

ORIGINAL

FORM REVISED 6/04

DOCKET NO. W-1136 Sub 3
FILING FEE RECEIVED _____

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

APPLICATION FOR RATE INCREASE

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 JAARS, Inc.
2. Name of owner (if different from trade name) _____
3. Business mailing address P.O. Box 248
City and state Waxhaw, NC Zip Code 28173
4. Business street address (if different from mailing address) 7405 Jaars Road, Waxhaw, NC 28173
5. Business telephone number 704-843-6000
6. List the counties in which you provide water utility service Union
7. List the counties in which you provide sewer utility service None

PROPOSED AND PRESENT RATES

	<u>Proposed Rates</u>	<u>Present Rates</u>
8. Metered Residential Service:		
Water:	_____	_____
Sewer:	_____	_____
9. Flat Rate Residential Service:		
Water: <u>\$28.57 per month</u>	_____	<u>\$20.00 per month</u>
Sewer: <u>N/A</u>	_____	<u>N/A</u>
10. Nonresidential Service (explain):		
Water:	_____	_____
Sewer:	_____	_____
11. Tap-on fees:		
Water:	_____	_____
Sewer:	_____	_____

OTHER PROPOSED RATES

12. Finance charge for late payment: After 30 days - 0.75% per month or 9% per year
(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.)
13. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: \$20
14. Reconnection charge if water service discontinued at customer's request: \$20
15. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: N/A
16. Other charges: _____
17. What date are the proposed rates to become effective? January 1, 2021
18. How long have the present rates been in effect? Since 2008

PROPOSED BILLING

19. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
20. Billing shall be for service (in advance or arrears) Arrears
21. Bills past due 15 days after the billing dates:
(NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
22. Will regular billing be by written statement? (yes or no) Yes

OFFICIAL COPY

JUN 23 2020

REVENUES AND EXPENSES

For 12 Months Ended December 31, 2019 (Date)

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
1. Residential service (flat rate)	\$ 41,925	\$ N/A
2. Residential service (metered rate)	\$ _____	\$ _____
3. Nonresidential service (flat rate)	\$ _____	\$ _____
4. Nonresidential service (metered rate)	\$ _____	\$ _____
5. Other revenues (describe in remarks below)	\$ _____	\$ _____
6. Total Revenues (Lines 1 thru 5)	\$ 41,925	\$ _____
7. Total salaries	\$ _____	\$ _____
8. Administrative and office expense (except salaries)	\$ 4,924	\$ _____
9. Maintenance and repair expense (except salaries)	\$ 4,197	\$ _____
10. Transportation expenses	\$ 2,484	\$ _____
11. Electric power for pumping	\$ 3,225	\$ _____
12. Chemicals for treatment	\$ 1,988	\$ _____
13. Testing fees	\$ 6,720	\$ _____
14. Permit fees	\$ 1,530	\$ _____
15. Purchased water/sewer treatment	\$ 0	\$ _____
16. Annual depreciation	\$ 2,785	\$ _____
17. Taxes: State income taxes	\$ 0	\$ _____
18. Federal income taxes	\$ 0	\$ _____
19. Gross receipts (or franchise tax)	\$ 0	\$ _____
20. Property taxes	\$ 0	\$ _____
21. Payroll taxes	\$ 0	\$ _____
22. Other taxes	\$ 0	\$ _____
23. Other expenses (describe in remarks below)	\$ 32,540	\$ _____
24. Total Expenses (Lines 7 thru 23)	\$ 60,393	\$ _____
25. Net Operating Income (Line 6 minus Line 24)	\$ (18,468)	\$ _____
26. Interest on debt during year	\$ 0	\$ _____
27. Net Income (Line 25 minus Line 26)	\$ (18,468)	\$ _____

Remarks

- 28. Other expenses include \$5,000 for insurance and \$27,540 for outside labor expenses
- 29. _____
- 30. _____
- 31. _____
- 32. _____

NUMBER OF CUSTOMERS SERVED
(at end of month)

