

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

FILED
OCT 20 2015
Clerk's Office
N.C. Utilities Commission

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)

FENG ZHANG

CALVIN C. CRAIG, III

EXHIBITS

✓ 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)

Vol 1 {
Vol 2 {

- Vol 2
- ✓ 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)
- Vol 3
- ✓ Fernald Exhibit 1 (I/A)
 - ✓ Zhang Exhibit 1 (I/A)
 - ✓ Exhibits CCC-1 through CCC-8 (I/A)
 - ✓ Henry Exhibit 1 (I/A)
 - ✓ Casselberry Exhibits 1 – 22 (I/A)
 - ✓ Stipulation (A)

JUDICIAL NOTICE

COPIES ORDERED: Holt - (email); Casselberry – (email)
REPORTED BY: Kim Mitchell
TRANSCRIBED BY: Kim Mitchell
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.mckenzie@psncuc.nc.gov~~ *Gina.Casselberry@psncuc.nc.gov*

COMMUNICATIONS _____

ELECTRIC _____

GAS _____

TRANSPORTATION _____

ECONOMICS _____

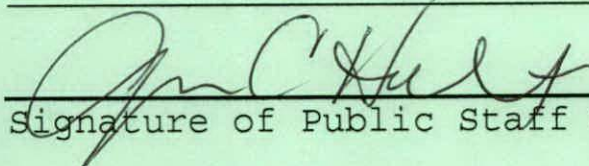
LEGAL gina.holt@psncuc.nc.gov

CONSUMER SERVICES _____

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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 H. BENNINK, JR.
FIRM NAME BENNINK LAW OFFICE
ADDRESS 130 MURPHY DRIVE
CITY CARY, NC ZIP 27513

APPEARING FOR: CAROLINA WATER SERVICE, INC. OF NC

APPLICANT <input checked="" type="checkbox"/>	COMPLAINANT <input type="checkbox"/>	INTERVENER <input type="checkbox"/>
PROTESTANT <input type="checkbox"/>	RESPONDENT <input type="checkbox"/>	DEFENDANT <input type="checkbox"/>

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](http://NCUC.commerce.state.nc.us/docksrch.html) under the respective docket number.

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Name: _____
Phone #: _____
Email: _____

Signature: _____

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Signature: Robert H. Bennink, Jr.

NORTH CAROLINA UTILITIES COMMISSION

APPEARANCE SLIP

Dwight Allen
Brady Allen

DATE 10-20-15 DOCKET #: W-354, Sub 344
NAME AND TITLE OF ATTORNEY _____
FIRM NAME Allen Law Offices, PLLC
ADDRESS 1514 Glenwood Ave. Suite 200
CITY Raleigh 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](http://NCUC.commerce.state.nc.us/docksrch.html) under the respective docket number.

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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: _____

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

Aug 21 2015



SCHEDULE OF RATES

for

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINAfor providing water and sewer utility service inIN ALL OF ITS SERVICE AREAS IN NORTH CAROLINA
(excluding Corolla Light, Monterey 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	\$ 273.75
4" meter	\$ 456.25
6" meter	\$ 912.50

Usage Charge, per 1,000 gallons

A. Treated Water	\$ 5.44
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

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:^{2/}

If water service cut off by utility for good cause \$ 27.00

If water service is discontinued at customer's request \$ 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 \$ 50.00

For meters 1" or larger Actual Cost

Irrigation Meter Installation: Actual Cost

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>	<u>CC</u>	<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 Bldrs.)	\$ 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

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:

Sewer customers who do not receive water service From Company (per SFE or Single Family Equivalent)	\$ 44.70
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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

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 White Oak Estates Subdivision Service Area:

Monthly Flat Rate 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

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	\$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:

<u>Subdivision</u>	<u>CC</u>	<u>PMF</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
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
Huntwick	\$ 0.00	\$ 0.00
Independent/Hemby Acres/Beacon Hills (Griffin Bldrs.)	\$ 0.00	\$ 0.00
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	\$2,000.00	\$ 0.00
Woodside Falls	\$ 0.00	\$ 0.00

MISCELLANEOUS UTILITY MATTERS

<u>Charge for Processing NSF Checks:</u>	\$ 25.00
<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	21 days after billing date
<u>Billing Frequency:</u>	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.
<u>Finance Charge for Late Payment:</u>	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/} 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.
- ^{5/} 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.

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

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	\$2,613.00

B. Usage Charge, per 1,000 gallons
(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 2Uniform Connection Fees: ^{2/}

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:

<u>Subdivision</u>	<u>CC</u>	<u>PMF</u>
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:

^{1/} 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.

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

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	\$ 18.48
1" meter	\$ 46.22
1 1/2" meter	\$ 92.42
2" meter	\$147.88
3" meter	\$277.27
4" meter	\$462.12
6" meter	\$924.24

Usage charge, per 1,000 gallons (based on metered water usage)	\$ 9.33
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Minimum Monthly Charge	\$ 62.81
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<u>Monthly Flat Rate Service:</u>	\$ 62.81
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<u>New Sewer Customer Charge:</u>	\$ 20.70
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Reconnection Charge:^{1/}

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

Uniform Connection Fees:^{2/}

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

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:

^{1/} 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.

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

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	\$ 72.00
Usage charge, per 1,000 gallons	\$ 3.08

Flat Residential Rate (Actual taps)	\$ 31.68
Flat Availability Rate (Non-user only)	\$ 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:	Actual Cost
If service discontinued at customers request:	Actual Cost

Reconnection Charge: (Commercial)

If water service cut off by utility for good cause:	\$ 25.92
If service discontinued at customers request:	\$ 25.92

OTHER MATTERS

<u>Bills due:</u>	On billing date
<u>Bills Past Due:</u>	15 days after billing date
<u>Returned Check Charge:</u>	\$24.00
<u>Billing Frequency:</u> ^{3/}	Shall be quarterly for service in arrears
<u>Finance Charge for Late Payment:</u>	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 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.

^{2/} The Utility shall itemize the estimated cost of disconnecting and reconnecting service and shall furnish the estimate to customer with cut-off notice.

^{3/} 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

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	\$ 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

A. Treated Water	\$ 6.70
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: \$ 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:^{2/}

If water service cut off by utility for good cause \$ 27.00

If water service is discontinued at customer's request \$ 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 \$ 50.00
For meters 1" or larger Actual Cost

Irrigation Meter Installation: Actual Cost

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>	<u>CC</u>	<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 Bldrs.)	\$ 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

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
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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
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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

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 White Oak Estates Subdivision Service Area:

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

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

Uniform Connection Fees:

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:

<u>Subdivision</u>	<u>CC</u>	<u>PMF</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
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
Huntwick	\$ 0.00	\$ 0.00
Independent/Hemby Acres/Beacon Hills (Griffin Bldrs.)	\$ 0.00	\$ 0.00
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	\$2,000.00	\$ 0.00
Woodside Falls	\$ 0.00	\$ 0.00

MISCELLANEOUS UTILITY
MATTERS

<u>Charge for Processing NSF Checks:</u>	\$ 25.00
<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	21 days after billing date
<u>Billing Frequency:</u>	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.
<u>Finance Charge for Late Payment:</u>	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/} 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.
- ^{5/} 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.

SCHEDULE OF RATES

for

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINAfor providing sewer utility service inCOROLLA 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 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

Uniform Connection Fees: ^{2/}

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:

<u>Subdivision</u>	<u>CC</u>	<u>PMF</u>
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:

^{1/} 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.

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	\$ 22.39
1" meter	\$ 56.01
1 1/2" meter	\$ 111.99
2" meter	\$ 179.20
3" meter	\$ 335.99
4" meter	\$ 560.00
6" meter	\$1,924.24

Usage charge, per 1,000 gallons (based on metered water usage)	\$ 11.31
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Minimum Monthly Charge	\$ 76.11
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<u>Monthly Flat Rate Service:</u>	\$ 76.11
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<u>New Sewer Customer Charge:</u>	\$ 20.70
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Reconnection Charge: ^{1/}

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

Uniform Connection Fees: ^{2/}

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

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:

^{1/} 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.

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

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	\$ 72.00
Usage charge, per 1,000 gallons	\$ 3.08

Flat Residential Rate (Actual taps)	\$ 31.68
Flat Availability Rate (Non-user only)	\$ 10.80

<u>Meter Testing Fee:</u> ^{1'}	\$ 19.20
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<u>New Water Customer Charge:</u>	\$ 25.92
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<u>Connection Charge:</u> (New Residential Connection Only)	\$ 400.00
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Reconnection Charge: ^{2'} (Residential)

If water service cut off by utility for good cause:	Actual Cost
If service discontinued at customers request:	Actual Cost

Reconnection Charge: (Commercial)

If water service cut off by utility for good cause:	\$ 25.92
If service discontinued at customers request:	\$ 25.92

OTHER MATTERS

<u>Bills due:</u>	On billing date
<u>Bills Past Due:</u>	15 days after billing date
<u>Returned Check Charge:</u>	\$24.00
<u>Billing Frequency:</u> ^{3/}	Shall be quarterly for service in arrears
<u>Finance Charge for Late Payment:</u>	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 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.

^{2/} The Utility shall itemize the estimated cost of disconnecting and reconnecting service, and shall furnish the estimate to customer with cut-off notice.

^{3/} 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 3

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**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)**

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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.

Description: 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.

Description: 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.

Description: 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.

Description: 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.

Description: 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.

Description: 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.

Description: 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.

Description: 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.

Description: 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.

Description: 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	106,600	-	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	W	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][1]	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
						\$ 1,790,900	\$ -		

(1) Whispering 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.

I/A

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

<u>Type Of Capital</u>	<u>Amount Outstanding</u>	<u>Ratios (1)</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
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	<u>\$ 367,441,949</u>	<u>100.00%</u>		<u>8.54%</u>

Notes:

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

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

<u>Line No.</u>	<u>Principal Methods</u>	<u>Proxy Group of Eight Water Companies</u>
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)	<u>10.63</u>
5.	Indicated Common Equity Cost Rate before Adjustment for Business Risks	10.02 %
6.	Size Adjustment (5)	<u>0.40</u>
7.	Indicated Common Equity Cost Rate	<u>10.42 %</u>
8.	Recommended Common Equity Cost Rate	<u>10.40 %</u>

- 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.

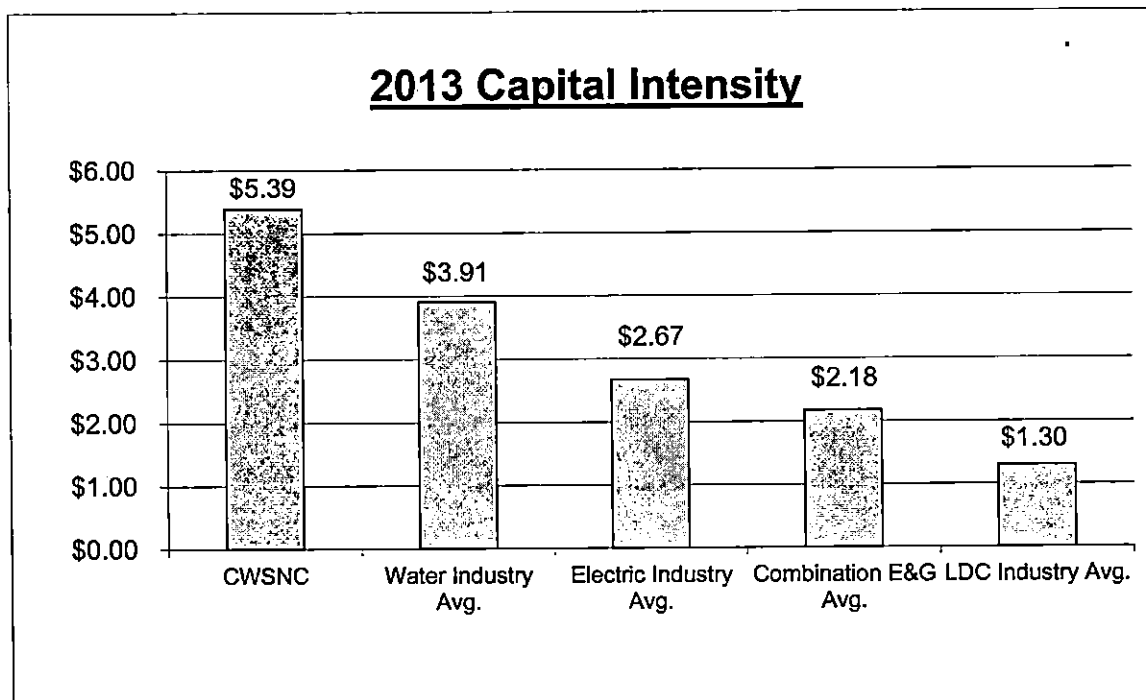
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IIA

Carolina Water Service, Inc. of NC
 2013 Capital Intensity of Carolina Water Service, Inc. of NC and
AUS Utility Reports Utility Companies Industry Averages

	Average Net Plant (\$ mill)	Total Operating Revenue (\$ mill)	Capital Intensity (\$)	Capital Intensity CWSNC v. Other Industries (times)
Carolina Water Service, Inc. of NC	\$ 83.86	\$ 15.56	\$ 5.39	--
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

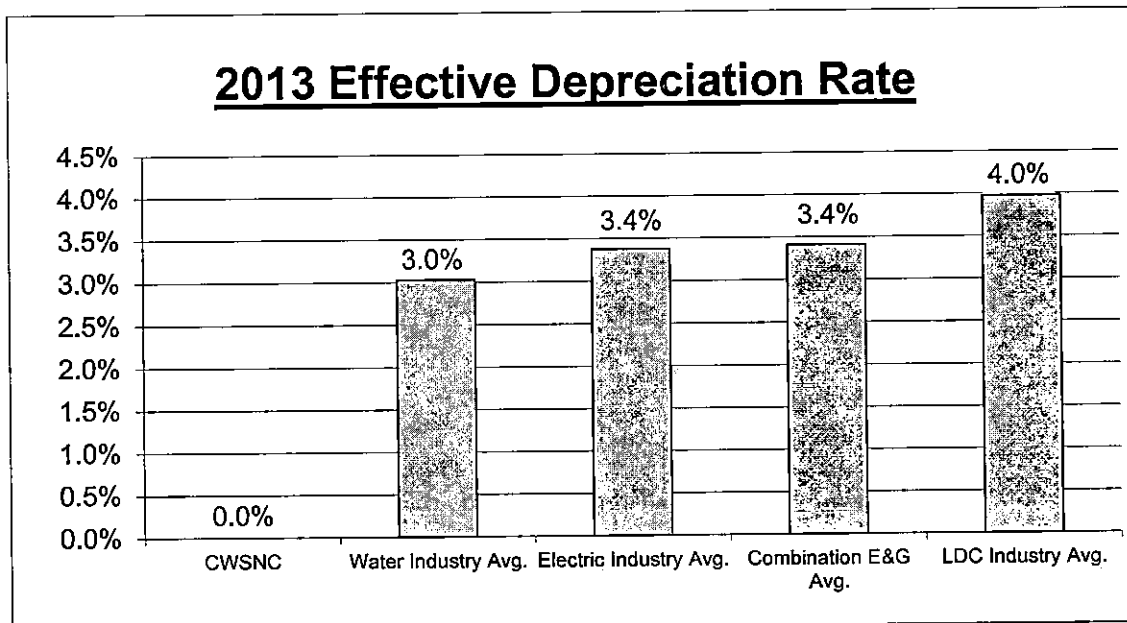
Carolina Water Service Inc. of NC Annual Report to the North Carolina Utilities Commission for the year ended December 31, 2013.

