



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

October 12, 2018

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Re: Docket No. W-218 Sub 360

Dear Ms. Jarvis:

On October 12, 2018, the Public Staff filed the Supplemental Testimony of Windley E. Henry in the above-referenced docket. The full set of Exhibits were not filed. This filing has the complete set of his exhibits.

The Public Staff apologizes for this error and for any inconvenience it may have caused the Commission or the parties.

By copy of this letter, I am forwarding a copy to all parties of record.

Sincerely yours,

/s/ Gina Holt
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gina.holt@psncuc.nc.gov

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

RETURN ON ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 1(a)

CWSNC WATER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present Rates:</u>						
1	Debt	49.09%	\$29,891,211 [2]	5.68% [1]	2.79%	\$1,697,821 [8]
2	Equity	50.91%	30,999,421 [2]	8.93% [6]	4.55%	2,768,220 [9]
3	Total	100.00%	\$60,890,632 [3]		7.34%	\$4,466,041 [10]
<u>Company Proposed Rates:</u>						
4	Debt	49.09%	\$29,891,211 [4]	5.68% [1]	2.79%	\$1,697,821 [8]
5	Equity	50.91%	30,999,421 [4]	15.09% [6]	7.68%	4,676,367 [11]
6	Total	100.00%	\$60,890,632 [3]		10.47%	\$6,374,188 [12]
<u>Public Staff Recommended Rates:</u>						
7	Debt	49.09%	\$29,891,211 [5]	5.68% [1]	2.79%	\$1,697,821 [8]
8	Equity	50.91%	30,999,421 [5]	9.20% [1]	4.68%	2,851,947 [13]
9	Total	100.00%	\$60,890,632 [3]		7.47%	\$4,549,768 [14]

[1] Per Public Staff Financial Analyst Hilton.

[2] Column (a) multiplied by Line 3, Column (b).

[3] Henry Exhibit I, Schedule 2(a), Column (c), Line 17.

[4] Column (a) multiplied by Line 6, Column (b).

[5] Column (a) multiplied by Line 9, Column (b).

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

[7] Column (a) multiplied by Column (c).

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

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

[10] Henry Exhibit I, Schedule 3(a), Column (c), Line 38.

[11] Line 6 minus Line 4, Column (e).

[12] Henry Exhibit I, Schedule 3(a), Column (e), Line 38.

[13] Line 9 minus Line 7, Column (e).

[14] Henry Exhibit I, Schedule 3(a), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present Rates:</u>						
1	Debt	49.09%	\$21,414,302 [2]	5.68% [1]	2.79%	\$1,216,332 [8]
2	Equity	50.91%	22,208,232 [2]	9.57% [6]	4.87%	2,125,383 [9]
3	Total	100.00%	<u>\$43,622,534 [3]</u>		<u>7.66%</u>	<u>\$3,341,715 [10]</u>
<u>Company Proposed Rates:</u>						
4	Debt	49.09%	\$21,414,302 [4]	5.68% [1]	2.79%	\$1,216,332 [8]
5	Equity	50.91%	22,208,232 [4]	13.04% [6]	6.64%	2,896,314 [11]
6	Total	100.00%	<u>\$43,622,534 [3]</u>		<u>9.43%</u>	<u>\$4,112,646 [12]</u>
<u>Public Staff Recommended Rates:</u>						
7	Debt	49.09%	\$21,414,302 [5]	5.68% [1]	2.79%	\$1,216,332 [8]
8	Equity	50.91%	22,208,232 [5]	9.20% [1]	4.68%	2,043,157 [13]
9	Total	100.00%	<u>\$43,622,534 [3]</u>		<u>7.47%</u>	<u>\$3,259,489 [14]</u>

- [1] Per Public Staff Financial Analyst Hilton.
[2] Column (a) multiplied by Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(b), Column (c), Line 17.
[4] Column (a) multiplied by Line 6, Column (b).
[5] Column (a) multiplied by Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) multiplied by Column (c).

- [8] Column (b) multiplied by Column (c).
[9] Line 3 minus Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(b), Column (c), Line 38.
[11] Line 6 minus Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(b), Column (e), Line 38.
[13] Line 9 minus Line 7, Column (e).
[14] Henry Exhibit I, Schedule 3(b), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 1(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present Rates:</u>						
1	Debt	49.09%	\$1,689,914 [2]	5.68% [1]	2.79%	\$95,987 [8]
2	Equity	50.91%	1,752,567 [2]	-1.79% [6]	-0.91%	(31,423) [9]
3	Total	100.00%	<u>\$3,442,481 [3]</u>		<u>1.88%</u>	<u>\$64,564 [10]</u>
<u>Company Proposed Rates:</u>						
4	Debt	49.09%	\$1,689,914 [4]	5.68% [1]	2.79%	\$95,987 [8]
5	Equity	50.91%	1,752,567 [4]	20.52% [6]	10.45%	359,691 [11]
6	Total	100.00%	<u>\$3,442,481 [3]</u>		<u>13.24%</u>	<u>\$455,678 [12]</u>
<u>Public Staff Recommended Rates:</u>						
7	Debt	49.09%	\$1,689,914 [5]	5.68% [1]	2.79%	\$95,987 [8]
8	Equity	50.91%	1,752,567 [5]	9.20% [1]	4.68%	161,236 [13]
9	Total	100.00%	<u>\$3,442,481 [3]</u>		<u>7.47%</u>	<u>\$257,223 [14]</u>

- [1] Per Public Staff Financial Analyst Hilton.
[2] Column (a) multiplied by Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(c), Column (c), Line 17.
[4] Column (a) multiplied by Line 6, Column (b).
[5] Column (a) multiplied by Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) multiplied by Column (c).

- [8] Column (b) multiplied by Column (c).
[9] Line 3 minus Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(c), Column (c), Line 38.
[11] Line 6 minus Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(c), Column (e), Line 38.
[13] Line 9 minus Line 7, Column (e).
[14] Henry Exhibit I, Schedule 3(c), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 1(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present Rates:</u>						
1	Debt	49.09%	\$3,587,167 [2]	5.68% [1]	2.79%	\$203,751 [8]
2	Equity	50.91%	3,720,160 [2]	3.25% [6]	1.65%	120,794 [9]
3	Total	100.00%	<u>\$7,307,327</u> [3]		<u>4.44%</u>	<u>\$324,545</u> [10]
<u>Company Proposed Rates:</u>						
4	Debt	49.09%	\$3,587,167 [4]	5.68% [1]	2.79%	\$203,751 [8]
5	Equity	50.91%	3,720,160 [4]	11.23% [6]	5.72%	417,910 [11]
6	Total	100.00%	<u>\$7,307,327</u> [3]		<u>8.51%</u>	<u>\$621,661</u> [12]
<u>Public Staff Recommended Rates:</u>						
7	Debt	49.09%	\$3,587,167 [5]	5.68% [1]	2.79%	\$203,751 [8]
8	Equity	50.91%	3,720,160 [5]	9.20% [1]	4.68%	342,255 [13]
9	Total	100.00%	<u>\$7,307,327</u> [3]		<u>7.47%</u>	<u>\$546,006</u> [14]

- [1] Per Public Staff Financial Analyst Hilton.
[2] Column (a) multiplied by Line 3, Column (b).
[3] Henry Exhibit I, Schedule 2(d), Column (c), Line 17.
[4] Column (a) multiplied by Line 6, Column (b).
[5] Column (a) multiplied by Line 9, Column (b).
[6] Column (e) divided by Column (b).
[7] Column (a) multiplied by Column (c).

- [8] Column (b) multiplied by Column (c).
[9] Line 3 minus Line 1, Column (e).
[10] Henry Exhibit I, Schedule 3(d), Column (c), Line 38.
[11] Line 6 minus Line 4, Column (e).
[12] Henry Exhibit I, Schedule 3(d), Column (e), Line 38.
[13] Line 9 minus Line 7, Column (e).
[14] Henry Exhibit I, Schedule 3(d), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [2]
1	Plant in service	\$105,659,424	\$3,753,488	\$ 109,412,912 [3]
2	Accumulated depreciation	(26,572,384)	(898,887)	(27,471,271) [4]
3	Net plant in service (L1 + L2)	79,087,040	2,854,601	81,941,641
4	Cash working capital	1,131,235	(123,263)	1,007,972 [5]
5	Contributions in aid of construction	(18,714,027)	354,774	(18,359,254) [6]
6	Advances in aid of construction	(23,760)	0	(23,760)
7	Accumulated deferred income taxes	(2,922,461)	1,249,571	(1,672,890) [7]
8	Customer deposits	(173,055)	(18,614)	(191,669) [8]
9	Gain on sale and flow back taxes	(286,987)	90,040	(196,947) [9]
10	Plant acquisition adjustment	(2,336,007)	63,513	(2,272,494) [10]
11	Excess book value	(448)	(8)	(456) [11]
12	Cost-free capital	(121,791)	0	(121,791)
13	Average tax accruals	64,607	(136,558)	(71,951) [12]
14	Regulatory liability for excess deferred taxes	(144,323)	0	(144,323)
15	Deferred charges	1,322,290	(325,736)	996,554 [13]
16	Pro forma plant	3,214,455	(3,214,455)	0 [14]
17	Original cost rate base (Sum of L3 thru L16)	\$60,096,768	\$793,864	\$60,890,632

[1] Column (c) minus Column (a).

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(a), Column (c), Line 4.

[4] Henry Exhibit I, Schedule 2-1(a), Column (c), Line 8.

[5] Henry Exhibit I, Schedule 2-3, Column (a), Line 4.

[6] Henry Exhibit I, Schedule 2-4, Column (c), Line 6.

[7] Henry Exhibit I, Schedule 2-5(a), Column (d), Line 27.

[8] Henry Exhibit I, Schedule 2-6, Column (a), Line 3.

[9] Henry Exhibit I, Schedule 2-7, Column (a), Line 6.

[10] Henry Exhibit I, Schedule 2-8, Column (c), Line 5.

[11] Henry Exhibit I, Schedule 2-9, Column (d), Line 7.

[12] Henry Exhibit I, Schedule 2-3, Column (a), Line 9.

[13] Henry Exhibit I, Schedule 2-10, Column (a), Line 4.

[14] To remove estimated plant cost in the future.

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
1	Plant in service	\$82,208,113	\$2,126,887	\$ 84,335,000 [3]
2	Accumulated depreciation	(20,517,737)	(836,191)	(21,353,928) [4]
3	Net plant in service (L1 + L2)	61,690,376	1,290,696	62,981,072
4	Cash working capital	815,643	(19,062)	796,581 [5]
5	Contributions in aid of construction	(18,672,446)	430,286	(18,242,160) [6]
6	Advances in aid of construction	(9,180)	0	(9,180)
7	Accumulated deferred income taxes	(1,731,139)	(113,206)	(1,844,345) [7]
8	Customer deposits	(103,024)	(11,081)	(114,105) [8]
9	Gain on sale and flow back taxes	(138,550)	45,869	(92,681) [9]
10	Plant acquisition adjustment	261,581	4,752	266,333 [10]
11	Excess book value	0	0	0
12	Cost-free capital	(139,708)	0	(139,708)
13	Average tax accruals	39,084	(82,406)	(43,322) [11]
14	Regulatory liability for excess deferred taxes	(85,491)	0	(85,491)
15	Deferred charges	940,307	(790,767)	149,540 [12]
16	Pro forma plant	1,753,909	(1,753,909)	0 [13]
17	Original cost rate base (Sum of L3 thru L16)	\$44,621,362	(\$998,828)	\$43,622,534

[1] Column (c) minus Column (a).

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(b), Column (c), Line 4.

[4] Henry Exhibit I, Schedule 2-1(b), Column (c), Line 8.

[5] Henry Exhibit I, Schedule 2-3, Column (b), Line 4.

[6] Henry Exhibit I, Schedule 2-4, Column (f), Line 6.

[7] Henry Exhibit I, Schedule 2-5(a), Column (e), Line 27.

[8] Henry Exhibit I, Schedule 2-6, Column (b), Line 3.

[9] Henry Exhibit I, Schedule 2-7, Column (b), Line 6.

[10] Henry Exhibit I, Schedule 2-8, Column (f), Line 5.

[11] Henry Exhibit I, Schedule 2-3, Column (b), Line 9.

[12] Henry Exhibit I, Schedule 2-10, Column (b), Line 4.

[13] To remove estimated plant cost in the future.

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
1	Plant in service	\$5,815,265	\$108,811	\$5,924,076 [3]
2	Accumulated depreciation	(1,903,826)	278,501	(1,625,325) [4]
3	Net plant in service (L1 + L2)	3,911,439	387,312	4,298,751
4	Cash working capital	117,808	(7,460)	110,348 [5]
5	Contributions in aid of construction	(1,127,502)	24,031	(1,103,471) [6]
6	Advances in aid of construction	0	0	0
7	Accumulated deferred income taxes	(251,858)	303,227	51,369 [7]
8	Customer deposits	(15,137)	(2,926)	(18,063) [8]
9	Gain on sale and flow back taxes	0	0	0
10	Plant acquisition adjustment	31,423	(7,161)	24,262 [9]
11	Excess book value	0	0	0
12	Cost-free capital	0	0	0
13	Average tax accruals	4,164	(9,288)	(5,124) [10]
14	Regulatory liability for excess deferred taxes	(10,756)	0	(10,756)
15	Deferred charges	198,042	(102,877)	95,165 [11]
16	Pro forma plant	0	0	0
17	Original cost rate base (Sum of L3 thru L16)	\$2,857,623	\$584,858	\$3,442,481

[1] Column (c) minus Column (a).

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(c), Column (c), Line 3.

[4] Henry Exhibit I, Schedule 2-1(c), Column (c), Line 6.

[5] Henry Exhibit I, Schedule 2-3, Column (c), Line 4.

[6] Henry Exhibit I, Schedule 2-4, Column (i), Line 6.

[7] Henry Exhibit I, Schedule 2-5(b), Column (d), Line 27.

[8] Henry Exhibit I, Schedule 2-6, Column (c), Line 3.

[9] Henry Exhibit I, Schedule 2-8, Column (i), Line 5.

[10] Henry Exhibit I, Schedule 2-3, Column (c), Line 9.

[11] Henry Exhibit I, Schedule 2-10, Column (c), Line 4.

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
1	Plant in service	\$12,932,107	\$401,431		\$13,333,538	[3]
2	Accumulated depreciation	(2,504,941)	348		(2,504,593)	[4]
3	Net plant in service (L1 + L2)	10,427,166	401,779		10,828,945	
4	Cash working capital	157,683	(11,865)		145,818	[5]
5	Contributions in aid of construction	(4,299,941)	109,156		(4,190,785)	[6]
6	Advances in aid of construction	0	0		0	
7	Accumulated deferred income taxes	(262,243)	(192,728)		(454,971)	[7]
8	Customer deposits	(15,758)	(3,045)		(18,803)	[8]
9	Gain on sale and flow back taxes	0	0		0	
10	Plant acquisition adjustment	980,236	(27,539)		952,697	[9]
11	Excess book value	0	0		0	
12	Cost-free capital	0	0		0	
13	Average tax accruals	4,472	(9,984)		(5,512)	[10]
14	Regulatory liability for excess deferred taxes	(11,200)	0		(11,200)	
15	Deferred charges	78,188	(17,050)		61,138	[11]
16	Pro forma plant	181,300	(181,300)		0	[12]
17	Original cost rate base (Sum of L3 thru L16)	\$7,239,903	\$67,424		\$7,307,327	

[1] Column (c) minus Column (a).

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(d), Column (c), Line 3.

[4] Henry Exhibit I, Schedule 2-1(d), Column (c), Line 6.

[5] Henry Exhibit I, Schedule 2-3, Column (d), Line 4.

[6] Henry Exhibit I, Schedule 2-4, Column (I), Line 6.

[7] Henry Exhibit I, Schedule 2-5(b), Column (e), Line 27.

[8] Henry Exhibit I, Schedule 2-6, Column (d), Line 3.

[9] Henry Exhibit I, Schedule 2-8, Column (I), Line 5.

[10] Henry Exhibit I, Schedule 2-3, Column (d), Line 9.

[11] Henry Exhibit I, Schedule 2-10, Column (d), Line 4.

[12] To remove estimated plant cost in the future.

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-1(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
	<u>Plant In Service:</u>			
1	Direct plant in service	\$98,867,930	\$3,430,381	\$102,298,311 [3]
2	Allocation of common plant in service:			
	WSC cost center, Regional and NC	6,791,492	343,494	7,134,986 [4]
3	Riverbend adjustment--2017 and 2018	0	(20,385)	(20,385) [4]
4	Total plant in service (Sum of L1 thru L3)	<u>\$105,659,422</u>	<u>\$3,753,490</u>	<u>\$109,412,912</u>
	<u>Accumulated Depreciation:</u>			
5	Direct accumulated depreciation	(\$21,524,143)	(\$797,263)	(\$22,321,406) [5]
6	Allocation of common accumulated depreciation:			
	WSC cost center, Regional and NC	(5,048,241)	(116,427)	(5,164,668) [4]
7	Riverbend adjustment--2017 and 2018	0	14,803	14,803 [4]
8	Total accumulated depr. (Sum of L5 thru L7)	<u>(\$26,572,384)</u>	<u>(\$898,887)</u>	<u>(\$27,471,271)</u>

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(a)(1), Column (d), Line 46.

[4] Calculated based on information provided by the Company.

[5] Henry Exhibit I, Schedule 2-2, Column (a), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
	<u>Plant In Service:</u>			
1	Direct plant in service	\$78,901,230	\$1,958,542	\$80,859,772 [3]
2	Allocation of common plant in service:			
	WSC cost center	3,306,883	178,339	3,485,222 [4]
3	Riverbend adjustment--2017 and 2018	0	(9,994)	(9,994) [4]
4	Total plant in service (Sum of L1 thru L3)	<u>\$82,208,113</u>	<u>\$2,126,887</u>	<u>\$84,335,000</u>
	<u>Accumulated Depreciation:</u>			
5	Direct accumulated depreciation	(\$17,836,073)	(\$779,810)	(\$18,615,883) [5]
6	Allocation of common accumulated depreciation:			
	WSC cost center	(2,681,664)	(64,271)	(2,745,935) [4]
7	Riverbend adjustment--2017 and 2018	0	7,889	7,889 [4]
8	Total accumulated depr. (Sum of L5 thru L7)	<u>(\$20,517,737)</u>	<u>(\$836,191)</u>	<u>(\$21,353,928)</u>

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(b)(1), Column (d), Line 58.

[4] Calculated based on information provided by the Company.

[5] Henry Exhibit I, Schedule 2-2, Column (b), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-1(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
	Plant In Service:					
1	Direct plant in service	\$5,062,815	\$71,101		\$5,133,916	[3]
2	Allocation of common plant in service: WSC cost center	752,451	37,709		790,160	[4]
3	Total plant in service (L1+ L2)	<u>\$5,815,266</u>	<u>\$108,810</u>		<u>\$5,924,076</u>	
	Accumulated Depreciation:					
4	Direct accumulated depreciation	(\$1,355,807)	\$291,118		(\$1,064,689)	[5]
5	Allocation of common accumulated depreciation: WSC cost center	(548,019)	(12,617)		(560,636)	[4]
6	Total accumulated depr. (L4 + L5)	<u>(\$1,903,826)</u>	<u>\$278,501</u>		<u>(\$1,625,325)</u>	

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(c)(1), Column (d), Line 46.

[4] Calculated based on information provided by the Company.

[5] Henry Exhibit I, Schedule 2-2, Column (c), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I
Schedule 2-1(d)**BRADFIELD/FAIRFIELD SEWER OPERATIONS**

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
	<u>Plant In Service:</u>			
1	Direct plant in service	\$12,322,875	\$368,386	\$12,691,261 [3]
2	Allocation of common plant in service: WSC cost center	609,232	33,045	642,277 [4]
3	Total plant in service (L1+ L2)	<u>\$12,932,107</u>	<u>\$401,431</u>	<u>\$13,333,538</u>
	<u>Accumulated Depreciation:</u>			
4	Direct accumulated depreciation	(\$2,011,003)	\$12,308	(\$1,998,695) [5]
5	Allocation of common accumulated depreciation: WSC cost center	(493,938)	(11,960)	(505,898) [4]
6	Total accumulated depr. (L4 + L5)	<u>(\$2,504,941)</u>	<u>\$348</u>	<u>(\$2,504,593)</u>

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(d)(1), Column (d), Line 58.

