

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

April 30, 2024

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Carolina Water Service, Inc. of North Carolina (Emergency Operator of Outer Banks/Kinnakeet Associates, LLC Sewer System)
Docket Nos. W-1125, Subs 9 and 10
Filing of Quarterly Financial Reports (January - March 2024 Calendar Quarter)

Dear Ms. Dunston:

On August 3, 2022, the Commission entered an Order in Docket Nos. W-1125, Subs 9 and 10 appointing Carolina Water Service, Inc. of North Carolina (“CWSNC” or “Company”) to serve as the Emergency Operator (“EO”) of the Kinnakeet Shores Wastewater Treatment Plant and Collection System in Dare County. CWSNC hereby files the Company’s quarterly EO financial reports for the January - March 2024 calendar quarter for the sewer utility system which was formerly operated by Outer Banks/Kinnakeet Associates, LLC.

As always, thank you and your staff for your assistance; please feel free to contact me if there are any questions or suggestions.

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford

Attorney for Carolina Water Service,
Inc. of North Carolina (Emergency
Operator)

c: Parties of Record

Outer Banks / Kinnakeet Associates, LLC.

Schedule 1

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Plant in Service, Revenues, Expenses, and Reserve Balances

For Q1 2024

Line No.	Item	Kinnakeet Shores Sewer (a)	Total (b)	[8]
1	Plant In Service	1,217,006.89 [1]	1,217,006.89	
2	Accumulated Depreciation	1,983.30 [2]	1,983.30	
3	Net Plant in Service (L1 - L2)	<u>1,215,023.59</u>	<u>1,215,023.59</u>	
4	Revenues	<u>70,624.35</u> [3]	<u>70,624.35</u>	
5	Expenses for a return	46,346.51 [4]	46,346.51	
6	Depreciation & Amort (No Return)	2,086.58	2,086.58	
7	Regulatory fee (L4 x 0.1475%)	104.17	104.17	
8	Gross receipts tax (L4 x 0%)	0.00	0.00	
9	Pre-tax return on expenses	4,296.19 [5]	4,296.19	
10	Pre-tax return on Net Plant in Service	28,157.31 [6]	28,157.31	
11	Total expenses and return (Sum of L5 thru L9)	<u>80,990.76</u>	<u>80,990.76</u>	
12	Net activity for the quarter (L4 - L10)	<u>(\$10,366.41)</u>	<u>(\$10,366.41)</u>	
13	Reserve balance prior quarter	70,129.96 [7]	70,129.96	
14	Net activity for the quarter (L11)	<u>(10,366.41)</u>	<u>(10,366.41)</u>	
15	Current Reserve balance (L12 + L13)	<u>\$59,763.55</u>	<u>\$59,763.55</u>	

[1] Total plant in service from Schedule 3.

[2] Total accumulated depreciation from Schedule 3.

[3] Total revenues from Schedule 2.

[4] Total expenses for return from Schedule 2.

[5] Schedule 1(a), Line 5.

[6] Schedule 1(a), Line 10.

[7] Revised ending balance, previous balance was \$87,355.94.

[8] Total column (a)

Outer Banks / Kinnakeet Associates, LLC.

Schedule 1(a)

Carolina Water Service, Inc. of NC as EO
 Docket Nos. W-1125, Subs 9 and 10
 Calculation of Pre-Tax Return
 For Q1 2024

Line No.	Item	Kinnakeet Shores Sewer (a)	Total (b)
<u>Calculation of Pre-Tax Return - Expenses</u>			
1	Expenses for return	\$46,346.51 [1]	\$46,346.51 [1]
2	Overall rate of return	7.14% [2]	7.14% [2]
3	Return on expenses (L1 x L2)	3,309.14	3,309.14
4	Retention factor for income taxes (L16)	0.770250	0.770250
5	Pre-tax return on expenses (L3 / L4)	<u>\$4,296.19</u>	<u>\$4,296.19</u>
<u>Calculation of Pre-Tax Return - Plant in Service</u>			
6	Net Plant in Service	\$1,215,023.59 [3]	\$1,215,023.59 [3]
7	Overall rate of return	7.14% [2]	7.14% [2]
8	Quarterly Return	1.79%	1.79%
9	Return on Plant in Service (L6 x L7)	21,688.17	21,688.17
10	Retention factor for income taxes (L16)	0.770250	0.770250
11	Pre-tax return on Plant in Service (L9 / L10)	<u>\$28,157.31</u>	<u>\$28,157.31</u>
<u>Calculation of Retention Factor</u>			
12	Revenues	1.000000	
13	Less: State income tax at 2.5%	0.025000	
14	Federal taxable income	0.975000	
15	Less: Federal income tax at 21%	0.204750	
16	Retention factor for income taxes	<u>0.770250</u>	

