



Hervey & Hervey, P.A.

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December 2, 2017

Martha Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

Re: Application for General Rate Case
MECO Utilities, Inc.
Docket: W-1166, sub 17

Dear Ms. Jarvis,

Following this letter, please find MECO Utilities' completed and executed NCUC Form W-1, "Application for Rate Increase".

Notice of Intent to File this Rate Case was filed with the Commission on October 31, 2017.

It is requested that all correspondence relative to the content of the Application be transmitted to me, with copy electronically transmitted to James R. Butler (rod@mgnc.us).

Sincerely,

HERVEY & HERVEY, PA

Benjamin H. Hervey

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 | MECO Utilities, Inc. |
| 2. | Name of owner (if different from trade name) | n/a |
| 3. | Business mailing address | Post Office Box 2369 |
| | City and state | Swansboro, NC Zip Code 28584-2369 |
| 4. | Business street address (if different from mailing address) | |
| 5. | Business telephone number | 252-393-8562 |
| 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:		
Water:	\$16.50/month + \$7.69/1000 gallons	\$13.81/month + \$6.44/1000 gallons
Sewer:	\$ 16.09/month + \$13.20/1000 gallons	\$12.14/month + \$9.96/1000 gallons
9. Flat Rate Residential Service:		
Water:	n/a	n/a
Sewer:	n/a	n/a
10. Nonresidential Service (explain):		
Water:	n/a	n/a
Sewer:	n/a	n/a
11. Tap-on Fees:		
Water:	n/a	n/a
Sewer:	n/a	n/a

OTHER PROPOSED RATES

12. 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.)
13. Reconnection charge if water service cut-off by utility as specified in NCUC Rule R7-20: _____ \$15.00
14. Reconnection charge if water service discontinued at customer's request: _____ \$15.00
15. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: _____ n/a
16. Other Charges: _____ Returned Check - \$25.00/occurrence
17. What date are the proposed rates to become effective: _____ Upon Approval by Commission
18. How long have the present rates been in effect? _____ Last Rate Case 2010 with Periodic Pass-Thru Adjustments

PROPOSED BILLING

19. Frequency of billing shall be (monthly, quarterly, etc.) _____ Monthly
20. Billing shall be for service (in advance or arrears) _____ Arrears
21. 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).
22. Will regular billing be by written statement? (yes or no) _____ Yes

REVENUES AND EXPENSES

For 12 Months Ended 09/30/2017 (Date)

Test Year: 10/01/2016 - 09/30/2017

	<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
1.	Residential service (flat rate)	\$	\$
2.	residential service (metered rate)	\$ <u>118,595.09</u>	\$ <u>153,122.88</u>
3.	Nonresidential service (flat rate)	\$	\$
4.	Nonresidential service (metered rate)	\$	\$
5.	Other revenues (describe in remarks below)	\$ <u>8,224.89</u>	\$ <u>548.60</u>
6.	Total Revenues (Lines 1 thru 5)	\$ <u><u>126,819.98</u></u>	\$ <u><u>153,671.48</u></u>
	<u>Expenses</u>		
7.	Total Salaries	\$	\$
8.	Administrative and office expense (except salaries)	\$ <u>20,275.07</u>	\$ <u>20,275.06</u>
9.	Maintenance and repair expense (except salaries)	\$ <u>901.15</u>	\$
10.	Transportation expenses	\$	\$
11.	Electric power for pumping	\$	\$
12.	Chemicals for treatment	\$	\$
13.	Testing fees	\$ <u>18,371.33</u>	\$
14.	Permit fees	\$	\$
15.	Purchased water/sewer treatment	\$ <u>83,849.10</u>	\$ <u>158,507.60</u>
16.	Annual depreciation	\$ <u>329.40</u>	\$
17.	Taxes: State income taxes	\$	\$
18.	Federal income taxes	\$	\$
19.	Gross receipts (or franchise tax)	\$	\$
20.	Property taxes	\$	\$
21.	payroll taxes	\$	\$
22.	other taxes	\$ <u>263.56</u>	\$ <u>340.31</u>
23.	Other expenses (describe in remarks below)	\$ <u>1,690.00</u>	\$ <u>1,191.80</u>
24.	Total Expenses (Lines 7 thru 23)	\$ <u><u>125,679.61</u></u>	\$ <u><u>180,314.77</u></u>
25.	Net Operating Income (Line 6 minus Line 24)	\$ <u><u>1,140.37</u></u>	\$ <u><u>-26,643.29</u></u>
26.	Interest on debt during year	\$	\$
27.	Net Income (Line 25 minus Line 26)	\$ <u><u>1,140.37</u></u>	\$ <u><u>-26,643.29</u></u>

