

**BENNINK LAW OFFICE**  
Robert H. Bennink, Jr., Attorney at Law

January 10, 2018

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

**Via Electronic Filing**

Re: KRJ, Inc., d/b/a KRJ Utilities  
Docket No. W-1075, Sub 12  
General Rate Case Application

Dear Ms. Jarvis:

Enclosed for electronic filing in Docket No. W-1075, Sub 12, please find a general rate case application filed by KRJ, Inc., dba KRJ Utilities. As required by Commission Rule R1-17(a), KRJ Utilities filed its 30-day notice of intent to file this general rate case application on December 4, 2017.

It is requested that all orders and correspondence regarding this docket be electronically transmitted to me as counsel for KRJ Utilities, with electronic copies also being transmitted to James R. Butler at the following email address ([rod@mgnc.us](mailto:rod@mgnc.us)).

KRJ Utilities' filing fee for this application in the amount of \$250 has been paid electronically. As required by Commission Rule R1-28(e), KRJ Utilities will file fifteen (15) paper copies of the entire filing (including one single-sided copy) on the following business day.

KRJ Utilities' filing in this case is based on a test year consisting of the twelve months ended June 30, 2016, updated for anticipated changes in the

Company's cost of service, including rate base. KRJ Utilities reserves the right to update its cost of service, as reasonable and appropriate and consistent with North Carolina law, up through the date of hearing in this matter.

KRJ Utilities has filed the attached general rate case application based on the operating ratio ratemaking methodology set forth in G.S. 62-133.1. Should the Public Staff's investigation in this matter indicate that it would be more beneficial to the Company for its new rates to be set based on the rate base, rate of return methodology set forth in G.S. 62-133, KRJ Utilities requests that the Commission approve new rates utilizing the G.S. 62-133 ratemaking methodology.

As always, thank you and your staff for your assistance; please feel free to contact me if there are any questions or suggestions.

Sincerely,

**Electronically Submitted**  
**/s/ Robert H. Bennink, Jr.**

North Carolina State Bar No. 6502  
Attorney for KRJ, Inc., dba KRJ Utilities

c: David Drooz, Chief Counsel, Public Staff

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

APPLICATION FOR RATE INCREASE

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

APPLICANT

1. Trade name used for utility business KRJ Utilities
2. Name of owner (if different from trade name) KRJ, Inc.
3. Business mailing address P O Box 2369  
 City and state Swansboro, NC Zip Code 28584-2369
4. Business street address (if different from mailing address) 246 Valleyfield Ln, Southern Pines NC 28387
5. Business telephone number 919.827.8055
6. List the counties in which you provide water utility service Wake
7. List the counties in which you provide sewer utility service Wake

PROPOSED AND PRESENT RATES

	<u>Proposed Rates</u>	<u>Present Rates</u>
8. Metered Residential Service ( <b>Southern Trace</b> ):		
Water:	<u>\$ 34.82/month + 4.84/1,000 gallons of usage</u>	<u>\$ 19.14/month + 2.66/1,000 gallons of usage</u>
Sewer:	<u>n/a</u>	<u></u>
9. Metered Residential Service ( <b>Rockbridge</b> ):		
Water:	<u>\$ 34.55/month + 3.57/1,000 gallons of usage</u>	<u>\$ 14.40/month + 1.49/1,000 gallons of usage</u>
Sewer:	<u>\$ 105.37/REU/month</u>	<u>\$ 68.33/REU/month</u>
10. Availability Rates ( <b>Rockbridge</b> ):		
Water:	<u>none</u>	<u>\$ 14.40/REU/month</u>
Sewer:	<u>none</u>	<u>65.80/REU/month</u>
11. Tap-on Fees ( <b>Southern Trace</b> ):		
Water:	<u>\$500</u>	<u>\$500</u>
Sewer:	<u>n/a</u>	<u>n/a</u>
12. Tap-on Fees ( <b>Rockbridge</b> ):		
Water:	<u>\$1,000</u>	<u>\$1,000</u>
Sewer:	<u>\$4,000</u>	<u>\$8,000</u>

OTHER PROPOSED RATES

- 13. Finance charge for late payment: 1% per month on unpaid balance 25 days after billing date  
(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.)
- 14. Reconnection charge if water service cut-off by utility as specified in NCUC Rule R7-20: \$ 15.00
- 15. Reconnection charge if water service discontinued at customer's request: \$ 15.00
- 16. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: \_\_\_\_\_
- 17. Other Charges: Disconnection or Collection Charge - \$ 15.00/instance | Returned Check - \$ 25.00
- 18. What date are the proposed rates to become effective: Immediately after Commission Approval
- 19. How long have the present rates been in effect? Southern Trace 01/07/05 - Rockbridge 11/30/06

