

**CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
DOCKET NO. W-354, SUB 356**

**TESTIMONY OF SONJA R. JOHNSON
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

September 19, 2017

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND
2 PRESENT POSITION.

3 A. My name is Sonja R. Johnson and my business address is 430 N.
4 Salisbury Street, Raleigh, North Carolina. I am a Staff Accountant
5 with the Accounting Division of the Public Staff – North Carolina
6 Utilities Commission, and represent the using and consuming public.

7

8 Q. HOW LONG HAVE YOU BEEN EMPLOYED BY THE PUBLIC
9 STAFF?

10 A. I have been employed by the Public Staff since January 1, 2006.

11

12 Q. WILL YOU STATE BRIEFLY YOUR EDUCATION AND
13 EXPERIENCE?

14 A. I am a graduate of North Carolina State University with a Bachelor of
15 Science and Master of Science degree in Accounting. I was initially
16 an employee of the Public Staff from December 2002 until May 2004,
17 and rejoined the Public Staff in January 2006. Since initially joining
18 the Public Staff in December 2002, I have filed testimony or affidavits
19 in several water and sewer general rate cases. I have also filed

1 testimony in applications for certificates of public convenience and
2 necessity of existing systems. My experience also includes filing
3 affidavits in several fuel rate cases of Duke Energy Carolinas, LLC.

4

5 Q. WHAT ARE YOUR DUTIES?

6 A. I am responsible for analyzing testimony, exhibits, and other data
7 presented by parties before this Commission. I have the further
8 responsibility of performing and supervising the examinations of
9 books and records of utilities involved in proceedings before the
10 Commission, and summarizing the results into testimony and
11 exhibits for presentation to the Commission.

12

13 Q. MS. JOHNSON, WHAT IS THE NATURE OF THE APPLICATION IN
14 THIS PROCEEDING?

15 A. On March 31, 2017, Carolina Water Service, Inc. of North Carolina
16 (CWSNC or Company) filed an application with the Commission
17 seeking authority to adjust and increase rates for all of its water and
18 sewer service areas in North Carolina, except Corolla Light and
19 Monteray Shores Service Area and Elk River Development. My
20 investigation included a review of the application filed by CWSNC,
21 an examination of the Company's books and records for the test
22 year, and a review of additional documentation provided by the
23 Company in response to written and verbal data requests.

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
2 PROCEEDING?

3 A. The purpose of my testimony in this proceeding is to present the
4 results of my investigation of the levels of revenue, expenses, and
5 investment filed by CWSNC in support of its requested increase in
6 operating revenues for its uniform water operations (CWSNC water),
7 uniform sewer operations (CWSNC sewer), Bradfield Farms and
8 Fairfield Harbour water operations (BF/FH water), and Bradfield
9 Farms and Fairfield Harbour sewer operations (BF/FH sewer).
10

11 Q. WOULD YOU BRIEFLY DESCRIBE THE PRESENTATION OF
12 YOUR TESTIMONY AND EXHIBITS?

13 A. Yes. My testimony contains a discussion of each issue resulting from
14 my investigation, and my exhibit consists of schedules showing the
15 calculation of my adjustments to revenues, expenses, and rate base.
16 My schedules also reflect adjustments recommended by other Public
17 Staff witnesses. Schedules 1(a) through 1(d) of my Exhibit I present
18 the return on original cost rate base for water and sewer operations
19 under present rates, Company proposed rates, and Public Staff
20 recommended rates. Schedules 2(a) through 2(d) of Exhibit I, along
21 with their supporting schedules, present the original cost rate base
22 for each of the water and sewer operations. Schedule 3(a) through
23 3(d) of Exhibit I, along with their supporting schedules, present the

1 calculation of net operating income for a return under present rates,
2 Company proposed rates, and Public Staff recommended rates.

3

4 Q. WHAT MODIFICATIONS TO THE TEST PERIOD HAVE YOU
5 MADE IN THIS PROCEEDING?

6 A. In its application, CWSNC made pro forma adjustments to rate base
7 to include construction work in progress (CWIP) projects, net of
8 retirements, which will be placed in service between January 1, 2017,
9 and the hearing date in this proceeding. The Public Staff agrees with
10 the Company that the test year should be updated for certain events
11 that occurred after the test year. Those events should be known and
12 measurable as of a certain date before they should be considered in
13 evaluating the need for rate relief. Therefore, the Public Staff
14 witnesses have made adjustments in this proceeding to update the
15 Company's test year to recognize certain events affecting rate base,
16 revenues, and expenses as a result of certain known and
17 measurable events that occurred through June 30, 2017.

18

19 As part of this overall update adjustment, I have made the
20 adjustments to recognize changes to plant in service, accumulated
21 depreciation, contributions in aid of construction (CIAC), purchase
22 acquisition adjustment (PAA), and other rate base changes that

1 occurred through June 30, 2017. Deferred charges have been
2 amortized through December 31, 2017.

3

4 In addition, several major CWIP projects expected to be completed
5 and placed in service prior to the hearing in this proceeding, have
6 been included in rate base.

7

8 Q. WHAT ARE THE COMPANY'S PROPOSED INCREASES IN
9 SERVICE REVENUES IN THIS CASE?

10 A. The service revenues under present rates, the Company's proposed
11 increases, and the Company's proposed rates are as follows:

	Present Rates	Proposed Increase	Proposed Rates
CWSNC Water	\$ 15,122,929	\$ 3,291,215	\$ 18,414,144
CWSNC Sewer	11,755,741	1,539,062	\$ 13,294,803
BF/FH Water	717,509	311,883	\$ 1,029,392
BF/FH Sewer	1,370,666	421,578	\$ 1,792,244
Total	<u>\$ 28,966,845</u>	<u>\$ 5,563,738</u>	<u>\$ 34,530,583</u>

12

13 Q. WHAT CONCLUSIONS HAVE YOU REACHED AS TO THE
14 COMPANY'S RATE INCREASE REQUEST?

15 A. Based on my investigation, the original cost rate base as of
16 December 31, 2016, updated to June 30, 2017, is as follows:

CWSNC Water	\$ 51,860,184
CWSNC Sewer	39,028,369
BF/FH Water	1,830,765
BF/FH Sewer	5,559,273
Total	<u>\$ 98,278,591</u>

1

2

Based on the overall rate of return of 7.84% stipulated to by CWSNC

3

and the Public Staff, I recommend that rates be set to produce the

4

following revenues:

	Service Revenues	Other Revenues & Uncollectibles	Total Operating Revenues
CWSNC Water	\$ 17,415,028	\$ 71,864	\$ 17,486,892
CWSNC Sewer	12,627,226	51,578	12,678,804
BF/FH Water	950,755	29,021	979,776
BF/FH Sewer	1,733,316	(2,431)	1,730,885
Total	<u>\$ 32,726,325</u>	<u>\$ 150,032</u>	<u>\$ 32,876,357</u>

5

6

Based on these levels of revenues, I recommend the following

7

increases in service revenues:

CWSNC Water	\$ 2,292,099
CWSNC Sewer	871,485
BF/FH Water	233,246
BF/FH Sewer	362,650
Total	<u>\$ 3,759,480</u>

8

9 Q.

DOES JOHNSON EXHIBIT I REFLECT ADJUSTMENTS

10

SUPPORTED BY OTHER PUBLIC STAFF WITNESSES?

11 A.

My exhibit reflects the following adjustments supported by other

12

Public Staff witnesses:

- 1 (1) The recommendations of Public Staff witnesses Casselberry
2 and Quant regarding the following items:
- 3 (a) Service revenues at present rates
4 (b) Service revenues at Company proposed rates
5 (c) Purchased water
6 (d) Purchased sewer
7 (e) Maintenance and repair
8 (f) Maintenance testing
9 (g) Chemicals
- 10
- 11 Q. WHAT ADJUSTMENTS WILL YOU DISCUSS?
- 12 A. The accounting and ratemaking adjustments that I will discuss relate
13 to the following items:
- 14 (a) Plant in service
15 (b) Accumulated depreciation
16 (c) Cash working capital
17 (d) Contributions in aid of construction (CIAC)
18 (e) Accumulated deferred income taxes
19 (f) Customer deposits
20 (g) Gain on sale and flow back taxes
21 (h) Plant acquisition adjustment (PAA)
22 (i) Excess book value
23 (j) Cost-free capital
24 (k) Average tax accruals
25 (l) Deferred charges
26 (m) Pro forma plant
27 (n) Miscellaneous revenues
28 (o) Uncollectibles
29 (p) Salaries and wages
30 (q) Maintenance and repair
31 (r) Regulatory commission expense
32 (s) Miscellaneous expense
33 (t) Depreciation expense
34 (u) Amortization of CIAC
35 (v) Amortization of PAA
36 (w) Payroll taxes
37 (x) Regulatory fee
38 (y) Gross receipts tax
39 (z) State income tax
40 (aa) Federal income tax

1 **PLANT IN SERVICE**

2 Q. IN WHAT AREAS HAVE YOU MADE ADJUSTMENTS TO PLANT
3 IN SERVICE?

4 A. First, I made an adjustment to remove from direct plant in service,
5 plant held for future use. Plant held for future use is not currently
6 used nor useful in provided service to CWSNC's water and sewer
7 customers. This adjustment is consistent with similar treatment
8 made by the Public Staff and ordered by the Commission in prior
9 CWSNC rate cases.

10

11 Next, I adjusted direct and allocated plant in service to include actual
12 general ledger additions made on the Company's books from
13 January 1, 2017 through June 30, 2017, the update period for rate
14 base items.

15

16 Direct plant in service was also adjusted to include actual costs for
17 CWIP projects that have been completed and are in service as of
18 September 13, 2017.

19

20 **ACCUMULATED DEPRECIATION**

21 Q. HOW HAVE YOU ADJUSTED ACCUMULATED DEPRECIATION?

22 A. I adjusted accumulated depreciation to include actual and known
23 additions made on the Company's books as of June 30, 2017.

1 Accumulated depreciation also reflects a matching adjustment based
2 on the Public Staff's recommended level of depreciation expense.

3

4 **CASH WORKING CAPITAL**

5 Q. PLEASE DESCRIBE YOUR CALCULATION OF CASH WORKING
6 CAPITAL.

7 A. Cash working capital provides the Company with the funds
8 necessary to carry on the day to day operations of the Company. In
9 my calculation, I have included 1/8 of total O&M and G&A expenses,
10 less purchased water and sewer expense, as a measure of cash
11 working capital.

12

13 **CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)**

14 Q. PLEASE EXPLAIN YOUR ADJUSTMENTS TO CIAC.

15 A. CIAC has been adjusted to included actual and known additions
16 made on the Company's books as of June 30, 2017, for both CIAC
17 and accumulated amortization. Accumulated amortization also
18 reflects a matching adjustment based on the Public Staff's
19 recommended level of amortization expense.

20

21

1 **ACCUMULATED DEFERRED INCOME TAXES (ADIT)**

2 Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO ADIT.

3 A. I have adjusted ADIT to include the Public Staff's recommended
4 levels of unamortized regulatory commission expense and deferred
5 maintenance and repair.

6

7 **CUSTOMER DEPOSITS**

8 Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO CUSTOMER
9 DEPOSITS.

10 A. Customer deposits were adjusted to reflect the balance as of June
11 30, 2017, resulting in an increase in customer deposits for CWSNC
12 water, CWSNC sewer, BF/FH water and BF/FH sewer.

13

14 **GAIN ON SALE AND FLOW BACK TAXES**

15 Q. WHAT ADJUSTMENT DID YOU MAKE TO GAIN ON SALE AND
16 FLOW BACK TAXES?

17 A. I have adjusted gain on sale and flow back taxes to amortize the gain
18 on sale of systems sold to CMUD through December 31, 2017, so
19 that the unamortized balance can be re-amortized over a three-year
20 period.

21

1 **PLANT ACQUISITION ADJUSTMENT (PAA)**

2 Q. PLEASE DESCRIBE YOUR ADJUSTMENTS TO PAA.

3 A. PAA has been adjusted to include actual general ledger additions
4 made on the Company's books as of June 30, 2017, in my
5 recommended calculation of PAA. PAA amortization has also been
6 adjusted to include an annualized level of amortization based on the
7 Public Staff's adjusted level of PAA amortization expense.

8

9 **EXCESS BOOK VALUE**

10 Q. WHY DID YOU ADJUST EXCESS BOOK VALUE?

11 A. Excess book value represents the difference between the price paid
12 by CWSNC to purchase stock of water and sewer systems and the
13 net book value of the stock. I have adjusted the excess book value
14 to reflect the accumulated amortization and unamortized balances
15 as of December 31, 2017.

16

17 **COST-FREE CAPITAL**

18 Q. WHAT ADJUSTMENT DID YOU MAKE TO COST-FREE CAPITAL?

19 A. CWSNC did not include an amount for cost-free capital on its
20 application. I adjusted cost-free capital for the amounts filed in the
21 Company's Docket No. W-354, Sub 266 rate case proceeding and
22 approved by the Commission.

23

AVERAGE TAX ACCRUALS

1
2 Q. HOW DID YOU CALCULATE AVERAGE TAX ACCRUALS?

3 A. Average tax accruals, calculated as 1/2 of property taxes plus 1/5 of
4 regulatory fee, are taxes which the Company collects in rates but
5 does not pay to the governmental agency every month. Since the
6 Company has the use of the money until it is paid to the
7 governmental agency, these tax accruals should be deducted from
8 rate base. Payroll taxes are not included in my calculation of average
9 tax accruals since they are paid to the taxing agencies on a more
10 frequent basis.

11

12 **DEFERRED CHARGES**

13 Q. PLEASE DESCRIBE YOUR ADJUSTMENTS TO DEFERRED
14 CHARGES.

15 A. I have adjusted deferred charges to reflect the unamortized balance
16 of deferred maintenance costs for tank painting, tank inspection, and
17 wastewater treatment plant painting as of December 31, 2017. I did
18 not include the unamortized balance of the Belvedere pump and haul
19 costs in deferred charges. It is the Public Staff's recommendation
20 that the Company should not be able to earn a return on these
21 unusual and nonrecurring expenses that are abnormally high due to
22 a disagreement with the golf course. My exclusion of the
23 unamortized balance of the pump and haul expenses is consistent

1 with the treatment stipulated to by CWSNC and the Public Staff in
2 the Sub 344 rate case proceeding.

3

4 Next, I have adjusted unamortized rate case expense to reflect the
5 Public Staff's recommended level of rate case costs, less one year
6 of amortization, as discussed later in my testimony under regulatory
7 commission expense.

8

9

PRO FORMA PLANT

10 Q. WHY DID YOU ADJUST PRO FORMA PLANT?

11 A. In this proceeding, CWSNC included in rate base, estimated
12 amounts for construction work in progress (CWIP projects) expected
13 to be completed and in service by the hearing date. I have removed
14 the estimated cost for these projects from rate base and adjusted
15 plant in service to include the actual cost of CWIP projects completed
16 and in service as of September 13, 2017.

17

18

MISCELLANEOUS REVENUES

19 Q. WHY DID YOU ADJUST MISCELLANEOUS REVENUES?

20 A. I adjusted miscellaneous revenues to correct the Company's error in
21 omitting proceeds from the sale of utility property from its original
22 application. The Company also misclassified lease revenue received
23 from cellular phone companies for antenna space on its elevated

1 storage tanks. The Company recorded these revenues as purchase
2 water for BF/FH. My adjustments corrects these errors.

3

4 I calculated a forfeited discount rate for CWSNC and BF/FH water
5 and sewer operations by dividing the respective test year forfeited
6 discounts by test year service revenues. The resulting rates were
7 then applied to the Public Staff's present, proposed and
8 recommended levels of service revenues to determine an
9 appropriate level of forfeited discounts to include in miscellaneous
10 revenues.

11

12 **UNCOLLECTIBLES**

13 Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO UNCOLLECTIBLES.

14 A. I have calculated uncollectibles percentages for CWSNC water
15 operations, CWSNC sewer operations, BF/FH water operations and
16 BF/FH sewer operations based on the per books levels of
17 uncollectibles and service revenues for the test year. I then applied
18 these percentages to my adjusted levels of service revenues under
19 present, Company proposed, and recommended rates to derive my
20 adjusted levels of uncollectibles.

21

1 **SALARIES AND WAGES**

2 Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO SALARIES AND
3 WAGES.

4 A. I have adjusted salaries and wages to reflect the updated payroll
5 information provided by CWSNC. The Company's updated payroll
6 includes salary and wage increases granted since the end of the test
7 year, the removal of terminated employees, and the addition of new
8 employees hired since the end of the test year. In addition to the
9 updated adjustment to salaries and wages, I removed test year
10 bonuses.

11
12 **MAINTENANCE AND REPAIR**

13 Q. HOW HAVE YOU ADJUSTED MAINTENANCE AND REPAIR
14 EXPENSE?

15 A. Maintenance and repair expense was adjusted to reflect one year of
16 annual amortization expense on the Public Staff's recommended
17 level of deferred charges discussed above under deferred charges.

REGULATORY COMMISSION EXPENSE

1
2 Q. PLEASE EXPLAIN HOW YOU CALCULATED REGULATORY
3 COMMISSION EXPENSE.

4 A. Based on information provided by the Company regarding costs
5 incurred to date and expected costs that will occur to complete this
6 rate case proceeding, I have included a total of \$424,336 of rate case
7 expenses for this proceeding, which is comprised of legal fees;
8 postage and stock for customer notices; FedEx, copying, printing,
9 and administrative; travel, hotel, meals, and rental car; capitalized
10 salaries and wages; and consulting fees. I have allocated this total
11 rate case expense to CWSNC water, CWSNC sewer, BF/FH water
12 and BF/FH sewer based on the customer allocation percentages
13 calculated from the Company's equivalent residential connections
14 (ERCs). I also included in my calculation of rate case expense the
15 unamortized balance rate case expense from prior rate case
16 proceedings. I am recommending that the allocated level of rate
17 case costs be amortized to operating expenses over three years.

18

MISCELLANEOUS EXPENSE

19
20 Q. WHAT ADJUSTMENT WAS MADE TO MISCELLANEOUS
21 EXPENSE?

22 A. I have adjusted miscellaneous expense to include the amortization
23 of excess deferred income taxes that were reclassified from

1 depreciation expense. This treatment of excess deferred income
2 taxes is consistent with the treatment in the Company's rate case
3 proceeding in Docket No. W-354, Sub 344 (Sub 344).

4
5 **DEPRECIATION EXPENSE**

6 Q. HOW DID YOU ADJUST DEPRECIATION EXPENSE?

7 A. I have adjusted depreciation expense to reflect an ongoing annual
8 level of depreciation expense for direct plant in service, based on the
9 Public Staff's adjusted level of plant in service and the depreciation
10 lives for each plant account.

11
12 Direct depreciation also includes one-third of the unamortized
13 balance of gain on sale of systems sold to CMUD. The unamortized
14 balance of the gain on sale is being re-amortized over a three-year
15 period, resulting in a reduction in the amount of gain on sale
16 deducted from depreciation expense.

17 My calculation of depreciation also includes the annual amortization
18 of excess book value for both CWSNC uniform water and sewer
19 operations.

20
21 Finally, I have included the annual level of depreciation expense for
22 the allocated plant.

1 AMORTIZATION OF CIAC

2 Q. WHAT ADJUSTMENT DID YOU MAKE TO AMORTIZATION OF
3 CIAC?

4 A. CIAC amortization expense was adjusted to reflect the Public Staff's
5 recommended level of CIAC times an amortization percentage
6 based on the overall depreciation rate for the Public Staff's adjusted
7 level of direct plant in service.

