#### INFORMATION SHEET

PRESIDING: Chairman Finley and all Commissioners

PLACE: Dobbs Building, Raleigh, NC

DATE: October 20, 2015 TIME: 9:30 a.m. – 10:50 a.m. DOCKET NO.: W-354, Sub 344

COMPANY: Carolina Water Service, Inc., of North Carolina

DESCRIPTION: Application for Authority to Adjust and Increase Rates for Water and Sewer Utility

Service in All of Its Service Areas in North Carolina.

VOLUME:

8

#### **APPEARANCES**

FOR CAROLINA WATER SERVICE, INC., OF NORTH CAROLINA:

Robert H. Bennink, Jr., Esq. Charlotte Mitchell, Esq.

FOR COROLLA LIGHT COMMUNITY ASSOCIATION:

Brady W. Allen, Esq. Dwight Allen, Esq.

FOR THE USING AND CONSUMING PUBLIC:

Gina Holt, Esq.

#### WITNESSES

KATHERINE A. FERNALD GINA Y. CASSELBERRY MARTIN LASHUA

PREFILED DIRECT TESTIMONY OF:

DAVID LISKOFF

PAULINE M. AHERN

WINDLEY HENRY (as Adopted by Ms. Fernald)

FENGE ZHANG

CALVIN C. CRAIG, III

## **EXHIBITS**

VOI

Liskoff Exhibits 1 - 3 (I/A)

✓Ahern Direct Exhibits 1 – 10 (I/A)

✓ CWSNC Application (A)

CWSNC Form W-1 Filing, including Confidential and Non-Confidential (A)

✓ Supplemental W-1 Filing (A)

Revised Appendix A-1 (A)

CWSNC Three-Year WSIC/SSIC Plan (A)

FILED

OCT 2 0 2015

Clerk's Office

N.C. Utilities Commission

Reports on customer Service Quality Issues from Public Hearings in Jacksonville, Raleigh, Currituck, Charlotte, Boone and Asheville (A)

Notice to Customers Regarding Installation of Meters Filed on September 22, 2015 (A)

Notice to Customers Regarding Installation of Meters filed on October 1, 2015 (A)

Fernald Exhibit 1 (I/A)

Zhang Exhibit 1 (I/A)

Henry Exhibit 1 (I/A)

JUDICIAL NOTICE

COPIES ORDERED: Holt - (email); Casselberry - (email)

REPORTED BY: Kim Mitchell TRANSCRIBED BY: Kim Mitchell

✓ Casselberry Exhibits 1 – 22 (I/A)

Stipulation (A)

DATE TRANSCRIBED: October 22, 2015

TRANSCRIPT PAGES: 77

PREFILED PAGES: 203

TOTAL PAGES: 280

# NORTH CAROLINA UTILITIES COMMISSION PUBLIC STAFF - APPEARANCE SLIP

DATE October 20, 2015 DOCKET #: W-354, Sub 344
PUBLIC STAFF MEMBER Gina C. Holt
ORDER FOR TRANSCRIPT OF TESTIMONY TO BE EMAILED TO THE
PUBLIC STAFF - PLEASE INDICATE YOUR DIVISION AS WELL AS
YOUR EMAIL ADDRESS BELOW:
ACCOUNTING
WATER babette.mckemieepsneuc.ne.gov Gina, Casselberny 18 neuc.ne.gov
WATER babette.mckemie@psncuc.ne.gov Gina. Casselberny: Isncuc.nc.gov COMMUNICATIONS  ELECTRIC
ELECTRIC
GAS
TRANSPORTATION
ECONOMICS
LEGAL gina.holt@psncuc.nc.gov
CONSUMER SERVICES
PLEASE NOTE: Electronic Copies of the regular
transcript can be obtained from the NCUC web site at
HTTP://NCUC.commerce.state.nc.us/docksrch.html under
the respective docket number.
Number of copies of Confidential portion of
regular transcript (assuming a confidentiality
agreement has been signed). Confidential pages will
still be received in paper copies.
***PLEASE INDICATE BELOW WHO HAS SIGNED A
CONFIDENTIALITY AGREEMENT. IF YOU DO NOT SIGN, YOU
WILL NOT RECEIVE THE CONFIDENTIAL PORTIONS!!!!
$\bigcap_{i} \bigcap_{i} \bigcap_{j} \bigcap_{j} \bigcap_{i} \bigcap_{j} \bigcap_{i} \bigcap_{j} \bigcap_{j} \bigcap_{i} \bigcap_{j} \bigcap_{i} \bigcap_{j} \bigcap_{j} \bigcap_{i} \bigcap_{j} \bigcap_{j$
( And the A
Signature of Public Staff Member

# NORTH CAROLINA UTILITIES COMMISSION APPEARANCE SLIP

DATE 10/20/15 DOCKET #: W-354, Sub 344
NAME AND TITLE OF ATTORNEY Robert // Belling
FIRM NAME BENNINK LAW OFFICE
ADDRESS 130 MURPHY DRIVE
CITY CARY, NC ZIP 27513
APPEARING FOR: CAROLINA WATER SERVICE, TNC. OF NC
APPLICANT COMPLAINANT INTERVENER
PROTESTANT RESPONDENT DEFENDANT
PLEASE NOTE: Electronic Copies of the regular
transcript can be obtained from the NCUC web site at
<pre>HTTP://NCUC.commerce.state.nc.us/docksrch.html under</pre>
the respective docket number.
Number of Electronic Copies for regular
transcript. There will be a charge of \$5.00 for each
emailed copy. Please indicate your name, phone number
and email below.
Number of copies of Confidential portion of
regular transcript (assuming a confidentiality
agreement has been signed). This will be mailed.
Name:
Phone #:
Email:
Signature:
***PLEASE SIGN BELOW IF YOU HAVE SIGNED A
CONFIDENTIALITY AGREEMENT. CONFIDENTIAL PORTIONS OF
TRANSCRIPT WILL ONLY BE PROVIDED UPON SIGNATURE!***
Signature: Robert H. Bennink, D.

# NORTH CAROLINA UTILITIES COMMISSION APPEARANCE SLIP

Dwight Allen Brady Allen DOCKET #: W-354 5 6 344 DATE 18-20-15 NAME AND TITLE OF ATTORNEY FIRM NAME ALLEH Law Offices, PLLC ADDRESS 15146/enwood Ave. Swife200 CITY PARRICH NC ZIP 27608 APPEARING FOR: APPLICANT COMPLAINANT INTERVENER \_ PROTESTANT RESPONDENT DEFENDANT PLEASE NOTE: Electronic Copies of the regular transcript can be obtained from the NCUC web site at HTTP://NCUC.commerce.state.nc.us/docksrch.html under the respective docket number. Number of Electronic Copies for regular transcript. There will be a charge of \$5.00 for each emailed copy. Please indicate your name, phone number and email below. Number of copies of Confidential portion of regular transcript (assuming a confidentiality agreement has been signed). This will be mailed. Name: Phone #: Email: Signature: \*\*\*PLEASE SIGN BELOW IF YOU HAVE SIGNED A CONFIDENTIALITY AGREEMENT. CONFIDENTIAL PORTIONS OF TRANSCRIPT WILL ONLY BE PROVIDED UPON SIGNATURE!\*\*\*

Signature:

Lishoff Exhibit 1

CAROLINA WATER SERVICE, INC. OF NORTH
CAROLINA
PRE-FILED DIRECT TESTIMONY-DAVID LISKOFF
DOCKET NO. W-354, SUB 344
EXHIBIT 1
CURRENT SCHEDULE OF RATES



APPENDIX A-1 PAGE 1 of 7

# SCHEDULE OF RATES

for

## CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing water and sewer utility service in

IN ALL OF ITS SERVICE AREAS IN NORTH CAROLINA (excluding Corolla Light, Monteray Shores, Nags Head, and Linville Ridge)

#### WATER RATES AND CHARGES

## Monthly Metered Water Rates (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

<1" meter	\$ 18.25
1" meter	\$ 45.63
1 1/2" meter	\$ 91.25
2" meter	\$ 146.00
3" meter	<b>\$ 273</b> .75
4" meter	<b>\$ 456.25</b>
6" meter	\$ 912.50

Usage Charge, per 1,000 gallons

A. Treated Water \$	5.4	4
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B. Untreated Water (Brandywine Bay Irrigation Water) \$ 3.60

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

Monthly Flat Rate Service:

\$ 34.52

# APPENDIX A-1 PAGE 2 of 7

# Semi-Annual Availability Rates:

Applicable only to property owners in Carolina Forest and Woodrun Subdivisions in Montgomery County	\$ 21.60
Meter Testing Fee: 1/	\$ 20.00
New Water Customer Charge:	\$ 27.00
Reconnection Charges: 21	
If water service cut off by utility for good cause If water service is discontinued at customer's request	\$ 27.00 \$ 27.00
Management Fee: (in the following subdivision only)	
Wolf Laurel	\$ 150.00
Oversizing Fee: (in the following subdivision only)	
Winghurst	\$ 400.00
Meter Fee:	
For <1" meters For meters 1" or larger	\$ 50.00 Actual Cost
Irrigation Meter Installation:	Actual Cost

APPENDIX A-1 PAGE 3 of 7

# Uniform Connection Fees: 3/

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Fa	amily Equivalent)	\$ 100.00 \$ 400.00
Connection Charge (CC), per SFE (Single Find Plant Modification Fee (PMF), per SFE  Subdivision  Abington, Phase 14  Amherst Bent Creek Blue Mountain at Wolf Laurel Buffalo Creek, Phase I, II, III, IV  Carolina Forest Chapel Hills Eagle Crossing Forest Brook/Old Lamp Place Harbour Hestron Park Hound Ears Kings Grant/Willow Run Lemmond Acres Monterrey (Monterrey LLC) Quail Ridge Queens Harbour/Yachtsman Riverpointe Riverpointe (Simonini Bldrs.) Riverwood, Phase 6E (Johnston County) Saddlewood/Oak Hollow (Summey Bldrs.) Sherwood Forest Ski Country White Oak Plantation Wildlife Bay Willowbrook Winston Plantation Winston Pointe, Phase 1A Wolf Laurel	CC \$ 0.00 \$ 0.00 \$ 250.00 \$ 0.00 \$ 925.00 \$ 825.00 \$ 0.00 \$ 0.00	
Woodrun Woodside Falls	\$ 0.00 \$ 500.00	\$ 0.00 \$ 0.00

APPENDIX A-1 PAGE 4 of 7

#### **SEWER RATES AND CHARGES**

#### Monthly Metered Sewer Rates:

# A. 'Base Facility Charge (based on meter size with zero usage)

Residential	\$	33.02
Commercial		
<1" meter	\$	33.02
1" meter	\$	82,55
1 1/2" meter	\$	165.10
2" meter	\$	264.16
3" meter	\$	495.30
4" meter	\$	825.50
6" meter	\$1	,651.00
B. Usage Charge, per 1,000 gallons	•	
(based on metered water usage)	. \$	2.46

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

## Monthly Flat Sewer Rate:

From Company (per SFE or Single Family Equivalent)	\$ 44.70
Monthly Collection Service Only: 4/ (When sewage is collected by utility and transferred to another entity for treatment)	
A. Single Family Residence	\$ 16.09
B. Commercial/SFE	\$ 16.09

APPENDIX A-1 PAGE 5 of 7

# Mt. Carmel Subdivision Service Area:

(Based on metered water usage)

Monthly base facility charge	\$ 6.00
Usage charge, per 1,000 gallons	\$ 5.45

## Regalwood and Whte Oak Estates Subdivision Service Area:

Monti	ıly	Fla	t F	₹ate	Sewer	Service

Residential Service	\$ 44.70
White Oak High School	\$1,386.90
Child Castle Daycare	\$ 172.40
Pantry	\$ 91.85
•	

# New Sewer Customer Charge: 5/ \$ 22.00

# Reconnection Charge: 6/

If sewer service cut off by utility for good cause

**Actual Cost** 

# Carolina Pines Subdivision Connection Fees: (sewer only)

Residential

\$1,350.00 per unit (including single family homes,

condominiums, apartments, and mobile homes)

Hotels

\$750.00 per unit

Nonresidential

\$3.57 per gallon of daily design of discharge or

\$900.00 per unit, whichever is greater

APPENDIX A-1 PAGE 6 of 7

# Uniform Connection Fees: 31

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent) \$ 100.00 \$1,000.00

The systems where connection fees other than the uniform fees have been approved by the North Carolina Utilities Commission are as follows:

Subdivision Abington Abington, Phase 14 Amber Acres North (Phases II & IV) Ashley Hills Amherst Bent Creek Brandywine Bay Camp Morehead by the Sea Hammock Place Hestron Park Hound Ears Huntwick Independent/Hemby Acres/Beacon Hills (Griffin Bidrs.) Kings Grant/Willow Run	CC \$ 0.00 \$ 0.00 \$ 815.00 \$ 0.00 \$ 500.00 \$ 100.00 \$ 100.00 \$ 100.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00	PMF \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 1,456.00 \$1,456.00 \$1,456.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00
Kynwood Mt. Carmel/Section 5A Queens Harbor/Yachtsman Riverpointe Riverpointe (Simonini Bldrs.) Steeplechase (Spartabrook) White Oak Plantation Willowbrook Willowbrook Willowbrook (Phase 3) Winston Pointe, Phase 1A Woodside Falls	\$ 0.00 \$ 500.00 \$ 0.00 \$ 300.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00	\$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00

APPENDIX A-1 PAGE 7 of 7

#### MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks: \$ 25.00

Bills Due: On billing date

<u>Bills Past Due:</u> 21 days after billing date

Billing Frequency: Bills shall be rendered monthly in all service

areas, except for Mt. Carmel, which will be billed bimonthly and the availability charges in Carolina Forest and Woodrun Subdivisions,

which will be billed semiannually.

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

billing date.

#### NOTES:

- If a customer requests a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$20.00 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter testing charge will be waived. If the meter is found to register accurately or below prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.
- Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.
- These fees are only applicable one time, when the unit is initially connected to the system.
- The utility shall charge for sewage treatment service provided by the other entity; the rate charged by the other entity will be billed to Carolina Water Service's affected customers on a pro rate basis, without markup.
- $^{5}$  These charges shall be waived if customer is also a water customer within the same service area.
- The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice. This charge will be waived if customer also receives water service from Carolina Water Service within the same service area.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-354, Sub 336, effective July 1, 2014.

APPENDIX A-2 PAGE 1 of 2

#### SCHEDULE OF RATES

for

## CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing sewer utility service in

### COROLLA LIGHT AND MONTERAY SHORES SERVICE AREA

#### SEWER RATES AND CHARGES

## Monthly Metered Sewer Rates:

A. Base Facility Charge (based on meter size with zero usage)

<1" meter			\$	52.26
1" meter			\$	130.65
1 1/2" meter			\$	261.30
2" meter			\$	418.08
3" meter			\$	783.90
4" meter			\$1	,306.50
6" meter			\$2	2,613.00

B. Usage Charge, per 1,000 gailons (based on metered water usage)

\$ 6.65

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

New Sewer Customer Charge:

\$ 22.00

Reconnection Charge: 1/

If sewer service cut off by utility for good cause

**Actual Cost** 

APPENDIX A-2 PAGE 2 of 2

# Uniform Connection Fees: 21

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

The systems where connection fees other than the uniform fees have been approved by the North Carolina Utilities Commission are as follows:

Subdivision	CC	<u>PMF</u>
Corolla Light	\$ <del>70</del> 0.00	\$ 0.00
Monteray Shores	\$ 700.00	\$ 0.00
Monteray Shores (Degabrielle Builders)	\$ 0.00	\$ 0.00

#### MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks: \$ 25.00

Bills Due: On billing date

Bills Past Due: 21 days after billing date

Billing Frequency: Bills shall be rendered monthly

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

billing date.

### NOTES:

The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice.

Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

These fees are only applicable one time, when the unit is initially connected to the system.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-354, Sub 336, effective July 1, 2014.

APPENDIX A-3 Page 1 of 2

### SCHEDULE OF RATES

for

# CAROLINA WATER SERVICE; INC. OF NORTH CAROLINA

for providing sewer utility service

in

## NAGS HEAD SERVICE AREA

# Monthly Metered Service (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

< 1" meter 1" meter 1 1/2" meter 2" meter 3" meter 4" meter 6" meter	\$ 18.48 \$ 46.22 \$ 92.42 \$147.88 \$277.27 \$462.12 \$924.24
Usage charge, per 1,000 gallons (based on metered water usage)	\$ 9.33
Minimum Monthly Charge	\$ 62.81
Monthly Flat Rate Service:	\$ 62.81
New Sewer Customer Charge:	\$ 20.70
41	•

Reconnection Charge: 1/

If sewer service is cut off by utility for good cause: Actual Cost

Uniform Connection Fees: 21

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

APPENDIX A-3 Page 2 of 2

#### OTHER MATTERS

Bilis due:

On billing date

Bills Past Due:

21 days after billing date

Returned Check Charge:

\$14.11

Billing Frequency:

Shall be monthly for service in arrears

Finance Charge for Late Payment:

1% per month will be applied to the unpaid balance of all bills still past due

25 days after billing date.

#### Notes:

<sup>17</sup> The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice. This charge will be waived if customer also receives water service from Carolina Water Service within the same service area. Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

<sup>&</sup>lt;sup>2/</sup> These fees are only applicable one time, when the unit is initially connected to the system.

APPENDIX A-4 Page 1 of 2

# SCHEDULE OF RATES

for

# CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing water utility service

in

# LINVILLE RIDGE SUBDIVISION

Avery County, North Carolina

# Monthly Water Utility Service:

Metered Rates (Common Facilities Only)

Base charge per month, zero usage Usage charge, per 1,000 gallons	\$ 72.00 \$ 3.08
Flat Residential Rate (Actual taps) Flat Availability Rate (Non-user only)	\$ 31.68 \$ 10.80
Meter Testing Fee: 1/	\$ 19.20
New Water Customer Charge:	\$ 25.92
Connection Charge: (New Residential Connection Only)	\$ 400.00
Reconnection Charge: 2/ (Residential)	
If water service cut off by utility for good cause: If service discontinued at customers request:	Actual Cost Actual Cost
Reconnection Charge: (Commercial)	
If water service cut off by utility for good cause: If service discontinued at customers request:	\$ 25.92 <b>\$</b> 25.92

APPENDIX A-4 Page 2 of 2

#### OTHER MATTERS

Bills due:

On billing date

Bills Past Due:

15 days after billing date

Returned Check Charge:

\$24.00

Billing Frequency: 3/

Shall be quarterly for service in arrears

Finance Charge for Late Payment:

1% per month will be applied to the unpaid balance of all bills still past due

25 days after billing date.

#### Notes:

<sup>11</sup> If a customer requires a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$19.20 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter test charge will be waived. If the meter is found to register accurately or below such prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.

<sup>&</sup>lt;sup>2/</sup> The Utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish the estimate to customer with cut-off notice.

<sup>3/</sup> Payment may be made on a monthly basis.

CAROLINA WATER SERVICE, INC. OF NORTH
CAROLINA
PRE-FILED DIRECT TESTIMONY-DAVID LISKOFF
DOCKET NO. W-354, SUB 344
EXHIBIT 2
PROPOSED SCHEDULE OF RATES

APPENDIX A-1 PAGE 1 of 7

# SCHEDULE OF RATES

for

# CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing water and sewer utility service in

IN ALL OF ITS SERVICE AREAS IN NORTH CAROLINA (excluding Corolla Light, Monteray Shores, Nags Head, and Linville Ridge)

## WATER RATES AND CHARGES

## Monthly Metered Water Rates (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

<1" meter	\$ 22.47
1" meter	<b>\$ 56.19</b>
1 1/2" meter	\$ 112.37
2" meter	\$ 179.80
3" meter	\$ 337.12
4" meter	\$ 561.87
6" meter	, <b>\$1,123.74</b>

Usage Charge, per 1,000 gallons

Treated Water

7 14	, routed remove	•	
В.	Untreated Water (Brandywine Bay Irrigation Water)	\$	3.60

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

Monthly Flat Rate Service:

\$ 42.51

6.70

# APPENDIX A-1 PAGE 2 of 7

# Semi-Annual Availability Rates:

Applicable only to property owners in Carolina Forest and Woodrun Subdivisions in Montgomery County	\$ 26.60
Meter Testing Fee: 1/	\$ 20.00
New Water Customer Charge:	\$ 27.00
Reconnection Charges: 21	
If water service cut off by utility for good cause If water service is discontinued at customer's request	\$ 27.00 \$ 27.00
Management Fee: (in the following subdivision only)	
Wolf Laurel	\$ 150.00
Oversizing Fee: (in the following subdivision only)	
Winghurst	\$ 400.00
Meter Fee:	•
For <1" meters For meters 1" or larger	\$ 50.00 Actual Cost
Irrigation Meter Installation:	Actual Cost

APPENDIX A-1 PAGE 3 of 7

# Uniform Connection Fees: 3/

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent) Plant Modification Fee (PMF), per SFE		\$ 100.00 \$ 400.00	
Subdivision Abington Abington, Phase 14 Amherst Bent Creek Blue Mountain at Wolf Laurel Buffalo Creek, Phase I, II, III, IV Carolina Forest Chapel Hills Eagle Crossing Forest Brook/Old Lamp Place Harbour Hestron Park Hound Ears Kings Grant/Willow Run Lemmond Acres Monterrey (Monterrey LLC) Quail Ridge Queens Harbour/Yachtsman Riverpointe Riverpointe (Simonini Bldrs.) Riverwood, Phase 8E (Johnston County) Saddlewood/Oak Hollow (Summey Bldrs.) Sherwood Forest Ski Country White Oak Plantation Wildlife Bay Willowbrook Winston Plantation Winston Pointe, Phase 1A Wolf Laurel Woodrun	\$ 0.00 \$ 0.00 \$ 250.00 \$ 250.00 \$ 925.00 \$ 825.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 75.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 750.00 \$ 0.00 \$ 0.0	\$ 400.00  PMF 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00	
Woodside Falls	+ +	•	

APPENDIX A-1 PAGE 4 of 7

#### SEWER RATES AND CHARGES

## Monthly Metered Sewer Rates:

# A. Base Facility Charge (based on meter size with zero usage)

Residential	\$ 39.57
Commercial	
<1" meter	\$ 39.57
1" meter	\$ 98.92
1 1/2" meter	\$ 197.84
2" meter	\$ 316,55
3" meter	\$ 593.53
4" meter	\$ 989.21
6" meter	\$1,978.42
B. Usage Charge, per 1,000 gallons	
(based on metered water usage)	\$ 2.95

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

## Monthly Flat Sewer Rate:

	Sewer customers who do not receive water service From Company (per SFE or Single Family Equivalent)	\$ 53,56
<u>M</u>	onthly Collection Service Only: 4/ (When sewage is collected by utility and transferred to another entity for treatment)	
A.	Single Family Residence	\$ 16.09
В.	Commercial/SFE.	\$ 16.09

APPENDIX A-1 PAGE 5 of 7

Mt.	Carmel Subdivision Service Area	Ĺ
	Based on metered water usage)	

Monthly base facility charge	\$ 7.19
Usage charge, per 1,000 gallons	\$ 6.53

# Regalwood and Whte Oak Estates Subdivision Service Area:

Monthly Flat Rate Sewer Service	•		\$ 53.56
Residential Service			•
White Oak High School			\$1,661.95
Child Castle Daycare		•	\$ 206.59
Pantry		•	\$ 110.07
•	_		

# New Sewer Customer Charge: 5/

# Reconnection Charge: 6/

If sewer service cut off by utility for good cause

**Actual Cost** 

22.00

# Carolina Pines Subdivision Connection Fees: (sewer only)

Residential \$1,350.00 per unit (including single family homes,

condominiums, apartments, and mobile homes)

Hotels \$750.00 per unit

Nonresidential \$3.57 per gallon of daily design of discharge or

\$900.00 per unit, whichever is greater

APPENDIX A-1 PAGE 6 of 7

# Uniform Connection Fees: 31

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

The systems where connection fees other than the uniform fees have been approved by the North Carolina Utilities Commission are as follows:

Subdivision		CC	. PMF
Abington	\$	0.00	\$ 0.00
Abington, Phase 14	.\$	0.00	\$ 0.00
Amber Acres North (Phases II & IV)	\$	815.00	\$ 0.00
Ashley Hills	\$	0.00	\$ 0.00
Amherst	\$	500.00	\$ 0.00 \$ 0.00
Bent Creek	. \$	0.00	\$ 0.00
Brandywine Bay	\$	100.00	\$1,456.00
Camp Morehead by the Sea	\$	100.00	\$1,456.00
Hammock Place	\$	100.00	\$1,456.00
Hestron Park	\$	0.00	\$ 0.00
Hound Ears	\$	30.00	\$ 0.00 \$ 0.00
Huntwick	\$ \$ \$	0.00	\$ 0.00
Independent/Hemby Acres/Beacon Hills	\$	0.00	\$ 0.00
(Griffin Bldrs.)			
Kings Grant/Willow Run	\$	0.00	\$ 0.00
Kynwood	.\$ .\$	0.00	\$. 0.00
Mt. Carmel/Section 5A	\$	500.00	\$ 0.00
Queens Harbor/Yachtsman	\$	0.00	\$ 0.00
Riverpointe	\$	300:00	\$ 0.00
Riverpointe (Simonini Bldrs.)	\$		\$ 0.00
Steeplechase (Spartabrook)	\$ \$	0.00	\$ 0.00
White Oak Plantation	\$	- 0.00	\$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00
Willowbrook	\$	0.00	\$ 0.00
Willowbrook (Phase 3)	\$	0.00	\$ 0.00
Winston Pointe, Phase 1A	\$2	,000.00	\$ 0.00
Woodside Falls	\$	0.00	\$ 0.00

APPENDIX A-1 PAGE 7 of 7

# MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks: \$ 25.00

Bills Due: On billing date

<u>Bills Past Due:</u> 21 days after billing date

Billing Frequency: Bills shall be rendered monthly in all service

areas, except for Mt. Carmel, which will be billed bimonthly and the availability charges in Carolina Forest and Woodrun Subdivisions,

which will be billed semiannually.

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days

after billing date.

#### NOTES:

-1/ If a customer requests a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$20.00 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter testing charge will be waived. If the meter is found to register accurately or below prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.

- -2/2 Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.
- -3/ These fees are only applicable one time, when the unit is initially connected to the system.
- -4/ The utility shall charge for sewage treatment service provided by the other entity; the rate charged by the other entity will be billed to Carolina Water Service's affected customers on a pro rata basis, without markup.
- These charges shall be waived if customer is also a water customer within the same service area.
- \_6/I The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice. This charge will be waived if customer also receives water service from Carolina Water Service within the same service area.

APPENDIX A-2 PAGE 1 of 2

#### SCHEDULE OF RATES

for

## CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing sewer utility service in

## COROLLA LIGHT AND MONTERAY SHORES SERVICE AREA

#### **SEWER RATES AND CHARGES**

#### Monthly Metered Sewer Rates:

A. Base Facility Charge (based on meter size with zero usage)

<1" meter	\$ 66.72
1" meter	\$ 166.81
1 1/2" meter	\$ -333 <u>.</u> 62
2" meter	\$ 533.80
3" meter	\$1,000.87
4" meter	\$1,668.11
6" meter	\$3,336.23

B. Usage Charge, per 1,000 gallons (based on metered water usage)

8.49

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

## New Sewer Customer Charge:

\$ 22.00

Reconnection Charge: 1/

If sewer service cut off by utility for good cause

**Actual Cost** 

APPENDIX A-2 PAGE 2 of 2

# Uniform Connection Fees: 21

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

The systems where connection fees other than the uniform fees have been approved by the North Carolina Utilities Commission are as follows:

Subdivision	<u>cc</u>		<u>P</u>	MF
Corolla Light	\$ 700.00	•	\$	0.00
Monteray Shores	\$ 700.00		\$	0,00
Monteray Shores (Degabrielle Builders)	\$ 0,00		\$	0.00

#### MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks: \$ 25.00

Bills Due: On billing date

Bills Past Due: 21 days after billing date

Billing Frequency: Bills shall be rendered monthly

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

billing date.

#### NOTES:

The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice.

Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

 $^{2}$  These fees are only applicable one time, when the unit is initially connected to the system.

APPENDIX A-3 Page 1 of 2

### **SCHEDULE OF RATES**

for

## CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing sewer utility service

in

## NAGS HEAD SERVICE AREA

## Monthly Metered Service (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

< 1" meter 1" meter 1 1/2" meter 2" meter 3" meter 4" meter 6" meter	\$ 22.39 \$ 56.01 \$ 111.99 \$ 179.20 \$ 335.99 \$ 560.00 \$1,924.24
Usage charge, per 1,000 gallons (based on metered water usage)	.\$ 11.31
Minimum Monthly Charge	\$ 76.11
Monthly Flat Rate Service:	\$ 76.11
New Sewer Customer Charge:	\$ 20.70
D1' Ohamas 1/	

Reconnection Charge: 17

If sewer service is cut off by utility for good cause: Actual Cost

Uniform Connection Fees: 21

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

APPENDIX A-3 Page 2 of 2

#### OTHER MATTERS

Bills due: On billing date

Bills Past Due: 21 days after billing date

Returned Check Charge: \$14.11

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the

unpaid balance of all bills still past due

25 days after billing date.

## Notes:

<sup>17</sup> The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice. This charge will be waived if customer also receives water service from Carolina Water Service within the same service area. Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

<sup>&</sup>lt;sup>2</sup> These fees are only applicable one time, when the unit is initially connected to the system.

APPENDIX A-4 Page 1 of 2

### SCHEDULE OF RATES

for

# CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing water utility service

in

# LINVILLE RIDGE SUBDIVISION

Avery County, North Carolina

# Monthly Water Utility Service:

# Metered Rates (Common Facilities Only)

•	
Base charge per month, zero usage Usage charge, per 1,000 gallons	\$ 72.00 \$ 3.08
Flat Residential Rate (Actual taps) Flat Availability Rate (Non-user only)	\$ 31.68 \$ 10.80
Meter Testing Fee: 1/	\$ 19.20
New Water Customer Charge:	\$ 25.92
Connection Charge: (New Residential Connection Only)	\$ 400.00
Reconnection Charge: 2/ (Residential)	
If water service cut off by utility for good cause: If service discontinued at customers request:	Actual Cost Actual Cost
Reconnection Charge: (Commercial)	
If water service cut off by utility for good cause: If service discontinued at customers request:	\$ 25.92 \$ 25.92

APPENDIX A-4 Page 2 of 2

#### OTHER MATTERS

Bills due: On billing date

Bills Past Due: 15 days after billing date

Returned Check Charge: \$24.00

Billing Frequency: 3/ Shall be quarterly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the

unpaid balance of all bills still past due

25 days after billing date.

#### Notes:

"If a customer requires a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$19.20 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter test charge will be waived. If the meter is found to register accurately or below such prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.

<sup>&</sup>lt;sup>2/</sup> The Utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish the estimate to customer with cut-off notice.

<sup>3/</sup> Payment may be made on a monthly basis.

Liskoff Exhibit3

CAROLINA WATER SERVICE, INC. OF NORTH
CAROLINA
PRE-FILED DIRECT TESTIMONY-DAVID LISKOFF
DOCKET NO. W-354, SUB 344
EXHIBIT 3

# DOCKET NO. W-354, SUB 336A DOCKET NO. W-354, SUB 344

Carolina Water Service, Inc. of North Carolina

Ongoing Three-Year Plan for Projects Proposed for "Water and Sewer System Improvement Charge" Eligibility

Initial Period WSIC/SSIC Projects (2015 and 2016)
Year Two WSIC/SSIC Projects (2017)
Year Three WSIC/SSIC Projects (2018)

## Carolina Water Service, Inc. of North Carolina

## Docket No. W-354, Sub 336A Docket No. W-354 Sub 344

Ongoing Three-Year Plan for Projects Proposed for "Water and Sewer System Improvement Charge" Eligibility

Narrative Discussion for Initial Period 2015 and 2016 WSIC/SSIC Projects

**2015 - Whispering Pines (Water) - Bridge Replacement. NCDOT-required bridge relocation at S. Lakeshore Drive.** 

<u>Description</u>: NCDOT is rebuilding a bridge, and the CWSNC water main currently suspended on the bridge has to be relocated at utility expense. A directional bore under the lake is required.

**2015 - Hound Ears (Water) - Bridge Replacement.** NCDOT-required relocation at Shulls Mill Road.

<u>Description</u>: NCDOT is rebuilding a bridge, and the CWSNC water main currently suspended on the bridge has to be relocated at utility expense.

**2015 - Misty Mountain (Water)** – 2,000 feet water main replacement at Gorge View Road.

<u>Description</u>: The existing water main is a small, 2-inch diameter, galvanized main and must be replaced with larger, 4-inch PVC main to eliminate water quality problems and leaks.

2015 - Wildlife Bay (Water) - Replace approximately 1,500 feet of water main, because of main breaks.

<u>Description</u>: The existing water main between wells 1 and 2 must be replaced due to excessive leak/break history.

2015 - High Meadows (Water) — Replace sections of water main along Rabbit Run with ductile iron because of main breaks.

<u>Description</u>: The existing water main has experienced a high frequency of breaks and leaks, and the main needs to be replaced to reduce water loss and customer complaints.

**2015 - Watauga Vista (Water)** – Water main replacement to help reduce unaccounted-for water loss.

<u>Description</u>: The existing water main has experienced a high frequency of breaks and leaks, and the main needs to be replaced to reduce water loss and customer complaints.

**2015 - Zemosa Acres (Water)** – Relocate water main due to City of Concord's replacement of storm drains in City DOT right-of-way.

<u>Description</u>: The City is replacing storm water culverts, and existing water main must be relocated at utility expense.

**2016 – Wolf Laurel (Water)** – Water main-replacement to help reduce unaccounted-for water loss.

<u>Description</u>: The existing water main has experienced a high frequency of breaks and leaks, and the main needs to be replaced to reduce water loss and customer complaints.

**2016 – Whispering Pines (Water)** – Water main replacement to help reduce unaccounted-for water loss.

<u>Description</u>: The existing water main has experienced a high frequency of breaks and leaks, and the main needs to be replaced to reduce water loss and customer complaints.

2016 - High Meadows (Water) - Water main extension to remove dead end line and connecting Ridge Road and Shady Lane.

<u>Description</u>: The existing water mains are not connected and water quality and system hydraulics would be improved by main extension interconnection.

Carolina Water Service, Inc. of North Carolina Docket No. W-354, Sub 336A Docket No. W-354, Sub 344 WSIC-SSIC Projects 2015-2018

Sub Name	Business Unit	Project	Statutory eligibility section	Year	Water / Sewer	Total Estimated Water	Total Estimated / Actual Sewer	Estimated/ Actual Start Date	Estimated / Actual Completion Date
Whispering Pines (1)	182141	Bridge Replacement NCDOT required relocation S. Lakeshore Drive	62-133.12[c][5]	2015	w	53,300		7/1/2015	9/30/2015
Hound Ears	182122	Bridge Replacement NCDOT required relocation Shulls Mill Road	62-133.12[c][5]	2015	w	37,200		11/1/2015	12/31/2015
Misty Mountain	182144	2000 feet main replacement Gorge View Road	62-133.12(c)[1]	2015	W	105,600		<sup>2</sup> 8/30/2015	11/30/2015
Wildlife Bay	182208	Replace approximately 1,500' of raw water main because of main breaks.	62-133.12[c][1]	2015	w	119,400		10/1/2015	12/31/2015
High Meadows	182179	Replace sections of main along Rabbit Run with ductile iron because of main breaks. Customer complaints	62-133.12[c][1]	2015	w	58,650	-	10/1/2015	12/31/2015
Watauga Vista	182238	Water main replacement to help reduce unaccounted for water loss	62-133.12[c][1]	2015	w	79,950	•	10/1/2015	12/31/2015
Zemosa Acres	182114	Relocate due to City of Concord replacing storm drains in DOT ROW.	62-133.12[c][5]	2015	w	37,300		10/1/2015	12/31/2015
Wolf Laurel W	182129	Water main replacement to help reduce unaccounted for water loss	62-133.12[c][1]	2016	w	107,750	•	4/1/2016	9/30/2016
Whispering Pines	182141	Water water main replacement identified by engineering assessment.	62-133.12[c][1]	2016	ŵ	215,500	•	4/1/2016	9/30/2016
High Meadows	182179	Main extension to remove dead end line connecting Ridge Rd and Shady Ln.	62-133.12[c][i]	2016	w	59,300	•	4/1/2016	9/30/2016
Wolf Laurel W	182129	water main replacement to replace high frequency repair area	62-133.12[c][1]	2017	w	107,750		4/1/2017	9/30/2017
Whispering Pines	182141	water main replacement to replace high frequency repair area	62-133.12[c][1]	2017	w	215,500		4/1/2017	9/30/2017
Watauga Vista	182238	water main replacement to replace high frequency repair area	62-133.12[c][1]	2017	w	80,850	-	4/1/2017	9/30/2017
Hound Ears W	182122	water main replacement to replace high frequency repair area	62-133.12[c][1]	2018	w	107,750	•	4/1/2018	9/30/2018
Wolf Laurel W	182129	water main replacement to replace high frequency repair area	62-133.12[c][1]	2018	- w	107,750		4/1/2018	9/30/2018
Whispering Pines	182141	water main replacement to replace high frequency repair area	62-133.12[c][1]	2018	w ,	215,500		4/1/2018	9/30/2018
Watauga Vista	182238	water main replacement to replace high frequency repair area	62-133.12[c][1]	2018	w	80,850		4/1/2018	9/30/2018
			·		<del></del>	\$ 1,790,900	\$ -		

<sup>(1)</sup> Wispering Pines-Bridge Replacement NCDOT required relocation S. Lakeshore Drive project is included as a pro forma project in CWS NC rate case W-354, Sub 344.

## Carolina Water Service, Inc. of NC Summary of Cost of Capital and Fair Rate of Return Based upon the Consolidated Capital Structure of Utilities, Inc. at Test Year End - December 31, 2014

Type Of Capital	Amount Outstanding	Ratios (1)	Cost Rate	Weighted Cost Rate
Long-Term Debt	\$ 180,000,000	48.99%	6.60% (1)	3.23%
Common Equity	\$ 187,441,949	51.01%	10.40% (2)	5.31%
Total	\$ 367,441,949	100.00%		<u>8.54%</u>

#### Notes:

- (1) Company provided.
- (2) From page 2 of this Exhibit.

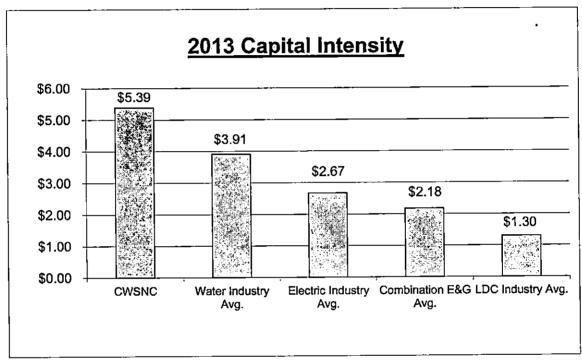
#### Carolina Water Service, Inc. of NC Brief Summary of Common Equity Cost Rate

Line No.	Principal Methods	Proxy Group of Eight Water Companies
1.	Discounted Cash Flow Model (DCF) (1)	8.52 %
2.	Risk Premium Model (RPM) (2)	10.74
3.	Capital Asset Pricing Model (CAPM) (3)	9.41
4.	Market Models Applied to Comparable Risk, Non-Price Regulated Companies (4)	10.63
5.	Indicated Common Equity Cost Rate before Adjustment for Business Risks	10.02 %
6.	Size Adjustment (5)	0.40
7.	Indicated Common Equity Cost Rate	10.42 %
8.	Recommended Common Equity Cost Rate	10.40 %

- Notes: (1) From Exhibit 4.
  - (2) From page 1 of Exhibit 6.
  - (3) From page 1 of Exhibit 7.
  - (4) From page 1 of Exhibit 9.
  - (5) Business risk adjustment to reflect Carolina Water Service, Inc. of NC's greater business risk due to its small size relative to the proxy group as detailed in Ms. Ahern's accompanying direct testimony.

