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 or 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

	sed for utility business				-	_	North	State Water Com	pany	
	r (if different from trade na	ame)			<u>n</u>	/a				
Business maili	ng address			PO Box 10127						
Cityano				Birmingham, AL					ip Code	35202
Business stree	et address (if different from	n mailin	g addr	ess)	3	21	2 6th /	Ave S, Ste 200, Bi	rmingham, /	AL 35222
Business telep	hone number			205-326-3355	-					
If corporation,	list the following:									
President		John	McDo	nald	V	ice	Pres	ident n	one	
Secretary		John	McDor	nald	7	rea	asurer	n	one	
	est stockholders and perce	ent of vo	oting s	hares held by each				-		
John McDonal						_				
	list the owners and percer	nt of ow	nershi	p held by each						
none			_			_				
				PROPOSED UTILITY	SERVICE	AF	REAS			
Name of Subd	ivision or Service Area			Baker Farms						
County (or Cou	unties)			Franklin County						
Type of Service	e (Water and/or Sewer)			Water						
				PROPOSED	RATES					
				(Amount Applicant Pro	poses to	Ch	arge)			
Metered Resid	lential Service:			-	_			_		
Water:		\$	24.11	Base Rate		\$	7.57	Usage (per 1,000	gallons)	
Sewer:		\$	-	Base Rate		\$	-	Usage (per 1,000	gallons)	
Flat Rate Resi	dential Service:									
Water:		\$	-	per REU						
Sewer:		\$	-	per REU						
Nonresidential	Service (explain):									
Water:				perREU				Usage (per 1,000		
Sewer:		\$		per REU		\$	-	Usage (per 1,000	gallons)	
Tap-on fees:				-						
Water.			500.00	per REU						
Sewer:		\$		per REU						La company
Finance charge	e for late payment			1%						
(NCUC Rule R	12-9 specifies not more the	han one	perce	nt (1.0%) per month w	ill be appl	ied	to the	e unpaid balance		
of all bills still p	oast due 25 days after billi	ing date	2.)						9-9	
Reconnection	charge if water service cu	t off by	utility a	as specified in NCUC F	Rule R7-2	0:			\$	30.00
Reconnection	charge if water service cu	t off dis	contin	ued at customer's requ	est:				\$	15.00
Reconnection	charge if sewer service a	ut off by	utility	as specified in NCUC I	Rule R10-	16	:		54-2	N/A
	a Now accoun							h Motor foo:	خ	125.00



PROPOSED BILLING

Billing shall be for service		Monthly	
	(in advance or arrears)	Arrears	
Bills past due	15 days at	fter billing dates: (NCUC Rule R12-9 specifies that bills sh	all not be past due less
than fifteen (15)days after	r billing date).	o and the contract of the cont	an not be past due less
Will regular billing be by v	written statement? (yes or no)	Yes	
	contain the following? (Indicate yes or no for	reach item)	
	beginning and end of billing period		Vos
(b) Date of meter rea			Yes
- [[전경기]	sed on meter readings		Yes
	urrent billing period listed as a separate amo		Yes
			Yes
	previous billing period listed as a separate a		Yes
VIII VIII VIII VIII VIII VIII VIII VII	ach special charge (i.e. deposits, tap fees, e	tc.) listed as a separate amount	Yes
	rill appear on the billing statement:		
(a) Mailing address o	rcompany	PO Box 10127, Birmingham, AL 35202	
(b) Address where bit	Il can be paid in person:	We do not have an option for	r paving bills in person
71			paying and in paradi.
(c) Name and phone 1-877-511-2911	number of alternative persons to contact for , caller will be directed to on-call operat	r emergency service after business hours:	
Is service already metered		No	
Does the Applicant under	stand the provisions for establishing credit a		
in NCUC Rules and Regu	lations, Chapter 12? (yes or no)	Yes	
		han two (2) bills overdue during a 12-month	
	en delinquent of their bills, per NCUC R12-5		
	2 22		
Are you presently charging	g for service? If so, describe the rates being	PRESENT RATES charged.	
Are you presently charging	g for service? If so, describe the rates being		
No	s been in effect?	charged.	
No	s been in effect?	n/a ERSONS TO CONTACT	
No	s been in effect?	chargedn/a	TELEPHONE
No	s been in effect?	n/a ERSONS TO CONTACT ADDRESS	
No How long have these rates	s been in effect? PI	n/a ERSONS TO CONTACT ADDRESS 3212 6th Ave S, Ste 200, Birmingham, AL 35222	205-326-3355
No How long have these rates Utility Manager	s been in effect? PI NAME John McDonald	n/a ERSONS TO CONTACT ADDRESS 3212 6th Ave S, Ste 200, Birmingham, AL 35222 3212 6th Ave S, Ste 200, Birmingham, AL 35222	205-326-3355 205-326-6807
No How long have these rates Utility Manager Complaints or Billing	NAME John McDonald Dominic Whicher	n/a ERSONS TO CONTACT ADDRESS 3212 6th Ave S, Ste 200, Birmingham, AL 35222 3212 6th Ave S, Ste 200 Birmingham, AL 35222 6302 Btyan Road Lucama, NC 27851	205-326-3355 205-326-6807 252-230-8115
No How long have these rates Utility Manager Complaints or Billing Engineering Operations	NAME John McDonald Dominic Whicher Dale Boyette	n/a ERSONS TO CONTACT ADDRESS 3212 6th Ave S, Ste 200, Birmingham, AL 35222 3212 6th Ave S, Ste 200, Birmingham, AL 35222	205-326-3355 205-326-6807 252-230-8115 877-511-2911, opt 1
How long have these rates Utility Manager Complaints or Billing Engineering Operations Emergency Service Accounting	NAME John McDonald Dominic Whicher Dale Boyette Customer Service Joseph Mitchell	n/a ERSONS TO CONTACT ADDRESS 3212 6th Ave S, Ste 200, Birmingham, AL 35222 3212 6th Ave S, Ste 200, Birmingham, AL 35222 6302 Btyan Road Lucama, NC 27851 3212 6th Ave S, Ste 200, Birmingham, AL 35222 3212 6th Ave S, Ste 200, Birmingham, AL 35222	205-326-3355 205-326-6807 252-230-8115
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SERVICE AREA

Fill in one column for each subdivision or service area.

