

SANFORD LAW OFFICE, PLLC
Jo Anne Sanford, Attorney at Law

July 26, 2023

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Delivery

Re: Carolina Water Service, Inc. of North Carolina and Mountain Air Utilities Corporation
Docket Nos. W-354, Sub 411 and W-1148, Sub 22
Filing of Rebuttal Testimony of Matthew P. Schellinger II and Request for Extension of Time to File Rebuttal Testimony of Donald H. Denton III

Dear Ms. Dunston:

Carolina Water Service, Inc. of North Carolina (“CWSNC” or “Company”) hereby files (a) the rebuttal testimony of Matthew P. Schellinger II in this docket and (b) a request for an extension of time to file the rebuttal testimony of Donald H. Denton III.

The due date for CWSNC’s rebuttal testimony is today as required by the Scheduling Order entered by the Commission in this docket on June 5, 2023. Due to the complexity of the issues in the Mountain Air transfer docket and the press of other utility matters pending before the Commission which involve the undersigned counsel, CWSNC needs additional time to prepare the Denton rebuttal testimony. Mr. Denton’s rebuttal testimony will address issues raised in the direct testimony filed by the Public Staff in this docket on July 6, 2023.

I am authorized to state that the Public Staff and the Intervenor Mountain Air Homeowners Association do not oppose this request for an extension to file the Denton rebuttal testimony and that the Co-Applicant Mountain Air Utilities Corporation (“MAUC”) supports this request.

Specifically, CWSNC requests that the Commission grant the requested extension of time for CWSNC to file the Denton rebuttal testimony until Friday, July 28, 2023. Counsel for MAUC has requested that the Company also include

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Jul 26 2023

as part of this request a similar extension of time for his client to file rebuttal testimony in response to the Public Staff testimony.

CWSNC has reached agreement with the Public Staff on the following discovery deadlines regarding the Denton rebuttal testimony. That testimony, assuming the requested extension is allowed, shall be filed on Friday, July 28th. Discovery requests regarding that testimony shall be served by Tuesday, August 1, 2023. Objections to that discovery shall be filed with the Commission by Thursday, August 3rd. These same discovery dates and deadlines should also apply to any rebuttal testimony filed by MAUC pursuant to this request.

I hereby certify that I have today served a copy of this filing on the parties to these proceedings.

As always, we thank you and your staff for your assistance; please feel free to contact me if there are questions or if additional information is required.

Electronically Submitted

/s/Jo Anne Sanford

North Carolina State Bar No. 6831

Attorney for Carolina Water Service, Inc. of
North Carolina

c: Lucy Edmondson, Chief Counsel, Public Staff
Gina Holt, Manager, Legal Division, Natural Gas, Water, Sewer,
Telephone, & Transportation Sections, Public Staff
Charles Junis, Director, Water, Sewer & Telephone Division, Public Staff
Lynn Feasel, Financial Manager, Water, Sewer and Telecommunications
Section, Public Staff Accounting Division
Daniel C. Higgins, Attorney for Mountain Air Utilities Corporation
Edward S. Finley, Jr., Attorney for Mountain Air Property Owners
Association, Inc.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**DOCKET NO. W-354, SUB 411
DOCKET NO. W-1148, SUB 22**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Carolina Water Service, Inc.)
of North Carolina, 5821 Fairview Road,)
Suite 401, Charlotte, North Carolina 28209)
and Mountain Air Utilities Corporation,)
Post Office Box 1090, Burnsville, North)
Carolina 28714, for Authority to Transfer)
the Mountain Air Water and Wastewater)
Utility Systems and Public Utility Franchise)
in Yancey County, North Carolina, and for)
Approval of Rates)

**REBUTTAL TESTIMONY OF
MATTHEW P. SCHELLINGER II
ON BEHALF OF CAROLINA
WATER SERVICE, INC. OF
NORTH CAROLINA**

July 26, 2023

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Matthew P. Schellinger II. My business address is 5821
3 Fairview Road, Suite 401, Charlotte, North Carolina 28209.

4 **Q. WHERE ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am Regional Director of Financial Planning and Analysis, East Region for
6 the Corix Group of Companies (“Corix”). In this capacity, I oversee financial
7 planning and analysis for Carolina Water Service, Inc. of North Carolina
8 (“CWSNC” or “Company”).

9 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL**
10 **BACKGROUND?**

11 A. I have been employed by CWSNC since October 2019. I received a
12 Bachelor of Science Degree with a major in Accounting from the University
13 of South Florida in 2012. I received a Master of Business Administration
14 with a focus in Management and Strategy from Western Governors
15 University in 2016. Prior to joining CWSNC, I was employed as a controller
16 for an insurance agency from 2007 to 2013. In that capacity, I performed
17 general corporate accounting functions on a daily and monthly basis. From
18 2013 to 2019, I was employed by the South Carolina Office of Regulatory
19 Staff, first as an Auditor and starting in 2016 as a Regulatory Analyst. In that
20 capacity I performed regular reviews of water, sewer, natural gas, and
21 electric regulatory filings.

22

1 **Q. WHAT ARE YOUR DUTIES WITH CWSNC?**

2 A. My primary responsibilities include forecasting, budgeting, and financial
3 analysis for the Company.

4 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

5 A. The primary purpose of my testimony is to respond to positions of the
6 Public Staff in direct testimony filed in this Docket, particularly as that
7 testimony relates to the following issues: retirements, plant in service, due
8 diligence costs, depreciation expense, test year and cost of service, and
9 rates. In addition, I provide evidentiary support for the water and sewer rates
10 proposed by CWSNC for approval in this Docket.¹

11 **ACCOUNTING FOR RETIREMENTS**

12 **Q. PLEASE DESCRIBE THE PUBLIC STAFF'S POSITION ON THE**
13 **ACCOUNTING FOR RETIREMENTS.**

14 A. The Public Staff has utilized Mountain Air Utility Company's ("MAUC")
15 annual reports in order to roll forward certain additions and retirements to
16 MAUC's plant in service numbers. In rolling forward these plant numbers,
17 Public Staff witness Feasel accounted for a retirement on MAUC's books in
18 a manner that is similar to the accounting of Contributions in Aid of

¹ On May 11, 2022, CWSNC filed revisions to the MAUC Transfer Application to request authorization to charge the rates recently approved in the Company's Sub 400 rate case to Mountain Air customers instead of the Sub 384 rates as previously requested.

1 Construction, as a negative Plant In Service item that depreciates from that
2 date forward. See Feasel Exhibit I, Schedule 2-1(a), line 70.

3 **Q. HOW DOES CWSNC PROPOSE TO ACCOUNT FOR THE**
4 **RETIREMENT?**

5 A. CWSNC understands that there are two proper methods of recording
6 retirements, depending on whether the continuing property records are
7 recorded at a unit level or a group level. In MAUC's case, and as
8 represented in Feasel Exhibit I, it appears that MAUC's Plant In Service is
9 recorded at a unit level.

10 When a unit level asset is retired, the individual assets should be identified
11 and the Plant In Service and Accumulated Depreciation numbers should be
12 removed from plant in service resulting in net rate base of those assets of
13 zero. To the extent that the retirement results in a gain or a loss on that
14 asset, the gain or loss should have been booked to the gain or loss expense
15 account. Public Staff's methodology of accounting for this retirement has
16 resulted in MAUC water plant's net book value to be incorrectly understated
17 by \$10,000 and is calculated as a negative \$4,000 depreciation expense on
18 a going forward basis. The correct booking for this transaction should have
19 been a reduction to Accumulated Depreciation in line with the reduction to
20 Plant in Service resulting in a net book value of \$0, due to the retired assets
21 being fully depreciated.

1 The above corrections are reflected in Rebuttal Exhibit MPS-3 (Schedule 2-
2 1(a) line 70), in addition to further corrections described below. Rebuttal
3 Exhibit MPS-3 utilizes witness Feasel's exhibits as baseline with
4 adjustments and corrections as noted throughout this testimony; not all
5 schedules are reproduced.

