Settlement Exhibit II

Revised

CAROLINA WATER SERVICE, INC. OF NC

Docket No. W-354, Sub 364 CALCULATION OF GROSS REVENUE IMPACT OF PUBLIC STAFF ADJUSTMENTS

For The Test Year Ended March 31, 2019

Line No.	<u>ltem</u>	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Settlement Total
1	Increase/(decrease) in total revenue per Company	\$ 2,674,305	\$ 3,808,085	\$ 187,541	\$ 211,302	\$ 6,881,233
	Uncontested items:					
2	Difference in calculation of revenue requirement					
	based on Company amounts	0	0	0	0	0
3	Adjust capital structure to 50.9% debt and 49.1% equity	59,702	55,575	2,794	7,213	125,284
4	Adjust debt cost rate to 5.36%	(71,805)	(66,841)	(3,360)	(8,675)	(150,681)
8	Adjustment to uncollectibles	9,073	6,546	3,793	5,382	24,794
9	Adjustment to forfeited discounts	(5,001)	(2,614)	(1,030)	(1,481)	(10,126)
10	Adjustment to miscellaneous revenues	(12,780)	(7,722)	(1,752)	(1,830)	(24,084)
11	Update revenues to 9/30/2019	(112,245)	(465,258)	(290)	(4,922)	(582,715)
12	Adjustment to include plant held for future use	(8,158)	(43,949)	0	0	(52,107)
13 20	Adjustment to remove pro forma estimates	(141,063)	(1,258,468)	0	(68,976)	(1,468,507)
	Adjustment to remove AA Pace Utilities	9,836	(250)	1,805	1,805	13,446
23	Adjustment to customer deposits	(593)	(358)	(8)	(9)	(968)
25	Adjustment to excess book value	28	0	0	0	28
26	Adjustment to average tax accruals	(13,116)	(8,026)	(846)	(917)	(22,905)
29 30	Adjustment to maintenance salaries	(120,314)	(72,584)	(26,023)	24,950	(193,971)
	Adjustment to purchased power	0 (4.505)	(7,689)	0	0	(7,689)
33	Adjustment to maintenance testing	(1,585) 0	(206)	(43) 0	•	(1,834)
35	Adjustment to chemicals		(32,563)		12,681	(19,882)
36	Adjustment to transportation	(2,663)	(1,609)	(317)	(332)	(4,921)
45	Adjustment to office utility	(1,747)	(1,056)	(604)	(656)	(4,063)
48	Adjustment to amortization expense - CIAC	(19,632)	46,732	(16,839)	(1,540)	8,721
50	Adjustment to franchise tax	72	44	10	9 (0.750)	135
42 49	Adjustment to pension and benefits	56,088	33,927	(12,106)	(8,758)	69,151
	Adjustment to amortization expense - PAA	(13,048)	8,063 0	1,626 0	12,089 0	8,730
14 19	Adjustment to cost center rate base Adjustment to reclass Intoollect LLC	0 (418)	(253)	(50)	(52)	0 (773)
34		(418)	(253)	(50)	(52)	(773)
54 51	Adjustment to meter reading	0	0	0	0	0
51 53	Adjustment to property tax Rounding	(1)	(1)	(2)	(4)	(8)
39	Adjustment to general salaries and wages	(223,625)	(135,076)	(31,422)	7,134	(382,989)
59 52	Adjustment to general salaries and wages Adjustment to payroll tax	(36,527)	(22,059)	(31,422)	3,021	(68,762)
52 47	Adjustment to payroll tax Adjustment to depreciation expense	(30,327) 127,970	33,247	7,483	13,006	181,706
38	Adjustment to depreciation expense Adjustment to outside services - other	(17,466)	(10,554)	7,483 (199)	(235)	(28,454)
36 40	Adjustment to outside services - other Adjustment to office supplies and other office exp.	(315)	(10,554)	(199)	(39)	(537)
40 37	Adjustment to office supplies and other office exp. Adjustment to capitalized time	(2,102)		· · · · · · · · · · · · · · · · · · ·		(49,534)
37 24	Adjustment to capitalized time Adjustment to gain on sale	(2,102) (16,621)	(9,261) (7,814)	(5,863) 0	(32,308)	(49,534) (24,435)
24	Aujustinent to gain on sale	(10,021)	(7,014)	U	U	(24,433)