PROPOSED BILLING

- 20. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
- 21. Billing shall be for service (in advance or arrears) Arrears
- 22. Bills past due 15 days after the billing dates:  
(NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
- 23. Will regular billing be by written statement? (yes or no) Yes

REVENUES AND EXPENSES

For 12 Months Ended 6/30/2016 (Date)

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
1. Residential service (flat rate)	\$ _____	\$ 177,815.96
2. residential service (metered rate)	\$ 131,340.24	\$ _____
3. Nonresidential service (flat rate)	\$ _____	\$ _____
4. Nonresidential service (metered rate)	\$ _____	\$ _____
5. Other revenues (describe in remarks below)	\$ 738.83	\$ 1,020.28
6. Total Revenues (Lines 1 thru 5)	<u>\$ 132,079.07</u>	<u>\$ 178,836.24</u>

<u>Expenses</u>		
7. Total Salaries	\$ _____	\$ _____
8. Administrative and office expense (except salaries)	\$ 38,534.72	\$ 15,347.86
9. Maintenance and repair expense (except salaries)	\$ 74,438.32	\$ 18,866.36
10. Transportation expenses	\$ _____	\$ _____
11. Electric power for pumping	\$ 7,316.76	\$ 42,723.99
12. Chemicals for treatment	\$ 3,017.50	\$ 9,193.97
13. Testing fees	\$ 6,630.90	\$ 2,421.50
14. Permit fees	\$ 805.00	\$ 1,310.00
15. Purchased water/sewer treatment	\$ _____	\$ _____
16. Annual depreciation	\$ 33,302.87	\$ 191,554.88
17. Taxes: State income taxes	\$ _____	\$ _____
18. Federal income taxes	\$ _____	\$ _____
19. Gross receipts (or franchise tax)	\$ _____	\$ _____
20. Property taxes	\$ 330.29	\$ _____
21. payroll taxes	\$ _____	\$ _____
22. other taxes	\$ 238.32	\$ 241.26
23. Other expenses (describe in remarks below)	\$ 57,596.95	\$ 60,827.99
24. Total Expenses (Lines 7 thru 23)	<u>\$ 222,211.63</u>	<u>\$ 342,487.81</u>

25. Net Operating Income (Line 6 minus Line 24)	\$ -90,132.56	\$ -163,651.57
26. Interest on debt during year	\$ _____	\$ _____
27. Net Income (Line 25 minus Line 26)	<u>\$ -90,132.56</u>	<u>\$ -163,651.57</u>

Remarks

28. L5 - Returned Check, Reconnection Charges (total prorated) \_\_\_\_\_

29. L23 - Please see attachment \_\_\_\_\_

30. \_\_\_\_\_

31. \_\_\_\_\_

32. \_\_\_\_\_

NUMBER OF CUSTOMERS SERVED  
(at end of month)

<u>Month</u>	<u>Water</u>			<u>Sewer</u>		
	<u>Flat Rate Customers</u>	<u>Metered Customers</u>	<u>Gallons Sold to Metered Custs</u>	<u>Flat Rate Customers</u>	<u>Metered Customers</u>	<u>Gallons Sold to Metered Custs</u>
33. July		400	2,809,728	208		
34. August		400	2,732,090	208		
35. September		400	2,616,519	208		
36. October		400	2,177,341	208		
37. November		400	1,899,679	208		
38. December		423	1,960,660	231		
39. January		423	1,623,657	231		
40. February		422	1,850,207	231		
41. March		423	1,788,062	232		
42. April		426	2,006,630	234		
43. May		426	1,744,390	234		
44. June		428	2,366,219	236		

ORIGINAL COST OF UTILITY SYSTEM  
As of Year Ended 6/30/2016 (Date)

