

NORTH CAROLINA PUBLIC STAFF UTILITIES COMMISSION

January 9, 2024

Ms. A. Shonta Dunston, Chief Clerk North Carolina Utilities Commission 4325 Mail Service Center Raleigh, North Carolina 27699-4300

Re: Docket No. W-1049, Sub 25 and W-1328, Sub 2 – Application for Transfer

of Public Utility Franchise from A&D Water Service to Red Bird Water and

for Approval of Rates

Dear Ms. Dunston:

On October 9, 2020, A&D Water Service, Inc. (A&D), and Red Bird Utility Operating Company, LLC, d/b/a Red Bird Water (Red Bird), filed a joint application for approval of transfer of the assets of the water and wastewater utility systems serving the Buffalo Meadows, Camelot, Cinnamon Woods, High Vista, Hunters Glen, Kirk Glen, Mountain Valley, Rolling Oaks Estates, Sapphire Lakes, Sherwood Forest, Skyview Park, and White Oak Village subdivisions, in Ashe, Henderson, Buncombe, Transylvania, and Gaston Counties, North Carolina, from A&D to Red Bird and approval of rates (Application). Red Bird filed with the Commission supplemental and additional materials in support of the Application on October 20, 2020, July 2, October 8, October 11, December 15, 2022, and June 14, 2023.

On December 19, 2023, the Public Staff filed a letter with the Commission opining that the Application was complete as of December 12, 2023.

On January 2, 2024, the Commission issued its Order Finding Application Complete and Requiring the Public Staff to Provide Specific Application Data (Order). The Order required the Public Staff to provide the Commission, within five business days, certain application data as provided in the following five enumerated paragraphs. In response thereto, the Public Staff provides as follows:

Executive Director (919) 733-2435

Accounting (919) 733-4279

Consumer Services (919) 733-9277

Economic Research (919) 733-2267

Energy (919) 733-2267

Legal (919) 733-6110

Transportation (919) 733-7766

Water/Telephone (919) 733-5610

Ms. A. Shonta Dunston, Chief Clerk Page Two January 9, 2024

1. The number and type of customers currently served by A&D, listed by subdivision;

Response:

System	Customers	Customer Type
Buffalo Meadows WW	2	Residential
Buffalo Meadows W	42	Residential
Camelot	29	Residential
Cinnamon Woods	124	Residential
High Vista	170	Residential & Commercial
Hunters Glen	68	Residential & Commercial
Kirk Glen	34	Residential
Mountain Valley	65	Residential
Rolling Oaks	43	Residential & Commercial
Sherwood Forest	22	Residential & Commercial
Skyview	73	Residential
White Oak WW	90	Residential
White Oak W	90	Residential

2. The rates currently being charged to customers, including the docket number in which the current rates were approved by the Commission and the effective date for the current rates, listed by subdivision if rates vary;

Response: The information requested is summarized in the following table. Detailed rate information for each subdivision is contained in the rate sheets accompanying the Commission's Order Approving Tariff Revision and Requiring Customer Notice issued on December 6, 2016, in Docket Nos. W-1049, Sub 19 and M-100, Sub 138, which is attached hereto as Exhibit 1.

System	Current Rate	Docket No	Effective Date
Buffalo Meadows WW	Residential Base Charge, zero usage: \$28.61; Usage charge, per 1,000 gallons: \$8.24	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017

Ms. A. Shonta Dunston, Chief Clerk Page Three January 9, 2024

System	Current Rate	Docket No	Effective Date
Buffalo Meadows W			January 1, 2017
Camelot	Metered Service: Base Charge, zero usage: \$38.04; Usage charge, per 1,000 gallons: \$3.58	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
Cinnamon Woods	Metered Service: Base Charge, zero usage: \$16.51; Usage charge, per 1,000 gallons: \$4.15	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
High Vista	Residential Flat Rate: High Vista Falls: \$35.33, LaVista Village Condos: \$23.00: Commercial Flat Rate: High Vista Country Club: \$212.03, Real Estate Sales Office: \$8.05, Guardhouse/Security Entrance: \$4.03; Commercial Rates (Future Development)/REU: \$35.33	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
Hunters Glen	Residential Flat Rate: \$48.96; Commercial Metered Rates: Commercial Base Charge, zero usage: \$42.14; Usage charge, per 1,000 gallons: \$7.02	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017

