

Line No.	Item	Year 1 (4/1/19-3/31/20) (a)
1	<b><u>UNIFORM WATER OPERATIONS</u></b>	
2	Plant in service	635,175
3	Accumulated depreciation	(11,486)
4	ADIT	(4,658)
5	Net plant investment (L2 + L3 + L4)	619,031
6	Pre-tax rate of return	9.23%
7	Capital costs (L5 x L6)	57,137
8	Depreciation expense	10,847
9	Subtotal, excluding regulatory fee (L7 + L8)	67,984
10	Regulatory fee gross-up factor	0.99860
11	Annual WSIC revenue requirement (L9 / L10)	68,080
12	Projected 12-month revenues	17,421,887
13	WSIC charge (L11 / L12)	0.39%
14		
15	<b><u>UNIFORM SEWER OPERATIONS</u></b>	
16	Plant in service	\$364,509
17	Accumulated depreciation	(16,799)
18	ADIT	(328)
19	Net plant investment (L16 + L17 + L18)	347,382
20	Pre-tax rate of return	9.23%
21	Capital costs (L19 x L20)	32,063
22	Depreciation expense	16,475
23	Subtotal, excluding regulatory fee (L21 + L22)	48,538
24	Regulatory fee gross-up factor	0.99860
25	Annual SSIC revenue requirement (L23 / L24)	48,606
26	Projected 12-month revenues	11,815,536
27	SSIC charge (L25 / L26)	0.41%
28		
29	<b><u>BF/FH/TC WATER OPERATIONS</u></b>	
30	Plant in service	\$47,676
31	Accumulated depreciation	(878)
32	ADIT	(346)
33	Net plant investment (L30 + L31 + L32)	46,452
34	Pre-tax rate of return	9.23%
35	Capital costs (L33 x L34)	4,288
36	Depreciation expense	856
37	Subtotal, excluding regulatory fee (L35 + L36)	5,144
38	Regulatory fee gross-up factor	0.99860
39	Annual WSIC revenue requirement (L37 / L38)	5,152
40	Projected 12-month revenues	1,316,712
41	WSIC charge (L39 / L40)	0.39%
42		
43	<b><u>BF/FH/TC SEWER OPERATIONS</u></b>	
44	Plant in service	\$22,263
45	Accumulated depreciation	(476)
46	ADIT	(146)
47	Net plant investment (L44 + L45 + L46)	21,641
48	Pre-tax rate of return	9.23%
49	Capital costs (L47 x L48)	1,997
50	Depreciation expense	439
51	Subtotal, excluding regulatory fee (L49 + L50)	2,436
52	Regulatory fee gross-up factor	0.99860
53	Annual SSIC revenue requirement (L51 / L52)	2,440
54	Projected 12-month revenues	2,149,100
55	SSIC charge (L54 / L55)	0.11%

Carolina Water Service, Inc. of NC  
Docket No. W-354, Sub 356A & Sub 360  
Plant and Depreciation Expense for the  
WSIC & SSIC Period 1 - Six Months Ended 9/30/19  
Based on Plant Additions Through 12/31/18