8

9 AMORTIZATION OF PAA

10 Q. WHY DID YOU ADJUST AMORTIZATION OF PAA?

11 A. PAA amortization expense was adjusted to reflect the Public Staff's
12 recommended level of PAA times an amortization percentage based
13 on the composite overall depreciation rate for the Public Staff's
14 adjusted level of direct plant in service.

15

16 PAYROLL TAXES

17 Q. WHY DID YOU ADJUST PAYROLL TAXES?

18 A. In its Application, the Company included a pro forma level of payroll
19 taxes for operations and maintenance, NC leadership and shared
20 services. I have made an adjustment to reflect payroll taxes for
21 operations and maintenance, NC leadership and shared services
22 based on the adjusted level of salaries at the current payroll tax rates.

23

1 REGULATORY FEE

2 Q. WHAT ADJUSTMENT HAVE YOU MADE TO REGULATORY FEE?

3 A. I have calculated regulatory fee using the statutory rate of 0.14%
4 applied to total operating revenues under present, Company
5 proposed, and Public Staff recommended rates.
6

6

7 GROSS RECEIPTS TAX

8 Q. HOW DID YOU ADJUST GROSS RECEIPTS TAX?

9 A. With the repeal of G.S. 105-116, water and sewer companies are no
10 longer subject to gross receipts tax, effective July 1, 2014, and,
11 instead, corporations will be only subject to the standard franchise
12 tax under G.S. 105-122. I have removed the gross receipts tax that
13 the Company included in its application from operating expenses
14 because CWSNC will no longer pay this tax to the NCDOR.
15

15

16 STATE INCOME TAX

17 Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO STATE INCOME
18 TAX.

19 A. State income tax was calculated based on the adjusted levels of
20 revenues and expenses, and the State income tax rate of 3%,
21 effective January 1, 2017.
22

22

1 FEDERAL INCOME TAX

2 Q. WHAT ADJUSTMENT HAVE YOU MADE TO FEDERAL INCOME
3 TAX?

4 A. Federal income tax is based on the statutory corporate rates for the
5 level of income presented after all Public Staff adjustments.

6

7 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

8 A. Yes, it does.

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 1(a)

CWSNC WATER OPERATIONS

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	48.00%	\$24,892,888 [2]	5.93% [1]	2.85%	\$1,476,148 [8]
2.	Equity	52.00%	26,967,296 [2]	4.18% [6]	2.17%	1,128,494 [9]
3.	Total	100.00%	<u>\$51,860,184 [3]</u>		<u>5.02%</u>	<u>\$2,604,642 [10]</u>
	<u>Company Proposed Rates:</u>					
4.	Debt	48.00%	\$24,892,888 [4]	5.93% [1]	2.85%	\$1,476,148 [8]
5.	Equity	52.00%	26,967,296 [4]	11.96% [6]	6.22%	3,225,426 [11]
6.	Total	100.00%	<u>\$51,860,184 [3]</u>		<u>9.07%</u>	<u>\$4,701,574 [12]</u>
	<u>Public Staff Recommended Rates:</u>					
7.	Debt	48.00%	\$24,892,888 [5]	5.93% [1]	2.85%	\$1,476,148 [8]
8.	Equity	52.00%	26,967,296 [5]	9.60% [6]	4.99%	2,588,860 [13]
9.	Total	100.00%	<u>\$51,860,184 [3]</u>		<u>7.84%</u>	<u>\$4,065,008 [14]</u>

[1] Per Joint Stipulation filed on August 7, 2017.

[2] Column (a) multiplied by Line 3, Column (b).

[3] Johnson Exhibit I, Schedule 2(a), Column (c), Line 17.

[4] Column (a) multiplied by Line 6, Column (b).

[5] Column (a) multiplied by Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) multiplied by Column (c).

[8] Column (b) multiplied by Column (c).

[9] Line 3 minus Line 1, Column (e).

[10] Johnson Exhibit I, Schedule 3(a), Column (c), Line 38.

[11] Line 6 minus Line 4, Column (e).

[12] Johnson Exhibit I, Schedule 3(a), Column (e), Line 38.

[13] Line 9 minus Line 7, Column (e).

[14] Column (b) multiplied by Column (d), Line 9).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7] (d)	Net Operating Income (e)
	<u>Present Rates:</u>					
1.	Debt	48.00%	\$18,733,617 [2]	5.93% [1]	2.85%	\$1,110,903 [8]
2.	Equity	52.00%	20,294,752 [2]	6.86% [6]	3.57%	1,393,102 [9]
3.	Total	100.00%	\$39,028,369 [3]		6.42%	\$2,504,005 [10]
	<u>Company Proposed Rates:</u>					
4.	Debt	48.00%	\$18,733,617 [4]	5.93% [1]	2.85%	\$1,110,903 [8]
5.	Equity	52.00%	20,294,752 [4]	11.70% [6]	6.08%	2,373,586 [11]
6.	Total	100.00%	\$39,028,369 [3]		8.93%	\$3,484,489 [12]
	<u>Public Staff Recommended Rates:</u>					
7.	Debt	48.00%	\$18,733,617 [5]	5.93% [1]	2.85%	\$1,110,903 [8]
8.	Equity	52.00%	20,294,752 [5]	9.60% [6]	4.99%	1,948,296 [13]
9.	Total	100.00%	\$39,028,369 [3]		7.84%	\$3,059,199 [14]

[1] Per Joint Stipulation filed on August 7, 2017.

[2] Column (a) multiplied by Line 3, Column (b).

[3] Johnson Exhibit I, Schedule 2(b), Column (c), Line 17.

[4] Column (a) multiplied by Line 6, Column (b).

[5] Column (a) multiplied by Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) multiplied by Column (c).

[8] Column (b) multiplied by Column (c).

[9] Line 3 minus Line 1, Column (e).

[10] Johnson Exhibit I, Schedule 3(b), Column (c), Line 38.

[11] Line 6 minus Line 4, Column (e).

[12] Johnson Exhibit I, Schedule 3(b), Column (e), Line 38.

[13] Line 9 minus Line 7, Column (e).

[14] Column (b) multiplied by Column (d), Line 9).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 1(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

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	48.00%	\$878,767 [2]	5.93% [1]	2.85%	\$52,111 [8]
2.	Equity	52.00%	951,998 [2]	-5.93% [6]	-3.08%	(56,485) [9]
3.	Total	100.00%	\$1,830,765 [3]		-0.23%	(\$4,374) [10]
	<u>Company Proposed Rates:</u>					
4.	Debt	48.00%	\$878,767 [4]	5.93% [1]	2.85%	\$52,111 [8]
5.	Equity	52.00%	951,998 [4]	14.84% [6]	7.72%	141,247 [11]
6.	Total	100.00%	\$1,830,765 [3]		10.57%	\$193,358 [12]
	<u>Public Staff Recommended Rates:</u>					
7.	Debt	48.00%	\$878,767 [5]	5.93% [1]	2.85%	\$52,111 [8]
8.	Equity	52.00%	951,998 [5]	9.60% [6]	4.99%	91,392 [13]
9.	Total	100.00%	\$1,830,765 [3]		7.84%	\$143,503 [14]

[1] Per Joint Stipulation filed on August 7, 2017.

[2] Column (a) multiplied by Line 3, Column (b).

[3] Johnson Exhibit I, Schedule 2(c), Column (c), Line 17.

[4] Column (a) multiplied by Line 6, Column (b).

[5] Column (a) multiplied by Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) multiplied by Column (c).

[8] Column (b) multiplied by Column (c).

[9] Line 3 minus Line 1, Column (e).

[10] Johnson Exhibit I, Schedule 3(c), Column (c), Line 38.

[11] Line 6 minus Line 4, Column (e).

[12] Johnson Exhibit I, Schedule 3(c), Column (e), Line 38.

[13] Line 9 minus Line 7, Column (e).

[14] Column (b) multiplied by Column (d), Line 9).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2016

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Johnson 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	48.00%	\$2,668,451 [2]	5.93% [1]	2.85%	\$158,239 [8]
2.	Equity	52.00%	2,890,822 [2]	1.65% [6]	0.86%	47,600 [9]
3.	Total	100.00%	\$5,559,273 [3]		3.71%	\$205,839 [10]
	<u>Company Proposed Rates:</u>					
4.	Debt	48.00%	\$2,668,451 [4]	5.93% [1]	2.85%	\$158,239 [8]
5.	Equity	52.00%	2,890,822 [4]	10.89% [6]	5.66%	314,881 [11]
6.	Total	100.00%	\$5,559,273 [3]		8.51%	\$473,120 [12]
	<u>Public Staff Recommended Rates:</u>					
7.	Debt	48.00%	\$2,668,451 [5]	5.93% [1]	2.85%	\$158,239 [8]
8.	Equity	52.00%	2,890,822 [5]	9.60% [6]	4.99%	277,519 [13]
9.	Total	100.00%	\$5,559,273 [3]		7.84%	\$435,758 [14]

[1] Per Joint Stipulation filed on August 7, 2017.

[2] Column (a) multiplied by Line 3, Column (b).

[3] Johnson Exhibit I, Schedule 2(d), Column (c), Line 17.

[4] Column (a) multiplied by Line 6, Column (b).

[5] Column (a) multiplied by Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) multiplied by Column (c).

[8] Column (b) multiplied by Column (c).

[9] Line 3 minus Line 1, Column (e).

[10] Johnson Exhibit I, Schedule 3(d), Column (c), Line 38.

[11] Line 6 minus Line 4, Column (e).

[12] Johnson Exhibit I, Schedule 3(d), Column (e), Line 38.

[13] Line 9 minus Line 7, Column (e).

[14] Column (b) multiplied by Column (d), Line 9).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
1.	Plant in service	\$98,097,571	\$5,720,252		\$103,817,823	[3]
2.	Accumulated depreciation	(25,978,450)	(440,347)		(26,418,797)	[4]
3.	Net plant in service (L1 + L2)	72,119,121	5,279,905		77,399,026	
4.	Cash working capital	1,078,109	(43,960)		1,034,149	[5]
5.	Contributions in aid of construction	(19,250,422)	486,760		(18,763,662)	[6]
6.	Advances in aid of construction	(23,760)	0		(23,760)	
7.	Accumulated deferred income taxes	(5,327,852)	(369,144)		(5,696,996)	[7]
8.	Customer deposits	(169,619)	(27,514)		(197,133)	[8]
9.	Gain on sale and flow back taxes	(519,035)	169,230		(349,805)	[9]
10.	Plant acquisition adjustment	(2,386,479)	81,810		(2,304,669)	[10]
11.	Excess book value	(232,088)	165,650		(66,438)	[11]
12.	Cost-free capital	0	(121,791)		(121,791)	[12]
13.	Average tax accruals	60,228	(127,697)		(67,469)	[13]
14.	Regulatory liability for excess deferred taxes	(197,164)	0		(197,164)	
15.	Deferred charges	1,168,031	47,866		1,215,897	[14]
16.	Pro forma plant	4,824,862	(4,824,862)		0	
17.	Original cost rate base (Sum of L3 thru L16)	<u>\$51,143,932</u>	<u>\$716,252</u>		<u>\$51,860,184</u>	

- [1] Column (c) minus Column (a).
[2] Column (a) plus Column (b), unless otherwise footnoted.
[3] Johnson Exhibit I, Schedule 2-1(a), Column (c), Line 3.
[4] Johnson Exhibit I, Schedule 2-1(a), Column (c), Line 6.
[5] Johnson Exhibit I, Schedule 2-3, Column (a), Line 4.
[6] Johnson Exhibit I, Schedule 2-4, Column (c), Line 5.
[7] Johnson Exhibit I, Schedule 2-5, Column (a), Line 5.
[8] Johnson Exhibit I, Schedule 2-6, Column (a), Line 3.
[9] Johnson Exhibit I, Schedule 2-7, Column (a), Line 6.
[10] Johnson Exhibit I, Schedule 2-8, Column (c), Line 5.
[11] Johnson Exhibit I, Schedule 2-9, Column (d), Line 7.
[12] Johnson Exhibit I, Schedule 2-10, Column (a), Line 3.
[13] Johnson Exhibit I, Schedule 2-3, Column (a), Line 9.
[14] Johnson Exhibit I, Schedule 2-11, Column (a), Line 4.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
1.	Plant in service	\$77,801,962	\$2,469,614		\$80,271,576	[3]
2.	Accumulated depreciation	(18,908,391)	(558,333)		(19,466,724)	[4]
3.	Net plant in service (L1 + L2)	58,893,571	1,911,281		60,804,852	
4.	Cash working capital	775,203	824		776,027	[5]
5.	Contributions in aid of construction	(19,151,675)	353,325		(18,798,350)	[6]
6.	Advances in aid of construction	(9,180)	0		(9,180)	
7.	Accumulated deferred income taxes	(3,210,139)	(274,731)		(3,484,870)	[7]
8.	Customer deposits	(100,204)	(16,253)		(116,457)	[8]
9.	Gain on sale and flow back taxes	(256,762)	86,210		(170,552)	[9]
10.	Plant acquisition adjustment	236,753	23,020		259,773	[10]
11.	Excess book value	(295,553)	197,409		(98,144)	[11]
12.	Cost-free capital	0	(139,708)		(139,708)	[12]
13.	Average tax accruals	36,268	(76,995)		(40,727)	[13]
14.	Regulatory liability for excess deferred taxes	(122,016)	0		(122,016)	
15.	Deferred charges	839,016	(671,294)		167,722	[14]
16.	Pro forma plant	3,479,209	(3,479,209)		0	
17.	Original cost rate base (Sum of L3 thru L16)	<u>\$41,114,491</u>	<u>(\$2,086,122)</u>		<u>\$39,028,369</u>	

- [1] Column (c) minus Column (a).
[2] Column (a) plus Column (b), unless otherwise footnoted.
[3] Johnson Exhibit I, Schedule 2-1(b), Column (c), Line 3.
[4] Johnson Exhibit I, Schedule 2-1(b), Column (c), Line 6.
[5] Johnson Exhibit I, Schedule 2-3, Column (b), Line 4.
[6] Johnson Exhibit I, Schedule 2-4, Column (f), Line 5.
[7] Johnson Exhibit I, Schedule 2-5, Column (b), Line 5.
[8] Johnson Exhibit I, Schedule 2-6, Column (b), Line 3.
[9] Johnson Exhibit I, Schedule 2-7, Column (b), Line 6.
[10] Johnson Exhibit I, Schedule 2-8, Column (f), Line 5.
[11] Johnson Exhibit I, Schedule 2-9, Column (d), Line 12.
[12] Johnson Exhibit I, Schedule 2-10, Column (b), Line 3.
[13] Johnson Exhibit I, Schedule 2-3, Column (b), Line 9.
[14] Johnson Exhibit I, Schedule 2-11, Column (b), Line 4.

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2(c)BRADFELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
1.	Plant in service	\$5,184,997	\$77,407		\$5,262,404	[3]
2.	Accumulated depreciation	(1,833,158)	92,007		(1,741,151)	[4]
3.	Net plant in service (L1 + L2)	3,351,839	169,414		3,521,253	
4.	Cash working capital	84,806	(4,771)		80,035	[5]
5.	Contributions in aid of construction	(1,153,155)	22,145		(1,131,010)	[6]
6.	Advances in aid of construction	0	0		0	
7.	Accumulated deferred income taxes	(725,853)	38,477		(687,376)	[7]
8.	Customer deposits	(15,187)	(2,279)		(17,466)	[8]
9.	Gain on sale and flow back taxes	0	0		0	
10.	Plant acquisition adjustment	(10,498)	(5,950)		(16,448)	[9]
11.	Excess book value	0	0		0	
12.	Cost-free capital	0	0		0	
13.	Average tax accruals	3,511	(7,928)		(4,417)	[10]
14.	Regulatory liability for excess deferred taxes	(23,008)	0		(23,008)	
15.	Deferred charges	156,676	(47,474)		109,202	[11]
16.	Pro forma plant	153,728	(153,728)		0	
17.	Original cost rate base (Sum of L3 thru L16)	<u>\$1,822,859</u>	<u>\$7,906</u>		<u>\$1,830,765</u>	

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

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Johnson Exhibit I, Schedule 2-1(c), Column (c), Line 3.

[4] Johnson Exhibit I, Schedule 2-1(c), Column (c), Line 6.

[5] Johnson Exhibit I, Schedule 2-3, Column (c), Line 4.

[6] Johnson Exhibit I, Schedule 2-4, Column (i), Line 5.

[7] Johnson Exhibit I, Schedule 2-5, Column (c), Line 5.

[8] Johnson Exhibit I, Schedule 2-6, Column (c), Line 3.

[9] Johnson Exhibit I, Schedule 2-8, Column (i), Line 5.

[10] Johnson Exhibit I, Schedule 2-3, Column (c), Line 9.

[11] Johnson Exhibit I, Schedule 2-11, Column (c), Line 4.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 2(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
1.	Plant in service	\$11,919,282	\$662,004	\$12,581,286 [3]
2.	Accumulated depreciation	(3,216,547)	220,511	(2,996,036) [4]
3.	Net plant in service (L1 + L2)	8,702,735	882,515	9,585,250
4.	Cash working capital	118,926	(8,732)	110,194 [5]
5.	Contributions in aid of construction	(4,444,585)	102,776	(4,341,809) [6]
6.	Advances in aid of construction	0	0	0
7.	Accumulated deferred income taxes	(887,115)	44,707	(842,408) [7]
8.	Customer deposits	(17,461)	(2,619)	(20,080) [8]
9.	Gain on sale and flow back taxes	0	0	0
10.	Plant acquisition adjustment	1,058,262	(41,156)	1,017,106 [9]
11.	Excess book value	0	0	0
12.	Cost-free capital	0	0	0
13.	Average tax accruals	4,211	(9,453)	(5,242) [10]
14.	Regulatory liability for excess deferred taxes	(27,756)	0	(27,756)
15.	Deferred charges	93,017	(8,999)	84,018 [11]
16.	Pro forma plant	508,800	(508,800)	0
17.	Original cost rate base (Sum of L3 thru L16)	<u>\$5,109,034</u>	<u>\$450,239</u>	<u>\$5,559,273</u>

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

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Johnson Exhibit I, Schedule 2-1(d), Column (c), Line 3.

[4] Johnson Exhibit I, Schedule 2-1(d), Column (c), Line 6.

[5] Johnson Exhibit I, Schedule 2-3, Column (d), Line 4.

[6] Johnson Exhibit I, Schedule 2-4, Column (l), Line 5.

[7] Johnson Exhibit I, Schedule 2-5, Column (d), Line 5.

[8] Johnson Exhibit I, Schedule 2-6, Column (d), Line 3.

[9] Johnson Exhibit I, Schedule 2-8, Column (l), Line 5.

[10] Johnson Exhibit I, Schedule 2-3, Column (d), Line 9.

[11] Johnson Exhibit I, Schedule 2-11, Column (d), Line 4.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
	<u>Plant In Service:</u>			
1.	Direct plant in service	\$91,921,264	\$5,387,267	\$97,308,531 [3]
	Allocation of common plant in service:			
2.	WSC cost center	6,176,305	332,987	6,509,292 [4]
3.	Total plant in service (Sum of L1 thru L2)	<u>\$98,097,569</u>	<u>\$5,720,254</u>	<u>\$103,817,823</u>
	<u>Accumulated Depreciation:</u>			
4.	Direct accumulated depreciation	(\$20,832,123)	(\$424,371)	(\$21,256,494) [5]
	Allocation of common accumulated depreciation:			
5.	WSC cost center	(5,146,326)	(15,977)	(5,162,303) [4]
6.	Total accumulated depr. (Sum of L4 thru L5)	<u>(\$25,978,449)</u>	<u>(\$440,348)</u>	<u>(\$26,418,797)</u>

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Johnson Exhibit I, Schedule 2-1(a)(1), Column (d), Line 46.

