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**INDEX TO STIPULATION EXHIBIT I REVISED**

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**FINAL**

<u>Line No.</u>	<u>Title</u>	<u>Schedule Number</u>
1	RETURN ON ORIGINAL COST RATE BASE	1
2	ORIGINAL COST RATE BASE	2
3	CALCULATION OF PLANT IN SERVICE, ACCUMULATED	
4	DEPRECIATION AND DEPRECIATION EXPENSE	2-1
5	NET OPERATING INCOME FOR A RETURN	3
6	FOOTNOTES TO SCHEDULE 3	3(a)
7	ADJUSTMENT TO OTHER EXPENSES: INSURANCE EXPENSE	3-1
8	ADJUSTMENT TO OTHER EXPENSES: MISCELLANEOUS EXPENSE	3-2
9	CALCULATION OF RATE CASE EXPENSE	3-3
10	CALCULATION OF INCOME TAXES	3-4

**OLD NORTH STATE WATER COMPANY, LLC**

Docket No. W-1300, Sub 60

**RETURN ON ORIGINAL COST RATE BASE**

For The Test Year Ended December 31, 2020

Stipulation Exhibit I REVISED

Schedule 1

**FINAL**

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate (d)	Net Operating Income (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$834,709 [2]	4.60% [1]	2.30%	\$38,397 [8]
2.	Equity	50.00%	834,709 [2]	-41.44% [6]	-20.72%	(345,891) [9]
3.	Total	100.00%	\$1,669,418 [3]		-18.42%	(\$307,494) [10]
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$834,709 [4]	4.60% [1]	2.30%	\$38,397 [8]
5.	Equity	50.00%	834,709 [4]	15.32% [6]	7.66%	127,909 [11]
6.	Total	100.00%	\$1,669,418 [3]		9.96%	\$166,306 [12]
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$834,709 [5]	4.60% [1]	2.30%	\$38,397 [8]
8.	Equity	50.00%	834,709 [5]	9.40% [1]	4.70%	78,463 [8]
9.	Total	100.00%	\$1,669,418 [3]		7.00%	\$116,860

[1] Provided by Settlement Agreement and Stipulation.

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

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

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

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

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

[7] Column (a) x Column (c).

[8] Column (b) x Column (c).

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

[10] Stipulation Exhibit I REVISED, Schedule 3, Line 30, Column (c).

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

[12] Stipulation Exhibit I REVISED, Schedule 3, Line 30, Column (e).

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

Stipulation Exhibit I REVISED  
Schedule 2  
**FINAL**

Line No.	<u>Item</u>	Amount Per Update (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff (c)
1	Plant in service	\$11,729,405	(\$425,924)	\$11,303,481 [2]
2	Accumulated depreciation	(1,246,639)	(1,188,070)	(2,434,709) [2]
3	Contributions in aid of construction	(9,308,078)	1,531,926	(7,776,152) [2]
4	Accumulated amortization of CIAC	723,778	(24,400)	699,378 [2]
5	Customer advances	(303,980)	54,000	(249,980) [2]
6	Net plant in service	1,594,486	(52,468)	1,542,018
7	Customer deposits	0	0	0
8	Cash working capital	148,636	(16,656)	131,980 [3]
9	Average tax accruals	(4,580)	0	(4,580)
10	<b>Original cost rate base</b>	<u>\$1,738,542</u>	<u>(\$69,124)</u>	<u>\$1,669,418</u>

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

[2] Per Oakman Rebuttal Exhibit I, Schedule 2, Column (c).

[3] Calculated at one-eighth of operating expenses.