[1] Schedule 1, Line 5.

[2] Overall return authorized by Commission for CWSNC on August 3, 2022 in Docket No. W-1125, Sub 9 and 10.

[3] Schedule 1, Line 3.

Outer Banks / Kinnakeet Associates, LLC.

Carolina Water Service, Inc. of NC as EO
Docket Nos. W-1125, Subs 9 and 10
Revenues and Expenses
For Q1 2024

Schedule 2
Page 1 of 5

Fusion Acct Number	Account Description	Kinnakeet Shores	Total
		(DEPT 320242)	
		(a)	(b)
411001	Residential	(70,500.85)	(70,500.85)
411040	Revenue Accrued	19.00	19.00
411002	Commercial	-	-
411024	Commercial - Measured	-	-
411042	Forfeited Discounts	(116.03)	(116.03)
411039	Other Revenue	-	-
411058	Management Service Revenue	(26.47)	(26.47)
	Total Revenues	(70,624.35)	(70,624.35)
511001	Purchased Services-Water	-	-
511003	Purchased Services-Gas	-	-
512001	Shop Supplies and Tools	1,534.52	1,534.52
512002	Repairs and Maintenance	5,906.32	5,906.32
512003	Main Breaks	7.88	7.88
512005	Valve Repair	-	-
512006	Manhole Maint	-	-
512008	Maintenance Electric Equip Repair	3,431.86	3,431.86
512009	Permits	53.69	53.69
512010	Sewer Rodding	-	-
512011	Sewer Sludge Hauling	-	-
512012	Deferred Maintenance Expense	52.43	52.43
512013	Excavation Restoration	-	-
512014	Communication Expense	105.00	105.00
512015	Equipment Rental	-	-
512016	Uniforms	17.84	17.84
512017	Weather/Hurricane/Fuel/Snow removal	11.73	11.73
512018	Safety Supplies/Expense	96.29	96.29
512020	Service Claims	-	-
512021	Landscaping	-	-
512022	Other Contracted Workers	0.24	0.24
512900	Other Plant and System Maintenance	-	-
513002	Meter Supplies	-	-
513003	Pipe, Plate, Gasket	-	-
513007	Rig Equip	-	-
513008	Electrical Equip	-	-

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For Q1 2024

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Fusion Acct Number	Account Description	Kinnakeet Shores	Total
		(DEPT 320242)	
		(a)	(b)
513009	Lighting Supplies	-	-
513010	Plant Air System	-	-
513011	Valves and Traps	-	-
513900	Other Materials and Supplies	9.42	9.42
514001	Chlorine	2,157.50	2,157.50
514900	Other Chemicals	22.10	22.10
515001	Laboratory Testing	2,530.77	2,530.77
515002	Test - Water/Sewer	0.61	0.61
515003	Test - Equipment/Chemical	4.55	4.55
515004	Test - Safe Drinking Water Act	-	-
516001	Service - Meter Reading	-	-
517001	Utility-Electric Power	3,860.36	3,860.36
521010	Salaries and Wages	9,556.70	9,556.70
521020	Salaries and Wages - Accrued	437.43	437.43
521040	Overtime	881.00	881.00
521060	Incentive Bonus	41.29	41.29
521070	EIP Bonus	49.85	49.85
521080	Bonus Other	22.74	22.74
522001	Capitalized Time	5,705.84	5,705.84
531001	401K Profit Sharing	150.55	150.55
531002	401K Match	149.69	149.69
532001	Health Admin and Stop Loss	124.95	124.95
532002	Dental	27.33	27.33
532005	Employee Insurance Deductions	(226.53)	(226.53)
532006	Health Insurance Claims	748.62	748.62
532008	Health Insurance	-	-
532009	Workers Compensation Insurance (WCB)	110.09	110.09
532012	Term Life Insurance	69.30	69.30
532013	Term Life Insurance Opt	(10.47)	(10.47)
532014	Depend Life Insurance Opt	-	-
532016	Education / Tuition	-	-
532017	Safety	-	-
532900	Other Employee Benefits	12.50	12.50
540100	Consulting	(25.38)	(25.38)
540200	Accounting and Audit	-	-
540300	Recruitment	-	-