6 **CWSNC'S INVESTMENT IN MOUNTAIN AIR WATER AND SEWER**
7 **SYSTEMS**

8 **Q. PLEASE DESCRIBE PUBLIC STAFF'S POSITION ON CWSNC'S**
9 **INVESTMENT IN MOUNTAIN AIR'S WATER AND SEWER SYSTEMS.**

10 A. The Public Staff has proposed to utilize the capital investment to-date
11 numbers as reflected in CWSNC's Q1 2023 Emergency Operator Report
12 filed on April 27, 2023 in Docket No. W-1148, Sub 20.

13 **Q. DOES CWSNC AGREE WITH THE PUBLIC STAFF'S POSITION ON**
14 **CWSNC'S INVESTMENT AMOUNTS?**

15 A. No. Public Staff requested, through Data Request #11, issued on June 20,
16 2023 and due on June 30, 2023, for CWSNC to provide updated capital
17 investment to-date amounts for its projects. CWSNC provided a response
18 to Data Request #11 on June 26, 2023 with updated capital investment
19 through that date for these projects.

20 The Public Staff utilized the March 31, 2023 amounts instead of the most
21 recently provided information in calculating their Plant In Service numbers.
22 CWSNC's position is that using the most recent information for Plant In

1 Service is reasonable and appropriate. Attached as Rebuttal Exhibit MPS-1
2 is Public Staff's response to CWSNC's Data Request #1, question #3,
3 reconciling the amounts provided in response to Data Request #11 and the
4 amounts that Public Staff used in the calculation of Plant In Service.

5 The above corrections are reflected in Rebuttal Exhibit MPS-3 (Schedule 2-
6 3(a) and 2-3(b)).

7 **DUE DILIGENCE COSTS**

8 **Q. PLEASE ADDRESS DUE DILIGENCE COSTS AS RELATED TO THIS**
9 **PROCEEDING.**

10 A. CWSNC noted in the direct testimony of CWSNC witness Denton its request
11 to include due diligence costs incurred as a result of this proceeding.
12 CWSNC has included actual and estimated due diligence expenses through
13 the close of this proceeding as Rebuttal Exhibit MPS-2 and has included
14 those amounts in the cost-of-service calculations reflected in Rebuttal
15 Exhibit MPS-3.

16 To date, CWSNC has incurred \$20,411.68 related to this proceeding and
17 estimates it will incur an additional \$20,220 related to legal costs, capitalized
18 labor, travel, title work, and noticing through the close of this transaction.
19 CWSNC has included these costs in cost of service and proposes to include
20 due diligence costs in the Organization account, split 68% water and 32%
21 sewer based on the original cost Plant In Service amounts of MAUC and

1 amortizing at 2.5%, similar to other recent CWSNC acquisitions such as the
2 Riverbend Estates Water System (Docket Nos. W-354, Sub 358, W-390,
3 Sub 13, and W-390, Sub 14) and the Silverton Water and Sewer Systems
4 (Docket Nos. W-354, Sub 361 and W-1046, Sub 5) as recommended by the
5 Public Staff and as a component of the Commission's Rate Case Order in
6 Docket No. W-354, Sub 364.

7 The above additions are reflected in Rebuttal Exhibit MPS-3 (Schedule 2-
8 3(a) line 6 and 2-3(b) line 4).

9 **DEPRECIATION EXPENSE**

10 **Q. PLEASE DESCRIBE PUBLIC STAFF'S POSITION ON DEPRECIATION**
11 **EXPENSE.**

12 A. The Public Staff has not included the depreciation expense on CWSNC's
13 investments in its calculation of cost of service. Further, Public Staff has not
14 included the depreciation expense on any assets held by CWSNC at the
15 statewide level but are representative of assets that are providing service
16 to Mountain Air customers, most notably vehicles.

17 **Q. PLEASE DESCRIBE CWSNC'S POSITION ON DEPRECIATION**
18 **EXPENSE?**

19 A. A review of Public Staff witness Feasel Exhibit I, Schedule 3(a) and
20 Schedule 3(b) – the Net Operating Income for a Return Exhibits indicate
21 that Public Staff did not correctly include the calculated depreciation

1 expenses as reflected in Schedules 2-1, 2-2, and 2-3. Notably, the
2 calculations in 3(a) and 3(b), line 21 are both negative and do not include
3 the additional depreciation expense from Schedule 2-3, CWSNC's
4 investment to-date.

5 Additionally, due to the inclusion of only Plant In Service amounts that were
6 directly booked to the Mountain Air cost centers, Public Staff has not
7 included the depreciation expense on assets that exist at the statewide
8 level, notably depreciation on vehicles for operators that is partially
9 attributable to work on the Mountain Air systems.

10 The above corrections are reflected in Rebuttal Exhibit MPS-3 (Schedule 2-
11 3(a) line 5 and 2-3(b) line 3).

12 **PURCHASED SEWER EXPENSE**

13 **Q. DOES CWSNC AGREE WITH THE PURCHASED SEWER EXPENSE AS**
14 **OUTLINED IN PUBLIC STAFF TESTIMONY?**

15 **A.** No. Witness Feasel's Exhibit 1 Schedule 3(b) includes purchased sewer
16 expense of \$228,017. This represents only ten monthly bills during the test
17 year, as reflected in Rebuttal Exhibit MPS-4. This amount should be
18 adjusted to the 12 most recent bills in order to normalize for expected
19 annual costs, also provided in Rebuttal Exhibit MPS-4.

20 The above corrections are reflected in Rebuttal Exhibit MPS-3 (Schedule 2-
21 3(b) line 9).

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RATE IMPACTS

Q. HAS THE COMPANY ESTIMATED THE BILL IMPACT FOR THE MOUNTAIN AIR CUSTOMERS?

A. Yes. Attached as Rebuttal Exhibit MPS-5 is an updated version of rate calculations using a similar methodology as witness Franklin. Two calculations are being provided: rate impacts with and without the inclusion of a Purchased Acquisition Adjustment (“PAA”), which is discussed in more depth in witness Denton’s Rebuttal Testimony. Finally, there is a fourth column which compares the calculated rates to the Sub 400 Base Year rates for the Uniform Water and Sewer Rate Divisions.

After correcting for only the accounting errors described above (and excluding consideration of the PAA), the revenue requirement shown on Rebuttal Exhibit MPS-5 for the Mountain Air Wastewater System of \$548,909 greatly exceeds the revenue of \$480,683 that would be generated if the Mountain Air customers, once acquired by CWSNC, are placed on the Sub 400 Base Year Uniform Wastewater Rate Schedule, as requested by the Company. Thus, even with approval of the Sub 400 Base Year Wastewater Rates, CWSNC will immediately begin to incur a significant annual operating deficit of approximately \$68,000 until the Company has a general rate case for Mountain Air wastewater customers. The initial annual

1 wastewater system operating deficit increases to approximately \$104,000 if
2 the effect of the PAA is added into the ratemaking calculation.

3 A similar analysis for the Mountain Air Water System shows that after
4 correcting for only the Public Staff accounting errors (and excluding
5 consideration of the PAA), the revenue requirement of \$343,477 shown on
6 Rebuttal Exhibit MPS-5 for the Mountain Air Water System almost exactly
7 equals the revenue of \$343,993 that would be generated if the Mountain Air
8 customers, once acquired by CWSNC, are placed on the Sub 400 Base
9 Year Uniform Water Rate Schedule, as requested by the Company.
10 Nevertheless, even with approval of the Sub 400 Base Year Water Rates,
11 if the effect of the PAA is added into the calculation, CWSNC would
12 immediately begin to incur a significant annual operating deficit of
13 approximately \$75,000.

