

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

July 26, 2024

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Carolina Water Service, Inc. of North Carolina (Emergency Operator
of Outer Banks/Kinnakeet Associates, LLC Sewer System)
Docket Nos. W-1125, Subs 9 and 10
Filing of Quarterly Financial Reports (April - June 2024 Calendar
Quarter)

Dear Ms. Dunston:

On August 3, 2022, the Commission entered an Order in Docket Nos. W-1125, Subs 9 and 10 appointing Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company") to serve as the Emergency Operator ("EO") of the Kinnakeet Shores Wastewater Treatment Plant and Collection System in Dare County. CWSNC hereby files the Company's quarterly EO financial reports for the April - June 2024 calendar quarter for the sewer utility system which was formerly operated by Outer Banks/Kinnakeet Associates, LLC.

As always, thank you and your staff for your assistance; please feel free to contact me if there are any questions or suggestions.

Sincerely,

Electronically Submitted**/s/Jo Anne Sanford**

Attorney for Carolina Water Service,
Inc. of North Carolina (Emergency
Operator)

c: Parties of Record

Outer Banks / Kinnakeet Associates, LLC.

Schedule 1

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Plant in Service, Revenues, Expenses, and Reserve Balances

For Q2 2024

Line No.	Item	Kinnakeet Shores Sewer (a)	Total (b)	[8]
1	Plant In Service	1,552,435.27 [1]	1,552,435.27	
2	Accumulated Depreciation	7,126.60 [2]	7,126.60	
3	Net Plant in Service (L1 - L2)	1,545,308.67	1,545,308.67	
4	Revenues	70,409.50 [3]	70,409.50	
5	Expenses for a return	62,149.57 [4]	62,149.57	
6	Depreciation & Amort (No Return)	5,195.47	5,195.47	
7	Regulatory fee (L4 x 0.1475%)	103.85	103.85	
8	Gross receipts tax (L4 x 0%)	0.00	0.00	
9	Pre-tax return on expenses	5,761.09 [5]	5,761.09	
10	Pre-tax return on Net Plant in Service	35,811.44 [6]	35,811.44	
11	Total expenses and return (Sum of L5 thru L9)	109,021.42	109,021.42	
12	Net activity for the quarter (L4 - L10)	(\$38,611.92)	(\$38,611.92)	
13	Reserve balance prior quarter	59,763.55 [7]	59,763.55	
14	Net activity for the quarter (L11)	(38,611.92)	(38,611.92)	
15	Current Reserve balance (L12 + L13)	\$21,151.62	\$21,151.62	

[1] Total plant in service from Schedule 3.

[2] Total accumulated depreciation from Schedule 3.

[3] Total revenues from Schedule 2.

[4] Total expenses for return from Schedule 2.

[5] Schedule 1(a), Line 5.

[6] Schedule 1(a), Line 10.

[7] Revised ending balance, previous balance was \$87,355.94.

[8] Total column (a)

Outer Banks / Kinnakeet Associates, LLC.

Schedule 1(a)

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Calculation of Pre-Tax Return

For Q2 2024

Line

<u>No.</u>	<u>Item</u>	<u>Kinnakeet Shores Sewer</u>	<u>Total</u>
		(a)	(b)
	<u>Calculation of Pre-Tax Return - Expenses</u>		
1	Expenses for return	\$62,149.57 [1]	\$62,149.57 [1]
2	Overall rate of return	7.14% [2]	7.14% [2]
3	Return on expenses (L1 x L2)	4,437.48	4,437.48
4	Retention factor for income taxes (L16)	0.770250	0.770250
5	Pre-tax return on expenses (L3 / L4)	<u>\$5,761.09</u>	<u>\$5,761.09</u>
	<u>Calculation of Pre-Tax Return - Plant in Service</u>		
6	Net Plant in Service	\$1,545,308.67 [3]	\$1,545,308.67 [3]
7	Overall rate of return	7.14% [2]	7.14% [2]
8	Quarterly Return	1.79%	1.79%
9	Return on Plant in Service (L6 x L7)	27,583.76	27,583.76
10	Retention factor for income taxes (L16)	0.770250	0.770250
11	Pre-tax return on Plant in Service (L9 / L10)	<u>\$35,811.44</u>	<u>\$35,811.44</u>
	<u>Calculation of Retention Factor</u>		
12	Revenues	1.000000	
13	Less: State income tax at 2.5%	0.025000	
14	Federal taxable income	0.975000	
15	Less: Federal income tax at 21%	0.204750	
16	Retention factor for income taxes	<u>0.770250</u>	

[1] Schedule 1, Line 5.

