

CAROLINA WATER SERVICE, INC. OF NORTH
CAROLINA
NCUC FORM W-1
RATE CASE INFORMATION REPORT
DOCKET NO. W-354, SUB 384

Part – III

Support to Item W1-10

CAROLINA WATER SERVICE, INC. OF NORTH
CAROLINA
NCUC FORM W-1
RATE CASE INFORMATION REPORT
DOCKET NO. W-354, SUB 384
ITEM 10

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 384
Summary of Rate Case Adjustments
Test Year: March 31, 2021

WI-10

Table of Contents - Summary of Book and Pro-Forma Adjustments

Adjustment #	Description	Adjustment Type	Cost Category	Filing Exhibit Schedule	Support Schedule	Adjustment Amount				
						Uniform Water	Uniform Sewer	BE/FH/TC Water	BE/FH/TC Sewer	Total Adjustment
1	Allocation Adjustment - re-allocate Plant In-Service, A/D, ADIT based on 25% ratio for Availability ERC's:									
	Plant In-Service	Book	Allocated	A-1a, A-1b	Schedule 1	(241,987.12)	(143,714.32)	(29,378.70)	(30,040.14)	(445,120.28)
	Accumulated Depreciation	Book	Allocated	A-2a, A-2b	Schedule 1	185,519.54	110,178.65	22,523.19	23,030.29	341,251.67
	Accumulated Deferred Income Taxes	Book	Allocated	A-6a, A-6b	Schedule 1	(489.74)	(290.85)	(59.46)	(60.80)	(900.84)
2	Adjust cash working capital for changes in maintenance and general expenses:									
	Book Adjustment	Book	Direct & Allocated	A-3a, A-3b	A-3a, A-3b	52,554.07	91,261.38	5,555.32	9,498.40	158,869.18
	Pro-Forma Adjustment	Pro-Forma	Direct & Allocated	A-3a, A-3b	A-3a, A-3b	(32,315.25)	32,914.60	14,381.47	10,808.78	25,789.59
3	Adjust book ADIT for state and federal for prior order adjustments not recorded:									
	State	Pro-Forma	Direct	A-6a, A-6b	Schedule 3	109,241.18	44,861.90	49,419.36	(23,288.36)	180,234.08
	Federal	Pro-Forma	Direct	A-6a, A-6b	Schedule 3	722,222.47	(1,350,072.38)	237,141.56	(404,633.47)	(795,341.82)
4	Include Cost Free Capital as approved in W-354, Sub 266	Book	Direct Cost	A-12a	Schedule 4	(121,791.00)	(139,708.00)	-	-	(261,499.00)
5	Avg. Tax Accruals - Adjust Regulatory Fee for pro-forma service revenues * 0.13%:									
	Book Adjustment	Book	Direct & Allocated	A-13a, A-13b	A-13a, A-13b	(5,313.00)	(4,281.00)	(74.00)	(137.00)	(9,805.00)
	Pro-Forma Adjustment	Pro-Forma	Pro-Forma	A-13a, A-13b	A-13a, A-13b	5,185.10	4,105.06	372.80	596.85	10,259.80
6	Include unamortized balance of Federal Protected EDIT:									
	Unamortized Federal Protected EDIT reserve	Book	Direct	A-14a, A-14b	Schedule 6	(1,984,185.34)	(1,178,367.00)	(296,293.98)	(303,006.14)	(3,761,852.46)
	Adjust Deferred Charges and Amortization of Rate Case Expenses:									
7	Remove all Test Year cost in Deferred Charges & Rate Case Expense balances	Book	Direct	A-15a, A-15b	A-15a, A-15b	(1,108,182.79)	(2,212,178.51)	(141,070.96)	(94,213.38)	(3,555,645.64)
8	Include W-354, Sub 384 estimated rate case expense. In addition to unamortized balance from prior cases	Pro-Forma	Direct	A-15a, A-15b	Schedule 8	555,554.00	333,082.00	66,840.00	69,156.00	1,024,632.00
8	To adjust annual rate case amortization expense	Pro-Forma	Direct	B-15a, B-15b	Schedule 8	24,691.55	19,379.22	1,166.47	1,460.47	46,697.71
9	To Adjust non-rate case expense deferred charges to reflect unamortized balances as of 4/1/2022	Pro-Forma	Direct	A-15a, A-15b	Schedule 9	642,991.42	-	74,367.80	-	717,359.22
10	Include Pro-Forma Plant									
	Include post Test Year pro-forma plant additions	Pro-Forma	Direct	A-15a, A-15b	Schedule 10	2,278,122.00	4,149,564.00	101,007.00	1,822,135.00	8,350,828.00
	Include retirements associated with post Test Year pro-forma plant additions	Pro-Forma	Direct	A-15a, A-15b	Schedule 10	(112,979.00)	(309,966.00)	-	(101,060.00)	(524,005.00)
	Include incremental accumulated depreciation associated with post Test Year pro-forma plant	Pro-Forma	Direct	A-15a, A-15b	Schedule 10	(62,096.00)	(156,855.00)	(1,010.00)	(39,386.00)	(259,347.00)
	Include depreciation expense associated with pro-forma plant	Pro-Forma	Direct	B-21a, B-21b	Schedule 10	62,096.00	156,855.00	1,010.00	39,386.00	259,347.00
11	To reclass Test Year Corporate Allocations									
	Salaries & Wages	Book	Allocated	B-4a, B-4b	Schedule 11	(585,522.95)	(330,321.28)	(84,112.35)	(81,856.53)	(1,081,813.10)
	Salary Captive	Book	Allocated	B-5a, B-5b	Schedule 11	14,160.48	8,050.93	2,140.38	1,994.35	26,346.15
	Maintenance & Repair	Book	Allocated	B-8a, B-8b	Schedule 11	(10,398.17)	(5,825.23)	(1,419.12)	(1,443.27)	(19,085.79)
	Transportation	Book	Allocated	B-12a, B-12b	Schedule 11	(59.95)	(33.82)	(8.72)	(8.40)	(110.89)
	Outside Services	Book	Allocated	B-13a, B-13b	Schedule 11	26,371.77	14,767.29	3,332.94	3,717.17	48,189.17
	Office Supplies & Other Exp	Book	Allocated	B-14a, B-14b	Schedule 11	(204,974.12)	(114,898.54)	(28,142.20)	(28,696.90)	(376,711.77)
	Pension & Other Benefits	Book	Allocated	B-16a, B-16b	Schedule 11	(121,114.19)	(68,201.41)	(17,193.16)	(16,898.86)	(223,407.61)
	Rent Expense	Book	Allocated	B-17a, B-17b	Schedule 11	(47,848.65)	(27,008.26)	(6,899.26)	(6,692.71)	(88,448.88)
	Insurance Expense	Book	Allocated	B-18a, B-18b	Schedule 11	(10,755.20)	(6,065.93)	(1,541.89)	(1,503.12)	(19,866.13)
	Office Utilities	Book	Allocated	B-19a, B-19b	Schedule 11	(82,805.23)	(46,632.43)	(11,777.11)	(11,555.98)	(152,770.75)
	Bad Debt Expense	Book	Allocated	B-1a, B-1b	Schedule 11	(888.67)	(504.81)	(133.28)	(125.05)	(1,651.82)
	Miscellaneous Expense	Book	Allocated	B-20a, B-20b	Schedule 11	(29,774.97)	(16,790.00)	(4,171.55)	(4,152.24)	(54,888.76)
	Travel	Book	Allocated	B-20a, B-20b	Schedule 11	(3,114.64)	(1,784.82)	(497.39)	(442.41)	(5,839.26)
	Depreciation Expense	Book	Allocated	B-21a, B-21b	Schedule 11	(225,649.72)	(120,649.72)	(31,350.67)	(30,004.56)	(407,066.29)
	Taxes other than Income	Book	Allocated	B-25a, B-25b	Schedule 11	(56,218.93)	(31,642.35)	(7,972.34)	(7,841.94)	(103,675.55)
	Corporate Allocation	Book	Allocated	B-20a, B-20b	Schedule 11	1,338,004.76	747,540.38	189,745.72	185,510.44	2,460,801.30
12	Adjust Service Revenues to pro-forma present rate levels	Book	Direct	B-1a, B-1b	Schedule E	409,366.45	(21,066.36)	14,763.67	31,912.93	434,976.69
	Adjust Miscellaneous Revenues:									
13	Adjust Late Payment Charges	Book	Direct	B-1a, B-1b	B-3a, B-3b	62,927.71	38,310.16	4,845.18	5,701.61	111,784.65
14	Remove Allocated Misc Revenues	Book	Allocated	B-1a, B-1b	B-1a, B-1b	(106.94)	(63.54)	-	-	(170.48)
15	Update Salaries & Wages to reflect new going level rates and head count:									
	Adjustment to reflect going level pay rates and headcount	Pro-Forma	Direct	B-4a, B-4b	Schedule 15	(263,154.74)	131,609.07	163,775.02	129,061.27	161,290.62
	Adjustmen to reflect updated payroll taxes based on going level salary and wages update	Pro-Forma	Direct	B-25a, B-25b	Schedule 15	507.54	22,638.00	9,949.42	10,205.05	43,300.01
16	Adjust Power Expense for vendor price changes since start of Test Year	Pro-Forma	Direct	B-6a, B-6b	Schedule 16	7,492.23	4,357.93	156.47	-	12,006.63