### <u>Carolina Water Service, Inc. of NC</u> 2013 Capital Intensity of Carolina Water Service, Inc. of NC and <u>AUS Utility Reports Utility Companies Industry Averages</u>

	Average Net Plant (\$ mill)		Total Operating Revenue (\$ mill)		Capital Intensity (\$)			Capital Intensity CWSNC v. Other Industries	
Carolina Water Service, Inc. of NC	\$	83.86	\$	15.56	\$		5.39	( times )	
Water Industry Average	\$	2,312.28	\$	591.26	\$		3,91	137.85%	
Electric Industry Average	\$	16,284.49	\$	6,092.15	\$		2.67	201.87%	
Combination Elec. & Gas Industry Average	\$	15,236,52	\$	6,985.66	\$		2.18	247.25%	
Gas Distribution Average	\$	3,565.57	\$	2,750.03	\$		1.30	414.62%	



#### Notes:

Capital Intensity is equal to Net Plant divided by Total Operating Revenue.

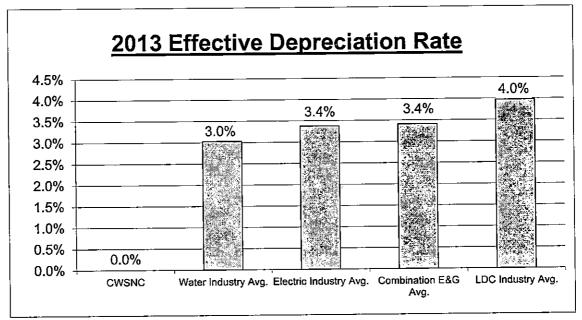
Source of Information: EDGAR Online's I-Metrix Database Company Annual Forms 10-K

AUS Utility Reports - January 2015 Published By AUS Consultants

Carolina Water Service Inc. of NC Annual Report to the North Carolina Utilities Commission for the year ended December 31, 2013.

### Garolina Water Service, Inc. of NC 2013 Depreciation Rate of Carolina Water Service, Inc. of NC and AUS Utility Reports Utility Companies Industry Averages

	Depred Deple & Amort. (\$ m	tion Expense		Average Total Gross Plant Less CWIP (\$ mill)	Depreciation Rate (%)	Depreciation Rate  CWSNC  v. Other Industries  { times }	
Carolina Water Service, Inc. of NC Water Industry Average Electric Industry Average Combination Elec. & Gas Industry Average LDC Gas Distribution Industry Average	\$ 4 mm, \$ \$ \$ \$	2.06 77.95 706.06 717.06 182.93	\$ \$ \$ \$	81,45 2,572,41 20,900,90 21,024,41 4,602,26	2.5% 3.0% 3.4% 3.4% 4.0%	83.33% 73.53% 73.53% 62.50%	



#### Notes:

Effective Depreciation Rate is equal to Depreciation, Depletion and Amortization Expense divided by average beginning and ending year's Gross Plant minus Construction Work in Progress.

Source of Information: EDGAR Online's I-Metrix Database Company Annual Forms 10-K

AUS Utility Report - January 2015 Published by AUS Consultants

Carolina Water Service Inc. of NC Annual Report to the North Carolina Utilities Commission for the year ended December 31, 2013.

Ahern Direct Exhibit 3

Page 1 of 2

Proxy Group of Eight Water Companies
CAPITALIZATION AND FINANCIAL STATISTICS (1)
2009 - 2013. Inclusive

	2013		2012 : (MIL	LI.	2011 ONS OF DOLI	AR.	2010 (S)		<u>2009</u>	
CAPITALIZATION STATISTICS			·							
AMOUNT OF CAPITAL EMPLOYED					*****		A4 004 0F4		#4 024 04E	
TOTAL PERMANENT CAPITAL	\$2,058.747		\$1,998.358		\$1,926.369		\$1,901.851 \$56.420		\$1,821.915 \$31.879	
SHORT-TERM DEBT	\$95.589		\$60.594 \$2.058.952		\$89.698 \$2.016.067	4	\$1.958.271		\$1.853.794	sh-
TOTAL CAPITAL EMPLOYED	\$2.154.336		32.058.952		32.016.067		31.730.271		<u>51.033.774</u>	
INDICATED AVERAGE CAPITAL COST RATES (2)							5.05	•	5.34 %	
TOTAL DEBT	5.19		5.36 %		5.32		5.37 5.54		5.54 % 5.54 %	
PREFERRED STOCK	5.51	%	5.53 %	6	5.53	90	5.54	70	3.34 70	5 YEAR
CAPITAL STRUCTURE RATIOS										AVERAGE
BASED ON TOTAL PERMANENT CAPITAL:					<b>50.04</b>		E0.34	0.4	50.38 %	49.52 %
LONG-TERM DEBT	46.24	%	49.32 %	'n	50.91 0.21	90	50.74 0.21		0.24	0.20
PREFERRED STOCK	0.16		0.18		48.88		49.05		49.38	50.28
COMMON EQUITY	<u>53,60</u>		<u>50.50</u>		48.88 100.00	n/	100.00		100.00 %	100.00 %
TOTAL	100.00	<b>%</b> 0	<u>100.00</u> %	70	100.00	70	100.00	70	100.00 70	100.00
BASED ON TOTAL CAPITAL:										
TOTAL DEBT, INCLUDING SHORT-TERM	47.77	%	50.87 9	6	52.68	%	52.82		52.56 %	51.34 %
PREFERRED STOCK	0.15		0.17		0.19		0.20		0.21	0.18
COMMON EQUITY	<u>52.08</u>		<u>48.96</u>		<u>47.13</u>		<u>46.98</u>		47.23	48.48
TOTAL	100,00	%	<u>100.00</u> %	%	, <u>100.00</u>	%	100.00	%	<u>100.00</u> %	<u>100.00</u> %
FINANCIAL STATISTICS										
FINANCIAL RATIOS - MARKET BASED										<b>***</b>
EARNINGS / PRICE RATIO	5,07	%	5.88 9	<b>%</b>	5.75	%	5.91	%		5.28 %
MARKET / AVERAGE BOOK RATIO	197,25		174,63		164.15		157,23		146.56	167.96
DIVIDEND YIELD	3.22		3.87		4.39		4.82		5.46	4,35
DIVIDEND PAYOUT RATIO	58,37		60,45		64.89		65,69		58.31	61.54
RATE OF RETURN ON AVERAGE BOOK COMMON EQUITY	10.08	%	10.12 9	%	9.30	%	9.09	%	6.84 %	9.09 %
TOTAL DEBT / EBITDA (3)	3.65	x	3.83	X	4,30	X	4,55	X	5.40 X	4.35 X
FUNDS FROM OPERATIONS / TOTAL DEBT (4)	22.91	%	20.95	%	19.26	%	17.60	%	16.76 %	19.50 %
TOTAL DEBT / TOTAL CAPITAL	47,77	%	50.87 9	%	52.68	%	52.82	%	52.56 %	51.34 %

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.
- (2) Computed by relating actual total debt interest or preferred stock dividends booked to average of
  beginning and ending total debt or preferred stock reported to be outstanding.
   (3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).
- (4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: I-Metrix Database Company SEC Form 10-K

#### Capital Structure Based upon Total Permanent Capital for the Proxy Group of Eight Water Companies 2009 - 2013. Inclusive

						5 YEAR
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	2009	<u>AVERAGE</u>
American States						
Water Co.						
Long-Term Debt	40.30 %	42.49 %	45.46 %	44.30 %	46.95 %	43.90 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	59.70	57,51	54.54	55.70 100.00 %	53,05 100,00 %	56.10 100.00 %
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100,00 76	100.00 70
American Water						
Works Co., Inc.						
Long-Term Debt	52.42 %	54.30 %	55.72 %	56.73 %	56.98 %	55.23 %
Preferred Stock	0.17	0.21	0.27	0.29	0.30	0.25
Common Equity Total Capital	47.41 100.00 %	45.49 100.00 %	44.01 100.00 %	42.98 100.00 %	42.72 100.00 %	100.00 %
Total Capital	100.00 /0	100.00 //	200.00 /0	700,000		
Aqua America, Inc.						
Long-Term Debt	50.32 %	53.41 %	54.11 %	57.05 %	56.59 %	_ 54.29 %
Preferred Stock	0.01	0.01 46.58	0.02 45,87	0,02 42,93	0.02 43.39	0.02 45.69
Common Equity Total Capital	49.67 100.00 %	100.00 %	100.00 %	100.00 %	100,00 %	100.00 %
1000 Captan	100100 /0		· ·			
California Water						
Service Group						40.00.00
Long-Term Debt	42.03 %	50.39 %	52.04 %	52.51 % 0.00	47.93 % 0.00	48.98 % 0.00
Preferred Stock Common Equity	0.00 57.97	0.00 49.61	0.00 47.96	47.49	52.07	51.02
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
		- '	-			·
Connecticut Water						
Service, Inc.	47.34 %	49.03 %	53.05 %	49.32 %	50,59 %	49,87 %
Long-Term Debt Preferred Stock	0.20	0,21	0.30	0,34	0.35	0.28
Common Equity	52.46	50.76	46,65	50.34	49.06	49.85
Total Capital	100.00 %	100,00 %	100.00 %	100.00 %	100.00 %	100.00 %
	-					-
Middlesex Water Company						
Long-Term Debt	41.36 %	43.53 %	43.12 %	43,91 %	47.35 %	43.85 %
Preferred Stock	0.88	1,02	1.06	1.07	1.24	1.05
Common Equity	57.76	55.45	55.82	55.02	51.41	55.10
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
SIW Corporation						
Long-Term Debt	51.09 %	55.39 %	56.63 %	53.79 %	49.52 %	53.28 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	48.91	44.61	43.37	46.21	50.48	46.72
Total Capital	100.00 %	100,00 %	100.00 %	100.00 %	100.00 %	100.00 %
York Water						e e
Company						
Long-Term Debt	45.07 %	45.98 %	47.16 %	48,28 %	47.16 %	
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	54.93	54.02	52.84	51.72	52.84	53.27
Total Capital	100.00 %	100,00 %	100.00 %	100,00 %	100.00 %	100.00 %
Proxy Group of						
Eight Water						
Companies						
Long-Term Debt	46.24 %	49.32 %	50.91 %	50.74 %	50.38 %	49.52 % 0.20
Preferred Stock	0.16 53.60	0.18 50.50	0,21 49,89	0.21 49.05	0.24 49.38	50.28
Common Equity Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	
<del></del>				-		

Source of Information EDGAR Online's I-Metrix Database Annual Forms 10-K

Ahem Direct Exhibit 4 Page 1 of 9

### <u>Carolina Water Service. Inc. of NC</u> Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for the Proxy Group of Eight Water Companies

•	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Eight Water Companies	Average Dividend Yield (1)	Value Line Projected Five Year Growth in EPS (2)	Reuters Mean Consensus Projected Five Year Growth Rate in EPS	Zack's Five Year Projected Growth Rate in EPS	Yahoo! Finance Projected Five Year Growth in EPS	Average Projected Five Year Growth In EPS (3)	Adjusted Dividend Yield (4)	Indicated Common Equity Cost* Rate (5)
American States Water Co.	2.23 %	6.50 %	3.00 %	2.00 %	3.00 %	3.63 %	2.27 %	5.90 %
American Water Works Co., Inc.		7,50	8.03	7.90	8.03	7.87	2.38	10.25
Aqua America, Inc.	2.48	8.50	4.00	5.00	4.00	5.38	2.55	7.93
California Water Service Group	2.72	7.50	6.00	6.00	6.00	6.38	2.81	9.19
Connecticut Water Service, Inc.	2.85	7.00	5,00	5.00	5.00	5.50	2.93	8.43
Middlesex Water Company	3,44	5.00	NA	NA	2.70	3.85	3.51	7.36
SIW Corporation	2.39	7.00	NA	NA	14,00	10.50	2.52	13.02
York Water Company	2.59	7.00	NA	NA	4.90	5.95	2.67	8,62
							Average	8.84 %
							Median	8,52_%

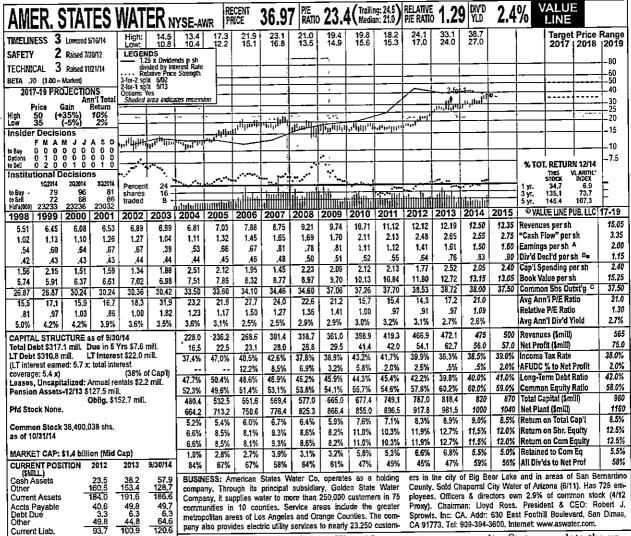
NA≃ Not Available NMF = Not Meaningful Figure

#### Notes:

- Indicated dividend at 02/27/2015 divided by the average closing price of the last 60 trading days ending 02/27/2015 for each company.
- (2) From pages 2 through 10 of this Exhibit.
- (3) Average of columns 2 through 5 excluding negative growth rates.
- (4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 6) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for American States Water Co., 2.23% x (1+(1/2 x 3.63%)) = 2.27%.
- (5) Column 6 + column 7.

Source of Information:

Value Line Investment Survey www.reuters.com Downloaded on 02/27/2015 www.zacks.com Downloaded on 02/27/2015 www.yahoo.com Downloaded on 02/27/2015



metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 custom-Shares of American States Water have surged since our October report. The price of the stock has increased 21%, well above the 4% gain posted by the market

120.6

533%

to '17-'19

6.5% 10.0% 4.5%

Full Year

4193

466.9

472.1

475 500

Year

1.12

1 41

1.50

1.60

Full

55

64

.76

.83

93.7

488%

10 Yrs. 5.5% 7.5% 9.0%

4.0% 5.5%

QUARTERLY REVENUES (\$ mill.)

Mar.31 Jun. 30 Sep. 30 Dec. 31

EARNINGS PER SHARE A

119.9

133.5

130.9

138.3

145

Jun. 30 Sep. 30 Dec. 31

109 8

114.3

120.7

115,6

125

.40

.43

.45

.14

.1775

2025

QUARTERLY DIVIDENDS PAID 84

Mar.31 Jun.30 Sep.30 <u>Dec.3</u>1

14

.1775

.2025

.213

531%

5 Yrs. 6.5% 8.5%

13.0%

6.5%

95.3

111.5

119.7

120

26

.29

.30

.1775

.2025

.213

Past Est'd '11-'13

averages. The entire water sector has done well, but American States' performance has been especially strong. This is unusual because water utilities are generally considered to be low-Beta, defensive equities. One possibility for American States' stock movement could be that investors are willing to pay a large premium for higher-yielding stocks with good dividend growth prospects. Another is that the company repurchased more of its own shares on the

open market (at a very high price). The attractiveness of the stock has been greatly reduced. Despite American States being one of the best run water utilities in the country, with very favorable long-term dividend growth prospects, our concern is with the valuation of the equity. True, these shares are ranked to perform in line with the market in the year ahead. However, total return potential through 2017-2019 is now below average.

Meanwhile, the company's earnings may be restrained by its current high

Sprowls. Inc: CA. Addr. 630 East Foothill Boulevard, San Dimas, CA 91773. Tel: 909-394-3600. Internet: www.aswater.com.

return on equity. States regulate the upper limit as to what utilities are allowed to earn on the common equity dedicated to the water business. (Please note the calculations on our page can vary significantly from how regulators arrive at their numbers.) Hence, we estimate that American States' share net declined 6% in 2014, to \$1.50, because 2013's results were aided by a one-time recovery of certain expenses. In 2015, we expect earnings per share to recover and rise 6%, to \$1.60.

Nonregulated operations could well be a swing factor in the company's earnings. American States provides water services to nine domestic military bases. Profits from this segment can be uneven, but they carry higher margins than the regulated water business. We estimate that this endeavor accounts for almost 20% of the utility's total earnings. With an estimated 50 to 70 bases expected to privatize their water operations in the next few years, the company may pick up an-other 15 to 20. This would make our longterm earnings estimates somewhat conser vative.

James A. Flood

January 16, 2015

65 85

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 7¢; '05, 13¢; '06, 3¢; '08, (14¢); '10, (23¢) '11, 10¢. Next earnings report due mid February. Quarterly earnings may not

Current Liab.

Fix. Chg. Cov.

ANNUAL RATES

of change (per sh)

94.3

107.6

110.6

110

Mar.31

.27

.35

.30

13

.2025

Revenues "Cash Flow"

Earnings Dividend

endar

2011

2012

2013

2015

Cal

2011

2012

2013

2015

Cal-

endai

2011

2012

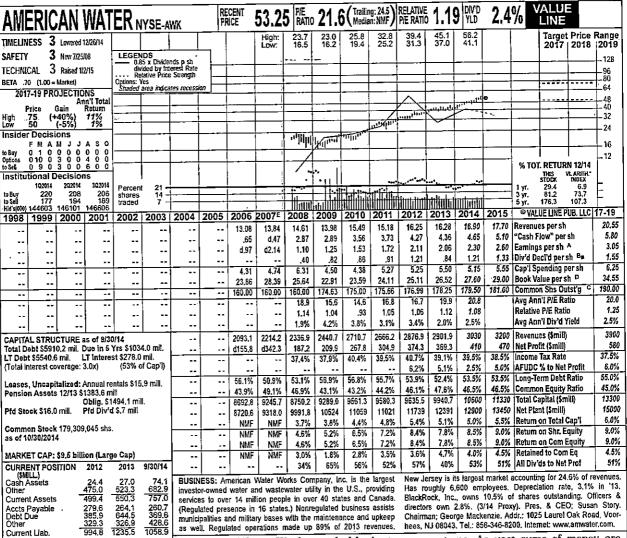
2014

add due to rounding.
(B) Dividends historically paid in early March,
June, September, and December. ■ Div'd reinvestment plan available.

(C) In millions, adjusted for splits.

Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Prodictability

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(Regulated presence in 16 states.) Nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 89% of 2013 revenues.

directors own 2.8%. (3/14 Proxy). Pres. & CEO; Susan Story. Chairman; George Mackenzie. Addr.: 1025 Laurel Oak Road, Voorhees, NJ 08043, Tel.: 856-346-8200, Internet: www.amwater.com.

American Water Works probably just 305% wrapped up a successful 2014. Man-Past Est'd '11-'13 agement estimates that full-year earnings to '17-'19 per share will come in at \$2.30-\$2.35. Following last year's slight dip in the bottom line, this represents a nice recovery, especially considering that the utility lost \$0.05 a share due to wet weather, and took a \$0.04-a-share hit as a result of a

Full Year Mar.31 Jun. 30 Sep. 30 Dec. 31 chemical spill in West Virginia. 2666.2 639.8 The year ahead should be even better. 2876.9 Share earnings are expected to reach \$2.60, a strong 13% increase over last 2901.9 3030 year. A decent portion of the higher re-Full Year turns will be a result of American Water's continuing drive to improve its operating margins through cost cutting and cost savings from acquisitions. Indeed, the compa-

428.6

1058.9

745,6 681.0 831.8 618.5 681.9 759.2 846.2 7427 795 705 810 890 EARNINGS PER SHARE A 1.72 2.11 .28 .66 .57 .30 .87 .84 .38 .87 .44 2.30 .45 .70 1.00 .45 2.60 QUARTERLY DIVIDENDS PAID B-Full Dec.3 23 22 .23 23

760.9

Cal-Mar.31 Jun. 30 Sep. 30 Dec. 31 endai 2012 2013 2014 2015 Cal-Mar.31 Jun.30 Sep.30 endar 2011 .23 .25 1.21 2012 2013 .28 .28 .28 .84 1.21 2014 .28 .31 .31 2015

994,8

297%

QUARTERLY REVENUES (\$ mill.)

668.8

10 Yrs.

307%

6 Yrs.

32.5%

- 5%

Current Liab.

Fix. Chg. Cov.

ANNUAL RATES

of change (per sh)

596.7

Revenues "Cash Flow"

Earnings

Divide

endar

2011

2012

2013

2014

2015

35% by 2017. Acquisitions will remain an important part of American Water's long-term plan. The water utility industry in the U.S. consists mostly of small municipally-

ny's expense margin has declined from 41% in 2013 to an estimated 38% last

year. Moreover, we are expecting a 1.5%

improvement in this ratio in both 2015

and 2016, which should lower the rate to

run systems. As vast sums of money are required to finance the modernization of an aging water infrastructure, more cash-strapped local authorities are willing to sell their systems to bigger well-capitalized utilities. And, while most purchases aren't that large, consummating about 30 mergers a year, adds up in the long term.

Shares of American Water Works have been performing well. Since our October report, the price of the water utility's stock has risen over 10%, compared to an increase of about 4% for the broader market. Making this showing even more impressive is that water utilities are usually considered defensive plays. Overall, the stock price soared 31% in 2014, or about twice that of the market average.

We think that these shares may take a breather. Despite our favorable outlook for the company, the Timeliness rank of the stock has been lowered one notch to a 3 (Average). Moreover, the positive outlook appears to be fully priced into the equity as its prospects through 2017-2019 are now subpar.

James A. Flood

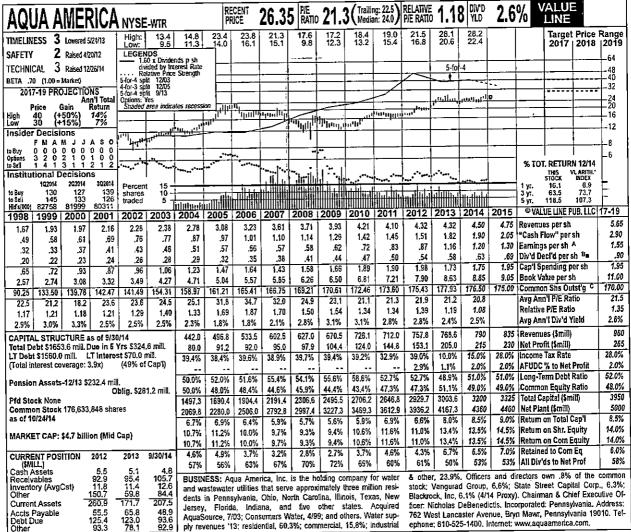
January 16, 2015

(A) Diluted earnings. Excludes nonrecuring losses: '08, \$4.62; '09, \$2.63, '11, \$0.07. Discontinued operations: '06, (4¢); '11, 3¢; '12, (10¢); '14, 3¢, Next earnings report due early

Feb. Quarterly earnings may not sum due to quarter of 2012. (C) In millions. (D) Includes infounding. (B) Dividends paid in March, June, september, and December. ■ Div. reinvestment available. Two payments made in 4th

Company's Financial Strength Stock's Price Stability Price Growth Persistence 100 75 Earnings Predictability 20

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AquaSource, 7/03; Consumers Water, 4/99; and others. Water supply revenues '13: residential, 60.3%; commercial, 15,8%; industrial Aqua America should record solid earnings in 2015. The company probably posted decent results in 2014 as we think earnings per share rose 3.4%, to \$1.20. This figure is much better than it appears, as 2013 was an outstanding year and com-parisons with it are very difficult. Fueled

by an expanding rate base (on which the utility earns a return), we expect share net to increase a healthy 8%, to \$1.30 a share

this year.

Acquisitions will continue to remain a key part of Aqua's strategy. The U.S. water market consists of over 50,000 municipally-run districts, many of which are financially strapped and don't have the required funds to upgrade their antiquated water infrastructure. Some are willing to sell themselves to a wellcapitalized utility. Since there are many redundancies in the business. Aqua is able to integrate purchases and improve profitability by reducing costs. An estimated 20 acquisitions were made last year, and we think that will represent the low end of Agua's long-term merger activity.

Dividend growth prospects are excel-lent. Over the next three- to five-year pe-

762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.

riod, the utility's annual payout will likely be hiked 9% annually, a level well above that of its peers.

Nonregulated operations will probably be affected by declining oil prices. Exploring for oil and gas domestically requires large quantities of water, which are usually shipped to the drilling site by trucks. This is an expensive and cumbersome process. Aqua has simplified the procedure by extending water pipelines right to the rigs. Energy producers are willing to pay high fees for such a service. However, with oil prices having declined by about 50% since last summer, energy exploration could fall substantially if crude prices do not recover.

Income-oriented investors will find much to like about these shares. True, the stock's yield is lower than the industry average. However, buyers typically have to sacrifice more current income to obtain a water utility with such robust dividend growth prospects. Indeed, the equity's capital appreciation and total return potential through 2017-2019 are much higher than others in the group.

James A. Flood

January 16, 2015

(A) Diluted egs. Excl. nonrec, gains (losses): 99, (9¢): '00, 2¢; '01, 2¢; '02, 4¢; '03, 3¢; '12, 18¢. Excl. gain from disc, operations: '12, 7¢; '13, 9¢. May not sum due to rounding. Next

274.2

413%

10 Yrs. 6.5% 8.0% 8.5% 7.5%

8,0%

QUARTERLY REVENUES (\$ mill)

Mar.31 Jun.30 Sep.30 Dec.3

197.3

214.6

204.3

210.5

Sep.30

.29

.40

.124

.132

.152

.165

220

EARNINGS PER SHARE A

178.3

191.7

195.7

195.3

Jun.30

.24

31

.32

.124

.132

.152

QUARTERLY DIVIDENDS PAID B =

Jun.30 Sep.30

210

Current Liab.

Fix. Chg. Cov.

ANNUAL RATES

of change (persh)

163.6

164.0

180.0

182.7

Mar,31

.18

.15

.26

.24

.27

Mar.31

124

.132

.152

Revenues "Cash Flow"

Earnings Dividends

Calendar

2011

2012

2013

2015 195

Cal

enda

2011

2013

2014

2015

Cal-

endar

2011

2012

2013

2014

2015

266.9

388% Past Est'd '11-'13

5 Yrs. 4.0% 8.0% 11.0%

7.0% 6.0%

172.7

187.5

188.6

201.5

Dec.3

.19

.24

.27

.31

Dec.3

132

.152

.165

210

235.4

389%

Full Year

712 0

757.8

768.6

790

835

Full Year

.83

87

1.16

1.30

Full

50

63

to '17-'19

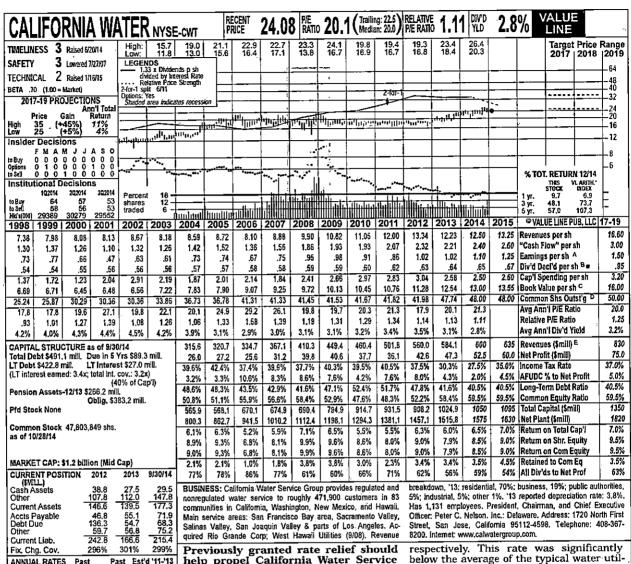
earnings report due mid February.
(B) Dividends historically paid in early March,
June, Sept. & Dec. = Div'd, reinvestment plan available (5% discount).

(C) In millions, adjusted for stock splits.

Company's Financial Strength Stock's Price Stability Price Growth Persistence A 100 60 Earnings Predictability 95

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Previously granted rate relief should help propel California Water Service Group's earnings for the next few years. Utilities in the state are only allowed to file a petition seeking higher tariffs every three years. Hence, the relatively favorable decision allowed by California regulators last summer will have a positive effect on the company's bottom line through 2017. In addition, a major potential regulatory risk has been removed for the next several years.

We are raising our bottom-line estimates for the company, yet again. Third-quarter earnings came in higher than we expected, even though the recent rate hike was only in effect for part of the quarter. Expectations for the year-ending period are favorable, too. All told, share net should probably reach \$1.10, a 7.4% increase over 2013's uninspiring showing. In 2015, with the rates in effect for the entire year, a 13.6% hike in earnings per share, to \$1.25, is possible.

Dividend growth should accelerate as well. Over the past five- and ten-year periods, California Water's annual dividend payout averaged a meager 1.0%, and 1.5%, below the average of the typical water utility. In the coming year, we are conservatively estimating that there will be a \$0.03 (4.6%) increase. Furthermore, annual hikes through 2017-2019 could be in the 7% range.

Water is not California meaningfully impacted by the area's severe drought. State regulators have implemented rules so that water utilities won't be penalized for a decline in water consumption due to conservation measures. Also, future demand should be met with water from the company's own wells along with a dependable secondary source that sells its bulk water. Moreover, any change in the price of water will just be passed along directly to consumers.

These shares do not have much to of-

fer. Despite a strong balance sheet and solid dividend growth prospects, the recent solid dividend growth prospects, the recent strong price showing by the equity of Cali-fornia Water has greatly reduced its near-term attraction. Moreover, total return potential through 2017-2019 is below aver-age for a stock followed by Value Line. James A. Flood January 16, 2015

(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (4g); '01, 2c; '02, 4c; '11, 4e. Next earnings report due mid-February. (B) Dividends historically paid in late Feb., May, Aug., and

10 Yrs. 4.0% 6.0% 5.5% 1,0% 5,5%

QUARTERLY REVENUES (\$ mill)E

Mar.31 Jun.30 Sep.30 Dec.31

169.3

178 1

184.4

191.2

200

.50

56

.61

.70

Jun.30 Sep.30 Dec.31

.154

.1575

.1625

EARNINGS PER SHARE A

Mar.31 Jun.30 Sep.30 Dec.31

QUARTERLY DIVIDENDS PAID B =

131.4

143.6

154.6

158.4

.31

28

.36

.154

.16

.1575

.1625

160

of change (per sh)

Cash Flow

Earnings Dividends Book Value

2012

2013

2015 125

Cal-

endai

2011

2013

2014

2015

Cal-

endar

2011

2012 2013

2014

2015

98.1

1168

111.4

110.5

.03

.03

.01

d.11

Mar.31

.1575

,1625

Revenues

5.5% 5.5% 5.5% 7.5% 7.0% 5.5%

Fuli Year

501.8

560.0

600

635

Full

1:02

1.02

1.25

Full

.62

5 Yrs. 7.0% 6.5% 4.0% 1.5% 4.5%

103.0

121.5

133.7

139.9

.12

12

.15

154

.1575

1625

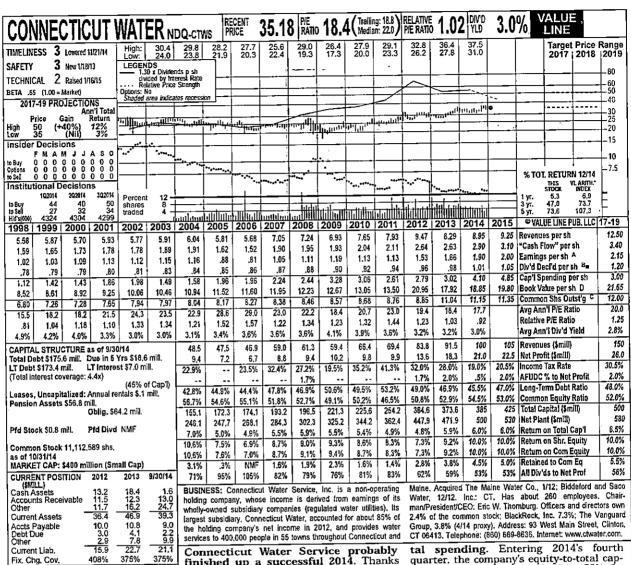
150

Nov. = Div'd reinvestment plan available. (C) Incl. intangible assets, in '13: \$18.2 mill., (D) In millions, adjusted for splits.

(E) Excludes non-reg. rev.

Company's Financial Strength Stock's Price Stability Price Growth Persistence 95 Earnings Predictability

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Connecticut Water Service probably finished up a successful 2014. Thanks to a deal reached in 2013 with Connecticut. regulators, the utility agreed to lower customers' bills and delay seeking higher rates in return for being allowed to hold on to an IRS tax refund. In addition, Connecticut Water was able to cut costs by merging the two utilities that it operates in Maine. All told, we think that share net probably rose a robust 14%, to \$1.90.

Bottom-line gains should moderate this year. A recent petition for higher rates in Maine and the ongoing tax benefits should enable share earnings to rise \$0.10, or 5%, in 2015. If not for the difficult comparison with last year, these number would be more impressive.

Capital expenditures are expected to rise a sizable 20% in 2015. Like most water utilities. Connecticut Water is in the process of upgrading an antiquated infrastructure. We estimate that about \$46 million was spent on modernizations in 2014. The company has announced plans to increase this total to \$55 million this year. Connecticut Water's finances should

be able to handle the additional capi-

ital ratio stood at a very healthy 55%. Internally generated funds will probably not be sufficient to cover the capital budget over the next three- to five-year period. Issuance of new debt will be required and the quality of Connecticut's balance sheet may decline somewhat, but it still should remain in relatively good shape. Two future projects will increase the

company's revenues. Pipelines are being extended to include the town of Mansfield and the main campus of the University of Connecticut in Storrs to expand Connecticut Water's service area.

These shares have lost most of their appeal. Like the rest of the sector, the stock of Connecticut Water has outperformed the market by a wide margin since our October report. Hence, the equity is now less attractive on a relative basis. The Timelessness rank has also been dropped a notch to 3 (Average). Moreover, prospects to 2017-2019 are now well below average compared to other stocks in the Value Line universe.

James A. Flood

January 16, 2015 В+

(A) Diluted earnings. Next earnings report due early February. Quarterly earnings do not add in '12 due to rounding.
 (B) Dividends historically paid in mld-March.

ANNUAL RATES

of change (per sh)

Cash Flow"

16.0

18.5

19.7

22.0

.26

.22

.24 .27

.35

233

.238

2475

Revenues

Calendar

2011

2012

2013

2015

Cal-

endar

2011

2013

2014

2015

endar

2011

2012

2013

2014

2015

Past Past 10 Yrs. 4.0% 3.0% 2.5% 1.5%

QUARTERLY REVENUES (\$ mill.)

Mar.31 Jun. 30 Sep. 30 Dec. 31

EARNINGS PER SHARE A

Mar.31 Jun. 30 Sep. 30 Dec. 3

QUARTERLY DIVIDENDS PAID B .

Mar.31 Jun.30 Sep.30 Dec.31

20.6

24.5

27.6

29.4

32.0

.67

86

.80

.238

.2425

.2475

2575

17.4

21.3

22.6

27.3

28.0

.3

.47

.39

67

.60

233

.238

2425

.2475

Past Est'd 11-13

15.4

19.5

23.0

23.0

.17

.17

.20

.25

238

.2475

.2575

to '17-'19

6.5% 5.5% 7.0% 4.0% 3.5%

Year

69.4

83.8

100

105

Full

Year

1.13

1.53

1,66

2.00

Full

qя

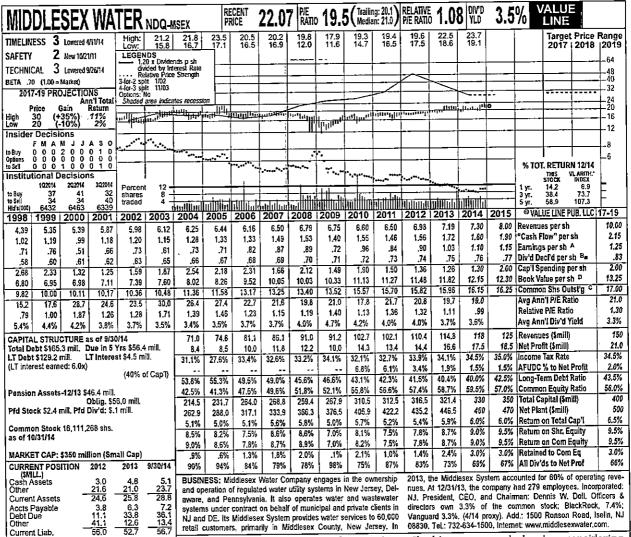
1.01

5.0% 5.0% 6.5% 8.0% 2.0% 8.0%

June, September, and December. = Div'd reinvestment plan available.
(C) In millions, adjusted for split.
(D) Includes intangibles, in '13: \$31.7 mil-

Company's Financial Strength Stock's Price Stability 90 50 85 Price Growth Persistence Earnings Predictability

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retail customers, primarily in Middlesex County, New Jersey. In Middlesex Water Company has an incredibly consistent dividend policy. In late October, the company raised its dividend by one-quarter of \$0.01. For the full year, the increase works out to one cent. This marks the 12th straight year in which the utility has raised the annual payout by \$0.01.

Consistency is not always a good characteristic for a company. The latest dividend hike represents a paltry 1.3% yearly hike, compared to the industry average of over 6%. Indeed, this represented the lowest rate of growth of any regulated water utility in the industry. What's more, we don't anticipate any change in Middlesex's one-cent-a-year philosophy until 2016 or 2017.

Near-term earnings prospects are not bad for a water utility. Even though we are not looking for a great comparison in the fourth quarter, better-than-expected results in the September period were probably enough to enable the company to earn \$1.10 a share, a solid 7% increase over 2013. Modest rate increases in both New Jersey and Delaware were most likely behind most of the gains. All things consider-

Vanguard 3.3%, (4/14 proxy). Add.: 1500 Ronson Road, Iselin, NJ 08830. Tel.: 732-634-1500, Internet: www.middlesexwater.com. ed, this was a good showing, considering

that the company lost its largest client (a Hess refinery) and the borough of Sayreville less than two years ago. 2015, the increase in profits will probably be less impressive, as we estimate only calls for a 4%-5% advance in share net to \$1.15. The balance sheet may be small but it

is relatively solid. With net plant just a little north of \$450 million and total capital of only about \$330 million, Middlesex has better than average financial metrics compared to the rest of the industry.

More attractive candidates can be found for those investors insisting on being involved in the water utility industry. If a water utility stock must be selected, we think that most current valuations in the group are too high. Moreover, Middlesex would not be our recommendation. Typically, utilities with subpar dividend growth prospects must com-pensate buyers by having a much higher yield. Middlesex's yield does not appear to be high enough to make up for its poor dividend growth prospects. January 16, 2015 James A. Flood

(A) Diluted earnings. May not sum due to rounding. Next earnings report due mid-(B) Dividends historically paid in mid-Feb.,

Current Liab.