[2] Overall return authorized by Commission for CWSNC on August 3, 2022 in Docket No. W-1125, Sub 9 and 10.

[3] Schedule 1, Line 3.

Outer Banks / Kinnakeet Associates, LLC.

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Revenues and Expenses

For Q2 2024

Schedule 2

Page 1 of 6

Fusion Acct		Kinnakeet Shores	
<u>Number</u>	<u>Account Description</u>	(DEPT 320242)	Total
		(a)	(b)
411001	Residential	(69,967.44)	(69,967.44)
411040	Revenue Accrued	(223.00)	(223.00)
411002	Commercial	-	-
411024	Commercial - Measured	-	-
411042	Forfeited Discounts	(117.82)	(117.82)
411039	Other Revenue	(75.00)	(75.00)
411058	Management Service Revenue	(26.24)	(26.24)
Total Revenues		(70,409.50)	(70,409.50)
511001	Purchased Services-Water	-	-
511003	Purchased Services-Gas	-	-
512001	Shop Supplies and Tools	1,134.08	1,134.08
512002	Repairs and Maintenance	4,094.05	4,094.05
512003	Main Breaks	(8.57)	(8.57)
512005	Valve Repair	-	-
512006	Manhole Maint	-	-
512008	Maintenance Electric Equip Repair	4,492.04	4,492.04
512009	Permits	52.72	52.72
512010	Sewer Rodding	5,400.00	5,400.00
512011	Sewer Sludge Hauling	4,320.00	4,320.00
512012	Deferred Maintenance Expense	51.48	51.48
512013	Excavation Restoration	-	-
512014	Communication Expense	105.00	105.00
512015	Equipment Rental	-	-
512016	Uniforms	22.86	22.86
512017	Weather/Hurricane/Fuel/Snow removal	2.23	2.23
512018	Safety Supplies/Expense	813.32	813.32
512020	Service Claims	-	-
512021	Landscaping	901.15	901.15
512022	Other Contracted Workers	4.07	4.07
512900	Other Plant and System Maintenance	0.24	0.24
513002	Meter Supplies	-	-
513003	Pipe, Plate, Gasket	-	-
513007	Rig Equip	-	-
513008	Electrical Equip	1,601.25	1,601.25

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Carolina Water Service, Inc. of NC as EO

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Revenues and Expenses

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Fusion Acct		Kinnakeet Shores	
<u>Number</u>	<u>Account Description</u>	(DEPT 320242)	Total
		(a)	(b)
513009	Lighting Supplies	-	-
513010	Plant Air System	-	-
513011	Valves and Traps	-	-
513900	Other Materials and Supplies	268.06	268.06
514001	Chlorine	7,005.00	7,005.00
514900	Other Chemicals	0.04	0.04
515001	Laboratory Testing	3,398.92	3,398.92
515002	Test - Water/Sewer	32.38	32.38
515003	Test - Equipment/Chemical	6.13	6.13
515004	Test - Safe Drinking Water Act	-	-
516001	Service - Meter Reading	-	-
517001	Utility-Electric Power	12,814.23	12,814.23
521010	Salaries and Wages	13,012.36	13,012.36
521020	Salaries and Wages - Accrued	1,629.97	1,629.97
521040	Overtime	714.02	714.02
521060	Incentive Bonus	30.42	30.42
521070	EIP Bonus	91.61	91.61
521080	Bonus Other	7.64	7.64
522001	Capitalized Time	(9,607.12)	(9,607.12)
531001	401K Profit Sharing	240.55	240.55
531002	401K Match	260.84	260.84
532001	Health Admin and Stop Loss	140.49	140.49
532002	Dental	27.45	27.45
532005	Employee Insurance Deductions	(229.06)	(229.06)
532006	Health Insurance Claims	1,140.46	1,140.46
532008	Health Insurance	-	-
532009	Workers Compensation Insurance (WCB)	108.11	108.11
532012	Term Life Insurance	73.15	73.15
532013	Term Life Insurance Opt	(10.45)	(10.45)
532014	Depend Life Insurance Opt	-	-
532016	Education / Tuition	-	-
532017	Safety	-	-
532900	Other Employee Benefits	33.85	33.85
540100	Consulting	6.10	6.10
540200	Accounting and Audit	-	-
540300	Recruitment	25.31	25.31

