

OLD NORTH STATE
Docket No. W-1300, Sub 60
INDEX TO EXHIBITS
For The Test Year Ended December 31, 2020

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EXHIBIT 1 to L. Oakman Rebuttal Testimony
W-1300 Sub 60

OLD NORTH STATE
Docket No. W-1300, Sub 60
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2020

Line No.	Item	Capitalization Ratio [1] (a)	Filed Amounts [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Company Present Rates:</u>						
1	Debt	50.00%	\$837,622 [2]	6.00% [1]	3.00%	\$50,257 [5]
2	Equity	50.00%	837,622 [2]	-43.93% [4]	-21.97%	(367,973) [6]
3	Total	100.00%	\$1,675,244 [3]		-18.97%	(\$317,716) [7]
<u>Company Filed Rates:</u>						
4	Debt	50.00%	\$837,622 [2]	6.00% [1]	3.00%	\$50,257 [5]
5	Equity	50.00%	837,622 [2]	17.04% [4]	8.52%	142,771 [6]
6	Total	100.00%	\$1,675,244 [3]		11.52%	\$193,028 [7]
<u>Company Proposed Rates:</u>						
7	Debt	50.00%	\$837,622 [2]	6.00% [1]	3.00%	\$50,257 [8]
8	Equity	50.00%	837,622 [2]	9.40% [1]	4.70%	78,736 [8]
9	Total	100.00%	\$1,675,244 [3]		7.70%	\$128,992

[1] Per Application

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

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

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

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

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

[7] Exhibit I, Schedule 3, Column (c), Line 30.

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

EXHIBIT 1 to L. Oakman Rebuttal Testimony
W-1300 Sub 60

Oakman Rebuttal Exhibit I
Schedule 1-1

OLD NORTH STATE
Docket No. W-1300, Sub 60
STATEMENT OF OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN
For The Test Year Ended December 31, 2020