Remarks28. L5 - Late Charges, NSF Charges, Reconnection Charges, Loan proceeds classified as "Non-Utility Income"29. L23 - NC SoS Franchise Fee, Bank Charges, Late Charges, Bad Debt Expense, PWSS Permit Fee

30. _____

31. _____

32. _____

NUMBER OF CUSTOMERS SERVED
(at end of month)

	<u>Month</u>	<u>Water</u>			<u>Sewer</u>		
		<u>Flat Rate</u> <u>Customers</u>	<u>Metered</u> <u>Customers</u>	<u>Gallons Sold to</u> <u>Metered Custs</u>	<u>Flat Rate</u> <u>Customers</u>	<u>Metered</u> <u>Customers</u>	<u>Gallons Sold to</u> <u>Metered Custs</u>
33.	January		268	1,000,275		268	1,000,275
34.	February		268	898,735		268	898,735
35.	March		267	785,128		267	785,128
36.	April		266	918,289		266	918,289
37.	May		269	938,139		269	938,139
38.	June		269	1,001,186		269	1,001,186
39.	July		269	1,000,507		269	1,000,507
40.	August		270	958,553		270	958,553
41.	September		271	1,089,243		271	1,089,243
42.	October		270	929,785		270	929,785
43.	November		269	1,099,962		269	1,099,962
44.	December		269	876,353		269	876,353

ORIGINAL COST OF UTILITY SYSTEM
As of Year Ended 9/30/2017 (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>	
1. Land and rights-of-way	\$ _____	\$ _____
2. Structures and site improvement	\$ _____	\$ _____
3. Wells	\$ _____	\$ _____
4. Pumping equipment	\$ _____	\$ _____
5. Treatment equipment	\$ _____	\$ _____
6. Storage tanks	\$ _____	\$ _____
7. Mains (excluding service connections)	\$ _____	\$ _____
8. Service connections	\$ _____	\$ _____
9. Meters (including spare meters)	\$ _____	\$ _____
10. Office furniture and equipment	\$ _____	\$ _____
11. Transportation equipment	\$ _____	\$ _____
12. Other utility property in service (describe in remarks below)	\$ 6,753.94	\$ _____
13. Total utility property in service (lines 1 thru 12)	\$ 6,753.94	\$ 0.00
14. Less: accumulated depreciation	\$ 2,635.20	\$ _____
15. Less: accumulated tap fees and other contributions in aid of construction	\$ _____	\$ _____
16. Less: customer advances	\$ _____	\$ _____
17. Net investment in utility property (Line 13 minus 14, 15, & 16)	\$ 4,118.74	\$ 0.00

<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	\$ _____	\$ _____
19. Property held for future use	\$ _____	\$ _____
20. Other (describe in remarks below)	\$ _____	\$ _____

Remarks

21. _____
22. _____
23. _____

ANNUAL DEPRECIATION

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

Water: 25-Years - Straight Line

Sewer: _____

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)

	Name	Duties	Salaries Paid During Year	Hours Worked During Year
2.	_____	_____	\$ _____	_____
3.	_____	_____	\$ _____	_____
4.	_____	_____	\$ _____	_____

FINANCIAL INFORMATION

	Source of Loans (For Utility Purposes)	Interest Rates	Amount Unpaid End of Year
5.	Parent Company	8%	\$ 66,300.70
6.	_____	_____	\$ _____
7.	_____	_____	\$ _____

OTHER FINANCIAL INFORMATION

8.	Stocks Issued	\$ (100.00)
9.	Accumulated (or retained) earnings or losses	\$ (39,948.23)
10.	Cash on hand	\$ 4,080.16
11.	Accounts receivable	\$ 21,713.50
12.	Accounts payable	\$ 0.00
13.	Customer deposits on hand	\$ 0.00
14.	Materials and supplies	\$ 0.00
15.	Other investments	\$ 0.00

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

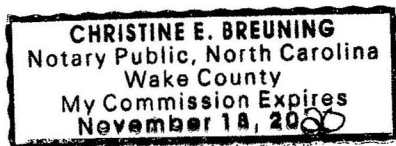
18. Application shall be signed and verified by the Applicant.

Bern F. Bullard, III
Signature
11/15/17
Date

19. (Typed or Printed Name)

Bern F. Bullard, III

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 15 day of November, 20 17
Christine E. Breuning
Notary Public
1201 Hildene Farm Rd
Cary Address NC 27511
My Commission expires: Nov. 18, 2020
Date