14 The inclusion of the PAA as a component of the revenue requirement either
15 as a rider² to the Mountain Air customers, or as a general revenue
16 requirement component in a future general rate case is not only reasonable
17 for the reasons stated herein and the rebuttal testimony of witness Denton,
18 but it was central to the Company's willingness to agree to acquire the
19 Mountain Air water and wastewater systems. Acceptable ratemaking

² In a subsequent filing, to resolve CWSNC's status as Emergency Operator, the Company may request and the Commission may approve the implementation of a special purpose rider, covering costs of the PAA as well as the recognized under recovery from operations.

1 treatment of the PAA continues to be a matter of crucial importance to
2 CWSNC.

3 **CONCLUSION**

4 **Q. WHAT ARE CWSNC'S RECOMMENDATIONS AND REQUESTS IN THIS**
5 **DOCKET?**

6 A. First, CWSNC requests that the Commission find, conclude, and order that
7 it is in the public interest to approve the Mountain Air acquisition.

8 Second, CWSNC requests that the Commission find, conclude, and order
9 that the Company's Sub 400 Base Year Water and Wastewater Rates are
10 justified, reasonable, and appropriate for approval in this docket.

11 Third, CWSNC requests that the Commission find, conclude, and order that
12 the PAA in the full amount of \$950,000 at issue in this case is reasonable
13 and shall be included in CWSNC's cost of service in a future general rate
14 case or other appropriate cost recovery proceeding.

15 Fourth, CWSNC requests the Commission find, conclude, and order that
16 the going-forward depreciation rates be equal to that of the CWSNC
17 Uniform Water and Uniform Sewer Rate Divisions as requested in the
18 originally filed Transfer Application. Consolidating depreciation rates across
19 the Company's systems eases the administrative burden and better reflects
20 the statewide operating environment of the Company.

21 Fifth, CWSNC requests that the Commission find, conclude, and set the
22 amortization of the due diligence and transaction costs at 2.5% and place

1 them into the Organization plant account, similar to that of the Public Staff's
2 recommendations for the Riverbend Estates and Silverton acquisitions, and
3 consistent with the CWSNC Uniform Water and Sewer Rate Divisions'
4 depreciation rates.

5 **Q. IS THIS TESTIMONY TRUE AND ACCURATE TO THE BEST OF YOUR**
6 **KNOWLEDGE, INFORMATION, AND BELIEF?**

7 A. Yes.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes, it does. However, I reserve the right to update or amend this testimony
10 upon receipt of additional relevant data or other information that may
11 become available.

**Carolina Water Service, Inc. of North Carolina
Docket No. W-354, Sub 411**

**Mountain Air Utilities Corporation
Docket No. W-1148, Sub 22**

**CWSNC Data Request No. 1
Date Issued: July 11, 2023
Response Date: July 14, 2023**

Topic 1: Plant Roll Forward.

3. Please identify any variances in project costs as provided in response to Public Staff Data Request #11, and the plant in service totals recommended by the Public Staff for inclusion in rate base.

Response:

1. Project 2021145 NC - 2021 - Mountain Air - Water System SCADA:
DR #11: \$150,395 vs Public Staff \$150,418
2. Project 2021146 NC - 2021 - Mountain Air - Water System Improvements:
DR #11: \$471,054 vs Public Staff \$450,726
3. Project 2021147 NC - 2021 - Mountain Air - Sewer System SCADA:
DR #11: \$202,518 vs Public Staff \$202,518
4. Project 2021148 NC - 2021 - Mountain Air - Sewer System Improvements:
DR #11: \$733,967 vs Public Staff \$717,760
5. Project 2021202 NC - 2021 - Mountain Air - Water System AMI:
DR #11: \$604,451 vs Public Staff \$545,303

In response to Public Staff Data Request 11, CWSNC provided updated information through June 26, 2023. The Public Staff's amounts are based on the Q1 2023 Emergency Operator Report filed on April 27, 2023, in Docket No. W-1148, Sub 20.

Name and title of responsible person: Lynn Feasel, Financial Manager of Water, Sewer, and Telecommunications Sections of the Accounting Division.

Name and title of preparer: Lynn Feasel, Financial Manager of Water, Sewer, and Telecommunications Sections of the Accounting Division.

Captime

Gary Peacock II	838.72
Matthew Schellinger II	2,291.20
Richard Young	344.94
Ronnie Reece	720.57

Estimate to Finish: 2,291.20

Total Cap time: 6,486.63

Legal and Consulting

HARTMAN CONSULTANTS LLC	6,680.00
John R. Jenkins PLLC	5,750.00
MILL CREEK ENVIRONMENTAL SERVICES INC.	3,125.00
SANFORD LAW OFFICE, PLLC	661.25

Legal - Sanford - Estimate (20 hours) 8,500.00

Legal - Bennink - Estimate (10 hours) 3,500.00

Title and Easement Work - Estimate 5,000.00

Total Legal and Consulting: 33,216.25

Other Customer Notice and Travel - Estimate

Customer Notice estimate (for bill insert) 187.68

Travel and Meals for Hearing 750.00

Total Other 937.68

Grand Total: \$40,640.55

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-1(a)

Mountain Air - Water Operations

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service [4] (d)	Annual Depreciation [5] (e)	Accumulated Depreciation [6] (f)
<u>Per Initial Franchise Proceeding:</u>							
1.	Computer software	\$5,419	[1] 2000	[1] 10	[1] 23.5	\$0	(\$5,419)
2.	CPA Fees	2,500	[1] 2000	[1] 10	[1] 23.5	0	(2,500)
3.	Radio meters	23,750	[1] 2000	[1] 10	[1] 23.5	0	(23,750)
4.	Radio read MXU	32,760	[1] 2000	[1] 5	[1] 23.5	0	(32,760)
5.	Senus VKU	19,055	[1] 2000	[1] 5	[1] 23.5	0	(19,055)
6.	Stars software	7,124	[1] 2000	[1] 5	[1] 23.5	0	(7,124)
7.	Multiread 4 channel	1,375	[1] 2000	[1] 5	[1] 23.5	0	(1,375)
8.	Ford setters & materials	16,998	[1] 2000	[1] 25	[1] 23.5	680	(15,980)
9.	Total franchise proceeding plant (Sum of L1 thru L8)	<u>108,981</u>				<u>680</u>	<u>(107,963)</u>
<u>Direct Plant Additions Since Franchise Proceeding:</u>							
10.	Pre 1/1/01 Water System	1,500,375	[1] 2001	[1] 30	[1] 22.5	50,013	(1,125,293)
11.	Well Development and Exploration	104,305	[1] 2001	[1] 30	[1] 22.5	3,477	(78,233)
12.	Meter Connections	241,392	[1] 2001	[1] 7	[1] 22.5	0	(241,392)
13.	Meter Reading Software	8,031	[1] 2001	[1] 3	[1] 22.5	0	(8,031)
14.	Water Treatment Equipment	33,800	[1] 2001	[1] 7	[1] 22.5	0	(33,800)
15.	Well House Structure	235,689	[1] 2001	[1] 39	[1] 22.5	6,043	(135,968)
16.	Water Line Installation 2001	774,418	[1] 2001	[1] 30	[1] 22.5	25,814	(580,815)
17.	Meters 2001	31,035	[1] 2001	[1] 7	[1] 22.5	0	(31,035)
18.	Well Development and Exploration	4,231	[1] 2001	[1] 30	[1] 22.5	141	(3,173)
19.	Water Meters	18,589	[1] 2001	[1] 7	[1] 22.5	0	(18,589)
20.	Water Pumps	151,115	[1] 2001	[1] 7	[1] 22.5	0	(151,115)
21.	Water Storage Equipment	114	[1] 2001	[1] 7	[1] 22.5	0	(114)
22.	Pump Station	3,876	[1] 2001	[1] 7	[1] 22.5	0	(3,876)
23.	Pump House Construction	45,675	[1] 2001	[1] 40	[1] 22.5	1,142	(25,695)
24.	Line Locator	3,415	[1] 2001	[1] 7	[1] 22.5	0	(3,415)
25.	Control Boxes	4,344	[1] 2001	[1] 7	[1] 22.5	0	(4,344)
26.	Furniture and Fixtures for Pump House	18,409	[1] 2001	[1] 7	[1] 22.5	0	(18,409)
27.	Firehouse Station Improvements	550	[1] 2002	[1] 7	[1] 21.5	0	(550)
28.	Clearing for Wells	4,197	[1] 2002	[1] 30	[1] 21.5	140	(3,010)
29.	Water Supply Development Study	15,350	[1] 2002	[1] 15	[1] 21.5	0	(15,350)
30.	Monitoring System for Pump and L	31,882	[1] 2002	[1] 7	[1] 21.5	0	(31,882)
31.	Seeding and Landscaping	22,320	[1] 2002	[1] 30	[1] 21.5	744	(15,996)
32.	Rebuild of Pump Station #1	14,386	[1] 2002	[1] 7	[1] 21.5	0	(14,386)
33.	Water Tanks	296	[1] 2002	[1] 15	[1] 21.5	0	(296)
34.	Water Tank Recoating	26,373	[1] 2002	[1] 15	[1] 21.5	0	(26,373)
35.	Office Furniture - Water	2,957	[1] 2002	[1] 7	[1] 21.5	0	(2,957)
36.	Engineer's Drawings for W&S Syst	1,463	[1] 2002	[1] 15	[1] 21.5	0	(1,463)
37.	EW Pumping Station	2,995	[1] 2002	[1] 7	[1] 21.5	0	(2,995)
38.	Water Pipes	24,361	[1] 2002	[1] 30	[1] 21.5	812	(17,458)
39.	EW - 10 Pump Stations	31,545	[1] 2002	[1] 7	[1] 21.5	0	(31,545)
40.	Pump & Install @ Well #7	4,256	[1] 2002	[1] 7	[1] 21.5	0	(4,256)