		Present Rates			Company Original Filed Increase		Proposed Rates - Company Update	
Line No.		Amount Per Company Books August 2021 (a)	(1) Adjustments (b)	Amount (c)	Requested Increase (d)	Amount (e)	Rate Increase (f)	After Rate Increase (g)
NET OPERATING INCOME FOR A RETURN								
Operating Revenues:								
1	Service revenues:	\$852,253	63,463	\$915,716	\$512,619	\$1,428,335	\$472,016	\$1,387,732
2	Miscellaneous revenues	14,907	0	14,907	0	14,907	0	14,907
3	Uncollectible accounts	(852)	0	(852)	0	(852)	0	(852)
4	Total operating revenues (Sum of L1 thru L3)	\$865,309	\$3,463	\$929,771	\$512,619	\$1,442,390	\$472,016	\$1,401,767
Operation & Maintenance Expenses:								
1	Total Salaries	31,101	184,763	195,864	0	195,864	0	195,864
2	Administrative & office expense (except salaries)	164,946	149,835	314,782	0	314,782	0	314,782
3	Maintenance & repair expense (except salaries)	462,119	(289,985)	162,134	0	162,134	0	162,134
4	Transportation expenses	7,262	20,840	28,102	0	28,102	0	28,102
5	Electric power for pumping	73,962	(7,875)	66,087	0	66,087	0	66,087
6	Chemicals for treatment	9,843	884	10,727	0	10,727	0	10,727
7	Testing Fees	95,007	0	95,007	0	95,007	0	95,007
8	Permit Fees	8,452	88	8,521	0	8,521	0	8,521
9	Purchased water	24,463	12,840	37,302	0	37,302	0	37,302
10	Other Expenses: Professional expenses	89,130	0	89,130	0	89,130	0	89,130
11	Other Expenses: Insurance Expense	4,033	7,691	11,724	0	11,724	0	11,724
12	Other Expenses: Bad Debt Expense	852	(852)	0	0	0	0	0
13	Other Expenses: Miscellaneous Expense	6,472	82	6,564	0	6,564	0	6,564
14	Rate Case Expense	0	76,512	76,512	0	76,512	0	76,512
15	Total O&M expenses (Sum of L6 thru L23)	\$67,643	\$34,803	\$1,102,446	0	\$1,102,446	0	\$1,102,446
Depreciation and Taxes:								
15	Depreciation expense	262,190	89,538	351,728	0	351,728	0	351,728
16	Amortization of CIAC	(163,303)	(44,587)	(227,870)	0	(227,870)	0	(227,870)
17	Property taxes	1,362	0	1,362	0	1,362	0	1,362
18	Payroll taxes	3,044	18,402	19,447	0	19,447	0	19,447
19	Other Taxes	353	0	353	0	353	0	353
20	Regulatory Fee	0	0	0	1,875	1,875	1,822	1,822
21	State income tax	0	0	0	0	0	2,556	2,556
22	Federal income tax	0	0	0	0	0	20,930	20,930
23	Total depreciation and taxes (Sum of L25 thru L32)	\$3,667	61,374	145,041	1,875	146,916	25,308	170,349
24	Total operating expenses	1,051,310	196,177	1,247,487	1,875	1,249,362	25,308	1,272,795
25	Net operating income for a return	(\$185,001)	(\$132,714)	(\$317,716)	\$510,744	\$193,028	\$446,708	\$128,962
RATE BASE								
26	Plant in service	\$11,729,405	(\$425,924)	\$11,303,481	\$0	\$11,303,481	\$0	\$11,303,481
27	Accumulated depreciation	(1,249,029)	(1,180,029)	(2,429,059)	0	(2,429,059)	0	(2,429,059)
28	Net plant in service	10,480,376	1,513,995	8,868,771	0	8,868,771	0	8,868,771
29	Contributions in aid of construction (CIAC)	(9,308,078)	1,513,926	(7,776,152)	0	(7,776,152)	0	(7,776,152)
30	Accumulated amortization of CIAC	723,778	(24,400)	699,378	0	699,378	0	699,378
31	Customer deposits	(303,969)	54,000	(249,969)	0	(249,969)	0	(249,969)
32	Accumulated deferred income taxes (ADIT)	0	0	0	0	0	0	0
33	Cash working capital	146,626	(10,630)	137,806	0	137,806	0	137,806
34	Average tax accruals	(4,580)	0	(4,580)	0	(4,580)	0	(4,580)
35	Original cost rate base	\$1,738,542	(\$65,299)	\$1,675,244	\$0	\$1,675,244	\$0	\$1,675,244
36	Overall Rate of Return on Rate Base	-10.64%		-18.97%		11.52%		7.70%

Oakman Rebuttal Exhibit I
Schedule 1-2

OLD NORTH STATE
Docket No. W-1300, Sub 60
CALCULATION OF GROSS REVENUE EFFECT FACTORS
For The Test Year Ended December 31, 2020

Line No.	Item	Capital Structure (a)	Cost Rates (b)	Retention Factor (c)	Gross Revenue Effect (d)
<u>Rate Base Factor:</u>					
1	Debt	50.00% [1]	6.00% [1]	0.998700 [2]	0.030039 [4]
2	Equity	50.00% [1]	9.40% [1]	0.769249 [3]	0.061099 [4]
3	Total	<u>100.00%</u>			<u>0.091138</u>
<u>Net Income Factor:</u>					
4	Total revenue	1.000000			
5	Regulatory fee (L4 x .13%)	<u>0.001300</u>			
6	Balance (L4 - L5)	0.998700			
7	State income tax (L10 x 2.5%)	<u>0.024968</u>			
8	Balance (L10 - L11)	0.973733			
9	Federal income tax (L12 X 21%)	<u>0.204484</u>			
10	Retention factor (L12 - L13)	<u>0.769249</u>			

- [1] Per Application.
[2] Column (a), Line 7.
[3] Column (a), Line 11.
[4] Column (a) multiplied by Column (b) divided by Column (c).