[4] Calculated based on information provided by the Company.

[5] Johnson Exhibit I, Schedule 2-2, Column (a), Line 5.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
	<u>Plant In Service:</u>					
1.	Direct plant in service	\$74,701,486	\$2,277,037		\$76,978,523	[3]
	Allocation of common plant in service:					
2.	WSC cost center	3,100,478	192,575		3,293,053	[4]
3.	Total plant in service (Sum of L1 thru L2)	<u>\$77,801,964</u>	<u>\$2,469,612</u>		<u>\$80,271,576</u>	
	<u>Accumulated Depreciation:</u>					
4.	Direct accumulated depreciation	(\$16,189,533)	(\$541,398)		(\$16,730,931)	[5]
	Allocation of common accumulated depreciation:					
5.	WSC cost center	(2,718,858)	(16,935)		(2,735,793)	[4]
6.	Total accumulated depr. (Sum of L4 thru L5)	<u>(\$18,908,391)</u>	<u>(\$558,333)</u>		<u>(\$19,466,724)</u>	

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Johnson Exhibit I, Schedule 2-1(b)(1), Column (d), Line 58.

[4] Calculated based on information provided by the Company.

[5] Johnson Exhibit I, Schedule 2-2, Column (b), Line 5.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION

For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(c)BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
	<u>Plant In Service:</u>					
1.	Direct plant in service	\$4,533,163	\$33,862		\$4,567,025	[3]
	Allocation of common plant in service:					
2.	WSC cost center	651,833	43,546		695,379	[4]
3.	Total plant in service (Sum of L1 thru L2)	<u>\$5,184,996</u>	<u>\$77,408</u>		<u>\$5,262,404</u>	
4.	Direct accumulated depreciation	(\$1,298,149)	\$92,207		(\$1,205,942)	[5]
	Allocation of common accumulated depreciation:					
5.	WSC cost center	(535,009)	(200)		(535,209)	[4]
6.	Total accumulated depr. (Sum of L4 thru L5)	<u>(\$1,833,158)</u>	<u>\$92,007</u>		<u>(\$1,741,151)</u>	

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Johnson Exhibit I, Schedule 2-1(c)(1), Column (d), Line 46.

[4] Calculated based on information provided by the Company.

[5] Johnson Exhibit I, Schedule 2-2, Column (c), Line 5.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**
For The Test Year Ended December 31, 2016

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Johnson Exhibit I
Schedule 2-1(d)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
	<u>Plant In Service:</u>					
1.	Direct plant in service	\$11,314,609	\$611,582		\$11,926,191	[3]
	Allocation of common plant in service:					
2.	WSC cost center	604,673	50,422		655,095	[4]
3.	Total plant in service (Sum of L1 thru L2)	<u>\$11,919,282</u>	<u>\$662,004</u>		<u>\$12,581,286</u>	
	<u>Accumulated Depreciation:</u>					
4.	Direct accumulated depreciation	(\$2,686,301)	\$223,767		(\$2,462,534)	[5]
	Allocation of common accumulated depreciation:					
5.	WSC cost center	(530,246)	(3,256)		(533,502)	[4]
6.	Total accumulated depr. (Sum of L4 thru L5)	<u>(\$3,216,547)</u>	<u>\$220,511</u>		<u>(\$2,996,036)</u>	

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Johnson Exhibit I, Schedule 2-1(d)(1), Column (d), Line 58.

[4] Calculated based on information provided by the Company.

[5] Johnson Exhibit I, Schedule 2-2, Column (d), Line 5.

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(a)(1)

CWSNC WATER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments [2] (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [3] (d)
1.	1020	Organization	\$464,069	\$0	\$0	\$464,069
2.	1025	Franchises	111,898	0	0	111,898
3.	1030	Land & land rights pump	71,187	0	0	71,187
4.	1035	Land & land rights water tr.	357,109	0	0	357,109
5.	1040	Land & land rights trans.	1,914	0	0	1,914
6.	1045	Land & land rights gen. plt.	542,749	0	0	542,749
7.	1050	Struct & improv. src. supply	4,007,867	0	249,496	4,257,363
8.	1055	Struct & improv. wtr. trt. plt.	1,312,369	0	37,427	1,349,796
9.	1060	Struct & improv. trans. dist.	201,411	0	19,009	220,420
10.	1065	Struct & improv. gen. plt.	316,884	0	0	316,884
11.	1070	Collecting reservoirs	7,083	0	5,647	12,730
12.	1080	Wells & springs	13,280,072	0	450,228	13,730,300
13.	1085	Infiltration gallery	45,185	0	0	45,185
14.	1090	Supply mains	450,029	0	8,150	458,179
15.	1095	Power generation equip.	69,489	0	50,632	120,121
16.	1100	Electric pump equip. src. plt.	2,303,062	0	76,315	2,379,377
17.	1105	Electric pump equip. wtp.	7,465,969	0	469,307	7,935,276
18.	1110	Electric pump equip. trans.	2,025,392	0	111,207	2,136,599
19.	1115	Water treatment equip.	3,658,536	0	106,398	3,764,934
20.	1120	Dist. resv. & standpipes	7,242,184	0	304,957	7,547,141
21.	1125	Trans. & distr. mains	28,127,894	0	1,885,628	30,013,522
22.	1130	Service lines	10,707,290	0	346,212	11,053,502
23.	1135	Meters	4,046,614	0	1,073,549	5,120,163
24.	1140	Meter installations	1,146,774	0	15,628	1,162,402
25.	1145	Hydrants	888,051	0	259,854	1,147,905
26.	1150	Backflow prevention devic.	23,221	0	450	23,671
27.	1160	Other plt. & misc. equip. src. su.	260	0	0	260
28.	1165	Other plt. & misc. equip. wtp.	6,262	0	0	6,262
29.	1175	Office struct & improv.	95,787	0	0	95,787
30.	1180	Office furn. & equip.	351,873	0	1,385	353,258
31.	1185	Stores equipment	1,625	0	1,853	3,478
32.	1190	Tool shop & misc. equip.	1,335,888	0	4,676	1,340,564
33.	1195	Laboratory equipment	149,151	0	1,707	150,858
34.	1200	Power operated equip.	304,370	0	3,080	307,450
35.	1205	Communication equip.	320,956	0	0	320,956
36.	1210	Misc. equipment	183,506	0	0	183,506
37.	1215	Water plant allocated	207,809	0	0	207,809
38.	1220	Other tangible plt. water	36,650	0	0	36,650
39.	1555	Transportation equip.	0	0	0	0
40.	1580	Mainframe computer - wtr	0	0	0	0
41.	1585	Mini computer - wtr	(7,037)	0	0	(7,037)
42.	1590	Comp. system cost - wtr	59,862	0	0	59,862
43.	1595	Micro system cost - wtr	0	0	0	0
44.	1805	Plt. held for future use	0	(95,528)	0	(95,528)
45.		Pro forma plant additions	0	0	0	0
46.		Total plant in service [Sum of L1 thru L45]	<u>\$91,921,264</u>	<u>(\$95,528)</u>	<u>\$5,482,795</u>	<u>\$97,308,531</u>

[1] Per examination of Company's financial records.

[2] Johnson Exhibit I, Schedule 2-1(a)(2).

[3] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(b)(1)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments [2] (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [3] (d)
1.	1245	Organization	\$907,337	\$0	\$0	\$907,337
2.	1250	Franchises intang. plt.	127,476	0	0	127,476
3.	1270	Land & land rights trtmnt plt	39,167	0	0	39,167
4.	1275	Land & land rights reclaim.	1,150	0	0	1,150
5.	1285	Land & land rights gen. plt.	213,811	0	0	213,811
6.	1290	Struct/improv. coll. plt.	67,055	0	0	67,055
7.	1295	Struct/improv. pump plt. is.	6,123,401	0	146,883	6,270,284
8.	1300	Struct/improv. treat. plt.	16,849,416	0	1,663,533	18,512,949
9.	1305	Struct/improv. reclaim. wtp.	3,271	0	0	3,271
10.	1310	Struct/improv. reclaim. wtr.	179,730	0	0	179,730
11.	1315	Struct/improv. gen. plt.	1,616,374	0	28,181	1,644,555
12.	1320	Power gen. equip. coll. plt.	0	0	0	0
13.	1325	Power gen. equip. pump plt.	51,908	0	251	52,159
14.	1330	Power gen. equip. treat. plt.	154,514	0	76,957	231,471
15.	1345	Sewer force main/serv. lin.	3,511,244	0	6,246	3,517,490
16.	1350	Sewer gravity main	15,755,232	0	159,667	15,914,899
17.	1353	Manholes	668,596	0	37,145	705,741
18.	1355	Special coll. structures	6,502	0	0	6,502
19.	1360	Services to customers	1,212,279	0	88,700	1,300,979
20.	1365	Flow measure devices	78,364	0	19,034	97,398
21.	1370	Flow measure install	968	0	0	968
22.	1375	Receiving wells	87,490	0	1,116	88,606
23.	1380	Pumping equipment pump plt.	3,127,048	0	193,157	3,320,205
24.	1385	Pumping equipment reclaim.	22,401	0	4,262	26,663
25.	1390	Pumping equipment rci. wtr.	23,026	0	6,999	30,025
26.	1395	Treat./disp. equip. lagoon	578,675	0	961	579,636
27.	1400	Treat./disp. equip. trt. plt.	18,478,971	0	210,782	18,689,753
28.	1405	Treat./disp. equip. rct. wtp.	13,251	0	0	13,251
29.	1410	Plant sewers treat. plt.	3,322,583	0	6,472	3,329,055
30.	1415	Plant sewers reclaim wtp.	5,155	0	0	5,155
31.	1420	Outfall lines	98,304	0	0	98,304
32.	1425	Other plt. tangible	3,676	0	0	3,676
33.	1430	Other plt. collection	21,142	0	0	21,142
34.	1435	Other plt. pump	47,859	0	272	48,131
35.	1440	Other plt. treatment	36,016	0	502	36,518
36.	1445	Other plt. reclaim wtr. trt.	650	0	0	650
37.	1450	Other plt. reclaim wtr. dls.	460	0	0	460
38.	1455	Office struct & improv.	24,955	0	1,944	26,899
39.	1460	Office furn. & equip.	27,156	0	562	27,718
40.	1465	Stores equipment	3,929	0	0	3,929
41.	1470	Tool shop & misc. equip.	173,584	0	6,032	179,616
42.	1475	Laboratory equipment	101,338	0	8,152	109,490
43.	1480	Power operated equip.	225,539	0	123,250	348,789
44.	1435	Communication equip.	73,595	0	0	73,595
45.	1490	Misc equip. sewer	18,771	0	334	19,105
46.	1495	Sewer plant allocated	526,952	0	0	526,952
47.	1500	Other tangible plt. sewer	1,776	0	0	1,776
48.	1535	Reuse dist. reservoirs	3,417	0	0	3,417
49.	1540	Reuse transmission & dist.	54,765	0	251	55,016
50.	1555	Transportation equip.	0	0	0	0
51.	1575	Desktop computer - wtr	0	0	0	0
52.	1530	Mainframe computer - wtr	0	0	0	0
53.	1535	Mini computer - wtr	(4,157)	0	0	(4,157)
54.	1590	Comp. system cost - wtr	35,364	0	0	35,364
55.	1595	Micro system cost - wtr	0	0	0	0
56.	1805	Pit. held for future use	0	(514,608)	0	(514,608)
57.		Pro forma plant additions	0	0	0	0
58.		Total plant in service (Sum of L1 thru L57)	\$74,701,486	(\$514,608)	\$2,791,645	\$76,978,523

[1] Per examination of Company's financial records.

[2] Johnson Exhibit I, Schedule 2-1(b)(2).

[3] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2016

BRADFIELD/FAIRFIELD WATER OPERATIONS

Johnson Exhibit I
Schedule 2-1(c)(1)

Line No.	Account No.	Item	Amount Per Application (a) [1]	Public Staff Adjustments (b)	Actual Plant Additions (c) [1]	Amount Per Public Staff (d) [2]
1.	1020	Organization	\$94,306	\$0	\$0	\$94,306
2.	1025	Franchises	29,653	0	0	29,653
3.	1030	Land & land rights pump	0	0	0	0
4.	1035	Land & land rights water tr.	0	0	0	0
5.	1040	Land & land rights trans.	0	0	0	0
6.	1045	Land & land rights gen. plt.	434	0	0	434
7.	1050	Struct & improv. src. supply	114,414	0	12,359	126,773
8.	1055	Struct & improv. wtr. trt. plt.	50,767	0	477	51,244
9.	1060	Struct & improv. trans. dist.	(200)	0	661	461
10.	1065	Struct & improv. gen. plt.	1,271	0	400	1,671
11.	1070	Collecting reservoirs	0	0	0	0
12.	1080	Wells & springs	474,266	0	759	475,025
13.	1085	Infiltration gallery	0	0	0	0
14.	1090	Supply mains	604	0	0	604
15.	1095	Power generation equip.	0	0	0	0
16.	1100	Electric pump equip. src. plt.	34,799	0	1,929	36,728
17.	1105	Electric pump equip. wtp.	263,487	0	26,331	289,818
18.	1110	Electric pump equip. trans.	9,305	0	4,930	14,235
19.	1115	Water treatment equip.	106,650	0	2,642	109,292
20.	1120	Dist. resv. & standpipes	632,671	0	23,462	656,133
21.	1125	Trans. & distr. mains	1,720,833	0	(87,078)	1,633,755
22.	1130	Service lines	511,814	0	23,922	535,736
23.	1135	Meters	94,288	0	7,545	101,833
24.	1140	Meter installations	119,878	0	3,278	123,156
25.	1145	Hydrants	145,304	0	11,455	156,759
26.	1150	Backflow prevention devic.	98	0	0	98
27.	1160	Other plt. & misc. equip. src. su.	0	0	0	0
28.	1165	Other plt. & misc. equip. wtp.	0	0	0	0
29.	1175	Office struct & improv.	6,790	0	0	6,790
30.	1180	Office furn. & equip.	3,730	0	0	3,730
31.	1185	Stores equipment	235	0	0	235
32.	1190	Tool shop & misc. equip.	87,145	0	790	87,935
33.	1195	Laboratory equipment	11,093	0	0	11,093
34.	1200	Power operated equip.	1,953	0	0	1,953
35.	1205	Communication equip.	17,557	0	0	17,557
36.	1210	Misc. equipment	18	0	0	18
37.	1215	Water plant allocated	0	0	0	0
38.	1220	Other tangible plt. water	0	0	0	0
39.	1555	Transportation equip.	0	0	0	0
40.	1530	Mainframe computer - wtr	0	0	0	0
41.	1535	Mini computer - wtr	0	0	0	0
42.	1590	Comp. system cost - wtr	0	0	0	0
43.	1595	Micro system cost - wtr	0	0	0	0
44.	1805	Plt. held for future use	0	0	0	0
45.		Pro forma plant additions	0	0	0	0
46.		Total plant in service (Sum of L1 thru L45)	<u>\$4,533,163</u>	<u>\$0</u>	<u>\$33,862</u>	<u>\$4,567,025</u>

[1] Per examination of Company's financial records.

[2] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(d)(1)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Account No.	Item	Amount Per Application (a) [1]	Public Staff Adjustments (b)	Actual Plant Additions (c) [1]	Amount Per Public Staff (d) [2]
1.	1245	Organization	\$16,883	\$0	\$0	\$16,883
2.	1250	Franchises intang. plt.	20,351	0	0	20,351
3.	1270	Land & land rights trtmnt plt	0	0	0	0
4.	1275	Land & land rights reclaim.	0	0	0	0
5.	1235	Land & land rights gen. plt.	0	0	0	0
6.	1290	Struct/improv. coll. plt.	0	0	0	0
7.	1295	Struct/improv. pump plt. ls.	658,649	0	(40,745)	617,904
8.	1300	Struct/improv. treat. plt.	1,857,195	0	124,693	1,981,888
9.	1305	Struct/improv. reclaim. wtp.	0	0	0	0
10.	1310	Struct/improv. reclaim. wtr.	2,477	0	0	2,477
11.	1315	Struct/improv. gen. plt.	229,271	0	5,772	235,043
12.	1320	Power gen. equip. coll. plt.	0	0	11,076	11,076
13.	1325	Power gen. equip. pump plt.	0	0	0	0
14.	1330	Power gen. equip. treat. plt.	0	0	0	0
15.	1345	Sewer force main/serv. lin.	176,991	0	0	176,991
16.	1350	Sewer gravity main	4,577,786	0	418,532	4,996,318
17.	1353	Manholes	5,443	0	1,803	7,246
18.	1355	Special coll. structures	775	0	0	775
19.	1360	Services to customers	30,680	0	4,773	35,453
20.	1365	Flow measure devices	17,011	0	0	17,011
21.	1370	Flow measure install	0	0	0	0
22.	1375	Receiving wells	0	0	0	0
23.	1330	Pumping equipment pump plt.	568,795	0	47,591	616,386
24.	1335	Pumping equipment reclaim.	234	0	0	234
25.	1390	Pumping equipment rcl. wtr.	0	0	0	0
26.	1395	Treat./disp. equip. lagoon	56	0	0	56
27.	1400	Treat./disp. equip. trt. plt.	2,733,215	0	(10,740)	2,722,475
28.	1405	Treat./disp. equip. rct. wtp.	0	0	0	0
29.	1410	Plant sewers treat. plt.	358,792	0	2,913	361,705
30.	1415	Plant sewers reclaim wtp.	0	0	0	0
31.	1420	Outfall lines	13,275	0	3,650	16,925
32.	1425	Other plt. tangible	0	0	0	0
33.	1430	Other plt. collection	(224)	0	0	(224)
34.	1435	Other plt. pump	2,873	0	0	2,873
35.	1440	Other plt. treatment	0	0	0	0
36.	1445	Other plt. reclaim wtr. trt.	5,189	0	0	5,189
37.	1450	Other plt. reclaim wtr. dis.	0	0	0	0
38.	1455	Office struct & improv.	4,763	0	0	4,763
39.	1460	Office furn. & equip.	448	0	0	448
40.	1465	Stores equipment	2,752	0	0	2,752
41.	1470	Tool shop & misc. equip.	5,331	0	4,428	9,759
42.	1475	Laboratory equipment	2,589	0	3,478	6,067
43.	1430	Power operated equip.	12,878	0	34,191	47,069
44.	1435	Communication equip.	993	0	0	993
45.	1490	Misc equip. sewer	8,603	0	0	8,603
46.	1495	Sewer plant allocated	0	0	0	0
47.	1500	Other tangible plt. sewer	0	0	0	0
48.	1535	Reuse dist. reservoirs	2,763	0	0	2,763
49.	1540	Reuse transmission & dist.	(2,228)	0	167	(2,061)
50.	1555	Transportation equip.	0	0	0	0
51.	1575	Desktop computer - wtr	0	0	0	0
52.	1580	Mainframe computer - wtr	0	0	0	0
53.	1585	Mini computer - wtr	0	0	0	0
54.	1530	Comp. system cost - wtr	0	0	0	0
55.	1585	Micro system cost - wtr	0	0	0	0
56.	1895	Plt. held for future use	0	0	0	0
57.		Pro forma plant additions	0	0	0	0
58.		Total plant in service (Sum of L1 thru L57)	<u>\$11,314,609</u>	<u>\$0</u>	<u>\$611,582</u>	<u>\$11,926,191</u>

[1] Per examination of Company's financial records.