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						Uniform Water	Uniform Sewer	BE/EH/TC Water	BE/EH/TC Sewer	
17	<u>Adjust Purchased Water/Purchased Sewer Expense for vendor price changes since start of Test Year</u>	Pro-Forma	Direct	B-7a	Schedule 17	18,880.95	6,219.10	-	-	25,100.05
18	<u>Remove Unrecoverable Expenses:</u>									
	Lobbying	Book	Allocated	B-13a, B-13b	Schedule 18	(34,313.18)	(20,378.34)	(3,913.24)	(4,282.58)	(62,887.34)
	Charitable Donations	Book	Allocated	B-20a, B-20b	Schedule 18	(16,279.01)	(9,111.75)	(2,213.90)	(2,255.40)	(29,860.06)
	Penalties/Fines	Book	Direct & Allocated	B-20a, B-20b	B-20a, B-20b	(1,717.31)	(6,354.87)	(65.88)	(67.03)	(8,205.09)
19	<u>Remove Test Year entries related to Sub 364 Proceeding:</u>									
	Remove Test Year entries related to Sub 364 Proceeding deferred accounting and acquisition cost	Book	Direct	B-20a, B-20b	B-20a, B-20b	-	167,085.00	-	-	167,085.00
	Remove Test Year entries related to Sub 364 Proceeding deferred accounting and acquisition cost	Book	Direct & Allocated	B-20a, B-20b	B-20a, B-20b	176,517.45	438,181.80	9,875.10	43,333.79	667,908.14
20	<u>Adjust Chemicals Expense for vendor price changes since start of Test Year</u>	Pro-Forma	Direct	B-11a, B-11b	Schedule 20	6,348.19	14,116.99	2,306.92	94.40	22,866.49
21	<u>Adjust rent expense for going level rates</u>	Pro-Forma	Direct	B-17a, B-17b	Schedule 21	(6,149.19)	2,733.29	3,952.45	3,976.43	4,512.98
22	<u>Reclassify Customer Deposit Interest as Miscellaneous Expense</u>	Book	Direct	B-20a, B-20b	Schedule 22	14,055.69	7,872.33	1,304.20	1,286.88	24,519.10
23	<u>To Include Payment Processing Fees and Water Efficiency Program Noticing Cost</u>	Pro-Forma	Direct	B-14a, B-14b	Schedule 23	156,345.83	92,852.61	18,981.33	19,408.68	287,588.44
24	<u>Adjust Insurance Expense to annualize current policy premiums</u>									
	General Liability Insurance	Pro-Forma	Direct	B-18a, B-18b	Schedule 24	(76,836.06)	(35,712.29)	(13,495.05)	(13,687.21)	(139,730.61)
	Property Insurance	Pro-Forma	Direct	B-18a, B-18b	Schedule 24	149,762.36	90,633.52	17,497.00	17,914.75	275,807.62
	Vehicle Insurance	Pro-Forma	Direct	B-18a, B-18b	Schedule 24	4,247.15	4,660.45	(392.87)	(365.17)	8,149.56
	Other Insurance	Pro-Forma	Direct	B-18a, B-18b	Schedule 24	(4,871.35)	(1,358.74)	(1,247.85)	(1,252.61)	(8,730.55)
25	<u>To reflect pro-forma Corix Shared Service Cost to North Carolina</u>									
	Corporate Cost	Pro-Forma	Direct	B-20a and b	Schedule 25	(396,520.33)	(145,730.69)	(93,593.88)	(86,482.74)	(722,327.64)
	Regional Cost	Pro-Forma	Direct	B-20a and b	Schedule 25	140,122.35	85,775.41	15,945.73	16,341.99	258,185.48
26	<u>Adjust Regulatory Fee (Utility/Commission Tax) for proposed revenues</u>									
	Remove test year amount	Book	Direct	B-25a, B-25b	B-25a, B-25b	(26,564.73)	(21,405.03)	(372.25)	(685.35)	(49,027.36)
	Include annualized amount to reflect going level based on proposed revenues	Pro-Forma	Direct	B-25a, B-25b	B-25a, B-25b	28,407.00	22,892.00	2,372.00	3,375.00	57,046.00

Narrative of Certain Book and Pro-Forma Adjustments

<u>Adjustment #</u>	
1	<p>Purpose: Public Staff has historically adjusted the ERC count used for allocation of corporate costs by treating availability customers as 0.25 of 1 customer. This calculation sheet adjusts the Test Year amounts based on Test Year ended 3/31/2021 ERC counts, with all Utilities, Inc. availability customers treated as 0.25 customers.</p> <p>Method: The Company took Test Year ended customer counts per the Company's ERP system and recalculated total ERCs by subsidiary of Utilities, Inc. by treating availability customers as 0.25 customers. CWSNC recalculated the allocated costs at the updated ERC allocation percentage and allocated to the Rate Divisions based on their Test Year end ERC counts.</p>
2	<p>Purpose: To recalculate book and pro-forma Cash Working Capital based on accumulated adjustments to O&M expenses.</p> <p>Method: Total Per Books Adjustment, Column D, captures the matching Column D on the Income Statement Schedule B for the applicable Rate Division. Total Pro-Forma Adjustment, Column F, captures the matching Column F on the Income Statement Schedule B for the applicable Rate Division. The amount is the sum on Income Statement B for the total General or Maintenance Expenses. Purchased Water and Sewer Expenses are excluded from the Cash Working Capital rate base amount. Cash Working Capital is calculated as 1/8th of the total Pro-Forma Proposed General and Maintenance Expenses.</p>
3	<p>Purpose: To adjust book balances of ADIT for each Rate Division per approved adjustments in prior orders, as well as for pro-forma balances in deferred rate case expense and unamortized deferred maintenance (Schedule A-14a and b).</p> <p>Method: Utilized direct ledger book balances for Uniform and BF/FH/TC consolidated (Water/Sewer) rate divisions. Combined with adjustments in prior cases Sub 344 and Sub 354. Then took pro-forma deferred rate case expense multiplied by effective tax rate for federal and state to determine ADIT for rate case costs, resulting in adjustment for Column C. Did the same for Deferred Maintenance (Schedule A-14a), resulting in adjustment for Column D. Column G identifies the allocation method for the consolidated Rate Divisions used by Public Staff in Sub 364. Pro-forma values for these allocation factors were used to allocate between Water and Sewer. Please see Excel Workpaper for identification of allocation factor inputs and prior case values.</p>
4	<p>Purpose: To incorporate cost free capital as identified in W-354, Sub 266 for gross-up on CIAC received but not refunded to developers for sold systems. No amortization to be included with this rate base deduction.</p> <p>Method: Identified Cost Free Capital balance as utilized by Public Staff in Sub 360 (Henry Schedule 2-10), consistent with workpapers included in Sub 266 filing and resulting Final Order.</p>
5	<p>Purpose: To adjust Regulatory Fee book amounts in Average Tax Accruals for pro-forma present rate service revenues.</p> <p>Method: The Company removed the book balances as a Per Books Adjustment. The Pro-Forma Adjustment multiplies the Regulatory Fee rate of 0.13% by the pro-forma present rate</p>

Narrative of Certain Book and Pro-Forma Adjustments

<u>Adjustment #</u>	
	service revenues in Column F, Schedules B-1a and b. 1/5th of the resulting value is used as a rate base deduction.
6	<p>Purpose: To provide updated balances and resulting amortization levels for the federal protected excess deferred income tax regulatory liability.</p> <p>Method: Page 1 summarizes the federal unprotected EDIT balances as utilized in setting of the rider surcredit in Sub 364. The amortization was set for 2 years as of 03/31/20 and will be fully amortized when as of 03/31/22. Page 2 summarized the federal protected EDIT balances as set in Sub 364 and updated through 03/31/22 for rate base and amortization updates.</p>
7	<p>Purpose: To remove maintenance testing deferrals from Deferred Charges, and therefore rate base, as these deferrals are historically not recoverable in rate base.</p> <p>Method: Identified direct ledger balances and reversed Test Year activity to present pro-forma amounts as \$0. The expense levels related to these deferrals are captured in Schedules B-9a and b.</p>
8	<p>Purpose: To adjust book Deferred Rate Case Expense balances for continued amortization through 3/31/2022, increase deferral for new rate case expense pro-forma amount from the current rate case, and re-amortize resulting combined deferral for a 5 year term.</p> <p>Method: Identified authorized deferred rate case expense from Sub 364 The 5 year amortization from Sub 364 was carried from 4/1/2020 to 3/31/2022. This anticipates rates effective in the current case of 4/1/2022. When combined with the estimated rate case expenses in this case (see page 2), the totals on lines 6 and 12 for the Rate Divisions are divided by a new 5 year term to produce an updated annual amortization expense. This amortization expense replaces the book amortization expense of Schedules B-15a and b.</p>
9	<p>Purpose: To adjust Test Year Deferred Charges to reflect approved gross balances approved in W-354, Sub 364 proceeding and update for continued amortization through 3/31/2022. Additionally, to update Deferred Maintenance Expense for amortization levels consistent with the updated deferred charges balances on Schedule A-15a and b.</p> <p>Method: Removed book balances as of Test Year end for Deferred Charges and Accumulated Amortization deferred charges accounts. Updated the amortization schedules used in setting of rates in Sub 364 calculating unamortized balances for open deferrals through 3/31/2022. This anticipates rates effective from the current proceeding of 4/1/2022.</p>
10	<p>Purpose: To include plant additions not yet in-service at the end of the Test Year, 3/31/2021, as additions to rate base. Estimated retirements and Accumulated Depreciation are calculated and included as offsets to the gross additions. All listed projects are anticipated to be in-service by 9/30/2021. Net rate base additions are included in Schedules A-15a and b, and annualized depreciation is captured in Schedules B-21a and b.</p> <p>Method: Per review of planned and in-progress projects with CWSNC Project Manager, list of projects, descriptions, system, project ID, and Rate Division were obtained. Project costs are based on most recent actual level at time of filing plus anticipated remaining costs to close each project. Retirement estimates are based on either actual postings to the general ledger or estimates by the Project Manager, based on company records</p>

Narrative of Certain Book and Pro-Forma Adjustments

Adjustment #

or the relevant Handy-Whitman index. Depreciation rates used are consistent with those utilized in W-354, Sub 364. No CIAC is involved in the listed projects.

- 11 **Purpose:** To reallocate Test Year corporate expenses allocated to North Carolina. All costs incurred at WSC are now included as part of the total shared services cost for Corix Group of Companies. These cost are now allocated using the Cost Allocation Methodology ("CAM") outlined in W-354, Sub 364.
- Method:** The book allocation process used during the Test Year was recreated using the gross costs incurred at WSC to calculate the adjustments needed for each expense line item. Going forward these line items are consolidated in the Corporate Allocation account.
- 12 **Purpose:** To reflect, as an direct Per Books Adjustment, the difference between direct ledger service revenues and End of Period Revenues at Present Rates, as shown in Schedule E.
- Method:** Identified End of Period Pro-Forma Present Rate Revenues for each applicable Rate Division from Schedule E, and used that value in Column F for Service Revenues, Schedules B-1a and b. The resulting difference between direct ledger Service Revenues and this value is reflected in Column D of Schedules B-1a and b.
- 13 **Purpose:** Adjust late payment charges to a normalized level.
- Method:** Calculate a three year average late payment charge rate to apply to present rate and proposed revenues.
- 14 **Purpose:** To remove allocated ledger Miscellaneous Revenues, as they are non-recurring amounts without known and measurable values for pro-forma inclusion.
- Method:** Identified allocated ledger balances and reversed Test Year activity in Schedules B-1a and b
- 15 **Purpose:** To calculate pro-forma salaries and wages, as well as related payroll taxes, and deferred compensation.
- Method:** To annualize current pay rates as of May 15 2021 pay period. Adjustment also includes vacancies expected to be filled during the rate case at estimated pay levels. Please see the Direct Testimony of Phil Drennan for a detailed explanation of the method used to calculate these adjustments.
- 16 **Purpose:** To adjust Test Year actual power expenses for rate changes from vendors occurring after the start of the Test Year (4/1/2020). This allows for pro-forma adjustments to reflect the annualized costs for Power Expense for CWSNC in this rate case.
- Method:** The Company reviewed bills from and corresponded with its power suppliers to identify those who changed rates since 4/1/2020 or who had anticipated changes pending (i.e., filed a rate case). The Company pulled percent increases for Duke Progress and Duke Energy Carolinas from compliance filings for the SGS customer class, effective 06-01-21. The adjustment was calculated on costs from the end of the Test Year to the beginning of interim rates effective date.
- 17 **Purpose:** To adjust Test Year actual purchased services expenses for rate changes from vendors occurring after the start of the Test Year (4/1/2020). This allows for pro-forma

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Adjustment #

adjustments to reflect the annualized costs for Purchased Water/Sewer Treatment Expense for CWSNC in this rate case.

