

**SANFORD LAW OFFICE, PLLC**

Jo Anne Sanford, Attorney at Law

July 27, 2017

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Carolina Water Service, Inc. of North Carolina (Emergency Operator  
of Riverbend Estates Water System)  
Docket No. W-390, Sub 13  
Filing of Quarterly Financial Reports (April - June 2017 Calendar  
Quarter)

Dear Ms. Jarvis:

Pursuant to decretal paragraph number 4.a. of the Order Appointing  
Emergency Operator, Approving Increased Rates, and Requiring Customer Notice  
issued in Docket No. W-390, Sub 13 on May 16, 2017, Carolina Water Service, Inc.  
of North Carolina ("CWSNC" or "Company") hereby files certain quarterly  
financial reports for the April - June 2017 calendar quarter. The Company files  
these reports in its capacity as Emergency Operator of the water utility system  
which was formerly operated by Riverbend Estates Water System, Inc.

As always, thank you and your staff for your assistance; please feel free  
to contact me if there are any questions or suggestions.

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford  
Attorney for Carolina Water Service,  
Inc. of North Carolina (Emergency  
Operator)

cc: Parties of Record

**Riverbend Estates Water System**  
 Carolina Water Service, Inc. of NC as EO  
 Docket No. W-390, Sub 13  
 Revenues, Expenses, and Reserve Balances  
 For Q2 2017

Schedule 1

Line No.	<u>Item</u>	<u>Riverbend Estates</u> (a)
1	Revenues	21,462.26 [1]
2	Expenses for a return	8,701.78 [2]
3	Regulatory fee (L1 x 0.14%)	30.05
4	Gross receipts tax (L1 x 0%)	0.00
5	Pre-tax return on expenses	1,114.57 [3]
6	Total expenses and return (Sum of L2 thru L5)	9,846.40
7	Net activity for the month (L1 - L6)	\$11,615.86
8	Reserve balance prior month	\$0.00 [4]
9	Net activity for the month (L7)	11,615.86
10	Current Reserve balance (L8 + L9)	\$11,615.86

- [1] Total revenues from Schedule 2.  
 [2] Total expenses for return from Schedule 2.  
 [3] Schedule 1(a), Line 5.  
 [4] Ending balance from prior period report.  
 [5] Sum of Columns (a) through (c).

**Riverbend Estates Water System**  
Carolina Water Service, Inc. of NC as EO  
Docket No. W-390, Sub 13  
Calculation of Pre-Tax Return  
For Q2 2017

Schedule 1(a)

Line			
<u>No.</u>	<u>Item</u>	Riverbend Estates	
		(a)	
	<u>Calculation of Pre-Tax Return</u>		
1	Expenses for return	\$8,701.78	[1]
2	Overall rate of return	8.20%	[2]
3	Return on expenses (L1 x L2)	713.55	
4	Retention factor for income taxes (L10)	0.640200	
5	Pre-tax return on expenses (L3 / L4)	\$1,114.57	
	<u>Calculation of Retention Factor</u>		
6	Revenues	1.000000	
7	Less: State income tax at 3.0%	0.030000	
8	Federal taxable income	0.970000	
9	Less: Federal income tax at 34%	0.329800	
10	Retention factor for income taxes	0.640200	

[1] Schedule 1, Line 2.  
[2] Overall return authorized by Commission for CWSNC on December 7, 2015 in Docket No. W-354, Sub 344.

**Riverbend Estates Water System**

Schedule 2

Carolina Water Service, Inc. of NC as EO

Docket No. W-390, Sub 13

Revenues and Expenses for Q2 2017

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
5025	WATER REVENUE-RESIDENTIAL	(18,343.26)
5030	WATER REVENUE-ACCRUALS	(3,119.00)
5265	FORFEITED DISCOUNTS	-
5270	MISC SERVICE REVENUE	-
5285	OTHER W/S REVENUES	-
5405	REV FROM MGMT SERVICES	-
<b>Total Revenues</b>		<b>(21,462.26)</b>
5465	ELEC PWR - WATER SYSTEM	-
5505	AGENCY EXPENSE	1.06
5510	UNCOLLECTIBLE ACCOUNTS	-
5515	UNCOLL ACCOUNTS ACCRUAL	46.00
5525	BILL STOCK	3.26
5535	BILLING ENVELOPES	4.46
5540	BILLING POSTAGE	60.47
5545	CUSTOMER SERVICE PRINTING	7.35
5625	401K/ESOP CONTRIBUTIONS	72.27
5630	HEALTH & DENTAL PREMIUMS	65.63
5635	DENTAL INS REIMBURSEMENTS	13.59
5645	EMPLOYEE INS DEDUCTIONS	(97.96)
5650	HEALTH COSTS & OTHER	0.05
5655	HEALTH INS REIMBURSEMENTS	462.91
5660	OTHER EMP PENSION/BENEFITS	2.18
5665	PENSION CONTRIBUTIONS	47.12
5670	TERM LIFE INS	19.14
5675	TERM LIFE INS-OPT	(6.11)
5680	DEPEND LIFE INS-OPT	(1.29)
5690	TUITION	-
5705	INSURANCE-GEN LIAB	177.86
5715	INSURANCE-OTHER	27.98
5735	COMPUTER MAINTENANCE	68.00
5740	COMPUTER SUPPLIES	-
5745	COMPUTER AMORT & PROG COST	-
5750	INTERNET SUPPLIER	12.04
5785	ADVERTISING/MARKETING	-
5790	BANK SERVICE CHARGE	6.82
5805	LICENSE FEES	0.74
5810	MEMBERSHIPS	20.17
5820	TRAINING EXPENSE	6.63
5825	OTHER MISC EXPENSE	(4.70)
5855	ANSWERING SERVICE	6.01
5860	CLEANING SUPPLIES	0.29
5865	COPY MACHINE	1.29
5875	KITCHEN SUPPLIES	0.26