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Fusion Acct		Kinnakeet Shores	
<u>Number</u>	<u>Account Description</u>	(DEPT 320242)	Total
		(a)	(b)
540400	Legal	141.22	141.22
540500	Payroll	-	-
540600	Tax	-	-
540700	Engineering	-	-
540800	Temporary Labor	-	-
540900	Police	-	-
541100	Management Fee	-	-
541200	Contractor Outside Services	-	-
541300	Employee Finder Fees	-	-
549000	Other Outside Services	107.21	107.21
550200	Computer Repair and Maintenance	-	-
550300	Computer Supplies	-	-
550400	Internet Services	8.62	8.62
550600	Computer Licensing	0.41	0.41
550700	Software	-	-
550800	Computer Amort	-	-
559900	Other Computer/IT Expenses	-	-
560100	General Liability Insurance	285.84	285.84
560200	Property Insurance	650.25	650.25
560300	Vehicle Insurance	138.01	138.01
560400	Uninsured Losses	(6.69)	(6.69)
560500	Other Insurance	162.19	162.19
571100	Building Rent	210.94	210.94
581100	Office Supplies	14.66	14.66
581200	Kitchen Supplies	1.69	1.69
581300	Cleaning Supplies	2.29	2.29
582100	Office Equipment	0.30	0.30
583100	Office Printing/Blueprints	-	-
583200	Office Publications/Subscriptions	-	-
583300	Artwork, Display and Banner	-	-
583400	Office Shipping Charges/Postage/Courier	5.37	5.37
584100	Office Electric	0.13	0.13
584200	Office Gas/Heat	-	-
584300	Office Water	155.54	155.54
584900	Office Other Utilities	-	-
585100	Office Garbage Disposal/Removal	1.38	1.38

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Fusion Acct		Kinnakeet Shores	
<u>Number</u>	<u>Account Description</u>	(DEPT 320242)	Total
		(a)	(b)
585200	Office Landscape/Mowing	-	-
585400	Office Security/Alarm System	-	-
585500	Office Cleaning Services	-	-
585900	Other Office Maintenance	3.47	3.47
586100	Landline/Telephone/Fax	0.13	0.13
586200	Cellular/Mobile Phones	66.59	66.59
587500	Answering Service	9.69	9.69
587900	Other Office Expenses	0.59	0.59
591000	Accommodation/Hotel/Lodging	27.90	27.90
592000	Airfare	7.27	7.27
593000	Transportation excl. Airfare	6.92	6.92
594000	Travel - Meals and Entertainment	-	-
595000	Travel - Meals and Entertainment - 50% Tax I	17.29	17.29
599900	Other Travel	2.89	2.89
601000	Vehicle Leasing	-	-
602000	Vehicle Fuel	245.85	245.85
603000	Vehicle Repairs and Maintenance	96.54	96.54
604000	Vehicle Registration/Licensing Fees	21.29	21.29
609000	Vehicle - Other Costs	26.33	26.33
611100	Rate Case Amortization	261.91	261.91
612100	Regulatory Fees	-	-
612900	Other Regulatory Expenses	0.78	0.78
621100	Advertising	-	-
621400	Promotions/Corporate Sponsor	-	-
622100	Bank Service Charges	-	-
624100	License Fees	0.19	0.19
625300	Late Fees	-	-
626100	Education and Training	3.16	3.16
627100	Bad Debt Expense	-	-
627200	Bad Debt Collection Expense	-	-
627300	Uncollectible Accounts Accrual	(172.00)	(172.00)
628100	Billing Stock	-	-
628200	Billing Envelopes	-	-
628300	Billing Postage	-	-
628400	Customer Service Printing	274.51	274.51
629100	Memberships and Dues	1.68	1.68