Fix. Chg. Cov

ANNUAL RATES

of change (per sh)

24.0

23.5

27.0

29.0

Mar.31

.11

.11

.20

.21

.183

.185

.1875

Cash Flow

Earnings Dividends Book Value

Reven

endar

2011

2012

2013

2015

Cal

2011

2013

2014

2015

Cal-

endar

2011

2012

2013

2014 .19

2015

554%

10 Yrs. 1.5% 3.0%

3.5% 1.5% 4.5%

QUARTERLY REVENUES (\$ mill.)

Mar,31 Jun. 30 Sep. 30 Dec. 31

EARNINGS PER SHARE A

27.4

29.1

29.2

31.0

23

.28

.31

.183

.185

.1875

.19

QUARTERLY DIVIDENDS PAID B.

Mar.31 Jun.30 Sep.30 Dec.3:

28.7

32.4

31.3

34.0

Jun. 30 Sep. 30 Dec. 31

.38

.36

.43

183

185

.1875 .19

.19

697%

Past Est'd '11-'13

23.3 27.1

27.4

29.0

31.0

.12

.17

.19

.20

185

.1875

.1925

695%

to '17-'19

5.0% 2.0% 2.5%

Full Year

102.1

110.4

118

125

Full

Year

.84

90

1.03

1.10

1.15

Full

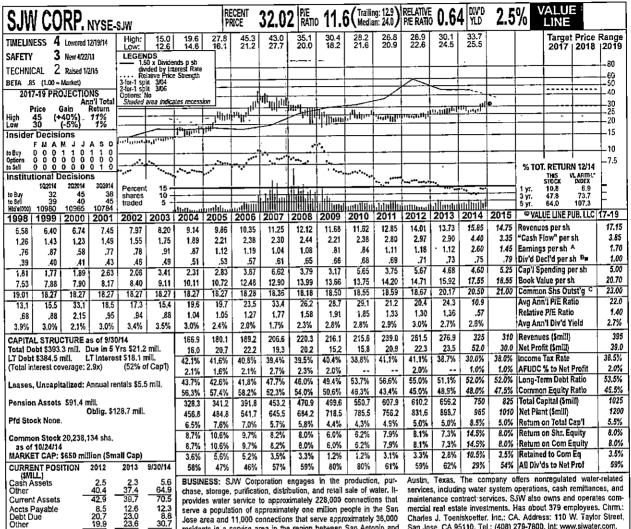
73

May, Aug., and November. Div'd reinvestment plan available. (C) In millions, adjusted for splits.

Company's Financial Strength Stock's Price Stability Price Growth Persistence B++ 40 Earnings Predictability 80

(a) Dividends instituting by the stress of the publishing LLC. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

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Jose area and 11,000 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and

Charles J. Toeniskoetter, Inc.: CA. Address: 110 W. Taylor Street. San Jose, CA 95110, Tel.: (408) 279-7800, Int: www.sjwater.com. modernize waste facilities, the company

ANNUAL RATES Past Est'd '11-'13 of change (per sh) 10 Yrs. 5 Yrs. to '17-'19 4.0% 5.0% 7.0% 6.0% 5.5% 5.5% 6.0% 3.5% 4.5% 5.5% Revenues "Cash Flow" Faminos Book Value

317%

Current Liab.

Fix. Chg. Cov

59,2

268%

51.8

270%

QUARTERLY REVENUES (\$ mill) Full Year Mar.31 Jun. 30 Sep. 30 Dec. 31 endar 239.0 2011 43.7 59.0 73.9 62 4 82.4 62.4 261.5 51.1 65.6 2012 85.2 67.4 276. 74.2 2014 54.6 70.4 125.4 74.6 325 310 2015 60.0 75.0 95.0 80.0 EARNINGS PER SHARE A Full Cal-Mar.31 Jun. 30 Sep. 30 Dec. 31 endai Year .35 1.11 2012 DA .28 53 .31 1.18 .07 .37 2013 2.60 2015 10 43 .55 .35 1.45 QUARTERLY DIVIDENDS PAID B. Full Cal endar Mar.31 Jun.30 Sep.30 Dec.31 Year 69 2011 173 .173 173 .173 .1775 .1775 1825 .73 .75 2013 .1825 .1825 .1825 2014 .1875 .1875 .1875 .1875

SJW's impressive 2014 performance was the result of a one-time event. In the third quarter, the utility's share net spiked to \$1.88, versus the \$0.44 recorded in the similar 2013 period. Behind this whopping increase was SJW's recognition of \$58.2 million in revenues due the company for expenses incurred in previous years. The delay in recovering the revenues was the reason for the previous four quarters having negative year-over-year comparisons. We are not backing out the profits as a nonrecurring item because they were earned by the utility's main business during the course of normal operations. It's just that they were recognized all at the same time. Investors should note that SJW's P/E and relative P/E ratio will be out of kilter for the next three months. Earnings in 2015 will not be as poor as

they will probably appear. Excluding the large one-time item taken by SJW last year, we estimate that the utility could have shown close to a double-digit increase

in earnings per share. SJW is in the midst of overhauling its outdated infrastructure. To remove and install new pipes, as well as repair and

will need to spend close to \$1 billion annually over the next several years.

The large projected capital outlays will only have a minor impact on the company's balance sheet. SJW will have to issue new debt because internally generated funds will not cover the entire long-term capital budget. The common equity-to-total capital ratio will most likely decline from the current 48% level to about 46.5% by later in the decade. This should leave the utility with marginally below-average finances.

Shares of SJW do not have good near-

term prospects. Our proprietary system has dropped the ranking of SJW one notch to 4 (Below Average) for year-ahead relative performance.

Long-term prospects are not encouraging either. The 18% rise in the price of the equity since our October report has reduced much of SJW's appeal. With the stock already trading in our 2017-2019 projected Target Price Range, both total return and capital appreciation potential are not impressive. January 16, 2015 James A. Flood

(A) Diluted earnings. Excludes nonrecurring losses: '03, \$1.97; '04, \$3.78; '05, \$1.09; '06, \$16.36; '08, \$1.22; '10, 48¢. Next earnings report due mid February. Quarterly egs. may

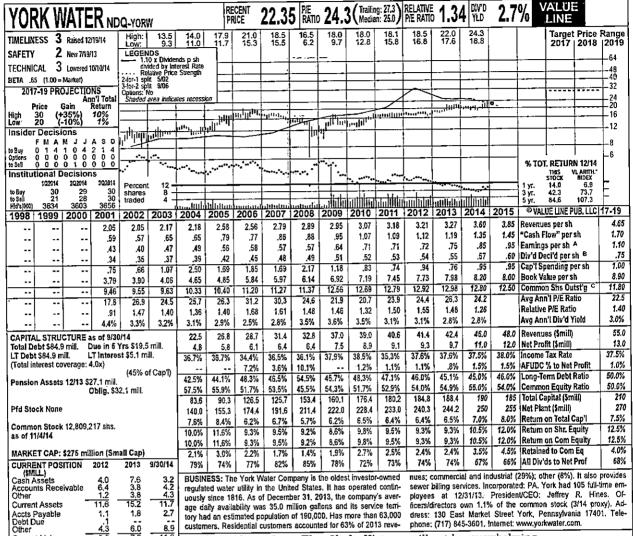
not add due to rounding.

(B) Dividends historically paid in early March,
June, September, and December. ■ Div'd reinvestment plan available.

(C) In millions, adjusted for stock splits.

Company's Financial Strength Stock's Price Stability Price Growth Persistence B+ 30 Earnings Predictability ŘΩ

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tory had an estimated population of 190,000. Has more than 63,000 customers. Residential customers accounted for 63% of 2013 reve-

dress: 130 East Market Street York, Pennsylvania 17401. Telephone: (717) 845-3601, Internet: www.yorkwater.com.

In late November, The York Water Company raised its dividend by 4.5%. 417% Past Est'd '11-'13 This increase is much higher than the subto '17-'19 par (for a water utility) 2.5% annual growth rate that the company averaged over the past five years. We believe this is the start of a trend in which York will probably be able to raise the yearly payout between 5% and 6% for the next five years. The company has solid short-term earning prospects. For the last 10 months of 2014, Pennsylvania regulators allowed York to raise customers' monthly Year 40 A 41.4 46 0 bills. This probably enabled the company to earn \$0.85 a share in 2014, a 13% in-48.0 Fuil Year crease over 2013. In 2015, due to a combination of the higher tariffs being in effect for all 12 months, along with a slower increase in expenses thanks to some cost cutting, we look for a 12% increase in .72 .75 .85 .95

share earnings, to \$0.95.
The capital budget is manageable. Most U.S. water utilities have aging infrastructures that are in need of repair. We estimate that York spent about \$12 million for this purpose last year and will come close to this figure again in 2015. So, while the outlays will be meaningful, they

will not be overwhelming.

Finances should remain solid. Cash on hand and internally generated funds were probably sufficient to meet 2014's planned expenditures. Over the next three- to fiveyear period, however, York will most likely have to access the debt markets to fully fund the capital budget. Currently, the company is well capitalized, as its common equity-to-total capital ratio is a healthy 55%. So, while the company's financial condition may slip a few notches, we think the balance sheet will remain healthy.

As has been the case with most water utilities, York shares have been per-forming extremely well. In December alone, the value of the equity rose 20% This strong showing has reduced the dividend yield to only 2.7%, or only 60 basis points higher than the median of all dividend-paying companies in the Value Line universe. Investors have been willing to pay a substantial premium for just a little more current income. In addition, the recent price run-up in the stock has left it with meager potential returns through 2017-2019.

James A. Flood

January 16, 2015

Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability 100

.1431 2015 (A) Diluted earnings. Next earnings report due (C) In millions, adjusted for splits.

6.0 7.8

417%

5 Yrs. 3.0% 6.5% 5.0% 2.5%

5.0%

10.0

10.4

10.7

12.5

.18

21

.25

Dec.31

.131

.134

138

Fuff

552

414%

Past

10 Yrs, 4.5% 6.5% 5.5%

7.0%

QUARTERLY REVENUES (\$ mill.)

Mar.31 Jun. 30 Sep. 30 Dec. 31

EARNINGS PER SHARE A

Mar.31 Jun. 30 Sep. 30 Dec. 31

QUARTERLY DIVIDENDS PAID B

10.5

110

10.9

12.5

22

19

.25

.131

.138

.1431

10.5

10.4

10.7

12.0

.17

18

.22

.25

Mar.31 Jun.30 Sep.30

.131

.134

.138

1431

Current Liab. Fix, Chg. Cov.

ANNUAL RATES

i change (per sh)

9.6

10.1

11.0

.17

.15

17

.16

.20

131

.138

1431

1495

"Cash Flow"

Earnings Dividends

endar

2011 2012

2013

2015

Cal-

2011

2013

2014 2015

Cal-

endar

2011

2012

2013

2014

11.6

mid February. (B) Dividends historically paid in mid-January April, July, and October,

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Ahern Direct Exhibit 5

### Carolina Water Service, Inc. of NC Current Institutional Holdings and Individual Holdings the Proxy Group of Eight Water Companies

	[1]	[2]
· · · · · · · · · · · · · · · · · · ·	February 27, 2015 Percentage of Institutional Holdings	February 27, 2015 Percentage of Individual Holdings (1)
Proxy Group of Eight Water		
Companies		
American States Water Co.	60.86 %	39.14 %
American Water Works Co., Inc.	80.79	19.21
Aqua America, Inc.	46.15	53.85
California Water Service Group	65.44	34.56
Connecticut Water Service, Inc.	39.14	60.86
Middlesex Water Company	38.82	61.18
SJW Corporation	53.07	46.93
York Water Company	<u>29.41</u>	70.59
Average	51.71 %	48.29 %

Notes:

(1) (1 - column 1).

Source of Information:

pro.edgar-online.com, February 27, 2015

Ahern Direct Exhibit 6
Page 1 of 11

#### <u>Carolina Water Service, Inc. of NC</u> Summary of Risk Premium Models for the <u>Proxy Group of Eight Water Companies</u>

e s	•	Proxy Group Eight Water Companies	•
Predictive Risk Premium Model ™ (PRPM™) (1)	•	11.81	%
Risk Premium Using an Adjusted Total Market Approach (2)		9.67	_%
	Average	10.74	_%

#### Notes:

- (1) From page 2 of this Exhibit.
- (2) From page 3 of this Exhibit.

Average

Median

12,31%

11.81%

#### Proxy Group of Eight Water Companies Indicated ROE Derived by the Predictive Risk Premium Model (1).

	[1]	[2]	[3]	[4]	[5]	[é]	[7]
Proxy Group of Eight Water Companies	LT Average Predicted Variance	Spot Predicted Variance	Average Predicted Variance	GARCH Coefficient	Predicted Risk Premium (2)	Risk-Free Rate (3)	Indicated ROE (4)
American States Water Co.	0.39%	0.47%	0.43%	<b>\1.677792</b>	9.01%		12.62%
American Water Works Co., Inc.	NM	NM	NM	NM	NM	3.61%	NM
Aqua America, Inc.	0.47%	0.34%	0.40%	2.229162	11.24%	3.61%	14.85%
California Water Service Group	0.32%	0.39%	0.35%	1.882704	8.20%	3.61%	11.81%
Connecticut Water Service, Inc.	0.28%	0.27%	0.28%	1.803111	6.23%	3.61%	9.84%
Middlesex Water Company	0.27%	0.34%	0.30%	2.003978	7.46%	3.61%	11.07%
SIW Corporation	0.42%	0.43%	0.43%	1.403779	7.49%	3.61%	11.10%
York Water Company	0.45%	0.41%	0.43%	2.081037	11.28%	3,61%	14.89%

#### Notes:

- (1) The Predictive Risk Premium Model uses historical data to generate a predicted variance and a GARCH coefficient. The historical data used are the equity risk premiums for the first available trading month as reported by CRSP® Data® 2012. Center for Research in Security Prices, The University of Chicago Booth Schiool of Business and Bloomberg Professional Service.
- (2) (1+(Column [1] \* Column [2]) \*12} 1.
- (3) From note 2 on page 2 of Exhibit 7.
- (4) Column [3] + Column [4].

## Carolina Water Service, Inc. of NC Indicated Common Equity Cost Rate Through Use of a Risk Premium Model Using an Adjusted Total Market Approach

Line No.	ν	eg k	Proxy Group of Eight Water Companies
1.		Prospective Yield on Aaa Rated Corporate Bonds (1)	4.65 %
2.		Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A Rated Public Utility Bonds	0.10(2)
3.		Adjusted Prospective Yield on A Rated Public Utility Bonds	4.75 %
4.		Adjustment to Reflect Bond Rating Difference of Proxy Group	0.13 (3)
5.		Adjusted Prospective Bond Yield	4.88 %
6.		Equity Risk Premium (5)	4.79
7.		Risk Premium Derived Common Equity Cost Rate	9.67 %
Notes:	(1)	Consensus forecast of Moody's Aaa Rated Corpo Chip Financial Forecasts (see pages 9-10 of this	
	(2)	The average yield spread of A rated public utility rated corporate bonds of 0.10% from page 6 of the corporate bonds of the corporate bon	y bonds over Aaa this Exhibit
	(3)	Adjustment to reflect the A2 / A3 Moody's LT is proxy group of eight water companies as shown Exhibit. The 13 basis point upward adjustment 1/6 of the spread between A2 and A3 Public Ut 0.79% = 0.13%) as derived from page 4 of this E	suer rating of the on page 6 of this is derived by taking ility Bonds (1/6 *
	(4)	From page 7 of this Exhibit.	

## Carolina Water Service, Inc. of NC Interest Rates and Bond Spreads for Moody's Corporate and Public Utility Bonds

#### Selected Bond Yields

[1] [2] [3]

	Aaa Rated Corporate Bond	A Rated Public Utility Bond	Baa Rated Public Utility Bond		
Dec-14	3.79 %	3.95 %	. 4.70 %		
Jan-15	3.46	3.58	4.39		
Feb-15	3.61	3.62	4.44		
Average	3.62_%	3.72 %	4.51_%		

#### Selected Bond Spreads

A Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:

0.10 % (1)

Baa Rated Public Utility Bonds Over A Rated Public Utility Bonds:

0.79 % (2)

#### Notes:

- (1) Column [2] Column [1].
- (2) Column [3] Column [2].

Source of Information:

Bloomberg Professional Service

### Carolina Water Service, Inc. of NC Comparison of Long-Term Issuer Ratingsfor the Proxy Group of Eight Water Companies

Moody's	Standard & Poor's
Long-Term Issuer Rating	Long-Term Issuer Rating
February 2015	February 2015

Proxy Group of Eight Water	Bond	Numerical	Bond	Numerical
Companies	Rating	Weighting(1)	Rating	Weighting(1)
American States Water Co. (2)	A2	6.0	A+	5.0
American Water Works Co., Inc. (3)	A3	7.0	A-	7.0
Aqua America, Inc. (4)	NR		A+	5.0
California Water Service Group (5)	NR		A+	5.0
Connecticut Water Service, Inc. (6)	NR		Α	6.0
Middlesex Water Company	NR		A-	7.0
SJW Corporation (7)	NR		Α	6.0
York Water Company	NR	+-	A	7.0
Average	A2/A3	6.5	A	6.0

#### Notes:

- (1) From page 6 of this Exhibit.
- (2) Ratings are those of Golden State Water
- (3) Ratings are those of Pennsylvania American Water and New Jersey American Water.
- (4) Ratings are those of Aqua Pennsylvania, Inc.
- (5) Ratings are those of California Water Service
- (6) Ratings are those of Connecticut Water
- (7) Ratings are those of San Jose Water Co.

Source Information:

Moody's Investors Service

Standard & Poor's Global Utilities Rating Service

Ahern Direct Exhibit 6
Page 6 of 11

Numerical Assignment for Moody's and Standard & Poor's Long-Term Issuer Ratings

B1 B2 B3	Ba1 Ba2 Ba3	Baa1 Baa2 Baa3	A1 A2 A3	Aa1 Aa2 Aa3	Moody's Long-Term <u>Issuer Rating</u> Aaa	
14 15 16	11 12 13	8 9 10	5 7	4 3 2	Numerical Weighting 1	
в <u>-</u>	8B+ 8B 8B-	BBB+ BBB BBB-	A+ A-	AA+ AA AA-	S&P Long-Term <u>Issuer Rating</u> AAA	

## <u>Carolina Water Service, Inc. of NC</u> Judgment of Equity Risk Premium for the Proxy Group of Eight Water Companies

Line No.	-	Proxy Group of Eight Water Companies
1.	Calculated equity risk premium based on the total market using the beta approach (1)	4.85 %
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A rated bonds (2)	4.73
3.	Average equity risk premium	<u>4.79</u> %
Notes:	(1) From page 8 of this Exhibit. (2) From page 11 of this Exhibit.	

### <u>Carolina Water Service. Inc. of NC</u> Derivation of Equity Risk Premium Based on the Total Market Approach Using the Beta for the Proxy Group of Eight Water Companies

Line No.	Equity Risk Premium Measure	Proxy Group of Eight Water Companies
1.	Ibbotson Equity Risk Premium (1)	5.85 %
2.	Ibbotson Equity Risk Premium based on PRPM $^{TM}$ (2)	6.18
3.	Equity Risk Premium Based on <u>Value Line</u> Summary and Index (3)	4.76
4.	Equity Risk Premium Based on S&P 500 Companies(4)	9.40
5.	Conclusion of Equity Risk Premium (5)	6.55 %
6.	Adjusted Value Line Beta (6)	0.74
7.	Forecasted Equity Risk Premium	4,85 %

#### Notes:

- (1) Based on the arithmetic mean historical monthly returns on large company common stocks from Ibbotson® SBBI® 2014 Classic Yearbook - Market Results for Stocks, Bonds, Bills, and Inflation minus the arithmetic mean monthly yield of Moody's Aaa and Aa corporate bonds from 1926 - 2013. (12.05% - 6.20% = 5.85%).
- (2) The Predictive Risk Premium Model (PRPM) is discussed in Ms. Ahern's accompanying direct testimony. The Ibbotson equity risk premium based on the PRPM is derived by applying the PRPM to the monthly risk premiums between Ibbotson large company common stock monthly returns minus the average Aaa and Aa corporate monthly bond yields, from January 1928 through January 2015.
- (3) The equity risk premium based on the Value Line Summary and Index is derived from taking the projected 3-5 year total annual market return of 9.41% (described fully in note 1 of page 2 of Exhibit 9) and subtracting the average consensus forecast of Aaa corporate bonds of 4.65% (Shown on page 3 of this Exhibit). (9.41% 4.65% = 4.76%).
- (4) Using data from the Bloomberg Professional Service for the S&P 500, an expected total return of 14.05% was derived based upon expected dividend yields and long-term growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 4.65% results in a expected equity risk premium of 9.40%. (14.05% - 4.65% = 9.40%).
- (5) Average of Lines 1 through 4.
- (6) Median beta derived from page 1 of Exhibit 7.

**Bloomberg Professional Services** 

#### Sources of Information:

Ibbotson® SBBI® 2014 Classic Yearbook - Market Results for Stocks. Bonds. Bills. and Inflation. Morningstar, Inc., 2014 Chicago, IL. Industrial Manual and Mergent Bond Record Monthly Update.

Value Line Summary and Index
Blue Chip Financial Forecasts, March 1, 2015 and December 1, 2014

#### Consensus Forecasts Of U.S. Interest Rates And Key Assumptions<sup>1</sup>

	History						Cons		Foreca	sts-Qu	arterly			
	Av	erage For	Week En	ding	Aver	age For N	Aonth	Latest Q	1Q	2Q	3Q	4Q	1Q	205
Interest Rates	Feb. 20	Feb. 13	Feb. 6	<u>Jan. 30</u>	<u>Jan.</u>	Dec.	Nov.	<u>40 2014</u>	<u>2015</u>	<u> 2015</u>	<u> 2015</u>	<u> 2015</u>	<u>2016</u>	2016
Federal Funds Rate	0.12	0.12	0.09	0.12	0.11	0.12	0.09	0.10	0.1	0.2	0.4	0.8	1.1	1.9
Prime Rate ,	3.25	3.25	325	3.25	3.25	3.25	3.25	3.25	3.3	3.3	3.5	3.8	4.1	4.5
LIBOR, 3-mo.	0.26	0.26	0.26	0.26	0.26	0.23	0.23	0.23	0.3	0.4	0.6	0.9		. 1.6
Commercial Paper, 1-mo.	0.06	0.08	0.08	0.08	0.09	0.11	0.07	0.08	0.1	0.2	0.4	0.8	1.1	1.5
Treasury bill, 3-mo.	0.02	0.01	0.02	0.02	0.03	0.03	0.02	0.02	0.0	0.2	0.4	0.7	1:1	1.4
Treasury bill, 6-mo.	0.07	0.07	0.07	0.08	0.08	0.11	0.07	0.08	0.1	0.2	0.5	0.8	1.2	15
Treasury bill, 1 yr.	. 0.24	0.24	0.21	0.17	0.20	0.21	0.13	0.15	0.2	0.4	0.7	1.1	1.4	1 🚍
Treasury note, 2 yr.	0.67	0.65	0.54	0.51	0.55	0.64	0.53	0.54	0.6	0.9	1.1	1.5	1.8	2.9 2.9
Treasury note, 5 yr.	1.58	1.51	1.31	1.28	1.37	1.64	1.62	1.60	1.5	1.7	1.9	2.1	2.4	2.7
Treasury note, 10 yr.	2.11	2.00	1.81	1.77	1.88	2.21	2.33	2.28	2.0	2.2	2.4	2.7	2.9	3 🔄
Treasury note, 30 yr.	2.72	2.58	2.39	2.33	2.46	2.83	3.04	2.97	2.6	2.8	3.0	3.3	"3 <b>.</b> 5	3.5
Corporate Aaa bond	3.77	3.62	3.42	3.36	3.46	3.79	3.92	3,88	3.7	3.8	4.1	4.3	4.6	4 07
Corporate Baa bond	4.64	4.53	4.41	4.36	4.45	4.74	4.79	4.74	4.6	4.7	.5.0	<b>-5.2</b>	5.4	5.4
State & Local bonds	3.62	3.60	3.49	3.36	3.40	3.70	3.96	3.87	3.5	3.7	3.9	4.2	4.4	4.5
Home mortgage rate	3.76	3.69	3.59	3.66	3.71	3.86	4.00	3.97	3.8	3.9	4.2	4.4	4.7	4.9
				Histor	гу			Co	onsenst	ıs Fore	casts-(	Quarte:	rly	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	.3Q	4Q	.1Q	2Q
Key Assumptions	2013	2013	2013	<u>2013</u>	<u>2014</u>	<u> 2014</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u> 2015</u>	<u> 2015</u>	<u>2015</u>	<u> 2016</u>	<u>2016</u>
Major Currency Index	74.7	76.4	76.7	76.0	77.1	76.6	77.8	82.6	87.7	89.0	89.5	90.0	89.6	89.1
Real GDP	2.7	1.8	4.5	3.5	-2.1	4.6	5.0	2.2	.2.6	3.0	3.1	3.0	2.9	2.9
GDP Price Index	1.3	1.2	1.7	1.5	1.3	2.1	1.4	0.1	0.4	1.6	1.8	1.9	2.0	2.0
Consumer Price Index	1.2	0.4	2.2	1.1	1.9	3.0	1.1	-1.2	-1.8	2.0	2.2	2.2	2.2	2.2

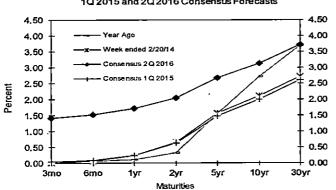
Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Interest rate definitions are same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for Fed's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS).

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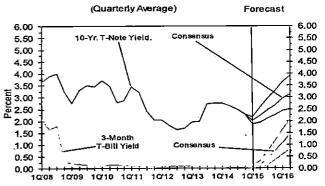
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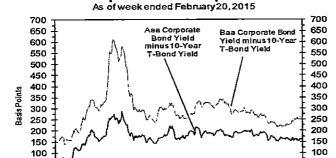
2013 2014 2015





#### U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield





2010 2011

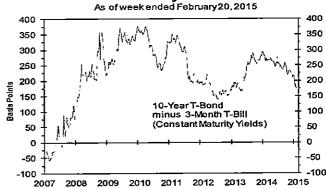
2012

2009

50

0

**Corporate Bond Spreads** 



**U.S. Treasury Yield Curve** 

Ahem Direct Exhibit 6
Page 10 of 11

Long-Range Estimates:

The table below contains results of our semi-annual long-range CONSENSUS survey. There are also Top 10 and bottom 10 averages for each variable. Shown are estimates for the years 2016 through 2020 and averages for the five-year periods 2016-2020 and 2020-2025. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans. cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

•			Averas	ge For Th	e Year		Five-Year	Averages	s
Interest Rates		<u> 2016</u>	2017	201 <u>8</u>	2019	2020	2016-2020		
1. Federal Funds Rate	CONSENSUS	1.8	2.9	3.6	3.7	3.7	3.1	3.6	
	Top 10 Average	2.4	3.7	4.2	4.2	4.2	3.7	-7.1	75
	Bottom 10 Average_	1.2	2 <u>.3</u>	2.9	3.0	3.0	2.5	2.9	0
2. Prime Rate	CONSENSUS	4.7	5.8	6.5	6.6	6.6	6.0		2
	Top 10 Average	5.4	6.6	7.1	7.2 5.0	7.2	6.7 5.4	7.1 5.6	7
	Bottom 10 Average_	4.2	5.2	5.8 3.7	5.9 3.9	5.8 3,9	3.3	3.8	
3. LIBOR, 3-Mo.	CONSENSUS	2.1 2.7	<b>3.2</b> 3.9	<b>3.</b> 7 4.3	3.9 4.4	3.9 4.4	3.9	4.3	gn
	Top 10 Average Bottom 10 Average	1.5	2.5	3.1	3.2	3.3	2.7	3.3	₹
4 Commonaid Banar 1 Ma	CONSENSUS	1.9	3.0	3.5	3.7	3.7	3.1	3.7	
4. Commercial Paper, 1-Mo.	Top 10 Average	2.4	3.5	4.0	4.2	4.2	3.6	4.2	
	Bottom 10 Average	1.5	2.5	3.0	3.1	3.2	2.7	3.2	
5. Treasury Bill Yield, 3-Mo.	CONSENSUS	1.8	2.9	3,4	3.6	3.6	3,0	3.5	
J. Housty Dill Hold J 11101	Top 10 Average	2.4	3,6	4.0	4.2	4.1	3.7	4.1	
	Bottom 10 Average	1.3	2.2	2.9	2.9	2.9	2.4	2.7	
6. Treasury Bill Yield, 6-Mo.	CONSENSUS	2.0	3.0	3.6	3.7	4.7	3,4	3.6	
•	Top 10 Average	2.5	3.8	4.2	4.4	7.4	4.4	4.2	
	Bottom 10 Average_	1.5	2.4	3.0	3.1	3.1	2.6	2.8	
7. Treasury Bill Yield, 1-Yr.	CONSENSUS	2.1	3.2	3.7	3.8	3.8	3.3	3.7	
•	Top 10 Average	2.8	3.9	4.4	4.5	4.4	4.0	4.3	
	Bottom 10 Average_		2.5	3.1	3.1	3.2	2.7	2.9	
<ol><li>Treasury Note Yield, 2-Yr.</li></ol>	CONSENSUS	2.5	3.4	3.9	4.0	4.0	3.6	4.0	
	Top 10 Average	3.3	4.1	4.5	4.7	4.6	4.2	4.5	
	Bottom 10 Average		2.8	3.3	3.3	3,3	4.0	3.2 4.3	
<ol><li>Treasury Note Yield, 5-Yr.</li></ol>	CONSENSUS	3.1	3.8	4.2	4.3	<b>4.3</b> 5.1	4.7	4.9	
,	Top 10 Average	3.8	4.5	4.9	5,1 3.5	3.6	3.3	3.6	
	Bottom 10 Average	2.6 3.7	3.2 4.3	3.6 4.6	4.7	4.7	4.4	4.6	
11. Treasury Note Yield, 10-Yr.	CONSENSUS	3.7 4.4	5.0	5.4	5.6	5.6	5.2	5.4	
	Top 10 Average Bottom 10 Average		3.5	3.8	3.8	3.9	3.7	3.9	
12. Treasury Bond Yield, 30-Yr.	CONSENSUS	4.3	4.8	5.0	5.1	5.2	4.9	5.1	
12. Treasury Bond Held, 30-11.	Top 10 Average	5.0	5.6	5.9	6.2	6.2	5.8	6.0	
	Bottom 10 Average		4.0	4.2	4.2	4.3	4.1	4.3	
13. Corporate Aaa Bond Yield	CONSENSUS	5.1	5.6	6.0	6.1	6.1	5.8	6.1	
15. 001potate 1 ma 2 0 m = 1 1 1 1 1	Top 10 Average	5.8	6.4	6.8	7.0	7.0	6.6	6.8	
	Bottom 10 Average	4.5	4.8	5.1	5.1	5,2	5.0	5.4	
13. Corporate Baa Bond Yield	CONSENSUS	6.0	6.5	6.8	6.9	7.0	6.6	7.0	
•	Top 10 Average	6.7	7.3	7.7	7.9	7.9	7.5	7.7	
	Bottom 10 Average	5.4	5.6	5.9	5.9	6 <u>.0</u>	5.8	6.2	
14. State & Local Bonds Yield	CONSENSUS	4.9	5.2	5.4	5.4	5.4	5.2	5.3	
	Top 10 Average	5.5	5.7	6.0	6.1	6.1	5.9	6.0	
	Bottom 10 Average		4.6	4.7	4.7	4.7	4.6 6.0	6.2	
15. Home Mortgage Rate	CONSENSUS	5.2	5.8	6.2	6.3 7.2	6.3 7.2	6.8	7.0	
	Top 10 Average	5.9	6.5	7.1 5.5	7.2 <b>5.</b> 5	7.2 5.5	5.2	5.3	
ann Maria Caran Indon	Bottom 10 Average	4.6 83.6	5.1 83.3	82.7	82.4	82.1	82.8	82.0	
A. FRB - Major Currency Index	CONSENSUS Top 10 Average	86.7	86.7	86.6	86.5	86.6	86.6	86.3	
	Bottom 10 Average		79.8	78.5	77.9	77.3	78.7	77.4	
	201101110111011250			er-Year,				r Average	-s
		2016	- 1ear-Ov 201 <u>7</u>	2018	2019	2020	2016-2020	-	
D D 1 CDD	CONSENSUS	2.8	2.8	2.6	2.4	2.4	2.6	2.3	
B. Real GDP	Top 10 Average	3.2	3.1	2.9	2.8	2.7	2.9	2.6	
	Bottom 10 Average		2.4	2.3	1.8	2.0	2.2	2.0	
C. GDP Chained Price Index	CONSENSUS	2.0	2.2	2.2	2.1	2.1	2.1	2.1	
TO WARE COMMISSION ASSOCIATION	Top 10 Average	2.3	2.7	2.6	2.5	2.4	2.5	2.5	
	Bottom 10 Average		1.8	1.8	1.8	1.8	1.8	1.8	
D. Consumer Price Index	CONSENSUS	2.3	2.5	2.4	2,3	2.3	2.4	2.3	
	Top 10 Average	2.7	3,1	3.0	2.8	2.7	2.8	2.7	
	Bottom 10 Average	2.0	2,0_	2.0	1.9	1.9	1.9	1.9	

### Carolina Water Service, Inc. of NC Derivation of Mean Equity Risk Premium Based on a Study <u>Using Holding Period Returns of Public Utilities</u>

<u>Line No.</u>			Over A Rated Moody's Public Utility Bonds (1)
1.		Arithmetic Mean Holding Period Returns on the Standard & Poor's Utility Index 1928-2014 (2):	10.69 %
2.		Arithmetic Mean Yield on Moody's A Rated Public Utility Yields 1928-2014	(6.48)
3.		Historical Equity Risk Premium	4.21 %
4.		Forecasted Equity Risk Premium Based on PRPM <sup>TM</sup> (3)	4.18
5.		Forecased Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (4)	5.80
6.		Average of Historical and PRPM <sup>TM</sup> Equity Risk Premium	4.73 %
Notes:	(1)	Based on S&P Public Utility Index monthly total returns an Bond average monthly yields from 1928-2014.	d Moody's Public Utility
	(2)	Holding period returns are calculated based upon income interest) plus the relative change in the market value of a sholding period.	received (dividends and security over a one-year
	(3)	The Predictive Risk Premium Model (PRPM) is applied to t monthly total returns of the S&P Utility Index and the mon rated public utility bonds from January 1928 - February 20	thly yields on Moody's A
	(4)	Using data from Bloomberg Professional Service for the S8 expected return of 10.55% was derived based on expected long-term growth estimates as a proxy for market appreciately expected A rated public utility bond yield of 4.75%, calculating Exhibit results in an equity risk premium of 5.80%. (1)	P Utilities Index, an I dividend yields and ation. Subtracting the ated on line 3 of page 3 of

Ahem	Direct	Exhibit	7

#### <u>Carolina Water Service, Inc. of NC</u> Indicated Common Equity Cost Rate Through Use

of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Eight Water Companies	Value Line Adjusted Beta	Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
American States Water Co.	0.70	0.77	0.74	7.50 %	3.61 %	9.16 %	9.65 %	
American Water Works Co., Inc.	0,70	0.55	0.63	7.50	3.61	8.34	9.03	
Aqua America, Inc.	0.70	0.73	0,72	7.50	3.61	9.01	9.54	
California Water Service Group	0.70	0,77	0.74	7.50	3.61	9.16	9,65	
Connecticut Water Service, Inc.	0.65	0.69	0.67	7.50	3.61	8.64	9.25	
Middlesex Water Company	0.70	0.80	0.75	7.50	3.61	9.24	9.70	
SJW Corporation	0.85	0.83	0.84	7.50	3.61	9.91	10.21	
York Water Company	0.65	0.89	0.77	7.50	3.61	9,39	9.82	
Average			0.73			9.10 %	9.61 %	9.36 %
Median			0.74			9.16 %	9.65 %	9.41 %

#### Notes

(1) The market risk premium (MRP) is an average of four different measures. The first measure of the MRP derives the total return on the market by adding the thirteen-week average forecasted 3-5 year capital appreciation to the thirteen-week average expected dividend from Value Line Summary and Index. The projected risk-free rate (developed in Note 2) is then subtracted from the total return to arrive at the projected MRP. The second measure of MRP is based on the arithmetic mean of historical monthly return data of large stocks less the income return to long-term government bonds from 1926-2013 as published by Morningstar, Inc. The third measure applies the PRPM to the libbotson historical data to derive a projected MRP. The fourth measure uses data from Bloomberg Professional Services to derive a total projected return on the S&P 500 by using expected dividend yields and long-term growth estimates as a proxy for capital appreciation. The projected risk-free rate is then subtracted from the projected total return to arrive at the projected MRP. The four measures of MRP are illustrated below:

#### Measure 1: Value Line Projected MRP (Thirteen weeks ending 2/27/15)

Total projected return on the market 3 -5 years hence: Projected Risk-Free Rate (described in Note 2): MRP based on Value Line Summary & Index:		9.41 % 3.61 5.80 %
Measure 2: Ibbotson Arithmetic Mean MRP (1926 - 2013)		
Arithmetic Mean Monthly Returns for Large Stocks 1926 - 2013:		12.05 %
Arithmetic Mean Income Returns on Long-Term Government Bonds:		5.26
MRP based on Ibbotson Historical Data:		6.79 %
Measure 3: Application of the PRPM to libbotson Historical Data:		6.98 %
Measure 4: Bloomberg Projected MRP		
Total return on the Market based on the S&P 500:		14.05 %
Projected Risk-Free Rate (described in Note 2):		3,61
MRP based on Bloomberg data		10.44 %
	Average MRP:	7.50 %

(2) For reasons explained in the direct testimony, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30 year Treasury Bonds per the consensus of nearly 50 economists reported in <u>Blue Chio Financial Forecasts</u>. The projection of the risk-free rate is illustrated below:

First Quarter 2015	2.60 %
Second Quarter 2015	2,80
Third Quarter 2015	3.00
Fourth Quarter 2015	3.30
First Quarter 2016	3,50
Second Quarter 2016	3,70
2016-2020	4.90
2021-2025	5.10
•	3.61 %

(3) Average of Column 6 and Column 7.

#### Sources of Information:

Value Line Summary and Index Blue Chip Financial Forecasts March 1, 2015 and December 1, 2014 Ibbotson 2014 Classic Yearbook Bloomberg Professional Services

### <u>Carolina Water Service Inc. of NC</u> Basis of Selection of the Group of Non-Price Regulated Companies <u>Comparable in Total Risk to the Proxy Group of Eight Water Companies</u>

The criteria for selection of the proxy group of twenty-eight non-price regulated companies was that the non-price regulated companies be domestic and reported in <u>Value Line Investment Survey</u> (Standard Edition).