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

	Depreciation Depletion & Amort. Expense (\$ mill)	Average Total Gross Plant Less CWIP (\$ mill)	Depreciation Rate (%)	Depreciation Rate CWSNC v. Other Industries (times)
Carolina Water Service, Inc. of NC	\$ 2.06	\$ 81.45	2.5%	--
Water Industry Average	\$ 77.95	\$ 2,572.41	3.0%	83.33%
Electric Industry Average	\$ 706.06	\$ 20,900.90	3.4%	73.53%
Combination Elec. & Gas Industry Average	\$ 717.06	\$ 21,024.41	3.4%	73.53%
LDC Gas Distribution Industry Average	\$ 182.93	\$ 4,602.26	4.0%	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.

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

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	2013	2012	2011	2010	2009	
	(MILLIONS OF DOLLARS)					
CAPITALIZATION STATISTICS						
AMOUNT OF CAPITAL EMPLOYED						
TOTAL PERMANENT CAPITAL	\$2,058.747	\$1,998.358	\$1,926.369	\$1,901.851	\$1,821.915	
SHORT-TERM DEBT	\$95.589	\$60.594	\$89.698	\$56.420	\$31.872	
TOTAL CAPITAL EMPLOYED	\$2,154.336	\$2,058.952	\$2,016.067	\$1,958.271	\$1,853.794	
INDICATED AVERAGE CAPITAL COST RATES (2)						
TOTAL DEBT	5.19 %	5.36 %	5.32 %	5.37 %	5.34 %	
PREFERRED STOCK	5.51 %	5.53 %	5.53 %	5.54 %	5.54 %	
						5 YEAR AVERAGE
CAPITAL STRUCTURE RATIOS						
BASED ON TOTAL PERMANENT CAPITAL:						
LONG-TERM DEBT	46.24 %	49.32 %	50.91 %	50.74 %	50.38 %	49.52 %
PREFERRED STOCK	0.16	0.18	0.21	0.21	0.24	0.20
COMMON EQUITY	53.60	50.50	48.88	49.05	49.38	50.28
TOTAL	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
BASED ON TOTAL CAPITAL:						
TOTAL DEBT, INCLUDING SHORT-TERM	47.77 %	50.87 %	52.68 %	52.82 %	52.56 %	51.34 %
PREFERRED STOCK	0.15	0.17	0.19	0.20	0.21	0.18
COMMON EQUITY	52.08	48.96	47.13	46.98	47.23	48.48
TOTAL	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
FINANCIAL STATISTICS						
FINANCIAL RATIOS - MARKET BASED						
EARNINGS / PRICE RATIO	5.07 %	5.88 %	5.75 %	5.91 %	3.78 %	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 %	9.30 %	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 %	52.68 %	52.82 %	52.56 %	51.34 %

Notes:

- (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

	2013	2012	2011	2010	2009	5 YEAR AVERAGE
<u>American States</u> <u>Water Co.</u>						
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	53.05	56.10
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<u>American Water</u> <u>Works Co., Inc.</u>						
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	47.41	45.49	44.01	42.98	42.72	44.52
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<u>Aqua America, Inc.</u>						
Long-Term Debt	50.32 %	53.41 %	54.11 %	57.05 %	56.59 %	54.29 %
Preferred Stock	0.01	0.01	0.02	0.02	0.02	0.02
Common Equity	49.67	46.58	45.87	42.93	43.39	45.69
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<u>California Water</u> <u>Service Group</u>						
Long-Term Debt	42.03 %	50.39 %	52.04 %	52.51 %	47.93 %	48.98 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	57.97	49.61	47.96	47.49	52.07	51.02
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<u>Connecticut Water</u> <u>Service, Inc.</u>						
Long-Term Debt	47.34 %	49.03 %	53.05 %	49.32 %	50.59 %	49.87 %
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 %
<u>Middlesex Water</u> <u>Company</u>						
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 %
<u>SIW Corporation</u>						
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 %
<u>York Water</u> <u>Company</u>						
Long-Term Debt	45.07 %	45.98 %	47.16 %	48.28 %	47.16 %	46.73 %
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 %
<u>Proxy Group of</u> <u>Eight Water</u> <u>Companies</u>						
Long-Term Debt	46.24 %	49.32 %	50.91 %	50.74 %	50.38 %	49.52 %
Preferred Stock	0.16	0.18	0.21	0.21	0.24	0.20
Common Equity	53.60	50.50	48.88	49.05	49.38	50.28
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

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

IIA

Carolina Water Service, Inc. of NC
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.	2.29	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
SJW 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:

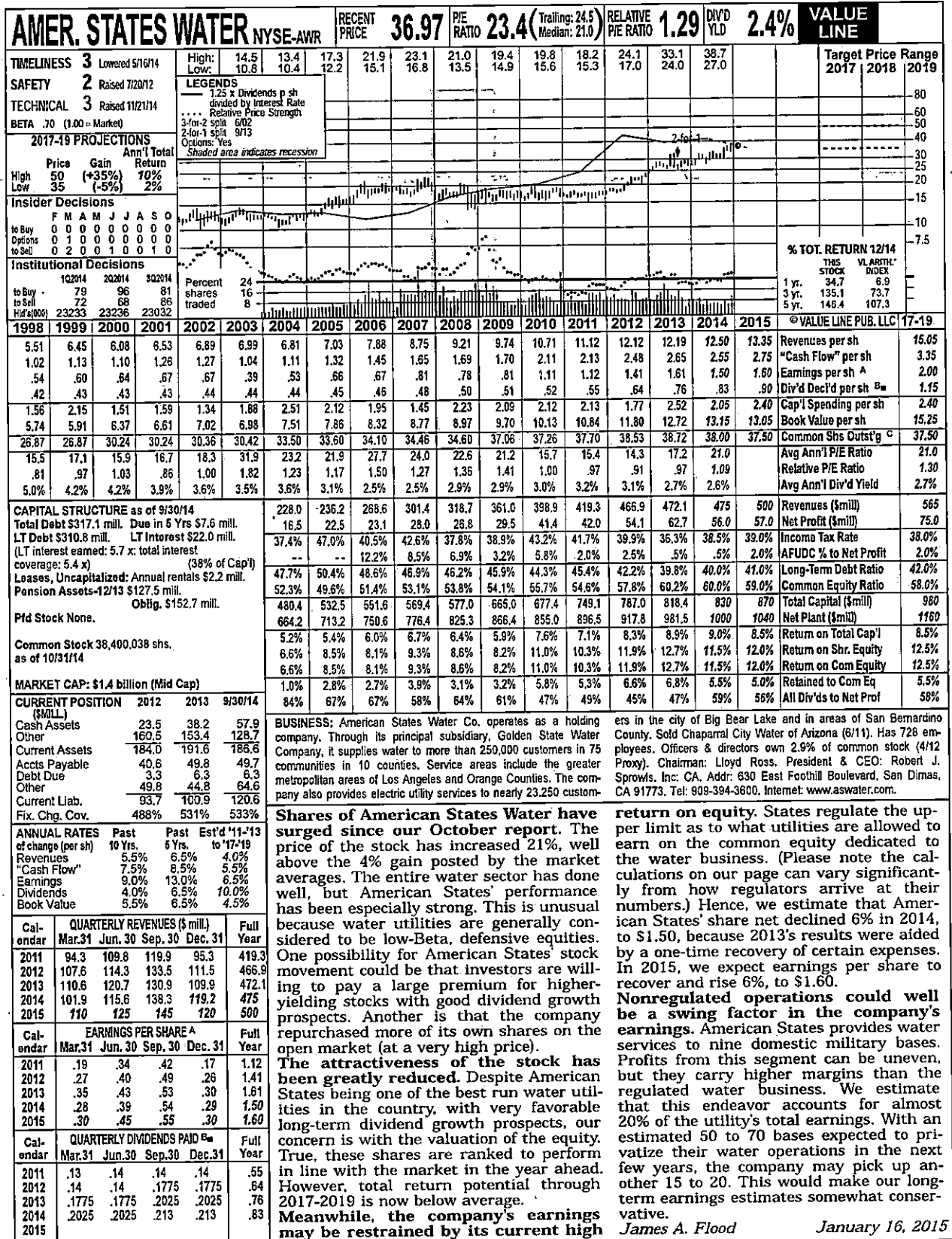
- (1) Indicated dividend at 02/27/2015 divided by the average closing price of the last 60 trading days ending 02/27/2015 for each company.
- (2) From pages 2 through 10 of this Exhibit.
- (3) Average of columns 2 through 5 excluding negative growth rates.
- (4) This reflects a growth rate component 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., $2.23\% \times (1 + (1/2 \times 3.63\%)) = 2.27\%$.
- (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

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(A) Primary earnings. Excludes nonrecurring gains/losses: '04, 7c; '05, 13c; '06, 3c; '08, (14c); '10, (23c); '11, 10c. Next earnings report due mid February. Quarterly earnings 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 splits.

Company's Financial Strength A
Stock's Price Stability 85
Price Growth Persistence 65
Earnings Predictability 85

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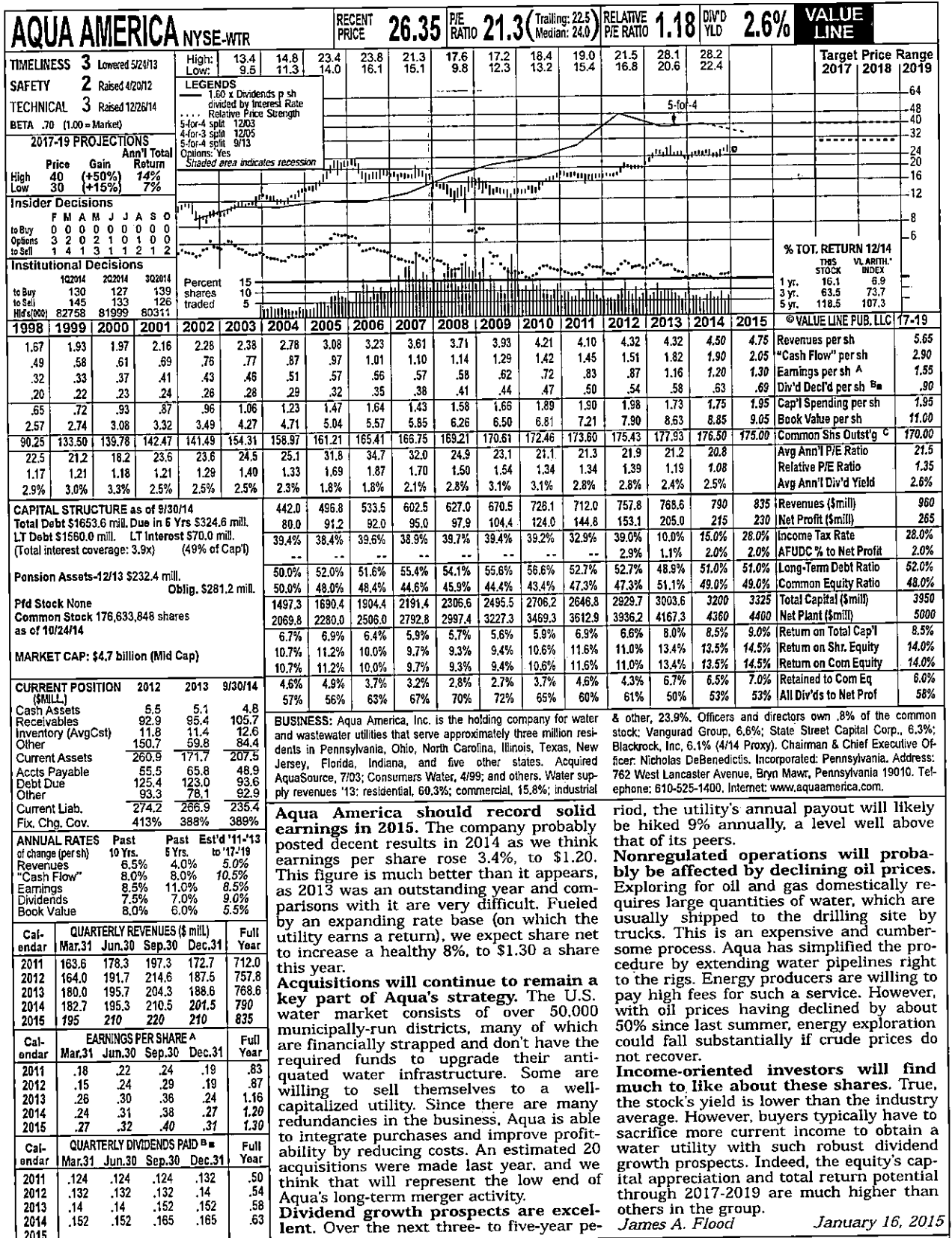
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[illegible]

(A) Diluted earnings. Excludes nonrecurring losses: '08, \$4.62; '09, \$2.63; '11, \$0.07. Discontinued operations: '08, (4¢); '11, 3¢; '12, (10¢); '14, 3¢. Next earnings report due early Feb. Quarterly earnings may not sum due to rounding. (B) Dividends paid in March, June, September, and December. ■ Div. reinvestment available. Two payments made in 4th quarter of 2012. (C) In millions. (D) Includes intangibles. In 2013: \$1.21 billion, \$6.78/share. (E) Pro forma numbers for '06 & '07.

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

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(A) Diluted egs. Excl. nonrec. gains (losses): '99, (9c); '00, 2c; '01, 2c; '02, 4c; '03, 3c; '12, 18c. Excl. gain from disc. operations: '12, 7c; '13, 9c. May not sum due to rounding. Next 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 A
Stock's Price Stability 100
Price Growth Persistence 60
Earnings Predictability 95

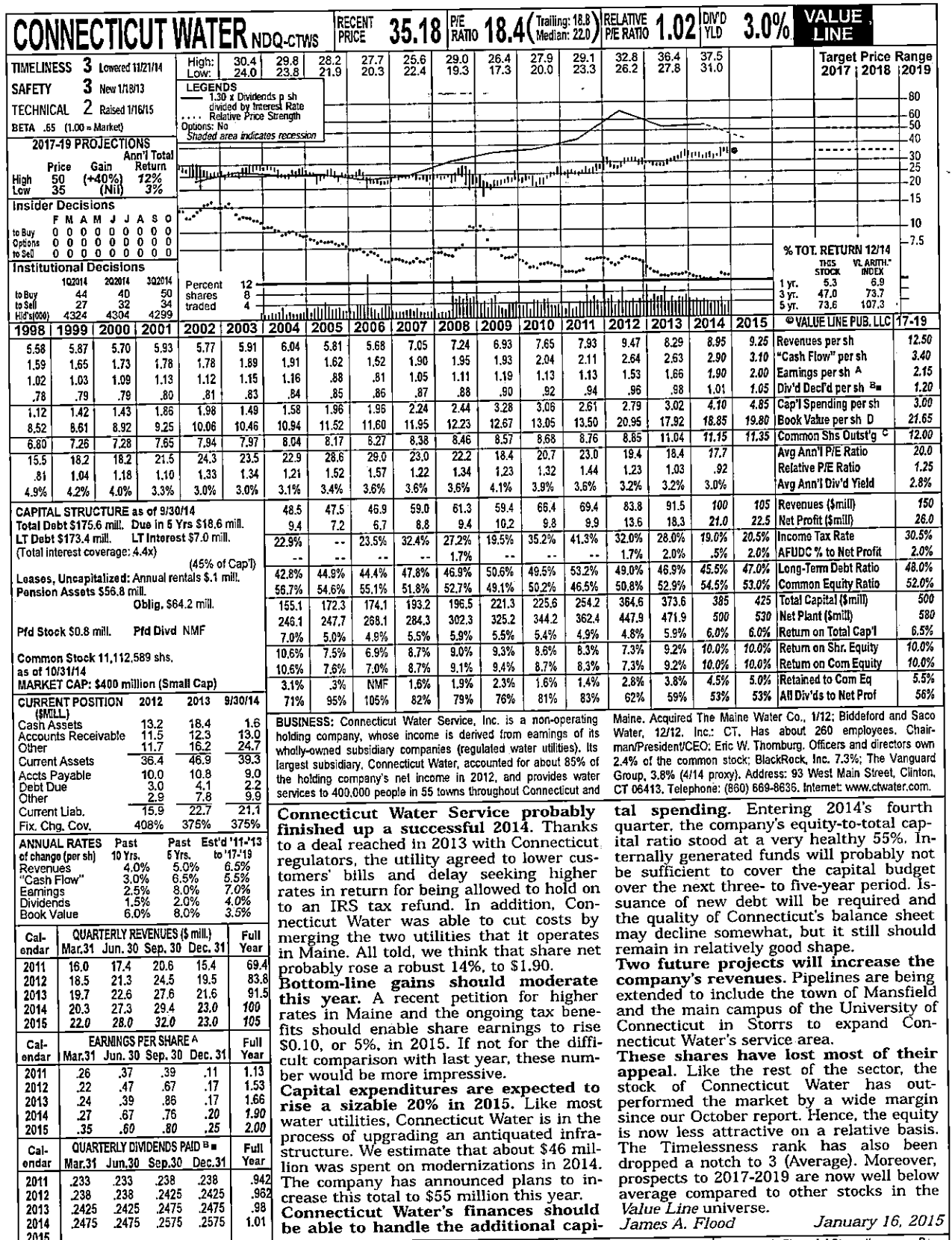
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Company's Financial Strength	B+
Stock's Price Stability	9
Price Growth Persistence	4
Earnings Predictability	9

