)	2
<u>NOT APPLICABLE</u> - TRADE NAME CERTIFICATE	3
SELLER OWNERSHIP OF REQUIRED PROPERTY & PURCHASE AGREEMENT	4
<u>NOT APPLICABLE</u> - STOCK TRANSFER	5
UTILITY CONTRACTS OR AGREEMENTS	6
<u>NOT APPLICABLE</u> - PURCHASER FINANCIAL STATEMENTS	7
PARENT COMPANY FINANCIAL STATEMENTS	8
PURCHASER ASSETS / STATEMENT OF NET WORTH	9

Additional Exhibits

PRESENT RATES	A
PURCHASER'S SERVICE ORGANIZATION	B
UTILITY MANAGEMENT QUALIFICATIONS	C
SERVICE AREA	D
REVENUE & EXPENSES	E
NUMBER OF CUSTOMERS SERVED	F
ORIGINAL COST OF UTILITY SYSTEM	G
IMPROVEMENTS/ADDITIONS & REPLACEMENTS	H
PROJECTED INCOME STATEMENT	I
PROJECTED STATEMENT OF CASH FLOWS	J
EXPLANATION OF ASSUMPTIONS	K
HISCO CUSTOMERS & RATES	L
SELLER (HISCO EAST) 2023 FINANCIALS	M
SUB-3 ISLAND RD EXTENSION (LIST OF CONNECTIONS) <i>*REQUEST OF PUBLIC STAFF</i>	N

EXHIBIT 1

Articles of Incorporation

Articles of Organization included in lieu of Articles of Incorporation

Note: Purchaser (HISCO I, LLC) is an LLC and not a Corporation

OFFICIAL COPY

May 06 2024



NORTH CAROLINA

Department of the Secretary of State

OFFICIAL COPY

May 06 2024

To all whom these presents shall come, Greetings:

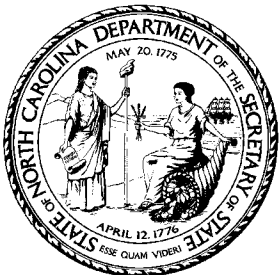
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

HISCO I, LLC

the original of which was filed in this office on the 28th day of March, 2023.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 28th day of March, 2023.

Elaine F. Marshall

Secretary of State

OFFICIAL COPY

May 06 2024

- | Name | Business Address | Capacity |
|--------------------|---|--|
| HILDCO Fund I, LLC | 2820 Selwyn Ave, Suite 425, Charlotte, NC 28209 | <input checked="" type="checkbox"/> Member <input checked="" type="checkbox"/> Organizer |
| | | <input type="checkbox"/> Member <input type="checkbox"/> Organizer |
| | | <input type="checkbox"/> Member <input type="checkbox"/> Organizer |

- Number and Street 176 Mine Lake Court, Suite 100
City Raleigh State: NC Zip Code: 27615 County: Wake

- Number and Street _____
- City _____ State: NC Zip Code: _____ County: _____

- Number and Street: 2820 Selwyn Ave, Suite 425
City: Charlotte State: NC Zip Code: 28209 County: Mecklenburg

The mailing address, if different from the street address, of the principal office of the company is:

Number and Street: _____

City: _____ State: _____ Zip Code: _____ County: _____

b. ☐ The limited liability company does not have a principal office.

7. Any other provisions which the limited liability company elects to include (e.g., the purpose of the entity) are attached.

8. **(Optional):** Listing of Company Officials (See instructions on the importance of listing the company officials in the creation document.

Name	Title	Business Address


9. **(Optional):** Please provide a business e-mail address Privacy Redaction
The Secretary of State's Office will e-mail the business automatically at the address provided above at no cost when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is offered, please see the instructions for this document.

10. These articles will be effective upon filing, unless a future date is specified:

This is the 23rd day of March, 2023.

HILDCO Fund I, LLC, Member/Organizer

DocuSigned by:


A2B38DD84F6F201C

Andrew H. Ross, Manager of Harkers Island Land Development Company, LLC, its Manager

Type or Print Name and Title

The below space to be used if more than one organizer or member is listed in Item #2 above.

Signature

Signature

Type and Print Name and Title

Type and Print Name and Title

NOTE:

1. Filing fee is \$125. This document must be filed with the Secretary of State.

EXHIBIT 2

Purchaser Partnership Agreement

The Purchaser (HISCO I, LLC) is a single member LLC,
wholly-owned by HILDCO, LLC (100%; Sole member)

HISCO I, LLC Operating Agreement included in lieu of Partnership Agreement

Note: The purchaser's parent company has changed its name since the Operating Agreement was executed. The state filing for said name change is included in this exhibit as well.

**OPERATING AGREEMENT
OF
HISCO I, LLC
(A North Carolina Limited Liability Company)**

This **OPERATING AGREEMENT** (this “Agreement”), made and entered into as of March 28, 2023, is by and between **HISCO I, LLC**, a North Carolina limited liability company (the “Company”), and **HILDCO FUND I, LLC**, a North Carolina limited liability company, as the Manager and initial member of the Company (the “Initial Member”).

BACKGROUND STATEMENT

The Company was formed on March 28, 2023, by the filing of its articles of organization by the North Carolina Secretary of State. The parties hereto hereby set forth this agreement regarding the management of the Company and the respective rights and obligations of the parties hereto.

STATEMENT OF AGREEMENT

The parties agree as follows:

ARTICLE I

GENERAL

1.1 Organization of Company. The Company was formed and organized under and shall be operated in accordance with the North Carolina Limited Liability Company Act (the “Act”).

1.2 Identification of Member. The Initial Member, as the organizer of the Company as defined in Section 57D-1-03(24) of the Act, hereby identifies itself as the initial member of the Company pursuant to Section 57D-2-20(c) of the Act.

1.3 Conflicts with the Articles of Organization and the Act. To the extent permitted by law, if this Agreement conflicts with the Company’s articles of organization or the Act, this Agreement shall control and govern. Furthermore, if (a) this Agreement addresses a matter for which the Act provides a default rule, (b) the Act permits an operating agreement to modify such default rule, and (c) this Agreement so modifies such default rule, this Agreement shall control and govern.

1.4 Purposes and Scope of Company. The purpose of the Company shall be to engage in any lawful business.

1.5 Name. The business of the Company shall be conducted under the name HISCO I, LLC, or such other name determined by the Manager.

1.6 Principal Office. The principal office of the Company shall be maintained at such place determined by the Manager.

1.7 Registered Agent and Office. The registered agent and office of the Company shall be as provided in the Company’s articles of organization, or as otherwise determined by the Manager.

1.8 Status of Members. Members of the Company shall not be managers of the Company by virtue of their status as members.

1.9 Tax Status. The Initial Member intends for the Company to be disregarded as an entity for federal income tax purposes and for state income tax purposes in those states that follow federal tax classifications, unless and until there are multiple holders of membership interests in the Company. If there are multiple holders of interests in the Company, it is the intent of the parties hereto that the Company shall be treated as a partnership for federal income tax purposes and for state income tax purposes in those states that follow federal tax classifications.

ARTICLE II

CAPITALIZATION; ALLOCATIONS AND DISTRIBUTIONS

2.1 Initial Capitalization. As of the date hereof, the Initial Member holds a 100% membership interest in the Company, which represents all of the outstanding ownership interests in the Company.

2.2 Capital Contributions. No holder of an ownership interest in the Company shall be permitted to make capital contributions to the Company without the approval of the Manager. No holder of an ownership interest in the Company shall be required to make additional capital contributions to the Company without the consent of such holder.

2.3 Allocations. So long as the Initial Member is the only holder of an ownership interest in the Company, all income, gain and loss of the Company shall be allocated solely to the Initial Member. If there are multiple holders of ownership interests in the Company, all income, gain and loss of the Company shall be allocated among such holders *pro rata* in accordance with their respective ownership interests.

2.4 Distributions. So long as the Initial Member is the only holder of an ownership interest in the Company, all distributions shall be made solely to the Initial Member. If there are multiple holders of ownership interests in the Company of the Company, all distributions shall be made to such holders *pro rata* in accordance with their respective ownership interests.

ARTICLE III

MANAGEMENT

3.1 Role and Identity of the Manager. The manager of the Company for purposes of the Act (the “Manager”) shall have full, exclusive and complete power and authority to manage and control the business and affairs of the Company. The Initial Member shall be the initial Manager and may resign as such at any time. If at any time there shall be no Manager or if the Initial Member ceases to be a member of the Company, the members of the Company may appoint a new Manager and may thereafter remove and replace such Manager at any time in their sole discretion.

3.2 Member Voting Rights. To the maximum extent permitted under the Act, (i) except as set forth in **Section 3.1** and **Section 7.1**, the members shall have no voting rights; and (ii) holders of ownership interests in the Company that have not been admitted as members shall have no voting rights whatsoever. Action on a matter is approved by the members hereunder if members representing a majority of the membership interests in the Company then held by the members approve such action. The

members shall approve or consent to an action if one or more written consents describing the action to be taken shall be signed by the members required to approve it pursuant to this **Section 3.2**.

3.3 Delegation of Manager Power and Authority. The Manager may from time to time delegate to one or more individuals (each an “Officer”) any portion of its authority granted hereunder and under the Act as the Manager deems appropriate. No such delegation shall relieve the Manager of its duties and obligations, or limit the power and authority of the Manager, set forth herein and under the Act. Any Officer may resign as such or may be removed by the Manager at any time with or without cause. The compensation of all Officers shall be fixed by or under the authority of the Manager, and no Officer shall serve the Company in any other capacity and receive compensation therefor unless such additional compensation shall be duly authorized. The appointment of an Officer does not itself create contract rights.

ARTICLE IV

LIABILITY AND INDEMNIFICATION

4.1 Limitation on Liability of Manager. The Manager shall not be liable for any action taken as the Manager, or any failure to take any action, if the Manager performs the duties of its office in compliance with Section 57D-3-21 of the Act and the indemnification standards set forth in the third and fourth sentences of **Section 4.2(c)**.

4.2 Indemnification.

(a) Subject to the indemnification standards set forth in the third and fourth sentences of **Section 4.2(c)**, the Company, its receiver or trustee, hereby indemnifies and holds harmless the Manager from any and all payments made and personal liabilities reasonably incurred by the Manager at any time by reason of or arising out of the authorized conduct of the Company’s business or for the preservation of its business or property.

(b) The Company shall indemnify the Initial Member or the Manager if it is wholly successful, on the merits or otherwise, in the defense of any proceeding to which the Initial Member or the Manager was a party because it was a member or the Manager of the Company against reasonable expenses incurred by it in connection with the proceeding.

(c) Except as hereinafter provided, the Manager shall not be liable for monetary damages for breach of any duty provided for in Section 57D-3-21 of the Act (other than liability for wrongful distribution under Section 57D-4-06 of the Act). The Company shall indemnify the Initial Member and the Manager for judgments, settlements, penalties, fines or expenses incurred in a proceeding to which the Initial Member or Manager is a party because it is or was a member or Manager. Provided, however, notwithstanding anything to the contrary contained herein, no such relief shall limit, eliminate or indemnify against the liability of a Manager for (i) acts or omissions that the Manager knew at the time of the acts or omissions were clearly in conflict with the interest of the Company, or (ii) any transaction from which the Manager derived an improper personal benefit. Provided, however, acknowledging that pursuant to the Act a Manager has a duty of good faith and fair dealing, the indemnity provisions of this **Section 4.2(c)** shall not apply in the event it has been determined by a court of final adjudication that the Manager did not act with good faith and fair dealing or acted in a manner which was grossly negligent, reckless or willful. Provided further, however, notwithstanding the preceding provisos, the Company may indemnify the Initial Member or the Manager for such judgments, settlements, penalties, fines or expenses hereinabove described if approved by the members of the Company at such time of approval. For purposes of this **Section 4.2(c)** (i) “improper personal benefit” shall not include reasonable

compensation for services rendered or the payment of fees to the Manager or any of its affiliates that are disclosed to future members of the Company at any time prior to their admission to the Company, and (ii) any act or omission specifically contemplated or described herein or in any disclosure document provided to future members of the Company at any time prior to their admission to the Company shall not be deemed “clearly in conflict with the interest of the Company.”

(d) The Manager may cause the Company to indemnify and hold harmless affiliates of the Manager, and any directors, managers, officers, owners, employees and other representatives of the Manager and its affiliates, in the same manner and to the same extent the Manager is entitled to indemnification and to be held harmless as set forth above and, except as otherwise determined by the Manager in its discretion, such other Persons described in this **Section 4.2(d)** shall be exculpated from liability to the Company and the members to the same extent set forth above regarding the Manager.

ARTICLE V

ADDITIONAL MEMBERSHIP INTERESTS; ASSIGNMENT

5.1 Issuance of Additional Membership interests. The Manager may issue additional membership interests in the Company to any person in exchange for such cash, property or services, and on such other terms and conditions, as the Manager shall determine. Such person shall become a member of the Company upon its execution of a copy of this Agreement or delivery of a written acknowledgement to the Company, in either case in form and substance satisfactory to the Manager, whereby such assignee agrees to be a member and to be bound by the provisions of this Agreement.

5.2 Assignment of Membership Interests. A holder of an ownership interest in the Company may assign all or any part of such interest to any person. Any assignment of an ownership interest in the Company by the holder thereof to an existing member shall be effective to make the assignee thereof a member in respect of such ownership interest. Any other assignee shall be admitted as a member only if (a) the Manager approves such admittance, and (b) the assignee has executed a copy of this Agreement or delivers a written acknowledgement to the Company, in form and substance satisfactory to the Manager, whereby such assignee agrees to be a member and to be bound by the provisions of this Agreement. Notwithstanding the foregoing provisions of this **Section 5.2**, if there is only one member and such member assigns its entire membership interest to another person, voluntarily or involuntarily, such assignment shall be effective to make the assignee thereof a member in respect of such membership interest. Except as set forth in this **Section 5.2**, any assignment of an ownership interest in the Company to any person that is not an existing member shall be effective to give the assignee only the right to receive the allocations of income, gain and loss and distributions to which the assignor would have been entitled if the assignment had not been made and shall not be effective to admit the assignee as a member of the Company.

ARTICLE VI

DISSOLUTION AND WINDING UP

6.1 Events of Dissolution. The Company shall be dissolved upon the earlier of any of the following (each an “Event of Dissolution”): (a) the approval of a dissolution by the Manager and the members; and (b) any other event that requires or results in a dissolution of the Company under the Act. Except as expressly provided herein or in the Act, no holder of an ownership interest in the Company shall have the right to cause a dissolution of the Company.

6.2 Winding Up the Company. If an Event of Dissolution occurs, the Manager shall wind up the affairs of the Company and a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the holders of ownership interests in the Company to minimize the normal losses attendant upon a liquidation. In connection with winding up the affairs of the Company, the Manager shall collect the Company's assets, dispose of those assets that will not be distributed in-kind to the holders of ownership interests, discharge or make provision for discharging the Company's liabilities and distribute the remaining assets of the Company to the holders of ownership interests in the Company in accordance with **Section 2.4**.

