

**SANFORD LAW OFFICE, PLLC**  
**Jo Anne Sanford, Attorney at Law**

August 2, 2022

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

Via Electronic Delivery

Re: Application by Carolina Water Service, Inc. of North Carolina for Certificate of Public Convenience and Necessity to Serve Current Territory of Carteret County Water System  
NCUC Docket No. W-354, Sub 399

Dear Ms. Dunston:

Attached for filing please find Carolina Water Service, Inc. of North Carolina's ("CWSNC" or "Company") Application for authority to serve the territory currently served by the Carteret County Water System. As we indicated in the filing of Docket W-354, Sub 398, this is a companion docket to the Company's petition for a Fair Value determination of the assets, for purpose of setting rate base in the CWSNC system upon acquisition of the Carteret County system by CWSNC. Therefore, the Company respectfully requests that these dockets be combined for hearing and decision by the North Carolina Utilities Commission.

I hereby certify that a copy of this filing has been served on the Public Staff and on the County Attorney for Carteret County.

As always, we thank you and your staff for your assistance; please feel free to contact me if there are questions or if additional information is required.

**Electronically Submitted**

**/s/Jo Anne Sanford**  
North Carolina State Bar No. 6831  
Attorney for Carolina Water Service, Inc. of  
North Carolina, Inc.

[sanford@sanfordlawoffice.com](mailto:sanford@sanfordlawoffice.com)

P.O. Box 28085, Raleigh NC 27611-8085  
919.210.4900

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AUG 02 2022

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE & NECESSITY  
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.

APPLICANT

1. Trade name used for utility business: Carolina Water Service, Inc. of North Carolina
  2. Name of owner (if different from trade name): Corix Regulated Utilities, Inc.
  3. Business mailing address: P.O. Box 240908  
City and state: Charlotte, North Carolina Zip Code: 28224-0908
  4. Business street address (if different from mailing address) 5821 Fairview Road, Suite 401  
City and state: Charlotte, North Carolina Zip Code: 28209
  5. Business telephone number: 704-525-5049
  6. If corporation, list the following:  
President: Donald Denton Vice President: Allen Wilt  
Secretary: Allen Wilt Treasurer: Jim Andrejko
- Three (3) largest stockholders and percent of voting shares held by each:  
Corix Regulated Utilities, Inc. 100%
7. If partnership, list the owners and percent of ownership held by each: N/A

PROPOSED UTILITY SERVICE AREAS

8. Name of Subdivision or Service Area: North River / Merrimon
9. County (or Counties): Carteret
10. Type of Service (Water and/or Sewer): Water

PROPOSED RATES

(Amount Applicant Proposes to Charge)

11. Metered Residential Service:  
Water: North River: \$40.25 (base and first 1,000 gallons) \$10.10 per subsequent 1,000 gallons  
Merrimon: \$23.40 (base and first 1,000 gallons) \$10.10 per subsequent 1,000 gallons  
Sewer: N/A
12. Flat Rate Residential Service:  
Water: N/A  
Sewer: N/A
13. Nonresidential Service (explain):  
Water: Meters 1" and above. 1": \$55.60 (base & first 1,000 gallons) \$10.10 per subsequent 1,000 gallons  
2": \$160.90 (base and first 15,000 gallons) \$10.10 per subsequent 1,000 gallons  
4": \$497.25 (base and first 53,000 gallons) \$10.10 per subsequent 1,000 gallons  
Sewer: N/A
14. Tap-on fees:  
Water: 3/4" - \$1,000, 1" - \$1,150, 2" and 4" - Cost plus 10%. \$900 additional for any road bore  
Sewer: N/A
15. Finance charge for late payment: 1%  
(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.)
16. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: \$42
17. Reconnection charge if water service discontinued at customer's request: \$42
18. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: N/A
19. Other charges: Other charges as approved by the Commission

-2-  
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 45 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:
  - (a) Mailing address of company: PO Box 70723, Philadelphia PA, 19176-0723
  - (b) Address where bill can be paid in person: Not applicable
  - (c) Name and phone number of alternative persons to contact for emergency service after business hours:  
Customer Service – 1-800-525-7990
7. Is service already metered? (yes or no) Yes
8. Does the Applicant 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.)

