

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

August 26, 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
Response to Public Staff's August 25, 2022 Evaluation of Application

Dear Ms. Dunston:

On Tuesday, August 2, 2022, Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company") filed an Application for authority to serve the territory currently served by the Carteret County Water System. As has been indicated, this is presented as a companion docket to the Company's petition for a Fair Value determination of the Carteret County assets, which addresses determination of rate base in the CWSNC system upon acquisition of the Carteret County system by CWSNC.

CWSNC requested that these dockets be combined for hearing and decision by the North Carolina Utilities Commission ("NCUC" or "Commission"). Consistent with that request, the Company discussed with Commission staff and Public Staff its belief that the better policy and practice would be to combine the public hearings in the Fair Value docket (W-354, Sub 398) and this Certificate of Public Convenience and Necessity ("CPCN") docket (W-354, Sub 399). The recommendation was grounded in the belief that a combination is logical, beneficial to customers, and judicially efficient.

Three weeks after the filing of the CPCN docket, on the afternoon of August 23d, the Public Staff advised CWSNC that it believed the CPCN application to be materially deficient and incomplete, expressed concern about moving ahead with an agenda item without a "completed" CPCN application, and raised for

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consideration the prospects of either continuing the presentation of a scheduling order at Agenda Conference until the Company completed the Application or of having two public hearings. CWSNC's initial response was that the Application supported the issuance of the scheduling order and that any corrections could be readily made when identified. CWSNC requested immediately to be advised of the concerns and to have the opportunity to explain, respond to, or contest the allegations of deficiency. On the afternoon of August 25th, the Public Staff filed its opinion that the CPCN filing was materially deficient and incomplete and the concerns were thus disclosed to the Company and the Commission.

Putting aside disputes about materiality and differences between requests for clarification and allegations of deficiency, and with a focus on efficiently advancing this matter through an exceptionally weighty regulatory calendar, CWSNC responds herein. The responses: correct mistakes by the Company in reconciling the final level of the Reconnection Charge and the interval after billing at which bills are considered past due; address the Public Staff's lack of clarity about the meaning of a response about rates: repeat the response satisfactorily given (and accepted) to essentially the same question in the Sub 398 Fair Value Docket concerning Department of Environmental Quality ("DEQ") documents; and explain that some of the information requested is not available from the County. Responses to Public Staff numbered discussions 1-4 follow.

1. Reconnection Charge. On page 1 of the Application, lines 16 and 17, the Company listed reconnection charges of \$42, reflecting a failure to pick up the revised \$30 listed in the Revised Form Application Exhibit 12, filed in the companion Fair Value docket----Docket No. W-354, Sub 398.

RESPONSE: This serves as a correction and a clarification of the Company's position that the reconnection charge should be \$30.

Attachment A to this filing is a revised Application reflecting this correction.

REQUEST: That the Commission accept this correction of the reconnection charge amount as a revision to the Application.

2. “Other Charges.” CWSNC’s Application, at page 1, line 19, and at the end of a list of charges contained in a section captioned “Proposed Rates,” responds to a prompt eliciting information about “Other Charges” by saying “[o]ther charges as approved by the Commission.”

RESPONSE: First of all, the rates and fees proposed to be charged to the Carteret Water customers, upon acquisition, are set forth clearly and in detail in Revised Exhibit 12 in the Fair Value, W-354 Sub 398 docket. (*See Attachment B, Exhibit 12, Revised Form Application, W-354 Sub 398, filed August 11, 2022*). Though the Company has previously requested that these be treated as companion dockets, it now formally requests incorporation by reference of the filings and the representations made in that docket into the instant case. Any reconciliation of figures or other matters can readily be done in discovery and negotiation or at hearing, and the Company suggests it is useful to view them in tandem.

Secondly, the Public Staff’s lack of clarity about “...what other charges the Company is proposing to change” could have been---and is now---easily clarified. See Attachment B, the tariff sheet filed as Revised Exhibit 12 in Docket No. W-354 Sub 398 . Also filed in Docket No. W-354 Sub 398 was a list of the current County charges contained in Exhibit 11. In some instances the County’s charges were higher than CWSNC’s so the Company proposed a lower one (for example, the late fee). In some instances the County did not have a listed charge for a service that is offered by CWSNC, and thus the Company proposed its uniform charge (for example, the meter testing fee of \$20.00). Inquiry into these matters is also available in discovery and other conversations, but the present inquiry does not rise to the level of characterization of a material defect in an Application with respect to the filing requirements.