Outer Banks / Kinnakeet Associates, LLC.

Carolina Water Service, Inc. of NC as EO
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For Q1 2024

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Fusion Acct Number	Account Description	Kinnakeet Shores	Total
		(DEPT 320242)	
		(a)	(b)
540400	Legal	91.38	91.38
540500	Payroll	-	-
540600	Tax	-	-
540700	Engineering	-	-
540800	Temporary Labor	-	-
540900	Police	-	-
541100	Management Fee	-	-
541200	Contractor Outside Services	-	-
541300	Employee Finder Fees	-	-
549000	Other Outside Services	45.45	45.45
550200	Computer Repair and Maintenance	-	-
550300	Computer Supplies	-	-
550400	Internet Services	9.57	9.57
550600	Computer Licensing	-	-
550700	Software	-	-
550800	Computer Amort	-	-
559900	Other Computer/IT Expenses	-	-
560100	General Liability Insurance	291.07	291.07
560200	Property Insurance	662.12	662.12
560300	Vehicle Insurance	127.51	127.51
560400	Uninsured Losses	-	-
560500	Other Insurance	136.04	136.04
571100	Building Rent	252.74	252.74
581100	Office Supplies	3.58	3.58
581200	Kitchen Supplies	1.36	1.36
581300	Cleaning Supplies	1.00	1.00
582100	Office Equipment	499.34	499.34
583100	Office Printing/Blueprints	-	-
583200	Office Publications/Subscriptions	-	-
583300	Artwork, Display and Banner	-	-
583400	Office Shipping Charges/Postage/Courier	10.38	10.38
584100	Office Electric	-	-
584200	Office Gas/Heat	-	-
584300	Office Water	193.67	193.67
584900	Office Other Utilities	-	-
585100	Office Garbage Disposal/Removal	0.99	0.99

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Revenues and Expenses
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Fusion Acct Number	Account Description	Kinnakeet Shores	Total
		(DEPT 320242)	
		(a)	(b)
585200	Office Landscape/Mowing	-	-
585400	Office Security/Alarm System	-	-
585500	Office Cleaning Services	-	-
585900	Other Office Maintenance	3.54	3.54
586100	Landline/Telephone/Fax	37.21	37.21
586200	Cellular/Mobile Phones	71.15	71.15
587500	Answering Service	13.47	13.47
587900	Other Office Expenses	18.70	18.70
591000	Accommodation/Hotel/Lodging	14.91	14.91
592000	Airfare	3.07	3.07
593000	Transportation excl. Airfare	5.39	5.39
594000	Travel - Meals and Entertainment	-	-
595000	Travel - Meals and Entertainment - 50% Tax I	4.46	4.46
599900	Other Travel	1.36	1.36
601000	Vehicle Leasing	-	-
602000	Vehicle Fuel	231.07	231.07
603000	Vehicle Repairs and Maintenance	85.09	85.09
604000	Vehicle Registration/Licensing Fees	24.42	24.42
609000	Vehicle - Other Costs	14.50	14.50
611100	Rate Case Amortization	266.69	266.69
612100	Regulatory Fees	-	-
612900	Other Regulatory Expenses	193.82	193.82
621100	Advertising	-	-
621400	Promotions/Corporate Sponsor	4.35	4.35
622100	Bank Service Charges	-	-
624100	License Fees	6.18	6.18
625300	Late Fees	-	-
626100	Education and Training	1.50	1.50
627100	Bad Debt Expense	-	-
627200	Bad Debt Collection Expense	-	-
627300	Uncollectible Accounts Accrual	26.00	26.00
628100	Billing Stock	-	-
628200	Billing Envelopes	-	-
628300	Billing Postage	-	-
628400	Customer Service Printing	171.37	171.37
629100	Memberships and Dues	69.61	69.61

