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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 344
STATEMENT OF OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN
For The Test Year Ended December 31, 2014
COMBINED OPERATIONS

Line No.	Item	Amount Per Application (a)	Settlement Adjustments (b)	After Settlement Adjustments (c)	Rate Increase (d)	After Rate Increase (e)
NET OPERATING INCOME FOR A RETURN						
Operating Revenues:						
1.	Service revenues	\$16,369,757	\$522,071	\$16,891,828	\$2,744,314	\$19,636,142
2.	Miscellaneous revenues	186,309	(1,964)	184,345	7,134	191,479
3.	Uncollectible accounts	<u>(87,857)</u>	<u>3,398</u>	<u>(84,459)</u>	<u>(13,720)</u>	<u>(98,179)</u>
4.	Total operating revenues	<u>16,468,209</u>	<u>523,505</u>	<u>16,991,714</u>	<u>2,737,728</u>	<u>19,729,442</u>
Operating Expenses:						
5.	Maintenance expenses	7,998,550	(99,571)	7,898,979	0	7,898,979
6.	General expenses	2,888,092	(119,917)	2,768,175	0	2,768,175
7.	Depreciation expense	2,611,377	586,645	3,198,022	0	3,198,022
8.	Amortization of CIAC	(1,044,833)	(51,290)	(1,096,123)	0	(1,096,123)
9.	Amortization of PAA	(110,483)	(7,489)	(117,972)	0	(117,972)
10.	Amortization of ITC	(519)	0	(519)	0	(519)
11.	Franchise and other taxes	148	69,406	69,554	0	69,554
12.	Property taxes	173,311	2,608	175,919	0	175,919
13.	Payroll taxes	341,722	(33,129)	308,593	0	308,593
14.	Regulatory fee	22,289	2,859	25,148	4,052	29,200
15.	Gross receipts tax	406,383	(406,383)	0	0	0
16.	State income tax	63,985	10,670	74,655	109,346	184,001
17.	Federal income tax	<u>413,367</u>	<u>195,813</u>	<u>609,180</u>	<u>892,272</u>	<u>1,501,452</u>
18.	Total operating expenses	<u>13,763,389</u>	<u>150,222</u>	<u>13,913,611</u>	<u>1,005,670</u>	<u>14,919,281</u>
19.	Net operating income for a return	<u>\$2,704,820</u>	<u>\$373,283</u>	<u>\$3,078,103</u>	<u>\$1,732,058</u>	<u>\$4,810,161</u>
RATE BASE						
20.	Plant in service	\$124,949,485	\$199,161	\$125,148,646	\$0	\$125,148,646
21.	Accumulated depreciation	<u>(28,060,119)</u>	<u>(3,198,882)</u>	<u>(31,259,001)</u>	<u>0</u>	<u>(31,259,001)</u>
22.	Net plant in service	96,889,366	(2,999,721)	93,889,645	0	93,889,645
23.	Cash working capital	1,478,812	(296,946)	1,181,866	0	1,181,866
24.	Contributions in aid of construction	(31,954,475)	2,480,872	(29,473,603)	0	(29,473,603)
25.	Advances in aid of construction	(32,940)	0	(32,940)	0	(32,940)
26.	Accumulated deferred income taxes	(6,351,883)	3,471,512	(2,880,371)	0	(2,880,371)
27.	Customer deposits	(251,498)	(1,088)	(252,586)	0	(252,586)
28.	Gain on sale and flow back taxes	(289,628)	(755,113)	(1,044,741)	0	(1,044,741)
29.	Plant acquisition adjustment	(2,918,503)	336,507	(2,581,996)	0	(2,581,996)
30.	Excess book value	(846,090)	234,992	(611,098)	0	(611,098)
31.	Cost-free capital	(261,498)	(1)	(261,499)	0	(261,499)
32.	Average tax accruals	(102,878)	9,888	(92,990)	0	(92,990)
33.	Regulatory liability for excess deferred taxes	0	(87,398)	(87,398)	0	(87,398)
34.	Deferred charges	<u>3,499,535</u>	<u>(2,637,786)</u>	<u>861,749</u>	<u>0</u>	<u>861,749</u>
35.	Original cost rate base	<u>\$58,858,320</u>	<u>(\$244,282)</u>	<u>\$58,614,038</u>	<u>\$0</u>	<u>\$58,614,038</u>