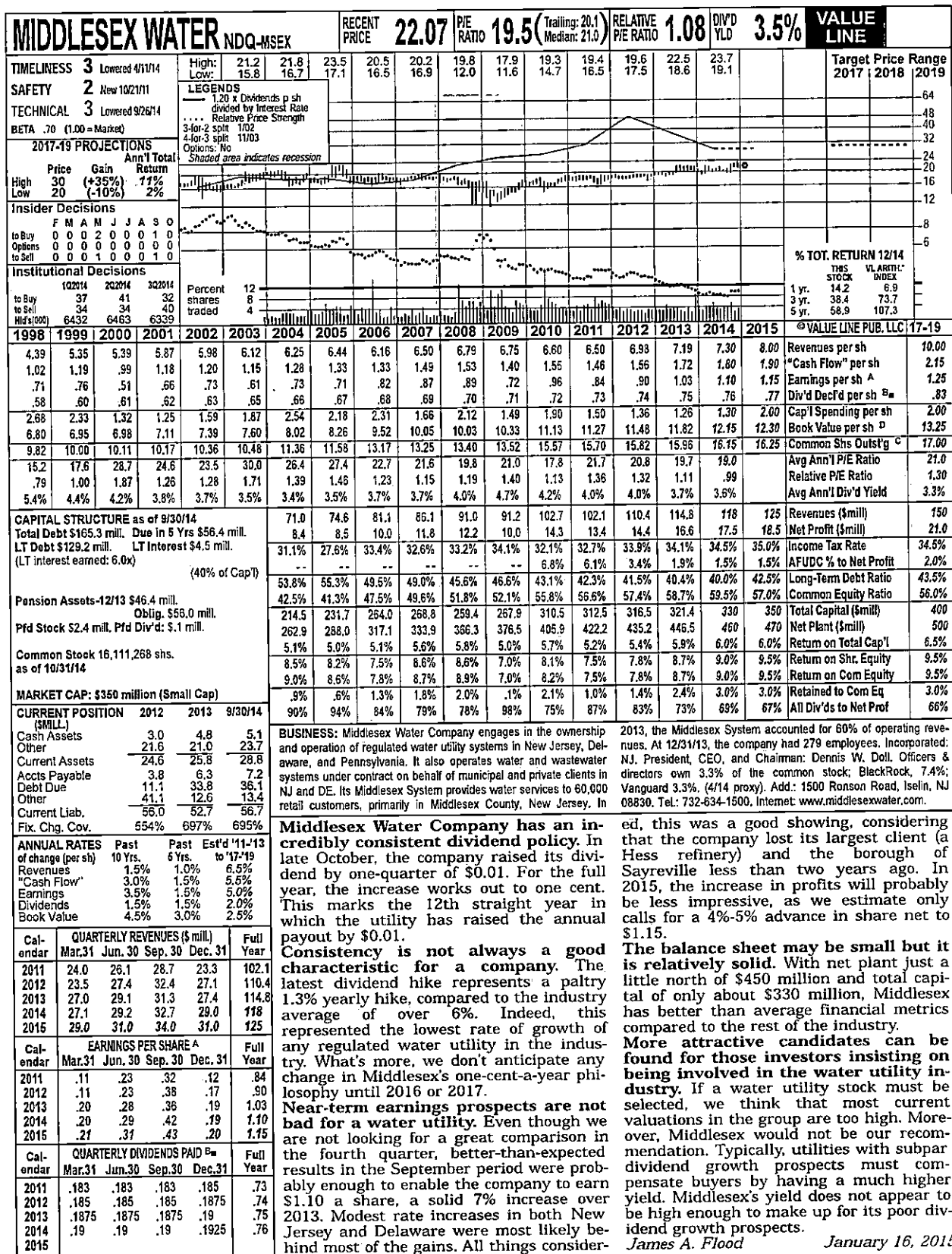
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(A) Diluted earnings. Next earnings report due early February. Quarterly earnings do not add in '12 due to rounding.
(B) Dividends historically paid in mid-March.
(C) In millions, adjusted for split.
(D) Includes intangibles. In '13: \$31.7 mil-
lion/\$2.87 a share.

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

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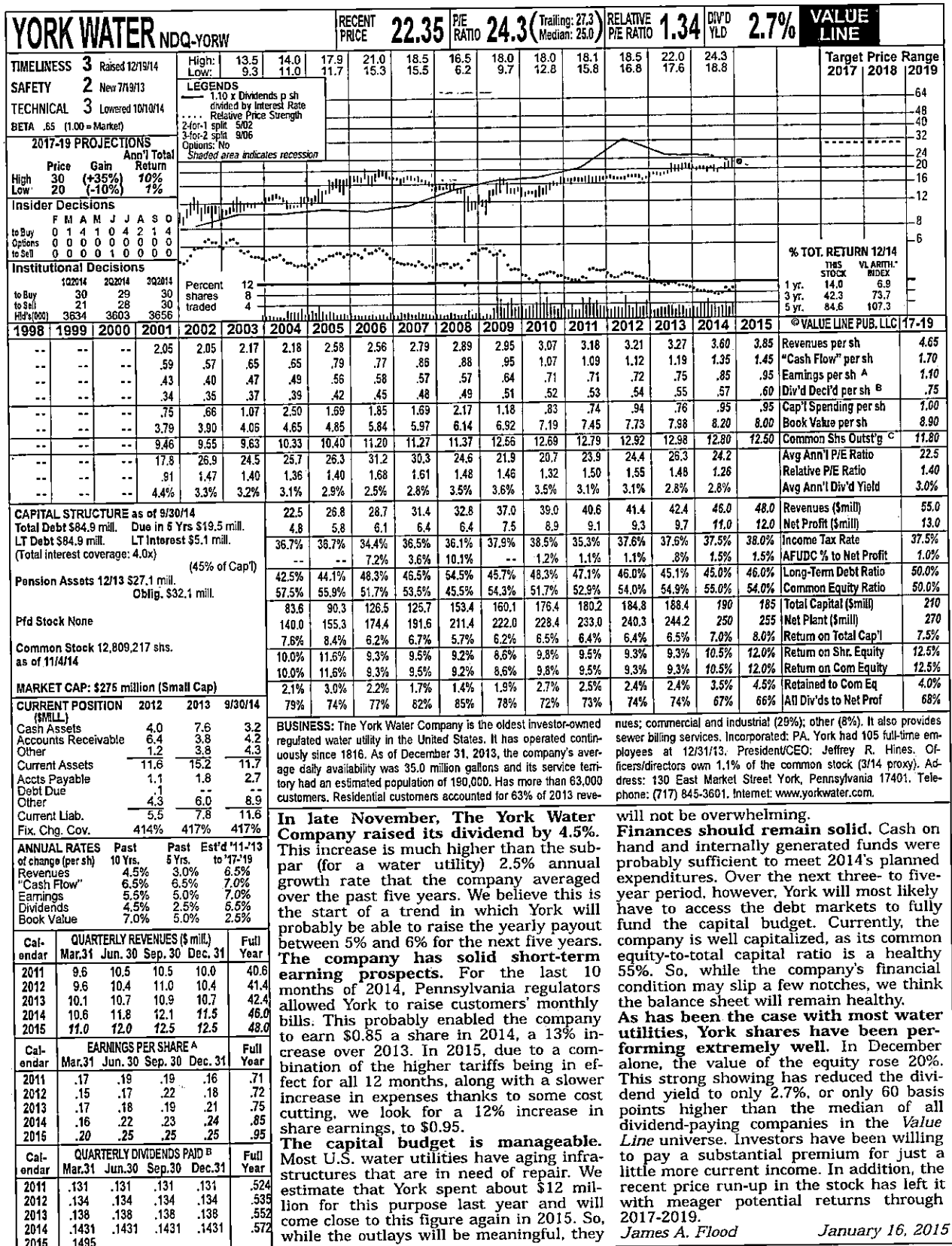
(A) Diluted earnings. May not sum due to rounding. Next earnings report due mid-February.
(B) Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available.
(C) In millions, adjusted for splits.

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Company's Financial Strength B++
Stock's Price Stability 95
Price Growth Persistence 40
Earnings Predictability 80

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(A) Diluted earnings. Next earnings report due mid February.
(B) Dividends historically paid in mid-January, April, July, and October.

(C) In millions, adjusted for splits.

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Company's Financial Strength B+
Stock's Price Stability 90
Price Growth Persistence 55
Earnings Predictability 100

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IIA

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)
<u>Proxy Group of Eight Water Companies</u>		
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	29.41	70.59
Average	<u>51.71 %</u>	<u>48.29 %</u>

Notes:

(1) (1 - column 1).

Source of Information: pro.edgar-online.com, February 27, 2015

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IIA

Carolina Water Service, Inc. of NC
Summary of Risk Premium Models for the
Proxy Group of Eight Water Companies

	<u>Proxy Group of Eight Water Companies</u>
Predictive Risk Premium Model™ (PRPM™) (1)	11.81 %
Risk Premium Using an Adjusted Total Market Approach (2)	<u>9.67 %</u>
Average	<u><u>10.74 %</u></u>

Notes:

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

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

	[1]	[2]	[3]	[4]	[5]	[6]	[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%	1.677792	9.01%	3.61%	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%
SJW 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%
						Average	12.31%
						Median	11.81%

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 School of Business and Bloomberg Professional Service.
- (2) $(1 + (\text{Column [1]} * \text{Column [2]})^{1/2}) - 1$.
- (3) From note 2 on page 2 of Exhibit 7.
- (4) Column [3] + Column [4].

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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>		<u>Proxy Group of Eight Water Companies</u>
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	<u>0.10</u> (2)
3.	Adjusted Prospective Yield on A Rated Public Utility Bonds	4.75 %
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group	<u>0.13</u> (3)
5.	Adjusted Prospective Bond Yield	4.88 %
6.	Equity Risk Premium (5)	<u>4.79</u>
7.	Risk Premium Derived Common Equity Cost Rate	<u><u>9.67</u></u> %

- Notes:
- (1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 9-10 of this Exhibit).
 - (2) The average yield spread of A rated public utility bonds over Aaa rated corporate bonds of 0.10% from page 6 of this Exhibit.
 - (3) Adjustment to reflect the A2 / A3 Moody's LT issuer rating of the proxy group of eight water companies as shown on page 6 of this Exhibit. The 13 basis point upward adjustment is derived by taking 1/6 of the spread between A2 and A3 Public Utility Bonds ($1/6 * 0.79\% = 0.13\%$) as derived from page 4 of this Exhibit.
 - (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]
	<u>Aaa Rated Corporate Bond</u>	<u>A Rated Public Utility Bond</u>	<u>Baa Rated Public Utility Bond</u>
Dec-14	3.79 %	3.95 %	4.70 %
Jan-15	3.46	3.58	4.39
Feb-15	<u>3.61</u>	<u>3.62</u>	<u>4.44</u>
Average	<u>3.62 %</u>	<u>3.72 %</u>	<u>4.51 %</u>

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 Ratings for the
Proxy Group of Eight Water Companies

Proxy Group of Eight Water Companies	Moody's		Standard & Poor's	
	Long-Term Issuer Rating		Long-Term Issuer Rating	
	February 2015		February 2015	
	Bond Rating	Numerical Weighting(1)	Bond Rating	Numerical 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	--	A	6.0
Middlesex Water Company	NR	--	A-	7.0
SJW Corporation (7)	NR	--	A	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

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

Moody's Long-Term Issuer Rating	Numerical Weighting	S&P Long-Term Issuer Rating
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-
B1	14	B+
B2	15	B
B3	16	B-

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Carolina Water Service, Inc. of NC
Judgment of Equity Risk Premium for
the Proxy Group of Eight Water Companies

<u>Line No.</u>		<u>Proxy Group of Eight Water Companies</u>
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)	<u>4.73</u>
3.	Average equity risk premium	<u><u>4.79 %</u></u>

Notes: (1) From page 8 of this Exhibit.
(2) From page 11 of this Exhibit.

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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 Eight Water Companies

<u>Line No.</u>	<u>Equity Risk Premium Measure</u>	<u>Proxy Group of Eight Water Companies</u>
1.	Ibbotson Equity Risk Premium (1)	5.85 %
2.	Ibbotson Equity Risk Premium based on PRPM™ (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)	<u>9.40</u>
5.	Conclusion of Equity Risk Premium (5)	6.55 %
6.	Adjusted Value Line Beta (6)	<u>0.74</u>
7.	Forecasted Equity Risk Premium	<u>4.85 %</u>

- Notes:
- (1) Based on the arithmetic mean historical monthly returns on large company common stocks from Ibbotson® S&BBI® 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.

Sources of Information:

Ibbotson® S&BBI® 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
Bloomberg Professional Services

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2 ■ BLUE CHIP FINANCIAL FORECASTS ■ MARCH 1, 2015

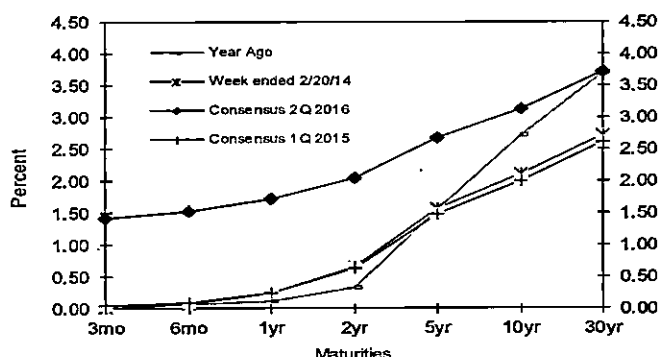
Consensus Forecasts Of U.S. Interest Rates And Key Assumptions¹

Interest Rates	History								Consensus Forecasts-Quarterly Average					
	Average For Week Ending				Average For Month				Latest Q	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
	Feb. 20	Feb. 13	Feb. 6	Jan. 30	Jan.	Dec.	Nov.	4Q 2014						
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	1.5
Prime Rate	3.25	3.25	3.25	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	1.3	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	1.5
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	1.7
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	2.1
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	3.2
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	3.5	3.8
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	4.9
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	5.2	5.4	5.7
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	4.7
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

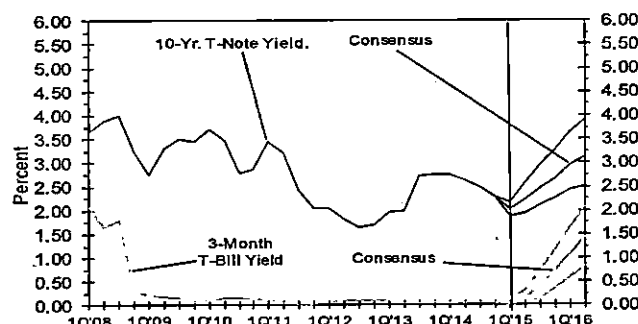
Key Assumptions	History								Consensus Forecasts-Quarterly					
	1Q 2013				1Q 2014				1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
	2013	2013	2013	2013	2014	2014	2014	2014						
Major Currency Index	74.7	76.4	76.7	76.0	77.1	76.6	77.8	82.6	87.7	89.0	89.5	90.0	89.6	89.1
Real GDP	2.7	1.8	4.5	3.5	-2.1	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).