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Docket Nos. W-1125, Subs 9 and 10
Revenues and Expenses
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Fusion Acct Number	Account Description	Kinnakeet Shores	Total
		(DEPT 320242)	
		(a)	(b)
629500	Credit Card Expense Clearing	50.82	50.82
629600	Credit Card/Cash Expense - Unallocated	-	-
629900	Other Misc Expense	(2.67)	(2.67)
630002	Commission Ordered Adjustments	-	-
641100	FICA	439.12	439.12
642100	Federal Unemployment Tax	19.83	19.83
642200	State Unemployment Tax	35.18	35.18
643300	Personal Property Taxes	-	-
643400	Real Estate Taxes	-	-
643500	Sales And Use Taxes	-	-
643600	Utility/Commission Taxes	104.28	104.28
643700	Other General Taxes	153.67	153.67
691000	Corporate Allocation	3,836.06	3,836.06
692000	Regional Allocation	487.55	487.55
710220	Dep - Struct and Improv Office	30.19	30.19
710231	Dep - Dist Resv and Standpipes	1.04	1.04
710232	Dep - Trans and Distr Mains	3.42	3.42
710233	Dep - Service Lines	0.99	0.99
710242	Dep - Sewer Gravity Main	2,038.18	2,038.18
710303	Dep - Office Furniture	1.89	1.89
710308	Dep - Tool Shop Equipment	-	-
710309	Dep - Power Operated Equipment	0.36	0.36
710310	Dep - Communications Equipment	0.03	0.03
710401	Dep - Vehicles	51.36	51.36
710501	Dep - Computer Hardware	-	-
710502	Dep - Desktop/Laptop Computers	-	-
710504	Dep - Mini Comp Wtr	0.28	0.28
710602	Dep - Comp Systems	-	-
720036	Amort CIAC - Tap Fee	(41.16)	(41.16)
811002	Interest - Revolver	-	-
	Total Exp	48,433.09	48,433.09
	Operating Income	(22,191.26)	(22,191.26)

Outer Banks / Kinnakeet Associates, LLC.

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Construction Status Report

For Q1 2024

Schedule 3

Completed Plant in Service

<u>Asset Number</u>	<u>Fusion Acct Number</u>	<u>Account Description</u>	<u>System</u>	<u>Plant In Service</u>	<u>Accumulated Depreciation</u>
2005514	271036	CIAC TAP FEE	320242	(6,667.00)	(54.88)
5002254	141242	NC - 2022 - Kinnakeet Shores WWCS EO CP 2022279B	320242	1,223,673.89	2,038.18
				<u>1,217,006.89</u>	<u>1,983.30</u>

Construction Work-in-Progress

<u>Project Number</u>	<u>Fusion Acct Number</u>	<u>Account Description</u>	<u>System</u>	<u>Spend to Date</u>	<u>Estimated Cost</u>
2022279	141209	NC - 2022 - Kinakeet Shores WWTP EO	320242	2,257,812	2,236,000

CERTIFICATE OF SERVICE

On behalf of **Carolina Water Service, Inc. of North Carolina** (Emergency Operator of the Outer Banks/Kinnakeet Associates, LLC sewer system), I hereby certify that I have served a copy of the foregoing **Quarterly Financial Reports (January - March 2024 Calendar Quarter)** filed in Docket Nos. W-1125, Subs 9 and 10 on all parties of record in this proceeding, in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 30th day of April 2024.

Electronically Submitted
/s/Jo Anne Sanford
State Bar No. 6831
SANFORD LAW OFFICE, PLLC
sanford@sanfordlawoffice.com
Tel: 919.210.4900
**Attorney for Carolina Water Service,
Inc. of North Carolina (Emergency
Operator)**