

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

APPLICATION BY CONSUMER-OWNED OR NONPROFIT WATER OR SEWER CORPORATION FOR EXEMPTION FROM COMMISSION REGULATION PURSUANT TO N.C.G.S. §62-110.5

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. You may attach any additional exhibits and refer to the exhibits where information is requested.

APPLICANT

1. Name of Corporation _____
2. Business mailing address _____
City, State, and Zip _____
3. Business street address (if different from mailing address) _____
City, State, and Zip _____
4. Business telephone number _____ Fax No. _____
E-mail address _____
5. Officers of the corporation:

President _____	Vice President _____
Secretary _____	Treasurer _____
6. Is this Corporation consumer owned? _____
7. Is this Corporation nonprofit? _____
8. How many people are on the Board? _____
9. How long are the terms of Board members? _____
10. How is the Board elected (who votes, how (annual meeting or mail in ballot, etc.), how often)?

11. Who runs the Company on a day-to-day basis (name and title)? _____

NUMBER OF CUSTOMERS SERVED

- | | |
|---|---|
| <u>Water</u>
<u>Flat Rate</u> <u>Metered</u> | <u>Sewer</u>
<u>Flat Rate</u> <u>Metered</u> |
|---|---|
12. Number of customers on date of filing _____
 13. Average gallons of water used per customer, per month, based upon at least one year's use _____

BILLING INFORMATION

If the information requested in this section is being provided in an attachment, write name of attachment on the following line, and go to the next section of this form. _____

1. Frequency of billing shall be (monthly, quarterly, etc.) _____
2. Billing is for service (in advance or arrears) _____
3. Bills past due _____ days after billing date
4. Is regular billing by written statement? (yes or no) _____
5. Does billing statement contain the following? (Indicate yes or no for each item)
 - (a) Meter reading at beginning and end of billing period _____
 - (b) Date of meter readings _____
 - (c) Gallons used, based on meter readings _____
 - (d) Amount due for current billing period listed as a separate amount _____
 - (e) Amount due from previous billing period listed as a separate amount _____
 - (f) Amount due for each special charge (i.e., deposits, tap fees, etc.) listed as a separate amount .. _____
6. Show how the following appears on the billing statement:
 - (a) Mailing address of company: _____
 - (b) Address where bill can be paid in person: _____
 - (c) Name and phone number of alternative persons to contact for emergency service after business hours: _____
7. What customer deposits are required? _____

PERSONS TO CONTACT

	<u>NAME</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
8. General Manager	_____	_____	_____
9. Complaints or Billing	_____	_____	_____
10. Engineering Operations	_____	_____	_____
11. Emergency Service	_____	_____	_____
12. Accounting	_____	_____	_____

13. Are the names and phone numbers shown above listed in the phone book by each of the service areas? (yes or no) _____
14. Can customers make phone calls for service without being charged for long distance phone call? (yes or no) _____
15. Do persons designated to receive phone calls for emergency service after regular business hours have authority to provide the needed repairs? (yes or no) _____
16. List the qualifications of the person(s) in charge of the utility system(s):

17. List the date(s) and describe any DENR violation(s) for the past 3 years:

SERVICE AREA

If the information requested on this page is being provided in an attachment, write name of attachment on the following line, and go to the next section of this form: _____

- 1. Name of service area(s) _____
- 2. County (or Counties) _____
- 3. Type of service (water, sewer) _____
- 4. Source of water supply (well or other) _____
- 5. If water is purchased, list from whom _____
- 6. Number of wells in service _____
- 7. Total pumping capacity of wells in service _____
- 8. Elevated storage tank capacity (gals.) _____
- 9. Pressure tank capacity (gals.) _____
- 10. Types of water treatment (chlorine, etc.) _____
- 11. Number of fire hydrants installed _____
- 12. Is sewage disposal by septic tanks or by public sewer system? _____
- 13. If disposal is by sewer system, is sewage treated by Applicant or by others? _____
- 14. Capacity of Applicant's sewage treatment plant (gallons per day) _____
- 15. Is water service metered? (yes or no) _____
- 16. Number of water meters in use _____
- 17. Number of service taps in use (list number of each size)
Water _____