**Riverbend Estates Water System**

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Docket No. W-390, Sub 13

Revenues and Expenses for Q2 2017

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
5880	OFFICE SUPPLY STORES	20.17
5885	PRINTING/BLEUPRINTS	9.45
5890	PUBL SUBSCRIPTIONS/TAPES	0.03
5895	SHIPPING CHARGES	5.76
5900	OTHER OFFICE EXPENSES	1.88
5930	OFFICE ELECTRIC	0.94
5935	OFFICE GAS	0.24
5940	OFFICE WATER	0.24
5945	OFFICE TELECOM	90.11
5950	OFFICE GARBAGE REMOVAL	-
5955	OFFICE LANDSCAPE / MOW / PLOW	0.66
5960	OFFICE ALARM SYS PHONE EXP	0.04
5965	OFFICE MAINTENANCE	1.98
5970	OFFICE CLEANING SERVICE	2.20
5975	OFFICE MACHINE/HEAT&COOL	0.74
5980	OTHER OFFICE UTILITIES	0.04
5985	TELEMETERING PHONE EXPENSE	-
6010	AUDIT FEES	28.44
6015	EMPLOY FINDER FEES	0.32
6020	ENGINEERING FEES	-
6025	LEGAL FEES	23.11
6035	PAYROLL SERVICES	8.93
6040	TAX RETURN REVIEW	15.87
6045	TEMP EMPLOY - CLERICAL	4.37
6050	OTHER OUTSIDE SERVICES	71.26
6070	MISC REG MATTERS COMM EXP	95.86
6090	RENT	68.50
6110	SALARIES-ACCTG/FINANCE	72.38
6115	SALARIES-ADMIN	17.66
6120	SALARIES-OFFICERS/STKHLDR	97.85
6125	SALARIES-HR	18.66
6130	SALARIES-MIS	40.72
6135	SALARIES-LEADERSHIP OPS	187.87
6140	SALARIES-REGULATORY	33.21
6145	SALARIES-CUSTOMER SERVICE	99.97
6146	SALARIES-BILLING	38.75
6150	SALARIES-OPERATIONS FIELD	18.69
6155	SALARIES-OPERATIONS OFFICE	43.16
6165	CAPITALIZED TIME ADJUSTMENT	(18.62)
6185	TRAVEL LODGING	20.19
6190	TRAVEL AIRFARE	5.69
6195	TRAVEL TRANSPORTATION	6.04
6200	TRAVEL MEALS	15.43
6205	TRAVEL ENTERTAINMENT	-
6207	TRAVEL OTHER	0.87

**Riverbend Estates Water System**

Schedule 2

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Docket No. W-390, Sub 13

Revenues and Expenses for Q2 2017

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
6215	FUEL	110.50
6220	AUTO REPAIR/TIRES	32.19
6225	AUTO LICENSES	4.46
6230	OTHER TRANS EXPENSES	14.46
6255	TEST-WATER	-
6260	TEST-EQUIP/CHEMICAL	-
6285	WATER-MAINT SUPPLIES	2,912.22
6290	WATER-MAINT REPAIRS	-
6300	WATER-ELEC EQUIPT REPAIR	-
6305	WATER-PERMITS	385.00
6310	WATER-OTHER MAINT EXP	2,815.00
6355	DEFERRED MAINT EXPENSE	-
6360	COMMUNICATION EXPENSE	1.94
6370	OPER CONTRACTED WORKERS	-
6385	UNIFORMS	0.35
6390	WEATHER/HURRICANE COSTS	2.91
6510	DEPREC-ELEC PUMP EQP WTP	-
6525	DEPREC-DIST RESV & STANDPIPES	-
6580	DEPREC-OFFICE STRUCTURE	5.75
6585	DEPREC-OFFICE FURN/EQPT	3.07
6595	DEPREC-TOOL SHOP & MISC EQPT	0.04
6605	DEPREC-POWER OPERATED EQUIP	-
6610	DEPREC-COMMUNICATION EQPT	4.41
6905	DEPREC-AUTO TRANS	140.51
6920	DEPREC-COMPUTER	172.86
7510	FICA EXPENSE	161.18
7515	FEDERAL UNEMPLOYMENT TAX	0.09
7520	STATE UNEMPLOYMENT TAX	12.12
7545	PERSONAL PROPERTY/ICT TAX	3.50
7550	PROPERTY/OTHER GENERAL TAX	(255.85)
7555	REAL ESTATE TAX	-
7735	S/T INT EXP BANK ONE	1.89
		<u>8,701.78</u>
	<b>Operating Income</b>	<b>(12,760.48)</b>

## CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing Quarterly Financial Reports for the Riverbend Estates Water System (April - June 2017 Calendar Quarter) in Docket No. W-390, Sub 13 on all parties of record in this proceeding, in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 27<sup>th</sup> day of July, 2017.

Electronically Submitted  
/s/Jo Anne Sanford  
State Bar No. 6831

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Attorney for Carolina Water Service,  
Inc. of North Carolina (Emergency  
Operator)