[2] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(a)(2)

CWSNC WATER OPERATIONS

Line No.	Account No.	Item	Adjustments [1] (a)	Amount Per Public Staff [1] (b)
1.	1020	Organization	\$0	\$0
2.	1025	Franchises	0	0
3.	1030	Land & land rights pump	0	0
4.	1035	Land & land rights water tr.	0	0
5.	1040	Land & land rights trans.	0	0
6.	1045	Land & land rights gen. plt.	0	0
7.	1050	Struct & improv. src. supply	0	0
8.	1055	Struct & improv. wtr. trt. plt.	0	0
9.	1060	Struct & improv. trans. dist.	0	0
10.	1065	Struct & improv. gen. plt.	0	0
11.	1070	Collecting reservoirs	0	0
12.	1080	Wells & springs	0	0
13.	1085	Infiltration gallery	0	0
14.	1090	Supply mains	0	0
15.	1095	Power generation equip.	0	0
16.	1100	Electric pump equip. src. plt.	0	0
17.	1105	Electric pump equip. wtp.	0	0
18.	1110	Electric pump equip. trans.	0	0
19.	1115	Water treatment equip.	0	0
20.	1120	Dist. resv. & standpipes	0	0
21.	1125	Trans. & distr. mains	0	0
22.	1130	Service lines	0	0
23.	1135	Meters	0	0
24.	1140	Meter installations	0	0
25.	1145	Hydrants	0	0
26.	1150	Backflow prevention devic.	0	0
27.	1160	Other plt. & misc. equip. src. su.	0	0
28.	1165	Other plt. & misc. equip. wtp.	0	0
29.	1175	Office struct & improv.	0	0
30.	1180	Office furn. & equip.	0	0
31.	1185	Stores equipment	0	0
32.	1190	Tool shop & misc. equip.	0	0
33.	1195	Laboratory equipment	0	0
34.	1200	Power operated equip.	0	0
35.	1205	Communication equip.	0	0
36.	1210	Misc. equipment	0	0
37.	1215	Water plant allocated	0	0
38.	1220	Other tangible plt. water	0	0
39.	1555	Transportation equip.	0	0
40.	1530	Mainframe computer - wtr	0	0
41.	1535	Mini computer - wtr	0	0
42.	1590	Comp. system cost - wtr	0	0
43.	1595	Micro system cost - wtr	0	0
44.	1805	Plt. held for future use	(95,528)	(95,528)
45.		Pro forma plant additions	0	0
46.		Total plant in service (Sum of L1 thru L45)	<u>(\$95,528)</u>	<u>(\$95,528)</u>

[1] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-1(b)(2)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Adjustments [1] (a)	Amount Per Public Staff [1] (b)
1.	1245	Organization	\$0	\$0
2.	1250	Franchises intang. plt.	0	0
3.	1270	Land & land rights trtmnt plt	0	0
4.	1275	Land & land rights reclaim.	0	0
5.	1285	Land & land rights gen. plt.	0	0
6.	1290	Struct/improv. coli. plt.	0	0
7.	1295	Struct/improv. pump plt. ls.	0	0
8.	1300	Struct/improv. treat. plt.	0	0
9.	1305	Struct/improv. reclaim. wtp.	0	0
10.	1310	Struct/improv. reclaim. wtr.	0	0
11.	1315	Struct/improv. gen. plt.	0	0
12.	1320	Power gen. equip. coll. plt.	0	0
13.	1325	Power gen. equip. pump plt.	0	0
14.	1330	Power gen. equip. treat. plt.	0	0
15.	1345	Sewer force main/serv. lin.	0	0
16.	1350	Sewer gravity main	0	0
17.	1353	Manholes	0	0
18.	1355	Special coll. structures	0	0
19.	1360	Services to customers	0	0
20.	1365	Flow measure devices	0	0
21.	1370	Flow measure install	0	0
22.	1375	Receiving wells	0	0
23.	1380	Pumping equipment pump plt.	0	0
24.	1385	Pumping equipment reclaim.	0	0
25.	1390	Pumping equipment rcl. wtr.	0	0
26.	1395	Treat./disp. equip. lagoon	0	0
27.	1400	Treat./disp. equip. trt. plt.	0	0
28.	1405	Treat./disp. equip. rct. wtp.	0	0
29.	1410	Plant sewers treat. plt.	0	0
30.	1415	Plant sewers reclaim wtp.	0	0
31.	1420	Outfall lines	0	0
32.	1425	Other plt. tangible	0	0
33.	1430	Other plt. collection	0	0
34.	1435	Other plt. pump	0	0
35.	1440	Other plt. treatment	0	0
36.	1445	Other plt. reclaim wtr. trt.	0	0
37.	1450	Other plt. reclaim wtr. dls.	0	0
38.	1455	Office struct & improv.	0	0
39.	1460	Office furn. & equip.	0	0
40.	1465	Stores equipment	0	0
41.	1470	Tool shop & misc. equip.	0	0
42.	1475	Laboratory equipment	0	0
43.	1480	Power operated equip.	0	0
44.	1485	Communication equip.	0	0
45.	1490	Misc equip. sewer	0	0
46.	1495	Sewer plant allocated	0	0
47.	1500	Other tangible plt. sewer	0	0
48.	1535	Reuse dist. reservoirs	0	0
49.	1540	Reuse transmission & dist.	0	0
50.	1555	Transportation equip.	0	0
51.	1575	Desktop computer - wtr	0	0
52.	1580	Mainframe computer - wtr	0	0
53.	1585	Mini computer - wtr	0	0
54.	1590	Comp. system cost - wtr	0	0
55.	1595	Micro system cost - wtr	0	0
56.	1805	Plt. held for future use	(514,608)	(514,608)
57.		Pro forma plant additions	0	0
58.		Total plant in service (Sum of L1 thru L57)	<u>(514,608)</u>	<u>(514,608)</u>

[1] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-2

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	Direct accumulated depreciation per application	<u>(\$20,832,123)</u>	<u>(\$16,189,533)</u>	<u>(\$1,298,149)</u>	<u>(\$2,686,301)</u>
2.	Adjustment to include actual general ledger A/D additions through 6/30/2017	(540,624) [1]	(670,881) [1]	95,510 [1]	203,797 [1]
3.	Adjustment to reflect annual level of depreciation	<u>116,253 [1]</u>	<u>129,483 [1]</u>	<u>(3,303) [1]</u>	<u>19,970 [1]</u>
4.	Adjustment to accumulated depreciation (Sum of L2 + L3)	<u>(424,371)</u>	<u>(541,398)</u>	<u>92,207</u>	<u>223,767</u>
5.	Direct accumulated depreciation per Public Staff (L1 + L4)	<u>(\$21,256,494)</u>	<u>(\$16,730,931)</u>	<u>(\$1,205,942)</u>	<u>(\$2,462,534)</u>

[1] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF CASH WORKING CAPITAL
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-3

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BFF/FFH Water (c)	BFF/FFH Sewer (d)
<u>Cash Working Capital:</u>					
1.	Maintenance expenses, less purchased water and sewer	\$5,489,958 [1]	\$4,546,348 [5]	\$334,880 [9]	\$528,861 [13]
2.	General expenses	2,783,236 [2]	1,661,866 [6]	305,402 [10]	352,690 [14]
3.	Total cash working capital expenses (L1 + L2)	<u>8,273,194</u>	<u>6,208,214</u>	<u>640,282</u>	<u>881,551</u>
4.	Cash working capital (L3 x 1/8)	<u>1,034,149</u>	<u>776,027</u>	<u>80,035</u>	<u>110,194</u>
<u>Average Tax Accruals:</u>					
5.	Property taxes	126,424 [3]	74,840 [7]	8,414 [11]	9,715 [15]
6.	Average accrual (L5 x 1/2)	<u>63,212</u>	<u>37,420</u>	<u>4,207</u>	<u>4,858</u>
7.	Regulatory fee	21,284 [4]	16,535 [8]	1,048 [12]	1,920 [16]
8.	Average accrual (L7 x 1/5)	<u>4,257</u>	<u>3,307</u>	<u>210</u>	<u>384</u>
9.	Total tax accrual (L6 + L8)	<u>67,469</u>	<u>40,727</u>	<u>4,417</u>	<u>5,242</u>
10.	Total cash working capital (L4 - L9)	<u>\$966,680</u>	<u>\$735,300</u>	<u>\$75,618</u>	<u>\$104,952</u>

- [1] Johnson Exhibit I, Schedule 3(a), Column (c), Line 15 minus Line 7.
[2] Johnson Exhibit I, Schedule 3(a), Column (c), Line 24.
[3] Johnson Exhibit I, Schedule 3(a), Column (c), Line 30.
[4] Johnson Exhibit I, Schedule 3(a), Column (c), Line 32.
[5] Johnson Exhibit I, Schedule 3(b), Column (c), Line 15 minus Line 7.
[6] Johnson Exhibit I, Schedule 3(b), Column (c), Line 24.
[7] Johnson Exhibit I, Schedule 3(b), Column (c), Line 30.
[8] Johnson Exhibit I, Schedule 3(b), Column (c), Line 32.
[9] Johnson Exhibit I, Schedule 3(c), Column (c), Line 15 minus Line 7.

- [10] Johnson Exhibit I, Schedule 3(c), Column (c), Line 24.
[11] Johnson Exhibit I, Schedule 3(c), Column (c), Line 30.
[12] Johnson Exhibit I, Schedule 3(c), Column (c), Line 32.
[13] Johnson Exhibit I, Schedule 3(d), Column (c), Line 15 minus Line 7.
[14] Johnson Exhibit I, Schedule 3(d), Column (c), Line 24.
[15] Johnson Exhibit I, Schedule 3(d), Column (c), Line 30.
[16] Johnson Exhibit I, Schedule 3(d), Column (c), Line 32.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 356
 ADJUSTMENT TO CONTRIBUTIONS IN AID OF
 CONSTRUCTION, NET OF AMORTIZATION
 For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-4

Line No.	Item	CWSNC Water Operations			[2]	CWSNC Sewer Operations			[3]
		CIAC (a)	Accumulated Amortization (b)	CIAC, Net of Amortization (c)		CIAC (d)	Accumulated Amortization (e)	CIAC, Net of Amortization (f)	
1.	CIAC and accumulated amortization per application	<u>(\$28,504,087)</u>	<u>\$9,253,665</u>	<u>(\$19,250,422)</u>		<u>(\$27,984,254)</u>	<u>\$8,832,580</u>	<u>(\$19,151,674)</u>	
2.	Adjustment to include actual general ledger additions through 6/30/2017	(85,023) [1]	341,943 [1]	256,920		(83,589) [1]	307,608 [1]	224,019	
3.	Adjustment to reflect annual level of amortization	<u>0</u>	<u>229,840</u> [1]	<u>229,840</u>		<u>0</u>	<u>129,305</u> [1]	<u>129,305</u>	
4.	Adjustment to CIAC (Sum of L2 + L3)	<u>(85,023)</u>	<u>571,783</u>	<u>486,760</u>		<u>(83,589)</u>	<u>436,913</u>	<u>353,324</u>	
5.	CIAC per Public Staff (L1 + L4)	<u>(\$28,589,110)</u>	<u>\$9,825,448</u>	<u>(\$18,763,662)</u>		<u>(\$28,067,843)</u>	<u>\$9,269,493</u>	<u>(\$18,798,350)</u>	

[1] Per examination of Company's financial records.

[2] Column (a) plus Column (b).

[3] Column (d) plus Column (e).

[4] Column (g) plus Column (h).

[5] Column (j) plus Column (k).

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF
CONSTRUCTION, NET OF AMORTIZATION**
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-4

Line No.	Item	BF/FH Water Operations			[4]	BF/FH Sewer Operations			[5]
		CIAC (g)	Accumulated Amortization (h)	CIAC, Net of Amortization (i)		CIAC (j)	Accumulated Amortization (k)	CIAC, Net of Amortization (l)	
1.	CIAC and accumulated amortization per application	<u>(\$2,081,833)</u>	<u>\$928,678</u>	<u>(\$1,153,155)</u>		<u>(\$7,088,979)</u>	<u>\$2,644,394</u>	<u>(\$4,444,585)</u>	
2.	Adjustment to include actual general ledger additions through 6/30/2017	(5,345) [1]	17,655 [1]	12,310		0	72,322 [1]	72,322	
3.	Adjustment to reflect annual level of amortization	0	9,835 [1]	9,835		0	30,454 [1]	30,454	
4.	Adjustment to CIAC (Sum of L2 + L3)	<u>(5,345)</u>	<u>27,490</u>	<u>22,145</u>		<u>0</u>	<u>102,776</u>	<u>102,776</u>	
5.	CIAC per Public Staff (L1 + L4)	<u><u>(\$2,087,178)</u></u>	<u><u>\$956,168</u></u>	<u><u>(\$1,131,010)</u></u>		<u><u>(\$7,088,979)</u></u>	<u><u>\$2,747,170</u></u>	<u><u>(\$4,341,809)</u></u>	

- [1] Per examination of Company's financial records.
[2] Column (a) plus Column (b).
[3] Column (d) plus Column (e).
[4] Column (g) plus Column (h).
[5] Column (j) plus Column (k).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ADJUSTMENT TO ACCUMULATED DEFERRED INCOME TAXES
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-5

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	ADIT per application	<u>(\$5,327,852)</u>	<u>(\$3,210,139)</u>	<u>(\$725,853)</u>	<u>(\$887,115)</u>
2.	Adjustment for updated unamortized deferred charges	(313,365) [1]	(242,176) [1]	46,343 [1]	53,568 [1]
3.	Adjustment to include cost centers ADIT	<u>(55,779) [2]</u>	<u>(32,555) [2]</u>	<u>(7,866) [2]</u>	<u>(8,861) [2]</u>
4.	Adjustment to ADIT (L2 + L3)	<u>(369,144)</u>	<u>(274,731)</u>	<u>38,477</u>	<u>44,707</u>
5.	ADIT per Public Staff (L1 + L4)	<u><u>(\$5,696,996)</u></u>	<u><u>(\$3,484,870)</u></u>	<u><u>(\$687,376)</u></u>	<u><u>(\$842,408)</u></u>

[1] Calculated by Public Staff based on updates to deferred charges.

[2] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 356
ADJUSTMENT TO CUSTOMER DEPOSITS
 For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-6

Line No.	<u>Item</u>	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	Customer deposits per application	(\$169,619)	(\$100,204)	(\$15,187)	(\$17,461)
2.	Adjustment to update customer deposits to 6/30/2017	<u>(27,514) [1]</u>	<u>(16,253) [1]</u>	<u>(2,279) [1]</u>	<u>(2,619) [1]</u>
3.	Customer deposits per Public Staff (L1 + L2)	<u><u>(\$197,133)</u></u>	<u><u>(\$116,457)</u></u>	<u><u>(\$17,466)</u></u>	<u><u>(\$20,080)</u></u>

Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

ADJUSTMENT TO GAIN ON SALE

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 2-7

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)
1.	Gain on sale per application	<u>(\$519,035)</u>	<u>(\$256,762)</u>
2.	Gain on sale of systems sold to CMUD	(500,264) [1]	(254,849) [1]
3.	Less: accumulated amortization	<u>347,406 [2]</u>	<u>176,978 [2]</u>
4.	Gain on sale of systems, net of amortization (L2 + L3)	<u>(152,858)</u>	<u>(77,871)</u>
5.	Gain on sale and flow back of taxes	<u>(196,947) [1]</u>	<u>(92,681) [1]</u>
6.	Gain on sale per Public Staff (L4 + L5)	<u>(349,805)</u>	<u>(170,552)</u>
7.	Adjustment to gain on sale (L6 - L1)	<u><u>\$169,230</u></u>	<u><u>\$86,210</u></u>
8.	Gain on sale amortization expense per application	(\$173,012) [1]	(\$85,587) [1]
9.	Gain on sale amortization expense per Public Staff	<u>(50,953) [3]</u>	<u>(25,957) [3]</u>
10.	Adjustment to gain on sale amortization expense (L9 - L8)	<u><u>\$122,059</u></u>	<u><u>\$59,630</u></u>

[1] Per examination of Company's financial records.

[2] Line 2 divided by 36 months times 25 months (12/7/2015 thru 12/31/2017).

[3] Line 4 divided by 3 year reamortization period.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 356
 ADJUSTMENT TO PURCHASE ACQUISITION
 ADJUSTMENT, NET OF AMORTIZATION
 For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-8

Line No.	Item	CWSNC Water Operations			[2]	CWSNC Sewer Operations			[3]
		PAA (a)	Accumulated Amortization (b)	PAA, Net of Amortization (c)		PAA (d)	Accumulated Amortization (e)	PAA, Net of Amortization (f)	
1.	PAA and accumulated amortization per application	<u>(\$4,195,580)</u>	<u>\$1,809,100</u>	<u>(\$2,386,479)</u>		<u>(\$627,070)</u>	<u>\$863,822</u>	<u>\$236,753</u>	
2.	Adjustment to include actual general ledger additions through 6/30/2017	0	51,160 [1]	51,160		0	12,337 [1]	12,337	
3.	Adjustment to reflect annual level of amortization	0	30,650 [1]	30,650		0	10,683 [1]	10,683	
4.	Adjustment to PAA (Sum of L2 + L3)	0	81,810	81,810		0	23,020	23,020	
5.	PAA per Public Staff (L1 + L4)	<u>(\$4,195,580)</u>	<u>\$1,890,910</u>	<u>(\$2,304,669)</u>		<u>(\$627,070)</u>	<u>\$886,842</u>	<u>\$259,773</u>	

[1] Per examination of Company's financial records.

[2] Column (a) plus Column (b).

[3] Column (d) plus Column (e).

[4] Column (g) plus Column (h).

[5] Column (j) plus Column (k).

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

**ADJUSTMENT TO PURCHASE ACQUISITION
ADJUSTMENT, NET OF AMORTIZATION**

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 2-8

Line No.	Item	BF/FH Water Operations			[4]	BF/FH Sewer Operations			[5]
		PAA (g)	Accumulated Amortization (h)	PAA, Net of Amortization (i)		PAA (j)	Accumulated Amortization (k)	PAA, Net of Amortization (l)	
1.	PAA and accumulated amortization per application	520,390	(530,889)	(10,498)		1,658,577	(600,315)	1,058,262	
2.	Adjustment to include actual general ledger additions through 6/30/2017	0	(4,963) [1]	(4,963)		0	(63,105) [1]	(63,105)	
3.	Adjustment to reflect annual level of amortization	0	(987) [1]	(987)		0	21,949 [1]	21,949	
4.	Adjustment to PAA (Sum of L2 + L3)	0	(5,950)	(5,950)		0	(41,156)	(41,156)	
5.	PAA per Public Staff (L1 + L4)	<u>\$520,390</u>	<u>(\$536,839)</u>	<u>(\$16,448)</u>		<u>\$1,658,577</u>	<u>(\$641,471)</u>	<u>\$1,017,106</u>	

[1] Per examination of Company's financial records.

[2] Column (a) plus Column (b).

[3] Column (d) plus Column (e).

[4] Column (g) plus Column (h).