PRESENT RATES

9. Are you presently charging for service? If so, describe the rates being charged.  
Not applicable
10. How long have these rates been in effect? Not Applicable

PERSONS TO CONTACT

- |                            | <u>NAME</u>             | <u>ADDRESS</u>  | <u>TELEPHONE</u>    |
|----------------------------|-------------------------|---|---------------------|
|                            | <u>NAME</u>             | <u>ADDRESS</u>  | <u>TELEPHONE</u>    |
| 11. General Manager        | <u>Donald Denton</u>    | <u>5821 Fairview Road, Suite 401<br/>Charlotte NC 28209</u> | <u>800-525-7990</u> |
| 12. Complaints or Billing  | <u>Karen Sasic</u>      | <u>200 Weathersfield Ave<br/>Altamonte Springs, FL</u>      | <u>321-972-0368</u> |
| 13. Engineering Operations | <u>Donald Denton</u>    | <u>5821 Fairview Road, Suite 401<br/>Charlotte NC 28209</u> | <u>800-525-7990</u> |
| 14. Emergency Service      | <u>Customer Service</u> | <u>5821 Fairview Road, Suite 401<br/>Charlotte NC 28209</u> | <u>800-525-7990</u> |
| 15. Accounting             | <u>Phil Drennan</u>     | <u>500 W Monroe St Ste 3600,<br/>Chicago, IL 60661</u>      | <u>704-319-0502</u> |
16. Are the names and phone numbers shown above listed in the phone book by each of the proposed service areas? (yes or no) No
  17. Can customers make phone calls for service without being charged for a long distance phone call? (yes or no) Yes
  18. Do 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
  19. List the qualifications of the person in charge of the utility system:  
North Carolina "B" Well, "A" Distribution, Cross Connection – Anthony Futrell
  20. List the date(s) and describe any DENR violation(s) since the last application for franchise, transfer, or rate increase:  
None since 2014 – Disinfection by-products

SERVICE AREA

Fill in one column for each subdivision or service area.

	(1)	(2)	(3)
1. Name of subdivision or service area	North River	Merrimon	
2. County (or Counties)	Carteret	Carteret	
3. Type of service (water, sewer, etc.)	Water	Water	
4. If water is purchased, list from whom	N/A	N/A	
5. Source of water supply (wells, etc.)	Wells	Wells	
6. Number of wells in service	2	1	
7. Pumping capacity of each pump in service	450	50	
8. Elevated storage tank capacity (gals.)	600,000	N/A	
9. Pressure tank capacity (gals.)	N/A	10,000	
10. Types of water treatment (chlorine, etc.)	Chloramines, Phosphate, Fluoride, Ion Exchange	Chlorine, Phosphate	
11. Number of fire hydrants installed	175	N/A	
12. Is sewage disposal by septic tank or by sewer system?	Septic Tanks	Septic Tanks	
13. If disposal is by sewer system, is sewage treated by utility company or by others?	N/A	N/A	
14. Capacity of Company's sewage treatment plant (gallons per day)	N/A	N/A	
15. Is service metered? (yes or no)	Yes	Yes	
16. Number of water meters in use	1223	31	
17. Number of service taps in use (list number of each size)	Water 3/4" - 1,197 1" - 22 2" - 3 4" - 1 Sewer N/A	3/4" - 31 N/A	
18. Number of customers at the end of test year	Water 1223 Sewer N/A	31 N/A	
19. Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)	Water 1800 Sewer N/A	49 N/A	
20. Number of customers that can be served by pumping capacity	Water 1800	49	
21. Number of customers that can be served by storage tank capacity	Water 1800	49	
22. Number of customers that can be served by treatment plant capacity	Sewer N/A	49	
23. Name nearest water/sewer utility system	Brandywine Bay	Brandywine Bay	
24. Distance to nearest water/sewer utility system	17 Miles	17 Miles	
25. Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)	No	No	
26. a. DENR System I.D. No.	Water NC 04-16-197	NC 04-16-198	
b. NPDES or Nondischarge Permit No.	Sewer Backwash Only	N/A	

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?  
No \_\_\_\_\_
- 3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?  
(actual or estimated) Actual amounts from Carteret County Audit Report 2021

Note: If the Applicant already holds a public utility franchise, the proposed service area is new (i.e., there are no customers being served), and the proposed rates herein are the same as those previously approved, then the financial information below (lines 4 through 35) may be omitted.