ARTICLE VII

MISCELLANEOUS

7.1 Amendment. This Agreement may be changed, amended or modified only in a writing executed by all of the parties hereto.

7.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

7.3 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

7.4 Third-Party Beneficiary. Except as expressly set forth in this Agreement, no provision hereunder is intended to be for the benefit of or enforceable by any third party, including any creditor of the Company.

7.5 Counterparts. This Agreement may be executed simultaneously in multiple counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature, and may be appended, to any other counterpart.

7.6 Integration; Entire Agreement. This Agreement, as amended hereafter from time to time in accordance with the terms hereof, sets forth the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, constitutes the one and only operating agreement in respect of the Company's business and affairs, and supersedes all prior written and oral statements, including any prior representation, statement, condition or warranty.

7.7 Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns.

[signatures begin on next page]

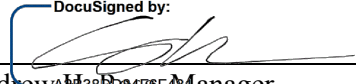
IN WITNESS WHEREOF, this Operating Agreement is hereby executed under seal as of the day and year first above written.

Company:

HISCO I, LLC

By: HILDCO Fund I, LLC, its Manager

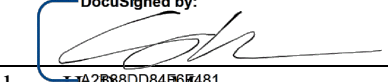
By: Harkers Island Land Development Company,
LLC, its Manager

By: 
Andrew H. Ross, Manager

Initial Member and Manager:

HILDCO Fund I, LLC

By: Harkers Island Land Development Company,
LLC, its Manager

By: 
Andrew H. Ross, Manager



NORTH CAROLINA

Department of the Secretary of State

OFFICIAL COPY

May 06 2024

To all whom these presents shall come, Greetings:

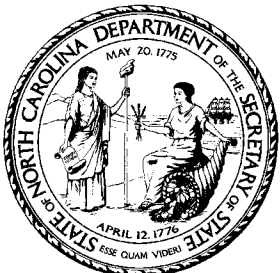
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF AMENDMENT

OF

HILDCO, LLC

the original of which was filed in this office on the 26th day of May, 2023.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 26th day of May, 2023.

Elaine F. Marshall

Secretary of State

State of North Carolina
Department of the Secretary of State

Limited Liability Company
AMENDMENT OF ARTICLES OF ORGANIZATION

W-1297 Sub 17
SOSID: 260227-1344 Sub 0
Date Filed: 5/26/2023 2:48:00 PM
Elaine F. Marshall
North Carolina Secretary of State
C2023 146 07207

OFFICIAL COPY

May 06 2024

Pursuant to §57D-2-22 of the General Statutes of North Carolina, the undersigned limited liability company hereby submits the following Articles of Amendment for the purpose of amending its Articles of Organization.

1. The name of the limited liability company is: HILDCO Fund I, LLC
2. The text of each amendment adopted is as follows (attach additional pages if necessary):
Paragraph 1 is hereby deleted in its entirety and is amended to
read as follows:
"1. The name of the limited liability company is: HILDCO, LLC."
3. (Check either a or b, whichever is applicable)
A. ☐ The amendment(s) was (were) duly adopted by the majority vote of the organizers of the limited liability company prior to the identification of initial members of the limited liability company.
B. ☒ The amendment(s) was (were) duly adopted by the unanimous vote of the members of the limited liability company or was (were) adopted as otherwise provided in the limited liability company's Articles of Organization or a written operating agreement.
4. These articles will be effective upon filing, unless a date and/or time is specified: _____

This the 26 day of May, 202023.

HILDCO Fund I, LLC

Name of Limited Liability Company



Digitally signed by Andrew H. Ross
Date: 2023.05.26 09:33:56 -04'00'

Signature

Andrew H. Ross, Manager, Company Official
Type or Print Name and Title of Harkers Island Development Company, LLC,
its Manager

NOTES:

1. Filing fee is \$50. This document must be filed with the Secretary of State.

BUSINESS REGISTRATION DIVISION
(Revised July 2017)

P. O. BOX 29622

RALEIGH, NC 27626-0622
(Form L-17)

EXHIBIT 3

Purchaser Trade Name
NOT APPLICABLE

OFFICIAL COPY

May 06 2024

W-1297, Sub 17
W-1344, Sub 0
PUBLIC

OFFICIAL COPY

May 06 2024

REDACTED

EXHIBIT 4
FILED UNDER SEAL

EXHIBIT 5

Stock Transfer
NOT APPLICABLE

OFFICIAL COPY

May 06 2024

EXHIBIT 6

Utility Contracts or Agreements

Contract Operators (& Backup)

- Inspection and Maintenance Agreement between HISCO, LLC, and John William Simmons Jr., dated August 26, 2022; and
- Inspection and Maintenance Agreement between HISCO, LLC, and Dan Fortin, dated October 21, 2022.

Developer / Customer Agreements

Included below are agreements relevant to the CPCN application filed in parallel with this Transfer application. All other agreements for Sub-dockets 0, 1, & 2 are on file, have not been questioned in the Pre-Filing meetings, and therefore are not included for the sake of brevity.

- Cape Pointe Subdivision: Developer Agreement (May 2016)
- Harkers Island RV Park: Developer Agreement (April 2016)
- Docket W-1297 Sub 3: NPS & Island Road Extension
 - NPS Agreement (filed November 2014)
 - Encroachment Contract, NDOT (July 2015)

INSPECTION AND MAINTAINENCE AGREEMENT

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

This agreement is made and entered into this 26th day of August , 2022 . By and between HISCO LLC (hereinafter the "Utility") and John William Simmons JR. herein (hereinafter the "Private Certified Operator").

WITNESSETH

WHEREAS, the utility owns or controls the property upon which a ground absorption sewage treatment system (hereinafter "system") is installed, such system being designated a type Level 3 & SS System under the Rules for Sanitary Sewage Collection, Treatment and Disposal found at 15A N.C. Administrative Code 18A. 1900 et sseq, and

WHEREAS, 15 N.C. Administrative Code 18A. 1961 requires a contract to be executed between the system owner, the Utility and a management entity prior to the issuance of an Operation Permit for said system; and

WHEREAS, 15 N.C. Administrative Code 18A. 1961 requires that a condition of the operation permit for said system that properly executed contract between the system owner and a management entity shall be in effect for as long as the system is in use; and

WHEREAS, the Private Certified Operator is a management entity of a type authorized by 15 N.C. Administrative Code 18A 1961 to manage a Type Level 3 System.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and promises contained in the Agreement, it is hereby agreed by and between the Utility and Private Certified Operator as stipulated below.

1. The Private Certified Operator's Obligations. The private certified operator shall perform the following services on the Utility's system located at 300 ISLAND ROAD, HARKERS ISLAND NORTH CAROLINA.

- a. The Private Certified Operator shall inspect the system located at 300 Island Road Harkers Island, NC 28531 operating under Permit No. OP# VI-27-17-1 as least at the frequency required in Table V (b) of 15A N.C. Administrative Code 18A 1961 (b) for a Type Level 3 System.
 - b. The Private Certified Operator shall perform the following routine maintenance procedures in accordance with the conditions of the Operation Permit.
 - (1) Daily operations including testing, recording all readings, scraping hoppers, back washing filters, clean screen on surge tank and wasting as needed.
 - (2) Pulling samples and delivering to lab. Submitting all reports to county.
 - (3) Check operations of all components for proper operation, analyzing problems, trouble shooting, and making repairs when possible. Making arrangements for repair out of ability.
 - c. The Private Operator shall report the results of its inspections to the local health department at the frequency specified in Table V (b) of 15A N.C. Administrative Code 18A. 1961 (b) for a Type Level 3 System.
 - d. If the inspection indicates the need for system repairs, the Private Operator shall notify the local health department within 48 hours of the inspection.
 - e. The Private Certified Operator shall notify the utility of need repairs which are outside of the scope of routine maintenance described in subparagraph (b) above. The Private Certified Operator shall perform necessary repairs to the system at the request of the Utility and shall be entitled to payment thereafter at the Private Certified Operator's normal charges for materials and labor.
 - f. The Private Certified Operator shall notify owner or utility within 4 hours of service calls or repairs needed.
2. The Utility's Obligations.
- a. The Utility shall pay the Private Certified Operator the sum of \$1,600. Per month for scheduled visits inspections, routine maintenance procedures and periodic reports. The monthly fee may be amended upon a sixty-day advance notice to the Utility. The Utility shall pay to the Private Certified Operator his normal and customary fees for any work performed on the system as a result of non-scheduled service of maintenance calls. Sludge removal, Lab fees and all chemicals provided are not included in the normal monthly fees. All fees are due and payable within (15) days of billing.
 - b. Within 48 hours of receipt of notice of needed repairs pursuant 1.e. above, the Utility shall request the Private Certified Operator to complete needed repairs or shall provide to the Private Certified Operator evidence that the needed repairs were satisfactorily completed by another entity.

- c. The Utility shall provide the Private Certified Operator with such access to the system as is reasonably necessary for the Private Certified Operator to comply with the terms of this Agreement.

3. Term This agreement shall remain in effect until terminated.

a. Automatic termination.

This agreement shall automatically terminate if the Operation Permit for the system is revoked and all appeals of the revocation are exhausted or time for taking an appeal has passed.

b. Termination by Mutual Consent.

The parties may mutually agree to terminate this Agreement by giving written notice of termination by mutual consent to local health department thirty (30) days in advance of the date of termination.

c. Termination by the Utility

The Utility may terminate this agreement by giving notice to the Private Certified Operator and to the local health department thirty (30) days in advance of the date of termination.

d. Termination by the Certified private Operator

(1) The Private Certified Operator may terminate this Agreement for cause by giving written notice of intent to terminate this Agreement to the Utility and to the local health department thirty (30) days in advance of the date of termination. Cause shall be as defined as:

- (a) Failure to remit payment for any bill for services performed under and in accordance with Agreement if said bill is not paid within thirty (30) days of receipt by the utility of the bill.
- (b) Failure of the Utility to provide Private Certified Operator authorization to complete needed repairs or satisfactory evidence that needed repairs to the system were completed by another entity within 48 hours of receipt of notice of needed repairs pursuant to paragraph 1.e. above. If said authorization to complete needed repairs or evidence of completion said repairs is not provided after notice of termination is given but prior to the date of termination of this Agreement, this Agreement shall continue in effect;
- (c) Failure of the Utility to allow the Private Certified Operator such access to the system as is reasonably necessary in order for the Private Certified Operator to comply with the terms of this Agreement.

4. ASSIGNMENT

- a. Assignment by the Utility. The Utility shall notify the Private Certified Operator of the name and address of any purchaser of the property on which system is located. The utility shall also notify any purchaser of the property on which the system is located of

the existence of this Agreement and shall assign all rights and duties under this Agreement to said purchase.

5. Representations. The parties represent to each other that each has the power, authority and legal right to enter into and perform its obligations as set forth in this Agreement.
6. Regulatory Amendments. Reference in the Agreement to sections of the Administration Code shall include such rules as they may be amended in the future.
7. No Implied Wavier The waiver by either Party of a default or a breach by the other Party of any provision of this Agreement shall not operate or be constructed to operate as a waiver of any subsequent default or breach. The failure at any time of either Party to enforce any provision of this Agreement, or the right of either Party thereafter to enforce each and every provision of this Agreement.
8. Notice. Every notice required under this Agreement shall be in writing be deemed sufficiently given if delivered in person or sent by certified or registered mail, return receipt requested, postage prepaid to the Party to be notified and addressed as follows:

To the Utility:

HISCO LLC
270 PINTAIL LANE
LEXINGTON, NC 27295

To the Private Certified Operator;

John William Simmons Jr.
808 Sea Chaser Ct
Beaufort NC 28516

To the Local Health Department;

CARTERET COUNTY HEALTH DEPARTMENT
3820 BRIDGES STREET
MOREHEAD CITY, NC 28557

The date of any Notice shall be the date of personal delivery ore the date shown on the return receipt as the date of delivery or attempt delivery, as the case may be. Changes in the respective addresses to which notice may be directed may be made from time to time by either Party by notice to the other Party.

10. Entire Agreement and Amendment. This Agreement supersedes all prior negotiations, agreements and understandings between the Parties with respect to the subject matter hereof. To be effective, any amendment or modification to this Agreement must be in writing and must be signed by the Parties.
11. Severability In the event that any provision of this Agreement shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the Parties shall negate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or such other appreciate actions as shall, to maximize extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected in this Agreement, and the other provisions of this Agreement shall as so amended, modified, supplemented, or otherwise affected by such actions, remain in full force and effect.

IN TESTIMONY WHEREOF, the Parties hereto have executed this Agreement in duplicate originals, one of which is retained by each of the Parties, the day and year first above written.

Date:

9/26/2022

Utility Manager

Date:

8/26/2022

Private Certified Operator

**NC Water Pollution Control System
Operators Certification Commission**

John William Simmons, Jr.

Type	Grade	Cert #	Type	Grade	Cert #
CS	4	995876	LA	---	997293
PC	1	989411	SI	---	1000099
SS	---	989678	WW	4	996311

*is a duly Certified Operator under provisions of Article 3, Chapter 90-A
of the General Statutes of North Carolina*

*W. Corey Basinger
Chairman*

2022

OFFICIAL COPY

May 06 2024

INSPECTION AND MAINTAINENCE AGREEMENT

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

This agreement is made and entered into this 26th day of October 20th , 2022 . By and between HISCO LLC , (hereinafter the "Utility") and

Dan Fortin of Fortin Contracting , herein (hereinafter the "Private Certified Operator").

Acting as Backup Operator only in the agreement.

WITNESSETH

WHEREAS, the utility owns or controls the property upon which a ground absorption sewage treatment system (hereinafter "system") is installed, such system being designated a type Level 3 & SS System under the Rules for Sanitary Sewage Collection, Treatment and Disposal found at 15A N.C. Administrative Code 18A. 1900 et sseq, and

WHEREAS, 15 N.C. Administrative Code 18A. 1961 requires a contract to be executed between the system owner, the Utility and a management entity prior to the issuance of an Operation Permit for said system; and

WHEREAS, 15 N.C. Administrative Code 18A. 1961 requires that a condition of the operation permit for said system that properly executed contract between the system owner and a management entity, acting as a back-up operator, shall be in effect for as long as the system is in use; and

WHEREAS, the Private Certified Back-up Operator is a management entity of a type authorized by 15 N.C. Administrative Code 18A 1961 to manage a Type Level 3 System.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and promises contained in the Agreement, it is hereby agreed by and between the Utility and Private Certified Operator as stipulated below.

1. The Private Certified Backup Operator's Obligations. The private certified operator shall perform the following services on the Utility's system located at 300 ISLAND ROAD, HARKERS

ISLAND NORTH CAROLINA in case of emergency whereas Primary Operator William Simmons is unable to perform his scheduled duties.

