

**SANFORD LAW OFFICE, PLLC**

Jo Anne Sanford, Attorney at Law

October 24, 2017

Ms. M. Lynn Jarvis, 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 Riverbend Estates Water System)  
Docket No. W-390, Sub 13  
Filing of Quarterly Financial Reports (July - September 2017  
Calendar Quarter)

Dear Ms. Jarvis:

Pursuant to decretal paragraph number 4.a. of the Order Appointing Emergency Operator, Approving Increased Rates, and Requiring Customer Notice issued in Docket No. W-390, Sub 13 on May 16, 2017), Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company") hereby files certain quarterly financial reports for the July - September 2017 calendar quarter. The Company files these reports in its capacity as Emergency Operator of the water utility system which was formerly operated by Riverbend Estates Water System, Inc.

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)

cc: Parties of Record

**Riverbend Estates Water System**  
 Carolina Water Service, Inc. of NC as EO  
 Docket No. W-390, Sub 13  
 Revenues, Expenses, and Reserve Balances  
 For Q3 2017

Schedule 1

Line No.	<u>Item</u>	<u>Riverbend Estates</u> (a)
1	Revenues	32,037.41 [1]
2	Expenses for a return	44,635.82 [2]
3	Regulatory fee (L1 x 0.14%)	44.85
4	Gross receipts tax (L1 x 0%)	0.00
5	Pre-tax return on expenses	5,717.18 [3]
6	Total expenses and return (Sum of L2 thru L5)	50,397.85
7	Net activity for the month (L1 - L6)	(\$18,360.44)
8	Reserve balance prior month	\$11,615.86 [4]
9	Net activity for the month (L7)	(18,360.44)
10	Current Reserve balance (L8 + L9)	(\$6,744.58)

- [1] Total revenues from Schedule 2.  
 [2] Total expenses for return from Schedule 2.  
 [3] Schedule 1(a), Line 5.  
 [4] Ending balance from prior period report.  
 [5] Sum of Columns (a) through (c).

**Riverbend Estates Water System**  
Carolina Water Service, Inc. of NC as EO  
Docket No. W-390, Sub 13  
Calculation of Pre-Tax Return  
For Q3 2017

Schedule 1(a)

Line			
<u>No.</u>	<u>Item</u>	Riverbend Estates	
		(a)	
	<u>Calculation of Pre-Tax Return</u>		
1	Expenses for return	\$44,635.82	[1]
2	Overall rate of return	8.20%	[2]
3	Return on expenses (L1 x L2)	3,660.14	
4	Retention factor for income taxes (L10)	0.640200	
5	Pre-tax return on expenses (L3 / L4)	\$5,717.18	
	<u>Calculation of Retention Factor</u>		
6	Revenues	1.000000	
7	Less: State income tax at 3.0%	0.030000	
8	Federal taxable income	0.970000	
9	Less: Federal income tax at 34%	0.329800	
10	Retention factor for income taxes	0.640200	

[1] Schedule 1, Line 2.  
[2] Overall return authorized by Commission for CWSNC on December 7, 2015 in Docket No. W-354, Sub 344.

**Riverbend Estates Water System**  
 Carolina Water Service, Inc. of NC as EO  
 Docket No. W-390, Sub 13  
 Revenues and Expenses for Q3 2017

Schedule 2

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
5025	WATER REVENUE-RESIDENTIAL	(31,758.70)
5030	WATER REVENUE-ACCRUALS	(170.29)
5265	FORFEITED DISCOUNTS	(108.42)
5270	MISC SERVICE REVENUE	-
5285	OTHER W/S REVENUES	-
5405	REV FROM MGMT SERVICES	-
<b>Total Revenues</b>		<b><u>(32,037.41)</u></b>
5435	PURCHASED WATER-WATER S	25,469.80
5465	ELEC PWR - WATER SYSTEM	-
5495	METER READING	96.00
5505	AGENCY EXPENSE	1.38
5510	UNCOLLECTIBLE ACCOUNTS	22.91
5515	UNCOLL ACCOUNTS ACCRUAL	586.00
5525	BILL STOCK	3.59
5535	BILLING ENVELOPES	6.62
5540	BILLING POSTAGE	82.35
5545	CUSTOMER SERVICE PRINTING	188.00
5625	401K/ESOP CONTRIBUTIONS	113.62
5630	HEALTH & DENTAL PREMIUMS	112.53
5635	DENTAL INS REIMBURSEMENTS	16.34
5645	EMPLOYEE INS DEDUCTIONS	(164.72)
5650	HEALTH COSTS & OTHER	1.30
5655	HEALTH INS REIMBURSEMENTS	721.36
5660	OTHER EMP PENSION/BENEFITS	3.01
5665	PENSION CONTRIBUTIONS	81.46
5670	TERM LIFE INS	22.28
5675	TERM LIFE INS-OPT	(8.94)
5680	DEPEND LIFE INS-OPT	(2.35)
5690	TUITION	-
5705	INSURANCE-GEN LIAB	274.60
5715	INSURANCE-OTHER	61.60
5735	COMPUTER MAINTENANCE	105.16
5740	COMPUTER SUPPLIES	0.74
5745	COMPUTER AMORT & PROG COST	-
5750	INTERNET SUPPLIER	23.96
5785	ADVERTISING/MARKETING	-
5790	BANK SERVICE CHARGE	12.49
5805	LICENSE FEES	0.99
5810	MEMBERSHIPS	11.73
5820	TRAINING EXPENSE	33.93
5825	OTHER MISC EXPENSE	(13.27)
5855	ANSWERING SERVICE	9.32
5860	CLEANING SUPPLIES	0.71
5865	COPY MACHINE	1.78

