

INFORMATION SHEET

PRESIDING: Commissioner Brown-Bland, presiding; Chairman Finley and Commissioners Dockham, Patterson, Gray, Clodfelter and Mitchell  
PLACE: Commission Hearing Room, Raleigh, NC  
DATE: September 18, 2018  
TIME: 2:15 p.m. – 3:43 p.m.  
DOCKET NO.: W-218, Sub 497  
COMPANY: Aqua North Carolina, Inc.  
DESCRIPTION: Application for Authority to Adjust and Increase Rates for Water and Sewer Utilities Service in All Service Areas in North Carolina  
VOLUME: 8

APPEARANCES

FOR AQUA NORTH CAROLINA, INC.:  
Jo Anne Sanford, Esq.  
Robert H. Bennink, Jr., Esq.  
Dwight Allen, Esq.  
Britton Allen, Esq.  
Brady Allen, Esq.

FOR THE USING AND CONSUMING PUBLIC:  
Elizabeth D. Culpepper, Esq.  
William E. Grantmyre, Esq.  
Megan Jost, Esq.

WITNESSES

Please see attached.

EXHIBITS

Please see attached.

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EMAIL COPIES ORDERED: E-mail: Sanford, Townsend, Force, Culpepper  
PRINTED COPIES ORDERED:  
REPORTED BY: Joann Bunze  
TRANSCRIBED BY: Joann Bunze  
DATE TRANSCRIBED: September 21, 2018  
TRANSCRIPT PAGES: 77  
PREFILED PAGES: 70  
TOTAL PAGES: 147

**FILED**  
**SEP 21 2018**  
Clerk's Office  
N.C. Utilities Commission

PLACE: Dobbs Building, Raleigh, North Carolina

DATE: Tuesday, September 19, 2018

TIME: 2:15 p.m. - 3:43 p.m.

DOCKET NO.: W-218, Sub 497

**ORIGINAL EXHIBITS**

BEFORE: Commissioner ToNola D. Brown-Bland, Presiding

Chairman Edward S. Finley, Jr.

Commissioner Jerry C. Dockham

Commissioner James G. Patterson

Commissioner Lyons Gray

Commissioner Daniel G. Clodfelter

Commissioner Charlotte A. Mitchell

IN THE MATTER OF:

Application by Aqua North Carolina, Inc.,  
202 MacKenan Court, Cary, North Carolina 27511,  
for Authority to Adjust and Increase Rates  
for Water and Sewer Utility Service in  
All Service Areas in North Carolina.

VOLUME: 8

The logo for Noteworthy Reporting Services, LLC features the word "Noteworthy" in a large, elegant, cursive script font. A small leaf icon is positioned above the letter "o" in "Noteworthy". Below "Noteworthy" is the phrase "Reporting Services, LLC" in a smaller, clean, sans-serif font.

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A P P E A R A N C E S:  
FOR AQUA NORTH CAROLINA, INC.:  
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Britton Allen, Esq.  
Brady Allen, Esq.  
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Raleigh, North Carolina 27612

1 A P P E A R A N C E S Cont'd.:

2 FOR THE USING AND CONSUMING PUBLIC:

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4 Special Deputy Attorney General

5 Margaret Force, Esq.

6 Assistant Attorney General

7 North Carolina Department of Justice

8 Post Office Box 629

9 Raleigh, North Carolina 27602

10

11 Elizabeth D. Culpepper, Esq.

12 William E. Grantmyre, Esq.

13 Megan Jost, Esq.

14 Public Staff - North Carolina Utilities Commission

15 4326 Mail Service Center

16 Raleigh, North Carolina 27699-4300

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E X H I B I T S

IDENTIFIED/ADMITTED

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NORTH CAROLINA UTILITIES COMMISSION  
APPEARANCE SLIP

DATE 9/11/18  
DOCKET #: 1W-218 SUB 479  
NAME OF ATTORNEY ROBERT H. BENNINK, JR.  
TITLE ATTORNEY  
FIRM NAME BENNINK LAW OFFICE  
ADDRESS 130 MURPHY DRIVE  
CITY CARY, NC  
ZIP 27513

APPEARING FOR: AQUA NORTH CAROLINA, INC.

APPLICANT  COMPLAINANT \_\_\_\_\_ INTERVENOR \_\_\_\_\_  
PROTESTANT \_\_\_\_\_ RESPONDENT \_\_\_\_\_ DEFENDANT \_\_\_\_\_

PLEASE NOTE: Electronic Copies of the regular transcript can be obtained from the NCUC website at [HTTP://NCUC.commerce.state.nc.us/docksr\\_ch.html](http://NCUC.commerce.state.nc.us/docksr_ch.html) under the respective docket number.

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NORTH CAROLINA UTILITIES COMMISSION  
APPEARANCE SLIP

DATE 9-11-2018  
DOCKET #: W218 Sub 497  
NAME OF ATTORNEY Dwight Allen, Britton Allen, Brady Allen  
TITLE \_\_\_\_\_  
FIRM NAME Allen Law Offices, PLLC  
ADDRESS 1514 Glenwood Ave. Suite 200  
CITY Raleigh, NC  
ZIP 27612

APPEARING FOR: \_\_\_\_\_

APPLICANT  COMPLAINANT \_\_\_\_\_ INTERVENOR \_\_\_\_\_  
PROTESTANT \_\_\_\_\_ RESPONDENT \_\_\_\_\_ DEFENDANT \_\_\_\_\_

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Signature: \_\_\_\_\_  
(Required for distribution)



NORTH CAROLINA UTILITIES COMMISSION  
APPEARANCE SLIP

DATE 9/11/18  
DOCKET #: W-218, Sub 497  
NAME OF ATTORNEY Teresa Townsend and Margaret Force  
TITLE Special Deputy Attorney General + Assistant Attorney General  
FIRM NAME NC Dept. of Justice  
ADDRESS P O Box 629  
CITY Raleigh  
ZIP 27602

APPEARING FOR: The Using and Consuming public

APPLICANT \_\_\_\_\_ COMPLAINANT \_\_\_\_\_ INTERVENOR   
PROTESTANT \_\_\_\_\_ RESPONDENT \_\_\_\_\_ DEFENDANT \_\_\_\_\_

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Email: ttownsend@ncdoj.gov ; pforce@ncdoj.gov  
(Required for distribution)

Please check for the confidential portion of the transcript, only if a confidentiality agreement has been signed.

1 # of Copies (each)

Signature: Margaret Force  
(Required for distribution)

**NORTH CAROLINA UTILITIES COMMISSION**  
**PUBLIC STAFF - APPEARANCE SLIP**

DATE September 11, 2018 DOCKET #: W-218 Sub 497

PUBLIC STAFF MEMBER Elizabeth D. Culpepper, Megan Jost,  
and William E. Grantmyre

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 \_\_\_\_\_  
COMMUNICATIONS \_\_\_\_\_  
ELECTRIC \_\_\_\_\_  
GAS \_\_\_\_\_  
TRANSPORTATION \_\_\_\_\_  
ECONOMICS \_\_\_\_\_  
LEGAL elizabeth.culpepper@psncuc.nc.gov  
CONSUMER SERVICES \_\_\_\_\_

PLEASE NOTE: Electronic Copies of the regular transcript can be obtained from the NCUC web site at [HTTP://NCUC.commerce.state.nc.us/docksrch.html](http://NCUC.commerce.state.nc.us/docksrch.html) under the respective docket number.

\_\_\_\_\_ Number of copies of Confidential portion of regular transcript (assuming a confidentiality agreement has been signed). Confidential pages will still be received in paper copies.

\*\*\*PLEASE INDICATE BELOW WHO HAS SIGNED A CONFIDENTIALITY AGREEMENT. IF YOU DO NOT SIGN, YOU WILL NOT RECEIVE THE CONFIDENTIAL PORTIONS!!!!

ELIZABETH D. CULPEPPER, MEGAN JOST, WILLIAM E. GRANTMYRE

Elizabeth D. Culpepper Megan Jost William E. Grantmyre  
Signature of Public Staff Member

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497

Boswell Exhibit 1  
Schedule 1

**CALCULATION OF LEVELIZED STATE EDIT RIDER CREDIT**

For the Test Year Ended September 30, 2017

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (b)	Total Revenue Requirement (c)
1	Total NC retail regulatory liability to be amortized	\$1,311,276 <sup>1/</sup>	\$1,311,276 <sup>1/</sup>	\$1,311,276 <sup>1/</sup>	
2	Annuity factor	2.7390 <sup>2/</sup>	2.7390 <sup>2/</sup>	2.7390 <sup>2/</sup>	
3	Levelized rider EDIT regulatory liability (L1 / L2)	478,743	478,743	478,743	\$957,486 <sup>5/</sup>
4	One minus composite income tax rate	76.63% <sup>3/</sup>	76.63% <sup>3/</sup>	76.63% <sup>3/</sup>	76.63%
5	Net operating income effect (L3 x L4)	366,861	366,861	366,861	733,722
6	Retention factor	0.765227 <sup>4/</sup>	0.765227 <sup>4/</sup>	0.765227 <sup>4/</sup>	0.765227
7	Levelized rider EDIT credit (L5 / L6)	<u>\$479,415</u>	<u>\$479,415</u>	<u>\$479,415</u>	<u>\$958,829</u>

- 1/ Amount provided by the Company, grossed up based on current tax rates.
- 2/ Boswell Exhibit 1, Schedule 1(a), Line 6.
- 3/ One minus composite income tax rate of 23.37%.
- 4/ Cooper Exhibit I, Schedule 1-1(a), Line 14.
- 5/ Column (a) plus Column (b).

F/A

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**CALCULATION OF ANNUITY FACTOR FOR EDIT**  
**LIABILITY RIDER**  
**For the Test Year Ended September 30, 2017**

**Boswell Exhibit 1**  
**Schedule 1(a)**

Line No.	Item	Amount
<u>Annuity Factor</u>		
1	Number of years	3 <sup>1/</sup>
2	Payment per period	1
3	After tax rate of return (L9)	6.380%
4	Present value of 1 dollar over number of years with with 1 payment per year	2.6543
5	1 plus (interest rate divided by two)	<u>1.0319</u>
6	Annuity factor (L4 x L5)	<u><u>2.7390</u></u>

	Capital Structure (a)	Cost Rates (b)	Overall Rate of Return <sup>6/</sup> (c)	Net of Tax Rate (d)
<u>After Tax Rate of Return</u>				
7	Long-term debt	50.00% <sup>2/</sup>	4.63% <sup>4/</sup>	2.32%
8	Common equity	<u>50.00% <sup>3/</sup></u>	<u>9.20% <sup>5/</sup></u>	<u>4.60%</u>
9	Total	<u><u>100.00%</u></u>	<u><u>6.92%</u></u>	<u><u>6.380%</u></u>

- 1/ Rider period recommended by Public Staff.
- 2/ Cooper Exhibit I, Schedule 1(a), Column (a), Line 7.
- 3/ Cooper Exhibit I, Schedule 1(a), Column (a), Line 8.
- 4/ Cooper Exhibit I, Schedule 1(a), Column (c), Line 7.
- 5/ Cooper Exhibit I, Schedule 1(a), Column (c), Line 8.
- 6/ Column (a) times Column (b).
- 7/ Column (c) times 1 minus the combined income tax rate of 23.37%.
- 8/ Amount from Column (c).

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**ADJUSTMENT TO FLOWBACK PROTECTED EDIT DUE**  
**TO TAX CUTS AND JOBS ACT**  
**For the Test Year Ended September 30, 2017**

**Boswell Exhibit 2**

Line No.	Item	Amount
1	<u>Income statement</u>	
2	Regulatory liability for federal tax change related to protected EDIT - NC retail	\$3,423,218 1/
3	Amortization percentage for 2017	<u>4.60% 2/</u>
4	Annual amortization of protected EDIT - NC retail (L2 x L3)	157,444
5	Income tax impact	<u>(36,795) 3/</u>
6	Annual amortization of protected EDIT - NC retail, net of tax (L4 + L5)	<u><u>\$120,649</u></u>
7	<u>Rate base</u>	
8	Adjustment to regulatory assets and liabilities (L4)	(\$157,444)
9	Composite income tax rate	<u>23.3700%</u>
10	Impact to accumulated deferred income taxes (L8 x L9)	<u>36,795</u>
11	Adjustment to rate base (L8 + L10)	<u><u>(\$120,649)</u></u>

1/ Based on Company amount of \$2,623,212 grossed up based on current tax levels.

2/ Based on information provided by the Company.

3/ Line 4 times composite income tax rate on Line 9.

F/A

**AQUA NORTH CAROLINA, INC.**  
**Docket No. W-218 Sub 497**  
**CALCULATION OF LEVELIZED FEDERAL**  
**UNPROTECTED EDIT RIDER CREDIT**  
**For the Test Year Ended September 30, 2017**

**Boswell Exhibit 3**

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (c)	Total Revenue Requirement (d)
	<u>Annuity Factor</u>				
1	Number of years	3 <sup>1/</sup>			
2	Payment per period	1			
3	After tax rate of return	6.380% <sup>2/</sup>			
4	Present value of 1 dollar over number of years with				
5	with 1 payment per year	2.6543			
6	1 plus (interest rate divided by two)	1.0319			
7	Annuity factor (L4 x L5)	<u>2.7390</u>			
8	Total NC retail regulatory liability to be amortized	(\$11,817,695) <sup>3/</sup>	(\$11,817,695) <sup>3/</sup>	(\$11,817,695) <sup>3/</sup>	
9	Annuity factor (L7)	2.7390	2.7390	2.7390	
10	Levelized rider federal EDIT regulatory liability (L8 / L9)	<u>(4,314,602)</u>	<u>(4,314,602)</u>	<u>(4,314,602)</u>	(12,943,806) <sup>6/</sup>
11	One minus composite income tax rate	76.63% <sup>4/</sup>	76.63% <sup>4/</sup>	76.63% <sup>4/</sup>	76.63% <sup>4/</sup>
12	Net operating income effect (L10 x L11)	<u>(3,306,280)</u>	<u>(3,306,280)</u>	<u>(3,306,280)</u>	(9,918,839)
13	Retention factor	0.765227 <sup>5/</sup>	0.765227 <sup>5/</sup>	0.765227 <sup>5/</sup>	0.765227 <sup>5/</sup>
14	Levelized rider federal EDIT credit (L5 / L6)	<u>(\$4,320,653)</u>	<u>(\$4,320,653)</u>	<u>(\$4,320,653)</u>	<u>(\$12,961,956)</u>

- 1/ Rider period recommended by Public Staff.
- 2/ Boswell Exhibit 1, Schedule 1(a), Line 3.
- 3/ \$9,055,900 Company-determined unprotected Federal EDIT grossed up based on current tax levels.
- 4/ One minus the composite income tax rate of 23.37%.
- 5/ Cooper Exhibit I, Schedule 1-1(a), Line 14.
- 6/ Sum of Columns (a) through Column (c).

F/A

**CALCULATION OF LEVELIZED STATE EDIT RIDER CREDIT**

For the Test Year Ended September 30, 2017

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (c)	Total Revenue Requirement (d)
1	Total NC retail regulatory liability to be amortized	\$1,311,276 <sup>1/</sup>	\$1,311,276 <sup>1/</sup>	\$1,311,276 <sup>1/</sup>	
2	Annuity factor	2.7390 <sup>2/</sup>	2.7390 <sup>2/</sup>	2.7390 <sup>2/</sup>	
3	Levelized rider EDIT regulatory liability (L1 / L2)	478,743	478,743	478,743	\$1,436,229 <sup>5/</sup>
4	One minus composite income tax rate	76.63% <sup>3/</sup>	76.63% <sup>3/</sup>	76.63% <sup>3/</sup>	76.63%
5	Net operating income effect (L3 x L4)	366,861	366,861	366,861	1,100,582
6	Retention factor	0.765227 <sup>4/</sup>	0.765227 <sup>4/</sup>	0.765227 <sup>4/</sup>	0.765227
7	Levelized rider EDIT credit (L5 / L6)	<u>\$479,415</u>	<u>\$479,415</u>	<u>\$479,415</u>	<u>\$1,438,243</u>

- 1/ Amount provided by the Company, grossed up based on current tax rates.
- 2/ Boswell Exhibit 1, Schedule 1(a), Line 6.
- 3/ One minus composite income tax rate of 23.37%.
- 4/ Cooper Exhibit I, Schedule 1-1(a), Line 14.
- 5/ Column (a) plus Column (b).

F/A

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**CALCULATION OF ANNUITY FACTOR FOR EDIT**  
**LIABILITY RIDER**  
**For the Test Year Ended September 30, 2017**

**Revised Boswell Exhibit 1**  
**Schedule 1(a)**

Line No.	Item	Amount
	<u>Annuity Factor</u>	
1	Number of years	3 <sup>1/</sup>
2	Payment per period	1
3	After tax rate of return (L9)	6.380%
4	Present value of 1 dollar over number of years with with 1 payment per year	2.6543
5	1 plus (interest rate divided by two)	<u>1.0319</u>
6	Annuity factor (L4 x L5)	<u><u>2.7390</u></u>

	<u>Capital Structure</u> (a)	<u>Cost Rates</u> (b)	<u>Overall Rate of Return</u> <sup>6/</sup> (c)	<u>Net of Tax Rate</u> (d)
	<u>After Tax Rate of Return</u>			
7	50.00% <sup>2/</sup>	4.63% <sup>4/</sup>	2.32%	1.78% <sup>7/</sup>
8	50.00% <sup>3/</sup>	9.20% <sup>5/</sup>	<u>4.60%</u>	<u>4.600% <sup>8/</sup></u>
9	<u>100.00%</u>		<u><u>6.92%</u></u>	<u><u>6.380%</u></u>

- 1/ Rider period recommended by Public Staff.
- 2/ Cooper Exhibit I, Schedule 1(a), Column (a), Line 7.
- 3/ Cooper Exhibit I, Schedule 1(a), Column (a), Line 8.
- 4/ Cooper Exhibit I, Schedule 1(a), Column (c), Line 7.
- 5/ Cooper Exhibit I, Schedule 1(a), Column (c), Line 8.
- 6/ Column (a) times Column (b).
- 7/ Column (c) times 1 minus the combined income tax rate of 23.37%.
- 8/ Amount from Column (c).



**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**ADJUSTMENT TO FLOWBACK PROTECTED EDIT DUE**  
**TO TAX CUTS AND JOBS ACT**  
**For the Test Year Ended September 30, 2017**

**Revised Boswell Exhibit 2**

Line No.	Item	Amount
1	<u>Income statement</u>	
2	Regulatory liability for federal tax change related to protected EDIT - NC retail	(\$3,423,218) <sup>1/</sup>
3	Amortization percentage for 2017	<u>4.60% <sup>2/</sup></u>
4	Annual amortization of protected EDIT - NC retail (L2 x L3)	<u>(157,444)</u>
5	Income tax impact	<u>36,795 <sup>3/</sup></u>
6	Annual amortization of protected EDIT - NC retail, net of tax (L4 + L5)	<u><u>(\$120,649)</u></u>
7	<u>Rate base</u>	
8	Adjustment to regulatory assets and liabilities (L4)	\$157,444
9	Composite income tax rate	<u>23.3700%</u>
10	Impact to accumulated deferred income taxes (L8 x L9)	<u>(36,795)</u>
11	Adjustment to rate base (L8 + L10)	<u><u>\$120,649</u></u>

1/ Based on Company amount of \$2,623,212 grossed up based on current tax levels.

2/ Based on information provided by the Company.

3/ Line 4 times composite income tax rate on Line 9.

E/A

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO ACCUMULATED DEFERRED INCOME TAX**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Exhibit I  
Schedule 1

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	ADIT per application	<u>(\$22,599,342)</u>	<u>(\$8,999,566)</u>	<u>(\$403,225)</u>	<u>(\$868,489)</u>	<u>(\$2,458,569)</u>
2.	Adjustment for unamortized rate case expense	(7,388) [1]	(142) [1]	(1,672) [1]	(422) [1]	(4,140) [1]
3.	Adjustment for post test year additions	0	0	0	0	0
4.	Adjustment for unamortized repair tax credit	0	0	0	0	0
5.	Adjustment for excess deferred income tax	<u>125,712 [1]</u>	<u>50,061 [1]</u>	<u>2,242 [1]</u>	<u>4,830 [1]</u>	<u>13,677 [1]</u>
6.	Adjustment to ADIT (Sum of L1 thru L5)	<u>118,324</u>	<u>49,919</u>	<u>570</u>	<u>4,408</u>	<u>9,537</u>
7.	ADIT per Public Staff (L1 + L6)	<u>(\$22,481,018)</u>	<u>(\$8,949,647)</u>	<u>(\$402,655)</u>	<u>(\$864,081)</u>	<u>(\$2,449,032)</u>

[1] Calculated by the Public Staff based on information provided by the Company.

I/A

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO EXCESS DEFERRED INCOME TAX**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Exhibit I  
Schedule 1-1

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	EDIT per application	\$409,096	\$162,911	\$7,299	\$15,721	\$44,505
2.	Updated protected federal EDIT	(166,283) [1]	(66,216) [1]	(2,966) [1]	(6,389) [1]	(18,090) [1]
3.	Updated unprotected federal EDIT	11,863 [1]	4,644 [1]	208 [1]	448 [1]	1,269 [1]
4.	Updated state EDIT	160,684 [1]	63,987 [1]	2,866 [1]	6,174 [1]	17,481 [1]
5.	Total EDIT updates (Sum of L2 thru L4)	<u>6,064</u>	<u>2,415</u>	<u>108</u>	<u>233</u>	<u>660</u>
6.	Adjustment to allocated unprotected federal EDIT over three years	66,087 [2]	26,317 [2]	1,179 [2]	2,539 [2]	7,190 [2]
7.	Adjustment to allocated unprotected state EDIT over three years	<u>53,561 [2]</u>	<u>21,329 [2]</u>	<u>955 [2]</u>	<u>2,058 [2]</u>	<u>5,827 [2]</u>
8.	Total adjustment to updated EDIT (L6 + L7)	<u>119,648</u>	<u>47,646</u>	<u>2,134</u>	<u>4,597</u>	<u>13,017</u>
9.	EDIT as adjusted by the Public Staff (L5 + L8)	<u>125,712</u>	<u>50,061</u>	<u>2,242</u>	<u>4,830</u>	<u>13,677</u>
10.	EDIT per Public Staff (L1 + L9)	<u>\$534,808</u>	<u>\$212,972</u>	<u>\$9,541</u>	<u>\$20,551</u>	<u>\$58,182</u>

[1] Updated amount provided by Company witness Robert Kopas in his revised prefiled testimony.  
[2] Calculated by the Public Staff based on updated information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO SALARIES AND WAGES**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Exhibit I  
Schedule 2

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Salaries and wages per application	<u>\$7,034,076</u>	<u>\$2,244,709</u>	<u>\$252,642</u>	<u>\$202,262</u>	<u>\$849,244</u>
2.	Adjustment to update salaries and wages through June 30, 2018	61,120 [1]	150,256 [1]	(49,034) [1]	(19,149) [1]	(183,522) [1]
3.	Adjustment to remove open positions	(199,251) [1]	(69,977) [1]	(64) [1]	(28) [1]	(262) [1]
4.	Adjustment to remove half of four operator's salaries and wages	(34,820) [1]	(14,306) [1]	(105) [1]	(73) [1]	(8,747) [1]
5.	Adjustment to reflect actual OT pay for active employees	(41,088) [1]	(11,800) [1]	(738) [1]	(665) [1]	151 [1]
6.	Adjustment to remove 30% of bonuses related to earnings per share that benefit shareholders	(20,394) [1]	(6,946) [1]	(446) [1]	(407) [1]	(1,455) [1]
7.	Adjustment to allocate executive compensation to shareholders	<u>(46,659) [1]</u>	<u>(11,663) [1]</u>	<u>(3,316) [1]</u>	<u>(2,107) [1]</u>	<u>(10,446) [1]</u>
8.	Adjustment to salaries and wages (Sum of L2 thru L7)	<u>(281,092)</u>	<u>35,564</u>	<u>(53,703)</u>	<u>(22,429)</u>	<u>(204,281)</u>
9.	Salaries and wages per Public Staff (L1 + L8)	<u>\$6,752,984</u>	<u>\$2,280,273</u>	<u>\$198,939</u>	<u>\$179,833</u>	<u>\$644,963</u>

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO EMPLOYEE PENSIONS AND BENEFITS**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Exhibit I  
Schedule 3

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Employee pensions and benefits per application	\$2,175,268	\$700,239	\$77,926	\$61,416	\$293,048
2.	Adjustment to update pensions and benefits through June 30, 2018	(179) [1]	37,935 [1]	(14,002) [1]	(5,039) [1]	(55,302) [1]
3.	Adjustment for open positions and positions not eligible for benefits	(131,558) [1]	(44,636) [1]	(3,742) [1]	(3,458) [1]	(12,375) [1]
4.	Adjustment to remove half of four operator's pensions and benefits	(10,583) [1]	(3,591) [1]	(301) [1]	(278) [1]	(995) [1]
5.	Adjustment to remove original pro forma allocated benefits	4,157 [1]	824 [1]	222 [1]	116 [1]	1,045 [1]
6.	Adjustment to remove duplicate Health Advocate benefits	(6,347) [1]	(2,153) [1]	(181) [1]	(167) [1]	(597) [1]
7.	Adjustment to allocate executive compensation to shareholders	(121,163) [1]	(30,286) [1]	(8,612) [1]	(5,471) [1]	(27,126) [1]
8.	Adjustment to pensions and benefits (Sum of L2 thru L7)	<u>(265,673)</u>	<u>(41,907)</u>	<u>(26,616)</u>	<u>(14,297)</u>	<u>(95,350)</u>
9.	Pension and benefits per Public Staff (L1 + L8)	<u>\$1,909,595</u>	<u>\$658,332</u>	<u>\$51,310</u>	<u>\$47,119</u>	<u>\$197,698</u>

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Exhibit I  
Schedule 4

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Miscellaneous expense per application	\$943,436	\$319,421	\$46,342	\$37,173	\$150,900
2.	Adjustment to remove BOD compensation	(36,741) [1]	(9,183) [1]	(2,611) [1]	(1,659) [1]	(8,225) [1]
3.	Adjustment to remove BOD expenses	(5,466) [1]	(1,366) [1]	(388) [1]	(247) [1]	(1,224) [1]
4.	Adjustment to miscellaneous expense (L2 + L3)	(42,207)	(10,549)	(2,999)	(1,906)	(9,449)
5.	Miscellaneous expense per Public Staff (L1 + L4)	\$901,229	\$308,872	\$43,343	\$35,267	\$141,451

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
 Docket No. W-218 Sub 497  
**ADJUSTMENT TO PAYROLL TAXES**  
 For the Test Year Ended September 30, 2017

Public Staff  
Henry Exhibit I  
Schedule 5

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Payroll taxes per application	\$520,278	\$166,754	\$17,802	\$14,538	\$60,433
2.	Adjustment to federal withholding taxes - FICA	(15,068) [1]	(38,753) [1]	17,205 [1]	7,802 [1]	50,037 [1]
3.	Adjustment to federal unemployment tax - FUTA	5,151 [1]	891 [1]	578 [1]	333 [1]	1,760 [1]
4.	Adjustment to state unemployment tax - SUTA	(8,820) [1]	(3,535) [1]	72 [1]	(56) [1]	39 [1]
5.	Adjustment to payroll taxes (Sum of L2 thru L4)	(18,737)	(41,397)	17,855	8,079	51,836
6.	Payroll taxes per Public Staff (L1 + L5)	<u>\$501,541</u>	<u>\$125,357</u>	<u>\$35,657</u>	<u>\$22,617</u>	<u>\$112,269</u>

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO ACCUMULATED DEFERRED INCOME TAX**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 1

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	ADIT per application	(\$22,599,342)	(\$8,999,566)	(\$403,225)	(\$868,489)	(\$2,458,569)
2	Adjustment for unamortized rate case expense	(11,814) [1]	(1,249) [1]	(1,986) [1]	(622) [1]	(5,132) [1]
3	Adjustment for post test year additions	(505,811) [1]	(1,338,744) [1]	(23,397) [1]	(25,780) [1]	(91,462) [1]
4	Adjustment for unamortized repair tax credit	(21,141) [1]	(6,742) [1]	(537) [1]	(605) [1]	(3,341) [1]
5	Adjustment for excess deferred income tax	8,066,672 [1]	3,211,789 [1]	143,756 [1]	310,207 [1]	877,663 [1]
6	Adjustment to ADIT (Sum of L1 thru L5)	7,527,906	1,865,054	117,836	283,200	777,728
7	ADIT per Public Staff (L1 + L6)	(\$15,071,436)	(\$7,134,512)	(\$285,389)	(\$585,289)	(\$1,680,841)

[1] Calculated by the Public Staff based on information provided by the Company.

I/A



**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO EXCESS DEFERRED INCOME TAX**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 1-1

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	EDIT per application	\$409,096	\$162,911	\$7,299	\$15,721	\$44,505
2	Updated protected federal EDIT	(331,930) [1]	(132,160) [1]	(5,915) [1]	(12,765) [1]	(36,114) [1]
3	Updated unprotected federal EDIT	7,559,779 [1]	3,009,967 [1]	134,722 [1]	290,715 [1]	822,512 [1]
4	Updated state EDIT	838,823	333,982	14,949	32,257	91,265
5	Total EDIT updates (Sum of L2 thru L4)	<u>8,066,672</u>	<u>3,211,789</u>	<u>143,756</u>	<u>310,207</u>	<u>877,663</u>
6	EDIT per Public Staff (L1 + L5)	<u>\$8,475,768</u>	<u>\$3,374,700</u>	<u>\$151,055</u>	<u>\$325,928</u>	<u>\$922,168</u>

[1] Calculated by the Public Staff based on updated information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO SALARIES AND WAGES**

Public Staff  
Henry Supp. Exhibit I  
Schedule 2

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Salaries and wages per application	\$7,034,076	\$2,244,709	\$252,642	\$202,262	\$849,244
2	Adjustment to update salaries and wages through June 30, 2018	61,120 [1]	150,256 [1]	(49,034) [1]	(19,149) [1]	(183,522) [1]
3	Adjustment to remove open positions	(128,685) [1]	(45,507) [1]	(45) [1]	(20) [1]	(179) [1]
4	Adjustment to remove half of four operator's salaries and wages	(34,820) [1]	(14,306) [1]	(105) [1]	(73) [1]	(8,747) [1]
5	Adjustment to reflect actual OT pay for active employees	(18,681) [1]	(3,108) [1]	(132) [1]	(53) [1]	3,406 [1]
6	Adjustment to remove 30% of bonuses related to earnings per share that benefit shareholders	(20,394) [1]	(6,946) [1]	(446) [1]	(407) [1]	(1,455) [1]
7	Adjustment to allocate executive compensation to shareholders	(134,431) [1]	(33,602) [1]	(9,555) [1]	(6,071) [1]	(30,097) [1]
8	Adjustment to salaries and wages (Sum of L2 thru L7)	(275,891)	46,787	(59,317)	(25,773)	(220,594)
9	Salaries and wages per Public Staff (L1 + L8)	\$6,758,185	\$2,291,496	\$193,325	\$176,489	\$628,650

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497.  
**ADJUSTMENT TO EMPLOYEE PENSIONS AND BENEFITS**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 3

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Employee pensions and benefits per application	<u>\$2,175,268</u>	<u>\$700,239</u>	<u>\$77,926</u>	<u>\$61,416</u>	<u>\$293,048</u>
2	Adjustment to update pensions and benefits through June 30, 2018	(179) [1]	37,935 [1]	(14,002) [1]	(5,039) [1]	(55,302) [1]
3	Adjustment for open positions and positions not eligible for benefits	(131,558) [1]	(44,636) [1]	(3,742) [1]	(3,458) [1]	(12,375) [1]
4	Adjustment to remove half of four operator's pensions and benefits	(10,583) [1]	(3,591) [1]	(301) [1]	(278) [1]	(995) [1]
5	Adjustment to remove original pro forma allocated benefits	4,157 [1]	824 [1]	222 [1]	116 [1]	1,045 [1]
6	Adjustment to remove duplicate Health Advocate benefits	(6,347) [1]	(2,153) [1]	(181) [1]	(167) [1]	(597) [1]
7	Adjustment to allocate executive compensation to shareholders	(50,843) [1]	(12,709) [1]	(3,614) [1]	(2,296) [1]	(11,383) [1]
8	Adjustment to pensions and benefits (Sum of L2 thru L7)	<u>(195,353)</u>	<u>(24,330)</u>	<u>(21,618)</u>	<u>(11,122)</u>	<u>(79,607)</u>
9	Pension and benefits per Public Staff (L1 + L8)	<u>\$1,979,915</u>	<u>\$675,909</u>	<u>\$56,308</u>	<u>\$50,294</u>	<u>\$213,441</u>

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
 Docket No. W-218 Sub 497  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
 For the Test Year Ended September 30, 2017

Public Staff  
 Henry Supp. Exhibit I  
 Schedule 4

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Miscellaneous expense per application	\$943,436	\$319,421	\$46,342	\$37,173	\$150,900
2	Adjustment to remove BOD compensation	(36,740) [1]	(9,183) [1]	(2,611) [1]	(1,659) [1]	(8,225) [1]
3	Adjustment to remove BOD expenses	(5,466) [1]	(1,366) [1]	(388) [1]	(247) [1]	(1,224) [1]
4	Adjustment to include communication initiative	4,472 [1]	1,118 [1]	318 [1]	202 [1]	1,001 [1]
5	Adjustment to miscellaneous expense (Sum of L2 thru L4)	(37,734)	(9,431)	(2,681)	(1,704)	(8,448)
6	Miscellaneous expense per Public Staff (L1 + L5)	\$905,702	\$309,990	\$43,661	\$35,469	\$142,452

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO PAYROLL TAXES**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 5

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Payroll taxes per application	<u>\$520,278</u>	<u>\$166,754</u>	<u>\$17,802</u>	<u>\$14,538</u>	<u>\$60,433</u>
2	Adjustment to federal withholding taxes - FICA	(17,787) [1]	(39,433) [1]	17,011 [1]	7,679 [1]	49,428 [1]
3	Adjustment to federal unemployment tax - FUTA	212 [1]	(343) [1]	227 [1]	110 [1]	654 [1]
4	Adjustment to state unemployment tax - SUTA	(5,274) [1]	(2,648) [1]	324 [1]	104 [1]	833 [1]
5	Adjustment to allocate executive compensation to shareholders	<u>(1,784)</u>	<u>(446)</u>	<u>(127)</u>	<u>(81)</u>	<u>(399)</u>
6	Adjustment to payroll taxes (Sum of L2 thru L5)	<u>(24,633)</u>	<u>(42,870)</u>	<u>17,435</u>	<u>7,812</u>	<u>50,516</u>
7	Payroll taxes per Public Staff (L1 + L6)	<u>\$495,645</u>	<u>\$123,884</u>	<u>\$35,237</u>	<u>\$22,350</u>	<u>\$110,949</u>

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO ACCUMULATED DEFERRED INCOME TAX**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit 1  
Schedule 1  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	ADIT per application	<u>(\$22,599,342)</u>	<u>(\$8,999,566)</u>	<u>(\$403,225)</u>	<u>(\$868,489)</u>	<u>(\$2,458,569)</u>
2	Adjustment for unamortized rate case expense	(33,206) [1]	(6,596) [1]	(3,507) [1]	(1,588) [1]	(9,921) [1]
3	Adjustment for post test year additions	(505,811) [1]	(1,338,744) [1]	(23,397) [1]	(25,780) [1]	(91,462) [1]
4	Adjustment for unamortized repair tax credit	(21,141) [1]	(6,742) [1]	(537) [1]	(605) [1]	(3,341) [1]
5	Adjustment for excess deferred income tax	<u>8,066,672</u> [1]	<u>3,211,789</u> [1]	<u>143,756</u> [1]	<u>310,207</u> [1]	<u>877,663</u> [1]
6	Adjustment to ADIT (Sum of L1 thru L5)	<u>7,506,514</u>	<u>1,859,707</u>	<u>116,315</u>	<u>282,234</u>	<u>772,939</u>
7	ADIT per Public Staff (L1 + L6)	<u>(\$15,092,828)</u>	<u>(\$7,139,859)</u>	<u>(\$286,910)</u>	<u>(\$586,255)</u>	<u>(\$1,685,630)</u>

[1] Calculated by the Public Staff based on information provided by the Company.

F/A

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO EXCESS DEFERRED INCOME TAX**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 1-1  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	EDIT per application	\$409,096	\$162,911	\$7,299	\$15,721	\$44,505
2	Updated protected federal EDIT	(331,930) [1]	(132,160) [1]	(5,915) [1]	(12,765) [1]	(36,114) [1]
3	Updated unprotected federal EDIT	7,559,779 [1]	3,009,967 [1]	134,722 [1]	290,715 [1]	822,512 [1]
4	Updated state EDIT	838,823 [1]	333,982 [1]	14,949 [1]	32,257 [1]	91,265 [1]
5	Total EDIT updates. (Sum of L2 thru L4)	<u>8,066,672</u>	<u>3,211,789</u>	<u>143,756</u>	<u>310,207</u>	<u>877,663</u>
6	EDIT per Public Staff (L1 + L5)	<u>\$8,475,768</u>	<u>\$3,374,700</u>	<u>\$151,055</u>	<u>\$325,928</u>	<u>\$922,168</u>

[1] Calculated by the Public Staff based on updated information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO SALARIES AND WAGES**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 2  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brockwood Water (e)
1	Salaries and wages per application	\$7,034,076	\$2,244,709	\$252,642	\$202,262	\$849,244
2	Adjustment to update salaries and wages through June 30, 2018	61,120 [1]	150,256 [1]	(49,034) [1]	(19,149) [1]	(183,522) [1]
3	Adjustment to remove open positions	(128,685) [1]	(45,507) [1]	(45) [1]	(20) [1]	(179) [1]
4	Adjustment to remove half of four operator's salaries and wages	(34,820) [1]	(14,306) [1]	(105) [1]	(73) [1]	(8,747) [1]
5	Adjustment to reflect actual OT pay for active employees	(18,681) [1]	(3,108) [1]	(132) [1]	(53) [1]	3,406 [1]
6	Adjustment to remove 30% of bonuses related to earnings per share that benefit shareholders	(20,394) [1]	(6,946) [1]	(446) [1]	(407) [1]	(1,455) [1]
7	Adjustment to allocate executive compensation to shareholders	(134,431) [1]	(33,602) [1]	(9,555) [1]	(6,071) [1]	(30,097) [1]
8	Adjustment to salaries and wages (Sum of L2 thru L7)	<u>(275,891)</u>	<u>46,787</u>	<u>(59,317)</u>	<u>(25,773)</u>	<u>(220,594)</u>
9	Salaries and wages per Public Staff (L1 + L8)	<u>\$6,758,185</u>	<u>\$2,291,496</u>	<u>\$193,325</u>	<u>\$176,489</u>	<u>\$628,650</u>

[1] Calculated by the Public Staff based on information provided by the Company.



**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO EMPLOYEE PENSIONS AND BENEFITS**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 3  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Employee pensions and benefits per application	\$2,175,268	\$700,239	\$77,926	\$61,416	\$293,048
2	Adjustment to update pensions and benefits through June 30, 2018	(179) [1]	37,935 [1]	(14,002) [1]	(5,039) [1]	(55,302) [1]
3	Adjustment for open positions and positions not eligible for benefits	(100,792) [1]	(34,197) [1]	(2,867) [1]	(2,649) [1]	(9,481) [1]
4	Adjustment to remove half of four operator's pensions and benefits	(10,583) [1]	(3,591) [1]	(301) [1]	(278) [1]	(995) [1]
5	Adjustment to remove original pro forma allocated benefits	4,157 [1]	824 [1]	222 [1]	116 [1]	1,045 [1]
6	Adjustment to remove duplicate Health Advocate benefits	(6,347) [1]	(2,153) [1]	(181) [1]	(167) [1]	(597) [1]
7	Adjustment to allocate executive compensation to shareholders	(50,843) [1]	(12,709) [1]	(3,614) [1]	(2,296) [1]	(11,383) [1]
8	Adjustment to pensions and benefits (Sum of L2 thru L7)	<u>(164,587)</u>	<u>(13,891)</u>	<u>(20,743)</u>	<u>(10,313)</u>	<u>(76,713)</u>
9	Pension and benefits per Public Staff (L1 + L8)	<u>\$2,010,681</u>	<u>\$686,348</u>	<u>\$57,183</u>	<u>\$51,103</u>	<u>\$216,335</u>

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 4  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Miscellaneous expense per application	<u>\$943,436</u>	<u>\$319,421</u>	<u>\$46,342</u>	<u>\$37,173</u>	<u>\$150,900</u>
2	Adjustment to remove BOD compensation	(36,740) [1]	(9,183) [1]	(2,611) [1]	(1,859) [1]	(8,225) [1]
3	Adjustment to remove BOD expenses	(5,466) [1]	(1,366) [1]	(388) [1]	(247) [1]	(1,224) [1]
4	Adjustment to include communication initiative	8,798 [1]	2,199 [1]	625 [1]	397 [1]	1,970 [1]
5	Adjustment to miscellaneous expense (Sum of L2 thru L4)	<u>(33,408)</u>	<u>(8,350)</u>	<u>(2,374)</u>	<u>(1,509)</u>	<u>(7,479)</u>
6	Miscellaneous expense per Public Staff (L1 + L5)	<u>\$910,028</u>	<u>\$311,071</u>	<u>\$43,968</u>	<u>\$35,664</u>	<u>\$143,421</u>

[1] Calculated by the Public Staff based on information provided by the Company.

**AQUA NORTH CAROLINA, INC.**  
Docket No. W-218 Sub 497  
**ADJUSTMENT TO PAYROLL TAXES**  
For the Test Year Ended September 30, 2017

Public Staff  
Henry Supp. Exhibit I  
Schedule 5  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Payroll taxes per application	\$520,278	\$166,754	\$17,802	\$14,538	\$60,433
2	Adjustment to federal withholding taxes - FICA	(17,787) [1]	(39,433) [1]	17,011 [1]	7,679 [1]	49,428 [1]
3	Adjustment to federal unemployment tax - FUTA	212 [1]	(343) [1]	227 [1]	110 [1]	654 [1]
4	Adjustment to state unemployment tax - SUTA	(5,274) [1]	(2,648) [1]	324 [1]	104 [1]	833 [1]
5	Adjustment to allocate executive compensation to shareholders	(1,784) [1]	(446) [1]	(127) [1]	(81) [1]	(399) [1]
6	Adjustment to payroll taxes (Sum of L2 thru L5)	(24,633)	(42,870)	17,435	7,812	50,516
7	Payroll taxes per Public Staff (L1 + L6)	\$495,645	\$123,884	\$35,237	\$22,350	\$110,949

[1] Calculated by the Public Staff based on information provided by the Company.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
RETURN ON ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 1(a)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b><u>Present rates:</u></b>						
1.	Debt	50.00%	\$51,743,293 [2]	4.63% [1]	2.32%	\$2,395,714 [8]
2.	Equity	50.00%	51,743,293 [2]	11.90% [6]	5.95%	6,159,854 [9]
3.	Total	<u>100.00%</u>	<u>\$103,486,586</u> [3]		<u>8.27%</u>	<u>\$8,555,568</u> [10]
<b><u>Company proposed rates:</u></b>						
4.	Debt	50.00%	\$51,743,293 [4]	4.63% [1]	2.32%	\$2,395,714 [8]
5.	Equity	50.00%	51,743,293 [4]	16.11% [6]	8.06%	8,333,521 [11]
6.	Total	<u>100.00%</u>	<u>\$103,486,586</u> [3]		<u>10.37%</u>	<u>\$10,729,235</u> [12]
<b><u>Public Staff recommended rates:</u></b>						
7.	Debt	50.00%	\$51,743,293 [5]	4.63% [1]	2.32%	\$2,395,714 [8]
8.	Equity	50.00%	51,743,293 [5]	9.20% [1]	4.60%	4,760,383 [8]
9.	Total	<u>100.00%</u>	<u>\$103,486,586</u> [3]		<u>6.92%</u>	<u>\$7,156,097</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(a), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(a), Line 38, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(a), Line 38, Column (e).

I/A

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
RETURN ON ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 1(b)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b><u>Present rates:</u></b>						
1.	Debt	50.00%	\$21,055,712 [2]	4.63% [1]	2.32%	\$974,879 [8]
2.	Equity	50.00%	21,055,712 [2]	10.88% [6]	5.44%	2,290,028 [9]
3.	Total	<u>100.00%</u>	<u>\$42,111,424 [3]</u>		<u>7.76%</u>	<u>\$3,264,907 [10]</u>
<b><u>Company proposed rates:</u></b>						
4.	Debt	50.00%	\$21,055,712 [4]	4.63% [1]	2.32%	\$974,879 [8]
5.	Equity	50.00%	21,055,712 [4]	13.07% [6]	6.54%	2,751,785 [11]
6.	Total	<u>100.00%</u>	<u>\$42,111,424 [3]</u>		<u>8.85%</u>	<u>\$3,726,664 [12]</u>
<b><u>Public Staff recommended rates:</u></b>						
7.	Debt	50.00%	\$21,055,712 [5]	4.63% [1]	2.32%	\$974,879 [8]
8.	Equity	50.00%	21,055,712 [5]	9.20% [1]	4.60%	1,937,125 [8]
9.	Total	<u>100.00%</u>	<u>\$42,111,424 [3]</u>		<u>6.92%</u>	<u>\$2,912,004</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(b), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(b), Line 40, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(b), Line 40, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
RETURN ON ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 1(c)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$1,879,408 [2]	4.63% [1]	2.32%	\$87,017 [8]
2.	Equity	50.00%	1,879,407 [2]	0.86% [6]	0.43%	16,125 [9]
3.	Total	<u>100.00%</u>	<u>\$3,758,815 [3]</u>		<u>2.75%</u>	<u>\$103,142 [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$1,879,408 [4]	4.63% [1]	2.32%	\$87,017 [8]
5.	Equity	50.00%	1,879,407 [4]	4.92% [6]	2.46%	92,519 [11]
6.	Total	<u>100.00%</u>	<u>\$3,758,815 [3]</u>		<u>4.78%</u>	<u>\$179,536 [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$1,879,408 [5]	4.63% [1]	2.32%	\$87,017 [8]
8.	Equity	50.00%	1,879,407 [5]	9.20% [1]	4.60%	172,905 [8]
9.	Total	<u>100.00%</u>	<u>\$3,758,815 [3]</u>		<u>6.92%</u>	<u>\$259,922</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(c), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(c), Line 38, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(c), Line 38, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
RETURN ON ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 1(d)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$5,034,454 [2]	4.63% [1]	2.32%	\$233,095 [8]
2.	Equity	50.00%	5,034,454 [2]	0.32% [6]	0.16%	15,912 [9]
3.	Total	<u>100.00%</u>	<u>\$10,068,908 [3]</u>		<u>2.48%</u>	<u>\$249,007 [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$5,034,454 [4]	4.63% [1]	2.32%	\$233,095 [8]
5.	Equity	50.00%	5,034,454 [4]	11.29% [6]	5.65%	568,452 [11]
6.	Total	<u>100.00%</u>	<u>\$10,068,908 [3]</u>		<u>7.96%</u>	<u>\$801,547 [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$5,034,454 [5]	4.63% [1]	2.32%	\$233,095 [8]
8.	Equity	50.00%	5,034,454 [5]	9.20% [1]	4.60%	463,170 [8]
9.	Total	<u>100.00%</u>	<u>\$10,068,908 [3]</u>		<u>6.92%</u>	<u>\$696,265</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(d), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(d), Line 39, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(d), Line 39, Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
RETURN ON ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 1(e)

Line No.	<u>Item</u>	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$8,338,693 [2]	4.63% [1]	2.32%	\$386,081 [8]
2.	Equity	50.00%	8,338,693 [2]	11.13% [6]	5.57%	927,801 [9]
3.	Total	<u>100.00%</u>	<u>\$16,677,386 [3]</u>		<u>7.88%</u>	<u>\$1,313,882 [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$8,338,693 [4]	4.63% [1]	2.32%	\$386,081 [8]
5.	Equity	50.00%	8,338,693 [4]	14.91% [6]	7.46%	1,243,422 [11]
6.	Total	<u>100.00%</u>	<u>\$16,677,386 [3]</u>		<u>9.77%</u>	<u>\$1,629,503 [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$8,338,693 [5]	4.63% [1]	2.32%	\$386,081 [8]
8.	Equity	50.00%	8,338,693 [5]	9.20% [1]	4.60%	767,160 [8]
9.	Total	<u>100.00%</u>	<u>\$16,677,386 [3]</u>		<u>6.92%</u>	<u>\$1,153,241</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(e), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(e), Line 38, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(e), Line 38, Column (e).



Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
COMBINED OPERATIONS

Public Staff  
Cooper Exhibit I  
Schedule 2

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> [1] (a)	<u>Public Staff Adjustments</u> [1] (b)	<u>Amount Per Public Staff</u> [1] (c)
1.	Plant in service	\$485,345,163	\$2,335,550	\$487,680,713
2.	Accumulated depreciation	(154,951,542)	9,481	(154,942,061)
3.	Contributions in aid of construction	(189,897,507)	(5,086,275)	(194,983,782)
4.	Accumulated amortization of CIAC	70,605,175	(88,690)	70,516,485
5.	Acquisition adjustments	1,925,745	49,950	1,975,695
6.	Accum. amort. of acquisition adjustments	1,044,591	(231,127)	813,464
7.	Advances for construction	<u>(4,305,936)</u>	<u>(161,905)</u>	<u>(4,467,841)</u>
8.	Net plant in service	209,765,689	(3,173,016)	206,592,673
9.	Customer deposits	(379,445)	0	(379,445)
10.	Unclaimed refunds and cost-free capital	(193,255)	0	(193,255)
11.	Accumulated deferred income taxes	(35,329,190)	182,758	(35,146,432)
12.	Materials and supplies inventory	2,405,967	0	2,405,967
13.	Excess capacity adjustment	(1,233,706)	(162,250)	(1,395,956)
14.	Working capital allowance	4,626,122	(406,555)	4,219,567
15.	Original cost rate base	<u>\$179,662,182</u>	<u>(\$3,559,063)</u>	<u>\$176,103,119</u>

[1] Sum of amounts from Cooper Exhibit I, Schedules 2(a) through 2(e).

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
AQUA WATER OPERATIONS

Public Staff  
Cooper Exhibit I  
Schedule 2(a)

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> (b)	<u>Amount Per Public Staff</u> [10] (c)
1.	Plant in service	\$276,917,544	(\$5,221,254) [1]	\$271,696,290
2.	Accumulated depreciation	(93,722,311)	519,667 [2]	(93,202,644)
3.	Contributions in aid of construction	(91,019,736)	(2,179,406) [3]	(93,199,142)
4.	Accumulated amortization of CIAC	33,628,551	46,358 [4]	33,674,909
5.	Acquisition adjustments	5,959,680	49,950 [5]	6,009,630
6.	Accum. amort. of acquisition adjustments	(1,867,589)	(221,748) [6]	(2,089,337)
7.	Advances for construction	<u>(1,144,420)</u>	<u>(102,300) [7]</u>	<u>(1,246,720)</u>
8.	Net plant in service	128,751,719	(7,108,733)	121,642,986
9.	Customer deposits	(295,674)	0	(295,674)
10.	Unclaimed refunds and cost-free capital	(46,582)	0	(46,582)
11.	Accumulated deferred income taxes	(22,599,342)	118,324 [8]	(22,481,018)
12.	Materials and supplies inventory	2,038,514	0	2,038,514
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	<u>2,781,236</u>	<u>(152,876) [9]</u>	<u>2,628,360</u>
15.	Original cost rate base	<u>\$110,629,871</u>	<u>(\$7,143,285)</u>	<u>\$103,486,586</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (a).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (a).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (a).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (a).
- [5] Cooper Exhibit I, Schedule 2-4, Line 1, Column (a).
- [6] Cooper Exhibit I, Schedule 2-4, Line 4, Column (a).
- [7] Cooper Exhibit I, Schedule 2-5, Line 7, Column (a).
- [8] Provided by Public Staff Accountant Henry.
- [9] Cooper Exhibit I, Schedule 2-7, Line 14, Column (a).
- [10] Column (a) plus Column (b).

