

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

Settlement Exhibit II
Revised

Line No.	Item	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	Adjustment to remove pro forma estimates	(141,063)	(1,258,468)	0	(68,976)	(1,468,507)
20	Adjustment to remove AA Pace Utilities	9,836	0	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	Adjustment to maintenance salaries	(120,314)	(72,584)	(26,023)	24,950	(193,971)
30	Adjustment to purchased power	0	(7,689)	0	0	(7,689)
33	Adjustment to maintenance testing	(1,585)	(206)	(43)	0	(1,834)
35	Adjustment to chemicals	0	(32,563)	0	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	135
42	Adjustment to pension and benefits	56,088	33,927	(12,106)	(8,758)	69,151
49	Adjustment to amortization expense - PAA	(13,048)	8,063	1,626	12,089	8,730
14	Adjustment to cost center rate base	0	0	0	0	0
19	Adjustment to reclass Intolect LLC	(418)	(253)	(50)	(52)	(773)
34	Adjustment to meter reading	0	0	0	0	0
51	Adjustment to property tax	0	0	0	0	0
53	Rounding	(1)	(1)	(2)	(4)	(8)
39	Adjustment to general salaries and wages	(223,625)	(135,076)	(31,422)	7,134	(382,989)
52	Adjustment to payroll tax	(36,527)	(22,059)	(13,197)	3,021	(68,762)
47	Adjustment to depreciation expense	127,970	33,247	7,483	13,006	181,706
38	Adjustment to outside services - other	(17,466)	(10,554)	(199)	(235)	(28,454)
40	Adjustment to office supplies and other office exp.	(315)	(190)	7	(39)	(537)
37	Adjustment to capitalized time	(2,102)	(9,261)	(5,863)	(32,308)	(49,534)
24	Adjustment to gain on sale	(16,621)	(7,814)	0	0	(24,435)

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27	Adjustment for excess deferred taxes	(34,466)	(43,427)	(1,200)	(10,772)	(89,865)
17	Adjustment to include actual GL additions	205,239	1,444,530	6,601	85,718	1,742,088
15	Adjustment to correct cost centers adjustments	(955)	(577)	(33)	(119)	(1,684)
16	Adjustment to update rate base for depreciation and amortization	(1,785)	(40,232)	(197)	(8,211)	(50,425)
18	Adjustments to include deferred accounting accumulated depreciation	0	(4,425)	0	0	(4,425)
43	Adjustment to rent	(33,718)	(20,374)	(4,027)	(4,205)	(62,324)
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	60,166
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)	<u>(1,058,017)</u>	<u>(1,028,901)</u>	<u>(98,714)</u>	<u>(89,142)</u>	<u>(2,274,774)</u>
55	Increase/(decrease) per Public Staff (L1 + L54)	<u>\$ 1,616,288</u>	<u>\$ 2,779,184</u>	<u>\$ 88,827</u>	<u>\$ 122,160</u>	<u>\$ 4,606,459</u>
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)
58	Public Staff Recommended change in revenue requirement (L56 + L57)	<u>\$ 1,474,655</u>	<u>\$ 2,600,735</u>	<u>\$ 83,899</u>	<u>\$ 77,894</u>	<u>\$ 4,237,183</u>