

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 Total Environmental Solutions, Inc.
2. Mailing address P.O. Box 14059, Baton Rouge, LA 70898
3. Business telephone number (225) 766-4477 Ext. 3026

PURCHASER

4. Trade name used for utility business Red Bird Utility Operating Company, LLC d/b/a Red Bird Water
5. Name of owner (if different from trade name) Red Bird Utility Holding Company, LLC
6. Business mailing address 1650 Des Peres Road, Suite 303  
City and state St. Louis, MO Zip code 63131
7. Business street address (if different from mailing address) N/A

8. Business telephone number 314-380-8544
9. If corporation, list the following:Central States Water Resources, Inc., is the manager of Red Bird Utility Operating Co., LLC & Red Bird Utility Holding Company, LLC  
President of CSWR, LLC, Red Bird UOC, LLC & UHC, LLC, is Josiah Cox Vice President \_\_\_\_\_  
Secretary \_\_\_\_\_ Treasurer \_\_\_\_\_

- Three (3) largest stockholders and percent of voting shares held by each  
Red Bird Utility Holding Company, LLC, is the sole member of Red Bird Utility Operating Company, LLC
10. If partnership, list the owners and percent of ownership held by each  
N/A
11. Is the purchaser acquiring the utility assets or stock? Utility Assets  
(No filing fee required if stock transfer only.)

PROPOSED AND PRESENT RATES		Attachment A - Tariff showing current rates
Proposed Rates		Present Rates
12. Metered Residential Service:		
Water:	<u>\$29.06; usage per 1,000 gallons \$6.03</u>	<u>\$29.06; usage per 1,000 gallons \$6.03</u>
Sewer:	<u>N/A</u>	<u>N/A</u>
13. Flat Rate Residential Service:		
Water:	<u>N/A</u>	<u>N/A</u>
Sewer:	<u>N/A</u>	<u>N/A</u>
14. Nonresidential Service (explain): <b>Commercial</b>		
Water:	<u>N/A</u>	<u>N/A</u>
Sewer:	<u>\$49.03 usage per 1,000 gallons</u>	<u>\$49.03 usage per 1,000 gallons</u>
15. Tap-on fees:		
Water:	<u>\$300.00</u>	<u>\$300.00</u>
Sewer:	<u>&lt;1" meter \$164.50; 1" \$246.75; 2" \$411.25</u>	<u>&lt;1" meter \$164.50; 1" \$246.75; 2" \$411.25</u>

OTHER PROPOSED RATES

16. Finance charge for late payment: 1% per month will be applied to the unpaid balance of all bills still past due 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.)
17. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: \$14.36
18. Reconnection charge if water service discontinued at customer's request: \$14.36
19. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: \$0.00
20. Other charges: N/A
21. What date are the proposed rates to become effective: Upon Closing
22. How long have the present rates been in effect? January 1, 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

Yes

(b)

Date of meter readings

Yes

(c)

Gallons used, based on meter readings

Yes

(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: See attachment B

(a)

Mailing address of Company:

P.O Box 790379 St. Louis MO 63179

(b)

Address where bill can be paid in person:

See Attachment C

(c)

Name and phone number of alternative persons to contact for emergency service after business hours:

See Attachment C
7.

Is service already metered? (yes or no)

Yes
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: \$0

Sewer: \$0

PURCHASER'S SERVICE ORGANIZATION

- |     | NAME                   | ADDRESS                | TELEPHONE  |              |
|-----|------------------------|------------------------|--|--------------|
| 10. | General Manager        | Josiah Cox             | 1650 Des Peres Rd., Ste. 300, Des Peres, MO 63131          | 314-380-8544 |
| 11. | Complaints or Billing  | Nitor Billing Service  | 100 Chesterfield Business Pkwy 256, Chesterfield, MO 63005 | 314-540-3803 |
| 12. | Engineering Operations | CSWR, LLC Jake Freeman | 1650 Des Peres Rd., Ste. 300, Des Peres, MO 63131          | 314-550-1167 |
| 13. | Emergency Service      | TBD                    |  |              |
| 14. | Accounting             | CSWR, LLC              | 1650 Des Peres Rd., Ste. 300, Des Peres, MO 63131          | 314-380-8544 |
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)

Yes
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 Attachment D
19.

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

Purchaser has had no DENR violations

SERVICE AREA

Fill in one column for each Subdivision or Service Area.