[4] Calculated based on information provided by the Company.

[5] Henry Exhibit I, Schedule 2-2, Column (d), Line 7.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-1(a)(1)

CWSNC WATER OPERATIONS

Line No.	Account No.	Item	Amount Per Application (a) [1]	Public Staff Adjustments (b) [2]	Actual Plant Additions (c) [1]	Amount Per Public Staff (d) [3]
1	1020	Organization	\$458,055	\$0	\$0	\$458,055
2	1025	Franchises	111,898	0	0	111,898
3	1030	Land & land rights pump	71,187	0	250	71,437
4	1035	Land & land rights water tr.	357,109	0	0	357,109
5	1040	Land & land rights trans.	3,194	0	0	3,194
6	1045	Land & land rights gen. plt.	543,502	0	(30,000)	513,502
7	1050	Struct & improv. src. supply	4,278,791	0	22,852	4,301,643
8	1055	Struct & improv. wtr. trt. plt.	1,330,956	0	18,554	1,349,510
9	1060	Struct & improv. trans. dist.	227,921	0	19,468	247,389
10	1065	Struct & improv. gen. plt.	323,370	0	8,010	331,380
11	1070	Collecting reservoirs	13,139	0	0	13,139
12	1080	Wells & springs	13,750,997	0	2,501	13,753,498
13	1085	Infiltration gallery	45,185	0	0	45,185
14	1090	Supply mains	460,301	0	4,576	464,877
15	1095	Power generation equip.	158,288	0	0	158,288
16	1100	Electric pump equip. src. plt.	2,453,593	0	50,548	2,504,141
17	1105	Electric pump equip. wtp.	8,146,927	0	76,238	8,223,165
18	1110	Electric pump equip. trans.	2,241,609	0	662,855	2,904,464
19	1115	Water treatment equip.	3,816,288	0	496,870	4,313,158
20	1120	Dist. resv. & standpipes	7,652,096	0	264,935	7,917,031
21	1125	Trans. & distr. mains	30,306,733	0	1,447,506	31,754,239
22	1130	Service lines	11,415,974	(1,700)	375,195	11,789,469
23	1135	Meters	5,234,293	0	55,251	5,289,544
24	1140	Meter installations	1,167,483	0	15,913	1,183,396
25	1145	Hydrants	1,191,074	0	8,818	1,199,892
26	1150	Backflow prevention devic.	24,617	0	2,625	27,242
27	1160	Other plt. & misc. equip. src. su.	260	0	0	260
28	1165	Other plt. & misc. equip. wtp.	6,262	0	0	6,262
29	1175	Office struct & improv.	97,514	0	1,294	98,808
30	1180	Office furn. & equip.	358,961	0	3,820	362,781
31	1185	Stores equipment	3,691	0	364	4,055
32	1190	Tool shop & misc. equip.	1,351,355	0	13,847	1,365,202
33	1195	Laboratory equipment	152,134	0	2,240	154,374
34	1200	Power operated equip.	311,229	0	3,007	314,236
35	1205	Communication equip.	321,304	0	30	321,334
36	1210	Misc. equipment	183,506	0	42	183,548
37	1215	Water plant allocated	207,809	0	0	207,809
38	1220	Other tangible plt. water	36,650	0	0	36,650
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	(7,016)	0	0	(7,016)
42	1590	Comp. system cost - wtr	59,691	0	0	59,691
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	0	(95,528)	0	(95,528)
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	<u>\$98,867,930</u>	<u>(\$97,228)</u>	<u>\$3,527,609</u>	<u>\$102,298,311</u>

[1] Per examination of Company's financial records.

[2] Henry Exhibit I, Schedule 2-1(a)(2), column (d).

[3] Sum of Column (a) through Column (c).

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-1(b)(1)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments [2] (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [3] (d)
1	1245	Organization	\$907,534	\$0	\$0	\$907,534
2	1250	Franchises intang. plt.	127,476	0	0	127,476
3	1270	Land & land rights trmnt plt	39,167	0	0	39,167
4	1275	Land & land rights reclaim.	1,150	0	0	1,150
5	1285	Land & land rights gen. plt.	213,811	0	0	213,811
6	1290	Struct/improv. coll. plt.	67,180	0	83	67,263
7	1295	Struct/improv. pump plt. ls.	6,297,794	0	841,667	7,139,461
8	1300	Struct/improv. treat. plt.	19,093,156	8,022	586,734	19,687,912
9	1305	Struct/improv. reclaim. wtp.	3,271	0	0	3,271
10	1310	Struct/improv. reclaim. wtr.	179,730	0	0	179,730
11	1315	Struct/improv. gen. plt.	1,655,397	0	7,965	1,663,362
12	1320	Power gen. equip. coll. plt.	0	0	215,248	215,248
13	1325	Power gen. equip. pump plt.	52,159	0	0	52,159
14	1330	Power gen. equip. treat. plt.	209,654	0	75	209,729
15	1345	Sewer force main/serv. lin.	3,522,930	0	32,562	3,555,492
16	1350	Sewer gravity main	16,279,148	0	342,523	16,621,671
17	1353	Manholes	730,097	0	8,672	738,769
18	1355	Special coll. structures	6,502	0	421	6,923
19	1360	Services to customers	1,389,914	0	116,382	1,506,296
20	1365	Flow measure devices	106,936	0	15,346	122,282
21	1370	Flow measure install	1,010	0	0	1,010
22	1375	Receiving wells	89,127	0	317	89,444
23	1380	Pumping equipment pump plt.	3,535,514	0	186,137	3,721,651
24	1385	Pumping equipment reclaim.	27,636	0	2,465	30,101
25	1390	Pumping equipment rcl. wtr.	36,108	0	8,205	44,313
26	1395	Treat./disp. equip. lagoon	579,636	0	(1,816)	577,820
27	1400	Treat./disp. equip. trt. plt.	18,738,569	0	80,445	18,819,014
28	1405	Treat./disp. equip. rct. wtp.	13,251	0	209	13,460
29	1410	Plant sewers treat. plt.	3,335,990	0	1,207	3,337,197
30	1415	Plant sewers reclaim wtp.	5,155	0	0	5,155
31	1420	Outfall lines	98,563	0	0	98,563
32	1425	Other plt. tangible	3,676	0	0	3,676
33	1430	Other plt. collection	21,142	0	0	21,142
34	1435	Other plt. pump	48,131	0	0	48,131
35	1440	Other plt. treatment	36,998	0	0	36,998
36	1445	Other plt. reclaim wtr. trt.	650	0	0	650
37	1450	Other plt. reclaim wtr. dis.	460	0	0	460
38	1455	Office struct & improv.	30,218	0	4,000	34,218
39	1460	Office furn. & equip.	28,965	0	589	29,554
40	1465	Stores equipment	4,341	0	0	4,341
41	1470	Tool shop & misc. equip.	185,673	0	4,209	189,882
42	1475	Laboratory equipment	125,332	0	7,131	132,463
43	1480	Power operated equip.	360,651	0	4,352	365,003
44	1485	Communication equip.	73,595	0	0	73,595
45	1490	Misc equip. sewer	19,105	0	0	19,105
46	1495	Sewer plant allocated	526,952	0	0	526,952
47	1500	Other tangible plt. sewer	1,776	0	0	1,776
48	1535	Reuse dist. reservoirs	3,417	0	0	3,417
49	1540	Reuse transmission & dist.	55,225	0	0	55,225
50	1555	Transportation equip.	0	0	0	0
51	1575	Desktop computer - wtr	0	0	0	0
52	1580	Mainframe computer - wtr	0	0	0	0
53	1585	Mini computer - wtr	(4,177)	0	0	(4,177)
54	1590	Comp. system cost - wtr	35,535	0	0	35,535
55	1595	Micro system cost - wtr	0	0	0	0
56	1805	Plt. held for future use	0	(514,608)	0	(514,608)
57		Pro forma plant additions	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	<u>\$78,901,230</u>	<u>(\$506,586)</u>	<u>\$2,465,128</u>	<u>\$80,859,772</u>

[1] Per examination of Company's financial records.
[2] Henry Exhibit I, Schedule 2-1(b)(2), column (d).
[3] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-1(c)(1)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [2] (d)
1	1020	Organization	\$100,321	\$0	\$0	\$100,321
2	1025	Franchises	29,653	0	0	29,653
3	1030	Land & land rights pump	0	0	0	0
4	1035	Land & land rights water tr.	0	0	0	0
5	1040	Land & land rights trans.	0	0	0	0
6	1045	Land & land rights gen. plt.	431	0	0	431
7	1050	Struct & improv. src. supply	162,909	0	0	162,909
8	1055	Struct & improv. wtr. trt. plt.	82,609	0	131	82,740
9	1060	Struct & improv. trans. dist.	461	0	0	461
10	1065	Struct & improv. gen. plt.	1,671	0	0	1,671
11	1070	Collecting reservoirs	0	0	0	0
12	1080	Wells & springs	497,704	0	125	497,829
13	1085	Infiltration gallery	0	0	0	0
14	1090	Supply mains	839	0	0	839
15	1095	Power generation equip.	0	0	0	0
16	1100	Electric pump equip. src. plt.	37,211	0	2,784	39,995
17	1105	Electric pump equip. wtp.	346,128	0	83	346,211
18	1110	Electric pump equip. trans.	15,204	0	15,884	31,088
19	1115	Water treatment equip.	123,563	0	4,276	127,839
20	1120	Dist. resv. & standpipes	745,820	0	4,613	750,433
21	1125	Trans. & distr. mains	1,764,241	0	3,942	1,768,183
22	1130	Service lines	604,042	0	29,195	633,237
23	1135	Meters	118,048	0	4,137	122,185
24	1140	Meter installations	131,945	0	2,920	134,865
25	1145	Hydrants	161,575	0	0	161,575
26	1150	Backflow prevention devic.	98	0	0	98
27	1160	Other plt. & misc. equip. src. su.	0	0	0	0
28	1165	Other plt. & misc. equip. wtp.	0	0	0	0
29	1175	Office struct & improv.	6,790	0	0	6,790
30	1180	Office furn. & equip.	3,731	0	182	3,913
31	1185	Stores equipment	235	0	0	235
32	1190	Tool shop & misc. equip.	90,038	0	2,720	92,758
33	1195	Laboratory equipment	11,419	0	0	11,419
34	1200	Power operated equip.	3,355	0	109	3,464
35	1205	Communication equip.	22,756	0	0	22,756
36	1210	Misc. equipment	18	0	0	18
37	1215	Water plant allocated	0	0	0	0
38	1220	Other tangible plt. water	0	0	0	0
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	0	0	0	0
42	1590	Comp. system cost - wtr	0	0	0	0
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	0	0	0	0
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	<u>\$5,062,815</u>	<u>\$0</u>	<u>\$71,101</u>	<u>\$5,133,916</u>

[1] Per examination of Company's financial records.

[2] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF DIRECT PLANT IN SERVICE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-1(d)(1)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff (d) [2]
1	1245	Organization	\$16,686	\$0	\$0	\$16,686
2	1250	Franchises intang. plt.	20,351	0	0	20,351
3	1270	Land & land rights trmnt plt	0	0	0	0
4	1275	Land & land rights reclaim.	0	0	0	0
5	1285	Land & land rights gen. plt.	0	0	0	0
6	1290	Struct/improv. coll. plt.	0	0	0	0
7	1295	Struct/improv. pump plt. ls.	618,795	0	271,910	890,705
8	1300	Struct/improv. treat. plt.	1,982,728	0	2,379	1,985,107
9	1305	Struct/improv. reclaim. wtp.	0	0	0	0
10	1310	Struct/improv. reclaim. wtr.	2,477	0	0	2,477
11	1315	Struct/improv. gen. plt.	239,935	0	5,603	245,538
12	1320	Power gen. equip. coll. plt.	0	0	0	0
13	1325	Power gen. equip. pump plt.	41,076	0	0	41,076
14	1330	Power gen. equip. treat. plt.	0	0	0	0
15	1345	Sewer force main/serv. lin.	178,168	0	15,830	193,998
16	1350	Sewer gravity main	5,210,150	0	2,368	5,212,518
17	1353	Manholes	9,008	0	7,244	16,252
18	1355	Special coll. structures	775	0	0	775
19	1360	Services to customers	36,615	0	726	37,341
20	1365	Flow measure devices	17,011	0	0	17,011
21	1370	Flow measure install	0	0	0	0
22	1375	Receiving wells	0	0	0	0
23	1380	Pumping equipment pump plt.	687,495	0	42,473	729,968
24	1385	Pumping equipment reclaim.	234	0	0	234
25	1390	Pumping equipment rcl. wtr.	0	0	0	0
26	1395	Treat./disp. equip. lagoon	56	0	0	56
27	1400	Treat./disp. equip. trt. plt.	2,770,519	0	11,614	2,782,133
28	1405	Treat./disp. equip. rct. wtp.	0	0	0	0
29	1410	Plant sewers treat. plt.	379,833	0	5,535	385,368
30	1415	Plant sewers reclaim wtp.	0	0	0	0
31	1420	Outfall lines	15,379	0	0	15,379
32	1425	Other plt. tangible	0	0	0	0
33	1430	Other plt. collection	(224)	0	0	(224)
34	1435	Other plt. pump	2,873	0	0	2,873
35	1440	Other plt. treatment	0	0	0	0
36	1445	Other plt. reclaim wtr. trt.	5,189	0	0	5,189
37	1450	Other plt. reclaim wtr. dis.	0	0	0	0
38	1455	Office struct & improv.	10,136	0	0	10,136
39	1460	Office furn. & equip.	448	0	251	699
40	1465	Stores equipment	2,752	0	0	2,752
41	1470	Tool shop & misc. equip.	10,232	0	1,910	12,142
42	1475	Laboratory equipment	6,227	0	0	6,227
43	1480	Power operated equip.	47,069	0	0	47,069
44	1485	Communication equip.	993	0	0	993
45	1490	Misc equip. sewer	8,603	0	0	8,603
46	1495	Sewer plant allocated	0	0	0	0
47	1500	Other tangible plt. sewer	0	0	0	0
48	1535	Reuse dist. reservoirs	2,763	0	0	2,763
49	1540	Reuse transmission & dist.	(1,477)	0	543	(934)
50	1555	Transportation equip.	0	0	0	0
51	1575	Desktop computer - wtr	0	0	0	0
52	1580	Mainframe computer - wtr	0	0	0	0
53	1585	Mini computer - wtr	0	0	0	0
54	1590	Comp. system cost - wtr	0	0	0	0
55	1595	Micro system cost - wtr	0	0	0	0
56	1805	Plt. held for future use	0	0	0	0
57		Pro forma plant additions	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	<u>\$12,322,875</u>	<u>\$0</u>	<u>\$368,386</u>	<u>\$12,691,261</u>

[1] Per examination of Company's financial records.

[2] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-1(a)(2)

CWSNC WATER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees (b)	Riverbend Adjustments [1] (c)	Adjustments Amount Per Public Staff [2] (d)
1	1020	Organization	\$0	\$0	\$0	\$0
2	1025	Franchises	0	0	0	0
3	1030	Land & land rights pump	0	0	0	0
4	1035	Land & land rights water tr.	0	0	0	0
5	1040	Land & land rights trans.	0	0	0	0
6	1045	Land & land rights gen. plt.	0	0	0	0
7	1050	Struct & improv. src. supply	0	0	0	0
8	1055	Struct & improv. wtr. trt. plt.	0	0	0	0
9	1060	Struct & improv. trans. dist.	0	0	0	0
10	1065	Struct & improv. gen. plt.	0	0	0	0
11	1070	Collecting reservoirs	0	0	0	0
12	1080	Wells & springs	0	0	0	0
13	1085	Infiltration gallery	0	0	0	0
14	1090	Supply mains	0	0	0	0
15	1095	Power generation equip.	0	0	0	0
16	1100	Electric pump equip. src. plt.	0	0	0	0
17	1105	Electric pump equip. wtp.	0	0	0	0
18	1110	Electric pump equip. trans.	0	0	0	0
19	1115	Water treatment equip.	0	0	0	0
20	1120	Dist. resv. & standpipes	0	0	0	0
21	1125	Trans. & distr. mains	0	0	0	0
22	1130	Service lines	0	0	(1,700)	(1,700)
23	1135	Meters	0	0	0	0
24	1140	Meter installations	0	0	0	0
25	1145	Hydrants	0	0	0	0
26	1150	Backflow prevention devic.	0	0	0	0
27	1160	Other plt. & misc. equip. src. su.	0	0	0	0
28	1165	Other plt. & misc. equip. wtp.	0	0	0	0
29	1175	Office struct & improv.	0	0	0	0
30	1180	Office furn. & equip.	0	0	0	0
31	1185	Stores equipment	0	0	0	0
32	1190	Tool shop & misc. equip.	0	0	0	0
33	1195	Laboratory equipment	0	0	0	0
34	1200	Power operated equip.	0	0	0	0
35	1205	Communication equip.	0	0	0	0
36	1210	Misc. equipment	0	0	0	0
37	1215	Water plant allocated	0	0	0	0
38	1220	Other tangible plt. water	0	0	0	0
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	0	0	0	0
42	1590	Comp. system cost - wtr	0	0	0	0
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	(95,528)	0	0	(95,528)
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	<u>(\$95,528)</u>	<u>\$0</u>	<u>(\$1,700)</u>	<u>(\$97,228)</u>

[1] Per examination of Company's financial records.
[2] Sum of Column (a) through Column (c)

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-1(b)(2)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees [1] (b)	Riverbend Adjustments (c)	Adjustments Amount Per Public Staff [2] (d)
1	1245	Organization	\$0	\$0	\$0	\$0
2	1250	Franchises intang. plt.	0	0	0	0
3	1270	Land & land rights trmnt plt	0	0	0	0
4	1275	Land & land rights reclaim.	0	0	0	0
5	1285	Land & land rights gen. plt.	0	0	0	0
6	1290	Struct/improv. coll. plt.	0	0	0	0
7	1295	Struct/improv. pump plt. ls.	0	0	0	0
8	1300	Struct/improv. treat. plt.	0	8,022	0	8,022
9	1305	Struct/improv. reclaim. wtp.	0	0	0	0
10	1310	Struct/improv. reclaim. wtr.	0	0	0	0
11	1315	Struct/improv. gen. plt.	0	0	0	0
12	1320	Power gen. equip. coll. plt.	0	0	0	0
13	1325	Power gen. equip. pump plt.	0	0	0	0
14	1330	Power gen. equip. treat. plt.	0	0	0	0
15	1345	Sewer force main/serv. lin.	0	0	0	0
16	1350	Sewer gravity main	0	0	0	0
17	1353	Manholes	0	0	0	0
18	1355	Special coll. structures	0	0	0	0
19	1360	Services to customers	0	0	0	0
20	1365	Flow measure devices	0	0	0	0
21	1370	Flow measure install	0	0	0	0
22	1375	Receiving wells	0	0	0	0
23	1380	Pumping equipment pump plt.	0	0	0	0
24	1385	Pumping equipment reclaim.	0	0	0	0
25	1390	Pumping equipment rcl. wtr.	0	0	0	0
26	1395	Treat./disp. equip. lagoon	0	0	0	0
27	1400	Treat./disp. equip. trt. plt.	0	0	0	0
28	1405	Treat./disp. equip. rct. wtp.	0	0	0	0
29	1410	Plant sewers treat. plt.	0	0	0	0
30	1415	Plant sewers reclaim wtp.	0	0	0	0
31	1420	Outfall lines	0	0	0	0
32	1425	Other plt. tangible	0	0	0	0
33	1430	Other plt. collection	0	0	0	0
34	1435	Other plt. pump	0	0	0	0
35	1440	Other plt. treatment	0	0	0	0
36	1445	Other plt. reclaim wtr. trt.	0	0	0	0
37	1450	Other plt. reclaim wtr. dis.	0	0	0	0
38	1455	Office struct & improv.	0	0	0	0
39	1460	Office furn. & equip.	0	0	0	0
40	1465	Stores equipment	0	0	0	0
41	1470	Tool shop & misc. equip.	0	0	0	0
42	1475	Laboratory equipment	0	0	0	0
43	1480	Power operated equip.	0	0	0	0
44	1485	Communication equip.	0	0	0	0
45	1490	Misc equip. sewer	0	0	0	0
46	1495	Sewer plant allocated	0	0	0	0
47	1500	Other tangible plt. sewer	0	0	0	0
48	1535	Reuse dist. reservoirs	0	0	0	0
49	1540	Reuse transmission & dist.	0	0	0	0
50	1555	Transportation equip.	0	0	0	0
51	1575	Desktop computer - wtr	0	0	0	0
52	1580	Mainframe computer - wtr	0	0	0	0
53	1585	Mini computer - wtr	0	0	0	0
54	1590	Comp. system cost - wtr	0	0	0	0
55	1595	Micro system cost - wtr	0	0	0	0
56	1805	Plt. held for future use	(514,608)	0	0	(514,608)
57		Pro forma plant additions	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	(\$514,608)	\$8,022	\$0	(\$506,586)

[1] Per examination of Company's financial records.