- Method:** The Company reviewed bills from and corresponded with its vendors to identify where rates changed since 4/1/2020, or who had issued notice that their rates will change in the near future. CWSNC identified invoices paid during the Test Year before the effective date of the rate change and increased those bill amounts by the effective rate increase for the vendor. The Company compared invoices to the vendor website rate schedule or a copy of prior rates effective to identify the percent of rate change. Johnston County issued a notice that their rates would change as of 09/01/2021. All other rate increases noted are identified from vendor invoices or the provider's rate
- 18 **Purpose:** To remove unrecoverable costs from the Test Year.
- Method:** All costs related to lobbying efforts are removed from the Test Year data. These costs are already partially allocated to non-reg departments, the remainder is removed from this filing. This includes costs related to Public Sector Group and Sanford Law Office (Account 549000). Additional costs related to contributions were removed (Account 623100).
- 19 **Purpose:** Remove Commission Ordered Adjustments booked during the Test Year as they are non-recurring amounts that should not be included for pro-forma.
- Method:** Identified and removed Test Year activity related to Commission Ordered Adjustments from the Sub 364 rate case.
- 20 **Purpose:** To adjust Test Year actual chemicals expenses for rate changes from primary vendor, WaterGuard, that was effective 7/1/2021. This allows for pro-forma adjustments to reflect the annualized costs for Chemicals Expense for CWSNC in this rate case.
- Method:** The Company received correspondence from WaterGuard that identified certain chemical price changes to be effective 7/1/2021. The Company identified WaterGuard invoices in the Test Year. CWSNC identified invoices paid during the Test Year before the effective date of the rate change and increased those bill amounts by the effective rate increase for the vendor for the particular chemical identified on the invoice. The Company then increased the pre-increase invoice amounts for the percent increase noted by WaterGuard. The Company used the book activity by subdivision to apply the increase for each chemical to the location it was utilized.
- 21 **Purpose:** To annualize most current rent expense levels for lease locations in North Carolina
- Method:** The Company reviewed its rental property list to identify changes in lease payments. The Company identified in its lease agreements those leases which utilize step increase rates (Charlotte Office), as well as those that pass through operating cost variances (Charlotte Warehouse). For the Charlotte Office, the annualized lease cost at 6/1/2021 was utilized for pro-forma purposes. For the Charlotte Warehouse, the annualized lease cost at 6/1/2021, plus a projected O&M variance true up charge was calculated based on the average annual percent increase incurred for Years 1 through 6 of the existing agreement, as supported by invoices paid. All other CWSNC rent is computed as the annualization of the most recent invoice paid.
- 22 **Purpose:** To include customer deposit interest for the Test Year as an expense item. This inclusion allows for completeness of customer deposit effects, combined with the rate base deduction of customer deposit reserves. The activity is moved from Interest Expense account 811002 to Other Misc Expense account 629900 for pro-forma presentation purposes in this rate filing.
- Method:** The Company's billing system calculated interest on deposits at the legacy company level for posting to the general ledger. Therefore, the

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company balances must be allocated to the Rate Divisions to be captured in the revenue requirement. Each legacy company balance is allocated based on adjusted ERC's for the subdivision(s) within that company:

- 23 **Purpose:** This adjustment reflects the charges to be incurred by the Company for payment processing fees from its outside vendor, First Billing Services, when customers use a fee-based payment method to pay their water/sewer bills. These costs are current incurred by customers at the point of transaction and not included in Company costs. Further this adjustment reflects the approximate cost of annual supplemental noticing for the water efficiency program.
- Method:** The Company generated a report for the number of customers using fee-based electronic payment methods in the first quarter of 2021. CWSNC annualized those transactions and the aggregated fees to generate a pro-forma adjustment to account for payment processing fees the Company will be incurring in the cost to serve customers going forward. The Company used the first quarter of 2021 as representative of "normal" operations, as the remainder of the Test Year reflects a suspension of full collection processes due to COVID-19 NCUC orders. The Company resumed "normal" collections processes, except late payment fees, as of bills rendered November 1, 2020.
- 24 **Purpose:** To annualize most current insurance premiums
- Method:** The Company reviewed its insurance policies for the most recent renewal period and annualized those cost. The premiums were then allocated to the North Carolina regulated companies using the various allocation methodologies outlined.
- 25 **Purpose:** To reflect annualized 2021 first quarter costs allocated to North Carolina Regulated Companies from the Corix Infrastructure, Inc. Shared Services Group
- Method:** Test Year per books adjusted costs were further adjusted to reflect the annualization of the first quarter 2020 Share Services costs.
- 26 **Purpose:** To recalculate Regulatory Fee Expense based on Pro-Forma Proposed Revenues, inclusive of Service Revenues, Miscellaneous Revenues, and Uncollectible Accounts.
- Method:** Multiplies the 0.13% Regulatory Fee rate by the Total Operating Revenues as shown on the Income Statement Schedule B, Column I.

Carolina Water Service, Inc. of North Carolina
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Schedule 1

Supplement to Schedule A-1a and b, A-2a and b, A-6 a and b

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Calculation of Rate Base Allocation Adjustments - Allocation Factor

Line No	Fusion Account	Description	Gross WSC Balance @ 3/31/2021 [A]	WSC Allocation @ 3/31/2021 ERC Unadjusted [B]	WSC Allocation @ 3/31/2021 ERC Adjusted [C]	WSC Allocations Per Books [D]	CWSNC Uniform - Water [E]	CWSNC Uniform - Sewer [F]	BF/FH/TC - Water [G]	BF/FH/TC - Sewer [H]
Plant in Service										
1	141101	Land and Rights General	95,000	17,707	16,912	(796)	(433)	(257)	(53)	(54)
2	141199	Land Clearing	-	-	-	-	-	-	-	-
3	141201	Organization	-	-	-	-	-	-	-	-
4	141220	Struct and Improv Office	6,650,887	1,239,684	1,183,974	(55,710)	(30,286)	(17,987)	(3,677)	(3,760)
5	141303	Office Furniture	2,458,314	458,215	437,623	(20,592)	(11,194)	(6,648)	(1,359)	(1,390)
6	141308	Tool Shop Equipment	20,986	3,912	3,736	(176)	(96)	(57)	(12)	(12)
7	141310	Communications Equipment	358,144	66,756	63,756	(3,000)	(1,631)	(969)	(198)	(202)
8	141399	Building and Equipment Cl	-	-	-	-	-	-	-	-
9	141401	Vehicles	50,625	9,436	9,012	(424)	(231)	(137)	(28)	(29)
10	141499	Vehicles Clearing	-	-	-	-	-	-	-	-
11	141501	Computer Hardware	71	13	13	(1)	(0)	(0)	(0)	(0)
12	141502	Desktop/ Laptop Computers	35,435	6,605	6,308	(297)	(161)	(96)	(20)	(20)
13	141503	Mainframe Computers	1,086,953	202,601	193,497	(9,105)	(4,950)	(2,940)	(601)	(614)
14	141504	Mini Comp Wtr	9,467,169	1,764,621	1,685,322	(79,300)	(43,111)	(25,603)	(5,234)	(5,352)
15	141601	Computer Software	154,893	28,871	27,574	(1,297)	(705)	(419)	(86)	(88)
16	141602	Comp Systems	32,167,108	5,995,749	5,726,308	(269,441)	(146,480)	(86,993)	(17,784)	(18,184)
17	141603	Micro Systems	562,326	104,814	100,104	(4,710)	(2,561)	(1,521)	(311)	(318)
18	141699	Computer Clearing	32,661	6,088	5,814	(274)	(149)	(88)	(18)	(18)
19		Total plant in service	53,140,572	9,905,072	9,459,952	(445,120)	(241,987)	(143,714)	(29,379)	(30,040)
Accumulated Depreciation										
20	142220	Acc Dep - Struct and Imp	(2,866,162)	(534,235)	(510,227)	24,008	13,052	7,751	1,585	1,620
21	142303	Acc Dep - Office Furnitu	(1,443,804)	(269,116)	(257,022)	12,094	6,575	3,905	798	816
22	142308	Acc Dep - Tool Shop Equi	(21,670)	(4,039)	(3,858)	182	99	59	12	12
23	142310	Acc Dep - Communications	(394,706)	(73,571)	(70,265)	3,306	1,797	1,067	218	223
24	142401	Acc Dep - Vehicles	(46,975)	(8,756)	(8,362)	393	214	127	26	27
25	142501	Acc Dep - Computer Hardw	(10)	(2)	(2)	0	0	0	0	0
26	142502	Acc Dep - Desktop/Laptop	(1,410)	(263)	(251)	12	6	4	1	1
27	142503	Acc Dep - Mainframe Comp	(1,086,953)	(202,601)	(193,497)	9,105	4,950	2,940	601	614
28	142504	Acc Dep - Mini Comp Wtr	(6,916,302)	(1,289,156)	(1,231,223)	57,933	31,495	18,705	3,824	3,910
29	142601	Acc Dep - Computer Softw	(24,202)	(4,511)	(4,308)	203	110	65	13	14
30	142602	Acc Dep - Comp Systems	(27,375,727)	(5,102,665)	(4,873,359)	229,307	124,661	74,035	15,135	15,475
31	142603	Acc Dep - Micro Systems	(562,326)	(104,814)	(100,104)	4,710	2,561	1,521	311	318
32		Total accumulated depreciation	(40,740,244)	(7,593,728)	(7,252,477)	341,252	185,520	110,179	22,523	23,030
Accum. Deferred Income Taxes										
33	255001	Deferred Federal Tax Liab	(139,304)	(25,965)	(24,799)	1,167	634	377	77	79
34	255002	Deferred State Tax Liabil	246,851	46,012	43,944	(2,068)	(1,124)	(668)	(136)	(140)
35		Total Deferred Income Taxes	107,547	20,046	19,145	(901)	(490)	(291)	(59)	(61)
36		Total rate base (L19 + L32 + L35)	12,507,875	2,331,390	2,226,621	(104,769)	(56,957)	(33,827)	(6,915)	(7,071)

Notes:

- Column [A] - Per Company Financials at March 31, 2021.
- Column [B] - (Column [A]) * 18.64%
- Column [C] - (Column [A]) * 17.80%
- Column [D] - Column [C] - Column [B]
- Column [E] - Column [D] * 54.36%
- Column [F] - Column [D] * 32.29%
- Column [G] - Column [D] * 6.60%
- Column [H] - Column [D] * 6.75%

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Calculation of Rate Base Allocation Adjustments - Allocation Factor

Purpose:

Public Staff has historically adjusted the ERC count used for allocation of corporate costs by treating availability customers as 0.25 of 1 customer. This calculation sheet adjusts the Test Year amounts based on Test Year ended 3/31/2021 ERC counts, with all Utilities, Inc. availability customers treated as 0.25 customers.