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

Stipulation Exhibit | REVISED  
Schedule 3  
Page 1 of 2  
**FINAL**

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Company Update (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c)	Net Company Increase (d)	Operations After Rate Increase (e)	Net Public Staff Increase (f)	Operations After Rate Increase (g)	
<b>Operating Revenues</b>									
1	Service revenues	\$966,960	(\$51,244)	\$915,716 [3]	\$512,619	\$1,428,335 [3]	\$448,340	\$1,364,056 [18]	
2	Miscellaneous revenues	14,907	0	14,907	0	14,907	0	14,907	
3	Uncollectibles	0	(852)	(852)	0	(852)	0	(852)	
4	Total operating revenues	981,867	(52,096)	929,771	512,619	1,442,390	448,340	1,378,111	
<b>Operating and Maintenance Expenses</b>									
5	Salaries and wages	195,854	0	195,854	0	195,854	0	195,854	
6	Administrative and office expense	314,781	0	314,781	0	314,781	0	314,781	
7	Maintenance & repair expense	218,169	(56,034)	162,135 [3]	0	162,135	0	162,135	
8	Transportation	28,102	0	28,102	0	28,102	0	28,102	
9	Electric power	77,465	(11,378)	66,087 [3]	0	66,087	0	66,087	
10	Chemicals	10,870	(556)	10,314 [3]	0	10,314	0	10,314	
11	Testing	95,007	0	95,007	0	95,007	0	95,007	
12	Permit fees	8,521	0	8,521	0	8,521	0	8,521	
13	Purchased water	52,239	(17,064)	35,175 [3]	0	35,175	0	35,175	
14	Other expenses - Professional expenses: lawn maintenance	89,130	0	89,130	0	89,130	0	89,130	
15	Other expenses - Insurance expense	14,211	(2,488)	11,723 [5]	0	11,723	0	11,723	
16	Other expenses - Bad debt expense	852	(852)	0 [4]	0	0	0	0	
17	Other expenses - Miscellaneous expense: bond expense	9,908	(3,344)	6,564 [6]	0	6,564	0	6,564	
18	Rate case expense	73,974	(6,351)	67,623 [7]	0	67,623	0	67,623	
19	Total operating and maintenance expenses	1,189,063	(98,067)	1,091,016	0	1,091,016	0	1,091,016	
<b>Depreciation and Taxes</b>									
20	Depreciation expense	352,723	(995)	351,728 [8]	0	351,728	0	351,728	
21	Amortization expense - CIAC	(262,687)	34,817	(227,870) [8]	0	(227,870)	0	(227,870)	
22	Property taxes	1,382	0	1,382	0	1,382	0	1,382	
23	Payroll taxes	19,447	0	19,447	0	19,447	0	19,447	
24	Other taxes	353	0	353	0	353	0	353	
25	Regulatory fee	0	0	1,209 [9]	0	1,875 [9]	0	1,792 [9]	
26	State income tax	0	0	0 [10]	4,152	4,152 [14]	2,547	2,547 [19]	
27	Federal income tax	0	0	0 [11]	34,001	34,001 [15]	20,857	20,857 [20]	
28	Total depreciation and taxes	111,218	33,822	146,249	38,153	185,068	23,404	170,236	
29	<b>Total operating revenue deductions</b>	1,300,301	(64,245)	1,237,265	38,153	1,276,084	23,404	1,261,252	
30	<b>Net operating income for return</b>	(\$318,434)	\$12,149	(\$307,494)	\$474,466	\$166,306	\$424,936	\$116,859	

**OLD NORTH STATE WATER COMPANY, LLC**

Docket No. W-1300, Sub 60

FOOTNOTES TO SCHEDULE 3

For The Test Year Ended December 31, 2020

Stipulation Exhibit I REVISED

Schedule 3(a)

Page 2 of 2

**FINAL**

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Junis.
- [4] Amount reclassified from bad debt expense.
- [5] Stipulation Exhibit I REVISED, Schedule 3-1, Line 4.
- [6] Stipulation Exhibit I REVISED, Schedule 3-2, Line 3.
- [7] Stipulation Exhibit I REVISED, Schedule 3-3, Line 8.
- [8] Per Oakman Rebuttal Exhibit I, Schedule 3, Column (a).
- [9] Line 4 multiplied by .13%.
- [10] Stipulation Exhibit I REVISED, Schedule 3-4, Column (a), Line 12.
- [11] Stipulation Exhibit I REVISED, Schedule 3-4, Column (a), Line 14.
- [12] Column (e) minus Column (c), unless otherwise footnoted.
- [13] Column (c) plus Column (d), unless otherwise footnoted.
- [14] Stipulation Exhibit I REVISED, Schedule 3-4, Column (b), Line 12.
- [15] Stipulation Exhibit I REVISED, Schedule 3-4, Column (b), Line 14.
- [16] Column (g) minus Column (c), unless otherwise footnoted.
- [17] Column (c) plus Column (f), unless otherwise footnoted.
- [18] Revenue requirement as calculated by the Public Staff.
- [19] Stipulation Exhibit I REVISED, Schedule 3-4, Column (c), Line 12.
- [20] Stipulation Exhibit I REVISED, Schedule 3-4, Column (c), Line 14.

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

Stipulation Exh bit I REVISED  
Schedule 3-1  
**FINAL**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Other expenses: insurance expense per revised application	\$14,211
2.	Adjustment to reflect actual property, general liability & excess liability insurance expenses	(1,538) [1]
3.	Adjustment to reflect actual annual premium compensation expenses for new employees	<u>(950) [1]</u>
4.	Other expenses: insurance expense per Public Staff (L1 + L2 + L3)	<u>11,723</u>
5.	Adjustment to Other expenses: Insurance (L4 - L1)	<u><u>(\$2,488)</u></u>

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

**OLD NORTH STATE WATER COMPANY, LLC**  
Docket No. W-1300, Sub 60  
**ADJUSTMENT TO OTHER EXPENSES: MISCELLANEOUS EXPENSE**  
For The Test Year Ended December 31, 2020

Stipulation Exh bit I REVISED  
Schedule 3-2  
**FINAL**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Other expenses: miscellaneous expense per revised application	\$9,908
2.	Adjustment to reflect actual 12-month bond expense from September 2020 through August 2021.	<u>92</u> [1]
3.	Other expenses: miscellaneous expense per Public Staff (L1 + L2)	<u>10,000</u>
4.	Adjustment to Other expenses: miscellaneous expense (L4 - L1)	<u><u>\$92</u></u>

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

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

Stipulation Exhibit I REVISED  
Schedule 3-3  
**FINAL**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Legal fees	134,110 [1]
2	Accounting consulting fees	23,222 [1]
3	ONSWC: Rate Case Labor Allocations	35,029 [1]
4	Notices, Printing envelopes, Postage, and Miscellaneous	<u>10,507</u> [1]
5	Total rate case expense (Sum of L1 thru L4)	202,868
6	Amortization Period	<u>3</u>
7	Rate case expense per Public Staff (L5 / L6)	<u><u>\$67,623</u></u>

[1] Per Company update as of 3/24/2022.