			(1)	(2)	(3)
1.	Name of subdivision or service area		Baker Farms		
2.	County (or Counties)		Franklin		
3.	Type of service (water, sewer, etc.)		Water		
4.	If water is purchased, list from whom		NA NA		
5.	Source of water supply (wells, etc.)		Wells		
6.	Number of wells in service		3	-	
7.	Pumping capacity of each pump in service		91gpm,34gpm,25gpm		
8.	Elevated storage tank capacity (gals.)		NA	-	
9.	Pressure tank capacity (gals.)		6000		
10.	Type of water treatment (chlorine, etc.)		uranium, Chlorine		
11.	Number of fire hydrants installed		0		
12.	Is sewage disposal by septic tank or by				
	sewer system?		septic		
13.	If disposal is by sewer system, is sewage		ворио		
15.	treated by utility company or by others?		NA		
14.	Capacity of Company's sewage treatment		INA		
14.	plant (gallons per day)		NA		
15.	Is service metered? (yes or no)		Yes		
16.	Number of water meters in use		0		
17.	Number of service taps in use				
17.	(list number of each size)	Water	0		
	(list fluffiber of each size)	water	0		
		Sewer		-	
		Sewei			
18.	Number of customers at the end of				
10.		Water	35		
	test year	Sewer			
19.	Number of customers that can be	Sewei			
13.	served by mains already installed				
	(including present customers,				
	vacant lots, etc.)	Water	150		
	vacant iots, etc.)	Sewer	130		
20.	Number of customers that can be	Sewei			
20.	served by pumping capacity	Water	150		
21.	Number of customers that can be	voite	150		
21.	served by storage tank capacity	Water	150		
22.	Number of customers that can be	Water	100		
22.	served by treatment plant capacity	Sewer			
23.	Name of nearest water/sewer utility	Sewei			
23.	system		Franklin County Utilities		
24.	Distance to nearest water/sewer		Transition County Countries		
24.	utility system		11.3 miles		
25.	Does any other person or utility		TT.5 IIIIes		
25.	seek to furnish the service(s)				
			No		
26	proposed herein? (yes or no)	Water	40-35-028		
26.	a. DENR System I.D. No.b. NPDES or Nondischarge	water	40-33-026		
	Permit No.	Sewer			
	Permit No.	Jewei		-	



FINANCIAL STATEMENT

Yes				
Will a separate bank account be maintain No	ned for the utility bu	usiness?		-39.70
Are the revenues and expenses listed below b	esed on past operat	ions or are they estimated for fu		
(actual or estimated)	Estimated	ions of are they estimated for ful	ture operations?	
Note: If the Applicant already holds a public	utility franchise, the p	proposed service area is new (i.e.	e., there	
are no customers being served), and the			viously	
approved, then the financial informatio	n below (lines 4 thro	ugh 35) may be omitted.		
		REVENUES AND EXPENSES		
Fo	r 12 Months Ende	d December 31, 2024 (Date)	projected for Year 1	
Revenues			Water	3
Residential service (flat rate)			10,126	
Residential service (metered rate)			9,220	
Nonresidential service (flat rate)				
Nonresidential service (metered rate)				
Other revenues (described in remarks bel	ow)		700	
Total Revenues (Lines 4 thru 8)			20,046	2
Total salaries			(0.41)	COLUMN TO
Salaries paid to owner			9,941	_
Administrative and office expense (except	and and and			_
		See Note A	393	_
Maintenance and repair expense (except s	salanes)		655	
Transportation expenses Electric power for pumping			4,900	
Chemicals for treatment			6,600	_
Testing fees			1,200	
Permit fees			6,500	
			250	
Purchase water/sewer treatment			-	
Annual depreciation			-	
Taxes: State Income taxes				
Federal income taxes				
Gross receipt taxes				
Property taxes				
Payroll taxes				
Other taxes				274
Interest on debt during year Other expenses (describe in remarks below	-A	20.0002		
Total Expenses (lines 10 thru 28)	N)	See Note B	1,114	
Total Expenses (lines To till a 20)			31,553	
Net Income (Line 9 minus 29)			(11,506)	
rks			(11,500)	-
Line 8 - new account fee (\$20)				
Line 12 - processing fees (Southdata, Starnik)				
Line 28 - insurance expense, other operating ex		ense		
Test year revenue estimated at 35 of 147 conne	ections			
				150.0
	NUME	BER OF CUSTOMERS SERV	<u>/ED</u>	
429		Vater	Sewe	er
	Flat Rate	Metered	Flat Rate	Me