		(1)	(2)	(3)
1.	Name of Subdivision(s) or Service Area(s)	Lake Royale		
2.	County (or Counties)	Franklin/Nash		
3.	Type of service (water, sewer, etc.)	Water/Sewer		
4.	If water is purchased, list from whom	Franklin County Public Utilities		
5.	Source of water supply (wells, etc.)	Purchased		
6.	Number of wells in service	0		
7.	Pumping capacity of each pump in service	N/A		
8.	Elevated storage tank capacity (gals.)	200,000		
9.	Pressure tank capacity (gals.)	N/A		
10.	Types of water treatment (chlorine, etc.)	Chlorine (Provided by Franklin County Public Utilities)		
11.	Number of fire hydrants installed	0 - hydrants for blowoffs only		
12.	Is sewage disposal by septic tank or by sewer system?	Sewer system for POA commercial customers; septic for residential		
13.	If disposal is by sewer system, is sewage treated by utility company or by others?	TESI		
14.	Capacity of Company's sewage treatment plant (gallons per day)	80,000		
15.	Is service metered? (yes or no)	Yes		
16.	Number of water meters in use	1,951		
17.	Number of service taps in use (list number of each size)	Water 1,951 - 5/8 inch		
	Sewer 4			
18.	Number of customers at the end of test year	Water 1,951		
		Sewer 2		
19.	Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)	Water 5,000		
		Sewer 7		
20.	Number of customers that can be served by pumping capacity	Water 5,000		
21.	Number of customers that can be served by storage tank capacity	Water 5,000		
22.	Number of customers that can be served by treatment plant capacity	Sewer 200		
23.	Name nearest water/sewer utility system	Franklin County Public Utilities		
24.	Distance to nearest water/sewer utility system	3 miles to Lake Royale; sewer unknown		
25.	Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)	No		
26.	Has the system been offered for sale to the customers, county, or municipality? (yes or no)	Yes		
	If not, why not?	N/A		
27.	a. DENR System I.D. No.	Water NC0235108		
	b. NPDES or Nondischarge Permit No.	Sewer NC-0042510		

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 December 31, 2020 (Date)

	Revenues	See Attachment E	Water	Sewer
4.	Residential service (flat rate)		\$ N/A	\$ N/A
5.	Residential service (metered rate)		\$ 983,473.66	\$ N/A
6.	Nonresidential service (flat rate)		\$ N/A	\$ N/A
7.	Nonresidential service (metered rate)		\$ N/A	\$ 38,794.86
8.	Other revenues (describe in remarks below)		\$ 75,626.81	\$ (90)
9.	Total Revenues (Lines 4 thru 8)		\$ 1,059,100.47	\$ 38,704.86
10.	Total salaries (except owner)		\$ 83,030.58	\$ 8,922.64
11.	Salaries paid to owner		\$ N/A	\$ N/A
12.	Administrative and office expense (except salaries)		\$ 100,628.71	\$ 595.86
13.	Maintenance and repair expense (except salaries)		\$ N/A	\$ 1,550.00
14.	Transportation expenses		\$ 20,032.58	\$ 533.98
15.	Electric power for pumping		\$ 759.46	\$ 6,424.91
16.	Chemicals for treatment		\$ N/A	\$ N/A
17.	Testing fees		\$ 5,249.50	\$ 9,787.88
18.	Permit fees		\$ N/A	\$ N/A
19.	Purchased water/sewer treatment		\$ 686,697.00	\$ N/A
20.	Annual depreciation		\$ N/A	\$ N/A
21.	Taxes: State income taxes		\$ 5,185.00	\$ 576.00
22.	Federal income taxes		\$ N/A	\$ N/A
23.	Gross receipts (or franchise tax)		\$ 910	\$ 101
24.	Property taxes		\$ 1,258.00	\$ 1,932.00
25.	Payroll taxes		\$ 6,426.00	\$ 695.00
26.	Other taxes		\$ 8,835.00	\$ 2,461.00
27.	Interest on debt during year		\$ N/A	\$ N/A
28.	Other expenses (describe in remarks below)		\$ 129,261.28	\$ 1,279.39
29.	Total Expenses (Lines 10 thru 28)		\$ 1,025,659.11	\$ 34,877.08
30.	Net Income (Line 9 minus Line 29)		\$ 33,441.36	\$ 827.78

Remarks

31. Other Expenses: Education/training, office supplies, postage/shipping, communications (including cellular & telecommunications, utilities, penalties, and dues/subscriptions.
32.
33. Other Revenues: Tap/connection fees, service fees, availability revenue, and revenue adjustments.
34.
35.

NUMBER OF CUSTOMERS SERVED

		Water		Sewer	
		<u>Flat Rate</u>	<u>Metered</u>	<u>Flat Rate</u>	<u>Metered</u>
36.	Customers at beginning of year	<u>N/A</u>	<u>1,888</u>	<u>N/A</u>	<u>6</u>
37.	Customers at end of year	<u>N/A</u>	<u>1,951</u>	<u>N/A</u>	<u>2</u>
38.	Average gallons used per customer	unknown		per month	

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:
- Water: See Attachment F
- Sewer: See Attachment F

ORIGINAL COST OF UTILITY SYSTEM  
As of Year Ended December 31, 2020 (Date)