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
AQUA SEWER OPERATIONS

Public Staff  
Cooper Exhibit I  
Schedule 2(b)

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> (b)	<u>Amount Per Public Staff</u> [11] (c)
1.	Plant in service	\$144,641,039	\$5,661,510 [1]	\$150,302,549
2.	Accumulated depreciation	(42,733,957)	(384,925) [2]	(43,118,882)
3.	Contributions in aid of construction	(77,906,104)	(1,376,657) [3]	(79,282,761)
4.	Accumulated amortization of CIAC	28,011,275	(181,397) [4]	27,829,878
5.	Acquisition adjustments	(4,002,509)	0 [5]	(4,002,509)
6.	Accum. amort. of acquisition adjustments	2,882,669	(9,379) [6]	2,873,290
7.	Advances for construction	<u>(3,320,166)</u>	<u>(68,525) [7]</u>	<u>(3,388,691)</u>
8.	Net plant in service	47,572,247	3,640,627	51,212,874
9.	Customer deposits	(11,194)	0	(11,194)
10.	Unclaimed refunds and cost-free capital	(6,342)	0	(6,342)
11.	Accumulated deferred income taxes	(8,999,566)	49,919 [8]	(8,949,647)
12.	Materials and supplies inventory	265,709	0	265,709
13.	Excess capacity adjustment	(1,233,706)	(162,250) [9]	(1,395,956)
14.	Working capital allowance	<u>1,071,384</u>	<u>(75,404) [10]</u>	<u>995,980</u>
15.	Original cost rate base	<u>\$38,658,532</u>	<u>\$3,452,892</u>	<u>\$42,111,424</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (b).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (b).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (b).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (b).
- [5] Cooper Exhibit I, Schedule 2-4, Line 1, Column (b).
- [6] Cooper Exhibit I, Schedule 2-4, Line 4, Column (b).
- [7] Cooper Exhibit I, Schedule 2-5, Line 7, Column (b).
- [8] Provided by Public Staff Accountant Henry.
- [9] Cooper Exhibit I, Schedule 2-6, Line 18, Column (c).
- [10] Cooper Exhibit I, Schedule 2-7, Line 14, Column (b).
- [11] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 2(c)

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> (b)	<u>Amount Per Public Staff</u> [8] (c)
1.	Plant in service	\$11,460,432	\$1,423,305 [1]	\$12,883,737
2.	Accumulated depreciation	(3,227,801)	(285,778) [2]	(3,513,579)
3.	Contributions in aid of construction	(7,099,242)	(331,156) [3]	(7,430,398)
4.	Accumulated amortization of CIAC	2,062,290	9,621 [4]	2,071,911
5.	Acquisition adjustments	0	0	0
6.	Accum. amort. of acquisition adjustments	0	0	0
7.	Advances for construction	46,650	13,920 [5]	60,570
8.	Net plant in service	3,242,329	829,911	4,072,240
9.	Customer deposits	(7,436)	0	(7,436)
10.	Unclaimed refunds and cost-free capital	(7,339)	0	(7,339)
11.	Accumulated deferred income taxes	(403,225)	570 [6]	(402,655)
12.	Materials and supplies inventory	0	0	0
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	110,936	(6,931) [7]	104,005
15.	Original cost rate base	<u>\$2,935,265</u>	<u>\$823,550</u>	<u>\$3,758,815</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (c).  
[2] Cooper Exhibit I, Schedule 2-2, Line 3, Column (c).  
[3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (c).  
[4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (c).  
[5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (c).  
[6] Provided by Public Staff Accountant Henry.  
[7] Cooper Exhibit I, Schedule 2-7, Line 14, Column (c).  
[8] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 2(d)

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> (b)	<u>Amount Per Public Staff</u> (c) [8]
1.	Plant in service	\$16,185,274	\$2,289,481 [1]	\$18,474,755
2.	Accumulated depreciation	(2,210,271)	(95,689) [2]	(2,305,960)
3.	Contributions in aid of construction	(5,882,978)	(1,198,636) [3]	(7,081,614)
4.	Accumulated amortization of CIAC	1,602,676	36,710 [4]	1,639,386
5.	Acquisition adjustments	0	0	0
6.	Accum. amort. of acquisition adjustments	0	0	0
7.	Advances for construction	112,000	(5,000) [5]	107,000
8.	Net plant in service	9,806,701	1,026,866	10,833,567
9.	Customer deposits	(172)	0	(172)
10.	Unclaimed refunds and cost-free capital	(217)	0	(217)
11.	Accumulated deferred income taxes	(868,488)	4,408 [6]	(864,080)
12.	Materials and supplies inventory	0	0	0
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	119,910	(20,100) [7]	99,810
15.	Original cost rate base	<u>\$9,057,734</u>	<u>\$1,011,174</u>	<u>\$10,068,908</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (d).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (d).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (d).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (d).
- [5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (d).
- [6] Provided by Public Staff Accountant Henry.
- [7] Cooper Exhibit I, Schedule 2-7, Line 14, Column (d).
- [8] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 2(e)

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> (b)	<u>Amount Per Public Staff</u> [7]
1.	Plant in service	\$36,140,874	(\$1,817,491) [1]	\$34,323,383
2.	Accumulated depreciation	(13,057,202)	256,206 [2]	(12,800,996)
3.	Contributions in aid of construction	(7,989,447)	(420) [3]	(7,989,867)
4.	Accumulated amortization of CIAC	5,300,383	18 [4]	5,300,401
5.	Acquisition adjustments	(31,426)	0	(31,426)
6.	Accum. amort. of acquisition adjustments	29,511	0	29,511
7.	Advances for construction	0	0	0
8.	Net plant in service	20,392,693	(1,561,687)	18,831,006
9.	Customer deposits	(64,969)	0	(64,969)
10.	Unclaimed refunds and cost-free capital	(132,775)	0	(132,775)
11.	Accumulated deferred income taxes	(2,458,569)	9,537 [5]	(2,449,032)
12.	Materials and supplies inventory	101,744	0	101,744
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	542,656	(151,244) [6]	391,412
15.	Original cost rate base	<u>\$18,380,780</u>	<u>(\$1,703,394)</u>	<u>\$16,677,386</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (e).  
[2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (e).  
[3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (e).  
[4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (e).  
[5] Provided by Public Staff Accountant Henry.  
[6] Cooper Exhibit I, Schedule 2-7, Line 14, Column (e).  
[7] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO PLANT IN SERVICE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-1

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1.	Adjustment to post test year additions	(\$737,662) [1]	\$7,165,081 [1]	\$380,438 [1]	\$2,277,306 [1]	(\$22,007) [1]
2.	Adjustment to remove cost related to future customers	(91,925) [2]	0	0	0	0
3.	Adjustment to remove sewer expansion-Neuse Colony	0	(2,120,000) [3]	0	0	0
4.	Adjustment to reduce rate base-Neuse Colony	0	(99,145) [3]	0	0	0
5.	Adjustment to meters and meter installation	(2,853,294) [3]	0	0	0	(1,563,242) [3]
6.	Adjustment to allocate purchased vehicles	(1,538,373) [4]	715,574 [4]	1,042,867 [4]	12,175 [4]	(232,242) [4]
7.	Adjustment to plant in service (Sum of L1 thru L6)	<u>(\$5,221,254)</u>	<u>\$5,661,510</u>	<u>\$1,423,305</u>	<u>\$2,289,481</u>	<u>(\$1,817,491)</u>

- [1] Cooper Exhibit I, Schedule 2-1(c), Line 4.
- [2] Cooper Exhibit I, Schedule 2-1(b), Column (f), Line 46.
- [3] Provided by Public Staff Engineer Junis
- [4] Cooper Exhibit I, Schedule 2-1(d), Line 1.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ADJUSTMENT TO  
POST TEST YEAR ADDITIONS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-1(a)

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [2] (f)
<b><u>Plant in service</u></b>							
1.	Updated post test year system additions per Company	\$17,038,843 [1]	\$17,608,131 [1]	\$708,651 [1]	\$6,919,496 [1]	\$1,445,352 [1]	\$43,720,473
2.	Updated post test year IT additions per Company	925,845 [1]	231,424 [1]	65,806 [1]	41,809 [1]	207,281 [1]	1,472,165
3.	Total post test year additions per Company updates (L1 + L2)	17,964,688	17,839,555	774,457	6,961,305	1,652,633	45,192,638
4.	Amount per Company application	18,702,350	10,674,474	394,019	4,683,999	1,674,640	36,129,482
5.	Adjustment to post test year additions (L3 - L4)	(\$737,662)	\$7,165,081	\$380,438	\$2,277,306	(\$22,007)	\$9,063,156
<b><u>Accumulated depreciation</u></b>							
6.	Updated post test year system additions per Company	(582,971) [1]	(470,309) [1]	(20,159) [1]	(184,886) [1]	(40,602) [1]	(1,298,927)
7.	Updated post test year IT additions per Company	(235,905) [1]	(58,967) [1]	(16,767) [1]	(10,653) [1]	(52,815) [1]	(375,107)
8.	Total post test year additions per Company updates (L6 + L7)	(818,876)	(529,276)	(36,926)	(195,539)	(93,417)	(1,674,034)
9.	Amount per Company application	(811,255)	(340,714)	(17,293)	(128,841)	(81,864)	(1,379,967)
10.	Adjustment to accumulated depreciation (L8 - L9)	(\$7,621)	(\$188,562)	(\$19,633)	(\$66,698)	(\$11,553)	(\$294,067)
<b><u>Depreciation expense</u></b>							
11.	Updated post test year system additions per Company	582,971 [1]	470,309 [1]	20,159 [1]	184,886 [1]	40,602 [1]	1,298,927
12.	Updated post test year IT additions per Company	235,905 [1]	58,967 [1]	16,767 [1]	10,653 [1]	52,815 [1]	375,107
13.	Total post test year additions per Company updates (L11+ L12)	818,876	529,276	36,926	195,539	93,417	1,674,034
14.	Amount per Company application	811,255	340,714	17,293	128,841	81,864	1,379,967
15.	Adjustment to depreciation expense (L13 - L14)	\$7,621	\$188,562	\$19,633	\$66,698	\$11,553	\$294,067

[1] Amount provided by the Company in response to Public Staff Data Request  
[2] Sum of Columns (a) through (e).



**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF PLANT RELATED TO  
FUTURE CUSTOMERS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-1(b)  
Page 1 of 2

Line No.	Item	Number of Lots [1] (a)	Price per Contract [2] (b)	Total Purchase Price [3] (c)	Customers as of 6/30/2018 [1] (d)	Plant in Use as of 6/30/2018 [4] (e)	Adjustment to Plant in Service [5] (f)	Year System Acquired [1] (g)	Accumulated Depreciation [6] (h)
1.	Auburn Hills	40	\$300	\$12,000	37	\$11,100	(\$900)	2001	\$612
2.	Bailey's Landing	45	300	13,500	44	13,200	(300)	2006	144
3.	Banks Point	87	350	30,450	87	30,450	0	2006	0
4.	Bayleaf Farms	25	300	7,500	19	5,700	(1,800)	2002	1,152
5.	Beacon Pointe	49	350	17,150	46	16,100	(1,050)	2001	714
6.	Brayton Park	65	300	19,500	54	16,200	(3,300)	2005	1,716
7.	Cane Creek	44	400	17,600	44	17,600	0	2006	0
8.	Castelli	22	350	7,700	20	7,000	(700)	2007	308
9.	Cedar Hollow	96	300	28,800	90	27,000	(1,800)	2004	1,008
10.	Copper Trace	35	400	14,000	22	8,800	(5,200)	2005	2,704
11.	Creekwood	64	300	19,200	59	17,700	(1,500)	2004	840
12.	Crescent Ridge	97	300	29,100	95	28,500	(600)	2006	288
13.	Devonshire	32	300	9,600	29	8,700	(900)	2004	504
14.	Elliott Landing	86	300	25,800	86	25,800	0	2006	0
15.	Forest Pointe	59	300	17,700	42	12,600	(5,100)	2003	3,060
16.	Heather Glen	37	300	11,100	34	10,200	(900)	2000	648
17.	Henson Farms	103	425	43,775	90	38,250	(5,525)	2002	3,536
18.	Henson Forest	144	425	61,200	138	58,650	(2,550)	2008	1,020
19.	Hickory Creek (Surry County)	80	450	36,000	56	25,200	(10,800)	2001	7,344
20.	Keltic Meadows III	34	300	10,200	27	8,100	(2,100)	2000	1,512
21.	La Ventana	47	300	14,100	44	13,200	(900)	2001	612
22.	Linville	46	150	6,900	42	6,300	(600)	2005	312
23.	Mial Plantation	40	300	12,000	40	12,000	0	2001	0
24.	Milton Acres	32	400	12,800	24	9,600	(3,200)	2002	2,048
25.	Northfield	10	300	3,000	5	1,500	(1,500)	2004	840
26.	Ogburn Farms	65	300	19,500	62	18,600	(900)	2005	468
27.	Old Farm Crossing	36	300	10,800	33	9,900	(900)	2006	432
28.	Plantation Point	382	300	114,600	380	114,000	(600)	2007	264
29.	River Chase	39	300	11,700	38	11,400	(300)	2005	156
30.	Southern Meadows	44	350	15,400	43	15,050	(350)	2005	182
31.	Southern Woods	29	300	8,700	26	7,800	(900)	1997	756
32.	Stamey's Walk	48	400	19,200	46	18,400	(800)	2006	384
33.	Stanley Acres	56	400	22,400	43	17,200	(5,200)	2004	2,912
34.	Sunset Bay	33	400	13,200	24	9,600	(3,600)	2003	2,160
35.	The Barony	29	175	5,075	21	3,675	(1,400)	2005	728

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**CALCULATION OF PLANT RELATED TO  
FUTURE CUSTOMERS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-1(b)  
Page 2 of 2

Line No.	Item	Number of Lots [1] (a)	Price per Contract [2] (b)	Total Purchase Price [3] (c)	Customers as of 6/30/2018 [1] (d)	Plant in Use as of 6/30/2018 [4] (e)	Adjustment to Plant in Service [5] (f)	Year System Acquired [1] (g)	Accumulated Depreciation [6] (h)
36.	The Highlands at Lake Norman	36	400	14,400	20	8,000	(6,400)	2003	3,840
37.	The Summit at Lake Norman	47	400	18,800	18	7,200	(11,600)	2001	7,888
38.	Turner Downs	185	350	64,750	185	64,750	0	2006	0
39.	Tuscany at Henson Meadows	13	425	5,525	9	3,825	(1,700)	2005	884
40.	Upchurch Place (Upchurch Farms)	39	300	11,700	39	11,700	0	2004	0
41.	Upchurch Place (Upchurch Farms)	23	300	6,900	23	6,900	0	2009	0
42.	Vintage Acres	32	350	11,200	32	11,200	0	2006	0
43.	Wild Wing	49	350	17,150	36	12,600	(4,550)	2001	3,094
44.	Williard Oaks	46	400	18,400	44	17,600	(800)	2001	544
45.	Wyntree	21	350	7,350	19	6,650	(700)	2003	420
46.	Total - Aqua water			<u>\$897,425</u>		<u>\$805,500</u>	<u>(\$91,925)</u>		<u>\$56,034</u>

[1] Based on information provided by Company.

[2] Based on contract between Company and developer.

[3] Column (a) multiplied by Column (b).

[4] Column (b) multiplied by Column (d).

[5] Column (e) minus Column (c).

[6] Column (f) multiplied by composite depreciation rate of 4% times years since acquired from year of system acquisition through June 30, 2018, using half year convention.

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**ADJUSTMENT TO ALLOCATE VEHICLES PURCHASED**  
**For The Test Year Ended September 30, 2017**

Public Staff  
Cooper Exhibit I  
Schedule 2-1(c)

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f)
1.	Adjustment to allocate purchased vehicles	<u>(\$1,538,373)</u>	<u>\$715,574</u>	<u>\$1,042,867</u>	<u>\$12,175</u>	<u>(\$232,242)</u>	<u>\$0 [1]</u>
2.	Adjustment to allocate accumulated depreciation of purchased vehicles	<u>\$337,810</u>	<u>(\$203,229)</u>	<u>(\$266,145)</u>	<u>(\$28,991)</u>	<u>\$160,554</u>	<u>\$0 [1]</u>
3.	Adjustment to allocate depreciation expense of purchased vehicles	<u>(\$337,810)</u>	<u>\$203,229</u>	<u>\$266,145</u>	<u>\$28,991</u>	<u>(\$160,554)</u>	<u>\$0 [1]</u>

[1] Allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ACCUMULATED DEPRECIATION**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-2

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1.	Adjustment to post test year additions	(\$7,621) [1]	(\$188,562) [1]	(\$19,633) [1]	(\$66,698) [1]	(\$11,553) [1]
2.	Adjustment for vehicle allocations	337,810 [2]	(203,229) [2]	(266,145) [2]	(28,991) [2]	160,554 [2]
3.	Adjustment for meters and meter installations	133,444 [3]	0	0	0	107,205 [3]
4.	Adjustment to reduce rate base-Neuse Colony	0	6,866 [4]	0	0	0
5.	Adjustment to remove cost related to future customers	56,034 [5]	0	0	0	0
6.	Total Public Staff adjustment (Sum of L1 thru L5)	<u>\$519,667</u>	<u>(\$384,925)</u>	<u>(\$285,778)</u>	<u>(\$95,689)</u>	<u>\$256,206</u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 10.
- [2] Cooper Exhibit I, Schedule 2-1(c), Line 2.
- [3] Calculated using a depreciation rate of 3.30% times years in service using half year convention.
- [4] Calculated using a depreciation rate of 2.77% times years in service using half year convention.
- [5] Cooper Exhibit I, Schedule 2-1(b), Column (h), Line 46.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION (CIAC), ACCUMULATED  
AMORTIZATION AND AMORTIZATION EXPENSE  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-3

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
<b><u>Contributions in aid of construction</u></b>						
1.	Adjustment to include post test year additions	(\$2,179,406) [1]	(\$2,558,369) [1]	(\$331,156) [1]	(\$1,198,636) [1]	(\$420) [1]
2.	Adjustment for Neuse Colony Wastewater Plant	0	1,497,399 [3]	0	0	0
3.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	(315,687) [4]	0	0	0
4.	Total adjustments to CIAC (Sum of L1 thru L3)	<u>(\$2,179,406)</u>	<u>(\$1,376,657)</u>	<u>(\$331,156)</u>	<u>(\$1,198,636)</u>	<u>(\$420)</u>
<b><u>Accumulated amortization of CIAC</u></b>						
5.	Adjustment to include post test year additions	\$46,358 [2]	\$54,585 [2]	\$9,621 [2]	\$36,710 [2]	\$18 [2]
6.	Adjustment for Neuse Colony Wastewater Plant	0	(226,985) [5]	0	0	0
7.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	(8,997) [2]	0	0	0
8.	Total adjustments to accumulated amortization- CIAC (Sum of L5 thru L7)	<u>\$46,358</u>	<u>(\$181,397)</u>	<u>\$9,621</u>	<u>\$36,710</u>	<u>\$18</u>
<b><u>Amortization expense - CIAC</u></b>						
9.	Adjustment to include post test year additions	(\$46,358) [2]	(\$54,585) [2]	(\$9,621) [2]	(\$36,710) [2]	(\$18) [2]
10.	Adjustment for Neuse Colony Wastewater Plant	0	42,676 [6]	0	0	0
11.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	8,997 [2]	0	0	0
12.	Total adjustments to amortization expense- CIAC (Sum of L9 thru L11)	<u>(\$46,358)</u>	<u>(\$11,909)</u>	<u>(\$9,621)</u>	<u>(\$36,710)</u>	<u>(\$18)</u>

- [1] Amount provided by the Company in response to Public Staff date request.
- [2] Calculated based on updated CIAC and amortization rates.
- [3] Cooper Exhibit I, Schedule 2-3(a), Column (a) Line 11.
- [4] Provided by Public Staff Engineer Junis.
- [5] Cooper Exhibit I, Schedule 2-3(a), Column (e) Line 11.
- [6] Cooper Exhibit I, Schedule 2-3(a), Column (d) Line 11.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION (CIAC), ACCUMULATED  
AMORTIZATION AND AMORTIZATION EXPENSE-  
NEUSE COLONY WASTEWATER TREATMENT PLANT  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-3(a)

<u>Line No.</u>	<u>Item</u>	Amount [1] (a)	Amortization Rate [2] (b)	Years In Service [3] (c)	Amortization Expense [4] (d)	Accumulated Amortization [5] (e)
1.	CIAC	\$39,600	2.85%	12.00	\$1,129	(\$13,543)
2.	CIAC	319,680	2.85%	11.00	9,111	(100,220)
3.	CIAC	1,427	2.85%	8.00	41	(325)
4.	CIAC	47,312	2.85%	7.00	1,348	(9,439)
5.	CIAC	173,920	2.85%	6.00	4,957	(29,740)
6.	CIAC	184,005	2.85%	5.00	5,244	(26,221)
7.	CIAC	144,000	2.85%	4.00	4,104	(16,416)
8.	CIAC	144,000	2.85%	3.00	4,104	(12,312)
9.	CIAC	215,100	2.85%	2.00	6,130	(12,261)
10.	CIAC	228,355	2.85%	1.00	6,508	(6,508)
11.	Total Public Staff Adjustment (Sum of Lines 1 thru 10):	<u>\$1,497,399</u>			<u>\$42,676</u>	<u>(\$226,985)</u>

[1] Amount provided by Public Staff Engineer Junis.

[2] CIAC composite amortization rate based on latest depreciation study.

[3] Calculated based on year placed in service using half year convention through June 30, 2018.

[4] Column (a) x Column (b).

[5] Column (a) x Column (b) x Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ACQUISITION ADJUSTMENTS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-4

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Brookwood Water</u> (c)
<b><u>Acquisition adjustments</u></b>				
1.	Include Mid South growth related PAA through June 30, 2018	\$49,950 [1]	\$0	\$0
<b><u>Accumulated amortization of acquisition adjustments</u></b>				
2.	Update accumulated amortization per Company	(220,249) [1]	(9,379) [1]	(172) [1]
3.	Include Mid South growth related PAA through June 30, 2018	(1,499) [2]	0	0
4.	Total Public Staff adjustment (Sum of L2 thru L3)	<u>(\$221,748)</u>	<u>(\$9,379)</u>	<u>(\$172)</u>
<b><u>Amortization expense - acquisition adjustments</u></b>				
5.	Update amortization expense per Company	220,249 [1]	9,379 [1]	172 [1]
6.	Include Mid South growth related PAA through June 30, 2018	1,499 [2]	0	0
7.	Total Public Staff adjustment (Sum of L75 and L6)	<u>\$221,748</u>	<u>\$9,379</u>	<u>\$172</u>

- [1] Updated amount provided by Company in response to Public Staff data request.  
[2] Column (a), Line 1 amount multiplied by 3% amortization rate.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ADJUSTMENT TO ADVANCES FOR  
CONSTRUCTION  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-5

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> [1] (a)	<u>Aqua Sewer</u> [1] (b)	<u>Fairways Water</u> [1] (c)	<u>Fairways Sewer</u> [1] (d)
1.	#252010 - Advance Customer Construction	(\$48,960)	\$48,960	\$0	\$0
2.	#252052 - Adv Cust-Non Cash Developer	(4,696,967)	(5,492,826)	(235,470)	38,000
3.	#252055 - Adv Cust-Customer Builder	3,358,107	1,943,975	292,600	69,000
4.	#252059 - Adv Cust – Taxable CAC Refunds	<u>141,100</u>	<u>111,200</u>	<u>3,440</u>	<u>0</u>
5.	Advances for construction (Sum of L1 thru L4)	(1,246,720)	(3,388,691)	60,570	107,000
6.	Amount per Company application	<u>(1,144,420)</u>	<u>(3,320,166)</u>	<u>46,650</u>	<u>112,000</u>
7.	Adjustment to advances for construction (L5 - L6)	<u>(\$102,300)</u>	<u>(\$68,525)</u>	<u>\$13,920</u>	<u>(\$5,000)</u>

[1] Amount provided by Company in response to Public Staff data request.



**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF EXCESS CAPACITY**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-6

Line No.	Item	Plant, net of CIAC (a)	Accumulated Depreciation (b)	Plant, net of Accum. Depr. & CIAC [7] (c)	Depreciation Expense (d)	CIAC Amortization Expense (e)
<u>Aqua - sewer operations:</u>						
1.	Carolina Meadows WWTP plant cost	\$5,362,321 [1]	(\$2,791,442) [5]	\$2,570,879	\$176,420 [8]	\$0
2.	Carolina Meadows WWTP CIAC	(66,600) [2]	9,324 [5]	(57,276)	0	(1,845) [9]
3.	Plant, net of CIAC (L1 + L2)	5,295,721	(2,782,118)	2,513,603	176,420	(1,845)
4.	Excess capacity percentage	30.63% [3]	30.63% [3]	30.63% [3]	30.63% [3]	30.63% [3]
5.	Excess capacity to be removed (L3 x L4)	1,622,079	(852,163)	769,917	54,036	(565)
6.	The Legacy at Jordan Lake WWTP plant cost	1,454,750 [1]	(625,869) [5]	828,881	47,864 [8]	0
7.	The Legacy at Jordan Lake WWTP CIAC	(1,116,289) [4]	448,670 [6]	(667,619)	0	(30,921) [9]
8.	Plant, net of CIAC (L6 + L7)	338,461	(177,199)	161,262	47,864	(30,921)
9.	Excess capacity percentage	38.67% [3]	38.67% [3]	38.67% [3]	38.67% [3]	38.67% [3]
10.	Excess capacity to be removed (L8 x L9)	130,883	(68,523)	62,360	18,509	(11,957)
11.	Westfall Subdivision WWTP plant cost	1,217,283 [1]	(199,238) [5]	1,018,045	40,050 [8]	0
12.	Westfall Subdivision WWTP CIAC	(401,669) [1]	56,234 [5]	(345,435)	0	(11,126) [9]
13.	Plant, net of CIAC (L11 + L12)	815,614	(143,004)	672,610	40,050	(11,126)
14.	Excess capacity percentage	35.56% [3]	35.56% [3]	35.56% [3]	35.56% [3]	35.56% [3]
15.	Excess capacity to be removed (L13 x L14)	290,032	(50,852)	239,180	14,242	(3,956)
16.	Total excess capacity adjustment (L5 + L10 + L15)	2,042,994	(971,538)	1,071,457	86,787	(16,478)
17.	Amount per Company application	2,335,196	(1,101,489)	1,233,707	124,210	(40,324)
18.	Adjustment to excess capacity (L16 - L17)	(\$292,202)	\$129,951	(\$162,250)	(\$37,423)	\$23,846

- [1] Cooper Exhibit I, Schedule 2-6(a), Column (a).
- [2] Cooper Exhibit I, Schedule 2-6(a), Column (a), Line 49.
- [3] Provided by Public Staff Engineer Junis.
- [4] Cooper Exhibit I, Schedule 2-6(a), Column (a), Line 53 plus Line 54.
- [5] Cooper Exhibit I, Schedule 2-6(a), Column (h).
- [6] Cooper Exhibit I, Schedule 2-6(a), Column (h), Line 53 plus Line 54.
- [7] Column (a) plus Column (b), unless footnoted otherwise.
- [8] Column (a) times depreciation rate for treatment plant account from depreciation study of 3.29%.
- [9] Column (a) times CIAC amortization rate for treatment plant account from depreciation study of 2.77%.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF NET PLANT IN SERVICE  
FOR EXCESS CAPACITY SYSTEMS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-6(a)  
Page 1 of 2

Line No.	Item	Amount	Depreciation / Amortization Rate Thru Sept/2011 [1]	Years In Service Thru Sept/2011 [3]	Accumulated Depreciation/ Amortization [4] As Of Sept/2011	Depreciation/ Amortization Rate from Oct/2011 Thru Oct/2013 [5]	Years In Service from Oct/2011 Thru June/2018 [7]	Accumulated Depreciation/ Amortization from Oct/2011 Thru June/2018 [8]	Total Accumulated Depreciation/ Amortization [9]	Depreciation/ Amortization Expense [10]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<b>Carolina Meadows WWTP</b>										
1.	1996 additions	\$919,341	4.00%	15.250	\$560,798	3.29%	6.750	\$204,163	\$764,961	\$30,246
2.	1999 additions	1,324,696	4.00%	12.250	649,101	3.29%	6.750	294,182	943,283	43,582
3.	2000 additions	41,440	4.00%	11.250	18,648	3.29%	6.750	9,203	27,851	1,363
4.	2001 additions	30,069	4.00%	10.250	12,328	3.29%	6.750	6,678	19,006	989
5.	2002 additions	9,116	4.00%	9.250	3,373	3.29%	6.750	2,024	5,397	300
6.	2003 additions	11,793	4.00%	8.250	3,892	3.29%	6.750	2,619	6,511	388
7.	2004 additions	3,320	4.00%	7.250	963	3.29%	6.750	737	1,700	109
8.	2008 additions	2,827,352	4.00%	3.250	367,556	3.29%	6.750	627,884	995,440	93,020
9.	2009 additions	16,303	4.00%	2.250	1,467	3.29%	6.750	3,620	5,087	536
10.	2010 additions	22,155	4.00%	1.250	1,108	3.29%	6.750	4,920	6,028	729
11.	2011 additions	328	4.00%	0.375	5	3.29%	6.625	71	76	11
12.	1999 additions	233	4.00%	12.250	114	3.29%	6.750	52	166	8
13.	2001 additions	1,349	4.00%	10.250	553	3.29%	6.750	300	853	44
14.	2005 additions	1,537	4.00%	6.250	384	3.29%	6.750	341	725	51
15.	2010 additions	(3,693)	4.00%	1.250	(165)	3.29%	6.750	(820)	(1,005)	(121)
16.	2011 additions	11,464	4.00%	0.375	172	3.29%	6.625	2,499	2,671	377
17.	2011 retirements	(7,708)	4.00%	0.375	(116)	3.29%	6.625	(1,680)	(1,796)	(254)
18.	2012 additions	23,665	4.00%	0.000	0	3.29%	6.000	4,671	4,671	779
19.	2012 retirements	(16,387)	4.00%	0.000	0	3.29%	6.000	(3,235)	(3,235)	(539)
20.	2013 additions	4,354	4.00%	0.000	0	3.29%	5.000	716	716	143
21.	2013 retirements	(190)	4.00%	0.000	0	3.29%	5.000	(31)	(31)	(5)
<b>Additional Amounts</b>										
22.	2013 additions	88,543	4.00%	0.000	0	3.29%	5.000	14,565	14,565	2,913
23.	2013 retirements	(40,893)	4.00%	0.000	0	3.29%	5.000	(6,727)	(6,727)	(1,345)
24.	2014 additions	14,854	4.00%	0.000	0	3.29%	4.000	1,955	1,955	489
25.	2014 additions	(6,873)	4.00%	0.000	0	3.29%	4.000	(904)	(904)	(226)
26.	2015 additions	4,546	4.00%	0.000	0	3.29%	3.000	449	449	150
27.	2015 retirements	(100)	4.00%	0.000	0	3.29%	3.000	(10)	(10)	(3)
28.	2016 additions	40,714	4.00%	0.000	0	3.29%	2.000	2,679	2,679	1,339
29.	2016 retirements	(30,026)	4.00%	0.000	0	3.29%	2.000	(1,976)	(1,976)	(988)
30.	2017 additions	100,015	4.00%	0.000	0	3.29%	1.000	3,290	3,290	3,290
31.	2017 retirements	(28,996)	4.00%	0.000	0	3.29%	1.000	(954)	(954)	(954)
32.	Total plant (Sum of L1 thru L31)	5,362,321			1,620,161			1,171,281	2,791,442	176,420
33.	2013 CIAC	(66,600)	2.66%	0.000	0	2.80%	5.000	(9,324)	(9,324)	(1,865)
	Net Plant (Sum of L32 thru L33)	<u>\$5,295,721</u>			<u>\$1,620,161</u>			<u>\$1,161,957</u>	<u>\$2,782,118</u>	<u>\$174,555</u>

Aqua North Carolina, Inc.  
 Docket No. W-218, Sub 497  
**CALCULATION OF NET PLANT IN SERVICE**  
**FOR EXCESS CAPACITY SYSTEMS**  
 For The Test Year Ended September 30, 2017

Public Staff  
 Cooper Exhibit I  
 Schedule 2-B(e)  
 Page 2 of 2

	Amount	Depreciation/ Amortization Rate Thru Sept/2011	Years In Service Thru Sept/2011	Accumulated Depreciation/ Amortization As of Sept/2011	Depreciation/ Amortization Rate from Oct/2011 Thru Oct/2013	Years In Service from Oct/2011 Thru June/2018	Accumulated Depreciation/ Amortization from Oct/2011 Thru June/2018	Total Accumulated Depreciation/ Amortization	Depreciation/ Amortization Expense
<b>The Legacy At Jordan Lake WWTP</b>									
34. 2007 additions	\$1,424,706	5.00%	4.250	\$302,750	3.29%	6.750	\$318,392	\$619,142	\$46,873
35. 2008 additions	225	5.00%	3.250	37	3.29%	6.750	50	87	7
36. 2009 additions	13,280	5.00%	2.250	1,494	3.29%	6.750	2,949	4,443	437
37. 2010 additions	89	5.00%	1.250	6	3.29%	6.750	22	28	3
38. 2011 additions	2,518	5.00%	0.375	47	3.29%	6.625	547	594	83
39. 2012 additions	8,147	5.00%	0.000	0	3.29%	6.000	1,727	1,727	288
40. 2012 retires on 2007 additions	(3,350)	5.00%	0.000	0	3.29%	6.000	(1,056)	(1,056)	(176)
41. 2013 additions	238	5.00%	0.000	0	3.29%	5.000	39	39	8
42. 2013 retires on 2007 additions	(184)	5.00%	0.000	0	3.29%	5.000	(30)	(30)	(5)
<b>Additional Amounts</b>									
43. 2013 additions	236	5.00%	0.000	0	3.29%	5.000	39	39	8
44. 2014 additions	6,370	5.00%	0.000	0	3.29%	4.000	838	838	210
45. 2014 retires on 2007 additions	(4,449)	5.00%	0.000	0	3.29%	4.000	(585)	(585)	(145)
46. 2015 additions	1,020	5.00%	0.000	0	3.29%	3.000	101	101	24
47. 2015 retire correction on 2007 additions	2,194	5.00%	0.000	0	3.29%	2.000	217	217	72
48. 2016 additions	4,248	5.00%	0.000	0	3.29%	2.000	280	280	140
49. 2016 retires on 2007 additions	(713)	5.00%	0.000	0	3.29%	2.000	(47)	(47)	(23)
50. 2017 additions	3,602	5.00%	0.000	0	3.29%	1.000	125	125	125
51. 2017 retires on 2007 additions	(2,289)	5.00%	0.000	0	3.29%	1.000	(73)	(73)	(23)
52. Total plant (Sum of L34 thru L51)	1,454,750	5.00%	4.250	304,534	2.80%	6.750	321,535	625,869	47,864
53. CIAC received in 2007	(1,121,089)	5.00%	2.250	(238,231)	2.80%	6.750	(211,856)	(450,117)	(31,390)
54. 2009 CIAC	4,800	5.00%	0.000	540	2.80%	6.750	907	1,447	134
55. Net Plant (Sum of L52 thru L54)	\$339,461			\$66,543			\$110,556	\$177,139	\$16,508
<b>Westfall Subdivision</b>									
56. 2013 additions	\$1,208,507	0.00%	0.000	\$0	3.29%	5.000	\$ 198,865	\$ 198,865	\$ 39,773
<b>Additional Amounts</b>									
57. 2014 additions	2,365	0.00%	0.000	0	3.29%	4.000	311	311	78
58. 2014 retirements	(2,124)	0.00%	0.000	0	3.29%	4.000	(280)	(280)	(70)
59. 2015 additions	797	0.00%	0.000	0	3.29%	3.000	79	79	26
60. 2015 retirements	(520)	0.00%	0.000	0	3.29%	3.000	(61)	(61)	(20)
61. 2016 additions	2,428	0.00%	0.000	0	3.29%	2.000	160	160	80
62. 2016 retirements	(661)	0.00%	0.000	0	3.29%	2.000	(37)	(37)	(18)
63. 2017 additions	6,500	0.00%	0.000	0	3.29%	1.000	280	280	280
64. 2017 retirements	(2,029)	0.00%	0.000	0	3.29%	1.000	(79)	(79)	(23)
65. Total plant (Sum of L56 thru L59)	1,217,283			0			186,238	186,238	40,050
66. 2013 CIAC additions	(401,989)	0.00%	0.000	0	2.80%	5.000	(56,234)	(56,234)	(11,247)
67. Net Plant (Sum of L56 thru L57)	\$815,514			0			\$143,004	\$143,004	\$28,803

(1) NCLC Form W-1, Item 10, Exhibit A-2, Schedule 16-1.  
 (2) Provided by the Company in response to Public Staff data request.  
 (3) Depreciation rates from Docket No. W-218, Sub 274.  
 (4) Year in service through June 30, 2018 based on year placed in service using half year convention.  
 (5) Column (a) multiplied by Column (b) multiplied by Column (c).  
 (6) Depreciation rates from Docket No. W-218, Sub 318.  
 (7) Year in service from October 31, 2011 thru June 30, 2018.  
 (8) Column (a) multiplied by Column (c) multiplied by Column (f).  
 (9) Column (a) plus Column (g).  
 (10) Column (a) multiplied by Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO WORKING CAPITAL**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 2-7

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Total O&M expenses excluding purchased water and sewer treatment	\$16,488,881 [1]	\$7,620,795 [1]	\$608,210 [1]	\$747,532 [1]	\$2,535,772 [1]
2.	Cash working capital (L1 / 8)	2,061,110	952,599	76,026	93,441	316,971
	<u>Prepayments:</u>					
3.	Unamortized tank painting	606,570 [2]	0	31,592 [2]	0	79,310 [2]
4.	Unamortized rate case expense	122,371 [3]	30,588 [3]	8,698 [3]	5,526 [3]	27,396 [3]
5.	Unamortized gains & losses - land	6,371 [4]	0	0	0	0
6.	Unamortized repair tax credit	90,461 [5]	28,851 [5]	2,299 [5]	2,590 [5]	14,295 [5]
7.	Total prepayments (Sum of L3 thru L6)	825,773	59,439	42,589	8,116	121,001
	<u>Average tax accruals:</u>					
8.	Unemployment tax	(2,292) [6]	(573) [6]	(163) [6]	(103) [6]	(513) [6]
9.	Regulatory fee	(9,934) [7]	(3,976) [7]	(329) [7]	(380) [7]	(1,503) [7]
10.	Property tax	(246,297) [8]	(11,509) [8]	(14,118) [8]	(1,264) [8]	(44,544) [8]
11.	Total tax accruals (Sum of L8 thru L10)	(258,523)	(16,058)	(14,610)	(1,747)	(46,560)
12.	Working capital per Public Staff (L2 + L7 + L11)	2,628,360	995,980	104,005	99,810	391,412
13.	Amount per Company	2,781,236	1,071,384	110,936	119,910	542,656
14.	Adjustment to working capital (L12 - L13)	(\$152,876)	(\$75,404)	(\$6,931)	(\$20,100)	(\$151,244)

[1] Amounts per Public Staff under present rates from Column (c) of Net Operating Income for Return schedule.

[2] Based on review of information provided by Company, updated through June 30, 2018.

[3] Amount for rate entity from Cooper Exhibit I, Schedule 3-5, Column (d), Lines 16 through 21.

[4] NCUC Form W-1, Item 10, Exhibit A4, Column (d).

[5] Calculated based on allocation percentages provided in Exhibit L, Lines 66 thru 70, in the rate case application for each rate division.

[6] Calculated by Public Staff based on adjusted level of salaries and unemployment tax rates.

[7] Amount of regulatory fees under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

[8] Amount of property taxes under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**COMBINED OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Application [1]	Public Staff Adjustments [1]	Amount Per Public Staff [1]	Net Company Increase [1]	Operations After Rate Increase [1]	Net Public Staff Increase [1]	Operations After Rate Increase [1]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$54,039,950	\$2,487,067	\$56,527,017	\$4,702,981	\$61,229,998	(\$1,722,774)	\$54,804,243
2.	Late payment fees	113,213	3,576	116,789	9,697	126,486	(3,861)	112,928
3.	Miscellaneous revenues	1,283,259	72,240	1,355,499	0	1,355,499	0	1,355,499
4.	Uncollectibles and Abatements	(404,234)	(16,707)	(420,941)	(35,775)	(456,716)	14,649	(406,292)
5.	<b>Total operating revenues</b>	<b>55,032,188</b>	<b>2,545,176</b>	<b>57,578,364</b>	<b>4,676,903</b>	<b>62,255,267</b>	<b>(1,711,988)</b>	<b>55,866,378</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	10,582,933	(525,941)	10,056,992	0	10,056,992	0	10,056,992
7.	Employee pensions and benefits	3,307,897	(443,843)	2,864,054	0	2,864,054	0	2,864,054
8.	Purchased water / sewer treatment	2,390,335	(73,719)	2,316,616	0	2,316,616	0	2,316,616
9.	Sludge removal	536,333	23,049	559,382	0	559,382	0	559,382
10.	Purchased power	3,660,633	(89,966)	3,570,667	0	3,570,667	0	3,570,667
11.	Fuel for power production	26,809	0	26,809	0	26,809	0	26,809
12.	Chemicals	1,403,799	118,168	1,521,967	0	1,521,967	0	1,521,967
13.	Materials and supplies	505,720	0	505,720	0	505,720	0	505,720
14.	Testing fees	971,148	(88,402)	882,746	0	882,746	0	882,746
15.	Transportation	919,149	(199,179)	719,970	0	719,970	0	719,970
16.	Contractual services - engineering	2,750	0	2,750	0	2,750	0	2,750
17.	Contractual services - accounting	188,101	0	188,101	0	188,101	0	188,101
18.	Contractual services - legal	263,190	(67,046)	196,144	0	196,144	0	196,144
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	4,258,718	(58,734)	4,199,984	0	4,199,984	0	4,199,984
21.	Rent	309,942	0	309,942	0	309,942	0	309,942
22.	Insurance	963,266	(364,486)	598,780	0	598,780	0	598,780
23.	Regulatory commission expense	224,568	(135,202)	89,366	0	89,366	0	89,366
24.	Miscellaneous expense	1,497,272	(67,110)	1,430,162	0	1,430,162	0	1,430,162
25.	Interest on customer deposits	32,388	0	32,388	0	32,388	0	32,388
26.	Annualization & consumption adjustments	7,051	237,660	244,711	0	244,711	0	244,711
27.	Other Public Staff adjustments	0	0	0	0	0	0	0
28.	<b>Total O&amp;M and G&amp;A expense</b>	<b>32,052,002</b>	<b>(1,734,751)</b>	<b>30,317,251</b>	<b>0</b>	<b>30,317,251</b>	<b>0</b>	<b>30,317,251</b>
29.	Depreciation and amortization expense	9,928,332	265,254	10,191,586	0	10,191,586	0	10,191,586
30.	Property taxes	635,463	0	635,463	0	635,463	0	635,463
31.	Payroll taxes	779,805	17,636	797,441	0	797,441	0	797,441
32.	Other taxes	308,886	0	308,886	0	308,886	0	308,886
33.	Section 338(h) adjustment	(20,024)	0	(20,024)	0	(20,024)	0	(20,024)
34.	Regulatory fee	77,046	3,563	80,609	6,548	87,157	(2,396)	78,213
35.	Deferred income tax	(639,532)	(196,522)	(836,054)	0	(836,054)	0	(836,054)
36.	State income tax	186,463	149,371	335,834	139,970	475,804	(51,427)	284,407
37.	Federal income tax	1,266,088	1,014,222	2,280,310	950,406	3,230,716	(349,189)	1,931,121
38.	<b>Total operating revenue deductions</b>	<b>44,572,529</b>	<b>(481,227)</b>	<b>44,091,302</b>	<b>1,096,924</b>	<b>45,188,226</b>	<b>(403,012)</b>	<b>43,686,290</b>
39.	<b>Net operating income for return</b>	<b>\$10,459,659</b>	<b>\$3,027,403</b>	<b>\$13,487,062</b>	<b>\$3,579,979</b>	<b>\$17,067,041</b>	<b>(\$1,308,974)</b>	<b>\$12,178,088</b>

[1] Sum of Cooper Exhibit I, Schedules 3(a) through 3(e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3(a)  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [11] (c)	Net Company Increase [19] (d)	Operations After Rate Increase (e)	Net Public Staff Increase [22] (f)	Operations After Rate Increase (g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$33,847,586	\$1,012,264 [1]	\$34,859,850 [12]	\$2,852,568	\$37,712,418 [12]	(\$1,836,566)	\$33,023,284 [23]
2.	Late payment fees	68,457	1,263 [1]	69,720 [13]	5,705	75,425 [13]	(3,673)	66,047 [13]
3.	Miscellaneous revenues	755,075	11,520 [3]	766,595	0	766,595	0	766,595
4.	Uncollectibles and Abatements	(209,998)	(6,565) [1]	(216,563) [14]	(17,722)	(234,285) [14]	11,409	(205,154) [14]
5.	<b>Total operating revenues</b>	<b>34,461,120</b>	<b>1,018,482</b>	<b>35,479,602</b>	<b>2,840,551</b>	<b>38,320,153</b>	<b>(1,828,830)</b>	<b>33,650,772</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	7,034,076	(281,092) [2]	6,752,984	0	6,752,984	0	6,752,984
7.	Employee pensions and benefits	2,175,268	(265,673) [2]	1,909,595	0	1,909,595	0	1,909,595
8.	Purchased water	1,674,647	(73,719) [3]	1,600,928	0	1,600,928	0	1,600,928
9.	Purchased power	2,243,790	(79,581) [4]	2,164,209	0	2,164,209	0	2,164,209
10.	Fuel for power production	935	0	935	0	935	0	935
11.	Chemicals	441,798	25,205 [4]	467,003	0	467,003	0	467,003
12.	Materials and supplies	341,233	0	341,233	0	341,233	0	341,233
13.	Testing fees	655,603	(90,737) [4]	564,866	0	564,866	0	564,866
14.	Transportation	618,442	(134,046) [5]	484,396	0	484,396	0	484,396
15.	Contractual services - engineering	0	0	0	0	0	0	0
16.	Contractual services - accounting	117,906	0	117,906	0	117,906	0	117,906
17.	Contractual services - legal	165,006	(42,165) [6]	122,841	0	122,841	0	122,841
18.	Contractual services - management fees	0	0	0	0	0	0	0
19.	Contractual services - other	1,953,671	(36,081) [7]	1,917,590	0	1,917,590	0	1,917,590
20.	Rent	208,095	0	208,095	0	208,095	0	208,095
21.	Insurance	624,865	(222,784) [8]	402,081	0	402,081	0	402,081
22.	Regulatory commission expense	141,239	(86,971) [1]	54,268 [15]	0	54,268	0	54,268
23.	Miscellaneous expense	943,436	(42,207) [2]	901,229	0	901,229	0	901,229
24.	Interest on customer deposits	25,111	0	25,111	0	25,111	0	25,111
25.	Annualization & consumption adjustments	(12,969)	67,508 [9]	54,539	0	54,539	0	54,539
26.	Other Public Staff adjustments	0	0	0	0	0	0	0
27.	<b>Total O&amp;M and G&amp;A expense</b>	<b>19,352,152</b>	<b>(1,262,343)</b>	<b>18,089,809</b>	<b>0</b>	<b>18,089,809</b>	<b>0</b>	<b>18,089,809</b>
28.	Depreciation and amortization expense	6,678,161	(251,210) [10]	6,426,951	0	6,426,951	0	6,426,951
29.	Property taxes	492,594	0	492,594	0	492,594	0	492,594
30.	Payroll taxes	520,278	(18,737) [2]	501,541	0	501,541	0	501,541
31.	Other taxes	193,611	0	193,611	0	193,611	0	193,611
32.	Section 338(h) adjustment	(10,817)	0	(10,817)	0	(10,817)	0	(10,817)
33.	Regulatory fee	48,246	1,425 [1]	49,671 [16]	3,977	53,648 [16]	(2,560)	47,111 [16]
34.	Deferred income tax	(409,096)	(125,712) [2]	(534,808) [2]	0	(534,808) [2]	0	(534,808) [2]
35.	State income tax	122,131	98,085 [1]	220,216 [17]	85,097	305,313 [20]	(54,788)	165,428 [24]
36.	Federal income tax	829,272	665,994 [1]	1,495,266 [18]	577,810	2,073,076 [21]	(372,012)	1,123,254 [25]
37.	<b>Total operating revenue deductions</b>	<b>27,816,532</b>	<b>(892,498)</b>	<b>26,924,034</b>	<b>666,884</b>	<b>27,590,918</b>	<b>(429,360)</b>	<b>26,494,674</b>
38.	<b>Net operating income for return</b>	<b>\$6,644,588</b>	<b>\$1,910,980</b>	<b>\$8,555,568</b>	<b>\$2,173,667</b>	<b>\$10,729,235</b>	<b>(\$1,399,470)</b>	<b>\$7,156,088</b>

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(A)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3(a)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 8, Column (a).
- [6] Cooper Exhibit I, Schedule 3-2, Line 4, Column (a).
- [7] Cooper Exhibit I, Schedule 3-3, Line 3, Column (a).
- [8] Cooper Exhibit I, Schedule 3-4, Line 20, Column (a).
- [9] Cooper Exhibit I, Schedule 3-6(a), Line 3, Column (d).
- [10] Cooper Exhibit I, Schedule 3-7, Line 16, Column (a).
- [11] Column (a) plus Column (b), unless footnoted otherwise.
- [12] Based on the recommendation of Public Staff Engineer Junis.
- [13] Line 1 times late payment fee percentage of 0.20%.
- [14] Line 1 plus Line 2 times uncollectibles percentage of 0.37%.
- [15] Cooper Exhibit I, Schedule 3-5, Line 16, Column (c).
- [16] Line 5 x 0.0014.
- [17] Cooper Exhibit I, Schedule 3-8(a), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-8(a), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-8(a), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-8(a), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-8(a), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-8(a), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3(b)  
Page 1 of 2

Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1.	Operating Revenues:								
2.	Service revenues	\$12,910,194	\$1,202,061 [1]	\$14,112,255 [12]	\$604,940	\$14,717,195 [12]	(\$462,331)	\$13,649,924 [23]	
3.	Late payment fees	20,926	1,654 [1]	22,580 [13]	968	23,548	(740)	21,840 [13]	
4.	Miscellaneous revenues	62,657	60,720 [3]	123,377	0	123,377 [13]	0	123,377	
5.	Uncollectibles and Abatements	(51,811)	(6,142) [1]	(57,953) [14]	(2,484)	(60,437) [14]	1,899	(56,054) [14]	
	<b>Total operating revenues</b>	<b>12,941,966</b>	<b>1,258,293</b>	<b>14,200,259</b>	<b>603,424</b>	<b>14,803,683</b>	<b>(461,172)</b>	<b>13,739,087</b>	
6.	Operating Revenue Deductions:								
7.	Salaries and wages	2,244,709	35,564 [2]	2,280,273	0	2,280,273	0	2,280,273	
8.	Employee pensions and benefits	700,239	(41,907) [2]	658,332	0	658,332	0	658,332	
9.	Purchased sewer treatment	440,871	0	440,871	0	440,871	0	440,871	
10.	Sludge removal	457,158	13,015 [4]	470,173	0	470,173	0	470,173	
11.	Purchased power	1,049,646	(5,727) [4]	1,043,919	0	1,043,919	0	1,043,919	
12.	Fuel for power production	23,053	0	23,053	0	23,053	0	23,053	
13.	Chemicals	541,904	47,563 [4]	589,467	0	589,467	0	589,467	
14.	Materials and supplies	116,995	0	116,995	0	116,995	0	116,995	
15.	Testing fees	221,947	29,364 [4]	251,311	0	251,311	0	251,311	
16.	Transportation	212,266	(46,025) [5]	166,241	0	166,241	0	166,241	
17.	Contractual services - engineering	0	0	0	0	0	0	0	
18.	Contractual services - accounting	29,299	0	29,299	0	29,299	0	29,299	
19.	Contractual services - legal	40,904	(10,540) [6]	30,364	0	30,364	0	30,364	
20.	Contractual services - management fees	0	0	0	0	0	0	0	
21.	Contractual services - other	1,331,721	(10,384) [7]	1,321,337	0	1,321,337	0	1,321,337	
22.	Rent	52,743	0	52,743	0	52,743	0	52,743	
23.	Insurance	186,152	(50,408) [8]	135,744	0	135,744	0	135,744	
24.	Advertising	555	0	555	0	555	0	555	
25.	Regulatory commission expense	35,302	(21,737) [1]	13,565 [15]	0	13,565	0	13,565	
26.	Miscellaneous expense	319,421	(10,549) [2]	308,872	0	308,872	0	308,872	
27.	Interest on customer deposits	1,007	0	1,007	0	1,007	0	1,007	
28.	Annualization & consumption adjustments	0	127,545 [9]	127,545	0	127,545	0	127,545	
29.	Other Public Staff adjustments	0	0	0	0	0	0	0	
30.	Total O&M and G&A expense	8,005,892	55,774	8,061,666	0	8,061,666	0	8,061,666	
31.	Depreciation and amortization expense	1,860,812	381,935 [10]	2,242,747	0	2,242,747	0	2,242,747	
32.	Property taxes	23,018	0	23,018	0	23,018	0	23,018	
33.	Payroll taxes	166,754	(41,397) [2]	125,357	0	125,357	0	125,357	
34.	Other taxes	48,126	0	48,126	0	48,126	0	48,126	
35.	Section 339(h) adjustment	(5,914)	0	(5,914)	0	(5,914)	0	(5,914)	
36.	Regulatory fee	18,119	1,761 [1]	19,880 [16]	845	20,725 [16]	(645)	19,235 [16]	
37.	Deferred income tax	(162,911)	(50,061) [1]	(212,972) [2]	0	(212,972) [2]	0	(212,972) [2]	
38.	State income tax	52,204	29,111 [1]	81,315 [17]	18,077	99,392 [20]	(13,816)	67,499 [24]	
39.	Federal income tax	354,465	197,664 [1]	552,129 [18]	122,745	674,874 [21]	(93,809)	458,320 [25]	
	<b>Total operating revenue deductions</b>	<b>10,360,565</b>	<b>574,787</b>	<b>10,935,352</b>	<b>141,687</b>	<b>11,077,019</b>	<b>(108,270)</b>	<b>10,827,082</b>	
40.	<b>Net operating income for return</b>	<b>\$2,581,401</b>	<b>\$683,506</b>	<b>\$3,264,907</b>	<b>\$461,757</b>	<b>\$3,726,664</b>	<b>(\$352,902)</b>	<b>\$2,912,005</b>	



**Agua North Carolina, Inc.**

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**FOOTNOTES TO SCHEDULE 3(B)  
For The Test Year Ended September 30, 2017**

Public Staff  
Cooper Exhibit I  
Schedule 3(b)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 8, Column (b).
- [6] Cooper Exhibit I, Schedule 3-2, Line 4, Column (b).
- [7] Cooper Exhibit I, Schedule 3-3, Line 3, Column (b).
- [8] Cooper Exhibit I, Schedule 3-4, Line 20, Column (b).
- [9] Cooper Exhibit I, Schedule 3-6(b), Line 5, Column (b).
- [10] Cooper Exhibit I, Schedule 3-7, Line 14, Column (b).
- [11] Column (a) plus Column (b), unless footnoted otherwise.
- [12] Based on the recommendation of Public Staff Engineer Junis.
- [13] Line 1 times late payment fee percentage of 0.16%.
- [14] Line 1 plus Line 2 times uncollectibles percentage of 0.36%.
- [15] Cooper Exhibit I, Schedule 3-5, Line 17 Column (c).
- [16] Line 5 x 0.0014.
- [17] Cooper Exhibit I, Schedule 3-8(b), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-8(b), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-8(b), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-8(b), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-8(b), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-8(b), Line 15, Column (c).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
NET OPERATING INCOME FOR A RETURN  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3(c)  
Page 1 of 2.

Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff [11]	Net Company Increase [20]	Operations After Rate Increase	Net Public Staff Increase [25]	Operations After Rate Increase		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
<b>Operating Revenues:</b>										
1.	Service revenues	\$984,504	\$100,180 [1]	\$1,084,684 [12]	\$100,090	\$1,184,774 [12]	\$205,417	\$1,290,101 [23]		
2.	Late payment fees	2,127	259 [1]	2,386 [13]	221	2,607 [13]	452	2,638 [13]		
3.	Miscellaneous revenues	92,938	0	92,938	0	92,938	0	92,938		
4.	Uncollectibles and Abatements	(4,674)	(544) [1]	(5,218) [14]	(481)	(5,699) [14]	(988)	(6,206) [14]		
5.	Total operating revenues	1,074,895	99,895	1,174,790	99,830	1,274,620	204,881	1,379,671		
<b>Operating Revenue Deductions:</b>										
6.	Salaries and wages	252,642	(53,703) [2]	198,939	0	198,939	0	198,939		
7.	Employee pensions and benefits	77,926	(26,616) [2]	51,310	0	51,310	0	51,310		
8.	Purchased water	0	0	0	0	0	0	0		
9.	Purchased power	60,866	(1,413) [4]	59,453	0	59,453	0	59,453		
10.	Fuel for power production	1,474	0	1,474	0	1,474	0	1,474		
11.	Chemicals	19,446	1,531 [4]	20,977	0	20,977	0	20,977		
12.	Materials and supplies	5,133	0	5,133	0	5,133	0	5,133		
13.	Testing fees	15,572	(5,407) [4]	10,165	0	10,165	0	10,165		
14.	Transportation	15,976	(3,449) [5]	12,527	0	12,527	0	12,527		
15.	Contractual services - engineering	0	0	0	0	0	0	0		
16.	Contractual services - accounting	8,207	0	8,207	0	8,207	0	8,207		
17.	Contractual services - legal	11,470	(2,997) [6]	8,473	0	8,473	0	8,473		
18.	Contractual services - management fees	0	0	0	0	0	0	0		
19.	Contractual services - other	148,503	(2,565) [7]	145,938	0	145,938	0	145,938		
20.	Rent	13,923	0	13,923	0	13,923	0	13,923		
21.	Insurance	29,908	(18,052) [8]	11,856	0	11,856	0	11,856		
22.	Regulatory commission expense	10,042	(6,185) [1]	3,857 [15]	0	3,857	0	3,857		
23.	Miscellaneous expense	46,342	(2,999) [2]	43,343	0	43,343	0	43,343		
24.	Interest on customer deposits	642	0	642	0	642	0	642		
25.	Annualization & consumption adjustments	1,826	10,167 [9]	11,993	0	11,993	0	11,993		
26.	Other Public Staff adjustments	0	0	0	0	0	0	0		
27.	Total O&M and G&A expense	719,898	(111,688)	608,210	0	608,210	0	608,210		
28.	Depreciation and amortization expense	115,794	276,157 [10]	391,951	0	391,951	0	391,951		
29.	Property taxes	28,236	0	28,236	0	28,236	0	28,236		
30.	Payroll taxes	17,802	17,855 [2]	35,657	0	35,657	0	35,657		
31.	Other taxes	13,482	0	13,482	0	13,482	0	13,482		
32.	Section 338(h) adjustment	0	0	0	0	0	0	0		
33.	Regulatory fee	1,505	140 [1]	1,645 [16]	139	1,784 [16]	287	1,932 [16]		
34.	Deferred income tax	(7,299)	(2,242) [2]	(9,541) [2]	0	(9,541) [2]	0	(9,541) [2]		
35.	State income tax	2,874	(2,616) [1]	258 [17]	2,990	3,248 [20]	6,138	6,396 [24]		
36.	Federal income tax	19,513	(17,763) [1]	1,750 [18]	20,307	22,057 [21]	41,676	43,426 [25]		
37.	Total operating revenue deductions	911,805	159,843	1,071,648	23,436	1,095,084	48,101	1,119,749		
38.	Net operating income for return	\$163,090	(\$59,948)	\$103,142	\$76,394	\$179,536	\$156,780	\$259,922		

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(C)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3(c)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 8, Column (c).
- [6] Cooper Exhibit I, Schedule 3-2, Line 4, Column (c).
- [7] Cooper Exhibit I, Schedule 3-3, Line 3, Column (c).
- [8] Cooper Exhibit I, Schedule 3-4, Line 20, Column (c).
- [9] Cooper Exhibit I, Schedule 3-6(a), Line 6, Column (d).
- [10] Cooper Exhibit I, Schedule 3-7, Line 14, Column (c).
- [11] Column (a) plus Column (b), unless footnoted otherwise.
- [12] Based on the recommendation of Public Staff Engineer Junis.
- [13] Line 1 times late payment fee percentage of 0.22%.
- [14] Line 1 plus Line 2 times uncollectibles percentage of 0.41%.
- [15] Cooper Exhibit I, Schedule 3-5, Line 18, Column (c).
- [16] Line 5 x 0.0014.
- [17] Cooper Exhibit I, Schedule 3-8(c), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-8(c), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-8(c), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-8(c), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-8(c), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-8(c), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-216, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3(d)  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$1,270,059	\$90,866 [1]	\$1,360,925 [12]	\$723,545	\$2,084,470 [12]	\$585,408	\$1,946,333 [23]
2.	Late payment fees	2,045	132 [1]	2,177 [13]	1,158	3,335 [13]	937	3,114 [13]
3.	Miscellaneous revenues	340	0	340	0	340	0	340
4.	Uncollectibles and Abatements	(6,942)	(691) [1]	(7,633) [14]	(4,059)	(11,692) [14]	(3,284)	(10,917) [14]
5.	<b>Total operating revenues</b>	<b>1,265,502</b>	<b>90,307</b>	<b>1,355,809</b>	<b>720,644</b>	<b>2,076,453</b>	<b>583,061</b>	<b>1,938,870</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	202,262	(22,429) [2]	179,833	0	179,833	0	179,833
7.	Employee pensions and benefits	81,416	(14,297) [2]	47,119	0	47,119	0	47,119
8.	Purchased sewer treatment	1,572	0	1,572	0	1,572	0	1,572
9.	Sludge removal	79,175	10,034 [4]	89,209	0	89,209	0	89,209
10.	Purchased power	91,757	(3,667) [4]	88,090	0	88,090	0	88,090
11.	Fuel for power production	659	0	659	0	659	0	659
12.	Chemicals	109,032	2,161 [4]	111,193	0	111,193	0	111,193
13.	Materials and supplies	8,775	0	8,775	0	8,775	0	8,775
14.	Testing fees	16,098	(2,070) [4]	14,028	0	14,028	0	14,028
15.	Transportation	14,480	(3,104) [5]	11,376	0	11,376	0	11,376
16.	Contractual services - engineering	0	0	0	0	0	0	0
17.	Contractual services - accounting	5,270	0	5,270	0	5,270	0	5,270
18.	Contractual services - legal	7,372	(1,904) [6]	5,468	0	5,468	0	5,468
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	115,180	(1,627) [7]	113,553	0	113,553	0	113,553
21.	Rent	8,750	0	8,750	0	8,750	0	8,750
22.	Insurance	21,554	(10,835) [8]	10,719	0	10,719	0	10,719
23.	Regulatory commission expense	6,369	(843) [1]	5,526 [15]	0	5,526	0	5,526
24.	Miscellaneous expense	37,173	(1,906) [2]	35,267	0	35,267	0	35,267
25.	Interest on customer deposits	14	0	14	0	14	0	14
26.	Annualization & consumption adjustments	0	12,683 [9]	12,683	0	12,683	0	12,683
27.	Other Public Staff adjustments	0	0	0	0	0	0	0
28.	<b>Total O&amp;M and G&amp;A expense</b>	<b>786,908</b>	<b>(37,804)</b>	<b>749,104</b>	<b>0</b>	<b>749,104</b>	<b>0</b>	<b>749,104</b>
29.	Depreciation and amortization expense	283,569	58,979 [10]	342,548	0	342,548	0	342,548
30.	Property taxes	2,527	0	2,527	0	2,527	0	2,527
31.	Payroll taxes	14,538	8,079 [2]	22,617	0	22,617	0	22,617
32.	Other taxes	8,659	0	8,659	0	8,659	0	8,659
33.	Section 338(h) adjustment	0	0	0	0	0	0	0
34.	Regulatory fee	1,772	126 [1]	1,898 [16]	1,009	2,907 [16]	816	2,714 [16]
35.	Deferred income tax	(15,721)	(4,830) [2]	(20,551) [2]	0	(20,551) [2]	0	(20,551) [2]
36.	State income tax	(2,601)	2,601 [1]	0 [17]	21,450	21,450 [20]	17,328	17,328 [24]
37.	Federal income tax	(17,660)	17,660 [1]	0 [18]	145,645	145,645 [21]	117,858	117,858 [25]
38.	<b>Total operating revenue deductions</b>	<b>1,061,891</b>	<b>44,811</b>	<b>1,106,802</b>	<b>168,104</b>	<b>1,274,906</b>	<b>135,802</b>	<b>1,242,604</b>
39.	<b>Net operating income for return</b>	<b>\$203,511</b>	<b>\$45,496</b>	<b>\$249,007</b>	<b>\$552,540</b>	<b>\$801,547</b>	<b>\$447,269</b>	<b>\$696,266</b>

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(D)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3(d)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 8, Column (d).
- [6] Cooper Exhibit I, Schedule 3-2, Line 4, Column (d).
- [7] Cooper Exhibit I, Schedule 3-3, Line 3, Column (d).
- [8] Cooper Exhibit I, Schedule 3-4, Line 20, Column (d).
- [9] Cooper Exhibit I, Schedule 3-6(b), Line 10, Column (b).
- [10] Cooper Exhibit I, Schedule 3-7, Line 14, Column (d).
- [11] Column (a) plus Column (b), unless footnoted otherwise.
- [12] Based on the recommendation of Public Staff Engineer Junis.
- [13] Line 1 times late payment fee percentage of 0.16%.
- [14] Line 1 plus Line 2 times uncollectibles percentage of 0.55%.
- [15] Cooper Exhibit I, Schedule 3-5, Line 17 Column (c).
- [16] Line 5 x 0.0014.
- [17] Cooper Exhibit I, Schedule 3-8(d), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-8(d), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-8(d), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-8(d), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-8(d), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-8(d), Line 15, Column (c).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3(e)  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$5,027,607	\$81,696 [1]	\$5,109,303 [12]	\$421,838	\$5,531,141 [12]	(\$214,702)	\$4,894,601 [23]
2.	Late payment fees	19,658	268 [1]	19,926 [13]	1,645	21,571 [13]	(837)	19,089 [13]
3.	Miscellaneous revenues	372,249	0	372,249	0	372,249	0	372,249
4.	Uncollectibles and Abatements	(130,809)	(2,765) [1]	(133,574) [14]	(11,029)	(144,603) [14]	5,613	(127,961) [14]
5.	<b>Total operating revenues</b>	<b>5,288,705</b>	<b>79,199</b>	<b>5,367,904</b>	<b>412,454</b>	<b>5,780,358</b>	<b>(209,926)</b>	<b>5,157,978</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	849,244	(204,281) [2]	644,963	0	644,963	0	644,963
7.	Employee pensions and benefits	293,048	(95,350) [2]	197,698	0	197,698	0	197,698
8.	Purchased water	273,245	0	273,245	0	273,245	0	273,245
9.	Purchased power	214,574	422 [4]	214,996	0	214,996	0	214,996
10.	Fuel for power production	688	0	688	0	688	0	688
11.	Chemicals	291,619	41,708 [4]	333,327	0	333,327	0	333,327
12.	Materials and supplies	33,584	0	33,584	0	33,584	0	33,584
13.	Testing fees	61,928	(19,552) [4]	42,376	0	42,376	0	42,376
14.	Transportation	57,985	(12,555) [5]	45,430	0	45,430	0	45,430
15.	Contractual services - engineering	2,750	0	2,750	0	2,750	0	2,750
16.	Contractual services - accounting	27,419	0	27,419	0	27,419	0	27,419
17.	Contractual services - legal	38,438	(9,440) [6]	28,998	0	28,998	0	28,998
18.	Contractual services - management fees	0	0	0	0	0	0	0
19.	Contractual services - other	709,643	(8,077) [7]	701,566	0	701,566	0	701,566
20.	Rent	26,431	0	26,431	0	26,431	0	26,431
21.	Insurance	100,787	(62,407) [8]	38,380	0	38,380	0	38,380
22.	Regulatory commission expense	31,616	(19,466) [1]	12,150 [15]	0	12,150	0	12,150
23.	Miscellaneous expense	150,900	(9,449) [2]	141,451	0	141,451	0	141,451
24.	Interest on customer deposits	5,614	0	5,614	0	5,614	0	5,614
25.	Annualization & consumption adjustments	18,194	19,757 [9]	37,951	0	37,951	0	37,951
26.	Other Public Staff adjustments	0	0	0	0	0	0	0
27.	<b>Total O&amp;M and G&amp;A expense</b>	<b>3,187,707</b>	<b>(378,690)</b>	<b>2,809,017</b>	<b>0</b>	<b>2,809,017</b>	<b>0</b>	<b>2,809,017</b>
28.	Depreciation and amortization expense	987,996	(200,606) [10]	787,390	0	787,390	0	787,390
29.	Property taxes	89,088	0	89,088	0	89,088	0	89,088
30.	Payroll taxes	60,433	51,836	112,269	0	112,269	0	112,269
31.	Other taxes	45,008	0	45,008	0	45,008	0	45,008
32.	Section 338(h) adjustment	(3,293)	0	(3,293)	0	(3,293)	0	(3,293)
33.	Regulatory fee	7,404	111 [1]	7,515 [16]	578	8,093 [16]	(294)	7,221 [16]
34.	Deferred income tax	(44,505)	(13,677) [2]	(58,182) [2]	0	(58,182) [2]	0	(58,182) [2]
35.	State income tax	11,855	22,190 [1]	34,045 [17]	12,356	46,401 [20]	(6,289)	27,756 [24]
36.	Federal income tax	80,498	150,667 [1]	231,165 [18]	83,899	315,064 [21]	(42,702)	188,463 [25]
37.	<b>Total operating revenue deductions</b>	<b>4,422,191</b>	<b>(368,169)</b>	<b>4,054,022</b>	<b>96,833</b>	<b>4,150,855</b>	<b>(49,285)</b>	<b>4,004,737</b>
38.	<b>Net operating income for return</b>	<b>\$866,514</b>	<b>\$447,368</b>	<b>\$1,313,882</b>	<b>\$315,621</b>	<b>\$1,629,503</b>	<b>(\$160,641)</b>	<b>\$1,153,241</b>

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(E)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3(e)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 8, Column (e).
- [6] Cooper Exhibit I, Schedule 3-2, Line 4, Column (e).
- [7] Cooper Exhibit I, Schedule 3-3, Line 3, Column (e).
- [8] Cooper Exhibit I, Schedule 3-4, Line 20, Column (e).
- [9] Cooper Exhibit I, Schedule 3-6(a), Line 10, Column (d).
- [10] Cooper Exhibit I, Schedule 3-7, Line 14, Column (e).
- [11] Column (a) plus Column (b), unless footnoted otherwise.
- [12] Based on the recommendation of Public Staff Engineer Junis.
- [13] Line 1 times late payment fee percentage of 0.39%.
- [14] Line 1 plus Line 2 times uncollectibles percentage of 2.20%.
- [15] Cooper Exhibit I, Schedule 3-5, Line 20, Column (c).
- [16] Line 5 x 0.0014.
- [17] Cooper Exhibit I, Schedule 3-8(d), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-8(d), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-8(d), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-8(d), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-8(d), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-8(d), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO TRANSPORTATION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-1

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f) [3]
<u>Adjustment to fuel expense</u>							
1.	Total annual fuel expense per application						\$919,148 [4]
2.	Updated fuel expense per Company						0
3.	Total updated annual fuel expense per Company (L1 + L2)						<u>919,148</u>
4.	Transportation expense percentage						78.33% [5]
5.	Annual fuel expense per Public Staff (L3 x L4)						<u>\$719,969</u>
6.	Allocation of annual fuel expense	484,395 [1]	166,241 [1]	12,527 [1]	11,376 [1]	45,430 [1]	719,969
7.	Amount per application	618,441 [2]	212,266 [2]	15,976 [2]	14,480 [2]	57,985 [2]	919,148
8.	Adjustment to fuel expense (L6 - L7)	<u>(\$134,046)</u>	<u>(\$46,025)</u>	<u>(\$3,449)</u>	<u>(\$3,104)</u>	<u>(\$12,555)</u>	<u>(\$199,179)</u>

- [1] Column (f) Line 5 multiplied by the per book fuel percentage for each rate entity.
- [2] NCUC Form W-1, Item 10, Exhibit B3-p.
- [3] Sum of Columns (a) through (e), unless otherwise footnoted.
- [4] NCUC Form W-1, Item 10, Exhibit B3-p.
- [5] NCUC Form W-1, Item 10, Exhibit B3-p-1.



**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO CONTRACTUAL  
SERVICES - LEGAL**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-2

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a) [1]	<u>Aqua Sewer</u> (b) [1]	<u>Fairways Water</u> (c) [1]	<u>Fairways Sewer</u> (d) [1]	<u>Brookwood Water</u> (e) [1]	<u>Total</u> (f)
<b><u>Adjustments to NC legal fees</u></b>							
1.	Adjustment to remove invoices related to fines and penalties	(\$6,351)	(\$1,588)	(\$451)	(\$287)	(\$1,422)	(\$10,099) [2]
2.	Adjustment to remove pretest year invoices	(8,139)	(2,034)	(579)	(368)	(1,822)	(12,942) [2]
3.	Adjustment to remove invoices related to lobbying expenses	<u>(27,675)</u>	<u>(6,918)</u>	<u>(1,967)</u>	<u>(1,250)</u>	<u>(6,196)</u>	<u>(44,005) [2]</u>
4.	Total adjustment to NC legal fees (Sum of L1 thru L3)	<u><u>(\$42,165)</u></u>	<u><u>(\$10,540)</u></u>	<u><u>(\$2,997)</u></u>	<u><u>(\$1,904)</u></u>	<u><u>(\$9,440)</u></u>	<u><u>(\$67,046) [3]</u></u>

- [1] Column (f) allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.  
[2] Amount provided by the Company.  
[3] Sum of Column (a) thru Column (e).

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO CONTRACT SERVICES-OTHER**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-3

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)	<u>Total</u> (f)
1.	Adjustment to remove pretest year expenses	\$0	(\$1,366) [1]	\$0	\$0	\$0	(\$1,366)
2.	Adjustment to NC 811 locates	<u>(36,081) [2]</u>	<u>(9,018) [2]</u>	<u>(2,565) [2]</u>	<u>(1,627) [2]</u>	<u>(8,077) [2]</u>	<u>(57,368) [4]</u>
							[3]
3.	Adjustment to miscellaneous expense (L1 + L2)	<u><u>(\$36,081)</u></u>	<u><u>(\$10,384)</u></u>	<u><u>(\$2,565)</u></u>	<u><u>(\$1,627)</u></u>	<u><u>(\$8,077)</u></u>	<u><u>(\$58,734)</u></u>
							[4]

- [1] Amount provided by the Company in response to Public Staff data request.
- [2] Allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.
- [3] Provided by Public Staff Engineer Junis.
- [4] Sum of Column (a) through Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO INSURANCE EXPENSE**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-4

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [4] (f)
1.	Workers compensation premium	\$34,802 [1]	\$11,749 [1]	\$1,026 [1]	\$928 [1]	\$3,322 [1]	\$51,827
2.	Automobile premium	28,350 [1]	9,571 [1]	836 [1]	756 [1]	2,706 [1]	42,219
3.	General liability premium	41,925 [1]	14,154 [1]	1,236 [1]	1,118 [1]	4,002 [1]	62,435
4.	Property insurance	63,694 [2]	21,503 [2]	1,878 [2]	1,698 [2]	6,080 [2]	94,854
5.	Umbrella premium	71,775 [2]	24,231 [2]	2,116 [2]	1,913 [2]	6,851 [2]	106,887
6.	Marsh fees	5,986 [2]	2,021 [2]	177 [2]	160 [2]	571 [2]	8,915
7.	Employment practices	2,055 [2]	694 [2]	61 [2]	55 [2]	196 [2]	3,061
8.	Executive risk	30,563 [2]	10,318 [2]	901 [2]	815 [2]	2,917 [2]	45,514
9.	Pollution insurance	15,526 [2]	5,242 [2]	458 [2]	414 [2]	1,482 [2]	23,121
10.	Cyber security	8,024 [2]	2,709 [2]	237 [2]	214 [2]	766 [2]	11,949
11.	Claims handling expense	7,484 [2]	2,527 [2]	221 [2]	199 [2]	714 [2]	11,145
12.	Total allocated costs (Sum of L1 thru L11)	<u>310,184</u>	<u>104,719</u>	<u>9,147</u>	<u>8,270</u>	<u>29,607</u>	<u>461,927</u>
13.	Directly assigned costs:						
14.	Workers compensation claims	48,394 [1]	16,338 [1]	1,427 [1]	1,290 [1]	4,620 [1]	72,068
15.	Automobile claims	25,579 [1]	8,636 [1]	754 [1]	682 [1]	2,442 [1]	38,093
16.	General liability claims	16,917 [1]	5,711 [1]	499 [1]	451 [1]	1,615 [1]	25,193
17.	Surety bonds	1,007 [2]	340 [2]	30 [2]	27 [2]	96 [2]	1,500
18.	Total insurance per Public Staff (Sum of L12 thru L17)	<u>402,081</u>	<u>135,744</u>	<u>11,857</u>	<u>10,720</u>	<u>38,380</u>	<u>598,781</u>
19.	Less: Amount per Company	<u>624,865 [3]</u>	<u>186,152 [3]</u>	<u>29,909 [3]</u>	<u>21,555 [3]</u>	<u>100,787 [3]</u>	<u>963,268</u>
20.	Adjustment to insurance expense (L18 - L19)	<u>(\$222,784)</u>	<u>(\$50,408)</u>	<u>(\$18,052)</u>	<u>(\$10,835)</u>	<u>(\$62,407)</u>	<u>(\$364,487)</u>

- [1] Column (f) times salaries expensed percentages on Henry Exhibit I, Schedule 2, Line 9.
- [2] Column (f) times ratio of salaries for each rate division in relation to total salaries.
- [3] NCUC Form W-1, Item 10, Exhibit B3-q, Column (d).
- [4] Cooper Exhibit I, Schedule 3-4(a), Column (e).

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**CALCULATION OF INSURANCE  
EXPENSE FOR NORTH CAROLINA**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-4(a)

Line No.	Item	Total To Be Allocated [1] (a)	Percentage To NC (b)	Amount To NC [8] (c)	Percentage to Expenses In This Case (d)	Insurance Expense per Public Staff [14] (e)
1.	Workers compensation premium	\$667,126	9.87% [2]	\$65,845	78.71% [13]	\$51,827
2.	Automobile premium	322,155	16.65% [3]	53,639	78.71% [13]	42,219
3.	General liability premium	704,686	8.86% [4]	62,435	100.00%	62,435
4.	Property insurance	1,119,880	8.47% [5]	94,854	100.00%	94,854
5.	Umbrella premium	1,173,292	9.11% [6]	106,887	100.00%	106,887
6.	Marsh fees	97,856	9.11% [6]	8,915	100.00%	8,915
7.	Employment practices	33,600	9.11% [6]	3,061	100.00%	3,061
8.	Executive risk	499,602	9.11% [6]	45,514	100.00%	45,514
9.	Pollution insurance	347,691	6.65% [7]	23,121	100.00%	23,121
10.	Cyber security	141,074	8.47% [6]	11,949	100.00%	11,949
11.	Claims handling expense	131,580	8.47% [6]	11,145	100.00%	11,145
12.	Total allocated costs (Sum of L1 thru L11)			487,365		461,927
13.	Directly assigned costs:					
14.	Workers compensation claims			91,562 [9]	78.71% [13]	72,068
15.	Automobile claims			48,397 [10]	78.71% [13]	38,093
16.	General liability claims			25,193 [11]	100.00%	25,193
17.	Surety bonds			1,500 [12]	100.00%	1,500
18.	Total insurance per Public Staff (Sum of L12 thru L17)			<u>\$654,017</u>		<u>\$598,781</u>

- [1] Based on current insurance policies and information provided by Company.  
[2] Cooper Exhibit I, Schedule 3-4(b), Line 9, Column (a).  
[3] Cooper Exhibit I, Schedule 3-4(b), Line 11, Column (a).  
[4] Cooper Exhibit I, Schedule 3-4(b), Line 5, Column (a).  
[5] Cooper Exhibit I, Schedule 3-4(b), Line 13, Column (a).  
[6] Overall allocation factor for non-regulated and regulated operations for the test year based on information provided by Company.  
[7] Cooper Exhibit I, Schedule 3-4(b), Line 15, Column (a).  
[8] Column (a) times Column (b).  
[9] Cooper Exhibit I, Schedule 3-4(c), Line 8, Column (a).  
[10] Cooper Exhibit I, Schedule 3-4(c), Line 8, Column (b).  
[11] Cooper Exhibit I, Schedule 3-4(c), Line 8, Column (c).  
[12] Based on information provided by Company.  
[13] Capitalization rate as shown on NCUC Form W-1, Item 10, Exhibit B1/B2-Labor Summary, Line 17, Column (e).  
[14] Column (c) times Column (d).

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**CALCULATION OF AQUA NC**  
**ALLOCATION FACTORS FOR INSURANCE**  
**For the Test Year Ended September 30, 2017**

Public Staff  
 Cooper Exhibit I  
 Schedule 3-4(b)

Line No.	Item	Aqua NC (a)	Other (b)	Total Aqua America (c)
<b>Payroll factors</b>				
1.	Payroll amounts	\$10,248,871 [1]	\$81,332,500 [5]	\$91,581,371 [1]
2.	Allocation of Aqua Services payroll	1,086,648 [2]	41,640,134 [5]	42,726,782 [1]
3.	Allocation of payroll for call centers	1,184,974 [3]	5,796,956 [5]	6,981,930 [1]
4.	Payroll after allocations (L1 + L2 + L3)	<u>\$12,520,493</u>	<u>\$128,769,590</u>	<u>\$141,290,083</u>
5.	Payroll factor for general liability	<u>8.86% [4]</u>	<u>91.14% [4]</u>	<u>100.00% [6]</u>
6.	Payroll after allocations (L4)	\$12,520,493	\$128,769,590	\$141,290,083
7.	Less: Ohio payroll	0 [1]	14,405,891 [5]	14,405,891 [1]
8.	Payroll after allocations excluding Ohio (L6 - L7)	<u>\$12,520,493</u>	<u>\$114,363,699</u>	<u>\$126,884,192</u>
9.	Payroll factor for workers compensation	<u>9.87% [4]</u>	<u>90.13% [4]</u>	<u>100.00%</u>
<b>Automobile factor</b>				
10.	Number of automobiles	\$186 [1]	\$931 [5]	\$1,117 [1]
11.	Automobile factor	<u>16.65% [4]</u>	<u>83.35% [4]</u>	<u>100.00% [6]</u>
<b>Property factor</b>				
12.	Property values	<u>\$227,883,374 [1]</u>	<u>\$2,461,675,230 [5]</u>	<u>\$2,689,558,604 [1]</u>
13.	Property factor	<u>8.47% [4]</u>	<u>91.53% [4]</u>	<u>100.00% [6]</u>
<b>Pollution control factor</b>				
14.	Revenues used to calculate premium	<u>\$51,993,564 [1]</u>	<u>\$729,596,196 [5]</u>	<u>\$781,589,760 [1]</u>
15.	Pollution control factor	<u>6.65% [4]</u>	<u>93.35% [4]</u>	<u>100.00% [6]</u>

- [1] Based on information provided by Company.
- [2] Column (c) times Aqua Services payroll factor of 2.54%.
- [3] Column (c) times Aqua Services payroll factor of 16.97%.
- [4] Allocation percentage calculated based on amounts in line above.
- [5] Column (c) minus Column (a).
- [6] Column (a) plus Column (b).

Agua North Carolina, Inc.  
Docket No. W-218, Sub 497  
CALCULATION OF AVERAGE CLAIMS  
PAID FOR AQUA NC  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-4(c)

<u>Line No.</u>	<u>Item</u>	<u>Workers Compensation</u> (a)	<u>Automobile</u> (b)	<u>General Liability</u> (c)
1.	Claims paid in 2013	\$18,836 [1]	\$0 [1]	\$27,257 [1]
2.	Claims paid in 2014	18,928 [1]	58,770 [1]	23,500 [1]
3.	Claims paid in 2015	318,207 [1]	27,315 [1]	65,367 [1]
4.	Claims paid in 2016	59,745 [1]	101,885 [1]	0 [1]
5.	Claims paid in 2017	<u>42,092 [1]</u>	<u>54,015 [1]</u>	<u>9,843 [1]</u>
6.	Total claims paid for 2013 thru 2017 (Sum of L1 thru L5)	457,808	241,985	125,967
7.	Number of years	<u>5</u>	<u>5</u>	<u>5</u>
8.	Five year average of claims paid (L6 / L7)	<u>\$91,562</u>	<u>\$48,397</u>	<u>\$25,193</u>

[1] Based on information provided by Company.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-5

<u>Line No.</u>	<u>Item</u>	<u>Total Cost</u> (a)	<u>Amortization Period</u> [3] (b)	<u>Annual Expense</u> (c)	<u>Unamortized Balance</u> [6] (d)
1.	Legal fees - Current Proceeding	\$86,192 [1]	3	\$28,731 [4]	\$57,461
2.	Legal fees - Defending WSIC/SSIC	55,560 [1]	3	18,520 [4]	37,040
3.	ROE/Capital Structure Witness	9,116 [1]	3	3,039 [4]	6,077
4.	Depreciation Study	55,000 [1]	5	11,000 [4]	44,000
5.	Volumetric Wastewater Rate Structure and Consumption Adjustment	26,000 [1]	3	8,667 [4]	17,333
6.	Communications Initiative	0 [1]	3	0 [4]	0
7.	Customer Education/Mailings	0 [1]	3	0 [4]	0
8.	Billing Analysis/Rate Design	0 [1]	3	0 [4]	0
9.	Aqua Service Company Capitalized Time	5,203 [1]	3	1,734 [4]	3,469
10.	Mailing Customer Notices	43,298 [1]	3	14,433 [4]	28,865
11.	External Auditor Fee	0 [1]	3	0 [4]	0
12.	Travel Expenses	0 [1]	3	0 [4]	0
13.	Rate Case Filing Fee	500 [1]	3	167 [4]	333
14.	NC Department of Commerce Fee	0 [1]	3	0 [4]	0
15.	Total rate case expenses (Sum of L1 thru L14)	<u>\$280,869</u>		<u>\$86,291</u>	<u>\$194,578</u>
<u>Allocation of current proceeding:</u>					
16.	Aqua water	\$176,639 [2]		\$54,268 [5]	\$122,371
17.	Aqua sewer	44,153 [2]		13,565 [5]	30,588
18.	Fairways water	12,555 [2]		3,857 [5]	8,698
19.	Fairways sewer	7,977 [2]		2,451 [5]	5,526
20.	Brookwood water	39,546 [2]		12,150 [5]	27,396
21.	Total allocated to rate entities (Sum of L16 thru L20)	<u>\$280,870</u>		<u>\$86,291</u>	<u>\$194,579</u>

- [1] Update amount provided by the Company in response to Public Staff data requests.  
[2] Line 15, Column (a) multiplied by North Carolina customer ratio for each entity.  
[3] Amortization period recommended by the Public Staff.  
[4] Column (a) divided by Column (b).  
[5] Line 15, Column (b) multiplied by North Carolina customer ratio for each entity.  
[6] Column (a) minus Column (c).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION AND  
CONSUMPTION ADJUSTMENTS**  
For The Test Year Ended September 30, 2017  
**WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3-6(a)

Line No.	Item	As Adjusted (a)	Annualization Adjustment [4] (b)	Consumption Adjustment [6] (c)	Total Adjustment [8] (d)
<u>Aqua water</u>					
1.	Purchased power	\$2,164,209 [1]	\$66,008	(\$10,482)	\$55,526
2.	Chemicals	467,003 [1]	14,244	(2,262)	11,982
3.	Total - Aqua water	<u>\$2,631,212</u>	<u>\$80,252</u>	<u>(\$12,744)</u>	<u>\$67,508</u>
<u>Fairways water</u>					
4.	Purchased power	\$59,453 [2]	\$5,583	\$1,932	\$7,515
5.	Chemicals	20,977 [2]	1,970	682	2,652
6.	Total - Fairways water	<u>\$80,430</u>	<u>\$7,553</u>	<u>\$2,614</u>	<u>\$10,167</u>
<u>Brookwood water</u>					
7.	Purchased power	\$214,996 [3]	\$5,074	\$2,663	\$7,737
8.	Fuel for power production	688 [3]	16	9	25
9.	Chemicals	333,327 [3]	7,867	4,128	11,995
10.	Total - Brookwood water	<u>\$549,011</u>	<u>\$12,957</u>	<u>\$6,800</u>	<u>\$19,757</u>
<u>Factors to be applied per Public Staff:</u>					
11.	Aqua water		3.05% [5]	-0.47% [7]	
12.	Fairways water		9.39% [5]	2.97% [7]	
13.	Brookwood water		2.36% [5]	1.21% [7]	

- [1] Cooper Exhibit I, Schedule 3(a), Column (c).
- [2] Cooper Exhibit I, Schedule 3(c), Column (c).
- [3] Cooper Exhibit I, Schedule 3(e), Column (c).
- [4] Column (a) times annualization factor for rate entity listed in Lines 11 through 13.
- [5] Cooper Exhibit I, Schedule 3-6(a)(1), Column (c).
- [6] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 11 through 13.
- [7] Cooper Exhibit I, Schedule 3-6(a)(1), Column (d).
- [8] Column (b) plus Column (c).



**Acqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION  
AND CONSUMPTION FACTORS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-6(a)(1)

Line No.	Item	Annualization Factors			
		Bills for Test Year 9/30/2017 [1] (a)	Pro Forma Bills per Public Staff [1] (b)	Annualization Factor [2] (c)	Consumption Factor [1] (d)
1.	Aqua water	723,238	745,266	3.05%	-0.47%
2.	Aqua sewer	182,301	200,047	9.73%	-1.85%
3.	Fairways water	50,503	55,244	9.39%	2.97%
4.	Fairways sewer	32,528	34,909	7.32%	-0.91%
5.	Brookwood water	163,224	167,077	2.36%	1.21%

[1] Based on information provided by Public Staff Engineer Junis.

[2] [Column (b) minus Column (a)] divided by Column (a).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION  
ADJUSTMENT**  
For The Test Year Ended September 30, 2017  
**SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3-6(b)

Line No.	Item	As Adjusted (a)	Annualization Adjustment [3] (b)	Consumption Adjustment [5] (c)	Total Adjustment [6] (d)
<u>Aqua sewer</u>					
1.	Purchased power	\$1,043,919 [1]	\$101,573	(\$21,192)	\$80,381
2.	Fuel for production	23,053 [1]	2,243	(468)	1,775
3.	Chemicals	589,467 [1]	57,355	(11,966)	45,389
4.	Total - Aqua sewer	<u>\$1,656,439</u>	<u>\$161,171</u>	<u>(\$33,626)</u>	<u>\$127,545</u>
<u>Fairways sewer</u>					
5.	Purchased power	\$88,090 [2]	\$6,448	(\$860)	\$5,588
6.	Fuel for production	659 [2]	48	(6)	42
7.	Chemicals	111,193 [2]	8,139	(1,086)	7,053
8.	Total - Fairways sewer	<u>\$199,942</u>	<u>\$14,635</u>	<u>(\$1,952)</u>	<u>\$12,683</u>
<u>Factors to be applied per Public Staff:</u>					
9.	Aqua sewer		9.73% [4]	-1.85% [4]	
10.	Fairways sewer		7.32% [4]	-0.91% [4]	

- [1] Cooper Exhibit I, Schedule 3(b), Column (c).
- [2] Cooper Exhibit I, Schedule 3(d), Column (c).
- [3] Column (a) times annualization factor for rate entity listed in Lines 9 and 10.
- [4] Cooper Exhibit I, Schedule 3-6(a)(1), Column (c), Lines 2 and 4, respectively.
- [5] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 9 and 10.
- [6] Column (b) plus Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF DEPRECIATION  
AND AMORTIZATION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 3-7

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
<b><u>Depreciation expense</u></b>						
1.	Adjustment to post test year additions	\$7,621 [1]	\$188,562 [1]	\$19,633 [1]	\$66,698 [1]	\$11,553 [1]
2.	Adjustment for vehicle purchases	(337,810) [2]	203,229 [2]	266,145 [2]	28,991 [2]	(160,554) [2]
3.	Adjustment for meters and meter installations	(94,159) [3]	0	0	0	(51,587) [3]
4.	Adjustment to reduce rate base-Neuse Colony	0	(2,746) [4]	0	0	0
5.	Remove costs related to future customers	(2,252) [5]	0	0	0	0
6.	Adjustment to excess capacity	0	(37,423) [9]	0	0	0
7.	Total adjustment to depreciation expense	<u>(426,600)</u>	<u>351,622</u>	<u>285,778</u>	<u>95,689</u>	<u>(200,588)</u>
<b><u>CIAC amortization expense</u></b>						
8.	Adjustment to include post test year additions	(46,358) [6]	(54,585) [6]	(9,621) [6]	(36,710) [6]	(18) [6]
9.	Adjustment for Neuse Colony Wastewater Plant	0	42,676 [10]	0	0	0
10.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	8,997 [11]	0	0	0
11.	Adjustment to excess capacity	0	23,846 [12]	0	0	0
12.	Total adjustment to CIAC amortization	<u>(46,358)</u>	<u>20,934</u>	<u>(9,621)</u>	<u>(36,710)</u>	<u>(18)</u>
<b><u>Amortization of acquisition adjustments</u></b>						
13.	Adjustment to acquisition incentive adjustments	220,249 [7]	9,379 [13]	0	0	0
14.	Include Mid South growth related PAA through 6/30/18	1,499 [8]	0	0	0	0
15.	Total adjustment to amortization - acq. adj.	<u>221,748</u>	<u>9,379</u>	<u>0</u>	<u>0</u>	<u>0</u>
16.	Total Public Staff adjustment (L7 + L12 + L15)	<u><u>(\$251,210)</u></u>	<u><u>\$381,935</u></u>	<u><u>\$276,157</u></u>	<u><u>\$58,979</u></u>	<u><u>(\$200,606)</u></u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 15.  
[2] Cooper Exhibit I, Schedule 2-1(c), Line 3.  
[3] Calculated using a depreciation rate of 3.30%, half year convention.  
[4] Calculated using a depreciation rate of 2.77%, half year convention.  
[5] Cooper Exhibit I, Schedule 2-1, Line 2, Column (a) times composite depreciation rate of 2.45%.  
[6] Cooper Exhibit I, Schedule 2-3, Line 9, Columns (a) thru (e).  
[7] Cooper Exhibit I, Schedule 2-4, Line 5, Column (a).  
[8] Cooper Exhibit I, Schedule 2-4, Line 6, Column (a).  
[9] Cooper Exhibit I, Schedule 2-6, Line 18, Column (d).  
[10] Cooper Exhibit I, Schedule 2-3, Line 10, Column (b).  
[11] Cooper Exhibit I, Schedule 2-3, Line 11, Column (b).  
[12] Cooper Exhibit I, Schedule 2-6, Line 18, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3-8(a)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$35,479,602</u>	<u>\$38,320,153</u>	<u>\$33,650,772</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	18,089,809	18,089,809	18,089,809
3.	Depreciation and amortization expense	6,426,951	6,426,951	6,426,951
4.	Property taxes	492,594	492,594	492,594
5.	Payroll taxes	501,541	501,541	501,541
6.	Other taxes	193,611	193,611	193,611
7.	Section 338(h) adjustment	(10,817)	(10,817)	(10,817)
8.	Regulatory fee	49,671	53,648	47,111
9.	Gross receipts tax	0	0	0
10.	Interest expense	2,395,714 [2]	2,395,714 [4]	2,395,714 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>28,139,074</u>	<u>28,143,051</u>	<u>28,136,514</u>
12.	Taxable income (L1 - L11)	<u>7,340,528</u>	<u>10,177,102</u>	<u>5,514,258</u>
13.	State income tax (L12 x 3.00%)	<u>220,216</u>	<u>305,313</u>	<u>165,428</u>
14.	Federal taxable income (L12 - L13)	<u>7,120,312</u>	<u>9,871,789</u>	<u>5,348,830</u>
15.	Federal income tax (L14 x 21.00%)	<u>1,495,266</u>	<u>2,073,076</u>	<u>1,123,254</u>
16.	Excess deferred income tax amortization	<u>(534,808)</u>	<u>(534,808)</u>	<u>(534,808)</u>
17.	Net amount (L12 - L13 - L15 - L16)	6,159,854	8,333,521	4,760,384
18.	Add: Interest expense	2,395,714 [2]	2,395,714 [4]	2,395,714 [6]
19.	Net income for return (L17 + L18)	<u>\$8,555,568</u>	<u>\$10,729,235</u>	<u>\$7,156,098</u>

- [1] Cooper Exhibit I, Schedule 3(a), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(a), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(a), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(a), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(a), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(a), Line 7, Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3-8(b)

<u>Line No.</u>	<u>Item</u>	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$14,200,259</u>	<u>\$14,803,683</u>	<u>\$13,739,087</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	8,061,666	8,061,666	8,061,666
3.	Depreciation and amortization expense	2,242,747	2,242,747	2,242,747
4.	Property taxes	23,018	23,018	23,018
5.	Payroll taxes	125,357	125,357	125,357
6.	Other taxes	48,126	48,126	48,126
7.	Section 338(h) adjustment	(5,914)	(5,914)	(5,914)
8.	Regulatory fee	19,880	20,725	19,235
9.	Gross receipts tax	0	0	0
10.	Interest expense	974,879 [2]	974,879 [4]	974,879 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>11,489,759</u>	<u>11,490,604</u>	<u>11,489,114</u>
12.	Taxable income (L1 - L11)	<u>2,710,500</u>	<u>3,313,079</u>	<u>2,249,973</u>
13.	State income tax (L12 x 3.00%)	<u>81,315</u>	<u>99,392</u>	<u>67,499</u>
14.	Federal taxable income (L12 - L13)	<u>2,629,185</u>	<u>3,213,687</u>	<u>2,182,474</u>
15.	Federal income tax (L14 x 21.00%)	<u>552,129</u>	<u>674,874</u>	<u>458,320</u>
16.	Excess deferred income tax amortization	(212,972)	(212,972)	(212,972)
17.	Net amount (L12 - L13 - L15 - L16)	2,290,028	2,751,785	1,937,126
18.	Add: interest expense	<u>974,879 [2]</u>	<u>974,879 [4]</u>	<u>974,879 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$3,264,907</u>	<u>\$3,726,664</u>	<u>\$2,912,005</u>

- [1] Cooper Exhibit I, Schedule 3(b), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(b), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(b), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(b), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(b), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(b), Line 7, Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3-8(c)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$1,174,790</u>	<u>\$1,274,620</u>	<u>\$1,379,671</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	608,210	608,210	608,210
3.	Depreciation and amortization expense	391,951	391,951	391,951
4.	Property taxes	28,236	28,236	28,236
5.	Payroll taxes	35,657	35,657	35,657
6.	Other taxes	13,482	13,482	13,482
7.	Section 338(h) adjustment	0	0	0
8.	Regulatory fee	1,645	1,784	1,932
9.	Gross receipts tax	0	0	0
10.	Interest expense	87,017 [2]	87,017 [4]	87,017 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>1,166,198</u>	<u>1,166,337</u>	<u>1,166,485</u>
12.	Taxable income (L1 - L11)	<u>8,592</u>	<u>108,283</u>	<u>213,186</u>
13.	State income tax (L12 x 3.00%)	<u>258</u>	<u>3,248</u>	<u>6,396</u>
14.	Federal taxable income (L12 - L13)	<u>8,334</u>	<u>105,035</u>	<u>206,790</u>
15.	Federal income tax (L14 x 21.00%)	<u>1,750</u>	<u>22,057</u>	<u>43,426</u>
16.	Excess deferred income tax amortization	<u>(9,541)</u>	<u>(9,541)</u>	<u>(9,541)</u>
17.	Net amount (L12 - L13 - L15 - L16)	16,125	92,519	172,905
18.	Add: interest expense	<u>87,017 [2]</u>	<u>87,017 [4]</u>	<u>87,017 [6]</u>
19.	Net income for return (L17 + L18)	<u><u>\$103,142</u></u>	<u><u>\$179,536</u></u>	<u><u>\$259,922</u></u>

- [1] Cooper Exhibit I, Schedule 3(c), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(c), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(c), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(c), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(c), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(c), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3-8(d)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	\$1,355,809	\$2,076,453	\$1,938,870
	Operating revenue deductions:			
2.	O&M and G&A expense	749,104	749,104	749,104
3.	Depreciation and amortization expense	342,548	342,548	342,548
4.	Property taxes	2,527	2,527	2,527
5.	Payroll taxes	22,617	22,617	22,617
6.	Other taxes	8,659	8,659	8,659
7.	Section 338(h) adjustment	0	0	0
8.	Regulatory fee	1,898	2,907	2,714
9.	Gross receipts tax	0	0	0
10.	Interest expense	233,095 [2]	233,095 [4]	233,095 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>1,360,448</u>	<u>1,361,457</u>	<u>1,361,264</u>
12.	Taxable income (L1 - L11)	<u>(4,639)</u>	<u>714,996</u>	<u>577,606</u>
13.	State income tax (L12 x 3.00%)	<u>0</u>	<u>21,450</u>	<u>17,328</u>
14.	Federal taxable income (L12 - L13)	<u>(4,639)</u>	<u>693,546</u>	<u>560,278</u>
15.	Federal income tax (L14 x 21.00%)	<u>0</u>	<u>145,645</u>	<u>117,658</u>
16.	Excess deferred income tax amortization	<u>(20,551)</u>	<u>(20,551)</u>	<u>(20,551)</u>
17.	Net amount (L12 - L13 - L15 - L16)	15,912	568,452	463,171
18.	Add: interest expense	<u>233,095 [2]</u>	<u>233,095 [4]</u>	<u>233,095 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$249,007</u>	<u>\$801,547</u>	<u>\$696,266</u>

- [1] Cooper Exhibit I, Schedule 3(d), Column (c), unless footnoted otherwise.
- [2] Cooper Exhibit I, Schedule 1(d), Line 1, Column (e).
- [3] Cooper Exhibit I, Schedule 3(d), Column (e), unless footnoted otherwise.
- [4] Cooper Exhibit I, Schedule 1(d), Line 4, Column (e).
- [5] Cooper Exhibit I, Schedule 3(d), Column (g), unless footnoted otherwise.
- [6] Cooper Exhibit I, Schedule 1(d), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Exhibit I  
Schedule 3-8(e)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	\$5,367,904	\$5,780,358	\$5,157,978
	Operating revenue deductions:			
2.	O&M and G&A expense	2,809,017	2,809,017	2,809,017
3.	Depreciation and amortization expense	787,390	787,390	787,390
4.	Property taxes	89,088	89,088	89,088
5.	Payroll taxes	112,269	112,269	112,269
6.	Other taxes	45,008	45,008	45,008
7.	Section 338(h) adjustment	(3,293)	(3,293)	(3,293)
8.	Regulatory fee	7,515	8,093	7,221
9.	Gross receipts tax	0	0	0
10.	Interest expense	386,081 [2]	386,081 [4]	386,081 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>4,233,075</u>	<u>4,233,653</u>	<u>4,232,781</u>
12.	Taxable income (L1 - L11)	<u>1,134,829</u>	<u>1,546,705</u>	<u>925,197</u>
13.	State income tax (L12 x 3.00%)	<u>34,045</u>	<u>46,401</u>	<u>27,756</u>
14.	Federal taxable income (L12 - L13)	<u>1,100,784</u>	<u>1,500,304</u>	<u>897,441</u>
15.	Federal income tax (L14 x 21.00%)	<u>231,165</u>	<u>315,064</u>	<u>188,463</u>
16.	Excess deferred income tax amortization	<u>(58,182)</u>	<u>(58,182)</u>	<u>(58,182)</u>
17.	Net amount (L12 - L13 - L15 - L16)	927,801	1,243,422	767,160
18.	Add: interest expense	<u>386,081 [2]</u>	<u>386,081 [4]</u>	<u>386,081 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$1,313,882</u>	<u>\$1,629,503</u>	<u>\$1,153,241</u>

- [1] Cooper Exhibit I, Schedule 3(e), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(e), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(e), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(e), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(e), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(e), Line 7, Column (e).