per month



2.	Does the cost of utility system listed below represent the cost to the Applicant herein? (yes or no)						
	No	Good and a pproduct note Good	or no,				
	If no, list cost (purchase price to Applicant).	\$73,500					
		ORIGINAL COST OF UTILITY SYST	FM				
	A	As of Year Ended December 2024 (Date)					
Note	: List the total original cost to construct and establis present owner.	h the system, whether or not paid for by the	•				
	Utility Property in Service						
			Balance at Er	nd of Year			
•			Water	Sewer			
3.	Land and right-of-way		131,532	5 0 C 0 C C C C C C C C C C C C C C C C			
4.	Structures and site improvement		200,900				
5.	Wells		94,863	-			
6.	Pumping equipment		60,000				
7.	Treatment equipment		123,947				
8.	Storage tanks		91,000				
9.	Mains (excluding service connections)		1,011,189				
10.	Service Connections		429,896				
11.	Meters (including spare meters)		3,250				
12.	Office furniture and equipment		-				
13.	Transportation equipment		-				
14.	Other utility property in service (describe in remark	ks below)	77,150				
15.	Total utility property in service (Lines 3 thru 14)		2,223,727				
16.	Less: accumulated depreciation						
17.	Less: accumulated tap fees and other contribution construction	s in aid of	2.150.227				
18.	Less: customer advances		2,150,227				
19.	Net investment in utility property (Line15 minus1	16, 17, &18)					
	Utility Property Not in Service			**************************************			
			Balance at En	d of Year			
20	Construction west in		Water	Sewer			
	Construction work in progress						
21.	Property held for future use		\$ -	\$ -			

Remarks

23.	Line 14 - Cost for	Engineering	(\$65, 150)	and Testing	(\$12 000)

Line 19 - Company will receive \$500 tap fee per connection and pay Developer \$500 per connection, therefore the net investment is zero. 24.

25.

26.



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

	Water	Sewer
Amount to be contributed by developer Amount to be recovered through tap fees Amount to be recovered through rates Other (please describe below on Line 6)	2,150,227 73,500	
Total cost of plant	2,223,727	\$ -
Description of other: Company will receive \$500 tap fee per connection and pay Tap fee activity is a pass thru/clearing transaction.	y Developer \$500 per co	nnection, therefore the net investment is zero.
If annual depreciation is claimed using a composite rate for the entire syst	tem show rate of depreciati	on used
and the state of t		reciation
	Amount to be recovered through tap fees Amount to be recovered through rates Other (please describe below on Line 6) Total cost of plant Description of other: Company will receive \$500 tap fee per connection and pa Tap fee activity is a pass thru/clearing transaction. ANNUAL DEPRECIATION If annual depreciation is claimed using a composite rate for the entire sys Water: When the system is actually recorded in the asset accounts, ONSWC will	Amount to be contributed by developer Amount to be recovered through tap fees Amount to be recovered through rates Other (please describe below on Line 6) Total cost of plant 2,223,727 Description of other: Company will receive \$500 tap fee per connection and pay Developer \$500 per contago activity is a pass thru/clearing transaction. ANNUAL DEPRECIATION If annual depreciation is claimed using a composite rate for the entire system show rate of depreciative Water: When the system is actually recorded in the asset accounts, ONSWC will use account specific depreciation.



Nor	are planned
- 1 - 3	
	are any major replacements required in the next five years and the next ten years? Indicate the estimated cost of eplacement, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, dearnings, and other (please explain)).
etai	placement, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock,
etai	eplacement, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, dearnings, and other (please explain)).
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Non	eplacement, the year it will be made, and how it will be financed (long-term debt, short-term debt, common stock, dearnings, and other (please explain)). are planned fill out the attached addendum showing the projected cash flows and income statement for the first five years of
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EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION

- 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 wit the Commission.) 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
- If the Applicant is conducting business under a trade name or d/b/a, enclose a copy of the certificate filed with the 3. register of deeds in each county where the Applicant will be conducting business as required by G.S. 66-68.
- Enclose a copy of a letter from the Department of Environment and Natural Resources granting approval of the plans for each water system.
- Enclose a copy of a letter from the Department of Environment and Natural Resources granting approval of the plans 5. for each sewer system.
- Enclose a copy of a Division of Environmental Health (DEH) report on an chemical analysis of untreated water from each 6. 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.)
- 7. Enclose a copy of purchase agreements or contracts showing provisions for ownership or control of the water or sewer systems, including sites for wells or treatment plants.
- 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 non, write "none").
- Enclose a vicinity map showing the location of the proposed subdivisions or service areas in sufficient detail for someone not familiar 9. with the county to locate the subdivisions. (A county roadmap with the subdivision outlined is suggested.)
- Enclose maps of the subdivisions in sufficient detail to show the layout of streets, lots, the water or sewer mains, 10. hydrants, wells, pumping equipment, treatment facilities, storage facilities, etc. Attached
- 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.
- Enclose a copy of the most recent fiscal year financial statements, audited if available, for the applicant 12.
- Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the 13.
- 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.

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.)
- 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 sha	all be signed	and verifi	ed by the	Applicant.

Signature:

Date:

18. (Typed or Printed Name)

John McDonald

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.

> KARI K PIERCE **NOTARY PUBLIC** ALABAMA STATE AT LARGE

Notary Pub

3212 6th Ave S, Ste 200, Birmingham, AL 35222

My Commission Expires:

ADDENDUM TO APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE	AND FOR APPROVAL OF RATES
Projected Income Statement	