Oakman Rebuttal Exhibit I
Schedule 2

OLD NORTH STATE
Docket No. W-1300, Sub 60
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2020

Line No.	Item	FILED	Corrections & Adjustments	Company Amounts	[6]
		Per Company Books August 2021 Update (a)			
1	Plant in service	\$11,729,405	(425,924) [1]	11,303,481	
2	Accumulated depreciation	(1,246,639)	(1,188,070) [2]	(2,434,709)	
3	Net plant in service (L1 + L2)	10,482,766	(1,613,995)	8,868,771	
4	Contributions in aid of construction (CIAC)	(9,308,078)	1,531,926 [3]	(7,776,152)	
5	Accumulated amortization of CIAC	723,778	(24,400) [4]	699,378	
6	Customer Advances	(303,980)	54,000 [5]	(249,980)	
7	Accumulated deferred income taxes (ADIT)	0	-	0	
8	Cash working capital	148,636	(10,830)	137,806 [7]	
9	Average tax accruals	(4,580)	-	(4,580) [8]	
10	Original cost rate base (Sum of L3 thru L9)	\$1,738,542	(\$63,298)	\$1,675,244	

- [1] Removed Carriage Cove, W-1300, Sub 53; Removed 42% of Maintenance truck used for sewer systems
[2] Removed Carriage Cove, W-1300, Sub 53; Removed 42% of Maintenance truck used for sewer systems; Corrected Piedmont Acquisition depreciation, W-1300, Sub 26; recalculation using PS recommended placed in service dates; Removed CIAC Gross Up Taxes
[3] Removed Carriage Cove, W-1300, Sub 53; Corrected Piedmont Acquisition depreciation, W-1300, Sub 26; recalculation using PS recommended placed in service dates; Recalculated using PS preferred methodology; True-up Rocklyn, W-1300, Sub 24 Water Asset CIAC
[4] Removed Carriage Cove, W-1300, Sub 53; Corrected Piedmont Acquisition depreciation, W-1300, Sub 26; recalculation using PS recommended placed in service dates; Recalculated using PS preferred methodology; Rocklyn, W-1300, Sub 24 Water Asset CIAC
[5] To remove Carriage Cove customer advances.
[6] Column (a) plus Column (b), unless otherwise footnoted.
[7] Exhibit I, Schedule 2-1, Line 2.

Oakman Rebuttal Exhibit I
Schedule 2-1

OLD NORTH STATE
Docket No. W-1300, Sub 60
**CALCULATION OF CASH WORKING CAPITAL
AND AVERAGE TAX ACCRUALS**
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
	<u>Cash Working Capital:</u>	
1	Total O&M expenses	<u>\$1,102,446</u> [1]
2	Cash working capital (L1 x 1/8)	<u>\$137,806</u>
	<u>Average Tax Accruals:</u>	
3	Property taxes	<u>1,382</u> [2]
4	Average accrual (L3 x 1/2)	<u>691</u>
5	Payroll taxes	<u>19,447</u> [3]
6	Average accrual (L5 x 1/5)	<u>3,889</u>
7	Average tax accruals	<u>\$4,580</u>

[1] Exhibit I, Schedule 3, Column C, Line 19

[2] Exhibit I, Schedule 3, Column C, Line 22

[3] Exhibit I, Schedule 3, Column C, Line 29

EXHIBIT 1 to L. Oakman Rebuttal Testimony
W-1300 Sub 60

Oakman Rebuttal Exhibit 1
Schedule 3

OLD NORTH STATE
Docket No W-1300, Sub 60
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2020