[2] Sum of Column (a) through Column (c)

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-1(c)(2)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees (b)	Riverbend Adjustments [1] (c)	Adjustments Amount Per Public Staff [2] (d)
1	1020	Organization	\$0	\$0	\$0	\$0
2	1025	Franchises	0	0	0	0
3	1030	Land & land rights pump	0	0	0	0
4	1035	Land & land rights water tr.	0	0	0	0
5	1040	Land & land rights trans.	0	0	0	0
6	1045	Land & land rights gen. plt.	0	0	0	0
7	1050	Struct & improv. src. supply	0	0	0	0
8	1055	Struct & improv. wtr. trt. plt.	0	0	0	0
9	1060	Struct & improv. trans. dist.	0	0	0	0
10	1065	Struct & improv. gen. plt.	0	0	0	0
11	1070	Collecting reservoirs	0	0	0	0
12	1080	Wells & springs	0	0	0	0
13	1085	Infiltration gallery	0	0	0	0
14	1090	Supply mains	0	0	0	0
15	1095	Power generation equip.	0	0	0	0
16	1100	Electric pump equip. src. plt.	0	0	0	0
17	1105	Electric pump equip. wtp.	0	0	0	0
18	1110	Electric pump equip. trans.	0	0	0	0
19	1115	Water treatment equip.	0	0	0	0
20	1120	Dist. resv. & standpipes	0	0	0	0
21	1125	Trans. & distr. mains	0	0	0	0
22	1130	Service lines	0	0	0	0
23	1135	Meters	0	0	0	0
24	1140	Meter installations	0	0	0	0
25	1145	Hydrants	0	0	0	0
26	1150	Backflow prevention devic.	0	0	0	0
27	1160	Other plt. & misc. equip. src. su.	0	0	0	0
28	1165	Other plt. & misc. equip. wtp.	0	0	0	0
29	1175	Office struct & improv.	0	0	0	0
30	1180	Office furn. & equip.	0	0	0	0
31	1185	Stores equipment	0	0	0	0
32	1190	Tool shop & misc. equip.	0	0	0	0
33	1195	Laboratory equipment	0	0	0	0
34	1200	Power operated equip.	0	0	0	0
35	1205	Communication equip.	0	0	0	0
36	1210	Misc. equipment	0	0	0	0
37	1215	Water plant allocated	0	0	0	0
38	1220	Other tangible plt. water	0	0	0	0
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	0	0	0	0
42	1590	Comp. system cost - wtr	0	0	0	0
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	0	0	0	0
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	\$0	\$0	\$0	\$0

[1] Per examination of Company's financial records.

[2] Sum of Column (a) through Column (c)

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-1(d)(2)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees (b)	Riverbend Adjustments [1] (c)	Adjustments Amount Per Public Staff [2] (d)
1	1245	Organization	\$0	\$0	\$0	\$0
2	1250	Franchises intang. plt.	0	0	0	0
3	1270	Land & land rights trmnt plt	0	0	0	0
4	1275	Land & land rights reclaim.	0	0	0	0
5	1285	Land & land rights gen. plt.	0	0	0	0
6	1290	Struct/improv. coll. plt.	0	0	0	0
7	1295	Struct/improv. pump plt. ls.	0	0	0	0
8	1300	Struct/improv. treat. plt.	0	0	0	0
9	1305	Struct/improv. reclaim. wtp.	0	0	0	0
10	1310	Struct/improv. reclaim. wtr.	0	0	0	0
11	1315	Struct/improv. gen. plt.	0	0	0	0
12	1320	Power gen. equip. coll. plt.	0	0	0	0
13	1325	Power gen. equip. pump plt.	0	0	0	0
14	1330	Power gen. equip. treat. plt.	0	0	0	0
15	1345	Sewer force main/serv. lin.	0	0	0	0
16	1350	Sewer gravity main	0	0	0	0
17	1353	Manholes	0	0	0	0
18	1355	Special coll. structures	0	0	0	0
19	1360	Services to customers	0	0	0	0
20	1365	Flow measure devices	0	0	0	0
21	1370	Flow measure install	0	0	0	0
22	1375	Receiving wells	0	0	0	0
23	1380	Pumping equipment pump plt.	0	0	0	0
24	1385	Pumping equipment reclaim.	0	0	0	0
25	1390	Pumping equipment rcl. wtr.	0	0	0	0
26	1395	Treat./disp. equip. lagoon	0	0	0	0
27	1400	Treat./disp. equip. trt. plt.	0	0	0	0
28	1405	Treat./disp. equip. rct. wtp.	0	0	0	0
29	1410	Plant sewers treat. plt.	0	0	0	0
30	1415	Plant sewers reclaim wtp.	0	0	0	0
31	1420	Outfall lines	0	0	0	0
32	1425	Other plt. tangible	0	0	0	0
33	1430	Other plt. collection	0	0	0	0
34	1435	Other plt. pump	0	0	0	0
35	1440	Other plt. treatment	0	0	0	0
36	1445	Other plt. reclaim wtr. trt.	0	0	0	0
37	1450	Other plt. reclaim wtr. dis.	0	0	0	0
38	1455	Office struct & improv.	0	0	0	0
39	1460	Office furn. & equip.	0	0	0	0
40	1465	Stores equipment	0	0	0	0
41	1470	Tool shop & misc. equip.	0	0	0	0
42	1475	Laboratory equipment	0	0	0	0
43	1480	Power operated equip.	0	0	0	0
44	1485	Communication equip.	0	0	0	0
45	1490	Misc equip. sewer	0	0	0	0
46	1495	Sewer plant allocated	0	0	0	0
47	1500	Other tangible plt. sewer	0	0	0	0
48	1535	Reuse dist. reservoirs	0	0	0	0
49	1540	Reuse transmission & dist.	0	0	0	0
50	1555	Transportation equip.	0	0	0	0
51	1575	Desktop computer - wtr	0	0	0	0
52	1580	Mainframe computer - wtr	0	0	0	0
53	1585	Mini computer - wtr	0	0	0	0
54	1590	Comp. system cost - wtr	0	0	0	0
55	1595	Micro system cost - wtr	0	0	0	0
56	1805	Plt. held for future use	0	0	0	0
57		Pro forma plant additions	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	\$0	\$0	\$0	\$0

[1] Per examination of Company's financial records.

[2] Sum of Column (a) through Column (c)

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-2

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Direct accumulated depreciation per application	<u>(\$21,524,143)</u>	<u>(\$17,836,073)</u>	<u>(\$1,355,807)</u>	<u>(\$2,011,003)</u>
2	Adjustment to include actual general ledger A/D additions through 6/30/2018	(793,413) [1]	(671,783) [1]	(25,322) [1]	(81,738) [1]
3	Adjustments to include A/D for additional capitalized fees	0	(201) [1]	0	0
4	Adjustment to remove riverbend accumulated depreciation	3 [1]	0	0	0
5	Adjustment to reflect annual level of depreciation	<u>(3,853) [1]</u>	<u>(107,826) [1]</u>	<u>316,440 [1]</u>	<u>94,046 [1]</u>
6	Adjustment to accumulated depreciation (Sum of L2 thru L5)	<u>(797,263)</u>	<u>(779,810)</u>	<u>291,118</u>	<u>12,308</u>
7	Direct accumulated depreciation per Public Staff (L1 + L6)	<u><u>(\$22,321,406)</u></u>	<u><u>(\$18,615,883)</u></u>	<u><u>(\$1,064,689)</u></u>	<u><u>(\$1,998,695)</u></u>

[1] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF CASH WORKING CAPITAL
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-3

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
<u>Cash Working Capital:</u>					
1	Maintenance expenses, less purchased water and sewer	\$5,127,749 [1]	\$4,622,623 [5]	\$530,192 [9]	\$799,492 [13]
2	General expenses	2,936,024 [2]	1,750,021 [6]	352,591 [10]	367,056 [14]
3	Total cash working capital expenses (L1 + L2)	<u>\$ 8,063,774</u>	<u>\$6,372,644</u>	<u>\$882,783</u>	<u>\$1,166,548</u>
4	Cash working capital (L3 x 1/8)	<u>1,007,972</u>	<u>796,581</u>	<u>110,348</u>	<u>145,818</u>
<u>Average Tax Accruals:</u>					
5	Property taxes	134,370 [3]	79,520 [7]	9,645 [11]	10,040 [15]
6	Average accrual (L5 x 1/2)	<u>67,185</u>	<u>39,760</u>	<u>4,823</u>	<u>5,020</u>
7	Regulatory fee	23,831 [4]	17,809 [8]	1,504 [12]	2,462 [16]
8	Average accrual (L7 x 1/5)	<u>4,766</u>	<u>3,562</u>	<u>301</u>	<u>492</u>
9	Total tax accrual (L6 + L8)	<u>71,951</u>	<u>43,322</u>	<u>5,124</u>	<u>5,512</u>
10	Total cash working capital (L4 - L9)	<u>\$936,021</u>	<u>\$753,259</u>	<u>\$105,224</u>	<u>\$140,306</u>

- [1] Henry Exhibit I, Schedule 3(a), Column (c), Line 15 minus Line 7.
[2] Henry Exhibit I, Schedule 3(a), Column (c), Line 24.
[3] Henry Exhibit I, Schedule 3(a), Column (c), Line 30.
[4] Henry Exhibit I, Schedule 3(a), Column (c), Line 32.
[5] Henry Exhibit I, Schedule 3(b), Column (c), Line 15 minus Line 7.
[6] Henry Exhibit I, Schedule 3(b), Column (c), Line 24.
[7] Henry Exhibit I, Schedule 3(b), Column (c), Line 30.
[8] Henry Exhibit I, Schedule 3(b), Column (c), Line 32.
[9] Henry Exhibit I, Schedule 3(c), Column (c), Line 15 minus Line 7.

- [10] Henry Exhibit I, Schedule 3(c), Column (c), Line 24.
[11] Henry Exhibit I, Schedule 3(c), Column (c), Line 30.
[12] Henry Exhibit I, Schedule 3(c), Column (c), Line 32.
[13] Henry Exhibit I, Schedule 3(d), Column (c), Line 15 minus Line 7.
[14] Henry Exhibit I, Schedule 3(d), Column (c), Line 24.
[15] Henry Exhibit I, Schedule 3(d), Column (c), Line 30.
[16] Henry Exhibit I, Schedule 3(d), Column (c), Line 32.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF
CONSTRUCTION, NET OF AMORTIZATION**
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-4

Line No.	Item	CWSNC Water Operations			[2]	CWSNC Sewer Operations			[3]
		CIAC (a)	Accumulated Amortization (b)	CIAC, Net of Amortization (c)		CIAC (d)	Accumulated Amortization (e)	CIAC, Net of Amortization (f)	
1	CIAC and accumulated amortization per application	<u>(\$28,522,560)</u>	<u>\$9,808,533</u>	<u>(\$18,714,027)</u>		<u>(\$28,121,121)</u>	<u>\$9,448,675</u>	<u>(\$18,672,446)</u>	
2	Adjustment to include actual general ledger additions through 6/30/2018	(76,719) [1]	341,221 [1]	264,502		(36,793) [1]	309,789 [1]	272,996	
3	Adjustment to remove riverbend accumulated amortization	2,250 [1]	(38) [1]	2,213		0	0	0	
4	Adjustment to reflect annual level of amortization	<u>0</u>	<u>88,059</u> [1]	<u>88,059</u>		<u>0</u>	<u>157,290</u> [1]	<u>157,290</u>	
5	Adjustment to CIAC (Sum of L2 thru L4)	<u>(74,469)</u>	<u>429,243</u>	<u>354,774</u>		<u>(36,793)</u>	<u>467,079</u>	<u>430,286</u>	
6	CIAC per Public Staff (L1 + L5)	<u>(\$28,597,029)</u>	<u>\$10,237,776</u>	<u>(\$18,359,254)</u>		<u>(\$28,157,914)</u>	<u>\$9,915,754</u>	<u>(\$18,242,160)</u>	

[1] Per examination of Company's financial records.

[2] Column (a) plus Column (b).

[3] Column (d) plus Column (e).

[4] Column (g) plus Column (h).

[5] Column (j) plus Column (k).

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF
CONSTRUCTION, NET OF AMORTIZATION**
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit
Schedule 2-4

Line No.	Item	BF/FH/TC Water Operations			[4]	BF/FH/TC Sewer Operations			[5]
		CIAC (g)	Accumulated Amortization (h)	CIAC, Net of Amortization (i)		CIAC (j)	Accumulated Amortization (k)	CIAC, Net of Amortization (l)	
1	CIAC and accumulated amortization per application	<u>(\$2,221,481)</u>	<u>\$1,093,979</u>	<u>(\$1,127,502)</u>		<u>(\$7,088,979)</u>	<u>\$2,789,038</u>	<u>(\$4,299,941)</u>	
2	Adjustment to include actual general ledger additions through 6/30/2018	(5,795) [1]	19,343 [1]	13,548		0	72,322 [1]	72,322	
3	Adjustment to remove riverbend accumulated amortization	0	0	0		0	0	0	
4	Adjustment to reflect annual level of amortization	<u>0</u>	<u>10,483</u> [1]	<u>10,483</u>		<u>0</u>	<u>36,834</u> [1]	<u>36,834</u>	
5	Adjustment to CIAC (Sum of L2 thru L4)	<u>(5,795)</u>	<u>29,826</u>	<u>24,031</u>		<u>0</u>	<u>109,156</u>	<u>109,156</u>	
6	CIAC per Public Staff (L1 + L5)	<u>(\$2,227,276)</u>	<u>\$1,123,805</u>	<u>(\$1,103,471)</u>		<u>(\$7,088,979)</u>	<u>\$2,898,194</u>	<u>(\$4,190,785)</u>	

- [1] Per examination of Company's financial records.
[2] Column (a) plus Column (b).
[3] Column (d) plus Column (e).
[4] Column (g) plus Column (h).
[5] Column (j) plus Column (k).

CAROLINA WATER SERVICE, INC. OF NC
Docket No. W-354, Sub 360
**CALCULATION OF ACCUMULATED DEFERRED
INCOME TAXES**
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-5(a)

CWSNC UNIFORM OPERATIONS

Line No.	Item	Total ADIT Per Application [1] (a)	Public Staff Adjustments [2] (b)	Amount To Be Allocated Per Public Staff [5] (c)	CWS Uniform Water [8] (d)	CWS Uniform Sewer [8] (e)
1	ACCUM DEF INCOME TAX-FED	\$610,658	\$0	\$610,658	\$382,760	\$227,898
2	DEF FED TAX - CIAC PRE 19	287,698	0	287,698	180,329	107,369
3	DEF FED TAX - TAP FEE POS	2,198,816	0	2,198,816	1,378,218	820,598
4	DEF FED TAX - RATE CASE	(101,998)	23,829	(78,169) [6]	(48,996) [9]	(29,173) [9]
5	DEF FED TAX - DEF MAINT	(358,893)	203,602	(155,291) [6]	(154,002) [10]	(1,289) [10]
6	DEF FED TAX - ORGN EXP	(208,987)	0	(208,987)	(130,993)	(77,994)
7	DEF FED TAX - BAD DEBT	135,427	0	135,427	84,886	50,541
8	DEF FED TAX - CAB WOODS GOS	27,685	0	27,685	17,353	10,332
9	DEF FED TAX - DEPRECIATIO	(10,596,669)	0	(10,596,669)	(5,983,939) [11]	(4,612,730) [11]
10	DEF FED TAX - NOL	3,876,421	0	3,876,421	2,429,741	1,446,680
11	Total Federal ADIT (Sum of L1 thru L10)	(4,129,842)	227,431	(3,902,411)	(1,844,643)	(2,057,768)
12	ACCUM DEF INCOME TAX - ST	(310,632)	0	(310,632)	(194,704)	(115,928)
13	DEF ST TAX - CIAC PRE 198	312,312	0	312,312	195,757	116,555
14	DEF ST TAX - TAP FEE POS	703,756	0	703,756	441,114	262,642
15	DEF ST TAX - RATE CASE	(15,022)	3,510	(11,512) [7]	(7,216) [9]	(4,296) [9]
16	DEF ST TAX - DEF MAINT	(52,856)	29,986	(22,870) [7]	(22,680) [10]	(190) [10]
17	DEF ST TAX - ORGN EXP	(111,524)	0	(111,524)	(69,903)	(41,621)
18	DEF ST TAX - BAD DEBT	9,011	0	9,011	5,648	3,363
19	DEF ST TAX - CAB WOODS GOS	4,077	0	4,077	2,555	1,522
20	DEF ST TAX - DEPRECIATION	(1,352,312)	0	(1,352,312)	(763,651) [11]	(588,661) [11]
21	DEF ST TAX - NOL	289,432	0	289,432	181,416	108,016
22	Total State ADIT (Sum of L12 thru L21)	(523,758)	33,496	(490,262)	(231,664)	(258,598)
23	Total Direct ADIT (L11 + L22)	(4,653,600)	260,927	(4,392,673)	(2,076,307)	(2,316,366)
24	ADIT allocated from WSC	0	(67,610) [3]	(67,610)	(42,378)	(25,232)
25	Total ADIT (L23 + L24)	(4,653,600)	193,317	(4,460,283)	(2,118,685)	(2,341,598)
26	Excess deferred income tax	0	943,048 [4]	943,048	445,795 [12]	497,253 [12]
27	ADIT per Public Staff (L25 + L26)	(\$4,653,600)	\$1,136,365	(\$3,517,235)	(\$1,672,890)	(\$1,844,345)

[1] Form W-1, Item 10, Supplemental Schedules.

[2] Column (c) minus Column (a), unless otherwise footnoted.

[3] Calculated by Public Staff per examination of the Company's records

[4] Provided by Public Staff Accountant Boswell.

[5] Column (a) plus Column (b), unless otherwise footnoted.

[6] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.

[7] Total unamortized balance per Public Staff multiplied by state income tax rate of 3%.

[8] Column (c) allocated based on customers, unless otherwise footnoted.

[9] Column (c) allocated based on unamortized rate case expense.

[10] Column (c) allocated based on unamortized deferred maintenance.

[11] Column (c) allocated based on plant in service.

[12] Column (c) allocated based on ADIT.