	<u>Month</u>	<u>Water</u>			<u>Sewer</u>		
		<u>Flat Rate Customers</u>	<u>Metered Customers</u>	<u>Gallons Sold to Metered Custs.</u>	<u>Flat Rate Customers</u>	<u>Metered Customers</u>	<u>Gallons Sold to Metered Custs.</u>
33.	January	67	N/A	N/A	N/A	N/A	N/A
34.	February	67	_____	_____	_____	_____	_____
35.	March	67	_____	_____	_____	_____	_____
36.	April	69	_____	_____	_____	_____	_____
37.	May	70	_____	_____	_____	_____	_____
38.	June	67	_____	_____	_____	_____	_____
39.	July	67	_____	_____	_____	_____	_____
40.	August	67	_____	_____	_____	_____	_____
41.	September	67	_____	_____	_____	_____	_____
42.	October	67	_____	_____	_____	_____	_____
43.	November	67	_____	_____	_____	_____	_____
44.	December	67	_____	_____	_____	_____	_____

* Plus the water used for JAARS, Inc. buildings and facilities

CONTRIBUTIONS IN AID OF CONSTRUCTION
(Including Tap Fees)

1. Has the utility collected any gross-up on contributions in aid of construction (CIAC), such as contributed plant and tap fees, since the test year of its last rate case? (yes or no) No

EMPLOYEE SALARIES
(Including Owner)

	<u>Name</u>	<u>Duties</u>	<u>Salaries Paid During Year</u>	<u>Hours Worked During Year</u>
2.	_____	_____	\$ _____	_____
3.	<u>N/A</u>	<u>N/A</u>	\$ <u>N/A</u>	<u>N/A</u>
4.	_____	_____	\$ _____	_____

FINANCIAL INFORMATION

	<u>Source of Loans (For Utility Purposes)</u>	<u>Interest Rates</u>	<u>Amount Unpaid End of Year</u>
5.	_____	_____	\$ _____
6.	<u>N/A</u>	<u>N/A</u>	\$ <u>N/A</u>
7.	_____	_____	\$ _____

OTHER FINANCIAL INFORMATION

- 8. Stocks issued N/A \$ _____
- 9. Accumulated (or retained) earnings or losses N/A \$ _____
- 10. Cash on hand N/A \$ _____
- 11. Accounts receivable N/A \$ _____
- 12. Accounts payable N/A \$ _____
- 13. Customer deposits on hand N/A \$ _____
- 14. Materials and supplies N/A \$ _____
- 15. Other investments N/A \$ _____

FILING INSTRUCTIONS

- 16. Seven (7) 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 a Class A or B utility company should be filed.** One of these copies must have original signature. (Applicants must make their copies if desired.) Class A and B utility companies are also required to file a written letter of intent to file a general rate case with the Commission thirty (30) days in advance of filing this application. Furthermore, Class A utility companies should file a NCUC Form W-1 along with this rate increase application form as required in Rule R1-17(12)(d).
- 17. 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 \$500 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$250 filing fee. A Class C company (annual revenues less than \$200,000) requires a filing fee of \$100. **MAKE CHECK PAYABLE TO N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.**

SIGNATURE

18. Application shall be signed and verified by the Applicant.

Allan Courtright

 Signature
6/16/2020

 Date

19. (Typed or Printed Name) ALLAN COURTRIGHT
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 16 day of JUNE, 2020.