Line No	Item	Present Rates			Company Original Filed Increase		Proposed Rates - Company Update	
		Amount Per Company Books August 2021 Update [1]	Pro Forma Amounts	Company Amount [2]	Requested Increase	Company Amount	Proposed Increase	After Rate Increase [3]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Operating Revenues:								
1	Service revenues	\$852,253	63,463	915,716	512,619	1,428,335	\$472,016	\$1,387,732 [3]
2	Miscellaneous revenues	14,907	0	14,907	0	14,907	0	14,907
3	Uncollectible accounts	(852)	(852)	(852)	0	(852)	0	(852)
4	Total operating revenues (Sum of L1 thru L3)	<u>867,180</u>	<u>62,611</u>	<u>929,771</u>	<u>512,619</u>	<u>1,442,390</u>	<u>472,016</u>	<u>1,401,787</u>
Operation & Maintenance Expenses:								
5	Salaries	31,101	164,763	195,854	0	195,854	0	195,854
6	Administrative & office expense (except salaries)	164,946	149,835	314,782	0	314,782	0	314,782
7	Maintenance & repair expense (except salaries)	452,119	(289,985)	162,134	0	162,134	0	162,134
8	Transportation expenses	7,262	20,840	28,102	0	28,102	0	28,102
9	Electric power for pumping	73,962	(7,875)	66,087	0	66,087	0	66,087
10	Chemicals for treatment	9,843	884	10,727	0	10,727	0	10,727
11	Testing Fees	95,007	0	95,007	0	95,007	0	95,007
12	Permit Fees	8,452	69	8,521	0	8,521	0	8,521
13	Purchased water	24,463	12,840	37,302	0	37,302	0	37,302
14	Other Expenses: Professional expenses	89,130	0	89,130	0	89,130	0	89,130
15	Other Expenses: Insurance Expense	4,033	7,681	11,724	0	11,724	0	11,724
16	Other Expenses: Bad Debt Expense	852	(852)	0	0	0	0	0
17	Other Expenses: Miscellaneous Expense	6,472	92	6,564	0	6,564	0	6,564
18	Rate Case Expense	0	76,512	76,512	0	76,512	0	76,512
19	Total O&M expenses (Sum of L5 thru L18)	<u>987,843</u>	<u>134,803</u>	<u>1,102,446</u>	<u>0</u>	<u>1,102,446</u>	<u>0</u>	<u>1,102,446</u>
Depreciation and Taxes:								
20	Depreciation expense	262,190	89,538	351,728	0	351,728	0	351,728
21	Amortization of CIAC	(183,303)	(44,567)	(227,870)	0	(227,870)	0	(227,870)
22	Property taxes	1,382	0	1,382	0	1,382	0	1,382
23	Payroll taxes	3,044	16,402	19,447	0	19,447	0	19,447
24	Other Taxes	353	0	353	0	353	0	353
25	Regulatory Fee	0	0	0	1,875	1,875	1,822	1,822
26	State income tax	0	0	0	0	0	2,556	2,556
27	Federal income tax	0	0	0	0	0	20,930	20,930
28	Total depreciation and taxes (Sum of L20 thru L27)	<u>83,667</u>	<u>61,374</u>	<u>145,041</u>	<u>1,875</u>	<u>146,916</u>	<u>25,308</u>	<u>170,349</u>
29	Total operating revenue deductions (L19 + L28)	<u>1,051,310</u>	<u>196,177</u>	<u>1,247,487</u>	<u>1,875</u>	<u>1,249,362</u>	<u>25,308</u>	<u>1,272,795</u>
30	Net operating income for a return (L4 - L29)	<u>(\$184,150)</u>	<u>(\$133,566)</u>	<u>(\$317,716)</u>	<u>\$510,744</u>	<u>\$193,028</u>	<u>\$446,708</u>	<u>\$128,992</u>

[1] Per Company Trial Balance at August 31, 2021. See Company Schedule Rate Case Rev-Exp Update - WITH LINKS_GL August 2021 Update.xls

[2] Per Sch 3-1 Company Proforma NOI, Column (u)

