

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE
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.

SELLER

- 1. Trade name used for utility business _____
- 2. Mailing address _____
- 3. Business telephone number _____

PURCHASER

- 4. Trade name used for utility business _____
- 5. Name of owner (if different from trade name) _____
- 6. Business mailing address _____
City and state _____ Zip code _____
- 7. Business street address (if different from mailing address) _____
- 8. Business telephone number _____
- 9. If corporation, list the following:
President _____ Vice President _____
Secretary _____ Treasurer _____
Three (3) largest stockholders and percent of voting shares held by each

- 10. If partnership, list the owners and percent of ownership held by each

- 11. Is the purchaser acquiring the utility assets or stock? _____
(No filing fee required if stock transfer only.)

PROPOSED AND PRESENT RATES

	<u>Proposed Rates</u>	<u>Present Rates</u>
12. Metered Residential Service:		
Water:	_____	_____
Sewer:	_____	_____
13. Flat Rate Residential Service:		
Water:	_____	_____
Sewer:	_____	_____
14. Nonresidential Service (explain):		
Water:	_____	_____
Sewer:	_____	_____
15. Tap-on fees:		
Water:	_____	_____
Sewer:	_____	_____

OTHER PROPOSED RATES

- 16. Finance charge for late payment: _____
(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.)
- 17. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: _____
- 18. Reconnection charge if water service discontinued at customer's request: _____
- 19. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: _____
- 20. Other charges: _____
- 21. What date are the proposed rates to become effective: _____
- 22. How long have the present rates been in effect? _____

PURCHASER'S PROPOSED BILLING

1. Frequency of billing shall be (monthly, quarterly, etc.) _____
2. Billing shall be for service (in advance or arrears) _____
3. Bills past due _____ 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) _____
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
 - (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 will appear 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. Is service already metered? (yes or no) _____
8. Does the Purchaser understand the provisions for establishing credit and collecting customer deposits set forth in NCUC Rules and Regulations, Chapter 12? (yes or no) _____
(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.)
9. List the amount of customer deposits still held by Seller:
Water: _____ Sewer: _____

PURCHASER'S SERVICE ORGANIZATION

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

15. Are the names and phone numbers shown above listed in the phone book by each of the proposed service areas? (yes or no) _____
16. Will customers be able to make telephone calls for service without being charged for a long distance phone call? (yes or no) _____
17. Will 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) _____
18. List the qualifications of the person in charge of the utility system:

19. List the date(s) and describe any DENR violation(s) since the last application for franchise, transfer, or rate increase:

SERVICE AREA

Fill in one column for each Subdivision or Service Area.

		(1)	(2)	(3)
1.	Name of Subdivision(s) or Service Area(s)	_____	_____	_____
2.	County (or Counties)	_____	_____	_____
3.	Type of service (water, sewer, etc.)	_____	_____	_____
4.	If water is purchased, list from whom	_____	_____	_____
5.	Source of water supply (wells, etc.)	_____	_____	_____
6.	Number of wells in service	_____	_____	_____
7.	Pumping capacity of each pump 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 tank or by sewer system?	_____	_____	_____
13.	If disposal is by sewer system, is sewage treated by utility company or by others?	_____	_____	_____
14.	Capacity of Company's sewage treatment plant (gallons per day)	_____	_____	_____
15.	Is 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 at the end of test year	_____	_____	_____
	Water	_____	_____	_____
	Sewer	_____	_____	_____
19.	Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)	_____	_____	_____
	Water	_____	_____	_____
	Sewer	_____	_____	_____
20.	Number of customers that can be served by pumping capacity	_____	_____	_____
	Water	_____	_____	_____
21.	Number of customers that can be served by storage tank capacity	_____	_____	_____
	Water	_____	_____	_____
22.	Number of customers that can be served by treatment plant capacity	_____	_____	_____
	Sewer	_____	_____	_____
23.	Name nearest water/sewer utility system	_____	_____	_____
24.	Distance to nearest water/sewer utility system	_____	_____	_____
25.	Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)	_____	_____	_____
26.	Has the system been offered for sale to the customers, county, or municipality? (yes or no)	_____	_____	_____
	If not, why not? _____	_____	_____	_____
<hr/>				
27.	a. DENR System I.D. No.	Water	_____	_____
	b. NPDES or Nondischarge Permit No.	Sewer	_____	_____

