

Calculation of Rate Base and Rate of Return - Detail by System (Schedule C)

Old North State Water Co, LLC
Docket W-1300, Sub 60

OLD NORTH STATE WATER CO, LLC
Old North - Consolidated
For the Twelve Months Ending Thursday, December 31, 2020

	Total	W-1300, Sub 26 PA	W-1300, Sub 26 PC	W-1300, Sub 26 PK	W-1300, Sub 26 PR	W-1300, Sub 26 PS
RATE BASE						
Utility Plant in Service that is used and useful	\$8,270,174.35	\$87,170.34	\$173,916.39	\$193,906.11	\$157,671.97	\$179,802.59
Less: accumulated depreciation	1,068,258.10	8,898.72	18,311.57	19,678.08	16,403.53	18,809.45
Less: contributions in aid of construction (net of amortization)	6,033,091.57	68,834.36	137,668.74	165,202.47	137,668.74	158,319.06
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>9,437.26</i>	<i>17,936.08</i>	<i>9,025.56</i>	<i>3,599.70</i>	<i>2,674.08</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	1,973.00	2,658.96	2,645.81	2,520.34	2,859.88
Rate Base	1,286,081.11	11,410.26	20,595.04	11,671.37	6,120.04	5,533.96
Outstanding Tap Fee Reimbursement Liability	(338,009.25)					
CWIP that has not been moved to UPiS	15,374.75					

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	Total	W-1300, Sub 26 PW	W-1300, Sub 35 AV	W-1300, Sub 38 SH	W-1300, Sub 32 ML	W-1300, Sub 37 BAF
RATE BASE						
Utility Plant in Service that is used and useful	\$8,270,174.35	\$541,473.40	\$280,514.37	\$203,792.95	\$151,620.08	\$125,321.65
Less: accumulated depreciation	1,068,258.10	57,879.12	19,642.67	17,722.08	14,563.17	11,436.99
Less: contributions in aid of construction (net of amortization)	6,033,091.57	461,278.62	241,245.42	114,544.08	96,886.33	91,696.87
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>22,315.66</i>	<i>19,626.28</i>	<i>71,526.79</i>	<i>40,170.58</i>	<i>22,187.79</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	4,365.32	2,545.50	2,704.11	1,138.04	2,949.67
Rate Base	1,286,081.11	26,680.98	22,171.78	74,230.90	41,308.62	25,137.46
Outstanding Tap Fee Reimbursement Liability	(338,009.25)		(1,000.00)	(46,000.00)	(41,000.00)	7,000.00
CWIP that has not been moved to UPiS	15,374.75					6,371.50

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	Total	W-1300, Sub 31 BL	W-1300, Sub 40 SEN	W-1300, Sub 34 OMT	W-1300, Sub 4 LL	W-1300, Sub 7 BF
RATE BASE						
Utility Plant in Service that is used and useful	\$8,270,174.35	\$61,800.34	\$277,623.13	\$380,870.96	\$127,281.31	\$175,562.15
Less: accumulated depreciation	1,068,258.10	60,031.90	24,784.16	29,653.11	29,448.84	28,445.09
Less: contributions in aid of construction (net of amortization)	6,033,091.57	67.67	209,715.56	252,835.20	99,747.26	131,350.68
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>1,700.77</i>	<i>43,123.41</i>	<i>98,382.65</i>	<i>(1,914.79)</i>	<i>15,766.38</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	1,565.98	3,896.15	6,326.05	2,942.96	3,792.47
Rate Base	1,286,081.11	3,266.75	47,019.56	104,708.70	1,028.17	19,558.85
Outstanding Tap Fee Reimbursement Liability	(338,009.25)		(10,027.00)	(22,000.00)		
CWIP that has not been moved to UPiS	15,374.75					

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	Total	W-1300, Sub 25 BS	W-1300, Sub 27 KM	W-1300, Sub 44 MH	W-1300, Sub 22 EM	W-1300, Sub 14 BV
RATE BASE						
Utility Plant in Service that is used and useful	\$8,270,174.35	\$249,070.87	\$487,702.85	\$293,805.04	\$250,756.08	\$301,319.55
Less: accumulated depreciation	1,068,258.10	32,983.01	39,215.20	21,104.90	22,635.48	37,279.70
Less: contributions in aid of construction (net of amortization)	6,033,091.57	212,184.24	359,741.73	243,855.93	215,881.11	210,280.89
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>3,903.62</i>	<i>88,745.92</i>	<i>28,844.21</i>	<i>12,239.49</i>	<i>53,758.96</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	1,145.98	4,835.45	2,932.52	2,752.67	4,733.62
Rate Base	1,286,081.11	5,049.60	93,581.37	31,776.73	14,992.16	58,492.58
Outstanding Tap Fee Reimbursement Liability	(338,009.25)		(51,000.00)	(9,500.00)		(15,000.00)
CWIP that has not been moved to UPiS	15,374.75		5,552.50			