Settlement Exhibit II

Revised

CAROLINA WATER SERVICE, INC. OF NC

Docket No. W-354, Sub 364 CALCULATION OF GROSS REVENUE IMPACT OF PUBLIC STAFF ADJUSTMENTS

For The Test Year Ended March 31, 2019

7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) 21 Adjustment to cash working capital (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT (66,781) (14,481) 1,525 (6,341) (60,166) 28 Adjustment to deferred charges (11,252) 884 1,230 (1,959) (11,097) 41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836	Line No.	<u>ltem</u>	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Settlement Total
17	27	Adjustment for excess deferred taxes	(34,466)	(43,427)	(1,200)	(10,772)	(89,865)
16	17	Adjustment to include actual GL additions		1,444,530	6,601	85,718	
Adjustments to include deferred accounting accumulated depreciation O (4,425) O (0,272) (4,205) Adjustment to rent (3,3,718) (20,374) (4,027) (4,205) Adjustment to insurance (64,210 (38,801) (7,663 (7,999) 118,673 A6 Adjustment to miscellaneous (48,786) (42,539) (15,722) (30,645) (137,692) 31 Adjustment to purchased water/sewer (12,917) (2,126 (32,296) (0 47,339) Accounting Changes Tentatively Confirmed: Accounting Changes Tentatively Confirmed: 6 Adjustment to reflect regulatory rate change impact on operating deduction (1,412) (1,076) (125) (159) (2,772) 7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) 21 Adjustment to cash working capital (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT (66,781) (14,481) (1,525) (3,411) (10,976) 41 Adjustment to regulatory commission expense (11,252) 884 (1,230) (1,959) (11,097) 41 Adjustment to regulatory commission expense (566,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) (231,426) (714) (10,246) (165,836) 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + 154) (1,616,288) (2,779,184) (88,827) (122,160) (44,606,459) 56 Public Staff recommended increase(decrease) (L55) (1,616,288) (178,449) (4,928) (44,266) (369,276)	15	Adjustment to correct cost centers adjustments	(955)	(577)	(33)	(119)	(1,684)
43 Adjustment to rent 44 Adjustment to insurance 45 Adjustment to insurance 46 Adjustment to insurance 46 Adjustment to insurance 47 Adjustment to insurance 48 Adjustment to insurance 49 Adjustment to purchased water/sewer 40 12,917 41,126 42,126 432,296 40 47,339 47,339 47,339 Accounting Changes Tentatively Confirmed: 6 Adjustment to reflect regulatory rate change impact on operating deduction 6 Adjustment to reflect regulatory rate change impact on rate base 6 Adjustment to reflect regulatory rate change impact on rate base 6 Adjustment to reflect regulatory rate change impact on rate base 6 Adjustment to cash working capital 7 Adjustment to cash working capital 8 (4,128) 9 (29) 1 (1) 1 (1,249) 1 Adjustment to ADIT 9 (66,781) 1 (14,481) 1 (1,525) 1 (159) 1 (1,249) 1 (1,076) 1 (1,25) 1 (1,076) 1 (1,25) 1 (1,076) 1 (1,25) 1 (1,076) 1 (1,25) 1 (1,076) 1 (1,25) 1 (1,076) 1 (1,25) 1 (1,076) 1 (1,277) 1 (1,249) 1 (1,076) 1 (1,277) 1 (1,249) 1 (1,176) 1 (1,249) 1 (1,176) 1 (1,249) 1 (1,176) 1 (16	Adjustment to update rate base for depreciation and amortization	(1,785)	(40,232)	(197)	(8,211)	(50,425)
44 Adjustment to insurance 64,210 38,801 7,663 7,999 118,673 46 Adjustment to miscellaneous (48,786) (42,539) (15,722) (30,645) (137,692) 31 Adjustment to purchased water/sewer 12,917 2,126 32,296 0 47,339 Accounting Changes Tentatively Confirmed: 6 Adjustment to reflect regulatory rate change impact on operating deduction (1,412) (1,076) (125) (159) (2,772) 7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) 21 Adjustment to cash working capital (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT 66,781 (14,481) 1,525 6,341 60,46 28 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested Items: 5 Adjustment to mequity to 9.1% (666,807) (611,393) (30,737) (79	18	Adjustments to include deferred accounting accumulated depreciation	0	(4,425)	· o	0	(4,425)