- a. The Private Certified Operator shall be the backup operator only to inspect the system located at 300 Island Road Harkers Island, NC 28531 operating under Permit No. OP# VI-27-17-1 as least at the frequency required in Table V (b) of 15A N.C. Administrative Code 18A 1961 (b) for a Type Level 3 System.
 - b. The Private Certified Back-up Operator shall perform the following routine maintenance procedures in accordance with the conditions of the Operation Permit, only in the rare absence of the primary initial operator's absence and perform temporary fill in role to maintain system operations.
 - (1) Daily operations including testing, recording all readings, scraping hoppers, back washing filters, clean screen on surge tank and wasting as needed.
 - (2) Pulling samples and delivering to lab. Submitting all reports to county.
 - (3) Check operations of all components for proper operation, analyzing problems, trouble shooting, and making repairs when possible. Making arrangements for repair out of ability.
 - c. The Private Operator shall report the results of its inspections to the local health department at the frequency specified in Table V (b) of 15A N.C. Administrative Code 18A. 1961 (b) for a Type Level 3 System.
 - d. If the inspection indicates the need for system repairs, the Private Operator shall notify the local health department within 48 hours of the inspection.
 - e. The Private Certified Operator shall notify the utility of need repairs which are outside of the scope of routine maintenance described in subparagraph (b) above. The Private Certified Operator shall perform necessary repairs to the system at the request of the Utility and shall be entitled to payment thereafter at the Private Certified Operator's normal charges for materials and labor.
 - f. The Private Certified Operator shall notify owner or utility within 4 hours of service calls or repairs needed.
2. The Utility's Obligations.
- a. The Utility shall pay the Private Certified Operator the sum of an hourly rate of \$100 per man hour worked in rare case of need to replace primary operator.
 - b. Within 48 hours of receipt of notice of needed repairs pursuant 1.e. above, the Utility shall request the Private Certified Operator to complete needed repairs or shall provide to the Private Certified Operator evidence that the needed repairs were satisfactorily completed by another entity.

- c. The Utility shall provide the Private Certified Operator with such access to the system as is reasonably necessary for the Private Certified Operator to comply with the terms of this Agreement.
3. Term This agreement shall remain in effect until terminated by mutual consent or another back-up operator is identified by execution of another Back-by Operator contract. This contract will terminate within 1 year of execution date unless back-up Operator and the utility mutually agree to extend the back-up Operator contract.
 - a. Automatic termination.

This agreement shall automatically terminate if the Operation Permit for the system is revoked and all appeals of the revocation are exhausted or time for taking an appeal has passed.
 - b. Termination by Mutual Consent.

The parties may mutually agree to terminate this Agreement by giving written notice of termination of termination by mutual consent to local health department thirty (30) days in advance of the date of termination.
 - c. Termination by the Utility

The Utility may terminate this agreement by giving notice to the Private Back-up Certified Operator and to the local health department thirty (30) days in advance of the date of termination.
 - d. Termination by the Certified private Operator
 - (1) The Private Certified Operator may terminate this Agreement for cause by giving written notice of intent to terminate this Agreement to the Utility and to the local health department thirty (30) days in advance of the date of termination. Cause shall be as def

To the Utility:

HISCO LLC
270 PINTAIL LANE
LEXINGTON, NC 27295

To the Private Certified Backup Operator;

Dan Fortin, Fortin Contracting.

PO Box 4188

Emerald Isle NC 28594

To the Local Health Department;


CARTERET COUNTY HEALTH DEPARTMENT
3820 BRIDGES STREET
MOREHEAD CITY, NC 28557

The date of any Notice shall be the date of personal delivery or the date shown on the return receipt as the date of delivery or attempt delivery, as the case may be. Changes in the respective addresses to which notice may be directed may be made from time to time by either Party by notice to the other Party.

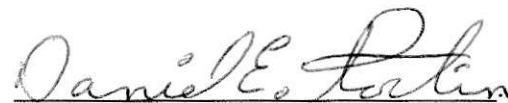
4. Place of Agreement This Agreement and any questions concerning its validity, construction or performance shall be governed by the laws of the State of North Carolina, notwithstanding the place of execution, or order in which the signatures of the Parties are affixed.
5. Entire Agreement and Amendment. This Agreement supersedes all prior negotiations, agreements and understandings between the Parties with respect to the subject matter hereof. To be effective, any amendment or modification to this Agreement must be in writing and must be signed by the Parties.

IN TESTIMONY WHEREOF, the Parties hereto have executed this Agreement in duplicate originals, one of which is retained by each of the Parties, the day and year first above written.

Date: 10-21-2022


Utility Manager

Date: 10-21-22


Private Certified Operator

HARKERS ISLAND SEWER COMPANY LLC
PO Box 370
Harkers Island
28531
Invoice

March, 20th, 2017

Doug Brady
Academy Field LLC
805 Front St.
Beaufort, NC 28531

Re: Cape Point lift station up fit

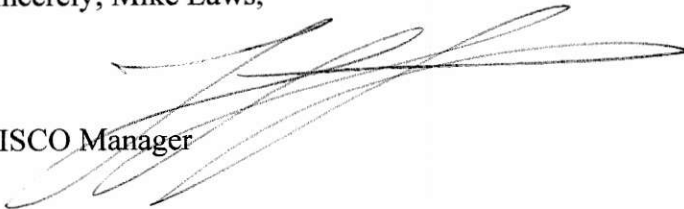
Mr. Brady, this notification and invoice is the result of the required onsite upgrade of the Cape Point sewer lift station located at 1200 Island Road, Harkers Island, NC. The upgrade in pumps and controls will properly process waste water to the final processing location at Harkers Village treatment facility also on Harkers Island, NC.

The determination of this upgrade was conducted by Arendell Engineers and mandated by NCDHHS and NCDWQ design criteria for public waste water systems.

Please forward the **\$25,000** in CIAC funds to HISCO needed to cover the onsite cost.

Sincerely, Mike Laws,

HISCO Manager



HARKERS ISLAND SEWER COMPANY LLC
1400 Points Village
PO Box 375
Harkers Island NC
28531

Memorandum of Agreement

May 4th, 2016

Re: Public sewer service to Cape Pointe Village

This agreement serves notice that Academy Field LLC represented by Doug Brady, has formally requested, and Harkers Island Sewer Company LLC has committed public sewer service to Cape Pointe Village at 1200 Island Road, Harkers Island NC.


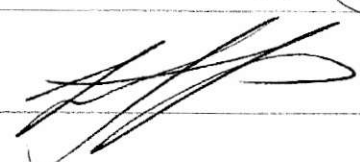
The attached North Carolina Utilities Commission rate Schedule will apply to the 25 lots in Phase 1 of the attached plat. Any additional lots realized by the Developer contiguous to the Subdivision will be subject to the same rate schedule.

Conditions:

- a) Developer, (Doug Brady) and its Engineering firm must design and permit the onsite waste water system and required offsite sewer mains and 1 lift station related to the service extension connecting to the Harkers Village WWTP.
- b) Proper construction or installation must be conducted by a licensed utility contractor and certified by the Developer's Engineer.
- c) Developer or its licensed utility contractor must warranty the sewer mains for a period of 1 year after certification.
- d) Ownership of sewer mains are transferred to the Utility at time of Engineer's certification.
- e) Developer is also responsible for required easements approved by Utility's legal counsel.
- f) The Utility reserves the right for its Engineer of record to review or comment and approve any design work to assure proper conformity to the system in its entirety before finalization and submitting to NCDENR for permits.

g) Developer or Developers shall incur all cost associated the permits, design, and construction of the system or systems.

note: The utility is aware of the off site cost being shared by CJ Chadwick & Associates LLC developing Harkers Island RV Resort represented by Chris Chadwick and Academy Field LLC represented by Doug Brady and will co-operate with both Developers collectively.

Signed: Harkers Island Sewer Company LLC  Date 5-18-16
Manager, Michael Laws
Academy Field LLC  Date 5/19/2016
Manager, Doug Brady.

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May 06 2024

~~Exhibit D~~
"E"

HARKERS ISLAND SEWER COMPANY LLC
NC Public Utility
PO Box 370
Harkers Island
28531

Memorandum of Agreement

April 25th, 2016

Re: Sewer service to: Harkers Island RV Resort

Attention: Chris Chadwick

Dear Mr. Chadwick, The following confirms the ability and pledge for Harkers Island Sewer Company LLC to serve your project known as Harkers Island R/V Resort containing approximately 126 units, located at 265 Guthrie Road on Harkers Island, with public sewer service.

Conditions:

- a) Developer, (Chadwick) and its engineering firm must design and permit the onsite waste water system and required off site sewer mains and 1 lift station related to the service extension connecting to the Harkers Village WWTP.
- b) Proper construction or installation must be conducted by a licensed utility contractor and certified by the developer's engineer.
- c) Developer or its licensed utility contractor must warranty the sewer mains for a period of 1 year after certification.
- d) Ownership of sewer mains are transferred to the utility at time of engineer's certification.
- e) Developer is also responsible for required easements approved by utility's legal counsel and NCDENR easement requirements satisfied.
- f) The utility reserves the right for its engineer of record to review or comment and approve any design work to assure proper conformity to the system in its entirety before finalization and submitting to NCDENR for permits.

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May 06 2024

g) Developer or developers shall incur all cost associated the permits, design, and construction of the system or systems.

Note: the utility is aware of the offsite cost being shared by developers, as it relates to offsite sewer transmission lines Chris Chadwick and developer Doug Brady owner of Cape Point Subdivision, and will co-operate with both developers collectively.

Signed: Michael Laws, Manager.

Date

5/3/2014

Signed: Chris Chadwick, Developer.

Date.

5-3-16

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May 06 2024

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May 06 2024

AWARD/CONTRACT		1 THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)		RATING	PAGE 1 OF 1 PAGES
2 CONTRACT (Proc. Inv. Ident.) NO. 214PC00068		3 EFFECTIVE DATE 10/1/2014		4 REQUISITION/PURCHASE REQUEST PROJECT NO. 10000000000000000000	
5 ISSUED BY NPS, WARD - WOP Contracting P.O. Box 15261 MC WOP Washington DC 20020	CODE	6 ADMINISTERED BY (If other than Item 5) NPS, WOP Contracting 1775 W. Jefferson Ave Baltimore MD 21201	CODE		
7 NAME AND ADDRESS OF CONTRACTOR (No. Street, City, County, State and ZIP Code) HARRIS ISLAND LEVER COMPANY ATTN: ATTN: GOVERNMENT PMT 210 BINTAIL DR LEXINGTON KY 40503		8 RECEIVED FOR ORIGIN A OTHER (See below)		9 DISCOUNT FOR PROMPT PAYMENT	
10 SUBMIT INVOICES 4 copies unless otherwise specified, TO THE ADDRESS SHOWN IN		ITEM			
CODE 0001358431	FACILITY CODE	11 SHIP TO MARK FOR CODE		12 PAYMENT WILL BE MADE BY CODE 111 000	
NPS, WOP - Transportation (714) 424-0001 10146 W. ALABAMA PARK DAYTON OH 45424					
13 AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION 10 U.S.C. 2304 (a) 41 U.S.C. 253 (a)		14 ACCOUNTING AND APPROPRIATION DATA			
15A ITEM NO.	15B SUPPLIER SERVICES	15C QUANTITY	15D UNIT	15E UNIT PRICE	15F AMOUNT
Contracted					
16 TOTAL AMOUNT OF CONTRACT					\$275,347.00
16. TABLE OF CONTENTS					
PART I: THE SCHEDULE		PART II: CONTRACT CLAUSES			
A	SOLICITATION-CONTRACT FORM	CONTRACT CLAUSES			
B	SUPPLIES OR SERVICES AND PRICES/COSTS	LIST OF DOCUMENTS, DRAWINGS, AND OTHER ATTACH			
C	DESCRIPTION, SPECS, WORK STATEMENT	LIST OF ATTACHMENTS			
D	PACKAGING AND MARKING	SUMMARY OF STATISTICAL DATA			
E	INSPECTION AND ACCEPTANCE	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFICERS			
F	DELIVERIES OR PERFORMANCE	INSTRS, CONDS, AND NOTICES TO OFFERORS			
G	CONTRACT ADMINISTRATION DATA	EVALUATION FACTORS FOR AWARD			
H	SPECIAL CONTRACT REQUIREMENTS				
CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE					
17 CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return copies to issuing office. Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract; (b) the solicitation; if any; and (c) such previous representations, certifications, and specifications as are attached or incorporated by reference herein. (Attachments are listed herein).)			18 AWARD (Contractor is not required to sign this document. Your offer or Solicitation Number		
19A NAME AND TITLE OF SIGNER (Type or print) Michael W. Davis - Business Development Manager			19B NAME OF CONTRACTOR Michael W. Davis		
19C DATE SIGNED 10/1/2014			19D UNITED STATES OF AMERICA 9-17-14		
19E SIGNATURE OF PERSON AUTHORIZED TO SIGN Signature of person authorized to sign			19F SIGNATURE OF CONTRACTING OFFICER Signature of Contracting Officer		
19G AUTHORIZATION FOR LOCAL REPRODUCTION Print name and title below			19H STANDARD FORM 28-Rev. 2/2001 100-10471-101		