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

<u>Utility Property in Service</u>	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
	\$	\$
1. Land and rights-of-way	\$ 29,312.30	\$
2. Structures and site improvement	\$ 219,245.51	\$ 2,481,147.00
3. Wells	\$ 180,056.75	\$
4. Pumping equipment	\$ 72,769.69	\$ 349,657.13
5. Treatment equipment	\$ 373,682.41	\$ 77,315.38
6. Storage tanks	\$ 358,748.81	\$ 887,690.32
7. Mains (excluding service connections)	\$ 487,991.25	\$ 868,477.81
8. Service connections	\$ 103,759.77	\$ 106,515.00
9. Meters (including spare meters)	\$ 36,654.43	\$
10. Office furniture and equipment	\$ 210.12	\$ 210.11
11. Transportation equipment	\$	\$
12. Other utility property in service (describe in remarks below)	\$	\$ 640,717.72
13. Total utility property in service (lines 1 thru 12)	\$ 1,862,431.04	\$ 5,411,730.47
14. Less: accumulated depreciation	\$ 408,799.08	\$ 1,980,608.36
15. Less: accumulated tap fees and other contributions in aid of construction	\$ 872,251.02	\$ 2,273,851.00
16. Less: customer advances	\$ 0.00	\$ 0.00
17. Net investment in utility property (Line 13 minus 14, 15, & 16)	\$ 581,380.94	\$ 1,157,271.11

<u>Utility Property Not in Service</u>	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
	\$	\$
18. Construction work in progress	\$ 45,376.17	\$
19. Property held for future use	\$	\$
20. Other (describe in remarks below)	\$	\$

- Remarks
21. L12 - Tractor/Mower, Reclaimed Water Re-Use Spray System
22. \_\_\_\_\_
23. \_\_\_\_\_

ANNUAL DEPRECIATION

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

Water: \_\_\_\_\_ 25 year  
Sewer: \_\_\_\_\_ 25 years

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

Type of Equipment	Annual Depreciation Rate	Method Used (Straight Line, etc.)	Amount of Annual Depreciation
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____



CONTRIBUTIONS IN AID OF CONSTRUCTION  
(Including Tape Fees)

1. Has the utility collected any gross-up on contributions in aid of construction (CIAC), such as contributed plant and tap fees, since the test year of its last rate case? (yes or no) No

EMPLOYEE SALARIES  
(Including Owners)

	<u>Name</u>	<u>Duties</u>	<u>Salaries Paid During Year</u>	<u>Hours Worked During Year</u>
2.	_____	_____	\$ 0	_____
3.	_____	_____	\$ 0	_____
4.	_____	_____	\$ 0	_____

FINANCIAL INFORMATION

	<u>Source of Loans (For Utility Purposes)</u>	<u>Interest Rates</u>	<u>Amount Unpaid End of Year</u>
5.	Stafford Land Co	8%	\$ 4,994,494.63
6.	_____	_____	\$ _____
7.	_____	_____	\$ _____

OTHER FINANCIAL INFORMATION

8. Stocks Issued	\$	
9. Accumulated (or retained) earnings or losses	\$	2,915,180.67
10. Cash on hand	\$	8,700.80
11. Accounts receivable	\$	16,350.78
12. Accounts payable	\$	138,699.26
13. Customer deposits on hand	\$	250.00
14. Materials and supplies	\$	
15. Other investments	\$	

FILING INSTRUCTIONS

- 16. Seven (7) 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 a Class A or B utility company should be filed.** One of these copies must have original signature. (Applicants must make their copies if desired.) Class A and B utility companies are also required to file a written letter of intent to file a general rate case with the Commission thirty (30) days in advance of filing this application. Furthermore, Class A utility companies should file a NCUC Form W-1 along with this rate increase application form as required in Rule R1-176(12)(d).
- 17. Enclose a filing fee s required by G. S. §62-300. Class A company (annual revenues of \$1,000,000 or more) requires a \$500 filing fee. A class B company (annual revenues between \$200,000 and \$1,000,000 requires a \$ 250 filing fee. A class C company (annual revenues less than \$ 200,000 requires a filing fee of \$100. **MAKE CHECK PAYABLE TO N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.**

Signature

- 18. Application shall be signed and verified by the Applicant.

*Robert R. Stafford Jr.*  
 Signature  
12/18/17  
 Date

- 19. (Typed or Printed Name) Robert R. Stafford Jr. personally appeared 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 18th day of December, 20 17  
Angie G. Gilman  
 Notary Public  
2148 VASS - Charlotte, NC 28227  
 Address  
 My Commission expires: 5-24-2021  
 Date

**Line 23 - Other Expenses**

	Water	Sewer
Loss from disposal of equipment	24,043.61	
Bank Charges - Divided 50/50	479.29	479.29
Contract Operator Services	28,581.87	50,270.00
Liability Insurance - divided 50/50	3,852.73	2,349.59
Bad Debts	639.45	923.59
Trash Pick-Up		299.52
Sludge Removal		6,506.00
Totals	<u>57,596.95</u>	<u>60,827.99</u>