Sewer _____

- 18. Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)
Water _____
Sewer _____
- 19. Number of customers that can be served by pumping capacity Water _____
- 20. Number of customers that can be served by storage tank capacity Water _____
- 21. Number of customers that can be served by treatment plant capacity Sewer _____
- 22. DENR System I.D. No. Water _____
- 23. NPDES or Nondischarge Permit No. Sewer _____

FINANCIAL STATEMENT

If the information requested on this page is being provided in an attachment, write name of attachment on the following line, and go to the next section of this form: _____

1. Provide the Revenues and Expenses listed below:

REVENUES AND EXPENSES

For 12 Months Ended _____ (Date)

<u>Item</u>	<u>Water</u>	<u>Sewer</u>
2. Residential service (flat rate)	\$ _____	\$ _____
3. Residential service (metered rate)	\$ _____	\$ _____
4. Nonresidential service (flat rate)	\$ _____	\$ _____
5. Nonresidential service (metered rate)	\$ _____	\$ _____
6. Other revenues (describe in remarks below)	\$ _____	\$ _____
7. Total Revenues (Lines 2 thru 6)	\$ _____	\$ _____
8. Total salaries	\$ _____	\$ _____
9. Administrative and office expense (except salaries)	\$ _____	\$ _____
10. Maintenance and repair expense (except salaries)	\$ _____	\$ _____
11. Transportation expenses	\$ _____	\$ _____
12. Electric power for pumping	\$ _____	\$ _____
13. Chemicals for treatment	\$ _____	\$ _____
14. Testing fees	\$ _____	\$ _____
15. Permit fees	\$ _____	\$ _____
16. Purchased water/sewer treatment	\$ _____	\$ _____
17. Annual depreciation	\$ _____	\$ _____
18. Taxes: State income taxes	\$ _____	\$ _____
19. Federal income taxes	\$ _____	\$ _____
20. Gross receipts (or franchise tax)	\$ _____	\$ _____
21. Property taxes	\$ _____	\$ _____
22. Payroll taxes	\$ _____	\$ _____
23. Other taxes	\$ _____	\$ _____
24. Interest on debt during year	\$ _____	\$ _____
25. Other expenses (describe in remarks below)	\$ _____	\$ _____
26. Total Expenses (Lines 8 thru 25)	\$ _____	\$ _____
27. Net Income (Line 7 minus Line 26)	\$ _____	\$ _____

Remarks

- 28. _____
- 29. _____
- 30. _____
- 31. _____
- 32. _____
- 33. _____
- 34. _____

COST OF UTILITY SYSTEM

If the information requested on this page is being provided in an attachment, write name of attachment on the following line, and go to the next section of this form: _____

1. Does the actual cost of utility system listed below represent the cost to the Applicant herein? (yes or no)

If no, list cost (purchase price to Applicant). _____

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended _____ (Date)

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

	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
<u>Utility Property in Service</u>		
2. Land and rights of way	\$ _____	\$ _____
3. Structures and site improvement	\$ _____	\$ _____
4. Wells	\$ _____	\$ _____
5. Pumping equipment	\$ _____	\$ _____
6. Treatment equipment	\$ _____	\$ _____
7. Storage tanks	\$ _____	\$ _____
8. Mains (excluding service connections)	\$ _____	\$ _____
9. Service connections	\$ _____	\$ _____
10. Meters (including spare meters)	\$ _____	\$ _____
11. Office furniture and equipment	\$ _____	\$ _____
12. Transportation equipment	\$ _____	\$ _____
13. Other utility property in service (describe in remarks below)	\$ _____	\$ _____
14. Total utility property in service (Lines 2 thru 13)	\$ _____	\$ _____
15. Less: accumulated depreciation	\$ _____	\$ _____
16. Less: accumulated tap fees and other contributions in aid of construction	\$ _____	\$ _____
17. Less: customer advances	\$ _____	\$ _____
18. Net investment in utility property (Line 14 minus 15, 16, & 17)	\$ _____	\$ _____