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-1(a)

Mountain Air - Water Operations

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service (d)	Annual Depreciation (e)	Accumulated Depreciation (f)
41.	Surge Suppressors at Well Houses	11,551	[1] 2002	[1] 15	[1] 21.5	0	(11,551)
42.	Water System Engineering	31,272	[1] 2002	[1] 15	[1] 21.5	0	(31,272)
43.	Surge Suppressors at Booster Station	4,241	[1] 2002	[1] 15	[1] 21.5	0	(4,241)
44.	Water Meters	11,798	[1] 2002	[1] 7	[1] 21.5	0	(11,798)
45.	Cavanaugh Plans for existing W&S	7,990	[1] 2002	[1] 15	[1] 21.5	0	(7,990)
46.	Telemetry System Additions 2002	3,669	[1] 2002	[1] 5	[1] 21.5	0	(3,669)
47.	Pumps at Wells	15,106	[1] 2002	[1] 7	[1] 21.5	0	(15,106)
48.	3 Continuous Chlorine Feeder System	9,536	[1] 2002	[1] 7	[1] 21.5	0	(9,536)
49.	PRV Banks Creek	6,204	[1] 2003	[1] 7	[1] 20.5	0	(6,204)
50.	Well # 8 Pump	7,706	[1] 2003	[1] 7	[1] 20.5	0	(7,706)
51.	Well # 7 Expansion	4,256	[1] 2003	[1] 7	[1] 20.5	0	(4,256)
52.	Surge Protector Well # 8	1,771	[1] 2003	[1] 15	[1] 20.5	0	(1,771)
53.	Cavanaugh Plans for Well # 8	15,486	[1] 2003	[1] 15	[1] 20.5	0	(15,486)
54.	PRV Rebuild Camps at Creekside	10,469	[1] 2003	[1] 7	[1] 20.5	0	(10,469)
55.	Water Pumps	4,278	[1] 2004	[1] 7	[1] 19.5	0	(4,278)
56.	Pipe Engineering	5,136	[1] 2004	[1] 20	[1] 19.5	257	(5,012)
57.	Lift Station Pumps	1,516	[1] 2004	[1] 7	[1] 19.5	0	(1,516)
58.	Water Tanks	1,934	[1] 2004	[1] 7	[1] 19.5	0	(1,934)
59.	Retaining Wall for Meter Area	2,600	[1] 2004	[1] 20	[1] 19.5	130	(2,535)
60.	Radio read MXU	9,794	[1] 2004	[1] 15	[1] 19.5	0	(9,794)
61.	Total direct plant additions (Sum of L10 thru L60)	<u>3,528,057</u>				<u>88,713</u>	<u>(2,797,938)</u>
<u>Allocated Plant Additions Since Franchise Proceeding:</u>							
62.	2004 Chevrolet 3/4 Ton 4WD Truck	13,624	[1] 2004	[1] 7	[1] 19.5	0	(13,624)
63.	CAT Mini-excavator	14,370	[1] 2005	[1] 7	[1] 18.5	0	(14,370)
64.	Trailer for Excavator	1,411	[1] 2005	[1] 7	[1] 18.5	0	(1,411)
65.	Total allocated plant additions (Sum of L62 thru L64)	<u>29,405</u>				0	<u>(29,405)</u>
<u>Capitalized Maintenance and Repair:</u>							
66.	Motor	1,759	[1] 2012	[1] 7	[1] 11.5	0	(1,759)
67.	Water lines	2,900	[1] 2012	[1] 30	[1] 11.5	97	(1,116)
68.	Total capitalized M&R (L66 + L67)	<u>4,659</u>				<u>97</u>	<u>(2,875)</u>
<u>Plant Additions/Retirement since 2012 rate case:</u>							
69.	Pump Station	(362)	[2] 2014	[2] 7	[3] 9.5	0	362
70.	Power operated equipment	(28,000)	[2] 2019	[2] 7	[3] 4.5	0	28,000
71.	Total plant additions/retirement since 2012 rate case (L69+L70)	<u>(28,362)</u>				0	<u>28,362</u>
72.	Total MA plant in service per Public Staff (L9 + L61 + L65 + L68 + L71)	<u>\$3,642,740</u>				<u>\$89,490</u>	<u>(\$2,909,819)</u>
<u>Purchase Acquisition Adjustment:</u>							
73.	Purchase Acquisition Adjustment-Water	<u>\$0</u>	2023	30	1.0	<u>\$0</u>	<u>\$0</u>

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.

[2] Per examination of Company's financial records.

[3] Per recommendation of Public Staff witness Franklin.

[4] Calculated based on year placed in service using half year convention.

[5] Column (a) divided by Column (c), unless fully depreciated.

[6] Column (d) multiplied by Column (e), unless fully depreciated.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-1(b)