[5] Column (j) plus Column (k).

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF EXCESS BOOK VALUE

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 2-9

Line No.	Item	Unamortized Balance 7/31/15 (a)	[1]	Annual Amortization (b)	[1]	Accumulated Amortization To 12/31/17 (c)	[2]	Unamortized Balance At 12/31/17 (d)	[3]
<u>CWSNC Uniform Water:</u>									
1.	Sugar Mountain	\$42,165		\$0		\$42,165		\$0	
2.	Carolina Forest, Woodrun	41,330		0		41,330		0	
3.	Brandywine Bay	42,111		3,139		31,390		10,721	
4.	Queens Harbor	40,590		2,679		26,790		13,800	
5.	Riverpointe	100,881		6,052		60,520		40,361	
6.	Watauga Vista	2,556		100		1,000		1,556	
7.	Total excess book value (Sum of L1 thru L6)	<u>\$269,633</u>		<u>\$11,970</u>		<u>\$203,195</u>		<u>\$66,438</u>	
<u>CWSNC Uniform Sewer:</u>									
8.	Sugar Mountain	\$63,781		\$0		\$63,781		\$0	
9.	Brandywine Bay	63,694		4,748		47,480		16,214	
10.	Queens Harbor	61,400		4,052		40,520		20,880	
11.	Riverpointe	152,590		9,154		91,540		61,050	
12.	Total excess book value (Sum of L8 thru L11)	<u>\$341,465</u>		<u>\$17,954</u>		<u>\$243,321</u>		<u>\$98,144</u>	

[1] Based on prior rate cases, unless otherwise footnoted.

[2] Column (b) multiplied by 10.0 years, unless otherwise footnoted.

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

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF COST-FREE CAPITAL
 For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-10

Line No.	<u>Item</u>	CWSNC Water <u>(a)</u>	CWSNC Sewer <u>(b)</u>
1.	Cost-free capital per application	\$0	\$0
2.	Adjustment to include Sub 344 cost-free capital	<u>(121,791) [1]</u>	<u>(139,708) [1]</u>
3.	Cost-free capital per Public Staff (L1 + L2)	<u><u>(\$121,791)</u></u>	<u><u>(\$139,708)</u></u>

[1] Calculated by the Public Staff based on work papers filed in Docket No. W-354, Sub 266.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 356
CALCULATION OF DEFERRED CHARGES
 For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 2-11

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	Unamortized deferred maintenance - water	956,268 [1]	\$0	81,075 [5]	\$0
2.	Unamortized deferred maintenance - sewer	0	14,350 [3]	0	51,629 [7]
3.	Unamortized rate case expense per Public Staff	<u>259,629 [2]</u>	<u>153,372 [4]</u>	<u>28,127 [6]</u>	<u>32,389 [8]</u>
4.	Unamortized deferred charges per Public Staff (L1 + L2 + L3)	<u>\$1,215,897</u>	<u>\$167,722</u>	<u>\$109,202</u>	<u>\$84,018</u>

- [1] Johnson Exhibit I, Schedule 2-11(a), Column (g), Line 4.
 [2] Johnson Exhibit I, Schedule 3-4, Column (d), Line 10.
 [3] Johnson Exhibit I, Schedule 2-11(a), Column (g), Line 6.
 [4] Johnson Exhibit I, Schedule 3-4, Column (e), Line 10.
 [5] Johnson Exhibit I, Schedule 2-11(a), Column (g), Line 10.
 [6] Johnson Exhibit I, Schedule 3-4, Column (f), Line 10.
 [7] Johnson Exhibit I, Schedule 2-11(a), Column (g), Line 11.
 [8] Johnson Exhibit I, Schedule 3-4, Column (g), Line 10.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF DEFERRED MAINTENANCE

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 2-11(a)

Line No.	Item	Unamortized Total Cost Per Public Staff (a)	[1]	Amortization Period In Years (b)	[1]	Date Amortization Began (c)	[1]	Annual Amortization (d)	[2]	Accumulated Amortization (e)	[3]	Unamortized Balance (f)	[4]
<u>Deferred maintenance - CWSNC Uniform Water</u>													
1.	Deferred elevated storage tank painting	\$779,037		10		Various		\$77,904		\$187,348		\$591,689	
2.	Deferred hydro storage tank painting	439,670		5		Various		87,934		305,203		134,467	
3.	Deferred hydro storage tank inspection	539,687		5		Various		107,937		309,575		230,112	
4.	Total deferred maintenance - water (Sum of L1 thru L3)	<u>1,758,394</u>						<u>273,775</u>		<u>802,126</u>		<u>956,268</u>	
<u>Deferred maintenance - CWSNC Uniform Sewer</u>													
5.	Belvedere pump and haul	3,424,839		10		Various		342,484		1,575,838		1,849,001	
6.	WWTP	200,327		5		Various		40,065		185,977		14,350	
7.	Total deferred maintenance - sewer (L5 + L6)	<u>3,625,166</u>						<u>382,549</u>		<u>1,761,815</u>		<u>1,863,351</u>	
<u>Deferred maintenance - BF/FF Water</u>													
8.	Deferred elevated storage tank painting	66,028		10		Various		6,603		6,603		59,425	
9.	Deferred hydro storage tank painting	36,500		5		Various		7,300		24,942		11,558	
10.	Deferred hydro storage tank inspection	24,622		5		Various		4,924		14,530		10,092	
11.	Total deferred maintenance - sewer (Sum of L8 thru L10)	<u>127,150</u>						<u>18,827</u>		<u>46,075</u>		<u>81,075</u>	
<u>Deferred maintenance - BF/FF Sewer</u>													
12.	WWTP	<u>110,492</u>		5		Various		<u>22,098</u>		<u>58,863</u>		<u>51,629</u>	
13.	Total deferred maintenance (L4 + L7 + L11 + L12)	<u>\$5,621,201</u>						<u>\$697,249</u>		<u>\$2,668,878</u>		<u>\$2,952,323</u>	

[1] Per examination of Company's financial records.

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

[3] Total monthly amortization through December 31, 2017.

[4] Column (a) minus Column (f).

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2016

Johnson Exhibit 1
Schedule 3(a)
Page 1 of 2

CWSNC WATER OPERATIONS

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Application	Public Staff Adjustments [1]	Amount Per Public Staff [2]	Net Company Increase [17]	Operations After Rate Increase [18]	Net Public Staff Increase [23]	Operations After Rate Increase [24]	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<u>Operating Revenues:</u>									
1.	Service revenues	\$15,118,194	\$4,735	\$15,122,929 [3]	\$3,291,215	\$18,414,144 [3]	\$2,292,099	\$17,415,028 [25]	
2.	Miscellaneous revenues	135,591	35,316	171,907 [4]	8,886	180,793 [19]	6,189	178,096 [26]	
3.	Uncollectible accounts	(93,986)	1,736	(92,250) [5]	(20,076)	(112,326) [20]	(13,982)	(106,232) [27]	
4.	Total operating revenues	15,160,799	41,787	15,202,586	3,280,025	18,482,611	2,284,306	17,486,892	
<u>Maintenance Expenses:</u>									
5.	Salaries and wages	2,704,977	114,589	2,819,566 [6]	0	2,819,566	0	2,819,566	
6.	Purchased power	1,021,238	0	1,021,238	0	1,021,238	0	1,021,238	
7.	Purchased water	1,367,621	(81,035)	1,286,586 [3]	0	1,286,586	0	1,286,586	
8.	Maintenance and repair	1,097,879	(194,943)	902,936 [7]	0	902,936	0	902,936	
9.	Maintenance testing	135,659	32,489	168,148 [3]	0	168,148	0	168,148	
10.	Meter reading	182,096	0	182,096	0	182,096	0	182,096	
11.	Chemicals	347,545	(103,834)	243,711 [3]	0	243,711	0	243,711	
12.	Transportation	222,579	0	222,579	0	222,579	0	222,579	
13.	Operating expenses charged to plant	(363,827)	0	(363,827)	0	(363,827)	0	(363,827)	
14.	Outside services - other	293,511	0	293,511	0	293,511	0	293,511	
15.	Total maintenance expenses	7,009,278	(232,734)	6,776,544	0	6,776,544	0	6,776,544	
<u>General Expenses:</u>									
16.	Salaries and wages	909,703	(15,421)	894,282 [6]	0	894,282	0	894,282	
17.	Office supplies and other office expense	302,274	0	302,274	0	302,274	0	302,274	
18.	Regulatory commission expense	215,789	(85,975)	129,814 [8]	0	129,814	0	129,814	
19.	Pension and other benefits	608,143	0	608,143	0	608,143	0	608,143	
20.	Rent	128,436	0	128,436	0	128,436	0	128,436	
21.	Insurance	301,711	0	301,711	0	301,711	0	301,711	
22.	Office utilities	428,564	0	428,564	0	428,564	0	428,564	
23.	Miscellaneous	88,597	(98,585)	(9,988) [9]	0	(9,988)	0	(9,988)	
24.	Total general expenses	2,983,217	(199,981)	2,783,236	0	2,783,236	0	2,783,236	
<u>Depreciation and Taxes:</u>									
25.	Depreciation expense	2,624,984	148,420	2,773,404 [10]	0	2,773,404	0	2,773,404	
26.	Amortization of CIAC	(516,503)	(236,015)	(752,518) [11]	0	(752,518)	0	(752,518)	
27.	Amortization of PAA	(79,539)	(30,805)	(110,344) [12]	0	(110,344)	0	(110,344)	
28.	Amortization of ITC	(291)	0	(291)	0	(291)	0	(291)	
29.	Franchise and other taxes	71,480	0	71,480	0	71,480	0	71,480	
30.	Property taxes	126,424	0	126,424	0	126,424	0	126,424	
31.	Payroll taxes	274,501	(3)	274,498 [6]	0	274,498	0	274,498	
32.	Regulatory fee	0	21,284	21,284 [13]	4,592	25,876 [13]	3,198	24,482 [13]	
33.	Gross receipts tax	(5,409)	5,409	0 [14]	0	0	0	0	
34.	State income tax	0	52,882	52,882 [15]	98,263	151,145 [21]	68,433	121,315 [28]	
35.	Federal income tax	0	581,345	581,345 [16]	1,080,238	1,661,583 [22]	752,310	1,333,655 [29]	
36.	Total depreciation and taxes	2,495,647	542,517	3,038,164	1,183,093	4,221,257	823,941	3,862,105	
37.	Total operating revenue deductions	12,488,142	109,802	12,597,944	1,183,093	13,781,037	823,941	13,421,885	
38.	Net operating income for a return	\$2,672,657	(\$68,015)	\$2,604,642	\$2,096,932	\$4,701,574	\$1,460,365	\$4,065,007	

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

FOOTNOTES TO SCHEDULE 3(a)

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 3(a)

Page 2 of 2

CWSNC WATER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Johnson Exhibit I, Schedule 3-1(a), Column (c), Line 5.
- [5] Johnson Exhibit I, Schedule 3-2, Column (a), Line 6.
- [6] Expense amount as calculated by the Public Staff.
- [7] Johnson Exhibit I, Schedule 3-3, Column (a), Line 7.
- [8] Johnson Exhibit I, Schedule 3-4, Column (d), Line 9.
- [9] Johnson Exhibit I, Schedule 3-5, Column (a), Line 3.
- [10] Johnson Exhibit I, Schedule 3-6, Column (a), Line 5.
- [11] Johnson Exhibit I, Schedule 3-6, Column (a), Line 10.
- [12] Johnson Exhibit I, Schedule 3-6, Column (a), Line 13.
- [13] Line 4 multiplied by 0.14%.
- [14] Adjustment to remove gross receipts tax.
- [15] Johnson Exhibit I, Schedule 3-7(a), Column (a), Line 16.
- [16] Johnson Exhibit I, Schedule 3-7(a), Column (a), Line 18.
- [17] Column (e) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (d), unless otherwise footnoted.
- [19] Johnson Exhibit I, Schedule 3-1(a), Column (c), Line 10.
- [20] Johnson Exhibit I, Schedule 3-2, Column (a), Line 9.
- [21] Johnson Exhibit I, Schedule 3-7(a), Column (b), Line 16.
- [22] Johnson Exhibit I, Schedule 3-7(a), Column (b), Line 18.
- [23] Column (g) minus Column (c), unless otherwise footnoted.
- [24] Column (e) plus Column (f), unless otherwise footnoted.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Johnson Exhibit I, Schedule 3-1(a), Column (c), Line 15.
- [27] Johnson Exhibit I, Schedule 3-2, Column (a), Line 12.
- [28] Johnson Exhibit I, Schedule 3-7(a), Column (c), Line 16.
- [29] Johnson Exhibit I, Schedule 3-7(a), Column (c), Line 18.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3(b)
Page 1 of 2

CWSNC SEWER OPERATIONS

		Present Rates				Company Proposed Rates			Public Staff Recommended Rates					
Line No.	Item	Amount Per Application	Public Staff Adjustments	[1]	Amount Per Public Staff	[2]	Net Company Increase	[17]	Operations After Rate Increase	[18]	Net Public Staff Increase	[23]	Operations After Rate Increase	[24]
		[a]	[b]		[c]		[d]		[e]		[f]		[g]	
<u>Operating Revenues:</u>														
1.	Service revenues	\$11,759,683	(\$3,942)		\$11,755,741	[3]	\$1,539,062		\$13,294,803	[3]	\$871,485		\$12,627,226	[25]
2.	Miscellaneous revenues	106,842	20,672		127,514	[4]	4,155		131,669	[19]	2,353		129,867	[26]
3.	Uncollectible accounts	(73,516)	630		(72,886)	[5]	(9,542)		(82,428)	[20]	(5,403)		(78,289)	[27]
4.	Total operating revenues	11,793,009	17,360		11,810,369		1,533,675		13,344,044		868,435		12,678,804	
<u>Maintenance Expenses:</u>														
5.	Salaries and wages	1,334,640	225,915		1,560,555	[6]	0		1,560,555		0		1,560,555	
6.	Purchased power	785,837	0		785,837		0		785,837		0		785,837	
7.	Purchased sewer	613,849	(24,313)		589,536	[3]	0		589,536		0		589,536	
8.	Maintenance and repair	1,435,866	94,881		1,530,747	[7]	0		1,530,747		0		1,530,747	
9.	Maintenance testing	297,109	(30,704)		266,405	[3]	0		266,405		0		266,405	
10.	Meter reading	0	0		0		0		0		0		0	
11.	Chemicals	205,315	103,835		309,150	[3]	0		309,150		0		309,150	
12.	Transportation	133,509	0		133,509		0		133,509		0		133,509	
13.	Operating expenses charged to plant	(215,007)	0		(215,007)		0		(215,007)		0		(215,007)	
14.	Outside services - other	175,152	0		175,152		0		175,152		0		175,152	
15.	Total maintenance expenses	4,766,270	369,614		5,135,884		0		5,135,884		0		5,135,884	
<u>General Expenses:</u>														
16.	Salaries and wages	809,139	(275,539)		533,600	[6]	0		533,600		0		533,600	
17.	Office supplies and other office expense	180,778	0		180,778		0		180,778		0		180,778	
18.	Regulatory commission expense	127,480	(50,794)		76,686	[8]	0		76,686		0		76,686	
19.	Pension and other benefits	364,983	0		364,983		0		364,983		0		364,983	
20.	Rent	76,334	0		76,334		0		76,334		0		76,334	
21.	Insurance	181,074	0		181,074		0		181,074		0		181,074	
22.	Office utilities	254,493	0		254,493		0		254,493		0		254,493	
23.	Miscellaneous	54,926	(61,008)		(6,082)	[9]	0		(6,082)		0		(6,082)	
24.	Total general expenses	2,049,207	(387,341)		1,661,866		0		1,661,866		0		1,661,866	
<u>Depreciation and Taxes:</u>														
25.	Depreciation expense	2,069,366	117,093		2,186,459	[10]	0		2,186,459		0		2,186,459	
26.	Amortization of CIAC	(621,136)	(134,136)		(755,272)	[11]	0		(755,272)		0		(755,272)	
27.	Amortization of PAA	(14,466)	(2,402)		(16,868)	[12]	0		(16,868)		0		(16,868)	
28.	Amortization of ITC	(228)	0		(228)		0		(228)		0		(228)	
29.	Franchise and other taxes	55,912	0		55,912		0		55,912		0		55,912	
30.	Property taxes	74,840	0		74,840		0		74,840		0		74,840	
31.	Payroll taxes	164,156	141		164,297	[6]	0		164,297		0		164,297	
32.	Regulatory fee	0	16,535		16,535	[13]	2,147		18,682	[13]	1,215		17,750	[13]
33.	Gross receipts tax	(4,231)	4,231		0	[14]	0		0		0		0	
34.	State income tax	0	65,281		65,281	[15]	45,946		111,227	[21]	26,017		91,298	[28]
35.	Federal income tax	0	717,658		717,658	[16]	505,098		1,222,756	[22]	286,009		1,003,667	[29]
36.	Total depreciation and taxes	1,724,213	784,401		2,508,614		553,191		3,061,805		313,241		2,821,855	
37.	Total operating revenue deductions	8,539,690	766,674		9,306,364		553,191		9,859,555		313,241		9,619,605	
38.	Net operating income for a return	\$3,253,319	(\$749,314)		\$2,504,005		\$980,484		\$3,484,489		\$555,194		\$3,059,199	

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

FOOTNOTES TO SCHEDULE 3(b)

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 3(b)

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CWSNC SEWER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Johnson Exhibit I, Schedule 3-1(b), Column (c), Line 5.
- [5] Johnson Exhibit I, Schedule 3-2, Column (b), Line 6.
- [6] Expense amount as calculated by the Public Staff.
- [7] Johnson Exhibit I, Schedule 3-3, Column (b), Line 7.
- [8] Johnson Exhibit I, Schedule 3-4, Column (e), Line 9.
- [9] Johnson Exhibit I, Schedule 3-5, Column (b), Line 3.
- [10] Johnson Exhibit I, Schedule 3-6, Column (b), Line 5.
- [11] Johnson Exhibit I, Schedule 3-6, Column (b), Line 10.
- [12] Johnson Exhibit I, Schedule 3-6, Column (b), Line 13.
- [13] Line 4 multiplied by 0.14%.
- [14] Adjustment to remove gross receipts tax.
- [15] Johnson Exhibit I, Schedule 3-7(b), Column (a), Line 16.
- [16] Johnson Exhibit I, Schedule 3-7(b), Column (a), Line 18.
- [17] Column (e) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (d), unless otherwise footnoted.
- [19] Johnson Exhibit I, Schedule 3-1(b), Column (c), Line 10.
- [20] Johnson Exhibit I, Schedule 3-2, Column (b), Line 9.
- [21] Johnson Exhibit I, Schedule 3-7(b), Column (b), Line 16.
- [22] Johnson Exhibit I, Schedule 3-7(b), Column (b), Line 18.
- [23] Column (g) minus Column (c), unless otherwise footnoted.
- [24] Column (e) plus Column (f), unless otherwise footnoted.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Johnson Exhibit I, Schedule 3-1(b), Column (c), Line 15.
- [27] Johnson Exhibit I, Schedule 3-2, Column (b), Line 12.
- [28] Johnson Exhibit I, Schedule 3-7(b), Column (c), Line 16.
- [29] Johnson Exhibit I, Schedule 3-7(b), Column (c), Line 18.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3(c)
Page 1 of 2