The proxy group of twenty-eight non-price regulated companies were then selected based upon the unadjusted beta range of 0.37 – 0.61 and residual standard error of the regression range of 2.4920 – 2.9720 of the water proxy group.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus two standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the water industry's residual standard error of the regression is 0.1200. The standard deviation of the standard error of the regression is calculated as follows:

Standard Deviation of the Std. Err. of the Regr. = <u>Standard Error of the Regression</u>

 $\sqrt{2N}$ 

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

Thus, 
$$0.1200 = \frac{2.7320}{\sqrt{518}} = \frac{2.7320}{22.7596}$$

Source of Information: Value Line, Inc., December 15, 2014

Value Line Investment Survey (Standard Edition)

### Carolina Water Service, Inc. of NC Basis of Selection of Comparable Risk Domestic Non-Price Regulated Companies

	[1]	[2]	[3]	[4]
Proxy Group of Eight Water Companies	Value Line Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
American States Water Co. American Water Works Co., Inc. Aqua America, Inc. California Water Service Group Connecticut Water Service, Inc. Middlesex Water Company SJW Corporation York Water Company Average	0.65 0.65 0.60 0.60 0.75 0.75 0.85 0.70	0.44 0.44 0.35 0.36 0.55 0.56 0.73 0.47 0.49	3.1757 2.5968 2.3272 2.2764 2.8197 2.5174 3.2010 2.9414 2.7320	0.0719 0.0588 0.0527 0.0516 0.0639 0.0570 0.0725 0.0666
Beta Range (+/- 2 std. Devs. of Beta 2 std. Devs. of Beta	0.37 0.12	0.61		
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2,4920	2.9720		
Std. dev. of the Res. Std. Err.	0.1200			
2 std. devs. of the Res. Std. Err.	0.2400			

Source of Information:

Valueline Proprietary Database 12/15/14

## Carolina Water Service, Inc. of NC Proxy Group of Non-Price Regulated Companies Comparable in Total Risk to the Proxy Group of Eight Water Companies

[1] [2] [3] [4]

Proxy Group of Twenty-Eight Non- Price-Regulated Companies	VL Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
Gallagher (Arthur J.	0.75	0.60	2.8257	0.0640
Amgen	0.75	0.56	2.8681	0.0650
Baxter Int'l Inc.	0.75	0.59	2.8485	0.0645
Brown-Forman 'B'	0.75	0,59	2.5194	0.0571
Bristol-Myers Squibb	0.70	0.51	2,7060	0.0613
Brown & Brown	0.75	0.57	2.5708	0.0582
Quest Diagnostics	0.75	0.58	2.7019	0.0612
Dun & Bradstreet	0.75	0.61	2.8850	0.0653
DaVita HealthCare	0.70	0.49	2.7874	0.0631
Haemonetics Corp.	0.65	0.46	2.5941	0.0588
Kroger Co.	0.65	0.45	2,7324	0.0619
Lancaster Colony	0.75	0.55	2.8757	0.0651
Mercury General	0.75	0.59	2.8344	0.0642
Markel Corp.	0.75	0.55	2.6954	0.0610
Annaly Capital Mgmt.	0.65	0.45	2.6087	0.0591
Northwest Bancshares	0.75	0.59	2,6054	0.0590
Owens & Minor	<b>0.7</b> 5	0.55	2.9650	0.0672
Ross Stores	0.75	0.58	2.7900	0.0632
Sherwin-Williams	0.70	0.47	2.7446	0.0622
Smucker (J.M.)	0.70	0.50	2.5587	0.0580
Silgan Holdings	0.70	0.47	2.7938	0.0633
Stericycle Inc.	0.65	0.43	2.5317	0.0573
Molson Coors Brewing	0.75	0.55	2.8609	0.0648
Teleflex Inc.	0.75	0.60	2.6693	0.0605
Hanover Insurance	0.75	0.59	2.5287	0.0573
TJX Companies	0.75	0.61	2.5257	0.0572
Weis Markets	0.65	0.47	2.6581	0.0602
Alleghany Corp.	0.75	0.57	2.7854	0.0631
Average	0.72	0.54	2.7168	0.0615
Proxy Group of Eight Water				
Companies	0.69	0.49	2.7320	0.0619

Ahem Direct Exhibit 9 Page 1 of 6

# Carolina Water Service, Inc. of NC Summary of Cost of Equity Models Applied to the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Eight Water Companies

Principal Methods		Proxy Group of Twenty-Eight Non-Price- Regulated Companies		
Discounted Cash Flow Model (DCF) (1)		10.63	%	
Risk Premium Model (RPM) (2)		11.01		
Capital Asset Pricing Model (CAPM) (3)		10.06	_	
	Average	10.57	<b>-</b> %	
	Median	10.63	_%	

#### Notes:

- (1) From page 2 of this Exhibit.
- (2) From page 3 of this Exhibit.
- (3) From page 6 of this Exhibit.

### Carolina Water Service. Inc. of NG DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Eight Water Companies

	[1]	[2]	[3]	[4]	[5]	(ଗ	[7]	[8]
Proxy Group of Twenty- Eight Non-Price-Regulated Companies	Average Dividend Yie <u>id</u>	Value Line Projected Five Year Growth in EPS	Reuters Mean Consensus Projected Five Year Growth Rate In EPS	Zack's Five Year Projected Growth Rate In EPS	Yahoo! Finance Projected Five Year Growth In EPS	Average Projected Five Year Growth Rate In EPS	Adjusted Dividend Yield	Indicated Common Equity Cost Rate
Gallagher (Arthur ).	3.07 %	15.00 %	12.56 %	13,00 %	12,56 %	13,28 %	3,27 %	16.55 %
Amgen	1.54	9.00	11.10	9.20	11.10	10.10	1.62	11.72
Baxter int? Inc.	2.90	5.50	4.78	8.20	4.78	_ S.82	2.98	8.80
Brown-Forman 'B'	1.40	9.00	8,05	3 .r 9.20	NA	8.75	1.46	10.21
Bristol-Myers Squibb	2.45	7,50	15.65	15.60	15.65	13.60	2.62	16.22
Brown & Brown	1.36	14.00	10.47	10.20	10.47	11.29	1.44	12,73
Quest Diagnostics	1,92	7.00	7.47	10.10	9.41	8.50	2.00	10.50
Dun & Bradstreet	1,44	5,50	7,03	7,90	7,03	6.87	1,49	8.36
DaVita HealthCare	-	12.00	4.21	12.20	8.11	9.13	-	NA
Haemonetics Corp.		11,00	12.00	11,80	12.00	11,70	-	NA
Kroger Co.	1.11	10.50	11.93	11.50	11.93	11.47	1.17	12.64
Lancaster Colony	1.99	6.00	· NA	NA	8.00	7.00	2.06	9.06
Mercury General	4,40	7.00	3.20	2.10	3.20	3.88	4.49	8.37
Markel Corp.		12.50	10.00	10.00	10.00	10.63	•	NA
Annaly Capital Mgmt	11.03	0.50	(19,60)	(1,20)	(11.40)	0,50	11.06	11,56
Northwest Bancshares	4.29	5.50	NA	NA	5.00	5.25	4.40	9.65
Owens & Minor	2.85	10,50	6,63	6,90	6.63	7.67	2,96	10.63
Ross Stores	0.85	8.50	12.30	11.60	11.84	11.06	0.90	11.96
Sherwig-Williams	0,82	17,00	18.60	14,20	15,73	16.38	0.89	17.27
Smucker (LML)	2.43	6.50	4.67	5.70	5.50	5.59	2.50	8.09
Silgan Holdings	1.11	9.00	6.88	9.30	8.44	8.41	1.16	9.57
Stericycle Inc.		11.00	14.50	14.70	15.00	13.80	•	NA
Molson Coors Brewing	1.96	8.50	3.20	5.10	3.20	5.00	2.01	7.01
Telefiex Inc.	1.19	15.50	11.80	11.20	12.27	12.69	1.27	13.96
Hanover Insurance	2.31	22.50	(1.10)	NA	(1.10)	22.50	2.57	25.07
TIX Companies	1,04	11.00	10,22	11,90	10.91	10,98	1.10	12.08
Weis Markets	2.56	1.00	NA	NA	NA	1.00	2.57	3.57
Alleghany Corp.	-	3.00	NA	NA	8.50	5.75	-	NA
		•					Average	11.55_%
		•					Median	10.63 %

NA= Not Available NMF= Not Meaningful Figure

(1) Mr. D'Ascendis's application of the DCF model to the domestic, non-price reglusted comparable risk companies is identical to the application of the DCF to his proxy group of water companies. he uses the 60 day average price and the spot indicated dividend as of February 27, 2015 for his dividend yield and then adjusts that yield for 1/2 the average projected growth rate in EFS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.reuters.com, www.zacks.com, and www.yahoo.com (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.

Source of Information:

Value Line Investment Survey: www.reuters.com Downloaded on 02/27/2015 www.zacks.com Downloaded on 02/27/2015 www.yahoo.com Downloaded on 02/27/2015

## Carolina Water Service, Inc. of NC Indicated Common Equity Cost Rate Through Use of a Risk Premium Model Using an Adjusted Total Market Approach

<u>Line No.</u>			Proxy Group of Twenty-Eight No Price-Regulated Companies	n-
	¥-			
1.	-	Prospective Yield on Baa Rated Corporate Bonds (1)	5.51	%
2.		Equity Risk Premium (2)	5.50	
3.		Risk Premium Derived Common Equity Cost Rate	11.01	.%
Notes:	(1)	Average forecast of Baa corporate bonds based upon of nearly 50 economists reported in Blue Chip Fidated March 1, 2015 and December 1, 2014 (see Exhibit 6). The estimates are detailed below.	nancial Forecasts	s
		First Quarter 2015 Second Quarter 2015 Third Quarter 2015 Fourth Quarter 2015 First Quarter 2016 Second Quarter 2016 2016-2020 2021-2025	4.60 4.70 5.00 5.20 5.40 5.60 6.60 7.00	%
		Average	5.51	= %

(2) From page 5 of this Exhibit.

## Carolina Water Service, Inc. of NC Comparison of Long-Term Issuer Ratings for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Eight Water Companies

	Long-Tern	oody's n Issuer Rating nary 2015	Standard & Poor's Long-Term Issuer Rating February 2015		
Proxy Group of Twenty-Eight Non-Price-Regulated Companies	Bond Rating	Numerical Weighting (1)	Bond Rating	Numerical Weighting (1)	
Gallagher (Arthur ).	NR		NR		
Amgen	Baa1	8.0	A	6.0	
Baxter Int'l Inc.	A3	7.0	A-	7.0	
Brown-Forman 'B'	A1	. 5.0	A-	7.0	
Bristol-Myers Squibb	A2	6.0	A+	5.0	
Brown & Brown	Baa3	10.0	BBB-	10.0	
Quest Diagnostics	Baa2	9.0	BBB+	8.0	
Dun & Bradstreet	NR		BBB-	10.0	
DaVita HealthCare	'B1	14.0	BB	12.0	
Haemonetics Corp.	NR		NR		
Kroger Co.	Baa2	9.0	BBB	. 9.0	
Lancaster Colony	NR		NR		
Mercury General	WR		NR		
Markel Corp.	Baa2	9.0	BBB	9.0	
Annaly Capital Mgmt.	NR		NR .		
Northwest Bancshares	NR		NR		
Owens & Minor	Ba1	11.0	BBB	9.0	
Ross Stores	A3	7.0	A-	7.0	
Sherwin-Williams	A3	7.0	Α	6.0	
Smucker (J.M.)	A3	7.0	BBB	9.0	
Silgan Holdings	Ba2	12.0	BB+	11.0	
Stericycle Inc.	NR		NR		
Molson Coors Brewing	Baa2	9.0	BBB+	8.0	
Teleflex Inc.	NR		BB	12.0	
Hanover Insurance	Baa3	10.0	BBB	9.0	
TJX Companies	A3	7.0	A+	5.0	
Weis Markets	NR		NR		
Alleghany Corp.	Baa2	9.0	ВВВ	9.0	
Average	Baa2	8.7	BBB+	8.4	

Notes:

(1) From page 6 of Exhibit 6.

Source of Information: Bloomberg Professional Services

# Carolina Water Service, Inc. of NC Derivation of Equity Risk Premium Based on the Total Market Approach Using the Beta for the Proxy Group of Non-Price-Regulated Companies Proxy Group of Eight Water Companies

<u>Line No.</u>	Equity Risk Premium Measure	Proxy Group of Twenty-Eight Non- Price-Regulated Companies
1.	Ibbotson Equity Risk Premium (1)	5.85 %
2.	Ibbotson Equity Risk Premium based on PRPM (1)	6.18
3.	Equity Risk Premium Based on <u>Value Line</u> Summary and Index (1)	4.76
4.	Equity Risk Premium Based on S&P 500 Companies(1)	9.40_
5.	Conclusion of Equity Risk Premium (2)	6.55 %
6.	Adjusted Value Line Beta (3)	0.84
7.	Forecasted Equity Risk Premium	5.50 %

#### Notes:

- (1) From page 8 of Exhibit 6.
- (2) Average of Lines 1 through 4.
- (3) Median beta derived from page 5 of this Exhibit.

#### Sources of Information:

<u>Ibbotson® SBBI® 2014 Classic Yearbook - Market Results for Stocks, Bonds, Bills, and Inflation, Morningstar, Inc., 2014 Chicago, IL.</u>

**Value Line** Summary and Index

Blue Chip Financial Forecasts, March 1, 2015 and December 1, 2014

**Bloomberg Professional Services** 

Garolina Water Service, Inc. of NC

Garolina Water Service, Inc. of NC

Apply and ECAPM Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the

Proxy Group of Eight Water Companies

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10,06 %	10.21 %	9.91 %			0.84			Median
10.03 %	10.18 %	9.88 %			0.84			Average
	10.15	9.84	3.61	7.50	0.83	0.96	0.70	Alleghany Corp.
	9.87	9.46	3.61	7.50	0.78	0.86	0.70	Weis Markets
	10.21	9,91	3,61	7.50	0.84	0.93	0.75	TJX Companies
	10.60	10.44	3.61	7.50	0.91	0.97	0.85	Hanover Insurance
	10.38	10.14	3.61	7.50	0.87	0.79	0.95	Teleflex inc
	10.83	10.74	3.61	7.50	0.95	1.04	28.0	Moison Coors Brewing
	9,99	9.61	3.61	7.50	0.80	0.79	0.80	Stericycle Inc.
	10.04	9.69	3,61	7.50	0.81	0.81	0.80	Silgan Holdings
	9,87	9.46	3.61	7.50	0.78	0.85	0.70	Smucker (L&L)
	10.21	9.91	3.61	7.50	0.84	0.93	0.75	Sherwin-Williams
	10.21	9,91	3.61	7,50	0.84	0.92	0.75	Ross Stores
	10.94	10.89	. 3,61	7.50	0.97	1.04	0.90	Owens & Minor
	9,65	9.16	3.61	7.50	0.74	0.77	0.70	Northwest Bancshares
	8.07	7.06	3.61	7.50	0.46	0,41	0.50	Annaly Capital Mgmt
	9,65	9.16	3,61	7.50	0.74	0.82	0,65	Markel Corp.
	9.20	8.56	3.61	7.50	0.66	0,66	0.65	Mercury General
	10.15	9.84	3.61	7.50	0,83	0.91	0,75	Lancaster Colony
	9,99	9.61	3.61	7.50	0.80	0,85	0.75	Kroger Co.
	9.87	9,46	3.61	7.50	0.78	0.76	0.80	Haemonetics Corp.
	10.04	9,69	3.61	7.50	0.81	0.77	0.85	DaVita HealthCare
	12.07	12.39	3,61	7.50	1.17	134	1.00	Dun & Bradstreet
	10.21	9.91	3.61	7.50	0.84	0.83	0.85	Quest Diagnostics
	10.38	10.14	3.61	7.50	0.87	0.89	0.85	Brown & Brown
	10.21	9,91	3.61	7.50	0.84	0.92	0.75	Bristol-Myers Squibb
	10.94	10.89	3.61	7.50	0.97	1.08	28.0	Brown-Forman 'B'
	10.38	10.14	3.61	7.50	0.87	0.83	0.90	Baxter Int'l Inc.
	10.60	10.44	3.61	7.50	0.91	1.02	0.80	Arngen
	10.44 %	10.21 %	3.61 %	7.50 %	88.0	0.96	0.80	Gallagher (Arthur J.
Cost Rate (3)	ECAPM Cost Rate	CAPM Cost Rate	Risk-Free Rate (2)	Market Risk Premium (1)	Average Beta	Bloomberg Beta	Adjusted Beta	Eight Non-Price-Regulated Companies
Distriction		Iradioonas					value Line	Proxy Group of Twenty-

Notes:

From Exhibit 7, no

rom Exhibit 7, note

erage of CAPM and ECAPM cost n

### <u>Carolina Water Service. Inc. of NC</u> Derivation of Investment Risk Adjustment Based upon Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

			Į.	1]	[2]	[3]	[4]
Line No.	do.		-	tion on December 14 (1) (times larger)	Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	Applicable Size Premium (3)	Spread from Applicable Size Premium (4)
1.	Carolina Water Service, Inc. of NC	\$		(cimes imgor)	10	5.78%	
2.	Proxy Group of Eight Water Companies	\$	2,355.800	18.5 x	6	1.74%	4.04%
			( <b>/</b> )	(B) Market Capitalization of Smallest	(C ) Market Capitalization of	(D)	(E) Premium (Return in Excess of
		_	Decile	Company (millions)	Largest Company ( millions )	Midpoint (millions)	_CAPM) (2)_
	La	rgest	1 2 3 4 5 6 7 8	\$ 24,428.848 10,170.746 5,864.266 3,724.624 2,552.441 1,688.895 1,011.278 549.056	\$ 591,015.721 24,272.837 10,105.622 5,844.592 3,724.186 2,542.913 1,686.860 1,010.634	\$ 307,722.285 17,221.792 7,984.944 4,784.608 3,138.314 2,115.904 1,349.069 779.845	-0.36% 0.63% 0.91% 1.06% 1.60% 1.74% 1.71% 2.15%
	Sm	allest	9 10	300.752 3.037	548.839 300.725	424,796 151.881	2.69% 5.78%
				14.2	rom Duff & Phelps 2015 V	aiuauon nanubuok (Pr	eview Edition)

Notes:

- (1) From Page 2 of this Exhibit.
- (2) Gleaned from Column (D) on the bottom of this page. The appropriate decile (Column (A)) corresponds to the market capitalization of the proxy group, which is found in Column 1.
- (3) Corresponding risk premium to the decile is provided on Column (E) on the bottom of this page.
- (4) Line No. 1a Column 3 Line No. 2 Column 3 and Line No. 1b, Column 3 Line No. 3 of Column 3 etc.. For example, the 4.04% in Column 4, Line No. 2 is derived as follows 4.04% = 2.69% 1.74%.



#### Carolina Water Service, Inc. of NC Market Capitalization of Carolina Water Service, Inc. of NC and the Proxy Group of Eight Water Companies

		[1]		[2]		[3]		[4]	[5]	[6]
Company	Exchange	Common Stock Shares Outstanding at Fiscal Year End 2013 ( millions )	Shar	v Value per re at Fiscal End 2013	Equity	tal Common y at Fiscal Year End 2013 millions )	Mai on l	sing Stock eket Price February 7, 2015	Market-to- Book Ratio on February 27, 2015 (2)	Market Capitalization on February 27, 2015 (3) ( millions )
Carolina Water Service, Inc. of NC	NASDAQ	NA		NA		64.877	(4)	NA	196.7 %	\$ 127.613
Proxy Group of Eight Water Companies										
American States Water Co.	NYSE	38.721	\$	12.717	\$	492.404	\$	40.130	315.6 %	\$ 1,553.861
American Water Works Co., Inc.	NYSE	178.379	\$	26.504	\$	4,727.804	\$	54.080	204.0	\$ 9,646.736
Agua America, Inc.	NYSE	176.751	\$	8.684	\$	1,534.835	\$	26.440	304.5	\$ 4,673.286
California Water Service Group	NYSE	47.741	\$	12.542	\$	598.756	\$	25.430	202.8	\$ 1,214.054
Connecticut Water Service, Inc.	NASDAQ	11.038	\$	17.985	\$	198.525	\$	37.100	206.3	\$ 409.518
Middlesex Water Company	NASDAQ	15.963	\$	11.824	\$	188.745	\$	23.260	196.7	\$ 371.299
SIW Corporation	NYSE	20.169	\$	15.924	\$	321.175	\$	33.240	208.7	\$ 670.422
York Water Company	NASDAQ	12.979	_\$_	7.975	\$	103.511	- \$	23.670	296.8	\$ 307.220
Average		62.718	\$	14.269	\$	1,020.719	\$	32.919	241.9 %	\$ 2,355.800

NA= Not Available

Notes: (1) Column 3 / Column 1.

(2) Column 4 / Column 2.

(3) Column 5 \* Column 3.

From Carolina Water Serivce Inc. of NC Annual Report to the North Carolina Utilities Commission for the year

(4) ended December 31, 2013.

Source of Information: 2013 Annual Forms 10K

yahoo.finance.com

1. In comparative form, a total company income statement, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

#### Response:

Please see the following enclosed files containing the company income statements and balance sheets:

- CWS-NC W-1-1 BS
- CWS-NC W-1-1 IS
- Nags Head W-1-1 BS
- Nags Head W-1-1 IS
- OBX W-1-1 BS
- OBX W-1-1 IS
- 2. A trial balance as of the last day of the test year. All income statement accounts should show activity for twelve (12) months showing account number, account title, and amount. Clearly identify accounts maintained on a total company basis and accounts maintained on a jurisdictional basis (indicate jurisdiction). Show the balance in each control account and all underlying subaccounts per company books. Any differences between the amounts contained in this item and Item 1 should be reconciled and explained in sufficient detail.

#### Response:

Please see the following enclosed work papers containing the company's monthly income statements and balance sheets:

- AA-UA-UR 12.31.2013 CWS-NC Rolling 13 Inc Stmt
- AA-UA-UR 12.31.2014 CWS-NC Rolling 13 Inc Stmt
- AA-UA-UR 12.31.2013 Nags Head Rolling Inc Stmt
- AA-UA-UR 12.31.2014 Nags Head Rolling Inc Stmt
- AA-UA-UR 12.31.2013 OBX Rolling Inc Stmt
- AA-UA-UR 12.31.2014 OBX Rolling Inc Stmt
- Please see the balance sheets provided in W 1-1 for balance sheet items.
- 3. (a) The balances of long-term debt, preferred stock, and common equity capital for each month of the test year.

/Ad

#### STATE OF NORTH CAROLINA UTILITIES COMMISSION RALEIGH

**DOCKET NO. W-354, SUB 344** 

In the Matter of	
Application by Carolina Water Service, Inc. of North Carolina, 5701 Westpark Drive, Suite 101, Charlotte, North Carolina 28217, for Authority to Adjust and Increase Rates for Water and Sewer Utility Service in All Service	) ) ) APPLICATION FOR ) A GENERAL INCREASE ) IN RATES
Areas in North Carolina	)

NOW COMES Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company"), by and through counsel, and respectfully applies to the North Carolina Utilities Commission ("Commission" or "NCUC") and represents:

- 1. CWSNC is a public utility operating in North Carolina engaged in the provision of water and sewer utility service to the public for compensation. The Company's business address is 5701 Westpark Drive, Suite 101, Charlotte, North Carolina 28217 and the contact information for CWSNC in this matter is David Liskoff at DLiskoff@uiwater.com.
- 2. CWSNC is an investor-owned public utility pursuant to G.S. 62-3, does business as a regulated water and wastewater utility in North Carolina, and is subject to the regulatory oversight of this Commission. The Company presently serves approximately 18,123 water customers and 11,985 wastewater customers, including 909 customers in Corolla Light and Monteray Shores ("OBX") and 630 customers in Nags Head who are sewer-only. The Company's service territory spans 31 counties in North Carolina, from Nags Head in Dare County to Bear Paw

in Cherokee County. CWSNC hereby applies for an adjustment in water and wastewater rates and charges for all of its service areas in North Carolina.

3. The attorney for CWSNC, on whom all pleadings and notices should be served, is:

Jo Anne Sanford
Sanford Law Office, PLLC
Post Office Box 28085
Raleigh, NC 27611-8085
Telephone: 919.829.0018
Facsimile: 919.829.8139
sanford@sanfordlawoffice.com

- 4. CWSNC's last general rate case was decided by NCUC Order ("2014 Rate Case Order") entered on March 10, 2014, in Docket No. W-354, Sub 336.
- 5. The test year for this general rate case is the year ended December 31, 2014. This is the most recent twelve months of data available.
- experienced the following overall rate of return for its combined water and sewer operations: 4.47%. The Company's test year overall returns were 5.45% for OBX sewer only; and 4.96% for Nags Head sewer only. These rates of return are well below CWSNC's current authorized overall rate of return on rate base of 8.18%, which is based on an authorized rate of return on common equity of 9.75%, established by the Commission in its 2014 Rate Case Order in Docket No. W-354, Sub 336. After pro forma adjustments, CWSNC will experience an overall rate of return of 8.54% for its combined water and sewer operations, OBX sewer only, and Nags Head sewer only. This overall rate of return of 8.54% is based upon a

capital structure consisting of 48.97% long-term debt and 51.03% common equity and cost rates of 6.6% for long-term debt and 10.4% for common equity.

- 7. In accordance with the provisions of G.S. 62-134 and NCUC Rule R1-17, CWSNC herewith files revised tariffs, copies of which are attached as Appendix A. The new tariffs will be placed into effect on April 30, 2015, unless suspended by the Commission.
- The proposed tariffs are designed to produce additional gross 8. revenues on a companywide basis of \$3,642.251, a 22,25% increase over the total revenue level generated by the rates currently in effect for CWSNC, including OBX and Nags Head. The proposed tariffs are designed to produce additional gross revenues of \$3,211,054, a 21.89% increase over the total revenue level generated by the rates currently in effect for CWSNC, exclusive of OBX and Nags Head; additional gross revenues of \$305,290, a 27.65% increase over the total revenue level generated by the rates currently in effect for OBX (sewer only); and \$125,907, a 21.18% increase over the total revenue level generated by the rates currently in effect for Nags Head (sewer only). CWSNC, exclusive of OBX and Nags Head, will need increased revenues at this level in order to earn a fair return on its investment of \$50,465,137. OBX will need increased revenues at this level in order to earn a fair return on its investment of \$6,190,694. Nags Head will need increased revenues at this level in order to earn a fair return on its investment of \$2,202,485.

- 9. Further, the proposed tariffs include a provision allowing for a pass-through of the cost of water and sewer service, including applicable taxes and fees, required to serve the needs of customers being served by CWSNC in a particular service area, when that water or sewer service is purchased from another supplier. This provision is authorized by G.S. 62-133.11.
- 10. In accordance with NCUC Rule R1-17(b) and following the prescription of the Commission's Application for Rate Case form, CWSNC attaches hereto and incorporates herein by reference a completed form application, along with the schedules to support the requested adjustments in rates. The schedules include:

Balance sheet as of December 31, 2014 (Exhibit B - Schedule A)

Income statement for the Twelve Months Ended December 31, 2014 (Exhibit B - Schedule B)

Calculation of Rate Base and Rate of Return (Exhibit B - Schedule C)

Calculation of Revenues Under Present Rates (Exhibit B -Schedule D)

Proposed Charges, Revenues Under Proposed Rates and Average Bill Calculations (Exhibit B - Schedule E)

11. Pursuant to G.S. 62-133.12 and Commission Rules R7-39 and R10-26, the Commission found it to be in the public interest to authorize CWSNC, as part of the Company's 2014 general rate case in Docket No. W-354, Sub 336, to implement a Water and Sewer System Improvement Charge ("WSIC/SSIC") Mechanism applicable to all of its customers, except those customers who reside

in the Company's Nags Head and Linville Ridge service areas since those customers were not subject to the 2014 Rate Case Order. By this statutorily and Commission-authorized Mechanism, the Company is allowed to recover the annual incremental depreciation expense and capital costs of eligible water and sewer system improvements completed and placed in service between rate cases. Effective April 1, 2015, the Company was granted approval by the Commission in Docket No. W-354, Sub 336A to implement specific water and sewer system improvement surcharge rate adjustments applicable to all of its customers with the exception of customers in its Corolla Light/Monteray Shores, Nags Head and Linville Ridge service areas, where specific surcharges were either not requested (Corolla Light/Monteray Shores) or were not authorized (Nags Head and Linville Ridge).

- 12. Consistent with NCUC Rules R7-39(k) and R10-26(k), CWSNC's Commission-authorized WSIC and SSIC surcharges will be reset at zero as of the effective date of new base rates established in this general rate case. Thereafter, only the incremental depreciation expense and capital costs of new eligible water and sewer system improvements that have not previously been reflected in the Company's rates will be recoverable through the WSIC/SSIC Mechanism on a going-forward basis.
- 13. By law, the cumulative maximum charges between rate cases that the Company may recover through the use of its Commission-authorized WSIC/SSIC Mechanism cannot exceed five percent of the total service revenues

that the Commission ultimately approves in this general rate case. All of CWSNC's customers, including those customers served by the Company in its Nags Head and Linville Ridge service areas, are subject to the application in this general rate case. Therefore, the Company's Commission-authorized WSIC/SSIC Mechanism will, on a going forward basis, now apply to all customers served by CWSNC, including Nags Head and Linville Ridge customers.

In this Application, the Company has requested that the Commission 14. allow it to recover total water service revenues of \$11,179,316 for CWSNC (excluding OBX and Nags Head), and total sewer service revenues of \$6,702,968 for CWSNC (excluding OBX and Nags Head), \$1,409,348 for OBX, and \$720,376 for Nags Head. Five percent of these water revenues under the WSIC Mechanism is \$558,996 for CWSNC (excluding OBX and Nags Head), and five percent of these sewer revenues under the SSIC Mechanism is \$335,148 for CWSNC (excluding OBX and Nags Head), \$70,467 for OBX, and \$36,019 for Nags Head. If the Commission permits the Company to recover the revenue requirements requested in the Application, the Company projects that the average monthly water bill for a typical residential customer (based upon monthly water usage of 4,200 gallons) would be \$50.61 for CWSNC, and the average monthly sewer bill for a typical residential customer (based upon monthly water usage of 3,619 gallons) would be \$50.24 for CWSNC. For OBX, the average monthly sewer bill for a typical residential customer (based upon monthly water usage of 4,347 gallons) would be \$103.64. For Nags Head, the average monthly sewer bill for a typical residential customer (based upon monthly water usage of 6,153 gallons) would be \$91.96. Based upon these figures, the Company estimates that the maximum that the average residential customer's monthly water bill could be increased by the WSIC Mechanism between rate cases is \$2.53 for CWSNC, and the maximum that the average residential customer's monthly sewer bill could be increased by the SSIC Mechanism between rate cases is \$2.51 for CWSNC, \$5.18 for OBX, and \$4.60 for Nags Head.

- 15. The NCUC Form W-1, Rate Case Information Report, as required by Rule R1-17(b)(12)(d) is submitted herewith and incorporated herein by reference.
- 16. Average residential water bills in the CWSNC service areas (except where CWSNC purchases water from a third-party supplier), would increase as follows if the rates currently requested are approved:

Entity	Gallons Billed Per Month (Avg)	Current Bill (Based on Avg)	Requested Bill (Based on Avg)
CWSNC	4,200	\$41.10	\$50.61

17. Average residential sewer bills across the applicable systems (except where CWSNC purchases sewer treatment from a third party supplier), would increase as follows if the rates currently requested are approved:

Entity	Gallons Billed Per Month (Avg)	Current Bill (Based on Avg)	Requested (Based on Avg)	
CWSNC	3,619	\$41.92	\$50.24	
OBX	4,347	\$81.17	\$103.64	
Nags Head	6,153	\$75.89	\$91.96	

- 18. G.S. 62-133(c) states that "...the Commission shall consider such relevant, material and competent evidence...tending to show actual changes in costs, revenues or the cost of the public utility's property used and useful, or to be used and useful within a reasonable time after the test period, in providing the service rendered to the public within this State...which is based upon circumstances and events occurring up to the time the hearing is closed." The Company includes in this Application an adjustment based upon its estimates of certain changes in costs that are anticipated to occur up to the time the hearing is closed, and the Company intends to offer evidence to support these changes. As required by Commission Rule R1-17(b), the Company specifically identifies estimates of the terms it intends to update within each W-1, Item 10 section, as applicable, and reserves the right to propose additional updates, as appropriate, through the close of the hearing in this case.
  - 19. The rates applied for by CWSNC are necessary because the Company has been unable to achieve the level of earnings specified by the Commission in the Company's last general rate case. The failure to achieve this level of earnings was caused by increased operating costs to upgrade the level of service, increased operating costs and capital investments required to comply with service obligations, and changes in consumption, all occurring since CWSNC's last rate increase in March 2014.
  - 20. Decretal Paragraph No. 9 of the Commission's 2014 Rate Case Order in Docket No. W-354, Sub 336 provided as follows:

That CWSNC shall include the following in its NCUC Form W-1 filing in its next general rate case proceeding: (a) an individual spreadsheet for each service area, which shows the number of actual customers served for each meter type, and the actual usage for each meter type for each month for the 12-month test period specified in its application and (b) a spreadsheet summarizing the total number of active customers and total usage for each billing type for each month for the 12-month test period specified in the application."

CWSNC has complied with this directive from the Commission and the required information has been included in this Application as Item 26 of the Company's NCUC Form W-1 filing.

WHEREUPON, CWSNC hereby requests that the Commission approve the proposed new rates contained in Appendix A effective April 30, 2015.

Respectfully submitted this 31st day of March, 2015.

Electronically Submitted /s/Jo Anne Sanford

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ATTORNEYS FOR CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

#### **DOCKET NO. W-354, SUB 344**

#### APPENDIX 1: per Rule R1-17(b)(9)f

#### **Summary of All Increases and Changes Affecting Customers**

The rates proposed by CWSNC; including OBX and Nags Head, are designed to produce a 22.25% increase in total operating revenues, a 21.89% increase in total operating revenues in CWSNC (excluding OBX and Nags Head), a 27.65% increase in total operating revenues in OBX, a 21.18% increase in total operating revenues in Nags Head, applicable to North Carolina retail operations, as applied to the test year ended December 31, 2014. The rate increase is requested to take place on April 30, 2015, unless suspended by the Commission. The net additional revenue which the proposed increase in rates will produce is \$3,642,251 for CWSNC (including OBX and Nags Head), \$3,211,054 for CWSNC (excluding OBX and Nags Head), \$305,290 for OBX, and \$125,907 for Nags Head, and the proposed impact on customers' retail rates would be as follows:

**WATER CUSTOMERS**: The average water bills in the CWSNC service areas, based on average usage as shown below, would increase as follows if the rates currently requested are approved:

	Gallons		
P*	Billed per	Current Bill	Requested
	Month	(based on	Bill (based
Entity	(Average)	average)	on average)
CWSNC	4,200	\$41.10	\$50.61

**SEWER CUSTOMERS**: Residential sewer bills across the applicable systems, based on average usage as shown below, would increase as follows if the rates currently requested are approved:

 . <u>-</u>	Gallons Billed per Month	Current Bill (based on	Requested Bill (based
Entity .	(Average)	àverage)	on average)
CWSNC	3,619	\$41.92	\$50.24
OBX	4,347	\$81.17	\$103.64
Nags Head	6,153	\$75.89	\$91.96

Additionally, the Company requests authority for a pass-through of any increases in purchased bulk water rates, subject to sufficient proof by the Company of the increase, as well as a pass-through of any increased costs of sewer treatment performed by third parties and billed to CWSNC.

Finally, CWSNC's Commission-authorized WSIC/SSIC Mechanism will, on a going forward basis, apply to all customers served by the Company. The WSIC/SSIC Mechanism, which was authorized and found to be in the public interest by the Commission pursuant to G.S. 62-133.12 in the Company's 2014 Rate Case Order in Docket No. W-354, Sub 336, allows for recovery, between rate cases and up to a maximum overall 5% increase in rates, of qualifying investments in eligible infrastructure, under Commission oversight.

#### **VERIFICATION**

Howard W. Hoover, being duly sworn, deposes and says:

That he is the Financial Planning and Analysis Manager for Utilities, Inc.; that he is familiar with the facts set out in this APPLICATION FOR A GENERAL INCREASE IN RATES filed by Carolina Water Service, Inc. of North Carolina in Docket No. W-354, Sub 344; that he has read the foregoing Application and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.

Howard W. Hoover

North Carolina Mecklenburg County

Sworn to and subscribed before me this the 3151 day of March 2015.

Notary Public

Veronica M. Stanis

My Commission Expires: 01/06/2019

12

# Aar 34 2015

#### BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

#### APPLICATION FOR RATE INCREASE

#### INSTRUCTIONS

Notes or explanations placed in the margins of the application are acceptable. If additional space is needed, supplementary sheets may be attached. If any section does not apply, write "not applicable" or cross out the section.

	APPLIC	CANT
Т	rade name used for utility business Carolina Water Ser	rvice, Inc of North Carolina
	ame of owner (if different from trade name)  Utilities, Ir	
	usiness mailing address 5701 Westpark Dr., Suite	·
_	City and state Charlotte, NC	Zip Code 28217
В	usiness street address (if different from mailing address)	N/A
٠	usiness sheet address (ii dilletent from Mainig address)	147
В	usiness telephone number (704) 319-0529	
Li	ist the counties in which you provide water utility service	Please see attached sheet.
_		
ī	ist the countles in which you provide sewer utility service	Please see attached sheet.
_		
	PROPOSED AND P	PRESENT RATES
	Proposed Rates	Present Rates
M	etered Residential Service:	
	Water: Please see the enclosed proposed rates.	Please see the enclosed present rates.
	Sewer: Please see the enclosed proposed rates.	Please see the enclosed present rates.
Fla	at Rate Residential Service:	
	Water: Please see the enclosed proposed rates.	Please see the enclosed present rates.
	Sewer: Please see the enclosed proposed rates.	Please see the enclosed present rates.
No	onresidential Service (explain):	
	Water: Please see the enclosed proposed rates.	Please see the enclosed present rates.
	Sewer: Please see the enclosed proposed rates.	Please see the enclosed present rates.
Tε	ър-ол fees:	
	Water: Please see the enclosed proposed rates.	Please see the enclosed present rates.
	Sewer: Please see the enclosed proposed rates.	Please see the enclosed present rates.
	OTHER PROPO	<del></del>
(N		unpaid balance of all bills overdue past 25 days %) per month will be applied to the unpaid balance of all bills si
R	econnection charge if water service cut off by utility as specif	fied in NCUC Rule R7-20: \$27
R	econnection charge if water service discontinued at custome	or's request: \$27
R	econnection charge if sewer service cut off by utility as speci	ified in NCUC Rule R10-16: Actual Cost
٥.	ther charges: NSF Charges: \$25	
181	that date are the proposed rates to become effective?	April 30, 2015
		9 months for CWS-NC, Nags Head and Corolla Light &
п	ow long have the present rates been in effect?	Monteray Shores
	PROPOSET	<u>d Billing</u>
	requency of billing shall be (monthly, quarterly, etc.)	Monthly
	Frequency of bining small be (monthly, quarterly, etc.)  Billing shall be for service (in advance or arrears)	Arrears
	Bills past due 21 days after the billing dates:	
	NCUC Rule R12-9 specifies that bills shall not be past due le	ess than fifteen (15) days after billing date).
	•	
- t	Mill regular hilling he by written statement? (yes or no)	Yes

## REVENUES AND EXPENSES (CWS-NC, Nags Head, and Corolla Light & Monteray Shores presented separately per books) For 12 Months Ended December 31, 2014 (Date)

	_	101121	iounia munan	December 31, 2014	(Date)				
	Revenue				<u>Water</u>		<u>Sewer</u>		
1.	Residential ser		_		\$	\$			
2.		vice (metered rate	;)		\$	\$			
3.		service (flat rate)			\$	\$			
		service (metered			<i>Φ</i>	—_ * ——			
5.		(describe in rema	•			\$			
6.	Total Reven	ues (Lines 1 thru	5)	\$	\$	<u> </u>			
7.	Total salaries				\$	\$			
8.		and office expens			\$	\$			
9.		nd repair expense	(except salaries)		\$	\$			
10.	Transportation	•			\$	\$			
11.	Electric power f								
12.	Chemicals for the	reatment			\$	\$			
13.	Testing fees				\$	\$			
14.	Permit fees				\$	\$			
15.	Purchased water	er/sewer treatmer	nt		\$	\$			
16.	Annual deprecia	ation .			\$	\$			
17.	Taxes: State in	come taxes		\$	\$				
18.	Federal	income taxes		\$	\$				
19.	Gross n	eceipts (or franchi	ise tax)		\$	\$			
20.	Property	y taxes			\$	\$			
21.	Payroll <sup>1</sup>	taxes	,						
22.	Other to	ixes			\$	\$			
23.	Other expenses	s (describe in rem	arks below)		\$				
24.	Total Expen	ses (Lines 7 thru:	23)		\$	\$			
	4. Total Expenses (Lines 7 thru 23) \$\$								
25.	Net Operating I	ncome (Line 6 mi	nus Line 24)		\$	\$	<del></del>		
26.	Interest on deb	t during year			\$	\$	<u></u>		
27.	Net Income (Li	ne 25 minus Line	26)		\$	\$			
			•						
Rema	<u>arks</u>								
28.	Please see the	attached remarks	s	<u></u>					
29.	\ Please see the	attached remarks	s						
30.	Please see the	attached remarks	s.						
31.	Please see the	attached remark	s						
32.	Please see the	attached remarks	S						
			NUMBE	R OF CUSTOMERS S	SERVED				
				(at end of month)					
			Water			Sewer	·		
		Flat Rate	Metered	Gallons Sold to	Flat Rate	Metered	Gallons Sold to		
	<u>Month</u>	Customers	Customers	Metered Custs.	Customers	Customers	Metered Custs.		
		***							
33.	January								
34.	February								
35.	March								
36.	Aprîl								
37.	May								
38.	June								
39.	July	<del></del>							
40.	August								
41.	September								
42.	October								
43.	November								
44.	December								
77.	260611000								

<sup>\*\*\*</sup> Excludes availability customers.