**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF NORTH CAROLINA FACTORS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit I  
Schedule 4

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [6]
<u>All NC customer ratio</u>							
1.	Number of customers	60,805 [1]	15,198 [1]	4,323 [1]	2,742 [1]	13,611 [1]	96,679
2.	North Carolina customer ratio	62.89% [2]	15.72% [2]	4.47% [2]	2.84% [2]	14.08% [2]	100.00%
<u>Aqua water &amp; sewer customer ratio</u>							
3.	Number of customers for Aqua uniform	60,805 [1]	15,198 [1]				76,003
4.	Aqua water & sewer customer ratio	80.00% [3]	20.00% [3]				100.00%
<u>Fairways water &amp; sewer customer ratio</u>							
5.	Number of customers for Fairways			4,323 [1]	2,742 [1]		7,065
6.	Fairways water % sewer customer ratio			61.19% [5]	38.81% [5]		100.00%
<u>NC water customer ratio</u>							
7.	Number of water customers	60,805 [1]		4,323 [1]		13,611 [1]	78,739
8.	Water customer ratio	77.22% [4]		5.49%		17.29%	100.00%

- [1] Customers as of September 30, 2017, per Company (NCUC Form W-1, Item 10, Appendix 3, Line 1).
- [2] Calculated based on number of customers on Line 1.
- [3] Calculated based on number of customers on Line 3.
- [4] Calculated based on number of customers on Line 7.
- [5] Calculated based on number of customers on Line 5.
- [6] Sum of Columns (a) through (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit II  
Schedule 1  
Page 1 of 2

Line No.	Item	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Fairways Water [1] (c)	Fairways Sewer [1] (d)	Brookwood Water [1] (e)	Total [2] (f)
1.	Increase / (decrease) in total revenues per Company	\$2,773,109	\$628,764	\$90,748	\$671,750	\$771,145	\$4,935,516
2.	Difference in calculation of revenue requirement based on Company amounts	52	3	2	8	379	444
3.	Adjust debt cost rate to 4.63%	(60,931)	(21,292)	(1,617)	(4,988)	(10,123)	(98,951)
4.	Adjust return on equity to 9.20%	(1,228,856)	(429,412)	(32,605)	(100,612)	(204,171)	(1,995,656)
5.	Update salaries and wages through 6/30/18	61,206	150,467	(49,103)	(19,176)	(183,779)	(40,385)
6.	Remove open positions	(199,530)	(70,075)	(64)	(28)	(262)	(269,959)
7.	Remove one-half of 4 operator's salaries	(34,869)	(14,326)	(105)	(73)	(8,759)	(58,132)
8.	Adjustment to reflect actual OT pay	(41,146)	(11,817)	(739)	(666)	151	(54,217)
9.	Adjustment to remove 30% of bonuses for goals related to shareholders	(20,423)	(6,956)	(447)	(408)	(1,457)	(29,691)
10.	Adjustment to allocate executive compensation	(46,724)	(11,679)	(3,321)	(2,110)	(10,461)	(74,295)
11.	Adjustment for Neuse Colony sewer expansion	0	(176,585)	0	0	0	(176,585)
12.	Adjustment to rate base-Neuse Colony	0	(10,437)	0	0	0	(10,437)
13.	Update pensions & benefits through 6/30/18	(179)	37,988	(14,022)	(5,046)	(55,380)	(36,639)
14.	Remove benefits related to open positions	(131,742)	(44,699)	(3,747)	(3,463)	(12,392)	(196,043)
15.	Remove one-half of 4 operator's benefits	(10,598)	(3,596)	(301)	(278)	(996)	(15,769)
16.	Remove Prof ACO and Corp S&S data	4,163	825	222	116	1,046	6,372
17.	Remove duplicate Health Advocate	(6,356)	(2,156)	(181)	(167)	(598)	(9,458)
18.	Adjustment to allocate executive benefits	(121,333)	(30,328)	(8,624)	(5,479)	(27,164)	(192,928)
19.	Adjustment to insurance expense	(223,096)	(50,479)	(18,077)	(10,850)	(62,494)	(364,996)
20.	Adjustment board of directors fees	(42,266)	(10,564)	(3,003)	(1,909)	(9,462)	(67,204)
21.	Adjustment to service revenues	(1,012,264)	(1,202,061)	(100,180)	(90,866)	(81,696)	(2,487,067)
22.	Adjustment to miscellaneous revenues	(11,520)	(60,720)	0	0	0	(72,240)
23.	Annualization and consumption adjustments	67,603	127,724	10,181	12,701	19,785	237,994
24.	Adjustment for post test year plant additions	(278,542)	661,121	13,297	117,380	8,722	521,978
25.	Update advances for construction	(8,521)	(5,708)	1,159	(416)	0	(13,486)
26.	Remove costs related to future customers	(5,245)	0	0	0	0	(5,245)
27.	Adjustment to remove pretest year legal invoices	(8,151)	(2,037)	(579)	(368)	(1,825)	(12,960)
28.	Adjustment for allocated vehicles	(438,285)	246,190	331,215	27,631	(166,751)	0
29.	Adjustment for legal fees related to fines & penalties	(6,360)	(1,590)	(452)	(287)	(1,424)	(10,113)
30.	Adjustment accumulated deferred income taxes	9,856	4,158	47	367	794	15,222
31.	Adjustment for acquisition incentive Adjustments (AIA)	203,713	8,611	0	0	0	212,324
32.	Adjustment for meters and meter installations	(320,841)	0	0	0	(172,940)	(493,781)
33.	Update Mid South growth PAA to 6/30/18	4,036	0	0	0	0	4,036

I/A

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Exhibit II  
Schedule 1  
Page 2 of 2

<u>Line No.</u>	<u>Item</u>	Aqua Water [1]	Aqua Sewer [1]	Fairways Water [1]	Fairways Sewer [1]	Brookwood Water [1]	Total [2]
		(a)	(b)	(c)	(d)	(e)	(f)
34.	Adjustment for excess capacity Adjustment	0	(50,990)	0	0	0	(50,990)
35.	Adjustment to working capital	(12,734)	(6,281)	(577)	(1,674)	(12,598)	(33,864)
36.	Adjustment for late payment fees	(1,263)	(1,654)	(259)	(132)	(268)	(3,576)
37.	Adjustment to uncollectibles	6,565	6,142	544	691	2,765	16,707
38.	Adjustment to transportation fuel expense	(134,234)	(46,090)	(3,454)	(3,108)	(12,573)	(199,459)
39.	Adjustment to sludge removal	0	13,033	0	10,048	0	23,081
40.	Adjustment to purchased power	(79,693)	(5,735)	(1,415)	(3,672)	423	(90,092)
41.	Adjustment to chemicals	25,240	47,630	1,533	2,164	41,766	118,333
42.	Adjustment to testing	(90,737)	29,364	(5,407)	(2,070)	(19,552)	(88,402)
43.	Adjustment contract services remove pretest yr invoices	0	(1,368)	0	0	0	(1,368)
44.	Adjustment contract services - other-NC 811 locates	(36,132)	(9,031)	(2,569)	(1,629)	(8,088)	(57,449)
45.	Adjustment regulatory commission expense	(87,093)	(21,767)	(6,194)	(844)	(19,493)	(135,391)
46.	Remove lobbying expenses	(27,714)	(6,927)	(1,970)	(1,251)	(6,205)	(44,067)
47.	Adjustment to amortized EDIT	(164,281)	(65,420)	(2,930)	(6,312)	(17,873)	(256,815)
48.	Adjustment to payroll taxes	(18,763)	(41,455)	17,880	8,090	51,909	17,661
49.	Adjustment to purchased water	(73,822)	0	0	0	0	(73,822)
50.	Rounding difference	(129)	43	(5)	(3)	(27)	(121)
51.	Revenue impact of Public Staff adjustments	<u>(4,601,939)</u>	<u>(1,089,936)</u>	<u>114,133</u>	<u>(88,689)</u>	<u>(981,071)</u>	<u>(6,647,501)</u>
52.	Increase / (decrease) per Public Staff	<u>(\$1,828,830)</u>	<u>(\$461,172)</u>	<u>\$204,881</u>	<u>\$583,061</u>	<u>(\$209,926)</u>	<u>(\$1,711,985)</u>

[1] Calculated by the Public Staff.

[2] Sum of Column (a) thru Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(a)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$55,650,893 [2]	4.63% [1]	2.32%	\$2,576,636 [8]
2.	Equity	50.00%	55,650,893 [2]	10.79% [6]	5.40%	6,003,117 [9]
3.	Total	<u>100.00%</u>	<u>\$111,301,786 [3]</u>		<u>7.71%</u>	<u>\$8,579,753 [10]</u>
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$55,650,893 [4]	4.63% [1]	2.32%	\$2,576,636 [8]
5.	Equity	50.00%	55,650,893 [4]	14.66% [6]	7.33%	8,160,476 [11]
6.	Total	<u>100.00%</u>	<u>\$111,301,786 [3]</u>		<u>9.65%</u>	<u>\$10,737,112 [12]</u>
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$55,650,893 [5]	4.63% [1]	2.32%	\$2,576,636 [8]
8.	Equity	50.00%	55,650,893 [5]	9.20% [1]	4.60%	5,119,882 [8]
9.	Total	<u>100.00%</u>	<u>\$111,301,786 [3]</u>		<u>6.92%</u>	<u>\$7,696,518</u>

[1] Provided by Public Staff Financial Analyst Hinton.  
[2] Column (a) x Line 3, Column (b).  
[3] Cooper Exhibit I, Schedule 2(a), Line 15, Column (c).  
[4] Column (a) x Line 6, Column (b).  
[5] Column (a) x Line 9, Column (b).  
[6] Column (e) divided by Column (b).  
[7] Column (a) x Column (c).  
[8] Column (b) x Column (c).  
[9] Line 3 - Line 1, Column (e).  
[10] Cooper Exhibit I, Schedule 3(a), Line 38, Column (c).  
[11] Line 6 - Line 4, Column (e).  
[12] Cooper Exhibit I, Schedule 3(a), Line 38, Column (e).

I/A

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(b)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$21,876,360 [2]	4.63% [1]	2.32%	\$1,012,875 [8]
2.	Equity	50.00%	21,876,360 [2]	8.44% [6]	4.22%	1,847,380 [9]
3.	Total	100.00%	\$43,752,720 [3]		6.54%	\$2,860,255 [10]
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$21,876,360 [4]	4.63% [1]	2.32%	\$1,012,875 [8]
5.	Equity	50.00%	21,876,360 [4]	10.50% [6]	5.25%	2,296,379 [11]
6.	Total	100.00%	\$43,752,720 [3]		7.57%	\$3,309,254 [12]
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$21,876,360 [5]	4.63% [1]	2.32%	\$1,012,875 [8]
8.	Equity	50.00%	21,876,360 [5]	9.20% [1]	4.60%	2,012,625 [8]
9.	Total	100.00%	\$43,752,720 [3]		6.92%	\$3,025,500

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(b), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(b), Line 40, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(b), Line 40, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 383  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(c)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$1,628,694 [2]	4.63% [1]	2.32%	\$75,409 [8]
2.	Equity	50.00%	1,628,694 [2]	11.62% [6]	5.81%	189,318 [9]
3.	Total	<u>100.00%</u>	<u>\$3,257,388 [3]</u>		<u>8.13%</u>	<u>\$264,727 [10]</u>
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$1,628,694 [4]	4.63% [1]	2.32%	\$75,409 [8]
5.	Equity	50.00%	1,628,694 [4]	16.31% [6]	8.16%	265,711 [11]
6.	Total	<u>100.00%</u>	<u>\$3,257,388 [3]</u>		<u>10.47%</u>	<u>\$341,120 [12]</u>
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$1,628,694 [5]	4.63% [1]	2.32%	\$75,409 [8]
8.	Equity	50.00%	1,628,694 [5]	9.20% [1]	4.60%	149,840 [8]
9.	Total	<u>100.00%</u>	<u>\$3,257,388 [3]</u>		<u>6.92%</u>	<u>\$225,249</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(c), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(c), Line 38, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(c), Line 38, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(d)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [4] (d)	Net Operating Income [5] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$5,220,748 [2]	4.63% [1]	2.32%	\$241,721 [8]
2.	Equity	50.00%	5,220,748 [2]	-0.27% [6]	-0.14%	(13,959) [9]
3.	Total	<u>100.00%</u>	<u>\$10,441,496 [3]</u>		<u>2.18%</u>	<u>\$227,762 [10]</u>
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$5,220,748 [4]	4.63% [1]	2.32%	\$241,721 [8]
5.	Equity	50.00%	5,220,748 [4]	10.49% [6]	5.25%	547,416 [11]
6.	Total	<u>100.00%</u>	<u>\$10,441,496 [3]</u>		<u>7.56%</u>	<u>\$789,137 [12]</u>
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$5,220,748 [5]	4.63% [1]	2.32%	\$241,721 [8]
8.	Equity	50.00%	5,220,748 [5]	9.20% [1]	4.60%	480,309 [8]
9.	Total	<u>100.00%</u>	<u>\$10,441,496 [3]</u>		<u>6.92%</u>	<u>\$722,030</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(d), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(d), Line 39, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(d), Line 39, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(e)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$9,061,191 [2]	4.63% [1]	2.32%	\$419,533 [8]
2.	Equity	50.00%	9,061,191 [2]	7.85% [6]	3.93%	711,702 [9]
3.	Total	<u>100.00%</u>	<u>\$18,122,382 [3]</u>		<u>6.24%</u>	<u>\$1,131,235 [10]</u>
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$9,061,191 [4]	4.63% [1]	2.32%	\$419,533 [8]
5.	Equity	50.00%	9,061,191 [4]	11.28% [6]	5.64%	1,021,712 [11]
6.	Total	<u>100.00%</u>	<u>\$18,122,382 [3]</u>		<u>7.98%</u>	<u>\$1,441,245 [12]</u>
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$9,061,191 [5]	4.63% [1]	2.32%	\$419,533 [8]
8.	Equity	50.00%	9,061,191 [5]	9.20% [1]	4.60%	833,630 [8]
9.	Total	<u>100.00%</u>	<u>\$18,122,382 [3]</u>		<u>6.92%</u>	<u>\$1,253,163</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(e), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(e), Line 38, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(e), Line 38, Column (e).



**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**COMBINED OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2

Line No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [1] (c)
1.	Plant in service	\$485,345,163	\$2,616,932	\$487,962,095
2.	Accumulated depreciation	(154,951,542)	(59,748)	(155,011,290)
3.	Contributions in aid of construction	(189,897,507)	(5,086,275)	(194,983,782)
4.	Accumulated amortization of CIAC	70,605,175	(88,690)	70,516,485
5.	Acquisition adjustments	1,925,745	129,990	2,055,735
6.	Accum. amort. of acquisition adjustments	1,044,591	(4,147)	1,040,444
7.	Advances for construction	(4,305,936)	(161,905)	(4,467,841)
8.	Net plant in service	<u>209,765,689</u>	<u>(2,653,843)</u>	<u>207,111,846</u>
9.	Customer deposits	(379,445)	0	(379,445)
10.	Unclaimed refunds and cost-free capital	(193,255)	0	(193,255)
11.	Accumulated deferred income taxes	(35,329,190)	10,571,724	(24,757,466)
12.	Materials and supplies inventory	2,405,967	0	2,405,967
13.	Excess capacity adjustment	(1,233,706)	(355,845)	(1,589,551)
14.	Working capital allowance	4,626,122	(348,445)	4,277,677
15.	Original cost rate base	<u>\$179,662,182</u>	<u>\$7,213,591</u>	<u>\$186,875,773</u>

[1] Sum of amounts from Cooper Exhibit I, Schedules 2(a) through 2(e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(a)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [10] (c)
1.	Plant in service	\$276,917,544	(\$5,103,593) [1]	\$271,813,951
2.	Accumulated depreciation	(93,722,311)	463,762 [2]	(93,258,549)
3.	Contributions in aid of construction	(91,019,736)	(2,179,406) [3]	(93,199,142)
4.	Accumulated amortization of CIAC	33,628,551	46,358 [4]	33,674,909
5.	Acquisition adjustments	5,959,680	129,990 [5]	6,089,670
6.	Accum. amort. of acquisition adjustments	(1,867,589)	(4,147) [6]	(1,871,736)
7.	Advances for construction	(1,144,420)	(102,300) [7]	(1,246,720)
8.	Net plant in service	128,751,719	(6,749,335)	122,002,384
9.	Customer deposits	(295,674)	0	(295,674)
10.	Unclaimed refunds and cost-free capital	(46,582)	0	(46,582)
11.	Accumulated deferred income taxes	(22,599,342)	7,527,906 [8]	(15,071,436)
12.	Materials and supplies inventory	2,038,514	0	2,038,514
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	2,781,236	(106,656) [9]	2,674,580
15.	Original cost rate base	<u>\$110,629,871</u>	<u>\$671,915</u>	<u>\$111,301,786</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (a).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (a).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (a).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (a).
- [5] Cooper Exhibit I, Schedule 2-4, Line 3, Column (a).
- [6] Cooper Exhibit I, Schedule 2-4, Line 9 Column (a).
- [7] Cooper Exhibit I, Schedule 2-5, Line 7, Column (a).
- [8] Provided by Public Staff Accountant Henry.
- [9] Cooper Exhibit I, Schedule 2-7, Line 14, Column (a).
- [10] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(b)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [9]
1.	Plant in service	\$144,641,039	\$5,661,510 [1]	\$150,302,549
2.	Accumulated depreciation	(42,733,957)	(379,602) [2]	(43,113,559)
3.	Contributions in aid of construction	(77,906,104)	(1,376,657) [3]	(79,282,761)
4.	Accumulated amortization of CIAC	28,011,275	(181,397) [4]	27,829,878
5.	Acquisition adjustments	(4,002,509)	0	(4,002,509)
6.	Accum. amort. of acquisition adjustments	2,882,669	0	2,882,669
7.	Advances for construction	<u>(3,320,166)</u>	<u>(68,525) [5]</u>	<u>(3,388,691)</u>
8.	Net plant in service	47,572,247	3,655,328	51,227,575
9.	Customer deposits	(11,194)	0	(11,194)
10.	Unclaimed refunds and cost-free capital	(6,342)	0	(6,342)
11.	Accumulated deferred income taxes	(8,999,566)	1,865,054 [6]	(7,134,512)
12.	Materials and supplies inventory	265,709	0	265,709
13.	Excess capacity adjustment	(1,233,706)	(355,845) [7]	(1,589,551)
14.	Working capital allowance	1,071,384	(70,349) [8]	1,001,035
15.	Original cost rate base	<u>\$38,658,532</u>	<u>\$5,094,188</u>	<u>\$43,752,720</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (b).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (b).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (b).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (b).
- [5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (b).
- [6] Provided by Public Staff Accountant Henry.
- [7] Cooper Exhibit I, Schedule 2-6, Line 18, Column (c).
- [8] Cooper Exhibit I, Schedule 2-7, Line 14, Column (b).
- [9] Column (a) plus Column (b).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
FAIRWAYS WATER OPERATIONS

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(c)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [8] (c)
1.	Plant in service	\$11,460,432	\$590,789 [1]	\$12,051,221
2.	Accumulated depreciation	(3,227,801)	(73,623) [2]	(3,301,424)
3.	Contributions in aid of construction	(7,099,242)	(331,156) [3]	(7,430,398)
4.	Accumulated amortization of CIAC	2,062,290	9,621 [4]	2,071,911
5.	Acquisition adjustments	0	0	0
6.	Accum. amort. of acquisition adjustments	0	0	0
7.	Advances for construction	46,650	13,920 [5]	60,570
8.	Net plant in service	3,242,329	209,551	3,451,880
9.	Customer deposits	(7,436)	0	(7,436)
10.	Unclaimed refunds and cost-free capital	(7,339)	0	(7,339)
11.	Accumulated deferred income taxes	(403,225)	117,836 [6]	(285,389)
12.	Materials and supplies inventory	0	0	0
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	110,936	(5,264) [7]	105,672
15.	Original cost rate base	<u>\$2,935,265</u>	<u>\$322,123</u>	<u>\$3,257,388</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (c).
- [2] Cooper Exhibit I, Schedule 2-2, Line 3, Column (c).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (c).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (c).
- [5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (c).
- [6] Provided by Public Staff Accountant Henry.
- [7] Cooper Exhibit I, Schedule 2-7, Line 14, Column (c).
- [8] Column (a) plus Column (b).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(d)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c)	[8]
1.	Plant in service	\$16,185,274	\$2,410,210 [1]	\$18,595,484	
2.	Accumulated depreciation	(2,210,271)	(123,634) [2]	(2,333,905)	
3.	Contributions in aid of construction	(5,882,978)	(1,198,636) [3]	(7,081,614)	
4.	Accumulated amortization of CIAC	1,602,676	36,710 [4]	1,639,386	
5.	Acquisition adjustments	0	0	0	
6.	Accum. amort. of acquisition adjustments	0	0	0	
7.	Advances for construction	112,000	(5,000) [5]	107,000	
8.	Net plant in service	9,806,701	1,119,650	10,926,351	
9.	Customer deposits	(172)	0	(172)	
10.	Unclaimed refunds and cost-free capital	(217)	0	(217)	
11.	Accumulated deferred income taxes	(868,488)	283,200 [6]	(585,288)	
12.	Materials and supplies inventory	0	0	0	
13.	Excess capacity adjustment	0	0	0	
14.	Working capital allowance	119,910	(19,088) [7]	100,822	
15.	Original cost rate base	<u>\$9,057,734</u>	<u>\$1,383,762</u>	<u>\$10,441,496</u>	

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (d).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (d).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (d).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (d).
- [5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (d).
- [6] Provided by Public Staff Accountant Henry.
- [7] Cooper Exhibit I, Schedule 2-7, Line 14, Column (d).
- [8] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(e)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [7] (c)
1.	Plant in service	\$36,140,874	(\$941,984) [1]	\$35,198,890
2.	Accumulated depreciation	(13,057,202)	53,349 [2]	(13,003,853)
3.	Contributions in aid of construction	(7,989,447)	(420) [3]	(7,989,867)
4.	Accumulated amortization of CIAC	5,300,383	18 [4]	5,300,401
5.	Acquisition adjustments	(31,426)	0	(31,426)
6.	Accum. amort. of acquisition adjustments	29,511	0	29,511
7.	Advances for construction	0	0	0
8.	Net plant in service	<u>20,392,693</u>	<u>(889,038)</u>	<u>19,503,655</u>
9.	Customer deposits	(64,969)	0	(64,969)
10.	Unclaimed refunds and cost-free capital	(132,775)	0	(132,775)
11.	Accumulated deferred income taxes	(2,458,569)	777,728 [5]	(1,680,841)
12.	Materials and supplies inventory	101,744	0	101,744
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	<u>542,656</u>	<u>(147,088) [6]</u>	<u>395,568</u>
15.	Original cost rate base	<u>\$18,380,780</u>	<u>(\$258,398)</u>	<u>\$18,122,382</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (e).  
[2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (e).  
[3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (e).  
[4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (e).  
[5] Provided by Public Staff Accountant Henry.  
[6] Cooper Exhibit I, Schedule 2-7, Line 14, Column (e).  
[7] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO PLANT IN SERVICE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1.	Adjustment to post test year additions	(\$737,662) [1]	\$7,165,081 [1]	\$380,438 [1]	\$2,277,306 [1]	(\$22,007) [1]
2.	Adjustment for cost related to future customers	7,075 [2]	0	0	0	0
3.	Adjustment to remove sewer expansion-Neuse Colony	0	(2,120,000) [3]	0	0	0
4.	Adjustment to reduce rate base-Neuse Colony	0	(99,145) [3]	0	0	0
5.	Adjustment to meters and meter installation	(2,834,633) [3]	0	0	0	(1,399,521) [3]
6.	Adjustment to allocate purchased vehicles	(1,538,373) [4]	715,574 [4]	210,351 [4]	132,904 [4]	479,544 [4]
7.	Adjustment to plant in service (Sum of L1 thru L6)	<u>(\$5,103,593)</u>	<u>\$5,661,510</u>	<u>\$590,789</u>	<u>\$2,410,210</u>	<u>(\$941,984)</u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 5.  
[2] Amount provided by Company in response to Public Staff data request.  
[3] Provided by Public Staff Engineer Junis  
[4] Cooper Exhibit I, Schedule 2-1(c), Line 1.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ADJUSTMENT TO  
POST TEST YEAR ADDITIONS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(a)

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [2] (f)
<b><u>Plant in service</u></b>							
1.	Updated post test year system additions per Company	\$17,038,843 [1]	\$17,608,131 [1]	\$708,651 [1]	\$6,919,496 [1]	\$1,445,352 [1]	\$43,720,473
2.	Updated post test year IT additions per Company	925,845 [1]	231,424 [1]	65,806 [1]	41,809 [1]	207,281 [1]	1,472,165
3.	Total post test year additions per Company updates (L1 + L2)	<u>17,964,688</u>	<u>17,839,555</u>	<u>774,457</u>	<u>6,961,305</u>	<u>1,652,633</u>	<u>45,192,638</u>
4.	Amount per Company application	18,702,350	10,674,474	394,019	4,683,999	1,674,640	36,129,482
5.	Adjustment to post test year additions (L3 - L4)	<u>(\$737,662)</u>	<u>\$7,165,081</u>	<u>\$380,438</u>	<u>\$2,277,306</u>	<u>(\$22,007)</u>	<u>\$9,063,156</u>
<b><u>Accumulated depreciation</u></b>							
6.	Updated post test year system additions per Company	(\$582,971) [1]	(\$470,309) [1]	(\$20,159) [1]	(\$184,886) [1]	(\$40,602) [1]	(\$1,298,927)
7.	Updated post test year IT additions per Company	(235,905) [1]	(58,967) [1]	(16,767) [1]	(10,653) [1]	(52,815) [1]	(375,107)
8.	Total post test year additions per Company updates (L6 + L7)	<u>(818,876)</u>	<u>(529,276)</u>	<u>(36,926)</u>	<u>(195,539)</u>	<u>(93,417)</u>	<u>(1,674,034)</u>
9.	Amount per Company application	(811,255)	(340,714)	(17,293)	(128,841)	(81,864)	(1,379,967)
10.	Adjustment to accumulated depreciation (L8 - L9)	<u>(\$7,621)</u>	<u>(\$188,562)</u>	<u>(\$19,633)</u>	<u>(\$66,698)</u>	<u>(\$11,553)</u>	<u>(\$294,067)</u>
<b><u>Depreciation expense</u></b>							
11.	Updated post test year system additions per Company	\$582,971 [1]	\$470,309 [1]	\$20,159 [1]	\$184,886 [1]	\$40,602 [1]	\$1,298,927
12.	Updated post test year IT additions per Company	235,905 [1]	58,967 [1]	16,767 [1]	10,653 [1]	52,815 [1]	375,107
13.	Total post test year additions per Company updates (L11+ L12)	<u>818,876</u>	<u>529,276</u>	<u>36,926</u>	<u>195,539</u>	<u>93,417</u>	<u>1,674,034</u>
14.	Amount per Company application	811,255	340,714	17,293	128,841	81,864	1,379,967
15.	Adjustment to depreciation expense (L13 - L14)	<u>\$7,621</u>	<u>\$188,562</u>	<u>\$19,633</u>	<u>\$66,698</u>	<u>\$11,553</u>	<u>\$294,067</u>

[1] Amount provided by the Company in response to Public Staff Data Request.

[2] Sum of Columns (a) through (e).



**Agua North Carolina, Inc.**

Docket No. W-218, Sub 497

**CALCULATION OF PLANT RELATED TO  
FUTURE CUSTOMERS**

For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(b)  
Page 1 of 2

Line No.	Item	Number of Lots [1] (a)	Price per Contract [2] (b)	Total Purchase Price [3] (c)	Customers as of 6/30/2018 [1] (d)	Plant in Use as of 6/30/2018 [4] (e)	Adjustment to Plant in Service [5] (f)	Year System Acquired [1] (g)	Accumulated Depreciation [6] (h)
1.	Auburn Hills	40	\$300	\$12,000	37	\$11,100	(\$900)	2001	\$612
2.	Bailey's Landing	45	300	13,500	44	13,200	(300)	2006	144
3.	Banks Point	87	350	30,450	87	30,450	0	2006	0
4.	Bayleaf Farms	25	300	7,500	19	5,700	(1,800)	2002	1,152
5.	Beacon Pointe	49	350	17,150	46	16,100	(1,050)	2001	714
6.	Brayton Park	65	300	19,500	54	16,200	(3,300)	2005	1,716
7.	Cane Creek	44	400	17,600	44	17,600	0	2006	0
8.	Castelli	22	350	7,700	20	7,000	(700)	2007	308
9.	Cedar Hollow	96	300	28,800	90	27,000	(1,800)	2004	1,008
10.	Copper Trace	35	400	14,000	22	8,800	(5,200)	2005	2,704
11.	Creekwood	64	300	19,200	59	17,700	(1,500)	2004	840
12.	Crescent Ridge	97	300	29,100	95	28,500	(600)	2006	288
13.	Devonshire	32	300	9,600	29	8,700	(900)	2004	504
14.	Elliott Landing	86	300	25,800	86	25,800	0	2006	0
15.	Forest Pointe	59	300	17,700	42	12,600	(5,100)	2003	3,060
16.	Heather Glen	37	300	11,100	34	10,200	(900)	2000	648
17.	Henson Farms	103	425	43,775	90	38,250	(5,525)	2002	3,536
18.	Henson Forest	144	425	61,200	138	58,650	(2,550)	2008	1,020
19.	Hickory Creek (Surry County)	80	450	36,000	56	25,200	(10,800)	2001	7,344
20.	Keltic Meadows III	34	300	10,200	27	8,100	(2,100)	2000	1,512
21.	La Ventana	47	300	14,100	44	13,200	(900)	2001	612
22.	Linville	46	150	6,900	42	6,300	(600)	2005	312
23.	Mial Plantation	40	300	12,000	40	12,000	0	2001	0
24.	Milton Acres	32	400	12,800	24	9,600	(3,200)	2002	2,048
25.	Northfield	10	300	3,000	5	1,500	(1,500)	2004	840
26.	Ogbum Farms	65	300	19,500	62	18,600	(900)	2005	468
27.	Old Farm Crossing	36	300	10,800	33	9,900	(900)	2006	432
28.	Plantation Point	382	300	114,600	380	114,000	(600)	2007	264
29.	River Chase	39	300	11,700	38	11,400	(300)	2005	156
30.	Southern Meadows	44	350	15,400	43	15,050	(350)	2005	182
31.	Southern Woods	29	300	8,700	26	7,800	(900)	1997	756
32.	Stamey's Walk	48	400	19,200	46	18,400	(800)	2006	384
33.	Stanley Acres	56	400	22,400	43	17,200	(5,200)	2004	2,912
34.	Sunset Bay	33	400	13,200	24	9,600	(3,600)	2003	2,160
35.	The Barony	29	175	5,075	21	3,675	(1,400)	2005	728

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF PLANT RELATED TO  
FUTURE CUSTOMERS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(b)  
Page 2 of 2

Line No.	Item	Number of Lots [1] (a)	Price per Contract [2] (b)	Total Purchase Price [3] (c)	Customers as of 6/30/2018 [1] (d)	Plant In Use as of 6/30/2018 [4] (e)	Adjustment to Plant in Service [5] (f)	Year System Acquired [1] (g)	Accumulated Depreciation [6] (h)
36.	The Highlands at Lake Norman	36	400	14,400	20	8,000	(6,400)	2003	3,840
37.	The Summit at Lake Norman	47	400	18,800	18	7,200	(11,600)	2001	7,888
38.	Turner Downs	185	350	64,750	185	64,750	0	2006	0
39.	Tuscany at Henson Meadows	13	425	5,525	9	3,825	(1,700)	2005	884
40.	Upchurch Place (Upchurch Farms)	39	300	11,700	39	11,700	0	2004	0
41.	Upchurch Place (Upchurch Farms)	23	300	6,900	23	6,900	0	2009	0
42.	Vintage Acres	32	350	11,200	32	11,200	0	2006	0
43.	Wild Wing	49	350	17,150	36	12,600	(4,550)	2001	3,094
44.	Williard Oaks	46	400	18,400	44	17,600	(800)	2001	544
45.	Wyntree	21	350	7,350	19	6,650	(700)	2003	420
46.	Total - Aqua water			<u>\$897,425</u>		<u>\$805,500</u>	<u>(\$91,925)</u>		<u>\$56,034</u>

[1] Based on information provided by Company.

[2] Based on contract between Company and developer.

[3] Column (a) multiplied by Column (b).

[4] Column (b) multiplied by Column (d).

[5] Column (e) minus Column (c).

[6] Column (f) multiplied by composite depreciation rate of 4% times years since acquired from year of system acquisition through June 30, 2018, using half year convention.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ALLOCATE VEHICLES PURCHASED**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(c)

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f)
1.	Adjustment to allocate purchased vehicles	<u>(\$1,538,373)</u>	<u>\$715,574</u>	<u>\$210,351</u>	<u>\$132,904</u>	<u>\$479,544</u>	<u>\$0 [1]</u>
2.	Adjustment to allocate accumulated depreciation of purchased vehicles	<u>\$339,901</u>	<u>(\$197,906)</u>	<u>(\$53,989)</u>	<u>(\$56,936)</u>	<u>(\$31,070)</u>	<u>\$0 [1]</u>
3.	Adjustment to allocate depreciation expense of purchased vehicles	<u>(\$339,901)</u>	<u>\$197,906</u>	<u>\$53,989</u>	<u>\$56,936</u>	<u>\$31,070</u>	<u>\$0 [1]</u>

[1] Allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ACCUMULATED DEPRECIATION**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-2

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Adjustment to post test year additions	(\$7,621) [1]	(\$188,562) [1]	(\$19,633) [1]	(\$66,698) [1]	(\$11,553) [1]
2.	Adjustment for vehicle allocations	339,901 [2]	(197,906) [2]	(53,989) [2]	(56,936) [2]	(31,070) [2]
3.	Adjustment for meters and meter installations	132,565 [3]	0	0	0	95,972 [3]
4.	Adjustment to reduce rate base-Neuse Colony	0	6,866 [4]	0	0	0
5.	Adjustment to remove cost related to future customers	(1,083) [5]	0	0	0	0
6.	Total Public Staff adjustment (Sum of L1 thru L5)	<u>\$463,762</u>	<u>(\$379,602)</u>	<u>(\$73,623)</u>	<u>(\$123,634)</u>	<u>\$53,349</u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 10.  
[2] Cooper Exhibit I, Schedule 2-1(c), Line 2.  
[3] Calculated using a depreciation rate of 3.30% times years in service using half year convention.  
[4] Calculated using a depreciation rate of 2.77% times years in service using half year convention.  
[5] Amount provided by Company in response to Public Staff data request.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION (CIAC), ACCUMULATED  
AMORTIZATION AND AMORTIZATION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-3

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
<b><u>Contributions in aid of construction</u></b>						
1.	Adjustment to include post test year additions	(\$2,179,406) [1]	(\$2,558,369) [1]	(\$331,156) [1]	(\$1,198,636) [1]	(\$420) [1]
2.	Adjustment for Neuse Colony Wastewater Plant	0	1,497,399 [3]	0	0	0
3.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	(315,687) [4]	0	0	0
4.	Total adjustments to CIAC (Sum of L1 thru L3)	<u>(\$2,179,406)</u>	<u>(\$1,376,657)</u>	<u>(\$331,156)</u>	<u>(\$1,198,636)</u>	<u>(\$420)</u>
<b><u>Accumulated amortization of CIAC</u></b>						
5.	Adjustment to include post test year additions	\$46,358 [2]	\$54,585 [2]	\$9,621 [2]	\$36,710 [2]	\$18 [2]
6.	Adjustment for Neuse Colony Wastewater Plant	0	(226,985) [5]	0	0	0
7.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	(8,997) [2]	0	0	0
8.	Total adjustments to accumulated amortization- CIAC (Sum of L5 thru L7)	<u>\$46,358</u>	<u>(\$181,397)</u>	<u>\$9,621</u>	<u>\$36,710</u>	<u>\$18</u>
<b><u>Amortization expense - CIAC</u></b>						
9.	Adjustment to include post test year additions	(\$46,358) [2]	(\$54,585) [2]	(\$9,621) [2]	(\$36,710) [2]	(\$18) [2]
10.	Adjustment for Neuse Colony Wastewater Plant	0	42,676 [6]	0	0	0
11.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	8,997 [2]	0	0	0
12.	Total adjustments to amortization expense- CIAC (Sum of L9 thru L11)	<u>(\$46,358)</u>	<u>(\$11,909)</u>	<u>(\$9,621)</u>	<u>(\$36,710)</u>	<u>(\$18)</u>

- [1] Amount provided by the Company in response to Public Staff data request.  
[2] Calculated based on updated CIAC and amortization rates.  
[3] Cooper Exhibit I, Schedule 2-3(a), Column (a) Line 11.  
[4] Provided by Public Staff Engineer Junis.  
[5] Cooper Exhibit I, Schedule 2-3(a), Column (e) Line 11.  
[6] Cooper Exhibit I, Schedule 2-3(a), Column (d) Line 11.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION (CIAC), ACCUMULATED  
AMORTIZATION AND AMORTIZATION EXPENSE-  
NEUSE COLONY WASTEWATER TREATMENT PLANT  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-3(a)

Line No.	Item	Amount (a)	Amortization Rate (b)	Years In Service (c)	Amortization Expense (d)	Accumulated Amortization (e)
1.	CIAC	\$39,600	2.85%	12.00	\$1,129	(\$13,543)
2.	CIAC	319,680	2.85%	11.00	9,111	(100,220)
3.	CIAC	1,427	2.85%	8.00	41	(325)
4.	CIAC	47,312	2.85%	7.00	1,348	(9,439)
5.	CIAC	173,920	2.85%	6.00	4,957	(29,740)
6.	CIAC	184,005	2.85%	5.00	5,244	(26,221)
7.	CIAC	144,000	2.85%	4.00	4,104	(16,416)
8.	CIAC	144,000	2.85%	3.00	4,104	(12,312)
9.	CIAC	215,100	2.85%	2.00	6,130	(12,261)
10.	CIAC	228,355	2.85%	1.00	6,508	(6,508)
11.	Total Public Staff Adjustment (Sum of Lines 1 thru 10):	<u>\$1,497,399</u>			<u>\$42,676</u>	<u>(\$226,985)</u>

- [1] Amount provided by Public Staff Engineer Junis.
- [2] CIAC composite amortization rate based on latest depreciation study.
- [3] Calculated based on year placed in service using half year convention through June 30, 2018.
- [4] Column (a) x Column (b).
- [5] Column (a) x Column (b) x Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ACQUISITION ADJUSTMENTS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-4

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)
<b><u>Acquisition adjustments</u></b>		
1.	Adjustment to acquisition incentive adjustments-Mountain Ridge	\$75,090 [1]
2.	Include Mid South growth related PAA through June 30, 2018	<u>54,900 [1]</u>
3.	Total Public Staff adjustment (Sum of L1 and L2)	<u>\$129,990</u>
<b><u>Accumulated amortization of acquisition adjustments</u></b>		
4.	Adjustment to acquisition incentive adjustments-Mountain Ridge	(\$2,500) [2]
5.	Include Mid South growth related PAA through June 30, 2018	<u>(1,647) [3]</u>
6.	Total Public Staff adjustment (Sum of L4 and L5)	<u>(\$4,147)</u>
<b><u>Amortization expense - acquisition adjustments</u></b>		
7.	Adjustment to acquisition incentive adjustments-Mountain Ridge	\$2,500 [2]
8.	Include Mid South growth related PAA through June 30, 2018	<u>1,647 [3]</u>
9.	Total Public Staff adjustment (Sum of L7 and L8)	<u>\$4,147</u>

[1] Updated amount provided by Company in response to Public Staff data request.

[2] Column (a), Line 1 multiplied by 3.33% amortization rate.

[3] Column (a), Line 2 amount multiplied by 3.00% amortization rate.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ADVANCES FOR  
CONSTRUCTION**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-5

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> [1] (a)	<u>Aqua Sewer</u> [1] (b)	<u>Fairways Water</u> [1] (c)	<u>Fairways Sewer</u> [1] (d)
1.	#252010 - Advance Customer Construction	(\$48,960)	\$48,960	\$0	\$0
2.	#252052 - Adv Cust-Non Cash Developer	(4,696,967)	(5,492,826)	(235,470)	38,000
3.	#252055 - Adv Cust-Customer Builder	3,358,107	1,943,975	292,600	69,000
4.	#252059 - Adv Cust – Taxable CAC Refunds	<u>141,100</u>	<u>111,200</u>	<u>3,440</u>	<u>0</u>
5.	Advances for construction (Sum of L1 thru L4)	<u>(1,246,720)</u>	<u>(3,388,691)</u>	<u>60,570</u>	<u>107,000</u>
6.	Amount per Company application	<u>(1,144,420)</u>	<u>(3,320,166)</u>	<u>46,650</u>	<u>112,000</u>
7.	Adjustment to advances for construction (L5 - L6)	<u><u>(\$102,300)</u></u>	<u><u>(\$68,525)</u></u>	<u><u>\$13,920</u></u>	<u><u>(\$5,000)</u></u>

[1] Amount provided by Company in response to Public Staff data request.



**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF EXCESS CAPACITY**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-6

Line No.	Item	Plant, net of CIAC (a)	Accumulated Depreciation (b)	Plant, net of Accum. Depr. & CIAC [7] (c)	Depreciation Expense (d)	CIAC Amortization Expense (e)
<b>Aqua - sewer operations:</b>						
1.	Carolina Meadows WWTP plant cost	\$7,054,271 [1]	(\$2,791,928) [5]	\$4,262,343	\$232,085 [8]	\$0
2.	Carolina Meadows WWTP CIAC	(66,600) [2]	9,324 [5]	(57,276)	0	(1,865) [9]
3.	Plant, net of CIAC (L1 + L2)	6,987,671	(2,782,604)	4,205,067	232,085	(1,865)
4.	Excess capacity percentage	30.63% [3]	30.63% [3]	30.63% [3]	30.63% [3]	30.63% [3]
5.	Excess capacity to be removed (L3 x L4)	2,140,324	(852,312)	1,288,012	71,087	(571)
6.	The Legacy at Jordan Lake WWTP plant cost	1,454,750 [1]	(625,869) [5]	828,881	47,864 [8]	0
7.	The Legacy at Jordan Lake WWTP CIAC	(1,116,289) [4]	448,670 [6]	(667,619)	0	(31,256) [9]
8.	Plant, net of CIAC (L6 + L7)	338,461	(177,199)	161,262	47,864	(31,256)
9.	Excess capacity percentage	38.67% [3]	38.67% [3]	38.67% [3]	38.67% [3]	38.67% [3]
10.	Excess capacity to be removed (L8 x L9)	130,883	(68,523)	62,360	18,509	(12,087)
11.	Westfall Subdivision WWTP plant cost	1,217,283 [1]	(199,238) [5]	1,018,045	40,050 [8]	0
12.	Westfall Subdivision WWTP CIAC	(401,669) [1]	56,234 [5]	(345,435)	0	(11,247) [9]
13.	Plant, net of CIAC (L11 + L12)	815,614	(143,004)	672,610	40,050	(11,247)
14.	Excess capacity percentage	35.56% [3]	35.56% [3]	35.56% [3]	35.56% [3]	35.56% [3]
15.	Excess capacity to be removed (L13 x L14)	290,032	(50,852)	239,180	14,242	(3,999)
16.	Total excess capacity adjustment (L5 + L10 + L15)	2,561,239	(971,687)	1,589,552	103,838	(16,657)
17.	Amount per Company application	2,335,196	(1,101,489)	1,233,707	124,210	(40,324)
18.	Adjustment to excess capacity (L16 - L17)	\$226,043	\$129,802	\$355,845	(\$20,372)	\$23,667

- [1] Cooper Exhibit I, Schedule 2-6(a), Column (a).  
[2] Cooper Exhibit I, Schedule 2-6(a), Column (a), Line 35.  
[3] Provided by Public Staff Engineer Junis.  
[4] Cooper Exhibit I, Schedule 2-6(a), Column (a), Line 57 plus Line 58.  
[5] Cooper Exhibit I, Schedule 2-6(a), Column (h).  
[6] Cooper Exhibit I, Schedule 2-6(a), Column (h), Line 57 plus Line 58.  
[7] Column (a) plus Column (b), unless footnoted otherwise.  
[8] Column (a) times depreciation rate for treatment plant account of 3.29%.  
[9] Column (a) times CIAC amortization rate for treatment plant of 2.80%.

Aucta North Carolina, Inc.  
 District No. W-218, Subd 437  
 CALCULATION OF NET PLANT IN SERVICE  
 FOR EXCESS CAPACITY SYSTEMS  
 For The Test Year Ended September 30, 2017

Public Staff  
 Cooper Supp. Exhibit 1  
 Schedule 2-6(e)  
 Page 1 of 2

Line No.	Item	Amount	Depreciation/Amortization Rate Thru		Years In Service Thru		Accumulated Depreciation/Amortization	Depreciation/Amortization Rate		Years In Service		Accumulated Depreciation/Amortization	Total Depreciation/Amortization	Depreciation/Amortization Expense
			(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)			
Carolina Merchants WWTP														
1.	1998 additions	\$918,341	4.00%		15,250		\$560,798	3.29%		6,750		\$204,163	\$764,961	\$30,246
2.	1999 additions	1,324,638	4.00%		12,250		649,101	3.29%		6,750		294,182	943,283	43,582
3.	2000 additions	41,440	4.00%		11,250		18,648	3.29%		6,750		8,203	27,851	1,365
4.	2001 additions	30,089	4.00%		10,250		12,328	3.29%		6,750		6,678	19,006	989
5.	2002 additions	9,118	4.00%		9,250		3,372	3.29%		6,750		2,074	5,397	300
6.	2003 additions	11,793	4.00%		8,250		3,692	3.29%		6,750		2,619	6,311	388
7.	2004 additions	3,320	4.00%		7,250		983	3.29%		6,750		737	1,700	109
8.	2005 additions	2,807,352	4.00%		3,250		387,556	3.29%		6,750		827,884	995,440	93,020
9.	2006 additions	16,303	4.00%		2,250		1,487	3.29%		6,750		1,620	5,087	536
10.	2007 additions	22,155	4.00%		1,250		1,108	3.29%		6,750		4,920	6,028	729
11.	1999 additions	233	4.00%		0,375		114	3.29%		6,750		52	168	8
12.	2001 additions	1,348	4.00%		10,250		553	3.29%		6,750		300	853	44
13.	2005 additions	1,537	4.00%		6,250		384	3.29%		6,750		341	725	51
14.	2010 additions	(3,693)	4.00%		1,250		(185)	3.29%		6,750		(820)	(1,005)	(121)
15.	2011 additions	(1,454)	4.00%		0,375		(172)	3.29%		6,750		(2,489)	(2,671)	(377)
16.	2014 retirements	(1,709)	4.00%		0,000		(119)	3.29%		6,750		(1,889)	(1,786)	(254)
17.	2012 retirements	22,985	4.00%		0,000		0	3.29%		6,750		(4,571)	4,671	73
18.	2013 retirements	(19,387)	4.00%		0,000		0	3.29%		6,750		(3,239)	(3,239)	(339)
19.	2015 retirements	4,354	4.00%		0,000		0	3.29%		6,750		78	78	143
20.	2013 retirements	(189)	4.00%		0,000		0	3.29%		6,750		(91)	(91)	(9)
Additional Amounts														
22.	2013 retirements	98,543	4.00%		0,000		0	3.29%		6,750		14,565	14,565	2,913
23.	2013 retirements	(49,899)	4.00%		0,000		0	3.29%		6,750		(6,727)	(6,727)	(1,345)
24.	2014 additions	14,354	4.00%		0,000		0	3.29%		6,750		1,955	1,955	499
25.	2014 additions	(8,979)	4.00%		0,000		0	3.29%		6,750		(904)	(904)	(229)
26.	2015 additions	4,546	4.00%		0,000		0	3.29%		6,750		449	449	150
27.	2015 retirements	(109)	4.00%		0,000		0	3.29%		6,750		(10)	(10)	(3)
28.	2016 additions	40,714	4.00%		0,000		0	3.29%		6,750		2,679	2,679	1,339
29.	2016 retirements	(36,026)	4.00%		0,000		0	3.29%		6,750		(1,976)	(1,976)	(988)
30.	2017 retirements	128,166	4.00%		0,000		0	3.29%		6,750		4,136	4,136	4,136
31.	2017 retirements	(39,989)	4.00%		0,000		0	3.29%		6,750		(1,319)	(1,319)	(1,319)
32.	2018 retirements	1,690,439	4.00%		0,000		0	3.29%		6,750		0	0	53,919
33.	2018 retirements	(13,230)	4.00%		0,000		0	3.29%		6,750		0	0	(3,389)
34.	Total plant (Sum of L1 thru L31)	7,054,271			0,000		1,620,167			5,000		1,171,767	2,791,928	232,085
35.	2013 O&M	(65,600)					0					(65,600)	(65,600)	(1,959)
36.	Net Plant (Sum of L32 thru L39)	\$6,989,671			2,88%		\$1,620,167			2,80%		\$1,162,443	\$2,726,324	\$230,220

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**CALCULATION OF NET PLANT IN SERVICE**  
**FOR EXCESS CAPACITY SYSTEMS**  
**For The Test Year Ended September 30, 2017**

Public Staff  
 Cooper Supp. Exhibit I  
 Schedule 2-6(a)  
 Page 2 of 2

	Amount	Depreciation / Amortization Rate Thru	Years In Service Thru	Accumulated Depreciation/ Amortization	Depreciation/ Amortization Rate from Oct/2011	Years In Service from Oct/2011	Accumulated Depreciation/ Amortization from Oct/2011	Total Accumulated Depreciation/ Amortization	Depreciation/ Amortization Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<b>The Legacy at Jordan Lake WWTP</b>									
37.	\$1,424,706	5.00%	4,250	\$302,750	3.29%	6,750	\$316,392	\$619,142	\$46,873
38.	225	5.00%	3,250	37	3.29%	6,750	50	87	7
39.	13,230	5.00%	2,250	1,494	3.29%	6,750	2,949	4,443	437
40.	99	5.00%	1,250	6	3.29%	6,750	22	28	3
41.	2,508	5.00%	0,375	47	3.29%	6,625	547	594	83
42.	8,747	5.00%	0,000	0	3.29%	6,000	1,727	1,727	288
43.	(5,350)	5.00%	0,000	0	3.29%	6,000	(1,056)	(1,056)	(176)
44.	236	5.00%	0,000	0	3.29%	5,000	39	39	8
45.	(184)	5.00%	0,000	0	3.29%	5,000	(30)	(30)	(6)
<b>Additional Amounts</b>									
46.									
47.	236	5.00%	0,000	0	3.29%	5,000	39	39	8
48.	6,370	5.00%	0,000	0	3.29%	4,000	838	838	210
49.	(4,449)	5.00%	0,000	0	3.29%	4,000	(585)	(585)	(146)
50.	1,020	5.00%	0,000	0	3.29%	3,000	101	101	34
51.	2,194	5.00%	0,000	0	3.29%	3,000	217	217	72
52.	4,249	5.00%	-0,000	0	3.29%	2,000	280	280	140
53.	(713)	5.00%	0,000	0	3.29%	2,000	(47)	(47)	(23)
54.	3,802	5.00%	0,000	0	3.29%	1,000	125	125	125
55.	(2,226)	5.00%	0,000	0	3.29%	1,000	(73)	(73)	(73)
56.	1,454,750			304,334			321,535	625,869	47,864
57.	(1,121,089)	5.00%	4,250	(238,231)	2.80%	6,750	(211,886)	(450,117)	(31,390)
58.	4,800	5.00%	2,250	540	2.80%	6,750	907	1,447	134
59.	<u>\$338,481</u>			<u>\$66,643</u>			<u>\$110,556</u>	<u>\$177,199</u>	<u>\$16,608</u>
<b>Westfall Subdivision</b>									
60.	\$1,208,907	[2] 0.00%	0,000	\$0	3.29%	5,000	\$198,865	\$198,865	\$39,773
<b>Additional Amounts</b>									
61.									
62.	2,355	0.00%	0,000	0	3.29%	4,000	311	311	79
63.	(2,124)	0.00%	0,000	0	3.29%	4,000	(260)	(260)	(70)
64.	797	0.00%	0,000	0	3.29%	3,000	79	79	26
65.	(620)	0.00%	0,000	0	3.29%	3,000	(61)	(61)	(20)
66.	2,428	0.00%	0,000	0	3.29%	2,000	160	160	80
67.	(561)	0.00%	0,000	0	3.29%	2,000	(37)	(37)	(18)
68.	8,500	0.00%	0,000	0	3.29%	1,000	280	280	280
69.	(2,409)	0.00%	0,000	0	3.29%	1,000	(79)	(79)	(79)
70.	1,217,283			0			199,238	199,238	40,050
71.	(401,669)	[2] 0.00%	0,000	0	2.80%	5,000	(56,234)	(56,234)	(11,247)
72.	<u>\$815,614</u>						<u>\$143,004</u>	<u>\$143,004</u>	<u>\$29,803</u>

[1] NCUC Form W-1, Item 10, Exhibit A-2, Schedule 16-1.  
 [2] Provided by the Company in response to Public Staff data request.  
 [3] Depreciation rates from Docket No. W-218, Sub 274.  
 [4] Years in service through June 30, 2018 based on year placed in service using half year convention.  
 [5] Column (a) multiplied by Column (b) multiplied by Column (c).  
 [6] Depreciation rates from Docket No. W-218, Sub 319.  
 [7] Years in service from October 31, 2011 thru June 30, 2018.  
 [8] Column (a) multiplied by Column (e) multiplied by Column (f).  
 [9] Column (d) plus Column (g).  
 [10] Column (a) multiplied by Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO WORKING CAPITAL**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-7

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Total O&M expenses excluding purchased water and sewer treatment	<u>\$16,712,134</u> [1]	<u>\$7,623,323</u> [1]	<u>\$611,174</u> [1]	<u>\$749,034</u> [1]	<u>\$2,536,176</u> [1]
2.	Cash working capital (L1 / 8)	<u>2,089,017</u>	<u>952,915</u>	<u>76,397</u>	<u>93,629</u>	<u>317,022</u>
<b>Prepayments:</b>						
3.	Unamortized tank painting	606,570 [2]	0	31,592 [2]	0	79,310 [2]
4.	Unamortized rate case expense	141,311 [3]	35,322 [3]	10,044 [3]	6,382 [3]	31,637 [3]
5.	Unamortized gains & losses - land	6,371 [4]	0	0	0	0
6.	Unamortized repair tax credit	90,461 [5]	28,851 [5]	2,299 [5]	2,590 [5]	14,295 [5]
7.	Total prepayments (Sum of L3 thru L6)	<u>844,713</u>	<u>64,173</u>	<u>43,935</u>	<u>8,972</u>	<u>125,242</u>
<b>Average tax accruals:</b>						
8.	Unemployment tax	(3,001) [6]	(750) [6]	(213) [6]	(135) [6]	(672) [6]
9.	Regulatory fee	(9,852) [7]	(3,794) [7]	(329) [7]	(380) [7]	(1,480) [7]
10.	Property tax	(246,297) [8]	(11,509) [8]	(14,118) [8]	(1,264) [8]	(44,544) [8]
11.	Total tax accruals (Sum of L8 thru L10)	<u>(259,150)</u>	<u>(16,053)</u>	<u>(14,660)</u>	<u>(1,779)</u>	<u>(46,696)</u>
12.	Working capital per Public Staff (L2 + L7 + L11)	2,674,580	1,001,035	105,672	100,822	395,568
13.	Amount per Company	<u>2,781,236</u>	<u>1,071,384</u>	<u>110,936</u>	<u>119,910</u>	<u>542,656</u>
14.	Adjustment to working capital (L12 - L13)	<u>(\$106,656)</u>	<u>(\$70,349)</u>	<u>(\$5,264)</u>	<u>(\$19,088)</u>	<u>(\$147,088)</u>

- [1] Amounts per Public Staff under present rates from Column (c) of Net Operating Income for Return schedule.  
[2] Based on review of information provided by Company, updated through June 30, 2018.  
[3] Amount for rate entity from Cooper Exhibit I, Schedule 3-4, Column (d), Lines 16 through 20.  
[4] NCUC Form W-1, Item 10, Exhibit A4, Column (d).  
[5] Calculated based on allocation percentages provided in Exhibit L, Lines 66 thru 70, in the rate case application for each rate division.  
[6] Calculated by Public Staff based on adjusted level of salaries and unemployment tax rates.  
[7] Amount of regulatory fees under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.  
[8] Amount of property taxes under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
NET OPERATING INCOME FOR A RETURN  
For The Test Year Ended September 30, 2017  
COMBINED OPERATIONS