BRADFELD/FAIRFIELD WATER OPERATIONS

		Present Rates				Company Proposed Rates			Public Staff Recommended Rates					
Line No.	Item	Amount Per Application	Public Staff Adjustments	[1]	Amount Per Public Staff	[2]	Net Company Increase	[17]	Operations After Rate Increase	[18]	Net Public Staff Increase	[23]	Operations After Rate Increase	[24]
		(a)	(b)		(c)		(d)		(e)		(f)		(g)	
<u>Operating Revenues:</u>														
1.	Service revenues	\$719,407	(\$1,898)		\$717,509	[3]	\$311,883		\$1,029,392	[3]	\$233,246		\$950,755	[25]
2.	Miscellaneous revenues	8,352	31,000		39,352	[4]	1,060		40,412	[19]	793		40,145	[26]
3.	Uncollectible accounts	(8,476)	81		(8,395)	[5]	(3,649)		(12,044)	[20]	(2,729)		(11,124)	[27]
4.	Total operating revenues	719,283	29,183		748,466		309,294		1,057,760		231,310		979,776	
<u>Maintenance Expenses:</u>														
5.	Salaries and wages	163,228	(21,834)		141,394	[6]	0		141,394		0		141,394	
6.	Purchased power	60,164	0		60,164		0		60,164		0		60,164	
7.	Purchased water	(30,402)	30,402		0	[7]	0		0		0		0	
8.	Maintenance and repair	54,603	(4,022)		50,581	[8]	0		50,581		0		50,581	
9.	Maintenance testing	5,016	541		5,557	[3]	0		5,557		0		5,557	
10.	Meter reading	26,912	0		26,912		0		26,912		0		26,912	
11.	Chemicals	30,260	5,178		35,438	[3]	0		35,438		0		35,438	
12.	Transportation	27,730	0		27,730		0		27,730		0		27,730	
13.	Operating expenses charged to plant	(37,018)	0		(37,018)		0		(37,018)		0		(37,018)	
14.	Outside services - other	24,122	0		24,122		0		24,122		0		24,122	
15.	Total maintenance expenses	324,615	10,265		334,880		0		334,880		0		334,880	
<u>General Expenses:</u>														
16.	Salaries and wages	106,490	3,031		109,521	[6]	0		109,521		0		109,521	
17.	Office supplies and other office expense	30,180	0		30,180		0		30,180		0		30,180	
18.	Regulatory commission expense	25,753	(9,559)		16,194	[9]	0		16,194		0		16,194	
19.	Pension and other benefits	73,297	0		73,297		0		73,297		0		73,297	
20.	Rent	12,219	0		12,219		0		12,219		0		12,219	
21.	Insurance	36,376	0		36,376		0		36,376		0		36,376	
22.	Office utilities	32,301	0		32,301		0		32,301		0		32,301	
23.	Miscellaneous	6,818	(11,504)		(4,686)	[10]	0		(4,686)		0		(4,686)	
24.	Total general expenses	323,434	(18,032)		305,402		0		305,402		0		305,402	
<u>Depreciation and Taxes:</u>														
25.	Depreciation expense	148,059	(17,874)		130,185	[11]	0		130,185		0		130,185	
26.	Amortization of CIAC	(35,750)	(8,081)		(43,831)	[12]	0		(43,831)		0		(43,831)	
27.	Amortization of PAA	9,916	1,012		10,928	[13]	0		10,928		0		10,928	
28.	Amortization of ITC	0	0		0		0		0		0		0	
29.	Franchise and other taxes	5,038	0		5,038		0		5,038		0		5,038	
30.	Property taxes	8,414	0		8,414		0		8,414		0		8,414	
31.	Payroll taxes	32,662	(140)		32,522	[6]	0		32,522		0		32,522	
32.	Regulatory fee	0	1,048		1,048	[14]	433		1,481	[14]	324		1,372	[14]
33.	Gross receipts tax	0	0		0		0		0		0		0	
34.	State income tax	0	(2,647)		(2,647)	[15]	9,266		6,619	[21]	6,930		4,283	[28]
35.	Federal income tax	0	(29,099)		(29,099)	[16]	101,863		72,764	[22]	76,179		47,080	[29]
36.	Total depreciation and taxes	168,339	(55,781)		112,558		111,562		224,120		83,433		195,991	
37.	Total operating revenue deductions	816,388	(63,548)		752,840		111,562		864,402		83,433		836,273	
38.	Net operating income for a return	(\$97,105)	\$92,731		(\$4,374)		\$197,732		\$193,358		\$147,877		\$143,503	

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

FOOTNOTES TO SCHEDULE 3(c)

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 3(c)

Page 2 of 2

BRADFIELD FARMS/FAIRFIELD HARBOUR WATER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Johnson Exhibit I, Schedule 3-1(c), Column (c), Line 5.
- [5] Johnson Exhibit I, Schedule 3-2, Column (c), Line 6.
- [6] Expense amount as calculated by the Public Staff.
- [7] Adjustment to reclassify antenna lease revenue.
- [8] Johnson Exhibit I, Schedule 3-3, Column (c), Line 7.
- [9] Johnson Exhibit I, Schedule 3-4, Column (f), Line 9.
- [10] Johnson Exhibit I, Schedule 3-5, Column (c), Line 3.
- [11] Johnson Exhibit I, Schedule 3-6, Column (c), Line 5.
- [12] Johnson Exhibit I, Schedule 3-6, Column (c), Line 10.
- [13] Johnson Exhibit I, Schedule 3-6, Column (c), Line 13.
- [14] Line 4 multiplied by 0.14%.
- [15] Johnson Exhibit I, Schedule 3-7(c), Column (a), Line 16.
- [16] Johnson Exhibit I, Schedule 3-7(c), Column (a), Line 18.
- [17] Column (e) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (d), unless otherwise footnoted.
- [19] Johnson Exhibit I, Schedule 3-1(c), Column (c), Line 10.
- [20] Johnson Exhibit I, Schedule 3-2, Column (c), Line 9.
- [21] Johnson Exhibit I, Schedule 3-7(c), Column (b), Line 16.
- [22] Johnson Exhibit I, Schedule 3-7(c), Column (b), Line 18.
- [23] Column (g) minus Column (c), unless otherwise footnoted.
- [24] Column (e) plus Column (f), unless otherwise footnoted.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Johnson Exhibit I, Schedule 3-1(c), Column (c), Line 15.
- [27] Johnson Exhibit I, Schedule 3-2, Column (c), Line 12.
- [28] Johnson Exhibit I, Schedule 3-7(c), Column (c), Line 16.
- [29] Johnson Exhibit I, Schedule 3-7(c), Column (c), Line 18.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2016

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Johnson Exhibit I
Schedule 3(d)
Page 1 of 2

		Present Rates			Company Proposed Rates			Public Staff Recommended Rates						
Line No.	Item	Amount Per Application	Public Staff Adjustments	[1]	Amount Per Public Staff	[2]	Net Company Increase	[16]	Operations After Rate Increase	[17]	Net Public Staff Increase	[22]	Operations After Rate Increase	[23]
		(a)	(b)		(c)		(d)		(e)		(f)		(g)	
<u>Operating Revenues:</u>														
1.	Service revenues	\$1,370,772	[\$106]		\$1,370,666	[3]	\$421,578		\$1,792,244	[3]	\$362,650		\$1,733,316	[24]
2.	Miscellaneous revenues	15,915	701		16,616	[4]	1,434		18,050	[18]	1,233		17,849	[25]
3.	Uncollectible accounts	(16,151)	114		(16,037)	[5]	(4,932)		(20,969)	[19]	(4,243)		(20,280)	[26]
4.	Total operating revenues	1,370,536	709		1,371,245		418,080		1,789,325		359,640		1,790,885	
<u>Maintenance Expenses:</u>														
5.	Salaries and wages	132,084	19,659		151,743	[6]	0		151,743		0		151,743	
6.	Purchased power	152,413	0		152,413		0		152,413		0		152,413	
7.	Purchased sewer	0	0		0		0		0		0		0	
8.	Maintenance and repair	155,718	(590)		155,128	[7]	0		155,128		0		155,128	
9.	Maintenance testing	25,223	(3,301)		21,922	[3]	0		21,922		0		21,922	
10.	Meter reading	0	0		0		0		0		0		0	
11.	Chemicals	34,789	(5,178)		29,611	[3]	0		29,611		0		29,611	
12.	Transportation	32,421	0		32,421		0		32,421		0		32,421	
13.	Operating expenses charged to plant	(42,578)	0		(42,578)		0		(42,578)		0		(42,578)	
14.	Outside services - other	28,201	0		28,201		0		28,201		0		28,201	
15.	Total maintenance expenses	518,271	10,590		528,861		0		528,861		0		528,861	
<u>General Expenses:</u>														
16.	Salaries and wages	180,244	(53,157)		127,087	[6]	0		127,087		0		127,087	
17.	Office supplies and other office expense	35,288	0		35,288		0		35,288		0		35,288	
18.	Regulatory commission expense	29,607	(13,413)		16,194	[8]	0		16,194		0		16,194	
19.	Pension and other benefits	85,797	0		85,797		0		85,797		0		85,797	
20.	Rent	14,171	0		14,171		0		14,171		0		14,171	
21.	Insurance	42,581	0		42,581		0		42,581		0		42,581	
22.	Office utilities	37,488	0		37,488		0		37,488		0		37,488	
23.	Miscellaneous	7,962	(13,878)		(5,916)	[9]	0		(5,916)		0		(5,916)	
24.	Total general expenses	433,138	(80,448)		352,690		0		352,690		0		352,690	
<u>Depreciation and Taxes:</u>														
25.	Depreciation expense	327,765	4,270		332,035	[10]	0		332,035		0		332,035	
26.	Amortization of CIAC	(142,851)	(32,247)		(175,098)	[11]	0		(175,098)		0		(175,098)	
27.	Amortization of PAA	(687)	41,654		40,967	[12]	0		40,967		0		40,967	
28.	Amortization of ITC	0	0		0		0		0		0		0	
29.	Franchise and other taxes	9,600	0		9,600		0		9,600		0		9,600	
30.	Property taxes	9,715	0		9,715		0		9,715		0		9,715	
31.	Payroll taxes	38,125	(161)		37,964	[6]	0		37,964		0		37,964	
32.	Regulatory fee	0	1,920		1,920	[13]	585		2,505	[13]	503		2,423	[13]
33.	Gross receipts tax	0	0		0		0		0		0		0	
34.	State income tax	0	2,231		2,231	[14]	12,524		14,755	[20]	10,774		13,005	[27]
35.	Federal income tax	0	24,521		24,521	[15]	137,690		162,211	[21]	118,443		142,964	[28]
36.	Total depreciation and taxes	241,667	42,188		283,855		150,799		434,654		129,720		413,575	
37.	Total operating revenue deductions	1,193,076	(27,670)		1,165,406		150,799		1,316,205		129,720		1,295,126	
38.	Net operating income for a return	\$177,460	\$28,379		\$205,839		\$267,281		\$473,120		\$229,920		\$435,759	

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

FOOTNOTES TO SCHEDULE 3(d)

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 3(d)

Page 2 of 2

BRADFIELD FARMS/FAIRFIELD HARBOUR SEWER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Johnson Exhibit I, Schedule 3-1(d), Column (c), Line 5.
- [5] Johnson Exhibit I, Schedule 3-2, Column (d), Line 6.
- [6] Expense amount as calculated by the Public Staff.
- [7] Johnson Exhibit I, Schedule 3-3, Column (d), Line 7.
- [8] Johnson Exhibit I, Schedule 3-4, Column (g), Line 9.
- [9] Johnson Exhibit I, Schedule 3-5, Column (d), Line 3.
- [10] Johnson Exhibit I, Schedule 3-6, Column (d), Line 5.
- [11] Johnson Exhibit I, Schedule 3-6, Column (d), Line 10.
- [12] Johnson Exhibit I, Schedule 3-6, Column (d), Line 13.
- [13] Line 4 multiplied by 0.14%.
- [14] Johnson Exhibit I, Schedule 3-7(d), Column (a), Line 16.
- [15] Johnson Exhibit I, Schedule 3-7(d), Column (a), Line 18.
- [16] Column (e) minus Column (c), unless otherwise footnoted.
- [17] Column (c) plus Column (d), unless otherwise footnoted.
- [18] Johnson Exhibit I, Schedule 3-1(d), Column (c), Line 10.
- [19] Johnson Exhibit I, Schedule 3-2, Column (d), Line 9.
- [20] Johnson Exhibit I, Schedule 3-7(d), Column (b), Line 16.
- [21] Johnson Exhibit I, Schedule 3-7(d), Column (b), Line 18.
- [22] Column (g) minus Column (c), unless otherwise footnoted.
- [23] Column (e) plus Column (f), unless otherwise footnoted.
- [24] Revenue requirement as calculated by the Public Staff.
- [25] Johnson Exhibit I, Schedule 3-1(d), Column (c), Line 15.
- [26] Johnson Exhibit I, Schedule 3-2, Column (d), Line 12.
- [27] Johnson Exhibit I, Schedule 3-7(d), Column (c), Line 16.
- [28] Johnson Exhibit I, Schedule 3-7(d), Column (c), Line 18.

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

ADJUSTMENT TO MISCELLANEOUS REVENUES

For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-1(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [4]
Present Rates:				
1.	Forfeited discounts	\$40,796 [1]	\$36	\$40,832 [5]
2.	Other water/sewer revenues	95,795 [1]	0	95,795
3.	Antenna leases	0 [1]	0	0
4.	Sale of utility property	0 [1]	35,280	35,280 [1]
5.	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$136,591</u>	<u>\$35,316</u>	<u>\$171,907</u>
Company Proposed Rates:				
6.	Forfeited discounts	\$40,832 [2]	\$8,886	\$49,718 [6]
7.	Other water/sewer revenues	95,795 [2]	0	95,795
8.	Antenna leases	0 [2]	0	0
9.	Sale of utility property	35,280 [2]	0	35,280
10.	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$171,907</u>	<u>\$8,886</u>	<u>\$180,793</u>
Public Staff Recommended Rates:				
11.	Forfeited discounts	\$40,832 [2]	\$6,189	\$47,021 [7]
12.	Other water/sewer revenues	95,795 [2]	0	95,795
13.	Antenna leases	0 [2]	0	0
14.	Sale of utility property	35,280 [2]	0	35,280
15.	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$171,907</u>	<u>\$6,189</u>	<u>\$178,096</u>

(1) Per examination of Company's financial records.

(2) Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.

(3) Column (c) minus Column (a), unless otherwise footnoted.

(4) Column (a) plus Column (b), unless otherwise footnoted.

(5) Johnson Exhibit I, Schedule 3-1(a)(1), Column (a), Line 6.

(6) Johnson Exhibit I, Schedule 3-1(a)(1), Column (a), Line 9.

(7) Johnson Exhibit I, Schedule 3-1(a)(1), Column (a), Line 12.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2016Johnson Exhibit I
Schedule 3-1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	[3]	Amount Per Public Staff (c)	[4]
<u>Present Rates:</u>						
1.	Forfeited discounts	\$31,911 [1]	(\$170)		\$31,741 [5]	
2.	Other water/sewer revenues	74,931 [1]	0		74,931	
3.	Antenna leases	0 [1]	0		0	
4.	Sale of utility property	0 [1]	20,842		20,842 [1]	
5.	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$106,842</u>	<u>\$20,672</u>		<u>\$127,514</u>	
<u>Company Proposed Rates:</u>						
6.	Forfeited discounts	\$31,741 [2]	\$4,155		\$35,896 [6]	
7.	Other water/sewer revenues	74,931 [2]	0		74,931	
8.	Antenna leases	0 [2]	0		0	
9.	Sale of utility property	20,842 [2]	0		20,842	
10.	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$127,514</u>	<u>\$4,155</u>		<u>\$131,669</u>	
<u>Public Staff Recommended Rates:</u>						
11.	Forfeited discounts	\$31,741 [2]	\$2,353		\$34,094 [7]	
12.	Other water/sewer revenues	74,931 [2]	0		74,931	
13.	Antenna leases	0 [2]	0		0	
14.	Sale of utility property	20,842 [2]	0		20,842	
15.	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$127,514</u>	<u>\$2,353</u>		<u>\$129,867</u>	

[1] Per examination of Company's financial records.

[2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.

[3] Column (c) minus Column (a), unless otherwise footnoted.

[4] Column (a) plus Column (b), unless otherwise footnoted.

[5] Johnson Exhibit I, Schedule 3-1(a)(1), Column (b), Line 6.

[6] Johnson Exhibit I, Schedule 3-1(a)(1), Column (b), Line 9.

[7] Johnson Exhibit I, Schedule 3-1(a)(1), Column (b), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2016

BRADFIELD/FAIRFIELD WATER OPERATIONS

Johnson Exhibit I
Schedule 3-1(c)

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	[3]	Amount Per Public Staff (c)	[4]
<u>Present Rates:</u>						
1.	Forfeited discounts	\$2,436 [1]	\$4		\$2,440 [5]	
2.	Other water/sewer revenues	5,917 [1]	0		5,917	
3.	Antenna leases	0 [1]	30,402		30,402 [1]	
4.	Sale of utility property	0 [1]	593		593 [1]	
5.	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$8,353</u>	<u>\$30,999</u>		<u>\$39,352</u>	
<u>Company Proposed Rates:</u>						
6.	Forfeited discounts	\$2,440 [2]	\$1,060		\$3,500 [6]	
7.	Other water/sewer revenues	5,917 [2]	0		5,917	
8.	Antenna leases	30,402 [2]	0		30,402	
9.	Sale of utility property	593 [2]	0		593	
10.	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$39,352</u>	<u>\$1,060</u>		<u>\$40,412</u>	
<u>Public Staff Recommended Rates:</u>						
11.	Forfeited discounts	\$2,440 [2]	\$793		\$3,233 [7]	
12.	Other water/sewer revenues	5,917 [2]	0		5,917	
13.	Antenna leases	30,402 [2]	0		30,402	
14.	Sale of utility property	593 [2]	0		593	
15.	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$39,352</u>	<u>\$793</u>		<u>\$40,145</u>	

[1] Per examination of Company's financial records.

[2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.

[3] Column (c) minus Column (a), unless otherwise footnoted.

[4] Column (a) plus Column (b), unless otherwise footnoted.

[5] Johnson Exhibit I, Schedule 3-1(a)(1), Column (c), Line 6.

[6] Johnson Exhibit I, Schedule 3-1(a)(1), Column (c), Line 9.

[7] Johnson Exhibit I, Schedule 3-1(a)(1), Column (c), Line 12.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2016Johnson Exhibit I
Schedule 3-1(d)

BRADFELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	[3]	Amount Per Public Staff (c)	[4]
Present Rates:						
1.	Forfeited discounts	\$4,641 [1]	\$19		\$4,660 [5]	
2.	Other water/sewer revenues	11,274 [1]	0		11,274	
3.	Antenna leases	0 [1]	0		0	
4.	Sale of utility property	0 [1]	682		682 [1]	
5.	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$15,915</u>	<u>\$701</u>		<u>\$16,616</u>	
Company Proposed Rates:						
6.	Forfeited discounts	\$4,660 [2]	\$1,434		\$6,094 [6]	
7.	Other water/sewer revenues	11,274 [2]	0		11,274	
8.	Antenna leases	0 [2]	0		0	
9.	Sale of utility property	682 [2]	0		682	
10.	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$16,616</u>	<u>\$1,434</u>		<u>\$18,050</u>	
Public Staff Recommended Rates:						
11.	Forfeited discounts	\$4,660 [2]	\$1,233		\$5,893 [7]	
12.	Other water/sewer revenues	11,274 [2]	0		11,274	
13.	Antenna leases	0 [2]	0		0	
14.	Sale of utility property	682 [2]	0		682	
15.	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$16,616</u>	<u>\$1,233</u>		<u>\$17,849</u>	

[1] Per examination of Company's financial records.