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

	Utility Property in Service		Balance at End of Year	
		Water		Sewer
2. Land and rights-of-way	\$	(5,008)	\$	N/A
3. Structures and site improvement	\$	72,776	\$	53,755
4. Wells	\$	N/A	\$	N/A
5. Pumping equipment	\$	5,885	\$	66,071
6. Treatment equipment	\$		\$	N/A
7. Storage tanks	\$	N/A	\$	665
8. Mains (excluding service connections)	\$	42,341	\$	N/A
9. Service connections	\$	99,375	\$	N/A
10. Meters (including spare meters)	\$	N/A	\$	N/A
11. Office furniture and equipment	\$	N/A	\$	N/A
12. Transportation equipment	\$	36,045	\$	N/A
13. Other utility property in service (describe in remarks below)	\$	197,270	\$	54,892
14. Total utility property in service (Lines 2 thru 13)	\$	448,684	\$	175,383
15. Less: acquisition adjustments (difference between original cost above and cost to Seller)	\$	N/A	\$	N/A
16. Less: Seller's accumulated depreciation	\$	N/A	\$	N/A
17. Less: Seller's accumulated tap fees and other contributions in aid of construction	\$	N/A	\$	N/A
18. Seller's net investment in utility property (Line 14 minus 15, 16, & 17)	\$	448,684	\$	175,383

	Utility Property Not in Service		Balance at End of Year	
		Water		Sewer
19. Construction work in progress	\$	N/A	\$	N/A
20. Property held for future use	\$	N/A	\$	N/A
21. Other (describe in remarks below)	\$	N/A	\$	N/A

- Remarks
22. Taken from 2020 Annual Report
23.
24.
25.

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

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 Date of Closing (Includes Purchase Price and Initial Improvements)

b. Capital structure balances:

	<u>Amount</u>	<u>Percent Of Total Capital</u>
Long-term debt/loans	\$ <u>0.00</u>	<u></u>
Preferred stock (if any)	\$ <u>0.00</u>	<u></u>
Common equity:		
<b>Member Equity</b>	\$ <u>0.00</u>	<u>100%</u>
Retained earnings	\$ <u>0.00</u>	<u></u>
Total common equity	\$ <u>0.00</u>	<u></u>
 Total capital	<u><u>0.00</u></u>	<u><u>100%</u></u>

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

a. Long-term debt	\$ <u>0.00</u>
b. Short-term debt	\$ <u>0.00</u>
c. <b>Member Equity</b>	\$ <u>See Attachment F</u>
d. Retained earnings	\$ <u>0.00</u>
e. Other (please describe below on Line g)	\$ <u>0.00</u>
f. Total purchase price	\$ <u>See Attachment F</u>

g. Description of other: N/A

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

a. Brief description: See Attachment H for descriptions.

b. Financing:	
(1) Long-term debt	\$ <u>0.00</u>
(2) Short-term debt	\$ <u>0.00</u>
(3) <b>Member Equity</b>	\$ <u>See Attachment H</u>
(4) Retained earnings	\$ <u>0.00</u>
(5) Other (please describe below on Line (7))	\$ <u>0.00</u>
(6) Total improvements/additions	\$ <u>See Attachment H</u>

(7) Description of other: N/A

- Attachment H is an engineering report prepared by McGill Associates that identifies and itemized major improvements/additions required during the next five years and their estimated costs. The full engineering report is designated "Confidential," but Attachment I is a summary that can be made available to customers and the general public. Initially, Red Bird will finance required improvements/additions with equity provided by CSWR, but will utilize debt when and if such financing can be obtained.

- Attachment H is an engineering report prepared by McGill Associates that identifies and itemized major replacements required during the next five years and their estimated costs. The full engineering report is designated "Confidential," but Attachment I is a summary that can be made available to customers and the general public. Initially, Red Bird will finance required replacements with equity provided by CSWR, but will utilize debt when and if such financing can be obtained.

- (1) Audited financial statements for the Purchaser and/or parent company. **See attachment J**
- (2) Budgets, capital and operating, for the Purchaser's North Carolina utility operations for the next five years. **See Attachment K**
- (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.  
**N/A; No current North Carolina Utility Operations**



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.) See Attachments L & M for LLC Operating Agreements and Articles of Organization
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. See Attachment F
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"). 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. See Attachment J
9. If the information requested in Exhibit 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 6-2-21  
Signature \_\_\_\_\_ Seller  
Date \_\_\_\_\_

13. (Typed or Printed Name) Josiah Cox  
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 2nd day of June, 2021



Karissa A. Whitten  
Notary Public  
1650 Des Peres Rd, Ste 313  
Address St. Louis, MO 63131

My Commission Expires: 2-23-25  
Date



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. **See Attachment G**
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"). 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. **See Attachment E**
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 \_\_\_\_\_

Signature Wayne Owens  
Seller

Date 6-03-2021

13. (Typed or Printed Name) Wayne Owens  
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 3<sup>rd</sup> day of June, 2021.

Notary Public

Address

My Commission Expires: at death  
Date

OFFICIAL COPY

JUN 07 2021

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)					

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					

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

**Instructions**

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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.