Third, and to more fully explore any possibilities which may concern the Public Staff, Staff’s citation to N.C. Gen. Stat. § 62.133.1A.(c)(8) makes it clear that, for good cause shown, the Commission may order a change in rates. To state the obvious, if the Commission approves a change in rates in this docket or in the

future, for some good cause shown, then the rates change. The target language merely acknowledges that realm of possibility.

REQUEST: That this explanation of the meaning of the form language be deemed responsive to the Public Staff's clarity issue and that the contention that this is a material deficiency be rejected.

3. Interval between billing and past due date. The Application, at page 2, line 3, lists the number of days after billing that bills are past due as 45 days and this is different from the 21 days listed in the Revised Form Application Exhibit 12, which was filed in Docket No. W-354, Sub 398, on August 11, 2022

RESPONSE: Attachment A, the Revised Application, is submitted in correction of this mistake in the number of days cited for the interval between billing and imposition of late charges. The wrong number was picked up from another draft and though not, the Company believes, arising to the level of a material defect in terms of a filing requirement, it is certainly a mistake and it is corrected in Attachment A, Revised Application.

REQUEST: That this correction be made in the record by acceptance of the Revised Application.

4. Additional Exhibits. In its paragraph 4 discussion, the Public Staff cites two categories of exhibits that it identifies as missing, the absence of which purportedly causes this Application to be incomplete. The Company disagrees with the conclusions for reasons provided below.

The first, paragraph 4a, presents essentially the same question that was posed by the Public Staff in its deficiency filing of August 5, 2022 in the Fair Value Docket. CWSNC's answer is essentially the same as was provided in the Fair Value revised application filing, which was deemed adequate by the Public Staff, pursuant to its letter of August 16, 2022, and which has been accepted by the Commission in satisfaction of the filing requirements in that docket.

The second item, 4b, requests documents and records that Carteret County appears not to have.

RESPONSE TO PARAGRAPH 4A:

Paragraph 4a. From the Fair Value filing, the Public Staff noted that Form FV1(a), Exhibit 5 of the Form FV1, and N.C.G.S. § 62- 33.1A.(c)(5), require a “[c]opy of Department of Environmental Quality (DEQ) approval for each section, if available.” The Public Staff noted in its evaluation of the Application that CWSNC provided project details, which are summaries of approval events, but did not provide a copy of the plan and specification *approval letters*, which contain descriptions of the project, location, and associated infrastructure.

Essentially the same challenge has been raised in this Sub 399, CPCN docket in Public Staff’s question 4a at page 2 of its letter of August 25th:

*CWSNC is required to “[e]nclose a **copy of a letter from the Department of Environment and Natural Resources granting approval of the plans for each water system.**” CWSNC’s application states, “See attached Exhibit 4.” Exhibit 4 is the 2022 Permit to Operate a Community Public Water System for both the Merrimon and North River/Mill creek water systems, however, the letters approving the plans for each water system were not provided. (Emphasis added)*

In the Fair Value Sub 398 docket, and again here, the Public Staff seeks copies of the actual plan and specification approval letters from DEQ, which it indicates contain descriptions of the project, location, and associated infrastructure. The absence of these letters was explained in the Sub 398 docket. The Public Staff’s agreement that minimum filing requirements were met by the Company’s revised filings in that docket is, the Company submits, an acceptance of the Company’s explanation and request.

Therefore, CWSNC’s response in the Sub 398 docket, in its filing of August 11 at page 4, addressing Item 4, is repeated below. That response in Sub 398 is,

in essence, the Company's response herein to Paragraph 4a of the Public Staff's letter of August 25, 2022.

“RESPONSE. CWSNC asserts that its original filing is sufficient with respect to this requirement of the Form, for the following reasons:

- Copies of plan and specification approvals from DEQ for each section of line are not readily available and would require days of research through DEQ files to obtain. The Company contends that, as a practical matter, these documents are not available. The language of subsection e. contemplates this possibility.
- More importantly, copies of these approvals are not necessary, as the DEQ project summaries provided in original Exhibit 5a verify DEQ approval of the matters of compliance necessary for issuance of final approval—including underlying plans and specifications. Additionally, Revised Form Application Exhibit 5d contains the DEQ permit renewals, which reflect the Department's currently relevant approval of the system under Public Water Supply and NPDES permitting guidelines.”