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5875	KITCHEN SUPPLIES	0.37
5880	OFFICE SUPPLY STORES	3.82
5885	PRINTING/BLEUPRINTS	-
5890	PUBL SUBSCRIPTIONS/TAPES	-
5895	SHIPPING CHARGES	17.21
5900	OTHER OFFICE EXPENSES	12.74
5930	OFFICE ELECTRIC	1.81
5935	OFFICE GAS	0.18
5940	OFFICE WATER	0.15
5945	OFFICE TELECOM	139.53
5950	OFFICE GARBAGE REMOVAL	1.14
5955	OFFICE LANDSCAPE / MOW / PLOW	0.68
5960	OFFICE ALARM SYS PHONE EXP	0.81
5965	OFFICE MAINTENANCE	3.70
5970	OFFICE CLEANING SERVICE	3.45
5975	OFFICE MACHINE/HEAT&COOL	0.34
5980	OTHER OFFICE UTILITIES	0.12
5985	TELEMETERING PHONE EXPENSE	-
6010	AUDIT FEES	44.39
6015	EMPLOY FINDER FEES	0.31
6020	ENGINEERING FEES	-
6025	LEGAL FEES	2,734.52
6035	PAYROLL SERVICES	12.83
6040	TAX RETURN REVIEW	24.78
6045	TEMP EMPLOY - CLERICAL	5.28
6050	OTHER OUTSIDE SERVICES	6,757.27
6070	MISC REG MATTERS COMM EXP	23.85
6090	RENT	102.89
6110	SALARIES-ACCTG/FINANCE	120.40
6115	SALARIES-ADMIN	27.35
6120	SALARIES-OFFICERS/STKHLDR	154.01
6125	SALARIES-HR	29.51
6130	SALARIES-MIS	61.61
6135	SALARIES-LEADERSHIP OPS	384.49
6140	SALARIES-REGULATORY	46.93
6145	SALARIES-CUSTOMER SERVICE	144.80
6146	SALARIES-BILLING	59.35
6150	SALARIES-OPERATIONS FIELD	31.88
6155	SALARIES-OPERATIONS OFFICE	64.33
6165	CAPITALIZED TIME ADJUSTMENT	(24.99)
6185	TRAVEL LODGING	18.72
6190	TRAVEL AIRFARE	8.13
6195	TRAVEL TRANSPORTATION	1.17
6200	TRAVEL MEALS	7.40
6205	TRAVEL ENTERTAINMENT	0.27
6207	TRAVEL OTHER	0.58

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Schedule 2

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100) (a)</u>
6215	FUEL	173.24
6220	AUTO REPAIR/TIRES	82.05
6225	AUTO LICENSES	(0.13)
6230	OTHER TRANS EXPENSES	11.62
6255	TEST-WATER	60.00
6260	TEST-EQUIP/CHEMICAL	0.23
6285	WATER-MAINT SUPPLIES	1,445.00
6290	WATER-MAINT REPAIRS	2,976.49
6300	WATER-ELEC EQUIPT REPAIR	-
6305	WATER-PERMITS	-
6310	WATER-OTHER MAINT EXP	-
6355	DEFERRED MAINT EXPENSE	-
6360	COMMUNICATION EXPENSE	1.99
6370	OPER CONTRACTED WORKERS	-
6385	UNIFORMS	0.39
6390	WEATHER/HURRICANE COSTS	18.85
6510	DEPREC-ELEC PUMP EQP WTP	-
6525	DEPREC-DIST RESV & STANDPIPES	-
6580	DEPREC-OFFICE STRUCTURE	8.99
6585	DEPREC-OFFICE FURN/EQPT	4.82
6595	DEPREC-TOOL SHOP & MISC EQPT	0.06
6605	DEPREC-POWER OPERATED EQUIP	-
6610	DEPREC-COMMUNICATION EQPT	6.89
6905	DEPREC-AUTO TRANS	233.97
6920	DEPREC-COMPUTER	136.08
7165	AMORT-WATER-TAP	(3.75)
7510	FICA EXPENSE	271.27
7515	FEDERAL UNEMPLOYMENT TAX	0.80
7520	STATE UNEMPLOYMENT TAX	8.24
7545	PERSONAL PROPERTY/ICT TAX	3.93
7550	PROPERTY/OTHER GENERAL TAX	271.66
7555	REAL ESTATE TAX	16.75
7735	S/T INT EXP BANK ONE	1.99
		<u>44,635.82</u>
	<b>Operating Income</b>	<b>12,598.41</b>

## CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing Quarterly Financial Reports for the Riverbend Estates Water System (July - September 2017 Calendar Quarter) in Docket No. W-390, Sub 13 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 24<sup>th</sup> day of October, 2017.

Electronically Submitted  
/s/Jo Anne Sanford  
State Bar No. 6831

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