Ronald Barkey
Notary Public

7819 HANCASTEL HWY WAXHAW NC 28177
Address

My Commission Expires: 28 SEPT 2023
Date



JAARS Rate Case 2020

	2019 NCUC Annual Report	Adjustments for Items Provided In- House by JAARS, Inc.	Operations at Present Rates	Net Company Increase	Operations After Rate Increase	Rate Increase (%)
Operating Revenues	\$41,925		\$41,925	\$22,091	\$64,016	52.7%
Operating Expenses						
Total salaries and wages	\$0		\$0		\$0	
Outside labor expense	\$27,540		\$27,540		\$27,540	
Administrative and office expense	\$2,088	\$4,200 [1]	\$6,288		\$6,288	
Maintenance and repair expense	\$3,897	\$300 [2]	\$4,197		\$4,197	
Purchased water/sewer expense	\$0		\$0		\$0	
Electric power expense	\$3,225		\$3,225		\$3,225	
Chemicals expense	\$1,988		\$1,988		\$1,988	
Testing fees	\$6,720		\$6,720		\$6,720	
Transportation expense	\$1,153	\$1,331 [3]	\$2,484		\$2,484	
Annual depreciation expense	\$2,785		\$2,785		\$2,785	
Property taxes paid on utility property	\$0		\$0		\$0	
Payroll taxes	\$0		\$0		\$0	
Annual NCUC regulatory fee	\$66		\$66		\$66	
Other operating expense (itemize below)						
Insurance	\$0	\$5,000 [4]	\$5,000		\$5,000	
Rate Case Fees	\$0	\$100 [5]	\$100		\$100	
Total Operating Expenses	\$49,461		\$60,393		\$60,393	
Operating Margin	-\$7,536		-\$18,468		\$3,624	
Non-Operating Revenues	\$0		\$0		\$0	
Non-Operating Expenses	\$0		\$0		\$0	
Net Income	-\$7,536		-\$18,468		\$3,624	
Original Cost	\$161,596		\$161,596		\$161,596	
Additions	<u>\$76,709</u>		<u>\$76,709</u>		<u>\$76,709</u>	
Net Gross Plant	\$238,305		\$238,305		\$238,305	
Less: Accum Depreciation	\$221,341		\$221,341		\$221,341	
Net Investment	\$16,964		\$16,964		\$16,964	
Plus: Working Capital	<u>\$6,183</u>		\$6,183		\$6,183	
Net Rate Base	\$23,147		\$23,147		\$23,147	
Return on Rate Base					6.00%	
Return on Operating Expenses			-30.58%		6.00%	

JAARS 2019	
Residential Flat Rate	
Customer Count	
January	67
February	67
March	67
April	69
May	70
June	67
July	67
August	67
September	67
October	67
November	67
December	67

JAARS 2020 Rate Design

	REUs			Monthly Revenues
	2008	Addition	2020	
JAARS	97.7		97.7	\$ 2,791.64
Residential ^A	50	17	67	\$ 1,914.43
Lydia House	1.3		1.3	\$ 37.15
Waxhaw Creek Apts. ^B	6	14.7	<u>20.7</u>	<u>\$ 591.47</u>
			186.7	\$ 5,334.69

A - Taken from 2019 Average Residential Flat Rate Customer Count

B - 36 Units totaling 44 Bedrooms @ 120 gal/BR = \$5,280 gal. or 14.7 R

Operating Revenues	REU's per Month	REU's per Year	Calculated Rate
\$64,016.27	186.7	2,240.4	<u>\$ 28.57</u> per month



7500 W. Camp Wisdom Rd.
Dallas, TX 75236-5629 USA
t 000.000.0000
www.sil.org

May 11, 2020

Mr. David Reese, CFO

JAARS

7405 Jaars Road

Waxhaw, NC 28173

Dear Mr. Reese,

The appropriate estimated cost allocation for commercial liability coverage to be used for the JAARS operated Public Water Utility is \$5,000 on an annual basis.

If you have any questions, please let me know.

Regards,

Peter D'Amato, CPCU, AIC

Director of International Risk Management

Rick Rivers

From: Rick Rivers <rick_rivers@jaars.org> on behalf of Rick Rivers
Sent: Tuesday, May 19, 2020 10:02 AM
To: Rick Rivers
Subject: RE: Rate Case Initial Information Needs

From: David Reese [mailto:david_reese@jaars.org]
Sent: Monday, January 27, 2020 10:01 AM
To: kodonnell [novaenergyconsultants.com](mailto:kodonnell@novaenergyconsultants.com) <kodonnell@novaenergyconsultants.com>
Cc: Allan Courtright <allan_courtright@jaars.org>; Rick Rivers <rick_rivers@jaars.org>
Subject: Re: Rate Case Initial Information Needs

Please see responses below.

Transportation expense – can you provide me any estimate for that cost?? Any allocation would be helpful.

There is a dedicated vehicle used by the water department. The annual operating costs are budgeted to be \$1584. In addition, there is travel budgeted annually at \$900.

Other expenses – do we have any ongoing expenses that simply did not hit in 2018 but, in the past, did occur in 2017 or 2016? If so, I can amortize those costs so a part hit in 2018. We do not want to short ourselves and need to come back in for another rate case soon. Hence, let's get the fair amount of expenses.

The generator for the well is not reflected in the water department. The monthly testing and fuel cost is estimated to be \$300 per year.

The Accounting department creates monthly invoices and spends postage to send out the bills. The estimated cost is about \$400 per year.

The water department office space and phone/computer support is estimated to be \$3800.