Mountain Air - Sewer Operations

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service [2] (d)	Annual Depreciation [3] (e)	Accumulated Depreciation [4] (f)
<u>Per Initial Franchise Proceeding:</u>							
1.	CPA fees	\$2,500	2000	10	23.5	\$0	(\$2,500)
<u>Direct Plant Additions Since Franchise Proceeding:</u>							
2.	Sewer Telemetry System	14,721	2000	5	23.5	0	(14,721)
3.	Pre 1/1/01 Sewer System	1,200,917	2001	30	22.5	40,031	(900,698)
4.	Sewage Storage Tanks	4,980	2001	30	22.5	166	(3,735)
5.	Grinder Pump and Lift Installation	139,061	2001	20	22.5	0	(139,061)
6.	Sewer Lines 2001	129,492	2001	50	22.5	2,590	(58,275)
7.	Telemetry System Additions 2001	34,296	2001	5	22.5	0	(34,296)
8.	Contributed Telemetry Additions 2001	41,339	2001	5	22.5	0	(41,339)
9.	Sewer Notice Sign	244	2001	7	22.5	0	(244)
10.	Sewer Pumping Equipment 2001	29,573	2001	7	22.5	0	(29,573)
11.	Office Furniture - Sewer	492	2002	7	21.5	0	(492)
12.	Sewer Pipes	2,674	2002	50	21.5	53	(1,140)
13.	Rebuild of Lift Station #6	8,128	2002	7	21.5	0	(8,128)
14.	Sewage System Engineering	26,564	2002	15	21.5	0	(26,564)
15.	Lift Station Pumps	10,883	2002	7	21.5	0	(10,883)
16.	EW - Three Pumps for Lift Stations	8,960	2002	7	21.5	0	(8,960)
17.	Grinder Pumps Lost Chimney	6,041	2003	7	20.5	0	(6,041)
18.	Tanks for grinder pumps	6,743	2007	30	16.5	225	(3,713)
19.	Grinder Pumps	8,190	2007	7	16.5	0	(8,190)
20.	Total direct plant additions (Sum of L2 thru L19)	<u>1,673,298</u>				<u>43,065</u>	<u>(1,296,053)</u>
<u>Allocated Plant Additions Since Franchise Proceeding:</u>							
21.	2004 Chevrolet 3/4 Ton 4WD Truck	12,924	2004	7	19.5	0	(12,924)
22.	CAT Mini-excavator	13,630	2005	7	18.5	0	(13,630)
23.	Trailer for Excavator	1,339	2005	7	18.5	0	(1,339)
24.	Total allocated plant additions (Sum of L21 thru L23)	<u>27,893</u>				<u>0</u>	<u>(27,893)</u>
<u>Capitalized Maintenance and Repair:</u>							
25.	Lift station pump and repipe	1,247	2012	7	11.5	0	(1,247)
<u>Plant Additions/Retirements since 2012 rate case:</u>							
26.	No additions/retirements since 2012 rate case	0				0	0
27.	Total MA plant in service per Public Staff (L1 + L20 + L24 + L25 + L26)	<u>\$1,704,938</u>				<u>\$43,065</u>	<u>(\$1,327,693)</u>
<u>Purchase Acquisition Adjustment:</u>							
28.	Purchase Acquisition Adjustment-Sewer	<u>\$0</u>	2023	31	1.0	<u>\$0</u>	<u>\$0</u>

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.
 [2] Calculated based on year placed in service using half year convention.

[3] Column (a) divided by Column (c), unless fully depreciated.
 [4] Column (d) multiplied by Column (e), unless fully depreciated.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF CONTRIBUTIONS IN AID OF
 CONSTRUCTION, ACCUMULATED AMORTIZATION
 AND AMORTIZATION EXPENSE**

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-2(a)

Mountain Air - Water Operations

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service [4]	Annual Amortization [5] (e)	Accumulated Amortization [6] (f)		
Contributed Property:									
1.	Pre 1/1/01 Water System	(\$1,500,375) [1]	2001	[1]	30	[1]	22.5	(\$50,013)	\$1,125,293
2.	Water Treatment Equipment	(33,800) [1]	2001	[1]	30	[1]	22.5	(1,127)	25,358
3.	Well House Structure	(235,689) [1]	2001	[1]	39	[1]	22.5	(6,043)	135,968
4.	Water Line Installation 2001	(774,418) [1]	2001	[1]	25	[1]	22.5	(30,977)	696,983
5.	Well Development and Exploration	(4,231) [1]	2001	[1]	30	[1]	22.5	(141)	3,173
6.	Water Meters	(18,589) [1]	2001	[1]	7	[1]	22.5	0	18,589
7.	Water Pumps	(151,115) [1]	2001	[1]	7	[1]	22.5	0	151,115
8.	Water Storage Equipment	(114) [1]	2001	[1]	7	[1]	22.5	0	114
9.	Pump House Construction	(45,675) [1]	2001	[1]	40	[1]	22.5	(1,142)	25,695
10.	Furniture and Fixtures for Pump House	(18,409) [1]	2001	[1]	7	[1]	22.5	0	18,409
11.	Developer Contribution	(85,000) [1]	2001	[1]	15	[1]	22.5	0	85,000
12.	Firehouse Station Improvements	(550) [1]	2002	[1]	7	[1]	21.5	0	550
13.	Clearing for Wells	(4,197) [1]	2002	[1]	30	[1]	21.5	(140)	3,010
14.	Seeding and Landscaping	(22,320) [1]	2002	[1]	30	[1]	21.5	(744)	15,996
15.	Water Tanks	(296) [1]	2002	[1]	15	[1]	21.5	0	296
16.	Office Furniture - Water	(2,957) [1]	2002	[1]	7	[1]	21.5	0	2,957
17.	Water Pipes	(24,361) [1]	2002	[1]	30	[1]	21.5	(812)	17,458
18.	Water System Engineering	(31,272) [1]	2002	[1]	15	[1]	21.5	0	31,272
19.	Water Meters	(11,798) [1]	2002	[1]	7	[1]	21.5	0	11,798
20.	Telemetry System Additions 2002	(3,669) [1]	2002	[1]	5	[1]	21.5	0	3,669
21.	Pumps at Wells	(15,106) [1]	2002	[1]	7	[1]	21.5	0	15,106
22.	Water Pumps	(4,278) [1]	2004	[1]	7	[1]	19.5	0	4,278
23.	Pipe Engineering	(5,136) [1]	2004	[1]	15	[1]	19.5	0	5,136
24.	Lift Station Pumps	(1,516) [1]	2004	[1]	7	[1]	19.5	0	1,516
25.	Water Tanks	(1,934) [1]	2004	[1]	7	[1]	19.5	0	1,934
26.	Retaining Wall for Meter Area	(2,600) [1]	2004	[1]	20	[1]	19.5	(130)	2,535
27.	Cavanaugh Plans for 2004	(9,794) [1]	2004	[1]	15	[1]	19.5	0	9,794
28.	Total contributed property (Sum of L1 thru L27)	<u>(3,009,199)</u>						<u>(91,269)</u>	<u>2,413,002</u>

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF CONTRIBUTIONS IN AID OF
 CONSTRUCTION, ACCUMULATED AMORTIZATION
 AND AMORTIZATION EXPENSE**

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-2(a)

Mountain Air - Water Operations

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service [4]	Annual Amortization [5]	Accumulated Amortization [6]
					(d)	(e)	(f)
Tap On Fees:							
29.	Tap on fees collected	(24,500) [1]	2001 [1]	30 [1]	22.5	(817)	18,383
30.	Tap on fees collected	(25,500) [1]	2002 [1]	30 [1]	21.5	(850)	18,275
31.	Tap on fees collected	(6,000) [1]	2003 [1]	30 [1]	20.5	(200)	4,100
32.	Tap on fees collected	(5,000) [1]	2004 [1]	30 [1]	19.5	(167)	3,257
33.	Tap on fees collected	(11,000) [1]	2005 [1]	30 [1]	18.5	(367)	6,790
34.	Tap on fees collected	(7,500) [1]	2006 [1]	30 [1]	17.5	(250)	4,375
35.	Tap on fees collected	(21,000) [1]	2007 [1]	30 [1]	16.5	(700)	11,550
36.	Tap on fees collected	3,500 [1]	2008 [1]	30 [1]	15.5	117	(1,814)
37.	Tap on fees collected	(5,500) [1]	2009 [1]	30 [1]	14.5	(183)	2,654
38.	Total tap on fees (Sum of L29 thru L37)	(102,500)				(3,417)	67,570
CIAC Additions since 2012 rate case:							
39.	Tap on fees collected	(963) [2]	2013 [2]	30 [3]	10.5	(32)	336
40.	Tap on fees collected	(963) [2]	2014 [2]	30 [3]	9.5	(32)	304
41.	Tap on fees collected	(963) [2]	2015 [2]	30 [3]	8.5	(32)	272
42.	Tap on fees collected	0 [2]	2016 [2]	30 [3]	7.5	0	0
43.	Tap on fees collected	(1,926) [2]	2017 [2]	30 [3]	6.5	(64)	416
44.	Tap on fees collected	(963) [2]	2018 [2]	30 [3]	5.5	(32)	176
45.	Tap on fees collected	(1,966) [2]	2019 [2]	30 [3]	4.5	(66)	297
46.	Tap on fees collected	0 [2]	2020 [2]	30 [3]	3.5	0	0
47.	Total tap on fees (Sum of L39 thru L46)	(7,745)				(258)	1,801
48.	Total CIAC (L28 + L38 + L47)	(\$3,119,444)				(\$94,944)	\$2,482,373

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.
 [2] Per examination of Company's financial records.
 [3] Per recommendation of Public Staff witness Franklin.

