

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 400
Summary of Rate Case Adjustments
Schedule D: Revenue Requirement Schedules
Bradfield Farms - Fairfield Harbour - Treasure Cove

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 400
Summary of Rate Case Adjustments
Test Year: March 31, 2022
WSIP Period: April 1, 2023 - March 31, 2026

Schedule D-1b
Updated 09/19/2022

Required Return & Cost of Debt Bradfield Farms - Fairfield Harbour - Treasure Cove

Line No.	Item	Capital Structure [A]	Cost Rates [B]	Retention Factor [C]	Gross Revenue Effect [D]
	Rate Base Factor - Water Operations				
1	Debt	50.00%	4.64%	0.998700	0.023230
2	Equity	50.00%	10.45%	0.769248	0.067923
3	Total	<u>100.00%</u>			<u>0.091153</u>
	Rate Base Factor - Sewer Operations				
4	Debt	50.00%	4.64%	0.998700	0.023230
5	Equity	50.00%	10.45%	0.769248	0.067923
6	Total	<u>100.00%</u>			<u>0.091153</u>
8		Water	Sewer		
9		Operations	Operations		
10		[E]	[F]		
11	Net Income Factor:				
12	Total revenue	1.000000	1.000000		
13	Gross receipts tax (L12 x statutory rat	0.000000	0.000000		
14	Regulatory fee (L12 x .130%)	<u>0.001300</u>	<u>0.001300</u>		
15	Balance (L12 - L13 - L14)	0.998700	0.998700		
16	State income tax (L12 x 2.5%)	<u>0.024968</u>	<u>0.024968</u>		
17	Balance (L15 - L16)	0.973732	0.973732		
18	Federal income tax (L17 x 21%)	<u>0.204484</u>	<u>0.204484</u>		
19	Retention factor (L17 - L18)	<u>0.769248</u>	<u>0.769248</u>		

Column Calculations:

- [A]- Company's capital structure, updated as of March 31, 2022
- [B]- Company's cost of debt and required return on equity, updated as of March 31, 2022
- [C]- Column [E] Line 15, and 19 respectively
- [D]- Column [A] multiplied by Column [B] divided by Column [C]

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 400
Summary of Rate Case Adjustments
Test Year: March 31, 2022
WSIP Period: April 1, 2023 - March 31, 2026

Schedule D-2b
Updated 09/19/2022

Water Bradfield Farms - Fairfield Harbour - Treasure Cove
Rate Base Return

Line No.	Description	Capitalization Ratio [A]	Original Cost Rate Base [B]	Embedded Cost [C]	Overall Cost Rate [D]	Net Operating Income [E]
1	Present Rates:					
2	Debt	50.00%	1,824,111	4.64%	2.32%	\$84,554
3	Equity	50.00%	1,824,111	1.90%	0.95%	\$34,623
4	Total	<u>100.00%</u>	<u>\$3,648,222</u>		<u>3.27%</u>	<u>\$119,177</u>
	Proposed Rates - Base Case:					
5	Debt	50.00%	1,824,137	4.64%	2.32%	\$84,640
6	Equity	50.00%	1,824,138	10.45%	5.23%	\$190,622
7	Total	<u>100.00%</u>	<u>\$3,648,275</u>		<u>7.55%</u>	<u>\$275,262</u>
	Proposed Rates - WSIP Rate Year 1:					
8	Debt	50.00%	2,802,438	4.64%	2.32%	\$130,033
9	Equity	50.00%	2,802,437	10.70%	5.35%	\$299,861
10	Total	<u>100.00%</u>	<u>\$5,604,875</u>		<u>7.67%</u>	<u>\$429,894</u>
	Proposed Rates - WSIP Rate Year 2:					
11	Debt	50.00%	3,591,522	4.64%	2.32%	\$166,647
12	Equity	50.00%	3,591,522	10.70%	5.35%	\$384,293
13	Total	<u>100.00%</u>	<u>\$7,183,044</u>		<u>7.67%</u>	<u>\$550,940</u>
	Proposed Rates - WSIP Rate Year 3:					
14	Debt	50.00%	4,113,889	4.64%	2.32%	\$190,884
15	Equity	50.00%	4,113,890	10.70%	5.35%	\$440,186
16	Total	<u>100.00%</u>	<u>\$8,227,779</u>		<u>7.67%</u>	<u>\$631,071</u>

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W - 354, Sub 400
Summary of Rate Case Adjustments
Test Year: March 31, 2022
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Schedule D-2b
Updated 09/19/2022