46 Adjustment to miscellaneous (48,786) (42,539) (15,722) (30,645) (137,692) 31 Adjustment to purchased water/sewer 12,917 2,126 32,296 0 47,339 Accounting Changes Tentatively Confirmed: 6 Adjustment to reflect regulatory rate change impact on operating deduction (1,412) (1,076) (125) (159) (2,772) 7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) 21 Adjustment to reflect regulatory capital (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT 66,781 (14,481) 1,525 6,341 60,166 28 Adjustment to deferred charges (11,252) 884 1,230 (1,959) (11,097) 41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,058) 231,426 714	43	Adjustment to rent	(33,718)	(20,374)	(4,027)	(4,205)	(62,324)
Accounting Changes Tentatively Confirmed: 6 Adjustment to reflect regulatory rate change impact on operating deduction (1,412) (1,076) (125) (159) (2,772) (7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) (21 Adjustment to cash working capital (4,128) (286) (590) (366) (5,370) (22 Adjustment to ADIT (66,781 (14,481) 1,525 (6,341 (60,166) (28 Adjustment to deferred charges (11,252) 884 1,230 (1,959) (11,097) (41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) (32,426	44	Adjustment to insurance	64,210	38,801	7,663	7,999	118,673
Accounting Changes Tentatively Confirmed: 6 Adjustment to reflect regulatory rate change impact on operating deduction 7 Adjustment to reflect regulatory rate change impact on rate base 8 (595) (554) (29) (71) (1,249) 21 Adjustment to cash working capital 9 (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT 9 (66,781 (14,481) 1,525 (6,341 (6),166) 28 Adjustment to deferred charges 9 (11,252) 884 1,230 (1,959) (11,097) 41 Adjustment to regulatory commission expense 8 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + 154) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 \$ 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	46	Adjustment to miscellaneous	(48,786)	(42,539)	(15,722)	(30,645)	(137,692)
6 Adjustment to reflect regulatory rate change impact on operating deduction 7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) 21 Adjustment to cash working capital (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT (66,781) (14,481) (1,525) (3,341) (60,166) 28 Adjustment to deferred charges (11,252) 884 (1,230) (1,959) (11,097) 41 Adjustment to regulatory commission expense 854 (2,713) 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + I54) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459	31	Adjustment to purchased water/sewer	12,917	2,126	32,296	0	47,339
7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) 21 Adjustment to cash working capital (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT (66,781 (14,481) 1,525 (3,41 (0,166) 28 Adjustment to deferred charges (11,252) 884 1,230 (1,959) (11,097) 41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + 154) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)		Accounting Changes Tentatively Confirmed:					
7 Adjustment to reflect regulatory rate change impact on rate base (595) (554) (29) (71) (1,249) 21 Adjustment to cash working capital (4,128) (286) (590) (366) (5,370) 22 Adjustment to ADIT (66,781 (14,481) 1,525 (3,41 (0,166) 28 Adjustment to deferred charges (11,252) 884 1,230 (1,959) (11,097) 41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + 154) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	6	Adjustment to reflect regulatory rate change impact on operating deduction	(1,412)	(1,076)	(125)	(159)	(2,772)