[3] Column (c) + Column (f)

Area where the Company disagrees with the Public Staff position

EXHIBIT 1 to L. Oakman Rebuttal Testimony
W-1300 Sub 60

OLD NORTH STATE
DocId: 361-1300 Sub 60
**CALCULATION OF UPDATED NET OPERATING
INCOME FOR A RETURN**
For The Tax Year Ending December 31, 2020

Oakman Rebuttal Exhibit 1
Schedule 3.1
Page 2 of 2

COMPANY PRO FORMA ADJUSTMENTS												
Line No.	Item	(I) Insurance Expense	(II) Bad Debt Expense	(III) Miscellaneous Expense	(IV) Rate Case Expense	(V) Depreciation	(VI) Payroll Taxes	(VII) Total Adjustments	(VIII) Proforma Balance	(IX)	(X)	(XI)
Operating Revenues:												
1	Service revenues	0	0	0	0	0	0	0	61,463	915,716		
2	Miscellaneous revenues	0	0	0	0	0	0	0	14,961			
3	Uncollectible accounts	0	(852)	0	0	0	0	(852)				
4	Total operating revenues (Sum of L1 thru L3)	0	(852)	0	0	0	0	0	62,611	929,721		
Operation & Maintenance Expenses:												
5	Salaries	0	0	0	0	0	0	0	164,753	195,854		
6	Administrative & office expense (except salaries)	0	0	0	0	0	149,835	0	214,782			
7	Maintenance & repair expense (except salaries)	0	0	0	0	0	0	0	(289,985)	163,134		
8	Transportation expenses	0	0	0	0	0	0	0	20,840	28,102		
9	Electric power for pumping	0	0	0	0	0	0	0	(7,815)	68,097		
10	Chemicals for treatment	0	0	0	0	0	0	0	884	10,727		
11	Leasing Fees	0	0	0	0	0	0	0	0	95,007		
12	Permit Fees	0	0	0	0	0	0	0	0	9,571		
13	Purchased water	0	0	0	0	0	0	0	12,840	27,302		
14	Other Expenses: Professional expenses	0	0	0	0	0	0	0	0	89,130		
15	Other Expenses: Insurance Expense	7,681	0	0	0	0	0	0	7,681	11,724		
16	Other Expenses: Bad Debt Expense	0	(852)	0	0	0	0	(852)	0			
17	Other Expenses: Miscellaneous Expense	0	0	92	0	0	0	92	92	9,564		
18	Rate Case Expense	0	0	0	76,512	0	0	76,512	76,512			
19	Total O&M expenses (Sum of L5 thru L18)	7,681	(852)	92	76,512	0	0	0	134,869	1,102,446		
Depreciation and Taxes:												
20	Depreciation expense	0	0	0	0	89,538	0	89,538	89,538	351,728		
21	Amortization of CAG	0	0	0	0	(44,567)	0	(44,567)	(44,567)	(227,670)		
22	Property taxes	0	0	0	0	0	0	0	0	1,388		
23	Payroll Taxes	0	0	0	0	0	16,402	16,402	16,402	19,447		
24	Other Taxes	0	0	0	0	0	0	0	0	353		
25	Regulatory Fee	0	0	0	0	0	0	0	0	0		
26	State income tax	0	0	0	0	0	0	0	0	0		
27	Federal income tax	0	0	0	0	0	0	0	0	0		
28	Total depreciation and taxes (Sum of L20 thru L28)	0	0	0	0	44,971	16,402	61,373	61,373	145,047		
29	Total operating revenue deductions (L19 + L28)	7,681	(852)	92	76,512	44,971	16,402	0	136,408	1,247,493		
30	Net operating income for a return (L4 - L29)	(8,520)	0	(92)	(76,512)	(44,971)	(16,402)	0	(137,720)	(331,771)		