REVENUES AND EXPENSES

For 12 Months Ended June 30, 2021 (Date)

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
4. Residential service (flat rate)	\$ _____	\$ _____
5. Residential service (metered rate)	\$ <u>733,693</u>	\$ _____
6. Nonresidential service (flat rate)	\$ _____	\$ _____
7. Nonresidential service (metered rate)	\$ _____	\$ _____
8. Other revenues (describe in remarks below)	\$ <u>4,165</u>	\$ _____
9. Total Revenues (Lines 4 thru 8)	\$ <u>737,858</u>	\$ _____
10. Total salaries (except owner)	\$ _____	\$ _____
	\$ <u>351,391</u>	\$ _____
11. Salaries paid to owner	\$ _____	\$ _____
12. Administrative and office expense (except salaries)	\$ _____	\$ _____
13. Maintenance and repair expense (except salaries)	\$ _____	\$ _____
14. Transportation expenses	\$ _____	\$ _____
15. Electric power for pumping	\$ _____	\$ _____
16. Chemicals for treatment	\$ _____	\$ _____
17. Testing fees	\$ _____	\$ _____
18. Permit fees	\$ _____	\$ _____
19. Purchased water/sewer treatment	\$ _____	\$ _____
20. Annual depreciation	\$ <u>364,270</u>	\$ _____
21. Taxes: State income taxes	\$ _____	\$ _____
22. Federal income taxes	\$ _____	\$ _____
23. Gross receipts (or franchise tax)	\$ _____	\$ _____
24. Property taxes	\$ _____	\$ _____
25. Payroll taxes	\$ _____	\$ _____
26. Other taxes	\$ _____	\$ _____
27. Interest on debt during year	\$ <u>49,835</u>	\$ _____
28. Other expenses (describe in remarks below)	\$ <u>308,631</u>	\$ _____
29. Total Expenses (Lines 10 thru 28)	\$ <u>1,074,127</u>	\$ _____
30. Net Income (Line 9 minus Line 29)	\$ <u>(336,269)</u>	\$ _____

Remarks

- 31. Audit report displays expenses in two categories: salaries & benefits and operating expenses
- 32. \_\_\_\_\_
- 33. \_\_\_\_\_
- 34. \_\_\_\_\_
- 35. \_\_\_\_\_

NUMBER OF CUSTOMERS SERVED

	<u>Water</u>		<u>Sewer</u>	
	<u>Flat Rate</u>	<u>Metered</u>	<u>Flat Rate</u>	<u>Metered</u>
36. Customers at beginning of year	_____	<u>1,254</u>	_____	_____
37. Customers at end of year	_____	<u>1,254</u>	_____	_____
38. Average gallons used per customer	<u>3,773</u>	_____	_____	_____

COST OF UTILITY SYSTEM

1. Is the cost of utility system listed below based on past operation, or is it estimated for future operation?  
(actual or estimated) Estimated based on the average of the three FMV valuations; \$10,935,667
2. Does the cost of utility system listed below represent the cost to the Applicant herein? (yes or no)  
No  
If no, list cost (purchase price to Applicant). CWSNC will pay \$9,500,000 for the system

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended December 31, 2022 (Date)

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

Utility Property in Service

	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
3. Land and rights-of-way	\$ <u>362,081</u>	\$ _____
4. Structures and site improvement	\$ <u>2,742,026</u>	\$ _____
5. Wells	\$ <u>587,661</u>	\$ _____
6. Pumping equipment	\$ <u>0</u>	\$ _____
7. Treatment equipment	\$ <u>172,400</u>	\$ _____
8. Storage tanks	\$ <u>2,030,735</u>	\$ _____
9. Mains (excluding service connections)	\$ <u>6,659,737</u>	\$ _____
10. Service connections	\$ <u>849,288</u>	\$ _____
11. Meters (including spare meters)	\$ <u>253,082</u>	\$ _____
12. Office furniture and equipment	\$ _____	\$ _____
13. Transportation equipment	\$ _____	\$ _____
14. Other utility property in service (describe in remarks below)	\$ <u>916,217</u>	\$ _____
15. Total utility property in service (Lines 3 thru 14)	\$ <u>14,573,227</u>	\$ _____
16. Less: accumulated depreciation	\$ <u>(3,637,560)</u>	\$ _____
17. Less: accumulated tap fees and other contributions in aid of construction	\$ _____	\$ _____
18. Less: customer advances	\$ _____	\$ _____
19. Net investment in utility property (Line 15 minus 16, 17, & 18)	\$ <u>10,935,667</u>	\$ _____