22 Adjustment to ADIT 66,781 (14,481) 1,525 6,341 60,166 28 Adjustment to deferred charges (11,252) 884 1,230 (1,959) (11,097) 41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + I54) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	7		(595)	(554)	(29)	(71)	(1,249)
28 Adjustment to deferred charges (11,252) 884 1,230 (1,959) (11,097) 41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) (10,246) 165,836 (10,	21	Adjustment to cash working capital	(4,128)	(286)	(590)	(366)	(5,370)
41 Adjustment to regulatory commission expense 854 2,713 350 358 4,275 Contested items: 5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + I54) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	22	Adjustment to ADIT	66,781	(14,481)	1,525	6,341	60,166
Contested items: 5 Adjust return on equity to 9.1% 32 Adjustment to maintenance and repair 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) 55 Increase/(decrease) per Public Staff (L1 + I54) 56 Public Staff recommended increase(decrease) (L55) 57 Federal Unprotected EDIT Rider (656,807) (651,393) (651,393) (30,737) (79,361) (10,246) 165,836 (10,058,017) (1,028,901) (1,028,9	28	Adjustment to deferred charges	(11,252)	884	1,230	(1,959)	(11,097)
5 Adjust return on equity to 9.1% (656,807) (611,393) (30,737) (79,361) (1,378,298) 32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + I54) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	41	Adjustment to regulatory commission expense	854	2,713	350	358	4,275
32 Adjustment to maintenance and repair (56,058) 231,426 714 (10,246) 165,836 54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + I54) \$\frac{1}{5}\frac{1}{6}\frac{1}{6}\frac{288}{6}\frac{2}{6}\frac{1}{6}\frac{288}{6}\frac{2}{6}\frac{2779}{6}\frac{188}{6}\frac{2779}{6}\frac{184}{6}\frac{188}{6}\frac{2779}{6}\frac{184}{6}\frac{188}{6}\frac{2779}{6}\frac{184}{6}\frac{188}{6}\frac{2779}{6}\frac{184}{6}\frac{188}{6}\frac{2779}{6}\frac{184}{6}\frac{188}{6}\frac{2779}{6}\frac{184}{6}\frac{188}{6}\frac{2779}{6}\frac{184}{6}\frac{188}{6}\frac{122}{6}\frac{160}{6}\frac{486}{6}\frac{186}{6}\frac{276}{6}\frac{186}{6}\frac{188}{6}\frac		Contested items:					
54 Revenue impact of Public Staff adjustments (Sum of L2 thru L53) (1,058,017) (1,028,901) (98,714) (89,142) (2,274,774) 55 Increase/(decrease) per Public Staff (L1 + I54) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	5	Adjust return on equity to 9.1%	(656,807)	(611,393)	(30,737)	(79,361)	(1,378,298)
55 Increase/(decrease) per Public Staff (L1 + I54) \$ 1,616,288 \$ 2,779,184 \$ 88,827 \$ 122,160 \$ 4,606,459 56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	32	Adjustment to maintenance and repair	(56,058)	231,426	714	(10,246)	165,836
56 Public Staff recommended increase(decrease) (L55) 1,616,288 2,779,184 88,827 122,160 4,606,459 57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	54	Revenue impact of Public Staff adjustments (Sum of L2 thru L53)	(1,058,017)	(1,028,901)	(98,714)	(89,142)	(2,274,774)
57 Federal Unprotected EDIT Rider (141,633) (178,449) (4,928) (44,266) (369,276)	55	Increase/(decrease) per Public Staff (L1 + I54)	\$ 1,616,288	\$ 2,779,184	\$ 88,827	\$ 122,160	\$ 4,606,459
	56	Public Staff recommended increase(decrease) (L55)	1,616,288	2,779,184	88,827	122,160	4,606,459
58 Public Staff Rrecommended change in revenue requirement (L56 + L57) \$ 1,474,655 \$ 2,600,735 \$ 83,899 \$ 77,894 \$ 4,237,183	57	Federal Unprotected EDIT Rider	(141,633)	(178,449)	(4,928)	(44,266)	(369,276)
	58	Public Staff Rrecommended change in revenue requirement (L56 + L57)	\$ 1,474,655	\$ 2,600,735	\$ 83,899	\$ 77,894	\$ 4,237,183