Method:

CWSNC took Test Year ended customer counts per the Company's ERP system and recalculated total ERCs by subsidiary of Utilities, Inc. by treating availability customers as 0.25 customers. CWSNC recalculated the allocated costs at the updated ERC allocation percentage and allocated to the Rate Divisions based on their Test Year end ERC counts.

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Schedule 3

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CWSNC Uniform - Calculation of Direct ADIT

Line No.	Acct. No.	Description	Per Books	Adjustment from Prior Orders	Reflect Adjusted Level of Unamortized Rate Case Expense	Reflect Adjusted Level of Unamortized Deferred Maintenance	Adjusted ADIT per Company	Total Adjustment to ADIT	Allocation Basis	CWSNC Uniform - Water	CWSNC Uniform - Sewer
			[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]
1	4367	ACCUM DEF INCOME TAX-FED	141,977.17	(10,401.15)			131,576.02	(10,401.15)	Customers	82,550.80	49,025.23
3	4371	DEF FED TAX - TAP FEE POS	2,481,254.02	(90,090.00)			2,391,164.02	(90,090.00)	Customers	1,500,216.31	890,947.71
4	4375	DEF FED TAX - RATE CASE	(148,433.79)	-	(33,514.43)		(181,948.22)	(33,514.43)	Rate case expense	(113,754.03)	(68,194.19)
5	4377	DEF FED TAX - DEF MAINT	(501,038.62)	-		369,386.12	(131,652.49)	369,386.12	Deferred maintenance	(131,652.49)	-
6	4383	DEF FED TAX - ORGN EXP	(193,445.60)	(708.82)			(194,154.43)	(708.82)	Customers	(121,812.49)	(72,341.94)
7	4385	DEF FED TAX - BAD DEBT	194,470.43	(792.28)			193,678.15	(792.28)	Customers	121,513.67	72,164.48
9	4387	DEF FED TAX - DEPRECIATIO	(10,435,973.53)	(817,190.46)			(11,253,164.00)	(817,190.46)	Plant	(5,959,675.65)	(5,293,488.34)
10	4389	DEF FED TAX - NOL	3,666,467.00	(38,177.50)			3,628,289.51	(38,177.50)	Customers	2,276,388.84	1,351,900.67
11		Total Federal ADIT	(4,794,722.92)	(957,360.21)	(33,514.43)	369,386.12	(5,416,211.44)	(621,488.52)		(2,346,225.05)	(3,069,986.39)
12	4417	ACCUM DEF INCOME TAX - ST	(21,701.31)	(420,718.08)			(442,419.39)	(420,718.08)	Customers	(277,573.93)	(164,845.47)
14	4421	DEF ST TAX - TAP FEE POS	749,123.65	(11,000.00)			738,123.65	(11,000.00)	Customers	463,098.78	275,024.87
15	4425	DEF ST TAX - RATE CASE	(35,530.72)	-	13,314.82		(22,215.90)	13,314.82	Rate case expense	(13,938.26)	(8,277.64)
16	4427	DEF ST TAX - DEF MAINT	(179,535.70)	-		163,460.91	(16,074.79)	163,460.91	Deferred maintenance	(10,085.32)	(5,989.47)
17	4433	DEF ST TAX - ORGN EXP	(108,621.91)	(405.87)			(109,027.78)	(405.87)	Customers	(68,404.03)	(40,623.75)
18	4435	DEF ST TAX - BAD DEBT	18,516.06	(454.36)			18,061.70	(454.36)	Customers	11,331.91	6,729.79
20	4437	DEF ST TAX - DEPRECIATION	(1,715,628.34)	419,656.35			(1,295,971.99)	419,656.35	Plant	(813,092.82)	(482,879.16)
21	4439	DEF ST TAX - NOL	278,581.41	(5,183.55)			273,397.86	(5,183.55)	Customers	171,529.82	101,868.04
22		Total State ADIT	(1,014,796.85)	(18,105.51)	13,314.82	163,460.91	(856,126.62)	158,670.23		(537,133.84)	(318,992.78)
23		Total Direct ADIT	(5,809,519.77)	(975,465.72)	(20,199.61)	532,847.03	(6,272,338.07)	(462,818.29)		(2,883,358.90)	(3,388,979.17)

Notes:

- Column [a] - Per company's AA ledger at March 31, 2019
- Column [b] - Per company's internal work paper
- Column [c] - Per company's internal work paper
- Column [d] - Per company's internal work paper
- Column [e] - Sum of Columns [a] thru [d]
- Column [f] - Column [a] - [e]
- Column [g] - Basis used by Public Staff and Final Order, Docket W-254, Sub 360
- Column [h] - Column [e] *Company pro-forma balances noted in Column [g]
- Column [i] - Column [e] *Company pro-forma balances noted in Column [g]

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Supplement to Schedule A-6a and b

Bradfield Farms/Fairfield Harbour/Treasure Cove - Calculation of Direct ADIT

Line No.	Acct. No.	Description	Per Books	Adjustment from Prior Orders	Reflect Adjusted Level of Unamortized Rate Case Expense	Reflect Adjusted Level of Unamortized Deferred Maintenance	Adjusted ADIT per Company	Total Adjustment to ADIT	Allocation Basis	BF/FH/TC - Water	BF/FH/TC - Sewer
			[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]
1	4367	ACCUM DEF INCOME TAX-FED	129,011.19	(1,260.74)			127,750.44	(1,260.74)	Customers	63,159.82	64,590.62
3	4371	DEF FED TAX - TAP FEE POS	262,717.43	-			262,717.43	-	Customers	129,887.50	132,829.93
4	4375	DEF FED TAX - RATE CASE	1,720.82	-	(29,566.00)		(27,845.18)	(29,566.00)	Rate case expense	(13,685.91)	(14,159.27)
5	4377	DEF FED TAX - DEF MAINT	(18,030.24)	-		2,803.44	(15,226.81)	2,803.44	Deferred maintenance	(15,226.81)	-
6	4383	DEF FED TAX - ORGN EXP	(18,528.40)	(26.07)			(18,554.46)	(26.07)	Customers	(9,173.33)	(9,381.14)
7	4385	DEF FED TAX - BAD DEBT	30,277.82	(117.07)			30,160.74	(117.07)	Customers	14,911.47	15,249.27
9	4387	DEF FED TAX - DEPRECIATIO	(1,564,659.15)	(127,857.72)			(1,692,516.87)	(127,857.72)	Plant	(526,711.25)	(1,165,805.62)
10	4389	DEF FED TAX - NOL	492,618.35	(8,113.96)			484,504.39	(8,113.96)	Customers	239,538.97	244,965.42
11		Total Federal ADIT	(684,872.18)	(137,375.57)	(29,566.00)	2,803.44	(849,010.32)	(164,138.14)		(117,299.53)	(731,710.78)
12	4417	ACCUM DEF INCOME TAX - ST	12,657.09	(160.10)			12,496.99	(160.10)	Customers	6,178.51	6,318.48
14	4421	DEF ST TAX - TAP FEE POS	77,812.83	-			77,812.83	-	Customers	38,470.66	39,342.16
15	4425	DEF ST TAX - RATE CASE	(3,435.90)	-	36.00		(3,399.90)	36.00	Rate case expense	(1,671.05)	(1,728.85)
16	4427	DEF ST TAX - DEF MAINT	(8,442.48)	-		6,583.29	(1,859.20)	6,583.29	Deferred maintenance	(1,859.20)	-
17	4433	DEF ST TAX - ORGN EXP	(6,271.41)	(14.98)			(6,286.39)	(14.98)	Customers	(3,107.99)	(3,178.40)
18	4435	DEF ST TAX - BAD DEBT	4,084.32	(67.19)			4,017.13	(67.19)	Customers	1,986.07	2,031.06
20	4437	DEF ST TAX - DEPRECIATION	(201,402.52)	15,942.80			(185,459.72)	15,942.80	Plant	(57,715.07)	(127,744.66)
21	4439	DEF ST TAX - NOL	66,540.87	5,531.28			72,072.15	5,531.28	Customers	35,632.47	36,439.68
22		Total State ADIT	(58,457.21)	21,231.80	36.00	6,583.29	(30,606.12)	27,851.08		17,914.40	(48,520.53)
23		Total Direct ADIT	(743,329.39)	(116,143.77)	(29,530.00)	9,386.72	(879,616.44)	(136,287.05)		(99,385.13)	(780,231.31)

Notes:

- Column [a] - Per company's AA ledger at March 31, 2019
- Column [b] - Per company's internal work paper
- Column [c] - Per company's internal work paper
- Column [d] - Per company's internal work paper
- Column [e] - Sum of Columns [a] thru [d]
- Column [f] - Column [a] - [e]
- Column [g] - Basis used by Public Staff and Final Order, Docket W-254, Sub 360
- Column [h] - Column [e] *Company pro-forma balances noted in Column [g]
- Column [i] - Column [e] *Company pro-forma balances noted in Column [g]

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Schedule 3

Supplement to Schedule A-6a and b

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Calculation of Direct ADIT

Purpose:

To adjust book balances of ADIT for each Rate Division per approved adjustments in prior orders, as well as for pro-forma balances in deferred rate case expense and unamortized deferred maintenance (Schedule A-14a and b).

Method:

Utilized direct ledger book balances for Uniform and BF/FH/TC consolidated (Water/Sewer) rate divisions. Combined with adjustments in prior cases Sub 344 and Sub 354. Then took pro-forma deferred rate case expense multiplied by effective tax rate for federal and state to determine ADIT for rate case costs, resulting in adjustment for Column C. Did the same for Deferred Maintenance (Schedule A-14a), resulting in adjustment for Column D. Column G identifies the allocation method for the consolidated Rate Divisions used by Public Staff in Sub 364. Pro-forma values for these allocation factors were used to allocate between Water and Sewer.

Please see Excel Workpaper for identification of allocation factor inputs and prior case values.

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Schedule 4

Supplement to Schedule A-12a

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CWSNC Uniform - Cost Free Capital

<u>Line No.</u>	<u>Item</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
		[a]	[b]	[c]
1	Amount Per W-354, Sub 266	(121,791.00)	(139,708.00)	(261,499.00)

Notes:

Column [a] - Per W-354 Sub 266 final order

Column [b] - Per W-354 Sub 266 final order

Column [c] - Column [a] + [b]

Purpose:

To incorporate cost free capital as identified in W-354, Sub 266 for gross-up on CIAC received but not refunded to developers for sold systems. No amortization to be included with this rate base deduction.