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Fusion Acct		Kinnakeet Shores	
<u>Number</u>	<u>Account Description</u>	(DEPT 320242)	Total
		(a)	(b)
629500	Credit Card Expense Clearing	(61.26)	(61.26)
629600	Credit Card/Cash Expense - Unallocated	-	-
629900	Other Misc Expense	1.29	1.29
630002	Commission Ordered Adjustments	-	-
641100	FICA	997.65	997.65
642100	Federal Unemployment Tax	37.39	37.39
642200	State Unemployment Tax	42.57	42.57
643300	Personal Property Taxes	-	-
643400	Real Estate Taxes	-	-
643500	Sales And Use Taxes	-	-
643600	Utility/Commission Taxes	104.12	104.12
643700	Other General Taxes	120.27	120.27
691000	Corporate Allocation	3,918.82	3,918.82
692000	Regional Allocation	-	-
710203	Dep - Struct and Improv General Plant	21.68	21.68
710207	Dep - Struct and Improv Collect Plant	31.50	31.50
710208	Dep - Struct and Improv Pump Plant	5.49	5.49
710209	Dep - Struct and Improv Treatment Plant	58.27	58.27
710220	Dep - Struct and Improv Office	29.65	29.65
710231	Dep - Dist Resv and Standpipes	1.02	1.02
710232	Dep - Trans and Distr Mains	3.36	3.36
710233	Dep - Service Lines	0.96	0.96
710242	Dep - Sewer Gravity Main	3,501.90	3,501.90
710245	Dep - Service to Customers	55.68	55.68
710249	Dep - Pumping Equip Pump Plt	1,540.81	1,540.81
710303	Dep - Office Furniture	1.86	1.86
710308	Dep - Tool Shop Equipment	-	-
710309	Dep - Power Operated Equipment	0.33	0.33
710310	Dep - Communications Equipment	81.53	81.53
710401	Dep - Vehicles	50.16	50.16
710501	Dep - Computer Hardware	-	-
710502	Dep - Desktop/Laptop Computers	-	-
710504	Dep - Mini Comp Wtr	0.24	0.24
710602	Dep - Comp Systems	-	-
720036	Amort CIAC - Tap Fee	(72.03)	(72.03)
811002	Interest - Revolver	-	-

Outer Banks / Kinnakeet Associates, LLC.

Carolina Water Service, Inc. of NC as EO
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Fusion Acct Number	Account Description	Kinnakeet Shores (DEPT 320242)	Total
		(a)	(b)
	Total Exp	67,461.98	67,461.98
	Operating Income	(2,947.52)	(2,947.52)

Outer Banks / Kinnakeet Associates, LLC.

Schedule 3

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Construction Status Report

For Q2 2024

Completed Plant in Service

<u>Asset Number</u>	<u>Fusion Acct Number</u>	<u>Account Description</u>	<u>System</u>	<u>Plant In Service</u>	<u>Accumulated Depreciation</u>
1017442	141203	GEN PLT_600	320242	928.91	21.68
1017443	141207	COLLECT PLANT_600	320242	1,350.24	31.50
1017444	141208	PUMP PLANT_600	320242	236.95	5.49
1017445	141209	TRT PLT_480	320242	1,999.08	58.27
1017452	141245	SERVICE TO CUSTOMERS_902	320242	3,586.24	55.68
1017454	141249	PUMPING EQUIP PUMP PLT_84	320242	9,244.80	1,540.81
2005514	271036	CIAC TAP FEE	320242	(11,667.00)	(126.91)
5002254	141242	NC - 2022 - Kinnakeet Shores WWCS EO CP 2022279B	320242	1,546,756.05	5,540.08
				<u>1,552,435.27</u>	<u>7,126.60</u>

Construction Work-in-Progress

<u>Project Number</u>	<u>Fusion Acct Number</u>	<u>Account Description</u>	<u>System</u>	<u>Spend to Date</u>	<u>Estimated Cost</u>
2022279	141209	NC - 2022 - Kinakeet Shores WWTP EO	320242	2,264,174	2,236,000

CERTIFICATE OF SERVICE

On behalf of **Carolina Water Service, Inc. of North Carolina** (Emergency Operator of the Outer Banks/Kinnakeet Associates, LLC sewer system), I hereby certify that I have served a copy of the foregoing **Quarterly Financial Reports (April - June 2024 Calendar Quarter)** filed in Docket Nos. W-1125, Subs 9 and 10 on all parties of record in this proceeding, in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 26th day of July 2024.

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

SANFORD LAW OFFICE, PLLC

sanford@sanfordlawoffice.com

Tel: 919.210.4900

**Attorney for Carolina Water Service,
Inc. of North Carolina (Emergency
Operator)**