FILED
NOV 24 2014
Clerk's Office
N.C. Utilities Commission

AWARD/CONTRACT		1 THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)		RATING		PAGE OF PAGES 1 11	
2 CONTRACT (Proc Inst Ident) NO P14PC00568				3 EFFECTIVE DATE See Block 200		4 REQUISITION/PURCHASE REQUEST/PROJECT NO 0040153643	
5 ISSUED BY NPS, WAGO - WCP Contracting P.O.Box 25287 MS WCP Denver CO 80225		CODE PWA		5 ADMINISTERED BY (if other than Item 5) DOT, NPS, WAGO - WCP Contracting 7333 W. Jefferson Ave P.O.Box 25287 MS WCP Lakewood CO 80235		CODE PWA	
7 NAME AND ADDRESS OF CONTRACTOR (No., Street, City, Country, State and ZIP Code) HARRIS ISLAND SEWER COMPANY, LLC Attn: ATIN GOVERNMENT POC 270 PENTAIL DR LEXINGTON NC 27275-5349				8 DELIVERY FOB ORIGIN <input checked="" type="checkbox"/> OTHER (See below)			
9 DISCOUNT FOR PROMPT PAYMENT				10 SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN			
CODE 0071358431		FACILITY CODE		ITEM			
11 SHIP TO/MARK FOR NPS, USC - Transportation (Via Courier) 12795 W. ALAMEDA PARK LAKEWOOD CO 80225		CODE 0009060753		12 PAYMENT WILL BE MADE BY Invoice Processing Platform System US Department of Treasury http://www.ipp.gov		CODE IPP INV	
13 AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION 10 U.S.C. 2304 (c) 1 41 U.S.C. 253 (c) 1				14 ACCOUNTING AND APPROPRIATION DATA 01			
15A ITEM NO		15B SUPPLIES/SERVICES		15C QUANTITY		15D UNIT	
Continued						15E UNIT PRICE	
						15F AMOUNT	
15G TOTAL AMOUNT OF CONTRACT				\$275,387.00			
16. TABLE OF CONTENTS							
(X)	SEC	DESCRIPTION	PAGE(S)	(X)	SEC	DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES			
	A	SOLICITATION/CONTRACT FORM			I	CONTRACT CLAUSES	
	B	SUPPLIES OR SERVICES AND PRICES/COSTS		PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH			
	C	DESCRIPTION/SPECS/WORK STATEMENT			J	LIST OF ATTACHMENTS	
	D	PACKAGING AND MARKING		PART IV - REPRESENTATIONS AND INSTRUCTIONS			
	E	INSPECTION AND ACCEPTANCE			K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
	F	DELIVERIES OR PERFORMANCE			L	INSTRS, CONDS, AND NOTICES TO OFFERORS	
	G	CONTRACT ADMINISTRATION DATA			M	EVALUATION FACTORS FOR AWARD	
	H	SPECIAL CONTRACT REQUIREMENTS					
CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE							
17 CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return _____ copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract; (b) the solicitation; (if any); and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)				18 AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____ including the additions or changes made by you which additions or changes are set forth in full above is hereby accepted as to the items listed above and on any condition sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer; and (b) this award/contract. No further contractual document is necessary.			
19A NAME AND TITLE OF SIGNER (Type or print)				20A NAME OF CONTRACTING OFFICER Michelle Yates			
19B NAME OF CONTRACTOR		19C DATE SIGNED		20B UNITED STATES OF AMERICA		20C DATE SIGNED	
BY (Signature of person authorized to sign)				BY (Signature of the Contracting Officer)			
AUTHORIZED FOR LOCAL REPRODUCTION Printed on 100% recycled paper				STANDARD FORM 26 (Rev. 4/2004) Prescribed by GSA FAR (48 CFR) 53.214(a)			

CONTINUATION SHEET		REFERENCE NO. OF DOCUMENT BEING CONTINUED P14P000506		PAGE 2	OF 11
NAME OF OFFEROR OR CONTRACTOR HARKERS ISLAND FOWER COMPANY, LLC					
ITEM NO (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	<p>This is a firm fixed price award. Delivery: 09/17/2014 Delivery Location Code: 3009060753 NPS, DSC - Transportation (Via Courier) 12/95 W. ALAMEDA PARK LAKEWOOD CO 80228 US</p> <p>Account Assignment: K G/L Account: 6100.233P Business Area: P005 Commitment Item: 233K01 Post Center: PPWODESCT1 Functional Area: PANPHAT44.CN0005 PLnd: XXXP408344 Fund Center: PPWODESCT1 Project/WBS: PA.P0210583A.01.1 PA Act Assign Line: 01 FOB: Destination Period of Performance: 09/17/2014 to 09/16/2015</p>				
00010	<p>UTILITY CONNECTION PROJECT Unit: Cape Lookout National Seashore, CALO. Description: This contract is for a sewer connection to the West Hay Waste Water Treatment Plant (WWTP) located within 2 miles of the park headquarters area on Harkers Island, North Carolina.</p> <p>(See attached Statement of Work.) Obligated Amount: \$275,387.00 IT Approval Num: N</p> <p>Contracting Points of Contact:</p> <p>Michelle Yates, Contracting Officer Michelle_Yates@nps.gov, 303-969-2463</p> <p>Paula Maulburg, Contract Specialist Paula.Maulburg@nps.gov, 303-969-2808</p> <p>Mike Baker, Chief of Maintenance Mike_Baker@nps.gov, 252-715-1263 x7011</p> <p>The total amount of award: \$275,387.00. The obligation for this award is shown in box 1.3.</p>				\$275,387.00

Award	Document No. P14PC00568	Document Title Wastewater Connection: Cape Lookout National Seashore	Page 3 of 11
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SECTION C -- Descriptions and Specifications

STATEMENT OF WORK

This Statement of Work is for a sole source procurement to the utility, Harkers Island Sewer Company LLC for connection to the West Bay Waste Water Treatment Plant (WWTP) located within 2 miles of the park headquarters area on Harkers Island, North Carolina. This connection would provide a force main transmission line to the park, terminating with a lift station located in the park. The lift station, providing the force main capacity to the WWTP, would also connect existing park buildings, such as the headquarters/visitor center building, to the WWTP.

Presently, waste water disposal within the park takes place in septic fields that have been in service for nearly 50 years. County and State water quality standards are moving away from on-site septic field disposal to municipal waste water treatment plant connections.

Cape Lookout National Seashore (CALO) is requesting utility connection contracting services to facilitate the construction, connection and municipal sewerage operations for park sewer disposal services.

PERIOD AND PLACE OF PERFORMANCE

The period of performance will be one year from the date of award.

GOVERNMENT POINTS OF CONTACT

Contracting Officer (CO) -
Michelle Yates
(303) 969-2463
Michelle_Yates@nps.gov

Contracting Specialist -
Paula Mahlborg
(303) 969-2662
Paula_Mahlborg@nps.gov

Technical Point of Contact -
Mike Baker, Chief of Maintenance
(252) 728-2250 x 3011
Mike_Baker@nps.gov

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May 06 2024

Award	Document No. P14PC00568	Document Title Wastewater Connection: Cape Lookout National Seashore	Page 4 of 11
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SECTION G -- Contract Administration Data

G.1 INVOICE REQUIREMENTS

Payment requests must be submitted electronically through the US Department of the Treasury's Internet Payment Platform System (IPP).

"Payment request" means any request for contract financing payment or invoice payment by the Contractor. To constitute a proper invoice, the payment request must comply with the requirements identified in the applicable Prompt Payment clause included in the contract, or the clause 52.212-4 Contract Terms and Conditions – Commercial item contracts. The IPP website address is:

<https://www.ipp.gov>.

The Contractor must use the IPP website to register, access and use IPP for submitting requests for payment. The Contractor Government Business Point of Contact (as listed in the System for Award Management) will receive enrollment instructions via email from the Federal Reserve Bank of Boston (FRBB) within 3-5 business days of the contract award date. Contractor assistance with enrollment can be obtained by contacting the IPP Production Helpdesk via email ippgroup@bos.frb.org or phone (866) 973-3131.

If the Contractor is unable to comply with the requirement to use IPP for submitting invoices for payment, the Contractor must submit a waiver request in writing to the Contracting Officer with its proposal or quotation.

SECTION H -- Special Contract Requirements

H.1 SPECIAL CONTRACT REQUIREMENTS

NON-EXCLUSIVE RIGHT-OF-WAY PERMIT

The National Park Service and/or site superintendent or their representative hereby agrees to issue concurrently and separately from this Contract a non-exclusive Right-of-Way (hereinafter "ROW") Permit free of any rental or similar charge for access to Contractor's facilities inside of the park boundary. The Contractor will be responsible for obtaining all necessary consents, approvals, and permits outside the park boundary.

ARCHAEOLOGICAL FINDINGS

Petroglyphs, artifacts, burial grounds or remains, structural features, ceremonial, domestic and archeological objects of any nature, historic or prehistoric, found within the construction area, are the property of and will only be removed by the Government. Should the contractor or its employees uncover or find any archaeological remains, the contractor shall suspend operations at the site of discovery; and continue operations in other areas. Notification of archeological remains shall be made by the contractor to local park contact. Included in notification, shall be a brief statement of the location, and details of the findings. Should the temporary suspension of

Award	Document No. PI4PC00568	Document Title Wastewater Connection: Cape Lookout National Seashore	Page 5 of 11
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work at the site result in delays, or the discovery site require archeological studies resulting in delays or additional work for the contractor, it will be compensated by an equitable adjustment under the General Provisions of the contract.

H.2 OWNERSHIP, OPERATION, MAINTENANCE AND REPAIR OF WASTEWATER LINES

The Contractor, at its expense, unless otherwise provided for in this contract, shall furnish, install, operate, and maintain the wastewater lines described in the Statement of Work. Title to all such facilities shall remain with the Contractor and the Contractor shall be responsible for loss or damage to such facilities, except that the Government shall be responsible to the extent that loss or damage has been caused by the Government's negligent acts or omissions

SECTION I -- Contract Clauses

1.1 52.213-4 TERMS AND CONDITIONS - SIMPLIFIED ACQUISITIONS (OTHER THAN COMMERCIAL ITEMS)

(a) The Contractor shall comply with the following Federal Acquisition Regulation (FAR) clauses that are incorporated by reference:

(1) The clauses listed below implement provisions of law or Executive order:

- (i) 52.222-3, Convict Labor (June 2003) (E.O. 11755).
- (ii) 52.222-21, Prohibition of Segregated Facilities (Feb 1999) (E.O. 11246).
- (iii) 52.222-26, Equal Opportunity (Mar 2007) (E.O. 11246).
- (iv) 52.222-50, Combating Trafficking in Persons (Feb 2009) (22 U.S.C. 7104(g)).
- (v) 52.225-13, Restrictions on Certain Foreign Purchases (Jun 2008) (E.o.s, proclamations, and statutes administered by the Office of Foreign Assets Control of the Department of the Treasury).
- (vi) 52.233-3, Protest After Award (Aug 1996) (31 U.S.C. 3553).
- (vii) 52.233-4, Applicable Law for Breach of Contract Claim (Oct 2004) (Pub. L. 108-77, 108-78).

(2) Listed below are additional clauses that apply:

- (i) 52.232-1, Payments (Apr 1984).
- (ii) 52.232-8, Discounts for Prompt Payment (Feb 2002).

Award	Document No. PI4PC00568	Document Title Wastewater Connection: Cape Lookout National Seashore	Page 6 of 11
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May 06 2024

- (iii) 52.232-11, Extras (Apr 1984).
- (iv) 52.232-25, Prompt Payment (Jul 2013).
- (v) 52.232-39, Unenforceability of Unauthorized Obligations (Jun 2013).
- (vi) 52.232-40, Providing Accelerated Payments to Small Business Subcontractors (Dec 2013)
- (vii) 52.233-1, Disputes (July 2002).
- (viii) 52.244-6, Subcontracts for Commercial Items (Jul 2013).
- (ix) 52.253-1, Computer Generated Forms (Jan 1991).

(b) The Contractor shall comply with the following FAR clauses, incorporated by reference, unless the circumstances do not apply:

(1) The clauses listed below implement provisions of law or Executive order:

- (i) 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards (Jul 2013) (Pub. L. 109-282) (31 U.S.C. 6101 note) (Applies to contracts valued at \$25,000 or more).
- (ii) 52.222-19, Child Labor—Cooperation with Authorities and Remedies (Jan 2014) (E.O. 13126). (Applies to contracts for supplies exceeding the micro-purchase threshold).
- (iii) 52.222-20, Walsh-Healey Public Contracts Act (Oct 2010) (41 U.S.C. 35-45) (Applies to supply contracts over \$15,000 in the United States, Puerto Rico, or the U.S. Virgin Islands).
- (iv) 52.222-35, Equal Opportunity for Veterans (Sep 2010) (38 U.S.C. 4212) (Applies to contracts of \$100,000 or more).
- (v) 52.222-36, Affirmative Action for Workers with Disabilities (Oct 2010) (29 U.S.C. 793) (Applies to contracts over \$15,000, unless the work is to be performed outside the United States by employees recruited outside the United States.) (For purposes of this clause, *United States* includes the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.)
- (vi) 52.222-37, Employment Reports on Veterans (Sep 2010) (38 U.S.C. 4212) (Applies to contracts of \$100,000 or more).

Award	Document No.	Document Title	Page 7 of 11
	P14PC00568	Wastewater Connection: Cape Lookout National Seashore	

(vii) 52.222-41, Service Contract Act of 1965, (Nov 2007) (41 U.S.C. 351, *et seq.*) (Applies to service contracts over \$2,500 that are subject to the Service Contract Act and will be performed in the United States, District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, Johnston Island, Wake Island, or the outer continental shelf lands.)

(viii) 52.223-5, Pollution Prevention and Right-to-Know Information (May 2011) (E.O. 13423) (Applies to services performed on Federal facilities).

(ix) 52.223-15, Energy Efficiency in Energy-Consuming Products (Dec 2007) (42 U.S.C. 8259b) (Unless exempt pursuant to 23.204, applies to contracts when energy-consuming products listed in the ENERGY STAR® Program or Federal Energy Management Program (FEMP) will be—

(A) Delivered;

(B) Acquired by the Contractor for use in performing services at a Federally-controlled facility;

(C) Furnished by the Contractor for use by the Government; or

(D) Specified in the design of a building or work, or incorporated during its construction, renovation, or maintenance.)

(x) 52.225-1, Buy American Act—Supplies (Feb 2009) (41 U.S.C. 10a-10d) (Applies to contracts for supplies, and to contracts for services involving the furnishing of supplies, for use within the United States or its outlying areas, if the value of the supply contract or supply portion of a service contract exceeds the micro-purchase threshold and the acquisition--

(A) Is set aside for small business concerns; or

(B) Cannot be set aside for small business concerns (see 19.502-2), and does not exceed \$25,000.)

(xi) 52.232-33, Payment by Electronic Funds Transfer— System for Award Management (Jul 2013). (Applies when the payment will be made by electronic funds transfer (EFT) and the payment office uses the System for Award Management (SAM) database as its source of EFT information.)

(xii) 52.232-34, Payment by Electronic Funds Transfer—Other than System for Award Management (Jul 2013). (Applies when the payment will be made by EFT and the payment office does not use the SAM database as its source of EFT information.)

Award	Document No. P14PC00568	Document Title Wastewater Connection: Cape Lookout National Seashore	Page 8 of 11
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(xiii) 52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006) (46 U.S.C. App. 1241). (Applies to supplies transported by ocean vessels (except for the types of subcontracts listed at 47.504(d).))

(2) Listed below are additional clauses that may apply:

(i) 52.209-6, Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Aug 2013) (Applies to contracts over \$30,000).

(ii) 52.211-17, Delivery of Excess Quantities (Sep 1989) (Applies to fixed-price supplies).

(iii) 52.226-6, Promoting Excess Food Donation to Nonprofit Organizations. (Mar 2009) (Pub. L. 110 247) (Applies to contracts greater than \$25,000 that provide for the provision, the service, or the sale of food in the United States.)

(iv) 52.247-29, F.o.b. Origin (Feb 2006) (Applies to supplies if delivery is f.o.b. origin).

(v) 52.247-34, F.o.b. Destination (Nov 1991) (Applies to supplies if delivery is f.o.b. destination).