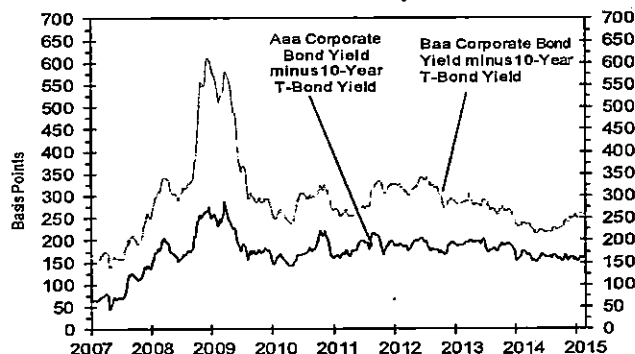
U.S. Treasury Yield Curve
Weekended February 20, 2015 and Year Ago vs.
1Q 2015 and 2Q 2016 Consensus Forecasts



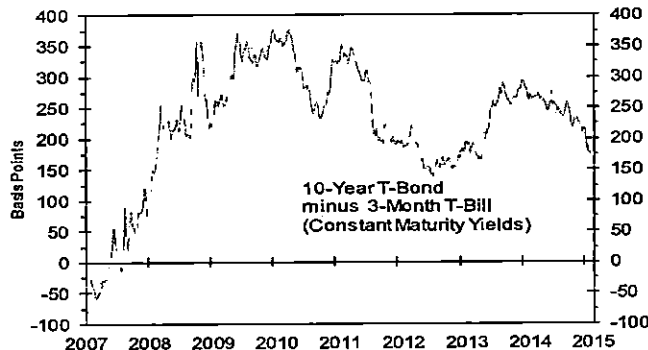
U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield
(Quarterly Average) Forecast



Corporate Bond Spreads
As of week ended February 20, 2015



U.S. Treasury Yield Curve
As of week ended February 20, 2015



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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 2021-2025. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

Interest Rates		Average For The Year					Five-Year Averages	
		2016	2017	2018	2019	2020	2016-2020	2021-2025
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	4.1
	Bottom 10 Average	1.2	2.3	2.9	3.0	3.0	2.5	2.9
2. Prime Rate	CONSENSUS	4.7	5.8	6.5	6.6	6.6	6.0	6.5
	Top 10 Average	5.4	6.6	7.1	7.2	7.2	6.7	7.1
	Bottom 10 Average	4.2	5.2	5.8	5.9	5.8	5.4	5.6
3. LIBOR, 3-Mo.	CONSENSUS	2.1	3.2	3.7	3.9	3.9	3.3	3.8
	Top 10 Average	2.7	3.9	4.3	4.4	4.4	3.9	4.3
	Bottom 10 Average	1.5	2.5	3.1	3.2	3.3	2.7	3.3
4. Commercial Paper, 1-Mo.	CONSENSUS	1.9	3.0	3.5	3.7	3.7	3.1	3.7
	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
	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	1.6	2.5	3.1	3.1	3.2	2.7	2.9
8. Treasury Note Yield, 2-Yr.	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	1.9	2.8	3.3	3.3	3.3	2.9	3.2
10. Treasury Note Yield, 5-Yr.	CONSENSUS	3.1	3.8	4.2	4.3	4.3	4.0	4.3
	Top 10 Average	3.8	4.5	4.9	5.1	5.1	4.7	4.9
	Bottom 10 Average	2.6	3.2	3.6	3.5	3.6	3.3	3.6
11. Treasury Note Yield, 10-Yr.	CONSENSUS	3.7	4.3	4.6	4.7	4.7	4.4	4.6
	Top 10 Average	4.4	5.0	5.4	5.6	5.6	5.2	5.4
	Bottom 10 Average	3.2	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
	Top 10 Average	5.0	5.6	5.9	6.2	6.2	5.8	6.0
	Bottom 10 Average	3.7	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
	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	6.0	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	4.3	4.6	4.7	4.7	4.7	4.6	4.7
15. Home Mortgage Rate	CONSENSUS	5.2	5.8	6.2	6.3	6.3	6.0	6.2
	Top 10 Average	5.9	6.5	7.1	7.2	7.2	6.8	7.0
	Bottom 10 Average	4.6	5.1	5.5	5.5	5.5	5.2	5.3
A. FRB - Major Currency Index	CONSENSUS	83.6	83.3	82.7	82.4	82.1	82.8	82.0
	Top 10 Average	86.7	86.7	86.6	86.5	86.6	86.6	86.3
	Bottom 10 Average	80.3	79.8	78.5	77.9	77.3	78.7	77.4
		Year-Over-Year, % Change					Five-Year Averages	
		2016	2017	2018	2019	2020	2016-2020	2021-2025
B. Real GDP	CONSENSUS	2.8	2.8	2.6	2.4	2.4	2.6	2.3
	Top 10 Average	3.2	3.1	2.9	2.8	2.7	2.9	2.6
	Bottom 10 Average	2.6	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
	Top 10 Average	2.3	2.7	2.6	2.5	2.4	2.5	2.5
	Bottom 10 Average	1.7	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

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

<u>Line No.</u>		<u>Over A Rated Moody's Public Utility Bonds (1)</u>
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	<u>(6.48)</u>
3.	Historical Equity Risk Premium	4.21 %
4.	Forecasted Equity Risk Premium Based on PRPM™ (3)	4.18
5.	Forecasted Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (4)	<u>5.80</u>
6.	Average of Historical and PRPM™ Equity Risk Premium	<u><u>4.73 %</u></u>

- Notes: (1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2014.
- (2) Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.
- (3) The Predictive Risk Premium Model (PRPM) is applied to the risk premium of the monthly total returns of the S&P Utility Index and the monthly yields on Moody's A rated public utility bonds from January 1928 - February 2015.
- (4) Using data from Bloomberg Professional Service for the S&P Utilities Index, an expected return of 10.55% was derived based on expected dividend yields and long-term growth estimates as a proxy for market appreciation. Subtracting the expected A rated public utility bond yield of 4.75%, calculated on line 3 of page 3 of this Exhibit results in an equity risk premium of 5.80%. (10.55% - 4.75% = 5.80%)

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Carolina Water Service, Inc. of NC
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 on long-term government bonds from 1926-2013 as published by Morningstar, Inc. The third measure applies the PRPM to the Ibbotson 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:	9.41 %
Projected Risk-Free Rate (described in Note 2):	3.61
MRP based on Value Line Summary & Index:	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 Ibbotson 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 Blue Chip Financial Forecasts. 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

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

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 Value Line Investment Survey (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. = Standard Error of the Regression

$$\sqrt{2N}$$

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

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

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.	0.65	0.44	3.1757	0.0719
American Water Works Co., Inc.	0.65	0.44	2.5968	0.0588
Aqua America, Inc.	0.60	0.35	2.3272	0.0527
California Water Service Group	0.60	0.36	2.2764	0.0516
Connecticut Water Service, Inc.	0.75	0.55	2.8197	0.0639
Middlesex Water Company	0.75	0.56	2.5174	0.0570
SJW Corporation	0.85	0.73	3.2010	0.0725
York Water Company	0.70	0.47	2.9414	0.0666
Average	0.69	0.49	2.7320	0.0619
Beta Range (+/- 2 std. Devs. of Beta)	0.37	0.61		
2 std. Devs. of Beta	0.12			
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	0.75	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

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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

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

Notes:

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

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Carolina Water Services, Inc. of NC
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]	[6]	[7]	[8]
Proxy Group of Twenty-Eight Non-Price-Regulated Companies	Average Dividend Yield	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 J.)	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'l Inc.	2.90	5.50	4.78	8.20	4.78	5.82	2.98	8.80
Brown-Forman 'B'	1.40	9.00	8.05	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
Sherwin-Williams	0.82	17.00	18.60	14.20	15.73	16.38	0.89	17.27
Smucker (J.M.)	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
Teleflex 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
TJX Companies	1.04	11.00	10.22	11.90	10.81	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 regulated 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 EPS, 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>		<u>Proxy Group of Twenty-Eight Non- Price-Regulated Companies</u>
1.	Prospective Yield on Baa Rated Corporate Bonds (1)	5.51 %
2.	Equity Risk Premium (2)	<u>5.50</u>
3.	Risk Premium Derived Common Equity Cost Rate	<u><u>11.01 %</u></u>

Notes: (1) Average forecast of Baa corporate bonds based upon the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated March 1, 2015 and December 1, 2014 (see pages 9-10 of Exhibit 6). The estimates are detailed below.

First Quarter 2015	4.60 %
Second Quarter 2015	4.70
Third Quarter 2015	5.00
Fourth Quarter 2015	5.20
First Quarter 2016	5.40
Second Quarter 2016	5.60
2016-2020	6.60
2021-2025	<u>7.00</u>
Average	<u><u>5.51 %</u></u>

(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

Proxy Group of Twenty-Eight Non-Price-Regulated Companies	Moody's Long-Term Issuer Rating February 2015		Standard & Poor's Long-Term Issuer Rating February 2015	
	Bond Rating	Numerical Weighting (1)	Bond Rating	Numerical Weighting (1)
Gallagher (Arthur J.)	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	A	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	BBB	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>	<u>Equity Risk Premium Measure</u>	<u>Proxy Group of Twenty-Eight Non- Price-Regulated Companies</u>
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)	<u>9.40</u>
5.	Conclusion of Equity Risk Premium (2)	6.55 %
6.	Adjusted Value Line Beta (3)	<u>0.84</u>
7.	Forecasted Equity Risk Premium	<u>5.50 %</u>

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:

Ibbotson® S&P® 2014 Classic Yearbook - Market Results for Stocks, Bonds, Bills, and
Inflation, Morningstar, Inc., 2014 Chicago, IL.

Value Line Summary and Index

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

Bloomberg Professional Services

Carolina Water Service, Inc. c/o NC
Traditional CAPM and ECAPM 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]	[6]	[7]	[8]
Proxy Group of Twenty-Eight Non-Price-Regulated Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Galagher (Arthur J. Angen)	0.80	0.96	0.88	7.50 %	3.61 %	10.21 %	10.44 %	
Baxter Int'l Inc.	0.80	1.02	0.91	7.50	3.61	10.44	10.60	
Brown-Forman B	0.85	0.83	0.87	7.50	3.61	10.14	10.38	
Bristol-Myers Squibb	0.75	1.08	0.97	7.50	3.61	10.89	10.94	
Brown & Brown	0.85	0.92	0.84	7.50	3.61	9.91	10.21	
Quest Diagnostics	0.85	0.89	0.87	7.50	3.61	10.14	10.38	
Dun & Bradstreet	0.85	0.83	0.84	7.50	3.61	9.91	10.21	
DaVita Health Care	1.00	1.34	1.17	7.50	3.61	12.39	12.07	
Hemometics Corp.	0.85	0.77	0.81	7.50	3.61	9.69	10.04	
Kroger Co.	0.80	0.76	0.78	7.50	3.61	9.46	9.87	
Lancaster Colony	0.75	0.85	0.80	7.50	3.61	9.61	9.99	
Mercury General	0.65	0.91	0.83	7.50	3.61	9.84	10.15	
Market Corp.	0.55	0.66	0.74	7.50	3.61	9.16	9.65	
Annaly Capital Mgmt.	0.50	0.82	0.46	7.50	3.61	7.06	8.07	
Northwest Banshares	0.70	0.41	0.74	7.50	3.61	9.16	9.65	
Owens & Minor	0.90	1.04	0.97	7.50	3.61	10.89	10.94	
Ross Stores	0.75	0.92	0.84	7.50	3.61	9.91	10.21	
Sherwin-Williams	0.75	0.93	0.84	7.50	3.61	9.91	10.21	
Smucker (J.M.)	0.70	0.85	0.78	7.50	3.61	9.46	9.87	
Silgan Holdings	0.80	0.81	0.81	7.50	3.61	9.69	10.04	
Stericycle Inc.	0.80	0.79	0.80	7.50	3.61	9.61	9.99	
Molson-Coors Brewing	0.85	1.04	0.95	7.50	3.61	10.74	10.83	
Telcelia Inc.	0.95	0.79	0.87	7.50	3.61	10.14	10.38	
Hanover Insurance	0.85	0.97	0.91	7.50	3.61	10.44	10.60	
TX Companies	0.75	0.93	0.84	7.50	3.61	9.91	10.21	
Wes Markets	0.70	0.86	0.78	7.50	3.61	9.46	9.87	
Allegheny Corp.	0.70	0.96	0.83	7.50	3.61	9.84	10.15	
Average			0.84			9.88 %	10.18 %	10.03 %
Median			0.84			9.91 %	10.21 %	10.06 %

Notes:
(1) From Exhibit 7, note 1.
(2) From Exhibit 7, note 2.
(3) Average of CAPM and ECAPM cost rates.

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

<u>Line No.</u>		[1]		[2]	[3]	[4]
		Market Capitalization on December		Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	Applicable Size Premium (3)	Spread from Applicable Size Premium (4)
		31, 2014 (1)	(times larger)			
		(millions)				
1.	<u>Carolina Water Service, Inc. of NC</u>	\$ 127.613		10	5.78%	
2.	<u>Proxy Group of Eight Water Companies</u>	\$ 2,355.800	18.5 x	6	1.74%	4.04%

	(A)	(B)	(C)	(D)	(E)
	Decile	Market Capitalization of Smallest Company (millions)	Market Capitalization of Largest Company (millions)	Midpoint (millions)	Premium (Return in Excess of CAPM) (2)
Largest	1	\$ 24,428.848	\$ 591,015.721	\$ 307,722.285	-0.36%
	2	10,170.746	24,272.837	17,221.792	0.63%
	3	5,864.266	10,105.622	7,984.944	0.91%
	4	3,724.624	5,844.592	4,784.608	1.06%
	5	2,552.441	3,724.186	3,138.314	1.60%
	6	1,688.895	2,542.913	2,115.904	1.74%
	7	1,011.278	1,686.860	1,349.069	1.71%
	8	549.056	1,010.634	779.845	2.15%
Smallest	9	300.752	548.839	424.796	2.69%
	10	3.037	300.725	151.881	5.78%

*From Duff & Phelps 2015 Valuation Handbook (Preview 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 $4.04\% = 2.69\% - 1.74\%$.

Abern Direct Exhibit 10
Page 1 of 2
H1A

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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)	Book Value per Share at Fiscal Year End 2013 (1)	Total Common Equity at Fiscal Year End 2013 (millions)	Closing Stock Market Price on February 27, 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
Aqua 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
SJW 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 Service 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

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*The remaining pages of this filing can be seen in the docket system as filed on March 31, 2015. /Ad

NCUC FORM W-1
RATE CASE INFORMATION REPORT
Docket W-354, Sub 344

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Mar 31 2015

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)
Areas in North Carolina)

APPLICATION FOR
A GENERAL INCREASE
IN RATES

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

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Mar 31 2015

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.