In the instant case, the Company's Exhibit 4, containing the DEQ permit renewals, reflect the Department's currently relevant approval of the system under Public Water Supply and NPDES permitting guidelines. These approvals are current and are applicable to show relevant approval of the system by DEQ. Additionally, locating and securing the original documentation is believed to be a significant, time consuming and burdensome task, the value and utility of which is not justified by the effort. The Company submits here, as it did in the Sub 398 docket, that it is an unnecessary and wasteful exercise and that the provision of current DEQ permit renewals should be deemed satisfactory----certainly at least to support the conclusion that this Application is complete. The Public Staff and

ultimately the Commission accepted this explanation in the Sub 398 docket and CWSNC requests the Commission to accept it here.

REQUEST REGARDING PARAGRAPH 4a: That the Commission accept the relevant documents filed both in Sub 398 (*Exhibit 4, the 2022 Permit to Operate a Community Public Water System for both the Merrimon and North River/Mill creek water systems; Revised Exhibit 5(a)*), which includes summary sheets of all DEQ approved projects and in Sub 399 in support of the proposition that the proof of environmental review of these systems is current and adequate for purposes of the threshold filing requirement

PARAGRAPH 4b

4b. Various chemical analyses of well water. The Public Staff refers to the CPCN Application form, which states that the applicant should “[e]nclose a copy of a Division of Environmental Health (DEH) report on a chemical analysis of untreated water from each well.” CWSNC’s application refers to Exhibit 6, 6(a), and 6(b), which are volatile organic and inorganic chemical analysis results of the treated water. The chemical analysis results of the *untreated* water were not provided.

RESPONSE: Thus the Public Staff presses for a copy of a Division of Environmental Health (“DEH”) report on a chemical analysis of untreated water from each well. However, as discussion would have revealed, the Carteret County system is classified as a Public Water System, placing it under the regulatory oversight of the Division of Water Resources. DEH only regulates privately owned wells. This reveals to all one of the (likely several) respects in which this case of first impression will logically require work to reconcile requirements that exist differently among the various regulatory and governmental jurisdictions involved.¹

¹ Clearly the policies and practices associated with this system will change to one of consistency with CWSNC protocol and requirements upon acquisition.

The Company notes that the inorganic and volatile organic results as submitted represent the water quality being delivered to customers. Raw water results are not readily available, and though the Company is willing to collect current raw water samples for submission to Public Staff, the analysis time is lengthy. The Carteret County Water System has been operational and permitted through the North Carolina Public Water Supply Section since at least 1988, with very few water quality violations, all of which have been remediated with operational improvements and treatment.

Therefore, the Company submits that: this data is not readily available for the reasons given; requiring acquisition of the data as a filing requirement would create a material and completely unwarranted delay to the initiation of this docket; it can be provided on a going-forward basis if it is deemed necessary for future decision or oversight; it is not and should not be deemed critical to the threshold judgment of whether this docket should proceed; and the absence of it does not constitute a material defect nor does it support a view that the Application is incomplete.

REQUEST: That this observation by the Public Staff, now that it is addressed, be rejected as a reason to find the filing materially deficient or incomplete.

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.

FORM REVISED 6/04

DOCKET NO. W-354, Sub 399

APPLICATION FOR CPCN

CWSNC / Carteret County Acquisition

FILING FEE RECEIVED N/A for revised

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

REVISED 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: \$30
17. Reconnection charge if water service discontinued at customer's request: \$30
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 - Example: Meter Testing Fee - \$20

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 21 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	Donald Denton	5821 Fairview Road, Suite 401 Charlotte NC 28209	800-525-7990
12. Complaints or Billing	Karen Sasic	200 Weathersfield Ave Altamonte Springs, FL	321-972-0368
13. Engineering Operations	Donald Denton	5821 Fairview Road, Suite 401 Charlotte NC 28209	800-525-7990
14. Emergency Service	Customer Service	5821 Fairview Road, Suite 401 Charlotte NC 28209	800-525-7990
15. Accounting	Phil Drennan	500 W Monroe St Ste 3600, Chicago, IL 60661	704-319-0502

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

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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	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 NC0086975 - WTP 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>	<u>\$ _____</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>	<u>\$ _____</u>
30. Net Income (Line 9 minus Line 29)	<u>\$ (336,269)</u>	<u>\$ _____</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> per month			

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.