36.	Overall Rate of Return on Rate Base	4.60%		5.25%		8.20%

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 344
STATEMENT OF OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN
For The Test Year Ended December 31, 2014
CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Settlement Adjustments (b)	After Settlement Adjustments (c)	Rate Increase (d)	After Rate Increase (e)
NET OPERATING INCOME FOR A RETURN						
Operating Revenues:						
1.	Service revenues	\$9,077,806	\$291,414	\$9,369,220	\$1,358,454	\$10,727,674
2.	Miscellaneous revenues	104,236	28,856	133,092	3,532	136,624
3.	Uncollectible accounts	(49,154)	2,308	(46,846)	(6,792)	(53,638)
4.	Total operating revenues	<u>9,132,888</u>	<u>322,578</u>	<u>9,455,466</u>	<u>1,355,194</u>	<u>10,810,660</u>
Operating Expenses:						
5.	Maintenance expenses	4,505,225	(251,639)	4,253,586	0	4,253,586
6.	General expenses	1,747,504	(68,121)	1,679,383	0	1,679,383
7.	Depreciation expense	1,357,674	343,634	1,701,308	0	1,701,308
8.	Amortization of CIAC	(461,501)	(40,135)	(501,636)	0	(501,636)
9.	Amortization of PAA	(85,752)	(9,135)	(94,887)	0	(94,887)
10.	Amortization of ITC	(274)	0	(274)	0	(274)
11.	Franchise and other taxes	87	36,680	36,767	0	36,767
12.	Property taxes	105,230	0	105,230	0	105,230
13.	Payroll taxes	202,082	(20,656)	181,426	0	181,426
14.	Regulatory fee	12,470	1,524	13,994	2,006	16,000
15.	Gross receipts tax	227,362	(227,362)	0	0	0
16.	State income tax	25,600	17,541	43,141	54,127	97,268
17.	Federal income tax	165,391	186,636	352,027	441,681	793,708
18.	Total operating expenses	<u>7,801,098</u>	<u>(31,033)</u>	<u>7,770,065</u>	<u>497,814</u>	<u>8,267,879</u>
19.	Net operating income for a return	<u>\$1,331,790</u>	<u>\$353,611</u>	<u>\$1,685,401</u>	<u>\$857,380</u>	<u>\$2,542,781</u>
RATE BASE						
20.	Plant in service	\$65,375,542	(\$42,562)	\$65,332,980	\$0	\$65,332,980
21.	Accumulated depreciation	<u>(15,460,749)</u>	<u>(1,916,155)</u>	<u>(17,376,904)</u>	<u>0</u>	<u>(17,376,904)</u>
22.	Net plant in service	49,914,793	(1,958,717)	47,956,076	0	47,956,076
23.	Cash working capital	849,995	(228,967)	621,028	0	621,028
24.	Contributions in aid of construction	(13,799,538)	1,090,914	(12,708,624)	0	(12,708,624)
25.	Advances in aid of construction	(23,760)	0	(23,760)	0	(23,760)
26.	Accumulated deferred income taxes	(2,999,825)	1,105,687	(1,894,138)	0	(1,894,138)
27.	Customer deposits	(160,461)	2,929	(157,532)	0	(157,532)
28.	Gain on sale and flow back taxes	(196,947)	(500,264)	(697,211)	0	(697,211)
29.	Plant acquisition adjustment	(2,436,263)	133,762	(2,302,501)	0	(2,302,501)
30.	Excess book value	(397,558)	127,925	(269,633)	0	(269,633)
31.	Cost-free capital	(174,892)	53,101	(121,791)	0	(121,791)
32.	Average tax accruals	(60,817)	5,403	(55,414)	0	(55,414)
33.	Regulatory liability for excess deferred taxes	0	(44,640)	(44,640)	0	(44,640)
34.	Deferred charges	756,075	(72,975)	683,100	0	683,100
35.	Original cost rate base	<u>\$31,270,802</u>	<u>(\$285,842)</u>	<u>\$30,984,960</u>	<u>\$0</u>	<u>\$30,984,960</u>
36.	Overall Rate of Return on Rate Base	4.26%		5.44%		8.20%