OLD NORTH STATE
Docket No. W-1300, Sub 60
ADJUSTMENT TO SALARY EXPENSE
For The Test Year Ended December 31, 2020

Oakman Rebuttal Exhibit I
Schedule 3-2

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Maintenance Supervisor (Hired 4/26/2021: 9 pay periods)	<u>\$12,754</u>
2	Annualized Maintenance Supervisor Amount (L1/9 x 26 pay periods)	<u>36,844</u>
3	Water Operators for 29 of 44 Systems (Hired 7/12/2021: 3 pay periods)	<u>18,347</u>
4	Annualized Water Operator Amount (L3/3 x 26 pay periods)	<u>159,010</u>
5	Total Annualized Salaries (L2 + L4)	195,854
6	Amount per Books at 8/31/2021	<u>31,101</u>
7	Proforma Adjustment to Annualize Salaries (L5 - L6)	<u><u>\$164,753</u></u>

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Oakman Rebuttal Exhibit I
Schedule 3-3

OLD NORTH STATE
Docket No. W-1300, Sub 60
ADJUSTMENT TO ADMINISTRATIVE & OFFICE EXPENSES
For The Test Year Ended December 31, 2020

Line No	Item	Amount
1	Administrative & Office Expenses at 8/31/2021	\$164,946
	Removal of Prior Operator Fees:	
2	Rock Water	(\$26,883)
3	G&C Environmental	(29,300)
4	EnviroLink	(1,949)
5	Total Prior Operator Fees Removed (Sum of Lines 2-4)	(58,132)
	Integra Water Support Services Overhead	
6	3 months per books (August - October 2021)	68,878
7	Total Annualized Integra Water Support Services (L6/3 x 12 months)	275,512
8	Total Integra Water Support Services Adjustment (L7- L6)	206,634
	Customer Growth on Billing and Meter Reading:	
9	Customer Billing (South Data)	\$13,569
10	Meter Reading Expenses (C&C Environmental)	7,493
11	Total Meter Reading and Billing Expenses (L9 + L10)	21,062
12	Overall Customer Growth rate	6.33%
13	Customer Growth Adjustment (L11 X L12)	1,333
14	Proforma Adjustment to Administrative & Office Expenses (L5 + L8 + L13)	149,835
15	Administrative & Office Expenses Adjusted (L1 + L14)	\$314,781

Note: Per ONSWC DR Response 67-1.

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Feb 22 2022

Oakman Rebuttal Exhibit I
Schedule 3-4

OLD NORTH STATE
Docket No. W-1300, Sub 60
ADJUSTMENT TO MAINTENANCE & REPAIR EXPENSES
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Maintenance & Repair Expenses at 8/31/2021	\$452,119
	Removal of Prior Water Operator Fees:	
2	Additional Expenses to be removed per Public Staff	(56,035) [1]
3	Rock Water	(\$133,200) [1]
4	G&C Environmental	(137,000) [1]
5	EnviroLink	(23,750) [1]
6	Total Prior Operator Fees Removed (Sum of Lines 2-4)	(349,985)
7	New Contractor for Water System Compliance (Hired 7/12/2021)	60,000
8	Maintenance & Repair Expenses Adjusted (L1 + L5 + L6)	\$162,134

[1] Per Books Prior Monthly Water Operator Contract Fee.

[2] Contractor for Water System Compliance \$5000 per month x 12 months.