**OLD NORTH STATE WATER COMPANY, LLC**

Docket No. W-1300, Sub 60

**CALCULATION OF INCOME TAXES**

For The Test Year Ended December 31, 2020

Stipulation Exhibit I REVISED

Schedule 3-3

**FINAL**

<u>Line No.</u>	<u>Item</u>	<u>Present Rates</u> [1] (a)	<u>Company Proposed Rates</u> [3] (b)	<u>Public Staff Recommended Rates</u> [5] (c)
1	Operating revenue	<u>\$929,771</u>	<u>\$1,442,390</u>	<u>\$1,378,111</u>
	Operating revenue deductions:			
2	Total O&M expenses	1,091,016	1,091,016	1,091,016
3	Depreciation expense	351,728	351,728	351,728
4	Amortization expense	(227,870)	(227,870)	(227,870)
5	Property taxes	1,382	1,382	1,382
6	Payroll taxes	19,447	19,447	19,447
7	Other taxes	353	353	353
8	Regulatory fee	1,209	1,875	1,792
9	Interest expense	<u>38,397</u> [2]	<u>38,397</u> [4]	<u>38,397</u> [6]
10	Total deductions (Sum of L2 thru L9)	<u>1,275,662</u>	<u>1,276,328</u>	<u>1,276,245</u>
11	Taxable income (L1 - L10)	<u>(345,891)</u>	<u>166,062</u>	<u>101,866</u>
12	State income tax (L11 x 2.50%)	<u>0</u>	<u>4,152</u>	<u>2,547</u>
13	Federal taxable income (L11 - L12)	<u>(345,891)</u>	<u>161,910</u>	<u>99,319</u>
14	Federal income tax (L13 x 21.00%)	<u>0</u>	<u>34,001</u>	<u>20,857</u>
15	Net amount (L13 - L14)	<u>(345,891)</u>	<u>127,909</u>	<u>78,462</u>
16	Add: interest expense	<u>38,397</u> [2]	<u>38,397</u> [4]	<u>38,397</u> [6]
17	Net income for return (L15 + L16)	<u><u>(\$307,494)</u></u>	<u><u>\$166,306</u></u>	<u><u>\$116,859</u></u>

[1] Stipulation Exhibit I REVISED, Schedule 3, Column (c), unless footnoted otherwise.

[2] Stipulation Exhibit I REVISED, Schedule 1, Line 1, Column (e).

[3] Stipulation Exhibit I REVISED, Schedule 3, Column (e), unless footnoted otherwise.

[4] Stipulation Exhibit I REVISED, Schedule 1, Line 4, Column (e).

[5] Stipulation Exhibit I REVISED, Schedule 3, Column (g), unless footnoted otherwise.

[6] Stipulation Exhibit I REVISED, Schedule 1, Line 7, Column (e).

**OLD NORTH STATE WATER COMPANY, LLC**  
Docket No. W-1300, Sub 60  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF SETTLEMENT ADJUSTMENTS**  
For The Test Year Ended December 31, 2020

Stipulation Exhibit II REVISED  
Schedule 1  
**FINAL**

Line No.	<u>tem</u>	ONSWC Water [1]
1	Increase / (decrease) in total revenues per Company	<u>\$463,642</u>
2	<u>Difference in calculation of revenue requirement based on Company amounts:</u>	
3	Adjust capital structure to 50% debt and 50% equity	30,552
4	Adjust debt cost rate to 4.60%	(23,849)
5	Adjust return on equity to 9.40%	(3,956)
6	Adjustment to reclassify uncollectibles	852
7	Adjustment to plant in service	(35,833)
8	Adjustment to accumulated depreciation	(99,951)
9	Adjustment to contributions in aid of construction	128,879
10	Adjustment to accumulated amortization of CIAC	(2,053)
11	Adjustment to customer advances	4,543
12	Adjustment to service revenues	51,244
13	Adjustment to maintenance and repair	(56,107)
14	Adjustment to electric power	(11,393)
15	Adjustment to chemicals	(557)
16	Adjustment to other expenses: insurance expense	(2,491)
17	Adjustment to other expenses: miscellaneous expense	(3,348)
18	Adjustment to cash working capital	(1,401)
19	Adjustment to reclassify bad debt expense	(853)
20	Adjustment to rate case expense	(6,360)
21	Adjustment to purchased water	(17,086)
22	Adjustment to depreciation expense	(996)
23	Adjustment to amortization expense - CIAC	34,862
24	Rounding difference	<u>(2)</u>
25	Revenue impact of Settlement adjustments	<u>(15,304)</u>
26	Increase / (decrease) per Public Staff	<u><u>\$448,338</u></u>

[1] Calculated by the Public Staff.