Projec	ted Income Statement			
Line N	<u>o.</u> <u>Item</u>	Year 1	Year 2	Year 3
	Operating revenue			
1	Metered service revenue	9,220	27,661	38,725
2	Flat rate service revenue	10,126	30,379	42,530
3	EPA testing surcharge		707 4 7 8/3	,
4	Re-connect fees			
5	Returned check charge			
6	Late payment charge			
7	Other operating revenue	700	1,400	840
8	Total operating revenue (Sum of Line 1 thru Line 7)	20,046	59,439	82,095
	Operating expenses			
9	Total salaries and wages (employees only)	9,941	30,297	43,092
10	Outside labor expenses (non-employees)	=		
11	Administrative and office expense	393	1,179	1,650
12	Maintenance and repair expense	655	1,964	2,750
13	Purchased water	-	•	-,
14	Purchased sewage treatment			
15	Electric power expense (exclude office)	6,600	6,798	7,002
16	Chemicals expense	1,200	1,236	1,273
17	Testing fees	6,500	6,695	6,896
18	Transportation expense	4,900	5,047	5,198
19	Other operating expense	1,114	3,343	4,680
20	Total operation and maintenance expenses (Sum of Line 9 thru Line 19)	ħ.		,,000
21	Annual depreciation expense	2.1	-	-
22	Property taxes paid on utility property			
23	Payroll taxes	2	25	
24	Franchise (gross receipts) tax		5 -	
25	Annual NCUC regulatory fee	250	250	250
26	Total operating expenses (Sum of Line 20 thru Line 25)	31,553	56,809	72,792
	Income Taxes			
27	State income taxes	121	66	233
28	Federal income taxes		55	195
29	Total income taxes (Line 27 + Line 28)	-	121	428
30	Net operating income (loss) (Line 8 - Line 26 - Line 29)	(11,506)	2,510	8,876
31	Interest expense	305	906	1,256
32	Net income (loss) (Line 30 - Line 31)	(11,811)	1,603	7,620

ADDENDUM TO APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND FOR APPROVAL OF RATES Statement of Cash Flows

Staten	nent of Cash Flows			
Line N	<u>o.</u> <u>Item</u>	Year 1	Year 2	Year 3
	Cash Flows From Operating Activities			
1	Pre-tax operating income (loss):			
2	Total operating revenue	20,046	59,439	82,095
3	Less: Operation and maintenance expenses	31,553	56,809	72,792
4	Less: Taxes other than income	-	30,003	72,732
5	Pre-tax operating income (loss)	(11,506)	2,631	9,304
		(//	_,,,,	3,304
6	Income tax calculation:			
7	Pre-tax operating income (loss)	(11,506)	2,631	9,304
8	Plus: Contributions in aid of construction	-	-	-
9	Less: Tax depreciation	_	-	040
10	Less: Interest expense	305	906	1,256
11	Taxable income (loss)	(11,811)	1,724	8,048
12	State income tax	(==,0==,	(66)	(233)
13	Federal income tax	_	(55)	(195)
14	Total income taxes to be paid	_	(121)	(428)
			(121)	(420)
15	Net cash provided by (used in) operating activities	(11,811)	1,603	7,620
10	Cash Flows From Investing Activities			
16	Purchases of utility plant	-		2
17	Plus: Cash bonds posted	-		-
18	Less: Contributions in aid of construction	-	100	
19	Less: Proceeds from disposal of utility plant	-		27.0
20	Net cash used (provided) by investing activities	2	1 <u>0</u>	-
	Cash Flows From Financing Activities			
21	Proceeds from issuing short term debt	-	2.00	
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	4	-	
29	Net cash provided (used) by financing activities			
#	Francis Install of Historia President	1.41	1,000	-
30	Net increase (decrease) in cash	(11,811)	1,603	7,620
31	Cash balance at beginning of year		(11,811)	(10,208)
32	Cash balance at end of year	(11,811)	(10,208)	(2,588)

ADDENDUM TO APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE Instructions

AND FOR APPROVAL OF RATES

- These schedules should reflect all revenues, costs, investment, etc. associated with or to be associated with the utility system for which the subject france exclusively.
- 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 average be offset by concurrent rate increases. Thus, no provision(s) for such offsetting changes will need to be made in forecasting costs.
- A written detailed narrative explanation of all assumptions underlying the information and data contained in this addendum and five (5) copies of all world 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.

ASSUMPTIONS

,	Projected connections added each year	Year 1	Year 2	Year 3
	Projected connections added each year Projected connections cumulative	35	70	42
	Projected connections cumulative	35	105	147

> Other operating revenue is the application fee of \$20 multiplied by the number of connections per year.

>	Assumptions for salaries expense:	Year 1	Year 2	V2
	Projected ONSWC REU count			Year 3
	Projected combined REU count (ONSWC and Integra) for indirect allocation Projected ONSWC annual payroll Projected shared services indirect payroll Prorata ONSWC payroll exp (connection count/ONSWC REU x ONSWC payroll) Shared services payroll exp (system count/combined REU x indirect payroll)	6,884	6,953	7,022
		12,259	12,504	12,754
		1,196,000	1,231,880	
		1,130,000	1,231,000	1,268,836
		1,352,000	1,392,560	1,434,337
		6,081	18,604	26,561
				20,301
		3,860	11,694	16,532

- > Costs for utilities, chemicals, testing and transportation expense projected based on 545-Old Mill Trace, a system of similar size.
- > Other operating expense includes insurance expense and support expense allocation (IT, telecom, office expense and other non-payoll shared costs).

>	Assumptions for depreciation expense:		Cost	Est life (yrs)	wgt factor
	Land and right-of-way		131,532	not applicable	wgt lattor
	Structures and site improvement		200,900	40	0.10
	Wells		94,863	40	0.10
	Pumping equipment		60,000		0.05
	Treatment equipment			10	0.03
	Storage tanks		123,947	15	0.06
	Mains (excluding service connections)		91,000	40	0.04
	Service Connections		1,011,189	50	0.48
	Meters (including spare meters)		429,896	20	0.21
			3,250	10	0.00
	Office furniture and equipment		-		-
	Transportation equipment		-		-
	Other utility property in service		77,150	40	0.04
	Total depreciable utility property in service from developer (exclude land)		2,092,195		1.00
			Year 1	Year 2	Year 3
	Annual depreciation expense for plant in service	38.3	54,576	54,576	54,576
	Annual CIAC amortization expense for contributed plant in service	38.3	(54,576)	(54,576)	(54,576)
	Total annual net depreciation	-		- (5 1,5 1.5)	- (54,576)
>	Interest expense (allocated by REU) is bond interest cost of 6% on a \$1M letter of credit.		305	906	1,256

> Annual inflationary factor of 3% is assumed for years 2 to 5. No rate increase is assumed in the projection.