CAROLINA WATER SERVICE, INC. OF NC
Docket No. W-354, Sub 360
**CALCULATION OF ACCUMULATED DEFERRED
INCOME TAXES**
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-5(b)

BRADFIELD/FAIRFIELD

Line No.	Item	Total ADIT Per Application [1] (a)	Public Staff Adjustments [2] (b)	Amount To Be Allocated Per Public Staff [5] (c)	BF/FH/TC Water [8] (d)	BF/FH/TC Sewer [8] (e)
1	ACCUM DEF INCOME TAX-FED	\$175,721	\$0	\$175,721	\$86,086	\$89,635
2	DEF FED TAX - CIAC PRE 19	7,090	0	7,090	3,473	3,617
3	DEF FED TAX - TAP FEE POS	236,691	0	236,691	115,955	120,736
4	DEF FED TAX - RATE CASE	(12,695)	610	(12,085) [6]	(5,920) [9]	(6,165) [9]
5	DEF FED TAX - DEF MAINT	(31,059)	11,305	(19,754) [6]	(13,464) [10]	(6,290) [10]
6	DEF FED TAX - ORGN EXP	(25,425)	0	(25,425)	(12,456)	(12,969)
7	DEF FED TAX - BAD DEBT	193,210	0	193,210	94,654	98,556
8	DEF FED TAX - CAB WOODS GOS	0	0	0	0	0
9	DEF FED TAX - DEPRECIATIO	(1,585,489)	0	(1,585,489)	(487,696) [11]	(1,097,793) [11]
10	DEF FED TAX - NOL	540,266	0	540,266	264,676	275,590
11	Total Federal ADIT (Sum of L1 thru L10)	(501,690)	11,915	(489,775)	45,308	(535,083)
12	ACCUM DEF INCOME TAX - ST	26,465	0	26,465	12,965	13,500
13	DEF ST TAX - CIAC PRE 198	5,942	0	5,942	2,911	3,031
14	DEF ST TAX - TAP FEE POS	75,517	0	75,517	36,996	38,521
15	DEF ST TAX - RATE CASE	(2,264)	484	(1,780) [7]	(872) [9]	(908) [9]
16	DEF ST TAX - DEF MAINT	(6,023)	3,114	(2,909) [7]	(1,983) [10]	(926) [10]
17	DEF ST TAX - ORGN EXP	(6,365)	0	(6,365)	(3,118)	(3,247)
18	DEF ST TAX - BAD DEBT	2,358	0	2,358	1,155	1,203
19	DEF ST TAX - CAB WOODS GOS	0	0	0	0	0
20	DEF ST TAX - DEPRECIATION	(178,423)	0	(178,423)	(54,883) [11]	(123,540) [11]
21	DEF ST TAX - NOL	70,380	0	70,380	34,479	35,901
22	Total State ADIT (Sum of L12 thru L21)	(12,413)	3,598	(8,815)	27,650	(36,465)
23	Total Direct ADIT (L11 + L22)	(514,103)	15,513	(498,590)	72,958	(571,548)
24	ADIT allocated from WSC	0	(12,129) [3]	(12,129)	(5,942)	(6,187)
25	Total ADIT (L23 + L24)	(514,103)	3,384	(510,719)	67,016	(577,735)
26	Excess deferred income tax	0	107,117 [4]	107,117	(15,647) [12]	122,764 [12]
27	ADIT per Public Staff (L25 + L26)	(\$514,103)	\$110,501	(\$403,602)	\$51,369	(\$454,971)

[1] Form W-1, Item 10, Supplemental Schedules.

[2] Column (c) minus Column (a), unless otherwise footnoted.

[3] Calculated by Public Staff per examination of the Company's records

[4] Provided by Public Staff Accountant Boswell.

[5] Column (a) plus Column (b), unless otherwise footnoted.

[6] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.

[7] Total unamortized balance per Public Staff multiplied by state income tax rate of 3%.

[8] Column (c) allocated based on customers, unless otherwise footnoted.

[9] Column (c) allocated based on unamortized rate case expense.

[10] Column (c) allocated based on unamortized deferred maintenance.

[11] Column (c) allocated based on plant in service.

[12] Column (c) allocated based on ADIT.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO CUSTOMER DEPOSITS

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-6

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water (a)</u>	<u>CWSNC Sewer (b)</u>	<u>BF/FH/TC Water (c)</u>	<u>BF/FH/TC Sewer (d)</u>
1	Customer deposits per application	(\$173,055)	(\$103,024)	(\$15,137)	(\$15,758)
2	Adjustment to update customer deposits to 6/30/2018	<u>(18,614) [1]</u>	<u>(11,081) [1]</u>	<u>(2,926) [1]</u>	<u>(3,045) [1]</u>
3	Customer deposits per Public Staff (L1 + L2)	<u><u>(\$191,669)</u></u>	<u><u>(\$114,105)</u></u>	<u><u>(\$18,063)</u></u>	<u><u>(\$18,803)</u></u>

[1] Per examination of Company's financial records.

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO GAIN ON SALE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-7

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)
1	Gain on sale per application	<u>(\$286,987)</u>	<u>(\$138,550)</u>
2	Gain on sale of systems sold to CMUD	(500,264) [1]	(254,849) [1]
3	Less: accumulated amortization	<u>500,264</u> [2]	<u>254,849</u> [2]
4	Gain on sale of systems, net of amortization (L2 + L3)	0	0
5	Gain on sale and flow back of taxes	<u>(196,947)</u> [1]	<u>(92,681)</u> [1]
6	Gain on sale per Public Staff (L4 + L5)	<u>(196,947)</u>	<u>(92,681)</u>
7	Adjustment to gain on sale (L6 - L1)	<u>\$90,040</u>	<u>\$45,869</u>
8	Gain on sale amortization expense per application	(\$50,953) [1]	(\$25,957) [1]
9	Gain on sale amortization expense per Public Staff	0 [3]	0 [3]
10	Adjustment to gain on sale amortization expense (L9 - L8)	<u>\$50,953</u>	<u>\$25,957</u>

[1] Per examination of Company's financial records.

[2] Line 2 divided by 36 months times 36 months (12/7/2015 thru 12/1/2018).

[3] Line 4 divided by 3 year reamortization period.

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO PURCHASE ACQUISITION
ADJUSTMENT, NET OF AMORTIZATION
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-8

Line No.	Item	CWSNC Water Operations			[2]	CWSNC Sewer Operations			[3]
		PAA (a)	Accumulated Amortization (b)	PAA, Net of Amortization (c)		PAA (d)	Accumulated Amortization (e)	PAA, Net of Amortization (f)	
1	PAA and accumulated amortization per application	<u>(\$4,278,312)</u>	<u>\$1,942,306</u>	<u>(\$2,336,006)</u>		<u>(\$627,070)</u>	<u>\$888,651</u>	<u>\$261,581</u>	
2	Adjustment to include actual general ledger additions through 6/30/2018	0	51,988 [1]	51,988		0	12,492 [1]	12,492	
3	Adjustment to reflect annual level of amortization	0	11,524 [1]	11,524		0	(7,740) [1]	(7,740)	
4	Adjustment to PAA (Sum of L2 + L3)	0	63,512	63,512		0	4,752	4,752	
5	PAA per Public Staff (L1 + L4)	<u>(\$4,278,312)</u>	<u>\$2,005,818</u>	<u>(\$2,272,494)</u>		<u>(\$627,070)</u>	<u>\$893,403</u>	<u>\$266,333</u>	

- [1] Per examination of Company's financial records.
[2] Column (a) plus Column (b).
[3] Column (d) plus Column (e).
[4] Column (g) plus Column (h).
[5] Column (j) plus Column (k).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO PURCHASE ACQUISITION
ADJUSTMENT, NET OF AMORTIZATION
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 2-8

Line No.	Item	BF/FH/TC Water Operations			[4]	BF/FH/TC Sewer Operations			[5]
		PAA (g)	Accumulated Amortization (h)	PAA, Net of Amortization (i)		PAA (j)	Accumulated Amortization (k)	PAA, Net of Amortization (l)	
1	PAA and accumulated amortization per application	<u>\$603,123</u>	<u>(\$571,700)</u>	<u>\$31,423</u>		<u>\$1,658,577</u>	<u>(\$678,341)</u>	<u>\$980,236</u>	
2	Adjustment to include actual general ledger additions through 6/30/2018	0	(5,790) [1]	(5,790)		0	(14,921) [1]	(14,921)	
3	Adjustment to reflect annual level of amortization	0	(1,371) [1]	(1,371)		0	(12,618) [1]	(12,618)	
4	Adjustment to PAA (Sum of L2 + L3)	0	(7,161)	(7,161)		0	(27,539)	(27,539)	
5	PAA per Public Staff (L1 + L4)	<u>\$603,123</u>	<u>(\$578,861)</u>	<u>\$24,262</u>		<u>\$1,658,577</u>	<u>(\$705,880)</u>	<u>\$952,697</u>	

- [1] Per examination of Company's financial records.
[2] Column (a) plus Column (b).
[3] Column (d) plus Column (e).
[4] Column (g) plus Column (h).
[5] Column (j) plus Column (k).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF EXCESS BOOK VALUE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-9

Line No.	Item	Unamortized Balance 12/31/17 [1] (a)	Annual Amortization [1] (b)	Accumulated Amortization To 12/31/18 [2] (c)	Unamortized Balance At 12/31/18 [3] (d)
<u>CWSNC Uniform Water:</u>					
1	Sugar Mountain	\$0	\$0	\$0	\$0
2	Carolina Forest, Woodrun	0	0	0	0
3	Brandywine Bay	10,721	3,139	10,721	0
4	Queens Harbor	13,800	2,679	13,800	0
5	Riverpointe	40,361	6,052	40,361	0
6	Watauga Vista	1,556	100	1,100	456
7	Total excess book value (Sum of L1 thru L6)	<u>\$66,438</u>	<u>\$11,970</u>	<u>\$65,982</u>	<u>\$456</u>
<u>CWSNC Uniform Sewer:</u>					
8	Sugar Mountain	\$0	\$0	\$0	\$0
9	Brandywine Bay	16,214	4,748	16,214	0
10	Queens Harbor	20,880	4,052	20,880	0
11	Riverpointe	61,050	9,154	61,050	0
12	Total excess book value (Sum of L8 thru L11)	<u>\$98,144</u>	<u>\$17,954</u>	<u>\$98,144</u>	<u>\$0</u>

[1] Based on prior rate cases, unless otherwise footnoted.

[2] Column (b) multiplied by 11.0 years, unless fully amortized.

[3] Column (a) minus Column (c).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF DEFERRED CHARGES

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-10

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Unamortized deferred maintenance - water	\$756,010 [1]	\$0	\$66,100 [5]	\$0
2	Unamortized deferred maintenance - sewer	0	6,339 [3]	0	30,876 [7]
3	Unamortized rate case expense per Public Staff	240,544 [2]	143,201 [4]	29,065 [6]	30,262 [8]
4	Unamortized deferred charges per Public Staff (L1 + L2 + L3)	<u>\$996,554</u>	<u>\$149,540</u>	<u>\$95,165</u>	<u>\$61,138</u>

[1] Henry Exhibit I, Schedule 2-10(a), Column (f), Line 4.

[2] Henry Exhibit I, Schedule 3-10, Column (d), Line 10.

[3] Henry Exhibit I, Schedule 2-10(a), Column (f), Line 6.

[4] Henry Exhibit I, Schedule 3-10, Column (e), Line 10.

[5] Henry Exhibit I, Schedule 2-10(a), Column (f), Line 11.

[6] Henry Exhibit I, Schedule 3-10, Column (f), Line 10.

[7] Henry Exhibit I, Schedule 2-10(a), Column (f), Line 12.

[8] Henry Exhibit I, Schedule 3-10, Column (g), Line 10.

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF DEFERRED MAINTENANCE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 2-10(a)

Line No.	Item	Total Cost Per Public Staff [1] (a)	Amortization Period In Years [1] (b)	Date Amortization Began [1] (c)	Annual Amortization [2] (d)	Accumulated Amortization [3] (e)	Unamortized Balance [4] (f)
<u>Deferred maintenance - CWSNC Uniform Water</u>							
1	Deferred elevated storage tank painting	\$779,037	10	Various	\$77,904	\$236,555	\$542,482
2	Deferred hydro storage tank painting	439,670	5	Various	87,934	368,244	71,426
3	Deferred hydro storage tank inspection	539,687	5	Various	107,937	397,585	142,102
4	Total deferred maintenance - water (Sum of L1 thru L3)	<u>1,758,394</u>			<u>273,775</u>	<u>1,002,384</u>	<u>756,010</u>
<u>Deferred maintenance - CWSNC Uniform Sewer</u>							
5	Belvedere pump and haul	3,424,839	10	Various	342,484	2,191,485	1,233,354
6	WWTP	200,327	5	Various	40,065	193,988	6,339
7	Total deferred maintenance - sewer (L5 + L6)	<u>3,625,166</u>			<u>382,549</u>	<u>2,385,473</u>	<u>1,239,693</u>
<u>Deferred maintenance - BF/FF/TC Water</u>							
8	Deferred elevated storage tank painting	66,028	10	Various	6,603	9,354	56,674
9	Deferred hydro storage tank painting	36,500	5	Various	7,300	32,242	4,258
10	Deferred hydro storage tank inspection	24,622	5	Various	4,924	19,455	5,167
11	Total deferred maintenance - sewer (Sum of L8 thru L10)	<u>127,150</u>			<u>18,827</u>	<u>61,050</u>	<u>66,100</u>
<u>Deferred maintenance - BF/FF/TC Sewer</u>							
12	WWTP	<u>110,492</u>	5	Various	22,098	79,616	30,876
13	Total deferred maintenance (L4 + L7 +L11 +L12)	<u>\$5,621,201</u>			<u>\$697,249</u>	<u>\$3,528,523</u>	<u>\$2,092,678</u>

[1] Per examination of Company's financial records.

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

[3] Total monthly amortization through December 31, 2018.

[4] Column (a) minus Column (e).

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3(a)
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CWSNC WATER OPERATIONS

		Present Rates				Company Proposed Rates			Public Staff Recommended Rates		
Line		Amount Per	Public Staff	Amount Per	Net	Operations	Net	Operations			
No.	Item	Application	Adjustments [1]	Public Staff [2]	Company Increase [28]	After Rate Increase [29]	Public Staff Increase [35]	After Rate Increase [36]			
		(a)	(b)	(c)	(d)	(e)	(f)	(g)			
<u>Operating Revenues:</u>											
1	Service revenues	\$16,903,068	\$27,964	\$16,931,032 [3]	\$2,501,324	\$19,432,356 [3]	\$109,754	\$17,040,786 [37]			
2	Miscellaneous revenues	164,766	24,459	189,225 [4]	6,753	195,978 [30]	296	189,521 [38]			
3	Uncollectible accounts	(88,151)	(10,049)	(98,200) [5]	(14,508)	(112,708) [31]	(637)	(98,837) [39]			
4	Total operating revenues	16,979,683	42,374	17,022,057	2,493,569	19,515,626	109,413	17,131,470			
<u>Maintenance Expenses:</u>											
5	Salaries and wages	2,670,865	(83,739)	2,587,126 [6]	0	2,587,126	0	2,587,126			
6	Purchased power	959,790	(1,910)	957,880 [7]	0	957,880	0	957,880			
7	Purchased water	1,407,826	(124,893)	1,282,933 [3]	0	1,282,933	0	1,282,933			
8	Maintenance and repair	1,194,143	(365,957)	828,186 [8]	0	828,186	0	828,186			
9	Maintenance testing	149,525	59,440	208,965 [3]	0	208,965	0	208,965			
10	Meter reading	197,658	(96)	197,562 [9]	0	197,562	0	197,562			
11	Chemicals	356,307	(131,663)	224,644 [3]	0	224,644	0	224,644			
12	Transportation	240,289	(1,462)	238,827 [10]	0	238,827	0	238,827			
13	Operating expenses charged to plant	(389,286)	18,998	(370,288) [11]	0	(370,288)	0	(370,288)			
14	Outside services - other	273,381	(18,534)	254,847 [12]	0	254,847	0	254,847			
15	Total maintenance expenses	7,060,498	(649,816)	6,410,682	0	6,410,682	0	6,410,682			
<u>General Expenses:</u>											
16	Salaries and wages	1,149,101	(78,559)	1,070,542 [6]	0	1,070,542	0	1,070,542			
17	Office supplies and other office expense	308,987	(2,642)	306,345 [13]	0	306,345	0	306,345			
18	Regulatory commission expense	238,050	(177,914)	60,136 [14]	0	60,136	0	60,136			
19	Pension and other benefits	734,430	(21,405)	713,025 [6]	0	713,025	0	713,025			
20	Rent	127,276	(3,987)	123,289 [15]	0	123,289	0	123,289			
21	Insurance	304,639	(71,567)	233,072 [16]	0	233,072	0	233,072			
22	Office utilities	415,080	(1,394)	413,686 [17]	0	413,686	0	413,686			
23	Miscellaneous	119,644	(103,715)	15,929 [18]	0	15,929	0	15,929			
24	Total general expenses	3,397,207	(461,183)	2,936,024	0	2,936,024	0	2,936,024			
<u>Depreciation and Taxes:</u>											
25	Depreciation expense	2,891,781	(13,804)	2,877,977 [19]	0	2,877,977	0	2,877,977			
26	Amortization of CIAC	(681,010)	(91,751)	(772,761) [20]	0	(772,761)	0	(772,761)			
27	Amortization of PAA	(103,967)	(11,547)	(115,514) [21]	0	(115,514)	0	(115,514)			
28	Amortization of ITC	(287)	0	(287)	0	(287)	0	(287)			
29	Franchise and other taxes	(21,941)	(2)	(21,943) [22]	0	(21,943)	0	(21,943)			
30	Property taxes	133,847	523	134,370 [23]	0	134,370	0	134,370			
31	Payroll taxes	293,160	(7,460)	285,700 [6]	0	285,700	0	285,700			
32	Regulatory fee	27,251	(3,420)	23,831 [24]	3,491	27,322 [32]	153	23,984 [40]			
33	Deferred Income Tax	0	(35,475)	(35,475) [25]	0	(35,475)	0	(35,475)			
34	State income tax	143,102	(36,117)	106,985 [26]	74,702	181,687 [33]	3,277	110,262 [41]			
35	Federal income tax	971,661	(245,235)	726,426 [27]	507,229	1,233,655 [34]	22,256	748,682 [42]			
36	Total depreciation and taxes	3,653,597	(444,288)	3,209,309	585,422	3,794,731	25,686	3,234,995			
37	Total operating revenue deductions	14,111,302	(1,555,286)	12,556,016	585,422	13,141,438	25,686	12,581,702			
38	Net operating income for a return	\$2,868,381	\$1,597,660	\$4,466,041	\$1,908,147	\$6,374,188	\$83,727	\$4,549,768			

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CAROLINA WATER SERVICE, INC., OF NC
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NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3(b)
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CWSNC SEWER OPERATIONS

		Present Rates		Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b) [1]	Amount Per Public Staff (c) [2]	Net Company Increase (d) [25]	Operations After Rate Increase (e) [26]	Net Public Staff Increase (f) [32]	Operations After Rate Increase (g) [33]	
<u>Operating Revenues:</u>									
1	Service revenues	\$12,731,248	(\$45,470)	\$12,685,778 [3]	\$1,010,587	\$13,696,365 [3]	(\$107,786)	\$12,577,992 [34]	
2	Miscellaneous revenues	127,307	(17,169)	110,138 [4]	2,830	112,968 [27]	(302)	109,836 [35]	
3	Uncollectible accounts	(71,480)	(3,366)	(74,846) [5]	(5,963)	(80,809) [28]	636	(74,210) [36]	
4	Total operating revenues	12,787,075	(66,005)	12,721,070	1,007,454	13,728,524	(107,452)	12,613,618	
<u>Maintenance Expenses:</u>									
5	Salaries and wages	1,582,288	(42,109)	1,540,179 [6]	0	1,540,179	0	1,540,179	
6	Purchased power	748,066	0	748,066	0	748,066	0	748,066	
7	Purchased sewer	682,727	(1,985)	680,742 [3]	0	680,742	0	680,742	
8	Maintenance and repair	1,599,870	6,760	1,606,630 [7]	0	1,606,630	0	1,606,630	
9	Maintenance testing	290,181	12,380	302,561 [3]	0	302,561	0	302,561	
10	Meter reading	0	0	0	0	0	0	0	
11	Chemicals	212,118	135,868	347,986 [3]	0	347,986	0	347,986	
12	Transportation	143,050	(410)	142,640 [8]	0	142,640	0	142,640	
13	Operating expenses charged to plant	(231,754)	11,985	(219,769) [9]	0	(219,769)	0	(219,769)	
14	Outside services - other	162,817	(8,487)	154,330 [10]	0	154,330	0	154,330	
15	Total maintenance expenses	5,189,363	114,002	5,303,365	0	5,303,365	0	5,303,365	
<u>General Expenses:</u>									
16	Salaries and wages	680,757	(43,437)	637,320 [6]	0	637,320	0	637,320	
17	Office supplies and other office expense	183,966	(616)	183,350 [11]	0	183,350	0	183,350	
18	Regulatory commission expense	141,366	(105,565)	35,801 [12]	0	35,801	0	35,801	
19	Pension and other benefits	437,286	(12,743)	424,543 [6]	0	424,543	0	424,543	
20	Rent	75,402	(1,840)	73,562 [13]	0	73,562	0	73,562	
21	Insurance	181,385	(42,634)	138,751 [14]	0	138,751	0	138,751	
22	Office utilities	247,118	(355)	246,763 [15]	0	246,763	0	246,763	
23	Miscellaneous	71,230	(61,299)	9,931 [16]	0	9,931	0	9,931	
24	Total general expenses	2,018,510	(268,489)	1,750,021	0	1,750,021	0	1,750,021	
<u>Depreciation and Taxes:</u>									
25	Depreciation expense	2,184,741	87,081	2,271,822 [17]	0	2,271,822	0	2,271,822	
26	Amortization of CIAC	(616,096)	(158,499)	(774,595) [18]	0	(774,595)	0	(774,595)	
27	Amortization of PAA	(24,983)	7,739	(17,244) [19]	0	(17,244)	0	(17,244)	
28	Amortization of ITC	(232)	0	(232)	0	(232)	0	(232)	
29	Franchise and other taxes	(17,738)	0	(17,738)	0	(17,738)	0	(17,738)	
30	Property taxes	79,682	(162)	79,520 [20]	0	79,520	0	79,520	
31	Payroll taxes	173,676	(3,592)	170,084 [6]	0	170,084	0	170,084	
32	Regulatory fee	19,333	(1,524)	17,809 [21]	1,411	19,220 [29]	(150)	17,659 [37]	
33	Deferred Income Tax	0	(39,571)	(39,571) [22]	0	(39,571)	0	(39,571)	
34	State income tax	106,245	(24,587)	81,658 [23]	30,181	111,839 [30]	(3,219)	78,439 [38]	
35	Federal income tax	721,403	(166,947)	554,456 [24]	204,931	759,387 [31]	(21,857)	532,599 [39]	
36	Total depreciation and taxes	2,626,031	(300,062)	2,325,969	236,523	2,562,492	(25,226)	2,300,743	
37	Total operating revenue deductions	9,833,904	(454,549)	9,379,355	236,523	9,615,878	(25,226)	9,354,129	
38	Net operating income for a return	\$2,953,171	\$388,544	\$3,341,715	\$770,931	\$4,112,646	(\$82,226)	\$3,259,489	