Ms. A. Shonta Dunston, Chief Clerk Page Four January 9, 2024

System	Current Rate	Docket No	Effective Date
Kirk Glen	Residential Metered Rates: Residential Base Charge, zero usage: \$36.46; Usage charge, per 1,000 gallons: \$15.25	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
Mountain Valley	Residential Flat Rate: \$41.45	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
Rolling Oaks	Metered Rates: Base Charge, zero usage: Residential, standard meter: \$28.49; Commercial user, 1.0" meter: \$71.22; Usage Charge, per 1,000 gallons: \$4.79	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
Sherwood Forest	Residential Flat Rate (Single Family Dwellings, REUs): \$35.02; Commercial Rates: \$35.02 per REU; Duplex housing (Two units): \$70.06; Condominiums (22 condos): \$770.60; Restaurant (3.5 REUs): \$122.60; Assisted living facility (9.6 REUs): \$336.27	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
Skyview	Residential Metered Base Charge, zero usage: \$21.62; Usage charge, per 1,000 gallons: \$5.54	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017
White Oak WW	Metered Base Charge, zero usage: \$26.33; Usage charge, per 1,000 gallons: \$2.21	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017

Ms. A. Shonta Dunston, Chief Clerk Page Five January 9, 2024

System	Current Rate	Docket No	Effective Date
White Oak W	Metered Base Charge, zero usage: \$10.00; Usage charge, per 1,000 gallons: \$3.48	W-1049, Sub 19 and M-100, Sub 138	January 1, 2017

 The proposed rates Red Bird seeks to charge if the Commission approves the transfer of the utility assets from A&D to Red Bird, listed by subdivision if proposed rates vary;

Response: Red Bird does not propose to change rates until its first rate case.

4. If an increase in rates is proposed, provide the impact on the average monthly residential water and/or sewer bill under the proposed rates compared to current rates, listed by subdivision if rates vary. For metered rates, indicate the average monthly usage used in your calculations, listed by subdivision if rates vary; and

Response: Red Bird does not seek a rate increase.

5. Briefly summarize any pertinent points from the application such as a description of any planned capital improvements, the related dollar amounts, the estimated total impact on annual revenue requirement, and the estimated impact on the average monthly residential water and/or sewer bill.

Response: Please see the attached confidential table detailing the requested information by subdivision.

If you have any questions, please do not hesitate to contact me.

Sincerely,
Electronically submitted
/s/ James Bernier, Jr.
Staff Attorney
James.Bernier@psncuc.nc.gov

Commission Item 5

January 9, 2024

System	Planned Improvements [BEGIN CONFIDENTIAL]	Cost [BEGIN CONFIDENTIAL]	Annual Revenue Requirement	Monthly Rate Impact
Buffalo			\$25,545	\$1,064.36
Meadows				
(WW)				
Buffalo			\$12,918	\$25.63
Meadows (W)				
Complet (M)			ф72	\$0.04
Camelot (W)			\$73	\$0.21
Cinnamon Woods (W)			\$3,035	\$2.04
High Vista			\$125,568	\$61.55
(WW)			\$125,500	φ01.55
Hunters Glen			\$14,873	\$18.23
(WW)			Ψ14,070	Ψ10.20
Kirk Glen (W)			\$0	\$0
Mountain			\$12,141	\$15.57
Valley (WW)			,	
Rolling Oaks			\$1,214	\$2.35
(W)			¢45.250	¢ E0.40
Sherwood			\$15,359	\$58.18
Forest (WW)		<u> </u>	\$0	\$0
Skyview (W) White Oak			•	\$2.92
(WW)			\$3,157	φ2.92
White Oak			\$0	\$0
(W)	[END CONFIDENTIAL]	[END CONFIDENTIAL]	T -	

STATE OF NORTH CAROLINA UTILITIES COMMISSION RALEIGH

DOCKET NO. W-1049, SUB 19 DOCKET NO. M-100, SUB 138

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-1049, SUB 19)
In the Matter of A & D Water Service, Inc. Tariff Filing to Reflect House Bill 998)))
DOCKET NO. M-100, SUB 138	ORDER APPROVING TARIFFREVISION AND REQUIRINGCUSTOMER NOTICE
In the Matter of Implementation of House Bill 998 – An Act to Simplify the North Carolina Tax Structure and to Reduce Individual and Business Tax Rates))))