Sewer Bradfield Farms - Fairfield Harbour - Treasure Cove
Rate Base Return

Line No.	Description	Capitalization Ratio [A]	Original Cost Rate Base [B]	Embedded Cost [C]	Overall Cost Rate [D]	Net Operating Income [E]
8	Present Rates:					
9	Debt	50.00%	4,910,309	4.64%	2.32%	\$227,838
10	Equity	50.00%	4,910,309	5.59%	2.80%	\$274,702
11	Total	<u>100.00%</u>	<u>\$9,820,618</u>		<u>5.12%</u>	<u>\$502,541</u>
	Proposed Rates - Base Case:					
12	Debt	50.00%	4,910,352	4.64%	2.32%	\$227,840
13	Equity	50.00%	4,910,351	10.45%	5.23%	\$513,132
14	Total	<u>100.00%</u>	<u>\$9,820,703</u>		<u>7.55%</u>	<u>\$740,972</u>
	Proposed Rates - WSIP Rate Year 1:					
15	Debt	50.00%	5,470,237	4.64%	2.32%	\$253,819
16	Equity	50.00%	5,470,238	10.70%	5.35%	\$585,315
17	Total	<u>100.00%</u>	<u>\$10,940,475</u>		<u>7.67%</u>	<u>\$839,134</u>
	Proposed Rates - WSIP Rate Year 2:					
18	Debt	50.00%	7,851,852	4.64%	2.32%	\$364,326
19	Equity	50.00%	7,851,852	10.70%	5.35%	\$840,148
20	Total	<u>100.00%</u>	<u>\$15,703,704</u>		<u>7.67%</u>	<u>\$1,204,474</u>
	Proposed Rates - WSIP Rate Year 3:					
21	Debt	50.00%	9,397,209	4.64%	2.32%	\$436,031
22	Equity	50.00%	9,397,208	10.70%	5.35%	\$1,005,501
23	Total	<u>100.00%</u>	<u>\$18,794,417</u>		<u>7.67%</u>	<u>\$1,441,532</u>

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 400
Summary of Rate Case Adjustments
Test Year: March 31, 2022
WSIP Period: April 1, 2023 - March 31, 2026

Schedule D-2b
Updated 09/19/2022

Rate Base Return

Column Calculations:

[A]- Company's capital structure, updated as of March 31, 2022

[B]- Company's Rate Base at end of each period (13mo average for WSIP Periods)

[C]- Embedded cost rate from Schedule D-1

[D]- Column [A]*[C]

[E]- Column [B]*[D]

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 400
Summary of Rate Case Adjustments
Test Year: March 31, 2022
WSIP Period: April 1, 2023 - March 31, 2026

Schedule D-3b
Updated 09/19/2022

Water		Bradfield Farms - Fairfield Harbour - Treasure Cove								
Total Revenue Requirement		Base Case		Base Case	WSIP	WSIP	WSIP	WSIP	WSIP	WSIP
Line No.	Description	Retention Factors	Deductions	Revenue Requirement	Rate Year 1 Deductions	Rate Year 1 Revenue Requirement	Rate Year 2 Deductions	Rate Year 2 Revenue Requirement	Rate Year 3 Deductions	Rate Year 3 Revenue Requirement
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
<u>Operating revenue deductions:</u>										
1	Maintenance expenses		408,040		456,507		466,698		478,549	
2	General expenses		1,125,041		1,195,426		1,238,459		1,279,886	
3	Depreciation expense		205,217		250,450		283,593		308,493	
4	Amortization of CIAC		(57,707)		(57,707)		(57,707)		(57,707)	
5	Amortization of PAA		15,854		15,854		15,854		15,854	
6	Amortization of ITC		-		-		-		-	
7	TOII		42,998		46,019		48,567		50,650	
8	Total operating revenue deductions	0.998700	<u>1,739,444</u>	1,741,708	<u>1,906,549</u>	1,909,031	<u>1,995,465</u>	1,998,062	<u>2,075,725</u>	2,078,427
<u>Net operating income for a return:</u>										
9	Debt service return	0.998700	\$84,640	84,750	\$130,033	130,202	\$166,647	166,864	\$190,884	191,133
10	Equity return	0.769248	\$190,622	247,804	\$299,861	389,810	\$384,293	499,570	\$440,186	572,229
11										
12										
13	Adjustment for revenues not subject to GRT	0.998700	0	0	0	0	0	0	0	0
14										
15	Revenue requirement			<u>\$2,074,262</u>	<u>\$2,429,043</u>	<u>\$2,664,496</u>	<u>\$2,841,789</u>			