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Feb 22 2022

OLD NORTH STATE
Docket No. W-1300, Sub 60
ADJUSTMENT TO TRANSPORTATION EXPENSES
For The Test Year Ended December 31, 2020

Oakman Rebuttal Exhibit I
Schedule 3-5

Line No.	Item	Amount (a)	Water Allocated % (b)	[1] Water Allocated Amount (c)
1	Transportation Expenses for 3 Water Operators Water Operators for 29 of 44 Systems Hired 7/12/2021: 1.5 months	<u>\$2,483</u>		
2	Annualized amount (L1/1.5 x 12 pay periods)	<u>19,860</u>	100%	\$19,860
3	Transportation Expenses for Maintenance Supervisor: Hired 4/26/21 4 months			
4	May 2021	1,837	71%	1,304
5	June 2021	1,565	41%	641
6	July 2021	862	52%	448
7	August 2021	<u>527</u>	67%	<u>353</u>
8	Total Transportation Expenses for Maintenance Supervisor (Sum of L4 - L7)	<u>\$4,791</u>		<u>2,747</u>
9	Annualized Transportation Expenses for Maint Supervisor (L8/4*12)			<u>8,242</u>
10	Total Annualized Transportation Expense (L2+ L9)			\$28,102
11	Amount per Books at August 31, 2021			<u>7,262</u>
12	Proforma Adjustment to Annualize Transportation Expense (L10 - L11)			<u>\$20,840</u>

[1] Per Maintenance Supervisor payroll allocations based on the salary reflected in Exhibit I, Schedule 3-2.

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Oakman Rebuttal Exhibit I
Schedule 3-6

OLD NORTH STATE
Docket No. W-1300, Sub 60
ADJUSTMENT TO PURCHASED WATER EXPENSES
For The Test Year Ended December 31, 2020

Line No.	Item	Total Amount	Usage	Base Charge
1	City of Winston Salem Purchased Water Revised Actual 12 ME 8/31/2021	\$27,262	\$19,425	\$7,837
2	Overall Customer Growth rate - Rocklyn		23.80%	0.00%
3	Customer Growth for Rocklyn (L1 X L2)		\$4,684	\$0
4	Total Purchased Water for City of Winston Salem (L1 + L3)	31,947		
5	Test Year Purchased Water	20,666		
6	Adjustment to Purchased Water City of Winston Salem (L4 - L5)	11,281		
7	Town of Stedman Purchased Water	5,355		
8	Annualized amount	5,355		
9	Customer Growth rate - Blawell		0.00%	
10	Customer Growth for Blawell (L8 X L9)	-		
11	Total Purchased Water for Town of Stedman (L8 + L10)	5,355		
12	Test year Purchased Water - Town of Stedman	3,796		
13	Adjustment to Purchased Water Town of Stedman (L11 + L12)	1,559		
14	Total Purchased Water Adjustment (L6+L3)	\$12,840		

Note: Per ONSWC DR Response 68.

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OLD NORTH STATE
Docket No. W-1300, Sub 60
ADJUSTMENT TO INSURANCE EXPENSE
For The Test Year Ended December 31, 2020

Oakman Rebuttal Exhibit I
Schedule 3-7

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Property, General Liability & Excess Liability Policy (4/1/21-3/31/22)	\$8,358
2	Remove Test Year Prior Policy Amount	<u>4,033</u>
3	Adjustment to Property, General Liability & Excess Liability Insurance (L1 - L2)	<u>4,325</u>
4	Auto Policy for New Maintenance Truck	623
5	Allocation of Maintenance Supervisor (Average of Salary Allocation for 4 mos)	<u>58%</u> [1]
6	Total Auto Policy Allocated Amount for Maintenance Truck (L4 X L5)	<u>360</u>
7	Annual premium for new auto policy for new water operator trucks	<u>1,539</u>
8	Annual premium for new workers comp policy for new employees	<u>1,467</u>
9	Total Adjustment for Insurance Expense (L3 + L6 + L7 + L8)	<u>\$7,691</u>

[1] Exhibit I, Schedule 3-5, Average of Column (b), Lines 4-7.

Note: Per ONSWC DR Response 66.