6. During the test year, CWSNC (excluding OBX and Nags Head) 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.

8. The proposed tariffs are designed to produce additional gross 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.

14. In this Application, the Company has requested that the Commission 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
State Bar No. 6831
Sanford Law Office, PLLC
Post Office Box 28085
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T: 919-829-0018
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Robert H. Bennink, Jr.
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130 Murphy Drive
Cary, North Carolina 27513
Telephone: 919-760-3185
Email: BenninkLawOffice@aol.com

**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:

Entity	Gallons Billed per Month (Average)	Current Bill (based on average)	Requested Bill (based 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:

Entity	Gallons Billed per Month (Average)	Current Bill (based on average)	Requested Bill (based 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 31st day of March 2015.


Notary Public

Veronica M. Stanis
Printed Name



My Commission Expires: 01/08/2019
Date

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.

APPLICANT

1. Trade name used for utility business Carolina Water Service, Inc of North Carolina
2. Name of owner (if different from trade name) Utilities, Inc.
3. Business mailing address 5701 Westpark Dr., Suite 101
City and state Charlotte, NC Zip Code 28217
4. Business street address (if different from mailing address) N/A
5. Business telephone number (704) 319-0529
6. List the counties in which you provide water utility service Please see attached sheet.
7. List the counties in which you provide sewer utility service Please see attached sheet.

PROPOSED AND PRESENT RATES

- | | <u>Proposed Rates</u> | <u>Present Rates</u> |
|---------------------------------------|--|---|
| 8. Metered Residential Service: | | |
| Water: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |
| Sewer: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |
| 9. Flat Rate Residential Service: | | |
| Water: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |
| Sewer: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |
| 10. Nonresidential Service (explain): | | |
| Water: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |
| Sewer: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |
| 11. Tap-on fees: | | |
| Water: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |
| Sewer: | <u>Please see the enclosed proposed rates.</u> | <u>Please see the enclosed present rates.</u> |

OTHER PROPOSED RATES

12. Finance charge for late payment: 1.0% per month of the unpaid balance of all bills overdue past 25 days
(NCUC Rule R12-9) specifies not more than one percent (1.0%) per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.)
13. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: \$27
14. Reconnection charge if water service discontinued at customer's request: \$27
15. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: Actual Cost
16. Other charges: NSF Charges: \$25
17. What date are the proposed rates to become effective? April 30, 2015
18. How long have the present rates been in effect? 9 months for CWS-NC, Nags Head and Corolla Light & Monterey Shores

PROPOSED BILLING

19. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
20. Billing shall be for service (in advance or arrears) Arrears
21. Bills past due 21 days after the billing dates:
(NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
22. Will regular billing be by written statement? (yes or no) Yes

REVENUES AND EXPENSES (CWS-NC, Nags Head, and
Corolla Light & Monterey Shores presented separately per
books)

	For 12 Months Ended	December 31, 2014	(Date)
<u>Revenues</u>		<u>Water</u>	<u>Sewer</u>
1. Residential service (flat rate)	\$		\$
2. Residential service (metered rate)	\$		\$
3. Nonresidential service (flat rate)	\$		\$
4. Nonresidential service (metered rate)	\$		\$
5. Other revenues (describe in remarks below)	\$		\$
6. Total Revenues (Lines 1 thru 5)	\$		\$
7. Total salaries	\$		\$
8. Administrative and office expense (except salaries)	\$		\$
9. Maintenance and repair expense (except salaries)	\$		\$
10. Transportation expenses	\$		\$
11. Electric power for pumping	\$		\$
12. Chemicals for treatment	\$		\$
13. Testing fees	\$		\$
14. Permit fees	\$		\$
15. Purchased water/sewer treatment	\$		\$
16. Annual depreciation	\$		\$
17. Taxes: State income taxes	\$		\$
18. Federal income taxes	\$		\$
19. Gross receipts (or franchise tax)	\$		\$
20. Property taxes	\$		\$
21. Payroll taxes	\$		\$
22. Other taxes	\$		\$
23. Other expenses (describe in remarks below)	\$		\$
24. Total Expenses (Lines 7 thru 23)	\$		\$
25. Net Operating Income (Line 6 minus Line 24)	\$		\$
26. Interest on debt during year	\$		\$
27. Net Income (Line 25 minus Line 26)	\$		\$

Remarks

28.	Please see the attached remarks.
29.	Please see the attached remarks.
30.	Please see the attached remarks.
31.	Please see the attached remarks.
32.	Please see the attached remarks.

NUMBER OF CUSTOMERS SERVED
(at end of month)

		<u>Water</u>			<u>Sewer</u>		
	<u>Month</u>	<u>Flat Rate Customers</u>	<u>Metered Customers</u>	<u>Gallons Sold to Metered Custs.</u>	<u>Flat Rate Customers</u>	<u>Metered Customers</u>	<u>Gallons Sold to Metered Custs.</u>
33.	January						
34.	February						
35.	March						
36.	April						
37.	May						
38.	June						
39.	July						
40.	August						
41.	September						
42.	October						
43.	November						
44.	December						

*** Excludes availability customers.

Please see attachments for items 33-44.

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.

	<u>Utility Property In Service</u>	
	<u>Water</u>	<u>Sewer</u>
1. Land and rights-of-way	\$ _____	\$ _____
2. Structures and site improvement	\$ _____	\$ _____
3. Wells	\$ _____	\$ _____
4. Pumping equipment	\$ _____	\$ _____
5. Treatment equipment	\$ _____	\$ _____
6. Storage tanks	\$ _____	\$ _____
7. Mains (excluding service connections)	\$ _____	\$ _____
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)	\$ _____	\$ _____
13. Total utility property in service (Lines 1 thru 12)	\$ _____	\$ _____
14. Less: accumulated depreciation	\$ _____	\$ _____
15. Less: accumulated tap fees and other contributions in aid of construction	\$ _____	\$ _____
16. Less: customer advances (customer deposits)	\$ _____	\$ _____
17. Net investment in utility property (Line 13 minus 14, 15, & 16)	\$ _____	\$ _____

	<u>Utility Property Not in Service</u>	
	<u>Water</u>	<u>Sewer</u>
18. Construction work in progress	\$ _____	\$ _____
19. Property held for future use	\$ _____	\$ _____
20. Other (describe in remarks below)	\$ _____	\$ _____

Remarks

21. Please see the attached remarks.
22. Please see the attached remarks.
23. Please see the attached remarks.
24. Please see the attached remarks.

ANNUAL DEPRECIATION

25. If annual depreciation is claimed using a composite rate for the entire system, show composite rate used:
 Water: Please see the attached rates.
 Sewer: Please see the attached rates.
26. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used: N/A

Type of Equipment	Annual Depreciation Rate	Method Used (Straight Line, etc.)	Amount of Annual Depreciation
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

CONTRIBUTIONS IN AID OF CONSTRUCTION
(Including Tap Fees)

1. Has the utility collected any gross-up on contributions in aid of construction (CIAC), such as contributed plant and tap fees, since the test year of its last rate case? (yes or no) No

EMPLOYEE SALARIES
(Including Owner)

	Name	Duties	Salaries Paid During Year	Hours Worked During Year
2.	Please see item 17 in the W-1		\$	
3.			\$	
4.			\$	

FINANCIAL INFORMATION

	Source of Loans (For Utility Purposes)	Interest Rates	Amount Unpaid End of Year
5.	N/A		\$
6.	N/A		\$
7.	N/A		\$

OTHER FINANCIAL INFORMATION (CWS - NC presented as a whole company combined)

8.	Stocks issued	\$ 0
9.	Accumulated (or retained) earnings or losses	\$ Please see W 1-15
10.	Cash on hand	\$ 44,838
11.	Accounts receivable / Intercompany accounts	\$ 26,448,913
12.	Accounts payable	\$ (9,226,709)
13.	Customer deposits on hand	\$ (217,955)
14.	Materials and supplies	\$ 0
15.	Other investments	\$ 0

FILING INSTRUCTIONS

16. Seven (7) copies of the application and exhibits shall be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. Twenty-five (25) copies of a Class A or B utility company should be filed. One of these copies must have original signature. (Applicants must make their copies if desired.) Class A and B utility companies are also required to file a written letter of intent to file a general rate case with the Commission thirty (30) days in advance of filing this application. Furthermore, Class A utility companies should file a NCUC Form W-1 along with this rate increase application form as required in Rule R1-17(12)(d).
17. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$500 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$250 filing fee. A Class C company (annual revenues less than \$200,000) requires a filing fee of \$100. **MAKE CHECK PAYABLE TO N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.**

SIGNATURE

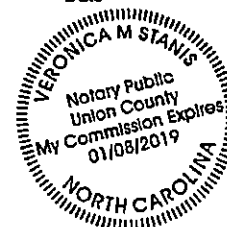
18. Application shall be signed and verified by the Applicant.

Howard W. Hoover
Signature
3/31/15
Date

19. (Typed or Printed Name) Howard W. Hoover
personally appearing before me and being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 31st day of March, 2015.
Veronica M. Stanis
Notary Public
5901 Westpark Dr. Charlotte, NC 28217
Address

My Commission Expires: 01/08/2019
Date



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Mar 31 2015

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

<u>County</u>	<u>Water</u>	<u>Sewer</u>
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	

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		Proposed Rates	
	BFC	Usage	BFC	Usage
Water				
5/8" Residential Water	\$ 18.25	\$ 5.44	\$ 22.47	\$ 6.70
Carolina Forest	\$ 18.25	\$ 5.44	\$ 22.47	\$ 3.19
High Vista Estates (0 - 40,000 usage)	\$ 18.25	\$ 5.44	\$ 22.47	\$ 4.33
(40,000 -200,000 usage)				\$ 3.23
(> 200,000 usage)				\$ 3.07
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)	\$ 18.25	\$ 5.44	\$ 22.47	\$ 3.99
(2.25 - 4.49)				\$ 5.83
(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
4" Commercial Water	\$ 456.25	\$ 5.44	\$ 561.87	\$ 6.70
6" Commercial Water	\$ 912.50	\$ 5.44	\$ 1,123.74	\$ 6.70
Water Flat Rate	\$ 34.52	\$ -	\$ 42.51	
Water Availability	\$ 21.60	\$ -	\$ 26.60	
Sewer				
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	\$ 33.02	\$ 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	\$ 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	
Pantry	\$ 91.85	\$ -	\$ 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)

	Present Rates		Proposed Rates	
	BFC	Usage	BFC	Usage
<u>Sewer</u>				
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

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

Carolina Water Service, Inc of North Carolina
Application for Rate Increase
Attachment to Application #3: Proposed and Present Rates, Page 1, Section 11
(Tap-on fees)

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Mar 31 2015

	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)		
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:		
<u>Subdivision</u>		
All CC and PMF fees are per SFE(Single Family Equivalent)		
Abington		
Water		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Abington, Phase 14		
Water		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Amber Acres North (Phases 2 & 4)		
Sewer		
CC	\$ 815	\$ 815
PMF	\$ -	\$ -
Ashley Hills		
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Bent Creek		
Water		
CC	\$ -	\$ -
PMF	\$ -	\$ -

Carolina Water Service, Inc of North Carolina
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
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Brandywine Bay		
Sewer		
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	\$ 100
PMF	\$ 1,456	\$ 1,456
Harbour		
Water		

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Mar 31 2015

Carolina Water Service, Inc of North Carolina
 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
CC	\$ 75	\$ 75
PMF	\$ -	\$ -
Hestron Park		
Water		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Hound Ears		
Water		
CC	\$ 300	\$ 300
PMF	\$ -	\$ -
Sewer		
CC	\$ 30	\$ 30
PMF	\$ -	\$ -
Independent/Hemby Acres/Beacon Hills (Griffin Bldrs)		
Sewer		
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	\$ 500
PMF	\$ -	\$ -
Quail Ridge		
Water		

Carolina Water Service, Inc of North Carolina
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
CC	\$ 750	\$ 750
PMF	\$ -	\$ -
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	\$ -	\$ -
White Oak Plantation		
Water		
CC	\$ -	\$ -
PMF	\$ -	\$ -

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Carolina Water Service, Inc of North Carolina
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
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Wildlife Bay		
Water		
CC	\$ 870	\$ 870
PMF	\$ -	\$ -
Willowbrook		
Water		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Willowbrook (Phase 3)		
Sewer		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Winston Plantation		
Water		
CC	\$ 1,100	\$ 1,100
PMF	\$ -	\$ -
Winston Pointe, Phase 1A		
Water		
CC	\$ 500	\$ 500
PMF	\$ -	\$ -
Sewer		
CC	\$ 2,000	\$ -
PMF	\$ -	\$ -
Wolf Laurel		
Water		
CC	\$ 925	\$ 925
PMF	\$ -	\$ -
Woodrun		
Water		
CC	\$ -	\$ -
PMF	\$ -	\$ -
Woodside Falls		
Water		
CC	\$ 500	\$ 500
PMF	\$ -	\$ -
Sewer		
CC	\$ -	\$ -

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Carolina Water Service, Inc of North Carolina
Application for Rate Increase
Attachment to Application #3: Proposed and Present Rates, Page 1, Section 11
(Tap-on fees)

	<u>Present Tap Fee</u>	<u>Proposed 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)**

	<u>Present Tap Fee</u>	<u>Proposed Tap Fee</u>
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 & Monterey Shores

Application for Rate Increase

**Attachment to Application #3: Proposed and Present Rates, Page 1, Section 11
(Tap-on fees)**

<u>Present Tap Fee</u>	<u>Proposed Tap Fee</u>
----------------------------	-----------------------------

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	\$ 700	\$ 700
Sewer - Monterey Shores	\$ 700	\$ 100
Sewer - Monterey Shores (Degabrielle Builders)	\$ -	\$ -
Sewer - Corolla Bay	\$ 100	\$ 100
Sewer - Corolla Shores	\$ 700	\$ 700

Plant Modification Fee (PMF), per SFE

Sewer - Corolla Light	\$ -	\$ -
Sewer - Monterey Shores	\$ -	\$ -
Sewer - Monterey Shores (Degabrielle Builders)	\$ -	\$ -
Sewer - Corolla Bay	\$ 1,000	\$ 1,000
Sewer - Corolla Shores	\$ -	\$ -

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		
1 Residential Service (flat rate)	\$ (529,820)	\$ -
2 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)	<u>\$ 9,906,542</u>	<u>\$ 7,801,538</u>
Expenses		
7 Total salaries	\$ 1,321,340	\$ 749,657
8 Administrative and office expense (except salaries)	\$ 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	\$ 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)	<u>\$ 6,584,995</u>	<u>\$ 4,866,289</u>
25 Net Operating Income (Line 6 minus Line 24)	<u>\$ 3,321,546</u>	<u>\$ 2,935,249</u>
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)	<u>\$ 3,311,288</u>	<u>\$ 2,929,609</u>
Remarks		
28 Other Revenues		
Revenues From Other Systems	\$ (63,942)	\$ (50,347)
Revenues From Mgmt Svc	\$ -	\$ -
Forfeited Discounts	\$ (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	<u>\$ (162,229)</u>	<u>\$ (129,045)</u>
29 Other Taxes		
Utility/Commission Tax	\$ 12,470	\$ 9,819
Tax on Gain on Sale of Utility Property	\$ -	\$ -
Total Other Taxes	<u>\$ 12,470</u>	<u>\$ 9,819</u>
30 Other Expenses		
Amortization of PAA	\$ (87,809)	\$ (28,144)
Amortization of CIAC	\$ (456,864)	\$ (485,101)
Amortization of ITC	\$ (274)	\$ (245)
Uncollectible Accounts	\$ 49,154	\$ 38,703
Meter Reading	\$ 118,432	\$ -
Outside Services	\$ 41,751	\$ 23,687
Regulatory Commission Expense	\$ 174,720	\$ 99,127
Rent	\$ 73,887	\$ 41,920
Insurance	\$ -	\$ -
Miscellaneous	\$ 30,117	\$ 22,278
Total Other Expenses	<u>\$ (56,886)</u>	<u>\$ (287,775)</u>