# OFFICIAL COPY

#### ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended December 31, 2014 \_ (Date)

Note: List the total original cost to construct and establish the system, whether or not paid for by the Present Owner.

	Utility Property in Service			End of Year	
	fand and dakin at		<u>Water</u>	<u>Sewer</u>	
1. 2.	Land and rights-of-way	\$		\$	2015
2. 3.	Structures and site improvement Wells			\$	- 2
J. 4.	Pumping equipment			\$ \$	
 5.	Treatment equipment	<u> </u>	<del></del>	\$	- ≌
6.	Storage tanks	· · · · · · · · · · · · · · · · · · ·		\$	- 👺
7.	Mains (excluding service connections)	<u> </u>		\$	_
8.	Service connections	·	<del></del>	\$	
9.	Meters (including spare meters)	· —	<del></del>	\$	
10.	Office furniture and equipment	_		\$	_
11.	Transportation equipment	· -		\$	_
2.	Other utility property in service (describe in remarks below	· · · · · · · · · · · · · · · · · · ·		\$	
13.	Total utility property in service (Lines 1 thru 12)	•		\$	
14.	Less: accumulated depreciation			\$	
15.	Less: accumulated tap fees and other contributions in aid				_
	construction	\$		\$	_
16.	Less: customer advances (customer deposits)	\$			_
17.	Net investment in utility property (Line 13 minus 14, 15,	, & 16) \$		\$	=
		_			
	Utility Property Not in Service		<u>Balance at</u>	End of Year	
			<u>Water</u>	<u>Sewer</u>	
18.	Construction work in progress	\$	_ <del>-</del>	\$	<b>-</b>
19.	Property held for future use	<u> </u>		\$ \$	_
20.	Other (describe in remarks below)	\$		\$	_
2em	erks				
	Please see the attached remarks.				
22.	Please see the attached remarks.	_			_
	Please see the attached remarks.				_
	Please see the attached remarks.				_
					_
	ANIMILAT	PERFORMANCE.			
	ANNUAL	DEPRECIATION			
25.	If annual depreciation is claimed using a composite rate	for the entire system, s	now composite rate u	sed:	
	Water: Please see the attached rates.	•			_
	Sewer: Please see the attached rates.				_
26.	If annual depreciation is claimed using individual rates to	or each type of equipme	nt, show rates of dep	eciation	
	used: N/A				
					_
				for every of	
		Annual Depreciation	Method Used (Straight	Amount of Annual	
	Type of Equipment	Rate	Line, etc.)	Depreciation	
		<del></del> -			
			<del></del> _		
		·	<u></u>		

#### CONTRIBUTIONS IN AID OF CONSTRUCTION (Including Tap Fees)

	EMPLOYEE SALAR			
<u>Name</u> Please see item 17 in the W-1	(Including Owner) <u>Duties</u>		Salaries Paid During Year	During Year
riease see item 17 in.the 44-1				
		\$_		
	FINANCIAL INFORMA	TION		
Source of Loans		<del></del>	terest	Amount Unpaid
(For Utility Purpose	<u>es)</u>	<u> </u>	<u>Rates</u>	End of Year
<u> </u>		<del></del>		\$ \$
V/A				\$
OTHER FINANCIAL INFOR				·
OTHER FINANCIAL INFOR				\$ 0
Accumulated (or retained) earnings or loss				\$ Please see W 1-15
Cash on hand			••••	ş <b>44,83</b> 8
Accounts receivable / Intercompany				S 26,448,913
accounts,,,,,				6 (0.006.700)
Accounts payable				\$ <u>(9,226,709)</u> \$ <u>(217,955)</u>
Austomer deposits on nand				\$ 0
Other investments				\$ 0
	FILING INSTRUCTION	ONIC		
One of these copies <u>must</u> have original sig are also required to file a written letter of filing this application. Furthermore, Clas	nature. (Applicants must n intent to file a general rates A utility companies sho	nake their copies i e case with the C	f desired.) Clas Commission thir	s A and B utility compani tv (30) days in advance
One of these copies <u>must</u> have original signare also required to file a written letter of filing this application. Furthermore, Clasapplication form as required in Rule R1-17 Enclose a filing fee as required by G. S. §6 filling fee. A Class B company (annual recompany (annual revenues less than \$200 company (annual revenues	nature. (Applicants must m intent to file a general rates A utility companies sho 7(12)(d). 62-300. A Class A companies between \$200,00 0,000) requires a filing fee o	nake their copies in e case with the Could file a NCUC my (annual revenu ny (annual revenu ny (annual revenu	f desired.) Clas Commission thir Form W-1 alo es of \$1,000,00	s A and B utility companity (30) days in advance ng with this rate increase or more) requires a \$5 1250 filing fee. A Class
One of these copies must have original sig are also required to file a written letter of filing this application. Furthermore, Class application form as required in Rule R1-17 Enclose a filing fee as required by G. S. § filing fee. A Class B company (annual recompany (annual revenues less than \$200 OF COMMERCE/UTILITIES COMMISSIC	nature. (Applicants must me intent to file a general rates A utility companies shown (12)(d).  62-300. A Class A companies between \$200,00,000) requires a filing fee on the companies as a support of the companies of the compani	nake their copies in e case with the Could file a NCUC my (annual revenu ny (annual revenu ny (annual revenu	f desired.) Clas Commission thir Form W-1 alo es of \$1,000,00	s A and B utility companity (30) days in advance ng with this rate increase or more) requires a \$5 1250 filing fee. A Class
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Center, Raleigh, North Carolina 27699-43 One of these copies must have original sig are also required to file a written letter of filing this application. Furthermore, Clas application form as required in Rule R1-17 Enclose a filing fee as required by G. S. Stilling fee. A Class B company (annual rompany (annual revenues less than \$200 OF COMMERCE/UTILITIES COMMISSIONAL Application shall be signed and verified by	nature. (Applicants must me intent to file a general rates A utility companies shown (12)(d).  62-300. A Class A companies between \$200,00,000) requires a filing fee on the companies as a support of the companies of the compani	nake their copies in e case with the Could file a NCUC my (annual revenu ny (annual revenu ny (annual revenu	f desired.) Clas Commission thir Form W-1 alo es of \$1,000,00	s A and B utility companity (30) days in advance ng with this rate increa 0 or more) requires a \$5 1250 filing fee. A Class
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One of these copies must have original signare also required to file a written letter of filing this application. Furthermore, Classapplication form as required in Rule R1-17 Enclose a filing fee as required by G. S. § filing fee. A Class B company (annual rompany (annual revenues less than \$200 OF COMMERCE/UTILITIES COMMISSION Application shall be signed and verified by personally appearing before me and better personally appearing before me and better this personally appearing before me and better the service of the service	nature. (Applicants must me intent to file a general rates A utility companies shown (12)(d).  62-300. A Class A companies between \$200,00,000) requires a filing fee of the Applicant.  SIGNATURE of the Applicant.	neke their copies is a case with the Could file a NCUC my (annual revenu) o and \$1,000,00 ff \$100. MAKE Could be considered as a second	f desired.) Clas Commission thir Form W-1 ato es of \$1,000,00 00) requires a \$ HECK PAYABL  Signature  Date	s A and B utility company (30) days in advance ng with this rate increase or more) requires a \$5 (250 filing fee. A Class E TO N.C. DEPARTME
One of these copies must have original signare also required to file a written letter of filing this application. Furthermore, Classapplication form as required in Rule R1-17 Enclose a filing fee as required by G. S. § filing fee. A Class B company (annual rompany (annual revenues less than \$200 OF COMMERCE/UTILITIES COMMISSION Application shall be signed and verified by personally appearing before me and better personally appearing before me and better this personally appearing before me and better the service of the service	nature. (Applicants must me intent to file a general rates A utility companies shown (12)(d).  62-300. A Class A companies between \$200,00,000) requires a filing fee of the Applicant.  SIGNATURE of the Applicant.	neke their copies is a case with the Could file a NCUC my (annual revenu) o and \$1,000,00 ff \$100. MAKE Could be considered as a second	f desired.) Class Commission thire Form W-1 alones of \$1,000,000 requires a \$4 HECK PAYABL Signature  Date  Date	s A and B utility companity (30) days in advance ng with this rate increased or or more) requires a \$5 i250 filling fee. A Class E TO N.C. DEPARTMENT of this application and in this application and in the control of
One of these copies must have original signare also required to file a written letter of filing this application. Furthermore, Classapplication form as required in Rule R1-17 Enclose a filing fee as required by G. S. § filing fee. A Class B company (annual rompany (annual revenues less than \$200 OF COMMERCE/UTILITIES COMMISSION Application shall be signed and verified by personally appearing before me and better personally appearing before me and better this personally appearing before me and better the service of the service	nature. (Applicants must me intent to file a general rates A utility companies shown (12)(d).  62-300. A Class A companies between \$200,00,000) requires a filing fee of the Applicant.  SIGNATURE of the Applicant.	neke their copies is a case with the Could file a NCUC my (annual revenu) o and \$1,000,00 ff \$100. MAKE Could be considered as a second	if desired.) Clas Commission thir Form W-1 alo es of \$1,000,00 00) requires a \$ HECK PAYABL  Signature  Date  Date  Notary Public	s A and B utility companity (30) days in advance ng with this rate increased or or more) requires a \$5 i250 filling fee. A Class E TO N.C. DEPARTMENT of this application and in this application and in the control of
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One of these copies must have original sig are also required to file a written letter of filing this application. Furthermore, Clas application form as required in Rule R1-17 Enclose a filing fee as required by G. S. § filling fee. A Class B company (annual recompany (annual revenues less than \$200 OF COMMERCE/UTILITIES COMMISSION Application shall be signed and verified by	nature. (Applicants must mintent to file a general ration intent to file a general ration of the property of the property of the property of the Applicant.  SIGNATURE of the Applicant.  SIGNATURE of the Applicant.  This the Applicant of this/her knowledge are the property of the Applicant.	acke their copies is a case with the Could file a NCUC any (annual revenuo and \$1,000,00 ff \$100. MAKE Could file and the information of the could belief.	desired.) Clas Commission thir Form W-1 alo es of \$1,000,00 00) requires a \$ HECK PAYABL  Signature  Date  Date  On contained in Notary Public  Address s: 01/0%	s A and B utility companity (30) days in advance ng with this rate increase of the companity of the companity (30) days in advance of the companity of the comp
One of these copies must have original sig are also required to file a written letter of filing this application. Furthermore, Class application form as required in Rule R1-17 Enclose a filing fee as required by G. S. § filing fee. A Class B company (annual rough annual rough (annual revenues less than \$200 OF COMMERCE/UTILITIES COMMISSION Application shall be signed and verified by personally appearing before me and beti	nature. (Applicants must mintent to file a general ration intent to file a general ration of the property of the property of the property of the Applicant.  SIGNATURE of the Applicant.  SIGNATURE of the Applicant.  This the Applicant of this/her knowledge are the property of the Applicant.	acke their copies is a case with the Could file a NCUC any (annual revenuo and \$1,000,00 ff \$100. MAKE Could file and the information of the could belief.	desired.) Clas Commission thir Form W-1 alo es of \$1,000,00 00) requires a \$ HECK PAYABL  Signature  Date  Date  On contained in Notary Public  Address s: 01/0%	s A and B utility companily (30) days in advance ng with this rate increa 0 or more) requires a \$5,250 filling fee. A Class E TO N.C. DEPARTMENT this application and in the companies of the com

Carolina Water Service, Inc of North Carolina Application for Rate Increase Attachment to Application #1: Sections 6-7 (Counties in which service is provided)

County	Water	Sewer		
Alleghany	W			
Avery	w	S	**	
Buncombe	W	S		
Cabarrus	W			
Caldwell	W			
Carteret	W	S		
Cherokee	W	S		
Craven		S		
Cumberland	W			
Currituck		S		
Dare		S		
Forsyth	W	S		
Gaston	W	S		
Henderson	W			
Iredell	W			
Johnston	W	S		
Lee	W			
Macon	W			
Madison	W	S		
McDowell	W			
Mecklenburg	W	S		
Montgomery	W			
Moore	W			
New Hanover	W			
Onslow		S		
Pender	W	S		
Transylvania	W			
Union		S		
Wake .	W	S		
Watauga	W	S		
Yancey	W			
<del>-</del>				

Carolina Water Service, Inc of North Carolina Application for Rate Increase Attachment to Application #2: Proposed and Present Rates, Page 1, Sections 8 - 10 (Metered Residential, Flat Residential, Nonresidential)

~		Present Rates BFC Usage			Proposed Rates BFC Usage			
Water								
5/8" Residential Water	\$	18.25	\$	5.44	\$	22.47	\$	6.70
Carolina Forest	s	18.25	\$	5.44	\$	22.47	\$	3.19
High Vista Estates (0 - 40,000 usage)	S	18.25	\$	5.44	S	22,47	\$	4.33
(40,000 -200,000 usage)	•	70.20	•		•		\$	3.23
							\$	3.07
(> 200,000 usage)	_	40.00	_			00.47		
Riverpointe	\$	18.25	\$	5.44	\$	22.47	\$	6.30
Whispering Pines	\$	18.25	\$	5.44	\$	22.47	\$	2.23
White Oak Plantation/Lee Forest	\$	18.25	\$	5.44	\$	22.47	\$	3.25
Winston Plantation	\$	18.25	\$	5.44	\$	22.47	\$	3.25
Winston Pointe	\$	18.25	\$	5.44	\$	22.47	\$	3.25
Woodrun	\$	18.25	\$	5.44	\$	22.47	\$	3,19
Yorktown (0 - 2.24)	S	18.25	\$	5.44	\$	22.47	\$	3.99
·	Ψ	10.20	Ψ	J.77	Ψ	22.41	\$	5.83
(2.25 - 4.49)								
(4.50 - 6.73)							\$	5.93
(6.74 - 149.6)							\$	6.60
(>149.6)							\$	3.68
Zemosa Acres	\$	18.25	\$	5.44	\$	22.47	\$	3.19
1" Residential Water	\$	45.63	\$	5.44	\$	56.19	\$	6.70
1.5" Residential Water	\$	91.25	\$	5.44	\$	112.37	\$	6.70
2" Residential Water	\$	146.00	\$	5.44	\$	179.80	\$	6.70
3" Residential Water	\$	273.75	\$	5.44	\$	337.12	\$	6.70
4" Residential Water	\$	456.25	\$	5.44	\$	561.87	\$	6.70
6" Residential Water	\$	912.50	\$	5.44		1,123.74	\$	6.70
5/8" Commercial Water	\$	18.25	\$	5.44	\$	22.47	\$	6.70
1* Commercial Water	\$	45.63	\$	5.44	\$	56.19	\$	6.70
1.5" Commercial Water	\$	91.25	\$	5.44	\$	112.37	\$	6.70
2" Commercial Water	\$ \$	146.00	\$	5.44	\$	179.80	\$	6.70
3" Commercial Water	\$ \$	273.75	\$	5.44	\$	337.12	\$ \$	6.70 6.70
4" Commercial Water	\$	456.25 912.50	\$ \$	5.44 5.44	\$	561.87 1,123.74	\$	6.70
6" Commercial Water	\$ \$	34.52	\$	5.44	\$	42.51	Ψ	0.70
Water Flat Rate	\$ \$	21.60	\$	-	S	26.60		
Water Availability	Ψ	21.00	Ψ	-	Ψ	20.00		
<u>Sewer</u>				-				
5/8" Sewer Only, Flat	\$	44.70	\$	-	\$	39.57	\$	-
5/8" Residential Metered	\$	33.02	\$	2.46	\$	39.57	\$	2.95
Kings Grant	\$	33.02	\$	2.46	\$	39.57	\$	3.80
College Park	\$	33.02	\$	2.46	\$	39.57	\$	5.70
Whiteoak Plantation/Lee Forest/Winston Point	\$	33.02	\$	2.46	\$	39.57	\$	4.55
5/8" Commercial Wastewater	Š	33.02	S	2.46	\$	39.57	\$	2.95
1" Commercial Wastewater	\$	82.55		2.46	\$	98.92	\$	2.95
1.5" Commercial Wastewater	\$	165.10		2.46	\$	197.84		2.95
2" Commercial Wastewater	\$	264.16		2.46	\$	316.55	\$	2.95
3" Commercial Wastewater	\$	495.30	\$	2.46	\$	593.53	\$	2.95
4" Commercial Wastewater	S	825.50	\$	2.46	\$	989.21		2.95
6" Commercial Wastewater	\$	1,651.00		2.46		1,978.42		2.95
Mount Carmel	\$	6.00		5.45	\$	7.19	\$	6.53
Regalwood	\$	44.70		-	\$	53.56		
WhiteOaks	\$	44.70		-	\$	53.56		
White Oak School		1,386.90		-		1,661.95		
Child Castle Daycare	\$	172.40		-	\$	206.59 110.07		
Pantry	\$	91.85	Þ	-	\$	110.07		

Nags Head Application for Rate Increase Attachment to Application #2: Proposed and Present Rates, Page 1, Sections 8 - 10 (Metered Residential, Flat Residential, Nonresidential)

ي شيد سيد ديو			-	
	Present	Rates	Proposed	Rates
	 BFC Usage		BFC	Usage
Sewer				
Sewer Flat	\$ 62.81	9.33	76.11	11.31
5/8" Commercial Wastewater	\$ 18.48	9.33	22.39	11.31
1" Commercial Wastewater	\$ 46.22	9.33	56.01	11.31
1.5" Commercial Wastewater	\$ 92.42	9.33	111.99	11.31
2" Commercial Wastewater	\$ 147.88	9.33	179.20	11.31
3" Commercial Wastewater	\$ 277.27	9.33	335.99	11.31
4" Commercial Wastewater	\$ 462.12	9.33	560.00	11.31
6" Commercial Wastewater	\$ 924.24	9.33	1,119.99	11.31

Corolla Light and Monteray Shores
Application for Rate Increase
Attachment to Application #2: Proposed and Present Rates, Page 1, Sections 8 - 10
(Metered Residential, Flat Residential, Nonresidential)

	Present Rates BFC Usage			Proposed BFC	i Rates Usage		
Sewer  5/8" Residential Wastewater 1" Residential Wastewater 1.5" Residential Wastewater 2" Residential Wastewater 3" Residential Wastewater 4" Residential Wastewater 6" Residential Wastewater 5/8" Commercial Wastewater	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	52.26 130.65 261.30 418.08 783.90 306.50 613.00 52.26 130.65	S S S S S S S S S S S S S S S S S S S	6.65 6.65 6.65 6.65 6.65 6.65 6.65 6.65	66.72 166.81 333.62 533.80 1,000.87 1,668.11 3,336.23 66.72 166.81	S S S S S S S S S S S S S S S S S S S	8.49 8.49 8.49 8.49 8.49 8.49 8.49 8.49
1.5" Commercial Wastewater 2" Commercial Wastewater 3" Commercial Wastewater 4" Commercial Wastewater 6" Commercial Wastewater	\$ \$ \$ \$ 1,	261.30 418.08 783.90 306.50 613.00	\$ \$ \$ \$ \$ \$ \$	6.65 6.65 6.65 6.65 6.65	333.62 533.80 1,000.87 1,668.11 3,336.23	\$ \$ <b>\$</b> \$ \$	8.49 8.49 8.49 8.49 8.49

. , ,		Present Tap Fee		posed p Fee
The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission:		•		
Connection Charge (CC), per SFE (Single Family Equivalent)				
Water	\$	100	\$	100
Sewer	\$	100	\$	100
Plant Modification Fee (PMF), per SFE				
Water	\$	400	\$	400
Sewer	\$	1,000	\$	1,000
The systems where connection fees other than the uniform fees have been approved by the NCUC are as follows:				
Subdivision				
All CC and PMF fees are per SFE(Single Family Equivalent)				
Abington				
Water	•		•	
CC	\$	-	\$ \$	-
PMF	\$	-	Þ	-
Sewer CC	\$	_	\$	_
PMF	\$	-	\$	-
Abington, Phase 14				
Water				
CC	\$	-	\$	-
PMF	\$	-	\$	-
Sewer	æ		œ	
CC PMF	\$ \$	-	\$ \$	-
Amber Acres North (Phases 2 & 4) Sewer				
CC	\$	815	\$	815
PMF	\$	-	\$	-
Ashley Hills				
Sewer	œ		¢	_
CC PMF	\$ \$	-	\$ \$	-
Bent Creek				
Water	ď		æ	
CC PMF	\$ \$	-	\$ <b>\$</b>	-
FIVIE	Ψ	=	Ψ	

		Present Tap Fee		posed p Fee
Sewer				
CC	\$ \$	-	\$ \$	-
PMF	\$	-	\$	-
Brandywine Bay				
Sewer	_		•	400
CC	\$	100	\$	100
PMF	\$	1,456	\$	1,456
Blue Mountain at Wolf Laurel				
Water	_		_	
CC	\$	925	\$	925
PMF	\$	-	\$	-
Buffalo Creek, Phase 1, 2, 3, 4				
Water	_		_	
CC	\$	825	\$	825
PMF	\$	-	\$	-
Camp Morehead by the Sea				
Sewer				
CC	\$	100	\$	100
PMF	\$	1,456	\$	1,456
Carolina Forest				
Water				
CC	\$	-	\$ \$	-
PMF	\$	-	\$	-
Chapel Hills				
Water				
CC	\$	150	\$	150
PMF	\$	400	\$	400
Eagle Crossing				
Water				
CC	\$	-	\$ \$	-
PMF	\$	-	\$	-
Forest Brook/Old Lamp Place				
Water				
CC	\$ \$	-	\$	-
PMF	\$	-	\$	-
Hammock Place				
Sewer				
CC	\$ \$	100	\$	10
PMF	\$	1,456	\$	1,45
Harbour				
Water				

		Present Tap Fee		Fee_
CC	\$	75	\$	75
PMF	\$	-	\$	-
Hestron Park				
Water	•		•	
CC	\$ \$	-	\$	-
PMF	Ф	-	. \$	-
Sewer	œ		e.	
CC PMF	\$ \$	-	\$ \$	-
Hound Ears				
Water				
CC	\$	300	\$	300
PMF	\$	-	\$	-
Sewer				
CC	\$	30	. \$	30
PMF	\$	-	\$	-
Independent/Hemby Acres/Beacon Hills (Griffin Bldrs)				
Sewer	e		•	
CC PMF	\$ \$	-	\$ \$	-
Kings Grant				
Sewer				
CC	\$	-	\$	-
PMF	\$	-	\$	-
Kings Grant/Willow Run				
Water	_		_	
CC	\$ \$	-	\$ \$	-
PMF	\$	-	\$	-
Lemmond Acres				
Water				
CC	\$ \$	-	\$ \$	-
PMF	\$	-	\$	-
Monterrey (Monterrey, LLC)				
Water	_			
CC	\$	-	\$	-
PMF	\$	-	\$	-
Mt. Carmel/Section 5A Sewer				
CC	¢	500	œ.	500
PMF	\$ • \$	-	\$ \$	-
Quail Ridge				

Quail Ridge Water

		Present Tap Fee		oosed Fee
cc	\$	750	\$	750
PMF	\$	-	\$	٠,
Queens Harbour/Yachtsman				
Water			_	
CC	\$	-	\$	-
PMF	\$	-	\$	-
Sewer				
CC	\$	-	\$	-
PMF	\$	-	\$	-
Riverpointe				
Water				
CC	\$	300	\$	300
PMF	\$	-	\$	-
Sewer				
CC	\$	300	\$	300
PMF	\$	-	\$	-
Riverpointe (Simonini Bldrs)				
Water				
CC	\$	-	\$	-
PMF	\$	-	\$	-
Sewer				
CC	\$	_	\$	-
PMF	\$	-	\$	-
Riverwood, Phase 6E Johnston County)				
Water				
CC	\$	825	\$	825
PMF	\$ \$	-	\$	-
Saddlewood/Oak Hollow (Summer Bldrs)				
Water				
CC	\$	_	\$	_
PMF	\$ \$	-	\$	-
Sherwood Forest				
Water				
CC	\$	950	\$	950
PMF	\$	-	\$	-
Ski Country	~			
Water				
CC	\$	100	\$	100
PMF	<b>\$</b> \$	-	\$	-
White Oak Plantation				
Water				
CC	\$	-	\$	-
PMF	\$	-	\$	-

		Present Tap Fee		posed p Fee
Sewer				
CC	\$ \$	-	\$	-
PMF	\$	-	\$	-
Wildlife Bay				
Water				
CC	\$	870	\$	870
PMF	\$	-	\$	-
Willowbrook	,			
Water				
CC	\$	-	\$	-
PMF	\$	-	\$	-
Sewer	•		œ	
CC	\$ \$	-	\$ \$	-
PMF	\$	-	Ф	-
Willowbrook (Phase 3)				
Sewer	•		\$	
CC	\$ <b>\$</b>	<u>-</u> -	\$	-
PMF	Ð	-	Ψ	-
Winston Plantation				
Water	œ	1,100	¢	1,100
CC PMF	\$ \$	-	\$ \$	-
Winston Pointe, Phase 1A				
Water CC	\$	500	\$	500
PMF	\$ \$	-	\$	-
Sewer	Ψ		Ψ	
CC	\$	2,000	\$	-
PMF	\$	-	\$	-
Wolf Laurel				
Water				
CC	\$	925	\$	925
PMF .	\$ \$	-	\$	-
Woodrun				
Water				
CC	\$ <b>\$</b>	-	\$ \$	-
PMF	\$	-	\$	-
Woodside Falls				
Water				
CC	\$	500	\$	500
PMF	\$	-	\$	-
Sewer CC	\$	-	\$	

	9			Proposed <u>Tap Fee</u>			
PMF			-	-	-		

Nags Head
Application for Rate Increase
Attachment to Application #3: Proposed and Present Rates, Page 1, Section 11
(Tap-on fees)

•	Present Tap Fee		Proposed Tap Fee	
The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission:				
Connection Charge (CC), per SFE (Single Family Equivalent)				
Sewer	\$	100	\$	100
Plant Modification Fee (PMF), per SFE				
Sewer	\$	1,000	\$	1,000

Corolla Light & Monteray Shores
Application for Rate Increase
Attachment to Application #3: Proposed and Present Rates, Page 1, Section 11
(Tap-on fees)

•	Present Tap Fee		Proposed Tap Fee	
The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission:			-	
Connection Charge (CC), per SFE (Single Family Equivalent)				
Sewer - Corolla Light Sewer - Monteray Shores Sewer - Monteray Shores (Degabrielle Builders) Sewer - Corolla Bay Sewer - Corolla Shores	\$ \$ \$ \$ \$	700 700 - 100 700	\$ \$ \$ \$ \$ \$ \$	700 100 - 100 700
Plant Modification Fee (PMF), per SFE				
Sewer - Corolla Light Sewer - Monteray Shores Sewer - Monteray Shores (Degabrielle Builders) Sewer - Corolla Bay Sewer - Corolla Shores	\$ \$ \$ \$ \$ \$	- - 1,000	\$ \$ \$ \$ \$ \$	- - - 1,000

Carolina Water Service, Inc of North Carolina Application for Rate Increase Attachment to Application #4: Revenues and Expenses, Page 2, Sections 1-32

		Water		Sewer
Revenue	\$	(529,820)	¢	_
Residential Service (flat rate)     Residential Service (metered rate)	\$	(8,758,191)		(6.913.359)
3 Nonresidential service (flat rate)	\$	•	\$	-
4 Nonresidential service (metered rate)	\$	(456,302)	\$	(759,134)
5 Other Revenues (describe in remarks below)	\$	(162,229)	\$	(129,045)
6 Total Revenues (Lines 1 thru 5)	\$	9,906,542	\$	7,801,538
F				
Expenses 7 Total salaries	s	1,321,340	\$	749,657
8 Administrative and office expense (except salaries)	Š	260,295	\$	147,677
9 Maintenance and repair expense (except salaries)	\$	729,165	\$	1,312,878
10 Transportation Expenses	\$	9	\$	5
11 Electric power for pumping	\$	812,129	\$	611,224
12 Chemicals for treatment	\$ \$	334,627	\$ \$	189,849
13 Testing fees 14 Permit fees	\$	-	\$	-
15 Purchased water/sewer treatment	\$	880,843	\$	237,242
16 Annual Depreciation	\$	1,573,256	\$	1,341,205
17 Taxes: State Income Taxes	\$	311,178	\$	245,016
18 Federal Income Taxes	\$	85,847	\$	67,595
19 Gross receipts (or franchise tax)	\$ \$	227,393	\$ \$	179,045
20 Property Taxes 21 Payroll Taxes	Ş	93,329	\$	62,853
21 Payroll Taxes 22 Other taxes (described in remarks below)	\$	12,470	\$	9,819
23 Other expenses (describe in remarks below)	\$	(56,886)	\$	(287,775)
24 Total Expenses (Lines 7 thru 23)	\$	6,584,995	\$	4,866,289
			_	
25 Net Operating Income (Line 6 minus Line 24)	\$	3,321, <u>546</u>	\$	2,935,249
26 Interest on debt during year	\$	40,443	\$	32,732
Interest During Construction	\$	(30,185)	\$	(27,092)
27 Net Income (Line 25 minus Line 26)	\$	3,311,288	\$	2,929,609
•				
Remarks				
28 Other Revenues	\$	(63,942)	•	(50,347)
Revenues From Other Systems Revenues From Mgmt Svc	S	(03,542)	\$	(50,547)
Forfeited Discounts	Š	(25,670)		(20,212)
Other W/S Revenues	\$	(78,565)		(61,861)
Rental Income	\$	-	\$	-
Gain on Sale of Utility Property	\$	5,950	\$	3.375
Total Other Revenues	\$	(162,229)	\$	(129,045)
29 Other Taxes				
Utility/Commission Tax	\$	12,470	\$	9,819
Tax on Gain on Sale of Utility Property	<u>\$</u>		\$	
Total Other Taxes	\$	12,470	\$	9,819
30 Other Expenses				
Amortization of PAA	\$	(87,809)		(28,144)
Amortization of CIAC	\$	(456,864)		(485,101)
Amortization of ITC	\$ \$	(274)		(245)
Uncollectible Accounts Meter Reading	9	49,154 118,432	\$ \$	38,703 -
Meter Reading Outside Services	S	41,751	\$	23,687
Regulatory Commission Expense	Š	174,720	\$	99,127
Rent	******	73,887	\$	41,920
Insurance	\$	-	\$	-
Miscellaneous	<u> </u>	30,117 (56,886)	\$	(287,775)
Total Other Expenses	J	(90,000)	Ψ	(201,110)

Nags Head Application for Rate Increase Attachment to Application #4: Revenues and Expenses, Page 2, Sections 1-32

	Water		Sewer	
Revenue	•		_	
Residential Service (flat rate)	\$	-	S	-
2 Residential Service (metered rate)	\$ <sub>-</sub> \$	-	\$	(511,054)
3 Nonresidential service (flat rate)	\$	-		(400,000)
4 Nonresidential service (metered rate)	\$	-	\$	(190,920)
5 Other Revenues (describe in remarks below)	\$		\$	. (2,194)
6 Total Revenues (Lines 1 thru 5)	\$		\$	704,168
Expenses				
7 Total salaries	\$	_	\$	81,910
8 Administrative and office expense (except salaries)	Š	-	\$	16,450
9 Maintenance and repair expense (except salaries)	\$ \$	_	\$	106,509
10 Transportation Expenses	Š	_	\$	-
11 Electric power for pumping	\$ \$ \$ \$ \$ \$	_	\$	68,071
12 Chemicals for treatment	ŝ	_	\$	14,112
13 Testing fees	Š	_	\$	,
14 Permit fees	Š	_	\$	_
15 Purchased water/sewer treatment	Š	_	\$	_
16 Annual Depreciation	\$ \$	_	\$	77,530
17 Taxes: State Income Taxes	Š	_	\$	,555
18 Federal Income Taxes	\$ \$	_	\$	_
19 Gross receipts (or franchise tax)	Š	_	\$	-
20 Property Taxes	Š	_	\$	(2,609)
21 Payroll Taxes	Š	_	\$	(2,000)
22 Other taxes (described in remarks below)	Š	_	\$	(1,354)
23 Other expenses (describe in remarks below)	Š	_	\$	-
24 Total Expenses (Lines 7 thru 23)	\$ \$ \$		<u>\$</u>	360,619
24 Total Expenses (Emes 1 and 25)				
25 Net Operating Income (Line 6 minus Line 24)	\$	-	\$	343,549
26 Interest on debt during year Interest During Construction 27 Net Income (Line 25 minus Line 26)	\$ \$	- -	\$	343,549
•				<del></del>
Remarks				
28 Other Revenues				
Revenues From Other Systems	\$	-		
Revenues From Mgmt Svc	\$ \$ \$ \$ \$ \$	-	_	
Forfeited Discounts	\$	-	\$	(1,200)
Other W/S Revenues	\$	-	S	(994)
Rental Income	\$	-		
Gain on Sale of Utility Property	\$	-		10.10.1
Total Other Revenues	\$	-	\$	(2,194)
29 Other Taxes				
Franchise Tax	\$	-	\$	-
Tax on Gain on Sale of Utility Property	\$	-	\$	-
Total Other Taxes	\$	-	\$	•
30 Other Expenses				
Amortization of PAA	\$	-	\$	(185)
Amortization of CIAC	Š	-	\$	(1,834)
Amortization of ITC	š	-	\$	-
Uncollectible Accounts	Š	-	\$	(67)
Meter Reading	\$	-	\$	<u> </u>
Outside Services	\$	-	\$	-
Regulatory Commission Expense	\$	-	\$	-
Rent	\$	-	\$ \$ \$	-
Insurance	***	_		-
Miscellaneous	_\$		\$	731
Total Other Expenses	\$	-	\$	(1,354)

#### Corolla Light & Monteray Shores Application for Rate Increase Attachment to Application #4: Revenues and Expenses, Page 2, Sections 1-32

	w	/ater		Sewer
Revenue			•	
1 Residential Service (flat rate)	S	-	\$	(007.474)
2 Residential Service (metered rate)	\$	-	\$	(927,471)
3 Nonresidential service (flat rate)	s s	-	\$	(202 063)
4 Nonresidential service (metered rate)	\$ \$	-	\$ \$	(202,063) (4,643)
5 Other Revenues (describe in remarks below)	\$	<del></del> -	\$	1,134,177
6 Total Revenues (Lines 1 thru 5)	<del></del>		Φ	1,134,177
F				
Expenses 7 Total salaries	\$		\$	103,636
7 Total salaries 8 Administrative and office expense (except salaries)	\$	_	\$	26,667
9 Maintenance and repair expense (except salaries)	\$	_	\$	162,912
10 Transportation Expenses	\$	_	\$	102,012
11 Electric power for pumping	\$	_	\$	72,364
12 Chemicals for treatment	Š	-	\$	42,226
13 Testing fees	\$	-	\$	
14 Permit fees	\$	-	\$	-
15 Purchased water/sewer treatment	\$	-	\$	-
16 Annual Depreciation	\$	-	\$	338,559
17 Taxes: State Income Taxes	\$	-	\$	-
18 Federal Income Taxes	\$	-	\$	-
19 Gross receipts (or franchise tax)	\$	-	\$	-
20 Property Taxes	\$	-	\$	-
21 Payroll Taxes	\$	-	\$	-
22 Other taxes (described in remarks below)	\$	-	\$	-
23 Other expenses (describe in remarks below)	\$	3,220	\$	(6,248)
24 Total Expenses (Lines 7 thru 23)	\$	3,220	\$	740,115
25 Net Operating Income (Line 6 minus Line 24)	<u>_\$</u>	(3,220)	\$	394,062
001.			æ	
26 Interest on debt during year	\$	-	\$	-
Interest During Construction	<u>\$</u> \$	(3,220)	\$ \$	394,062
27 Net Income (Line 25 minus Line 26)	<del>-</del>	(3,220)	Ψ_	334,002
Demodes				
Remarks				
28 Other Revenues Revenues From Other Systems	\$	_	\$	(228)
Revenues From Mgmt Svc	\$	_	\$	-
Forfeited Discounts		-	\$	(2,316)
Other W/S Revenues	š	_	\$	(2,098)
Rental Income	š	-	\$	(=,+ <i>)</i>
Gain on Sale of Utility Property	\$ \$ \$	_	\$	-
Total Other Revenues	\$		\$	(4,643)
, 2001 - 21101 1 10 10 10 10 10 10 10 10 10 10 10	•			,
29 Other Taxes				
Franchise Tax	\$	` -	\$	-
Tax on Gain on Sale of Utility Property	S	-	\$	
Total Other Taxes	\$	-	\$	-
30 Other Expenses				
30 Other Expenses Amortization of PAA	\$	-	\$	_
Amortization of CIAC	\$	-	\$	(128,422)
Amortization of ITC	Š	_	\$	-
Uncollectible Accounts	Š	-	\$	418
Meter Reading	\$	3,220	\$	-
Outside Services	\$		\$	2,839
Regulatory Commission Expense	\$	-	\$	117,640
Rent	\$	-	\$	-
Insurance	\$	-	\$	-
Miscellaneous	\$		\$	1,276
Total Other Expenses	\$	3,220	\$	(6,248)

Carolina Water Service, Inc of North Carolina Application for Rate Increase Attachment to Application #5: Cost of Utility System, Page 3, Sections 1-24