Public Staff/  
Cooper Supp. Exhibit I  
Schedule 3

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate	Net Public Staff Increase	Operations After Rate
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$54,039,950	\$1,457,007	\$55,496,957	\$4,657,366	\$60,154,323	(\$195,876)	\$55,301,081
2.	Late payment fees	113,213	1,617	114,830	9,599	124,429	(432)	114,398
3.	Miscellaneous revenues	1,283,259	72,240	1,355,499	0	1,355,499	0	1,355,499
4.	Uncollectibles and Abatements	(404,234)	(10,014)	(414,248)	(35,376)	(449,624)	(1,266)	(415,514)
5.	<b>Total operating revenues</b>	<b>55,032,188</b>	<b>1,520,850</b>	<b>56,553,038</b>	<b>4,631,589</b>	<b>61,184,627</b>	<b>(197,574)</b>	<b>56,355,464</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	10,582,933	(534,788)	10,048,145	0	10,048,145	0	10,048,145
7.	Employee pensions and benefits	3,307,897	(332,030)	2,975,867	0	2,975,867	0	2,975,867
8.	Purchased water / sewer treatment	2,390,335	(73,719)	2,316,616	0	2,316,616	0	2,316,616
9.	Sludge removal	536,333	23,049	559,382	0	559,382	0	559,382
10.	Purchased power	3,660,633	(89,966)	3,570,667	0	3,570,667	0	3,570,667
11.	Fuel for power production	26,809	0	26,809	0	26,809	0	26,809
12.	Chemicals	1,403,799	118,168	1,521,967	0	1,521,967	0	1,521,967
13.	Materials and supplies	505,720	0	505,720	0	505,720	0	505,720
14.	Testing fees	971,148	(68,976)	902,172	0	902,172	0	902,172
15.	Transportation	919,149	0	919,149	0	919,149	0	919,149
16.	Contractual services - engineering	2,750	0	2,750	0	2,750	0	2,750
17.	Contractual services - accounting	188,101	0	188,101	0	188,101	0	188,101
18.	Contractual services - legal	263,190	(67,046)	196,144	0	196,144	0	196,144
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	4,258,718	(58,734)	4,199,984	0	4,199,984	0	4,199,984
21.	Rent	309,942	0	309,942	0	309,942	0	309,942
22.	Insurance	963,266	(312,592)	650,674	0	650,674	0	650,674
23.	Regulatory commission expense	224,568	(168,394)	56,174	0	56,174	0	56,174
24.	Miscellaneous expense	1,497,272	(59,999)	1,437,273	0	1,437,273	0	1,437,273
25.	Interest on customer deposits	32,388	0	32,388	0	32,388	0	32,388
26.	Annualization & consumption adjustments	7,051	120,927	127,978	0	127,978	0	127,978
27.	Other Public Staff adjustments	0	0	0	0	0	0	0
28.	<b>Total O&amp;M and G&amp;A expense</b>	<b>32,052,002</b>	<b>(1,504,100)</b>	<b>30,547,902</b>	<b>0</b>	<b>30,547,902</b>	<b>0</b>	<b>30,547,902</b>
29.	Depreciation and amortization expense	9,926,332	57,000	9,983,332	0	9,983,332	0	9,983,332
30.	Property taxes	635,463	0	635,463	0	635,463	0	635,463
31.	Payroll taxes	779,805	8,260	788,065	0	788,065	0	788,065
32.	Other taxes	308,888	0	308,888	0	308,888	0	308,888
33.	Section 338(h) adjustment	(20,024)	0	(20,024)	0	(20,024)	0	(20,024)
34.	Regulatory fee	77,046	2,128	79,174	6,484	85,658	(277)	78,897
35.	Deferred income tax	(639,532)	(518,884)	(1,158,416)	0	(1,158,416)	0	(1,158,416)
36.	State income tax	186,463	111,915	298,378	137,480	435,858	(7,191)	291,187
37.	Federal income tax	1,266,088	759,903	2,025,991	933,489	2,959,480	(48,835)	1,977,156
38.	<b>Total operating revenue deductions</b>	<b>44,572,529</b>	<b>(1,083,778)</b>	<b>43,488,751</b>	<b>1,077,453</b>	<b>44,566,204</b>	<b>(56,303)</b>	<b>43,432,448</b>
39.	<b>Net operating income for return</b>	<b>\$10,459,659</b>	<b>\$2,604,628</b>	<b>\$13,064,287</b>	<b>\$3,554,136</b>	<b>\$16,618,423</b>	<b>(\$141,271)</b>	<b>\$12,923,016</b>

[1] Sum of Cooper Exhibit I, Schedules 3(a) through 3(e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For This Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(a)  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c)	Net Company Increase (d)	Operations After Rate Increase (e)	Net Public Staff Increase (f)	Operations After Rate Increase (g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$33,847,586	\$718,598 [1]	\$34,566,184 [11]	\$2,831,166	\$37,397,350 [11]	(\$1,159,093)	\$33,407,091 [23]
2.	Late payment fees	68,457	675 [1]	69,132 [12]	5,663	74,795 [12]	(2,318)	66,814 [12]
3.	Miscellaneous revenues	755,075	11,520 [3]	766,595	0	766,595	0	766,595
4.	Uncollectibles and Abatements	(209,998)	(4,741) [1]	(214,739) [13]	(17,588)	(232,327) [13]	7,201	(207,538) [13]
5.	<b>Total operating revenues</b>	<b>34,481,120</b>	<b>726,052</b>	<b>35,187,172</b>	<b>2,619,241</b>	<b>38,006,413</b>	<b>(1,154,210)</b>	<b>34,032,962</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	7,034,076	(275,891) [2]	6,758,185	0	6,758,185	0	6,758,185
7.	Employee pensions and benefits	2,176,268	(185,353) [2]	1,979,915	0	1,979,915	0	1,979,915
8.	Purchased water	1,674,647	(73,719) [3]	1,600,928	0	1,600,928	0	1,600,928
9.	Purchased power	2,243,790	(79,581) [4]	2,164,209	0	2,164,209	0	2,164,209
10.	Fuel for power production	935	0	935	0	935	0	935
11.	Chemicals	441,798	25,205 [4]	467,003	0	467,003	0	467,003
12.	Materials and supplies	341,233	0	341,233	0	341,233	0	341,233
13.	Testing fees	655,603	(71,311) [4]	584,292	0	584,292	0	584,292
14.	Transportation	618,442	0	618,442	0	618,442	0	618,442
15.	Contractual services - engineering	0	0	0	0	0	0	0
16.	Contractual services - accounting	117,906	0	117,906	0	117,906	0	117,906
17.	Contractual services - legal	165,006	(42,165) [5]	122,841	0	122,841	0	122,841
18.	Contractual services - management fees	0	0	0	0	0	0	0
19.	Contractual services - other	1,953,671	(36,081) [6]	1,917,590	0	1,917,590	0	1,917,590
20.	Rent	208,095	0	208,095	0	208,095	0	208,095
21.	Insurance	624,865	(188,915) [7]	435,950	0	435,950	0	435,950
22.	Regulatory commission expense	141,239	(105,911) [1]	35,328 [14]	0	35,328	0	35,328
23.	Miscellaneous expense	943,436	(37,735) [2]	905,701	0	905,701	0	905,701
24.	Interest on customer deposits	25,111	0	25,111	0	25,111	0	25,111
25.	Annualization & consumption adjustments	(12,969)	42,367 [8]	29,398	0	29,398	0	29,398
26.	Other Public Staff adjustments	0	0	0	0	0	0	0
27.	<b>Total O&amp;M and G&amp;A expense</b>	<b>19,352,152</b>	<b>(1,039,090)</b>	<b>18,313,062</b>	<b>0</b>	<b>18,313,062</b>	<b>0</b>	<b>18,313,062</b>
28.	Depreciation and amortization expense	6,678,161	(467,861) [9]	6,210,300	0	6,210,300	0	6,210,300
29.	Property taxes	492,594	0	492,594	0	492,594	0	492,594
30.	Payroll taxes	520,278	(24,633) [2]	495,645	0	495,645	0	495,645
31.	Other taxes	193,611	0	193,611	0	193,611	0	193,611
32.	Section 338(h) adjustment	(10,817)	0	(10,817)	0	(10,817)	0	(10,817)
33.	Regulatory fee	48,246	1,016 [1]	49,262 [15]	3,947	53,209 [15]	(1,616)	47,646 [15]
34.	Deferred income tax	(409,096)	(331,930) [1]	(741,026) [16]	0	(741,026) [16]	0	(741,026) [16]
35.	State income tax	122,131	83,875 [1]	206,006 [17]	84,459	290,465 [20]	(34,577)	171,429 [24]
36.	Federal income tax	829,272	569,511 [1]	1,398,783 [18]	573,476	1,972,259 [21]	(234,783)	1,164,000 [25]
37.	<b>Total operating revenue deductions</b>	<b>27,816,532</b>	<b>(1,209,113)</b>	<b>26,607,419</b>	<b>661,882</b>	<b>27,269,301</b>	<b>(270,976)</b>	<b>26,336,443</b>
38.	<b>Net operating income for return</b>	<b>\$6,644,588</b>	<b>\$1,935,165</b>	<b>\$8,579,753</b>	<b>\$2,157,359</b>	<b>\$10,737,112</b>	<b>(\$883,234)</b>	<b>\$7,696,519</b>

Agua North Carolina, Inc.  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(A)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(a)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 4, Column (a).
- [6] Cooper Exhibit I, Schedule 3-2, Line 3, Column (a).
- [7] Cooper Exhibit I, Schedule 3-3, Line 19, Column (a).
- [8] Cooper Exhibit I, Schedule 3-5(a), Line 3, Column (d).
- [9] Cooper Exhibit I, Schedule 3-6, Line 16, Column (a).
- [10] Column (a) plus Column (b), unless footnoted otherwise.
- [11] Based on the recommendation of Public Staff Engineer Junis.
- [12] Line 1 times late payment fee percentage of 0.20%.
- [13] Line 1 plus Line 2 times uncollectibles percentage of 0.37% and abatement percentage of .25%.
- [14] Cooper Exhibit I, Schedule 3-4, Line 16, Column (c).
- [15] Line 5 x 0.0014.
- [16] Based on the recommendation of Public Staff Accountant Boswell.
- [17] Cooper Exhibit I, Schedule 3-7(a), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-7(a), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-7(a), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-7(a), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-7(a), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-7(a), Line 15, Column (c).

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 487  
NET OPERATING INCOME FOR A RETURN  
For The Test Year Ended September 30, 2017  
AQUA SEWER OPERATIONS

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(b)  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c)	Net Company Increase (d)	Operations After Rate Increase (e)	Net Public Staff Increase (f)	Operations After Rate Increase (g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$12,910,194	\$549,365 [1]	\$13,459,559 [11]	\$588,226	\$14,047,785 [11]	\$216,486	\$13,676,045 [23]
2.	Late payment fees	20,926	609 [1]	21,535 [12]	941	22,476 [12]	347	21,882 [12]
3.	Miscellaneous revenues	62,657	60,720 [3]	123,377	0	123,377	0	123,377
4.	Uncollectibles and Abatements	(51,811)	(3,461) [1]	(55,272) [13]	(2,416)	(57,688) [13]	(890)	(56,162) [13]
5.	Total operating revenues	12,941,956	607,233	13,549,199	586,751	14,135,950	215,943	13,785,142
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	2,244,709	48,787 [2]	2,291,496	0	2,291,496	0	2,291,498
7.	Employee pensions and benefits	700,239	(24,330) [2]	675,909	0	675,909	0	675,909
8.	Purchased sewer treatment	440,871	0	440,871	0	440,871	0	440,871
9.	Sludge removal	457,158	13,015 [4]	470,173	0	470,173	0	470,173
10.	Purchased power	1,049,646	(5,727) [4]	1,043,919	0	1,043,919	0	1,043,919
11.	Fuel for power production	23,053	0	23,053	0	23,053	0	23,053
12.	Chemicals	541,904	47,563 [4]	589,467	0	589,467	0	589,467
13.	Materials and supplies	116,995	0	116,995	0	116,995	0	116,995
14.	Testing fees	221,947	29,364 [4]	251,311	0	251,311	0	251,311
15.	Transportation	212,266	0	212,266	0	212,266	0	212,266
16.	Contractual services - engineering	0	0	0	0	0	0	0
17.	Contractual services - accounting	29,299	0	29,299	0	29,299	0	29,299
18.	Contractual services - legal	40,904	(10,540) [5]	30,364	0	30,364	0	30,364
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	1,331,721	(10,384) [6]	1,321,337	0	1,321,337	0	1,321,337
21.	Rent	52,743	0	52,743	0	52,743	0	52,743
22.	Insurance	186,152	(36,499) [7]	149,653	0	149,653	0	149,653
23.	Advertising	555	0	555	0	555	0	555
24.	Regulatory commission expense	35,302	(26,471) [1]	8,831 [14]	0	8,831	0	8,831
25.	Miscellaneous expense	319,421	(9,431) [2]	309,990	0	309,990	0	309,990
26.	Interest on customer deposits	1,007	0	1,007	0	1,007	0	1,007
27.	Annualization & consumption adjustments	0	44,955 [8]	44,955	0	44,955	0	44,955
28.	Other Public Staff adjustments	0	0	0	0	0	0	0
29.	Total O&M and G&A expense	8,005,892	58,302	8,064,194	0	8,064,194	0	8,064,194
30.	Depreciation and amortization expense	1,860,812	377,515 [9]	2,238,327	0	2,238,327	0	2,238,327
31.	Property taxes	23,018	0	23,018	0	23,018	0	23,018
32.	Payroll taxes	166,754	(42,870) [2]	123,884	0	123,884	0	123,884
33.	Other taxes	48,126	0	48,126	0	48,126	0	48,126
34.	Section 338(h) adjustment	(5,914)	0	(5,914)	0	(5,914)	0	(5,914)
35.	Regulatory fee	18,119	850 [1]	18,969 [15]	821	19,790 [15]	302	19,271 [15]
36.	Deferred income tax	(162,911)	(132,160) [1]	(295,071) [16]	0	(295,071) [16]	0	(295,071) [16]
37.	State income tax	52,204	8,568 [1]	60,772 [17]	17,577	78,349 [20]	6,469	67,241 [24]
38.	Federal income tax	354,465	58,174 [1]	412,639 [18]	119,354	531,993 [21]	43,926	456,565 [25]
39.	Total operating revenue deductions	10,360,565	328,379	10,688,944	137,752	10,826,696	50,697	10,739,641
40.	Net operating income for return	\$2,581,401	\$278,854	\$2,860,255	\$448,989	\$3,309,254	\$165,246	\$3,025,501



Agua North Carolina, Inc.  
Docket No. W-218, Sub 487  
FOOTNOTES TO SCHEDULE 3(B)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit 1  
Schedule 3(b)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 4, Column (b).
- [6] Cooper Exhibit I, Schedule 3-2, Line 3, Column (b).
- [7] Cooper Exhibit I, Schedule 3-3, Line 19, Column (b).
- [8] Cooper Exhibit I, Schedule 3-5(b), Line 4, Column (d).
- [9] Cooper Exhibit I, Schedule 3-6, Line 16, Column (b).
- [10] Column (a) plus Column (b), unless footnoted otherwise.
- [11] Based on the recommendation of Public Staff Engineer Junis.
- [12] Line 1 times late payment fee percentage of 0.16%.
- [13] Line 1 plus Line 2 times uncollectibles percentage of 0.36% and abatement percentage of .05%.
- [14] Cooper Exhibit I, Schedule 3-4, Line 17 Column (c).
- [15] Line 5 x 0.0014.
- [16] Based on the recommendation of Public Staff Accountant Boswell.
- [17] Cooper Exhibit I, Schedule 3-7(b), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-7(b), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-7(b), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-7(b), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-7(b), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-7(b), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(c)  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [9] (c)	Net Company Increase [18] (d)	Operations After Rate Increase (e)	Net Public Staff Increase [21] (f)	Operations After Rate Increase (g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$984,504	\$100,180 [1]	\$1,084,684 [10]	\$100,090	\$1,184,774 [10]	(\$51,726)	\$1,032,958 [22]
2.	Late payment fees	2,127	269 [1]	2,386 [11]	221	2,607 [11]	(113)	2,273 [11]
3.	Miscellaneous revenues	92,938	0	92,938	0	92,938	0	92,938
4.	Uncollectibles and Abatements	(4,674)	(544) [1]	(5,218) [12]	(481)	(5,699) [12]	249	(4,969) [12]
5.	<b>Total operating revenues</b>	<b>1,074,895</b>	<b>99,895</b>	<b>1,174,790</b>	<b>99,830</b>	<b>1,274,620</b>	<b>(51,690)</b>	<b>1,123,200</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	252,642	(59,317) [2]	193,325	0	193,325	0	193,325
7.	Employee pensions and benefits	77,926	(21,618) [2]	56,308	0	56,308	0	56,308
8.	Purchased water	0	0	0	0	0	0	0
9.	Purchased power	60,866	(1,413) [3]	59,453	0	59,453	0	59,453
10.	Fuel for power production	1,474	0	1,474	0	1,474	0	1,474
11.	Chemicals	19,446	1,531 [3]	20,977	0	20,977	0	20,977
12.	Materials and supplies	5,133	0	5,133	0	5,133	0	5,133
13.	Testing fees	15,572	(5,407) [3]	10,165	0	10,165	0	10,165
14.	Transportation	15,976	0	15,976	0	15,976	0	15,976
15.	Contractual services - engineering	0	0	0	0	0	0	0
16.	Contractual services - accounting	8,207	0	8,207	0	8,207	0	8,207
17.	Contractual services - legal	11,470	(2,997) [4]	8,473	0	8,473	0	8,473
18.	Contractual services - management fees	0	0	0	0	0	0	0
19.	Contractual services - other	148,503	(2,565) [5]	145,938	0	145,938	0	145,938
20.	Rent	13,923	0	13,923	0	13,923	0	13,923
21.	Insurance	29,908	(16,893) [6]	13,015	0	13,015	0	13,015
22.	Regulatory commission expense	10,042	(7,531) [1]	2,511 [13]	0	2,511	0	2,511
23.	Miscellaneous expense	46,342	(2,681) [2]	43,661	0	43,661	0	43,661
24.	Interest on customer deposits	642	0	642	0	642	0	642
25.	Annualization & consumption adjustments	1,826	10,167 [7]	11,993	0	11,993	0	11,993
26.	Other Public Staff adjustments	0	0	0	0	0	0	0
27.	<b>Total O&amp;M and G&amp;A expense</b>	<b>719,898</b>	<b>(108,724)</b>	<b>611,174</b>	<b>0</b>	<b>611,174</b>	<b>0</b>	<b>611,174</b>
28.	Depreciation and amortization expense	115,794	64,002 [8]	179,796	0	179,796	0	179,796
29.	Property taxes	28,233	0	28,233	0	28,233	0	28,233
30.	Payroll taxes	17,802	17,435 [2]	35,237	0	35,237	0	35,237
31.	Other taxes	13,482	0	13,482	0	13,482	0	13,482
32.	Section 338(h) adjustment	0	0	0	0	0	0	0
33.	Regulatory fee	1,505	140 [1]	1,645 [14]	139	1,784 [14]	(73)	1,572 [14]
34.	Deferred income tax	(7,299)	(5,915) [1]	(13,214) [15]	0	(13,214) [15]	0	(13,214) [15]
35.	State income tax	2,874	4,920 [1]	6,694 [16]	2,991	9,885 [18]	(1,545)	5,349 [23]
36.	Federal income tax	19,513	27,300 [1]	46,813 [17]	20,307	67,120 [20]	(10,494)	36,319 [24]
37.	<b>Total operating revenue deductions</b>	<b>911,805</b>	<b>(1,742)</b>	<b>910,063</b>	<b>23,437</b>	<b>933,500</b>	<b>(12,112)</b>	<b>897,951</b>
38.	<b>Net operating income for return</b>	<b>\$163,090</b>	<b>\$101,637</b>	<b>\$264,727</b>	<b>\$76,393</b>	<b>\$341,120</b>	<b>(\$39,478)</b>	<b>\$225,249</b>

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(C)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(c)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Darden.
- [4] Cooper Exhibit I, Schedule 3-1, Line 4, Column (c).
- [5] Cooper Exhibit I, Schedule 3-2, Line 3, Column (c).
- [6] Cooper Exhibit I, Schedule 3-3, Line 19, Column (c).
- [7] Cooper Exhibit I, Schedule 3-5(a), Line 6, Column (d).
- [8] Cooper Exhibit I, Schedule 3-6, Line 16, Column (c).
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Based on the recommendation of Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.22%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 0.41% and abatement percentage of .07%.
- [13] Cooper Exhibit I, Schedule 3-4, Line 18, Column (c).
- [14] Line 5 x 0.0014.
- [15] Based on the recommendation of Public Staff Accountant Boswell.
- [16] Cooper Exhibit I, Schedule 3-7(c), Line 13, Column (a).
- [17] Cooper Exhibit I, Schedule 3-7(c), Line 15, Column (a).
- [18] Column (e) minus Column (c).
- [19] Cooper Exhibit I, Schedule 3-7(c), Line 13, Column (b).
- [20] Cooper Exhibit I, Schedule 3-7(c), Line 15, Column (b).
- [21] Column (g) minus Column (c).
- [22] Calculated by Public Staff.
- [23] Cooper Exhibit I, Schedule 3-7(c), Line 13, Column (c).
- [24] Cooper Exhibit I, Schedule 3-7(c), Line 15, Column (c).

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
NET OPERATING INCOME FOR A RETURN  
For The Test Year Ended September 30, 2017  
FAIRWAYS SEWER OPERATIONS

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(d)  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [9] (c)	Net Company Increase [16] (d)	Operations After Rate Increase (e)	Net Public Staff Increase [21] (f)	Operations After Rate Increase (g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$1,270,059	\$90,866 [1]	\$1,360,925 [10]	\$723,545	\$2,084,470 [10]	\$635,495	\$1,996,420 [22]
2.	Late payment fees	2,045	132 [1]	2,177 [11]	1,158	3,335 [11]	1,017	3,194 [11]
3.	Miscellaneous revenues	340	0	340	0	340	0	340
4.	Uncollectibles and Abatements	(6,942)	(691) [1]	(7,633) [12]	(4,059)	(11,692) [12]	(3,565)	(11,199) [12]
5.	Total operating revenues	1,265,502	90,307	1,355,809	720,644	2,076,453	632,947	1,988,756
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	202,252	(25,773) [2]	176,489	0	176,489	0	176,489
7.	Employee pensions and benefits	61,416	(11,122) [2]	50,294	0	50,294	0	50,294
8.	Purchased sewer treatment	1,572	0	1,572	0	1,572	0	1,572
9.	Sludge removal	79,175	10,034 [3]	89,209	0	89,209	0	89,209
10.	Purchased power	91,757	(3,667) [3]	88,090	0	88,090	0	88,090
11.	Fuel for power production	659	0	659	0	659	0	659
12.	Chemicals	109,032	2,161 [3]	111,193	0	111,193	0	111,193
13.	Materials and supplies	8,775	0	8,775	0	8,775	0	8,775
14.	Testing fees	16,098	(2,070) [3]	14,028	0	14,028	0	14,028
15.	Transportation	14,480	0	14,480	0	14,480	0	14,480
16.	Contractual services - engineering	0	0	0	0	0	0	0
17.	Contractual services - accounting	5,270	0	5,270	0	5,270	0	5,270
18.	Contractual services - legal	7,372	(1,904) [4]	5,468	0	5,468	0	5,468
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	115,180	(1,627) [5]	113,553	0	113,553	0	113,553
21.	Rent	8,750	0	8,750	0	8,750	0	8,750
22.	Insurance	21,554	(8,539) [6]	13,015	0	13,015	0	13,015
23.	Regulatory commission expense	6,369	(4,774) [1]	1,595 [13]	0	1,595	0	1,595
24.	Miscellaneous expense	37,173	(1,704) [2]	35,469	0	35,469	0	35,469
25.	Interest on customer deposits	14	0	14	0	14	0	14
26.	Annualization & consumption adjustments	0	12,683 [7]	12,683	0	12,683	0	12,683
27.	Other Public Staff adjustments	0	0	0	0	0	0	0
28.	Total O&M and G&A expense	786,908	(36,302)	750,606	0	750,606	0	750,606
29.	Depreciation and amortization expense	283,559	86,924 [8]	370,493	0	370,493	0	370,493
30.	Property taxes	2,527	0	2,527	0	2,527	0	2,527
31.	Payroll taxes	14,538	7,812 [2]	22,350	0	22,350	0	22,350
32.	Other taxes	8,659	0	8,659	0	8,659	0	8,659
33.	Section 338(l) adjustment	0	0	0	0	0	0	0
34.	Regulatory fee	1,772	126 [1]	1,898 [14]	1,009	2,907 [14]	886	2,784 [14]
35.	Deferred income tax	(15,721)	(12,765) [1]	(28,486) [15]	0	(28,486) [15]	0	(28,486) [15]
36.	State income tax	(2,601)	2,601 [1]	0 [16]	20,316	20,316 [19]	17,688	17,688 [23]
37.	Federal income tax	(17,660)	17,660 [1]	0 [17]	137,944	137,944 [20]	120,105	120,105 [24]
38.	Total operating revenue deductions	1,061,991	66,056	1,128,047	159,269	1,287,316	138,679	1,266,726
39.	Net operating income for return	\$203,511	\$24,251	\$227,762	\$561,375	\$789,137	\$494,268	\$722,030

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(D)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(d)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Darden.
- [4] Cooper Exhibit I, Schedule 3-1, Line 4, Column (d).
- [5] Cooper Exhibit I, Schedule 3-2, Line 3, Column (d).
- [6] Cooper Exhibit I, Schedule 3-3, Line 19, Column (d).
- [7] Cooper Exhibit I, Schedule 3-5(b), Line 8, Column (d).
- [8] Cooper Exhibit I, Schedule 3-6, Line 16, Column (d).
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Based on the recommendation of Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.16%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 0.55% and abatement percentage of .01%.
- [13] Cooper Exhibit I, Schedule 3-4, Line 19 Column (c).
- [14] Line 5 x 0.0014.
- [15] Based on the recommendation of Public Staff Accountant Boswell.
- [16] Cooper Exhibit I, Schedule 3-7(d), Line 13, Column (a).
- [17] Cooper Exhibit I, Schedule 3-7(d), Line 15, Column (a).
- [18] Column (e) minus Column (c).
- [19] Cooper Exhibit I, Schedule 3-7(d), Line 13, Column (b).
- [20] Cooper Exhibit I, Schedule 3-7(d), Line 15, Column (b).
- [21] Column (g) minus Column (c).
- [22] Calculated by Public Staff.
- [23] Cooper Exhibit I, Schedule 3-7(d), Line 13, Column (c).
- [24] Cooper Exhibit I, Schedule 3-7(d), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**NET OPERATING INCOME FOR A RETURN**  
**For The Test Year Ended September 30, 2017**  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
 Cooper Supp. Exhibit I  
 Schedule 3(e)  
 Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [9] (c)	Net Company Increase [18] (d)	Operations After Rate Increase (e)	Net Public Staff Increase [21] (f)	Operations After Rate Increase (g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$5,027,607	(\$2,002) [1]	\$5,025,605 [10]	\$414,339	\$5,439,944 [10]	\$162,962	\$5,188,567 [22]
2.	Late payment fees	19,658	(58) [1]	19,600 [11]	1,616	21,216 [11]	635	20,235 [11]
3.	Miscellaneous revenues	372,249	0	372,249	0	372,249	0	372,249
4.	Uncollectibles and Abatements	(139,809)	(577) [1]	(131,386) [12]	(10,832)	(142,218) [12]	(4,261)	(135,647) [12]
5.	Total operating revenues	<u>5,288,705</u>	<u>(2,637)</u>	<u>5,286,068</u>	<u>405,123</u>	<u>5,691,191</u>	<u>159,336</u>	<u>5,445,404</u>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	849,244	(220,594) [2]	628,650	0	628,650	0	628,650
7.	Employee pensions and benefits	293,048	(79,607) [2]	213,441	0	213,441	0	213,441
8.	Purchased water	273,245	0	273,245	0	273,245	0	273,245
9.	Purchased power	214,574	422 [3]	214,996	0	214,996	0	214,996
10.	Fuel for power production	688	0	688	0	688	0	688
11.	Chemicals	291,619	41,708 [3]	333,327	0	333,327	0	333,327
12.	Materials and supplies	33,584	0	33,584	0	33,584	0	33,584
13.	Testing fees	61,928	(19,552) [3]	42,376	0	42,376	0	42,376
14.	Transportation	57,985	0	57,985	0	57,985	0	57,985
15.	Contractual services - engineering	2,750	0	2,750	0	2,750	0	2,750
16.	Contractual services - accounting	27,419	0	27,419	0	27,419	0	27,419
17.	Contractual services - legal	38,438	(9,440) [4]	28,998	0	28,998	0	28,998
18.	Contractual services - management fees	0	0	0	0	0	0	0
19.	Contractual services - other	709,643	(8,077) [5]	701,566	0	701,566	0	701,566
20.	Rent	26,431	0	26,431	0	26,431	0	26,431
21.	Insurance	100,787	(81,746) [6]	39,041	0	39,041	0	39,041
22.	Regulatory commission expense	31,616	(23,707) [1]	7,909 [13]	0	7,909	0	7,909
23.	Miscellaneous expense	150,900	(8,448) [2]	142,452	0	142,452	0	142,452
24.	Interest on customer deposits	5,614	0	5,614	0	5,614	0	5,614
25.	Annualization & consumption adjustments	18,184	10,755 [7]	28,949	0	28,949	0	28,949
26.	Other Public Staff adjustments	0	0	0	0	0	0	0
27.	Total O&M and G&A expense	<u>3,187,707</u>	<u>(378,286)</u>	<u>2,809,421</u>	<u>0</u>	<u>2,809,421</u>	<u>0</u>	<u>2,809,421</u>
28.	Depreciation and amortization expense	987,956	(3,579) [8]	984,417	0	984,417	0	984,417
29.	Property taxes	89,088	0	89,088	0	89,088	0	89,088
30.	Payroll taxes	60,433	50,516	110,949	0	110,949	0	110,949
31.	Other taxes	45,008	0	45,008	0	45,008	0	45,008
32.	Section 339(h) adjustment	(3,293)	0	(3,293)	0	(3,293)	0	(3,293)
33.	Regulatory fee	7,404	(4) [1]	7,400 [14]	568	7,968 [14]	224	7,624 [14]
34.	Deferred income tax	(44,505)	(36,114) [1]	(80,619) [15]	0	(80,619) [15]	0	(80,619) [15]
35.	State income tax	11,855	12,851 [1]	24,706 [16]	12,137	36,843 [19]	4,774	29,480 [23]
36.	Federal income tax	80,498	87,258 [1]	167,756 [17]	82,408	250,164 [20]	32,411	200,167 [24]
37.	Total operating revenue deductions	<u>4,422,191</u>	<u>(267,358)</u>	<u>4,154,833</u>	<u>95,113</u>	<u>4,249,946</u>	<u>37,409</u>	<u>4,192,242</u>
38.	Net operating income for return	<u>\$866,514</u>	<u>\$264,721</u>	<u>\$1,131,235</u>	<u>\$310,010</u>	<u>\$1,441,245</u>	<u>\$121,927</u>	<u>\$1,253,162</u>

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**FOOTNOTES TO SCHEDULE 3(E)**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(e)  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Darden.
- [4] Cooper Exhibit I, Schedule 3-1, Line 4, Column (e).
- [5] Cooper Exhibit I, Schedule 3-2, Line 3, Column (e).
- [6] Cooper Exhibit I, Schedule 3-3, Line 19, Column (e).
- [7] Cooper Exhibit I, Schedule 3-5(a), Line 10, Column (d).
- [8] Cooper Exhibit I, Schedule 3-6, Line 16, Column (e).
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Based on the recommendation of Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.39%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 2.20% and abatement percentage of .40%.
- [13] Cooper Exhibit I, Schedule 3-4, Line 20, Column (c).
- [14] Line 5 x 0.0014.
- [15] Based on the recommendation of Public Staff Accountant Boswell.
- [16] Cooper Exhibit I, Schedule 3-7(e), Line 13, Column (a).
- [17] Cooper Exhibit I, Schedule 3-7(e), Line 15, Column (a).
- [18] Column (e) minus Column (c).
- [19] Cooper Exhibit I, Schedule 3-7(e), Line 13, Column (b).
- [20] Cooper Exhibit I, Schedule 3-7(e), Line 15, Column (b).
- [21] Column (g) minus Column (c).
- [22] Calculated by Public Staff.
- [23] Cooper Exhibit I, Schedule 3-7(e), Line 13, Column (c).
- [24] Cooper Exhibit I, Schedule 3-7(e), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO CONTRACTUAL  
SERVICES - LEGAL**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-1

Line No.	<u>Item</u>	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f)
	<u>Adjustments to NC legal fees</u>						
1.	Adjustment to remove invoices related to fines and penalties	(\$6,351)	(\$1,588)	(\$451)	(\$287)	(\$1,422)	(\$10,099) [2]
2.	Adjustment to remove pretest year invoices	(8,139)	(2,034)	(579)	(368)	(1,822)	(12,942) [2]
3.	Adjustment to remove legal fees related to legislation	<u>(27,675)</u>	<u>(6,918)</u>	<u>(1,967)</u>	<u>(1,250)</u>	<u>(6,196)</u>	<u>(44,005) [2]</u>
4.	Total adjustment to NC legal fees (Sum of L1 thru L3)	<u><u>(\$42,165)</u></u>	<u><u>(\$10,540)</u></u>	<u><u>(\$2,997)</u></u>	<u><u>(\$1,904)</u></u>	<u><u>(\$9,440)</u></u>	<u><u>(\$67,046) [3]</u></u>

- [1] Column (f) allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.  
[2] Amount provided by the Company.  
[3] Sum of Column (a) thru Column (e).



Agua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO CONTRACT SERVICES-OTHER**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-2

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)	<u>Total</u> (f)
1.	Adjustment to remove pretest year expenses	\$0	(\$1,366) [1]	\$0	\$0	\$0	(\$1,366) [4]
2.	Adjustment to NC 811 locates	<u>(36,081) [2]</u>	<u>(9,018) [2]</u>	<u>(2,565) [2]</u>	<u>(1,627) [2]</u>	<u>(8,077) [2]</u>	<u>(57,368) [3]</u>
3.	Adjustment to miscellaneous expense (L1 + L2)	<u>(\$36,081)</u>	<u>(\$10,384)</u>	<u>(\$2,565)</u>	<u>(\$1,627)</u>	<u>(\$8,077)</u>	<u>(\$58,734) [4]</u>

- [1] Amount provided by the Company in response to Public Staff data request.
- [2] Allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.
- [3] Provided by Public Staff Engineer Junis.
- [4] Sum of Column (a) through Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO INSURANCE EXPENSE**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [4] (f)
1.	Workers compensation premium	\$36,343 [1]	\$12,476 [1]	\$1,085 [1]	\$1,085 [1]	\$3,255 [1]	\$54,243
2.	Automobile premium	32,446 [1]	11,138 [1]	969 [1]	969 [1]	2,906 [1]	48,427
3.	General liability premium	53,321 [1]	18,304 [1]	1,592 [1]	1,592 [1]	4,775 [1]	79,584
4.	Property insurance	64,790 [2]	22,241 [2]	1,934 [2]	1,934 [2]	5,802 [2]	96,701
5.	Umbrella premium	71,979 [2]	24,709 [2]	2,149 [2]	2,149 [2]	6,446 [2]	107,431
6.	Marsh fees	25,463 [2]	8,741 [2]	760 [2]	760 [2]	2,280 [2]	38,005
7.	Executive risk	28,706 [2]	9,854 [2]	857 [2]	857 [2]	2,571 [2]	42,845
8.	Pollution insurance	14,058 [2]	4,826 [2]	420 [2]	420 [2]	1,259 [2]	20,982
9.	Cyber security	9,184 [2]	3,153 [2]	274 [2]	274 [2]	822 [2]	13,708
10.	Claims handling expense	7,866 [2]	2,700 [2]	235 [2]	235 [2]	704 [2]	11,741
11.	Total allocated costs (Sum of L1 thru L10)	<u>344,156</u>	<u>118,142</u>	<u>10,275</u>	<u>10,275</u>	<u>30,820</u>	<u>513,667</u>
12.	Directly assigned costs:						
13.	Workers compensation claims	48,396 [1]	16,614 [1]	1,445 [1]	1,445 [1]	4,334 [1]	72,233
14.	Automobile claims	25,581 [1]	8,781 [1]	764 [1]	764 [1]	2,291 [1]	38,180
15.	General liability claims	16,879 [1]	5,794 [1]	504 [1]	504 [1]	1,512 [1]	25,193
16.	Surety bonds	938 [2]	322 [2]	28 [2]	28 [2]	84 [2]	1,400
17.	Total insurance per Public Staff (Sum of L13 thru L16)	<u>435,950</u>	<u>149,653</u>	<u>13,016</u>	<u>13,016</u>	<u>39,041</u>	<u>650,673</u>
18.	Less: Amount per Company	<u>624,865 [3]</u>	<u>186,152 [3]</u>	<u>29,909 [3]</u>	<u>21,555 [3]</u>	<u>100,787 [3]</u>	<u>963,268</u>
19.	Adjustment to insurance expense (L17 - L18)	<u><u>(\$188,915)</u></u>	<u><u>(\$36,499)</u></u>	<u><u>(\$16,893)</u></u>	<u><u>(\$8,539)</u></u>	<u><u>(\$61,746)</u></u>	<u><u>(\$312,595)</u></u>

[1] Column (f) times salaries expensed percentages on Henry Exhibit I, Schedule 2, Line 9.

[2] Column (f) times ratio of salaries for each rate division in relation to total salaries.

[3] NCUC Form W-1, Item 10, Exhibit B3-q, Column (d).

[4] Cooper Exhibit I, Schedule 3-3(a), Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INSURANCE  
EXPENSE FOR NORTH CAROLINA**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3(a)

Line No.	Item	Total To Be Allocated [1] (a)	Percentage To NC (b)	Amount To NC [8] (c)	Percentage to Expenses In This Case (d)	Insurance Expense per Public Staff [14] (e)
1.	Workers compensation premium	\$696,639	9.87% [2]	\$68,758	78.89% [13]	\$54,243
2.	Automobile premium	381,519	16.09% [3]	61,386	78.89% [13]	48,427
3.	General liability premium	898,239	8.86% [4]	79,584	100.00%	79,584
4.	Property insurance	1,112,784	8.69% [5]	96,701	100.00%	96,701
5.	Umbrella premium	1,179,263	9.11% [6]	107,431	100.00%	107,431
6.	Marsh fees	417,184	9.11% [6]	38,005	100.00%	38,005
7.	Executive risk	470,312	9.11% [6]	42,845	100.00%	42,845
8.	Pollution insurance	315,526	6.65% [7]	20,982	100.00%	20,982
9.	Cyber security	157,750	8.69% [5]	13,708	100.00%	13,708
10.	Claims handling expense	135,113	8.69% [5]	11,741	100.00%	11,741
11.	Total allocated costs (Sum of L1 thru L10)			<u>541,141</u>		<u>513,667</u>
12.	Directly assigned costs:					
13.	Workers compensation claims			91,562 [9]	78.89% [13]	72,233
14.	Automobile claims			48,397 [10]	78.89% [13]	38,180
15.	General liability claims			25,193 [11]	100.00%	25,193
16.	Surety bonds			1,400 [12]	100.00%	1,400
17.	Total insurance per Public Staff (Sum of L13 thru L16)			<u>\$707,693</u>		<u>\$650,673</u>

[1] Based on current insurance policies and information provided by Company.

[2] Cooper Exhibit I, Schedule 3-3(b), Line 9, Column (a).

[3] Cooper Exhibit I, Schedule 3-3(b), Line 11, Column (a).

[4] Cooper Exhibit I, Schedule 3-3(b), Line 5, Column (a).

[5] Cooper Exhibit I, Schedule 3-3(b), Line 13, Column (a).

[6] Overall allocation factor for non-regulated and regulated operations for the test year based on information from Docket No. W- 218, Sub 363.

[7] Cooper Exhibit I, Schedule 3-3(b), Line 15, Column (a).

[8] Column (a) times Column (b).

[9] Cooper Exhibit I, Schedule 3-3(c), Line 8, Column (a).

[10] Cooper Exhibit I, Schedule 3-3(c), Line 8, Column (b).

[11] Cooper Exhibit I, Schedule 3-3(c), Line 8, Column (c).

[12] Based on information provided by Company.

[13] Capitalization rate as shown on NCUC Form W-1, Item 10, Exhibit B1/B2-Labor Summary, Line 17, Column (e).

[14] Column (c) times Column (d).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF AQUA NC**  
**ALLOCATION FACTORS FOR INSURANCE**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3(b)

Line No.	Item	Aqua NC (a)	Other (b)	Total Aqua America (c)
<b>Payroll factors</b>				
1.	Payroll amounts	\$6,955,873 [1]	\$64,277,825 [5]	\$71,233,698 [1]
2.	Aqua Services payroll	4,379,647 [2]	58,694,808 [5]	63,074,455 [1]
3.	Payroll for call centers	1,184,974 [3]	5,796,956 [5]	6,981,930 [1]
4.	Total payroll (L1 + L2 + L3)	<u>\$12,520,494</u>	<u>\$128,769,589</u>	<u>\$141,290,083</u>
5.	Payroll factor for general liability	<u>8.86% [4]</u>	<u>91.14% [4]</u>	<u>100.00% [6]</u>
6.	Total payroll (L4)	\$12,520,494	\$128,769,589	\$141,290,083
7.	Less: Ohio payroll	0 [1]	14,405,891 [5]	14,405,891 [1]
8.	Total payroll excluding Ohio (L6 - L7)	<u>\$12,520,494</u>	<u>\$114,363,698</u>	<u>\$126,884,192</u>
9.	Payroll factor for workers compensation	<u>9.87% [4]</u>	<u>90.13% [4]</u>	<u>100.00%</u>
<b>Automobile factor</b>				
10.	Number of automobiles	191 [1]	996 [5]	1,187 [1]
11.	Automobile factor	<u>16.09% [4]</u>	<u>83.91% [4]</u>	<u>100.00% [6]</u>
<b>Property factor</b>				
12.	Property values	\$227,883,374 [1]	\$2,395,601,654 [5]	\$2,623,485,028 [1]
13.	Property factor	<u>8.69% [4]</u>	<u>91.31% [4]</u>	<u>100.00% [6]</u>
<b>Pollution control factor</b>				
14.	Revenues used to calculate premium	\$51,993,564 [1]	\$729,596,196 [5]	\$781,589,760 [1]
15.	Pollution control factor	<u>6.65% [4]</u>	<u>93.35% [4]</u>	<u>100.00% [6]</u>

- [1] Based on information provided by Company.
- [2] Based on information provided by Company.
- [3] Based on information provided by Company.
- [4] Allocation percentage calculated based on amounts in for Aqua America in Column (c).
- [5] Column (c) minus Column (a).
- [6] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF AVERAGE CLAIMS**  
**PAID FOR AQUA NC**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3(c)

<u>Line No.</u>	<u>Item</u>	<u>Workers Compensation</u> (a)	<u>Automobile</u> (b)	<u>General Liability</u> (c)
1.	Claims paid in 2013	\$18,836 [1]	\$0 [1]	\$27,257 [1]
2.	Claims paid in 2014	18,928 [1]	58,770 [1]	23,500 [1]
3.	Claims paid in 2015	318,207 [1]	27,315 [1]	65,367 [1]
4.	Claims paid in 2016	59,745 [1]	101,885 [1]	0 [1]
5.	Claims paid in 2017	<u>42,092 [1]</u>	<u>54,015 [1]</u>	<u>9,843 [1]</u>
6.	Total claims paid for 2013 thru 2017 (Sum of L1 thru L5)	457,808	241,985	125,957
7.	Number of years	<u>5</u>	<u>5</u>	<u>5</u>
8.	Five year average of claims paid (L6 / L7)	<u>\$91,562</u>	<u>\$48,397</u>	<u>\$25,193</u>

[1] Based on information provided by Company.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-4

Line No.	Item	Total Cost (a)	Amortization Period (b)	Annual Expense (c)	Unamortized Balance (d) [6]
1.	Legal fees - Current Proceeding	\$86,192 [1]	5	\$17,238 [4]	\$68,954
2.	Legal fees - Defending WSIC/SSIC	55,560 [1]	5	11,112 [4]	44,448
3.	ROE/Capital Structure Witness	9,116 [1]	5	1,823 [4]	7,293
4.	Depreciation Study	55,000 [1]	5	11,000 [4]	44,000
5.	Volumetric Wastewater Rate Structure and Consumption Adjustment	26,000 [1]	5	5,200 [4]	20,800
6.	Communications Initiative	0 [1]	5	0 [4]	0
7.	Customer Education/Mailings	0 [1]	5	0 [4]	0
8.	Billing Analysis/Rate Design	0 [1]	5	0 [4]	0
9.	Aqua Service Company Capitalized Time	5,203 [1]	5	1,041 [4]	4,162
10.	Mailing Customer Notices	43,298 [1]	5	8,660 [4]	34,638
11.	External Auditor Fee	0 [1]	5	0 [4]	0
12.	Travel Expenses	0 [1]	5	0 [4]	0
13.	Rate Case Filing Fee	500 [1]	5	100 [4]	400
14.	NC Department of Commerce Fee	0 [1]	5	0 [4]	0
15.	Total rate case expenses (Sum of L1 thru L14)	<u>\$280,869</u>		<u>\$56,174</u>	<u>\$224,695</u>
<u>Allocation of current proceeding:</u>					
16.	Aqua water	\$176,639 [2]		\$35,328 [5]	\$141,311
17.	Aqua sewer	44,153 [2]		8,831 [5]	35,322
18.	Fairways water	12,555 [2]		2,511 [5]	10,044
19.	Fairways sewer	7,977 [2]		1,595 [5]	6,382
20.	Brookwood water	39,546 [2]		7,909 [5]	31,637
21.	Total allocated to rate entities (Sum of L16 thru L20)	<u>\$280,870</u>		<u>\$56,174</u>	<u>\$224,696</u>

[1] Update amount provided by the Company in response to Public Staff data requests.

[2] Line 15, Column (a) multiplied by North Carolina customer ratio for each entity.

[3] Amortization period recommended by the Public Staff.

[4] Column (a) divided by Column (b).

[5] Line 15, Column (c) multiplied by North Carolina customer ratio for each entity.

[6] Column (a) minus Column (c).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION AND  
CONSUMPTION ADJUSTMENTS**  
For The Test Year Ended September 30, 2017  
**WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-5(a)

Line No:	<u>Item</u>	<u>As Adjusted</u> (a)	<u>Annualization Adjustment</u> [4] (b)	<u>Consumption Adjustment</u> [6] (c)	<u>Total Adjustment</u> [8] (d)
	<u>Aqua water</u>				
1.	Purchased power	\$2,164,209 [1]	\$45,232	(\$10,384)	\$34,848
2.	Chemicals	467,003 [1]	9,760	(2,241)	7,519
3.	Total - Aqua water	<u>\$2,631,212</u>	<u>\$54,992</u>	<u>(\$12,625)</u>	<u>\$42,367</u>
	<u>Fairways water</u>				
4.	Purchased power	\$59,453 [2]	\$5,583	\$1,932	\$7,515
5.	Chemicals	20,977 [2]	1,970	682	2,652
6.	Total - Fairways water	<u>\$80,430</u>	<u>\$7,553</u>	<u>\$2,614</u>	<u>\$10,167</u>
	<u>Brookwood water</u>				
7.	Purchased power	\$214,996 [3]	\$1,591	\$2,621	\$4,212
8.	Fuel for power production	688 [3]	5	8	13
9.	Chemicals	333,327 [3]	2,467	4,063	6,530
10.	Total - Brookwood water	<u>\$549,011</u>	<u>\$4,063</u>	<u>\$6,692</u>	<u>\$10,755</u>
	<u>Factors to be applied per Public Staff:</u>				
11.	Aqua water		2.09% [5]	-0.47% [7]	
12.	Fairways water		9.39% [5]	2.97% [7]	
13.	Brookwood water		0.74% [5]	1.21% [7]	

- [1] Cooper Exhibit I, Schedule 3(a), Column (c), Lines 9 and 11, respectively.  
[2] Cooper Exhibit I, Schedule 3(c), Column (c), Lines 9 and 11, respectively.  
[3] Cooper Exhibit I, Schedule 3(e), Column (c), Lines 9, 10 and 11.  
[4] Column (a) times annualization factor for rate entity listed in Lines 11 through 13.  
[5] Cooper Exhibit I, Schedule 3-5(a)(1), Column (c).  
[6] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 11 through 13.  
[7] Cooper Exhibit I, Schedule 3-5(a)(1), Column (d).  
[8] Column (b) plus Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION  
AND CONSUMPTION FACTORS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-5(a)(1)

Line No.	Item	Annualization Factors			
		Bills for Test Year 9/30/2017 [1]	Pro Forma Bills per Public Staff [1]	Annualization Factor [2]	Consumption Factor [1]
		(a)	(b)	(c)	(d)
1.	Aqua water	723,239	738,361	2.09%	-0.47%
2.	Aqua sewer	182,301	190,779	4.65%	-1.85%
3.	Fairways water	50,503	55,244	9.39%	2.97%
4.	Fairways sewer	32,528	34,909	7.32%	-0.91%
5.	Brookwood water	163,224	164,424	0.74%	1.21%

[1] Based on information provided by Public Staff Engineer Junis.

[2] [Column (b) minus Column (a)] divided by Column (a).



**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION  
ADJUSTMENT**  
For The Test Year Ended September 30, 2017  
**SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-5(b)

Line No.	Item	As Adjusted (a)	Annualization Adjustment [3] (b)	Consumption Adjustment [5] (c)	Total Adjustment [6] (d)
<b>Aqua sewer</b>					
1.	Purchased power	\$1,043,919 [1]	\$48,542	(\$20,211)	\$28,331
2.	Fuel for production	23,053 [1]	1,072	(446)	626
3.	Chemicals	589,467 [1]	27,410	(11,412)	15,998
4.	<b>Total - Aqua sewer</b>	<b>\$1,656,439</b>	<b>\$77,024</b>	<b>(\$32,069)</b>	<b>\$44,955</b>
<b>Fairways sewer</b>					
5.	Purchased power	\$88,090 [2]	\$6,448	(\$860)	\$5,588
6.	Fuel for production	659 [2]	48	(6)	42
7.	Chemicals	111,193 [2]	8,139	(1,086)	7,053
8.	<b>Total - Fairways sewer</b>	<b>\$199,942</b>	<b>\$14,635</b>	<b>(\$1,952)</b>	<b>\$12,683</b>
<b>Factors to be applied per Public Staff:</b>					
9.	Aqua sewer		4.65% [4]	-1.85% [4]	
10.	Fairways sewer		7.32% [4]	-0.91% [4]	

- [1] Cooper Exhibit I, Schedule 3(b), Column (c), Lines 10, 11 and 12.  
[2] Cooper Exhibit I, Schedule 3(d), Column (c), Lines 10, 11 and 12.  
[3] Column (a) times annualization factor for rate entity listed in Lines 9 and 10.  
[4] Cooper Exhibit I, Schedule 3-5(a)(1), Column (c), Lines 2 and 4, respectively.  
[5] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 9 and 10.  
[6] Column (b) plus Column (c).