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Line No.	Item	Depr. Rate (a)	WSIC & SSIC Plant Additions							Total Plant in Service (i)	Annual Depr. Expense 4/1/2019-3/31/20 (k)	Accum. Depr. as of 4/1/19 (l)	Annual Depr. Expense for this Period Additions	Accum. Depr. For this Period Additions
			Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total 7/11-12/31/2018 Additions					
1	<b>UNIFORM WATER OPERATIONS</b>													
2	1105 - Electric Pum Equip WTP	3.33%												
3	1125 - T&D Mains	1.00%	35,624	54,486	56,514	36,969	26,949	22,879	233,423	233,423	2,334	1,333	2,334	1,333
4	1130 - Service Lines	2.00%	70,100	69,498	49,345	74,147	56,741	38,957	358,788	358,788	7,176	4,028	7,176	4,028
5	1135 - Meters	3.33%	3,136	4,893	4,598	4,094	4,502	6,593	27,817	27,817	926	480	926	480
6	1140 - Meter Installations	3.33%				750	2,850	300	3,900	3,900	130	55	130	55
7	1145 - Hydrants	2.50%	625	2,846	4,383	3,392			11,247	11,247	281	165	281	165
8	Total Uniform Water		109,485	131,724	114,841	119,352	91,043	68,730	635,175	635,175	10,847	6,062	10,847	6,062
9														
10	<b>UNIFORM SEWER OPERATIONS</b>													
11	1345 - Sewer Force Main	1.33%		867	2,762	1,850	850	1,434	7,763	7,763	103	52	103	52
12	1350 - Sewer Gravity Main	1.00%		17,455	8,911	39,625	94,181	2,850	163,022	163,022	1,630	768	1,630	768
13	1360 - Services to Customers	1.33%	13,564	5,098	11,161	8,773	11,354	6,497	56,447	56,447	751	417	751	417
14	1380 - Pumping Equipment Pump	14.29%	9,819	20,628	8,008	14,229	22,567	14,310	89,561	89,561	12,798	6,727	12,798	6,727
15	1400 - Treat/Disp Equip Trt Pl	2.50%	-	-	-	47,715	-	-	47,715	47,715	1,193	596	1,193	596
16	Total Uniform Sewer		23,383	44,047	30,842	112,192	128,953	25,091	364,509	364,509	16,475	8,562	16,475	8,562
17														
18	<b>BF/FH/TC WATER OPERATIONS</b>													
19	1125 - T&D Mains	1.00%	2,727	480				6,500	9,707	9,707	97	45	97	45
20	1130 - Service Lines	2.00%	7,998	4,400	1,348	11,303	6,762	6,158	37,969	37,969	759	405	759	405
21	Total BF/FH/TC Water		10,725	4,880	1,348	11,303	6,762	12,658	47,676	47,676	856	450	856	450
22														
23	<b>BF/FH/TC SEWER OPERATIONS</b>													
24	1350 - Sewer Gravity Main	1.00%	2,750			9,700			12,450	12,450	125	69	125	69
25	1360 - Services to Customers	1.33%			6,988		1,403		8,391	8,391	112	62	112	62
26	1380 - Pumping Equipment Pump	14.29%		550	873				1,423	1,423	203	125	203	125
27	Total BF/FH/TC Sewer		2,750	550	7,860	9,700	1,403	0	22,263	22,263	439	256	439	256
28														

**Carolina Water Service, Inc. of NC**  
Docket No. W-354, Sub 356A & Sub 360  
Calculation of Accumulated Depreciation and ADIT  
WSIC & SSIC Period 1 - Six Months Ended 9/30/19

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Line No.	Item	Year 1 (4/1/19 - 3/31/20) (a)
1	<b>UNIFORM WATER OPERATIONS</b>	
2	Accumulated depreciation beginning balance	(\$6,062)
3	WSIC & SSIC depreciation expense	(10,847)
4	Ending balance (L2 + L3)	(16,910)
5	Average accumulated depreciation for year ((L2 + L4) / 2)	(\$11,486)
6	Tax depreciation reserve beginning balance	(\$19,055)
7	WSIC & SSIC tax depreciation expense	(25,407)
8	Ending balance (L6 + L7)	(44,462)
9	Average tax depreciation reserve for year ((L6 + L8) / 2)	(31,758)
10	Average book depreciation reserve for year (L5)	(11,486)
11	Difference between tax and book reserves (L9 - L10)	(20,272)
12	Composite tax rate	22.98%
13	Average ADIT (L11 x L12)	(\$4,658)
14	<b>UNIFORM SEWER OPERATIONS</b>	
15	Accumulated depreciation beginning balance	(8,562)
16	WSIC & SSIC depreciation expense	(16,475)
17	Ending balance (L15 + L16)	(25,037)
18	Average accumulated depreciation for year ((L15 + L17) / 2)	(\$16,799)
19	Tax depreciation reserve beginning balance	(\$10,935)
20	WSIC & SSIC tax depreciation expense	(14,580)
21	Ending balance (L19 + L20)	(25,515)
22	Average tax depreciation reserve for year ((L19 + L21) / 2)	(18,225)
23	Average book depreciation reserve for year (L18)	(16,799)
24	Difference between tax and book reserves (L22 - L23)	(1,426)
25	Composite tax rate	22.98%
26	Average ADIT (L24 x L25)	(\$328)
27	<b>BF/FH/TC WATER OPERATIONS</b>	
28	Accumulated depreciation beginning balance	(\$450)
29	WSIC & SSIC depreciation expense	(856)
30	Ending balance (L28 + L29)	(1,307)
31	Average accumulated depreciation for year ((L28 + L30) / 2)	(\$878)
32	Tax depreciation reserve beginning balance	(\$1,431)
33	WSIC & SSIC tax depreciation expense	(1,907)
34	Ending balance (L32 + L33)	(3,338)
35	Average tax depreciation reserve for year ((L32 + L34) / 2)	(2,384)
36	Average book depreciation reserve for year (L31)	(878)
37	Difference between tax and book reserves (L35 - L36)	(1,506)
38	Composite tax rate	22.98%
39	Average ADIT (L37 x L38)	(\$346)
40	<b>BF/FH/TC SEWER OPERATIONS</b>	
41	Accumulated depreciation beginning balance	(\$256)
42	WSIC & SSIC depreciation expense	(439)
43	Ending balance (L41 + L42)	(696)
44	Average accumulated depreciation for year ((L41 + L43) / 2)	(\$476)
45	Tax depreciation reserve beginning balance	(\$668)
46	WSIC & SSIC tax depreciation expense	(891)
47	Ending balance (L45 + L46)	(1,558)
48	Average tax depreciation reserve for year ((L45 + L47) / 2)	(1,113)
49	Average book depreciation reserve for year (L44)	(476)
50	Difference between tax and book reserves (L48 - L49)	(637)
51	Composite tax rate	22.98%
52	Average ADIT (L50 x L51)	(\$146)