Sewer		Bradfield Farms - Fairfield Harbour - Treasure Cove								
Total Revenue Requirement		Base Case		Base Case	WSIP	WSIP	WSIP	WSIP	WSIP	WSIP
Line No.	Description	Retention Factors	Deductions	Revenue Requirement	Rate Year 1 Deductions	Rate Year 1 Revenue Requirement	Rate Year 2 Deductions	Rate Year 2 Revenue Requirement	Rate Year 3 Deductions	Rate Year 3 Revenue Requirement
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
<u>Operating revenue deductions:</u>										
16	Maintenance expenses		476,180		522,880		543,060		564,043	
17	General expenses		1,151,562		1,215,651		1,266,732		1,316,074	
18	Depreciation expense		479,039		499,655		613,383		678,385	
19	Amortization of CIAC		(150,635)		(150,635)		(150,635)		(150,635)	
20	Amortization of PAA		43,850		43,850		43,850		43,850	
21	Amortization of ITC		-		-		-		-	
22	TOII		45,838		47,579		51,201		54,141	
23										
24	Total operating revenue deductions	0.998700	<u>2,045,833</u>	2,048,496	<u>2,178,981</u>	2,181,817	<u>2,367,590</u>	2,370,672	<u>2,505,858</u>	2,509,120
<u>Net operating income for a return:</u>										
25	Debt service return	0.998700	\$227,840	228,137	\$253,819	254,149	\$364,326	364,800	\$436,031	436,598
26	Equity return	0.769248	\$513,132	667,056	\$585,315	760,893	\$840,148	1,092,168	\$1,005,501	1,307,122
27										
28										
29	Adjustment for revenues not subject to GRT	0.998700	0	0	0	0	0	0	0	0
30										
31	Revenue requirement			<u>\$2,943,689</u>	<u>\$3,196,859</u>	<u>\$3,827,640</u>	<u>\$4,252,840</u>			

Column Calculations:
[A]- Retention factors from Schedule D-1
[B]- Operating Deductions from Income Statement, Return from Schedule D-2
[C]- Column [A]*[B]
[D]- Operating Deductions from Income Statement, Return from Schedule D-2
[E]- Column [A]*[D]
[F]- Operating Deductions from Income Statement, Return from Schedule D-2
[G]- Column [A]*[F]
[H]- Operating Deductions from Income Statement, Return from Schedule D-2
[I]- Column [A]*[H]

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 400
Summary of Rate Case Adjustments
Test Year: March 31, 2022
WSIP Period: April 1, 2023 - March 31, 2026

Schedule D-4b
Updated 09/19/2022

Water		Bradfield Farms - Fairfield Harbour - Treasure Cove			
Service Revenue Requirement		Base Case	WSIP Rate Year 1 Revenue Requirement	WSIP Rate Year 2 Revenue Requirement	WSIP Rate Year 3 Revenue Requirement
Line No.	Item	Revenue Requirement [A]	[B]	[C]	[D]
1	Revenues	1.0000	1.0000	1.0000	1.0000
2	Plus: Forfeited discounts	0.0029	0.0029	0.0029	0.0029
3	Revenues with forfeited discounts	1.0029	1.0029	1.0029	1.0029
4	Uncollectible accounts	(0.0157)	(0.0157)	(0.0157)	(0.0157)
5	Service Revenue	0.9871	0.9871	0.9871	0.9871
6	Total revenue requirement	\$2,074,262	\$2,429,043	\$2,664,496	\$2,841,789
7	Less: Misc Revenues	(7,860.60)	(7,860.60)	(7,860.60)	(7,860.60)
8	Revenues excl misc revenues	\$2,066,401	\$2,421,182	\$2,656,635	\$2,833,928
9	Retention factor	0.9871	0.9871	0.9871	0.9871
10	Service revenues	\$2,093,308	\$2,452,708	\$2,691,227	\$2,870,828

Sewer		Bradfield Farms - Fairfield Harbour - Treasure Cove			
Service Revenue Requirement		Base Case	WSIP Rate Year 1 Revenue Requirement	WSIP Rate Year 2 Revenue Requirement	WSIP Rate Year 3 Revenue Requirement
Line No.	Item	Revenue Requirement [A]	[B]	[C]	[D]
11	Revenues	1.0000	1.0000	1.0000	1.0000
12	Plus: Forfeited discounts	0.0024	0.0024	0.0024	0.0024
13	Revenues with forfeited discounts	1.0024	1.0024	1.0024	1.0024
14	Uncollectible accounts	(0.0157)	(0.0157)	(0.0157)	(0.0157)
15	Service Revenue	0.9867	0.9867	0.9867	0.9867
16	Total revenue requirement	\$2,943,689	\$3,196,859	\$3,827,640	\$4,252,840
17	Less: Misc Revenues	(12,471.26)	(12,471.26)	(12,471.26)	(12,471.26)
18	Revenues excl misc revenues	\$2,931,218	\$3,184,388	\$3,815,169	\$4,240,369
19	Retention factor	0.9867	0.9867	0.9867	0.9867
20	Service revenues	\$2,970,648	\$3,227,224	\$3,866,490	\$4,297,410