Method:

Identified Cost Free Capital balance as utilized by Public Staff in Sub 360 (Henry Schedule 2-10), consistent with workpapers included in Sub 266 filing and resulting Final Order.

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Schedule 6

Supplement to Schedule A-14a and b, and B-21a and b, and update to TCJA unprotected EDIT Rider

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Unprotected EDIT Rate Base and Amortization

Line No.		Legacy Operating Company Number						CWSNC	CWSNC	BF/FH/TC -	BF/FH/TC -	
		181	182	183	187	188	191	Total	Uniform - Water	Uniform - Sewer	Water	Sewer
<u>Balances per Sub 360:</u>									[a]	[b]	[c]	[d]
1	Unprotected Excess ADIT in Reg Liab	(6,095.74)	(781,466.77)	(12,837.86)	12,251.02	43,657.64	3,789.68	(740,702.03)	(463,977.02)	(275,546.44)	(582.69)	(595.89)
2	Gross-Up Tax on Unprotected	(1,859.03)	(238,325.44)	(3,915.19)	3,736.22	13,314.36	1,155.75	(225,893.33)	(141,499.97)	(84,033.93)	(177.70)	(181.73)
<u>Adjusted Balance - Unprotected per Sub 364:</u>												
3	Unprotected Balance (L1 + L2)	(7,954.77)	(1,019,792.21)	(16,753.05)	15,987.24	56,972.00	4,945.43	(966,595.36)	(605,476.99)	(359,580.37)	(760.39)	(777.61)
4	Adjustment per Return - Unprotected	91.28	7,204.65	2,606.68	632.68	618.50	540.84	11,694.63	6,364.98	3,780.03	766.13	783.49
5	Adjusted Unprotected Balance	(7,863.49)	(1,012,587.56)	(14,146.37)	16,619.92	57,590.50	5,486.27	(954,900.73)	(599,112.01)	(355,800.34)	5.75	5.88
6	Amortization thru 3/31/2020	2,154.42	276,193.72	4,537.28	(4,329.88)	(15,429.92)	(1,339.39)	261,786.24	163,983.35	97,386.35	205.94	210.60
7	Unamortized Balance	(5,709.07)	(736,393.84)	(9,609.09)	12,290.04	42,160.58	4,146.88	(693,114.49)	(435,128.66)	(258,413.99)	211.69	216.48
8	Reamortize - 2 Years	2	2	2	2	2	2					
9	Adjusted Annual Amortization Amount	(2,855)	(368,197)	(4,805)	6,145	21,080	2,073	(346,557)	(217,564.33)	(129,207.00)	105.84	108.24
10	Adjusted After-Tax Amortization Amount	(2,199)	(283,585)	(3,700)	4,733	16,236	1,597	(266,918)	(167,568.05)	(99,515.23)	81.52	83.37
<u>Adjusted Balance - Unprotected per Sub 384:</u>												
11	Unamortized Balance as of 04/01/20 (L7)	(5,709.07)	(736,393.84)	(9,609.09)	12,290.04	42,160.58	4,146.88	(693,114.49)	(435,128.66)	(258,413.99)	211.69	216.48
12	Amortization thru 3/31/2022	5,709.07	736,393.84	9,609.09	(12,290.04)	(42,160.58)	(4,146.88)	693,114.49	435,128.66	258,413.99	(211.69)	(216.48)
13	Unamortized Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Notes:

Column [a] - Companies 181, 182, 187, 188, and 61.30% of Company 183, times 62.74% water allocation
 Column [b] - Companies 181, 182, 187, 188, and 61.30% of Company 183, times 37.26% sewer allocation
 Column [c] - Company 191 and 38.70% of Company 183, times 49.44% water allocation
 Column [d] - Company 191 and 38.70% of Company 183, times 50.56% sewer allocation

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Schedule 6

Supplement to Schedule A-14a and b, and B-21a and b, and update to TCJA unprotected EDIT Rider

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Protected EDIT Rate Base and Amortization

Line No.		Legacy Operating Company Number						CWSNC	CWSNC	BF/FH/TC -	BF/FH/TC -	
		181	182	183	187	188	191	Total	Uniform - Water	Uniform - Sewer	Water	Sewer
<u>Balances per Sub 360:</u>									[a]	[b]	[c]	[d]
1	Protected Excess ADIT in Reg Liab	(23,839.45)	(2,000,773.28)	(871,838.64)	(408,504.29)	(199,333.23)	(256,346.05)	(3,760,634.94)	(1,986,905.11)	(1,179,982.22)	(293,548.82)	(300,198.79)
2	Gross-Up Tax on Protected	(7,270.36)	(610,179.71)	(265,886.32)	(124,582.35)	(60,791.05)	(78,178.36)	(1,146,888.15)	(605,950.31)	(359,861.47)	(89,524.16)	(91,552.21)
3	Protected Balance (L1 + L2)	(31,109.81)	(2,610,952.99)	(1,137,724.96)	(533,086.64)	(260,124.28)	(334,524.41)	(4,907,523.09)	(2,592,855.43)	(1,539,843.69)	(383,072.97)	(391,751.00)
4	Life of Asset (Weighted Average of NC)	45	45	45	45	45	45					
5	Annual Amortization Amount	(691)	(58,021)	(25,283)	(11,846)	(5,781)	(7,434)	(109,056)	(57,619.01)	(34,218.75)	(8,512.73)	(8,705.58)
6	After-Tax Amortization Amount	(530)	(44,462)	(19,374)	(9,078)	(4,430)	(5,697)	(83,570)	(44,153.45)	(26,221.83)	(6,523.31)	(6,671.08)
<u>Adjusted Balance - Protected per Sub 364:</u>												
7	Adjustment per Return - Protected	26,002.55	524,672.70	245,658.30	7,209.99	11,284.97	33,206.08	848,034.59	451,576.64	268,182.11	63,419.58	64,856.27
8	Adjusted Protected Balance (L3 + L7)	(5,107.26)	(2,086,280.29)	(892,066.66)	(525,876.65)	(248,839.31)	(301,318.33)	(4,059,488.50)	(2,141,278.79)	(1,271,661.58)	(319,653.39)	(326,894.73)
9	Amortization thru 3/31/2020	748.94	62,856.28	27,389.67	12,833.57	6,262.25	8,053.37	118,144.07	62,420.59	37,070.31	9,222.13	9,431.04
10	Unamortized Balance	(4,358.32)	(2,023,424.01)	(864,676.99)	(513,043.08)	(242,577.06)	(293,264.96)	(3,941,344.43)	(2,078,858.20)	(1,234,591.27)	(310,431.27)	(317,463.69)
11	Amortization Period Remaining	43.92	43.92	43.92	43.92	43.92	43.92					
12	Adjusted Annual Amortization Amount	(99)	(46,074)	(19,689)	(11,682)	(5,524)	(6,678)	(89,746)	(47,336.43)	(28,112.14)	(7,068.64)	(7,228.77)
13	Adjusted After-Tax Amortization Amount	(76)	(35,486)	(15,164)	(8,998)	(4,254)	(5,143)	(69,122)	(36,458.52)	(21,651.97)	(5,444.27)	(5,567.60)
<u>Adjusted Balance - Protected per Sub 384:</u>												
14	Unamortized Balance at 04/01/20 (L10)	(4,358.32)	(2,023,424.01)	(864,676.99)	(513,043.08)	(242,577.06)	(293,264.96)	(3,941,344.43)	(2,078,858.20)	(1,234,591.27)	(310,431.27)	(317,463.69)
15	Amortization thru 3/31/2022	198.48	92,148.34	39,378.08	23,364.39	11,047.15	13,355.52	179,491.97	94,672.86	56,224.27	14,137.29	14,457.55
16	Unamortized Balance	(4,159.84)	(1,931,275.67)	(825,298.91)	(489,678.69)	(231,529.91)	(279,909.44)	(3,761,852.46)	(1,984,185.34)	(1,178,367.00)	(296,293.98)	(303,006.14)
17	Amortization Period Remaining	41.92	41.92	41.92	41.92	41.92	41.92					
18	Annual Amortization Amount	(99)	(46,074)	(19,689)	(11,682)	(5,524)	(6,678)	(89,746)	(47,336.43)	(28,112.14)	(7,068.64)	(7,228.77)
19	After-Tax Amortization Amount	(76)	(35,486)	(15,164)	(8,998)	(4,254)	(5,143)	(69,122)	(36,458.52)	(21,651.97)	(5,444.27)	(5,567.60)

Notes:

- Column [a] - Companies 181, 182, 187, 188, and 61.30% of Company 183, times 62.74% water allocation
- Column [b] - Companies 181, 182, 187, 188, and 61.30% of Company 183, times 37.26% sewer allocation
- Column [c] - Company 191 and 38.70% of Company 183, times 49.44% water allocation
- Column [d] - Company 191 and 38.70% of Company 183, times 50.56% sewer allocation

Carolina Water Service, Inc. of North Carolina
W-354, Sub 384
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Schedule 6

Supplement to Schedule A-14a and b, and B-21a and b, and update to TCJA unprotected EDIT Rider

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Unprotected and Protected EDIT Rate Base and Amortization

Purpose:

To provide updated balances and resulting amortization levels for the federal protected excess deferred income tax regulatory liability.

Method:

Page 1 summarizes the federal unprotected EDIT balances as utilized in setting of the rider surcredit in Sub 364. The amortization was set for 2 years as of 03/31/20 and will be fully amortized when as of 03/31/22.

Page 2 summarized the federal protected EDIT balances as set in Sub 364 and updated through 03/31/22 for rate base and amortization updates.

Supplement to Schedule A-15a and b, & B-15a and b

Rate Case Expense

Line No.	Item	Water [a]	Sewer [b]	Total [c]
<u>CWSNC Uniform</u>				
1	Authorized Balance - W-354 Sub 364 Final Order	632,554	382,217	1,014,771
2	Amortized through 3/31/2022 - W-354 Sub 364	(253,022)	(152,887)	(405,908)
3	Amount - Current Proceeding	314,911	187,023	501,934
4	Total (L1 to L3)	694,443	416,353	1,110,796
5	Annual Amortization Expense (L4/5)	138,889	83,271	222,159
6	Unamortized Balance included in rate base (L4-L5)	555,554	333,083	888,637
<u>Bradfield Farms/Fairifeld Harbour/Treasure Cove</u>				
7	Authorized Balance - W-354 Sub 364 Final Order	75,530	78,920	154,451
8	Amortized through 3/31/2022 - W-354 Sub 364	(30,212)	(31,568)	(61,780)
9	Amount - Current Proceeding	38,232	39,093	77,325
10	Total (L7 to L9)	83,550	86,445	169,995
11	Annual Amortization Expense (L10/5)	16,710	17,289	33,999
12	Unamortized Balance included in rate base (L10-L11)	66,840	69,156	135,996

Purpose:

To adjust book Deferred Rate Case Expense balances for continued amortization through 3/31/2022, increase deferral for new rate c pro-forma amount from the current rate case, and re-amortize resulting combined deferral for a 5 year term.