(c) *FAR 52.252-2, Clauses Incorporated by Reference (Feb 1998)*. This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es):

<http://www.acquisition.gov>
<http://farsite.hill.af.mil>

(d) *Inspection/Acceptance*. The Contractor shall tender for acceptance only those items that conform to the requirements of this contract. The Government reserves the right to inspect or test any supplies or services that have been tendered for acceptance. The Government may require repair or replacement of nonconforming supplies or reperformance of nonconforming services at no increase in contract price. The Government must exercise its postacceptance rights --

(1) Within a reasonable period of time after the defect was discovered or should have been discovered; and

(2) Before any substantial change occurs in the condition of the item, unless the change is due to the defect in the item.

(e) *Excusable delays*. The Contractor shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence, such as acts of God or the public enemy, acts of the Government in either its

Award	Document No. P14PC00568	Document Title Wastewater Connection: Cape Lookout National Seashore	Page 9 of 11
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sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The Contractor shall notify the Contracting Officer in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the Contracting Officer of the cessation of such occurrence.

(f) *Termination for the Government's convenience.* The Government reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, the Contractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of this contract, the Contractor shall be paid a percentage of the contract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges that the Contractor can demonstrate to the satisfaction of the Government, using its standard record keeping system, have resulted from the termination. The Contractor shall not be required to comply with the cost accounting standards or contract cost principles for this purpose. This paragraph does not give the Government any right to audit the Contractor's records. The Contractor shall not be paid for any work performed or costs incurred that reasonably could have been avoided.

(g) *Termination for cause.* The Government may terminate this contract, or any part hereof, for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any contract terms and conditions, or fails to provide the Government, upon request, with adequate assurances of future performance. In the event of termination for cause, the Government shall not be liable to the Contractor for any amount for supplies or services not accepted, and the Contractor shall be liable to the Government for any and all rights and remedies provided by law. If it is determined that the Government improperly terminated this contract for default, such termination shall be deemed a termination for convenience.

(h) *Warranty.* The Contractor warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this contract.

(End of Clause)

1.2

CLAUSES INCORPORATED BY REFERENCE

Clause	Title	Date
52.202-01	Definitions	November 2013
52.203-03	Gratuities	April 1984
52.203-05	Covenant Against Contingent Fees	April 1984
52.203-06	Restrictions on Subcontractor Sales to the Government	September 2006
52.203-07	Anti-Kickback Procedures	October 2010
52.203-08	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity	January 1997
52.203-10	Price or Fee Adjustment for Illegal or Improper	January 1997

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	Activity	
52.203-12	Limitation on Payments to Influence Certain Federal Transactions	October 2010
52.204-04	Printed or Copied Double-Sided on Recycled Paper	May 2011
52.204-6	Data Universal Numbering System Number	July 2013
52.204-07	System for Award Management	July 2013
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards	June 2013
52.204-12	Data Universal Numbering System Number Maintenance	December 2012
52.204-13	System for Award Management Maintenance	July 2013
52.209-6	Prohibiting the Government's Interest When Subcontracting with Contractors Debarred, Suspended or Proposed for Debarment	December 2010
52.209-10	Prohibition on Contracting with Inverted Domestic Corporations	May 2012
52.211-5	Material Requirements	August 2000
52.219-8	Utilization of Small Business Concerns	April 2012
52.222-54	Employment Eligibility Verification	August 2013
52.223-06	Drug-Free Workplace	May 2001
52.223-14	Toxic Chemical Release Reporting	August 2003
52.223-18	Contractor Policy to Ban Text Messaging While Driving	August 2011
52.225-25	Prohibition on Contracting with Entities Engaging in Sanctioned Activities Relating to Iran – Representation and Certification	December 2012
52.229-3	Federal, State and Local Taxes	February 2013
52.232-15	Progress Payments Not Included	April 1984
52.232-17	Interest	October 2010
52.233-4	Applicable Law for Breach of Contract Claim	October 2004
52.236-2	Differing Site Conditions	April 1984
52.241-02	Order of Precedence – Utilities	February 1995
52.241-04	Change in Class of Service	February 1995
52.241-05	Contractors Facilities	February 1995
52.242-13	Bankruptcy	July 1995
52.242-17	Government Delay of Work	April 1984
52.243-01 Alt I	Changes--Fixed Price (Aug 1987) - Alternate I	April 1984

1.3 52.241.12 NONREFUNDABLE, NONRECURRING CONNECTION CHARGE (FEBRUARY 1995)

As provided herein, the Government will pay a nonrefundable, nonrecurring charge when the rules and regulations of a Contractor require that a customer pay (1) a charge for the initiation of service, (2) a contribution in aid of construction, or (3) a nonrefundable membership fee. This

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May 06 2024

Award	Document No. P14PC00568	Document Title Wastewater Connection: Cape Lookout National Seashore	Page 11 of 11
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charge may be in addition to or in lieu of a connection charge. Therefore, there is hereby added to the Contractor's schedule a nonrefundable, nonrecurring charge for Wastewater Connection in the amount of this fully executed contract and all modifications payable in accordance with the payment terms specified herein.

SECTION J -- List of Documents, Exhibits and Other Attachments

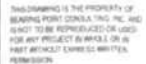
J.1

ATTACHMENTS

1. National Park Service Master Plan
2. Utility Connection Background Base Map

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May 06 2024



PROJECT MANAGER

DESIGNER: D

CSA-001-017

CHECKED

SCALE
T = 802

DATE 3/25/2014



910 Arendell Street
Morehead City, NC 28557
(252) 247-4200

www.bearingpt.com

North Carolina Certification No. C-3726
www.ncqa.com/certification/ncqa-certification-requirements
C37263

HARRIS ISLAND BE WEX COMPANY, L.L.

PROJECT

WASTEWATER COLLECTION & TREATMENT SYSTEM

CARTERET COUNTY, NC

SUMMARY

NATIONAL PARK
SERVICE MASTER PLAN

Preliminary Drawing
Not For Construction

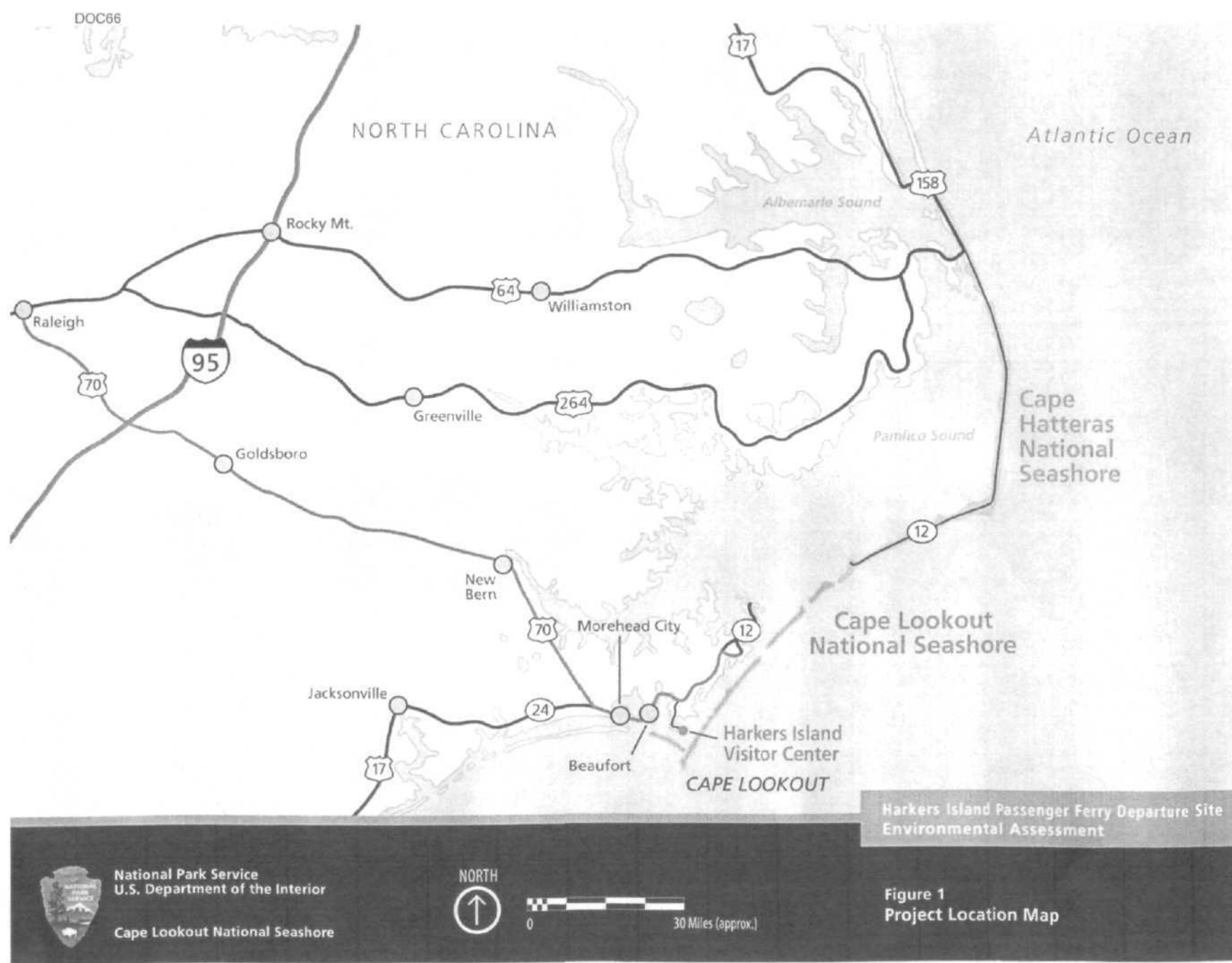
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SHEET NO. _____

01

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12017





DOC66

KEY

- ① CORE SOUND MUSEUM
PARKING AREA (78 SPACES)*
- ② TRAIL TO CORE SOUND MUSEUM
- ③ THIN TREE GROVE
- ④ ONE WAY LOOP ROAD
- ⑤ RESTROOMS
- ⑥ SEPTIC FIELD
- ⑦ EXISTING DRAINAGE BASIN
- ⑧ FERRY TICKETING PORCH
- ⑨ TRAIL CONNECTION
- ⑩ EXISTING VISITOR CENTER
- ⑪ PICNIC SHELTER
- ⑫ BUS & VEHICLE DROP-OFF
- ⑬ NEW SIDEWALKS
- ⑭ QUEUING AREA*
- ⑮ EXISTING SIDEWALKS*
- ⑯ EXISTING PARKING AREA
MODIFIED (84 SPACES)
- ⑰ RV PARKING
RECONFIGURED (7 SPACES)
- ⑱ SHADE/RAIN SHELTER
- ⑲ NEW FERRY DOCKS (FLOATING)
- ⑳ NEW NPS DOCKS (FIXED)
- ㉑ EXISTING NPS DOCKS (FIXED)*
- ㉒ RELOCATED FUEL PUMPS
- ㉓ TRAIL TO PICNIC SHELTERS
- ㉔ EXISTING PICNIC SHELTERS*
- ㉕A ADD STRIPING TO EXISTING
PARKING LOT (40 SPACES)
- ㉕B RELOCATE EXISTING PARKING
LOT (40 SPACES)
- ㉖ LOOP TRAIL



*NO IMPROVEMENTS PROPOSED

Harkers Island Passenger Ferry Departure Site
Environmental Assessment



National Park Service
U.S. Department of the Interior

Cape Lookout National Seashore

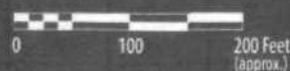


Figure 4
Alternative B: Proposed Alternative
(Overall)

Prepayment SCHEDULE OF VALUES

PROJECT NAME: CALO SEWER SERVICE EXTENSION

APPLICATION NO: _____


CONTRACT NO: P14PC00568

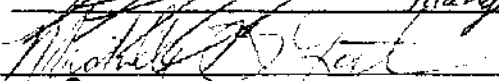
DATE: _____

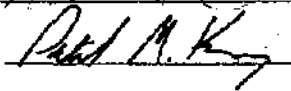
CONTRACTOR: HARKERS ISLAND SEWER COMPANY

PAYMENTS RECEIVED _____

Item No.	Description of Work	Scheduled Value
1.00	Surveying, Engineering, And Permitting.	\$54,280
2.00	Mobilization, materials onsite, Phase1 offsite const. start.	\$118,416
3.00	Phase 2 onsite const. start	\$68,846
4.00	Demobilizing, site finish landscape, as built drawings, Engineer's certificate to use	\$33,845

Signed:  Manager Harkers Island Sewer Company.

Signed:  NPS, WASO-WCP Contracting agent.

Signed:  Patrick Kenney, Superintendent NPS, CALO onsite agent.



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

PAT MCCRORY
GOVERNOR

July 20, 2015

FILED
AUG 11 2015
Clerk's Office
N.C. Utilities Commission

ANTHONY J. TATA
SECRETARY

Harkers Island Sewer Company LLC
PO Box 370
Harkers Island NC 28531

SUBJECT: Encroachment Contract – Carteret County (16-15-31)

Attached hereto, for your files, is a copy of the Right of Way Encroachment Contract, which has been properly executed. The contract covers the following:

4 inch sewer main in Harkers Island along various SR routes.

General Requirements:

- 1) The encroaching party shall notify the District Engineer's office [(252)-514-4716] prior to beginning construction and upon completion of construction.
- 2) The encroaching party is required to contact the appropriate Utility Companies involved and make satisfactory arrangements to adjust the utilities in conflict with the proposed work prior to beginning construction.
- 3) Trenching, bore pits and/or other excavations shall not be left open or unsafe overnight. The Contractor shall comply with all OSHA requirements and provide a competent person on site to supervise excavation at all times.
- 4) All fill areas/backfill shall be compacted to 95% density in accordance with AASHTO T99 as modified by the NCDOT. All material to a depth of 8 inches below the finished surface of the subgrade shall be compacted to a density equal to 100% of that obtained by compacting a sample of the material in accordance with AASHTO T99 as modified by the Department. The Contractor shall dry or add moisture to the subgrade when required to provide a uniformly compacted and acceptable subgrade. All material placed in a maximum of 6" lifts.
- 5) All earth areas disturbed shall be graded, dressed, seeded, mulched, and tacked with liquid asphalt or other approved means within 10 days of completion of work in any area.