Year 4	Year 5
	10.
38,725	38,725
42,530	42,530
	5 200 3 47 49 5
81,255	81,255
43,780	44,480
1,700	1,750
2,833	2,917
	_,
7,212	7,428
1,311	1,351
7,103	7,316
5,354	5,515
4,820	4,965
7.0	
-	-
258	265
74,371	75,988
172	132
145	111
317	242
6,568	5,025
1,244	1,231
5,324	3,793

Year 4	Year 5	
81,255	81,255	
74,371	75,988	
	-	
6,885	5,267	
6,885	5,267	
-	-	
	-	
1,244	1,231	
5,641	4,036	
(172)	(132)	
(145)	(111)	
(317)	(242)	
5,324	3,793	
•		
	-	
•	926	
-		
	-	
140	4	
390	949	
	-	
(5)	-	
-	9	
-	-	
	-	
(4)	-	
-	-	
5,324	3,793	
(2,588)	2,736	
2,736	6,530	

iise application is being submitted,

levels, (i.e., inflation) will on

kpapers developed in completing

Year 4	Year 5
-	-
147	147

Year 4	Year 5	
7,093	7,164	
13,009	13,270	
1,306,901	1,346,109	
1,477,367	1,521,688	
27,087	27,623	
16.694	16.857	

wgt avg life
•
3.8
1.8
0.3
0.9
1.7
24.2
4.1
0.0
12
-
1.5
38.3

Year 4	Year 5	
54,576	54,576	
(54,576)	(54,576)	
-	-	
1,244	1,231	

Filename: Baker Farms	CDCM application	ravisad

AGREEMENT

STATE OF NORTH CAROLINA COUNTY OF FRANKLIN

This agreement for the installation, conveyance, and operation of the Baker Subdivision Water Utility System (hereinafter referred to as the "Agreement") is made and entered into on this the Aday of August 2021, by and between DR HORTON - TERRAMOR, LLC (hereinafter referred to as the Developer"), and OLD NORTH STATE WATER COMPANY, LLC (hereinafter referred to as the "Utility or ONSWC") (individually referred to as a "Party" and collectively referred to as the "Parties").

WITNESSETH:

THAT WHEREAS, the Developer is the owner of certain real property to be known as Baker Subdivision (hereinafter referred to as the "Subdivision"); and

WHEREAS, the Developer plans to design, construct, and install in the Subdivision a community water utility system to provide water utility service to all proposed 147 lots in the Subdivision (hereinafter referred to as "Water Utility System"); and

WHEREAS, the Utility is engaged in the business of owning and operating water utility systems in the State of North Carolina; and

WHEREAS, the Developer has requested that the Utility purchase, own, and operate the Water Utility System: and

WHEREAS, the Utility is agreeable to purchasing, owning, and operating the completed Water Utility System; and

WHEREAS, the Parties have agreed that upon the construction and installation of the Water Utility System, the Developer shall transfer and assign the Water Utility System to the Utility in accordance with the terms and conditions of this Agreement; and

WHEREAS, after the Utility acquires the Water Utility System from the Developer, the Utility shall operate the Water Utility System in accordance with the terms and conditions of this Agreement.

NOW. THEREFORE, for and in consideration of the promises and of the rights, powers and duties hereinafter set forth to be performed by each Party, the Developer and the Utility mutually do agree as follows:

1. Definitions

"Agreement" shall mean this Agreement for the Installation, Conveyance, and Operation of the Water Utility System serving the Subdivision, including any and all exhibits and schedules, if any, as amended from time to time.

- 1.2. "Certificate Extension" shall mean the Certificate of Public Convenience and Necessity for water utility service at the Subdivision to be issued by the Commission (defined below).
- 1.3. "CIAC" shall mean a Contribution in Aid of Construction as defined in 26 CFR § 1.118-2, including: (i) mains and appurtenances, plants, equipment, and other property constructed by Developer and contributed to Utility pursuant to this Agreement; (ii) Deeded Property contributed to Utility pursuant to this Agreement; (iii) services performed by Developer (including its subcontractors) for constructing or transferring property contributed to Utility; and (iv) cash contributions (water capacity payments, wastewater capacity payments, and/or capital recovery charges) owed or paid to Utility for expansion of the plant or equipment.
 - 1.4. "Closing" shall mean the transfer of the Water Utility System from the Developer to the Utility.
 - 1.5. "Closing Date" shall mean the date of the Closing.
 - 1.6. "Commission" shall mean the North Carolina Utilities Commission.
- 1.7. "Deeded Property" shall mean the real property owned by the developer which is deeded to the utility to operate the water system.
- 1.8. "<u>DWR</u>" shall mean the North Carolina Department of Environment and Natural Resources, Division of Water Resources.
 - 1.9. <u>"Developer"</u> shall mean DR Horton Terramor Homes located at 7208 Falls of Neuse Rd. Ste 201 Raleigh NC 27615.
- 1.10. "Permit" shall mean the Water Utility System Permit and/or the Authorization to Construct to be issued by DWR.
- 1.11. "Service Line" shall mean that portion of the individual household water line for which the Utility will not assume maintenance responsibility. The Service Line shall include only that portion of the individual household water line that extends from the Utility's water meter at or near the property line to the home. The portion of the line extending from the water meter to the water main at or near the street shall not be included in the term "Service Line."
 - 1.12. "REU" shall mean one Residential Equivalent Unit, as defined as follows:

Meter Size	REU
Less than 1"	1.0
1**	2.5

- 1.13. <u>"Subdivision"</u> shall mean the property that is to be developed by the Developer, to be known as Baker Subdivision located off Hwy 401 in southern Franklin County. The Subdivision shall consist of 147 single family residential lots. The Subdivision is shown on that certain map entitled 'Baker Subdivision.'
- 1.14. "Utility" shall mean Old North State Water Company LLC, a North Carolina limited liability company, its successors and assigns, whose business address is: 3212 6th Ave S, Ste 200, Birmingham, AL

- 1.15. "Water Plans" shall mean all plans and specifications, as may be amended from time to time, for the Water Utility System approved by the Utility and DWR and engineered by Developer's engineer.
- 1.16. "Water Utility System" shall mean the water distribution system and other facilities used in the distribution of the water utility service necessary to provide service to the lots of the Subdivision, including, but not limited to, the distribution mains, services, meter boxes, meter yokes, backflow preventors, valves, and other additional components of the Water Utility System necessary to serve water to the lots in the Subdivision.
- 1.17. "Water Utility System Service Line" shall mean the portion of the water line for which the Utility will assume maintenance responsibility. The Water Utility System Service Line shall include only that portion of the individual water line that extends from the water meter, at or near the property line or street, to the Water Utility System's water main at or near the street, unless the water meter is not on the individual lot owner's property in which case, the Utility shall assume maintenance responsibility up to the property line. The portion of the line extending from the water meter at or near the street to the house shall not be included in the term "Water Utility System Service Line."

2. Design and Installation Requirements

- 2.1. The Developer, at its cost, shall cause to be designed, constructed, and installed in the Subdivision the Water Utility System, in accordance with plans and specifications to be approved by the Utility and DWR and engineered by Developer's engineer. The Water Utility System shall be designed, constructed, and installed pursuant to the Utility's specifications, a copy of which has been delivered to the Developer or the Developer's engineer.
- 2.3. As required by North Carolina General Statute § 130A-317 and the Rules Governing Public Water Supply Systems, North Carolina Administrative Code 15A NCAC 18C. 0305(a), neither the Developer nor the Utility shall construct or begin construction of any portion of the Water Utility System prior to approval of the Water Utility System plans and specifications by DWR or prior to the issuance of an Authorization to Construct by DWR.
- 2.4. Any penalties assessed against the Utility (as the applicant for the Water Utility System), the Developer's engineer, or the Developer by DWR as a result of the Developer installing all or a portion of the Water Utility System without DWR approval (i.e., construction beginning prior to DWR issuing its Authorization to Construct) shall be paid by Developer prior to meters being installed or waterservice being provided in the Subdivision.
- 2.5. The Developer shall pay for the engineering, design, permitting, construction, and installation costs related to the Water Utility System, including the engineer's certification of completion, and all costs associated with the construction and installation of the necessary water distribution to provide water service to the 147 lots in the Subdivision.

3. Conveyance of Water Utility System

3.1. The Developer agrees to convey to the Utility, upon completion of the Water Utility System,

by bill of sale, the entire Water Utility System, constructed and installed in accordance with the plans approved by DWR and the Utility.

- 3.2. The Developer agrees to convey to the Utility by Bill of Sale the distribution mains, services, meter boxes, meter yokes, backflow preventors, valves, and additional components of the Water Utility System necessary and proper to serve water to all connections and lots in the Subdivision. *The Bill of Sale is attached hereto as EXHIBIT 3.2.*
- 3.3. If any water mains are not within publicly dedicated rights of way, the Developer shall convey to the Utility a perpetual easement 10 feet on each side of the water main, which easement shall be for ingress, egress, regress and access to operate, maintain, repair, and replace the water main and appurtenant equipment.

4. Certificate of Public Convenience and Necessity

- 4.1. Upon execution of this Agreement and issuance of the Authorization to Construct by DWR, the Utility will apply to the Commission, as soon as may be practicable, for a Certificate to provide water service to the Subdivision. Upon the granting of the Certificate by the Commission, the conveyance of the completed Water Utility System to the Utility, and the Closing occurring, the Utility will supply water service to the residents of the Subdivision
- 4.2. It is mutually understood and agreed that the sale and conveyance of the Water Utility System shall become effective only upon the granting of the Certificate by the Commission and approval of the Water Utility System by DWR.

5. Engineering Certification of Completion and Record Drawings

- 5.1. The Developer shall have its engineer furnish the Utility with a signed and sealed copy of the DWR required letter, certifying that the Water Utility System is installed in compliance with the approved plans.
- 5.2. The Developer shall have its engineer supply the Utility with an electronic copy of an accurate comprehensive map and engineering record drawings in plan and profile of the Water Utility System as constructed ("as-builts") and also a hard copy of the as-builts and map. The electronic version of the as-builts shall be submitted to the Utility in ".dwg" format and shall also include at the very least, pipe size, pipe material, pipe location, flow direction, date of install, service locations, meter box locations, and the longitude and latitude of each valve. Said record drawings shall depict the seal of the professional engineer responsible for issuing the record drawings.

6. <u>Subdivision Plats</u>

The Developer shall provide the Utility with a recorded plat showing each lot being served or to be served by the Water Utility System. Said plat shall include utility and access easements in favor of the Utility for ingress, egress, regress and access to operate, maintain, repair, and replace the water mains and appurtenant equipment related to the water system.