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STATEMENT OF OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN
For The Test Year Ended December 31, 2014
COMBINED SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Settlement Adjustments (b)	After Settlement Adjustments (c)	Rate Increase (d)	After Rate Increase (e)
NET OPERATING INCOME FOR A RETURN						
Operating Revenues:						
1.	Service revenues	\$7,291,951	\$230,657	\$7,522,608	\$1,385,860	\$8,908,468
2.	Miscellaneous revenues	82,073	(30,820)	51,253	3,602	54,855
3.	Uncollectible accounts	<u>(38,703)</u>	<u>1,090</u>	<u>(37,613)</u>	<u>(6,928)</u>	<u>(44,541)</u>
4.	Total operating revenues	<u>7,335,321</u>	<u>200,927</u>	<u>7,536,248</u>	<u>1,382,534</u>	<u>8,918,782</u>
Operating Expenses:						
5.	Maintenance expenses	3,493,325	152,068	3,645,393	0	3,645,393
6.	General expenses	1,140,588	(51,796)	1,088,792	0	1,088,792
7.	Depreciation expense	1,253,703	243,011	1,496,714	0	1,496,714
8.	Amortization of CIAC	(583,332)	(11,155)	(594,487)	0	(594,487)
9.	Amortization of PAA	(24,731)	1,646	(23,085)	0	(23,085)
10.	Amortization of ITC	(245)	0	(245)	0	(245)
11.	Franchise and other taxes	61	32,726	32,787	0	32,787
12.	Property taxes	68,081	2,608	70,689	0	70,689
13.	Payroll taxes	139,640	(12,473)	127,167	0	127,167
14.	Regulatory fee	9,819	1,335	11,154	2,046	13,200
15.	Gross receipts tax	179,021	(179,021)	0	0	0
16.	State income tax	38,385	(6,871)	31,514	55,219	86,733
17.	Federal income tax	<u>247,976</u>	<u>9,177</u>	<u>257,153</u>	<u>450,591</u>	<u>707,744</u>
18.	Total operating expenses	<u>5,962,291</u>	<u>181,255</u>	<u>6,143,546</u>	<u>507,856</u>	<u>6,651,402</u>
19.	Net operating income for a return	<u>\$1,373,030</u>	<u>\$19,672</u>	<u>\$1,392,702</u>	<u>\$874,678</u>	<u>\$2,267,380</u>
RATE BASE						
20.	Plant in service	\$59,573,943	\$241,723	\$59,815,666	\$0	\$59,815,666
21.	Accumulated depreciation	<u>(12,599,370)</u>	<u>(1,282,727)</u>	<u>(13,882,097)</u>	<u>0</u>	<u>(13,882,097)</u>
22.	Net plant in service	46,974,573	(1,041,004)	45,933,569	0	45,933,569
23.	Cash working capital	628,817	(67,979)	560,838	0	560,838
24.	Contributions in aid of construction	<u>(18,154,937)</u>	<u>1,389,958</u>	<u>(16,764,979)</u>	<u>0</u>	<u>(16,764,979)</u>
25.	Advances in aid of construction	(9,180)	0	(9,180)	0	(9,180)
26.	Accumulated deferred income taxes	(3,352,058)	2,365,825	(986,233)	0	(986,233)
27.	Customer deposits	(91,037)	(4,017)	(95,054)	0	(95,054)
28.	Gain on sale and flow back taxes	(92,681)	(254,849)	(347,530)	0	(347,530)
29.	Plant acquisition adjustment	<u>(482,240)</u>	<u>202,745</u>	<u>(279,495)</u>	<u>0</u>	<u>(279,495)</u>
30.	Excess book value	(448,532)	107,067	(341,465)	0	(341,465)
31.	Cost-free capital	(86,606)	(53,102)	(139,708)	0	(139,708)
32.	Average tax accruals	(42,061)	4,485	(37,576)	0	(37,576)
33.	Regulatory liability for excess deferred taxes	0	(42,758)	(42,758)	0	(42,758)
34.	Deferred charges	<u>2,743,460</u>	<u>(2,564,811)</u>	<u>178,649</u>	<u>0</u>	<u>178,649</u>
35.	Original cost rate base	<u>\$27,587,518</u>	<u>\$41,560</u>	<u>\$27,629,078</u>	<u>\$0</u>	<u>\$27,629,078</u>
36.	Overall Rate of Return on Rate Base	4.98%		5.04%		8.20%