[4] Calculated based on year placed in service using half year convention.
 [5] Column (a) divided by Column (c), unless fully amortized.
 [6] Column (d) multiplied by Column (e), unless fully amortized.

MOUNTAIN AIR UTILITIES CORPORATION

Docket No. W-1148 Sub 22

**CALCULATION OF CONTRIBUTIONS IN AID OF
CONSTRUCTION, ACCUMULATED AMORTIZATION
AND AMORTIZATION EXPENSE**CWSNC
Rebuttal Exhibit MPS-3
Schedule 2-2(b)**Mountain Air - Sewer Operations**

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service [4] (d)	Annual Amortization [5] (e)	Accumulated Amortization [6] (f)
Contributed Property:							
1.	Pre 1/1/01 Sewer System	(\$1,200,917) [1]	2001	[1] 30	[1] 22.5	(\$40,031)	\$900,698
2.	Sewage Storage Tanks	(4,980) [1]	2001	[1] 30	[1] 22.5	(166)	3,735
3.	Sewer Lines 2001	(129,492) [1]	2001	[1] 50	[1] 22.5	(2,590)	58,275
4.	Contributed Telemetry Additions 2001	(41,339) [1]	2001	[1] 5	[1] 22.5	0	41,339
5.	Sewer Notice Sign	(244) [1]	2001	[1] 7	[1] 22.5	0	244
6.	Sewer Pumping Equipment 2001	(29,573) [1]	2001	[1] 7	[1] 22.5	0	29,573
7.	Office Furniture - Sewer	(492) [1]	2002	[1] 7	[1] 21.5	0	492
8.	Sewer Pipes	(2,674) [1]	2002	[1] 50	[1] 21.5	(53)	1,140
9.	Sewage System Engineering	(26,564) [1]	2002	[1] 15	[1] 21.5	0	26,564
10.	Lift Station Pumps	(10,883) [1]	2002	[1] 7	[1] 21.5	0	10,883
11.	Total contributed property (Sum of L1 thru L10)	<u>(1,447,158)</u>				<u>(42,840)</u>	<u>1,072,943</u>
Tap On Fees:							
12.	Tap on fees collected	(97,500) [1]	2001	[1] 30	[1] 22.5	(3,250)	73,125
13.	Tap on fees collected	(101,800) [1]	2002	[1] 30	[1] 21.5	(3,393)	72,950
14.	Tap on fees collected	(24,000) [1]	2003	[1] 30	[1] 20.5	(800)	16,400
15.	Tap on fees collected	(20,000) [1]	2004	[1] 30	[1] 19.5	(667)	13,007
16.	Tap on fees collected	(44,000) [1]	2005	[1] 30	[1] 18.5	(1,467)	27,140

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF CONTRIBUTIONS IN AID OF
 CONSTRUCTION, ACCUMULATED AMORTIZATION
 AND AMORTIZATION EXPENSE**

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-2(b)

Mountain Air - Sewer Operations

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service (d)	[4]	Annual Amortization (e)	[5]	Accumulated Amortization (f)	[6]
17.	Tap on fees collected	(29,850)	2006	30	[1]	17.5	(995)		17,413	
18.	Tap on fees collected	(83,840)	2007	30	[1]	16.5	(2,795)		46,118	
19.	Tap on fees collected	14,770	2008	30	[1]	15.5	492		(7,626)	
20.	Tap on fees collected	(23,170)	2009	30	[1]	14.5	(772)		11,194	
21.	Total tap on fees (Sum of L12 thru L20)	<u>(409,390)</u>					<u>(13,647)</u>		<u>269,721</u>	
CIAC Additions since 2012 rate case:										
22.	Tap on fees collected	(3,847)	2013	30	[3]	10.5	(128)		1,344	
23.	Tap on fees collected	(3,847)	2014	30	[3]	9.5	(128)		1,216	
24.	Tap on fees collected	(3,847)	2015	30	[3]	8.5	(128)		1,088	
25.	Tap on fees collected	0	2016	30	[3]	7.5	0		0	
26.	Tap on fees collected	(7,693)	2017	30	[3]	6.5	(256)		1,664	
27.	Tap on fees collected	(3,848)	2018	30	[3]	5.5	(128)		704	
28.	Tap on fees collected	(7,854)	2019	30	[3]	4.5	(262)		1,179	
29.	Tap on fees collected	0	2020	30	[3]	3.5	0		0	
30.	Total tap on fees (Sum of L22 thru L29)	<u>(30,935)</u>					<u>(1,030)</u>		<u>7,195</u>	
31.	Total CIAC (L11 + L21 + L30)	<u>(\$1,887,483)</u>					<u>(\$57,517)</u>		<u>\$1,349,859</u>	

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.

[2] Per examination of Company's financial records.

[3] Per recommendation of Public Staff witness Franklin.

[4] Calculated based on year placed in service using half year convention.

[5] Column (a) divided by Column (c), unless fully amortized.

[6] Column (d) multiplied by Column (e), unless fully amortized.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE
 FOR INVESTMENTS BY CWSNC AS EO**

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-3(a)

CWSNC EO - Water Investments

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service (d)	Annual Depreciation (e)	Accumulated Depreciation (f)		
Water Investments made by CWSNC as EO:									
1.	Meter Installations	\$381 [1]	2022	[1]	30	[2]	1.5	\$13	(\$20)
2.	NC - 2021 - Mountain Air - AMI Water Meter Replacement - 511 CP 2021202	604,451 [1]	2023	[1]	30	[2]	1.0	20,148	(20,148)
3.	NC - 2021 - Mountain Air - Water System SCADA-spend to date	150,395 [1]	2023	[1]	15	[2]	1.0	10,026	(10,026)
4.	NC - 2021 - Mountain Air - Water System Improvements-spend to date	471,054 [1]	2023	[1]	15	[2]	1.0	31,404	(31,404)
5.	Allocated Depreciation Expense (June 2022-May 2023)							1,702	
6.	Due Diligence	27,630 [6]	2023					691	(691)
7.	Total Water Investments made by CWSNC as EO (Sum of L1 through L6)	<u>1,253,911</u>						<u>63,984</u>	<u>(62,289)</u>
CIAC collected by CWSNC as EO:									
8.	CIAC Tap fees collected	(14,820) [1]	2022	[1]	30	[2]	1.5	(494)	741
9.	CIAC Plant meter fee	(11,980) [1]	2022	[1]	30	[2]	1.5	(399)	599
10.	Total Water CIAC collected by CWSNC as EO (L8 + L9)	<u>(26,800)</u>						<u>(893)</u>	<u>1,340</u>
11.	Total net plant investments made by CWSNC as EO per DR#11 (L7 + L10)	<u>\$1,227,111</u>						<u>\$63,091</u>	<u>(\$60,949)</u>

[1] Per examination of Company's financial records. - Updated as of 06/26/23 per DR#11.

[2] Per recommendation of Public Staff witness Franklin.

[3] Calculated based on year placed in service using half year convention.

[4] Column (a) divided by Column (c), unless fully depreciated.

[5] Column (d) multiplied by Column (e), unless fully depreciated.

