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Sep 02 2015

1. Provided that the level of service being provided by CWSNC in all of its respective service areas is found to be adequate, the Public Staff and the Company agree that CWSNC's updated actual common equity ratio is 51.39%; however, for purposes of this case, the Parties agree that the components of rate of return should be established as set forth below. The capitalization ratios reflect a hypothetical capital structure for Utilities, Inc., which is the parent company of Carolina Water Service, Inc. of North Carolina. The embedded cost of debt is

Utilities, Inc.'s actual cost rate. The return on common equity is based on an estimate.

a. Long-Term Debt Ratio:	49.00%
b. Common Equity Ratio:	51.00%
c. Embedded Cost of Debt:	6.60%
d. Return on Common Equity:	9.75%
e. Overall Weighted Rate of Return:	8.20%

2. CWSNC will file the direct testimony of Pauline M. Ahern, its cost of capital and capital structure expert witness, in support of the Company's application. The Public Staff will file direct testimony in support of this Stipulation. Otherwise, the Parties agree to waive the filing of any additional direct, supplemental, and rebuttal rate of return testimonies by the Public Staff and CWSNC. The Parties also waive their respective rights of cross-examination regarding rate of return and capital structure issues.

3. CWSNC and the Public Staff agree to include rate case costs incurred to date associated with the Company's cost of capital witness in the total amount of \$14,166 and agree to exclude from this docket any additional rate case costs for a cost of capital consultant and/or witness; provided, however, that if the Commission or an Intervenor requests an opportunity to cross-examine CWSNC witness Ahern at the evidentiary hearing, the reasonable costs incurred by the Company in conjunction with that appearance shall be recoverable as additional rate case costs in this proceeding.

4. CWSNC and the Public Staff recognize and agree that this Stipulation resulted from negotiations and compromise. Thus, the agreements reached do not necessarily reflect the respective Party's belief as to the proper treatment or level of the matters cited. Except as needed to carry out the terms of the Commission's Order, a part of which will, by necessity, be based on this Stipulation, the Parties have agreed that none of the positions, treatments, figures or other matters reflected herein shall have any precedential value, nor shall they otherwise be used in any subsequent proceedings, other than those referenced in this Stipulation, before this Commission or any other regulatory body as proof of the matter in issue.

IN WITNESS WHEREOF, the Parties mutually agree to enter into this Stipulation on the day and year first above written as evidenced by the signatures below.

CONSENTED TO:
Public Staff - North Carolina Utilities Commission

BY: 

CONSENTED TO:
Carolina Water Service, Inc. of North Carolina

BY: 