Utility Property Not in Service

	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
20. Construction work in progress	\$ _____	\$ _____
21. Property held for future use	\$ _____	\$ _____
22. Other (describe in remarks below)	\$ _____	\$ _____

Remarks

23. Other utility property includes power generation equipment, hydrants, tools, and communication equipment.
24. \_\_\_\_\_
25. \_\_\_\_\_
26. \_\_\_\_\_

RECOVERY OF PLANT COST

The utility proposes to recover the cost of the plant listed on Page 5, Line 15 as follows:

	<u>Water</u>	<u>Sewer</u>
1. Amount to be contributed by developer	\$ _____	\$ _____
2. Amount to be recovered through tap fees	\$ _____	\$ _____
3. Amount to be recovered through rates	\$ <u>9,500,000</u>	\$ _____
4. Other (please describe below on Line 6)	\$ <u>1,435,667</u>	\$ _____
5. Total cost of plant	<u>\$ 10,935,667</u>	<u>\$ _____</u>

6. Description of other:

Purchase Acquisition Adjustment between the average of the three year valuations and the purchase price

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ANNUAL DEPRECIATION

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

Water: 3.04%

Sewer: \_\_\_\_\_

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

<u>Plant Type</u>	<u>Depreciation Rate</u>
<u>Structures and Improv Water Treat Plt</u>	<u>2.00%</u>
<u>Structures and Improv Trans Dist Plt</u>	<u>2.00%</u>
<u>Wells and Springs</u>	<u>2.00%</u>
<u>Power Generation Equipment</u>	<u>10.00%</u>
<u>Water Treatment Equipment</u>	<u>2.50%</u>
<u>Dist Resv and Standpipes</u>	<u>2.00%</u>
<u>Trans and Distr Mains</u>	<u>1.00%</u>
<u>Service Lines</u>	<u>2.00%</u>
<u>Meters</u>	<u>3.33%</u>
<u>Hydrants</u>	<u>2.50%</u>
<u>Tool Shop Equipment</u>	<u>5.00%</u>
<u>Communications Equipment</u>	<u>10.00%</u>
_____	_____
_____	_____
_____	_____
_____	_____

OTHER FINANCIAL INFORMATION

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

a. Capital structure as of 12/31/2021 \_\_\_\_\_

b. Capital structure balances:

	<u>Amount</u>	<u>Percent Of Total Capital</u>
Long-term debt/loans	\$ <u>324,498,571</u>	<u>48.37%</u>
Preferred stock (if any)	\$ _____	_____
Common equity:		
Common stock	\$ _____ 110	_____
Retained earnings	\$ <u>346,306,810</u>	<u>51.63%</u>
Total common equity	\$ <u>346,306,920</u>	51.63%
Total capital	\$ <u>670,805,491</u>	<u>100%</u>

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

- a. Long-term debt \$ 4,750,000
- b. Short-term debt \$ \_\_\_\_\_
- c. Common stock \$ \_\_\_\_\_
- d. Retained earnings \$ \_\_\_\_\_
- e. Other (please describe below on Line g) \$ 4,750,000
- f. Total purchase price \$ 9,500,000

g. Description of other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

a. Brief description: Tank Investments \$125,000  
\_\_\_\_\_  
\_\_\_\_\_

- b. Financing:
- (1) Long-term debt \$ 62,500
- (2) Short-term debt \$ \_\_\_\_\_
- (3) Common stock \$ \_\_\_\_\_
- (4) Retained earnings \$ 62,500
- (5) Other (please describe below on Line (7)) \$ \_\_\_\_\_
- (6) Total improvements/additions \$ \_\_\_\_\_

(7) Description of other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



1. Are there any major improvements/additions required in the next five years and the next ten years? Indicate the estimated cost of each improvement/addition, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, retained earnings, and other (please explain)).