		Water		Sewer
Utility Property In Service				
1 Land and rights-of-way	\$	927,539	\$	170,676
2 Structures and site improvement	Ś	4.287,776	S	16,451,534
3 Wells	S	9,550,693	\$	
4 Pumping Equipment	\$	8,302,526	\$	1,613,087
5 Treatment equipment	\$	2,773,542	\$	17,727,662
6 Storage Tanks	\$	5,440,228	\$	•
7 Mains (excluding service connections)	\$	18,520,957	\$	15,015,763
8 Service Connections	\$	6,094,787	\$	-
9 Meters (including spare meters)	\$	2,040,420	\$	-
10 Office furniture and equipment	\$	498,726	\$	21,550
11 Transportation Equipment	\$	-	\$	-
12 Other utility property in service (describe in remarks below)	S	3,502,918	\$	2,797,606
13 Total utility property in service (Lines 1 thru 12)	\$	61,940,113	\$	53,797,878
14 Less: Accumulated Depreciation	\$	(14,378,083)	\$	(11,669,827)
15 Less: accumulated tap fees and other contributions in aid of construction	\$	(13,794,689)	\$	(18,124,089)
16 Less: customer advances (customer deposits)	\$	(160,461)	\$	(91,037)
17 Net investment in utility property (Line 13 Minus 14, 15, & 16)	\$	33.606.879	\$	23,912,925
Utility Property Not In Service				
18 Construction work in progress	\$	62,997	\$	701,577
19 Property held for future use	\$	(313,952)	\$	(1,029,216)
20 Other (decribe in remarks below)	\$	· · ·	\$	-

Carolina Water Service, Inc of North Carolina Application for Rate Increase Attachment to Application #5: Cost of Utility System, Page 3, Sections 1-24

		Water		Sewer
Remarks				
21 Other utility property in service				
ORGANIZATION	\$	266,186	\$	=
FRANCHISES	\$	111,898	\$	-
INFILTRATION GALLERY	\$	45,185	\$	-
POWER GENERATION EQUIP	\$	5,160	\$	-
HYDRANTS	\$	540,651	\$	-
BACKFLOW PREVENTION DEVIC	\$	13,128	\$	-
OTH PLT&MISC EQUIP INTANG	\$	-	\$	-
OTH PLT&MISC EQUIP SRC SU	\$	260	\$	-
OTH PLT&MISC EQUIP WTP	\$	5,804	\$	-
OTH PLT&MISC EQUIP TRANS	\$	-	\$	-
OFFICE STRUCT & IMPRV	\$	426,564	\$	-
STORES EQUIPMENT	\$	-	\$	-
TOOL SHOP & MISC EQPT	\$	1,153,984	\$	-
LABORATORY EQUIPMENT	\$	126,829	\$	-
POWER OPERATED EQUIP	\$	176,868	\$	-
COMMUNICATION EQPT	\$	307,574	\$	-
MISC EQUIPMENT	\$	17,610	\$	-
WATER PLANT ALLOCATED	\$	207,809	\$	-
OTHER TANGIBLE PLT WATER	\$	36,650	\$	-
ORGANIZATION	\$	-	\$	829,246
FRANCHISES INTANG PLT	\$	-	\$	127,476
FRANCHISES RECLAIM WTR DI	\$	, <u>-</u>	\$	•
POWER GEN EQUIP COLL PLT	\$	-	\$	-
POWER GEN EQUIP PUMP PLT	\$	-	\$	1,258
POWER GEN EQUIP TREAT PLT	\$	-	\$	93,265
POWER GEN EQUIP RECLAIM W	Š	-	\$	•
POWER GEN EQUIP RCL WTR D	\$	_	\$	-
MANHOLES	\$	_	\$	204,997
SPECIAL COLL STRUCTURES	Š	-	\$	6,502
SERVICES TO CUSTOMERS	Š	_	Š	428,861
FLOW MEASURE DEVICES	Š	-	\$	52,618
FLOW MEASURE INSTALL	\$		\$	828
RECEIVING WELLS	Š	_	\$	516
OUTFALL LINES	\$	_	\$	95.181
OTHER PLT TANGIBLE	\$	_	S	1,863
OTHER PLT TANGIBLE OTHER PLT COLLECTION	\$	_	Š	21,020
OTHER PLT RECLAIM WTR DIS	\$	_	Š	460
	\$	_	\$	4,327
OFFICE STRUCT & IMPRV	\$	_	\$	3,084
STORES EQUIPMENT	Š	_	Š	101,781
TOOL SHOP & MISC EQPT	\$	_	Š	70,770
LABORATORY EQPT	Š	_	\$	67,647
POWER OPERATED EQUIP	\$	_	\$	67,012
COMMUNICATION EQPT	\$	_	\$	9,772
MISC EQUIP SEWER	\$	_	\$	526,952
SEWER PLANT ALLOCATED	\$	_	\$	1,776
OTHER TANGIBLE PLT SEWER	\$	_	\$	1,7.10
REUSE SERVICES	\$	_	\$	_
REUSE MTR/INSTALLATIONS	\$	_	\$	3,110
REUSE DIST RESERVOIRS	S	-	\$	42,817
REUSE TRANMISSION & DIST	\$		\$	72,011
TRANSPORTATION EQPT	\$	60,756	S S	34,470
COMPUTER EQUIPMENT	-\$-	3,502,918	\$	2,797,606
	<u>, J</u>	3,302,810	Ψ.	2,101,000
22 Cost Free Capital	\$	(464,520)	\$	(86,606)
23 Advances in Aid of Construction	s	23,760	\$	9,180
29 Advances in Aid of Construction	-		•	

Nags Head Application for Rate Increase Attachment to Application #5: Cost of Utility System, Page 3, Sections 1-24

_		Water		Sewer
Utility Property In Service				
1 Land and rights-of-way	\$	-		
2 Structures and site improvement	\$	_	\$	445,580
3 Wells	\$	_	\$	-
4 Pumping Equipment	\$	-	\$	109,955
5 Treatment equipment	\$	-	\$	1,448,149
6 Storage Tanks	\$	-	\$	-
7 Mains (excluding service connections)	\$	_	\$	447,026
8 Service Connections	\$	_	•	,
9 Meters (including spare meters)	\$	_		
10 Office furniture and equipment	\$	_	\$	669
11 Transportation Equipment	\$	_	•	-
12 Other utility property in service (describe in remarks below)	\$_	_	\$	370,092
13 Total utility property in service (describe in ternance below)	\$		\$	2,821,471
14 Less: Accumulated Depreciation	Ş	_	Š	(1,081,440)
	\$		\$	(67,646)
15 Less: accumulated tap fees and other contributions in aid of construction		-	\$	(07,040)
16 Less: customer advances (customer deposits)	\$	-	\$	1,672,384
17 Net investment in utility property (Line 13 Minus 14, 15, & 16)	<b>a</b>		<del>_</del>	1,072,304
Utility Property Not in Service				
18 Construction work in progress	\$	_	\$	-
19 Property held for future use	\$ \$	-	\$	_
20 Other (decribe in remarks below)	Š	_	Š	-
20 One (declibe in famano solon)	•		•	
Remarks				
21 Other utility property in service	_		•	457.004
ORGANIZATION	\$	-	\$	157,361
FRANCHISES INTANG PLT	\$ \$ \$ \$ \$ \$	-	\$	111,578
MANHOLES	\$	-	\$	880
SERVICES TO CUSTOMERS	\$	-	\$	5,421
FLOW MEASURE DEVICES	Ş	-	\$	400
PLANT SEWERS TRTMT PLT	Ş	-	\$	23,697
TOOL SHOP & MISC EQPT	\$	-	\$	25,277
LABORATORY, EQPT	\$	-	\$	3,832
POWER OPERATED EQUIP	\$	-	\$	40,147
OTHER TANGIBLE PLT SEWER	\$	-	\$	1,500
REUSE DIST RESERVOIRS	\$	-	\$	-
REUSE TRANMISSION & DIST	\$		\$	
	<u> </u>		\$	370,092

Corolla Light & Monteray Shores
Application for Rate Increase
Attachment to Application #5: Cost of Utility System, Page 3, Sections 1-24

	<u>W</u>	/ater		Sewer	
Utility Property In Service					
1 Land and rights-of-way	\$	-	\$	-	
2 Structures and site improvement	\$	-	\$	10,262,130	
3 Wells	\$	-	\$	-	
4 Pumping Equipment	\$	-	\$	201,226	
5 Treatment equipment	\$	-	\$	1,486,789	
6 Storage Tanks	\$	-	\$	-	
7 Mains (excluding service connections)	\$	-	\$	619,335	
8 Service Connections	\$	-	\$	-	
9 Meters (including spare meters)	\$	-	\$	-	
10 Office furniture and equipment	\$	-	\$	-	
11 Transportation Equipment	\$	-	\$	-	
12 Other utility property in service (describe in remarks below)		-	\$	556,564	
13 Total utility property in service (Lines 1 thru 12)	\$		\$	13,126,043	
14 Less: Accumulated Depreciation	\$	-	\$	(1,603,075)	
15 Less: accumulated tap fees and other contributions in aid of construction	\$	-	\$	(4,689,824)	
16 Less; customer advances (customer deposits)	\$	-	\$	-	
17 Net investment in utility property (Line 13 Minus 14, 15, & 16)	\$		\$	6,833,145	
Utility Property Not In Service					
18 Construction work in progress	\$	_	\$	-	
19 Property held for future use	\$	-	\$	-	
20 Other (decribe in remarks below)	\$	-	\$	-	
Remarks					
21 Other utility property in service					
ORGANIZATION	\$	-	\$	493,286	
MANHOLES	\$	-	\$	3,634	
SERVICES TO CUSTOMERS	\$	-	\$	8,263	
FLOW MEASURE DEVICES	\$	-	\$	17,406	
OTHER PLT RECLAIM WTR DIS	\$	-	\$	460	
TOOL SHOP & MISC EQPT	\$	-	\$	1,594	
LABORATORY EQPT	\$	_	S	2,931	
POWER OPERATED EQUIP	\$	-	\$	1,639	
SEWER PLANT ALLOCATED	\$	-	\$	9,456	
REUSE DIST RESERVOIRS	\$	-	\$	148	
REUSE TRANMISSION & DIST	******	_	\$	17,748	
	\$		\$_	556,564	

Carolina Water Service, Inc of North Carolina Application for Rate Increase Attachment to Application #6: Depreciation Rates, Page 3, Sections 25-26

	_Water_	Sewer _
Plant	2.35%	2.21%
Computer	12.50%	12.50%
Vehicle	25.00%	25.00%

Nags Head Application for Rate Increase Attachment to Application #6: Depreciation Rates, Page 3, Sections 25-26

		Water	Sewer
Plant	τ -		2.45%
Computer			12.50%
Vehicle			25.00%

Corolla Light & Monteray Shores
Application for Rate Increase
Attachment to Application #6: Depreciation Rates, Page 3, Sections 25-26

	<u>Water</u>	Sewer
Plant	-	2.45%
Computer		12.50%
Vehicle		25.00%

Nags Head Application for Rate Increase Attachment to Application #7: Customer Consumption Data, Page 3, Sections 33-44

		Water			Sewer	
	Flat	Metered	Gallons	Flat	Metered	Gallons
Jan	-	-	-	583	27	915,020
Feb	-	-	-	581	29	795,790
Mar	-	-	-	588	31	809,440
Apr	-	<b>-</b>	-	608	29	720,090
May	-	-	-	625	25	466,940
Jun	-	-	-	621	、 30	1,374,840
Jul	-	-	-	607	32	1,791,240
Aug	-	-	-	597	23	530,030
Sep	-		-	577	34	1,654,440
Oct	-	-	-	628	30	840,640
Nov	-	-	•	602	25	397,330
Dec	-	-	-	598	33	1,198,980

Corolla Light & Monteray Shores
Application for Rate Increase
Attachment to Application #7: Customer Consumption Data, Page 3, Sections 33-44

		Water			Sewer	
	Flat	Metered	Gallons	Flat	Metered	Gallons
Jan		-		-	24 <sup>.</sup>	1,817,590
Feb	-	-	-	-	1,711	1,293,050
Mar	-	-	-	-	902	1,160,540
Apr	-	-	-	-	878	1,847,530
May	-	-	-	-	893	3,788,856
Jun	-	-	-	-	883	8,100,104
Jul	-	-	-	-	882	10,152,250
Aug	-	-	-	-	949	11,978,440
Sep	-	-	-	-	907	10,092,770
Oct	-	-	-	-	1,026	6,331,359
Nov	-	-	-	_	929	2,262,707
Dec	-	-	-	-	918	1,791,496

## DOCKET NO. W-354, SUB 344

	) TO INCRE
Carolina Water Service, Inc.	) .WAŢER AI
of North Carolina	) SERVICE

ľ	APPLICATION FOR AUTHORIT
į	TO INCREASE RATES FOR
ı	WATER AND SEWER UTILTY
į	SERVICE IN ALL SERVICE
	ADEAC OF MODELLOADOLINA

## **APPENDIX A**

APPENDIX A-1 PAGE 1 of 7

3.60

#### SCHEDULE OF RATES

for

#### CAROLINA-WATER SERVICE, INC. OF NORTH CAROLINA

for providing water and sewer utility service in

IN ALL OF ITS SERVICE AREAS IN NORTH CAROLINA (excluding Corolla Light, Monteray Shores, and Nags Head)

#### WATER RATES AND CHARGES

#### Monthly Metered Water Rates (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

<1" meter	\$ 22.47
1" meter	\$ 56.19
1 1/2" meter	\$ 112.37
2" meter	\$ 179.80
3" meter	\$ 337.12
4" meter	\$ 561.87
6" meter	\$1,123.74

#### Usage Charge, per 1,000 gallons

(Brandywine Bay Irrigation Water)

A.	reated water	Ψ	0.70
B.	Untreated Water		

#### C. Purchased Water

Service Area	Bulk Provider	Usage fee per
		1000 gal
Carolina Forest	Montgomery County	\$3.19
High Vista Estates	City of Hendersonville	0 - 40,000 = \$4.33
	•	40,000 - 200,000 = \$3.23
		>200,000 = \$3.07
Riverpointe	Charlotte Water (CMUD)	<b>\$6.30</b>
Whispering Pines	Town of Southern Pines	\$2.23
White Oak Plantation/		_
Lee Forest	Johnston County	\$3.25
Winston Plantation	Johnston County	\$3.25
Winston Pointe	Johnston County	\$3.25
Woodrun	Montgomery County	\$3.19
Yorktown	City of Winston Salem	0 - 2.24 = \$3.99

APPENDIX A-1 PAGE 2 of 7 2.25 - 4.49 = \$5.83 4.5 - 6.73 = \$5.93 6.74 - 149.6 = \$6.60 > 149.61 = \$3.68

Zemosa Acres

City of Concord

\$5.27

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

Monthly Flat Rate Service:	\$ 42.51
Semi-Annual Availability Rates:	
Applicable only to property owners in Carolina Forest and Woodrun Subdivisions in Montgomery County	\$ 26.60
Meter Testing Fee: 1/	\$ 20.00
New Water Customer Charge:	\$ 27.00
Reconnection Charges: 21	
If water service cut off by utility for good cause If water service is discontinued at customer's request	\$ 27.00 \$ 27.00
Management Fee: (in the following subdivision only)	
Wolf Laurel	\$ 150.00
Oversizing Fee: (in the following subdivision only)	
Winghurst	\$ 400.00
Meter Fee:	
For <1" meters For meters 1" or larger	\$ 50.00 Actual Cost
Irrigation Meter Installation:	Actual Cost

APPENDIX A-1 PAGE 3 of 7

#### Uniform Connection Fees: 3/

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)				100.00
Plant Modification Fee (PMF), per SFE			\$	400.00
<u>Subdivision</u>		CC		<u>PMF</u>
Abington	\$	0.00	\$	0.00
Abington, Phase 14	\$	0.00	\$	0.00
Amherst	\$	250.00	\$	0.00
Bent Creek	\$	0.00		0.00
Blue Mountain at Wolf Laurel	\$	925.00	\$ \$	0.00
Buffalo Creek, Phase I, II, III, IV	\$	825.00	\$	0.00
Carolina Forest	\$	0.00	\$ \$ \$	0.00
Chapel Hills	\$	150.00	\$	400.00
Eagle Crossing	\$	0.00	\$	0.00
Forest Brook/Old Lamp Place	\$	0.00	\$	0.00
Harbour	\$	75.00	\$ \$	0.00
Hestron Park	\$	0.00	\$	0.00
Hound Ears	\$	300.00	\$	0.00
Kings Grant/Willow Run	\$	0.00	\$	0.00
Lemmond Acres	\$	0.00	\$	0.00
Monterrey (Monterrey LLC)	\$	0.00	\$ \$	0.00
Quail Ridge	\$	750.00	\$	0.00
Queens Harbour/Yachtsman	\$	0.00	\$	0.00
Riverpointe	\$	300.00	\$ \$	0.00
Riverpointe (Simonini Bldrs.)	\$	0.00	\$	0.00
Riverwood, Phase 6E (Johnston County)	\$	825.00	\$	0.00
Saddlewood/Oak Hollow (Summey Bidrs.)	\$	0.00	\$	0.00
Sherwood Forest	\$	950.00	\$	0.00
Ski Country	\$	100.00	\$	0.00
White Oak Plantation	\$	0.00	\$	0.00
Wildlife Bay	\$	870.00	\$	0.00
Willowbrook	\$	0.00	\$	0.00
Winston Plantation		1,100.00	\$	0.00
Winston Pointe, Phase 1A	\$	500.00	\$	0.00
Wolf Laurel	\$	925.00	\$	0.00
Woodrun	\$	0.00	\$	0.00
Woodside Falls	\$	500.00	\$	0.00

APPENDIX A-1 PAGE 4 of 7

#### SEWER RATES AND CHARGES

#### Monthly Metered Sewer Rates:

#### A. Base Facility Charge (based on meter size with zero usage)

Residential	\$	39.57
Commercial <1" meter 1" meter 1 1/2" meter 2" meter 3" meter 4" meter 6" meter	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	39.57 98.92 197.84 316.55 593.53 989.21 ,978.42
B. Usage Charge, per 1,000 gallons (based on metered water usage)	\$	2.95

#### C. Purchased Sewer

Service Area	Bulk Provider	Usage fee per
		1000 gal
White Oak Plantation Lee Forest/Winston Point	Johnston County	\$4.55
Kings Grant College Park	Two Rivers Utilities Town of Dallas	\$3.80 \$5.70

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each meter and each meter shall be billed separately based on the size of the meter and usage associated with the meter.

#### Monthly Flat Sewer Rate:

Sewer customers who do not receive water service From Company (per SFE or Single Family Equivalent)	\$ 53.56
Monthly Collection Service Only: 4/ (When sewage is collected by utility and transferred to another entity for treatment)	
A. Single Family Residence	\$ 16.09
B. Commercial/SFE	\$ 16.09

APPENDIX A-1 PAGE 5 of 7

#### Mt. Carmel Subdivision Service Area:

(Based on metered water usage)

Monthly base facility charge		•	\$ 7.19
Usage charge, per 1,000 gallons			\$ 6.53

#### Regalwood and Whte Oak Estates Subdivision Service Area:

Monthly Flat Rate Sewer Service Residential Service White Oak High School Child Castle Daycare Pantry	\$ 53.56 \$1,661.95 \$ 206.59 \$ 110.07
New Sewer Customer Charge: 5/	\$ 22.00

#### Reconnection Charge: 61

If sewer service cut off by utility for good cause

**Actual Cost** 

#### Carolina Pines Subdivision Connection Fees: (sewer only)

Residential	\$1,350.00	per	unit	(including	single	family	homes,
		-					

condominiums, apartments, and mobile homes)

Hotels \$750.00 per unit

Nonresidential \$3.57 per gallon of daily design of discharge or

\$900.00 per unit, whichever is greater

#### Uniform Connection Fees: 31

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

The systems where connection fees other than the uniform fees have been approved by the North Carolina Utilities Commission are as follows:

All fees are per SFE

Subdivision	CC	<u>P</u>	<u>MF</u>
Abington	\$ 0.00	\$	0.00
Abington, Phase 14	\$ 0.00	\$	0.00
Amber Acres North (Phases II & IV)	\$ 815.00	\$	0.00
Ashley Hills	\$ 0.00	\$	0.00
Amherst	\$ 500.00	\$	0.00

				PENDIX A-1 PAGE 6 of 7
Bent Creek	\$	0.00	\$	0.00
Brandywine Bay	\$	100.00	\$1,4	156.00
Camp Morehead by the Sea	\$	100.00	\$1,4	156.00
Hammock Place	\$	100.00	\$1,4	156.00
Hestron Park	\$	0.00	\$	0.00
Hound Ears	\$	30.00~	\$	0.00
Huntwick	\$	0.00	\$	0.00
Independent/Hemby Acres/Beacon Hills	\$	0.00	\$	0.00
(Griffin Bldrs.)				
Kings Grant/Willow Run	\$	0.00	\$	0.00
Kynwood	\$	0.00	\$	0.00
Mt. Carmel/Section 5A	\$	500.00	\$	0.00
Queens Harbor/Yachtsman	\$	0.00	\$	0.00
Riverpointe	\$	300.00	\$	0.00
Riverpointe (Simonini Bldrs.)	\$	0.00	\$	0.00
Steeplechase (Spartabrook)	\$	0.00	\$	0.00
White Oak Plantation	\$	0.00	\$	0.00
Willowbrook	\$	0.00	\$	0.00
Willowbrook (Phase 3)	\$	0.00	\$	0.00
Winston Pointe, Phase 1A	\$2	2,000.00	\$	0.00
Woodside Falls	\$	0.00	\$	0.00

APPENDIX A-1 PAGE 7 of 7

## MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks:

\$ 25.00 ...

Bills Due:

On billing date

Bills Past Due:

21 days after billing date

**Billing Frequency:** 

Bills shall be rendered monthly in all service areas, except for Mt. Carmel, which will be billed bimonthly and the availability charges in Carolina Forest and Woodrun Subdivisions, which will be billed semigrapually.

which will be billed semiannually.

Finance Charge for Late Payment:

1% per month will be applied to the unpaid balance of all bills still past due 25 days

after billing date.

#### NOTES:

- -1/I ff a customer requests a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$20.00 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter testing charge will be waived. If the meter is found to register accurately or below prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.
- -2/2 Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.
- -3/ These fees are only applicable one time, when the unit is initially connected to the system.
- -4/ The utility shall charge for sewage treatment service provided by the other entity; the rate charged by the other entity will be billed to Carolina Water Service's affected customers on a pro rata basis, without markup.
- These charges shall be waived if customer is also a water customer within the same service area.
- -6/ The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice. This charge will be waived if customer also receives water service from Carolina Water Service within the same service area.

APPENDIX A-2 PAGE 1 of 2

#### SCHEDULE OF RATES

for

#### CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing sewer utility service in

#### COROLLA LIGHT AND MONTERAY SHORES SERVICE AREA

#### SEWER RATES AND CHARGES

#### Monthly Metered Sewer Rates:

A. Base Facility Charge (based on meter size with zero usage)

<1" meter	\$ 66.72
1" meter	\$ 166.81
1 1/2" meter	\$ 333.62
2" meter	\$ 533.80
3" meter	\$1,000.87
4" meter	\$1,668.11
6" meter	\$3,336.23

B. Usage Charge, per 1,000 gallons (based on metered water usage)

8.49

Commercial customers, including condominiums or other property owner associations who bill their members directly, shall have a separate account set up for each water meter and each water meter shall be billed separately based on the size of the water meter and usage associated with the meter.

#### New Sewer Customer Charge:

\$ 22.00

Reconnection Charge: 1/

If sewer service cut off by utility for good cause

**Actual Cost** 

APPENDIX A-2 PAGE 2 of 2

#### Uniform Connection Fees: 24

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

The systems where connection fees other than the uniform fees have been approved by the North Carolina Utilities Commission are as follows:

	All lees all	e hei c	) <u> </u>
Subdivision	<u>CC</u>	Ţ	<u>PMF</u>
Corolla Light	\$ 700.00	\$	0.00
Monteray Shores	\$ 700.00	\$	0.00
Monteray Shores (Degabrielle Builders)	\$ 0.00	\$	0.00
Corolla Bay	\$ 100.00	\$	1000.0
Corolla Shore	\$ 700.00	\$	0.00

#### MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks: \$ 25.00

Bills Due: On billing date

<u>Bills Past Due:</u> 21 days after billing date

Billing Frequency: Bills shall be rendered monthly

Finance Charge for Late Payment: 1% per month will be applied to the unpaid

balance of all bills still past due 25 days after

billing date.

#### NOTES:

The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice.

Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

These fees are only applicable one time, when the unit is initially connected to the system.

Page 1 of 2

#### **SCHEDULE OF RATES**

for

#### CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing sewer utility service

in

#### NAGS HEAD SERVICE AREA

#### Monthly Metered Service (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

< 1" meter 1" meter 1 1/2" meter 2" meter 3" meter 4" meter 6" meter	22.39 56.01 111.99 179.20 335.99 560.00 ,924.24
Usage charge, per 1,000 gallons (based on metered water usage)	\$ 11.31
Minimum Monthly Charge	\$ 76.11
Monthly Flat Rate Service:	\$ 76.11
New Sewer Customer Charge:	\$ 22.00

#### Reconnection Charge: 1/

If sewer service is cut off by utility for good cause:

**Actual Cost** 

#### Uniform Connection Fees: 21

The following uniform connection fees apply unless specified differently by contract approved by and on file with the North Carolina Utilities Commission.

Connection Charge (CC), per SFE (Single Family Equivalent)	\$ 100.00
Plant Modification Fee (PMF), per SFE	\$1,000.00

APPENDIX A-3 Page 2 of 2

#### OTHER MATTERS

Bills due: On billing date

Bills Past Due: 21 days after billing date

Returned Check Charge: \$25.00

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the

unpaid balance of all bills still past due

25 days after billing date.

#### Notes:

<sup>&</sup>lt;sup>1/</sup> The utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish this estimate to customer with cut-off notice. This charge will be waived if customer also receives water service from Carolina Water Service within the same service area. Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

<sup>&</sup>lt;sup>2/</sup> These fees are only applicable one time, when the unit is initially connected to the system.

## DOCKET NO. W-354, SUB 344

	) APPLICATION FOR AUTHORITY
	) TO INCREASE RATES FOR
Carolina Water Service, Inc.	) WATER AND SEWER UTILTY
of North Carolina	) SERVICE IN ALL SERVICE
or Horar Odronia	) AREAS OF NORTH CAROLINA

# **EXHIBIT B**

### **DOCKET NO. W-354, SUB 344**

•	) TO INCREASE RATES FOR
Carolina Water Service, Inc. of North Carolina	) WATER AND SEWER UTILTY ) SERVICE IN ALL SERVICE ) AREAS OF NORTH CAROLINA

# Schedules A-E CWS NC

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Schedule A

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#### Carolina Water Service, Inc. of North Corolina

Balance Sheet December 31, 2014

LIABILITIES AND OTHER CREDITS ASSETS Capital Stock and Retained Earnings Plant In Service 61.023,492 Water Common Stock and Paid In Capital 43,004,166 52,768,662 Sewer Retained Earnings 64,116,040 113,792,154 Total 107,120,207 Total (14,378,083) Accumulated Depreciation-Water **Current and Accrued Liabilities** (11,669,827) Accumulated Depreciation-Sewer 606,320 Accounts Payable-Trade 7,731,027 (26,047,910) Taxes Accrued Total 217,955 Customer Deposits 33,543 Customer Deposits - Interest 2,247,915 A/P - Assoc. Companies 87,744,244 Net Utility Plant Deferred Revenue 7,771 Total 10,844,531 (2,434,206)Plant Acquisition Adjustment-Water (542,587) Plant Acquisition Adjustment-Sewer Amortization of Deferred Credits 1,258,281 (2,976,792)Water Total 713,881 Sewer 1,972,162 62,997 Total Construction Work In Process-Water Construction Work In Process-Sewer 701,577 Advances In Aid of Construction 23,760 764,573 Water Total 9,180 Sewer Current Assets 32,940 44,838 Total Cash 69,232,045 Accounts Receivable - Net 87,890 Contributions In Aid of Construction Other Current Assets 14,259,209 Water 18,210,695 69,364,773 Sewer Total 32,469,904 Total 3,558,522 Deferred Charges Accumulated Deferred Income Tax 94,455 Unamortized ITC Deferred Tax - Federal 5,634,171 Deferred Tax - State 286,950 6,015,576 Total 158,455,320 TOTAL LIABILITIES AND OTHER CREDITS 158,455,320 TOTAL ASSETS

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Combined Operations Test Year Ended December 31, 2014 Total Direct and Remove Transactions W-354, Sub 344 Indirect Pro Forma After Removal of Divested Pro forma Proposed AA/UR (Direct) Increase Proposed Transactions Subdivisions Adjustments Transactions **OBX** and Nags Head Operating Revenues 9.808,256 [q] (730,450) [a] 2,101,510 |k| 11,179,315 9,808,256 9.077,806 Service Revenues - Water (297,680) [a] 5,593,424 1,109,544 [k] 6,702,968 7,722,841 5,891,104 [r] Service Revenues - Sewer 179,701 179,701 179,701 [n] 186,309 Miscellaneous Revenues (18,987) [6] (87,506)(106,493) (87,857) (87,506) [n] Uncollectible Accounts 14,763,425 3,192,067 17,955,492 (1,028,130)17,629,549 15,791,555 Total Operating Revenues Maintenance Expenses 2,390,944 (65,481) [c] 2,390,944 Salaries and Wages 2,456,426 2,230,676 [n] 1,279,179 1,279,179 1,423,353 1.282.918 [n] [v] (3,739) [1] Purchased Power 1,118,084 1,118,084 1,118,084 [n] [v] 1,118,084 Purchased Water (22,320) [1] 1,467,697 1,467,697 1.490.016 [n] įvi 1.706,961 Maintenance and Repair (413) [1] 282,193 282,193 [v] 335,081 282.606 Maintenance Testing 115.212 [v] 115,212 115,212 [n] 118,432 Meter Reading 468.101 468,101 (37) [I][x] 524,476 468,138 [n] [v] Chemicals 268,031 268,031 14 268,017 [1] Transportation 14 (345,050)(345,050) Operating Exp. Charged to Plant (385,076) (344,876) (174) [c] 269,608 207,008 [1] 269,608 65,439 62,600 Outside Services - Other 7,314,000 7,314,000 382,862 7,363,190 6,705,389 Total General Expenses 759,604 759,604 (350) [n] 759,957 [c] (353) Salaries and Wages Office Supplies & Other Office Exp. 271,008 180,447 [l] 271,008 90,561 [n] [v] 93,579 123,782 (150,066) [d] 123,782 273,847 156,207 [s] Regulatory Commission Exp. 699,165 [c] 699,165 699,165 Pension & Other Benefits 52,278 52,278 115,807 115,807 [n] (63,529) [1] Rent 282,406 III 282,406 282,406 Insurance 424,533 424,533 274,295 [n] [v] 150,238 [I] 314,394 Office Utilities 31,646 [j][l][p] 82,033 82,033 52,395 50,387 [n] [v] Miscellaneous Ļ 2,694,809 2,694,809 1,890,264 849,669 686,908 Total (695,235) [e] 2,219,226 2,219,226 2,498,371 [1] 2,914,461 Depreciation 5,470 [e] (110,483)(110,483)(115,768) [1] (115,953)Amortization of PAA 335,472 [f] (80,544) [f] 839,838 920,381 584,909 587,518 [u] Taxes Other Than Income 169,472 [g] 1,057,101 [g] 1,380,015 153,442 [n] 322,914 153,442 Income Taxes - Federal 163,642 [g] 213,625 556,194 [n] (506,211) [g] 49,983 556,194 Income Taxes - State (519)Amortization of ITC (519) [n] (519) (519)(904,853) 37,112 [e] (904,853)(941,965) (811,710) [n] Amortization of CIAC 2,496,650 1,140,199 3,636,849 (653,919) 3,150,569 2,867,528 Total 13,645,657 1,140,199 10,259,824 1,619,207 12,505,459 11,363,428 **Total Operating Expenses** 2,051,868 4,309,835 (2,647,337) 2,257,966 6,266,121 5,531,730 Net Operating Income Other Income 57,277 [h] (57,277) [n] (57,277) Interest During Construction 1,557,806 [i] 1,630,982 1,630,982 73.176 [n] Interest on Debt 73,176 (9,325) [m] 9,325 9,325 [n] Gain on Sale of Utility Property [m] Tax on Gain on Sale of Utility Property (4,253,094) 626,984 2,051,868 2,678,853 6,240,897 5,506,506 Net Income

Carolina Water Service, Inc. of North Corolina

Carolina Water Service, Inc. of North Corolina Water Operations						Income Statement Adjustm	ent and Allocation Recap		Schedule B Page 2 of 4
Test Year Ended December 31, 2014								:	•
W-354, Sub 344	AA/UR (Direct)	Transactions After Removal of		Remove Divested Subdivisions		Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues	Transactions 9,808,256	OBX and Nags Head 9,808,256	īai .	5000141510113	-	(730,450) [a]	9,077,806	2,101,510 [k]	11,179,315
Service Revenues - Water	9,808,256	9,606,200	ĮŲ]	-		(A) (OC4/OC7)	-	-7.0.,0.0 [1]	-
Service Revenues - Sewer	****	10100	r.1	-		-	104,236		104,236
Miscellaneous Revenues	104,236		[n]	•	f1	_	(49,154)	(11,379) [b]	(60,533)
Uncollectible Accounts	(49,154)	(49,154)	[n] <sub>.</sub>	<del>-</del> _	[v]	<del></del>	(49,134)	(11,57.5) [0]	(00,000)
Total Operating Revenues	9,863,338	9,863,338			-	(730,450)	9,132,887	2,090,130	11,223,018
Maintenance Expenses									
Salaries and Wages	1,567,252	1,567,252	[n]	-		(41,778) [c]	1,525,474	-	1,525,474
Purchased Power	812,129	812,129	ini	-	[y]	(2,386) [i]	809,743		809,743
Purchased Water	880,843		[n]		[v]		880,843	<del>-</del> -	880,843
	625,959	625,959	[n]	_	[v]	(14,240) [1]	611,718	•	611,718
Maintenance and Repair	103,206	103,206	[n]	_	[v]	(263) [1]	102,943	•	102,943
Maintenance Testing	118,432	115,212	[n]	_	[v]	- [1]	115,212	-	115,212
Meter Reading				<del>-</del>	[v]	(23) [1]	334,604	_	334,604
Chemicals	334,627	334,627	[n]	-	[v]	171,001 [1]	171,010	÷ -	171,010
Transportation	9	9		-			(220,149)	Ï-	(220,149)
Operating Exp. Charged to Plant	(245,687)	(245,687)		-		25,538 [c]		-	173,827
Outside Services - Other	41,751	41,751	[n]		_	132,07 <u>6</u> [f]	173,827		1/3,02/
Total	4,238,521	4,235,301		<u> </u>	-	269,923	4,505,223	_ <del></del>	4,505,223
a 18									
General Expenses	(225)	(225)	(n)	_		484,869 [c]	484,643	-	484,643
Salaries and Wages	59,705		[n]	_	[v]	115,129 [l]	174,834	-	174,834
Office Supplies & Other Office Exp.			[s]		(*)	(95,745) [d]	78,975	_	78,975
Regulatory Commission Exp.	174,720	174,720	[5]	-		446,082 [c]	446,082	_	446,082
Pension & Other Benefits		-		-		(40,533) [1]	33,355	_	33,355
Rent	73,887	73,887	[n]	-		180,181 [1]	180,181		180,181
Insurance		<del>_</del>		-			296,445	-	296,445
Office Utilities	200,590		[n]	-	[v]	95,855 [1]	52,989	-	52,989
Miscellaneous	30,117	30,117	[n]		[v]		32,989	<del></del> -	32,707
Total	538,795	538,795			-	1,208,710	1,747,505	<u> </u>	1,747,505
	1,573,256	1,573,256	[t]	-		(215,582) [e]	1,357,674	- 2	1,357,674
Depreciation	(87,809)	(87,809)		_		2,057 [e]	(85,752)	, , , , , , , , , , , , , , , , , , ,	(85,752)
Amortization of PAA	333,192	333,192	[u]	_		214.038 [1]	547,231	(45,062) [f]	502,168
Taxes Other Than Income			[6]	•		79,544 [g]	165,391	689,698 [g]	855,089
Income Taxes - Federal	85,847	85,847		-		(285,578) [g]	25,600	106,767 [g]	132,367
Income Taxes - State	311,178	311,178	[n]	-		(265,576) [g] - [l]	(274)	100,707 [6]	(274)
Amortization of ITC	(274)	(274)		-			(461,501)	_	(461,501)
Amortization of CIAC	(456,864)	(456,864)	լոյ		-	(4,637) [e]			
Total	1,758,526	1,758,526	-	_ <del>-</del>	-	(210,157)	1,548,369	751,402	2,299,771
Total Operating Expenses	6,535,842	6,532,622	-		_	1,268,475	7,801,097	751,402	8,552,499
Net Operating Income	3,327,496	3,330,716	-	<u> </u>	_	(1,998,926)	1,331,790	1,338,729	2,670,519
Other Income	-	_		-		-	•		-
Other Income	(30,185)	(30,185)	fn1			30,185 [h]	-	•	-
Interest During Construction	40,443	40,443		<u>-</u>		970,197 [i]	1,010,640		1,010,640
Interest on Debt	5,950	5,950		_		(5,950) [m]		1. a	· · ·
Gain on Sale of Utility Property Tax on Gain on Sale of Utility Property	5,950	5,950	(n) (n)	-		(0,550) [m] - [m]	-	•	-
rax on Ganton Sale of Clinky Property			- ` '		-	<u></u>			
Net Income	3,311,288	3,314,508		•	-	(2,993,357)	321,150	1,338,729	1,659,879