	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
<u>Utility Property Not in Service</u>		
19. Construction work in progress	\$ _____	\$ _____
20. Property held for future use	\$ _____	\$ _____
21. Other (describe in remarks below)	\$ _____	\$ _____

Remarks

- 22. _____
- 23. _____
- 24. _____
- 25. _____
- 26. _____
- 27. _____
- 28. _____
- 29. _____

ANNUAL DEPRECIATION

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

Water: _____

Sewer: _____

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

OTHER FINANCIAL INFORMATION

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

4. Please fill out the attached addendum showing the projected cash flows and income statement for the next five years of operation of this system. This addendum should be for the utility system for which the subject application is being submitted, exclusively. Instructions are included on page 3 of the addendum.

EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. 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.)
2. Enclose a copy of the By-laws of the corporation.
3. Enclose a vicinity map showing the location of the service area in sufficient detail for someone not familiar with the county to locate the service area. (A county roadmap with the service areas outlined is suggested.)
4. Enclose a copy of the most recent calendar year or fiscal year financial statements and supplementary information, audited if available.
5. Provide the following financial information, unless this information is included in the audited or unaudited financial statements and supplementary information provided in Exhibit 4.
 - (a) A comparative balance sheet, as of the end of the most recent calendar or fiscal year and the previous calendar or fiscal year.
 - (b) Comparative statements of income and retained earnings for the most recent calendar or fiscal year and the previous calendar or fiscal year.
 - (c) Comparative statements of cash flows for the most recent calendar or fiscal year and the previous calendar or fiscal year.
 - (d) Notes to Financial Statements for the most recent calendar or fiscal year and the previous calendar or fiscal year.
 - (e) A trial balance as of the end of the most recent calendar or fiscal year.
 - (f) Comparative operating expenses by account for the most recent calendar or fiscal year and the previous calendar or fiscal year.
 - (g) An operating budget by account for the current calendar or fiscal year and the upcoming calendar or fiscal year.
 - (h) A capital expenditure budget by account for the current calendar or fiscal year and the upcoming calendar or fiscal year.
6. Enclose the following information for one or more financial institutions that are familiar with the corporation's deposit accounts:
 - (a) Name of financial institution.
 - (b) Number of years that the corporation has dealt with financial institution.
 - (c) Name, address, and telephone number of person who may be contacted.
7. Enclose the following information for one or more financial institutions that are familiar with the consumer-owned or nonprofit corporation's loan accounts:
 - (a) Name of financial institution.
 - (b) Number of years that the corporation has dealt with financial institution.
 - (c) Name, address, and telephone number of person who may be contacted.
8. Enclose the following information on each outstanding lien, if any, against the nonprofit or consumer-owned corporation:
 - (a) Subject of or reason for lien.
 - (b) Amount outstanding.
 - (c) Plan to resolve lien.
9. A complete list of all rates and fees currently charged.

FILING INSTRUCTIONS

1. 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.)
2. Enclose a filing fee of \$100 as required by G. S. §62-300. **MAKE CHECK PAYABLE TO THE N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.**

SIGNATURE

3. Application shall be signed and verified by an officer of the Corporation.

Signature _____

Officer _____

Date _____

4. (Typed or Printed Name) _____
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 _____ day of _____, 20____.