CAROLINA WATER SERVICE, INC., OF NC
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BRADFIELD/FAIRFIELD WATER OPERATIONS

	Present Rates				Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			
Operating Revenues:										
1	Service revenues	\$0	\$1,043,134	\$517,787	\$1,560,921	\$255,057	\$1,298,191			
2	Miscellaneous revenues	3,932	46,306	932	47,238	459	46,765			
3	Uncollectible accounts	(3,143)	(15,334)	(7,612)	(22,946)	(3,749)	(19,083)			
4	Total operating revenues	789	1,074,106	511,107	1,585,213	251,767	1,325,873			
Maintenance Expenses:										
5	Salaries and wages	(8,551)	312,749	0	312,749	0	312,749			
6	Purchased power	0	70,816	0	70,816	0	70,816			
7	Purchased water	31,315	0	0	0	0	0			
8	Maintenance and repair	(502)	62,128	0	62,128	0	62,128			
9	Maintenance testing	5,611	9,286	0	9,286	0	9,286			
10	Meter reading	0	28,305	0	28,305	0	28,305			
11	Chemicals	3,423	32,714	0	32,714	0	32,714			
12	Transportation	(83)	32,241	0	32,241	0	32,241			
13	Operating expenses charged to plant	(42,523)	(40,679)	0	(40,679)	0	(40,679)			
14	Outside services - other	(84)	22,632	0	22,632	0	22,632			
15	Total maintenance expenses	31,037	530,192	0	530,192	0	530,192			
General Expenses:										
16	Salaries and wages	(8,821)	129,414	0	129,414	0	129,414			
17	Office supplies and other office expense	(124)	34,624	0	34,624	0	34,624			
18	Regulatory commission expense	(20,016)	7,267	0	7,267	0	7,267			
19	Pension and other benefits	(2,588)	99,239	0	99,239	0	99,239			
20	Rent	(373)	14,938	0	14,938	0	14,938			
21	Insurance	(14,115)	28,178	0	28,178	0	28,178			
22	Office utilities	(72)	40,103	0	40,103	0	40,103			
23	Miscellaneous	(13,292)	(1,172)	0	(1,172)	0	(1,172)			
24	Total general expenses	(59,401)	352,591	0	352,591	0	352,591			
Depreciation and Taxes:										
25	Depreciation expense	(222,391)	127,603	0	127,603	0	127,603			
26	Amortization of CIAC	(8,727)	(47,886)	0	(47,886)	0	(47,886)			
27	Amortization of PAA	1,395	12,967	0	12,967	0	12,967			
28	Amortization of ITC	0	0	0	0	0	0			
29	Franchise and other taxes	0	(3,653)	0	(3,653)	0	(3,653)			
30	Property taxes	(32)	9,645	0	9,645	0	9,645			
31	Payroll taxes	(730)	34,537	0	34,537	0	34,537			
32	Regulatory fee	(715)	1,504	715	2,219	352	1,856			
33	Deferred Income Tax	1,245	1,245	0	1,245	0	1,245			
34	State income tax	(7,986)	(1,181)	15,311	14,130	7,542	6,361			
35	Federal income tax	(54,225)	(8,022)	103,967	95,945	51,213	43,191			
36	Total depreciation and taxes	(292,166)	126,759	119,993	246,752	59,107	185,866			
37	Total operating revenue deductions	(320,530)	1,009,542	119,993	1,129,535	59,107	1,068,649			
38	Net operating income for a return	(\$256,755)	\$321,319	\$64,564	\$391,114	\$455,678	\$257,224			

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CAROLINA WATER SERVICE, INC., OF NC
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NET OPERATING INCOME FOR A RETURN
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BRADFIELD/FAIRFIELD SEWER OPERATIONS

		Present Rates		Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [25] (d)	Operations After Rate Increase [26] (e)	Net Public Staff Increase [32] (f)	Operations After Rate Increase [33] (g)	
<u>Operating Revenues:</u>									
1	Service revenues	\$1,758,104	\$11,651	\$1,769,755 [3]	\$393,345	\$2,163,100 [3]	\$293,188	\$2,062,943 [34]	
2	Miscellaneous revenues	17,420	(2,926)	14,494 [4]	708	15,202 [27]	527	15,021 [35]	
3	Uncollectible accounts	(21,321)	(4,694)	(26,015) [5]	(5,783)	(31,798) [28]	(4,310)	(30,325) [36]	
4	Total operating revenues	1,754,203	4,031	1,758,234	388,270	2,146,504	289,405	2,047,639	
<u>Maintenance Expenses:</u>									
5	Salaries and wages	334,483	(8,901)	325,582 [6]	0	325,582	0	325,582	
6	Purchased power	155,596	0	155,596	0	155,596	0	155,596	
7	Purchased sewer	0	0	0	0	0	0	0	
8	Maintenance and repair	272,544	(19,643)	252,901 [7]	0	252,901	0	252,901	
9	Maintenance testing	25,513	(1,965)	23,548 [3]	0	23,548	0	23,548	
10	Meter reading	0	0	0	0	0	0	0	
11	Chemicals	30,493	(3,422)	27,071 [3]	0	27,071	0	27,071	
12	Transportation	33,650	(87)	33,563 [8]	0	33,563	0	33,563	
13	Operating expenses charged to plant	(44,268)	1,939	(42,329) [9]	0	(42,329)	0	(42,329)	
14	Outside services - other	23,648	(88)	23,560 [10]	0	23,560	0	23,560	
15	Total maintenance expenses	831,659	(32,167)	799,492	0	799,492	0	799,492	
<u>General Expenses:</u>									
16	Salaries and wages	143,907	(9,183)	134,724 [6]	0	134,724	0	134,724	
17	Office supplies and other office expense	36,174	(130)	36,044 [11]	0	36,044	0	36,044	
18	Regulatory commission expense	29,314	(21,749)	7,565 [12]	0	7,565	0	7,565	
19	Pension and other benefits	106,005	(2,694)	103,311 [6]	0	103,311	0	103,311	
20	Rent	15,939	(389)	15,550 [13]	0	15,550	0	15,550	
21	Insurance	44,028	(14,694)	29,334 [14]	0	29,334	0	29,334	
22	Office utilities	41,823	(75)	41,748 [15]	0	41,748	0	41,748	
23	Miscellaneous	12,618	(13,838)	(1,220) [16]	0	(1,220)	0	(1,220)	
24	Total general expenses	429,808	(62,752)	367,056	0	367,056	0	367,056	
<u>Depreciation and Taxes:</u>									
25	Depreciation expense	122,890	217,090	339,980 [17]	0	339,980	0	339,980	
26	Amortization of CIAC	(144,644)	(36,834)	(181,478) [18]	0	(181,478)	0	(181,478)	
27	Amortization of PAA	78,181	(35,721)	42,460 [19]	0	42,460	0	42,460	
28	Amortization of ITC	0	0	0	0	0	0	0	
29	Franchise and other taxes	(6,368)	0	(6,368)	0	(6,368)	0	(6,368)	
30	Property taxes	10,074	(34)	10,040 [20]	0	10,040	0	10,040	
31	Payroll taxes	36,714	(760)	35,954 [6]	0	35,954	0	35,954	
32	Regulatory fee	2,997	(535)	2,462 [21]	543	3,005 [29]	405	2,867 [37]	
33	Deferred Income Tax	0	(9,769)	(9,769) [22]	0	(9,769)	0	(9,769)	
34	State income tax	17,240	(12,893)	4,347 [23]	11,631	15,978 [30]	8,670	13,017 [38]	
35	Federal income tax	117,057	(87,544)	29,513 [24]	78,980	108,493 [31]	58,869	88,382 [39]	
36	Total depreciation and taxes	234,141	33,000	267,141	91,154	358,295	67,944	335,085	
37	Total operating revenue deductions	1,495,608	(61,919)	1,433,689	91,154	1,524,843	67,944	1,501,633	
38	Net operating income for a return	\$258,595	\$65,950	\$324,545	\$297,116	\$621,661	\$221,461	\$546,006	

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
FOOTNOTES TO SCHEDULE 3(a)
For The Test Year Ended December 31, 2017

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CWSNC WATER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Based on the recommendation of Public Staff Engineer Casselberry
- [4] Henry Exhibit I, Schedule 3-1(a), Column (c), Line 5.
- [5] Henry Exhibit I, Schedule 3-2, Column (a), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Henry Exhibit I, Schedule 3-3, Column (a), Line 3.
- [8] Henry Exhibit I, Schedule 3-4, Column (a), Line 8.
- [9] Henry Exhibit I, Schedule 3-5, Column (a), Line 3.
- [10] Henry Exhibit I, Schedule 3-6, Column (a), Line 5.
- [11] Henry Exhibit I, Schedule 3-7, Column (a), Line 6.
- [12] Henry Exhibit I, Schedule 3-8, Column (a), Line 7.
- [13] Henry Exhibit I, Schedule 3-9, Column (a), Line 6.
- [14] Henry Exhibit I, Schedule 3-10, Column (d), Line 9.
- [15] Henry Exhibit I, Schedule 3-11, Column (a), Line 5.
- [16] Henry Exhibit I, Schedule 3-12, Column (a), Line 11.
- [17] Henry Exhibit I, Schedule 3-13, Column (a), Line 6.
- [18] Henry Exhibit I, Schedule 3-14, Column (a), Line 7.
- [19] Henry Exhibit I, Schedule 3-15, Column (a), Line 5.
- [20] Henry Exhibit I, Schedule 3-15, Column (a), Line 10.
- [21] Henry Exhibit I, Schedule 3-15, Column (a), Line 13.
- [22] Henry Exhibit I, Schedule 3-16, Column (a), Line 3.
- [23] Henry Exhibit I, Schedule 3-17, Column (a), Line 5.
- [24] Line 4 column (c) multiplied by 0.14%.
- [25] Based on the recommendation of Public Staff Accountant Boswell.
- [26] Henry Exhibit I, Schedule 3-18(a), Column (a), Line 16.
- [27] Henry Exhibit I, Schedule 3-18(a), Column (a), Line 18.
- [28] Column (e) minus Column (c), unless otherwise footnoted.
- [29] Column (c) plus Column (d), unless otherwise footnoted.
- [30] Henry Exhibit I, Schedule 3-1(a), Column (c), Line 10.
- [31] Henry Exhibit I, Schedule 3-2, Column (a), Line 9.
- [32] Line 4 column (e) multiplied by 0.14%.
- [33] Henry Exhibit I, Schedule 3-18(a), Column (b), Line 16.
- [34] Henry Exhibit I, Schedule 3-18(a), Column (b), Line 18.
- [35] Column (g) minus Column (c), unless otherwise footnoted.
- [36] Column (c) plus Column (f), unless otherwise footnoted.
- [37] Revenue requirement as calculated by the Public Staff.
- [38] Henry Exhibit I, Schedule 3-1(a), Column (c), Line 15.
- [39] Henry Exhibit I, Schedule 3-2, Column (a), Line 12.
- [40] Line 4 column (g) multiplied by 0.14%.
- [41] Henry Exhibit I, Schedule 3-18(a), Column (c), Line 16.
- [42] Henry Exhibit I, Schedule 3-18(a), Column (c), Line 18.

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
FOOTNOTES TO SCHEDULE 3(b)
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3(b)
Page 2 of 2

CWSNC SEWER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Henry Exhibit I, Schedule 3-1(b), Column (c), Line 5.
- [5] Henry Exhibit I, Schedule 3-2, Column (b), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Henry Exhibit I, Schedule 3-4, Column (b), Line 8.
- [8] Henry Exhibit I, Schedule 3-6, Column (b), Line 5.
- [9] Henry Exhibit I, Schedule 3-7, Column (b), Line 6.
- [10] Henry Exhibit I, Schedule 3-8, Column (b), Line 7.
- [11] Henry Exhibit I, Schedule 3-9, Column (b), Line 6.
- [12] Henry Exhibit I, Schedule 3-10, Column (e), Line 9.
- [13] Henry Exhibit I, Schedule 3-11, Column (b), Line 5.
- [14] Henry Exhibit I, Schedule 3-12, Column (b), Line 11.
- [15] Henry Exhibit I, Schedule 3-13, Column (b), Line 6.
- [16] Henry Exhibit I, Schedule 3-14, Column (b), Line 7.
- [17] Henry Exhibit I, Schedule 3-15, Column (b), Line 5.
- [18] Henry Exhibit I, Schedule 3-15, Column (b), Line 10.
- [19] Henry Exhibit I, Schedule 3-15, Column (b), Line 13.
- [20] Henry Exhibit I, Schedule 3-17, Column (b), Line 5.
- [21] Line 4 column (c) multiplied by 0.14%.
- [22] Based on the recommendation of Public Staff Accountant Boswell.
- [23] Henry Exhibit I, Schedule 3-18(b), Column (a), Line 16.
- [24] Henry Exhibit I, Schedule 3-18(b), Column (a), Line 18.
- [25] Column (e) minus Column (c), unless otherwise footnoted.
- [26] Column (c) plus Column (d), unless otherwise footnoted.
- [27] Henry Exhibit I, Schedule 3-1(b), Column (c), Line 10.
- [28] Henry Exhibit I, Schedule 3-2, Column (b), Line 9.
- [29] Line 4 column (e) multiplied by 0.14%.
- [30] Henry Exhibit I, Schedule 3-18(b), Column (b), Line 16.
- [31] Henry Exhibit I, Schedule 3-18(b), Column (b), Line 18.
- [32] Column (g) minus Column (c), unless otherwise footnoted.
- [33] Column (c) plus Column (f), unless otherwise footnoted.
- [34] Revenue requirement as calculated by the Public Staff.
- [35] Henry Exhibit I, Schedule 3-1(b), Column (c), Line 15.
- [36] Henry Exhibit I, Schedule 3-2, Column (b), Line 12.
- [37] Line 4 column (g) multiplied by 0.14%.
- [38] Henry Exhibit I, Schedule 3-18(b), Column (c), Line 16.
- [39] Henry Exhibit I, Schedule 3-18(b), Column (c), Line 18.

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
FOOTNOTES TO SCHEDULE 3(c)
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3(c)
Page 2 of 2

BRADFIELD FARMS/FAIRFIELD HARBOUR WATER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Henry Exhibit I, Schedule 3-1(c), Column (c), Line 5.
- [5] Henry Exhibit I, Schedule 3-2, Column (c), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Remove Antenna lease revenue that is mistakenly put into purchase water
- [8] Henry Exhibit I, Schedule 3-4, Column (c), Line 8.
- [9] Henry Exhibit I, Schedule 3-6, Column (c), Line 5.
- [10] Henry Exhibit I, Schedule 3-7, Column (c), Line 6.
- [11] Henry Exhibit I, Schedule 3-8, Column (c), Line 7.
- [12] Henry Exhibit I, Schedule 3-9, Column (c), Line 6.
- [13] Henry Exhibit I, Schedule 3-10, Column (f), Line 9.
- [14] Henry Exhibit I, Schedule 3-11, Column (c), Line 5.
- [15] Henry Exhibit I, Schedule 3-12, Column (c), Line 11.
- [16] Henry Exhibit I, Schedule 3-13, Column (c), Line 6.
- [17] Henry Exhibit I, Schedule 3-14, Column (c), Line 7.
- [18] Henry Exhibit I, Schedule 3-15, Column (c), Line 5.
- [19] Henry Exhibit I, Schedule 3-15, Column (c), Line 10.
- [20] Henry Exhibit I, Schedule 3-15, Column (c), Line 13.
- [21] Henry Exhibit I, Schedule 3-17, Column (c), Line 5.
- [22] Line 4 column (c) multiplied by 0.14%.
- [23] Based on the recommendation of Public Staff Accountant Boswell.
- [24] Henry Exhibit I, Schedule 3-18(c), Column (a), Line 16.
- [25] Henry Exhibit I, Schedule 3-18(c), Column (a), Line 18.
- [26] Column (e) minus Column (c), unless otherwise footnoted.
- [27] Column (c) plus Column (d), unless otherwise footnoted.
- [28] Henry Exhibit I, Schedule 3-1(c), Column (c), Line 10.
- [29] Henry Exhibit I, Schedule 3-2, Column (c), Line 9.
- [30] Line 4 column (e) multiplied by 0.14%.
- [31] Henry Exhibit I, Schedule 3-18(c), Column (b), Line 16.
- [32] Henry Exhibit I, Schedule 3-18(c), Column (b), Line 18.
- [33] Column (g) minus Column (c), unless otherwise footnoted.
- [34] Column (c) plus Column (f), unless otherwise footnoted.
- [35] Revenue requirement as calculated by the Public Staff.
- [36] Henry Exhibit I, Schedule 3-1(c), Column (c), Line 15.
- [37] Henry Exhibit I, Schedule 3-2, Column (c), Line 12.
- [38] Line 4 column (g) multiplied by 0.14%.
- [39] Henry Exhibit I, Schedule 3-18(c), Column (c), Line 16.
- [40] Henry Exhibit I, Schedule 3-18(c), Column (c), Line 18.