[2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.

[3] Column (c) minus Column (a), unless otherwise footnoted.

[4] Column (a) plus Column (b), unless otherwise footnoted.

[5] Johnson Exhibit I, Schedule 3-1(a)(1), Column (d), Line 6.

[6] Johnson Exhibit I, Schedule 3-1(a)(1), Column (d), Line 9.

[7] Johnson Exhibit I, Schedule 3-1(a)(1), Column (d), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF FORFEITED DISCOUNTS
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-1(a)(1)

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BFF/FFH Water (c)	BFF/FFH Sewer (d)
Test Year:					
1.	Service revenues	\$15,235,981 [1]	\$11,625,156 [1]	\$708,950 [1]	\$1,350,906 [1]
2.	Forfeited discounts	\$40,796 [1]	\$31,911 [1]	\$2,436 [1]	\$4,641 [1]
3.	Forfeited discounts percentage (L2 / L1)	0.27%	0.27%	0.34%	0.34%
Present Rates:					
4.	Service revenues	\$15,122,929 [2]	\$11,755,741 [5]	\$717,509 [8]	\$1,370,666 [11]
5.	Forfeited discounts percentage	0.27%	0.27%	0.34%	0.34%
6.	Forfeited discounts (L4 x L5)	\$40,832	\$31,741	\$2,440	\$4,660
Company Proposed Rates:					
7.	Service revenues	\$18,414,144 [3]	\$13,294,803 [6]	\$1,029,392 [9]	\$1,792,244 [12]
8.	Forfeited discounts percentage	0.27%	0.27%	0.34%	0.34%
9.	Forfeited discounts (L7 x L8)	\$49,718	\$35,896	\$3,500	\$6,094
Public Staff Recommended Rates:					
10.	Service revenues	\$17,415,028 [4]	\$12,627,226 [7]	\$950,755 [10]	\$1,733,316 [13]
11.	Forfeited discounts percentage	0.27%	0.27%	0.34%	0.34%
12.	Forfeited discounts (L10 x L11)	\$47,021	\$34,094	\$3,233	\$5,893

- [1] Per examination of Company's financial records.
[2] Johnson Exhibit I, Schedule 3(a), Column (c), Line 1.
[3] Johnson Exhibit I, Schedule 3(a), Column (e), Line 1.
[4] Johnson Exhibit I, Schedule 3(a), Column (g), Line 1.
[5] Johnson Exhibit I, Schedule 3(b), Column (c), Line 1.
[6] Johnson Exhibit I, Schedule 3(b), Column (e), Line 1.
[7] Johnson Exhibit I, Schedule 3(b), Column (g), Line 1.

- [8] Johnson Exhibit I, Schedule 3(c), Column (c), Line 1.
[9] Johnson Exhibit I, Schedule 3(c), Column (e), Line 1.
[10] Johnson Exhibit I, Schedule 3(c), Column (g), Line 1.
[11] Johnson Exhibit I, Schedule 3(d), Column (c), Line 1.
[12] Johnson Exhibit I, Schedule 3(d), Column (e), Line 1.
[13] Johnson Exhibit I, Schedule 3(d), Column (g), Line 1.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF UNCOLLECTIBLE ACCOUNTS
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-2

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BFF/FFH Water (c)	BFF/FFH Sewer (d)
Test Year:					
1.	Service revenues	\$15,235,981 [1]	\$11,625,156 [1]	\$708,950 [1]	\$1,350,906 [1]
2.	Uncollectible accounts	\$92,241 [1]	\$72,151 [1]	\$8,294 [1]	\$15,805 [1]
3.	Uncollectible accounts percentage (L2 / L1)	0.61%	0.62%	1.17%	1.17%
Present Rates:					
4.	Service revenues	\$15,122,929 [2]	\$11,755,741 [5]	\$717,509 [8]	\$1,370,666 [11]
5.	Uncollectible accounts percentage	0.61%	0.62%	1.17%	1.17%
6.	Uncollectible accounts (L4 x L5)	\$92,250	\$72,886	\$8,395	\$16,037
Company Proposed Rates:					
7.	Service revenues	\$18,414,144 [3]	\$13,294,803 [6]	\$1,029,392 [9]	\$1,792,244 [12]
8.	Uncollectible accounts percentage	0.61%	0.62%	1.17%	1.17%
9.	Uncollectible accounts (L7 x L8)	\$112,326	\$82,428	\$12,044	\$20,969
Public Staff Recommended Rates:					
10.	Service revenues	\$17,415,028 [4]	\$12,627,226 [7]	\$950,755 [10]	\$1,733,316 [13]
11.	Uncollectible accounts percentage	0.61%	0.62%	1.17%	1.17%
12.	Uncollectible accounts (L10 x L11)	\$106,232	\$78,289	\$11,124	\$20,280

- [1] Per examination of Company's financial records.
[2] Henry Exhibit I, Schedule 3(a), Column (c), Line 1.
[3] Henry Exhibit I, Schedule 3(a), Column (e), Line 1.
[4] Henry Exhibit I, Schedule 3(a), Column (g), Line 1.
[5] Henry Exhibit I, Schedule 3(b), Column (c), Line 1.
[6] Henry Exhibit I, Schedule 3(b), Column (e), Line 1.
[7] Henry Exhibit I, Schedule 3(b), Column (g), Line 1.

- [8] Henry Exhibit I, Schedule 3(c), Column (c), Line 1.
[9] Henry Exhibit I, Schedule 3(c), Column (e), Line 1.
[10] Henry Exhibit I, Schedule 3(c), Column (g), Line 1.
[11] Henry Exhibit I, Schedule 3(d), Column (c), Line 1.
[12] Henry Exhibit I, Schedule 3(d), Column (e), Line 1.
[13] Henry Exhibit I, Schedule 3(d), Column (g), Line 1.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ADJUSTMENT TO MAINTENANCE AND REPAIR
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-3

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	Maintenance and repair per application	\$1,097,879	\$1,435,866	\$54,603	\$155,718
2.	Adjustment to deferred maintenance and repair	(178,450) [1]	115,393 [3]	706 [4]	1,265 [5]
3.	Adjustment to reclassify amount to purchase water	(21,221) [2]	0	0	0
4.	Adjustment to sludge hauling	0	(18,342) [2]	0	(1,855) [2]
5.	Adjustment to permit fees	4,728 [2]	(2,170) [2]	(4,728) [2]	0
6.	Adjustment to maintenance and repair (Sum of L2 thru L5)	(194,943)	94,881	(4,022)	(590)
7.	Maintenance and repair per Public Staff (L1 + L6)	\$902,936	\$1,530,747	\$50,581	\$155,128

- [1] Johnson Exhibit I, Schedule 3-3(a), Column (a), Line 3.
[2] Provided by Public Staff Engineer Casselberry.
[3] Johnson Exhibit I, Schedule 3-3(a), Column (b), Line 3.
[4] Johnson Exhibit I, Schedule 3-3(a), Column (c), Line 3.
[5] Johnson Exhibit I, Schedule 3-3(a), Column (d), Line 3.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-3(a)

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	Annual deferred maintenance and repair per Public Staff	273,775 [1]	382,549 [3]	18,827 [4]	22,098 [5]
2.	Deferred maintenance and repair per application	<u>452,225 [2]</u>	<u>267,156 [2]</u>	<u>18,121 [2]</u>	<u>20,833 [2]</u>
3.	Adjustment to deferred maintenance and repair (L1 - L2)	<u><u>(\$178,450)</u></u>	<u><u>\$115,393</u></u>	<u><u>\$706</u></u>	<u><u>\$1,265</u></u>

- [1] Johnson Exhibit I, Schedule 2-11(a), Column (e), Line 4.
[2] Per examination of Company's financial records.
[3] Johnson Exhibit I, Schedule 2-11(a), Column (e), Line 7.
[4] Johnson Exhibit I, Schedule 2-11(a), Column (e), Line 11.
[5] Johnson Exhibit I, Schedule 2-11(a), Column (e), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF REGULATORY COMMISSION EXPENSE
For The Test Year Ended December 31, 2016

Johnson Exhibit 1
Schedule 3-4

Line No.	Item	Amount Per Application (a)	Public Staff Adjustment [1] (b)	Amount Per Public Staff (c)	CWSNC Water (d)	CWSNC Sewer (e)	BF/FH Water (f)	BF/FH Sewer (g)
1.	Rate case expenses for current proceeding	<u>\$409,390</u>	<u>\$14,946</u>	\$424,336 [2]				
2.	Amortization period in years			3				
3.	Annual rate case expense for current proceeding (L1 / L2)			<u>141,445</u>	<u>\$77,554</u> [4]	<u>\$45,814</u> [5]	<u>\$8,402</u> [6]	<u>\$9,675</u> [7]
4.	Unamortized balance of rate case expense (L1 - L3)			<u>282,891</u>	<u>155,109</u> [4]	<u>91,628</u> [5]	<u>16,804</u> [6]	<u>19,350</u> [7]
5.	Sub 344 unamortized rate case expense	<u>\$557,990</u>	<u>(\$272,051)</u>	285,939 [3]				
6.	Amortization period in years			3				
7.	Sub 344 unamortized annual rate case expense (L5 / L6)			<u>95,313</u>	<u>52,260</u> [4]	<u>30,872</u> [5]	<u>5,662</u> [6]	<u>6,519</u> [7]
8.	Unamortized balance of rate case expense (L5 - L7)			<u>190,626</u>	<u>104,520</u> [4]	<u>61,744</u> [5]	<u>11,323</u> [6]	<u>13,039</u> [7]
9.	Total annual rate case expense (L3 + L7)			<u>\$236,758</u>	<u>\$129,814</u>	<u>\$76,686</u>	<u>\$14,064</u>	<u>\$16,194</u>
10.	Total unamortized balance of rate case expense (L4 + L8)			<u>\$473,517</u>	<u>\$259,629</u>	<u>\$153,372</u>	<u>\$28,127</u>	<u>\$32,389</u>

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

[2] Per examination of Company's financial records.

[3] Calculated base on amount approved in prior rate cases.

[4] Column (c) multiplied by CWSNC Uniform water allocation factor of 54.83%.

[5] Column (c) multiplied by CWSNC Uniform sewer allocation factor of 32.39%.

[6] Column (c) multiplied by BF/FH water allocation factor of 5.94%.

[7] Column (c) multiplied by BF/FH sewer allocation factor of 6.84%.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

ADJUSTMENT TO MISCELLANEOUS EXPENSE

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 3-5

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	Miscellaneous expense per application	\$88,597	\$54,926	\$6,818	\$7,962
2.	Adjustment to reclassify excess deferred taxes from depreciation expense	<u>(98,585) [1]</u>	<u>(61,008) [1]</u>	<u>(11,504) [1]</u>	<u>(13,878) [1]</u>
3.	Miscellaneous expense per Public Staff (L1 + L2)	<u><u>(\$9,988)</u></u>	<u><u>(\$6,082)</u></u>	<u><u>(\$4,686)</u></u>	<u><u>(\$5,916)</u></u>

[1] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF DEPRECIATION AND
AMORTIZATION EXPENSE

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 3-6

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1.	Depreciation on direct plant	\$2,557,024 [1]	\$2,073,884 [9]	\$95,988 [15]	\$294,664 [19]
2.	Depreciation on allocated plant	279,303 [2]	156,486 [2]	34,197 [2]	37,371 [2]
3.	Gain on sale	(50,953) [3]	(25,957) [10]	0	0
4.	Excess book value	(11,970) [4]	(17,954) [11]	0	0
5.	Total depreciation expense (Sum of L1 thru L4)	<u>\$2,773,404</u>	<u>\$2,186,459</u>	<u>\$130,185</u>	<u>\$332,035</u>
6.	Contributions in aid of construction	(\$28,589,110) [5]	(\$28,067,843) [12]	(\$2,087,178) [16]	(\$7,088,979) [20]
7.	Advances in aid of construction	(23,760) [6]	(9,180) [6]	0	0
8.	Depreciable CIAC and AIA (L6 + L7)	<u>(28,612,870)</u>	<u>(28,077,023)</u>	<u>(2,087,178)</u>	<u>(7,088,979)</u>
9.	Amortization rate	2.63% [7]	2.69% [13]	2.10% [17]	2.47% [21]
10.	CIAC and AIA amortization expense (L8 x L9)	<u>(\$752,518)</u>	<u>(\$755,272)</u>	<u>(\$43,831)</u>	<u>(\$175,098)</u>
11.	Purchase acquisition adjustment	(\$4,195,580) [8]	(\$627,070) [14]	\$520,390 [18]	\$1,658,577 [22]
12.	Amortization rate	2.63% [7]	2.69% [13]	2.10% [17]	2.47% [21]
13.	PAA amortization expense (L11 x L12)	<u>(\$110,344)</u>	<u>(\$16,868)</u>	<u>\$10,928</u>	<u>\$40,967</u>

[1] Johnson Exhibit I, Schedule 3-6(a), Column (c), Line 46.

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

[3] Johnson Exhibit I, Schedule 2-7, Column (a), Line 9.

[4] Johnson Exhibit I, Schedule 2-9, Column (b), Line 7.

[5] Johnson Exhibit I, Schedule 2-4, Column (a), Line 5.

[6] Per examination of Company's financial records.

[7] Johnson Exhibit I, Schedule 3-6(a), Column (d), Line 46.

[8] Johnson Exhibit I, Schedule 2-8, Column (a), Line 5.

[9] Johnson Exhibit I, Schedule 3-6(b), Column (c), Line 58.

[10] Johnson Exhibit I, Schedule 2-7, Column (b), Line 9.

[11] Johnson Exhibit I, Schedule 2-9, Column (b), Line 12.

[12] Johnson Exhibit I, Schedule 2-4, Column (d), Line 5.

[13] Johnson Exhibit I, Schedule 3-6(b), Column (d), Line 58.

[14] Johnson Exhibit I, Schedule 2-8, Column (d), Line 5.

[15] Johnson Exhibit I, Schedule 3-6(c), Column (c), Line 46.

[16] Johnson Exhibit I, Schedule 2-4, Column (g), Line 5.

[17] Johnson Exhibit I, Schedule 3-6(c), Column (d), Line 46.

[18] Johnson Exhibit I, Schedule 2-8, Column (g), Line 5.

[19] Johnson Exhibit I, Schedule 3-6(d), Column (c), Line 58.

[20] Johnson Exhibit I, Schedule 2-4, Column (j), Line 5.

[21] Johnson Exhibit I, Schedule 3-6(d), Column (d), Line 58.

[22] Johnson Exhibit I, Schedule 2-8, Column (j), Line 5.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF DIRECT PLANT

DEPRECIATION EXPENSE

For The Test Year Ended December 31, 2016

CWSNC WATER OPERATIONS

Johnson Exhibit I
Schedule 3-6(a)

Line No.	Account No.	Item	Plant In Service (a)	Depreciation Rate (b)	Annual Depreciation (c)	Composite Rate (d)
1.	1020	Organization	\$464,069	2.50%	\$11,602	
2.	1025	Franchises	111,898	2.50%	2,797	
3.	1030	Land & land rights pump	71,187	0.00%	0	
4.	1035	Land & land rights water tr.	357,109	0.00%	0	
5.	1040	Land & land rights trans.	1,914	0.00%	0	
6.	1045	Land & land rights gen. plt.	542,749	0.00%	0	
7.	1050	Struct & improv. src. supply	4,257,363	2.00%	85,147	
8.	1055	Struct & improv. wtr. trt. plt.	1,349,796	2.00%	26,996	
9.	1060	Struct & improv. trans. dist.	220,420	2.00%	4,408	
10.	1065	Struct & improv. gen. plt.	316,884	2.00%	6,338	
11.	1070	Collecting reservoirs	12,730	2.00%	255	
12.	1080	Wells & springs	13,730,300	2.00%	274,606	
13.	1085	Infiltration gallery	45,185	2.50%	1,130	
14.	1090	Supply mains	458,179	1.00%	4,582	
15.	1095	Power generation equip.	120,121	10.00%	12,012	
16.	1100	Electric pump equip. src. plt.	2,379,377	14.29%	340,013	
17.	1105	Electric pump equip. wtp.	7,935,276	3.33%	264,245	
18.	1110	Electric pump equip. trans.	2,136,599	14.29%	305,320	
19.	1115	Water treatment equip.	3,764,934	2.50%	94,123	
20.	1120	Dist. resv. & standpipes	7,547,141	2.00%	150,943	
21.	1125	Trans. & distr. mains	30,013,522	1.00%	300,135	
22.	1130	Service lines	11,053,502	2.00%	221,070	
23.	1135	Meters	5,120,163	3.33%	170,501	
24.	1140	Meter installations	1,162,402	3.33%	38,708	
25.	1145	Hydrants	1,147,905	2.50%	28,698	
26.	1150	Backflow prevention devic.	23,671	10.00%	2,367	
27.	1160	Other plt. & misc. equip. src. su.	260	2.50%	7	
28.	1165	Other plt. & misc. equip. wtp.	6,262	2.50%	157	
29.	1175	Office struct & improv.	95,787	10.00%	9,579	
30.	1180	Office furn. & equip.	353,258	10.00%	35,326	
31.	1185	Stores equipment	3,478	3.33%	116	
32.	1190	Tool shop & misc. equip.	1,340,564	5.00%	67,028	
33.	1195	Laboratory equipment	150,858	10.00%	15,086	
34.	1200	Power operated equip.	307,450	10.00%	30,745	
35.	1205	Communication equip.	320,956	10.00%	32,096	
36.	1210	Misc. equipment	183,506	3.33%	6,111	
37.	1215	Water plant allocated	207,809	6.67%	13,861	
38.	1220	Other tangible plt. water	36,650	2.50%	916	
39.	1555	Transportation equip.	0	0.00%	0	
40.	1530	Mainframe computer - wtr	0	2.50%	0	
41.	1535	Mini computer - wtr	(7,037)	0.00%	0	
42.	1590	Comp. system cost - wtr	59,862	0.00%	0	
43.	1595	Micro system cost - wtr	0	0.00%	0	
44.	1805	Pit. held for future use	(95,528)	0.00%	0	
45.		Pro forma plant additions	0	0.00%	0	
46.		Total plant in service (Sum of L1 thru L45)	<u>\$97,308,531</u>		<u>\$2,557,024</u>	<u>2.63%</u> [4]

[1] Johnson Exhibit I, Schedule 2-1(a)[1], Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 46.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF DIRECT PLANT