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**CALCULATION OF DEPRECIATION  
AND AMORTIZATION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-6

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
<b><u>Depreciation expense</u></b>						
1.	Adjustment to post test year additions	\$7,621 [1]	\$188,562 [1]	\$19,633 [1]	\$66,698 [1]	\$11,553 [1]
2.	Adjustment for vehicle purchases	(339,901) [2]	197,906 [2]	53,989 [2]	56,936 [2]	31,070 [2]
3.	Adjustment for meters and meter installations	(93,543) [3]	0	0	0	(46,184) [3]
4.	Adjustment to reduce rate base-Neuse Colony	0	(2,746) [8]	0	0	0
5.	Remove costs related to future customers	173 [4]	0	0	0	0
6.	Adjustment to excess capacity	0	20,372 [9]	0	0	0
7.	Total adjustment to depreciation expense	<u>(425,650)</u>	<u>404,094</u>	<u>73,623</u>	<u>123,634</u>	<u>(3,561)</u>
<b><u>CIAC amortization expense</u></b>						
8.	Adjustment to include post test year additions	(46,358) [5]	(54,585) [5]	(9,621) [5]	(36,710) [5]	(18) [5]
9.	Adjustment for Neuse Colony Wastewater Plant	0	42,676 [10]	0	0	0
10.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	8,997 [11]	0	0	0
11.	Adjustment to excess capacity	0	(23,667) [12]	0	0	0
12.	Total adjustment to CIAC amortization	<u>(46,358)</u>	<u>(26,579)</u>	<u>(9,621)</u>	<u>(36,710)</u>	<u>(18)</u>
<b><u>Amortization of acquisition adjustments</u></b>						
13.	Adjustment to acquisition incentive adjustments-Mountain Ridge	2,500 [6]	0	0	0	0
14.	Include Mid South growth related PAA through 6/30/18	1,647 [7]	0	0	0	0
15.	Total adjustment to amortization - acq. adj.	<u>4,147</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16.	Total Public Staff adjustment (L7 + L12 + L15)	<u>(\$467,861)</u>	<u>\$377,515</u>	<u>\$64,002</u>	<u>\$86,924</u>	<u>(\$3,579)</u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 15.  
[2] Cooper Exhibit I, Schedule 2-1(c), Line 3.  
[3] Calculated using a depreciation rate of 3.30%, half year convention.  
[4] Cooper Exhibit I, Schedule 2-1, Line 2, Column (a) times composite depreciation rate of 2.45%.  
[5] Cooper Exhibit I, Schedule 2-3, Line 9, Columns (a) thru (e).  
[6] Cooper Exhibit I, Schedule 2-4, Line 7, Column (a).  
[7] Cooper Exhibit I, Schedule 2-4, Line 8, Column (a).  
[8] Calculated using a depreciation rate of 2.77%, half year convention.  
[9] Cooper Exhibit I, Schedule 2-6, Line 18, Column (d).  
[10] Cooper Exhibit I, Schedule 2-3, Line 10, Column (b).  
[11] Cooper Exhibit I, Schedule 2-3, Line 11, Column (b).  
[12] Cooper Exhibit I, Schedule 2-6, Line 18, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(a)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$35,187,172</u>	<u>\$38,006,413</u>	<u>\$34,032,962</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	18,313,062	18,313,062	18,313,062
3.	Depreciation and amortization expense	6,210,300	6,210,300	6,210,300
4.	Property taxes	492,594	492,594	492,594
5.	Payroll taxes	495,645	495,645	495,645
6.	Other taxes	193,611	193,611	193,611
7.	Section 338(h) adjustment	(10,817)	(10,817)	(10,817)
8.	Regulatory fee	49,262	53,209	47,646
9.	Gross receipts tax	0	0	0
10.	Interest expense	<u>2,576,636</u> [2]	<u>2,576,636</u> [4]	<u>2,576,636</u> [6]
11.	Total deductions (Sum of L2 thru L10)	<u>28,320,292</u>	<u>28,324,239</u>	<u>28,318,676</u>
12.	Taxable income (L1 - L11)	<u>6,866,880</u>	<u>9,682,174</u>	<u>5,714,286</u>
13.	State income tax (L12 x 3.00%)	<u>206,006</u>	<u>290,465</u>	<u>171,429</u>
14.	Federal taxable income (L12 - L13)	<u>6,660,874</u>	<u>9,391,709</u>	<u>5,542,857</u>
15.	Federal income tax (L14 x 21.00%)	<u>1,398,783</u>	<u>1,972,259</u>	<u>1,164,000</u>
16.	Excess deferred income tax amortization	<u>(741,026)</u>	<u>(741,026)</u>	<u>(741,026)</u>
17.	Net amount (L12 - L13 - L15 - L16)	6,003,117	8,160,476	5,119,883
18.	Add: interest expense	<u>2,576,636</u> [2]	<u>2,576,636</u> [4]	<u>2,576,636</u> [6]
19.	Net income for return (L17 + L18)	<u>\$8,579,753</u>	<u>\$10,737,112</u>	<u>\$7,696,519</u>

- [1] Cooper Exhibit I, Schedule 3(a), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(a), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(a), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(a), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(a), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(a), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(b)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$13,549,199</u>	<u>\$14,135,950</u>	<u>\$13,765,142</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	8,064,194	8,064,194	8,064,194
3.	Depreciation and amortization expense	2,238,327	2,238,327	2,238,327
4.	Property taxes	23,018	23,018	23,018
5.	Payroll taxes	123,884	123,884	123,884
6.	Other taxes	48,126	48,126	48,126
7.	Section 338(h) adjustment	(5,914)	(5,914)	(5,914)
8.	Regulatory fee	18,969	19,790	19,271
9.	Gross receipts tax	0	0	0
10.	Interest expense	<u>1,012,875 [2]</u>	<u>1,012,875 [4]</u>	<u>1,012,875 [6]</u>
11.	Total deductions (Sum of L2 thru L10)	<u>11,523,479</u>	<u>11,524,300</u>	<u>11,523,781</u>
12.	Taxable income (L1 - L11)	<u>2,025,720</u>	<u>2,611,650</u>	<u>2,241,361</u>
13.	State income tax (L12 x 3.00%)	<u>60,772</u>	<u>78,349</u>	<u>67,241</u>
14.	Federal taxable income (L12 - L13)	<u>1,964,948</u>	<u>2,533,301</u>	<u>2,174,120</u>
15.	Federal income tax (L14 x 21.00%)	<u>412,639</u>	<u>531,993</u>	<u>456,565</u>
16.	Excess deferred income tax amortization	(295,071)	(295,071)	(295,071)
17.	Net amount (L12 - L13 - L15 - L16)	1,847,380	2,296,379	2,012,626
18.	Add: interest expense	<u>1,012,875 [2]</u>	<u>1,012,875 [4]</u>	<u>1,012,875 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$2,860,255</u>	<u>\$3,309,254</u>	<u>\$3,025,501</u>

- [1] Cooper Exhibit I, Schedule 3(b), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(b), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(b), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(b), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(b), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(b), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(c)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$1,174,790</u>	<u>\$1,274,620</u>	<u>\$1,123,200</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	611,174	611,174	611,174
3.	Depreciation and amortization expense	179,796	179,796	179,796
4.	Property taxes	28,236	28,236	28,236
5.	Payroll taxes	35,237	35,237	35,237
6.	Other taxes	13,482	13,482	13,482
7.	Section 338(h) adjustment	0	0	0
8.	Regulatory fee	1,645	1,784	1,572
9.	Gross receipts tax	0	0	0
10.	Interest expense	75,409 [2]	75,409 [4]	75,409 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>944,979</u>	<u>945,118</u>	<u>944,906</u>
12.	Taxable income (L1 - L11)	<u>229,811</u>	<u>329,502</u>	<u>178,294</u>
13.	State income tax (L12 x 3.00%)	<u>6,894</u>	<u>9,885</u>	<u>5,349</u>
14.	Federal taxable income (L12 - L13)	<u>222,917</u>	<u>319,617</u>	<u>172,945</u>
15.	Federal income tax (L14 x 21.00%)	<u>46,813</u>	<u>67,120</u>	<u>36,319</u>
16.	Excess deferred income tax amortization	<u>(13,214)</u>	<u>(13,214)</u>	<u>(13,214)</u>
17.	Net amount (L12 - L13 - L15 - L16)	189,318	265,711	149,840
18.	Add: interest expense	75,409 [2]	75,409 [4]	75,409 [6]
19.	Net income for return (L17 + L18)	<u>\$264,727</u>	<u>\$341,120</u>	<u>\$225,249</u>

- [1] Cooper Exhibit I, Schedule 3(c), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(c), Line 1; Column (e).  
[3] Cooper Exhibit I, Schedule 3(c), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(c), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(c), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(c), Line 7, Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(d)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$1,355,809</u>	<u>\$2,076,453</u>	<u>\$1,988,756</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	750,606	750,606	750,606
3.	Depreciation and amortization expense	370,493	370,493	370,493
4.	Property taxes	2,527	2,527	2,527
5.	Payroll taxes	22,350	22,350	22,350
6.	Other taxes	8,659	8,659	8,659
7.	Section 338(h) adjustment	0	0	0
8.	Regulatory fee	1,898	2,907	2,784
9.	Gross receipts tax	0	0	0
10.	Interest expense	<u>241,721 [2]</u>	<u>241,721 [4]</u>	<u>241,721 [6]</u>
11.	Total deductions (Sum of L2 thru L10)	<u>1,398,254</u>	<u>1,399,263</u>	<u>1,399,140</u>
12.	Taxable income (L1 - L11)	<u>(42,445)</u>	<u>677,190</u>	<u>589,616</u>
13.	State income tax (L12 x 3.00%)	<u>0</u>	<u>20,316</u>	<u>17,688</u>
14.	Federal taxable income (L12 - L13)	<u>(42,445)</u>	<u>656,874</u>	<u>571,928</u>
15.	Federal income tax (L14 x 21.00%)	<u>0</u>	<u>137,944</u>	<u>120,105</u>
16.	Excess deferred income tax amortization	<u>(28,486)</u>	<u>(28,486)</u>	<u>(28,486)</u>
17.	Net amount (L12 - L13 - L15 - L16)	<u>(13,959)</u>	<u>547,416</u>	<u>480,309</u>
18.	Add: interest expense	<u>241,721 [2]</u>	<u>241,721 [4]</u>	<u>241,721 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$227,762</u>	<u>\$789,137</u>	<u>\$722,030</u>

[1] Cooper Exhibit I, Schedule 3(d), Column (c), unless footnoted otherwise.

[2] Cooper Exhibit I, Schedule 1(d), Line 1, Column (e).

[3] Cooper Exhibit I, Schedule 3(d), Column (e), unless footnoted otherwise.

[4] Cooper Exhibit I, Schedule 1(d), Line 4, Column (e).

[5] Cooper Exhibit I, Schedule 3(d), Column (g), unless footnoted otherwise.

[6] Cooper Exhibit I, Schedule 1(d), Line 7, Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(e)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$5,286,068</u>	<u>\$5,691,191</u>	<u>\$5,445,404</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	2,809,421	2,809,421	2,809,421
3.	Depreciation and amortization expense	984,417	984,417	984,417
4.	Property taxes	89,088	89,088	89,088
5.	Payroll taxes	110,949	110,949	110,949
6.	Other taxes	45,008	45,008	45,008
7.	Section 338(h) adjustment	(3,293)	(3,293)	(3,293)
8.	Regulatory fee	7,400	7,968	7,624
9.	Gross receipts tax	0	0	0
10.	Interest expense	419,533 [2]	419,533 [4]	419,533 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>4,462,523</u>	<u>4,463,091</u>	<u>4,462,747</u>
12.	Taxable income (L1 - L11)	<u>823,545</u>	<u>1,228,100</u>	<u>982,657</u>
13.	State income tax (L12 x 3.00%)	<u>24,706</u>	<u>36,843</u>	<u>29,480</u>
14.	Federal taxable income (L12 - L13)	<u>798,839</u>	<u>1,191,257</u>	<u>953,177</u>
15.	Federal income tax (L14 x 21.00%)	<u>167,756</u>	<u>250,164</u>	<u>200,167</u>
16.	Excess deferred income tax amortization	<u>(80,619)</u>	<u>(80,619)</u>	<u>(80,619)</u>
17.	Net amount (L12 - L13 - L15 - L16)	711,702	1,021,712	833,629
18.	Add: interest expense	419,533 [2]	419,533 [4]	419,533 [6]
19.	Net income for return (L17 + L18)	<u>\$1,131,235</u>	<u>\$1,441,245</u>	<u>\$1,253,162</u>

- [1] Cooper Exhibit I, Schedule 3(e), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(e), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(e), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(e), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(e), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(e), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF NORTH CAROLINA FACTORS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 4

Line No.	<u>Item</u>	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f) [6]
<u>All NC customer ratio</u>							
1.	Number of customers	60,783 [1]	15,198 [1]	4,323 [1]	2,742 [1]	13,611 [1]	96,657
2.	North Carolina customer ratio	62.89% [2]	15.72% [2]	4.47% [2]	2.84% [2]	14.08% [2]	100.00%
<u>Aqua water &amp; sewer customer ratio</u>							
3.	Number of customers for Aqua uniform	60,783 [1]	15,198 [1]				75,981
4.	Aqua water & sewer customer ratio	80.00% [3]	20.00% [3]				100.00%
<u>Fairways water &amp; sewer customer ratio</u>							
5.	Number of customers for Fairways			4,323 [1]	2,742 [1]		7,065
6.	Fairways water % sewer customer ratio			61.19% [5]	38.81% [5]		100.00%
<u>NC water customer ratio</u>							
7.	Number of water customers	60,783 [1]		4,323 [1]		13,611 [1]	78,717
8.	Water customer ratio	77.22% [4]		5.49%		17.29%	100.00%

- [1] Customers as of September 30, 2017, per Company (NCUC Form W-1, Item 10, Appendix 3, Line 1).
- [2] Calculated based on number of customers on Line 1.
- [3] Calculated based on number of customers on Line 3.
- [4] Calculated based on number of customers on Line 7.
- [5] Calculated based on number of customers on Line 5.
- [6] Sum of Columns (a) through (e).



**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
**For The Test Year Ended September 30, 2017**

Public Staff  
Cooper Supp. Exhibit II  
Schedule 1  
Page 1 of 2

Line No.	Item	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Fairways Water [1] (c)	Fairways Sewer [1] (d)	Brookwood Water [1] (e)	Total [2] (f)
1.	Increase / (decrease) in total revenues per Company	\$2,773,109	\$628,764	\$90,748	\$671,750	\$771,145	\$4,935,516
2.	Difference in calculation of revenue requirement based on Company amounts	52	3	2	8	379	444
3.	Adjust debt cost rate to 4.63%	(60,931)	(21,292)	(1,617)	(4,988)	(10,123)	(98,951)
4.	Adjust return on equity to 9.20%	(1,228,856)	(429,412)	(32,605)	(100,612)	(204,171)	(1,995,656)
5.	Update salaries and wages through 6/30/18	61,206	150,467	(49,103)	(19,176)	(183,779)	(40,385)
6.	Remove open positions	(128,865)	(45,571)	(45)	(20)	(179)	(174,680)
7.	Remove one-half of 4 operator's salaries	(34,869)	(14,326)	(105)	(73)	(8,759)	(58,132)
8.	Adjustment to reflect actual OT pay	(18,707)	(3,112)	(132)	(53)	3,411	(18,593)
9.	Adjustment to remove 30% of bonuses for goals related to shareholders	(20,423)	(6,956)	(447)	(408)	(1,457)	(29,691)
10.	Adjustment to allocate executive compensation	(134,619)	(33,649)	(9,568)	(6,080)	(30,139)	(214,055)
11.	Adjustment for Neuse Colony sewer expansion	0	(176,585)	0	0	0	(176,585)
12.	Adjustment to rate base-Neuse Colony	0	41,309	0	0	0	41,309
13.	Update pensions & benefits through 6/30/18	(179)	37,988	(14,022)	(5,046)	(55,380)	(36,639)
14.	Remove benefits related to open positions	(131,742)	(44,699)	(3,747)	(3,463)	(12,392)	(196,043)
15.	Remove one-half of 4 operator's benefits	(10,598)	(3,596)	(301)	(278)	(996)	(15,769)
16.	Remove Prof ACO and Corp S&S data	4,163	825	222	116	1,046	6,372
17.	Remove duplicate Health Advocate	(6,356)	(2,156)	(181)	(167)	(598)	(9,458)
18.	Adjustment to allocate executive benefits	(50,914)	(12,727)	(3,619)	(2,299)	(11,399)	(80,958)
19.	Adjustment to insurance expense	(189,180)	(36,550)	(16,917)	(8,551)	(61,833)	(313,031)
20.	Adjustment to board of directors fees	(42,266)	(10,564)	(3,003)	(1,909)	(9,462)	(67,204)
21.	Adjustment to communication initiative	4,478	1,120	318	202	1,002	7,120
22.	Adjustment to service revenues	(718,598)	(549,365)	(100,180)	(90,866)	2,002	(1,457,007)
23.	Adjustment to miscellaneous revenues	(11,520)	(60,720)	0	0	0	(72,240)
24.	Annualization and consumption adjustments	42,426	45,018	10,181	12,701	10,770	121,096
25.	Adjustment for post test year plant additions	(278,542)	585,496	13,297	117,380	8,722	446,353
26.	Update advances for construction	(8,521)	(5,708)	1,159	(416)	0	(13,486)
27.	Remove costs related to future customers	672	0	0	0	0	672
28.	Adjustment to remove pretest year legal invoices	(8,151)	(2,037)	(579)	(368)	(1,825)	(12,960)
29.	Adjustment for allocated vehicles	(440,205)	241,303	67,089	63,343	68,469	(1)
30.	Adjustment for legal fees related to fines & penalties	(6,360)	(1,590)	(452)	(287)	(1,424)	(10,113)
31.	Adjustment accumulated deferred income taxes	627,037	155,350	9,815	23,589	64,781	880,572
32.	Adjustment for acquisition incentive adjustments (AIA)	0	0	0	0	0	0
33.	Adjustment for meters and meter installations	(318,743)	0	0	0	(154,828)	(473,571)
34.	Update Mid South growth PAA to 6/30/18	6,085	0	0	0	0	6,085

I/A

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit II  
Schedule 1  
Page 2 of 2

Line No.	Item	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Fairways Water [1] (c)	Fairways Sewer [1] (d)	Brookwood Water [1] (e)	Total [2] (f)
35.	Adjustment for excess capacity	0	(32,940)	0	0	0	(32,940)
36.	Adjustment to working capital	(8,884)	(5,860)	(438)	(1,590)	(12,252)	(29,024)
37.	Adjustment for Mountain Ridge AIA	8,550	0	0	0	0	8,550
38.	Adjustment for late payment fees	(675)	(609)	(259)	(132)	58	(1,617)
39.	Adjustment to uncollectibles	4,741	3,461	544	691	577	10,014
40.	Adjustment to transportation fuel expense	0	0	0	0	0	0
41.	Adjustment to sludge removal	0	13,033	0	10,048	0	23,081
42.	Adjustment to purchased power	(79,693)	(5,735)	(1,415)	(3,672)	423	(90,092)
43.	Adjustment to chemicals	25,240	47,630	1,533	2,164	41,766	118,333
44.	Adjustment to testing	(71,311)	29,364	(5,407)	(2,070)	(19,552)	(68,976)
45.	Adjustment contract services remove pretest yr invoices	0	(1,368)	0	0	0	(1,368)
46.	Adjustment contract services - other-NC 811 locates	(36,132)	(9,031)	(2,569)	(1,629)	(8,088)	(57,449)
47.	Adjustment regulatory commission expense	(106,059)	(26,508)	(7,542)	(4,781)	(23,740)	(168,630)
48.	Remove legal fees related to legislation	(27,714)	(6,927)	(1,970)	(1,251)	(6,205)	(44,067)
49.	Adjustment to amortized EDIT	(433,767)	(172,707)	(7,730)	(16,681)	(47,194)	(678,079)
50.	Adjustment to payroll taxes	(24,668)	(42,930)	17,459	7,823	50,587	8,271
51.	Adjustment to purchased water	(73,822)	0	0	0	0	(73,822)
52.	Rounding difference	0	0	0	0	0	0
53.	Revenue impact of Public Staff adjustments	<u>(3,927,220)</u>	<u>(412,863)</u>	<u>(142,334)</u>	<u>(38,801)</u>	<u>(611,782)</u>	<u>(5,133,000)</u>
54.	Increase / (decrease) per Public Staff	<u>(\$1,154,111)</u>	<u>\$215,901</u>	<u>(\$51,586)</u>	<u>\$632,949</u>	<u>\$159,363</u>	<u>(\$197,484)</u>
55.	Increase / (decrease) per Public Staff	<u>(1,154,111)</u>	<u>215,901</u>	<u>(51,586)</u>	<u>632,949</u>	<u>159,363</u>	<u>(197,484)</u>
56.	Unprotected Federal EDIT rider	(2,763,922)	(1,100,470)	(49,255)	(106,288)	(300,717)	(4,320,652)
57.	State EDIT rider	(306,682)	(122,107)	(5,465)	(11,794)	(33,367)	(479,415)
58.	Total EDIT rider	<u>(3,070,604)</u>	<u>(1,222,577)</u>	<u>(54,720)</u>	<u>(118,082)</u>	<u>(334,084)</u>	<u>(4,800,067)</u>
59.	Public Staff recommended change in revenue requirement	<u>(\$4,224,715)</u>	<u>(\$1,006,676)</u>	<u>(\$106,306)</u>	<u>\$514,867</u>	<u>(\$174,721)</u>	<u>(\$4,997,551)</u>

[1] Calculated by the Public Staff.  
[2] Sum of Column (a) thru Column (e).

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**RETURN ON ORIGINAL COST RATE BASE**  
**For The Test Year Ended September 30, 2017**  
**AQUA WATER OPERATIONS**

Public Staff  
 Cooper Supp. Exhibit I  
 Schedule 1(a)  
 Revised

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$55,689,588 [2]	4.63% [1]	2.32%	\$2,578,428 [8]
2.	Equity	50.00%	55,689,588 [2]	9.51% [6]	4.76%	5,293,456 [9]
3.	Total	100.00%	\$111,379,176 [3]		7.07%	\$7,871,884 [10]
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$55,689,588 [4]	4.63% [1]	2.32%	\$2,578,428 [8]
5.	Equity	50.00%	55,689,588 [4]	13.38% [6]	6.69%	7,450,816 [11]
6.	Total	100.00%	\$111,379,176 [3]		9.01%	\$10,029,244 [12]
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$55,689,588 [5]	4.63% [1]	2.32%	\$2,578,428 [8]
8.	Equity	50.00%	55,689,588 [5]	9.20% [1]	4.60%	5,123,442 [8]
9.	Total	100.00%	\$111,379,176 [3]		6.92%	\$7,701,870

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(a), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(a), Line 38, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(a), Line 38, Column (e).

W/E

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
RETURN ON ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(b)  
Revised

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$21,932,344 [2]	4.63% [1]	2.32%	\$1,015,468 [8]
2.	Equity	50.00%	21,932,344 [2]	7.14% [6]	3.57%	1,565,758 [9]
3.	Total	100.00%	\$43,864,688 [3]		5.89%	\$2,581,226 [10]
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$21,932,344 [4]	4.63% [1]	2.32%	\$1,015,468 [8]
5.	Equity	50.00%	21,932,344 [4]	9.19% [6]	4.60%	2,014,756 [11]
6.	Total	100.00%	\$43,864,688 [3]		6.91%	\$3,030,224 [12]
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$21,932,344 [5]	4.63% [1]	2.32%	\$1,015,468 [8]
8.	Equity	50.00%	21,932,344 [5]	9.20% [1]	4.60%	2,017,776 [8]
9.	Total	100.00%	\$43,864,688 [3]		6.92%	\$3,033,244

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(b), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(b), Line 40, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(b), Line 40, Column (e).

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 363**  
**RETURN ON ORIGINAL COST RATE BASE**  
**For The Test Year Ended September 30, 2017**  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
 Cooper Supp. Exhibit I  
 Schedule 1(c)  
 Revised

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$1,631,362 [2]	4.63% [1]	2.32%	\$75,532 [8]
2.	Equity	50.00%	1,631,362 [2]	10.74% [6]	5.37%	175,242 [9]
3.	Total	<u>100.00%</u>	<u>\$3,262,724 [3]</u>		<u>7.69%</u>	<u>\$250,774 [10]</u>
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$1,631,362 [4]	4.63% [1]	2.32%	\$75,532 [8]
5.	Equity	50.00%	1,631,362 [4]	15.42% [6]	7.71%	251,635 [11]
6.	Total	<u>100.00%</u>	<u>\$3,262,724 [3]</u>		<u>10.03%</u>	<u>\$327,167 [12]</u>
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$1,631,362 [5]	4.63% [1]	2.32%	\$75,532 [8]
8.	Equity	50.00%	1,631,362 [5]	9.20% [1]	4.60%	150,085 [8]
9.	Total	<u>100.00%</u>	<u>\$3,262,724 [3]</u>		<u>6.92%</u>	<u>\$225,617</u>

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(c), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(c), Line 38, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(c), Line 38, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(d)  
Revised

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$5,222,459 [2]	4.63% [1]	2.32%	\$241,800 [8]
2.	Equity	50.00%	5,222,459 [2]	-0.80% [6]	-0.40%	(41,606) [9]
3.	Total	100.00%	\$10,444,918 [3]		1.92%	\$200,194 [10]
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$5,222,459 [4]	4.63% [1]	2.32%	\$241,800 [8]
5.	Equity	50.00%	5,222,459 [4]	9.96% [6]	4.98%	520,265 [11]
6.	Total	100.00%	\$10,444,918 [3]		7.30%	\$762,065 [12]
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$5,222,459 [5]	4.63% [1]	2.32%	\$241,800 [8]
8.	Equity	50.00%	5,222,459 [5]	9.20% [1]	4.60%	480,466 [8]
9.	Total	100.00%	\$10,444,918 [3]		6.92%	\$722,266

- [1] Provided by Public Staff Financial Analyst Hinton.
- [2] Column (a) x Line 3, Column (b).
- [3] Cooper Exhibit I, Schedule 2(d), Line 15, Column (c).
- [4] Column (a) x Line 6, Column (b).
- [5] Column (a) x Line 9, Column (b).
- [6] Column (e) divided by Column (b).
- [7] Column (a) x Column (c).
- [8] Column (b) x Column (c).
- [9] Line 3 - Line 1, Column (e).
- [10] Cooper Exhibit I, Schedule 3(d), Line 39, Column (c).
- [11] Line 6 - Line 4, Column (e).
- [12] Cooper Exhibit I, Schedule 3(d), Line 39, Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 363  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 1(e)  
Revised

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present rates:</b>						
1.	Debt	50.00%	\$9,069,605 [2]	4.63% [1]	2.32%	\$419,923 [8]
2.	Equity	50.00%	9,069,604 [2]	6.97% [6]	3.49%	632,288 [9]
3.	Total	<u>100.00%</u>	<u>\$18,139,209 [3]</u>		<u>5.80%</u>	<u>\$1,052,211 [10]</u>
<b>Company proposed rates:</b>						
4.	Debt	50.00%	\$9,069,605 [4]	4.63% [1]	2.32%	\$419,923 [8]
5.	Equity	50.00%	9,069,604 [4]	10.39% [6]	5.20%	942,298 [11]
6.	Total	<u>100.00%</u>	<u>\$18,139,209 [3]</u>		<u>7.51%</u>	<u>\$1,362,221 [12]</u>
<b>Public Staff recommended rates:</b>						
7.	Debt	50.00%	\$9,069,605 [5]	4.63% [1]	2.32%	\$419,923 [8]
8.	Equity	50.00%	9,069,604 [5]	9.20% [1]	4.60%	834,404 [8]
9.	Total	<u>100.00%</u>	<u>\$18,139,209 [3]</u>		<u>6.92%</u>	<u>\$1,254,327</u>

- [1] Provided by Public Staff Financial Analyst Hinton.  
[2] Column (a) x Line 3, Column (b).  
[3] Cooper Exhibit I, Schedule 2(e), Line 15, Column (c).  
[4] Column (a) x Line 6, Column (b).  
[5] Column (a) x Line 9, Column (b).  
[6] Column (e) divided by Column (b).  
[7] Column (a) x Column (c).  
[8] Column (b) x Column (c).  
[9] Line 3 - Line 1, Column (e).  
[10] Cooper Exhibit I, Schedule 3(e), Line 38, Column (c).  
[11] Line 6 - Line 4, Column (e).  
[12] Cooper Exhibit I, Schedule 3(e), Line 38, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**COMBINED OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> [1] (a)	<u>Public Staff Adjustments</u> [1] (b)	<u>Amount Per Public Staff</u> [1] (c)
1.	Plant in service	\$485,345,163	\$2,716,077	\$488,061,240
2.	Accumulated depreciation	(154,951,542)	(66,614)	(155,018,156)
3.	Contributions in aid of construction	(189,897,507)	(5,086,275)	(194,983,782)
4.	Accumulated amortization of CIAC	70,605,175	(88,690)	70,516,485
5.	Acquisition adjustments	1,925,745	129,990	2,055,735
6.	Accum. amort. of acquisition adjustments	1,044,591	(4,147)	1,040,444
7.	Advances for construction	<u>(4,305,936)</u>	<u>(161,905)</u>	<u>(4,467,841)</u>
8.	Net plant in service	209,765,689	(2,561,564)	207,204,125
9.	Customer deposits	(379,445)	0	(379,445)
10.	Unclaimed refunds and cost-free capital	(193,255)	0	(193,255)
11.	Accumulated deferred income taxes	(35,329,190)	10,537,709	(24,791,481)
12.	Materials and supplies inventory	2,405,967	0	2,405,967
13.	Excess capacity adjustment	(1,233,706)	(355,845)	(1,589,551)
14.	Working capital allowance	4,626,122	(191,767)	4,434,355
15.	Original cost rate base	<u>\$179,662,182</u>	<u>\$7,428,533</u>	<u>\$187,090,715</u>

[1] Sum of amounts from Cooper Exhibit I, Schedules 2(a) through 2(e).



**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(a)  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application (a)</u>	<u>Public Staff Adjustments (b)</u>	<u>Amount Per Public Staff (c) [10]</u>
1.	Plant in service	\$276,917,544	(\$5,103,593) [1]	\$271,813,951
2.	Accumulated depreciation	(93,722,311)	463,762 [2]	(93,258,549)
3.	Contributions in aid of construction	(91,019,736)	(2,179,406) [3]	(93,199,142)
4.	Accumulated amortization of CIAC	33,628,551	46,358 [4]	33,674,909
5.	Acquisition adjustments	5,959,680	129,990 [5]	6,089,670
6.	Accum. amort. of acquisition adjustments	(1,867,589)	(4,147) [6]	(1,871,736)
7.	Advances for construction	<u>(1,144,420)</u>	<u>(102,300) [7]</u>	<u>(1,246,720)</u>
8.	Net plant in service	128,751,719	(6,749,335)	122,002,384
9.	Customer deposits	(295,674)	0	(295,674)
10.	Unclaimed refunds and cost-free capital	(46,582)	0	(46,582)
11.	Accumulated deferred income taxes	(22,599,342)	7,506,514 [8]	(15,092,828)
12.	Materials and supplies inventory	2,038,514	0	2,038,514
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	<u>2,781,236</u>	<u>(7,874) [9]</u>	<u>2,773,362</u>
15.	Original cost rate base	<u>\$110,629,871</u>	<u>\$749,305</u>	<u>\$111,379,176</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (a).  
[2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (a).  
[3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (a).  
[4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (a).  
[5] Cooper Exhibit I, Schedule 2-4, Line 3, Column (a).  
[6] Cooper Exhibit I, Schedule 2-4, Line 9 Column (a).  
[7] Cooper Exhibit I, Schedule 2-5, Line 7, Column (a).  
[8] Provided by Public Staff Accountant Henry.  
[9] Cooper Exhibit I, Schedule 2-7, Line 14, Column (a).  
[10] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(b)  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> (b)	<u>Amount Per Public Staff</u> [9] (c)
1.	Plant in service	\$144,641,039	\$5,760,655 [1]	\$150,401,694
2.	Accumulated depreciation	(42,733,957)	(386,468) [2]	(43,120,425)
3.	Contributions in aid of construction	(77,906,104)	(1,376,657) [3]	(79,282,761)
4.	Accumulated amortization of CIAC	28,011,275	(181,397) [4]	27,829,878
5.	Acquisition adjustments	(4,002,509)	0	(4,002,509)
6.	Accum. amort. of acquisition adjustments	2,882,669	0	2,882,669
7.	Advances for construction	<u>(3,320,166)</u>	<u>(68,525)</u> [5]	<u>(3,388,691)</u>
8.	Net plant in service	47,572,247	3,747,608	51,319,855
9.	Customer deposits	(11,194)	0	(11,194)
10.	Unclaimed refunds and cost-free capital	(6,342)	0	(6,342)
11.	Accumulated deferred income taxes	(8,999,566)	1,859,707 [6]	(7,139,859)
12.	Materials and supplies inventory	265,709	0	265,709
13.	Excess capacity adjustment	(1,233,706)	(355,845) [7]	(1,589,551)
14.	Working capital allowance	<u>1,071,384</u>	<u>(45,314)</u> [8]	<u>1,026,070</u>
15.	Original cost rate base	<u>\$38,658,532</u>	<u>\$5,206,156</u>	<u>\$43,864,688</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (b).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (b).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (b).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (b).
- [5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (b).
- [6] Provided by Public Staff Accountant Henry.
- [7] Cooper Exhibit I, Schedule 2-6, Line 18, Column (c).
- [8] Cooper Exhibit I, Schedule 2-7, Line 14, Column (b).
- [9] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(c)  
Revised

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [8] (c)
1.	Plant in service	\$11,460,432	\$590,789 [1]	\$12,051,221
2.	Accumulated depreciation	(3,227,801)	(73,623) [2]	(3,301,424)
3.	Contributions in aid of construction	(7,099,242)	(331,156) [3]	(7,430,398)
4.	Accumulated amortization of CIAC	2,062,290	9,621 [4]	2,071,911
5.	Acquisition adjustments	0	0	0
6.	Accum. amort. of acquisition adjustments	0	0	0
7.	Advances for construction	46,650	13,920 [5]	60,570
8.	Net plant in service	3,242,329	209,551	3,451,880
9.	Customer deposits	(7,436)	0	(7,436)
10.	Unclaimed refunds and cost-free capital	(7,339)	0	(7,339)
11.	Accumulated deferred income taxes	(403,225)	116,315 [6]	(286,910)
12.	Materials and supplies inventory	0	0	0
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	110,936	1,593 [7]	112,529
15.	Original cost rate base	<u>\$2,935,265</u>	<u>\$327,459</u>	<u>\$3,262,724</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (c).  
[2] Cooper Exhibit I, Schedule 2-2, Line 3, Column (c).  
[3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (c).  
[4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (c).  
[5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (c).  
[6] Provided by Public Staff Accountant Henry.  
[7] Cooper Exhibit I, Schedule 2-7, Line 14, Column (c).  
[8] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(d)  
Revised

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [8] (c)
1.	Plant in service	\$16,185,274	\$2,410,210 [1]	\$18,595,484
2.	Accumulated depreciation	(2,210,271)	(123,634) [2]	(2,333,905)
3.	Contributions in aid of construction	(5,882,978)	(1,198,636) [3]	(7,081,614)
4.	Accumulated amortization of CIAC	1,602,676	36,710 [4]	1,639,386
5.	Acquisition adjustments	0	0	0
6.	Accum. amort. of acquisition adjustments	0	0	0
7.	Advances for construction	<u>112,000</u>	<u>(5,000) [5]</u>	<u>107,000</u>
8.	Net plant in service	9,806,701	1,119,650	10,926,351
9.	Customer deposits	(172)	0	(172)
10.	Unclaimed refunds and cost-free capital	(217)	0	(217)
11.	Accumulated deferred income taxes	(868,488)	282,234 [6]	(586,254)
12.	Materials and supplies inventory	0	0	0
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	<u>119,910</u>	<u>(14,700) [7]</u>	<u>105,210</u>
15.	Original cost rate base	<u>\$9,057,734</u>	<u>\$1,387,184</u>	<u>\$10,444,918</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (d).
- [2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (d).
- [3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (d).
- [4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (d).
- [5] Cooper Exhibit I, Schedule 2-5, Line 7, Column (d).
- [6] Provided by Public Staff Accountant Henry.
- [7] Cooper Exhibit I, Schedule 2-7, Line 14, Column (d).
- [8] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ORIGINAL COST RATE BASE  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2(e)  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application (a)</u>	<u>Public Staff Adjustments (b)</u>	<u>Amount Per Public Staff [7] (c)</u>
1.	Plant in service	\$36,140,874	(\$941,984) [1]	\$35,198,890
2.	Accumulated depreciation	(13,057,202)	53,349 [2]	(13,003,853)
3.	Contributions in aid of construction	(7,989,447)	(420) [3]	(7,989,867)
4.	Accumulated amortization of CIAC	5,300,383	18 [4]	5,300,401
5.	Acquisition adjustments	(31,426)	0	(31,426)
6.	Accum. amort. of acquisition adjustments	29,511	0	29,511
7.	Advances for construction	<u>0</u>	<u>0</u>	<u>0</u>
8.	Net plant in service	20,392,693	(889,038)	19,503,655
9.	Customer deposits	(64,969)	0	(64,969)
10.	Unclaimed refunds and cost-free capital	(132,775)	0	(132,775)
11.	Accumulated deferred income taxes	(2,458,569)	772,939 [5]	(1,685,630)
12.	Materials and supplies inventory	101,744	0	101,744
13.	Excess capacity adjustment	0	0	0
14.	Working capital allowance	<u>542,656</u>	<u>(125,472) [6]</u>	<u>417,184</u>
15.	Original cost rate base	<u>\$18,380,780</u>	<u>(\$241,571)</u>	<u>\$18,139,209</u>

- [1] Cooper Exhibit I, Schedule 2-1, Line 7, Column (e).  
[2] Cooper Exhibit I, Schedule 2-2, Line 6, Column (e).  
[3] Cooper Exhibit I, Schedule 2-3, Line 4, Column (e).  
[4] Cooper Exhibit I, Schedule 2-3, Line 8, Column (e).  
[5] Provided by Public Staff Accountant Henry.  
[6] Cooper Exhibit I, Schedule 2-7, Line 14, Column (e).  
[7] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO PLANT IN SERVICE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit 1  
Schedule 2-1  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Adjustment to post test year additions	(\$737,662) [1]	\$7,165,081 [1]	\$380,438 [1]	\$2,277,306 [1]	(\$22,007) [1]
2.	Adjustment for cost related to future customers	7,075 [2]	0	0	0	0
3.	Adjustment to remove sewer expansion-Neuse Colony	0	(2,120,000) [3]	0	0	0
4.	Adjustment to meters and meter installation	(2,834,633) [3]	0	0	0	(1,399,521) [3]
5.	Adjustment to allocate purchased vehicles	<u>(1,538,373) [4]</u>	<u>715,574 [4]</u>	<u>210,351 [4]</u>	<u>132,904 [4]</u>	<u>479,544 [4]</u>
6.	Adjustment to plant in service (Sum of L1 thru L5)	<u>(\$5,103,593)</u>	<u>\$5,760,655</u>	<u>\$590,789</u>	<u>\$2,410,210</u>	<u>(\$941,984)</u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 5.
- [2] Amount provided by Company in response to Public Staff data request.
- [3] Provided by Public Staff Engineer Junis
- [4] Cooper Exhibit I, Schedule 2-1(c), Line 1.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ADJUSTMENT TO  
POST TEST YEAR ADDITIONS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(a)  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f) [2]
<b><u>Plant in service</u></b>							
1.	Updated post test year system additions per Company	\$17,038,843 [1]	\$17,608,131 [1]	\$708,651 [1]	\$6,919,496 [1]	\$1,445,352 [1]	\$43,720,473
2.	Updated post test year IT additions per Company	925,845 [1]	231,424 [1]	65,806 [1]	41,809 [1]	207,281 [1]	1,472,165
3.	Total post test year additions per Company updates (L1 + L2)	<u>17,964,688</u>	<u>17,839,555</u>	<u>774,457</u>	<u>6,961,305</u>	<u>1,652,633</u>	<u>45,192,638</u>
4.	Amount per Company application	<u>18,702,350</u>	<u>10,674,474</u>	<u>394,019</u>	<u>4,683,999</u>	<u>1,674,640</u>	<u>36,129,482</u>
5.	Adjustment to post test year additions (L3 - L4)	<u>(\$737,662)</u>	<u>\$7,165,081</u>	<u>\$380,438</u>	<u>\$2,277,306</u>	<u>(\$22,007)</u>	<u>\$9,063,156</u>
<b><u>Accumulated depreciation</u></b>							
6.	Updated post test year system additions per Company	(\$582,971) [1]	(\$470,309) [1]	(\$20,159) [1]	(\$184,886) [1]	(\$40,602) [1]	(\$1,298,927)
7.	Updated post test year IT additions per Company	(235,905) [1]	(58,967) [1]	(16,767) [1]	(10,653) [1]	(52,815) [1]	(375,107)
8.	Total post test year additions per Company updates (L6 + L7)	<u>(818,876)</u>	<u>(529,276)</u>	<u>(36,926)</u>	<u>(195,539)</u>	<u>(93,417)</u>	<u>(1,674,034)</u>
9.	Amount per Company application	<u>(811,255)</u>	<u>(340,714)</u>	<u>(17,293)</u>	<u>(128,841)</u>	<u>(81,864)</u>	<u>(1,379,967)</u>
10.	Adjustment to accumulated depreciation (L8 - L9)	<u>(\$7,621)</u>	<u>(\$188,562)</u>	<u>(\$19,633)</u>	<u>(\$66,698)</u>	<u>(\$11,553)</u>	<u>(\$294,067)</u>
<b><u>Depreciation expense</u></b>							
11.	Updated post test year system additions per Company	\$582,971 [1]	\$470,309 [1]	\$20,159 [1]	\$184,886 [1]	\$40,602 [1]	\$1,298,927
12.	Updated post test year IT additions per Company	<u>235,905 [1]</u>	<u>58,967 [1]</u>	<u>16,767 [1]</u>	<u>10,653 [1]</u>	<u>52,815 [1]</u>	<u>375,107</u>
13.	Total post test year additions per Company updates (L11+ L12)	<u>818,876</u>	<u>529,276</u>	<u>36,926</u>	<u>195,539</u>	<u>93,417</u>	<u>1,674,034</u>
14.	Amount per Company application	<u>811,255</u>	<u>340,714</u>	<u>17,293</u>	<u>128,841</u>	<u>81,864</u>	<u>1,379,967</u>
15.	Adjustment to depreciation expense (L13 - L14)	<u>\$7,621</u>	<u>\$188,562</u>	<u>\$19,633</u>	<u>\$66,698</u>	<u>\$11,553</u>	<u>\$294,067</u>

[1] Amount provided by the Company in response to Public Staff Data Request.

[2] Sum of Columns (a) through (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF PLANT RELATED TO  
FUTURE CUSTOMERS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(b)  
Revised  
Page 1 of 2

Line No.	Item	Number of Lots [1]	Price per Contract [2]	Total Purchase Price [3]	Customers as of 6/30/2018 [1]	Plant in Use as of 6/30/2018 [4]	Adjustment to Plant in Service [5]	Year System Acquired [1]	Accumulated Depreciation [6]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Auburn Hills	40	\$300	\$12,000	37	\$11,100	(\$900)	2001	\$612
2.	Bailey's Landing	45	300	13,500	44	13,200	(300)	2006	144
3.	Banks Point	87	350	30,450	87	30,450	0	2006	0
4.	Bayleaf Farms	25	300	7,500	19	5,700	(1,800)	2002	1,152
5.	Beacon Pointe	49	350	17,150	46	16,100	(1,050)	2001	714
6.	Brayton Park	65	300	19,500	54	16,200	(3,300)	2005	1,716
7.	Cane Creek	44	400	17,600	44	17,600	0	2006	0
8.	Castelli	22	350	7,700	20	7,000	(700)	2007	308
9.	Cedar Hollow	96	300	28,800	90	27,000	(1,800)	2004	1,008
10.	Copper Trace	35	400	14,000	22	8,800	(5,200)	2005	2,704
11.	Creekwood	64	300	19,200	59	17,700	(1,500)	2004	840
12.	Crescent Ridge	97	300	29,100	95	28,500	(600)	2006	288
13.	Devonshire	32	300	9,600	29	8,700	(900)	2004	504
14.	Elliott Landing	86	300	25,800	86	25,800	0	2006	0
15.	Forest Pointe	59	300	17,700	42	12,600	(5,100)	2003	3,060
16.	Heather Glen	37	300	11,100	34	10,200	(900)	2000	648
17.	Henson Farms	103	425	43,775	90	38,250	(5,525)	2002	3,536
18.	Henson Forest	144	425	61,200	138	58,650	(2,550)	2008	1,020
19.	Hickory Creek (Surry County)	80	450	36,000	56	25,200	(10,800)	2001	7,344
20.	Keltic Meadows III	34	300	10,200	27	8,100	(2,100)	2000	1,512
21.	La Ventana	47	300	14,100	44	13,200	(900)	2001	612
22.	Linville	46	150	6,900	42	6,300	(600)	2005	312
23.	Mial Plantation	40	300	12,000	40	12,000	0	2001	0
24.	Milton Acres	32	400	12,800	24	9,600	(3,200)	2002	2,048
25.	Northfield	10	300	3,000	5	1,500	(1,500)	2004	840
26.	Ogburn Farms	65	300	19,500	62	18,600	(900)	2005	468
27.	Old Farm Crossing	36	300	10,800	33	9,900	(900)	2006	432
28.	Plantation Point	382	300	114,600	380	114,000	(600)	2007	264
29.	River Chase	39	300	11,700	38	11,400	(300)	2005	156
30.	Southern Meadows	44	350	15,400	43	15,050	(350)	2005	182
31.	Southern Woods	29	300	8,700	26	7,800	(900)	1997	756
32.	Stamey's Walk	48	400	19,200	46	18,400	(800)	2006	384
33.	Stanley Acres	56	400	22,400	43	17,200	(5,200)	2004	2,912
34.	Sunset Bay	33	400	13,200	24	9,600	(3,600)	2003	2,160
35.	The Barony	29	175	5,075	21	3,675	(1,400)	2005	728



**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**CALCULATION OF PLANT RELATED TO**  
**FUTURE CUSTOMERS**  
**For The Test Year Ended September 30, 2017**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(b)  
Revised  
Page 2 of 2

Line No.	Item	Number of Lots [1] (a)	Price per Contract [2] (b)	Total Purchase Price [3] (c)	Customers as of 6/30/2018 [1] (d)	Plant in Use as of 6/30/2018 [4] (e)	Adjustment to Plant in Service [5] (f)	Year System Acquired [1] (g)	Accumulated Depreciation [6] (h)
36.	The Highlands at Lake Norman	36	400	14,400	20	8,000	(6,400)	2003	3,840
37.	The Summit at Lake Norman	47	400	18,800	18	7,200	(11,600)	2001	7,888
38.	Turner Downs	185	350	64,750	185	64,750	0	2006	0
39.	Tuscany at Henson Meadows	13	425	5,525	9	3,825	(1,700)	2005	884
40.	Upchurch Place (Upchurch Farms)	39	300	11,700	39	11,700	0	2004	0
41.	Upchurch Place (Upchurch Farms)	23	300	6,900	23	6,900	0	2009	0
42.	Vintage Acres	32	350	11,200	32	11,200	0	2006	0
43.	Wild Wing	49	350	17,150	36	12,600	(4,550)	2001	3,094
44.	Williard Oaks	46	400	18,400	44	17,600	(800)	2001	544
45.	Wyntree	21	350	7,350	19	6,650	(700)	2003	420
46.	Total - Aqua water			<u>\$897,425</u>		<u>\$805,500</u>	<u>(\$91,925)</u>		<u>\$56,034</u>

[1] Based on information provided by Company.

[2] Based on contract between Company and developer.

[3] Column (a) multiplied by Column (b).

[4] Column (b) multiplied by Column (d).

[5] Column (e) minus Column (c).

[6] Column (f) multiplied by composite depreciation rate of 4% times years since acquired from year of system acquisition through June 30, 2018, using half year convention.

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ALLOCATE VEHICLES PURCHASED**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-1(c)  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f)
1.	Adjustment to allocate purchased vehicles	<u>(\$1,538,373)</u>	<u>\$715,574</u>	<u>\$210,351</u>	<u>\$132,904</u>	<u>\$479,544</u>	<u>\$0</u> [1]
2.	Adjustment to allocate accumulated depreciation of purchased vehicles	<u>\$339,901</u>	<u>(\$197,906)</u>	<u>(\$53,989)</u>	<u>(\$56,936)</u>	<u>(\$31,070)</u>	<u>\$0</u> [1]
3.	Adjustment to allocate depreciation expense of purchased vehicles	<u>(\$339,901)</u>	<u>\$197,906</u>	<u>\$53,989</u>	<u>\$56,936</u>	<u>\$31,070</u>	<u>\$0</u> [1]

[1] Allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ACCUMULATED DEPRECIATION**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-2  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1.	Adjustment to post test year additions	(\$7,621) [1]	(\$188,562) [1]	(\$19,633) [1]	(\$66,698) [1]	(\$11,553) [1]
2.	Adjustment for vehicle allocations	339,901 [2]	(197,906) [2]	(53,989) [2]	(56,936) [2]	(31,070) [2]
3.	Adjustment for meters and meter installations	132,565 [3]	0	0	0	95,972 [3]
4.	Adjustment to remove cost related to future customers	(1,083) [4]	0	0	0	0
5.	Total Public Staff adjustment (Sum of L1 thru L4)	<u>\$463,762</u>	<u>(\$386,468)</u>	<u>(\$73,623)</u>	<u>(\$123,634)</u>	<u>\$53,349</u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 10.  
[2] Cooper Exhibit I, Schedule 2-1(c), Line 2.  
[3] Calculated using a depreciation rate of 3.30% times years in service using half year convention.  
[4] Amount provided by Company in response to Public Staff data request.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION (CIAC), ACCUMULATED  
AMORTIZATION AND AMORTIZATION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-3  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
<b><u>Contributions in aid of construction</u></b>						
1.	Adjustment to include post test year additions	(\$2,179,406) [1]	(\$2,558,369) [1]	(\$331,156) [1]	(\$1,198,636) [1]	(\$420) [1]
2.	Adjustment for Neuse Colony Wastewater Plant	0	1,497,399 [3]	0	0	0
3.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	(315,687) [4]	0	0	0
4.	Total adjustments to CIAC (Sum of L1 thru L3)	<u>(\$2,179,406)</u>	<u>(\$1,376,657)</u>	<u>(\$331,156)</u>	<u>(\$1,198,636)</u>	<u>(\$420)</u>
<b><u>Accumulated amortization of CIAC</u></b>						
5.	Adjustment to include post test year additions	\$46,358 [2]	\$54,585 [2]	\$9,621 [2]	\$36,710 [2]	\$18 [2]
6.	Adjustment for Neuse Colony Wastewater Plant	0	(226,985) [5]	0	0	0
7.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	(8,997) [2]	0	0	0
8.	Total adjustments to accumulated amortization- CIAC (Sum of L5 thru L7)	<u>\$46,358</u>	<u>(\$181,397)</u>	<u>\$9,621</u>	<u>\$36,710</u>	<u>\$18</u>
<b><u>Amortization expense - CIAC</u></b>						
9.	Adjustment to include post test year additions	(\$46,358) [2]	(\$54,585) [2]	(\$9,621) [2]	(\$36,710) [2]	(\$18) [2]
10.	Adjustment for Neuse Colony Wastewater Plant	0	42,676 [6]	0	0	0
11.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	8,997 [2]	0	0	0
12.	Total adjustments to amortization expense- CIAC (Sum of L9 thru L11)	<u>(\$46,358)</u>	<u>(\$11,909)</u>	<u>(\$9,621)</u>	<u>(\$36,710)</u>	<u>(\$18)</u>

- [1] Amount provided by the Company in response to Public Staff data request.  
[2] Calculated based on updated CIAC and amortization rates.  
[3] Cooper Exhibit I, Schedule 2-3(a), Column (a) Line 11.  
[4] Provided by Public Staff Engineer Junis.  
[5] Cooper Exhibit I, Schedule 2-3(a), Column (e) Line 11.  
[6] Cooper Exhibit I, Schedule 2-3(a), Column (d) Line 11.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION (CIAC), ACCUMULATED  
AMORTIZATION AND AMORTIZATION EXPENSE-  
NEUSE COLONY WASTEWATER TREATMENT PLANT  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-3(a)  
Revised

Line No.	Item	Amount (a)	Amortization Rate (b)	Years In Service (c)	Amortization Expense (d)	Accumulated Amortization (e)
		[1]	[2]	[3]	[4]	[5]
1.	CIAC	\$39,600	2.85%	12.00	\$1,129	(\$13,543)
2.	CIAC	319,680	2.85%	11.00	9,111	(100,220)
3.	CIAC	1,427	2.85%	8.00	41	(325)
4.	CIAC	47,312	2.85%	7.00	1,348	(9,439)
5.	CIAC	173,920	2.85%	6.00	4,957	(29,740)
6.	CIAC	184,005	2.85%	5.00	5,244	(26,221)
7.	CIAC	144,000	2.85%	4.00	4,104	(16,416)
8.	CIAC	144,000	2.85%	3.00	4,104	(12,312)
9.	CIAC	215,100	2.85%	2.00	6,130	(12,261)
10.	CIAC	228,355	2.85%	1.00	6,508	(6,508)
11.	Total Public Staff Adjustment (Sum of Lines 1 thru 10):	<u>\$1,497,399</u>			<u>\$42,676</u>	<u>(\$226,985)</u>

- [1] Amount provided by Public Staff Engineer Junis.
- [2] CIAC composite amortization rate based on latest depreciation study.
- [3] Calculated based on year placed in service using half year convention through June 30, 2018.
- [4] Column (a) x Column (b).
- [5] Column (a) x Column (b) x Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO ACQUISITION ADJUSTMENTS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-4  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)
<b><u>Acquisition adjustments</u></b>		
1.	Adjustment to acquisition incentive adjustments-Mountain Ridge	\$75,090 [1]
2.	Include Mid South growth related PAA through June 30, 2018	<u>54,900 [1]</u>
3.	Total Public Staff adjustment (Sum of L1 and L2)	<u>\$129,990</u>
<b><u>Accumulated amortization of acquisition adjustments</u></b>		
4.	Adjustment to acquisition incentive adjustments-Mountain Ridge	(\$2,500) [2]
5.	Include Mid South growth related PAA through June 30, 2018	<u>(1,647) [3]</u>
6.	Total Public Staff adjustment (Sum of L4 and L5)	<u>(\$4,147)</u>
<b><u>Amortization expense - acquisition adjustments</u></b>		
7.	Adjustment to acquisition incentive adjustments-Mountain Ridge	\$2,500 [2]
8.	Include Mid South growth related PAA through June 30, 2018	<u>1,647 [3]</u>
9.	Total Public Staff adjustment (Sum of L7 and L8)	<u>\$4,147</u>

- [1] Updated amount provided by Company in response to Public Staff data request.  
[2] Column (a), Line 1 multiplied by 3.33% amortization rate.  
[3] Column (a), Line 2 amount multiplied by 3.00% amortization rate.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ADJUSTMENT TO ADVANCES FOR  
CONSTRUCTION  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-5  
Revised

Line No.	<u>Item</u>	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Fairways Water [1] (c)	Fairways Sewer [1] (d)
1.	#252010 - Advance Customer Construction	(\$48,960)	\$48,960	\$0	\$0
2.	#252052 - Adv Cust-Non Cash Developer	(4,696,967)	(5,492,826)	(235,470)	38,000
3.	#252055 - Adv Cust-Customer Builder	3,358,107	1,943,975	292,600	69,000
4.	#252059 - Adv Cust – Taxable CAC Refunds	141,100	111,200	3,440	0
5.	Advances for construction (Sum of L1 thru L4)	<u>(1,246,720)</u>	<u>(3,388,691)</u>	<u>60,570</u>	<u>107,000</u>
6.	Amount per Company application	<u>(1,144,420)</u>	<u>(3,320,166)</u>	<u>46,650</u>	<u>112,000</u>
7.	Adjustment to advances for construction (L5 - L6)	<u>(\$102,300)</u>	<u>(\$68,525)</u>	<u>\$13,920</u>	<u>(\$5,000)</u>

[1] Amount provided by Company in response to Public Staff data request.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF EXCESS CAPACITY**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-6  
Revised

Line No.	Item	Plant, net of CIAC (a)	Accumulated Depreciation (b)	Plant, net of Accum. Depr. & CIAC [7] (c)	Depreciation Expense (d)	CIAC Amortization Expense (e)
<b>Aqua - sewer operations:</b>						
1.	Carolina Meadows WWTP plant cost	\$7,054,271 [1]	(\$2,791,928) [5]	\$4,262,343	\$232,085 [8]	\$0
2.	Carolina Meadows WWTP CIAC	(66,600) [2]	9,324 [5]	(57,276)	0	(1,865) [9]
3.	Plant, net of CIAC (L1 + L2)	6,987,671	(2,782,604)	4,205,067	232,085	(1,865)
4.	Excess capacity percentage	30.63% [3]	30.63% [3]	30.63% [3]	30.63% [3]	30.63% [3]
5.	Excess capacity to be removed (L3 x L4)	2,140,324	(852,312)	1,288,012	71,087	(571)
6.	The Legacy at Jordan Lake WWTP plant cost	1,454,750 [1]	(625,869) [5]	828,881	47,864 [8]	0
7.	The Legacy at Jordan Lake WWTP CIAC	(1,116,289) [4]	448,670 [6]	(667,619)	0	(31,256) [9]
8.	Plant, net of CIAC (L6 + L7)	338,461	(177,199)	161,262	47,864	(31,256)
9.	Excess capacity percentage	38.67% [3]	38.67% [3]	38.67% [3]	38.67% [3]	38.67% [3]
10.	Excess capacity to be removed (L8 x L9)	130,883	(68,523)	62,360	18,509	(12,087)
11.	Westfall Subdivision WWTP plant cost	1,217,283 [1]	(199,238) [5]	1,018,045	40,050 [8]	0
12.	Westfall Subdivision WWTP CIAC	(401,669) [1]	56,234 [5]	(345,435)	0	(11,247) [9]
13.	Plant, net of CIAC (L11 + L12)	815,614	(143,004)	672,610	40,050	(11,247)
14.	Excess capacity percentage	35.56% [3]	35.56% [3]	35.56% [3]	35.56% [3]	35.56% [3]
15.	Excess capacity to be removed (L13 x L14)	290,032	(50,852)	239,180	14,242	(3,999)
16.	Total excess capacity adjustment (L5 + L10 + L15)	2,561,239	(971,687)	1,589,552	103,838	(16,657)
17.	Amount per Company application	2,335,196	(1,101,489)	1,233,707	124,210	(40,324)
18.	Adjustment to excess capacity (L16 - L17)	\$226,043	\$129,802	\$355,845	(\$20,372)	\$23,667

- [1] Cooper Exhibit I, Schedule 2-6(a), Column (a).  
[2] Cooper Exhibit I, Schedule 2-6(a), Column (a), Line 35.  
[3] Provided by Public Staff Engineer Junis.  
[4] Cooper Exhibit I, Schedule 2-6(a), Column (a), Line 57 plus Line 58.  
[5] Cooper Exhibit I, Schedule 2-6(a), Column (h).  
[6] Cooper Exhibit I, Schedule 2-6(a), Column (h), Line 57 plus Line 58.  
[7] Column (a) plus Column (b), unless footnoted otherwise.  
[8] Column (a) times depreciation rate for treatment plant account of 3.29%.  
[9] Column (a) times CIAC amortization rate for treatment plant of 2.80%.