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
FOOTNOTES TO SCHEDULE 3(d)
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3(d)
Page 2 of 2

BRADFIELD FARMS/FAIRFIELD HARBOUR SEWER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Henry Exhibit I, Schedule 3-1(d), Column (c), Line 5.
- [5] Henry Exhibit I, Schedule 3-2, Column (d), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Henry Exhibit I, Schedule 3-4, Column (d), Line 8.
- [8] Henry Exhibit I, Schedule 3-6, Column (d), Line 5.
- [9] Henry Exhibit I, Schedule 3-7, Column (d), Line 6.
- [10] Henry Exhibit I, Schedule 3-8, Column (d), Line 7.
- [11] Henry Exhibit I, Schedule 3-9, Column (d), Line 6.
- [12] Henry Exhibit I, Schedule 3-10, Column (g), Line 9.
- [13] Henry Exhibit I, Schedule 3-11, Column (d), Line 5.
- [14] Henry Exhibit I, Schedule 3-12, Column (d), Line 11.
- [15] Henry Exhibit I, Schedule 3-13, Column (d), Line 6.
- [16] Henry Exhibit I, Schedule 3-14, Column (d), Line 7.
- [17] Henry Exhibit I, Schedule 3-15, Column (d), Line 5.
- [18] Henry Exhibit I, Schedule 3-15, Column (d), Line 10.
- [19] Henry Exhibit I, Schedule 3-15, Column (d), Line 13.
- [20] Henry Exhibit I, Schedule 3-17, Column (d), Line 5.
- [21] Line 4 column (c) multiplied by 0.14%.
- [22] Based on the recommendation of Public Staff Accountant Boswell.
- [23] Henry Exhibit I, Schedule 3-18(d), Column (a), Line 16.
- [24] Henry Exhibit I, Schedule 3-18(d), Column (a), Line 18.
- [25] Column (e) minus Column (c), unless otherwise footnoted.
- [26] Column (c) plus Column (d), unless otherwise footnoted.
- [27] Henry Exhibit I, Schedule 3-1(d), Column (c), Line 10.
- [28] Henry Exhibit I, Schedule 3-2, Column (d), Line 9.
- [29] Line 4 column (e) multiplied by 0.14%.
- [30] Henry Exhibit I, Schedule 3-18(d), Column (b), Line 16.
- [31] Henry Exhibit I, Schedule 3-18(d), Column (b), Line 18.
- [32] Column (g) minus Column (c), unless otherwise footnoted.
- [33] Column (c) plus Column (f), unless otherwise footnoted.
- [34] Revenue requirement as calculated by the Public Staff.
- [35] Henry Exhibit I, Schedule 3-1(d), Column (c), Line 15.
- [36] Henry Exhibit I, Schedule 3-2, Column (d), Line 12.
- [37] Line 4 column (g) multiplied by 0.14%.
- [38] Henry Exhibit I, Schedule 3-18(d), Column (c), Line 16.
- [39] Henry Exhibit I, Schedule 3-18(d), Column (c), Line 18.

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Oct 12 2018

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-1(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	[3]	Amount Per Public Staff (c)	[4]
<u>Present Rates:</u>						
1	Forfeited discounts	\$41,335 [1]	\$4,379		\$45,714 [5]	
2	Other water/sewer revenues	94,206 [1]	19,509		113,715 [6]	
3	Antenna leases	0 [1]	0		0	
4	Sale of utility property	29,225 [1]	571		29,796 [1]	
5	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$164,766</u>	<u>\$24,459</u>		<u>\$189,225</u>	
<u>Company Proposed Rates:</u>						
6	Forfeited discounts	\$45,714 [2]	\$6,753		\$52,467 [7]	
7	Other water/sewer revenues	113,715 [2]	0		113,715	
8	Antenna leases	0 [2]	0		0	
9	Sale of utility property	29,796 [2]	0		29,796	
10	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$189,225</u>	<u>\$6,753</u>		<u>\$195,978</u>	
<u>Public Staff Recommended Rates:</u>						
11	Forfeited discounts	\$45,714 [2]	\$296		\$46,010 [8]	
12	Other water/sewer revenues	113,715 [2]	0		113,715	
13	Antenna leases	0 [2]	0		0	
14	Sale of utility property	29,796 [2]	0		29,796	
15	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$189,225</u>	<u>\$296</u>		<u>\$189,521</u>	

- [1] Per examination of Company's financial records.
[2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
[3] Column (c) minus Column (a), unless otherwise footnoted.
[4] Column (a) plus Column (b), unless otherwise footnoted.
[5] Henry Exhibit I, Schedule 3-1(a)(1), Column (a), Line 6.
[6] Reclassify other revenue per examination of Company's records
[7] Henry Exhibit I, Schedule 3-1(a)(1), Column (a), Line 9.
[8] Henry Exhibit I, Schedule 3-1(a)(1), Column (a), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	[3]	Amount Per Public Staff (c)	[4]
<u>Present Rates:</u>						
1	Forfeited discounts	\$33,518 [1]	\$2,002		\$35,520 [5]	
2	Other water/sewer revenues	76,390 [1]	(19,510)		56,880 [6]	
3	Antenna leases	0 [1]	0		0	
4	Sale of utility property	17,398 [1]	340		17,738 [1]	
5	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$127,307</u>	<u>(\$17,169)</u>		<u>\$110,138</u>	
<u>Company Proposed Rates:</u>						
6	Forfeited discounts	\$35,520 [2]	\$2,830		\$38,350 [7]	
7	Other water/sewer revenues	56,880 [2]	0		56,880	
8	Antenna leases	0 [2]	0		0	
9	Sale of utility property	17,738 [2]	0		17,738	
10	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$110,138</u>	<u>\$2,830</u>		<u>\$112,968</u>	
<u>Public Staff Recommended Rates:</u>						
11	Forfeited discounts	\$35,520 [2]	(\$302)		\$35,218 [8]	
12	Other water/sewer revenues	56,880 [2]	0		56,880	
13		0 [2]	0		0	
14	Sale of utility property	17,738 [2]	0		17,738	
15	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$110,138</u>	<u>(\$302)</u>		<u>\$109,836</u>	

- [1] Per examination of Company's financial records.
[2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
[3] Column (c) minus Column (a), unless otherwise footnoted.
[4] Column (a) plus Column (b), unless otherwise footnoted.
[5] Henry Exhibit I, Schedule 3-1(a)(1), Column (b), Line 6.
[6] Reclassify other revenue per examination of Company's records
[7] Henry Exhibit I, Schedule 3-1(a)(1), Column (b), Line 9.
[8] Henry Exhibit I, Schedule 3-1(a)(1), Column (b), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-1(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	[3]	Amount Per Public Staff (c)	[4]
<u>Present Rates:</u>						
1	Forfeited discounts	\$1,476 [1]	\$402		\$1,878 [5]	
2	Other water/sewer revenues	6,868 [1]	3,530		10,398 [6]	
3	Antenna leases	31,315 [1]	0		31,315 [1]	
4	Sale of utility property	2,715 [1]	(0)		2,715 [1]	
5	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$42,375</u>	<u>\$3,931</u>		<u>\$46,306</u>	
<u>Company Proposed Rates:</u>						
6	Forfeited discounts	\$1,878 [2]	\$932		\$2,810 [7]	
7	Other water/sewer revenues	10,398 [2]	0		10,398	
8	Antenna leases	31,315 [2]	0		31,315	
9	Sale of utility property	2,715 [2]	0		2,715	
10	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$46,306</u>	<u>\$932</u>		<u>\$47,238</u>	
<u>Public Staff Recommended Rates:</u>						
11	Forfeited discounts	\$1,878 [2]	\$459		\$2,337 [8]	
12	Other water/sewer revenues	10,398 [2]	0		10,398	
13	Antenna leases	31,315 [2]	0		31,315	
14	Sale of utility property	2,715 [2]	0		2,715	
15	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$46,306</u>	<u>\$459</u>		<u>\$46,765</u>	

- [1] Per examination of Company's financial records.
[2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
[3] Column (c) minus Column (a), unless otherwise footnoted.
[4] Column (a) plus Column (b), unless otherwise footnoted.
[5] Henry Exhibit I, Schedule 3-1(a)(1), Column (c), Line 6.
[6] Reclassify other revenue per examination of Company's records
[7] Henry Exhibit I, Schedule 3-1(a)(1), Column (c), Line 9.
[8] Henry Exhibit I, Schedule 3-1(a)(1), Column (c), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-1(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)
<u>Present Rates:</u>				
1	Forfeited discounts	\$2,582 [1]	\$604	\$3,186 [5]
2	Other water/sewer revenues	12,011 [1]	(3,530)	8,481 [6]
3	Antenna leases	0 [1]	0	0
4	Sale of utility property	2,827 [1]	0	2,827 [1]
5	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$17,420</u>	<u>(\$2,926)</u>	<u>\$14,494</u>
<u>Company Proposed Rates:</u>				
6	Forfeited discounts	\$3,186 [2]	\$708	\$3,894 [7]
7	Other water/sewer revenues	8,481 [2]	0	8,481
8	Antenna leases	0 [2]	0	0
9	Sale of utility property	2,827 [2]	0	2,827
10	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$14,494</u>	<u>\$708</u>	<u>\$15,202</u>
<u>Public Staff Recommended Rates:</u>				
11	Forfeited discounts	\$3,186 [2]	\$527	\$3,713 [8]
12	Other water/sewer revenues	8,481 [2]	0	8,481
13	Antenna leases	0 [2]	0	0
14	Sale of utility property	2,827 [2]	0	2,827
15	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$14,494</u>	<u>\$527</u>	<u>\$15,021</u>

- [1] Per examination of Company's financial records.
[2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
[3] Column (c) minus Column (a), unless otherwise footnoted.
[4] Column (a) plus Column (b), unless otherwise footnoted.
[5] Henry Exhibit I, Schedule 3-1(a)(1), Column (d), Line 6.
[6] Reclassify other revenue per examination of Company's records
[7] Henry Exhibit I, Schedule 3-1(a)(1), Column (d), Line 9.
[8] Henry Exhibit I, Schedule 3-1(a)(1), Column (d), Line 12.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF FORFEITED DISCOUNTS

For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-1(a)(1)

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
Test Year:					
1	Service revenues	\$15,067,268 [1]	\$11,908,778 [1]	\$817,475 [1]	\$1,429,676 [1]
2	Forfeited discounts	41,335 [1]	33,518 [1]	1,476 [1]	2,582 [1]
3	Forfeited discounts percentage (L2 / L1)	0.27%	0.28%	0.18%	0.18%
Present Rates:					
4	Service revenues	\$16,931,032 [2]	\$12,685,778 [5]	\$1,043,134 [8]	\$1,769,755 [11]
5	Forfeited discounts percentage	0.27%	0.28%	0.18%	0.18%
6	Forfeited discounts (L4 x L5)	\$45,714	\$35,520	\$1,878	\$3,186
Company Proposed Rates:					
7	Service revenues	\$19,432,356 [3]	\$13,696,365 [6]	\$1,560,921 [9]	\$2,163,100 [12]
8	Forfeited discounts percentage	0.27%	0.28%	0.18%	0.18%
9	Forfeited discounts (L7 x L8)	\$52,467	\$38,350	\$2,810	\$3,894
Public Staff Recommended Rates:					
10	Service revenues	\$17,040,786 [4]	\$12,577,992 [7]	\$1,298,191 [10]	\$2,062,943 [13]
11	Forfeited discounts percentage	0.27%	0.28%	0.18%	0.18%
12	Forfeited discounts (L10 x L11)	\$46,010	\$35,218	\$2,337	\$3,713

- [1] Per examination of Company's financial records.
[2] Henry Exhibit I, Schedule 3(a), Column (c), Line 1.
[3] Henry Exhibit I, Schedule 3(a), Column (e), Line 1.
[4] Henry Exhibit I, Schedule 3(a), Column (g), Line 1.
[5] Henry Exhibit I, Schedule 3(b), Column (c), Line 1.
[6] Henry Exhibit I, Schedule 3(b), Column (e), Line 1.
[7] Henry Exhibit I, Schedule 3(b), Column (g), Line 1.

- [8] Henry Exhibit I, Schedule 3(c), Column (c), Line 1.
[9] Henry Exhibit I, Schedule 3(c), Column (e), Line 1.
[10] Henry Exhibit I, Schedule 3(c), Column (g), Line 1.
[11] Henry Exhibit I, Schedule 3(d), Column (c), Line 1.
[12] Henry Exhibit I, Schedule 3(d), Column (e), Line 1.
[13] Henry Exhibit I, Schedule 3(d), Column (g), Line 1.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF UNCOLLECTIBLE ACCOUNTS
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-2

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
Test Year:					
1	Service revenues	\$15,067,268 [1]	\$11,908,778 [1]	\$817,475 [1]	\$1,429,676 [1]
2	Uncollectible accounts	<u>86,919 [1]</u>	<u>70,482 [1]</u>	<u>12,048 [1]</u>	<u>21,070 [1]</u>
3	Uncollectible accounts percentage (L2 / L1)	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
Present Rates:					
4	Service revenues	\$16,931,032 [2]	\$12,685,778 [5]	\$1,043,134 [8]	\$1,769,755 [11]
5	Uncollectible accounts percentage	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
6	Uncollectible accounts (L4 x L5)	<u>\$98,200</u>	<u>\$74,846</u>	<u>\$15,334</u>	<u>\$26,015</u>
Company Proposed Rates:					
7	Service revenues	\$19,432,356 [3]	\$13,696,365 [6]	\$1,560,921 [9]	\$2,163,100 [12]
8	Uncollectible accounts percentage	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
9	Uncollectible accounts (L7 x L8)	<u>\$112,708</u>	<u>\$80,809</u>	<u>\$22,946</u>	<u>\$31,798</u>
Public Staff Recommended Rates:					
10	Service revenues	\$17,040,786 [4]	\$12,577,992 [7]	\$1,298,191 [10]	\$2,062,943 [13]
11	Uncollectible accounts percentage	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
12	Uncollectible accounts (L10 x L11)	<u>\$98,837</u>	<u>\$74,210</u>	<u>\$19,083</u>	<u>\$30,325</u>

- [1] Per examination of Company's financial records.
[2] Henry Exhibit I, Schedule 3(a), Column (c), Line 1.
[3] Henry Exhibit I, Schedule 3(a), Column (e), Line 1.
[4] Henry Exhibit I, Schedule 3(a), Column (g), Line 1.
[5] Henry Exhibit I, Schedule 3(b), Column (c), Line 1.
[6] Henry Exhibit I, Schedule 3(b), Column (e), Line 1.
[7] Henry Exhibit I, Schedule 3(b), Column (g), Line 1.

- [8] Henry Exhibit I, Schedule 3(c), Column (c), Line 1.
[9] Henry Exhibit I, Schedule 3(c), Column (e), Line 1.
[10] Henry Exhibit I, Schedule 3(c), Column (g), Line 1.
[11] Henry Exhibit I, Schedule 3(d), Column (c), Line 1.
[12] Henry Exhibit I, Schedule 3(d), Column (e), Line 1.
[13] Henry Exhibit I, Schedule 3(d), Column (g), Line 1.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO PURCHASE POWER

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 3-3

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water (a)</u>	<u>CWSNC Sewer (b)</u>	<u>BF/FH/TC Water (c)</u>	<u>BF/FH/TC Sewer (d)</u>
1	Purchase power per application	<u>\$959,790</u>	<u>\$748,066</u>	<u>\$70,816</u>	<u>\$155,596</u>
2	Adjustment to remove duplicate recordings	<u>(1,910) [1]</u>	<u>0</u>	<u>0</u>	<u>0</u>
3	Purchase power per Public Staff (L1 + L2)	<u><u>\$957,880</u></u>	<u><u>\$748,066</u></u>	<u><u>\$70,816</u></u>	<u><u>\$155,596</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MAINTENANCE AND REPAIR
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-4

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Maintenance and repair per application	\$1,194,143	\$1,599,870	\$62,630	\$272,544
2	Adjustment to deferred maintenance and repair	(270,100) [1]	37,205 [4]	(3,634) [5]	(3,975) [6]
3	Adjustments to correct UA adjustments	(64) [2]	(39) [2]	(8) [2]	(8) [2]
4	Adjustment to maintenance and repair expense	(90,972) [3]	(33,675) [3]	0	0
5	Adjustment to sludge hauling	0	4,579 [3]	0	(15,660) [3]
6	Adjustment to permit fees	(4,820) [3]	(1,310) [3]	3,140 [3]	0
7	Total adjustment to maintenance and repair (Sum of L2 thru L6)	(365,957)	6,760	(502)	(19,643)
8	Maintenance and repair per Public Staff (L1 + L7)	\$828,186	\$1,606,630	\$62,128	\$252,901

- [1] Henry Exhibit I, Schedule 3-4(a), Column (a), Line 3.
[2] Correct UA adjustments per examination of the Company's financial records
[3] Provided by Public Staff Engineer Casselberry.
[4] Henry Exhibit I, Schedule 3-4(a), Column (b), Line 3.
[5] Henry Exhibit I, Schedule 3-4(a), Column (c), Line 3.
[6] Henry Exhibit I, Schedule 3-4(a), Column (d), Line 3.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-4(a)

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Annual deferred maintenance and repair per Public Staff	\$250,238 [1]	\$346,975 [1]	\$18,827 [1]	\$19,408 [1]
2	Deferred maintenance and repair per application	<u>520,338</u> [2]	<u>309,770</u> [2]	<u>22,461</u> [2]	<u>23,383</u> [2]
3	Adjustment to deferred maintenance and repair (L1 - L2)	<u>(\$270,100)</u>	<u>\$37,205</u>	<u>(\$3,634)</u>	<u>(\$3,975)</u>

[1] Annual depreciation expense of systems that have not been fully retired per reviewing the Company's records

[2] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO METER READING

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 3-5

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Meter reading per application	\$197,658	\$0	\$28,305	\$0
2	Adjustment to remove Riverbend meter reading expense	(96) [1]	0 [1]	0 [1]	0 [1]
3	Meter reading per Public Staff (L1 + L2)	<u>\$197,562</u>	<u>\$0</u>	<u>\$28,305</u>	<u>\$0</u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO TRANSPORTATION

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 3-6

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Transportation per application	\$240,289	\$143,050	\$32,324	\$33,650
2	Adjustment to remove Riverbend transportation expense	(774) [1]	0 [1]	0 [1]	0 [1]
3	Adjustments to correct UA adjustments	(688) [1]	(410) [1]	(83) [1]	(87) [1]
4	Total adjustments to transportation (L2+L3)	(1,462)	(410)	(83)	(87)
5	Transportation per Public Staff (L1 + L4)	\$238,827	\$142,640	\$32,241	\$33,563

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO CAPITALIZED TIME ADJUSTMENT
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-7

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Operating expenses charged to plant per application	<u>(\$389,286)</u>	<u>(\$231,754)</u>	<u>(\$42,523)</u>	<u>(\$44,268)</u>
2	Adjustment to remove Riverbend cap time	72 [1]	0	0	0
3	Adjustments to correct UA adjustments	18,830 [1]	11,214 [1]	2,278 [1]	2,372 [1]
4	Adjustment to correct UA classification adjustments	<u>96 [1]</u>	<u>771 [1]</u>	<u>(434) [1]</u>	<u>(433) [1]</u>
5	Total adjustments to capitalized time (Sum of L2 thru L4)	<u>18,998</u>	<u>11,985</u>	<u>1,844</u>	<u>1,939</u>
6	Operating expenses charged to plant per Public Staff (L1 + L5)	<u><u>(\$370,288)</u></u>	<u><u>(\$219,769)</u></u>	<u><u>(\$40,679)</u></u>	<u><u>(\$42,329)</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO OUTSIDE SERVICE OTHER
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-8

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Outside service other per application	\$273,381	\$162,817	\$22,716	\$23,648
2	Adjustment to remove Riverbend outside services	(16,132) [1]	0	0	0
3	Adjustments to correct UA adjustments	(677) [1]	(413) [1]	(84) [1]	(88) [1]
4	Adjustment to remove legal fees should be capitalized	0	(8,022) [1]	0	0
5	Adjustment to remove legal fees prior to test year	(1,725) [1]	(52) [1]	0	0
6	Total adjustments to outside service other (Sum of L2 thru L5)	(18,534)	(8,487)	(84)	(88)
7	Outside service other per Public Staff (L1 + L6)	\$254,847	\$154,330	\$22,632	\$23,560

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO OFFICE SUPPLIES AND OTHER OFFICE EXPENSE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-9

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Office supplies & other office expense per application	\$308,987	\$183,966	\$34,748	\$36,174
2	Adjustment to remove Riverbend office supplies & other office expense	(969) [1]	0	0	0
3	Adjustments to correct UA adjustments	(1,003) [1]	(616) [1]	(124) [1]	(130) [1]
4	Adjustment to remove transaction without invoice support	(670) [1]	0	0	0
5	Total adjustments to office supplies & other (Sum of L2 throu L4)	(2,642)	(616)	(124)	(130)
6	Office supplies & other office expense per Public Staff (L1 + L5)	\$306,345	\$183,350	\$34,624	\$36,044

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF REGULATORY COMMISSION EXPENSE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-10

Line No.	Item	Amount Per Application (a)	Public Staff Adjustment (b)	[1]	Amount Per Public Staff (c)	CWSNC Water (d)	CWSNC Sewer (e)	BF/FH/TC Water (f)	BF/FH/TC Sewer (g)
1	Rate case expenses for current proceeding	<u>\$449,971</u>	<u>(\$330,191)</u>		\$119,780 [2]				
2	Amortization period in years				<u>5</u>				
3	Annual rate case expense for current proceeding (L1 / L2)				<u>23,956</u>	<u>\$13,006</u> [4]	<u>\$7,743</u> [5]	<u>\$1,572</u> [6]	<u>\$1,636</u> [7]
4	Unamortized balance of rate case expense (L1 - L3)				<u>95,824</u>	<u>52,023</u> [4]	<u>30,970</u> [5]	<u>6,286</u> [6]	<u>6,545</u> [7]
5	Sub 356 and prior rate cases unamortized rate case expense	<u>\$414,327</u>	<u>\$19,733</u>		434,060 [3]				
6	Amortization period in years				<u>5</u>				
7	Sub 356 unamortized annual rate case expense (L5 / L6)				<u>86,812</u>	<u>47,130</u> [4]	<u>28,058</u> [5]	<u>5,695</u> [6]	<u>5,929</u> [7]
8	Unamortized balance of rate case expense (L5 - L7)				<u>347,248</u>	<u>188,521</u> [4]	<u>112,231</u> [5]	<u>22,779</u> [6]	<u>23,717</u> [7]
9	Total annual rate case expense (L3 + L7)				<u>\$110,768</u>	<u>\$60,136</u>	<u>\$35,801</u>	<u>\$7,267</u>	<u>\$7,565</u>
10	Total unamortized balance of rate case expense (L4 + L8)				<u>\$443,072</u>	<u>\$240,544</u>	<u>\$143,201</u>	<u>\$29,065</u>	<u>\$30,262</u>

[1] Column (c) minus Column (a).