DEPRECIATION EXPENSE

For The Test Year Ended December 31, 2016

Johnson Exhibit I

Schedule 3-6(b)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Plant In Service (a)	Depreciation Rate (b)	Annual Depreciation (c)	Composite Rate (d)
1.	1245	Organization	\$907,337	2.50%	\$22,683	
2.	1250	Franchises intang. plt.	127,476	2.50%	3,187	
3.	1270	Land & land rights trtmnt plt	39,167	0.00%	0	
4.	1275	Land & land rights reclaim.	1,150	0.00%	0	
5.	1285	Land & land rights gen. plt.	213,811	0.00%	0	
6.	1290	Struct/improv. coll. plt.	67,055	2.00%	1,341	
7.	1295	Struct/improv. pump plt. is.	6,270,284	2.00%	125,406	
8.	1300	Struct/improv. treat. plt.	18,512,949	2.50%	462,824	
9.	1305	Struct/improv. reclaim. wtrp.	3,271	2.50%	82	
10.	1310	Struct/imprqy. reclaim. wtr.	179,730	2.50%	4,493	
11.	1315	Struct/improv. gen. plt.	1,644,555	2.00%	32,891	
12.	1320	Power gen. equip. coll. plt.	0	10.00%	0	
13.	1325	Power gen. equip. pump plt.	52,159	10.00%	5,216	
14.	1330	Power gen. equip. treat. plt.	231,471	10.00%	23,147	
15.	1345	Sewer force main/serv. lin.	3,517,490	1.33%	46,783	
16.	1350	Sewer gravity main	15,914,899	1.00%	159,149	
17.	1353	Manholes	705,741	1.00%	7,057	
18.	1355	Special coll. structures	6,502	2.00%	130	
19.	1360	Services to customers	1,300,979	1.33%	17,303	
20.	1365	Flow measure devices	97,398	4.00%	3,896	
21.	1370	Flow measure install	968	4.00%	39	
22.	1375	Receiving wells	88,606	2.00%	1,772	
23.	1380	Pumping equipment pump plt.	3,320,205	14.29%	474,457	
24.	1385	Pumping equipment reclaim.	26,663	14.29%	3,810	
25.	1390	Pumping equipment rcl. wtr.	30,025	14.29%	4,291	
26.	1395	Treat./disp. equip. lagoon	579,636	2.50%	14,491	
27.	1400	Treat./disp. equip. trt. plt.	18,689,753	2.50%	467,244	
28.	1405	Treat./disp. equip. rct. wtrp.	13,251	2.50%	331	
29.	1410	Plant sewers treat. plt.	3,329,055	2.50%	83,226	
30.	1415	Plant sewers reclaim wtrp.	5,155	2.50%	129	
31.	1420	Outfall lines	98,304	1.00%	983	
32.	1425	Other plt. tangible	3,676	2.50%	92	
33.	1430	Other plt. collection	21,142	2.50%	529	
34.	1435	Other plt. pump	48,131	2.50%	1,203	
35.	1440	Other plt. treatment	36,518	2.50%	913	
36.	1445	Other plt. reclaim wtr. trt.	650	2.50%	16	
37.	1450	Other plt. reclaim wtr. dis.	460	2.50%	12	
38.	1455	Office struct & improv.	26,899	10.00%	2,690	
39.	1460	Office furn. & equip.	27,718	10.00%	2,772	
40.	1465	Stores equipment	3,929	3.33%	131	
41.	1470	Tool shop & misc. equip.	179,616	5.00%	8,981	
42.	1475	Laboratory equipment	109,490	10.00%	10,949	
43.	1480	Power operated equip.	348,789	10.00%	34,879	
44.	1485	Communication equip.	73,595	10.00%	7,360	
45.	1490	Misc equip. sewer	19,105	3.33%	636	
46.	1495	Sewer plant allocated	526,952	6.67%	35,148	
47.	1500	Other tangible plt. sewer	1,776	2.50%	44	
48.	1535	Reuse dist. reservoirs	3,417	2.00%	68	
49.	1540	Reuse transmission & dist.	55,016	2.00%	1,100	
50.	1555	Transportation equip.	0	0.00%	0	
51.	1575	Desktop computer - wtr	0	0.00%	0	
52.	1580	Mainframe computer - wtr	0	0.00%	0	
53.	1585	Mini computer - wtr	(4,157)	0.00%	0	
54.	1590	Comp. system cost - wtr	35,364	0.00%	0	
55.	1595	Micro system cost - wtr	0	0.00%	0	
56.	1805	Pit. held for future use	(514,608)	0.00%	0	
57.		Pro forma plant additions	0	0.00%	0	
58.		Total plant in service (Sum of L1 thru L57)	\$76,978,523		\$2,073,884	2.69% [4]

[1] Johnson Exhibit I, Schedule 2-1(b)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 58.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE
For The Test Year Ended December 31, 2016
BRADFIELD/FAIRFIELD WATER OPERATIONS

Johnson Exhibit I
Schedule 3-6(c)

Line No.	Account No.	Item	Plant in Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1.	1020	Organization	\$94,306	2.50%	\$2,358	
2.	1025	Franchises	29,653	2.50%	741	
3.	1030	Land & land rights pump	0	0.00%	0	
4.	1035	Land & land rights water tr.	0	0.00%	0	
5.	1040	Land & land rights trans.	0	0.00%	0	
6.	1045	Land & land rights gen. plt.	434	0.00%	0	
7.	1050	Struct & improv. src. supply	126,773	2.00%	2,535	
8.	1055	Struct & improv. wtr. trt. plt.	51,244	2.00%	1,025	
9.	1060	Struct & improv. trans. dist.	461	2.00%	9	
10.	1065	Struct & improv. gen. plt.	1,671	2.00%	33	
11.	1070	Collecting reservoirs	0	2.00%	0	
12.	1080	Wells & springs	475,025	2.00%	9,501	
13.	1085	Infiltration gallery	0	2.50%	0	
14.	1090	Supply mains	604	1.00%	6	
15.	1095	Power generation equip.	0	10.00%	0	
16.	1100	Electric pump equip. src. plt.	36,728	14.29%	5,248	
17.	1105	Electric pump equip. wtp.	289,818	3.33%	9,651	
18.	1110	Electric pump equip. trans.	14,235	14.29%	2,034	
19.	1115	Water treatment equip.	109,292	2.50%	2,732	
20.	1120	Dist. resv. & standpipes	656,133	2.00%	13,123	
21.	1125	Trans. & distr. mains	1,633,755	1.00%	16,338	
22.	1130	Service lines	535,736	2.00%	10,715	
23.	1135	Meters	101,833	3.33%	3,391	
24.	1140	Meter installations	123,156	3.33%	4,101	
25.	1145	Hydrants	156,759	2.50%	3,919	
26.	1150	Backflow prevention devic.	98	10.00%	10	
27.	1160	Other plt. & misc. equip. src. su.	0	2.50%	0	
28.	1165	Other plt. & misc. equip. wtp.	0	2.50%	0	
29.	1175	Office struct & improv.	6,790	10.00%	679	
30.	1180	Office furn. & equip.	3,730	10.00%	373	
31.	1185	Stores equipment	235	3.33%	8	
32.	1190	Tool shop & misc. equip.	87,935	5.00%	4,397	
33.	1195	Laboratory equipment	11,093	10.00%	1,109	
34.	1200	Power operated equip.	1,953	10.00%	195	
35.	1205	Communication equip.	17,557	10.00%	1,756	
36.	1210	Misc. equipment	18	3.33%	1	
37.	1215	Water plant allocated	0	6.67%	0	
38.	1220	Other tangible plt. water	0	2.50%	0	
39.	1555	Transportation equip.	0	0.00%	0	
40.	1580	Mainframe computer - wtr	0	2.50%	0	
41.	1585	Mini computer - wtr	0	0.00%	0	
42.	1590	Comp. system cost - wtr	0	0.00%	0	
43.	1595	Micro system cost - wtr	0	0.00%	0	
44.	1805	Pit. held for future use	0	0.00%	0	
45.		Pro forma plant additions	0	0.00%	0	
46.		Total plant in service (Sum of L1 thru L45)	<u>\$4,567,025</u>		<u>\$95,988</u>	<u>2.10%</u> [4]

[1] Johnson Exhibit I, Schedule 2-1(c)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 46.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF DIRECT PLANT

DEPRECIATION EXPENSE

For The Test Year Ended December 31, 2016

BRADFELD/FAIRFIELD SEWER OPERATIONS

Johnson Exhibit I

Schedule 3-6(d)

Line No.	Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1.	1245	Organization	\$16,883	2.50%	\$422	
2.	1250	Franchises intang. plt.	20,351	2.50%	509	
3.	1270	Land & land rights trtmnt plt	0	0.00%	0	
4.	1275	Land & land rights reclaim.	0	0.00%	0	
5.	1285	Land & land rights gen. plt.	0	0.00%	0	
6.	1290	Struct/improv. coll. plt.	0	2.00%	0	
7.	1295	Struct/improv. pump plt. ls.	617,904	2.00%	12,358	
8.	1300	Struct/improv. treat. plt.	1,981,888	2.50%	49,547	
9.	1305	Struct/improv. reclaim. wtp.	0	2.50%	0	
10.	1310	Struct/improv. reclaim. wtr.	2,477	2.50%	62	
11.	1315	Struct/improv. gen. plt.	235,043	2.00%	4,701	
12.	1320	Power gen. equip. coll. plt.	11,076	10.00%	1,108	
13.	1325	Power gen. equip. pump plt.	0	10.00%	0	
14.	1330	Power gen. equip. treat. plt.	0	10.00%	0	
15.	1345	Sewer force main/serv. lin.	176,991	1.33%	2,354	
16.	1350	Sewer gravity main	4,996,318	1.00%	49,963	
17.	1353	Manholes	7,246	1.00%	72	
18.	1355	Special coll. structures	775	2.00%	16	
19.	1360	Services to customers	35,453	1.33%	472	
20.	1365	Flow measure devices	17,011	4.00%	680	
21.	1370	Flow measure install	0	4.00%	0	
22.	1375	Receiving wells	0	2.00%	0	
23.	1380	Pumping equipment pump plt.	616,386	14.29%	88,082	
24.	1385	Pumping equipment reclaim.	234	14.29%	33	
25.	1390	Pumping equipment rcl. wtr.	0	14.29%	0	
26.	1395	Treat./disp. equip. lagoon	56	2.50%	1	
27.	1400	Treat./disp. equip. trt. plt.	2,722,475	2.50%	68,062	
28.	1405	Treat./disp. equip. rct. wtp.	0	2.50%	0	
29.	1410	Plant sewers treat. plt.	361,705	2.50%	9,043	
30.	1415	Plant sewers reclaim wtp.	0	2.50%	0	
31.	1420	Outfall lines	16,925	1.00%	169	
32.	1425	Other plt. tangible	0	2.50%	0	
33.	1430	Other plt. collection	(224)	2.50%	(6)	
34.	1435	Other plt. pump	2,873	2.50%	72	
35.	1440	Other plt. treatment	0	2.50%	0	
36.	1445	Other plt. reclaim wtr. trt.	5,189	2.50%	130	
37.	1450	Other plt. reclaim wtr. dis.	0	2.50%	0	
38.	1455	Office struct & improv.	4,763	10.00%	476	
39.	1460	Office furn. & equip.	448	10.00%	45	
40.	1465	Stores equipment	2,752	3.33%	92	
41.	1470	Tool shop & misc. equip.	9,759	5.00%	488	
42.	1475	Laboratory equipment	6,067	10.00%	607	
43.	1480	Power operated equip.	47,069	10.00%	4,707	
44.	1485	Communication equip.	993	10.00%	99	
45.	1490	Misc equip. sewer	8,603	3.33%	286	
46.	1495	Sewer plant allocated	0	6.67%	0	
47.	1500	Other tangible plt. sewer	0	2.50%	0	
48.	1535	Reuse dist. reservoirs	2,763	2.00%	55	
49.	1540	Reuse transmission & dist.	(2,061)	2.00%	(41)	
50.	1555	Transportation equip.	0	0.00%	0	
51.	1575	Desktop computer - wtr	0	0.00%	0	
52.	1580	Mainframe computer - wtr	0	0.00%	0	
53.	1585	Mini computer - wtr	0	0.00%	0	
54.	1590	Comp. system cost - wtr	0	0.00%	0	
55.	1595	Micro system cost - wtr	0	0.00%	0	
56.	1805	Pit. held for future use	0	0.00%	0	
57.		Pro forma plant additions	0	0.00%	0	
58.		Total plant in service (Sum of L1 thru L57)	<u>\$11,926,191</u>		<u>\$294,664</u>	<u>2.47%</u> [4]

[1] Johnson Exhibit I, Schedule 2-1(d)[1], Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 58.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-7(a)

CWSNC WATER OPERATIONS

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	\$15,202,586	\$18,482,611	\$17,486,892
	Operating revenue deductions:			
2.	Maintenance expenses	6,776,544	6,776,544	6,776,544
3.	General expenses	2,783,236	2,783,236	2,783,236
4.	Depreciation expense	2,773,404	2,773,404	2,773,404
5.	Amortization of CIAC	(752,518)	(752,518)	(752,518)
6.	Amortization of PAA	(110,344)	(110,344)	(110,344)
7.	Amortization of ITC	(291)	(291)	(291)
8.	Franchise and other taxes	71,480	71,480	71,480
9.	Property taxes	126,424	126,424	126,424
10.	Payroll taxes	274,498	274,498	274,498
11.	Regulatory fee	21,284	25,876	24,482
12.	Gross receipts tax	0	0	0
13.	Interest expense	1,476,148 [2]	1,476,148 [4]	1,476,148 [6]
14.	Total deductions (Sum of L2 thru L13)	13,439,865	13,444,457	13,443,063
15.	Taxable income (L1 - L14)	1,762,721	5,038,154	4,043,829
16.	State income tax (L15 x 3%)	52,882	151,145	121,315
17.	Federal taxable income after state income tax (L15 - L16)	1,709,839	4,887,009	3,922,514
18.	Federal income tax (L17 x 34%)	581,345	1,661,583	1,333,655
19.	Net amount (L15 - L16 - L18)	1,128,494	3,225,426	2,588,859
20.	Add: Interest expense	1,476,148 [2]	1,476,148 [4]	1,476,148 [6]
21.	Net income for a return (L19 + L20)	\$2,604,642	\$4,701,574	\$4,065,007

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

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-7(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	\$11,810,369	\$13,344,044	\$12,678,804
	Operating revenue deductions:			
2.	Maintenance expenses	5,135,884	5,135,884	5,135,884
3.	General expenses	1,661,866	1,661,866	1,661,866
4.	Depreciation expense	2,186,459	2,186,459	2,186,459
5.	Amortization of CIAC	(755,272)	(755,272)	(755,272)
6.	Amortization of PAA	(16,868)	(16,868)	(16,868)
7.	Amortization of ITC	(228)	(228)	(228)
8.	Franchise and other taxes	55,912	55,912	55,912
9.	Property taxes	74,840	74,840	74,840
10.	Payroll taxes	164,297	164,297	164,297
11.	Regulatory fee	16,535	18,682	17,750
12.	Gross receipts tax	0	0	0
13.	Interest expense	1,110,903 [2]	1,110,903 [4]	1,110,903 [6]
14.	Total deductions (Sum of L2 thru L13)	9,634,328	9,636,475	9,635,543
15.	Taxable income (L1 - L14)	2,176,041	3,707,569	3,043,261
16.	State income tax (L15 x 3%)	65,281	111,227	91,298
17.	Federal taxable income after state income tax (L15 - L16)	2,110,760	3,596,342	2,951,963
18.	Federal income tax (L17 x 34%)	717,658	1,222,756	1,003,667
19.	Net amount (L15 - L16 - L18)	1,393,102	2,373,586	1,948,296
20.	Add: Interest expense	1,110,903 [2]	1,110,903 [4]	1,110,903 [6]
21.	Net income for a return (L19 + L20)	\$2,504,005	\$3,484,489	\$3,059,199

[1] Johnson Exhibit I, Schedule 3(b), Column (c).

[2] Johnson Exhibit I, Schedule 1(b), Column (e), Line 1.

[3] Johnson Exhibit I, Schedule 3(b), Column (e).

[4] Johnson Exhibit I, Schedule 1(b), Column (e), Line 4.

[5] Johnson Exhibit I, Schedule 3(b), Column (g).

[6] Johnson Exhibit I, Schedule 1(b), Column (e), Line 7.

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 356
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-7(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Present Rates (a)	[1]	Company Proposed Rates (b)	[3]	Public Staff Recommended Rates (c)	[5]
1.	Operating revenue	\$748,466		\$1,057,760		\$979,776	
	Operating revenue deductions:						
2.	Maintenance expenses	334,880		334,880		334,880	
3.	General expenses	305,402		305,402		305,402	
4.	Depredation expense	130,185		130,185		130,185	
5.	Amortization of CIAC	(43,831)		(43,831)		(43,831)	
6.	Amortization of PAA	10,928		10,928		10,928	
7.	Amortization of ITC	0		0		0	
8.	Franchise and other taxes	5,038		5,038		5,038	
9.	Property taxes	8,414		8,414		8,414	
10.	Payroll taxes	32,522		32,522		32,522	
11.	Regulatory fee	1,048		1,481		1,372	
12.	Gross receipts tax	0		0		0	
13.	Interest expense	52,111	[2]	52,111	[4]	52,111	[6]
14.	Total deductions (Sum of L2 thru L13)	836,697		837,130		837,021	
15.	Taxable Income (L1 - L14)	(88,231)		220,630		142,755	
16.	State income tax (L15 x 3%)	0		6,619		4,283	
17.	Federal taxable income after state income tax (L15 - L16)	(85,584)		214,011		138,472	
18.	Federal income tax (L17 x 34%)	0		72,764		47,080	
19.	Net amount (L15 - L16 - L18)	(56,485)		141,247		91,392	
20.	Add: Interest expense	52,111	[2]	52,111	[4]	52,111	[6]
21.	Net income for a return (L19 + L20)	(\$4,374)		\$193,358		\$143,503	

[1] Johnson Exhibit I, Schedule 3(c), Column (c).

[2] Johnson Exhibit I, Schedule 1(c), Column (e), Line 1.

[3] Johnson Exhibit I, Schedule 3(c), Column (e).

[4] Johnson Exhibit I, Schedule 1(c), Column (e), Line 4.

[5] Johnson Exhibit I, Schedule 3(c), Column (g).

[6] Johnson Exhibit I, Schedule 1(c), Column (e), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2016

Johnson Exhibit I
Schedule 3-7(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1.	Operating revenue	\$1,371,245	\$1,789,325	\$1,730,885
	Operating revenue deductions:			
2.	Maintenance expenses	528,861	528,861	528,861
3.	General expenses	352,690	352,690	352,690
4.	Depreciation expense	332,035	332,035	332,035
5.	Amortization of CIAC	(175,098)	(175,098)	(175,098)
6.	Amortization of PAA	40,967	40,967	40,967
7.	Amortization of ITC	0	0	0
8.	Franchise and other taxes	9,600	9,600	9,600
9.	Property taxes	9,715	9,715	9,715
10.	Payroll taxes	37,964	37,964	37,964
11.	Regulatory fee	1,920	2,505	2,423
12.	Gross receipts tax	0	0	0
13.	Interest expense	158,239 [2]	158,239 [4]	158,239 [6]
14.	Total deductions (Sum of L2 thru L13)	1,296,893	1,297,478	1,297,396
15.	Taxable income (L1 - L14)	74,352	491,847	433,489
16.	State income tax (L15 x 3%)	2,231	14,755	13,005
17.	Federal taxable income after state income tax (L15 - L16)	72,121	477,092	420,484
18.	Federal income tax (L17 x 34%)	24,521	162,211	142,964
19.	Net amount (L15 - L16 - L18)	47,600	314,881	277,520
20.	Add: Interest expense	158,239 [2]	158,239 [4]	158,239 [6]
21.	Net income for a return (L19 + L20)	\$205,839	\$473,120	\$435,759

[1] Johnson Exhibit I, Schedule 3(d), Column (c).

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

[3] Johnson Exhibit I, Schedule 3(d), Column (e).

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

[5] Johnson Exhibit I, Schedule 3(d), Column (e).

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