BY THE COMMISSION: Pursuant to Section 2.4.(a) of Session Law 2015-6 (House Bill (HB) 41), the Commission must adjust the rate for the sale of electricity, piped natural gas, and water and wastewater service to reflect all of the tax changes as enacted in Session Law 2013-316 (HB 998). Under G.S. 105-130.3A, as enacted in HB 998, an automatic reduction in the State corporate income tax rate from 4% to 3% will become effective for the taxable year beginning on or after January 1, 2017, because certain net General Fund tax collection levels were met for the State's fiscal year 2015-2016.

On September 19, 2016, the Commission issued its Order Requiring Revised Tariff Filings, Proposed Customer Notices, and Requesting Review and Comments by the Public Staff – North Carolina Utilities Commission (Public Staff). In the Order, the Commission concluded, among other things, that water and wastewater public utilities must adjust their rates, effective for the taxable year beginning on or after January 1, 2017, to reflect the reduction from 4% to 3% in the State corporate income tax rate. Therefore, the Commission required, among other things, that all water and wastewater public utilities file revised tariffs and proposed customer notices by no later than October 12, 2016, reflecting the new rates at the 3% State corporate income tax rate. The Order further requested the Public Staff to file comments on the tariff filings and proposed customer notices by November 2, 2016. Finally, the Commission requested that the Public Staff file comments by no later than Wednesday, November 16, 2016¹, that

¹ On November 15, 2016, the Public Staff filed a Motion for Extension of Time to file its comments and proposed revised tariffs and customer notices for the utilities that did not timely file as required in the September 19, 2016 Order by no later than November 21, 2016. By Order dated November 15, 2016, the Commission granted the Public Staff's Motion.

specify the utilities that did not timely file revised tariffs and proposed customer notices. The Public Staff was further requested to file proposed revised tariffs and customer notices for those utilities.

A & D Water Service, Inc. (A & D or the Company) did not file its revised tariff and proposed customer notice as required in the September 19, 2016 Order.

On November 21, 2016, the Public Staff filed its comments as requested in the September 19, 2016 Order. The Public Staff provided a proposed tariff and customer notice for A & D to reflect the January 1, 2017 reduction in the State corporate income tax rate from 4% to 3%.

Based on the record of evidence in these dockets, the Commission finds it appropriate to approve the proposed tariff, effective January 1, 2017, and customer notice for A & D provided by the Public Staff on November 21, 2016. The Company is required to provide a customer notice, as attached, and file a verification that it has adjusted its rates accordingly.

IT IS, THEREFORE, ORDERED as follows:

- 1. That the Schedule of Rates, attached as Appendix A, is approved and is deemed filed with the Commission pursuant to G.S. 62-138. This Schedule of Rates is effective for service rendered on and after January 1, 2017.
- 2. That a copy of the Notice to Customers attached as Appendix B be mailed with sufficient postage or hand delivered by the Company to all of its customers contemporaneously with the first billing of customers that reflects the new rates.
- 3. That the Company shall file with the Commission the attached Verification properly signed and notarized not later than thirty (30) days after January 1, 2017.

ISSUED BY ORDER OF THE COMMISSION.

This the ____6th___ day of December, 2016.

NORTH CAROLINA UTILITIES COMMISSION

Janice H. Fulmore, Deputy Clerk

Janice H. Fulmore

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water and sewer utility service in

BUFFALO MEADOWS SUBDIVISION

Ashe County, North Carolina

Monthly Metered Water Rates:

Residential Base Charge, zero usage	\$ 15.31
Usage Charge, per 1,000 gallons	\$ 4.46

Monthly Metered Sewer Rates:

Residential Base Charge, zero usage	\$ 28.61
Usage Charge, per 1,000 gallons	\$ 8.24

<u>Connection Charge:</u> Actual cost

Reconnection Charges:

If water service cut off by utility for good cause	\$ 23.92
If water service discontinued at customer's request	\$ 23.92
If sewer service cut off by utility for good cause	Actual cost

Returned Check Charge: \$ 23.92

Bills Due: On billing date

<u>Bills Past Due:</u> 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

<u>Finance Charge for Late Payment:</u> 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

billing date.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1049, Sub 19, on this the 6th day of December, 2016, effective January 1, 2017.