[2] Per examination of the company's response to accounting data requests

[3] Calculated base on amount approved in prior rate cases.

[4] Column (c) multiplied by CWSNC Uniform water allocation factor of 54.29%.

[5] Column (c) multiplied by CWSNC Uniform sewer allocation factor of 32.32%.

[6] Column (c) multiplied by BF/FH water allocation factor of 6.56%.

[7] Column (c) multiplied by BF/FH sewer allocation factor of 6.83%.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO RENT

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 3-11

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH/TC Water</u> (c)	<u>BF/FH/TC Sewer</u> (d)
1	Rent per application	\$127,276	\$75,402	\$15,311	\$15,939
2	Adjustment to remove rent expense related to Riverbend	(277) [1]	0	0	0
3	Adjustment to adjust rent proforma expense	(3,710) [1]	(1,840) [1]	(373) [1]	(389) [1]
4	Total adjustments to rent (L2 + L3)	(3,987)	(1,840)	(373)	(389)
5	Rent per Public Staff (L1 + L4)	\$123,289	\$73,562	\$14,938	\$15,550

[1] Per examination of the company's response to accounting data requests

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ALLOCATION OF INSURANCE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 3-12

No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Total [4] (f)
1.		\$38,059 [1]	\$22,657 [1]	\$4,601 [1]	\$4,790 [1]	\$70,108
2.	Workers compensation	72,071 [1]	42,905 [1]	8,713 [1]	9,071 [1]	132,760
3.	Property insurance	18,580 [1]	11,061 [1]	2,246 [1]	2,338 [1]	34,226
4.	General Liability	38,082 [1]	22,671 [1]	4,604 [1]	4,793 [1]	70,150
5.	Excess Liability	39,513 [1]	23,523 [1]	4,777 [1]	4,973 [1]	72,785
6.	Umbrella insurance	5,567 [1]	3,314 [1]	673 [1]	701 [1]	10,254
7.	Employment Practices insurance	1,950 [1]	1,161 [1]	236 [1]	245 [1]	3,592
8.	Cyber security insurance	2,366 [1]	1,408 [1]	286 [1]	298 [1]	4,358
9.	Pollution liability	16,556 [1]	9,856 [1]	2,002 [1]	2,084 [1]	30,498
10.	Tank liability	328 [1]	195 [1]	40 [1]	41 [1]	604
11.	Total insurance per Public Staff (Sum of L1 thru L10)	233,072	138,751	28,178	29,334	429,335
12.	Less: Insurance expense related to Riverbend	(951) [2]	0	0	0	(951)
13.	Less: Amount per Company	304,639 [3]	181,385 [3]	42,293 [3]	44,028 [3]	572,345
14.	Adjustment to insurance expense (L11 - L12 - L13)	(\$70,616)	(\$42,634)	(\$14,115)	(\$14,694)	(\$142,059)

[1] Column (f) times customer ratios for each rate division.

[2] Based on information provided by the Company.

[3] NCUC Form W-1, Item 10, Schedule B-18, Column (h) for each rate division.

[4] Henry Exhibit I, Schedule 13-12(a), Column (c).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INSURANCE

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I
Schedule 3-12 (a)

Line No.	Item	Annual Premium (a)	CWSNC Percentage (b)	CWSNC Insurance Expense (c)
			[1]	[6]
1.		\$460,350	15.23% [2]	\$70,108
2.	Workers compensation	602,769	22.03% [3]	132,760
3.	Property insurance	238,827	14.33% [4]	34,226
4.	General Liability	400,000	17.54% [5]	70,150
5.	Excess Liability	415,021	17.54% [5]	72,785
6.	Umbrella insurance	58,466	17.54% [5]	10,254
7.	Employment Practices insurance	20,481	17.54% [5]	3,592
8.	Cyber security insurance	24,850	17.54% [5]	4,358
9.	Pollution liability	173,900	17.54% [5]	30,498
10.	Tank liability	3,446	17.54% [5]	604
11.	Total insurance per Public Staff (Sum of L1 thru L10)			\$429,335

[1] Based on current insurance policies and information provided by Company.

[2] Percentage of CWSNC automobiles covered under current policy.

[3] Percentage of CWSNC workers compensation insurance based on CSWNC payroll.

[4] Percentage of CWSNC property insurance based on CSWNC value of property covered.

[5] Percentage of CWSNC insurance based on CSWNC customer count.

[6] Column (a) X Column (b).

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO OFFICE UTILITY

For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-13

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Office utility per application	\$415,080	\$247,118	\$40,175	\$41,823
2	Adjustment to remove Riverbend office utility expense	(433) [1]	0	0	0
3	Adjustments to correct UA adjustments	(578) [1]	(355) [1]	(72) [1]	(75) [1]
4	Adjustment to remove duplicate recorded transactions	(383) [1]	0	0	0
5	Total adjustments to office utility (Sum of L2 thru L4)	(1,394)	(355)	(72)	(75)
6	Office utility per Public Staff (L1 + L5)	\$413,686	\$246,763	\$40,103	\$41,748

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS EXPENSE
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-14

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Miscellaneous expense per application	\$119,644	\$71,230	\$12,120	\$12,618
2	Adjustments to remove unqualified miscellaneous expense	(3,018) [1]	(2,117) [1]	(350) [1]	(363) [1]
3	Adjustments to remove Riverbend miscellaneous expense	(794) [1]	0	0	0
4	Adjustments to correct UA adjustments	(285) [1]	(173) [1]	(35) [1]	(36) [1]
5	Excess deferred taxes reclassified from depreciation expense	(99,618) [1]	(59,009) [1]	(12,907) [1]	(13,439) [1]
6	Total miscellaneous adjustments (Sum of L2 thru L.5)	(103,715)	(61,299)	(13,292)	(13,838)
7	Miscellaneous expense per Public Staff (L1 + L6)	\$15,929	\$9,931	(\$1,172)	(\$1,220)

[1] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF DEPRECIATION AND
AMORTIZATION EXPENSE**

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 3-15

Line No.		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Depreciation on direct plant	\$2,764,881 [1]	\$2,220,708 [8]	\$110,497 [13]	\$324,927 [17]
2	Depreciation on allocated plant	125,066 [2]	69,068 [2]	17,106 [2]	15,053 [2]
3	Gain on sale	0	0	0	0
4	Excess book value	(11,970) [3]	(17,954) [9]	0	0
5	Total depreciation expense (Sum of L1 thru L4)	<u>\$2,877,977</u>	<u>\$2,271,822</u>	<u>\$127,603</u>	<u>\$339,980</u>
6	Contributions in aid of construction	(\$28,597,029) [4]	(\$28,157,914) [10]	(\$2,227,276) [14]	(\$7,088,979) [18]
7	Advances in aid of construction	(23,760) [5]	(9,180) [5]	0	0
8	Depreciable CIAC and AIA (L6 + L7)	<u>(28,620,789)</u>	<u>(28,167,094)</u>	<u>(2,227,276)</u>	<u>(7,088,979)</u>
9	Amortization rate	2.70% [6]	2.75% [11]	2.15% [15]	2.56% [19]
10	CIAC and AIA amortization expense (L8 x L9)	<u>(\$772,761)</u>	<u>(\$774,595)</u>	<u>(\$47,886)</u>	<u>(\$181,478)</u>
11	Purchase acquisition adjustment	(\$4,278,312) [7]	(\$627,070) [12]	\$603,123 [16]	\$1,658,577 [20]
12	Amortization rate	2.70% [6]	2.75% [11]	2.15% [15]	2.56% [19]
13	PAA amortization expense (L11 x L12)	<u>(\$115,514)</u>	<u>(\$17,244)</u>	<u>\$12,967</u>	<u>\$42,460</u>

[1] Henry Exhibit I, Schedule 3-15(a), Column (c), Line 46.

[2] Calculated by the Public Staff based on information provided by the Company.

[3] Henry Exhibit I, Schedule 2-9, Column (b), Line 7.

[4] Henry Exhibit I, Schedule 2-4, Column (a), Line 6.

[5] Per examination of Company's financial records.

[6] Henry Exhibit I, Schedule 3-15(a), Column (d), Line 46.

[7] Henry Exhibit I, Schedule 2-8, Column (a), Line 5.

[8] Henry Exhibit I, Schedule 3-15(b), Column (c), Line 58.

[9] Henry Exhibit I, Schedule 2-9, Column (b), Line 12.

[10] Henry Exhibit I, Schedule 2-4, Column (d), Line 6.

[11] Henry Exhibit I, Schedule 3-15(b), Column (d), Line 58.

[12] Henry Exhibit I, Schedule 2-8, Column (d), Line 5.

[13] Henry Exhibit I, Schedule 3-15(c), Column (c), Line 46.

[14] Henry Exhibit I, Schedule 2-4, Column (g), Line 6.

[15] Henry Exhibit I, Schedule 3-15(c), Column (d), Line 46.

[16] Henry Exhibit I, Schedule 2-8, Column (g), Line 5.

[17] Henry Exhibit I, Schedule 3-15(d), Column (c), Line 58.

[18] Henry Exhibit I, Schedule 2-4, Column (j), Line 6.

[19] Henry Exhibit I, Schedule 3-15(d), Column (d), Line 58.

[20] Henry Exhibit I, Schedule 2-8, Column (j), Line 5.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360
**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-15(a)

CWSNC WATER OPERATIONS

Line No.	Account	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1020	Organization	\$458,055	2.50%	\$11,451	
2	1025	Franchises	111,898	2.50%	2,797	
3	1030	Land & land rights pump	71,437	0.00%	0	
4	1035	Land & land rights water tr.	357,109	0.00%	0	
5	1040	Land & land rights trans.	3,194	0.00%	0	
6	1045	Land & land rights gen. plt.	513,502	0.00%	0	
7	1050	Struct & improv. src. supply	4,301,643	2.00%	86,033	
8	1055	Struct & improv. wtr. trt. plt.	1,349,510	2.00%	26,990	
9	1060	Struct & improv. trans. dist.	247,389	2.00%	4,948	
10	1065	Struct & improv. gen. plt.	331,380	2.00%	6,628	
11	1070	Collecting reservoirs	13,139	2.00%	263	
12	1080	Wells & springs	13,753,498	2.00%	275,070	
13	1085	Infiltration gallery	45,185	2.50%	1,130	
14	1090	Supply mains	464,877	1.00%	4,649	
15	1095	Power generation equip.	158,288	10.00%	15,829	
16	1100	Electric pump equip. src. plt.	2,504,141	14.29%	357,842	
17	1105	Electric pump equip. wtp.	8,223,165	3.33%	273,831	
18	1110	Electric pump equip. trans.	2,904,464	14.29%	415,048	
19	1115	Water treatment equip.	4,313,158	2.50%	107,829	
20	1120	Dist. resv. & standpipes	7,917,031	2.00%	158,341	
21	1125	Trans. & distr. mains	31,754,239	1.00%	317,542	
22	1130	Service lines	11,789,469	2.00%	235,789	
23	1135	Meters	5,289,544	3.33%	176,142	
24	1140	Meter installations	1,183,396	3.33%	39,407	
25	1145	Hydrants	1,199,892	2.50%	29,997	
26	1150	Backflow prevention devic.	27,242	10.00%	2,724	
27	1160	Other plt. & misc. equip. src. su.	260	2.50%	7	
28	1165	Other plt. & misc. equip. wtp.	6,262	2.50%	157	
29	1175	Office struct & improv.	98,808	10.00%	9,881	
30	1180	Office furn. & equip.	362,781	10.00%	36,278	
31	1185	Stores equipment	4,055	3.33%	135	
32	1190	Tool shop & misc. equip.	1,365,202	5.00%	68,260	
33	1195	Laboratory equipment	154,374	10.00%	15,437	
34	1200	Power operated equip.	314,236	10.00%	31,424	
35	1205	Communication equip.	321,334	10.00%	32,133	
36	1210	Misc. equipment	183,548	3.33%	6,112	
37	1215	Water plant allocated	207,809	6.67%	13,861	
38	1220	Other tangible plt. water	36,650	2.50%	916	
39	1555	Transportation equip.	0	0.00%	0	
40	1580	Mainframe computer - wtr	0	2.50%	0	
41	1585	Mini computer - wtr	(7,016)	0.00%	0	
42	1590	Comp. system cost - wtr	59,691	0.00%	0	
43	1595	Micro system cost - wtr	0	0.00%	0	
44	1805	Plt. held for future use	(95,528)	0.00%	0	
45		Pro forma plant additions	0	0.00%	0	
46		Total plant in service (Sum of L1 thru L45)	<u>\$102,298,311</u>		<u>\$2,764,881</u>	<u>2.70% [4]</u>

[1] Henry Exhibit I, Schedule 2-1(a)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 46.

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**

For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-15(b)**CWSNC SEWER OPERATIONS**

Line No.	Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1245	Organization	\$907,534	2.50%	\$22,688	
2	1250	Franchises intang. plt.	127,476	2.50%	3,187	
3	1270	Land & land rights trmnt plt	39,167	0.00%	0	
4	1275	Land & land rights reclaim.	1,150	0.00%	0	
5	1285	Land & land rights gen. plt.	213,811	0.00%	0	
6	1290	Struct/improv. coll. plt.	67,263	2.00%	1,345	
7	1295	Struct/improv. pump plt. ls.	7,139,461	2.00%	142,789	
8	1300	Struct/improv. treat. plt.	19,687,912	2.50%	492,198	
9	1305	Struct/improv. reclaim. wtp.	3,271	2.50%	82	
10	1310	Struct/improv. reclaim. wtr.	179,730	2.50%	4,493	
11	1315	Struct/improv. gen. plt.	1,663,362	2.00%	33,267	
12	1320	Power gen. equip. coll. plt.	215,248	10.00%	21,525	
13	1325	Power gen. equip. pump plt.	52,159	10.00%	5,216	
14	1330	Power gen. equip. treat. plt.	209,729	10.00%	20,973	
15	1345	Sewer force main/serv. lin.	3,555,492	1.33%	47,288	
16	1350	Sewer gravity main	16,621,671	1.00%	166,217	
17	1353	Manholes	738,769	1.00%	7,388	
18	1355	Special coll. structures	6,923	2.00%	138	
19	1360	Services to customers	1,506,296	1.33%	20,034	
20	1365	Flow measure devices	122,282	4.00%	4,891	
21	1370	Flow measure install	1,010	4.00%	40	
22	1375	Receiving wells	89,444	2.00%	1,789	
23	1380	Pumping equipment pump plt.	3,721,651	14.29%	531,824	
24	1385	Pumping equipment reclaim.	30,101	14.29%	4,301	
25	1390	Pumping equipment rcl. wtr.	44,313	14.29%	6,332	
26	1395	Treat./disp. equip. lagoon	577,820	2.50%	14,446	
27	1400	Treat./disp. equip. trt. plt.	18,819,014	2.50%	470,475	
28	1405	Treat./disp. equip. rct. wtp.	13,460	2.50%	337	
29	1410	Plant sewers treat. plt.	3,337,197	2.50%	83,430	
30	1415	Plant sewers reclaim wtp.	5,155	2.50%	129	
31	1420	Outfall lines	98,563	1.00%	986	
32	1425	Other plt. tangible	3,676	2.50%	92	
33	1430	Other plt. collection	21,142	2.50%	529	
34	1435	Other plt. pump	48,131	2.50%	1,203	
35	1440	Other plt. treatment	36,998	2.50%	925	
36	1445	Other plt. reclaim wtr. trt.	650	2.50%	16	
37	1450	Other plt. reclaim wtr. dis.	460	2.50%	12	
38	1455	Office struct & improv.	34,218	10.00%	3,422	
39	1460	Office furn. & equip.	29,554	10.00%	2,955	
40	1465	Stores equipment	4,341	3.33%	145	
41	1470	Tool shop & misc. equip.	189,882	5.00%	9,494	
42	1475	Laboratory equipment	132,463	10.00%	13,246	
43	1480	Power operated equip.	365,003	10.00%	36,500	
44	1485	Communication equip.	73,595	10.00%	7,360	
45	1490	Misc equip. sewer	19,105	3.33%	636	
46	1495	Sewer plant allocated	526,952	6.67%	35,148	
47	1500	Other tangible plt. sewer	1,776	2.50%	44	
48	1535	Reuse dist. reservoirs	3,417	2.00%	68	
49	1540	Reuse transmission & dist.	55,225	2.00%	1,105	
50	1555	Transportation equip.	0	0.00%	0	
51	1575	Desktop computer - wtr	0	0.00%	0	
52	1580	Mainframe computer - wtr	0	0.00%	0	
53	1585	Mini computer - wtr	(4,177)	0.00%	0	
54	1590	Comp. system cost - wtr	35,535	0.00%	0	
55	1595	Micro system cost - wtr	0	0.00%	0	
56	1805	Plt. held for future use	(514,608)	0.00%	0	
57		Pro forma plant additions	0	0.00%	0	
58		Total plant in service (Sum of L1 thru L57)	<u>\$80,859,772</u>		<u>\$2,220,708</u>	<u>2.75% [4]</u>

[1] Henry Exhibit I, Schedule 2-1(b)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 58.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**

For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-15(c)**BRADFELD/FAIRFIELD WATER OPERATIONS**

Line No.	Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1020	Organization	\$100,321	2.50%	\$2,508	
2	1025	Franchises	29,653	2.50%	741	
3	1030	Land & land rights pump	0	0.00%	0	
4	1035	Land & land rights water tr.	0	0.00%	0	
5	1040	Land & land rights trans.	0	0.00%	0	
6	1045	Land & land rights gen. plt.	431	0.00%	0	
7	1050	Struct & improv. src. supply	162,909	2.00%	3,258	
8	1055	Struct & improv. wtr. trt. plt.	82,740	2.00%	1,655	
9	1060	Struct & improv. trans. dist.	461	2.00%	9	
10	1065	Struct & improv. gen. plt.	1,671	2.00%	33	
11	1070	Collecting reservoirs	0	2.00%	0	
12	1080	Wells & springs	497,829	2.00%	9,957	
13	1085	Infiltration gallery	0	2.50%	0	
14	1090	Supply mains	839	1.00%	8	
15	1095	Power generation equip.	0	10.00%	0	
16	1100	Electric pump equip. src. plt.	39,995	14.29%	5,715	
17	1105	Electric pump equip. wtp.	346,211	3.33%	11,529	
18	1110	Electric pump equip. trans.	31,088	14.29%	4,442	
19	1115	Water treatment equip.	127,839	2.50%	3,196	
20	1120	Dist. resv. & standpipes	750,433	2.00%	15,009	
21	1125	Trans. & distr. mains	1,768,183	1.00%	17,682	
22	1130	Service lines	633,237	2.00%	12,665	
23	1135	Meters	122,185	3.33%	4,069	
24	1140	Meter installations	134,865	3.33%	4,491	
25	1145	Hydrants	161,575	2.50%	4,039	
26	1150	Backflow prevention devic.	98	10.00%	10	
27	1160	Other plt. & misc. equip. src. su.	0	2.50%	0	
28	1165	Other plt. & misc. equip. wtp.	0	2.50%	0	
29	1175	Office struct & improv.	6,790	10.00%	679	
30	1180	Office furn. & equip.	3,913	10.00%	391	
31	1185	Stores equipment	235	3.33%	8	
32	1190	Tool shop & misc. equip.	92,758	5.00%	4,638	
33	1195	Laboratory equipment	11,419	10.00%	1,142	
34	1200	Power operated equip.	3,464	10.00%	346	
35	1205	Communication equip.	22,756	10.00%	2,276	
36	1210	Misc. equipment	18	3.33%	1	
37	1215	Water plant allocated	0	6.67%	0	
38	1220	Other tangible plt. water	0	2.50%	0	
39	1555	Transportation equip.	0	0.00%	0	
40	1580	Mainframe computer - wtr	0	2.50%	0	
41	1585	Mini computer - wtr	0	0.00%	0	
42	1590	Comp. system cost - wtr	0	0.00%	0	
43	1595	Micro system cost - wtr	0	0.00%	0	
44	1805	Plt. held for future use	0	0.00%	0	
45		Pro forma plant additions	0	0.00%	0	
46		Total plant in service (Sum of L1 thru L45)	\$5,133,916		\$110,497	2.15% [4]