Line No.	Item	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Amount	Depreciation/Amortization Rate Thru Sep/2011	Years In Service Thru Sep/2011	Accumulated Depreciation/Amortization (4) As of Sep/2011	Depreciation/Amortization Rate from Oct/2011 Thru June/2018	Years In Service from Oct/2011 Thru June/2018	Accumulated Depreciation/Amortization from Oct/2011 Thru June/2018	Total Accumulated Depreciation/Amortization	Depreciation/Amortization Expense
<b>Carolina Meadows WWTP</b>										
1.	1996 additions	\$919,341	4.00%	15,250	\$550,738	3.29%	6,750	\$204,163	\$754,901	\$30,246
2.	1999 additions	1,324,696	4.00%	12,250	645,101	3.29%	6,750	294,182	943,283	43,582
3.	2000 additions	41,440	4.00%	11,250	18,648	3.29%	6,750	9,203	27,851	1,363
4.	2001 additions	30,069	4.00%	10,250	12,328	3.29%	6,750	6,678	18,006	989
5.	2002 additions	9,116	4.00%	9,250	3,373	3.29%	6,750	2,024	5,397	300
6.	2003 additions	11,793	4.00%	8,250	3,832	3.29%	6,750	2,619	6,451	388
7.	2004 additions	3,320	4.00%	7,250	963	3.29%	6,750	737	1,700	109
8.	2008 additions	2,827,352	4.00%	3,250	367,556	3.29%	6,750	627,884	995,440	93,020
9.	2009 additions	16,303	4.00%	2,250	1,467	3.29%	6,750	4,920	5,087	528
10.	2010 additions	22,159	4.00%	1,250	1,108	3.29%	6,750	4,920	6,028	729
11.	2011 additions	328	4.00%	0,375	5	3.29%	6,625	71	166	11
12.	1999 additions	233	4.00%	12,250	114	3.29%	6,750	52	166	8
13.	2001 additions	1,349	4.00%	10,250	553	3.29%	6,750	300	853	44
14.	2005 additions	1,337	4.00%	8,250	384	3.29%	6,750	341	725	51
15.	2010 additions	(3,683)	4.00%	1,250	(165)	3.29%	6,750	(620)	(1,005)	(121)
16.	2011 additions	11,464	4.00%	0,375	172	3.29%	6,625	2,489	2,671	377
17.	2011 retirements	(7,708)	4.00%	0,375	(116)	3.29%	6,625	(1,680)	(1,796)	(294)
18.	2012 retirements	23,685	4.00%	0,000	0	3.29%	6,000	4,671	4,671	778
19.	2012 retirements	(16,387)	4.00%	0,000	0	3.29%	6,000	(3,235)	(3,235)	(539)
20.	2013 additions	4,354	4.00%	0,000	0	3.29%	5,000	716	716	143
21.	2013 retirements	(190)	4.00%	0,000	0	3.29%	5,000	(31)	(31)	(6)
<b>Additional Amounts</b>										
22.	2013 additions	86,543	4.00%	0,000	0	3.29%	5,000	14,565	14,565	2,913
23.	2013 retirements	(40,893)	4.00%	0,000	0	3.29%	5,000	(6,727)	(6,727)	(1,345)
24.	2014 additions	14,854	4.00%	0,000	0	3.29%	4,000	1,955	1,955	489
25.	2014 additions	(6,873)	4.00%	0,000	0	3.29%	4,000	(904)	(904)	(226)
26.	2015 additions	4,546	4.00%	0,000	0	3.29%	3,000	449	449	150
27.	2015 retirements	(100)	4.00%	0,000	0	3.29%	3,000	(10)	(10)	(3)
28.	2016 additions	40,714	4.00%	0,000	0	3.29%	2,000	2,679	2,679	1,339
29.	2016 retirements	(30,026)	4.00%	0,000	0	3.29%	2,000	(1,976)	(1,976)	(688)
30.	2017 additions	125,765	4.00%	0,000	0	3.29%	1,000	4,138	4,138	4,138
31.	2017 retirements	(39,985)	4.00%	0,000	0	3.29%	1,000	(1,316)	(1,316)	(1,316)
32.	2018 additions	1,690,439	4.00%	0,000	0	3.29%	0,000	0	0	55,815
33.	2018 retirements	(13,250)	4.00%	0,000	0	3.29%	0,000	0	0	(439)
34.	Total plant (Sum of L1 thru L31)	7,054,271		0,000	1,620,161		5,000	1,171,767	2,781,928	232,065
35.	2013 CIAC	(66,600)	2.66%	0,000	0	2.80%	5,000	(9,324)	(9,324)	(1,865)
36.	Net Plant (Sum of L32 thru L33)	\$5,987,671		0,000	\$1,620,161		5,000	\$1,162,443	\$2,772,604	\$230,200

**Aqua North Carolina, Inc.**  
**Docket No. W-218, Sub 497**  
**CALCULATION OF NET PLANT IN SERVICE**  
**FOR EXCESS CAPACITY SYSTEMS**  
**For The Test Year Ended September 30, 2017**

Public Staff  
 Cooper Supp. Exhibit I  
 Schedule 2-6(a)  
 Revised  
 Page 2 of 2

	Amount [1]	Depreciation / Amortization Rate Thru Sept/2011 [3]	Years In Service Thru Sept/2011 [4]	As Of Sept/2011 [5]	Depreciation/ Amortization Rate from Oct/2011 Thru Oct/2013 [6]	Years In Service from Oct/2011 Thru June/2018 [7]	Accumulated Depreciation/ Amortization from Oct/2011 Thru June/2018 [8]	Total Accumulated Depreciation/ Amortization [9]	Depreciation/ Amortization Expense [10]
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<b>The Legacy at Jordan Lake WWTP</b>									
37. 2007 additions	\$1,424,706	5.00%	4.250	\$302,750	3.29%	6.750	\$316,392	\$619,142	\$46,873
38. 2008 additions	225	5.00%	3.250	37	3.29%	6.750	50	87	7
39. 2009 additions	13,280	5.00%	2.250	1,494	3.29%	6.750	2,949	4,443	437
40. 2010 additions	99	5.00%	1.250	6	3.29%	6.750	22	28	3
41. 2011 additions	2,508	5.00%	0.375	47	3.29%	6.625	547	594	83
42. 2012 additions	8,747	5.00%	0.000	0	3.29%	6.000	1,727	1,727	288
43. 2012 retirees on 2007 additions	(5,350)	5.00%	0.000	0	3.29%	6.000	(1,056)	(1,056)	(176)
44. 2013 additions	236	5.00%	0.000	0	3.29%	5.000	39	39	8
45. 2013 retirees on 2007 additions	(184)	5.00%	0.000	0	3.29%	5.000	(30)	(30)	(6)
<b>Additional Amounts</b>									
46. 2013 additions	236	5.00%	0.000	0	3.29%	5.000	39	39	8
47. 2014 additions	6,370	5.00%	0.000	0	3.29%	4.000	838	838	210
48. 2014 retirees on 2007 additions	(4,449)	5.00%	0.000	0	3.29%	4.000	(585)	(585)	(146)
49. 2015 additions	1,020	5.00%	0.000	0	3.29%	3.000	101	101	34
50. 2015 retiree correction on 2007 additions	2,194	5.00%	0.000	0	3.29%	3.000	217	217	72
51. 2016 additions	4,249	5.00%	0.000	0	3.29%	2.000	280	280	140
52. 2016 retirees on 2007 additions	(713)	5.00%	0.000	0	3.29%	2.000	(47)	(47)	(23)
53. 2017 additions	3,902	5.00%	0.000	0	3.29%	1.000	125	125	125
54. 2017 retirees on 2007 additions	(2,225)	5.00%	0.000	0	3.29%	1.000	(73)	(73)	(73)
55. Total plant (Sum of L34 thru L51)	1,454,750			304,334			321,535	625,869	47,864
56. CIAC received in 2007	(1,121,089)	5.00%	4.250	(238,231)	2.80%	6.750	(211,886)	(450,117)	(31,300)
57. 2009 CIAC	4,900	5.00%	2.250	540	2.80%	6.750	907	1,447	134
58. Net Plant (Sum of L52 thru L54)	\$339,461			\$66,643			\$110,556	\$177,199	\$16,608
<b>Westfall Subdivision</b>									
60. 2013 additions	\$1,208,907 [2]	0.00%	0.000	\$0	3.29%	5.000	\$198,865	\$198,865	\$39,773
<b>Additional Amounts</b>									
61. 2014 additions	2,365	0.00%	0.000	0	3.29%	4.000	311	311	78
62. 2014 retirements	(2,124)	0.00%	0.000	0	3.29%	4.000	(280)	(280)	(70)
63. 2015 additions	797	0.00%	0.000	0	3.29%	3.000	79	79	26
64. 2015 retirements	(620)	0.00%	0.000	0	3.29%	3.000	(61)	(61)	(20)
65. 2016 additions	2,428	0.00%	0.000	0	3.29%	2.000	160	160	80
66. 2016 retirements	(561)	0.00%	0.000	0	3.29%	2.000	(37)	(37)	(18)
67. 2017 additions	8,500	0.00%	0.000	0	3.29%	1.000	280	280	280
68. 2017 retirements	(2,409)	0.00%	0.000	0	3.29%	1.000	(79)	(79)	(79)
69. Total plant (Sum of L56 thru L65)	1,217,283			0			199,238	199,238	40,050
70. 2013 CIAC additions	(401,669) [2]	0.00%	0.000	0	2.80%	5.000	(56,234)	(56,234)	(11,247)
71. Net Plant (Sum of L66 thru L67)	\$815,614						\$143,004	\$143,004	\$28,803

[1] NCUC Form W-1, Item 10, Exhibit A-2, Schedule 16-1.  
 [2] Provided by the Company in response to Public Staff data request.  
 [3] Depreciation rates from Docket No. W-218, Sub 274.  
 [4] Years in service through June 30, 2018 based on year placed in service using half year convention.  
 [5] Column (a) multiplied by Column (b) multiplied by Column (c).  
 [6] Depreciation rates from Docket No. W-218, Sub 319.  
 [7] Years in service from October 31, 2011 thru June 30, 2018.  
 [8] Column (a) multiplied by Column (e) multiplied by Column (f).  
 [9] Column (g) plus Column (g).  
 [10] Column (a) multiplied by Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO WORKING CAPITAL**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 2-7  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1.	Total O&M expenses excluding purchased water and sewer treatment	<u>\$16,770,110</u> [1]	<u>\$7,640,563</u> [1]	<u>\$613,982</u> [1]	<u>\$751,072</u> [1]	<u>\$2,545,163</u> [1]
2.	Cash working capital (L1 / 8)	<u>2,096,264</u>	<u>955,070</u>	<u>76,748</u>	<u>93,884</u>	<u>318,145</u>
<u>Prepayments:</u>						
3.	Unamortized tank painting	606,570 [2]	0	31,592 [2]	0	79,310 [2]
4.	Unamortized rate case expense	232,846 [3]	58,202 [3]	16,550 [3]	10,515 [3]	52,130 [3]
5.	Unamortized gains & losses - land	6,371 [4]	0	0	0	0
6.	Unamortized repair tax credit	90,461 [5]	28,851 [5]	2,299 [5]	2,590 [5]	14,295 [5]
7.	Total prepayments (Sum of L3 thru L6)	<u>936,248</u>	<u>87,053</u>	<u>50,441</u>	<u>13,105</u>	<u>145,735</u>
<u>Average tax accruals:</u>						
8.	Unemployment tax	(3,001) [6]	(750) [6]	(213) [6]	(135) [6]	(672) [6]
9.	Regulatory fee	(9,852) [7]	(3,794) [7]	(329) [7]	(380) [7]	(1,480) [7]
10.	Property tax	(246,297) [8]	(11,509) [8]	(14,118) [8]	(1,264) [8]	(44,544) [8]
11.	Total tax accruals (Sum of L8 thru L10)	<u>(259,150)</u>	<u>(16,053)</u>	<u>(14,660)</u>	<u>(1,779)</u>	<u>(46,696)</u>
12.	Working capital per Public Staff (L2 + L7 + L11)	2,773,362	1,026,070	112,529	105,210	417,184
13.	Amount per Company	<u>2,781,236</u>	<u>1,071,384</u>	<u>110,936</u>	<u>119,910</u>	<u>542,656</u>
14.	Adjustment to working capital (L12 - L13)	<u>(\$7,874)</u>	<u>(\$45,314)</u>	<u>\$1,593</u>	<u>(\$14,700)</u>	<u>(\$125,472)</u>

- [1] Amounts per Public Staff under present rates from Column (c) of Net Operating Income for Return schedule.  
[2] Based on review of information provided by Company, updated through June 30, 2018.  
[3] Amount for rate entity from Cooper Exhibit I, Schedule 3-4, Column (d), Lines 16 through 20.  
[4] NCUC Form W-1, Item 10, Exhibit A4, Column (d).  
[5] Calculated based on allocation percentages provided in Exhibit L, Lines 66 thru 70, in the rate case application for each rate division.  
[6] Calculated by Public Staff based on adjusted level of salaries and unemployment tax rates.  
[7] Amount of regulatory fees under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.  
[8] Amount of property taxes under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

**Acqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**COMBINED OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3  
Revised

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Application [1]	Public Staff Adjustments [1]	Amount Per Public Staff [1]	Net Company Increase [1]	Operations After Rate Increase [1]	Net Public Staff Increase [1]	Operations After Rate Increase [1]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$54,039,950	\$1,457,007	\$55,496,957	\$4,657,366	\$60,154,323	\$1,277,571	\$56,774,528
2.	Late payment fees	113,213	1,617	114,830	9,599	124,429	2,558	117,368
3.	Miscellaneous revenues	1,283,259	72,240	1,355,499	0	1,355,499	0	1,355,499
4.	Uncollectibles and Abatements	(404,234)	(10,014)	(414,248)	(35,376)	(449,624)	(11,715)	(425,963)
5.	<b>Total operating revenues</b>	<b>55,032,188</b>	<b>1,520,850</b>	<b>56,553,038</b>	<b>4,631,589</b>	<b>61,184,627</b>	<b>1,268,414</b>	<b>57,821,452</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	10,582,933	(534,788)	10,048,145	0	10,048,145	0	10,048,145
7.	Employee pensions and benefits	3,307,897	(286,247)	3,021,650	0	3,021,650	0	3,021,650
8.	Purchased water / sewer treatment	2,390,335	(73,719)	2,316,616	0	2,316,616	0	2,316,616
9.	Sludge removal	536,333	23,049	559,382	0	559,382	0	559,382
10.	Purchased power	3,660,633	(89,966)	3,570,667	0	3,570,667	0	3,570,667
11.	Fuel for power production	26,809	0	26,809	0	26,809	0	26,809
12.	Chemicals	1,403,799	118,168	1,521,967	0	1,521,967	0	1,521,967
13.	Materials and supplies	505,720	0	505,720	0	505,720	0	505,720
14.	Testing fees	971,148	(68,976)	902,172	0	902,172	0	902,172
15.	Transportation	919,149	0	919,149	0	919,149	0	919,149
16.	Contractual services - engineering	2,750	0	2,750	0	2,750	0	2,750
17.	Contractual services - accounting	188,101	0	188,101	0	188,101	0	188,101
18.	Contractual services - legal	263,190	(57,046)	196,144	0	196,144	0	196,144
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	4,258,718	(58,734)	4,199,984	0	4,199,984	0	4,199,984
21.	Rent	309,942	0	309,942	0	309,942	0	309,942
22.	Insurance	963,286	(312,592)	650,694	0	650,694	0	650,694
23.	Regulatory commission expense	224,568	(132,006)	92,562	0	92,562	0	92,562
24.	Miscellaneous expense	1,497,272	(53,121)	1,444,151	0	1,444,151	0	1,444,151
25.	Interest on customer deposits	32,388	0	32,388	0	32,388	0	32,388
26.	Annualization & consumption adjustments	7,051	120,927	127,978	0	127,978	0	127,978
27.	Other Public Staff adjustments	0	0	0	0	0	0	0
28.	<b>Total O&amp;M and G&amp;A expense</b>	<b>32,052,002</b>	<b>(1,415,051)</b>	<b>30,636,951</b>	<b>0</b>	<b>30,636,951</b>	<b>0</b>	<b>30,636,951</b>
29.	Depreciation and amortization expense	9,926,332	59,746	9,986,078	0	9,986,078	0	9,986,078
30.	Property taxes	635,463	0	635,463	0	635,463	0	635,463
31.	Payroll taxes	779,805	8,260	788,065	0	788,065	0	788,065
32.	Other taxes	308,886	0	308,886	0	308,886	0	308,886
33.	Section 338(h) adjustment	(20,024)	0	(20,024)	0	(20,024)	0	(20,024)
34.	Regulatory fee	77,046	2,128	79,174	6,484	85,658	1,776	80,950
35.	Deferred income tax	(639,532)	518,884	(120,648)	0	(120,648)	0	(120,648)
36.	State income tax	186,463	109,075	295,538	137,417	432,955	36,663	332,201
37.	Federal income tax	1,266,088	740,623	2,006,711	933,056	2,939,767	248,935	2,255,646
38.	<b>Total operating revenue deductions</b>	<b>44,572,529</b>	<b>23,665</b>	<b>44,596,194</b>	<b>1,076,957</b>	<b>45,673,151</b>	<b>287,374</b>	<b>44,883,568</b>
39.	<b>Net operating income for return</b>	<b>\$10,459,659</b>	<b>\$1,497,185</b>	<b>\$11,956,844</b>	<b>\$3,554,632</b>	<b>\$15,511,476</b>	<b>\$981,040</b>	<b>\$12,937,884</b>

[1] Sum of Cooper Exhibit I, Schedules 3(a) through 3(e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(a)  
Revised  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c)	Net Company Increase (d)	Operations After Rate Increase (e)	Net Public Staff Increase (f)	Operations After Rate Increase (g)	
1.	Operating Revenues:								
	Service revenues	\$33,847,586	\$718,598 [1]	\$34,566,184 [11]	\$2,831,166	\$37,397,350 [11]	(\$223,113)	\$34,343,071 [23]	
2.	Late payment fees	68,457	675 [1]	69,132 [12]	5,663	74,795 [12]	(446)	68,686 [12]	
3.	Miscellaneous revenues	755,075	11,520 [3]	766,595	0	766,595	0	766,595	
4.	Uncollectibles and Abatements	(209,998)	(4,741) [1]	(214,739) [13]	(17,588)	(232,327) [13]	1,386	(213,353) [13]	
5.	Total operating revenues	34,461,120	726,052	35,187,172	2,819,241	38,006,413	(222,173)	34,964,998	
	Operating Revenue Deductions:								
6.	Salaries and wages	7,034,076	(275,891) [2]	6,758,185	0	6,758,185	0	6,758,185	
7.	Employee pensions and benefits	2,175,268	(164,587) [2]	2,010,681	0	2,010,681	0	2,010,681	
8.	Purchased water	1,674,647	(73,719) [3]	1,600,928	0	1,600,928	0	1,600,928	
9.	Purchased power	2,243,790	(79,581) [4]	2,164,209	0	2,164,209	0	2,164,209	
10.	Fuel for power production	935	0	935	0	935	0	935	
11.	Chemicals	441,798	25,205 [4]	467,003	0	467,003	0	467,003	
12.	Materials and supplies	341,233	0	341,233	0	341,233	0	341,233	
13.	Testing fees	655,603	(71,311) [4]	584,292	0	584,292	0	584,292	
14.	Transportation	618,442	0	618,442	0	618,442	0	618,442	
15.	Contractual services - engineering	0	0	0	0	0	0	0	
16.	Contractual services - accounting	117,906	0	117,906	0	117,906	0	117,906	
17.	Contractual services - legal	165,006	(42,165) [5]	122,841	0	122,841	0	122,841	
18.	Contractual services - management fees	0	0	0	0	0	0	0	
19.	Contractual services - other	1,953,671	(36,081) [6]	1,917,590	0	1,917,590	0	1,917,590	
20.	Rent	208,095	0	208,095	0	208,095	0	208,095	
21.	Insurance	624,865	(188,915) [7]	435,950	0	435,950	0	435,950	
22.	Regulatory commission expense	141,239	(83,027) [1]	58,212 [14]	0	58,212	0	58,212	
23.	Miscellaneous expense	943,436	(33,409) [2]	910,027	0	910,027	0	910,027	
24.	Interest on customer deposits	25,111	0	25,111	0	25,111	0	25,111	
25.	Annualization & consumption adjustments	(12,969)	42,367 [8]	29,398	0	29,398	0	29,398	
26.	Other Public Staff adjustments	0	0	0	0	0	0	0	
27.	Total O&M and G&A expense	19,352,152	(881,114)	18,371,038	0	18,371,038	0	18,371,038	
28.	Depreciation and amortization expense	6,678,161	(467,861) [9]	6,210,300	0	6,210,300	0	6,210,300	
29.	Property taxes	492,594	0	492,594	0	492,594	0	492,594	
30.	Payroll taxes	520,278	(24,633) [2]	495,645	0	495,645	0	495,645	
31.	Other taxes	193,611	0	193,611	0	193,611	0	193,611	
32.	Section 338(h) adjustment	(10,817)	0	(10,817)	0	(10,817)	0	(10,817)	
33.	Regulatory fee	48,246	1,016 [1]	49,262 [15]	3,947	53,209 [15]	(311)	48,951 [15]	
34.	Deferred income tax	(409,096)	331,930 [1]	(77,166) [16]	0	(77,166) [16]	0	(77,166) [16]	
35.	State income tax	122,131	82,082 [1]	204,213 [17]	84,459	288,672 [20]	(6,656)	197,557 [24]	
36.	Federal income tax	829,272	557,337 [1]	1,386,609 [18]	573,475	1,960,084 [21]	(45,194)	1,341,415 [25]	
37.	Total operating revenue deductions	27,816,532	(501,244)	27,315,288	661,881	27,977,169	(52,161)	27,263,127	
38.	Net operating income for return	56,644,588	\$1,227,296	\$7,871,884	\$2,157,360	\$10,029,244	(\$170,012)	\$7,701,872	

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(A)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(a)  
Revised  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 4, Column (a).
- [6] Cooper Exhibit I, Schedule 3-2, Line 3, Column (a).
- [7] Cooper Exhibit I, Schedule 3-3, Line 19, Column (a).
- [8] Cooper Exhibit I, Schedule 3-5(a), Line 3, Column (d).
- [9] Cooper Exhibit I, Schedule 3-6, Line 16, Column (a).
- [10] Column (a) plus Column (b), unless footnoted otherwise.
- [11] Based on the recommendation of Public Staff Engineer Junis.
- [12] Line 1 times late payment fee percentage of 0.20%.
- [13] Line 1 plus Line 2 times uncollectibles percentage of 0.37% and abatement percentage of .25%.
- [14] Cooper Exhibit I, Schedule 3-4, Line 16, Column (c).
- [15] Line 5 x 0.0014.
- [16] Based on the recommendation of Public Staff Accountant Boswell.
- [17] Cooper Exhibit I, Schedule 3-7(a), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-7(a), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-7(a), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-7(a), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-7(a), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-7(a), Line 15, Column (c).

Aqua North Carolina, Inc.  
 Docket No. W-218, Sub 487  
 NET OPERATING INCOME FOR A RETURN  
 For the Test Year Ended September 30, 2017  
 AQUA SEWER OPERATIONS

Line	Item	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Amount	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Net Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase
1.	Service Revenues:	\$12,910,194	\$549,365 [1]	\$13,459,559 [11]	\$588,226	\$14,047,785 [11]	\$592,184	\$14,051,743 [23]
2.	Late payment fees	20,926	609 [1]	21,535 [12]	941	22,476 [12]	948	22,463 [12]
3.	Miscellaneous revenues	62,657	60,720 [3]	123,377	0	123,377	0	123,377
4.	Uncollectibles and abatements	(91,811)	(3,481) [1]	(55,272) [13]	(2,416)	(57,688) [13]	(2,432)	(57,704) [13]
5.	Total operating revenues	12,941,966	607,233	13,549,199	586,751	14,135,950	590,700	14,139,899
6.	Salaries and wages	2,244,709	48,787 [2]	2,291,496	0	2,291,496	0	2,291,496
7.	Employee pensions and benefits	700,239	(13,891) [2]	686,348	0	686,348	0	686,348
8.	Purchased sewer treatment	440,871	0	440,871	0	440,871	0	440,871
9.	Sludge removal	457,158	13,015 [4]	470,173	0	470,173	0	470,173
10.	Purchased power	1,049,646	(5,727) [4]	1,043,919	0	1,043,919	0	1,043,919
11.	Fuel for power production	23,053	0	23,053	0	23,053	0	23,053
12.	Chemicals	541,804	47,563 [4]	589,467	0	589,467	0	589,467
13.	Materials and supplies	116,995	0	116,995	0	116,995	0	116,995
14.	Testing fees	221,847	29,364 [4]	251,311	0	251,311	0	251,311
15.	Transportation	212,266	0	212,266	0	212,266	0	212,266
16.	Contractual services - engineering	0	0	0	0	0	0	0
17.	Contractual services - accounting	29,299	0	29,299	0	29,299	0	29,299
18.	Contractual services - legal	40,904	(10,540) [5]	30,364	0	30,364	0	30,364
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	1,331,721	(10,384) [6]	1,321,337	0	1,321,337	0	1,321,337
21.	Rent	52,743	0	52,743	0	52,743	0	52,743
22.	Insurance	186,152	(38,499) [7]	149,653	0	149,653	0	149,653
23.	Advertising	555	0	555	0	555	0	555
24.	Regulatory commission expense	35,302	(20,751) [1]	14,551 [14]	0	14,551	0	14,551
25.	Miscellaneous expenses	319,421	(8,350) [2]	311,071	0	311,071	0	311,071
26.	Interest on customer deposits	1,007	0	1,007	0	1,007	0	1,007
27.	Annualization & consumption adjustments	0	44,955 [8]	44,955	0	44,955	0	44,955
28.	Other Public Staff adjustments	0	0	0	0	0	0	0
29.	Total O&M and C&A expense	8,005,892	75,542	8,081,434	0	8,081,434	0	8,081,434
30.	Depreciation and amortization expense	1,860,812	380,261 [9]	2,241,073	0	2,241,073	0	2,241,073
31.	Property taxes	23,018	0	23,018	0	23,018	0	23,018
32.	Payroll taxes	166,754	(42,870) [2]	123,884	0	123,884	0	123,884
33.	Other taxes	48,126	0	48,126	0	48,126	0	48,126
34.	Section 338(f) adjustment	(5,914)	(5,914)	(5,914)	0	(5,914)	0	(5,914)
35.	Regulatory fee	18,119	850 [1]	18,969 [15]	821	19,790 [15]	827	19,796 [15]
36.	Deferred income tax	(162,911)	132,160 [1]	(30,751) [16]	0	(30,751) [16]	0	(30,751) [16]
37.	State income tax	52,204	7,890 [1]	60,094 [17]	0	60,094 [17]	17,696	77,790 [24]
38.	Federal income tax	354,465	53,575 [1]	408,040 [18]	119,354	527,394 [21]	120,157	528,197 [25]
39.	Total operating revenue deductions	10,360,565	607,408	10,967,973	137,753	11,105,726	138,680	11,108,653
40.	Net operating income for return	\$2,581,401	(\$175)	\$2,591,226	\$448,998	\$3,030,224	\$452,020	\$3,033,246

Public Staff  
 Cooper Supp. Exhibit 1  
 Schedule 3(b)  
 Revised

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(B)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(b)  
Revised  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Junis.
- [4] Based on the recommendation of Public Staff Engineer Darden.
- [5] Cooper Exhibit I, Schedule 3-1, Line 4, Column (b).
- [6] Cooper Exhibit I, Schedule 3-2, Line 3, Column (b).
- [7] Cooper Exhibit I, Schedule 3-3, Line 19, Column (b).
- [8] Cooper Exhibit I, Schedule 3-5(b), Line 4, Column (d).
- [9] Cooper Exhibit I, Schedule 3-6, Line 16, Column (b).
- [10] Column (a) plus Column (b), unless footnoted otherwise.
- [11] Based on the recommendation of Public Staff Engineer Junis.
- [12] Line 1 times late payment fee percentage of 0.16%.
- [13] Line 1 plus Line 2 times uncollectibles percentage of 0.36% and abatement percentage of .05%.
- [14] Cooper Exhibit I, Schedule 3-4, Line 17 Column (c).
- [15] Line 5 x 0.0014.
- [16] Based on the recommendation of Public Staff Accountant Boswell.
- [17] Cooper Exhibit I, Schedule 3-7(b), Line 13, Column (a).
- [18] Cooper Exhibit I, Schedule 3-7(b), Line 15, Column (a).
- [19] Column (e) minus Column (c).
- [20] Cooper Exhibit I, Schedule 3-7(b), Line 13, Column (b).
- [21] Cooper Exhibit I, Schedule 3-7(b), Line 15, Column (b).
- [22] Column (g) minus Column (c).
- [23] Calculated by Public Staff.
- [24] Cooper Exhibit I, Schedule 3-7(b), Line 13, Column (c).
- [25] Cooper Exhibit I, Schedule 3-7(b), Line 15, Column (c).



Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
NET OPERATING INCOME FOR A RETURN  
For The Test Year Ended September 30, 2017  
FAIRWAYS WATER OPERATIONS

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(c)  
Revised  
Page 1 of 2

Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff [9]	Net Company Increase [18]	Operations After Rate Increase [18]	Net Public Staff Increase [21]	Operations After Rate Increase [21]		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
<b>Operating Revenues:</b>										
1.	Service revenues	\$984,504	\$100,180 [1]	\$1,084,684 [10]	\$100,090	\$1,184,774 [10]	(\$32,962)	\$1,051,722 [22]		
2.	Late payment fees	2,127	259 [1]	2,386 [11]	221	2,607 [11]	(72)	2,314 [11]		
3.	Miscellaneous revenues	92,938	0	92,938	0	92,938	0	92,938		
4.	Uncollectibles and Abatements	(4,674)	(544) [1]	(5,218) [12]	(481)	(5,699) [12]	159	(5,059) [12]		
5.	<b>Total operating revenues</b>	<b>1,074,895</b>	<b>99,895</b>	<b>1,174,790</b>	<b>99,830</b>	<b>1,274,620</b>	<b>(32,875)</b>	<b>1,141,915</b>		
<b>Operating Revenue Deductions:</b>										
6.	Salaries and wages	252,642	(59,317) [2]	193,325	0	193,325	0	193,325		
7.	Employee pensions and benefits	77,926	(20,743) [2]	57,183	0	57,183	0	57,183		
8.	Purchased water	0	0	0	0	0	0	0		
9.	Purchased power	60,866	(1,413) [3]	59,453	0	59,453	0	59,453		
10.	Fuel for power production	1,474	0	1,474	0	1,474	0	1,474		
11.	Chemicals	19,446	1,531 [3]	20,977	0	20,977	0	20,977		
12.	Materials and supplies	5,133	0	5,133	0	5,133	0	5,133		
13.	Testing fees	15,572	(5,407) [3]	10,165	0	10,165	0	10,165		
14.	Transportation	15,976	0	15,976	0	15,976	0	15,976		
15.	Contractual services - engineering	0	0	0	0	0	0	0		
16.	Contractual services - accounting	8,207	0	8,207	0	8,207	0	8,207		
17.	Contractual services - legal	11,470	(2,997) [4]	8,473	0	8,473	0	8,473		
18.	Contractual services - management fees	0	0	0	0	0	0	0		
19.	Contractual services - other	148,503	(2,565) [5]	145,938	0	145,938	0	145,938		
20.	Rent	13,923	0	13,923	0	13,923	0	13,923		
21.	Insurance	29,908	(16,893) [6]	13,015	0	13,015	0	13,015		
22.	Regulatory commission expense	10,042	(5,905) [1]	4,137 [13]	0	4,137	0	4,137		
23.	Miscellaneous expense	46,342	(2,374) [2]	43,968	0	43,968	0	43,968		
24.	Interest on customer deposits	642	0	642	0	642	0	642		
25.	Annualization & consumption adjustments	11,993	10,167 [7]	11,993	0	11,993	0	11,993		
26.	Other Public Staff adjustments	0	0	0	0	0	0	0		
27.	Total O&M and G&A expense	719,898	(105,916)	613,982	0	613,982	0	613,982		
28.	Depreciation and amortization expense	115,794	64,002 [8]	179,796	0	179,796	0	179,796		
29.	Property taxes	28,236	0	28,236	0	28,236	0	28,236		
30.	Payroll taxes	17,802	17,435 [2]	35,237	0	35,237	0	35,237		
31.	Other taxes	13,482	0	13,482	0	13,482	0	13,482		
32.	Section 338(h) adjustment	0	0	0	0	0	0	0		
33.	Regulatory fee	1,505	140 [1]	1,645 [14]	139	1,784 [14]	(46)	1,599 [14]		
34.	Deferred income tax	(7,299)	5,915 [1]	(1,384) [15]	0	(1,384) [15]	0	(1,384) [15]		
35.	State income tax	2,874	3,932 [1]	6,806 [16]	2,991	9,797 [19]	(984)	5,822 [23]		
36.	Federal income tax	19,513	26,703 [1]	46,216 [17]	20,307	66,523 [20]	(6,688)	39,528 [24]		
37.	<b>Total operating revenue deductions</b>	<b>911,805</b>	<b>12,211</b>	<b>924,016</b>	<b>23,437</b>	<b>947,453</b>	<b>(7,718)</b>	<b>916,298</b>		
38.	<b>Net operating income for return</b>	<b>\$163,080</b>	<b>\$87,684</b>	<b>\$250,774</b>	<b>\$76,393</b>	<b>\$327,167</b>	<b>(\$25,157)</b>	<b>\$225,617</b>		

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(C)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(c)  
Revised  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Darden.
- [4] Cooper Exhibit I, Schedule 3-1, Line 4, Column (c).
- [5] Cooper Exhibit I, Schedule 3-2, Line 3, Column (c).
- [6] Cooper Exhibit I, Schedule 3-3, Line 19, Column (c).
- [7] Cooper Exhibit I, Schedule 3-5(a), Line 6, Column (d).
- [8] Cooper Exhibit I, Schedule 3-6, Line 16, Column (c).
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Based on the recommendation of Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.22%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 0.41% and abatement percentage of .07%.
- [13] Cooper Exhibit I, Schedule 3-4, Line 18, Column (c).
- [14] Line 5 x 0.0014.
- [15] Based on the recommendation of Public Staff Accountant Boswell.
- [16] Cooper Exhibit I, Schedule 3-7(c), Line 13, Column (a).
- [17] Cooper Exhibit I, Schedule 3-7(c), Line 15, Column (a).
- [18] Column (e) minus Column (c).
- [19] Cooper Exhibit I, Schedule 3-7(c), Line 13, Column (b).
- [20] Cooper Exhibit I, Schedule 3-7(c), Line 15, Column (b).
- [21] Column (g) minus Column (c).
- [22] Calculated by Public Staff.
- [23] Cooper Exhibit I, Schedule 3-7(c), Line 13, Column (c).
- [24] Cooper Exhibit I, Schedule 3-7(c), Line 15, Column (c).

**Agua North Carolina, Inc.**  
 Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
 For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
 Cooper Supp. Exhibit I  
 Schedule 3(d)  
 Revised  
 Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase
		(a)	(b)	(c) [9]	(d) [18]	(e)	(f) [21]	(g)
<b>Operating Revenues:</b>								
1.	Service revenues	\$1,270,059	\$90,866 [1]	\$1,360,925 [10]	\$723,545	\$2,084,470 [10]	\$671,327	\$2,032,252 [22]
2.	Late payment fees	2,045	132 [1]	2,177 [11]	1,158	3,335 [11]	1,075	3,252 [11]
3.	Miscellaneous revenues	340	0	340	0	340	0	340
4.	Uncollectibles and Abatements	(6,942)	(691) [1]	(7,633) [12]	(4,059)	(11,692) [12]	(3,766)	(11,399) [12]
5.	<b>Total operating revenues</b>	<b>1,265,502</b>	<b>90,307</b>	<b>1,355,809</b>	<b>720,644</b>	<b>2,076,453</b>	<b>668,636</b>	<b>2,024,445</b>
<b>Operating Revenue Deductions:</b>								
6.	Salaries and wages	202,262	(25,773) [2]	176,489	0	176,489	0	176,489
7.	Employee pensions and benefits	61,416	(10,313) [2]	51,103	0	51,103	0	51,103
8.	Purchased sewer treatment	1,572	0	1,572	0	1,572	0	1,572
9.	Sludge removal	79,175	10,034 [3]	89,209	0	89,209	0	89,209
10.	Purchased power	91,757	(3,667) [3]	88,090	0	88,090	0	88,090
11.	Fuel for power production	659	0	659	0	659	0	659
12.	Chemicals	109,032	2,161 [3]	111,193	0	111,193	0	111,193
13.	Materials and supplies	8,775	0	8,775	0	8,775	0	8,775
14.	Testing fees	16,098	(2,070) [3]	14,028	0	14,028	0	14,028
15.	Transportation	14,480	0	14,480	0	14,480	0	14,480
16.	Contractual services - engineering	0	0	0	0	0	0	0
17.	Contractual services - accounting	5,270	0	5,270	0	5,270	0	5,270
18.	Contractual services - legal	7,372	(1,904) [4]	5,468	0	5,468	0	5,468
19.	Contractual services - management fees	0	0	0	0	0	0	0
20.	Contractual services - other	115,180	(1,627) [5]	113,553	0	113,553	0	113,553
21.	Rent	8,750	0	8,750	0	8,750	0	8,750
22.	Insurance	21,554	(8,539) [6]	13,015	0	13,015	0	13,015
23.	Regulatory commission expense	6,369	(3,740) [1]	2,629 [13]	0	2,629	0	2,629
24.	Miscellaneous expense	37,173	(1,509) [2]	35,664	0	35,664	0	35,664
25.	Interest on customer deposits	14	0	14	0	14	0	14
26.	Annualization & consumption adjustments	0	12,683 [7]	12,683	0	12,683	0	12,683
27.	Other Public Staff adjustments	0	0	0	0	0	0	0
28.	<b>Total O&amp;M and G&amp;A expense</b>	<b>786,908</b>	<b>(34,264)</b>	<b>752,644</b>	<b>0</b>	<b>752,644</b>	<b>0</b>	<b>752,644</b>
29.	Depreciation and amortization expense	283,569	85,924 [8]	370,493	0	370,493	0	370,493
30.	Property taxes	2,527	0	2,527	0	2,527	0	2,527
31.	Payroll taxes	14,538	7,812 [2]	22,350	0	22,350	0	22,350
32.	Other taxes	8,659	0	8,659	0	8,659	0	8,659
33.	Section 338(h) adjustment	0	0	0	0	0	0	0
34.	Regulatory fee	1,772	126 [1]	1,898 [14]	1,009	2,907 [14]	936	2,834 [14]
35.	Deferred income tax	(15,721)	12,765 [1]	(2,956) [15]	0	(2,956) [15]	0	(2,956) [15]
36.	State income tax	(2,601)	2,601 [1]	0 [16]	20,252	20,252 [19]	18,694	18,694 [23]
37.	Federal income tax	(17,660)	17,660 [1]	0 [17]	137,512	137,512 [20]	126,933	126,933 [24]
38.	<b>Total operating revenue deductions</b>	<b>1,051,991</b>	<b>93,624</b>	<b>1,155,615</b>	<b>158,773</b>	<b>1,314,388</b>	<b>146,563</b>	<b>1,302,178</b>
39.	<b>Net operating income for return</b>	<b>\$203,511</b>	<b>(\$3,317)</b>	<b>\$200,194</b>	<b>\$561,871</b>	<b>\$762,065</b>	<b>\$522,073</b>	<b>\$722,267</b>

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(D)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(d)  
Revised  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Darden.
- [4] Cooper Exhibit I, Schedule 3-1, Line 4, Column (d).
- [5] Cooper Exhibit I, Schedule 3-2, Line 3, Column (d).
- [6] Cooper Exhibit I, Schedule 3-3, Line 19, Column (d).
- [7] Cooper Exhibit I, Schedule 3-5(b), Line 8, Column (d).
- [8] Cooper Exhibit I, Schedule 3-6, Line 16, Column (d).
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Based on the recommendation of Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.16%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 0.55% and abatement percentage of .01%.
- [13] Cooper Exhibit I, Schedule 3-4, Line 19 Column (c).
- [14] Line 5 x 0.0014.
- [15] Based on the recommendation of Public Staff Accountant Boswell.
- [16] Cooper Exhibit I, Schedule 3-7(d), Line 13, Column (a).
- [17] Cooper Exhibit I, Schedule 3-7(d), Line 15, Column (a).
- [18] Column (e) minus Column (c).
- [19] Cooper Exhibit I, Schedule 3-7(d), Line 13, Column (b).
- [20] Cooper Exhibit I, Schedule 3-7(d), Line 15, Column (b).
- [21] Column (g) minus Column (c).
- [22] Calculated by Public Staff.
- [23] Cooper Exhibit I, Schedule 3-7(d), Line 13, Column (c).
- [24] Cooper Exhibit I, Schedule 3-7(d), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit  
Schedule 3(e)  
Revised  
Page 1 of 2

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [9]	Net Company Increase (d) [18]	Operations After Rate Increase (e)	Net Public Staff Increase (f) [21]	Operations After Rate Increase (g)	
<b>Operating Revenues:</b>									
1.	Service revenues	\$5,027,607	(\$2,002) [1]	\$5,025,605 [10]	\$414,339	\$5,439,944 [10]	\$270,135	\$5,295,740 [22]	
2.	Late payment fees	19,658	(58) [1]	19,600 [11]	1,616	21,216 [11]	1,053	20,653 [11]	
3.	Miscellaneous revenues	372,249	0	372,249	0	372,249	0	372,249	
4.	Uncollectibles and Abatements	(130,809)	(577) [1]	(131,386) [12]	(10,632)	(142,218) [12]	(7,062)	(138,448) [12]	
5.	<b>Total operating revenues</b>	<b>5,288,705</b>	<b>(2,637)</b>	<b>5,286,068</b>	<b>405,123</b>	<b>5,691,191</b>	<b>264,126</b>	<b>5,550,194</b>	
<b>Operating Revenue Deductions:</b>									
6.	Salaries and wages	849,244	(220,594) [2]	628,650	0	628,650	0	628,650	
7.	Employee pensions and benefits	293,048	(76,713) [2]	216,335	0	216,335	0	216,335	
8.	Purchased water	273,245	0	273,245	0	273,245	0	273,245	
9.	Purchased power	214,574	422 [3]	214,996	0	214,996	0	214,996	
10.	Fuel for power production	688	0	688	0	688	0	688	
11.	Chemicals	291,619	41,708 [3]	333,327	0	333,327	0	333,327	
12.	Materials and supplies	33,584	0	33,584	0	33,584	0	33,584	
13.	Testing fees	61,928	(19,552) [3]	42,376	0	42,376	0	42,376	
14.	Transportation	57,985	0	57,985	0	57,985	0	57,985	
15.	Contractual services - engineering	2,750	0	2,750	0	2,750	0	2,750	
16.	Contractual services - accounting	27,419	0	27,419	0	27,419	0	27,419	
17.	Contractual services - legal	38,438	(9,440) [4]	28,998	0	28,998	0	28,998	
18.	Contractual services - management fees	0	0	0	0	0	0	0	
19.	Contractual services - other	709,643	(8,077) [5]	701,566	0	701,566	0	701,566	
20.	Rent	26,431	0	26,431	0	26,431	0	26,431	
21.	Insurance	100,787	(61,746) [6]	39,041	0	39,041	0	39,041	
22.	Regulatory commission expense	31,616	(18,583) [1]	13,033 [13]	0	13,033	0	13,033	
23.	Miscellaneous expense	150,900	(7,479) [2]	143,421	0	143,421	0	143,421	
24.	Interest on customer deposits	5,614	0	5,614	0	5,614	0	5,614	
25.	Annualization & consumption adjustments	18,194	10,755 [7]	28,949	0	28,949	0	28,949	
26.	Other Public Staff adjustments	0	0	0	0	0	0	0	
27.	<b>Total O&amp;M and G&amp;A expense</b>	<b>3,187,707</b>	<b>(369,299)</b>	<b>2,818,408</b>	<b>0</b>	<b>2,818,408</b>	<b>0</b>	<b>2,818,408</b>	
28.	Depreciation and amortization expense	987,996	(3,579) [8]	984,417	0	984,417	0	984,417	
29.	Property taxes	89,088	0	89,088	0	89,088	0	89,088	
30.	Payroll taxes	60,433	50,516	110,949	0	110,949	0	110,949	
31.	Other taxes	45,008	0	45,008	0	45,008	0	45,008	
32.	Section 338(h) adjustment	(3,293)	0	(3,293)	0	(3,293)	0	(3,293)	
33.	Regulatory fee	7,404	(4) [1]	7,400 [14]	568	7,968 [14]	370	7,770 [14]	
34.	Deferred income tax	(44,505)	36,114 [1]	(8,391) [15]	0	(8,391) [15]	0	(8,391) [15]	
35.	State income tax	11,855	12,570 [1]	24,425 [16]	12,137	36,562 [19]	7,913	32,338 [23]	
36.	Federal income tax	80,498	85,348 [1]	165,846 [17]	82,408	248,254 [20]	53,727	219,573 [24]	
37.	<b>Total operating revenue deductions</b>	<b>4,422,191</b>	<b>(188,334)</b>	<b>4,233,857</b>	<b>95,113</b>	<b>4,328,970</b>	<b>62,010</b>	<b>4,295,867</b>	
38.	<b>Net operating income for return</b>	<b>\$866,514</b>	<b>\$185,697</b>	<b>\$1,052,211</b>	<b>\$310,010</b>	<b>\$1,362,221</b>	<b>\$202,116</b>	<b>\$1,254,327</b>	

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
FOOTNOTES TO SCHEDULE 3(E)  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3(e)  
Revised  
Page 2 of 2

- [1] Column (c) minus Column (a).
- [2] Based on the recommendation of Public Staff Accountant Henry.
- [3] Based on the recommendation of Public Staff Engineer Darden.
- [4] Cooper Exhibit I, Schedule 3-1, Line 4, Column (e).
- [5] Cooper Exhibit I, Schedule 3-2, Line 3, Column (e).
- [6] Cooper Exhibit I, Schedule 3-3, Line 19, Column (e).
- [7] Cooper Exhibit I, Schedule 3-5(a), Line 10, Column (d).
- [8] Cooper Exhibit I, Schedule 3-6, Line 16, Column (e).
- [9] Column (a) plus Column (b), unless footnoted otherwise.
- [10] Based on the recommendation of Public Staff Engineer Junis.
- [11] Line 1 times late payment fee percentage of 0.39%.
- [12] Line 1 plus Line 2 times uncollectibles percentage of 2.20% and abatement percentage of .40%.
- [13] Cooper Exhibit I, Schedule 3-4, Line 20, Column (c).
- [14] Line 5 x 0.0014.
- [15] Based on the recommendation of Public Staff Accountant Boswell.
- [16] Cooper Exhibit I, Schedule 3-7(e), Line 13, Column (a).
- [17] Cooper Exhibit I, Schedule 3-7(e), Line 15, Column (a).
- [18] Column (e) minus Column (c).
- [19] Cooper Exhibit I, Schedule 3-7(e), Line 13, Column (b).
- [20] Cooper Exhibit I, Schedule 3-7(e), Line 15, Column (b).
- [21] Column (g) minus Column (c).
- [22] Calculated by Public Staff.
- [23] Cooper Exhibit I, Schedule 3-7(e), Line 13, Column (c).
- [24] Cooper Exhibit I, Schedule 3-7(e), Line 15, Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
ADJUSTMENT TO CONTRACTUAL  
SERVICES - LEGAL  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-1  
Revised

Line No.	Item	Aqua Water (a)	[1]	Aqua Sewer (b)	[1]	Fairways Water (c)	[1]	Fairways Sewer (d)	[1]	Brookwood Water (e)	[1]	Total (f)
	<u>Adjustments to NC legal fees</u>											
1.	Adjustment to remove invoices related to fines and penalties	(\$6,351)		(\$1,588)		(\$451)		(\$287)		(\$1,422)		(\$10,099) [2]
2.	Adjustment to remove pretest year invoices	(8,139)		(2,034)		(579)		(368)		(1,822)		(12,942) [2]
3.	Adjustment to remove legal fees related to legislation	<u>(27,675)</u>		<u>(6,918)</u>		<u>(1,967)</u>		<u>(1,250)</u>		<u>(6,196)</u>		<u>(44,005) [2]</u>
4.	Total adjustment to NC legal fees (Sum of L1 thru L3)	<u><u>(\$42,165)</u></u>		<u><u>(\$10,540)</u></u>		<u><u>(\$2,997)</u></u>		<u><u>(\$1,904)</u></u>		<u><u>(\$9,440)</u></u>		<u><u>(\$67,046) [3]</u></u>

- [1] Column (f) allocated using customer ratio from Cooper Exhibit I, Schedule 4, Line 2.  
[2] Amount provided by the Company.  
[3] Sum of Column (a) thru Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**ADJUSTMENT TO INSURANCE EXPENSE**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [4] (f)
1.	Workers compensation premium	\$36,343 [1]	\$12,476 [1]	\$1,085 [1]	\$1,085 [1]	\$3,255 [1]	\$54,243
2.	Automobile premium	32,446 [1]	11,138 [1]	969 [1]	969 [1]	2,906 [1]	48,427
3.	General liability premium	53,321 [1]	18,304 [1]	1,592 [1]	1,592 [1]	4,775 [1]	79,584
4.	Property insurance	64,790 [2]	22,241 [2]	1,934 [2]	1,934 [2]	5,802 [2]	96,701
5.	Umbrella premium	71,979 [2]	24,709 [2]	2,149 [2]	2,149 [2]	6,446 [2]	107,431
6.	Marsh fees	25,463 [2]	8,741 [2]	760 [2]	760 [2]	2,280 [2]	38,005
7.	Executive risk	28,706 [2]	9,854 [2]	857 [2]	857 [2]	2,571 [2]	42,845
8.	Pollution insurance	14,058 [2]	4,826 [2]	420 [2]	420 [2]	1,259 [2]	20,982
9.	Cyber security	9,184 [2]	3,153 [2]	274 [2]	274 [2]	822 [2]	13,708
10.	Claims handling expense	7,866 [2]	2,700 [2]	235 [2]	235 [2]	704 [2]	11,741
11.	Total allocated costs (Sum of L1 thru L11)	<u>344,156</u>	<u>118,142</u>	<u>10,275</u>	<u>10,275</u>	<u>30,820</u>	<u>513,667</u>
12.	Directly assigned costs:						
13.	Workers compensation claims	48,396 [1]	16,614 [1]	1,445 [1]	1,445 [1]	4,334 [1]	72,233
14.	Automobile claims	25,581 [1]	8,781 [1]	764 [1]	764 [1]	2,291 [1]	38,180
15.	General liability claims	16,879 [1]	5,794 [1]	504 [1]	504 [1]	1,512 [1]	25,193
16.	Surety bonds	938 [2]	322 [2]	28 [2]	28 [2]	84 [2]	1,400
17.	Total insurance per Public Staff (Sum of L12 thru L16)	<u>435,950</u>	<u>149,653</u>	<u>13,016</u>	<u>13,016</u>	<u>39,041</u>	<u>650,673</u>
18.	Less: Amount per Company	<u>624,865 [3]</u>	<u>186,152 [3]</u>	<u>29,909 [3]</u>	<u>21,555 [3]</u>	<u>100,787 [3]</u>	<u>963,268</u>
19.	Adjustment to insurance expense (L17 - L18)	<u>(\$188,915)</u>	<u>(\$36,499)</u>	<u>(\$16,893)</u>	<u>(\$8,539)</u>	<u>(\$61,746)</u>	<u>(\$312,595)</u>

- [1] Column (f) times salaries expensed percentages on Henry Exhibit I, Schedule 2, Line 9.  
[2] Column (f) times ratio of salaries for each rate division in relation to total salaries.  
[3] NCUC Form W-1, Item 10, Exhibit B3-q, Column (d).  
[4] Cooper Exhibit I, Schedule 3-3(a), Column (e).