MAILING ADDRESS:
NC DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
POST OFFICE BOX 1587
GREENVILLE, NORTH CAROLINA 27835-1587

TELEPHONE: (252) 439-2800
FAX: (252) 830-3352
WEBSITE: WWW.NCDOT.GOV

LOCATION:
105 PACTOLUS HIGHWAY (NC HIGHWAY 33)
GREENVILLE, NORTH CAROLINA

OFFICIAL COPY

May 06 2024

Page 2 of 5
Carteret County
Enc #16-15-31

- 6) All workmanship and materials shall conform to North Carolina Department of Transportation Standards and Specifications manual.
- 7) The encroaching party shall comply with all applicable federal, state and local environmental regulations, and shall obtain all necessary federal, state and local environmental permits, including but not limited to, those related to sediment control, storm water, wetland, streams, endangered species and historical sites.
- 8) All existing structures, drainage or otherwise, located inside the Right of Way that are affected by this work shall be restored to meet the *NCDOT Standards and Specifications* as directed by the District Engineer.
- 9) Minimum two feet clearance required for utility installations beneath crossline pipes. Crossline pipe shall be removed to allow for proper installation of utility. If crossline pipe is damaged it shall be replaced with new pipe. The utility shall be encased if the clearance is less than four feet.
- 10) Minimum of two feet clearance below the stream bed or flowline of crossline is required where the utility is located around the end of the crossline. The utility shall be encased for a minimum distance of ten feet on each side of the centerline of the stream. The utility cannot be located closer than five feet from the end of crossline pipe.
- 11) Any pavement or drainage structure disturbed or damaged shall be restored to original or better condition as directed by the District Engineer
- 12) All concrete and asphalt driveways within NCDOT right of way shall be crossed by dry bore methods. Proper Traffic Control; Devices, Signs, etc., Shall be Installed to Insure Public Safety.
- 13) **The party of the second part agrees to provide traffic control devices, lane closures, road closures, positive protection and/or any other warning or positive protection devices necessary for the safety of motorists and workers during construction and any subsequent maintenance. This shall be preformed in conformance with the latest NCDOT Roadway Standard Drawings and Standard Specifications for the Roads and Structures and Amendments or Supplements thereto. When there is no guidance provided in the Roadway Standard Drawings or Specifications, comply with the Manual on Uniform Traffic Control Devices for Streets and Highways and Amendment or Supplement thereto. Information as to the above rules and regulations may be obtained from the Division Engineer of the party of the first.**
- 14) **The North Carolina Department of Transportation is in the process of developing a Work Zone Traffic Control Qualification Program that will begin its**

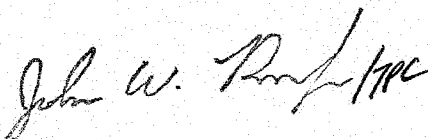
implementation in 2009. This program will require qualified and trained Work Zone Flaggers in every flagging operation (July 2009), qualified and trained Work Zone Traffic Control Installers on every traffic control installation (January 2010), and qualified and trained Work Zone Traffic Control Supervisors on Significant Projects (July 2010). It is intended for the program to include anyone working within the NCDOT right of way including work associated with NCDOT construction and encroachment agreements as well as all NCDOT operations.

- 15) Training for this certification will be provided by NCDOT approved training sources and/or private entities that have been pre-approved to train themselves. Additional information will be provided as this program progresses. If you have questions, visit our web site at www.ncdot.org/~wztc, or contact Roger Garrett with NCDOT work Zone Traffic Control Unit at (919) 661-4809 or rmgarrett@ncdot.gov.
- 16) During non-working hours, equipment shall be parked as close to right of way lines as possible and be properly barricaded in order to not have any equipment obstruction within the Clear Recovery Area.
- 17) All roadway signs that are removed due to construction shall be reinstalled as soon as possible, but at least by the end of the same workday.
- 18) Excavation material shall not be placed on pavement. Drainage structures shall not be blocked with excavation materials.
- 19) All soils located inside the Right of Way shall be considered a type "C" soil. All trenching, shoring and excavation shall follow the OSHA guidelines for this type of soil.
- 20) All shoulder installation shall remain a minimum of 1 foot distance per 1 foot depth (1:1 slope) from the edge of pavement to the nearest inside wall of excavation.
- 21) **Crossing by bore only no open cuts will be permitted.**
- 22) All roadway crossings that exceed 6" shall be encased.
- 23) All roadway crossings by dry bore method shall be a minimum of 3 feet below the elevation of the existing roadway and 2 feet below the existing ditch, which ever is the deepest.
- 24) Pipe encasements shall extend from ditch line to ditch line in cut sections, and 5 (five) feet beyond toe of slope in fill sections, and 3 (three) feet behind curb sections.

Page 4 of 5
Carteret County
Enc #16-15-31

- 25) Directional boring using jetting with a Bentonite (or equivalent material) slurry is approved at a minimum depth of 10 (ten) feet below the roadway surface (15 feet for controlled access roadways) and 5 (five) feet below any ditch line. Any changes shall be submitted to the District Engineer for approval prior to construction.
- 26) All utilities shall be placed in accordance with the manual on Policies and Procedures for Accommodating Utilities on the Highway Rights of Way.
- 27) All splice boxes, manholes, and other appurtenances within the NCDOT right of way shall be located at/outside the right of way line. Manholes and/or vaults shall not be placed in the ditch line, side slopes of the ditches, or in the pavement.
- 28) All manholes and/or vaults within NCDOT right of way shall be of pre-approved design. If any proposed structure is not of a design pre-approved by NCDOT, the encroaching party shall submit details and design calculations signed and sealed by a State of North Carolina registered Professional Engineer for approval prior to construction. NCDOT Design Services may be contacted for an approved design list.
- 29) Manhole rings and covers, valve covers, and storm drain grates and frames shall be of the traffic bearing types approved by NCDOT for use within the highway right of way.
- 30) Proposed traffic-bearing manholes shall be flush mounted and shall be of a NCDOT approved design for HS-20 loading.
- 31) Where utility is installed in the Right of Way and are not of ferrous material, a locating tape shall be installed with the pipeline.
- 32) Any drop off greater than 2" from the edge of pavement shall be made safe by using a 6:1 slope or flatter or a width of 6 feet
- 33) ***An executed copy of this encroachment agreement, contract, and plans shall be present at the construction site at all times during construction. If safety or traffic conditions warrant such action, NCDOT reserves the right to further limit, restrict, or suspend operations within the right of way.***

Sincerely,



John W. Rouse, Jr., P.E.
Division Engineer

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May 06 2024

Page 5 of 5
Carteret County
Enc #16-15-31

JWR/dms

Cc: Mr. Tom Childrey, Manager of Right of Way
Mr. John W. Rouse, Jr., P.E., Division Engineer
Mr. Reed Smith, P.E., District Engineer
Mr. David Livingston, County Maintenance Engineer

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May 06 2024

EXHIBIT 7

Purchaser Financial Statements
NOT APPLICABLE

Purchaser has been formed for the purpose of operating the utility pending a successful transfer of the existing franchise. Relevant Financials for the Parent Co. (HILDCO, LLC) are included in Exhibit 8.

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May 06 2024

W-1297, Sub 17
W-1344, Sub 0
PUBLIC

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May 06 2024

REDACTED

EXHIBIT 8
FILED UNDER SEAL

W-1297, Sub 17
W-1344, Sub 0
PUBLIC

OFFICIAL COPY

May 06 2024

REDACTED

EXHIBIT 9
FILED UNDER SEAL

EXHIBITS

Additional Exhibits

PRESENT RATES	A
PURCHASER'S SERVICE ORGANIZATION	B
UTILITY MANAGEMENT QUALIFICATIONS	C
SERVICE AREA	D
REVENUE & EXPENSES	E
NUMBER OF CUSTOMERS SERVED	F
ORIGINAL COST OF UTILITY SYSTEM	G
IMPROVEMENTS/ADDITIONS & REPLACEMENTS	H
PROJECTED INCOME STATEMENT	I
PROJECTED STATEMENT OF CASH FLOWS	J
EXPLANATION OF ASSUMPTIONS	K
HISCO CUSTOMERS & RATES	L
SELLER (HISCO EAST) 2023 FINANCIALS	M
SUB-3 ISLAND RD EXTENSION (LIST OF CONNECTIONS) <i>*REQUEST OF PUBLIC STAFF</i>	N

PRESENT RATES

Exhibit A

Docket	W1297-Sub 0	W1297-Sub 1	W1297-Sub 2	W1297-Sub 3	W1297-Sub 6
Service Area	Westbay & James Creek Subdivisions	By the Bay, Various Lots by Extension	Harkers Village & Harkers Point	Cape Lookout National Seashore & Island Road Extension	Beach Hammock Subdivision
Monthly Flat Rate	\$61.10 per REU	\$61.10 per REU	\$60.00 per REU	\$60.00 per REU \$504.00 CLNS	\$60.00 per REU
Connection Charge	\$2,500 per REU	\$2,500 per REU	\$849 per REU	\$3,000 per REU	\$2,500 per REU
Reconnection Charge	\$50.00	\$47.00	\$50.00	\$50.00	\$50.00
Returned Check Charge	\$20.00	\$18.80	\$20.00	\$20.00	\$20.00
Date of Order	7/30/2013	8/3/2015	8/18/2014	9/28/2015	5/6/2016
Type	Certificate of Public Convenience and Necessity (CPCN)	Contiguous Extension	Contiguous Extension	Certificate of Public Convenience and Necessity (CPCN)	Certificate of Public Convenience and Necessity (CPCN)

PURCHASER'S SERVICE ORGANIZATION

Exhibit B

<u>Role</u>	<u>Name</u>	<u>Address</u>	<u>Telephone</u>
10 General Manager	Andrew Faircloth	2820 Selwyn Ave, Ste 130 #828, Charlotte, NC 28209	336-202-6578
11 Complaints or Billing	Andrew Faircloth	2820 Selwyn Ave, Ste 130 #828, Charlotte, NC 28209	336-202-6578
12 Engineering Operations	Bill Forman	910 Arendall Street, Morehead City, NC 28557	252-247-4200
	Gary MacConnell	501 Cascade Pointe Lane, Suite 103, Cary, NC 27513	919-523-2248
12b Inspection & Maintenance	John William Simmons Jr. ("Will")	808 Sea Chaser Ct, Beaufort NC 28516	252-646-8889
13 Emergency Service	Fortin Contracting Service Dan Fortin	PO Box 4188, Emerald Isle NC 28549	252-393-8720
14 Accounting	Greg Turlington, CPA	1338 Westgate Center Drive, Winston-Salem, NC 27103	336-464-8117

UTILITY MANAGEMENT QUALIFICATIONS

Exhibit C

Andrew Faircloth - General Manager, Billing: Andrew Faircloth will be the new General Manager of the utility. A native of Greensboro, NC, Andrew is a graduate of the University of North Carolina at Chapel Hill (Business) with eleven years of experience in consulting and business operations. Andrew has worked for Bain & Company, Uber (Headquarters and Local Operations), and SFR3, a renovator and property manager of affordable single-family rental homes. Through these experiences, Andrew has managed teams of employees, built systems and processes for customer service, and handled financial planning at scale.

The previous Utility Manager, Mike Laws is being retained for a period of time following the transfer to ensure a smooth transition and provide on-site management as needed. Mike is a licensed North Carolina General Contractor for 35+ years, with experience as a utility contractor and line installer having built and maintained the existing system. Mike is a resident of Harkers Island, living right next to the current plant (and across the street from the new planned site), positioning him to assist with on-site management.

Bill Forman - Engineering Operations: Mr. Forman is a founder of Arendell Engineers and has 36 years of civil, municipal and coastal engineering project experience for private, government and military clients. He is a registered Professional Engineer in North Carolina (1983), receiving degrees in B.S.C.E. Civil Engineering and a M.S. Civil Engineering & Marine Sciences from North Carolina State University. In addition to continuing the existing partnership with Bill Forman (who lives local to the system and is familiar with it and its history), the purchaser has engaged **Gary MacConnell (P.E)** as a partner in designing the new system upgrades.

John William Simmons Jr. - Inspection & Maintenance: Mr. Simmons is a Private Certified Operator, whose active Inspection & Maintenance Agreement with the utility is being assigned to the Purchaser. He is very familiar with the utility and will continue providing daily testing and monitoring services. The Inspection & Maintenance Agreement with **Fortin Contracting Service (Dan Fortin) - Emergency Service**, another Private Certified Operator serving as the backup operator and emergency service provider for the utility, is also being assigned to the Purchaser to maintain current coverage.

Greg Turlington, CPA - Accounting: Greg is a Certified Public Accountant and Certified Valuation Analyst who serves as a partner in the Winston-Salem, North Carolina office of Turlington and Company, L.L.P. Greg serves as the managing partner for the firm. He received his CPA certification in 2005 and his CVA certification in 2011. Greg serves the accounting, tax, and valuation needs of both individual and business clients. Greg received a Bachelor of Science in Business Administration from the University of North Carolina at Chapel Hill in 1996.

SERVICE AREAS**Exhibit D**

Note: Items 4-11 and Water-specific items are not applicable and not included below.

<i>Note: Items 4-11 and Water-specific items are not applicable and not included below.</i>			<u>W1297,Sub 0</u>	<u>W1297, Sub 1</u>	<u>W1297-Sub 2</u>	<u>W1297, Sub 3</u>	<u>W1297, Sub 6</u>
1	Name of Subdivision(s) or Service Area(s)		Westbay & James Creek Subdivisions	By the Bay, Various Lots by Extension	Harkers Village & Harkers Point Subdivisions	National Park Service / Island Road Territory	Beach Hammock Subdivision
2	County (or Counties)				Carteret		
3	Type of service (water, sewer, etc.)				Sewer		
12	Is sewage disposal by septic tank or by sewer system?				Sewer		
13	If disposal is by sewer system, is sewage treated by utility company or by others?				Treat own sewage		
14	Capacity of Company's sewage treatment plant (gallons per day)				60,000 gpd		
15	Is service metered? (yes or no)				No		
16	Number of water meters in use				N/A		
17	Number of service taps in use (list number of each size)	<u>Sewer</u>	11 - 1 1/4	7 - 1 1/4	69 - 1 1/4	17 - 1 1/4	5 - 1 1/4
18	Number of customers at the end of test year	<u>Sewer</u>	11	7	69	17	5
19	Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)	<u>Sewer</u>	37	120	104	202	5
22	Number of customers that can be served by treatment plant capacity	<u>Sewer</u>	11	7	69	17	5
23	Name nearest water/sewer utility system				City of Beaufort, NC		
24	Distance to nearest water/sewer utility system				18 miles		
25	Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)		No	No	No	No	No
26	Has the system been offered for sale to the customers, county, or municipality? (yes or no)		No	No	No	No	No
	If not, why not?		Lack of interest or ability to finance needed improvements/expansion of the current system.				
27b	NPDES/Nondischarge Permit	<u>Sewer</u>	WQ0037151, WQ0028650	WQ0037151	VI-27-14 (OP)	WQ0037851, 71-15	WQ0037151

REVENUE AND EXPENSES

Exhibit E

1 Will a separate set of books be maintained for the utility business?	Yes
2 Will a separate bank account be maintained for the utility business?	Yes
3 Are the rev. & exp. listed below based on past ops or est. future ops?	Actual / Past Ops
For 12 Months Ended: 12/31/2023	Sewer
4 Residential service (flat rate)	\$ 149,128.61
5 Residential service (metered rate)	\$ -
6 Nonresidential service (flat rate)	\$ -
7 Nonresidential service (metered rate)	\$ -
8 Other revenues (describe in remarks below)	\$ 57,283.98
9 Total Revenues (Lines 4 thru 8)	\$ 206,412.59
10 Total salaries (except owner)	\$ -
11 Salaries paid to owner	\$ -
12 Administrative and office expense (except salaries)	\$ 4,765.90
13 Maintenance and repair expense (except salaries)	\$ 26,516.27
14 Transportation expenses	\$ 11,476.66
15 Electric power for pumping	\$ 8,032.42
16 Chemicals for treatment	\$ 5,188.49
17 Testing fees	\$ 9,307.50
18 Permit fees	\$ -
19 Purchased water/sewer treatment	\$ -
20 Annual depreciation	\$ 1,892.33
21 Taxes: State income taxes	\$ -
22 Federal income taxes	\$ -
23 Gross receipts (or franchise tax)	\$ -
24 Property taxes	\$ 3,408.27
25 Payroll taxes	\$ -
26 Other taxes	\$ -
27 Interest on debt during year	\$ -
28 Other expenses (describe in remarks below)	\$ 118,494.69
29 Total Expenses (Lines 10 thru 28)	\$ 189,082.53
30 Net Income (Line 9 minus Line 29)	\$ 17,330.06

Notes

- 31 #4 | Commercial accounts pay Residential Unit Equivalents in proportion to their flows.
- 32 #8 | Other revenues: Uncategorized (\$471.48), Interest/Dividend (\$1.50), Connection Charges (\$56,811)
- 33 #28 | Other Op. Exp: Contractual Svcs (89K), Rents (23K), Insurance (6K), Reg Fees, Other Misc.