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

	Water	Sewer
Revenue		
1 Residential Service (flat rate)	\$ -	\$ -
2 Residential Service (metered rate)	\$ -	\$ (511,054)
3 Nonresidential service (flat rate)	\$ -	\$ -
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)	\$ -	\$ 16,450
9 Maintenance and repair expense (except salaries)	\$ -	\$ 106,509
10 Transportation Expenses	\$ -	\$ -
11 Electric power for pumping	\$ -	\$ 68,071
12 Chemicals for treatment	\$ -	\$ 14,112
13 Testing fees	\$ -	\$ -
14 Permit fees	\$ -	\$ -
15 Purchased water/sewer treatment	\$ -	\$ -
16 Annual Depreciation	\$ -	\$ 77,530
17 Taxes: State Income Taxes	\$ -	\$ -
18 Federal Income Taxes	\$ -	\$ -
19 Gross receipts (or franchise tax)	\$ -	\$ -
20 Property Taxes	\$ -	\$ (2,609)
21 Payroll Taxes	\$ -	\$ -
22 Other taxes (described in remarks below)	\$ -	\$ (1,354)
23 Other expenses (describe in remarks below)	\$ -	\$ -
24 Total Expenses (Lines 7 thru 23)	\$ -	\$ 360,619
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
Remarks		
28 Other Revenues		
Revenues From Other Systems	\$ -	\$ -
Revenues From Mgmt Svc	\$ -	\$ -
Forfeited Discounts	\$ -	\$ (1,200)
Other W/S Revenues	\$ -	\$ (994)
Rental Income	\$ -	\$ -
Gain on Sale of Utility Property	\$ -	\$ -
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	\$ -	\$ (1,834)
Amortization of ITC	\$ -	\$ -
Uncollectible Accounts	\$ -	\$ (67)
Meter Reading	\$ -	\$ -
Outside Services	\$ -	\$ -
Regulatory Commission Expense	\$ -	\$ -
Rent	\$ -	\$ -
Insurance	\$ -	\$ -
Miscellaneous	\$ -	\$ 731
Total Other Expenses	\$ -	\$ (1,354)

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

	Water	Sewer
Revenue		
1 Residential Service (flat rate)	\$ -	\$ -
2 Residential Service (metered rate)	\$ -	\$ (927,471)
3 Nonresidential service (flat rate)	\$ -	\$ -
4 Nonresidential service (metered rate)	\$ -	\$ (202,063)
5 Other Revenues (describe in remarks below)	\$ -	\$ (4,643)
6 Total Revenues (Lines 1 thru 5)	\$ -	\$ 1,134,177
Expenses		
7 Total salaries	\$ -	\$ 103,636
8 Administrative and office expense (except salaries)	\$ -	\$ 26,667
9 Maintenance and repair expense (except salaries)	\$ -	\$ 162,912
10 Transportation Expenses	\$ -	\$ -
11 Electric power for pumping	\$ -	\$ 72,364
12 Chemicals for treatment	\$ -	\$ 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)	\$ (3,220)	\$ 394,062
26 Interest on debt during year	\$ -	\$ -
Interest During Construction	\$ -	\$ -
27 Net Income (Line 25 minus Line 26)	\$ (3,220)	\$ 394,062
Remarks		
28 Other Revenues		
Revenues From Other Systems	\$ -	\$ (228)
Revenues From Mgmt Svc	\$ -	\$ -
Forfeited Discounts	\$ -	\$ (2,316)
Other W/S Revenues	\$ -	\$ (2,098)
Rental Income	\$ -	\$ -
Gain on Sale of Utility Property	\$ -	\$ -
Total Other Revenues	\$ -	\$ (4,643)
29 Other Taxes		
Franchise Tax	\$ -	\$ -
Tax on Gain on Sale of Utility Property	\$ -	\$ -
Total Other Taxes	\$ -	\$ -
30 Other Expenses		
Amortization of PAA	\$ -	\$ -
Amortization of CIAC	\$ -	\$ (128,422)
Amortization of ITC	\$ -	\$ -
Uncollectible Accounts	\$ -	\$ 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	\$ 4,287,776	\$ 16,451,534
3 Wells	\$ 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)	\$ 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 (describe in remarks below)	\$ -	\$ -

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Remarks	Water	Sewer
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	\$ -	\$ -
POWER GEN EQUIP COLL PLT	\$ -	\$ -
POWER GEN EQUIP PUMP PLT	\$ -	\$ 1,258
POWER GEN EQUIP TREAT PLT	\$ -	\$ 93,265
POWER GEN EQUIP RECLAIM W	\$ -	\$ -
POWER GEN EQUIP RCL WTR D	\$ -	\$ -
MANHOLES	\$ -	\$ 204,997
SPECIAL COLL STRUCTURES	\$ -	\$ 6,502
SERVICES TO CUSTOMERS	\$ -	\$ 428,861
FLOW MEASURE DEVICES	\$ -	\$ 52,618
FLOW MEASURE INSTALL	\$ -	\$ 828
RECEIVING WELLS	\$ -	\$ 516
OUTFALL LINES	\$ -	\$ 95,181
OTHER PLT TANGIBLE	\$ -	\$ 1,863
OTHER PLT COLLECTION	\$ -	\$ 21,020
OTHER PLT RECLAIM WTR DIS	\$ -	\$ 460
OFFICE STRUCT & IMPRV	\$ -	\$ 4,327
STORES EQUIPMENT	\$ -	\$ 3,084
TOOL SHOP & MISC EQPT	\$ -	\$ 101,781
LABORATORY EQPT	\$ -	\$ 70,770
POWER OPERATED EQUIP	\$ -	\$ 67,647
COMMUNICATION EQPT	\$ -	\$ 67,012
MISC EQUIP SEWER	\$ -	\$ 9,772
SEWER PLANT ALLOCATED	\$ -	\$ 526,952
OTHER TANGIBLE PLT SEWER	\$ -	\$ 1,776
REUSE SERVICES	\$ -	\$ -
REUSE MTR/INSTALLATIONS	\$ -	\$ -
REUSE DIST RESERVOIRS	\$ -	\$ 3,110
REUSE TRANSMISSION & DIST	\$ -	\$ 42,817
TRANSPORTATION EQPT	\$ -	\$ -
COMPUTER EQUIPMENT	\$ 60,756	\$ 34,470
	\$ 3,502,918	\$ 2,797,606
22 Cost Free Capital	\$ (464,520)	\$ (86,606)
23 Advances in Aid of Construction	\$ 23,760	\$ 9,180

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 (Lines 1 thru 12)	\$ -	\$ 2,821,471
14 Less: Accumulated Depreciation	\$ -	\$ (1,081,440)
15 Less: accumulated tap fees and other contributions in aid of construction	\$ -	\$ (67,646)
16 Less: customer advances (customer deposits)	\$ -	\$ -
17 Net investment in utility property (Line 13 Minus 14, 15, & 16)	\$ -	\$ 1,672,384
Utility Property Not In Service		
18 Construction work in progress	\$ -	\$ -
19 Property held for future use	\$ -	\$ -
20 Other (describe in remarks below)	\$ -	\$ -
Remarks		
21 Other utility property in service		
ORGANIZATION	\$ -	\$ 157,361
FRANCHISES INTANG PLT	\$ -	\$ 111,578
MANHOLES	\$ -	\$ 880
SERVICES TO CUSTOMERS	\$ -	\$ 5,421
FLOW MEASURE DEVICES	\$ -	\$ 400
PLANT SEWERS TRTMT PLT	\$ -	\$ 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 TRANSMISSION & DIST	\$ -	\$ -
	\$ -	\$ 370,092

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

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	Water	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	\$ -	\$ 2,931
POWER OPERATED EQUIP	\$ -	\$ 1,639
SEWER PLANT ALLOCATED	\$ -	\$ 9,456
REUSE DIST RESERVOIRS	\$ -	\$ 148
REUSE TRANSMISSION & 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

	<u>Water</u>	<u>Sewer</u>
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

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

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

	<u>Water</u>	<u>Sewer</u>
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	-	-	-	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

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Corolla Light & Monterey 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	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

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Mar 31 2015

DOCKET NO. W-354, SUB 344

Carolina Water Service, Inc.
of North Carolina

-) APPLICATION FOR AUTHORITY
-) TO INCREASE RATES FOR
-) WATER AND SEWER UTILITY
-) SERVICE IN ALL SERVICE
-) AREAS OF NORTH CAROLINA,

APPENDIX A

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

A. Treated Water	\$ 6.70
B. Untreated Water (Brandywine Bay Irrigation Water)	\$ 3.60
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)	\$6.30
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: ^{2/}

If water service cut off by utility for good cause \$ 27.00

If water service is discontinued at customer's request \$ 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 \$ 50.00

For meters 1" or larger Actual Cost

Irrigation Meter Installation: Actual Cost

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>	<u>CC</u>	<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 Bldrs.)	\$ 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

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
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C. Purchased Sewer

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

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 White Oak Estates Subdivision Service Area:

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

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

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	\$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

<u>Subdivision</u>	<u>CC</u>	<u>PMF</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

APPENDIX A-1

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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
Huntwick	\$ 0.00	\$ 0.00
Independent/Hemby Acres/Beacon Hills (Griffin Bldrs.)	\$ 0.00	\$ 0.00
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	\$2,000.00	\$ 0.00
Woodside Falls	\$ 0.00	\$ 0.00

Mar 31 2015

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MISCELLANEOUS UTILITY
MATTERS

<u>Charge for Processing NSF Checks:</u>	\$ 25.00
<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	21 days after billing date
<u>Billing Frequency:</u>	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.
<u>Finance Charge for Late Payment:</u>	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/} 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.
- ^{5/} 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.

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

Uniform Connection Fees: ^{2/}

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:

<u>Subdivision</u>	All fees are per SFE	
	<u>CC</u>	<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

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:

^{1/} 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.

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	\$ 22.39
1" meter	\$ 56.01
1 1/2" meter	\$ 111.99
2" meter	\$ 179.20
3" meter	\$ 335.99
4" meter	\$ 560.00
6" meter	\$1,924.24

Usage charge, per 1,000 gallons (based on metered water usage)	\$ 11.31
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Minimum Monthly Charge	\$ 76.11
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<u>Monthly Flat Rate Service:</u>	\$ 76.11
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<u>New Sewer Customer Charge:</u>	\$ 22.00
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Reconnection Charge: ^{1/}

If sewer service is cut off by utility for good cause:	Actual Cost
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Uniform Connection Fees: ^{2/}

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

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:

^{1/} 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.

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

DOCKET NO. W-354, SUB 344

Carolina Water Service, Inc.
of North Carolina

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

EXHIBIT B

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Mar 31 2015

DOCKET NO. W-354, SUB 344

Carolina Water Service, Inc.
of North Carolina

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

Schedules A-E

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Carolina Water Service, Inc. of North Carolina
Balance Sheet
December 31, 2014

Schedule A

<u>ASSETS</u>		<u>LIABILITIES AND OTHER CREDITS</u>	
Plant In Service		Capital Stock and Retained Earnings	
Water	\$ 61,023,492	Common Stock and Paid In Capital	\$ 43,004,166
Sewer	52,768,662	Retained Earnings	64,116,040
Total	\$ 113,792,154	Total	\$ 107,120,207
Accumulated Depreciation-Water	(14,378,083)	Current and Accrued Liabilities	
Accumulated Depreciation-Sewer	(11,669,827)	Accounts Payable-Trade	606,320
Total	\$ (26,047,910)	Taxes Accrued	7,731,027
Net Utility Plant	\$ 87,744,244	Customer Deposits	217,955
		Customer Deposits - Interest	33,543
		A/P - Assoc. Companies	2,247,915
		Deferred Revenue	7,771
		Total	\$ 10,844,531
Plant Acquisition Adjustment-Water	(2,434,206)	Amortization of Deferred Credits	
Plant Acquisition Adjustment-Sewer	(542,587)	Water	1,258,281
Total	\$ (2,976,792)	Sewer	713,881
		Total	1,972,162
Construction Work In Process-Water	62,997	Advances In Aid of Construction	
Construction Work In Process-Sewer	701,577	Water	23,760
Total	\$ 764,573	Sewer	9,180
Current Assets		Total	\$ 32,940
Cash	44,838	Contributions In Aid of Construction	
Accounts Receivable - Net	69,232,045	Water	14,259,209
Other Current Assets	87,890	Sewer	18,210,695
Total	\$ 69,364,773	Total	\$ 32,469,904
Deferred Charges	3,558,522	Accumulated Deferred Income Tax	
		Unamortized ITC	94,455
		Deferred Tax - Federal	5,634,171
		Deferred Tax - State	286,950
		Total	\$ 6,015,576
TOTAL ASSETS	\$ 158,455,320	TOTAL LIABILITIES AND OTHER CREDITS	\$ 158,455,320

Carolina Water Service, Inc. of North Carolina
Combined Operations
Test Year Ended December 31, 2014
W-354, Sub 344

Income Statement Adjustment and Allocation Recap

Schedule B
Page 1 of 4

	AA/UR (Direct) Transactions	Transactions After Removal of OBX and Nags Head	Remove Divested Subdivisions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues							
Service Revenues - Water	9,808,256	9,808,256 [q]	-	(730,450) [a]	9,077,806	2,101,510 [k]	11,179,315
Service Revenues - Sewer	7,722,841	5,891,104 [r]	-	(297,680) [a]	5,593,424	1,109,544 [k]	6,702,968
Miscellaneous Revenues	186,309	179,701 [n]	-	-	179,701	-	179,701
Uncollectible Accounts	(87,857)	(87,506) [n]	- [v]	-	(87,506)	(18,987) [b]	(106,493)
Total Operating Revenues	17,629,549	15,791,555	-	(1,028,130)	14,763,425	3,192,067	17,955,492
Maintenance Expenses							
Salaries and Wages	2,456,426	2,230,676 [n]	-	(65,481) [c]	2,390,944	-	2,390,944
Purchased Power	1,423,353	1,282,918 [n]	- [v]	(3,739) [l]	1,279,179	-	1,279,179
Purchased Water	1,118,084	1,118,084 [n]	- [v]	-	1,118,084	-	1,118,084
Maintenance and Repair	1,706,961	1,490,016 [n]	- [v]	(22,320) [l]	1,467,697	-	1,467,697
Maintenance Testing	335,081	282,606 [n]	- [v]	(413) [l]	282,193	-	282,193
Meter Reading	118,432	115,212 [n]	- [v]	- [l]	115,212	-	115,212
Chemicals	524,476	468,138 [n]	- [v]	(37) [l][x]	468,101	-	468,101
Transportation	14	14	-	268,017 [l]	268,031	-	268,031
Operating Exp. Charged to Plant	(385,076)	(344,876) [o]	-	(174) [c]	(345,050)	-	(345,050)
Outside Services - Other	65,439	62,600 [n]	-	207,008 [l]	269,608	-	269,608
Total	7,363,190	6,705,389	-	382,862	7,314,000	-	7,314,000
General Expenses							
Salaries and Wages	(353)	(350) [n]	-	759,957 [c]	759,604	-	759,604
Office Supplies & Other Office Exp.	93,579	90,561 [n]	- [v]	180,447 [l]	271,008	-	271,008
Regulatory Commission Exp.	273,847	156,207 [s]	-	(150,066) [d]	123,782	-	123,782
Pension & Other Benefits	-	-	-	699,165 [c]	699,165	-	699,165
Rent	115,807	115,807 [n]	-	(63,529) [l]	52,278	-	52,278
Insurance	-	-	-	282,406 [l]	282,406	-	282,406
Office Utilities	314,394	274,295 [n]	- [v]	150,238 [l]	424,533	-	424,533
Miscellaneous	52,395	50,387 [n]	- [v]	31,646 [j][l][p]	82,033	-	82,033
Total	849,669	686,908	-	1,890,264	2,694,809	-	2,694,809
Depreciation	2,914,461	2,498,371 [l]	-	(695,235) [e]	2,219,226	-	2,219,226
Amortization of PAA	(115,953)	(115,768) [l]	-	5,470 [e]	(110,483)	-	(110,483)
Taxes Other Than Income	584,909	587,518 [u]	-	335,472 [f]	920,381	(80,544) [f]	839,838
Income Taxes - Federal	153,442	153,442 [n]	-	169,472 [g]	322,914	1,057,101 [g]	1,380,015
Income Taxes - State	556,194	556,194 [n]	-	(506,211) [g]	49,983	163,642 [g]	213,625
Amortization of ITC	(519)	(519) [n]	-	-	(519)	-	(519)
Amortization of CIAC	(941,965)	(811,710) [n]	-	37,112 [e]	(904,853)	-	(904,853)
Total	3,150,569	2,867,528	-	(653,919)	2,496,650	1,140,199	3,636,849
Total Operating Expenses	11,363,428	10,259,824	-	1,619,207	12,505,459	1,140,199	13,645,657
Net Operating Income	6,266,121	5,531,730	-	(2,647,337)	2,257,966	2,051,868	4,309,835
Other Income	-	-	-	-	-	-	-
Interest During Construction	(57,277)	(57,277) [n]	-	57,277 [h]	-	-	-
Interest on Debt	73,176	73,176 [n]	-	1,557,806 [l]	1,630,982	-	1,630,982
Gain on Sale of Utility Property	9,325	9,325 [n]	-	(9,325) [m]	-	-	-
Tax on Gain on Sale of Utility Property	-	- [n]	-	- [m]	-	-	-
Net Income	6,240,897	5,506,506	-	(4,253,094)	626,984	2,051,868	2,678,853