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Oakman Rebuttal Exhibit I
Schedule 3-8

OLD NORTH STATE
Docket No. W-1300, Sub 60
ADJUSTMENT TO RATE CASE EXPENSE
For The Test Year Ended December 31, 2020

Line No.	Item	Actual Billed @ 12/31/2021 (a)	Incurring Expenses Not Yet Billed (b)	Estimate to Case Completion (c)	Total (d)
1	Legal service: Fox Rothchild, LLP	\$82,404	\$0	\$20,000	\$102,404
2	Accounting Consultants:				
	George Dennis	750			750
3	Darlene Peedin (w/o filing testimony)	14,100		4,000	18,100
4	ONSWC: Rate Case Labor Allocations	28,334			28,334
5	Notices, Printing envelopes, Postage, Filing Fee and Miscellaneous	3,435			3,435
6	Total rate case expense (Sum of L1 thru L6)	\$129,023	\$0	\$24,000	\$153,023
7	Amortization Period				2
9	Rate case expense per Company (L7 / L8)				\$76,512

[1] Per company's records and estimates. Date Request Response No. 44.

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Oakman Rebuttal Exhibit I
Schedule 3-9

OLD NORTH STATE
Docket No. W-1300, Sub 60
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Present Rates</u> [1] (a)	<u>Original Company Filed</u> (b)	<u>August Update Proposed Rates</u> [3] (c)
1	Operating revenues	<u>\$929,771</u>	<u>\$1,442,390</u>	<u>\$1,401,787</u>
	Operating revenue deductions:			
2	Operating & maintenance expenses	1,102,446	1,102,446	1,102,446
3	Depreciation expense	351,728	351,728	351,728
4	Amortization of CIAC	(227,870)	(227,870)	(227,870)
5	Property taxes	1,382	1,382	1,382
6	Payroll taxes	19,447	19,447	19,447
7	Other Taxes	353	353	353
8	Regulatory Fee	0	1,875	1,822
9	Interest expense	50,257 [2]	50,257	50,257 [4]
10	Total deductions (Sum of L2 thru L9)	<u>1,297,744</u>	<u>1,299,619</u>	<u>1,299,566</u>
11	Taxable income (L1 - L10)	<u>(367,973)</u>	<u>142,771</u>	<u>102,221</u>
12	State income tax (L11 x 2.5%)	<u>0</u>	<u>0</u>	<u>2,556</u>
13	Federal taxable income after state income tax (L1 - L12)	<u>(367,973)</u>	<u>142,771</u>	<u>99,665</u>
14	Federal income tax (L13 x 21%)	<u>0</u>	<u>0</u>	<u>20,930</u>
15	Net amount (L11 - L12 - L14)	<u>(367,973)</u>	<u>142,771</u>	<u>78,735</u>
16	Add: Interest expense	<u>50,257 [2]</u>	<u>50,257</u>	<u>50,257 [4]</u>
17	Net income for a return (L15 + L16)	<u>(\$317,716)</u>	<u>\$193,028</u>	<u>\$128,992</u>

[2] Exhibit I, Schedule 1, Column (e), Line 1.
[3] Exhibit I, Schedule 3, Page 1, Column (e).
[4] Exhibit I, Schedule 1, Column (e), Line 4.

Oakman Rebuttal Exhibit I
Schedule 4

OLD NORTH STATE
Docket No. W-1300, Sub 60
CALCULATION OF REVENUE REQUIREMENT
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Amount (a)</u>	<u>Retention Factor (b)</u>	<u>Revenue Requirement (c)</u>
	Operating revenue deductions:			
1	Operating & maintenance expenses	1,102,446		
2	Depreciation expense	351,728		
3	Amortization of CIAC	(227,870)		
4	Property taxes	1,382		
5	Payroll taxes	19,447		
6	Other Taxes	353		
7	Regulatory Fee	0		
8	Total operating revenue deductions	<u>\$1,247,487</u>	0.998700	1,249,111
	Net operating income for a return:			
9	Debt service return	50,257	0.998700	50,322
10	Equity return	78,736	0.769249	<u>102,354</u>
11	Revenue requirement			<u>\$1,401,787</u>

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