

NOTIFICATION OF INTENTION TO BEGIN OPERATIONS  
IN AREA CONTIGUOUS TO PRESENT SERVICE AREA

Date submitted: \_\_\_\_\_  
Date proposed for service to begin: \_\_\_\_\_

UTILITY

1. Trade name used for utility business \_\_\_\_\_
2. Mailing address \_\_\_\_\_  
City and State \_\_\_\_\_ Zip Code \_\_\_\_\_
3. Business telephone number \_\_\_\_\_
4. Docket number of certification of present service area \_\_\_\_\_
5. Description of present service area (subdivision, county, type of service)  
\_\_\_\_\_  
\_\_\_\_\_
6. Description of new service area:
  - a. Name of subdivision or service area \_\_\_\_\_
  - b. County or counties \_\_\_\_\_
  - c. Type of service proposed (water, sewer, etc.) \_\_\_\_\_
  - d. DENR System I.D. No. and/or NPDES or Nondischarge Permit No. \_\_\_\_\_

PROPOSED RATES

7. Metered Residential Service:
 

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_
8. Flat Rate Residential Service:
 

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_
9. Nonresidential Service (explain):
 

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_
10. Tap-on fees:
 

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

SERVICE DATA

NOTE: If new area is to be served by a separate system, fill in only the first column. If new area is to be served by an extension of an existing system, show totals for the combined systems in the second column.

	<u>Proposed Addition</u>	<u>Combined System</u>
<u>WATER SERVICE:</u>		
11. Source of water supply (wells, from whom purchased)	_____	_____
12. Number of wells in service	_____	_____
13. Pumping capacity of wells	_____	_____
14. Elevated storage capacity	_____	_____
15. Pressure tank capacity	_____	_____
16. Types of water treatment	_____	_____
17. Number of fire hydrants	_____	_____
18. Number of water meters by size	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
19. Number of service taps by size	_____	_____
	_____	_____
	_____	_____
	_____	_____
20. Number of current customers:		
Residential	_____	_____
Commercial	_____	_____
21. Number of customers that can be served by:		
Mains	_____	_____
Pumping capacity	_____	_____
Storage capacity	_____	_____

	<u>Proposed Addition</u>	<u>Combined System</u>
<u>SEWER SERVICE:</u>		
1. Sewage disposal by septic tank or sewer system	_____	_____
2. Is sewer service metered?	_____	_____
3. Capacity of sewage treatment plant (gallons per day)	_____	_____
4. Number of service taps by size	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
5. Number of current customers:		
Residential	_____	_____
Commercial	_____	_____
6. Number of customers that can be served by:		
Collection Mains	_____	_____
Treatment Plant	_____	_____

FINANCIAL INFORMATION

7. Cost of Utility Systems (new system and additions to present system)  
 Cost is actual or estimated \_\_\_\_\_
8. Actual cost is for year ended \_\_\_\_\_

Show the total original cost to construct and establish the system(s) whether or not paid for by the present owner or the notifying utility.

	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
<u>Utility Property in Service</u>		
9. Land and rights-of-way	\$ _____	\$ _____
10. Structures and site improvement	\$ _____	\$ _____
11. Wells	\$ _____	\$ _____
12. Pumping equipment	\$ _____	\$ _____
13. Treatment equipment	\$ _____	\$ _____
14. Storage tanks	\$ _____	\$ _____
15. Mains (excluding service connections)	\$ _____	\$ _____
16. Service connections	\$ _____	\$ _____
17. Meters (including spare meters)	\$ _____	\$ _____
18. Office furniture and equipment	\$ _____	\$ _____
19. Transportation equipment	\$ _____	\$ _____
20. Other utility property in service (describe in remarks below)	\$ _____	\$ _____
21. Total utility property in service (Lines 9 thru 20)	\$ _____	\$ _____
22. Less: accumulated depreciation	\$ _____	\$ _____
23. Less: accumulated tap fees and other contributions in aid of construction	\$ _____	\$ _____
24. Less: customer advances	\$ _____	\$ _____
25. Net investment in utility property (Line 21 minus 22, 23, & 24)	\$ _____	\$ _____

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

- Remarks
29. \_\_\_\_\_
30. \_\_\_\_\_
31. \_\_\_\_\_
32. \_\_\_\_\_



OTHER FINANCIAL INFORMATION

NOTE: IF THE CONTIGUOUS EXTENSION IS TO SERVE A NOMINAL NUMBER OF CUSTOMERS, THE COMPANY MAY REQUEST A WAIVER FOR QUESTIONS ON PAGES 4 AND 5.

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 \_\_\_\_\_

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>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

PROVIDE THE FOLLOWING EXHIBITS WITH THIS NOTIFICATION:

1. Copy of letter from the Department of Environment and Natural Resources granting approval of plans for each water system.
2. Copy of letter from the Department of Environment and Natural Resources granting approval of plans for each sewer system.
3. Copy of Division of Environmental Health (DEH) report on chemical analysis of untreated water from each well. (Not to be confused with the monthly samples submitted to DEH for bacteriological analysis. Contact DEH for instructions to obtain a sample for chemical analysis.)
4. Copies of documents showing how ownership or control of the water or sewer system(s) has been or will be acquired by the utility.
5. Copies 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. (If no such contracts exist, indicate "none"). \_\_\_\_\_
6. Vicinity map showing the location of the intended extension in relation to the current service territory and indicating points of contiguity.
7. Subdivision maps of the intended extension in sufficient detail to show the layout of streets, lots, water or sewer mains, hydrants, wells, pumping equipment, treatment facilities, storage facilities, etc.
8. Enclose a copy of the workpapers supporting the estimate of 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.
9. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Applicant.
10. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Applicant.
11. If the information requested in Exhibits 9 and 10 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the utility and/or parent company.

FILING INSTRUCTIONS

12. Eight (8) copies of the notification 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.)

Utility \_\_\_\_\_

By \_\_\_\_\_

ADDENDUM TO NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN AREA CONTIGUOUS TO PRESENT SERVICE AREA

**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 NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN AREA CONTIGUOUS TO PRESENT SERVICE AREA

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)					
Income tax calculation:						
6.	Pre-tax operating income (loss)					
7.	Plus: Contributions in aid of construction					
8.	Less: Tax depreciation					
9.	Less: Interest expense					
10.	Taxable income (loss)					
11.	State income tax					
12.	Federal income tax					
13.	Total income taxes to be paid					
14.	Net cash provided by (used in) operating activities					
<u>Cash Flows From Investing Activities</u>						
15.	Purchases of utility plant					
16.	Plus: Cash bonds posted					
17.	Less: Contributions in aid of construction					
18.	Less: Proceeds from disposal of utility plant					
19.	Net cash used (provided) by investing activities					
<u>Cash Flows From Financing Activities</u>						
20.	Proceeds from issuing short term debt					
21.	Less: Principal repayment of short term debt					
22.	Plus: Proceeds from issuing long term debt					
23.	Less: Principal repayment of long term debt					
24.	Less: Interest payment for short and long term debt					
25.	Plus: Proceeds from issuing stock					
26.	Less: Dividends paid					
27.	Plus: Funds provided by owner					
28.	Net cash provided (used) by financing activities					
29.	Net increase (decrease) in cash					
30.	Cash balance at beginning of year					
31.	Cash balance at end of year					



## ADDENDUM TO NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN AREA CONTIGUOUS TO PRESENT SERVICE AREA

**Instructions**

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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.