Agua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**CALCULATION OF INSURANCE  
EXPENSE FOR NORTH CAROLINA**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3(a)  
Revised

Line No.	Item	Total To Be Allocated [1] (a)	Percentage To NC (b)	Amount To NC [8] (c)	Percentage to Expenses In This Case (d)	Insurance Expense per Public Staff [14] (e)
1.	Workers compensation premium	\$696,639	9.87% [2]	\$68,758	78.89% [13]	\$54,243
2.	Automobile premium	381,519	16.09% [3]	61,386	78.89% [13]	48,427
3.	General liability premium	898,239	8.86% [4]	79,584	100.00%	79,584
4.	Property insurance	1,112,784	8.69% [5]	96,701	100.00%	96,701
5.	Umbrella premium	1,179,263	9.11% [6]	107,431	100.00%	107,431
6.	Marsh fees	417,184	9.11% [6]	38,005	100.00%	38,005
7.	Executive risk	470,312	9.11% [6]	42,845	100.00%	42,845
8.	Pollution insurance	315,526	6.65% [7]	20,982	100.00%	20,982
9.	Cyber security	157,750	8.69% [5]	13,708	100.00%	13,708
10.	Claims handling expense	135,113	8.69% [5]	<u>11,741</u>	100.00%	<u>11,741</u>
11.	Total allocated costs (Sum of L1 thru L11)			541,141		513,667
12.	Directly assigned costs:					
13.	Workers compensation claims			91,562 [9]	78.89% [13]	72,233
14.	Automobile claims			48,397 [10]	78.89% [13]	38,180
15.	General liability claims			25,193 [11]	100.00%	25,193
16.	Surety bonds			<u>1,400 [12]</u>	100.00%	<u>1,400</u>
17.	Total insurance per Public Staff (Sum of L13 thru L16)			<u>\$707,693</u>		<u>\$650,673</u>

[1] Based on current insurance policies and information provided by Company.

[2] Cooper Exhibit I, Schedule 3-3(b), Line 9, Column (a).

[3] Cooper Exhibit I, Schedule 3-3(b), Line 11, Column (a).

[4] Cooper Exhibit I, Schedule 3-3(b), Line 5, Column (a).

[5] Cooper Exhibit I, Schedule 3-3(b), Line 13, Column (a).

[6] Overall allocation factor for non-regulated and regulated operations for the test year based on information from Docket No. W- 218, Sub 363.

[7] Cooper Exhibit I, Schedule 3-3(b), Line 15, Column (a).

[8] Column (a) times Column (b).

[9] Cooper Exhibit I, Schedule 3-3(c), Line 8, Column (a).

[10] Cooper Exhibit I, Schedule 3-3(c), Line 8, Column (b).

[11] Cooper Exhibit I, Schedule 3-3(c), Line 8, Column (c).

[12] Based on information provided by Company.

[13] Capitalization rate as shown on NCUC Form W-1, Item 10, Exhibit B1/B2-Labor Summary, Line 17, Column (e).

[14] Column (c) times Column (d).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF AQUA NC**  
**ALLOCATION FACTORS FOR INSURANCE**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3(b)  
Revised

Line No.	Item	Aqua NC (a)	Other (b)	Total Aqua America (c)
<b>Payroll factors</b>				
1.	Payroll amounts	\$6,955,873 [1]	\$84,277,825 [5]	\$71,233,698 [1]
2.	Aqua Services payroll	4,379,647 [2]	58,694,808 [5]	63,074,455 [1]
3.	Payroll for call centers	1,184,974 [3]	5,796,956 [5]	6,981,930 [1]
4.	Total payroll (L1 + L2 + L3)	<u>\$12,520,494</u>	<u>\$128,769,589</u>	<u>\$141,290,083</u>
5.	Payroll factor for general liability	<u>8.86% [4]</u>	<u>91.14% [4]</u>	<u>100.00% [6]</u>
6.	Total payroll (L4)	\$12,520,494	\$128,769,589	\$141,290,083
7.	Less: Ohio payroll	0 [1]	14,405,891 [5]	14,405,891 [1]
8.	Total payroll excluding Ohio (L6 - L7)	<u>\$12,520,494</u>	<u>\$114,363,698</u>	<u>\$126,884,192</u>
9.	Payroll factor for workers compensation	<u>9.87% [4]</u>	<u>90.13% [4]</u>	<u>100.00%</u>
<b>Automobile factor</b>				
10.	Number of automobiles	191 [1]	996 [5]	1,187 [1]
11.	Automobile factor	<u>16.09% [4]</u>	<u>83.91% [4]</u>	<u>100.00% [6]</u>
<b>Property factor</b>				
12.	Property values	\$227,883,374 [1]	\$2,395,601,654 [5]	\$2,623,485,028 [1]
13.	Property factor	<u>8.69% [4]</u>	<u>91.31% [4]</u>	<u>100.00% [6]</u>
<b>Pollution control factor</b>				
14.	Revenues used to calculate premium	\$51,993,564 [1]	\$729,596,196 [5]	\$781,589,760 [1]
15.	Pollution control factor	<u>6.65% [4]</u>	<u>93.35% [4]</u>	<u>100.00% [6]</u>

- [1] Based on information provided by Company.
- [2] Based on information provided by Company.
- [3] Based on information provided by Company.
- [4] Allocation percentage calculated based on amounts in for Aqua America in Column (c).
- [5] Column (c) minus Column (a).
- [6] Column (a) plus Column (b).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF AVERAGE CLAIMS**  
**PAID FOR AQUA NC**  
For the Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-3(c)  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Workers Compensation</u> (a)	<u>Automobile</u> (b)	<u>General Liability</u> (c)
1.	Claims paid in 2013	\$18,836 [1]	\$0 [1]	\$27,257 [1]
2.	Claims paid in 2014	18,928 [1]	58,770 [1]	23,500 [1]
3.	Claims paid in 2015	318,207 [1]	27,315 [1]	65,367 [1]
4.	Claims paid in 2016	59,745 [1]	101,885 [1]	0 [1]
5.	Claims paid in 2017	<u>42,092 [1]</u>	<u>54,015 [1]</u>	<u>9,843 [1]</u>
6.	Total claims paid for 2013 thru 2017 (Sum of L1 thru L5)	457,808	241,985	125,967
7.	Number of years	<u>5</u>	<u>5</u>	<u>5</u>
8.	Five year average of claims paid (L6 / L7)	<u>\$91,562</u>	<u>\$48,397</u>	<u>\$25,193</u>

[1] Based on information provided by Company.

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-4  
Revised

Line No.	<u>Item</u>	Total Cost (a)	Amortization Period [3] (b)	Annual Expense (c)	Unamortized Balance [6] (d)
1.	Legal fees - Current Proceeding	\$130,982 [1]	5	\$26,196 [4]	\$104,786
2.	Legal fees - Defending WSIC/SSIC	55,560 [1]	5	11,112 [4]	44,448
3.	ROE/Capital Structure Witness	18,579 [1]	5	3,716 [4]	14,863
4.	Depreciation Study	58,664 [1]	5	11,733 [4]	46,931
5.	Volumetric Wastewater Rate Structure and Consumption Adjustment	26,000 [1]	5	5,200 [4]	20,800
6.	Communications Initiative	0 [1]	5	0 [4]	0
7.	Customer Education/Mailings	0 [1]	5	0 [4]	0
8.	Billing Analysis/Rate Design	46,349 [1]	5	9,270 [4]	37,079
9.	Aqua Service Company Capitalized Time	5,799 [1]	5	1,160 [4]	4,639
10.	Mailing Customer Notices	99,736 [1]	5	19,947 [4]	79,789
11.	External Auditor Fee	2,000 [1]	5	400 [4]	1,600
12.	Travel Expenses	0 [1]	5	0 [4]	0
13.	Rate Case Filing Fee	500 [1]	5	100 [4]	400
14.	Consultants	18,636 [1]	5	3,727 [4]	14,909
15.	Total rate case expenses (Sum of L1 thru L14)	<u>\$462,805</u>		<u>\$92,561</u>	<u>\$370,244</u>
<u>Allocation of current proceeding:</u>					
16.	Aqua water	\$291,058 [2]		\$58,212 [5]	\$232,846
17.	Aqua sewer	72,753 [2]		14,551 [5]	58,202
18.	Fairways water	20,687 [2]		4,137 [5]	16,550
19.	Fairways sewer	13,144 [2]		2,629 [5]	10,515
20.	Brookwood water	65,163 [2]		13,033 [5]	52,130
21.	Total allocated to rate entities (Sum of L16 thru L20)	<u>\$462,805</u>		<u>\$92,562</u>	<u>\$370,243</u>

[1] Update amount provided by the Company in response to Public Staff data requests.

[2] Line 15, Column (a) multiplied by North Carolina customer ratio for each entity.

[3] Amortization period recommended by the Public Staff.

[4] Column (a) divided by Column (b).

[5] Line 15, Column (c) multiplied by North Carolina customer ratio for each entity.

[6] Column (a) minus Column (c).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION AND  
CONSUMPTION ADJUSTMENTS**  
For The Test Year Ended September 30, 2017  
**WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-5(a)  
Revised

Line No.	Item	As Adjusted (a)	Annualization Adjustment [4] (b)	Consumption Adjustment [6] (c)	Total Adjustment [8] (d)
<u>Aqua water</u>					
1.	Purchased power	\$2,164,209 [1]	\$45,232	(\$10,384)	\$34,848
2.	Chemicals	467,003 [1]	9,760	(2,241)	7,519
3.	Total - Aqua water	<u>\$2,631,212</u>	<u>\$54,992</u>	<u>(\$12,625)</u>	<u>\$42,367</u>
<u>Fairways water</u>					
4.	Purchased power	\$59,453 [2]	\$5,583	\$1,932	\$7,515
5.	Chemicals	20,977 [2]	1,970	682	2,652
6.	Total - Fairways water	<u>\$80,430</u>	<u>\$7,553</u>	<u>\$2,614</u>	<u>\$10,167</u>
<u>Brookwood water</u>					
7.	Purchased power	\$214,996 [3]	\$1,591	\$2,621	\$4,212
8.	Fuel for power production	688 [3]	5	8	13
9.	Chemicals	333,327 [3]	2,467	4,063	6,530
10.	Total - Brookwood water	<u>\$549,011</u>	<u>\$4,063</u>	<u>\$6,692</u>	<u>\$10,755</u>
<u>Factors to be applied per Public Staff:</u>					
11.	Aqua water		2.09% [5]	-0.47% [7]	
12.	Fairways water		9.39% [5]	2.97% [7]	
13.	Brookwood water		0.74% [5]	1.21% [7]	

- [1] Cooper Exhibit I, Schedule 3(a), Column (c), Lines 9 and 11, respectively.
- [2] Cooper Exhibit I, Schedule 3(c), Column (c), Lines 9 and 11, respectively.
- [3] Cooper Exhibit I, Schedule 3(e), Column (c), Lines 9, 10 and 11.
- [4] Column (a) times annualization factor for rate entity listed in Lines 11 through 13.
- [5] Cooper Exhibit I, Schedule 3-5(a)(1), Column (c).
- [6] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 11 through 13.
- [7] Cooper Exhibit I, Schedule 3-5(a)(1), Column (d).
- [8] Column (b) plus Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION  
AND CONSUMPTION FACTORS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-5(a)(1)  
Revised

Line No.	Item	Annualization Factors			
		Bills for Test Year 9/30/2017	Pro Forma Bills per Public Staff	Annualization Factor	Consumption Factor
		[1] (a)	[1] (b)	[2] (c)	[1] (d)
1.	Aqua water	723,239	738,361	2.09%	-0.47%
2.	Aqua sewer	182,301	190,779	4.65%	-1.85%
3.	Fairways water	50,503	55,244	9.39%	2.97%
4.	Fairways sewer	32,528	34,909	7.32%	-0.91%
5.	Brookwood water	163,224	164,424	0.74%	1.21%

[1] Based on information provided by Public Staff Engineer Junis.  
[2] [Column (b) minus Column (a)] divided by Column (a).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF ANNUALIZATION  
ADJUSTMENT**  
For The Test Year Ended September 30, 2017  
**SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-5(b)  
Revised

Line No.	Item	As Adjusted (a)	Annualization Adjustment [3] (b)	Consumption Adjustment [5] (c)	Total Adjustment [6] (d)
<u>Aqua sewer</u>					
1.	Purchased power	\$1,043,919 [1]	\$48,542	(\$20,211)	\$28,331
2.	Fuel for production	23,053 [1]	1,072	(446)	626
3.	Chemicals	589,467 [1]	27,410	(11,412)	15,998
4.	Total - Aqua sewer	<u>\$1,656,439</u>	<u>\$77,024</u>	<u>(\$32,069)</u>	<u>\$44,955</u>
<u>Fairways sewer</u>					
5.	Purchased power	\$88,090 [2]	\$6,448	(\$860)	\$5,588
6.	Fuel for production	659 [2]	48	(6)	42
7.	Chemicals	111,193 [2]	8,139	(1,086)	7,053
8.	Total - Fairways sewer	<u>\$199,942</u>	<u>\$14,635</u>	<u>(\$1,952)</u>	<u>\$12,683</u>
<u>Factors to be applied per Public Staff:</u>					
9.	Aqua sewer		4.65% [4]	-1.85% [4]	
10.	Fairways sewer		7.32% [4]	-0.91% [4]	

[1] Cooper Exhibit I, Schedule 3(b), Column (c), Lines 10, 11 and 12.

[2] Cooper Exhibit I, Schedule 3(d), Column (c), Lines 10, 11 and 12.

[3] Column (a) times annualization factor for rate entity listed in Lines 9 and 10.

[4] Cooper Exhibit I, Schedule 3-5(a)(1), Column (c), Lines 2 and 4, respectively.

[5] Column (a) plus Column (b) times consumption factor for rate entity listed in Lines 9 and 10.

[6] Column (b) plus Column (c).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF DEPRECIATION  
AND AMORTIZATION EXPENSE**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-6  
Revised

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
<b><u>Depreciation expense</u></b>						
1.	Adjustment to post test year additions	\$7,621 [1]	\$188,562 [1]	\$19,633 [1]	\$66,698 [1]	\$11,553 [1]
2.	Adjustment for vehicle purchases	(339,901) [2]	197,906 [2]	53,989 [2]	56,936 [2]	31,070 [2]
3.	Adjustment for meters and meter installations	(93,543) [3]	0	0	0	(46,184) [3]
4.	Remove costs related to future customers	173 [4]	0	0	0	0
5.	Adjustment to excess capacity	0	20,372 [8]	0	0	0
6.	Total adjustment to depreciation expense	<u>(425,650)</u>	<u>406,840</u>	<u>73,623</u>	<u>123,634</u>	<u>(3,561)</u>
<b><u>CIAC amortization expense</u></b>						
7.	Adjustment to include post test year additions	(46,358) [5]	(54,585) [5]	(9,621) [5]	(36,710) [5]	(18) [5]
8.	Adjustment for Neuse Colony Wastewater Plant	0	42,676 [9]	0	0	0
9.	Adjustment for Imputation of CIAC-Neuse Colony Wastewater Plant	0	8,997 [10]	0	0	0
10.	Adjustment to excess capacity	0	(23,667) [11]	0	0	0
11.	Total adjustment to CIAC amortization	<u>(46,358)</u>	<u>(26,579)</u>	<u>(9,621)</u>	<u>(36,710)</u>	<u>(18)</u>
<b><u>Amortization of acquisition adjustments</u></b>						
12.	Adjustment to acquisition incentive adjustments-Mountain Ridge	2,500 [6]	0	0	0	0
13.	Include Mid South growth related PAA through 6/30/18	1,647 [7]	0	0	0	0
14.	Total adjustment to amortization - acq. adj.	<u>4,147</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
15.	Total Public Staff adjustment (L6 + L11 + L14)	<u>(\$467,861)</u>	<u>\$380,261</u>	<u>\$64,002</u>	<u>\$86,924</u>	<u>(\$3,579)</u>

- [1] Cooper Exhibit I, Schedule 2-1(a), Line 15.  
[2] Cooper Exhibit I, Schedule 2-1(c), Line 3.  
[3] Calculated using a depreciation rate of 3.30%, half year convention.  
[4] Cooper Exhibit I, Schedule 2-1, Line 2, Column (a) times composite depreciation rate of 2.45%.  
[5] Cooper Exhibit I, Schedule 2-3, Line 9, Columns (a) thru (e).  
[6] Cooper Exhibit I, Schedule 2-4, Line 7, Column (a).  
[7] Cooper Exhibit I, Schedule 2-4, Line 8, Column (a).  
[8] Cooper Exhibit I, Schedule 2-6, Line 18, Column (d).  
[9] Cooper Exhibit I, Schedule 2-3, Line 10, Column (b).  
[10] Cooper Exhibit I, Schedule 2-3, Line 11, Column (b).  
[11] Cooper Exhibit I, Schedule 2-6, Line 18, Column (e).



Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**AQUA WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(a)  
Revised

<u>Line No.</u>	<u>Item</u>	<u>Present Rates</u> [1] (a)	<u>Company Proposed Rates</u> [3] (b)	<u>Public Staff Recommended Rates</u> [5] (c)
1.	Operating revenue	<u>\$35,187,172</u>	<u>\$38,006,413</u>	<u>\$34,964,999</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	18,371,038	18,371,038	18,371,038
3.	Depreciation and amortization expense	6,210,300	6,210,300	6,210,300
4.	Property taxes	492,594	492,594	492,594
5.	Payroll taxes	495,645	495,645	495,645
6.	Other taxes	193,611	193,611	193,611
7.	Section 338(h) adjustment	(10,817)	(10,817)	(10,817)
8.	Regulatory fee	49,262	53,209	48,951
9.	Gross receipts tax	0	0	0
10.	Interest expense	<u>2,578,428</u> [2]	<u>2,578,428</u> [4]	<u>2,578,428</u> [6]
11.	Total deductions (Sum of L2 thru L10)	<u>28,380,060</u>	<u>28,384,007</u>	<u>28,379,749</u>
12.	Taxable income (L1 - L11)	<u>6,807,112</u>	<u>9,622,406</u>	<u>6,585,250</u>
13.	State income tax (L12 x 3.00%)	<u>204,213</u>	<u>288,672</u>	<u>197,557</u>
14.	Federal taxable income (L12 - L13)	<u>6,602,899</u>	<u>9,333,734</u>	<u>6,387,693</u>
15.	Federal income tax (L14 x 21.00%)	<u>1,386,609</u>	<u>1,960,084</u>	<u>1,341,415</u>
16.	Excess deferred income tax amortization	<u>(77,166)</u>	<u>(77,166)</u>	<u>(77,166)</u>
17.	Net amount (L12 - L13 - L15 - L16)	5,293,456	7,450,816	5,123,444
18.	Add: interest expense	<u>2,578,428</u> [2]	<u>2,578,428</u> [4]	<u>2,578,428</u> [6]
19.	Net income for return (L17 + L18)	<u>\$7,871,884</u>	<u>\$10,029,244</u>	<u>\$7,701,872</u>

- [1] Cooper Exhibit I, Schedule 3(a), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(a), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(a), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(a), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(a), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(a), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**AQUA SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(b)  
Revised

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$13,549,199</u>	<u>\$14,135,950</u>	<u>\$14,139,899</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	8,081,434	8,081,434	8,081,434
3.	Depreciation and amortization expense	2,241,073	2,241,073	2,241,073
4.	Property taxes	23,018	23,018	23,018
5.	Payroll taxes	123,884	123,884	123,884
6.	Other taxes	48,126	48,126	48,126
7.	Section 338(h) adjustment	(5,914)	(5,914)	(5,914)
8.	Regulatory fee	18,969	19,790	19,796
9.	Gross receipts tax	0	0	0
10.	Interest expense	1,015,468 [2]	1,015,468 [4]	1,015,468 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>11,546,058</u>	<u>11,546,879</u>	<u>11,546,885</u>
12.	Taxable income (L1 - L11)	<u>2,003,141</u>	<u>2,589,071</u>	<u>2,593,014</u>
13.	State income tax (L12 x 3.00%)	<u>60,094</u>	<u>77,672</u>	<u>77,790</u>
14.	Federal taxable income (L12 - L13)	<u>1,943,047</u>	<u>2,511,399</u>	<u>2,515,224</u>
15.	Federal income tax (L14 x 21.00%)	<u>408,040</u>	<u>527,394</u>	<u>528,197</u>
16.	Excess deferred income tax amortization	(30,751)	(30,751)	(30,751)
17.	Net amount (L12 - L13 - L15 - L16)	1,565,758	2,014,756	2,017,778
18.	Add: interest expense	<u>1,015,468 [2]</u>	<u>1,015,468 [4]</u>	<u>1,015,468 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$2,581,226</u>	<u>\$3,030,224</u>	<u>\$3,033,246</u>

- [1] Cooper Exhibit I, Schedule 3(b), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(b), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(b), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(b), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(b), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(b), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(c)  
Revised

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$1,174,790</u>	<u>\$1,274,620</u>	<u>\$1,141,915</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	613,982	613,982	613,982
3.	Depreciation and amortization expense	179,796	179,796	179,796
4.	Property taxes	28,236	28,236	28,236
5.	Payroll taxes	35,237	35,237	35,237
6.	Other taxes	13,482	13,482	13,482
7.	Section 338(h) adjustment	0	0	0
8.	Regulatory fee	1,645	1,784	1,599
9.	Gross receipts tax	0	0	0
10.	Interest expense	<u>75,532 [2]</u>	<u>75,532 [4]</u>	<u>75,532 [6]</u>
11.	Total deductions (Sum of L2 thru L10)	<u>947,910</u>	<u>948,049</u>	<u>947,864</u>
12.	Taxable income (L1 - L11)	<u>226,880</u>	<u>326,571</u>	<u>194,051</u>
13.	State income tax (L12 x 3.00%)	<u>6,806</u>	<u>9,797</u>	<u>5,822</u>
14.	Federal taxable income (L12 - L13)	<u>220,074</u>	<u>316,774</u>	<u>188,229</u>
15.	Federal income tax (L14 x 21.00%)	<u>46,216</u>	<u>66,523</u>	<u>39,528</u>
16.	Excess deferred income tax amortization	<u>(1,384)</u>	<u>(1,384)</u>	<u>(1,384)</u>
17.	Net amount (L12 - L13 - L15 - L16)	175,242	251,635	150,085
18.	Add: Interest expense	<u>75,532 [2]</u>	<u>75,532 [4]</u>	<u>75,532 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$250,774</u>	<u>\$327,167</u>	<u>\$225,617</u>

- [1] Cooper Exhibit I, Schedule 3(c), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(c), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(c), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(c), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(c), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(c), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**FAIRWAYS SEWER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(d)  
Revised

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$1,355,809</u>	<u>\$2,076,453</u>	<u>\$2,024,445</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	752,644	752,644	752,644
3.	Depreciation and amortization expense	370,493	370,493	370,493
4.	Property taxes	2,527	2,527	2,527
5.	Payroll taxes	22,350	22,350	22,350
6.	Other taxes	8,659	8,659	8,659
7.	Section 338(h) adjustment	0	0	0
8.	Regulatory fee	1,898	2,907	2,834
9.	Gross receipts tax	0	0	0
10.	Interest expense	241,800 [2]	241,800 [4]	241,800 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>1,400,371</u>	<u>1,401,380</u>	<u>1,401,307</u>
12.	Taxable income (L1 - L11)	<u>(44,562)</u>	<u>675,073</u>	<u>623,138</u>
13.	State income tax (L12 x 3.00%)	<u>0</u>	<u>20,252</u>	<u>18,694</u>
14.	Federal taxable income (L12 - L13)	<u>(44,562)</u>	<u>654,821</u>	<u>604,444</u>
15.	Federal income tax (L14 x 21.00%)	<u>0</u>	<u>137,512</u>	<u>126,933</u>
16.	Excess deferred income tax amortization	<u>(2,956)</u>	<u>(2,956)</u>	<u>(2,956)</u>
17.	Net amount (L12 - L13 - L15 - L16)	<u>(41,606)</u>	<u>520,265</u>	<u>480,467</u>
18.	Add: interest expense	<u>241,800 [2]</u>	<u>241,800 [4]</u>	<u>241,800 [6]</u>
19.	Net income for return (L17 + L18)	<u>\$200,194</u>	<u>\$762,065</u>	<u>\$722,267</u>

- [1] Cooper Exhibit I, Schedule 3(d), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(d), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(d), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(d), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(d), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(d), Line 7, Column (e).

**Agua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended September 30, 2017  
**BROOKWOOD WATER OPERATIONS**

Public Staff  
Cooper Supp. Exhibit I  
Schedule 3-7(e)  
Revised

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	<u>\$5,286,068</u>	<u>\$5,691,191</u>	<u>\$5,550,194</u>
	Operating revenue deductions:			
2.	O&M and G&A expense	2,818,408	2,818,408	2,818,408
3.	Depreciation and amortization expense	984,417	984,417	984,417
4.	Property taxes	89,088	89,088	89,088
5.	Payroll taxes	110,949	110,949	110,949
6.	Other taxes	45,008	45,008	45,008
7.	Section 338(h) adjustment	(3,293)	(3,293)	(3,293)
8.	Regulatory fee	7,400	7,968	7,770
9.	Gross receipts tax	0	0	0
10.	Interest expense	419,923 [2]	419,923 [4]	419,923 [6]
11.	Total deductions (Sum of L2 thru L10)	<u>4,471,900</u>	<u>4,472,468</u>	<u>4,472,270</u>
12.	Taxable income (L1 - L11)	<u>814,168</u>	<u>1,218,723</u>	<u>1,077,924</u>
13.	State income tax (L12 x 3.00%)	<u>24,425</u>	<u>36,562</u>	<u>32,338</u>
14.	Federal taxable income (L12 - L13)	<u>789,743</u>	<u>1,182,161</u>	<u>1,045,586</u>
15.	Federal income tax (L14 x 21.00%)	<u>165,846</u>	<u>248,254</u>	<u>219,573</u>
16.	Excess deferred income tax amortization	<u>(8,391)</u>	<u>(8,391)</u>	<u>(8,391)</u>
17.	Net amount (L12 - L13 - L15 - L16)	632,288	942,298	834,404
18.	Add: interest expense	419,923 [2]	419,923 [4]	419,923 [6]
19.	Net income for return (L17 + L18)	<u>\$1,052,211</u>	<u>\$1,362,221</u>	<u>\$1,254,327</u>

- [1] Cooper Exhibit I, Schedule 3(e), Column (c), unless footnoted otherwise.  
[2] Cooper Exhibit I, Schedule 1(e), Line 1, Column (e).  
[3] Cooper Exhibit I, Schedule 3(e), Column (e), unless footnoted otherwise.  
[4] Cooper Exhibit I, Schedule 1(e), Line 4, Column (e).  
[5] Cooper Exhibit I, Schedule 3(e), Column (g), unless footnoted otherwise.  
[6] Cooper Exhibit I, Schedule 1(e), Line 7, Column (e).

**Aqua North Carolina, Inc.**  
Docket No. W-218, Sub 497  
**CALCULATION OF NORTH CAROLINA FACTORS**  
For The Test Year Ended September 30, 2017

Public Staff  
Cooper Supp. Exhibit I  
Schedule 4  
Revised

Line No.	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)	<u>Total</u> [6] (f)
	<u>All NC customer ratio</u>						
1.	Number of customers	60,783 [1]	15,198 [1]	4,323 [1]	2,742 [1]	13,611 [1]	96,657
2.	North Carolina customer ratio	62.89% [2]	15.72% [2]	4.47% [2]	2.84% [2]	14.08% [2]	100.00%
	<u>Aqua water &amp; sewer customer ratio</u>						
3.	Number of customers for Aqua uniform	60,783 [1]	15,198 [1]				75,981
4.	Aqua water & sewer customer ratio	80.00% [3]	20.00% [3]				100.00%
	<u>Fairways water &amp; sewer customer ratio</u>						
5.	Number of customers for Fairways			4,323 [1]	2,742 [1]		7,065
6.	Fairways water % sewer customer ratio			61.19% [5]	38.81% [5]		100.00%
	<u>NC water customer ratio</u>						
7.	Number of water customers	60,783 [1]		4,323 [1]		13,611 [1]	78,717
8.	Water customer ratio	77.22% [4]		5.49%		17.29%	100.00%

[1] Customers as of September 30, 2017, per Company (NCUC Form W-1, Item 10, Appendix 3, Line 1).

[2] Calculated based on number of customers on Line 1.

[3] Calculated based on number of customers on Line 3.

[4] Calculated based on number of customers on Line 7.

[5] Calculated based on number of customers on Line 5.

[6] Sum of Columns (a) through (e).

DOCKET NO. W-218, SUB 497

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Application by Aqua North Carolina, Inc., 202	)	
MacKenan Court, Cary, North Carolina 27511, for	)	PARTIAL SETTLEMENT
Authority to Adjust and Increase Rates for Water and	)	AGREEMENT AND
Sewer Utility Service in All Service Areas in North	)	STIPULATION
Carolina	)	

Aqua North Carolina, Inc. (Aqua or the Company), and the Public Staff – North Carolina Utilities Commission (Public Staff) (collectively the Stipulating Parties), through counsel and pursuant to N.C. Gen. Stat. § 62-92 and Rule R1-24(c) of the Rules and Regulations of the North Carolina Utilities Commission (Commission), respectfully submit the following Partial Settlement Agreement and Stipulation (Stipulation) for consideration by the Commission in this proceeding. The Stipulating Parties hereby stipulate and agree as follows:

**I. BACKGROUND**

A. On February 5, 2018, Aqua gave notice of its intent to file a general rate case.

B. On March 7, 2018, Aqua filed an application in this proceeding seeking authority to increase its rates for water and sewer utility service in all of its service areas in North Carolina. Included with this filing was certain information and data required by NCUC Form W-1 (Form W-1).

C. On April 5, 2018, the Commission issued its Order Establishing General Rate Case, Suspending Rates, Scheduling Hearings, and Requiring Customer Notice. On April 6, 2018, the Commission issued an Errata Order regarding revisions to Appendix C of its April 5 order.

D. On June 8, 2018, Aqua filed the testimony and exhibits of Company witness John J. Spanos.

E. On July 27, 2018, Aqua filed the testimony and exhibits of Company witnesses Shannon V. Becker, Dean R. Gearhart, Robert A. Kopas, Dr. Christopher S. Crockett, and Dylan W. D'Ascendis.

F. On August 6, 2018, Aqua filed revised testimony of Company witness Kopas.

G. On August 21, 2018, the Public Staff filed the testimony and exhibits of Public Staff witnesses Windley E. Henry, Manasa L. Cooper, Charles Junis, Lindsay Darden, and John R. Hinton.

H. Subsequent to the filing of the Company's application in this docket, the Public Staff engaged in substantial discovery of Aqua regarding the matters addressed by the Company's application and further examined the relevant books and records of Aqua with respect to the Company's application. The Public Staff's discovery efforts spanned a period of months, entailed over 150 sets of multi-question data requests directed to the Company, and numerous informal follow-up questions, and involved on-site audit activities at the Company's North Carolina headquarters in Cary, North Carolina. The Public Staff also conducted field inspections of the water systems at Beau Rivage, Stoney Creek, and Shadow Lakes, and the sewer systems at Beau Rivage, The Cape, Dolphin Bay, Carolina Meadows, Governors Club, and Neuse Colony; followed up on written customer protests and concerns raised at the public hearings; and reviewed North Carolina Department of Environmental Quality (DEQ) records.



I. Following completion of the Public Staff's investigation of the Company's application and accompanying documents, review of the results of its examination of the Company's books and records, review of the Company's responses to the Public Staff's Data Requests, and after the Public Staff filed its direct testimony on August 21, 2018, the Stipulating Parties met and participated in meetings and conference calls to discuss possible settlement.

J. After settlement negotiations, in which concessions from their litigation positions were made by both parties, the Stipulating Parties were ultimately able to arrive at a partial settlement, the terms of which are reflected in the following sections of this Stipulation and the schedules and exhibits attached hereto. The Stipulating Parties agree and stipulate as follows:

**II. UNRESOLVED ISSUES BETWEEN THE STIPULATING PARTIES**

The Stipulating Parties have not reached a compromise on the following issues (Unresolved Issues):

- a. Return on Equity
- b. Removal of 50% of four operator's salaries and related benefits
- c. Reduction of executive compensation and benefits by 50%
- d. Reduction of board of director fees by 50%
- e. Annualization and consumption adjustments
- f. Post-test year plant additions
- g. Removal of 30% of bonuses paid to Aqua North Carolina supervisory employees
- h. Adjustment for Neuse Colony sewer expansion

- i. Adjustment to costs related to AMR meters and the two meter installation projects
- j. Adjustment to excess capacity
- k. Adjustment to sludge removal
- l. Adjustment to testing
- m. Adjustment for water losses from purchased water systems
- n. Water quality issues, including reporting and customer complaints
- o. Consumption Adjustment Mechanism

**III. REVENUE REQUIREMENT ISSUES RESOLVED BETWEEN THE STIPULATING PARTIES**

The Stipulating Parties have reached an agreement regarding the following revenue requirement issues. The actual amount of the agreed-upon adjustments may differ due to the effects of the Unresolved Issues and updated information to be provided by the Company. The revenue requirement effects of the agreed-upon issues are shown on Settlement Exhibit 1 and attached to her respective testimony supporting this Stipulation.<sup>1</sup> The revenue requirement effects of this Stipulation provide sufficient support for the annual revenue required on the issues agreed to in this Stipulation. No Stipulating Party waives any right to assert a position in any future proceeding or docket before the Commission or in any court, as the adjustments agreed to in this Stipulation are strictly for purposes of compromise and are intended to show a rational basis for reaching the agreed-upon revenue

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<sup>1</sup> The total increase in base rate revenues and the resulting average increase, if any, will not be determined until the Commission rules on the Unresolved Issues.

requirement adjustments without either party conceding any specific adjustment. The Stipulating Parties agree that settlement on these issues will not be used as a rationale for future arguments on contested issues brought before the Commission. The areas of agreement are as follows:

A. The test period for this rate case is the twelve months ending September 30, 2017, adjusted for certain changes in plant, revenues, and costs that were not known at the time the case was filed but are based upon circumstances occurring or becoming known through June 30, 2018.

B. The capital structure appropriate for use in this proceeding is a capital structure consisting of 50.00% common equity and 50.00% long-term debt at a cost of 4.63%.

C. The Company accepts the Public Staff's proposed adjustment to update salaries and wages through June 30, 2018.

D. The Stipulating Parties agree to an adjustment in the amount of (\$174,680) to remove five open positions as set forth in the supplemental testimony of Public Staff witness Henry.

E. The Stipulating Parties agree to an adjustment of (\$150,196) to remove benefits related to the five open positions discussed in Subparagraph D above.

F. The Company accepts the Public Staff's proposed adjustment to overtime pay as set forth in the supplemental testimony of Public Staff witness Henry.

G. The Public Staff agrees to withdraw its proposed adjustment related to Neuse Colony rate base as reflected on Line 7 of Settlement Exhibit 1.

H. The Company accepts the Public Staff's proposed adjustment to update pensions and benefits through June 30, 2018.

I. The Company accepts the Public Staff's proposed adjustment to remove allocated costs from corporate services, corporate sundries, and Aqua Customer Operations.

J. The Company accepts the Public Staff's proposed adjustment to remove duplicative Health Advocate costs.

K. The Company accepts the Public Staff's proposed adjustment to update insurance expenses as set forth in the supplemental testimony of Public Staff witness Cooper.

L. The Stipulating Parties agree to an adjustment of \$14,009 to allow partial recovery of the Company's costs associated with its communication initiative.

M. The Company accepts the Public Staff's proposed adjustment to updated service revenues from customer growth as set forth in the supplemental testimony of Public Staff witness Junis.

N. The Company accepts the Public Staff's proposed adjustment to reclassify miscellaneous service revenues from service revenues.

O. The Company accepts the Public Staff's proposed adjustment to advances for construction.

P. The Company accepts the Public Staff's proposed adjustment to plant related to future customers as set forth in the supplemental testimony of Public Staff witness Cooper.

Q. The Company accepts the Public Staff's proposed adjustment to remove pretest year legal invoices.

R. The Company accepts the Public Staff's proposed adjustment to re-allocate vehicles as set forth in the supplemental testimony of Public Staff witness Cooper.

S. The Company accepts the Public Staff's proposed adjustment to remove legal fees related to fines and penalties.

T. The Company has agreed to the Public Staff's proposed adjustments to accumulated deferred income taxes (ADIT) regarding unamortized rate case expense, unamortized repair tax credit, post-test year plant additions, and excess deferred income taxes (EDIT). The Stipulating Parties agree to revise ADIT for any updates made to regulatory commission expenses.

U. The Company accepts the Public Staff's proposed adjustment to acquisition incentive adjustments (AIA) as set forth in the supplemental testimony of Public Staff witness Cooper.

V. The Company accepts the Public Staff's proposed adjustment to Mid South growth PAA as set forth in the supplemental testimony of Public Staff witness Cooper.

W. The Stipulating Parties agree to an adjustment of (\$15,972) for working capital.

X. The Company accepts the Public Staff's proposed adjustment to Mountain Ridge AIA as set forth in the supplemental testimony of Public Staff witness Cooper.

Y. The Company accepts the Public Staff's proposed adjustment to late payment fees as set forth in the supplementary testimony of Public Staff witness Cooper.

Z. The Company accepts the Public Staff's proposed adjustment to uncollectibles as set forth in the supplementary testimony of Public Staff witness Cooper.

AA. The Company accepts the Public Staff's proposed adjustment to transportation fuel expense as set forth in the supplementary testimony of Public Staff witness Cooper.

BB. The Company agrees to the Public Staff's proposed adjustment for purchased power expense.

CC. The Company agrees to the Public Staff's proposed adjustment for chemical expense.

DD. The Company agrees to the Public Staff's proposed adjustment for removing pretest year invoices from contract services.

EE. The Company agrees to the Public Staff's proposed adjustment to contract services related to NC 811 locates.

FF. The Stipulating Parties have agreed to a methodology for calculating regulatory commission expense, also known as rate case expense, and will update the number in Settlement Exhibit 1, Line 33 for actual and estimated costs once

supporting documentation is provided by the Company. Aqua seeks a three-year amortization period; the Public Staff supports five.

GG. The Company agrees to the Public Staff's proposed adjustment removing legal fees related to legislation.

HH. The Stipulating Parties agree to an adjustment of \$8,271 for payroll taxes as set forth in the supplementary testimony of Public Staff witness Henry.

II. The Company agrees to accept the Public Staff's proposals for addressing the Federal Tax Cuts and Jobs Act (the Tax Act). The unprotected Federal EDIT created by enactment of the Tax Act will be returned to customers through a levelized rider that will expire at the end of a three-year period. The protected EDIT will be flowed back following the tax normalization rules utilizing the average rate assumption method (ARAM) required by IRC Section 203(e).

JJ. The State EDIT that the Company recorded pursuant to the Commission's May 13, 2014 order in Docket No. M-100, Sub 138 will be returned to customers through a levelized rider that will expire at the end of a three-year period.

KK. The Stipulating Parties agree to the Company's proposal to refund to the ratepayers the overcollection of federal taxes related to the decrease in federal tax rates for the period beginning January 1, 2018, and corresponding interest, as a surcharge credit for a one-year period beginning when the new base rates become effective in the current docket.

#### **IV. AGREEMENT TO SUPPORT SETTLEMENT; NON-WAIVER.**

A. The Stipulating Parties will act in good faith to support the

reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take partial settlement of contested issues.

B. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties, but reflect instead the compromise and settlement between the Stipulating Parties as to all of the issues covered hereby. No Stipulating Party waives any right to assert any position in any future proceeding or docket before this or any other Commission and in any court except insofar as the Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not be cited as precedent by any of the Parties with regard to any issue in any other proceeding or docket before this Commission or in any court.

C. This Stipulation is a product of negotiation among the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

**V. Introduction of Testimony and Waiver of Cross-Examination.**

A. Except for testimony and exhibits related to the Unresolved Issues, the pre-filed testimony and exhibits of the Stipulating Parties may be received in evidence without objection, and each Party waives all right to cross examine any witness with respect to such pre-filed testimony and exhibits. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken



by any person who is not a Party, then any Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

B. The Stipulating Parties will cooperate in providing pre-filed testimony to explain and support this Stipulation. The Stipulating Parties agree that Aqua's application and the testimony and exhibits of the Stipulating Parties will provide sufficient support for the annual revenue requirement amounts agreed to in this Stipulation, subject to the revenue requirement effect of the Commission's decisions on the Unresolved Issues.

#### **VI. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY**

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Parties unless the entire Partial Settlement Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, each Party retains the right to seek additional procedures before the Commission, including cross-examination


of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

**VII. COUNTERPARTS**

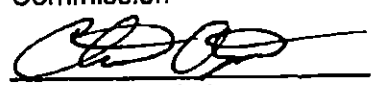
This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated to this the 17<sup>th</sup> day of September, 2018.

Aqua North Carolina, Inc.

By:   
Jo Anne Sanford  
Attorney for Aqua

Public Staff - North Carolina Utilities Commission

By:   
Christopher J. Ayers  
Executive Director

Aqua North Carolina, Inc.  
Docket No. W-218, Sub 497  
CALCULATION OF GROSS REVENUE  
IMPACT OF PUBLIC STAFF ADJUSTMENTS  
For The Test Year Ended September 30, 2017

Settlement Exhibit 1  
Page 1 of 2

Line No.	Item	Aqua Water (1)	Aqua Sewer (1)	Fairways Water (1)	Fairways Sewer (1)	Brookwood Water (1)	PS Settled Position (2)	Aqua Settled Position
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	Increase / (decrease) in total revenues per Company	52,773,106	5,628,764	990,748	5,671,750	377,145	\$4,935,516	\$4,935,516
<b>Settled Items:</b>								
2.	Difference in calculation of revenue requirement based on Company amounts	52	3	2	0	379	444	444
3.	Adjust debt cost rate to 4.63%	(60,931)	(21,292)	(1,617)	(4,988)	(10,123)	(98,951)	(98,951)
4.	Update salaries and wages through 6/30/18	61,206	150,467	(49,103)	(19,176)	(163,779)	(40,385)	(40,385)
5.	Remove open positions	(128,865)	(45,571)	(45)	(20)	(179)	(174,680)	(174,680)
6.	Adjustment to reflect actual OT pay	(18,707)	(3,112)	(132)	(53)	3,411	(18,593)	(18,593)
7.	Adjustment to rate base-Neuse Colony	0	0	0	0	0	0	0
8.	Update pensions & benefits through 6/30/18	(179)	37,988	(14,022)	(5,045)	(55,380)	(36,639)	(36,639)
9.	Remove benefits related to open positions	(100,933)	(34,245)	(2,871)	(2,653)	(9,494)	(150,195)	(150,195)
10.	Remove Prof ACO and Corp S&S data	4,163	825	222	118	1,046	6,372	6,372
11.	Remove duplicate Health Advocate	(6,356)	(2,156)	(181)	(167)	(598)	(9,458)	(9,458)
12.	Adjustment to insurance expense	(189,180)	(36,550)	(16,917)	(8,551)	(61,833)	(313,031)	(313,031)
13.	Adjustment to communication initiative	8,810	2,202	626	398	1,973	14,009	14,009
14.	Adjustment to service revenues	(718,598)	(549,365)	(100,180)	(90,866)	-2,002	(1,457,007)	(1,457,007)
15.	Adjustment to miscellaneous revenues	(11,520)	(60,720)	0	0	0	(72,240)	(72,240)
16.	Update advances for construction	(8,521)	(5,708)	1,159	(416)	0	(13,488)	(13,488)
17.	Remove costs related to future customers	672	0	0	0	0	672	672
18.	Adjustment to remove pretest year legal invoices	(8,151)	(2,037)	(579)	(368)	(1,825)	(12,960)	(12,960)
19.	Adjustment for allocated vehicles	(440,205)	241,303	67,089	63,343	56,469	(1)	(1)
20.	Adjustment for legal fees related to fines & penalties	(6,360)	(1,590)	(452)	(287)	(1,424)	(10,113)	(10,113)
21.	Adjustment accumulated deferred income taxes	825,255	154,904	9,688	23,509	64,382	877,738	877,738
22.	Adjustment for acquisition incentive adjustments (AIA)	0	0	0	0	0	0	0
23.	Update Mid South growth PAA to 6/30/18	6,085	0	0	0	0	6,085	6,085
24.	Adjustment to working capital	(656)	(3,774)	133	(1,224)	(10,451)	(15,972)	(15,972)
25.	Adjustment for Mountain Ridge AIA	8,550	0	0	0	0	8,550	8,550
26.	Adjustment for late payment fees	(575)	(609)	(259)	(132)	58	(1,617)	(1,617)
27.	Adjustment to uncollectibles	4,741	3,451	544	691	577	10,014	10,014
28.	Adjustment to transportation fuel expense	0	0	0	0	0	0	0
29.	Adjustment to purchased power	(79,693)	(5,735)	(1,415)	(3,672)	423	(90,092)	(90,092)
30.	Adjustment to chemicals	25,240	47,630	1,533	2,164	41,766	118,333	118,333
31.	Adjustment contract services remove pretest yr invoices	0	(1,368)	0	0	0	(1,368)	(1,368)
32.	Adjustment contract services - other-NC 811 locates	(36,132)	(9,031)	(2,569)	(1,829)	(8,088)	(57,449)	(57,449)
33.	Adjustment regulatory commission expense	(83,143)	(20,780)	(5,913)	(3,745)	(18,609)	(132,190)	(132,190)
34.	Remove legal fees related to legislation	(27,714)	(6,927)	(1,970)	(1,251)	(6,205)	(44,067)	(44,067)
35.	Adjustment to amortized EDIT	433,767	172,707	7,730	16,881	47,194	678,079	678,079
36.	Adjustment to payroll taxes	(24,668)	(42,930)	17,459	7,823	50,587	8,271	8,271
37.	Rounding difference	(99)	45	(6)	(3)	(27)	(90)	(90)
38.	<b>Total Settled Items</b>	<b>(772,745)</b>	<b>(41,963)</b>	<b>(92,048)</b>	<b>(28,514)</b>	<b>(85,748)</b>	<b>(1,022,018)</b>	<b>(1,022,018)</b>
<b>Unsettled Items:</b>								
39.	Adjust return on equity to 9.20%	(1,228,856)	(429,412)	(32,605)	(100,612)	(204,171)	(1,905,656)	(117,391)
40.	Remove one-half of 4 operator's salaries	(34,669)	(14,326)	(105)	(73)	(8,759)	(58,132)	0
41.	Adjustment to remove 30% of bonuses for goals related to shareholders	(20,423)	(6,956)	(447)	(408)	(1,457)	(29,691)	0
42.	Adjustment to allocate executive compensation	(134,619)	(33,649)	(9,568)	(6,060)	(30,139)	(214,055)	0
43.	Adjustment for Neuse Colony sewer expansion	0	(19,021)	0	0	0	(19,021)	0
44.	Remove one-half of 4 operator's benefits	(10,598)	(3,596)	(301)	(278)	(996)	(15,769)	0
45.	Adjustment to allocate executive benefits	(50,014)	(12,727)	(3,619)	(2,299)	(11,399)	(80,958)	0
46.	Adjustment to board of directors fees	(42,266)	(10,564)	(3,003)	(1,909)	(9,462)	(67,204)	0
47.	Annualization and consumption adjustments	42,426	45,018	10,181	12,701	10,770	121,096	196,500
48.	Adjustment for post test year plant additions	(278,542)	479,677	13,297	117,388	8,722	340,534	340,534
49.	Adjustment for meters and meter installations	(318,743)	0	0	0	(154,828)	(473,571)	0

Aqua North Carolina, Inc.  
Docket No W-218, Sub 487  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Test Year Ended September 30, 2017

Settlement Exhibit 1  
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Line  
No

Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	PS Filed Position (f)	Aqua Filed Position
	(1)	(1)	(1)	(1)	(1)	(2)	
50. Adjustment for excess capacity	0	(32,940)	0	0	0	(32,940)	26,777
51. Adjustment to sludge removal	0	13,033	0	10,048	0	23,081	47,375
52. Adjustment to testing	(71,311)	29,364	(5,407)	(2,070)	(19,552)	(68,976)	79,024
53. Adjustment to purchased water	(73,822)	0	0	0	0	(73,822)	0
54. Total unsettled items	<u>(2,222,537)</u>	<u>3,901</u>	<u>(31,577)</u>	<u>26,400</u>	<u>(421,271)</u>	<u>(2,645,084)</u>	<u>572,819</u>
55. Revenue impact of Public Staff adjustments (L39 + L54)	<u>(2,995,282)</u>	<u>(38,064)</u>	<u>(123,623)</u>	<u>(3,114)</u>	<u>(507,019)</u>	<u>(3,567,102)</u>	<u>(449,199)</u>
56. Increase / (decrease) per Public Staff	<u>(522,173)</u>	<u>\$590,700</u>	<u>(532,875)</u>	<u>\$668,636</u>	<u>\$264,126</u>	<u>\$1,268,414</u>	<u>\$4,486,317</u>
57. Increase / (decrease) per Public Staff	<u>(222,173)</u>	<u>590,700</u>	<u>(32,875)</u>	<u>668,636</u>	<u>264,126</u>	<u>1,268,414</u>	<u>4,486,317</u>
58. Unprotected Federal EDIT rider	(2,763,922)	(1,100,470)	(49,255)	(106,288)	(300,717)	(4,320,652)	(4,320,652)
59. State EDIT rider	(306,682)	(122,107)	(5,465)	(11,794)	(33,367)	(479,415)	(479,415)
60. Total EDIT rider	<u>(3,070,604)</u>	<u>(1,222,577)</u>	<u>(54,720)</u>	<u>(118,082)</u>	<u>(334,084)</u>	<u>(4,800,067)</u>	<u>(4,800,067)</u>
61. Public Staff recommended change in revenue requirement	<u>(53,292,777)</u>	<u>(5631,877)</u>	<u>(587,595)</u>	<u>\$550,554</u>	<u>(569,958)</u>	<u>(53,531,653)</u>	<u>(5313,750)</u>

[1] Calculated by the Public Staff.  
[2] Sum of Column (a) thru Column (e)