Carolina Water Service, Inc. of North Corolina Sewer Operations		Income Statement Adjustment and Allocation Recap								
Test Year Ended December 31, 2014 W-354, Sub 344 Operating Revenues	AA/UR (Direct) Transactions	Transactions After Removal of OBX and Nags Head		Remove Divested Subdivisions	_	Pro Froma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed	
Service Revenues - Water Service Revenues - Sewer Miscellaneous Revenues Uncollectible Accounts	7,722,841 82,073 (38,703)	5,891,104 (r 75,465 (r (38,352) [r	n]	<u> </u>	[v]	(297,680) [a]	5,593,424 75,465 (38,352)	1,109,544 [k] - (7,608) [b]	6,702,968 75,465 (45,960)	
Total Operating Revenues	7,766,211	5,928,217	-			(297,680)	5,630,537	1,101,936	6,732,474	
Maintenance Expenses  Salaries and Wages Purchased Power Purchased Sewer Maintenance and Repair Maintenance Testing Meter Reading Chemicals Transportation Operating Exp. Charged to Plant	889,174 611,224 237,242 1,081,003 231,875 - 189,849 5 (139,389)	663,424   1 470,789   1 237,242   1 864,057   1 179,400   1 133,510   5 (99,189)   6	n] n] n] n]	-	[v] [v] [v]	(23,703) [c] (1,353) [l] - - (8,079) [l] (149) [l] - - [l] (13) [l] 97,017 [l] (25,712) [c]	865,471 469,436 237,242 855,978 179,251 - 133,497 97,021 (124,901) 95,781	-	865,471 469,436 237,242 855,978 179,251 - 133,497 97,021 (124,901) 95,781	
Outside Services - Other Total	23,687 3,124,669	20,849 [c	nj -	<u> </u>	-	74,933 [I] 112,939	2,808,777	<del></del>	2,808,777	
General Expenses  Salaries and Wages  Olfice Supplies & Other Office Exp. Regulatory Commission Exp. Pension & Other Benefits Rent Insurance  Office Utilities Miscellaneous	(128) 33,874 99,127 - 41,920 113,804 22,278		[n] [s]	- - - - - - -	[v] [v] [v]	275,088 [c] 65,318 [l] (54,321) [d] 253,083 [c] (22,996) [l] 102,225 [l] 54,383 [l] 8,774 [j][l]	274,960 96,174 44,806 253,083 18,924 102,225 128,088 29,044		274,960 96,174 44,806 253,083 18,924 102,225 128,088 29,044	
Total  Depreciation Amortization of PAA Taxes Other Than Income Income Taxes - Federal Income Taxes - State Amortization of ITC Amortization of CIAC	310,874 1,341,205 (28,144) 251,717 67,595 245,016 (245) (485,101)	148,113 925,116 (27,959) 254,326 67,595 245,016 (245) (354,846)	[1] [2] [6] [6]	- - - - - - - -	-	681,554 (479,653) [e] 3,413 [e] 121,434 [f] 89,928 [g] (220,633) [g]	947,304 861,552 (24,731) 373,151 157,523 24,383 (245) (443,352)	(35,481) [f] 367,403 [g] 56,875 [g]	947,304 861,552 (24,731) 337,670 524,926 81,258 (245) (443,352)	
Total	1,392,043	1,109,002			-	(443,762)	948,281	388,797	1,337,078	
Total Operating Expenses	4,827,586	3,727,203	,		_	350,732	4,704,362	388,797	5,093,158	
Net Operating Income  Other Income Interest During Construction Interest on Debt Gain on Sale of Utility Property Tax on Gain on Sale of Utility Property	2,938,625 (27,092) 32,732 3,375	3,375	[n] [n] [n]	: : :	_	(648,411) - 27,092 [h] 587,609 [i] (3,375) [m] 	926,176 - - 620,341 -	713,140	1,639,315 - 620,341 -	
Net Income.	2,929,609	2,191,998			=	(1,259,737)	305,834	713,140	1,018,974	

#### Carolina Water Service, Inc. of North Corolina Explanation of Adjustments to Income Statement

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- [a] Revenues are annualized at proposed rates using the average test year customers. Sold subdivisions and OBX subdivisions have been removed.
- [b] Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, Wages and Benefits are adjusted to annualize as of the end of the year.
- [d] Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and Amortization Expense are annualized. Depreciation expense represents gross depreciable plant at the end of the year plus pro forma projects multiplied by the respective depreciation rates. Depreciation and amortization associated with sold subs and Nags Head/OBX is not included. This adjustment also includes CWS NC portion of the gain on sale calculation from The Effects of Gain on Sale Worksheet (note 9).
- Taxes Other than Income is adjusted for annualized payroll taxes, Utility Commission Taxes, and Gross Receipts Taxes.
- [g] Income Taxes are computed on taxable income at current rates (34% federal and 5% state).
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on Debt has been computed using a \$1.57%/48.43% debt/equity ratio and a 6.60% cost of debt.
- [j] Penalties, if incurred, are removed.
- [k] Proposed revenue increase derived from Sch.D&E.
- [i] W/P-P1 column [p] add in allocations multiplied by Water/Sewer factor based on North Carolina ERC Methodology.
- [m] Gain on sale and related taxes are removed for rate making purposes.
- [n] Nags Head and OBX expense is removed from CWS of NC direct transactions.
- [0] Operators expense charged to plant is recalculated on work paper b2. Nags Head and OBX employees' allocations are not included in the ERC calculation on wp b2.
- [p] Footnote left blank intentionally
- [q] Revenues are recalculated on work paper D&E. Corolla Light water revenues are removed for rate making purposes. Schedule D&E does not include Corolla Light revenues.
- [r] Sewer revenues are recalculated on work paper D&E. Nags Head and sold subs are not part of the consumption analysis and therefore no additional adjustment is necessary.
- [5] Rate case expense is recalculated on work paper d. Only rate case expense related to CWS of NC is included.
- [t] Depreciation expense, amortization of CIAC and amortization of PAA are recalculated on depreciation work paper f. Nags Head, OBX and sold subs have been removed from the calculation.
- [u] Taxes other than income are recalculated based on salary levels. Adjustments have been made on w/pe and allocation work papers.
- [v] Per books sold subdivisions! figures are removed

Carolina Water Service, Inc. of North Corolina Combined Operations Rate Base and Rate of Return For the Test year Ended December 31, 2014 W-354, Sub 344 Schedule C Page 1 of 4

W-354, Sab 344	AA/UR (Direct) Transactions	Transactions After Removal of OBX and Nags Head		Pro Forma Adjustments	_	Total Direct and Indirect Transactions	Proposed Increase	Effect of Proposed Increase
Net Operating Income	6,266,121	5,531,730	:	(2,647,337)	=	2,257,966	2,051,868	4,309,835
Gross Plant In Service	113,792,154	97,844,640	[k]		[c][n]	108,260,122	-	108,260,122
Accumulated Depreciation	(26,047,910)	(23,363,394)	[k]	(1,896,888)	[b][n]	(25,260,282)		(25,260,282)
Net Plant In Service	87,744,244	74,481,246	[k]	8,518,593		82,999,839	-	82,999,839
Cash Working Capital	1,099,721	997,879	[k]	368,270	[a]	1,366,149		1,366,149
Contributions In Aid of Construction	(31,918,778)	(27,161,309)	[k]	(46,599)	[e][iːɪ]	(27,207,908)	•	(27,207,908)
Advances in Aid of Construction	(32,940)	(32,940)	[k]	•		(32,940)	-	(32,940)
Accumulated Deferred Income Taxes	(5,921,121)	(5,921,121)	[k]	437,396	[g]	(5,483,725)	-	(5,483,725)
Customer Deposits	(251,498)	(251,498)	[k]	5,100	[k]	(246,398)	-	(246,398)
Gain on Sale and Flowback Taxes	(289,628)	(289,628)	[k][i]	-		(289,628)	-	, (289,628)
Net Plant Acquisition Adjustment	(2,976,792)	(2,913,033)	[k]	(5,470)	[d]	(2,918,503)	-	(2,918,503.11)
Excess Book Value	• • • • • • • • • • • • • • • • • • •	•	[k]	(846,090)	[j][m]	(846,090)	-	(846,090)
Cost Free Capital	(261,498)	(261,498)	[k]	-		(261,498)	-	(261,498)
Average Tax Accruals		· <u>-</u>	[k]	(99,334)	[i]	(99,334)	-	(99,334)
Deferred Charges	3,558,522	3,556,917	[k]	(71,745)	[f]	3,485,172	<del>-</del>	3,485,172
Total Rate Base	50,750,231	42,205,015	•	8,260,122	: :	50,465,137		50,465,137
Return on Rate Base	12.35%	13.11%	:		:	4.47%		8.54%

Carolina Water Service, Inc. of North Corolina Water Operations Rate Base and Rate of Return For the Test year Ended December 31, 2014 W-354. Sub 344 Schedule C Page 2 of 4

W-354, Sub 344		Transactions			Effect of			
				Pro Forma		Indirect	Proposed	Proposed
	Transactions	· _		Adjustments	_	Transactions	Increase	Increase
Net Operating Income	3,327,496	3,327,496		(1,995,706)	=	1,331,790	1,338,729	2,670,519
Gross Plant In Service	61,023,492	61,023,492	[k]	4,352,049	[c][n]	65,375,542	-	65,375,542
Accumulated Depreciation	(14,378,083)	(14,378,083)	[k]	(1,082,666)	[b][n]	(15,460,749)		(15,460,749)
Net Plant In Service	46,645,409	46,645,409	[k] .	3,269,384		49,914,793	-	49,914,793
Cash Working Capital	638,813	638,813	[k]	211,182	[a]	849,995	-	849,995
Contributions In Aid of Construction	(13,794,689)	(13,794,689)	[k]	(4,849)	[e][n]	(13,799,538)	-	(13,799,538)
Advances in Aid of Construction	(23,760)	(23,760)	[k]	-		(23,760)	-	(23,760)
Accumulated Deferred Income Taxes	(3,278,893)	(3,278,893)	[k]	279,068	[g]	(2,999,825)	-	(2,999,825)
Customer Deposits	(160,461)	(160,461)	[k]	-		(160,461)		(160,461)
Gain on Sale and Flowback Taxes	(196,947)	(196,947)	[k][i]	-		(196,947)	-	(196,947)
Net Plant Acquisition Adjustment	(2,434,206)	(2,434,206)	[k]	(2,057)	[d]	(2,436,263)	-	(2,436,262.87)
Excess Book Value	(=/:=·/,-··/,	•	[k]	(397,558)	[j][m]	(397,558)		(397,558)
Cost Free Capital	(174,892)	(174,892)	[k]		-	(174,892)	•	(174,892)
Average Tax Accruals	(2. 2,012)	-	[k]	(60,817)	[i]	(60,817)	-	(60,817)
Deferred Charges	828,778	828,778	[k]	(72,702)	[ŋ _	756,075	-	756,075
Total Rate Base	28,049,151	28,049,151	: :	3,221,650	=	31,270,801		31,270,801

Carolina Water Service, Inc. of North Corolina Sewer Operations Rate Base and Rate of Return For the Test year Ended December 31, 2014 Schedule C Page 3 of 4

W-354, Sub 344		Transactions				Effect of		
77-004, 0 ab 0 11	AA/UR (Direct)	After Removal of		Pro Forma		Indirect	Proposed	Proposed
	Transactions	OBX and Nags Head		Adjustments	_	Transactions	Increase	Increase
Net Operating Income	2,938,625	2,204,234		(2,012,449)	_	926,176	713,140	1,639,315
Gross Plant In Service	52,768,662	36,821,148	[k]	6,063,432	[c][n]	42,884,580	-	42,884,580
Accumulated Depreciation	(11,669,827)	(8,985,311)	[k]	(814,222)	[b][n]	(9,799,533)		(9,799,533)
Net Plant In Service	41,098,835	27,835,837	[k] .	5,249,210	_	33,085,047	-	33,085,047
Cash Working Capital	460,908	359,066	[k]	157,088	[a]	516,154	-	516,154
Contributions In Aid of Construction	(18,124,089)	(13,366,620)	[k]	(41 <i>,7</i> 50)	[e]	(13,408,369)	-	(13,408,369)
Advances in Aid of Construction	(9,180)	(9,180)	[k]	-		(9,180)	-	(9,180)
Accumulated Deferred Income Taxes	(2,642,227)	(2,642,227)	[k]	158,328	[g]	(2,483,899)	•	(2,483,899)
Customer Deposits	(91,037)	(91,037)	[k]	5,100	[k][h]	(85,937)	•	(85,937)
Gain on Sale and Flowback Taxes	(92,681)	(92,681)	[k][i]	-		(92,681)	-	(92,681)
Net Plant Acquisition Adjustment	(542,587)	(478,827)	[k]	(3,413)	[d]	(482,240)	-	(482,240)
Excess Book Value	-		[k]	(448,532)	[j][m]	(448,532)	-	(448,532)
Cost Free Capital	(86,606)	(86,606)	[k]	- 1		(86,606)	-	(86,606)
Average Tax Accruals	-		[k]	(38,517)	[i]	(38,517)	-	(38,517)
Deferred Charges	2,729,744	2,728,139	[k]	957	[f] _	2,729,097	-	2,729,097
Total Rate Base	22,701,080	14,155,864	i	5,038,472	=	19,194,336	<u>.                                    </u>	19,194,336

#### **Explanations of Adjustments to Rate Base**

Schedule C Page 4 of 4

- [a] Working Capital is calculated based on pro forma expenses.
- [b] Accumulated depreciation is adjusted for planned additional capital investments, retirements, plant held for future use and allocated accumulated depreciation is added. A/D related to sold subs and Nags Head/OBX has been removed. This adjustment also includes Corolla Light and Monteray Shores portion of the gain on sale calculation from The Effects of Gain on Sale Worksheet (note 8).
- [c] Includes Plant additions estimated and prorated; and allocated rate base is added. Plant related to sold subs and Nags Head/OBX has been removed. This adjustment also includes the CWS NC portion of the gain on sale calculation from The Effects of Gain on Sale Worksheet (note 8).
- [d] PAA related to sold subs and Nags Head/OBX has been removed.
- [e] CIAC: CIAC amortization expense is annualized using the appropriate amortization rate. CIAC related to sold subs and Nags Head/OBX has been removed.
- [f] Deferred charges per books and pro-forma see w/p-c3.
- [g] Per wp-c3 additional accumulated deferred income based on pro-forma adjustments.
- [h] Customer deposits are adjusted for removal of Outerbank and Nags Head.
- [i] Gain on sale and flow back taxes adjusted based on prior case.
- EBV is adjusted based on prior case.
- [k] Removed Outerbanks and Nags Head related rate base items.
- [m] EBV related to Britley is removed per Public Staff Attachment 1, Schedule 2 in docket W-354, sub 331
- [n] Journal entries related to the conversion reconciliation filed on 12/27/2012 with Public Staff have been made in this filing. Please see workpaper Conversion Reconcilation Adj

Schedule D

Carolina Water Service, Inc. of North Corolina Consumption Analysis 01/01/14 - 12/31/14 TEST YEAR / PRESENT REVENUES W-354, Sub 344

Net   Usage   Charge   Units   BFC   Min Charge   Revenues	WATER							
S/8" Residential Water   2776,941   5.44   195,429   18.25   - 8.151,518   1" Residential Water   136,650   5.44   31   91,25   - 3,572   2" Residential Water   212,600   5.44   31   91,25   - 3,572   3" Residential Water   213,600   5.44   4   273,75   - 2,803   4" Residential Water   230,100   5.44   4   273,75   - 2,803   4" Residential Water   230,100   5.44   - 912,50   - 4,445   6" Residential Water   11,477,069   5.44   - 912,50   - 97,804   1.5" Commercial Water   4,923,945   5.44   210   91,25   - 91,100   2" Commercial Water   16,325,738   5.44   573   146,00   - 172,470   3" Commercial Water   5,430,040   5.44   4   273,75   - 414,150   2" Commercial Water   16,325,738   5.44   573   146,00   - 172,470   3" Commercial Water   1,396,030   5.44   17   456,25   - 8,254   6" Commercial Water   1,396,030   5.44   17   456,25   - 29,505   6" Commercial Water   1,396,030   5.44   17   456,25   - 29,505   8" Water Para Rate   - 13,960,030   5.44   17   456,25   - 29,505   8" Water Para Rate   - 13,960,030   5.44   17   456,25   - 29,505   5" Residential Metered   1,796,078   246   3,716   33,02   - 2,938,870   5" Commercial Wastewater   17,780,778   246   3,716   33,02   - 166,442   1" Commercial Wastewater   17,780,778   246   3,716   33,02   - 166,442   1" Commercial Wastewater   12,219,776   246   35   245,16   - 113,176   2" Commercial Wastewater   12,219,776   246   35   246,16   - 113,176   3" Commercial Wastewater   12,219,776   246   35   246,16   - 113,176   3" Commercial Wastewater   1,562,375   246   5   825,50   - 3,1824   4" Commercial Wastewater   1,562,375   246   5   825,50   - 3,1824   4" Commercial Wastewater   1,579,944   5,45   2,326   6,00   - 116,578   Regalwood   18,792,944   5,45   2,326   6,0	Bill code		Net Gallonage	Usage Charge	Units	BFC	Min Charge	Revenues
S/8" Residential Water   2776,941   5.44   195,429   18.25   - 8.151,518   1" Residential Water   136,650   5.44   31   91,25   - 3,572   2" Residential Water   212,600   5.44   31   91,25   - 3,572   3" Residential Water   213,600   5.44   4   273,75   - 2,803   4" Residential Water   230,100   5.44   4   273,75   - 2,803   4" Residential Water   230,100   5.44   - 912,50   - 4,445   6" Residential Water   11,477,069   5.44   - 912,50   - 97,804   1.5" Commercial Water   4,923,945   5.44   210   91,25   - 91,100   2" Commercial Water   16,325,738   5.44   573   146,00   - 172,470   3" Commercial Water   5,430,040   5.44   4   273,75   - 414,150   2" Commercial Water   16,325,738   5.44   573   146,00   - 172,470   3" Commercial Water   1,396,030   5.44   17   456,25   - 8,254   6" Commercial Water   1,396,030   5.44   17   456,25   - 29,505   6" Commercial Water   1,396,030   5.44   17   456,25   - 29,505   8" Water Para Rate   - 13,960,030   5.44   17   456,25   - 29,505   8" Water Para Rate   - 13,960,030   5.44   17   456,25   - 29,505   5" Residential Metered   1,796,078   246   3,716   33,02   - 2,938,870   5" Commercial Wastewater   17,780,778   246   3,716   33,02   - 166,442   1" Commercial Wastewater   17,780,778   246   3,716   33,02   - 166,442   1" Commercial Wastewater   12,219,776   246   35   245,16   - 113,176   2" Commercial Wastewater   12,219,776   246   35   246,16   - 113,176   3" Commercial Wastewater   12,219,776   246   35   246,16   - 113,176   3" Commercial Wastewater   1,562,375   246   5   825,50   - 3,1824   4" Commercial Wastewater   1,562,375   246   5   825,50   - 3,1824   4" Commercial Wastewater   1,579,944   5,45   2,326   6,00   - 116,578   Regalwood   18,792,944   5,45   2,326   6,0						<del></del>		
1	All Subs:	E 400 D. Adamstel Minter	000 770 142	E 44	105 470	18 25	_	8.031.618
Teststeintial Water							_	
1.5   Residential Water   2,122,600   5.44   85   146,00   - 23,957   3   Residential Water   231,000   5.44   4   273,75   - 2,803   4   Residential Water   230,100   5.44   7   456,25   - 4,445   6   Residential Water   1,477,009   5.44   - 912,50   - 912,50   - 97,38   1   Commercial Water   4,023,45   5.44   210   91,25   - 41,102   2   Commercial Water   4,023,45   5.44   210   91,25   - 41,102   2   Commercial Water   16,325,738   5.44   572   146,00   - 172,470   3   Commercial Water   5,430,40   5.44   44   273,75   - 41,1504   4   Commercial Water   1,396,030   5.44   47   456,25   - 8,254   6   Commercial Water   1,396,030   5.44   17   456,25   - 29,505   45,871   4   Water Availability   13,290   34,52   - 63,418   4   Water Availability   2,2936   21,60   - 63,418   4   S7/8* Residential Metered   253,264,971   2.46   69,983   33,02   - 2,933,870   5/8* Residential Wastewat   17,780,278   2.46   3,716   33,02   - 166,442   5/8* Commercial Wastewat   17,780,278   2.46   3,716   33,02   - 166,442   1.5* Commercial Wastewat   1,656,25   2.46   61   165,10   - 141,574   2   Commercial Wastewater   1,2219,76   2.46   58,500   - 31,824   4   Commercial Wastewater   1,2219,76   2.46   3,716   33,02   - 166,442   1.5* Commercial Wastewater   1,2219,76   2.46   3,716   33,02   - 166,442   1.5* Commercial Wastewater   1,2219,76   2.46   36   495,30   - 31,824   4   4   2   2   2   2   2   4   4							-	,
SEWER   September   Septembe								
A   Passidential Water							_	2,803
SEWER							-	4,445
SEWER   Special Mater   11,477,069   5,44   2,044   18,25   99,738   1,500   6,200   1,500   6,200   1,500   6,200   1,500   6,200   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500   1,500			230,100					•
1° Commercial Water			11 477 069		2.044			99,738
1.5" Commercial Water							-	58,280
2° Commercial Water   16,325,738   5,44   573   146,00   172,470   3° Commercial Water   5,430,040   5,44   44   273,75   41,534   41   42   44   273,75   41,534   41   42   41,534   41   42   41,535   42   41,534   41   42   41,535   42   41,534   41   41,535   42   41,535   42,535   42,535   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   43,432   44° Commercial Wastewater   1,65,623   2,46   43   82,55   4,347   43,432   43° Commercial Wastewater   1,65,623   2,46   43   82,55   4,347   43° Commercial Wastewater   1,219,276   2,46   385   264,16   131,761   31° Commercial Wastewater   1,2219,276   2,46   36   495,30   31,824   4° Commercial Wastewater   5,688,60   2,46   5   825,50   4,362   4° Commercial Wastewater						91.25	-	41,102
SEWER     Sewer only, Flat   September							-	172,470
## Commercial Water						273.75	-	41,584
SEWER   Water Plat Rate   1,398,030   5.44   24   912.50   - 29,505   458,771   Water Availability   - 2,936   21.60   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418   - 63,418					17	456.25	_	8,254
Water Flat Rate   - 13,290   34,52   - 488,771					24	912.50	-	29,505
SEWER   Usage   Units   BFC   Min Charge   Revenues			-		13.290	34.52	-	458,771
SEWER   Usage   Units   BFC   Min Charge   Revenues			-	•	2,936	21.60	-	63,418
SEWER   Usage   Units   BFC   Min Charge   Revenues			871,315,558		215,740			\$ 9,077,806
Disage Charge   Units   BFC   Min Charge   Revenues								s 8,644,280
5/8" Sewer only, Flat 5/8" Sewer only, Flat 5/8" Residential Metered 253,264,971 2.46 69,983 33.02 - 166,442 1" Commercial Wastewater 324,260 2.46 43 82.55 - 4.347 1.5" Commercial Wastewater 12,219,276 2.46 385 264.16 - 3" Commercial Wastewater 12,219,276 2.46 36 495.30 - 31,824 4" Commercial Wastewater 5,688,260 2.46 36 495.30 - 31,824 4" Commercial Wastewater 6" Commercial Wastewater 18,792,944 5.45 2,326 6" Commercial Wastewater 18,792,944 5.45 2,326 6.00 - 116,378 Regalwood			Gallonage		Units	BFC	Min Charge	Revenues
5/8" Sewer only, Flat 5/8" Sewer only, Flat 5/8" Residential Metered 253,264,971 2.46 69,983 33.02 - 166,442 1" Commercial Wastewater 324,260 2.46 43 82.55 - 4.347 1.5" Commercial Wastewater 12,219,276 2.46 385 264.16 - 3" Commercial Wastewater 12,219,276 2.46 36 495.30 - 31,824 4" Commercial Wastewater 5,688,260 2.46 36 495.30 - 31,824 4" Commercial Wastewater 6" Commercial Wastewater 18,792,944 5.45 2,326 6" Commercial Wastewater 18,792,944 5.45 2,326 6.00 - 116,378 Regalwood				<u> </u>		-		
5/8" Residential Metered 253,264,971 2.46 69,983 33.02 - 2,933,870 5/8" Commercial Wastewar 17,780,278 2.46 3,716 33.02 - 166,442 1" Commercial Wastewarer 324,260 2.46 43 82.55 - 4,347 1.5" Commercial Wastewarer 1,656,235 2.46 61 165.10 - 14,145 2" Commercial Wastewarer 12,219,276 2.46 385 264.16 - 131,761 3" Commercial Wastewarer 12,219,276 2.46 36 495.30 - 31,824 4" Commercial Wastewarer 95,393 2.46 5 825.50 - 4,362 6" Commercial Wastewarer 95,393 2.46 5 825.50 - 4,362 6" Commercial Wastewarer 95,393 2.46 5 825.50 - 16,5100 - 16,378 Regalwood - 4,331 44.70 - 193,596 WhiteOaks - 7,985 44.70 - 356,930 WhiteOaks - 7,985 44.70 - 356,930 WhiteOaks - 12 1,386.90 - 16,643 Child Castle Daycare - 5 91.85 - 459	All Subs:	5/8" Sewer only Flat	_	_	36.255	44.70		1,620,599
5/8* Commercial Wastewat 17,780,278 2.46 3,716 33.02 - 166,442 1* Commercial Wastewater 324,260 2.46 43 82.55 - 4,347 1.5* Commercial Wastewater 1,656,235 2.46 61 165.10 - 14,145 2** Commercial Wastewater 12,219,276 2.46 385 264.16 - 131,761 3** Commercial Wastewater 95,888,260 2.46 36 495.30 - 31,824 4** Commercial Wastewater 95,393 2.46 5 825.50 - 4,362 6** Commercial Wastewater 95,393 2.46 5 825.50 - 4,362 6** Commercial Wastewater 95,393 2.46 - 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00 1,651.00			253,264,971			33.02	-	2,933,870
1" Commercial Wastewater 1,656,235 2,46 61 165.10 - 14,145 2" Commercial Wastewater 12,219,276 2,46 385 264.16 - 131,761 3" Commercial Wastewater 12,219,276 2,46 385 264.16 - 31,824 4" Commercial Wastewater 95,393 2,46 5 825.50 - 4,362 6" Commercial Wastewater 95,393 2,46 5 825.50 - 4,362 6" Commercial Wastewater - 2,46 - 1,651.00 - 16,378			•	2.46	3,716	33.02	-	166,442
1.5° Commercial Wastewater 12,219,276 2.46 385 264.16 - 131,761 3° Commercial Wastewater 5,688,260 2.46 36 495.30 - 31,824 4° Commercial Wastewater 95,393 2.46 5 825.50 - 4,362 6° Commercial Wastewater - 2.46 - 1,651.00 - 4,362 6° Commercial Wastewater - 2.46 - 1,651.00 - 116,378 Regalwood - 4,331 44.70 - 193,596 WhiteOaks - 7,985 44.70 - 356,930 WhiteOak School - 12 1,386.90 - 16,643 Child Castle Daycare - 5 91.85 - 459					43	82.55	-	4,347
2" Commercial Wastewater 12,219,276 2.46 385 264.16 - 131,761 3" Commercial Wastewater 5,688,260 2.46 36 495.30 - 31,824 4" Commercial Wastewater 95,393 2.46 5 825.50 - 4,362 6" Commercial Wastewater - 2.46 - 1,651.00  Mount Carmel 18,792,944 5.45 2,326 6.00 - 116,378 Regalwood - 4,331 44.70 - 193,596 WhiteOaks - 7,985 44.70 - 356,930 WhiteOaks - 12 1,386.90 - 16,643 Child Castle Daycare - 12 1,72.40 - 2,069 Pantry - 5 91.85 - 459			-	2.46	61	165.10	-	
3° Commercial Wastewater 5,688,260 2.46 36 495.30 - 31,824 4° Commercial Wastewater 95,393 2.46 5 825.50 - 4,362 6° Commercial Wastewater - 2.46 - 1,651.00 - 16,378 Mount Carmel 18,792,944 5.45 2,326 6.00 - 116,378 Regalwood 4,331 44.70 - 193,596 WhiteOaks 7,985 44.70 - 356,930 WhiteOaks - 12 1,386.90 - 16,643 Child Castle Daycare 12 1,72.40 - 2,069 Pantry 5 91.85 - 459				2.46	385	264.16	-	
6° Commercial Wastewater 9,395 2,46 - 1,651.00 - 116,378  Mount Carmel 18,792,944 5.45 2,326 6.00 - 116,378  Regalwood - 4,331 44.70 - 193,596  WhiteOaks - 7,985 44.70 - 356,930  White Oak School - 12 1,386.90 - 16,643  Child Castle Daycare - 12 172.40 - 2,069  Pantry - 5 91.85 - 459		3" Commercial Wastewate	r 5,688,260	2.46	36 ·		-	- ,
Mount Carmel 18,792,944 5.45 2,326 6.00 - 116,378 Regalwood - 4,331 44.70 - 193,596 WhiteOaks - 7,985 44.70 - 356,930 White Oak School - 12 1,386.90 - 16,643 Child Castle Daycare - 12 172.40 - 2,069 Pantry - 5 91.85 - 459		4" Commercial Wastewate	er 95,393	2.46	5	825.50	-	4,362
Regalwood - 4,331 44.70 - 193,596 WhiteOaks - 7,985 44.70 - 356,930 WhiteOaks - 12 1,386.90 - 16,643 Child Castle Daycare - 12 172.40 - 2,069 Pantry - 5 91.85 - 459		6" Commercial Wastewate	er -	246	•	1,651.00	-	-
White Oaks - 7,985 44.70 - 356,930 White Oak School - 12 1,386.90 - 16,643 Child Castle Daycare - 12 172.40 - 2,069 Pantry - 5 91.85 - 459		Mount Carmel	18,792,944	5.45	2,326		-	
WhiteOaks     -     7,985     44.70     -     356,930       White Oak School     -     12     1,386.90     -     16,643       Child Castle Daycare     -     -     12     172.40     -     2,069       Pantry     -     -     5     91.85     -     459		Regalwood	-	-	4,331		-	
Pantry - 12 172.40 - 2,069 Pantry - 5 91.85 - 459			-	-	7,985		-	
Pantry - 5 91.85 - 459		White Oak School	-	-			-	· ·
Pantry - 5 503 424		Child Castle Daycare	•	-			•	
Total 309,821,617 125,155 \$ 5,593,424			-	-	5	91.85	•	459
		Total	309,821,617	- -	125,155			\$ 5,593,424

Carolina Water Service, Inc. of North Corolina PROPOSED REVENUES W-354, Sub 344 Schedule E

WATER				Hanna				
Bill code		_	Gallonage	Usage Charge	Units	BFC	Min Charge	Revenues
All Subs:								
*		5/8" Residential Water	820,779,143	6.70	195.429.00	22.47	_	9,890,935
		1" Residential Water	2,726,941	6.70	514.00	56.19	_	47,152
		1.5" Residential Water	136,650	6.70	31.00	112.37	_	4,399
		2" Residential Water	2,122,600	6.70	85.00	179.80	-	29,503
		3" Residential Water	313,900	6.70	4.00	337.12	-	3,451
		4" Residential Water	230,100	6.70	7.00	561.87	_	5,475
		6" Residential Water	-	6.70	-	1,123.74	-	•
		5/8" Commercial Water	11,477,069	6.70	2,044.00	22.47	-	122,828
		1" Commercial Water	6,250,813	6.70	532.00	56.19	•	<b>71,77</b> 1
		1,5" Commercial Water	4,032,945	6.70	210.00	112,37	-	50,617
		2" Commercial Water	16,325,738	6.70	573.00	179.80	-	212,397
		3" Commercial Water	5,430,040	6.70	44.00	337.12	-	51,211
		4" Commercial Water	91,590	6.70	17.00	561.87	-	10,165
		6" Commercial Water	1,398,030	6.70	24.00	1,123.74	-	36,336
		Water Flat Rate	-	-	13,290.00	42.51	-	564,976
		Water Availability	071 01F FF0	-	2,936.00	26.60	•	78,099 \$ 11,179,315
		_	871,315,558		215,740			\$ 11,179,315
			-		-			
SEWER								
BUTTER				Usage				
Bill code	,	_	Gallonage	Charge	Units	BFC	Min Charge	Revenues
All Cuba								
All Subs:	[1]	5/8" Sewer only, Flat	172,229,378	2.95	36,255.00	39.57	_	1,942,262
	(~)	5/8" Residential Metered	253,264,971	2.95	69,983.00	39.57	_	3,515,708
		5/8" Commercial Wastewa	17,780,278	2.95	3,716.00	39,57	_	199,450
		1" Commercial Wastewater	324,260	2.95	43.00	98.92	_	5,209
		1.5" Commercial Wastewate	1,656,235	2,95	61.00	197.84	-	16,951
		2" Commercial Wastewater	12,219,276	2.95	385.00	316.55	-	157,892
		3º Commercial Wastewater	5,688,260	2.95	36.00	593.53	-	38,135
		4º Commercial Wastewater	95,393	2,95	5.00	989.21	-	5,227
		6" Commercial Wastewater	-	2,95	-	1,978.42	-	-
		Mount Carmel	18,792,944	6.53	2,326.00	7.19	-	139,457
		Regalwood	-	-	4,331.00	53.56	-	231,989
		WhiteOaks	-	-	7,985.00	53.56	-	427,715
		White Oak School	-	-	12.00	1,661.95	•	19,943
		Child Castle Daycare	-		12.00	206.59	-	2,479
	m	Pantry	-	-	5.00	110.07	-	550
	Total	_	482,050,995		125,155			6,702,968
		· _						
	Total	_	1,353,366,553		340,895			17,882,283.52
							Current	\$ 14,671,230
							Difference % Increase	\$ 14,671,230   3,211,054   21,89%

<sup>[1]</sup> Flat sewer customers are proposed to be billed based on metered estimated consumption of water customers. Current metered water customers' average consumption per month is 4555 gallons. The estimated consumption used in this rate design is based on 4750 gallons. This is just an estimate used for the purposes of proposing a new rate design.

Carolina Water Service, Inc. of North Corolina Average Residential Bill @ Present & Proposed Rates Test Year Ended December 31, 2014

#### WATER

								Ave	rag	e
All Other Areas:	Current •	Usage		Base		Minimum		Usage	-	BiII _
	5/8" Residential Water	\$	5.44	\$	18.25	\$	-	4,200	\$	41.10
	1* Residential Water		5.44		45.63		-	5,305		74.49
	1.5" Residential Water		5.44		91.25		-	4,408		115.23
	2" Residential Water		5.44		146.00		-	24,972		281.85
	3" Residential Water		5.44		273.75		-	78,475		700.65
	4° Residential Water		5.44		456.25			32,871		635.07
	6" Residential Water		5.44		912.50			-		912.50
	5/8° Commercial Water		5.44		18.25		-	5,615		48.80
	1 Commercial Water		5.44		45.63		-	11,750		109.55
	1.5" Commercial Water		5.44		91.25		-	19,205		195.72
	2" Commercial Water		5.44		146.00		-	28,492		300.99
	3" Commercial Water		5.44		273.75		-	123,410		945.10
	4" Commercial Water		5.44		456.25		-	5,388		485.56
	6" Commercial Water		5.44		912.50		-	58,251		1,229.39
	Water Flat Rate		-		34.52		-	-		34.52
	Water Availability		-		21,60		-	-		21.60

							Av	erage		Increase			
All Other Areas:	Proposed	Usage		Base	<u>Minimu</u>	m Usage		Bill		Amount	Percent		
	5/8" Residential Water	\$	6.70	\$	22.47	\$ -	4,200	\$	50.61	\$	9.51	23.15%	
	1" Residential Water		6.70		56.19	-	5,305		91.74	\$	17.24	23.15%	
	1.5° Residential Water		6.70		112.37	-	4,408		141.91	\$	26.68	23.15%	
	2" Residential Water		6.70		179.80		24,972		347.09	\$	65.25	23.15%	
	3" Residential Water		6.70		337.12	-	78,475		862.86	\$	162.20	23.15%	
	4" Residential Water		6.70		561.87	-	32,871		782.09	\$	147.02	23.15%	
	6" Residential Water		6.70		1,123.74	-		1,	,123.74	\$	211.24	23.15%	
	5/8" Commercial Water		6.70		22.47	-	5,615	i	60.09	\$	11,30	23.15%	
	1" Commercial Water		6.70		56.19	-	11,750	)	134.91	\$	25.36	23.15%	
	1.5* Commercial Water		6.70		112.37	-	19,205		241.03	\$	45.31	23.15%	
	2" Commercial Water		6.70		179.80	-	28,492	ļ	370.68	\$	69.68	23.15%	
	3" Commercial Water		6.70		337.12	-	123,410	1	,163.89	\$	218.79	23.15%	
	4" Commercial Water		6.70		561.87	-	5,388	3	597.97	5	112.41	23.15%	
	6" Commercial Water		6.70		1,123,74	-	58,251	1	,513.99	\$	284.60	23.15%	
	Water Flat Rate		-		42.51		•		42.51	\$	7.99	23.15%	
	Water Availability		-		26.60	-	-		26.60	\$	5.00	23.15%	

Carolina Water Service, Inc. of North Corolina Average Residential Bill @ Present & Proposed Rates Test Year Ended December 31, 2014

# SEWER

								Ave	rag	e
All Other Areas:	Current	_ <u>U</u>	sage	 · Base	Min	<u>imum</u>	U	sage	<u>.</u>	Bill
[1]	5/8" Sewer only, Flat	\$	-	\$ 44.70	\$		5		\$	44.70
	5/8" Residential Metered		2.46	33.02		-		3,619		41.92
	5/8" Commercial Wastewater		2.46	33.02				4,785		44.79
	1" Commercial Wastewater		2.46	82.55		-		7,541		101.10
	1.5° Commercial Wastewater		2.46	165.10		-	2	7.151		231.89
	2" Commercial Wastewater		2.46	264.16		-	3	31,738		342,24
	3" Commercial Wastewater		2.46	495.30		-	15	8,007		884.00
	4" Commercial Wastewater		2.46	825.50		-	1	9,079		872.43
	6" Commercial Wastewater		2.46	1,651.00		-		-	1	,651.00
	Mount Carmel		5.45	6.00		-		8,080		50.03
	Regalwood		-	44.70		•		-		44.70
	WhiteOaks		-	44.70				-		44.70
	White Oak School		-	1,386.90		-			1	,386.90
	Child Castle Daycare		-	172.40		-		-		172.40
	Pantry		-	91.85		-		-		91:85

							Average			lncrease	
All Other Areas:	Proposed	U	sage		Base	Minimum.	Usage	Bill	_	Amount	Percent
[1]	5/8" Sewer only, Flat	s	-	\$	53.56	-	-	\$ 53.56	\$	8.86	19.83%
	5/8" Residential Metered		2.95		39.57	-	3,619	50.24		8.31	19.83%
	5/8" Commercial Wastewater		2.95		39.57	-	4,785	53.67		8.88	19.83%
	1" Commercial Wastewater		2.95		98.92	-	7,541	121.15		20.05	19.83%
	1.5° Commercial Wastewater		2.95		197.84	-	27,151	277.88		45.99	19.83%
	2" Commercial Wastewater		2.95		316.55	-	31,738	410.11		67.87	19.83%
	3" Commercial Wastewater		2.95		593,53	-	158,007	1,059.31		175.31	19,83%
	4" Commercial Wastewater		2.95		989.21	-	19,079	1,045.45		173.02	19.83%
	6" Commercial Wastewater		2.95		1,978.42	•	-	1,978.42		327,42	19.83%
	Mount Carmel		6.53		7.19	.•	8,080	59.96		9.92	19.83%
	Regalwood		-		53.56	•	-	53.56		8.86	19.83%
	WhiteOaks		-		53.56	-	-	53.56		8.86	19.83%
	White Oak School		-		1,661.95	•	-	1,661.95		275,05	19.83%
	Child Castle Daycare		-		206.59	-	-	206.59		34.19	19.83%
	Pantry		-		110.07	-	-	110.07		18.22	19.83%

[1] Flat sewer customers are proposed to be billed based on metered estimated consumption of water customers. Current metered water customers' average consumption per month is 4555 gallons. The estimated consumption used in this rate design is based on 4750 gallons. This is just an estimate used for the purposes of proposing a new rate design.