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	Total	W-1300, Sub 7 YME	W-1300, Sub 10 TLF	W-1300 Sub 17 VP	W-1300, Sub 18 JM	W-1300, Sub 13 KIN
RATE BASE						
Utility Plant in Service that is used and useful	\$8,270,174.35	\$115,041.93	\$229,593.77	\$165,727.19	\$322,856.96	\$390,136.69
Less: accumulated depreciation	1,068,258.10	31,089.25	172,655.00	18,332.74	36,212.62	59,271.31
Less: contributions in aid of construction (net of amortization)	6,033,091.57	48,985.89	770.00	121,371.93	249,418.02	306,300.17
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>34,966.79</i>	<i>56,168.77</i>	<i>26,022.52</i>	<i>37,226.32</i>	<i>24,565.21</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	3,696.15	4,787.85	2,678.79	3,742.37	3,411.04
Rate Base	1,286,081.11	38,662.94	60,956.62	28,701.31	40,968.69	27,976.25
Outstanding Tap Fee Reimbursement Liability	(338,009.25)	(3,000.00)		(5,000.00)	(5,000.00)	
CWIP that has not been moved to UPiS	15,374.75					

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	Total	W-1300, Sub 48 AR	W-1300, Sub 16 KL	W-1300, Sub45 SM	W-1300, Sub 21 MOR	W-1300, Sub 24 ROC
RATE BASE						
Utility Plant in Service that is used and useful	\$8,270,174.35	\$123,328.50	\$332,447.79	\$390,915.99	\$122,483.82	\$134,648.86
Less: accumulated depreciation	1,068,258.10	3,479.42	43,324.93	26,392.06	16,363.96	7,328.07
Less: contributions in aid of construction (net of amortization)	6,033,091.57	101,635.14	231,651.37	335,401.53	91,030.78	111,099.70
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>18,213.94</i>	<i>57,471.49</i>	<i>29,122.40</i>	<i>15,089.08</i>	<i>16,221.09</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	1,913.12	4,216.17	3,103.95	3,343.68	1,197.80
Rate Base	1,286,081.11	20,127.06	61,687.66	32,226.35	18,432.76	17,418.89
Outstanding Tap Fee Reimbursement Liability	(338,009.25)		(49,000.00)	(6,500.00)	7,000.00	(8,982.25)
CWIP that has not been moved to UPiS	15,374.75				3,450.75	

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	Total	W-1300, Sub 23 BAG	W-1300, Sub 46 BW	W-1300, Sub 53 CC	W-1300, Sub 50 DA	W-1300, Sub 43 CE
RATE BASE						
Utility Plant in Service that is used and useful	\$8,270,174.35	\$178,164.74	\$108,634.37	\$201,470.23	\$21,110.77	\$281,833.38
Less: accumulated depreciation	1,068,258.10	22,369.41	34,318.49	5,056.48	15,036.17	17,848.82
Less: contributions in aid of construction (net of amortization)	6,033,091.57	145,483.39		140,889.19		208,607.06
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>10,311.94</i>	<i>74,315.88</i>	<i>55,524.56</i>	<i>6,074.60</i>	<i>55,377.50</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	3,012.01	2,380.31	756.75	3,313.58	8,080.31
Rate Base	1,286,081.11	13,323.95	76,696.19	56,281.31	9,388.18	63,457.81
Outstanding Tap Fee Reimbursement Liability	(338,009.25)			(54,000.00)		(16,000.00)
CWIP that has not been moved to UPiS	15,374.75					

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	Total	W-1300, Sub 39 AP	W-1300, Sub 54 YAR
RATE BASE			
Utility Plant in Service that is used and useful	\$8,270,174.35	\$275,738.74	\$175,058.49
Less: accumulated depreciation	1,068,258.10	26,754.73	3,497.87
Less: contributions in aid of construction (net of amortization)	6,033,091.57	182,946.68	148,495.76
<i>Subtotal</i>	<i>1,168,824.68</i>	<i>66,037.33</i>	<i>23,064.86</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43	4,004.90	2,333.19
Rate Base	1,286,081.11	70,042.23	25,398.05
Outstanding Tap Fee Reimbursement Liability	(338,009.25)		(9,000.00)
CWIP that has not been moved to UPIS	15,374.75		

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	<u>Total</u>
RATE BASE	
Utility Plant in Service that is used and useful	\$8,270,174.35
Less: accumulated depreciation	1,068,258.10
Less: contributions in aid of construction (net of amortization)	6,033,091.57
<i>Subtotal</i>	<i>1,168,824.68</i>
Plus: cash working capital (1/8 O&M expenses)	117,256.43
Rate Base	<u>1,286,081.11</u>
Outstanding Tap Fee Reimbursement Liability	(338,009.25)
CWIP that has not been moved to UPiS	15,374.75

Risk Factor	6.35%
Current risk-free rate	1.40% <i>2020 simple average of US Treasury Bill Rates</i>
Overall ROR	7.75%

The Standard & Poor's 500® (S&P 500®) for the 10 years ending December 31st 2018, had an annual compounded rate of return of 12.1%, including reinvestment of dividends. From January 1, 1970 to December 31st 2018, the average annual compounded rate of return for the S&P 500®, including reinvestment of dividends, was approximately 10.2% (source: www.standardandpoors.com).

Current ROR	
Actual Revenues	690,700.19
Actual Expenses	1,042,920.54
Actual Net Income	(352,220.35)
Current ROR	-33.77%

	Capital Structure	Cost Rate
Debt	83%	Overall return minus .41%
Equity	17%	Overall return plus 2%

Item	Capital Structure	Original Cost Rate Base	Cost Rate	Embedded Cost	Net Operating Income
Debt	83%	1,067,447.32	7.34%	6.09%	78,350.63
Equity	17%	218,633.79	9.75%	1.66%	21,316.79
Total	100%	1,286,081.11		7.75%	<u>99,667.43</u>