7. Fees

- 7.1. <u>Meter Installation Fee.</u> The Meter Installation Fee for a 5/8" x 3/4" service shall be \$125 and. This is a one-time fee and shall be paid by the person or builder requesting service to that location for the first time only. For meters greater than 5/8" x 3/4", the person or builder requesting service to that location for the first time shall be charged actual costs for the meter installation.
- 7.2. <u>New Customer Fee.</u> The New Customer Fee shall be \$20.00 and shall be charged each time the name on account is changed.
- 7.3. <u>Connection Fee.</u> The Connection Fee shall be \$500. This is a one-time fee and shall be paid by the person or builder requesting service to that location for the first time only.

8. Purchase Price Owed to Developer by the Utility

- 8.1 Utility is purchasing from Developer the completed Water Utility System. The Purchase Price paid by Utility shall be \$500/REU. Said Purchase Price payment shall be payable quarterly based on the number of meters installed during the previous quarter. Payments shall be made on or about each January 30, April 30, July 30, and October 30.
- 8.2 Prior to the first purchase price payment being made by Utility to the Developer, the Developer shall execute and deliver to Utility an Internal Revenue Service Form W-9.

9. Written Certification of Costs

Developer, at the Closing, shall deliver to the Utility a written certification of the Developer's cost in the Water Utility System showing the cost of the entire Water Utility System, including distribution facilities and engineering fees for the Water Utility System. The cost certification shall include a breakdown between the various components showing the vendors and the applicable amounts. This written certification shall be delivered to the Utility at the Closing Date. Said Written Certification of Costs Form is attached hereto as Exhibit 9.

10. Water Utility System Contractor's and Contractor's Warranty

- 10.1. The Utility must approve, in writing, prior to the commencement of any work, all contractors and subcontractors who will perform work on the installation of the water mains, services, and all other Water Utility System construction in the Subdivision.
- 10.2. The Developer's contractors shall provide to the Utility a one-year warranty on all Water Utility System components and workmanship. This warranty shall begin from the date of issuance of the final engineering certification. Should the Closing not occur within 90 days of the final engineering certification, the Developer shall provide an extended warranty on the Water Utility System for each month not closed beginning 90 days from the date of the engineer's final certification. A sample warranty is attached hereto as EXHIBIT 10.2.

11. Date of Closing

- 11.1. The Utility shall not provide water service to Subdivision until the date of the Closing when all the following events shall have occurred:
 - a. DWR has approved the Water Utility System plans.
 - b. The Developer has installed the Water Utility System pursuant to the DWR and the Utility approved plans.
 - c. The Commission has issued the Certificate as set forth in Paragraph 4.
 - g. As referenced in paragraph 5.2, Developer's engineer shall supply the Utility with an electronic copy of an accurate, comprehensive map and engineering record drawings in plan and profile as constructed ("asbuilts") and also a hard copy of the as-builts. The electronic version of the as-builts shall be submitted to the Utility in ".dwg" format and shall include pipe size, pipe material, pipe location, flow direction, date of install, service locations, meter box locations, and the longitude and latitude of each valve as set forth in paragraph 5.2.
 - h. The Developer shall furnish the Utility with a list of physical addresses and lot numbers for each lot in Subdivision. Said Address and Lot Number form is attached hereto as Exhibit 11.1.h.
 - i. The Developer shall furnish Utility with a recorded plat with such water utility service related covenants and restrictions acceptable to the Utility for all lots in the Subdivision as set forth in Paragraph 6.
 - j. The Developer's contractor has provided the Utility with a one year contractor's warranty on all water utility system components and workmanship pursuant to Paragraph 10.2.
 - k. The Developer has conveyed to the Utility by bill of sale and easements the water system as set forth in paragraph 3.2.
 - 1. As referenced in Exhibit 11, the Developer delivers to the Utility a written certification of Developer's cost in the system pursuant to Paragraph 11.
 - m. As referenced in Paragraph 8.2, the Developer delivers to the Utility the W-9 form.

12. Binding Agreement

This Agreement shall be binding upon and shall inure to the benefit of the Developer and the Utility and the successors and assigns of each.

13. Representations and Warranties of the Developer

Developer hereby represents and warrants as follows:

- 13.1. Organization: Good Standing; Power. Developer is a corporation duly organized, validly existing, and in good standing under the laws of the State of North Carolina, and has all the requisite power and authority to own, lease and operate its properties, to carry on its business as now being conducted, and to enter into this Agreement and perform its obligations hereunder.
- Agreement by the Developer have been duly and effectively authorized by all necessary action. This Agreement has been duly executed by Developer and is a valid and legally binding obligation of Developer enforceable in accordance with its terms except (i) as limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally. (b) laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (ii) to the extent the indemnification provisions may be limited by applicable federal or state securities laws.
- 13.3. <u>Effect of Agreement.</u> The execution, delivery and performance of this Agreement by the Developer and the consummation of the transactions contemplated hereby will not (i) require the consent, approval or authorization of any person, corporation, partnership, joint venture or other business association or public authority other than the Commission, DWR, or Franklin County, (ii) violate, with or without the giving of notice or the passage of time or both, any provisions of law now applicable to Developer, or (iii) result in a violation of Developer's charter or bylaws.