NUMBER OF CUSTOMERS SERVED

Exhibit F

For 12 Months Ended: 12/31/2023

	Sewer	
	<u>Flat Rate</u>	<u>Metered</u>
36 Customers at beginning of year	104	0
37 Customers at end of year	109	0
38 Average gallons used per customer (per month)	5,400 (180 gpd)	0

Note: The list below represents the additional 5 customers added during the year 2023. This list has been provided in several ways as part of the Data Requests, but is included below for reference.

Parcel ID	Service Address	NCUC Docket	NCUC Order Reference (Approval indication)	GIS Legal Description
733514343151000	156 Westbay Circle	Sub-0	Westbay Subdivision	L31 WESTBAY S/D HARKERS ISLAND
733513144838000	219 Bays End Court	Sub-1	By The Bay Subdivision, Phase 1	L-8 BY-THE-BAY S/D - HARKERS I
733513144968000	217 Bays End Court	Sub-1	By The Bay Subdivision, Phase 1	L-7 BY-THE-BAY S/D - HARKERS I
732507676613000	127 Pintail Lane	Sub-2	Harkers Village Subdivision, Phases I and II	L38 HARKERS VILLAGE P2
732511675161000	109 Decoy Drive	Sub-2	Harkers Village Subdivision, Phases I and II	L5 HARKERS VILLAGE P1

ORIGINAL COST OF UTILITY SYSTEM

Exhibit G

1 List Purchaser's cost of utility systems (Sewer) **\$250,000.00**

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended: 12/31/2023

Balance at End of Year

Utility Property in Service

Sewer

2 Land and rights-of-way	\$ 105,022.64
3 Structures and site improvement	\$ 119,462.64
4 Wells	\$ -
5 Pumping equipment	\$ -
6 Treatment equipment	\$ 49,478.89
7 Storage tanks	\$ -
8 Mains (excluding service connections)	\$ 88,588.23
9 Service connections	\$ -
10 Meters (including spare meters)	\$ 3,235.00
11 Office furniture and equipment	\$ 2,936.45
12 Transportation equipment	\$ 46,103.03
13 Other utility property in service (describe in remarks below)	\$ 69,151.10
14 Total utility property in service (Lines 2 thru 13)	\$ 483,977.98
15 Less: acquisition adjustments	\$ -
16 Less: Seller's accumulated depreciation	\$ 271,262.70
17 Less: Seller's accumulated tap fees and other contributions in aid of construction	\$ -
18 Seller's net investment in utility property (Line 14 minus 15, 16, & 17)	\$ 212,715.28

Utility Property in Not in Service

19 Construction work in progress	\$ -
20 Property held for future use	\$ -
21 Other (describe in remarks below)	\$ -
Total (Line 18 plus 19,20, & 21)	\$ 212,715.28

Remarks

- 22 #6 | Plant Sewers
- 23 #8 | Sewer Lines
- 24 #12 | Transportation Equipment: 2013 GMC Sierra, Trailer
- 25 #13 | Power Operated Equipment: Skid Steer, Takeuchi Compact Excavator

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W-1344, Sub 0
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**EXHIBIT H
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Exhibit I: Projected Income Statement

Year 1 Starting June 1, 2024

<u>Operating revenue</u>		<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>		<u>Year 5</u>
1	Metered service revenue	\$	-	\$	-	\$	-	\$	-	-
2	Flat rate service revenue	\$	139,110	\$	256,148	\$	396,000	\$	431,484	\$ 433,297
3	EPA testing surcharge	\$	-	\$	-	\$	-	\$	-	-
4	Re-connect fees	\$	-	\$	-	\$	-	\$	-	-
5	Returned check charge	\$	-	\$	-	\$	-	\$	-	-
6	Late payment charge	\$	-	\$	-	\$	-	\$	-	-
7	Other operating revenue	\$	-	\$	-	\$	-	\$	-	-
8 Total operating revenue (Sum of Line 1 thru Line 7)		\$	139,110	\$	256,148	\$	396,000	\$	431,484	\$ 433,297
<u>Operating expenses</u>										
9	Total salaries and wages (employees only)	\$	-	\$	-	\$	-	\$	-	-
10	Outside labor expenses (non-employees)	\$	40,000	\$	40,000	\$	20,000	\$	20,000	20,000
11	Administrative and office expense	\$	4,122	\$	4,122	\$	4,122	\$	4,122	4,122
12	Maintenance and repair expense	\$	20,866	\$	12,807	\$	21,780	\$	25,889	28,164
13	Purchased water	\$	-	\$	-	\$	-	\$	-	-
14	Purchased sewage treatment	\$	-	\$	-	\$	-	\$	-	-
15	Electric power expense (exclude office)	\$	8,916	\$	16,418	\$	25,382	\$	27,657	27,773
16	Chemicals expense	\$	3,742	\$	6,891	\$	10,653	\$	11,607	11,656
17	Testing fees	\$	4,989	\$	9,186	\$	14,201	\$	15,474	15,539
18	Transportation expense	\$	13,693	\$	25,214	\$	38,980	\$	42,473	42,651
19	Other operating expense	\$	44,016	\$	17,930	\$	27,720	\$	30,204	30,331
	Other (Contractual Services, Insurance, Bad Debt, Misc.)	\$	41,234	\$	12,807	\$	19,800	\$	21,574	21,665
	Rent expense	\$	2,782	\$	5,123	\$	7,920	\$	8,630	8,666
20 Total operation and maintenance expenses (Sum Line 9:19)		\$	140,346	\$	132,569	\$	162,839	\$	177,426	\$ 180,237
21	Annual depreciation expense	\$	1,892	\$	90,073	\$	98,262	\$	98,262	98,262
22	Property taxes paid on utility property	\$	2,450	\$	4,511	\$	6,973	\$	7,598	7,630
23	Payroll taxes	\$	-	\$	-	\$	-	\$	-	-
24	Franchise (gross receipts) tax	\$	-	\$	-	\$	-	\$	-	-
25	Annual NCUC regulatory fee	\$	189	\$	347	\$	537	\$	585	588
26 Total operating expenses (Sum of Line 20:25)		\$	144,877	\$	227,500	\$	268,611	\$	283,871	\$ 286,716
<i>% of Revenue</i>			<i>104%</i>		<i>89%</i>		<i>68%</i>		<i>66%</i>	<i>66%</i>
<i>Taxable Income (less interest expense)</i>		<i>\$</i>	<i>(18,471)</i>	<i>\$</i>	<i>(31,991)</i>	<i>\$</i>	<i>49,140</i>	<i>\$</i>	<i>64,225</i>	<i>\$ 65,685</i>
<u>Income Taxes</u>										
27	State income taxes	\$	-	\$	-	\$	1,228	\$	1,606	1,642
28	Federal income taxes	\$	-	\$	-	\$	10,319	\$	13,487	13,794
29	Total income taxes (Line 27 + Line 28)	\$	-	\$	-	\$	11,548	\$	15,093	15,436
30 Net operating income (loss) (Line 8 - Line 26:29)		\$	(5,767)	\$	28,648	\$	115,841	\$	132,520	\$ 131,145
31	Interest expense	\$	12,705	\$	60,639	\$	78,249	\$	83,388	80,896
32 Net income (loss) (Line 30 - Line 31)		\$	(18,471)	\$	(31,991)	\$	37,592	\$	49,132	\$ 50,249

Exhibit J: Projected Statement of Cash Flows

Year 1 Starting June 1, 2024	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>		<u>Year 5</u>	
1 Pre-tax operating income (loss):										
2 Total operating revenue	\$	139,110	\$	256,148	\$	396,000	\$	431,484	\$	433,297
3 Less: Operation and maintenance expenses	\$	140,346	\$	132,569	\$	162,839	\$	177,426	\$	180,237
4 Less: Taxes other than income	\$	2,638	\$	4,858	\$	7,510	\$	8,183	\$	8,218
5 Pre-tax operating income (loss)	\$	(3,874)	\$	118,721	\$	225,651	\$	245,875	\$	244,842
6 Income tax calculation:										
7 Pre-tax operating income (loss)	\$	(3,874)	\$	118,721	\$	225,651	\$	245,875	\$	244,842
8 Plus: Contributions in aid of construction <i>(IRS Section 118)</i>	\$	-	\$	-	\$	-	\$	-	\$	-
9 Less: Tax depreciation	\$	1,892	\$	90,073	\$	98,262	\$	98,262	\$	98,262
10 Less: Interest expense	\$	12,705	\$	60,639	\$	78,249	\$	83,388	\$	80,896
11 Taxable income (loss)	\$	(18,471)	\$	(31,991)	\$	49,140	\$	64,225	\$	65,685
12 State income tax	\$	-	\$	-	\$	1,228	\$	1,606	\$	1,642
13 Federal income tax	\$	-	\$	-	\$	10,319	\$	13,487	\$	13,794
14 Total income taxes to be paid	\$	-	\$	-	\$	11,548	\$	15,093	\$	15,436
15 Net cash provided by (used in) operating activities	\$	(3,874)	\$	118,721	\$	214,103	\$	230,782	\$	229,406
Cash Flows From Investing Activities										
16 Purchases of utility plant	\$	2,944,642	\$	519,643	\$	-	\$	-	\$	-
17 Plus: Cash bonds posted	\$	130,000	\$	-	\$	-	\$	-	\$	-
18 Less: Contributions in aid of construction	\$	1,254,000	\$	744,000	\$	-	\$	-	\$	-
19 Less: Proceeds from disposal of utility plant	\$	-	\$	500,000	\$	-	\$	-	\$	-
20 Net cash used (provided) by investing activities	\$	1,820,642	\$	(724,357)	\$	-	\$	-	\$	-
Cash Flows From Financing Activities										
21 Proceeds from issuing short term debt	\$	-	\$	-	\$	-	\$	-	\$	-
22 Less: Principal repayment of short term debt	\$	-	\$	-	\$	-	\$	-	\$	-
23 Plus: Proceeds from issuing long term debt	\$	1,014,571	\$	1,859,643	\$	-	\$	-	\$	-
24 Less: Principal repayment of long term debt	\$	-	\$	2,220,604	\$	31,877	\$	40,411	\$	42,904
25 Less: Interest payment for short and long term debt	\$	12,705	\$	60,639	\$	78,249	\$	83,388	\$	80,896
26 Plus: Proceeds from issuing stock	\$	-	\$	-	\$	-	\$	-	\$	-
27 Less: Dividends paid	\$	-	\$	-	\$	-	\$	-	\$	-
28 Plus: Funds provided by owner	\$	822,650	\$	-	\$	-	\$	-	\$	-
Equity Draws for Construction Loan	\$	816,071	\$	-	\$	-	\$	-	\$	-
Owner Contribution to maintain minimum working capital	\$	6,579	\$	-	\$	-	\$	-	\$	-
29 Net cash provided (used) by financing activities	\$	1,824,517	\$	(421,600)	\$	(110,126)	\$	(123,799)	\$	(123,799)
30 Net increase (decrease) in cash	\$	-	\$	421,479	\$	103,977	\$	106,982	\$	105,607
31 Cash balance at beginning of year	\$	-	\$	-	\$	421,479	\$	525,456	\$	632,438
32 Cash balance at end of year	\$	-	\$	421,479	\$	525,456	\$	632,438	\$	738,045

EXPLANATION OF ASSUMPTIONS

Exhibit K

Income Statement

- All customers assumed to pay the same approved rate structure as today (flat or per REU).
- Customer growth
 - Existing Service Area: The relocated and expanded system (2025+) will enable the utility to add new customers in existing service areas, whose properties were previously unserved due to lack of permitted capacity at the current WWTP site, as well as serve additional demand from current utility customers in existing service areas (e.g. National Park Service facilities).
 - New Customers: ~70 potential customers have formally applied for service. In addition, Harkers Island has over 600 *other* residential lots with manufactured or single-family homes on lots ≥ 0.20 acres. We know from conversations in the community that many homeowners are interested, but know that there is an existing waitlist and no capacity. Assuming ~20% capture rate, we have assumed adding 150 customers over the 12 month period following the completed expansion.
 - New Service Areas (pending NCUC approval in subsequent applications):
 - In our projections, we have only assumed one incremental service area along Bayview Road. We will continue to evaluate interest on the Island to inform future CPCN or Contiguous Extension applications.
- Expenses
 - Outside Labor Expenses: 2-year \$40,000/year agreement with existing management to support operations as needed (billing, on-site maintenance). This expense is reduced to \$20,000/year (50% of initial support) as internal processes reduce the need for outside help.
 - State Tax Rate: 2.5%, Federal Tax Rate: 21%
 - Reduction in R&M to 15% of revenue (vs. 18% in prior year) in anticipation of retiring the equipment. In Year 2 (first year with the new system), R&M is reduced to 5% of rate revenue, increasing by 0.5% each year (6.5% by year 5) – mimicking the prior system's levels.
 - Other Operating Expenses reduced to new baselines vs. prior years
 - Contractual Services: Year 1 assumes the same proportion to revenue as 2021, given the last two years are outliers (2022: legal services for the MRT-James Creek dispute to be resolved in this transfer, 2023: mandated repairs and services). Years 2-5 assumption is reduced to a new baseline of 5% of revenues.
 - Rent Expenses: Prior year rent expenses have been for no-longer-needed office space and equipment for ad-hoc repairs. New baseline reduced to 2% for ad-hoc needs.
 - All other operating expenses: maintain recent (last two years) proportion to revenues