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water utility service in

CAMELOT SUBDIVISION

Henderson County, North Carolina

Monthly Water Rates:

Metered Service:

Base Charge, zero usage \$38.04 Usage Charge, per 1,000 gallons \$3.58

<u>Connection Charge</u>: None

Reconnection Charges:

If water service cut off by utility for good cause \$24.96 If water service discontinued at customer's request \$24.96

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$24.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

<u>Billing Frequency</u>: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water utility service in

CINNAMON WOODS SUBDIVISION

Henderson County, North Carolina

Monthly Water Rates:

Metered Service:

Base Charge, zero usage \$ 16.51 Usage Charge, per 1,000 gallons \$ 4.15

Connection Charge: \$ 1,000

Reconnection Charges:

If water service cut off by utility for good cause \$ 24.96 If water service discontinued at customer's request \$ 24.96

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge: \$24.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

<u>Billing Frequency</u>: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

Docket No. W-1049, Sub 19 Docket No. M-100, Sub 138 Exhibit 1 Page 6 of 17

APPENDIX A-4 PAGE 1 OF 2

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing sewer utility service in

HIGH VISTA FALLS SUBDIVISION (PHASES I THROUGH V), LAVISTA VILLAGE CONDOMINIUMS, HIGH VISTA COUNTRY CLUB, AND CERTAIN OUT-PARCELS ON NC HIGHWAY 191 AND BISHOP ROAD

Buncombe and Henderson Counties, North Carolina

Monthly Flat Rate for Sewer Service:

Ras	idar	tial	Rates
TH:	ar a	шаг	Raies

High Vista Falls	\$ 35.33
LaVista Village Condos	\$ 23.00

Commercial Rates (Current Active Customers)

High Vista Country Club	\$21	12.03
Real Estate Sales Office	\$	8.05
Guardhouse/Security Entrance	\$	4.03

Commercial Rates (Future Development) / REU \$ 35.33

REU = Residential Equivalent Unit = (DWQ's monthly design flow rate for customer, or metered water use) / Public Utilities Engineer's residential flow estimate in last rate case, 8,250 gallons/month)

Connection Charge: \$ 1,500

Reconnection Charge: Actual cost

The Utility shall itemize the estimated costs of disconnecting and reconnecting sewer utility service, and shall furnish a copy of the cost estimate to the customer with the cut off notice for the pending disconnection.

To resume sewer utility service, after service has been cut off by the Utility for good cause, a customer must pay all delinquent sewer charges, including finance charges, plus the <u>actual cost</u> incurred by the Utility to reconnect the service.

APPENDIX A-4 PAGE 2 OF 2

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing sewer utility service in

HUNTER'S GLEN SUBDIVISION

Henderson County, North Carolina

Monthly Residential Flat Rate for Sewer Service: \$ 48.96

Monthly Commercial Metered Sewer Rates:

Commercial Base Charge, zero usage \$ 42.14 Usage Charge, per 1,000 gallons \$ 7.02

<u>Connection Charge:</u> Actual cost

Reconnection Charge:

If sewer service cut off by utility for good cause Actual cost

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

<u>Finance Charge for Late Payment:</u> 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water utility service in

KIRK GLEN SUBDIVISION

Buncombe County, North Carolina

Monthly Metered Water Rates:

Residential Base Charge, zero usage	\$ 36.46
Usage Charge, per 1,000 gallons	\$ 15.25

Connection Charge: Actual cost

Reconnection Charges:

If water service cut off by utility for good cause	\$ 23.99
If water service discontinued at customer's request	\$ 23.99

Returned Check Charge: \$ 23.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

<u>Finance Charge for Late Payment:</u> 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing sewer utility service in

MOUNTAIN VALLEY SUBDIVISION

Henderson County, North Carolina

Monthly Residential Flat Rate for Sewer Service: \$ 41.45

Connection Charge: Actual cost

Reconnection Charge:

If sewer service cut off by utility for good cause Actual cost

Returned Check Charge: \$ 23.92

On billing date Bills Due:

Bills Past Due: 15 days after billing date

Shall be monthly for service in arrears Billing Frequency:

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

Docket No. W-1049, Sub 19 Docket No. M-100, Sub 138 Exhibit 1 Page 11 of 17

APPENDIX A-8 PAGE 1 of 2

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water utility service in

ROLLING OAKS ESTATES SUBDIVISION

Buncombe County, North Carolina

Monthly Metered Water Rates:

Base Charge, zero usage

Residential, standard meter	\$ 28.49
Commercial user, 1.0" meter	\$ 71.22
Usage Charge, per 1,000 gallons	\$ 4.79
Connection Charge:	\$600.00

Reconnection Charges:

If water service cut off by utility for good cause	\$ 23.92
If water service discontinued at customer's request	\$ 23.92

To avoid having water utility service disconnected (if payment for service is not received by past due date), a customer must pay all past due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut off by Utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

Returned Check Charge:	\$ 23.92
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Bills Due: On billing date

Bills Past Due: 15 days after billing date

APPENDIX A-8 PAGE 2 of 2

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment:

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

Docket No. W-1049, Sub 19 Docket No. M-100, Sub 138 Exhibit 1 Page 13 of 17

APPENDIX A-10 PAGE 1 OF 2

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing sewer utility service in

SHERWOOD FOREST SUBDIVISION

Transylvania County, North Carolina

Monthly Flat Rate for Sewer Service:

Residential Rates (Single Family Dwellings, REUs)	\$ 35.02
Commercial Rates	\$ 35.02 per REU
Duplex housing (Two units)	\$ 70.06
Condominiums (22 condos)	\$770.60
Restaurant (3.5 REUs)	\$122.60
Assisted living facility (9.6 REUs)	\$336.27

Connection Charge: \$1,500

Reconnection Charge: Actual cost

The Utility shall itemize the estimated costs of disconnecting and reconnecting sewer utility service, and shall furnish a copy of the cost estimate to the customer with the cut off notice for the pending disconnection.

To resume sewer utility service, after service has been cut off by the Utility for good cause, a customer must pay all delinquent sewer charges, including finance charges, plus the <u>actual cost</u> incurred by the Utility to reconnect the service.

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

APPENDIX A-10 PAGE 2 OF 2

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment:

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

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water utility service in

SKYVIEW PARK SUBDIVISION

Gaston County, North Carolina

Monthly Metered Water Rates:

Residential Base Charge, zero usage	\$ 21.62
Usage Charge, per 1,000 gallons	\$ 5.54

<u>Connection Charge:</u> Actual cost

Reconnection Charges:

If water service cut off by utility for good cause	\$ 23.92
If water service discontinued at customer's request	\$ 23.92

Returned Check Charge: \$ 23.92

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

<u>Finance Charge for Late Payment:</u> 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

Docket No. W-1049, Sub 19 Docket No. M-100, Sub 138 Exhibit 1 Page 16 of 17

APPENDIX A-12 PAGE 1 OF 2

SCHEDULE OF RATES

for

A&D WATER SERVICE, INC.

for providing water and sewer utility service in

WHITE OAK VILLAGE MOBILE HOME PARK

Henderson County, North Carolina

Monthly Metered Water Service:

Base Charge, zero usage	\$ 10.00
Usage Charge, per 1,000 gallons	\$ 3.48

Monthly Metered Sewer Service:

Base Charge, zero usage	\$ 26.33
Usage Charge, per 1,000 gallons	\$ 2.21

Connection Charge: Actual Cost

Reconnection Charges:

If water service cut off by utility for good cause	\$ 24.96
If water service discontinued at customer's request	\$ 24.96
If sewer service cut off by utility for good cause	Actual Cost

To avoid having water utility service disconnected (if payment for service is not received by the past-due date), a customer must pay all past-due and current charges, and may have to pay late payment finance charges.

To resume water utility service, after service has been cut-off by utility for good cause, a customer must pay all delinquent water charges, including finance charges, plus the approved reconnection charge.

APPENDIX A-12 PAGE 2 OF 2

Returned Check Charge: \$24.96

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after