Method:

Identified authorized deferred rate case expense from Sub 364

The 5 year amortization from Sub 364 was carried from 4/1/2020 to 3/31/2022. This anticiptes rates effective in the current case of 4/1/2022. When combined with the estimated rate case expenses in this case (see page 2), the totals o and 12 for the Rate Divisions are divided by a new 5 year term to produce an updated annual amortization expense. This amortizati replaces the book amortization expense of Schedules B-15a and b.

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 384
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Schedule 8
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Rate Case Expense - Current Filing

<u>Line</u>	<u>Description</u>	
<u>No.</u>		<u>Total Amount</u>
1.	Attorney Fees:	
2.	Legal Fees - Sanford/Bennick	150,000.00
3.	Legal Fees - Ice Miller	150,000.00
4.	Total Attorney Fees	<u>300,000.00</u>
5.		
6.	Consulting Fees:	
7.	ROE Consultant	65,000.00
8.	Total Consulting	<u>65,000.00</u>
9.		
10.	Adminstrative:	Total Amount
11.	Customer Notices/ Miscellaneous Costs	50,000.00
12.		
13.	Travel:	Total Amount
14.	Airfare	3,000.00
15.	Hotel/Meals	7,000.00
16.	Rental Car	
17.	Total Travel	<u>10,000.00</u>
18.		
19.	Capitalize Time:	Total Amount
20.	All Employees	154,258.37
21.		
22.	Total Rate Case Expense for current proceeding	<u><u>579,258.37</u></u>
	Total Water	314,910.53
	Total Sewer	264,347.84
	 <u>CWSNC Uniform - L3, Page 1</u>	
	Water	314,910.53
	Sewer	187,022.99
	 <u>BF/FH/TC - L10, Page 1</u>	
	Water	38,232.04
	Sewer	39,092.81

Supplement to Schedules A-15a and b

Deferred Charges - Maintenance

<u>Line No</u>	<u>Item</u>	<u>CWSNC Uniform - Water</u>	<u>CWSNC Uniform - Sewer</u>	<u>BF/FH/TC - Water</u>	<u>BF/FH/TC - Sewer</u>
Excluded in W-354 Sub 364:					
1	Gross Balance (W-354, Sub 364)		3,424,839.08		
2	Accumulated Amortization @ 3/31/2022		<u>(3,304,321.03)</u>		
3	Unamortized Balance @ 3/31/2022 - (L1 + L2)		120,518.05		
Remaining Balances from W-354 Sub 364:					
4	Deferred elevated storage tank painting	779,037.16			
5	Deferred hydro storage tank painting	852,731.96			
6	Deferred hydro storage tank inspection	837,562.90			
7	WWTP		200,327.48		
8	Deferred elevated storage tank painting			66,027.78	
9	Deferred hydro storage tank inspection			60,189.37	
10	WWTP				110,491.69
11	Accumulated Amortization @ 3/31/2022	<u>(1,826,340.60)</u>	<u>(200,327.48)</u>	<u>(51,849.35)</u>	<u>(110,491.69)</u>
12	Unamortized Balance @ 3/31/2022 - (L4 to L11)	642,991.42	-	74,367.80	-
Total Pro-Forma Deferred Charges:					
13	Gross Balance/Additions (L4 to L10)	2,469,332.02	200,327.48	126,217.15	110,491.69
14	Accumulated Amortization (L11)	<u>(1,826,340.60)</u>	<u>(200,327.48)</u>	<u>(51,849.35)</u>	<u>(110,491.69)</u>
15	Total - (L13+L14)	642,991.42	-	74,367.80	-
16	Pro-Forma - Account 181002	2,469,332.02	200,327.48	126,217.15	110,491.69
17	Pro-Forma - Account 182002	<u>(1,826,340.60)</u>	<u>(200,327.48)</u>	<u>(51,849.35)</u>	<u>(110,491.69)</u>
	Net Rate Base	642,991.42	0.00	74,367.80	0.00

Purpose:

To adjust Test Year Deferred Charges to reflect approved gross balances approved in W-354, Sub 364 proceeding and update for continued amortization through 3/31/2022. Additionally, to update Deferred Maintenance Expense for amortization levels consistent with the updated deferred charges balances on Schedule A-15a and b.

Method:

Removed book balances as of Test Year end for Deferred Charges and Accumulated Amortization deferred charges accounts. Updated the amortization schedules used in setting of rates in Sub 364 calculating unamortized balances for open deferrals through 3/31/2022. This anticipates rates effective from the current proceeding of 4/1/2022.

Carolina Water Service, Inc. of North Carolina
W-354, Sub 384
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Schedule 10

Supplement to Schedule A-16a and b

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Pro-Forma Plant Additions

Purpose:

To include plant additions not yet in-service at the end of the Test Year, 3/31/2021, as additions to rate base. Estimated retirements and Accumulated Depreciation are calculated and included as offsets to the gross additions. All listed projectsd are anticipated to be in-service by 9/30/2021. Net rate base additions are included in Schedules A-15a and b, and annualized depreciation is captured in Schedules B-21a and b.

Method:

Per review of planned and in-progress projects with CWSNC Project Manager, list of projects, descriptions, system, project ID, and Rate Division were obtained. Project costs are based on most recent actual level at time of filing plus anticipated remaining costs to close each project. Retirement estimates are based on either actual postings to the general ledger or estimates by the Project Manager, based on company records or the relevent Handy-Whitman index. Depreciation rates used are consistent with those utilized in W-354, Sub 364. No CIAC is invloved in the listed projects.

Supplement to Schedules B - B

Fusion Account	Fusion Account Description	CWSNC Uniform			BF-FH-TC			Total		
		Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
Salaries & Wages										
521010	Salaries and Wages	(530,651.03)	(299,576.25)	(830,227.28)	(76,635.58)	(74,236.51)	(150,872.09)	(607,286.61)	(373,812.76)	(981,099.38)
521020	Salaries and Wages - Accrued	(3,006.57)	(1,695.96)	(4,702.53)	(410.09)	(419.79)	(829.88)	(3,416.66)	(2,115.75)	(5,532.41)
521040	Overtime	(2,416.46)	(1,353.68)	(3,770.13)	(329.39)	(335.64)	(665.04)	(2,745.85)	(1,689.32)	(4,435.17)
521060	Incentive Bonus	(9,319.50)	(5,222.31)	(14,541.81)	(1,269.49)	(1,293.68)	(2,563.17)	(10,588.99)	(6,515.98)	(17,104.97)
521070	EIP Bonus	(39,925.14)	(22,358.76)	(62,283.90)	(5,439.95)	(5,542.55)	(10,982.50)	(45,365.09)	(27,901.31)	(73,266.40)
521075	LTIP Bonus	-	-	-	-	-	-	-	-	-
521080	Bonus Other	(204.25)	(114.32)	(318.57)	(27.84)	(28.36)	(56.20)	(232.10)	(142.68)	(374.77)
	Total Salaries & Wages	(585,522.95)	(330,321.28)	(915,844.23)	(84,112.35)	(81,856.53)	(165,968.87)	(669,635.30)	(412,177.81)	(1,081,813.10)
Salary Captive										
522001	Capitalized Time	14,160.48	8,050.93	22,211.42	2,140.38	1,994.35	4,134.73	16,300.87	10,045.28	26,346.15
	Total Salary Captive	14,160.48	8,050.93	22,211.42	2,140.38	1,994.35	4,134.73	16,300.87	10,045.28	26,346.15
Maintenance & Repair										
512012	Deferred Maintenance Expense	(597.31)	(336.28)	(933.59)	(84.57)	(83.29)	(167.85)	(681.87)	(419.57)	(1,101.44)
512014	Communication Expense	(8,252.34)	(4,620.01)	(12,872.35)	(1,123.34)	(1,144.65)	(2,267.99)	(9,375.69)	(5,764.66)	(15,140.34)
512015	Equipment Rental	(1,265.56)	(710.56)	(1,976.12)	(172.73)	(176.13)	(348.86)	(1,438.29)	(886.69)	(2,324.98)
512900	Other Plant and System Maintenance	(137.04)	(76.70)	(213.75)	(18.64)	(18.99)	(37.62)	(155.68)	(95.69)	(251.37)
513008	Electrical Equip	(8.88)	(4.96)	(13.84)	(1.21)	(1.23)	(2.44)	(10.09)	(6.19)	(16.28)
513900	Other Materials and Supplies	(137.04)	(76.70)	(213.75)	(18.64)	(18.99)	(37.62)	(155.68)	(95.69)	(251.37)
	Total Maintenance & Repair	(10,398.17)	(5,825.23)	(16,223.40)	(1,419.12)	(1,443.27)	(2,862.39)	(11,817.29)	(7,268.50)	(19,085.79)
Transportation Expense										
601000	Vehicle Leasing	(7.51)	(4.32)	(11.83)	(1.27)	(1.06)	(2.33)	(8.78)	(5.38)	(14.16)
602000	Vehicle Fuel	(2.96)	(1.66)	(4.62)	(0.40)	(0.41)	(0.82)	(3.36)	(2.07)	(5.43)
603000	Vehicle Repairs and Maintenance	(9.91)	(5.60)	(15.51)	(1.43)	(1.41)	(2.84)	(11.34)	(7.01)	(18.35)
609000	Vehicle - Other Costs	(39.57)	(22.24)	(61.81)	(5.61)	(5.52)	(11.13)	(45.19)	(27.76)	(72.94)
	Total Transportation Expense	(59.95)	(33.82)	(93.77)	(8.72)	(8.40)	(17.12)	(68.67)	(42.22)	(110.89)
Outside Services										
540100	Consulting	(38.29)	(21.47)	(59.76)	(5.23)	(5.34)	(10.57)	(43.52)	(26.81)	(70.33)
540200	Accounting and Audit	(2,107.39)	(1,175.83)	(3,283.22)	(292.59)	(295.93)	(588.52)	(2,399.98)	(1,471.76)	(3,871.74)
540400	Legal	(3,607.15)	(2,023.69)	(5,630.84)	(492.83)	(501.63)	(994.46)	(4,099.98)	(2,525.32)	(6,625.30)
540500	Payroll	(5,094.05)	(2,847.89)	(7,941.94)	(694.19)	(706.17)	(1,400.36)	(5,788.24)	(3,554.06)	(9,342.30)
540600	Tax	(23,259.07)	(13,025.69)	(36,284.76)	(3,166.65)	(3,226.96)	(6,393.61)	(26,425.72)	(16,252.65)	(42,678.37)
540800	Temporary Labor	(18,407.52)	(10,303.89)	(28,711.41)	(2,506.48)	(2,553.20)	(5,059.68)	(20,914.00)	(12,857.09)	(33,771.09)
541100	Management Fee	174,081.85	97,540.01	271,621.86	23,796.66	24,230.57	48,027.23	197,878.51	121,770.58	319,649.09
541200	Contractor Outside Services	(29,253.68)	(16,263.56)	(45,517.24)	(3,983.00)	(4,032.84)	(8,015.84)	(33,236.68)	(20,296.40)	(53,533.08)
541300	Employee Finder Fees	(4,902.71)	(2,731.29)	(7,634.00)	(668.32)	(677.56)	(1,345.88)	(5,571.03)	(3,408.85)	(8,979.88)
549000	Other Outside Services	(61,040.23)	(34,379.41)	(95,419.64)	(8,654.42)	(8,513.77)	(17,168.19)	(69,694.65)	(42,893.18)	(112,587.83)