No major improvements / additions planned.

[Lined area for handwritten response to question 1]

2. Are there any major replacements required in the next five years and the next ten years? Indicate the estimated cost of each replacement, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, retained earnings, and other (please explain)).

No major replacements planned.

[Lined area for handwritten response to question 2]

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 utility and/or parent company.
- (2) Budgets, capital and operating, for the company'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 utility's and/or parent company's North Carolina utility operations.

EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. If the Applicant 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.) **On File.**
2. If the Applicants are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.) **N/A**
3. If the Applicant 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. **N/A**
4. Enclose a copy of a letter from the Department of Environment and Natural Resources granting approval of the plans for each water system. **See attached Exhibit 4**
5. Enclose a copy of a letter from the Department of Environment and Natural Resources granting approval of the plans for each sewer system. **See attached Exhibit 5**
6. Enclose a copy of a Division of Environmental Health (DEH) report on a chemical analysis of untreated water from each well. (This should not be confused with the monthly samples submitted to DEH for bacteriological analysis. Contact DEH for instructions to obtain a sample for chemical analysis.) **See attached Exhibit 6, 6(a), and 6(b)**
7. Enclose a copy of purchase agreements or contracts showing provision for ownership or control of the water or sewer systems, including sites for wells or treatment plants. **See attached Exhibit 7 and 7(a)**
8. 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").

**See attached Exhibit 7(a)**

9. Enclose a vicinity map showing the location of the proposed subdivisions or service areas in sufficient detail for someone not familiar with the county to locate the subdivisions. (A county roadmap with the subdivisions outlined is suggested.) **See attached Exhibit 9 and 9(a)**
10. Enclose maps of the subdivisions in sufficient detail to show the layout of streets, lots, the water or sewer mains, hydrants, wells, pumping equipment, treatment facilities, storage facilities, etc. **See attached Exhibit 9 and 9(a)**
11. Enclose a copy of the workpapers supporting the estimate of the plant costs, including a breakdown by type of plant item, showing the detail of how the estimated cost was determined, and indicating which plant items, if any, will be contributed to the utility. **See attached Exhibit 11 and 11(a)**
12. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Applicant.

**See attached Exhibit 12**

13. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Applicant. **See attached Exhibit 13 - Confidential**
14. If the information requested in Exhibits 12 and 13 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the utility and/or parent company. **N/A**

FILING INSTRUCTIONS

15. 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**. One of these copies must have an original signature. (Applicants must also provide any copies to be returned to them.)
16. 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.**

SIGNATURE

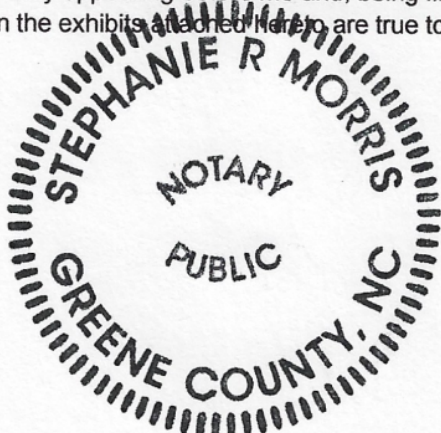
17. Application shall be signed and verified by the Applicant.

Signature *Dana Hill*

Date August 2, 2022

18. (Typed or Printed Name) Dana Hill

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 August, 2022.