Notary Public

Address

My Commission Expires: _____
Date

**ADDENDUM TO APPLICATION
Projected Income Statement**

Line No.	<u>Item</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
	<u>Operating revenue</u>					
1.	Metered service revenue					
2.	Flat rate service revenue					
3.	EPA testing surcharge					
4.	Re-connect fees					
5.	Return check charge					
6.	Late payment charge					
7.	Other operating revenue					
8.	Total operating revenue (Sum of Line 1 thru Line 7)					
	<u>Operating expenses</u>					
9.	Total salaries and wages (employees only)					
10.	Outside labor expenses (non-employees)					
11.	Administrative and office expense					
12.	Maintenance and repair expense					
13.	Purchased water					
14.	Purchased sewage treatment					
15.	Electric power expense (exclude office)					
16.	Chemicals expense					
17.	Testing fees					
18.	Transportation expense					
19.	Other operating expense					
20.	Total operation and maintenance expenses (Sum of Lines 9 thru 19)					
21.	Annual depreciation expense					
22.	Property taxes paid on utility property					
23.	Payroll taxes					
24.	Franchise (gross receipts) tax					
25.	Annual NCUC regulatory fee					
26.	Total operating expenses (Sum of Line 20 thru Line 25)					
	<u>Income Taxes</u>					
27.	State income taxes					
28.	Federal income taxes					
29.	Total income taxes (Line 27 + Line 28)					
30.	Net operating income (loss) (Line 8 - Line 26 - Line 29)					
31.	Interest expense					
32.	Net income (loss) (Line 30 - Line 31)					

ADDENDUM TO APPLICATION
Statement of Cash Flows

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Cash Flows From Operating Activities</u>						
1.	Pre-tax operating income (loss):					
2.	Total operating revenue					
3.	Less: Operation and maintenance expenses					
4.	Less: Taxes other than income					
5.	Pre-tax operating income (loss)					
6.	Income tax calculation:					
7.	Pre-tax operating income (loss)					
8.	Plus: Contributions in aid of construction					
9.	Less: Tax depreciation					
10.	Less: Interest expense					
11.	Taxable income (loss)					
12.	State income tax					
13.	Federal income tax					
14.	Total income taxes to be paid					
15.	Net cash provided by (used in) operating activities					
<u>Cash Flows From Investing Activities</u>						
16.	Purchases of utility plant					
17.	Plus: Cash bonds posted					
18.	Less: Contributions in aid of construction					
19.	Less: Proceeds from disposal of utility plant					
20.	Net cash used (provided) by investing activities					
<u>Cash Flows From Financing Activities</u>						
21.	Proceeds from issuing short term debt					
22.	Less: Principal repayment of short term debt					
23.	Plus: Proceeds from issuing long term debt					
24.	Less: Principal repayment of long term debt					
25.	Less: Interest payment for short and long term debt					
26.	Plus: Proceeds from issuing stock					
27.	Less: Dividends paid					
28.	Plus: Funds provided by owner					
29.	Net cash provided (used) by financing activities					
30.	Net increase (decrease) in cash					
31.	Cash balance at beginning of year					
32.	Cash balance at end of year					

ADDENDUM TO APPLICATION

Instructions

1. These schedules should reflect all revenues, costs, investment, etc. associated with or to be associated with the utility system for which the subject franchise application is being submitted, exclusively.
2. For purposes of forecasting future expenses, as a simplifying assumption, it may be assumed that increases in such costs due to increases in general price levels, (i.e., inflation) will on average be offset by concurrent rate increases. Thus, no provision(s) for such offsetting changes will need to be made in forecasting costs.
3. A written detailed narrative explanation of all assumptions underlying the information and data contained in this addendum and five (5) copies of all workpapers developed in completing the addendum are to be filed with the Commission's Chief Clerk concurrent with the filing of the franchise application.
4. Computations for Statement of Cash Flows (Page 2 of Addendum)
 - (a) Line 2 should agree with Addendum Page 1 - Projected Income Statement, Line 8.
 - (b) Line 3 should agree with Addendum Page 1 - Projected Income Statement, Line 20.
 - (c) Line 4 should agree with Addendum Page 1 - Projected Income Statement, Sum of Lines 22 thru 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.