Supplement to Schedules B - B

Fusion Account	Fusion Account Description	CWSNC Uniform			BF-FH-TC			Total		
		Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
Total Outside Services		26,371.77	14,767.29	41,139.05	3,332.94	3,717.17	7,050.12	29,704.71	18,484.46	48,189.17
Office Supplies & Other Exp										
550200	Computer Repair and Maintenance	(155,938.19)	(87,115.71)	(243,053.90)	(21,236.06)	(21,660.11)	(42,896.17)	(177,174.25)	(108,775.82)	(285,950.07)
550300	Computer Supplies	(361.91)	(202.59)	(564.50)	(49.22)	(50.19)	(99.41)	(411.13)	(252.78)	(663.91)
550400	Internet Services	(17,734.94)	(9,933.43)	(27,668.37)	(2,415.66)	(2,459.58)	(4,875.24)	(20,150.60)	(12,393.01)	(32,543.61)
550600	Computer Licensing	(12,426.77)	(6,944.66)	(19,371.43)	(1,690.84)	(1,719.27)	(3,410.11)	(14,117.61)	(8,663.93)	(22,781.54)
550700	Software	(6,258.60)	(3,499.50)	(9,758.10)	(852.57)	(866.71)	(1,719.28)	(7,111.17)	(4,366.21)	(11,477.38)
559900	Other Computer/IT Expenses	(455.71)	(255.01)	(710.72)	(62.09)	(63.15)	(125.24)	(517.80)	(318.16)	(835.96)
581100	Office Supplies	(1,067.34)	(605.57)	(1,672.91)	(160.01)	(149.96)	(309.97)	(1,227.35)	(755.53)	(1,982.88)
581200	Kitchen Supplies	(163.98)	(95.18)	(259.16)	(28.04)	(23.51)	(51.55)	(192.02)	(118.69)	(310.71)
581300	Cleaning Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
582100	Office Equipment	(612.21)	(342.84)	(955.06)	(83.31)	(84.90)	(168.21)	(695.53)	(427.75)	(1,123.27)
583100	Office Printing/Blueprints	(641.95)	(364.63)	(1,006.59)	(96.15)	(90.42)	(186.57)	(738.11)	(455.05)	(1,193.16)
583200	Office Publications/Subscriptions	-	-	-	-	-	-	-	-	-
583400	Office Shipping Charges/Postage/Courier	(3,630.65)	(2,054.19)	(5,684.83)	(530.76)	(508.96)	(1,039.72)	(4,161.41)	(2,563.15)	(6,724.55)
628300	Billing Postage	(4,689.08)	(2,923.35)	(7,612.43)	(793.09)	(880.99)	(1,674.08)	(5,482.17)	(3,804.34)	(9,286.51)
628400	Customer Service Printing	(992.78)	(561.88)	(1,554.66)	(144.40)	(139.15)	(283.55)	(1,137.19)	(701.03)	(1,838.21)
Total Office Supplies & Other Exp		(204,974.12)	(114,898.54)	(319,872.66)	(28,142.20)	(28,696.90)	(56,839.11)	(233,116.32)	(143,595.44)	(376,711.77)
Pension & Other Benefits										
531001	401K Profit Sharing	(30,358.55)	(17,064.83)	(47,423.38)	(4,271.77)	(4,227.59)	(8,499.36)	(34,630.32)	(21,292.42)	(55,922.75)
531002	401K Match	(14,946.45)	(8,433.53)	(23,379.98)	(2,154.97)	(2,089.65)	(4,244.63)	(17,101.42)	(10,523.18)	(27,624.61)
532001	Health Admin and Stop Loss	(15,265.54)	(8,617.80)	(23,883.34)	(2,200.72)	(2,135.49)	(4,336.22)	(17,466.26)	(10,753.29)	(28,219.56)
532002	Dental	(2,606.89)	(1,465.51)	(4,072.40)	(365.39)	(363.01)	(728.40)	(2,972.28)	(1,828.53)	(4,800.81)
532005	Employee Insurance Deductions	26,360.18	14,928.48	41,288.66	3,899.15	3,699.87	7,599.02	30,259.33	18,628.35	48,887.68
532006	Health Insurance Claims	(72,028.48)	(40,640.94)	(112,669.43)	(10,363.28)	(10,071.41)	(20,434.69)	(82,391.76)	(50,712.35)	(133,104.12)
532008	Health Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
532009	Workers Compensation Insurance (WCB)	(8,380.03)	(4,726.90)	(13,106.93)	(1,203.14)	(1,171.36)	(2,374.51)	(9,583.17)	(5,898.26)	(15,481.44)
532012	Term Life Insurance	(5,516.89)	(3,113.02)	(8,629.91)	(793.80)	(771.47)	(1,565.27)	(6,310.69)	(3,884.49)	(10,195.19)
532013	Term Life Insurance Opt	2,350.16	1,335.65	3,685.81	356.60	331.09	687.69	2,706.76	1,666.74	4,373.50
532014	Depend Life Insurance Opt	227.94	132.42	360.36	39.07	32.86	71.93	267.01	165.28	432.29
532016	Education / Tuition	(347.53)	(195.17)	(542.70)	(48.33)	(48.31)	(96.63)	(395.86)	(243.47)	(639.33)
532020	Holiday	-	-	-	-	-	-	-	-	-
532900	Other Employee Benefits	(602.10)	(340.25)	(942.35)	(86.57)	(84.37)	(170.94)	(688.67)	(424.62)	(1,113.29)
532999	Payroll Suspense Exp	-	-	-	-	-	-	-	-	-
Total Pension & Other Benefits		(121,114.19)	(68,201.41)	(189,315.60)	(17,193.16)	(16,898.86)	(34,092.01)	(138,307.35)	(85,100.26)	(223,407.61)
Rent										
571100	Building Rent	(47,848.65)	(27,008.26)	(74,856.90)	(6,899.26)	(6,692.71)	(13,591.98)	(54,747.91)	(33,700.97)	(88,448.88)
Total Rent		(47,848.65)	(27,008.26)	(74,856.90)	(6,899.26)	(6,692.71)	(13,591.98)	(54,747.91)	(33,700.97)	(88,448.88)

Supplement to Schedules B - B

Fusion Account	Fusion Account Description	CWSNC Uniform			BF-FH-TC			Total		
		Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
Insurance										
560100	General Liability Insurance	(10,669.59)	(6,017.64)	(16,687.23)	(1,529.63)	(1,491.15)	(3,020.78)	(12,199.22)	(7,508.79)	(19,708.01)
560200	Property Insurance	-	-	-	-	-	-	-	-	-
560300	Vehicle Insurance	(85.61)	(48.29)	(133.90)	(12.26)	(11.96)	(24.22)	(97.87)	(60.25)	(158.12)
560400	Uninsured Losses	-	-	-	-	-	-	-	-	-
560500	Other Insurance	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	Total Insurance	(10,755.20)	(6,065.93)	(16,821.13)	(1,541.89)	(1,503.12)	(3,045.00)	(12,297.09)	(7,569.05)	(19,866.13)
Office Utilities										
584100	Office Electric	(755.21)	(425.93)	(1,181.14)	(108.39)	(105.52)	(213.92)	(863.60)	(531.45)	(1,395.06)
584200	Office Gas/Heat	(160.20)	(91.58)	(251.79)	(22.19)	(22.69)	(44.88)	(182.39)	(114.27)	(296.67)
584300	Office Water	(31.35)	(17.54)	(48.89)	(4.25)	(4.34)	(8.59)	(35.60)	(21.88)	(57.48)
584900	Office Other Utilities	(4.08)	(2.28)	(6.36)	(0.56)	(0.56)	(1.12)	(4.64)	(2.84)	(7.48)
585300	Office Snow Removal	-	-	-	-	-	-	-	-	-
585400	Office Security / Alarm System	(113.15)	(63.49)	(176.64)	(15.44)	(15.75)	(31.19)	(128.59)	(79.24)	(207.82)
585900	Other Office Maintenance	(12,825.42)	(7,181.91)	(20,007.33)	(1,748.86)	(1,778.11)	(3,526.97)	(14,574.28)	(8,960.02)	(23,534.30)
586100	Landline/Telephone/Fax	(62,091.92)	(35,015.79)	(97,107.71)	(8,922.57)	(8,678.70)	(17,601.28)	(71,014.50)	(43,694.49)	(114,708.99)
586200	Cellular/Mobile Phones	(70.48)	(39.19)	(109.67)	(9.60)	(9.73)	(19.33)	(80.08)	(48.92)	(129.00)
587100	Holiday Events/Picnics	-	-	-	-	-	-	-	-	-
587500	Answering Service	(4,045.22)	(2,277.35)	(6,322.57)	(572.92)	(564.46)	(1,137.37)	(4,618.14)	(2,841.81)	(7,459.94)
587900	Other Office Expenses	(2,708.19)	(1,517.37)	(4,225.56)	(372.34)	(376.11)	(748.45)	(3,080.52)	(1,893.49)	(4,974.01)
	Total Office Utilities	(82,805.23)	(46,632.43)	(129,437.66)	(11,777.11)	(11,555.98)	(23,333.09)	(94,582.34)	(58,188.41)	(152,770.75)
Bad Debt Expense										
627200	Bad Debt Collection Expense	(888.67)	(504.81)	(1,393.48)	(133.28)	(125.05)	(258.34)	(1,021.96)	(629.87)	(1,651.82)
	Total Bad Debt Expense	(888.67)	(504.81)	(1,393.48)	(133.28)	(125.05)	(258.34)	(1,021.96)	(629.87)	(1,651.82)
Miscellaneous Expense										
621100	Advertising	-	-	-	-	-	-	-	-	-
622100	Bank Service Charges	(15,185.28)	(8,561.74)	(23,747.02)	(2,083.54)	(2,113.61)	(4,197.15)	(17,268.82)	(10,675.35)	(27,944.17)
624100	License Fees	(130.81)	(75.52)	(206.33)	(21.98)	(18.72)	(40.69)	(152.79)	(94.24)	(247.03)
625100	Penalties and Fines	-	-	-	-	-	-	-	-	-
626100	Education and Training	(867.79)	(496.12)	(1,363.91)	(137.92)	(123.00)	(260.91)	(1,005.71)	(619.12)	(1,624.83)
629100	Memberships and Dues	(5,885.86)	(3,301.36)	(9,187.22)	(804.77)	(818.19)	(1,622.96)	(6,690.63)	(4,119.55)	(10,810.19)
629500	Credit Card Expense Clearing	(1,913.14)	(1,071.43)	(2,984.57)	(260.57)	(265.63)	(526.20)	(2,173.71)	(1,337.05)	(3,510.77)
629600	Credit Card/Cash Expense - Unallocated	(183.13)	(103.01)	(286.14)	(24.58)	(24.75)	(49.33)	(207.71)	(127.76)	(335.47)