[6] See Rebuttal Exhibit MPS-2 - \$40,640.55 * 68%

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE
 FOR INVESTMENTS BY CWSNC AS EO**

CWSNC
 Rebuttal Exhibit MPS-3
 Schedule 2-3(b)

CWSNC EO - Sewer Investments

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service (d)	Annual Depreciation (e)	Accumulated Depreciation (f)
Water Investments made by CWSNC as EO:							
1.	NC - 2021 - Mountain Air - Sewer System SCADA CP 2021147	\$202,518 [1]	2022	15	1.5	\$13,501	(\$20,252)
2.	NC - 2021 - Mountain Air - Sewer System Improvements-estimated	733,967 [1]	2023	15	1.0	48,931	(48,931)
3.	Allocated Depreciation Expense (June 2022-May 2023)					1,602	
4.	Due Diligence	13,002 [6]	2023	40	1.0	325	(325)
5.	Total Sewer Investments made by CWSNC as EO (Sum of L1 through L4)	<u>949,487</u>				<u>64,359</u>	<u>(69,508)</u>
6.	Total net plant investments made by CWSNC as EO per DR#11 (L3)	<u>\$949,487</u>				<u>\$64,359</u>	<u>(\$69,508)</u>

[1] Per examination of Company's financial records. - Updated as of 06/26/23 per DR#11.

[2] Per recommendation of Public Staff witness Franklin.

[3] Calculated based on year placed in service using half year convention.

[4] Column (a) divided by Column (c), unless fully depreciated.

[5] Column (d) multiplied by Column (e), unless fully depreciated.

[6] See Rebuttal Exhibit MPS-2 - \$40,640.55 * 32%

MOUNTAIN AIR UTILITIES CORPORATION
Docket No. W-1148 Sub 22
NET OPERATING INCOME FOR A RETURN

CWSNC
Rebuttal Exhibit MPS-3
Schedule 3(a)

Mountain Air - Water Operations

Line No.	Item	Present Rates			Full Revenue Requirement	
		Amount Per 3/31/2023 (a)	Update For CWSNC Rebuttal (b)	Test Year per CWSNC (c)	Increase at 9.8% ROE (f)	Operations After Rate Increase (g)
Operating Revenues:						
1.	Service revenues	\$174,600	\$0	\$174,600	\$168,876	\$343,477
2.	Miscellaneous revenues	402	0	402	0	402
3.	Uncollectible accounts	0	0	0	0	0
4.	Total operating revenues (Sum L 1 thru L 3)	<u>175,002</u>	<u>0</u>	<u>175,002</u>	<u>168,876</u>	<u>343,878</u>
Operating Expenses:						
5.	Outside labor	4,329	0	4,329	0	4,329
6.	Salaries	48,176	0	48,176	0	48,176
7.	Administrative and office expense	23,315	0	23,315	0	23,315
8.	Electric power	26,668	0	26,668	0	26,668
9.	Purchased water	0	0	0	0	0
10.	Chemicals	4,917	0	4,917	0	4,917
11.	Testing	1,845	0	1,845	0	1,845
12.	Maintenance and repair	4,617	(2,464)	2,153	0	2,153
13.	Transportation	5,467	0	5,467	0	5,467
14.	Rate case amortization	2,276	0	2,276	0	2,276
15.	Commission Ordered Adjustments	1,120	0	1,120	0	1,120
16.	Other regulatory expenses	3,613	0	3,613	0	3,613
17.	Corporate Allocation	40,875	0	40,875	0	40,875
18.	Regional Allocation	4,754	0	4,754	0	4,754
19.	Miscellaneous expenses	0	2,464	2,464	0	2,464
20.	Total operating expenses (Sum L 5 thru L 19)	<u>171,971</u>	<u>(0)</u>	<u>171,971</u>	<u>0</u>	<u>171,971</u>
Depreciation and Taxes:						
21.	Depreciation	6,960	50,677	57,637	0	57,637
22.	Property taxes	144	0	144	0	144
23.	Payroll taxes	2,223	0	2,223	0	2,223
24.	Regulatory fee - other taxes	0	245	245	236	481
25.	Franchise (gross receipts) tax	218	(218)	0	0	0
26.	State income tax	0	0	0	2,041	2,041
27.	Federal income tax	0	0	0	16,717	16,717
28.	Total depreciation and taxes (Sum L 21 thru L 27)	<u>9,545</u>	<u>50,704</u>	<u>60,249</u>	<u>18,994</u>	<u>79,243</u>
29.	Total operating revenue deductions (L 20 + L 28)	<u>181,516</u>	<u>50,704</u>	<u>232,220</u>	<u>18,994</u>	<u>251,214</u>
30.	Net operating income for return (L 4 - L 29)	<u>(\$6,515)</u>	<u>(\$50,704)</u>	<u>(\$57,218)</u>	<u>\$149,882</u>	<u>\$92,664</u>

Notes: Utilized Witness Feasel Exhibits as a base, adjusting for corrections as noted in testimony.

MOUNTAIN AIR UTILITIES CORPORATION
Docket No. W-1148 Sub 22
NET OPERATING INCOME FOR A RETURN

CWSNC
Rebuttal Exhibit MPS-3
Schedule 3(b)

Mountain Air - Sewer Operations

Line No.	Item	Present Rates			Full Revenue Requirement	
		Amount Per 3/31/2023 (a)	Update For CWSNC Rebuttal (b)	Test Year per CWSNC (c)	Increase at 9.8% ROE (f)	Operations After Rate Increase (g)
Operating Revenues:						
1.	Service revenues	\$394,881	\$0	\$394,881	\$154,028	\$548,909
2.	Miscellaneous revenues	407	0	407	0	407
3.	Uncollectible accounts	0	0	0	0	0
4.	Total operating revenues (Sum L 1 thru L 3)	<u>395,288</u>	<u>0</u>	<u>395,288</u>	<u>154,028</u>	<u>549,316</u>
Operating Expenses:						
5.	Outside labor	4,079	0	4,079	0	4,079
6.	Salaries	38,156	0	38,156	0	38,156
7.	Administrative and office expense	16,557	0	16,557	0	16,557
8.	Utility-Electric Power	38,770	0	38,770	0	38,770
9.	Purchased sewer	228,017	35,019	263,036	0	263,036
10.	Chemicals	0	0	0	0	0
11.	Testing	15	0	15	0	15
12.	Maintenance and repair	16,648	(5,741)	10,907	0	10,907
13.	Transportation	5,149	0	5,149	0	5,149
14.	Rate case amortization	2,142	0	2,142	0	2,142
15.	Commission Ordered Adjustments	1,055	0	1,055	0	1,055
16.	Other regulatory expenses	509	0	509	0	509
17.	Corporate Allocation	38,495	0	38,495	0	38,495
18.	Regional Allocation	4,477	0	4,477	0	4,477
19.	Miscellaneous expenses	0	5,741	5,741	0	5,741
20.	Total operating expenses (Sum L 5 thru L 19)	<u>394,068</u>	<u>35,020</u>	<u>429,088</u>	<u>0</u>	<u>429,088</u>
Depreciation and Taxes:						
21.	Depreciation	18,379	31,528	49,907	0	49,907
22.	Property tax	346	0	346	0	346
23.	Payroll tax	2,093	0	2,093	0	2,093
24.	Regulatory fee - other taxes	0	553	553	216	769
25.	Franchise (gross receipts) tax	527	(527)	0	0	0
26.	State income tax	0	0	0	1,229	1,229
27.	Federal income tax	0	0	0	10,069	10,069
28.	Total depreciation and taxes (Sum L 21 thru L 27)	<u>21,345</u>	<u>31,555</u>	<u>52,900</u>	<u>11,514</u>	<u>64,413</u>
29.	Total operating revenue deductions (L 20 + L 28)	<u>415,413</u>	<u>66,575</u>	<u>481,988</u>	<u>11,514</u>	<u>493,501</u>
30.	Net operating income for return (L 4 - L 29)	<u>(\$20,125)</u>	<u>(\$66,575)</u>	<u>(\$86,700)</u>	<u>\$142,514</u>	<u>\$55,815</u>

Notes: Utilized Witness Feasel Exhibits as a base, adjusting for corrections as noted in testimony.