# **DOCKET NO. W-354, SUB 344**

Carolina Water Service,	inc.
of North Carolina	

APPLICATION FOR AUTHORITY TO INCREASE RATES FOR WATER AND SEWER UTILTY SERVICE IN ALL SERVICE AREAS OF NORTH CAROLINA

# Schedules B-E Nags Head

Nags Head Combined Operations			Income Statement Adjus Total Direct and	stment and Allocation Recap	Schedule B Page 1 of 4
Test Year December 31, 2014	AA (Direct) Transactions	Allocation Adjustments	Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues		<del></del>	•	- [k]	
Service Revenues - Water	701,974	- [a] (107,505) [a]	594,469	125,907 [k]	720,376
Service Revenues - Sewer Miscellaneous Revenues	2,194	(107,507) [a]	2,194	120,507 [8]	2.194
Uncollectible Accounts	67	-	67	14 [b]	82
Of Collectible Accounts			<del></del>		
Total Operating Revenues	704,236	(107,505)	596,731	125,921	722,652
Maintenance Expenses	-				400.070
Salaries and Wages	89,407	11,467 [c]	100,873	-	100,873 68,035
Purchased Power	68,071	(35) [1]	68,035	•	68,033
Purchased Water		tor m	99,145		99,145
Maintenance and Repair	98,549	596 [I]	7,965	_	7,965
Maintenance Testing	7,960	5 (I)	2,903		7,700
Meter Reading	14110	- [1] - [1]	14.112	_	14.112
Chemicals	14,112	- [1] 6,373 [1]	6,373	_	6,373
Transportation	CT 4051	(11,539) [c]	(19,034)	-	(19,034)
Operating Exp. Charged to Plant Outside Services - Other	(7,495)	5,265 [l]	5,265	-	5,265
Outside Services • Other		- 0,200 [1]			
Total	270,604	12,132	282,736	<del></del>	282,736
General Expenses	-				
Salaries and Wages	(2)	19,243 [c]	19,241	-	19,241
Office Supplies & Other Office Exp.	700	6,232 [1]	6,932	•	6,932
Regulatory Commission Exp.	-	3,135 [d]	3,135	•	3,135
Pension & Other Benefits		23,238 [c]	23,238	-	23,238
Rent	-	876 [1]	876	•	876
Insurance	•	7,806 [1]	7,806	•	7,806
Office Utilities	15,750	3,788 [1]	19,539	-	19,539
Miscellaneous	731	<u>582</u> [j[[]	1,314	<u> </u>	
Total	17,180	64,902	82,081	<u> </u>	82,081
D	77,530	15,336 [e]	92,866	•	92,866
Depreciation Amortization of PAA	(185)	185 [e]		•	
Taxes Other Than Income	(2,609)	11,787 [f]	9.178	151 [f]	9,329
Income Taxes - Federal	(2,00)	19,600 [g]	19,600	40,625 [g]	60,225
Income Taxes - State	-	3,034 [g]	3,034	6,289 [g]	9,323
Amortization of ITC	-	-	=	-	-
Amortization of CIAC	(1,834)		(1,996)	· · · · ·	(1,996)
Total	<b>72,90</b> 3	49,778	122,682	47,065	169,746
Total Operating Expenses	360,687	126,812	487,499	47,065	534,564
total Operating Expenses				<del></del>	
Net Operating Income	343,549	(234,317)	109,232	78,856	188,089
Other Income		-	-	•	•
Interest During Construction	-	- [h]	_ •	-	-
Interest on Debt	-	71,182 [i]	71,182	-	71,182
Gain on Sale of Utility Property	•				
Tax on Gain on Sale of Utility Property				<del></del>	
•	****	(007.400)	38,050	78.856	116,907
Net Income	343,549	(305,499)	36,030	10,000	(0)
	•				(-,

Nags Head Vater Operations			-		astment and Allocation Recap	Schedule i Page 2 of
Test Year December 31, 2014	AA (Direct) Transactions	Allocation Adjustments		Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues						
Service Revenues - Water	•	-	[a]	•	- [k]	•
Service Revenues - Sewer	-	•		-	-	-
Miscellaneous Revenues	-	-		•	- 10.3	-
Uncollectible Accounts			_			
Total Operating Revenues						
Maintenance Expenses						
Salaries and Wages		-	[c]	=	-	-
Purchased Power	-		m	•	•	-
Purchased Water	_	-	ŢŢ	-	•	
Maintenance and Repair			Ñ	•	-	-
Maintenance Testing	_		Ö	•	•	-
Meter Reading	-	-	Ö		•	
		-	Ö		-	
Chemicals	•	•	[1]	-		
Transportation	-	-	[c]	_	_	
Operating Exp. Charged to Plant	, .	•		•		
Outside Services - Other	<del>_</del>	<del></del>	_ <sup>[1]</sup>	<del></del>		
Total	•		_	<u> </u>	<del></del>	
General Expenses						
Salaries and Wages	-	-	[c]	•	-	-
Office Supplies & Other Office Exp.	-	-	[1]	-		•
Regulatory Commission Exp.			[d]	•	•	•
Pension & Other Benefits	_	_	[c]	-	-	•
Rent		_	'n	-	-	-
Insurance	_		ij	-	-	-
Office Utilities			ΪÍ	-	-	-
Miscellaneous	•	-	60៣	<u>-</u>		<u>-</u>
Total			_			
•						_
Depreciation	-	-	[e]	•		-
Amortization of PAA	-	-	[e]	-	- [1]	
Taxes Other Than Income	-	•	[f]	-	- [i]	·
Income Taxes - Federal	•	-	[g]	•	• [g]	-
Income Taxes - State	•	-	[g]	•	- (g)	•
Amortization of ITC	-	-	(I)	•	-	•
Amortization of CIAC			<del>[e]</del>			
Total				<u> </u>		
Total Operating Expenses			_		<u> </u>	
Net Operating Income			_		<u> </u>	
					_	_
Other Income	-	-		•	-	
Interest During Construction	•	-	[p]	•	-	-
Interest on Debt	-	•	[i]	•	•	-
Gain on Sale of Utility Property	•					
Tax on Gain on Sale of Utility Property			_			

Nags Head Sewer Operations				tment and Allocation Recap	Schedule B Page 3 of 4
Test Year December 31, 2014	AA (Direct) Transactions	Allocation Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water					PRO 25/
Service Revenues - Sewer	701,974	(107,505) [a]	594,469	125,907 [k]	720,376 2.194
Miscellaneous Revenues	2,194	•	2,194	14 (%)	82
Uncollectible Accounts	67		67		62
Total Operating Revenues	704,236	(107,505)	596,731	125,921	722,652
Maintenance Expenses					
Salaries and Wages	89,407	11,467 [c]	100,873	-	100,873
Purchased Power	68,071	(35) [1]	68,035	-	68,035
Purchased Water	•				99,145
Maintenance and Repair	98,549	596 [1]	99,145	-	7,965
Maintenance Testing	7,960	5 [J]	7,965	•	7,900
Meter Reading	•	- (I)		•	14110
Chemicals	14,112	- (I)	14,112	•	14,112
Transportation	•	6,373 [1]	6,373	•	6,373
Operating Exp. Charged to Plant	(7,495)	(11,539) [c]	(19,034)	-	(19,034)
Outside Services - Other		<u>5,265</u> [l]	5,265	<del></del> •	5,265
Total	270,604	12,132	282,736	_ <del></del> ,	282,736
General Expenses					
Salaries and Wages	(2)	19,243 [c]	19,241	-	19,241
Office Supplies & Other Office Exp.	700	6,232 [1]	6,932	-	6,932
Regulatory Commission Exp.		3,135 [4]	3,135	-	3,135
Pension & Other Benefits	_	23,238 [c]	23,238	-	23,238
Rent		876 [1]	876	•	876
Insurance	-	7,806 [1]	7,806	-	7,806
Office Utilities	15,750	3,788 [1]	19,539	•	19,539
Miscellaneous	731	582 [j][l]	1,314	<u> </u>	1,314
Total	17,180	64,902	82,081	<u> </u>	82,081
		18.00% \$1	m 944		92,866
Depreciation	77,530	15,336 [e]	92,866		22,000
Amortization of PAA	(185)	185 [e]	9.178	151 [f]	9.329
Taxes Other Than Income	(2,609)	11,787 [f]	19.600	40,625 [g]	60,225
Income Taxes - Federal	•	19,600 [g]	3,034	6,289 [g]	9,323
Income Taxes - State	•	3,034 [g]	3,004	0,20, [6]	-
Amortization of ITC	4 024	(162) [e]	(1,996)		(1,996)
Amortization of CIAC	(1,834)	[102] [e]	(1,270)	<del></del>	
Total	72,903	49,778	122,682	47,065	169,746
Total Operating Expenses	360,6 <u>87</u>	126,812	487,499	47,065	534,564
Net Operating Income	343,549	(234,317)	109,232	78,856_	188,089
					_
Interest During Construction	•	- [h]	71,182	• -	71,182
Interest on Debt	-	<b>71,182</b> [i]	/1,102	-	/ L,102
Gain on Sale of Utility Property  Tax on Gain on Sale of Utility Property	:				
,,				70.057	116,907
Net Income	343,549	(305,499)	38,050	78,856	110,707

Nags Head Explanation of Adjustments to Income Statement Schedule B Page 4 of 4

- [a] Revenues are annualized at proposed rates using the average test year customers.
- [b] Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, Wages and Benefits are adjusted to annualize as of the end of the year.
- [d] Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and Amortization Expense are annualized. Depreciation expense represents gross depreciable plant at the end of the year plus pro forma projects multiplied by the respective depreciation rates.
- [f] Taxes Other than income is adjusted for annualized payroll taxes, Utility Commission Taxes, and Gross Receipts Taxes.
- [g] Income Taxes are computed on taxable income at current rates (34% federal and 6.9% state).
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on Debt has been computed using a 50.42% / 49.58% debt / equity ratio and a 6.58% cost of debt.
- [j] Penalties, if incurred, are removed.
- [k] Proposed revenue increase derived from Sch.D&E.
- [I] W/P-P1 column [p] add in allocations multiplied by Water/Sewer factor based on North Carolina ERC Methodology.

Combined Operations
Combined Operations
Rate of Return
Rate Year December 31, 2014

2,202,485	•	2,202,485	558,213	1,644,272	Total Rate Base
6,271		6,271	6,271 [1]		Deferred Charges
(809)		(809)	(808) [i]	•	Average Tax accruals
•	•	•	•	•	Cost Free Capital
		•	•	•	Excess Book Value
			63,759 [d]	(63,759)	Net Plant Acquisition Adjustment
				•	Gain on Sale and Flowback Taxes
(2,025)		(2.025)	(2,025) [k]	•	Customer Deposits
(22,745)		(22,745)	(22,745) [g]	•	Accumulated Deferred Income Taxes
		•	•	•	Advances in Aid of Construction
(67,484)	•	(67,484)	162 [e]	(67,646)	Contributions in Aid of Construction
46,749	•	46,749	11,102 [a]	35,647	Cash Working Capital
2,242,528	•	2,242.528	502,498	1,740,030	Net Plant In Service
(1,183,229)		(1,183,229)	(d) (887.101)	(0H-180,1)	Accumulated Depreciation
3,425,758		3,425,758	604,287 [c]	2,821,471	Gross Plant In Service
a conjunction	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	200	(4.076.47)	347,047	her Oberating matorine
188.089	78 856	100 737	C11 117)	313510	
Proposed Increase	Proposed Increase	Indirect Transactions	Allocation Adjustments	AA/UR (Direct) Transactions	
Effect of		Total Direct and			

Schedule C

Page 2 of 2

Rate Base Adjustment and Allocation Recap

Nags Head Sewer Operations Rate Base and Rate of Return Test Year December 31, 2014

Test Test December 31, 2014		Total Direct and					
	AA/UR (Direct)	Allocation	Indirect	Proposed	Proposed		
	Transactions	Adjustments	Transactions	Increase	Increase		
Net Operating Income	343,549	(234,317)	109,232	78,856	188,089		
Gross Plant In Service	2,821,471	604,287 [c]	3,425,758	F	3,425,758		
Accumulated Depreciation	(1,081,440)	(101,789) [b][j]	(1,183,229)	-	(1,183,229)		
Net Plant In Service	1,740,030	502,498	2,242,528	<del></del>	2,212,528		
Cash Working Capital	35,647	11,102 [a]	46,749	-	46,749		
Contributions In Aid of Construction	(67,646)	162 [e]	(67,484)	-	(67,484)		
Advances in Aid of Construction	-	-	-	•	•		
Accumulated Deferred Income Taxes	-	(22,745) [g]	(22,745)	-	(22,745)		
Customer Deposits	•	(2,025) [k]	(2,025)	-	(2,025)		
Gain on Sale and Flowback Taxes	-	•	-		-		
Net Plant Acquisition Adjustment	(63,759)	63.759 [d]	•	•	•		
Excess Book Value	-	-		•	•		
Cost Free Capital	-	•	-		-		
Average Tax accruals	-	(809) [i]	(809)	-	(809)		
Deferred Charges	<u> </u>	6,271 [f]	6,271	<del></del>	6,271		
Total Rate Base	1,641,272	558,213	2,202,485	· · ·	2,202,485		
Return on Rate Base	20.89%		4.96%	:	8.54%		

### Explanations of Adjustments to Rate Base

- [a] Working Capital is calculated based on pro forma expenses.
- [b] Accumulated depreciation is adjusted for planned additional capital investments, retirements, plant held for future use and allocated accumulated depreciation is added.
- [c] Includes Plant additions estimated and prorated; and allocated rate base is added.
- [d] Net PAA is removed.
- [e] CIAC: CIAC amortization expense is annualized using the appropriate amortization rate.
- [f] Deferred charges per books and pro-forma see w/p-c3.
- [g] Per wp-c3 additional accumulated deferred income based on pro-forma adjustments.
- [h] Intentionally left blank
- [i] Tax accrual has been adjusted per wp-e.
- A/D is adjusted based on restatement journal entry provided to Staff.
- [k] Customer deposits are booked on a Company and not subdivision basis and therefore Nags Head customer deposits are adjusted.

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Schedule D

Nags Head Consumption Analysis 01/01/14 - 12/31/14 TEST YEAR / PRESENT REVENUES

SEWER Bill code	-	Gallonage	Usage Charge	Units	ВГС	Min Charge	Revenues
<u>All Subs:</u>	Sewer Flat 5/8" Commercial Wastewater 1" Commercial Wastewater 1.5" Commercial Wastewater 2" Commercial Wastewater 3" Commercial Wastewater 4" Commercial Wastewater 6" Commercial Wastewater	738,340 4,146,780 1,362,760 5,032,400 - - 214,500	9.33 9.33 9.33 9.33 9.33 9.33 9.33	7,215 120 84 48 84 - - 12	62.81 18.48 46.22 92.42 147.88 277.27 462.12	62.81 62.81 62.81 62.81 62.81 62.81 62.81	453,174 9,106 42,572 17,151 59,374 - - 13,092
т	otal	11,494,780	-	7,563			594,469

Schedule E

Nags Head PROPOSED REVENUES

SEWER Usage Charge Min Charge Revenues Units BFC Bill code Gallonage All Subs: 76.11 549,155 7,215 76.11 Sewer Flat 11,035 76.11 11.31 120 22.39 738,340 5/8" Commercial Wastewater 51,589 76.11 56.01 4,146,780 11.31 84 1" Commercial Wastewater 76.11 20,783 48 111.99 1,362,760 11.31 1.5" Commercial Wastewater 76.11 71,949 179.20 5,032,400 11.31 84 2ª Commercial Wastewater 76.11 335.99 11.31 3" Commercial Wastewater 560.00 76.11 4" Commercial Wastewater 11.31 12 1,119.99 76.11 15,865 6" Commercial Wastewater 214,500 11.31 720,376 7,563 11,494,780 Total 720,376 11,494,780 7,563 Total

Nags Head Average Residential Bill @ Present & Proposed Rates Test Year Ended December 31, 2014

SEWER					Averag	je .	Increa	ase
		Usage	Base	<u>Minimum</u>	Usage	Bill	Amount	Percent
All Other Areas:	Current							
	Sewer Flat	_	62.81	62.81	-	62.81		
	5/8" Commercial Wastewater	9.33	18.48	62.81	6,152.83	75.89		
	1" Commercial Wastewater	9.33	46.22	62.81	49,366.43	506.81		
	1.5" Commercial Wastewater	9.33	92.42	62.81	28,390.83	357.31		
	2" Commercial Wastewater	9.33	147.88	62.81	59,909.52	706.84		
	3" Commercial Wastewater	9.33	277.27	62.81	-	277.27		
	4" Commercial Wastewater	9.33	462.12	62.81	-	462.12		
	6" Commercial Wastewater	9.33	924.24	62.81	17,875.00	1,091.01		
All Other Areas:	Proposed							
	Sewer Flat	-	76.11	76.11	-	76.11	13.30	21.18%
	5/8" Commercial Wastewater	11.31	22.39	76.11	6,152.83	91.96	16.07	21.18%
	1" Commercial Wastewater	11.31	56.01	76.11	49,366.43	614.15	107.34	21.18%
	1.5" Commercial Wastewater	11.31	111.99	76.11	28,390.83	432.98	75.68	21.18%
	2" Commercial Wastewater	11.31	179.20	76.11	59,909.52	856.54	149.71	21.18%
	3" Commercial Wastewater	11.31	335.99	76.11		335.99	58.72	21.18%
	4" Commercial Wastewater	11.31	560.00	76.11	-	560.00	97.88	21.18%
	6" Commercial Wastewater	11.31	1,119.99	76.11	17,875.00	1,322.09	231.07	21.18%

# DOCKET NO. W-354, SUB 344

Carolina Water Service, Inc. of North Carolina

APPLICATION FOR AUTHORITY TO INCREASE RATES FOR WATER AND SEWER UTILTY SERVICE IN ALL SERVICE AREAS OF NORTH CAROLINA

# Schedules B-E Corolla Light Monteray Shores

Corolla Light and Monteray Shores Combined Operations Test Year Ended December 31, 2014 Schedule B Page 1 of 4

Operating Revenues	AA/UR (Direct) Transactions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Service Revenues - Water		- [o]	-	-	- 400 5 47
Service Revenues - Sewer	1,129,763	(25,705) [a]	1,104,058	305,290 [k]	1,409,347
Miscellaneous Revenues	4,414	- [0]	4,414		4,414
Uncollectible Accounts	(418)		(418)	(116) [b]	(534)
Total Operating Revenues	1,133,758	(25,705)	1,108,054	305,174	1,413,227
Maintenance Expenses					
Salaries and Wages	136,343	(5,759) [c]	130,584	-	130,584
Purchased Power	72,364	(46) [l][o]	72,318	-	72,318
Purchased Water/Sewer	-	- [o]	•	-	-
Maintenance and Repair	118,397	768 [1][o]	119,164	-	119,164
Maintenance Testing	44,515	3 [1][0]	44,518	-	44,518
Meter Reading	3,220	(3,220) [1][0]	-	-	-
Chemicals	42,226	- [1]	42,226	-	42,226
Transportation	-	8,251 [1]	8,251	-	8,251
Operating Exp. Charged to Plant	(32,705)	8,027 [c]	(24,678)	-	(24,678)
Outside Services - Other	2,839	6,593 [1]	9,432		9,432
Total	387,198	14,617	401,815		401,815
General Expenses					
Salaries and Wages	(2)	24,911 [c]	24,909	-	2 <b>4,</b> 909
Office Supplies & Other Office Exp.	2,318	8,065 [1]	10,383	-	10,383
Regulatory Commission Exp.	117,640	(113,594) [d]	4,046	-	<b>4,04</b> 6
Pension & Other Benefits	-	30,083 [c]	30,083	' <b>-</b>	30,083
Rent	-	414 [l]	414	-	414
Insurance	•	10,085 [1]	10,085	-	10,085
Office Utilities	24,348	4,904 [1]	<b>29,2</b> 53	-	29,253
Miscellaneous	1,276	754_[j][l][p]	2,030		2,030
Total	145,581	(34,378)	111,203		111,203
Depreciation	338,559	(39,275) [e][o]	299,285	-	299,285
Amortization of PAA	-	- [e]	-	-	-
Taxes Other Than Income	-	14,292 [f]	14,292	366 [f]	14,658
Income Taxes - Federal	-	70,853 [g]	70,853	98,454 [g]	169,308
Income Taxes - State	-	10,968 [g]	10,968	15,241 [g]	26,209
Amortization of ITC	_	-	-	-	-
Amortization of CIAC	(128,422)	(9,562) [e]	(137,984)		(137,984)
Total	210,138	47,276	257,414	114,061	371,476
Total Operating Expenses	7 <b>4</b> 2,91 <b>7</b>	27,516	770,433	114,061	884,494
Net Operating Income	390,842	(53,221)	337,621	191, <u>112</u>	528,733
Other Income	-	_	_	-	-
Interest During Construction		- [h]	-	-	_
Interest on Debt	_	200,077 [i]	200,077	-	200,077
Gain on Sale of Utility Property	_	- [m]	-	-	-
Tax on Gain on Sale of Utility Property		[m]			
Net Income	390,842	(253,298)	137,544	191,112	328,656

Corolla Light and Monteray Shores Water Operations Test Year Ended December 31, 2014 Schedule B Page 2 of 4

	AA/UR (Direct)	Pro forma	Total Direct and Indirect	Proposed	Pro Forma
	Transactions	Adjustments	Transactions	Increase	Proposed
Operating Revenues		r.1			
Service Revenues - Water	-	<b>-</b> [o]	•	-	-
Service Revenues - Sewer	-	7 1-2	•	•	-
Miscendieous Revenues	-	- [o]	-	•	-
Uncollectible Accounts			<u> </u>	<del></del>	<u> </u>
Total Operating Revenues					
Maintenance Expenses					
Salaries and Wages	•	-	-	-	-
Purchased Power	-	<i>-</i> [o]	-	-	-
Purchased Water	-	- [o]	-	-	-
Maintenance and Repair	•	- [o]	-	-	=
Maintenance Testing	-	- [o]	-	-	-
Meter Reading	3,220	(3,220) [o]	-	-	-
Chemicals	-	•	-	-	-
Transportation	-	-	-	-	-
Operating Exp. Charged to Plant	-	-	-	-	-
Outside Services - Other			<del>.</del>		
Total	3,220	(3,220)	<u> </u>		
General Expenses					
Salaries and Wages	_	-	-	-	-
Office Supplies & Other Office Exp.	_	•	-	-	-
Regulatory Commission Exp.	•	-	•	-	-
Pension & Other Benefits	-	•	-	-	-
Rent	-	-		-	-
Insurance	-	-	-	-	-
Office Utilities	-	-	-	-	-
Miscellaneous	-	-	<u> </u>		
Total				-	
<b>5</b>		r_1			_
Depreciation (PAA	-	- [o]	•		-
Amortization of PAA	-	-	•	_	_
Taxes Other Than Income	-	-	•	_	_
Income Taxes - Federal	•	•	•	_	_
Income Taxes - State	-	-		_	_
Amortization of ITC	-	-		_	_
Amortization of CIAC	<del></del>	<del></del>			
Total					
Total Operating Expenses	3,220	(3,220)	<u> </u>		
Net Operating Income	(3,220)	3,220			
Other Income		_	_	_	-
Other Income	-	<u>-</u>	-	-	_
Interest During Construction	-	-	<u>-</u>	-	_
Interest on Debt	-	-	-	_	_
Gain on Sale of Utility Property	•	-	•		•
Tax on Gain on Sale of Utility Property	<u> </u>	<del></del>	<del></del>	<u> </u>	
Net Income	(3,220)	3,220			-

Corolla Light and Monteray Shores Sewer Operations Test Year Ended December 31, 2014

Schedule B Page 3 of 4

Operating Revenues	AA/UR (Direct) Transactions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Service Revenues - Water	-	- 	1 104 000	205 200 113	1,409,347
Service Revenues - Sewer	1,129,763	(25,705) [a]	1,104,058	305,290 [k]	
Miscellaneous Revenues	4,414	•	4,414	#16) [L]	4,414
Uncollectible Accounts	(418)	<del></del>	(418)	(116) [Ы	(534)
Total Operating Revenues	1,133,758	(25,705)	1,108,054	305,174	1,413,227
Maintenance Expenses					
Salaries and Wages	136,343	(5,759) [c]	130,584	-	130,584
Purchased Power	72,364	(46) [1]	72,318	-	72,318
Purchased Sewer	· <del>.</del>	2 7	=	-	-
Maintenance and Repair	118,397	768 [l]	119,164	-	119,164
Maintenance Testing	44,515	3 [1]	44,518	-	44,518
Meter Reading		- [i]	· <u>-</u>	-	-
Chemicals .	42,226	- 🗓	42,226	-	42,226
Transportation		8,251 [l]	8,251	-	8,251
Operating Exp. Charged to Plant	(32,705)	8,027 [c]	(24,678)	-	(24,678)
Outside Services - Other	2,839	6,593 [I]	9,432	_	9,432
Outside Services - Other	2,037	[1]			
Total	383,978	17,837	401,815		401,815
General Expenses					
Salaries and Wages	(2)	24,911 [c]	24,909	-	24,909
Office Supplies & Other Office Exp.	2.318	8,065 [1]	10,383	-	10,383
Regulatory Commission Exp.	117,640	(113,594) [d]	4,046		4,046
Pension & Other Benefits	-	30,083 [c]	30.083	-	30.083
Rent	_	414 [1]	414	_	414
Insurance	_	10,085 [1]	10.085	_	10.085
Office Utilities	24,348	4,904 [1]	29,253	_	29,253
Miscellaneous	1,276	754 [j][l]	2,030	_	2,030
Miscellaneous	1,276	7.54 (1)[1]	2,000		
Total	145,581	(34,378)	111,203		111,203
Depreciation	338,559	(39,275) [e]	299,285		299,285
Amortization of PAA	•	- [e]	· <u>-</u>		-
Taxes Other Than Income	_	14,292 [f]	14,292	366 [f]	14,658
Income Taxes - Federal	_	70,853 [g]	70,853	98,454 [g]	169,308
Income Taxes - State	_	10,968 [g]	10,968	15,241 [g]	26,209
Amortization of ITC	_		· -	-	_
Amortization of CIAC	(128,422)	(9,562) [e]	(137,984)		(137,984)
Total	210,138	47,276	257,414	114,061	371,476
Total Operating Expenses	739,697	30,736	770,433	114,061	884,494
1 0 1					
Net Operating Income	394,062	(56,441)	337,621	191,112	528,733
Other Income	-	-	•	-	-
Interest During Construction	-	- [h]	-	=	- 
Interest on Debt	.=	200,077 [i]	200,077	-	200,077
Gain on Sale of Utility Property	-	- <b>(</b> m)	-	-	-
Tax on Gain on Sale of Utility Property		[m]			- t
Net Income	394,062	(256,518)	137,544	191,112	328,656

Schedule B Page 4 of 4

- [a] Revenues are annualized at proposed rates using the average test year customers.
- [b] Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, Wages and Benefits are adjusted to annualize as of the end of the year.
- [d] Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and Amortization Expense are annualized. Depreciation expense represents gross depreciable plant at the end of the year plus pro forma projects multiplied by the respective depreciation rates. This adjustment also includes Corolla Light and Monteray Shores portion of the gain on sale calculation from The Effects of Gain on Sale Worksheet (note 9).
- [f] Taxes Other than Income is adjusted for annualized payroll taxes, Utility Commission Taxes, and Gross Receipts Taxes.
- [g] Income Taxes are computed on taxable income at current rates (34% federal and 5% state).
- [h] AFUDC is eliminated for rate making purposes.
- Interest on Debt has been computed using a 51.57% / 48.43% debt / equity ratio and a 6.60% cost of debt.
- [i] Penalties, if incurred, are removed.
- [k] Proposed revenue increase derived from Sch.D&E.
- [1] W/P-P1 column [p] add in allocations multiplied by Water/Sewer factor based on North Carolina ERC Methodology.
- [m] Gain on sale and related taxes are removed for rate making purposes.
- [n] This note is intentionally left blank.
- [0] Water revenues and expenses are removed for rate making purposes. These expenses and revenues are for sold subdivisions.

Corolla Light and Monteray Shores Combined Operations Rate Base and Rate of Return Test Year Ended December 31, 2014 Rate Base Adjustment and Allocation Recap

Schedule C Page 1 of 4

			Total Direct and		Effect of
	AA/UR (Direct)	Pro forma	Indirect	Proposed	Proposed
	Transactions	Adjustments	Transactions	Increase	Increase
Net Operating Income	390,842	(53,221)	337,621	191,112	528,733
Gross Plant In Service	13,126,043	137,561 [c]	13,263,605	-	13,263,605
Accumulated Depreciation	(1,603,075)	(13,533) [b][i]	(1,616,608)	-	(1,616,608)
Net Plant In Service	11,522,968	124,028	11,646,996	- '	11,646,996
Cash Working Capital	66,195	(281) [a]	65,914	•	65,914
Contributions In Aid of Construction	(4,689,824)	10,740 [d]	(4,679,084)	-	(4,679,084)
Advances in Aid of Construction	-	-	-	-	-
Accumulated Deferred Income Taxes	-	(845,414) [f]	(845,414)	-	(845,414)
Customer Deposits	-	(3,075) [j]	(3,075)	<u>.</u> .	(3,075)
Gain on Sale and Flowback Taxes	-	-	•	-	-
Net Plant Acquisition Adjustment	-	-	•	-	-
Excess Book Value	-	-	-	-	-
Cost Free Capital	•	-	-	-	-
Average Tax accruals	-	(2,735) [h]	(2,735)	-	(2,735)
Deferred Charges	1,604.76	6,487 [e]	8,092	<u> </u>	8,092
Total Rate Base	6,900,944	(710,250)	6,190,694	<u> </u>	6,190,694
Return on Rate Base	5.66%		5.45%	=	8.54%

Corolla Light and Monteray Shores Water Operations		Rate Base Adjustment and Allocation Recap									
Rate Base and Rate of Return											
Test Year Ended December 31, 2014											
			Total Direct and		Effect of						
	AA/UR (Direct)	Pro forma	Indirect	Proposed	Proposed						
	Transactions	Adjustments	Transactions	Increase	Increase						
Net Operating Income	(3,220.00)	3,220.00	<u> </u>		<u>-</u>						
Gross Plant In Service	•	-	-	-	-						
Accumulated Depreciation	-	=	•								
Net Plant In Service	•	-	-	-							
Cash Working Capital	-	-	•	-	=						
Contributions In Aid of Construction	-	-	-	-	=						
Advances in Aid of Construction	-	-	•	-	-						
Accumulated Deferred Income Taxes	-	-	-	-	-						
Customer Deposits	-	•	-	-	-						
Gain on Sale and Flowback Taxes	•	-	-		-						
Net Plant Acquisition Adjustment	-	-	-	-	-						
Excess Book Value	-	-	-	-	-						

(1,604.76)

(1,604.76)

1,604.76 1,604.76

Cost Free Capital Average Tax accruals

Deferred charges

Total Rate Base

Schedule C Rate Base Adjustment and Allocation Recap Page 3 of 4

Corolla Light and Monteray Shores Sewer Operations Rate Base and Rate of Return Test Year Ended December 31, 2014

			Total Direct and		Effect of
	AA/UR (Direct)	Pro forma	Indirect	Proposed	Proposed
	Transactions	Adjustments	Transactions	Increase	Increase
Net Operating Income	394,062	(56,441)	337,621	191,112	528,733
Gross Plant In Service	13,126,043	137,561 [c]	13,263,605	<u>-</u>	13,263,605
Accumulated Depreciation	(1,603,075)	(13,533) [b][i]	(1,616,608)	<u>-</u>	(1,616,608)
Net Plant In Service	11,522,968	124,028	11,646,996	-	11,646,996
Cash Working Capital	66,195	(281) [a]	65,914	-	65,914
Contributions In Aid of Construction	(4,689,824)	10,740 [d]	(4,679,084)	-	(4,679,084)
Advances in Aid of Construction	-	-	-	-	-
Accumulated Deferred Income Taxes	-	(845,414) [f]	(845,414)	-	(845,414)
Customer Deposits	•	(3,075) [j]	(3,075)	-	(3,075)
Gain on Sale and Flowback Taxes	-	•	-		-
Net Plant Acquisition Adjustment	-	•	-	-	-
Excess Book Value	-	-	-	-	-
Cost Free Capital	-	•	-		-
Average Tax accruals	-	(2,735) [h]	(2,735)	-	(2,735)
Deferred Charges		8,092 [e]	8,092	<del></del> .	8,092
Total Rate Base	6,899,340	(708,646)	6,190,694	<u> </u>	6,190,694
Return on Rate Base	5.71%	:	5.45%	:	8.54%

Schedule C Page 4 of 4

[a] Working Capital is calculated based on pro forma expenses.

**Explanations of Adjustments to Rate Base** 

- [b] Accumulated depreciation is adjusted for planned additional capital investments, retirements, plant held for future use and allocated accumulated depreciation is added. This adjustment also includes Corolla Light and Monteray Shores portion of the gain on sale calculation from The Effects of Gain on Sale Worksheet (note 8).
- Includes Plant additions estimated and prorated; and allocated rate base is added. This adjustment also includes Corolla Light and Monteray Shores portion of the gain on sale calculation from The Effects of Gain on Sale Worksheet (note 8).
- [d] CIAC: CIAC amortization expense is annualized using the appropriate amortization rate.
- Deferred charges per books and pro-forma see w/p-c3.
- Per wp-c3 additional accumulated deferred income based on pro-forma adjustments. ADIT is booked on Company 182 (CWS of NC level) per books and adjusted on a company specific basis for rate making purposes
- Intentionally left blank.
- [h] Tax accrual has been adjusted per wp-e.
- [i] Organization A/D per restatement journal entry provided to Staff is removed.
- OBX Customer Deposits are booked at the Co. 182 level therefore the per book numbers are recalculated.

Corolla Light and Monteray Shores Consumption Analysis 01/01/14 - 12/31/14 TEST YEAR / PRESENT REVENUES

Schedule D

SEWE	₹
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Bill code		Gallonage	Usage Charge	Units	BFC	Min Charge	Revenues
All Subs:							
<del></del>	5/8" Residential Wastewater	37,866,113	6.65	8,710.00	52.26	-	706,994
	1" Residential Wastewater	9,523,489	6.65	1;052.00	130.65	-	200,775
	1.5" Residential Wastewater	-	6.65	-	261.30	-	-
	2" Residential Wastewater	-	6.65	-	418.08	-	-
	3" Residential Wastewater	_	6.65	_	783.90	-	-
	4" Residential Wastewater	_	6.65	-	1,306.50	-	-
	6" Residential Wastewater	-	6.65	-	2,613.00	-	-
	5/8" Commercial Wastewater	7,306,870	6.65	857.00	52.26	-	93,378
	1" Commercial Wastewater	2,542,920	6.65	187.00	130.65	-	41,342
	1.5" Commercial Wastewater	1,118,400	6.65	36.00	261.30		16,844
	2" Commercial Wastewater	2,125,900	6.65	48.00	418.08	-	34,205
	3" Commercial Wastewater	133,000	6.65	12.00	783.90	-	10,291
	4" Commercial Wastewater	_	6.65	_	1,306.50	-	-
	6" Commercial Wastewater	-	6.65	-	2,613.00	-	-
Total		60,616,692		10,902			\$ 1,103,829

Corolla Light and Monteray Shores Consumption Analysis 07/01/11 - 06/30/12 PROPOSED REVENUES Schedule E

<u>SEWER</u>	-,						
Bill code		Gallonage	Usage Charge	Units	BFC	Min Charge	Kevenues
All Subs:							
	5/8" Residential Wastewater	37,866,113	8.49	8,710.00	66.72	-	902,676
	1" Residential Wastewater	9,523,489	8.49	1,052.00	166.81	-	256,346
	1.5" Residential Wastewater	· · · · -	8.49	-	333.62	=	-
	2" Residential Wastewater	-	8.49	-	533.80		-
	3" Residential Wastewater	_	8.49	-	1,000.87	-	-
	4" Residential Wastewater	-	8.49	-	1,668.11	-	-
	6" Residential Wastewater	-	8.49	-	3,336.23	-	-
	5/8" Commercial Wastewater	7,306,870	8.49	857.00	66.72	-	119,223
	1" Commercial Wastewater	2,542,920	8.49	187.00	166.81	-	52,785
	1.5" Commercial Wastewater	1,118,400	8.49	36.00	333.62	-	21,506
	2" Commercial Wastewater	2,125,900	8.49	48.00	533.80	=	43,672
	3" Commercial Wastewater	133,000	8.49	12.00	1,000.87	-	13,140
•	4" Commercial Wastewater	-	8.49	-	1,668.11	-	
	6" Commercial Wastewater	-	8.49	-	3,336.23	-	-
Total		60,616,692		10,902			1,409,347

Corolla Light and Monteray Shores Average Residential Bill @ Present & Proposed Rates Test Year Ended December 31, 2014

# SEWER

								Ave	erage		
All Other Areas:	Current	Usage		e Base		Minimum		Usage	Bill		
	5/8" Residential Wastewater	\$	6.65	\$	52.26	\$	-	4,347	\$	81.17	
	1" Residential Wastewater		6.65		130.65		-	9,053		190.85	
	1.5" Residential Wastewater		6.65		261.30		-			261.30	
	2" Residential Wastewater		6.65		418.08		-	-		418.08	
	3" Residential Wastewater		6.65		783.90		-	-		783.90	
	4" Residential Wastewater		6.65		1,306.50		-	-		1,306.50	
	6" Residential Wastewater		6.65		2,613.00		-	-		2,613.00	
	5/8" Commercial Wastewater		6.65		52.26		-	8,526		108.96	
	1" Commercial Wastewater		6.65		130.65		-	13,599		221.08	
	1.5" Commercial Wastewater		6.65		261.30		*	31,067		467.89	
	2" Commercial Wastewater		6.65		418.08		2	44,290		712.61	
	3" Commercial Wastewater		6.65		783.90		-	11,083		857.60	
	4" Commercial Wastewater		6.65		1,306.50		-			1,306.50	
	6" Commercial Wastewater		6.65		2,613.00		-	-		2,613.00	

								Average				Increase			
All Other Areas:	Proposed	Usage		Base		Minimum		Usage		Bill		Amount_	Percent		
	5/8" Residential Wastewater	\$	8.49	\$	66.72	\$	-	4,347	\$	103.64	\$	22.47	27.68%		
	1" Residential Wastewater		8.49		166.81		-	9,053		243.67		52.82	27.68%		
	1.5" Residential Wastewater		8.49		333.62		-	-		333.62		72.32	27.68%		
	2" Residential Wastewater		8.49		533.80		-			533.80		115.72	27.68%		
	3" Residential Wastewater		8.49		1,000.87		-	-		1,000.87		216.97	27.68%		
	4" Residential Wastewater		8.49		1,668.11			-		1,668.11		361.61	27.68%		
	6" Residential Wastewater		8.49		3,336.23		-	-		3,336.23		723.23	27.68%		
	5/8" Commercial Wastewater		8.49		66.72		250	8,526		139.12		30.16	27.68%		
	1" Commercial Wastewater		8.49		166.81		-	13,599		282.27		61.19	27.68%		
	1.5" Commercial Wastewater		8.49		333.62		(+)	31,067		597.40		129.50	27.68%		
	2" Commercial Wastewater		8.49		533.80		-	44,290		909.84		197.24	27.68%		
	3" Commercial Wastewater		8.49		1,000.87		-	11,083		1,094.97		237.37	27.68%		
	4" Commercial Wastewater		8.49		1,668.11		-	-		1,668.11		361.61	27.68%		
	6" Commercial Wastewater		8.49		3,336.23		-	- 1		3,336.23		723.23	27.68%		

### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that she has served a copy of the foregoing APPLICATION FOR A GENERAL INCREASE IN RATES filed by Carolina Water Service, Inc. of North Carolina in Docket No W-354, Sub 344, on the Public Staff, North Carolina Utilities Commission, by hand-delivery or electronic transmission to Ms. Antoinette Wike, Chief Counsel.

This the 31st day of March 2015.

Attorney for Carolina Water Service, Inc. of North Carolina

Electronically Submitted /s/Jo Anne Sanford Sanford Law Office, PLLC P.O. Box 28085 Raleigh, NC 27611-8085 State Bar No. 6831

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