14. Representations and Warranties of the Utility

The Utility hereby represents and warrants as follows:

- 14.1. Organization: Good Standing: Power. The Utility is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina, is authorized to do business in North Carolina, and has all requisite corporate power and authority to own, lease and operate its properties, to carry on its business as now being conducted and to enter into this Agreement and perform its obligations hereunder.
- 14.2. <u>Authority Relative to Agreement.</u> The execution, delivery and performance of this Agreement by the Utility have been duly and effectively authorized by all necessary corporate action. This Agreement has been duly executed by the Utility and is a valid and legally binding obligation of the Utility enforceable in accordance with its terms except (i) as limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, (b) laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (ii) to the extent the indemnification provisions may be limited by applicable federal or state securities laws.
- 14.3. <u>Effect of Agreement.</u> The execution, delivery and performance of this Agreement by the Utility and the consummation of the transactions contemplated hereby will not (i) require the consent, approval or authorization of any person, corporation, partnership, joint venture or other business association or public authority other than the Commission, DWR, or Franklin County. (ii) violate, with or without the giving of notice or the passage of time or both, any provisions of law now applicable to the Utility, or (iii)

result in a violation of the Utility's charter or bylaws.

15. General Provisions

- 15.1. This writing embodies the entire agreement and understanding between the parties hereto and there are no other agreements or understandings, oral or written, with reference to the subject matter hereof that are not merged herein and superseded hereby.
- 15.2. <u>Modification in Writing</u>. This Agreement shall not be modified, amended or changed in any respect except in writing, duly signed by the Parties hereto, and each Party hereby waives any right to amend this Agreement in any other way.
- 15.3. <u>No Assignment.</u> Neither Party hereto may assign their rights under this Agreement without the prior written consent of the other Party.
- 15.4. No Third Party Beneficiary Rights. Nothing expressed or referred to in this Agreement will be construed to give any person other than the Parties any legal of equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.
- 15.5. Force Majeure. Except as provided for in this Agreement, neither Party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligation hereunder, if such failure, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of similar or dissimilar nature, not within the control of the Party affected and which, by the exercise of due diligence such Party is unable to prevent or overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the Parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each Party may perform its obligations under this Agreement.
- 15.6. Enforcement of Agreement. The failure of either Party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either Party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.

15.7. Notices. All notices, requests and other communications under this Agreement shall be in writing and shall be delivered (i) in person if a written receipt of delivery is obtained, (ii) by registered or certified mail, return receipt requested, (iii) by recognized overnight delivery service providing positive tracking of items (for example, Federal Express), (iv) by electronic mail, or (v) by facsimile, provided if notice is given pursuant to (iv) or (v) that a copy is sent concurrently by one of the methods described in (i), (ii) or (iii) above, addressed as follows or at such other address of which the Developer or the Utility shall have given notice as herein provided:

If to Utility: Old North State Water Company, LLC

3212 6th Ave S., Ste 200 Birmingham, AL 35222 ATTN: John McDonald

Copy to:

Karen Kemerait. Fox Rothschild LLP

434 Fayetteville Street, Suite 2800

Raleigh, NC 27601

If to Developer:

D.R. Horton – Terramor, LLC 7208 Falls of Neuse Rd, Ste 201

Raleigh, NC 27615

- 17.8. <u>Incorporation of Exhibits.</u> The Exhibits to this Agreement are made a part hereof and are hereby incorporated in full by reference.
- 17.9. Governing Law. This Agreement shall be governed by the laws of the State of North Carolina.
- 17.10. <u>Representations</u>, <u>Warranties and Obligations Survive Closing</u>. Except as may be expressly provided otherwise herein, the representations, warranties, and obligations contained herein shall merge with the documents delivered at Closing and not survive thereafter.
- 17.11. <u>Entire Agreement</u>. This Agreement sets forth the complete understanding between the Developer and the Utility, and any amendments hereto, to be effective, must be made in writing.
- 17.12. <u>Counterparts.</u> This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.
- 17.13. Consent to Jurisdiction. The Parties agree that the state and federal courts of North Carolina shall have exclusive jurisdiction over this Agreement and any controversies arising out of, relating to, or referring to this Agreement, the formation of this Agreement, and actions undertaken by the Parties hereto as a result of this Agreement. Each of the Parties hereto expressly and irrevocably consents to the personal jurisdiction of such state and federal courts, agrees to accept service of process by mail, and expressly

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waives any jurisdictional or venue defenses otherwise available.

IN TESTIMONY WHEREOF, the Developer has caused this instrument to be executed by its manager authorized to execute contracts on behalf of the Developer, and the Utility has caused this instrument to be executed by its corporate officers authorized to execute and seal this contract on behalf of the corporation, the day and year first above written.

D.R. Horton-Terramor, LLC

Developer

OLD NORTH STATE WATER COMPANY, LLC

John McDonald, Member

RE: DEVELOPER'S WRITTEN CERTIFICATION OF COSTS - WATER

Following is the information you requested forBaker Farm Ph1_Subdivision Water System which consist of _114 Lots. We will be adding an additional 33 lots to this well system upon completion of Phase 2, for a total of 147 lots.					
(1)	Engineering	\$ 65,150			
(2)	Water Mains & Services	\$_1,432,985 mains 1,003,089 services 429,896			
(3)	Well Drilling & 24-hr Test	\$ 106,863 drilling 94,863 testing 12,000			
(4)	Well Houses	\$_200,900 (total of 3)			
(5)	Meter	\$_3,250			
(6)	Supply Main	\$_8100			
(7)	Air Compressor	\$_6,000			
(8)	Pump & Motor	\$_60,000			
(9)	Chemical Pumps	\$_1200			
(10)	Tank and Installation	\$_85000			
(11)	Filter System (if any)	\$ _122,747			
(12)	Value of Well Lot	\$ <u>131,532</u>			
(13)	TOTAL	\$ <u>2,223,727</u>			
I certify the above represents the actual cost for installation of the water system for _Baker FarmSubdivision Water System.					
	Mike Brown Printed Name				
	Organity signed for yet Meta Brown Debug School, Similar School, Similar School, Similar School, Organity Signed School, Similar School, Organity Signed School, Organity Sign				
Signati	Signature				