Statement of Cash Flows

- Values are derived from the income statement and expected capitalization of construction costs.
- Loan proceeds, interest expenses, and repayment assume a \$1.5M construction loan (~45% LTC), allowing for a schedule of draws, a 7.50% annual interest rate, and full repayment in month 14 of the loan via a new permanent debt structure, supplemented by owner contributions and CIAC collected.
- Depreciation is a function of plant/equipment costs (~\$2.2M) depreciating at 5% rate starting 7/1/2025
- Funds Provided by Owner includes equity draws on construction costs and cash provided by owner to ensure at least a minimum of zero cash balance for each year end.
- Per IRS Section 118, CIAC is excluded from taxable income

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W-1344, Sub 0
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SELLER (HISCO EAST)
2023 FINANCIALS - AS SHARED

Exhibit M

- Profit & Loss - January - December 2023
- Balance Sheet as of December 31, 2023
- Tax Depreciation Schedule as of December 31, 2023

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Harkers Island Sewer Company, LLC

Profit and Loss

January - December 2023

	TOTAL
Income	
400 Operating Revenue	
521 Flat Rate Revenues	5,520.00
521.1 Residential Revenues	143,671.11
521.1.2 Residential Revenue - Harkers Village	-62.50
Total 521.1 Residential Revenues	143,608.61
Total 521 Flat Rate Revenues	149,128.61
Total 400 Operating Revenue	149,128.61
523 Connection Fees	65,220.00
Uncategorized Income	471.48
Total Income	\$214,820.09
GROSS PROFIT	\$214,820.09
Expenses	
401 Operating Expenses	
715 Purchased Power	8,032.42
718 Chemicals	5,188.49
720 Materials and Supplies	26,516.27
731 Contractual Services - Professional	47,879.60
735 Contractual Services - Testing	9,307.50
736 Contractual Services - Other	40,854.25
740 Rents	22,994.40
750 Transportation Expenses	11,476.66
755 Insurance Expenses	5,808.68
765 Regulatory Commission Expenses	208.31
775 Miscellaneous Expenses	343.45
Total 401 Operating Expenses	178,610.03
408 Taxes Other Than Income	3,408.27
408.2 NC Annual Report	406.00
Total Expenses	\$182,424.30
NET OPERATING INCOME	\$32,395.79
Other Income	
419 Interest and Dividend Income	1.50
Total Other Income	\$1.50
Other Expenses	
426 Miscellaneous Nonutility Expenses	4,765.90
899 Depreciation Expense	1,892.33
Total Other Expenses	\$6,658.23
NET OTHER INCOME	\$ -6,656.73
NET INCOME	\$25,739.06

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Harkers Island Sewer Company, LLC

Balance Sheet

As of December 31, 2023

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May 06 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
131 Cash	
131.1 BUSINESS CHECKING (XXXXXX 1790)	6,320.55
131.2 BUSINESS MARKET RATE SAVINGS (XXXXXX 7728)	2,261.59
131.3 Savings - Overdraft	0.00
Total 131 Cash	8,582.14
fraud from ID theft	0.00
fraud settlement from ID Theft	0.00
Total Bank Accounts	\$8,582.14
Accounts Receivable	
141 Customer Accounts Receivable	11,007.60
Total Accounts Receivable	\$11,007.60
Other Current Assets	
121.9 Uncategorized Asset	0.00
131.9 Undeposited Funds	0.00
151 Plant Material and Supplies	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$19,589.74
Fixed Assets	
101 Utility Plant In Service	0.00
351 Organization	0.00
353 Land and Land Rights	105,022.64
354 Structures and Improvements	119,462.64
355 Power Generation Equipment	0.00
363 Services to Customers	0.00
364 Flow Measuring Devices	3,235.00
370 Receiving Wells	0.00
380 Treatment and Disposal Equipment	0.00
381 Plant Sewers	138,067.12
382 Outfall Sewer Lines	0.00
389 Other Plant and Miscellaneous Equipment	0.00
390 Office Furniture and Equipment	2,936.45
391 Transportation Equipment	46,103.03
393 Tools, Shop and Garage Equipment	0.00
395 Power Operated Equipment	69,151.10
398 Other Tangible Plant	0.00
Total 101 Utility Plant In Service	483,977.98

Harkers Island Sewer Company, LLC

Balance Sheet

As of December 31, 2023

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May 06 2024

	TOTAL
103 Property Held For Future Use	
304 Structures and Improvements	0.00
345 Power Operated Equipment	0.00
Total 103 Property Held For Future Use	0.00
104 Utility Plant Purchased or Sold	0.00
105 Construction Work in Progress	0.00
399 Accumulated Depreciation	-271,262.70
Total Fixed Assets	\$212,715.28
Other Assets	
121 Nonutility Property	
121.1 Land and Buildings Not Used in Wastewater Operations	0.00
Total 121 Nonutility Property	0.00
132 Special Deposits	1,000.00
Total Other Assets	\$1,000.00
TOTAL ASSETS	\$233,305.02
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	0.00
Total Accounts Payable	\$0.00
Other Current Liabilities	
232 Notes Payable	
232.1 Note Payable - Wastewater Treatment Plant Purchase	0.00
232.2 Loan Payable - BLE	0.00
232.3 Loan Payable - Michael Price	0.00
232.4 Loan Payable - BLE for Harkers Village	0.00
232.5 Loan Payable- Mike Laws	0.00
Total 232 Notes Payable	0.00
252 Advances for Construction	0.00
275 Deferred Revenue	0.00
Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$0.00

Harkers Island Sewer Company, LLC

Balance Sheet

As of December 31, 2023

	TOTAL
Long-Term Liabilities	
224 Other Long Term Debt	
224.2 Note Payable - RBC Citizens NA	0.00
224.3 Note Payable - Farm Bureau Bank	0.00
224.4 Note Payable - Hubquarter, LLC	0.00
224.5 Note Payable - Stearns Bank	0.00
Total 224 Other Long Term Debt	0.00
224.1 Note Payable - Wastewater Treatment Plant Purchase	0.00
271 Contributions in Aid of Construction	0.00
Total Long-Term Liabilities	\$0.00
Total Liabilities	\$0.00
Equity	
211 Other Paid-In Capital	0.00
215 Retained Earnings	0.00
218 Proprietary Capital	
218.1 Proprietary Capital - Michael Laws	144,174.68
218.2 Proprietary Capital - Michael Price	74,839.99
219.1 Distributions - Mike Laws	-5,000.00
219.2 Distributions - Mike Price	-6,448.71
Total 218 Proprietary Capital	207,565.96
Net Income	25,739.06
Total Equity	\$233,305.02
TOTAL LIABILITIES AND EQUITY	\$233,305.02

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Tax Asset Detail

1/01/23 - 12/31/23

Asset	d	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Flow Measuring Devices												
12		Open Channel Flow Meter	8/31/15	3,235.00	0.00	1,617.50	3,235.00	0.00	3,235.00	0.00	200DB	7.0
		Flow Measuring Devices		3,235.00	0.00c	1,617.50	3,235.00	0.00	3,235.00	0.00		
Group: Land												
1		Land - contributed	7/01/13	22,500.00	0.00	0.00	0.00	0.00	0.00	22,500.00	Land	0.00
2		Land - Connection Recovery	7/01/13	13,500.00	0.00	0.00	0.00	0.00	0.00	13,500.00	Land	0.00
3		Land - Rate Recovery	7/01/13	9,000.00	0.00	0.00	0.00	0.00	0.00	9,000.00	Land	0.00
17		WWTP Land - contributed	3/25/14	43,927.07	0.00	0.00	0.00	0.00	0.00	43,927.07	Land	0.00
18		WWTP Land - Connection Recover	3/25/14	12,876.46	0.00	0.00	0.00	0.00	0.00	12,876.46	Land	0.00
19		WWTP Land - Rate Recovery	3/25/14	3,219.11	0.00	0.00	0.00	0.00	0.00	3,219.11	Land	0.00
		Land		105,022.64	0.00c	0.00	0.00	0.00	0.00	105,022.64		
Group: Office Furniture & Equipment												
8		Computer	6/20/13	859.00	0.00	429.50	859.00	0.00	859.00	0.00	200DB	5.0
13		Computer	6/22/15	1,234.16	0.00	617.08	1,234.16	0.00	1,234.16	0.00	200DB	5.0
23		Best Buy Computer Equip	10/26/16	843.29	0.00	421.65	843.29	0.00	843.29	0.00	200DB	5.0
		Office Furniture & Equipment		2,936.45	0.00c	1,468.23	2,936.45	0.00	2,936.45	0.00		
Group: Power Operated Equipment												
9		Skid Steer - Caterpillar	1/01/14	20,000.00	0.00	10,000.00	20,000.00	0.00	20,000.00	0.00	200DB	7.0
14		Takeuchi TB135R Compact Excava	9/15/15	49,151.10	0.00	24,575.55	49,151.10	0.00	49,151.10	0.00	200DB	7.0
		Power Operated Equipment		69,151.10	0.00c	34,575.55	69,151.10	0.00	69,151.10	0.00		
Group: Sewer Line												
4		Plant - Contributed	7/01/13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Memo	25.00
5		Plant - Connection Recovery	7/01/13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Memo	25.00
6		Plant - Rate Recovery	7/01/13	37,371.20	0.00	0.00	6,664.54	0.00	6,664.54	30,706.66	straight li	25.0
20		WWTP Plant - contributed	3/25/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Memo	25.00
21		WWTP Plant - Connection Recover	3/25/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Memo	0.00
22		WWTP Plant - Rate Recovery	3/25/14	12,107.69	0.00	0.00	968.62	0.00	968.62	11,139.07	straight li	25.0
29		Sewer Lines	6/30/20	48,120.72	0.00	48,120.72	48,120.72	0.00	48,120.72	0.00	200DB	10.0
30		Sewer Lines	6/30/22	40,467.51	0.00	40,467.51	40,467.51	0.00	40,467.51	0.00	200DB	10.0
		Sewer Line		138,067.12	0.00c	88,588.23	96,221.39	0.00	96,221.39	41,845.73		
Group: Structures and Improvements												
24		House	6/30/19	48,818.49	0.00	0.00	4,433.31	1,251.76	5,685.07	43,133.42	S/L	39.0
25		House - structural improvements	6/30/20	24,982.17	0.00	0.00	1,628.11	640.57	2,268.68	22,713.49	S/L	39.0
26		Fencing	6/30/20	2,653.00	0.00	2,653.00	2,653.00	0.00	2,653.00	0.00	150DB	15.0
27		HVAC Units	6/30/20	10,615.02	0.00	10,615.02	10,615.02	0.00	10,615.02	0.00	150DB	15.0
28		Land Improvements	6/30/20	32,393.96	0.00	32,393.96	32,393.96	0.00	32,393.96	0.00	150DB	15.0

Asset d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Structures and Improvemen (continued)											
	Structures and Improvemen		119,462.64	0.00c	45,661.98	51,723.40	1,892.33	53,615.73	65,846.91		
Group: Transportation Equipment											
7	2013 GMC Sierra	9/27/13	39,603.03	0.00	19,801.52	39,603.03	0.00	39,603.03	0.00	200DB	5.0
10	Trailer	1/01/14	6,500.00	0.00	3,250.00	6,500.00	0.00	6,500.00	0.00	200DB	7.0
	Transportation Equipment		46,103.03	0.00c	23,051.52	46,103.03	0.00	46,103.03	0.00		
	Grand Total		483,977.98	0.00c	194,963.01	269,370.37	1,892.33	271,262.70	212,715.28		

SUB-3 ISLAND RD EXTENSION (LIST OF CONNECTIONS)

Exhibit N

This additional exhibit was added at the request of the Public Staff during pre-application discussions.

- List of addresses referenced in Sub-3 “Island Road Extension”

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May 06 2024

EXHIBIT N: SUB-3 ISLAND RD EXTENSION (LIST OF CONNECTIONS)

Application	Group	Service Address	Customer Type	Permitted Entity	Customer Name on File	NCUC Docket	Approval referenced in NCUC Order
TRANSFER	CLNS VISITOR CENTER	131 Charles Street (1)	Commercial	NPS Visitor Center	National Park Service, CLNS Visitor Center	Sub-3	Cape Lookout National Seashore (National Park
	16 RESIDENTIAL CUSTOMERS	1328 Island Road	Residential	1328 Island Road	Stanton Ezzell	Sub-3	Island Road Extension (16 residential sewer customers)
		1333 Island Road	Residential	1333 Island Road	Wayne Davis	Sub-3	Island Road Extension (16 residential sewer customers)
		1350 Island Road	Residential	1350 Island Road	Jessie Garnder	Sub-3	Island Road Extension (16 residential sewer customers)
		1354 Island Road	Residential	1354 Island Road	Carl & Karen Beale	Sub-3	Island Road Extension (16 residential sewer customers)
		1376 Island Road	Residential	1376 Island Road	Tim Stevens	Sub-3	Island Road Extension (16 residential sewer customers)
		1568 Island Road	Residential	1568 Island Road	Walker Brothers Properties, LLC	Sub-3	Island Road Extension (16 residential sewer customers)
		1576 Island Road	Residential	1576 Island Road	Bob Crouse	Sub-3	Island Road Extension (16 residential sewer customers)
		1577 Island Road	Residential	1577 Island Road	Dean & Lea Bartlett	Sub-3	Island Road Extension (16 residential sewer customers)
		1726 Island Road	Residential	1726 Island Road	Jeannie Jones	Sub-3	Island Road Extension (16 residential sewer customers)
		989 Island Road	Residential	Tollan Wade Bar/Ice Cream Shop (989 Island Road)	Steve & Amy Tyson	Sub-3	Island Road Extension (16 residential sewer customers)
		1672 Island Road	Residential	1672 Island Road	Robert Wright	Sub-3	Island Road Extension (16 residential sewer customers)
		120 Sam East Lane	Residential	120 Sam East Lane	Leon Atkinson	Sub-3	Island Road Extension (16 residential sewer customers)
		122 Old Ferry Dock Road	Residential	122 Old Ferry Dock Road	William H. Hayes	Sub-3	Island Road Extension (16 residential sewer customers)
		147 Old Ferry Dock Road	Residential	147 Old Ferry Dock Road	Mark Youens	Sub-3	Island Road Extension (16 residential sewer customers)
		163 Old Ferry Dock Road	Residential	163 Old Ferry Dock Road	Branson Lefler	Sub-3	Island Road Extension (16 residential sewer customers)
		167 Old Ferry Dock Road	Residential	167 Old Ferry Dock Road	Ray & Theresa Davis	Sub-3	Island Road Extension (16 residential sewer customers)