*Stephanie R. Morris*  
Notary Public

4751 Hull Rd LaGrange NC 28551  
Address

My Commission Expires: May 14, 2025  
Date

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

**Projected Income Statement - Water Operations**

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>Operating revenue</u>					
1	Metered service revenue	\$1,020,816	\$1,020,816	\$1,020,816	\$1,020,816	\$1,020,816
2	Flat rate service revenue	-	-	-	-	-
3	EPA testing surcharge	-	-	-	-	-
4	Re-connect fees	-	-	-	-	-
5	Return check charge	-	-	-	-	-
6	Late payment charges	-	-	-	-	-
7	Other operating revenue	10,358	10,358	10,358	10,358	10,358
8	Total operating revenue (Sum of Line 1 thru Line 7)	1,031,174	1,031,174	1,031,174	1,031,174	1,031,174
	<u>Operating expenses</u>					
9	Total salaries and wages (employees only)	155,621	155,621	155,621	155,621	155,621
10	Outside labor expense (non-employees)	-	-	-	-	-
11	Administrative and office expense	14,158	14,158	14,158	14,158	14,158
12	Maintenance and repair expense	53,696	53,696	53,696	53,696	53,696
13	Purchased water	-	-	-	-	-
14	Purchased sewage treatment	-	-	-	-	-
15	Electric power expense (exclude office)	45,545	45,545	45,545	45,545	45,545
16	Chemicals expense	15,224	15,224	15,224	15,224	15,224
17	Testing fees	11,098	11,098	11,098	11,098	11,098
18	Transportation expense	10,007	10,007	10,007	10,007	10,007
19	Other operating expenses	183,523	183,523	183,523	183,523	183,523
20	Total operation and maintenance expenses (Sum of Lines 9 thru 19)	488,872	488,872	488,872	488,872	488,872
21	Annual depreciation expense	260,300	262,013	263,725	263,725	263,725
22	Property taxes paid on utility property	9,480	9,480	9,480	9,480	9,480
23	Payroll taxes	12,063	12,063	12,063	12,063	12,063
24	Franchise (gross receipts) tax	-	-	-	-	-
25	Annual NCUC regulatory fee	1,341	1,341	1,341	1,341	1,341
26	Total operating expenses (Sum of Line 20 thru Line 25)	772,056	773,769	775,481	775,481	775,481
	<u>Income taxes</u>					
27	State income taxes	968	853	810	810	810
28	Federal income taxes	7,928	6,983	6,632	6,632	6,632
29	Total income taxes (Line 27 + Line 28)	8,896	7,836	7,442	7,442	7,442
30	Net operating income (loss) (Line 8 - Line 26 - Line 29)	\$250,222	\$249,569	\$248,251	\$248,251	\$248,251
31	Interest expense	220,400	223,300	223,300	223,300	223,300
32	Net income (loss) (Line 30 - Line 31)	\$29,822	\$26,269	\$24,951	\$24,951	\$24,951

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

## Statement of Cash Flows - Water Operations

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Cash Flows From Operating Activities</u>						
1	Pre-tax operating income (loss):					
2	Total operating revenue	\$1,031,174	\$1,031,174	\$1,031,174	\$1,031,174	\$1,031,174
3	Less: Operation and maintenance expenses	488,872	488,872	488,872	488,872	488,872
4	Less: Taxes other than income	22,884	22,884	22,884	22,884	22,884
5	Pre-tax operating income (loss)	519,418	519,418	519,418	519,418	519,418
6	Income tax calculation:					
7	Pre-tax operating income (loss)	519,418	519,418	519,418	519,418	519,418
8	Plus: Contributions in aid of construction	-	-	-	-	-
9	Less: Tax depreciation	190,000	382,500	385,000	385,000	385,000
10	Less: Interest expense	220,400	223,300	223,300	223,300	223,300
11	Taxable income (loss)	109,018	(86,382)	(88,882)	(88,882)	(88,882)
12	State income tax	2,725	(2,160)	(2,222)	(2,222)	(2,222)
13	Federal income tax	22,321	(17,687)	(18,199)	(18,199)	(18,199)
14	Total income taxes to be paid	25,047	(19,846)	(20,421)	(20,421)	(20,421)
15	Net cash provided by (used in) operating activities	\$494,371	\$539,264	\$539,839	\$539,839	\$539,839
<u>Cash Flows From Investing Activities</u>						
16	Purchases of utility plant	\$9,500,000	125,000	-	-	-
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	9,500,000	125,000.00	-	-	-
<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	(\$9,005,629)	\$414,264	\$539,839	\$539,839	\$539,839
31	Cash balance at beginning of year	-	(\$9,005,629)	(\$8,591,365)	(\$8,051,526)	(\$7,511,687)
32	Cash balance at end of year	(\$9,005,629)	(\$8,591,365)	(\$8,051,526)	(\$7,511,687)	(\$6,971,849)

## ADDENDUM TO APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY 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.