Carolina Water Service, Inc. of North Carolina
Water Operations
Test Year Ended December 31, 2014
W-354, Sub 344

Income Statement Adjustment and Allocation Recap

Schedule B
Page 2 of 4

	AA/UR (Direct) Transactions	Transactions After Removal of OBX and Nags Head	Remove Divested Subdivisions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues							
Service Revenues - Water	9,808,256	9,808,256 [q]	-	(730,450) [a]	9,077,806	2,101,510 [k]	11,179,315
Service Revenues - Sewer	-	-	-	-	-	-	-
Miscellaneous Revenues	104,236	104,236 [n]	-	-	104,236	-	104,236
Uncollectible Accounts	(49,154)	(49,154) [n]	- [v]	-	(49,154)	(11,379) [b]	(60,533)
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 [n]	- [v]	(2,386) [i]	809,743	-	809,743
Purchased Water	880,843	880,843 [n]	- [v]	-	880,843	-	880,843
Maintenance and Repair	625,959	625,959 [n]	- [v]	(14,240) [i]	611,718	-	611,718
Maintenance Testing	103,206	103,206 [n]	- [v]	(263) [i]	102,943	-	102,943
Meter Reading	118,432	115,212 [n]	- [v]	- [i]	115,212	-	115,212
Chemicals	334,627	334,627 [n]	- [v]	(23) [i]	334,604	-	334,604
Transportation	9	9	-	171,001 [i]	171,010	-	171,010
Operating Exp. Charged to Plant	(245,687)	(245,687) [o]	-	25,538 [c]	(220,149)	-	(220,149)
Outside Services - Other	41,751	41,751 [n]	-	132,076 [i]	173,827	-	173,827
Total	4,238,521	4,235,301	-	269,923	4,505,223	-	4,505,223
General Expenses							
Salaries and Wages	(225)	(225) [n]	-	484,869 [c]	484,643	-	484,643
Office Supplies & Other Office Exp.	59,705	59,705 [n]	- [v]	115,129 [i]	174,834	-	174,834
Regulatory Commission Exp.	174,720	174,720 [s]	-	(95,745) [d]	78,975	-	78,975
Pension & Other Benefits	-	-	-	446,082 [c]	446,082	-	446,082
Rent	73,887	73,887 [n]	-	(40,533) [i]	33,355	-	33,355
Insurance	-	-	-	180,181 [i]	180,181	-	180,181
Office Utilities	200,590	200,590 [n]	- [v]	95,855 [i]	296,445	-	296,445
Miscellaneous	30,117	30,117 [n]	- [v]	22,872 [i][i][p]	52,989	-	52,989
Total	538,795	538,795	-	1,208,710	1,747,505	-	1,747,505
Depreciation	1,573,256	1,573,256 [i]	-	(215,582) [e]	1,357,674	-	1,357,674
Amortization of PAA	(87,809)	(87,809) [i]	-	2,057 [e]	(85,752)	-	(85,752)
Taxes Other Than Income	333,192	333,192 [u]	-	214,038 [i]	547,231	(45,062) [f]	502,168
Income Taxes - Federal	85,847	85,847 [n]	-	79,544 [g]	165,391	689,698 [g]	855,089
Income Taxes - State	311,178	311,178 [n]	-	(285,578) [g]	25,600	106,767 [g]	132,367
Amortization of ITC	(274)	(274) [n]	-	- [i]	(274)	-	(274)
Amortization of CIAC	(456,864)	(456,864) [n]	-	(4,637) [e]	(461,501)	-	(461,501)
Total	1,758,526	1,758,526	-	(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	-	(1,998,926)	1,331,790	1,338,729	2,670,519
Other Income							
Interest During Construction	(30,185)	(30,185) [n]	-	30,185 [h]	-	-	-
Interest on Debt	40,443	40,443 [n]	-	970,197 [i]	1,010,640	-	1,010,640
Gain on Sale of Utility Property	5,950	5,950 [n]	-	(5,950) [m]	-	-	-
Tax on Gain on Sale of Utility Property	-	- [n]	-	- [m]	-	-	-
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 Carolina
Sewer Operations
Test Year Ended December 31, 2014
W-354, Sub 344

Income Statement Adjustment and Allocation Recap

Schedule B
Page 3 of 4

	AA/UR (Direct) Transactions	Transactions After Removal of OBX and Nags Head	Remove Divested Subdivisions	Pro Forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues							
Service Revenues - Water	-	-	-	-	-	-	-
Service Revenues - Sewer	7,722,841	5,891,104 [r]	-	(297,680) [a]	5,593,424	1,109,544 [k]	6,702,968
Miscellaneous Revenues	82,073	75,465 [n]	-	-	75,465	-	75,465
Uncollectible Accounts	(38,703)	(38,352) [n]	- [v]	-	(38,352)	(7,608) [b]	(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	889,174	663,424 [n]	-	(23,703) [c]	865,471	-	865,471
Purchased Power	611,224	470,789 [n]	- [v]	(1,353) [l]	469,436	-	469,436
Purchased Sewer	237,242	237,242 [n]	-	-	237,242	-	237,242
Maintenance and Repair	1,081,003	864,057 [n]	- [v]	(8,079) [l]	855,978	-	855,978
Maintenance Testing	231,875	179,400 [n]	- [v]	(149) [l]	179,251	-	179,251
Meter Reading	-	-	-	- [l]	-	-	-
Chemicals	189,849	133,510 [n]	- [v]	(13) [l]	133,497	-	133,497
Transportation	5	5	-	97,017 [l]	97,021	-	97,021
Operating Exp. Charged to Plant	(139,389)	(99,189) [o]	-	(25,712) [c]	(124,901)	-	(124,901)
Outside Services - Other	23,687	20,849 [n]	-	74,933 [l]	95,781	-	95,781
Total	3,124,669	2,470,088	-	112,939	2,808,777	-	2,808,777
General Expenses							
Salaries and Wages	(128)	(124) [n]	-	275,088 [c]	274,960	-	274,960
Office Supplies & Other Office Exp.	33,874	30,856 [n]	- [v]	65,318 [l]	96,174	-	96,174
Regulatory Commission Exp.	99,127	(18,513) [s]	-	(54,321) [d]	44,806	-	44,806
Pension & Other Benefits	-	-	-	253,083 [c]	253,083	-	253,083
Rent	41,920	41,920 [n]	-	(22,996) [l]	18,924	-	18,924
Insurance	-	-	-	102,225 [l]	102,225	-	102,225
Office Utilities	113,804	73,705 [n]	- [v]	54,383 [l]	128,088	-	128,088
Miscellaneous	22,278	20,270 [n]	- [v]	8,774 [l][l]	29,044	-	29,044
Total	310,874	148,113	-	681,554	947,304	-	947,304
Depreciation	1,341,205	925,116 [t]	-	(479,653) [e]	861,552	-	861,552
Amortization of PAA	(28,144)	(27,959) [t]	-	3,413 [e]	(24,731)	-	(24,731)
Taxes Other Than Income	251,717	254,326 [u]	-	121,434 [f]	373,151	(35,481) [f]	337,670
Income Taxes - Federal	67,595	67,595 [n]	-	89,928 [g]	157,523	367,403 [g]	524,926
Income Taxes - State	245,016	245,016 [n]	-	(220,633) [g]	24,383	56,875 [g]	81,258
Amortization of ITC	(245)	(245) [n]	-	-	(245)	-	(245)
Amortization of CIAC	(485,101)	(354,846) [t]	-	41,750 [e]	(443,352)	-	(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	2,938,625	2,201,014	-	(648,411)	926,176	713,140	1,639,315
Other Income							
Interest During Construction	(27,092)	(27,092) [n]	-	27,092 [h]	-	-	-
Interest on Debt	32,732	32,732 [n]	-	587,609 [i]	620,341	-	620,341
Gain on Sale of Utility Property	3,375	3,375 [n]	-	(3,375) [m]	-	-	-
Tax on Gain on Sale of Utility Property	-	- [n]	-	- [m]	-	-	-
Net Income	2,929,609	2,191,998	-	(1,259,737)	305,834	713,140	1,018,974

Carolina Water Service, Inc. of North Carolina
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. 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).
- [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.
- [i] Interest on Debt has been computed using a 51.57%/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.
- [l] 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.
- [o] 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.
- [s] 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/p e and allocation work papers.
- [v] Per books sold subdivisions' figures are removed

Carolina Water Service, Inc. of North Carolina
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

	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]	10,415,482 [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][n]	(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	-	- [k]	(99,334) [i]	(99,334)	-	(99,334)
Deferred Charges	3,558,522	3,556,917 [k]	(71,745) [f]	3,485,172	-	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 Carolina
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

	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	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	-	-	[k] (60,817)	[i] (60,817)	-	(60,817)
Deferred Charges	828,778	828,778	[k] (72,702)	[f] 756,075	-	756,075
Total Rate Base	28,049,151	28,049,151	3,221,650	31,270,801	-	31,270,801

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Carolina Water Service, Inc. of North Carolina
 Sewer Operations
 Rate Base and Rate of Return
 For the Test year Ended December 31, 2014
 W-354, Sub 344

Schedule C
 Page 3 of 4

	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	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]	(41,750) [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]	-	(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	5,038,472	19,194,336	-	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 Monterey 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.
- [j] 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 Reconciliation Adj

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

Schedule D

WATER

Bill code	Net Gallonage	Usage Charge	Units	BFC	Min Charge	Revenues
<u>All Subs:</u>						
5/8" Residential Water	820,779,143	5.44	195,429	18.25	-	8,031,618
1" Residential Water	2,726,941	5.44	514	45.63	-	38,288
1.5" Residential Water	136,650	5.44	31	91.25	-	3,572
2" Residential Water	2,122,600	5.44	85	146.00	-	23,957
3" Residential Water	313,900	5.44	4	273.75	-	2,803
4" Residential Water	230,100	5.44	7	456.25	-	4,445
6" Residential Water	-	5.44	-	912.50	-	-
5/8" Commercial Water	11,477,069	5.44	2,044	18.25	-	99,738
1" Commercial Water	6,250,813	5.44	532	45.63	-	58,280
1.5" Commercial Water	4,032,945	5.44	210	91.25	-	41,102
2" Commercial Water	16,325,738	5.44	573	146.00	-	172,470
3" Commercial Water	5,430,040	5.44	44	273.75	-	41,584
4" Commercial Water	91,590	5.44	17	456.25	-	8,254
6" Commercial Water	1,398,030	5.44	24	912.50	-	29,505
Water Flat Rate	-	-	13,290	34.52	-	458,771
Water Availability	-	-	2,936	21.60	-	63,418
	<u>871,315,558</u>		<u>215,740</u>			<u>\$ 9,077,806</u>
						<u>\$ 8,644,280</u>

SEWER

Bill code	Gallonage	Usage Charge	Units	BFC	Min Charge	Revenues
<u>All Subs:</u>						
5/8" Sewer only, Flat	-	-	36,255	44.70	-	1,620,599
5/8" Residential Metered	253,264,971	2.46	69,983	33.02	-	2,933,870
5/8" Commercial Wastewater	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	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
White Oak School	-	-	12	1,386.90	-	16,643
Child Castle Daycare	-	-	12	172.40	-	2,069
Pantry	-	-	5	91.85	-	459
Total	<u>309,821,617</u>		<u>125,155</u>			<u>\$ 5,593,424</u>

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

Schedule E

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Mar 31 2015

WATER

Bill code		Gallage	Usage Charge	Units	BFC	Min Charge	Revenues
<u>All Subs:</u>							
	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	-	71,771
	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	-	-	2,936.00	26.60	-	78,099
		871,315,558		215,740			\$ 11,179,315

SEWER

Bill code		Gallage	Usage Charge	Units	BFC	Min Charge	Revenues
<u>All Subs:</u>							
[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 Wastewa	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
	3" Commercial Wastewater	5,688,260	2.95	36.00	593.53	-	38,135
	4" 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
	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		3,211,054
% Increase		21.89%

[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.