[1] Henry Exhibit I, Schedule 2-1(c)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 46.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**

For The Test Year Ended December 31, 2017

BRADFELD/FAIRFIELD SEWER OPERATIONSPublic Staff
Henry Supp. Exhibit I
Schedule 3-15(d)

Line No.	Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1245	Organization	\$16,686	2.50%	\$417	
2	1250	Franchises intang. plt.	20,351	2.50%	509	
3	1270	Land & land rights trmtnt plt	0	0.00%	0	
4	1275	Land & land rights reclaim.	0	0.00%	0	
5	1285	Land & land rights gen. plt.	0	0.00%	0	
6	1290	Struct/improv. coll. plt.	0	2.00%	0	
7	1295	Struct/improv. pump plt. ls.	890,705	2.00%	17,814	
8	1300	Struct/improv. treat. plt.	1,985,107	2.50%	49,628	
9	1305	Struct/improv. reclaim. wtp.	0	2.50%	0	
10	1310	Struct/improv. reclaim. wtr.	2,477	2.50%	62	
11	1315	Struct/improv. gen. plt.	245,538	2.00%	4,911	
12	1320	Power gen. equip. coll. plt.	0	10.00%	0	
13	1325	Power gen. equip. pump plt.	41,076	10.00%	4,108	
14	1330	Power gen. equip. treat. plt.	0	10.00%	0	
15	1345	Sewer force main/serv. lin.	193,998	1.33%	2,580	
16	1350	Sewer gravity main	5,212,518	1.00%	52,125	
17	1353	Manholes	16,252	1.00%	163	
18	1355	Special coll. structures	775	2.00%	16	
19	1360	Services to customers	37,341	1.33%	497	
20	1365	Flow measure devices	17,011	4.00%	680	
21	1370	Flow measure install	0	4.00%	0	
22	1375	Receiving wells	0	2.00%	0	
23	1380	Pumping equipment pump plt.	729,968	14.29%	104,312	
24	1385	Pumping equipment reclaim.	234	14.29%	33	
25	1390	Pumping equipment rcl. wtr.	0	14.29%	0	
26	1395	Treat./disp. equip. lagoon	56	2.50%	1	
27	1400	Treat./disp. equip. trt. plt.	2,782,133	2.50%	69,553	
28	1405	Treat./disp. equip. rct. wtp.	0	2.50%	0	
29	1410	Plant sewers treat. plt.	385,368	2.50%	9,634	
30	1415	Plant sewers reclaim wtp.	0	2.50%	0	
31	1420	Outfall lines	15,379	1.00%	154	
32	1425	Other plt. tangible	0	2.50%	0	
33	1430	Other plt. collection	(224)	2.50%	(6)	
34	1435	Other plt. pump	2,873	2.50%	72	
35	1440	Other plt. treatment	0	2.50%	0	
36	1445	Other plt. reclaim wtr. trt.	5,189	2.50%	130	
37	1450	Other plt. reclaim wtr. dis.	0	2.50%	0	
38	1455	Office struct & improv.	10,136	10.00%	1,014	
39	1460	Office furn. & equip.	699	10.00%	70	
40	1465	Stores equipment	2,752	3.33%	92	
41	1470	Tool shop & misc. equip.	12,142	5.00%	607	
42	1475	Laboratory equipment	6,227	10.00%	623	
43	1480	Power operated equip.	47,069	10.00%	4,707	
44	1485	Communication equip.	993	10.00%	99	
45	1490	Misc equip. sewer	8,603	3.33%	286	
46	1495	Sewer plant allocated	0	6.67%	0	
47	1500	Other tangible plt. sewer	0	2.50%	0	
48	1535	Reuse dist. reservoirs	2,763	2.00%	55	
49	1540	Reuse transmission & dist.	(934)	2.00%	(19)	
50	1555	Transportation equip.	0	0.00%	0	
51	1575	Desktop computer - wtr	0	0.00%	0	
52	1580	Mainframe computer - wtr	0	0.00%	0	
53	1585	Mini computer - wtr	0	0.00%	0	
54	1590	Comp. system cost - wtr	0	0.00%	0	
55	1595	Micro system cost - wtr	0	0.00%	0	
56	1805	Plt. held for future use	0	0.00%	0	
57		Pro forma plant additions	0	0.00%	0	
58		Total plant in service (Sum of L1 thru L57)	<u>\$12,691,261</u>		<u>\$324,927</u>	<u>2.56% [4]</u>

[1] Henry Exhibit I, Schedule 2-1(d)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 58.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO FRANCHISE TAX & OTHER TAX
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-16

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Franchise tax & other tax per application	<u>(\$21,941)</u>	<u>(\$17,738)</u>	<u>(\$3,653)</u>	<u>(\$6,368)</u>
2	Adjustment to remove Riverbend franchise tax & other tax	(2) [1]	0 [1]	0 [1]	0 [1]
3	Franchise tax & other tax per Public Staff (L1 + L2)	<u><u>(\$21,943)</u></u>	<u><u>(\$17,738)</u></u>	<u><u>(\$3,653)</u></u>	<u><u>(\$6,368)</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO PROPERTY TAX

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I

Schedule 3-17

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Property tax per application	\$133,847	\$79,682	\$9,677	\$10,074
2	Adjustment to remove property tax related to Riverbend	794 [1]	0	0	0
3	Adjustments to correct UA adjustments	(271) [1]	(162) [1]	(32) [1]	(34) [1]
4	Total adjustments to property tax (L2 + L3)	523	(162)	(32)	(34)
5	Property tax per Public Staff (L1 + L4)	\$134,370	\$79,520	\$9,645	\$10,040

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I
Schedule 3-18(a)**CWSNC WATER OPERATIONS**

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$17,022,057	\$19,515,626	\$17,131,470
	Operating revenue deductions:			
2	Maintenance expenses	6,410,682	6,410,682	6,410,682
3	General expenses	2,936,024	2,936,024	2,936,024
4	Depreciation expense	2,877,977	2,877,977	2,877,977
5	Amortization of CIAC	(772,761)	(772,761)	(772,761)
6	Amortization of PAA	(115,514)	(115,514)	(115,514)
7	Amortization of ITC	(287)	(287)	(287)
8	Franchise and other taxes	(21,943)	(21,943)	(21,943)
9	Property taxes	134,370	134,370	134,370
10	Payroll taxes	285,700	285,700	285,700
11	Regulatory fee	23,831	27,322	23,984
12	Gross receipts tax	0	0	0
13	Interest expense	1,697,821 [2]	1,697,821 [4]	1,697,821 [6]
14	Total deductions (Sum of L2 thru L13)	13,455,901	13,459,392	13,456,054
15	Taxable income (L1 - L14)	3,566,156	6,056,234	3,675,416
16	State income tax (L15 x 3%)	106,985	181,687	110,262
17	Federal taxable income after state income tax (L15 - L16)	3,459,171	5,874,547	3,565,154
18	Federal income tax (L17 x 21%)	726,426	1,233,655	748,682
19	Excess deferred income tax amortization	(35,475)	(35,475)	(35,475)
20	Net amount (L15 - L16 - L18 - L19)	2,768,220	4,676,367	2,851,947
21	Add: Interest expense	1,697,821 [2]	1,697,821 [4]	1,697,821 [6]
22	Net income for a return (L20 + L21)	\$4,466,041	\$6,374,188	\$4,549,768

[1] Henry Exhibit I, Schedule 3(a), Column (c).

[2] Henry Exhibit I, Schedule 1(a), Column (e), Line 1.

[3] Henry Exhibit I, Schedule 3(a), Column (e).

[4] Henry Exhibit I, Schedule 1(a), Column (e), Line 4.

[5] Henry Exhibit I, Schedule 3(a), Column (g).

[6] Henry Exhibit I, Schedule 1(a), Column (e), Line 7.

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CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I
Schedule 3-18(b)**CWSNC SEWER OPERATIONS**

Line No.	Item	Present Rates (a) [1]	Company Proposed Rates (b) [3]	Public Staff Recommended Rates (c) [5]
1	Operating revenue	\$12,721,070	\$13,728,524	\$12,613,618
	Operating revenue deductions:			
2	Maintenance expenses	5,303,365	5,303,365	5,303,365
3	General expenses	1,750,021	1,750,021	1,750,021
4	Depreciation expense	2,271,822	2,271,822	2,271,822
5	Amortization of CIAC	(774,595)	(774,595)	(774,595)
6		(17,244)	(17,244)	(17,244)
7	Amortization of ITC	(232)	(232)	(232)
8	Franchise and other taxes	(17,738)	(17,738)	(17,738)
9	Property taxes	79,520	79,520	79,520
10	Payroll taxes	170,084	170,084	170,084
11	Regulatory fee	17,809	19,220	17,659
12	Gross receipts tax	0	0	0
13	Interest expense	1,216,332 [2]	1,216,332 [4]	1,216,332 [6]
14	Total deductions (Sum of L2 thru L13)	9,999,144	10,000,555	9,998,994
15	Taxable income (L1 - L14)	2,721,926	3,727,969	2,614,624
16	State income tax (L15 x 3%)	81,658	111,839	78,439
17	Federal taxable income after state income tax (L15 - L16)	2,640,268	3,616,130	2,536,185
18	Federal income tax (L17 x 21%)	554,456	759,387	532,599
19	Excess deferred income tax amortization	(39,571)	(39,571)	(39,571)
20	Net amount (L15 - L16 - L18-L19)	2,125,383	2,896,314	2,043,157
21	Add: Interest expense	1,216,332 [2]	1,216,332 [4]	1,216,332 [6]
22	Net income for a return (L20 + L21)	\$3,341,715	\$4,112,646	\$3,259,489

[1] Henry Exhibit I, Schedule 3(b), Column (c).

[2] Henry Exhibit I, Schedule 1(b), Column (e), Line 1.

[3] Henry Exhibit I, Schedule 3(b), Column (e).

[4] Henry Exhibit I, Schedule 1(b), Column (e), Line 4.

[5] Henry Exhibit I, Schedule 3(b), Column (g).

[6] Henry Exhibit I, Schedule 1(b), Column (e), Line 7.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2017

Public Staff
Henry Supp. Exhibit I
Schedule 3-18(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Present Rates (a) [1]	Company Proposed Rates (b) [3]	Public Staff Recommended Rates (c) [5]
1	Operating revenue	\$1,074,106	\$1,585,213	\$1,325,873
	Operating revenue deductions:			
2	Maintenance expenses	530,192	530,192	530,192
3	General expenses	352,591	352,591	352,591
4	Depreciation expense	127,603	127,603	127,603
5	Amortization of CIAC	(47,886)	(47,886)	(47,886)
6	Amortization of PAA	12,967	12,967	12,967
7	Amortization of ITC	0	0	0
8	Franchise and other taxes	(3,653)	(3,653)	(3,653)
9	Property taxes	9,645	9,645	9,645
10	Payroll taxes	34,537	34,537	34,537
11	Regulatory fee	1,504	2,219	1,856
12	Gross receipts tax	0	0	0
13	Interest expense	95,987 [2]	95,987 [4]	95,987 [6]
14	Total deductions (Sum of L2 thru L13)	1,113,487	1,114,202	1,113,839
15	Taxable income (L1 - L14)	(39,381)	471,011	212,034
16	State income tax (L15 x 3%)	0	14,130	6,361
17	Federal taxable income after state income tax (L15 - L16)	(38,200)	456,881	205,673
18	Federal income tax (L17 x 21%)	0	95,945	43,191
19	Excess deferred income tax amortization	1,245	1,245	1,245
20	Net amount (L15 - L16 - L18-L19)	(31,423)	359,691	161,237
21	Add: Interest expense	95,987 [2]	95,987 [4]	95,987 [6]
22	Net income for a return (L20 + L21)	\$64,564	\$455,678	\$257,224

- [1] Henry Exhibit I, Schedule 3(c), Column (c).
[2] Henry Exhibit I, Schedule 1(c), Column (e), Line 1.
[3] Henry Exhibit I, Schedule 3(c), Column (e).
[4] Henry Exhibit I, Schedule 1(c), Column (e), Line 4.
[5] Henry Exhibit I, Schedule 3(c), Column (g).
[6] Henry Exhibit I, Schedule 1(c), Column (e), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit I
Schedule 3-18(d)**BRADFIELD/FAIRFIELD SEWER OPERATIONS**

Line No.	Item	Present Rates (a) [1]	Company Proposed Rates (b) [3]	Public Staff Recommended Rates (c) [5]
1	Operating revenue	\$1,758,234	\$2,146,504	\$2,047,639
	Operating revenue deductions:			
2	Maintenance expenses	799,492	799,492	799,492
3	General expenses	367,056	367,056	367,056
4	Depreciation expense	339,980	339,980	339,980
5	Amortization of CIAC	(181,478)	(181,478)	(181,478)
6	Amortization of PAA	42,460	42,460	42,460
7	Amortization of ITC	0	0	0
8	Franchise and other taxes	(6,368)	(6,368)	(6,368)
9	Property taxes	10,040	10,040	10,040
10	Payroll taxes	35,954	35,954	35,954
11	Regulatory fee	2,462	3,005	2,867
12	Gross receipts tax	0	0	0
13	Interest expense	203,751 [2]	203,751 [4]	203,751 [6]
14	Total deductions (Sum of L2 thru L13)	1,613,349	1,613,892	1,613,754
15	Taxable income (L1 - L14)	144,885	532,612	433,885
16	State income tax (L15 x 3%)	4,347	15,978	13,017
17	Federal taxable income after state income tax (L15 - L16)	140,538	516,634	420,868
18	Federal income tax (L17 x 21%)	29,513	108,493	88,382
19	Excess deferred income tax amortization	(9,769)	(9,769)	(9,769)
20	Net amount (L15 - L16 - L18-L19)	120,794	417,910	342,255
21	Add: Interest expense	203,751 [2]	203,751 [4]	203,751 [6]
22	Net income for a return (L20 + L21)	\$324,545	\$621,661	\$546,006

[1] Henry Exhibit I, Schedule 3(d), Column (c).

[2] Henry Exhibit I, Schedule 1(d), Column (e), Line 1.

[3] Henry Exhibit I, Schedule 3(d), Column (e).

[4] Henry Exhibit I, Schedule 1(d), Column (e), Line 4.

[5] Henry Exhibit I, Schedule 3(d), Column (g).

[6] Henry Exhibit I, Schedule 1(d), Column (e), Line 7.

CAROLINA WATER SERVICE, INC. OF NC

Docket No. W-354, Sub 360

**CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS**

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit II

Schedule 1

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Increase/(decrease) in total revenue per Company	\$2,485,612	\$1,022,180	\$511,341	\$386,403
2	Difference in calculation of revenue requirement based on Company amounts	(1)	(2)	(2)	0
3	Adjust capital structure to 49.09% debt and 50.91% equity	(107,329)	(79,687)	(5,105)	(12,930)
4	Adjust debt cost rate to 5.68%	(94,538)	(70,194)	(4,495)	(11,389)
5	Adjust return on equity to 9.2%	(919,584)	(682,785)	(43,727)	(110,782)
6	Adjustment to uncollectibles	10,049	3,366	3,143	4,694
7	Adjustment to forfeited discounts	(4,379)	(2,002)	(402)	(604)
8	Adjustment to miscellaneous revenues	(20,080)	19,170	(3,530)	3,530
9	Update revenues to 6/30/2017	(27,964)	45,470	0	(11,651)
10	Adjustment to include plant held for future use	(8,514)	(45,866)	0	0
11	Adjustment to remove pro forma estimates	(286,501)	(156,324)	0	(16,159)
12	Adjustment to cost center rate base	(498)	(188)	0	0
13	Adjustment to include cost centers GL additions	20,238	10,167	2,236	1,879
14	Adjustment to update rate base	8,532	3,719	29,016	10,541
15	Adjustment to include actual GL additions	271,905	185,284	4,772	30,665
16	Adjustments to add in capitalized legal fees	0	697	0	0
17	Adjustment to remove AA Riverbend	46	0	0	0
18	Adjustment to cash working capital	(10,986)	(1,699)	(665)	(1,058)
19	Adjustment to ADIT	111,373	(10,090)	27,026	(17,178)
20	Adjustment to customer deposits	(1,659)	(988)	(261)	(271)
21	Adjustment to gain on sale	8,025	4,088	0	0
22	Adjustment to excess book value	(1)	0	0	0
23	Adjustment to average tax accruals	(12,171)	(7,345)	(828)	(890)
24	Adjustment for excess deferred taxes	(46,359)	(51,711)	1,627	(12,766)
25	Adjustment to deferred charges	(29,033)	(70,480)	(9,169)	(1,520)
26	Adjustment to maintenance salaries	(83,856)	(42,168)	(8,563)	(8,913)
27	Adjustment to purchased power	(1,913)	0	0	0
28	Adjustment to purchased water/sewer	(125,068)	(1,988)	31,359	0

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CAROLINA WATER SERVICE, INC. OF NC

Docket No. W-354, Sub 360

**CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS**

For The Test Year Ended December 31, 2017

Public Staff

Henry Supp. Exhibit II

Schedule 1

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
29	Adjustment to maintenance and repair	(366,470)	6,770	(503)	(19,671)
30	Adjustment to maintenance testing	59,523	12,397	3,680	(1,968)
31	Adjustment to meter reading	(96)	0	0	0
32	Adjustment to chemicals	(131,848)	136,058	3,428	(3,427)
33	Adjustment to transportation	(1,464)	(411)	(83)	(87)
34	Adjustment to capitalized time	19,025	12,002	1,847	1,942
35	Adjustment to outside services - other	(18,560)	(8,499)	(84)	(88)
36	Adjustment to general salaries and wages	(78,669)	(43,498)	(8,833)	(9,196)
37	Adjustment to office supplies and other office exp.	(2,646)	(617)	(124)	(130)
38	Adjustment to regulatory commission expense	(178,163)	(105,713)	(20,044)	(21,779)
39	Adjustment to pension and benefits	(21,435)	(12,761)	(2,592)	(2,698)
40	Adjustment to rent	(3,993)	(1,843)	(374)	(390)
41	Adjustment to insurance	(71,667)	(42,694)	(14,135)	(14,715)
42	Adjustment to office utility	(1,396)	(355)	(72)	(75)
43	Adjustment to miscellaneous	(103,860)	(61,385)	(13,310)	(13,857)
44	Adjustment to depreciation expense	(13,823)	87,203	(222,703)	217,394
45	Adjustment to amortization expense - CIAC	(91,880)	(158,721)	(8,739)	(36,886)
46	Adjustment to amortization expense - PAA	(11,563)	7,750	1,397	(35,771)
47	Adjustment to franchise tax	(2)	0	0	0
48	Adjustment to property tax	524	(162)	(32)	(34)
49	Adjustment to payroll tax	(7,470)	(3,597)	(731)	(761)
50	Rounding	0	(1)	1	1
51	Revenue impact of Public Staff adjustments	(2,376,199)	(1,129,632)	(259,573)	(96,998)
52	Increase/(decrease) per Public Staff	\$109,413	(\$107,452)	\$251,767	\$289,405