**Carolina Water Service, Inc. of NC**  
Docket No. W-354, Sub 356A & Sub 360  
Calculation of Tax Reserve Balance  
WSIC & SSIC Period 1 - Six Months Ended 9/30/19

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Line No.	<u>Item</u>	<u>Uniform Water</u>	<u>Uniform Sewer</u>	<u>BF/FH/TC Water</u>	<u>BF/FH/TC Sewer</u>
1					
2	<u>Tax Reserve Balance on 2018 Additions</u>				
3	2018 Additions (July - Dec 2018)	635,175	\$364,509	47,676	\$22,263
4	Bonus Depreciation - not applicable	0	0	0	0
5	Remaining balance to be depreciated (L3 - L4)	635,175	364,509	47,676	22,263
6	Tax depreciation rate in Year 1	2.00%	2.00%	2.00%	2.00%
7	Tax depreciation on 2018 additions (L5 x L6)	12,703	7,290	954	445
8	Bonus Depreciation - not applicable	0	0	0	0
9	Total Tax depreciation for 2018 (L7 + L8)	12,703	7,290	954	445
10	Tax Depreciation for 3 months of 2019 (L5*4%*25%)	6,352	3,645	477	223
11	Tax reserve balance as of 3/31/19 (-L9 - L10)	<u>(19,055)</u>	<u>(10,935)</u>	<u>(1,431)</u>	<u>(668)</u>
12					
13	Total Tax Depreciation Expense for 4/1/19 through 3/31/20 (L5*4%)	<u>25,407</u>	<u>14,580</u>	<u>1,907</u>	<u>891</u>
14					
15	Tax Reserve Balance as of 3/31/20 (L11 + L13)	<u>(44,462)</u>	<u>(25,515)</u>	<u>(3,338)</u>	<u>(1,558)</u>
16					
17	Cumulative Tax Reserve Balance @ 3/31/19 (L11)	(19,055)	(10,935)	(1,431)	(668)
18					
19	Cumulative Tax Reserve Balance @ 3/31/20 (L13)	(44,462)	(25,515)	(3,338)	(1,558)

[1] Tax depreciation rate is based on a 25 year straight line method with half year in first year.

**Carolina Water Service, Inc. of NC**  
Docket No. W-354, Sub 356A & Sub 360  
Calculation of Pre-Tax Return for  
WSIC & SSIC Period 1 - Six Months Ended 9/30/19

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Line No.	Item	Capital Structure From Sub 356 (a)	Cost Rates From Sub 356 (b)	Overall Rate of Return (c)	Pre Tax Rate of Return (d)
1	Debt	49.09%	5.68%	2.79%	2.79%
2	Equity	50.91%	9.75%	4.96%	6.44%
3	Total	<u>100.00%</u>		<u>7.75%</u>	<u>9.23%</u>
4	State income tax rate for 2019	2.50%			
5	Federal income tax rate for 2019	<u>21.00%</u>			
6	Composite income tax rate	<u>22.98%</u>			