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

WATER

All Other Areas:	Current				Average	
		Usage	Base	Minimum	Usage	Bill
	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

All Other Areas:	Proposed				Average		Increase	
		Usage	Base	Minimum	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	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	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	597.97	\$ 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 Carolina
Average Residential Bill @ Present & Proposed Rates
Test Year Ended December 31, 2014

SEWER

All Other Areas:	Current	Usage	Base	Minimum	Average	
					Usage	Bill
[1]	5/8" Sewer only, Flat	\$ -	\$ 44.70	\$ -	\$ -	\$ 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	-	27,151	231.89
	2" Commercial Wastewater	2.46	264.16	-	31,738	342.24
	3" Commercial Wastewater	2.46	495.30	-	158,007	884.00
	4" Commercial Wastewater	2.46	825.50	-	19,079	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

All Other Areas:	Proposed	Usage	Base	Minimum	Average		Increase	
					Usage	Bill	Amount	Percent
[1]	5/8" Sewer only, Flat	\$ -	\$ 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 UTILITY
} SERVICE IN ALL SERVICE
} AREAS OF NORTH CAROLINA

Schedules B-E

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Nags Head
Combined Operations
Test Year December 31, 2014

Schedule B
Page 1 of 4

	AA (Direct) Transactions	Allocation Adjustments	Income Statement Adjustment and Allocation Recap Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water	-	- [a]	-	- [k]	-
Service Revenues - Sewer	701,974	(107,505) [a]	594,469	125,907 [k]	720,376
Miscellaneous Revenues	2,194	-	2,194	-	2,194
Uncollectible Accounts	67	-	67	14 [b]	82
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) [f]	68,035	-	68,035
Purchased Water	-	-	-	-	-
Maintenance and Repair	98,549	596 [f]	99,145	-	99,145
Maintenance Testing	7,960	5 [f]	7,965	-	7,965
Meter Reading	-	- [f]	-	-	-
Chemicals	14,112	- [f]	14,112	-	14,112
Transportation	-	6,373 [f]	6,373	-	6,373
Operating Exp. Charged to Plant	(7,495)	(11,539) [c]	(19,034)	-	(19,034)
Outside Services - Other	-	5,265 [f]	5,265	-	5,265
Total	270,604	12,132	282,736	-	282,736
General Expenses					
Salaries and Wages	(2)	19,243 [c]	19,241	-	19,241
Office Supplies & Other Office Exp.	700	6,232 [f]	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 [f]	876	-	876
Insurance	-	7,806 [f]	7,806	-	7,806
Office Utilities	15,750	3,788 [f]	19,539	-	19,539
Miscellaneous	731	582 [j][f]	1,314	-	1,314
Total	17,180	64,902	82,081	-	82,081
Depreciation	77,530	15,336 [e]	92,866	-	92,866
Amortization of PAA	(185)	185 [e]	-	-	-
Taxes Other Than Income	(2,609)	11,787 [f]	9,178	151 [f]	9,329
Income Taxes - Federal	-	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)	(162) [e]	(1,996)	-	(1,996)
Total	72,903	49,778	122,682	47,065	169,746
Total Operating Expenses	360,687	126,812	487,499	47,065	534,564
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	-	-	-	-	-
Net Income	343,549	(305,499)	38,050	78,856	116,907

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Nags Head
Water Operations
Test Year December 31, 2014

Income Statement Adjustment and Allocation Recap
Total Direct and
Indirect
Transactions

Schedule B
Page 2 of 4

	AA (Direct) Transactions	Allocation Adjustments	Proposed Increase	Pro Forma Proposed
Operating Revenues				
Service Revenues - Water	-	- [a]	- [k]	-
Service Revenues - Sewer	-	-	-	-
Miscellaneous Revenues	-	-	-	-
Uncollectible Accounts	-	-	- [b]	-
Total Operating Revenues	-	-	-	-
Maintenance Expenses				
Salaries and Wages	-	- [c]	-	-
Purchased Power	-	- [f]	-	-
Purchased Water	-	- [f]	-	-
Maintenance and Repair	-	- [f]	-	-
Maintenance Testing	-	- [f]	-	-
Meter Reading	-	- [f]	-	-
Chemicals	-	- [f]	-	-
Transportation	-	- [f]	-	-
Operating Exp. Charged to Plant	-	- [c]	-	-
Outside Services - Other	-	- [f]	-	-
Total	-	-	-	-
General Expenses				
Salaries and Wages	-	- [c]	-	-
Office Supplies & Other Office Exp.	-	- [f]	-	-
Regulatory Commission Exp.	-	- [d]	-	-
Pension & Other Benefits	-	- [c]	-	-
Rent	-	- [f]	-	-
Insurance	-	- [f]	-	-
Office Utilities	-	- [f]	-	-
Miscellaneous	-	- [f][f]	-	-
Total	-	-	-	-
Depreciation	-	- [e]	-	-
Amortization of PAA	-	- [e]	-	-
Taxes Other Than Income	-	- [f]	- [f]	-
Income Taxes - Federal	-	- [g]	- [g]	-
Income Taxes - State	-	- [g]	- [g]	-
Amortization of ITC	-	- [f]	-	-
Amortization of CIAC	-	- [e]	-	-
Total	-	-	-	-
Total Operating Expenses	-	-	-	-
Net Operating Income	-	-	-	-
Other Income	-	-	-	-
Interest During Construction	-	- [h]	-	-
Interest on Debt	-	- [i]	-	-
Gain on Sale of Utility Property	-	-	-	-
Tax on Gain on Sale of Utility Property	-	-	-	-

Nags Head
Sewer Operations
Test Year December 31, 2014

Income Statement Adjustment and Allocation Recap

Schedule B
Page 3 of 4

	AA (Direct) Transactions	Allocation Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water					
Service Revenues - Sewer	701,974	(107,505) [a]	594,469	125,907 [k]	720,376
Miscellaneous Revenues	2,194	-	2,194		2,194
Uncollectible Accounts	67	-	67	14 [b]	82
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) [l]	68,035	-	68,035
Purchased Water	-	-	-	-	-
Maintenance and Repair	98,549	596 [l]	99,145	-	99,145
Maintenance Testing	7,960	5 [l]	7,965	-	7,965
Meter Reading	-	- [l]	-	-	-
Chemicals	14,112	- [l]	14,112	-	14,112
Transportation	-	6,373 [l]	6,373	-	6,373
Operating Exp. Charged to Plant	(7,495)	(11,539) [c]	(19,034)	-	(19,034)
Outside Services - Other	-	5,265 [l]	5,265	-	5,265
Total	270,604	12,132	282,736	-	282,736
General Expenses					
Salaries and Wages	(2)	19,243 [c]	19,241	-	19,241
Office Supplies & Other Office Exp.	700	6,232 [l]	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 [l]	876	-	876
Insurance	-	7,806 [l]	7,806	-	7,806
Office Utilities	15,750	3,788 [l]	19,539	-	19,539
Miscellaneous	731	582 [l][l]	1,314	-	1,314
Total	17,180	64,902	82,081	-	82,081
Depreciation	77,530	15,336 [e]	92,866	-	92,866
Amortization of PAA	(185)	185 [e]	-	-	-
Taxes Other Than Income	(2,609)	11,787 [f]	9,178	151 [f]	9,329
Income Taxes - Federal	-	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)	(162) [e]	(1,996)	-	(1,996)
Total	72,903	49,778	122,682	47,065	169,746
Total Operating Expenses	360,687	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]	-	-	-
Interest on Debt	-	71,182 [i]	71,182	-	71,182
Gain on Sale of Utility Property	-	-	-	-	-
Tax on Gain on Sale of Utility Property	-	-	-	-	-
Net Income	343,549	(305,499)	38,050	78,856	116,907
	(0)				

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.
- [l] W/P-P1 column [p] add in allocations multiplied by Water/Sewer factor based on North Carolina ERC Methodology.

Rate Base Adjustment and Allocation Recap

Schedule C
Page 1 of 2

Neag Head
Combined Operations
Rate Base and Rate of Return
Test Year December 31, 2014

	Total Direct and		Proposed Increase	Effect of Proposed Increase
	AA/UR (Direct) Transactions	Allocation Adjustments	Indirect Transactions	
Net Operating Income	3,435,471	(234,317)	109,232	188,089
Gross Plant In Service	2,821,471	694,287 (c)	3,435,758	3,435,758
Accumulated Depreciation	(1,081,440)	(101,269) (b)	(1,183,229)	(1,183,229)
Net Plant In Service	1,740,030	592,498	2,232,528	2,232,528
Cash Working Capital	33,647	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) (d)	(22,745)	(22,745)
Customer Deposits	-	(2,025) (k)	(2,025)	-
Gain on Sale and Flowback Taxes	-	-	-	-
Net Plant Acquisition Adjustment	(63,759)	63,759 (l)	-	-
Excess Book Value	-	-	-	-
Cost Free Capital	-	(809) (i)	(809)	(809)
Average Tax accruals	-	6,271 (j)	6,271	6,271
Deferred Charges	-	-	-	-
Total Rate Base	1,644,272	538,213	2,202,485	2,202,485
Return on Rate Base	20.89%		4.96%	8.51%

	AA/UR (Direct) Transactions	Allocation Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Effect of Proposed 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	-	3,425,758
Accumulated Depreciation	(1,081,440)	(101,789) [b][i]	(1,183,229)	-	(1,183,229)
Net Plant In Service	1,740,030	502,498	2,242,528	-	2,242,528
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	-	6,271 [f]	6,271	-	6,271
Total Rate Base	1,644,272	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.
- [j] 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.

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

Schedule D

SEWER							
Bill code		Gallons	Usage Charge	Units	BFC	Min Charge	Revenues
All Subs:							
	Sewer Flat	-	-	7,215	62.81	62.81	453,174
	5/8" Commercial Wastewater	738,340	9.33	120	18.48	62.81	9,106
	1" Commercial Wastewater	4,146,780	9.33	84	46.22	62.81	42,572
	1.5" Commercial Wastewater	1,362,760	9.33	48	92.42	62.81	17,151
	2" Commercial Wastewater	5,032,400	9.33	84	147.88	62.81	59,374
	3" Commercial Wastewater	-	9.33	-	277.27	62.81	-
	4" Commercial Wastewater	-	9.33	-	462.12	62.81	-
	6" Commercial Wastewater	214,500	9.33	12	924.24	62.81	13,092
Total		11,494,780		7,563			594,469

Nags Head
PROPOSED REVENUES

Schedule E

SEWER

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

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

SEWER					Average		Increase	
		Usage	Base	Minimum	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 UTILITY
) SERVICE IN ALL SERVICE
) AREAS OF NORTH CAROLINA

Schedules B-E

**Corolla Light
Monterey Shores**

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Corolla Light and Monterey Shores
Combined Operations
Test Year Ended December 31, 2014

Schedule B
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Mar 31 2015

	AA/UR (Direct) Transactions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water	-	- [o]	-	-	-
Service Revenues - Sewer	1,129,763	(25,705) [a]	1,104,058	305,290 [k]	1,409,347
Miscellaneous Revenues	4,414	- [o]	4,414	-	4,414
Uncollectible Accounts	(418)	- [o]	(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 [l][o]	119,164	-	119,164
Maintenance Testing	44,515	3 [l][o]	44,518	-	44,518
Meter Reading	3,220	(3,220) [l][o]	-	-	-
Chemicals	42,226	- [l]	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 [l]	9,432	-	9,432
Total	387,198	14,617	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 [l]	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 [l]	414	-	414
Insurance	-	10,085 [l]	10,085	-	10,085
Office Utilities	24,348	4,904 [l]	29,253	-	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	742,917	27,516	770,433	114,061	884,494
Net Operating Income	390,842	(53,221)	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	-	- [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 Monterey Shores
Water Operations
Test Year Ended December 31, 2014

Schedule B
Page 2 of 4

	AA/UR (Direct) Transactions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water	-	- [o]	-	-	-
Service Revenues - Sewer	-	-	-	-	-
Miscellaneous Revenues	-	- [o]	-	-	-
Uncollectible Accounts	-	- [o]	-	-	-
Total Operating Revenues	-	-	-	-	-
Maintenance Expenses					
Salaries and Wages	-	-	-	-	-
Purchased Power	-	- [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	-	-	-	-	-
Total	3,220	(3,220)	-	-	-
General Expenses					
Salaries and Wages	-	-	-	-	-
Office Supplies & Other Office Exp.	-	-	-	-	-
Regulatory Commission Exp.	-	-	-	-	-
Pension & Other Benefits	-	-	-	-	-
Rent	-	-	-	-	-
Insurance	-	-	-	-	-
Office Utilities	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total	-	-	-	-	-
Depreciation	-	- [o]	-	-	-
Amortization of PAA	-	-	-	-	-
Taxes Other Than Income	-	-	-	-	-
Income Taxes - Federal	-	-	-	-	-
Income Taxes - State	-	-	-	-	-
Amortization of ITC	-	-	-	-	-
Amortization of CIAC	-	-	-	-	-
Total	-	-	-	-	-
Total Operating Expenses	3,220	(3,220)	-	-	-
Net Operating Income	(3,220)	3,220	-	-	-
Other Income	-	-	-	-	-
Interest During Construction	-	-	-	-	-
Interest on Debt	-	-	-	-	-
Gain on Sale of Utility Property	-	-	-	-	-
Tax on Gain on Sale of Utility Property	-	-	-	-	-
Net Income	(3,220)	3,220	-	-	-

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

Schedule B
Page 3 of 4

	AA/UR (Direct) Transactions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water	-	-	-	-	-
Service Revenues - Sewer	1,129,763	(25,705) [a]	1,104,058	305,290 [k]	1,409,347
Miscellaneous Revenues	4,414	-	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]	72,318	-	72,318
Purchased Sewer	-	-	-	-	-
Maintenance and Repair	118,397	768 [l]	119,164	-	119,164
Maintenance Testing	44,515	3 [l]	44,518	-	44,518
Meter Reading	-	- [l]	-	-	-
Chemicals	42,226	- [l]	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 [l]	9,432	-	9,432
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 [l]	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 [l]	414	-	414
Insurance	-	10,085 [l]	10,085	-	10,085
Office Utilities	24,348	4,904 [l]	29,253	-	29,253
Miscellaneous	1,276	754 [l]	2,030	-	2,030
Total	145,581	(34,378)	111,203	-	111,203
Depreciation	338,559	(39,275) [e]	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	739,697	30,736	770,433	114,061	884,494
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	-	- [m]	-	-	-
Tax on Gain on Sale of Utility Property	-	- [m]	-	-	-
Net Income	394,062	(256,518)	137,544	191,112	328,656

Mar 31 2015

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Corolla Light and Monterey Shores
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. This adjustment also includes Corolla Light and Monterey 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.
- [i] Interest on Debt has been computed using a 51.57% / 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.
- [l] 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.
- [o] Water revenues and expenses are removed for rate making purposes. These expenses and revenues are for sold subdivisions.

Corolla Light and Monterey 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

	AA/UR (Direct) Transactions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Effect of Proposed Increase
Net Operating Income	<u>390,842</u>	<u>(53,221)</u>	<u>337,621</u>	<u>191,112</u>	<u>528,733</u>
Gross Plant In Service	13,126,043	137,561 [c]	13,263,605	-	13,263,605
Accumulated Depreciation	<u>(1,603,075)</u>	<u>(13,533) [b][i]</u>	<u>(1,616,608)</u>	-	<u>(1,616,608)</u>
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	<u>1,604.76</u>	<u>6,487 [e]</u>	<u>8,092</u>	-	<u>8,092</u>
Total Rate Base	<u>6,900,944</u>	<u>(710,250)</u>	<u>6,190,694</u>	-	<u>6,190,694</u>
Return on Rate Base	<u>5.66%</u>		<u>5.45%</u>		<u>8.54%</u>

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

Rate Base Adjustment and Allocation Recap

Schedule C
Page 2 of 4

	AA/UR (Direct Transactions)	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Effect of Proposed Increase
Net Operating Income	(3,220.00)	3,220.00	-	-	-
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	-	-	-	-	-
Cost Free Capital	-	-	-	-	-
Average Tax accruals	-	-	-	-	-
Deferred charges	1,604.76	(1,604.76)	-	-	-
Total Rate Base	1,604.76	(1,604.76)	-	-	-

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

Rate Base Adjustment and Allocation Recap

Schedule C
Page 3 of 4

	AA/UR (Direct) Transactions	Pro forma Adjustments	Total Direct and Indirect Transactions	Proposed Increase	Effect of Proposed 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	-	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)	-	(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	-	8,092
Total Rate Base	6,899,340	(708,646)	6,190,694	-	6,190,694
Return on Rate Base	5.71%		5.45%		8.54%

Explanations of Adjustments to Rate Base

Rate Base Adjustment and Allocation Recap

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. This adjustment also includes Corolla Light and Monterey 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. This adjustment also includes Corolla Light and Monterey 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.
- [e] Deferred charges per books and pro-forma - see w/p-c3.
- [f] 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.
- [g] 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.
- [j] OBX Customer Deposits are booked at the Co. 182 level therefore the per book numbers are recalculated.

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

Schedule D

SEWER

Bill code	Gallorage	Usage Charge	Units	BFC	Min Charge	Revenues
<u>All Subs:</u>						
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	<u>60,616,692</u>		<u>10,902</u>			<u>\$ 1,103,829</u>

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

Schedule E

SEWER

Bill code	Gallorage	Usage Charge	Units	BFC	Min Charge	Revenues
<u>All Subs:</u>						
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	<u>60,616,692</u>		<u>10,902</u>			<u>1,409,347</u>

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

SEWER

All Other Areas:	Current	Usage	Base	Minimum	Average			
					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	-	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		

All Other Areas:	Proposed	Usage	Base	Minimum	Average		Increase	
					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	-	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	-	-	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
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