Included in Witness Feasel's test year total:

FISCAL_YEAR	PERIOD	ACCOUNTING_DATE	DEPARTMENT	UTILITY_TYPE	OBJ_ACCT	DEPARTMENT_DESCRIPTION	ACCOUNT_DESCRIPTION	AMOUNT	JOURNAL_BATCH_DESCRIPTION	JOURNAL_DESCRIPTION
22	6	6/9/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,232.42	CASS utility processing 06.09.22	TOWN OF BURNSVILLE_00600546532_20220420_20220518_2100-1767_2100-1767
22	6	6/30/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,276.16	CASS utility processing 06.30.22	TOWN OF BURNSVILLE_00600546532_20220518_20220616_2100-1767_2100-1767
22	7	7/28/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,434.34	CASS utility processing 07.28.22	TOWN OF BURNSVILLE_00600546532_20220616_20220718_2100-1767_2100-1767
22	8	8/31/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	22,064.80	CASS utility processing 08.30.22	TOWN OF BURNSVILLE_00600546532_20220718_20220817_2100-1767_2100-1767
22	9	9/29/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,943.48	CASS utility processing 09.29.22	TOWN OF BURNSVILLE_00600546532_20220817_20220915_2100-1767_2100-1767
22	11	11/8/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,976.72	CASS utility processing 11.08.22	TOWN OF BURNSVILLE_00600546532_20220915_20221017_2100-1767_2100-1767
22	12	12/31/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,847.94	CASS utility processing 12.06.22	TOWN OF BURNSVILLE_00600546532_20221017_20221117_2100-1767_2100-1767
23	1	1/31/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,825.66	CASS utility processing 01.04.23	TOWN OF BURNSVILLE_00600546532_20221117_20221216_2100-1767_2100-1767
23	2	2/2/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,821.10	CASS utility processing 02.02.23	TOWN OF BURNSVILLE_00600546532_20221216_20230119_2100-1767_2100-1767
23	3	3/7/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,804.18	CASS utility processing 03.07.23	TOWN OF BURNSVILLE_00600546532_20230119_20230216_2100-1767_2100-1767
Count of Bills:								217,226.80		

12 Monthly bills through 06/30/23 information provided to Public Staff:

FISCAL_YEAR	PERIOD	ACCOUNTING_DATE	DEPARTMENT	UTILITY_TYPE	OBJ_ACCT	DEPARTMENT_DESCRIPTION	ACCOUNT_DESCRIPTION	AMOUNT	JOURNAL_BATCH_DESCRIPTION	JOURNAL_DESCRIPTION
22	6	6/9/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,232.42	CASS utility processing 06.09.22	TOWN OF BURNSVILLE_00600546532_20220420_20220518_2100-1767_2100-1767
22	6	6/30/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,276.16	CASS utility processing 06.30.22	TOWN OF BURNSVILLE_00600546532_20220518_20220616_2100-1767_2100-1767
22	7	7/28/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,434.34	CASS utility processing 07.28.22	TOWN OF BURNSVILLE_00600546532_20220616_20220718_2100-1767_2100-1767
22	8	8/31/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	22,064.80	CASS utility processing 08.30.22	TOWN OF BURNSVILLE_00600546532_20220718_20220817_2100-1767_2100-1767
22	9	9/29/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,943.48	CASS utility processing 09.29.22	TOWN OF BURNSVILLE_00600546532_20220817_20220915_2100-1767_2100-1767
22	11	11/8/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,976.72	CASS utility processing 11.08.22	TOWN OF BURNSVILLE_00600546532_20220915_20221017_2100-1767_2100-1767
22	12	12/31/2022	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,847.94	CASS utility processing 12.06.22	TOWN OF BURNSVILLE_00600546532_20221017_20221117_2100-1767_2100-1767
23	1	1/31/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,825.66	CASS utility processing 01.04.23	TOWN OF BURNSVILLE_00600546532_20221117_20221216_2100-1767_2100-1767
23	2	2/2/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,821.10	CASS utility processing 02.02.23	TOWN OF BURNSVILLE_00600546532_20221216_20230119_2100-1767_2100-1767
23	3	3/7/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,804.18	CASS utility processing 03.07.23	TOWN OF BURNSVILLE_00600546532_20230119_20230216_2100-1767_2100-1767
23	4	4/25/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	24,000.28	CASS utility processing 04.25.23	TOWN OF BURNSVILLE_00600546532_20230216_20230315_2100-1767_2100-1767
23	5	5/2/2023	320217	15	511002	Mountain Air S	Purchased Services-Sewer	21,808.96	CASS utility process 05.02.23	TOWN OF BURNSVILLE_00600546532_20230315_20230418_2100-1767_2100-1767
Count of Bills:								263,036.04		

RATE DESIGN

Mountain Air Water Utility System	Public Staff Recommendations	After CWSNC Rebuttal Corrections	Including PAA	Sub 400 for Comparison
<u>Service Revenue Requirement</u>				
End of Period Customers	\$ 266,462.00	\$ 343,477.00	\$ 419,108.00	\$ 343,993.02
<1" Meter Customers	483	483	483	483
1" Meter Customers	474	474	474	474
2" Meter Customers	3	3	3	3
Annual Total Consumption (gallons)	6	6	6	6
Average Consumption	14,605,920	14,605,920	14,605,920	14,605,920
	2,520	2,520	2,520	2,520
<u>Base Fee Calculation</u>				
Percentage of Service Rev. Req.	40	40	40	40
Amount to Recover in Base Fee	\$ 106,584.80	\$ 137,390.80	\$ 167,643.20	\$ 164,632.32
Set Base Fee <1"	\$ 16.77	\$ 21.63	\$ 26.38	\$ 25.91
Set Base Fee 1"	\$ 42.00	\$ 54.08	\$ 65.96	\$ 64.78
Set Base Fee 2	\$ 134.55	\$ 173.04	\$ 211.07	\$ 207.28
Revenue From Base Fee	\$ 106,587.36	\$ 137,437.02	\$ 167,643.00	\$ 164,632.32
<u>Usage Fee Calculation</u>				
Amount to Recover in Usage Charge	\$ 159,874.64	\$ 206,086.20	\$ 251,464.80	\$ 179,360.70
Calculated Usage Fee (per 1,000 gallons)	\$ 10.9459	\$ 14.1098	\$ 17.2166	\$ 12.2800
Set Usage Fee (per 1,000 gallons)	\$ 10.95	\$ 14.11	\$ 17.22	\$ 12.28
Revenue From Usage Fee	\$ 159,934.82	\$ 206,089.53	\$ 251,513.94	\$ 179,360.70
<u>Total Revenue</u>				
Delta - Must Be Positive	\$ 266,522.18	\$ 343,526.55	\$ 419,156.94	\$ 343,993.02
	\$ 60.18	\$ 49.55	\$ 48.94	\$ -
% Usage	60.01%	59.99%	60.00%	52.14%
% Base	39.99%	40.01%	40.00%	47.86%

RATE DESIGN

Moutain Air Wastewater Utility System	Public Staff Recommendations	After CWSNC Rebuttal Corrections	Including PAA	Sub 400 for Comparison
Service Revenue Requirement	\$ 446,595.00	\$ 548,909.00	\$ 584,648.00	\$ 480,683.16
End of Period Customers	459	459	459	459
Flat Rate to Meet Revenue Requirement	\$ 81.0812	\$ 99.6567	\$ 106.1452	\$ 87.2700
Recommended Flat Rate	\$ 81.09	\$ 99.66	\$ 106.15	\$ 87.27
Revenue from Flat Rate	\$ 446,643.72	\$ 548,927.28	\$ 584,674.20	\$ 480,683.16