FINANCIAL STATEMENT

1. Will a separate set of books be maintained for the utility business?

2. Will a separate bank account be maintained for the utility business?

3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?
(actual or estimated) _____

REVENUES AND EXPENSES

For 12 Months Ended _____ (Date)

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
4. Residential service (flat rate)	\$ _____	\$ _____
5. Residential service (metered rate)	\$ _____	\$ _____
6. Nonresidential service (flat rate)	\$ _____	\$ _____
7. Nonresidential service (metered rate)	\$ _____	\$ _____
8. Other revenues (describe in remarks below)	\$ _____	\$ _____
9. Total Revenues (Lines 4 thru 8)	\$ <u>_____</u>	\$ <u>_____</u>
10. Total salaries (except owner)	\$ _____	\$ _____
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	\$ _____	\$ _____
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	\$ _____	\$ _____
28. Other expenses (describe in remarks below)	\$ _____	\$ _____
29. Total Expenses (Lines 10 thru 28)	\$ <u>_____</u>	\$ <u>_____</u>
30. Net Income (Line 9 minus Line 29)	\$ <u>_____</u>	\$ <u>_____</u>

Remarks

31. _____
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	_____	_____	_____	_____
37. Customers at end of year	_____	_____	_____	_____
38. Average gallons used per customer	_____	_____	_____	_____ per month

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:

Water: _____

Sewer: _____

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 Seller.

	<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: acquisition adjustments (difference between original cost above and cost to Seller)	\$ _____	\$ _____
16. Less: Seller's accumulated depreciation	\$ _____	\$ _____
17. Less: Seller's accumulated tap fees and other contributions in aid of construction	\$ _____	\$ _____
18. Seller's 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. _____

ANNUAL DEPRECIATION

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

Water: _____

Sewer: _____

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

- _____
- _____
- _____
- _____
- _____

OTHER FINANCIAL INFORMATION

1. Please provide the following capital structure information for the Purchaser prior to the purchase of the new water and/or sewer system(s):

a. Capital structure as of _____

b. Capital structure balances:

	<u>Amount</u>	<u>Percent Of Total Capital</u>
Long-term debt/loans	\$ _____	_____
Preferred stock (if any)	\$ _____	_____
Common equity:		
Common stock	\$ _____	_____
Retained earnings	\$ _____	_____
Total common equity	\$ _____	_____
 Total capital	 \$ <u>_____</u>	 <u>100%</u>

2. The purchase price of the system will be financed as follows:

- a. Long-term debt \$ _____
- b. Short-term debt \$ _____
- c. Common stock \$ _____
- d. Retained earnings \$ _____
- e. Other (please describe below on Line g) \$ _____
- f. Total purchase price \$ _____

g. Description of other: _____

3. Please provide the following for improvements/additions to be made in the first year:

a. Brief description: _____

- b. Financing:
- (1) Long-term debt \$ _____
- (2) Short-term debt \$ _____
- (3) Common stock \$ _____
- (4) Retained earnings \$ _____
- (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 Purchaser 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.)
2. If the Purchasers are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.)
3. If the Purchaser 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.
4. Enclose a copy of (1) exhibits showing that the Seller has ownership of all property necessary to operate the utility and (2) a purchase agreement reduced to writing. Any changes in the purchase agreement should be filed immediately with the Commission.
5. If the application is for a stock transfer, enclose a copy of the most recent financial statements, including a balance sheet, for the Seller.
6. 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"). _____
7. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Purchaser.
8. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Purchaser.
9. If the information requested in Exhibits 7 and 8 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the Purchaser and/or parent company.

FILING INSTRUCTIONS

10. 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. Twenty-five (25) copies of an application to acquire a Class A or B utility company should be filed.** One of these copies must have original signatures. (Applicants must also provide any copies to be returned to them.)
11. 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.** (No filing fee required if stock transfer only.)

SIGNATURES

12. Application shall be signed and verified by the Applicants.

Signature _____
Purchaser

Date _____

Signature _____
Seller

Date _____

13. (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 FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Projected Income Statement

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>Operating revenue</u>					
1.	Metered service revenue					
2.	Flat rate service revenue					
3.	EPA testing surcharge					
4.	Re-connect fees					
5.	Returned 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 Line 9 thru Line 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 FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Statement of Cash Flows

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
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 FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

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 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.