<u>Utility Property in Service</u>	<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>	\$ _____

<u>Utility Property Not in Service</u>	<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: _____

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 Matthew Schellinger II
Date 8-26-22


18. (Typed or Printed Name) J. Max Mayo
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 26th day of August, 2022.

J. Max Mayo
Notary Public

7001 St. Andrews Rd Columbia, SC 29212
Address

My Commission Expires: 05-20-2031
Date

 **J. Max Mayo**
Notary Public for South Carolina
Commission Expires: 05/20/2031

PROPOSED SCHEDULE OF RATES

for

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINAfor providing water utility service

in

CARTERET COUNTY NORTH CAROLINA(North River / Mill Creek & Merrimon)

WATER RATES AND CHARGES

Monthly Metered Water Service (Residential and Commercial):

Base Facility Charge (includes first 1,000 gallons of usage)

North River / Mill Creek:

3/4" meter	\$40.25
1" meter	\$55.60
2" meter	\$160.90
4" meter	\$497.25

Town of Beaufort (Eastman's Creek) \$40.25

Merrimon

3/4" meter \$23.40

Usage Charge (all systems): \$10.10 / 1,000 gallons over base

Fire Hydrant Usage

Hookup & Service Charge: \$109.70/month

Mobilization to hydrant site and employee on site during tank fill.

\$200.00 Deposit

\$12.80 per 1,000 gallons.

Hydrant & Hydrant Meter Tampering \$250.00 1st offense
\$500.00 2nd offense

Damage Fee – Fire Hydrant \$2,500.00

Fire Line - Sprinkler Fee

<u>Size</u>	<u>Monthly Fee</u>
2"	\$40.25
4"	\$47.55
6"	\$109.70
8"	153.55

Tap Fees

<u>Meter Size</u>	<u>Tap Fee**</u>
3/4"	\$1,000
1"	\$1,150
2"	Cost + 10%
4"	Cost + 10%

**Additional \$900.00 Tap Fee for any meter requiring road bore work

Any meter 2 inch or larger will be charged cost of materials and installation, engineering fees, and an additional 10%.

Damage and Tampering Fees

Tampering Fee – Meters	\$100.00
2 nd Offense (and Legal Action)	\$500.00
Damage Fee – Meters	\$135.00
Damage Fee – MXU Remote Unit	\$135.00

Meter Testing Fee: ^{1/} \$20.00

Reconnection Charge: ^{2/}

If water service is cut off by utility for good cause	\$30.00
If water service is discontinued at customer's request	\$30.00

New Water Customer Charge \$30.00

MISCELLANEOUS UTILITY MATTERS

Charge for processing NSF Checks: \$ 25.00

Bills Due: On billing date

Bills Past Due: 21 days after billing date

Billing Frequency: Bills shall be rendered monthly in all service areas.

Finance Charge for Late Payment:

1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

Notes:

^{1/} If a customer requests a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$20.00 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter testing charge will be waived. If the meter is found to register accurately or below prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.

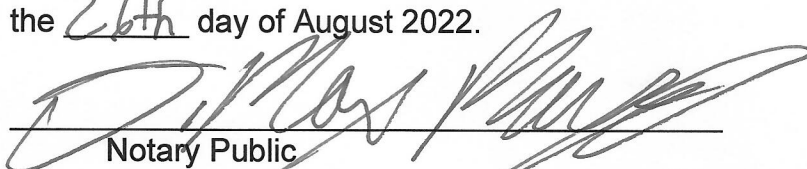
^{2/} Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

VERIFICATION


Mathew Schellinger, being duly sworn, deposes and says that he is Regional Director, Financial Planning & Analysis – East Region for Carolina Water Service, Inc. of North Carolina (“CWSNC”); that he is familiar with the facts set out in the **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** filed by CWSNC in Docket No. W-354, Sub 399; that he has read the foregoing documents and knows the contents thereof; and that the same are true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.


Matthew Schellinger

Sworn to and subscribed before me this
the 26th day of August 2022.


Notary Public

My Commission Expires: 5-20-2031

 **J. Max Mayo**
Notary Public for South Carolina
Commission Expires: 05/20/2031