Supplement to Schedules B - B

Fusion Account	Fusion Account Description	CWSNC Uniform			BF-FH-TC			Total		
		Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
629900	Other Misc Expense	(5,608.95)	(3,180.82)	(8,789.77)	(838.20)	(788.35)	(1,626.55)	(6,447.15)	(3,969.17)	(10,416.32)
630001	Disallowed Utility Plant	-	-	-	-	-	-	-	-	-
	Total Miscellaneous Expense	(29,774.97)	(16,790.00)	(46,564.97)	(4,171.55)	(4,152.24)	(8,323.79)	(33,946.53)	(20,942.24)	(54,888.76)
	Travel									
591000	Accommodation/Hotel/Lodging	(1,281.93)	(732.24)	(2,014.17)	(199.76)	(181.58)	(381.34)	(1,481.69)	(913.83)	(2,395.52)
592000	Airfare	(1,161.70)	(671.61)	(1,833.31)	(196.88)	(166.38)	(363.26)	(1,358.59)	(837.98)	(2,196.57)
593000	Transportation excl. Airfare	(169.59)	(97.65)	(267.24)	(27.90)	(24.18)	(52.09)	(197.49)	(121.83)	(319.32)
594000	Travel - Meals and Entertainment	1,311.45	725.44	2,036.90	162.20	179.42	341.62	1,473.65	904.86	2,378.52
595000	Travel - Meals and Entertainment - 50% Tax Deductible	(1,776.36)	(994.27)	(2,770.64)	(241.58)	(246.11)	(487.69)	(2,017.94)	(1,240.38)	(3,258.32)
599900	Other Travel	(36.51)	(14.48)	(50.99)	6.54	(3.58)	2.96	(29.97)	(18.06)	(48.04)
	Total Travel	(3,114.64)	(1,784.82)	(4,899.46)	(497.39)	(442.41)	(939.80)	(3,612.03)	(2,227.23)	(5,839.26)
	Depreciation Expense									
710220	Dep - Struct and Improv Office	(24,282.07)	(9,330.24)	(33,612.32)	(3,573.06)	(2,312.89)	(5,885.94)	(27,855.13)	(11,643.13)	(39,498.26)
710303	Dep - Office Furniture	(7,700.44)	(2,959.02)	(10,659.47)	(1,133.16)	(733.52)	(1,866.68)	(8,833.60)	(3,692.54)	(12,526.14)
710308	Dep - Tool Shop Equipment	(27.25)	(10.49)	(37.74)	(4.03)	(2.60)	(6.63)	(31.28)	(13.10)	(44.38)
710310	Dep - Communications Equipment	(3,107.51)	(1,194.05)	(4,301.56)	(457.28)	(295.99)	(753.27)	(3,564.79)	(1,490.04)	(5,054.83)
710401	Dep - Vehicles	(370.29)	(208.93)	(579.22)	(53.25)	(51.77)	(105.01)	(423.54)	(260.70)	(684.23)
710501	Dep - Computer Hardware	(180,927.36)	(102,108.74)	(283,036.10)	(24,953.84)	(25,409.96)	(50,363.80)	(205,881.20)	(127,518.70)	(333,399.90)
710502	Dep - Desktop/Laptop Computers	(41.71)	(23.31)	(65.02)	(5.74)	(5.79)	(11.53)	(47.45)	(29.10)	(76.55)
710504	Dep - Mini Comp Wtr	(8,221.61)	(4,601.24)	(12,822.85)	(1,118.22)	(1,139.11)	(2,257.33)	(9,339.83)	(5,740.35)	(15,080.18)
710601	Dep - Computer Software	-	-	-	-	-	-	-	-	-
710602	Dep - Comp Systems	(383.10)	(213.70)	(596.80)	(52.10)	(52.93)	(105.03)	(435.20)	(266.63)	(701.83)
	Total Depreciation Expense	(225,061.34)	(120,649.72)	(345,711.06)	(31,350.67)	(30,004.56)	(61,355.23)	(256,412.01)	(150,654.28)	(407,066.29)
	Taxes other than Income									
641100	FICA	(33,203.77)	(18,776.45)	(51,980.21)	(4,849.70)	(4,652.03)	(9,501.72)	(38,053.46)	(23,428.47)	(61,481.94)
642100	Federal Unemployment Tax	294.01	166.60	460.61	43.38	41.27	84.65	337.38	207.87	545.25
642200	State Unemployment Tax	665.35	378.45	1,043.79	100.42	93.68	194.10	765.77	472.13	1,237.90
642300	Other Payroll Taxes	-	-	-	-	-	-	-	-	-
643100	Franchise Taxes	(427.23)	(239.40)	(666.63)	(58.47)	(59.26)	(117.74)	(485.71)	(298.66)	(784.37)
643300	Personal Property Taxes	-	-	-	-	-	-	-	-	-
643400	Real Estate Taxes	(8,722.74)	(4,892.44)	(13,615.18)	(1,189.49)	(1,213.39)	(2,402.88)	(9,912.24)	(6,105.83)	(16,018.07)
643700	Other General Taxes	(14,824.54)	(8,279.11)	(23,103.65)	(2,018.47)	(2,052.20)	(4,070.68)	(16,843.01)	(10,331.32)	(27,174.33)
	Total Taxes other than Income	(56,218.93)	(31,642.35)	(87,861.28)	(7,972.34)	(7,841.94)	(15,814.27)	(64,191.27)	(39,484.29)	(103,675.55)
	Subtotal to be removed from WSC Allocation	(1,338,004.76)	(747,540.38)	(2,085,545.14)	(189,745.72)	(185,510.44)	(375,256.17)	(1,527,750.48)	(933,050.82)	(2,460,801.30)
	Reallocate:									
691000	Corporate Allocation	1,338,004.76	747,540.38	2,085,545.14	189,745.72	185,510.44	375,256.17	1,527,750.48	933,050.82	2,460,801.30

Supplement to Schedules B - B

Fusion Account	Fusion Account Description	CWSNC Uniform			BF-FH-TC			Total		
		Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total

Purpose:

To reallocate Test Year corporate expenses allocated to North Carolina.
All costs incurred at WSC are now included as part of the total shared services cost for Corix Group of Companies.
These cost are now allocated using the Cost Allocation Methodology ("CAM") outlined in W-354, Sub 364.

Method:

The book allocation process used during the Test Year was recreated using the gross costs incurred at WSC to calculate the adjustments needed for each expense line item. Going forward these line items are consolidated in the Corporate Allocation account.

Carolina Water Service, Inc. of North Carolina
W-354, Sub 384
Test Year: March 31, 2021

W1-10

Schedule 15

Supplement to Schedule B-4a and b, & B-25a and b

Page 1 of 1

Salary & Wages, Payroll Taxes

Line No .	Item	Amount to Be Allocated [A]	Allocation to NC Regulated COs [B]	CWSNC Uniform Allocation - Water [C]	CWSNC Uniform Allocation - Sewer [D]	BF/FH/TC Allocation - Water [E]	BF/FH/TC Allocation - Sewer [F]
Regional Leadership							
1	Pro-Forma Salaries & Wages	440,300.08	267,606.33	145,482.67	86,401.06	17,662.47	18,060.13
2	FICA	21,068.10	12,804.81	6,961.26	4,134.24	845.14	864.17
3	Federal Unemployment Tax	84.00	51.05	27.76	16.48	3.37	3.45
4	State Unemployment Tax	287.44	174.70	94.98	56.40	11.53	11.79
	Total	461,739.62	280,636.89	152,566.66	90,608.19	18,522.51	18,939.54
NC Leadership							
5	Pro-Forma Salaries & Wages	641,500.79	408,458.94	222,056.39	131,877.61	26,958.99	27,565.95
6	FICA	48,335.77	30,776.55	16,731.50	9,936.71	2,031.30	2,077.04
7	Federal Unemployment Tax	252.00	160.45	87.23	51.81	10.59	10.83
8	State Unemployment Tax	1,912.00	1,217.42	661.84	393.06	80.35	82.16
	Total	692,000.56	440,613.36	239,536.96	142,259.19	29,081.23	29,735.98
NC Operations							
9	Pro-Forma Salaries & Wages	5,276,430.98	5,276,430.98	2,868,501.82	1,703,581.57	348,253.44	356,094.15
10	FICA	403,646.97	403,646.97	219,440.39	130,323.99	26,641.39	27,241.20
11	Federal Unemployment Tax	3,444.00	3,444.00	1,872.31	1,111.95	227.31	232.43
12	State Unemployment Tax	10,302.66	10,302.66	5,600.98	3,326.38	679.99	695.30
	Total	5,693,824.61	5,693,824.61	3,095,415.50	1,838,343.89	375,802.13	384,263.08

Notes:

Column [A] - Amount to be Allocated to North Carolina Regulated Companies

Column [B] - Amount of Column [A] allocated to North Carolina

Column [C] - Column [B] * 54.24%

Column [D] - Column [B] * 32.21%

Column [E] - Column [B] * 6.70%

Column [F] - Column [B] * 6.85%

Purpose:

To calculate pro-forma salaries and wages, as well as related payroll taxes, and deferred compensation.

Method:

This adjustment annualizes current pay rates as of May 15 2021 pay period. Adjustment also includes vacancies expected to be filled during the rate case at estimated pay levels. Please see the Direct Testimony of Phil Drennan for a detailed explanation of the method used to calculate these adjustments.

Carolina Water Service, Inc. of North Carolina
W-354, Sub 384
Test Year: March 31, 2021

W1-10
Schedule 16

Supplement to Schedule B-6a and b

Power Expense

Line No.	Vendor	Date of Rate Change	Test Year Expenses Prior to Rate Change					Pro-Forma Adjustment			
			CWSNC Uniform - Water	CWSNC Uniform - Sewer	BF-FH-TC - Water	BF-FH-TC - Sewer	Percent Change	CWSNC Uniform - Water	CWSNC Uniform - Sewer	BF-FH-TC - Water	BF-FH-TC - Sewer
1	DUKE ENERGY PROGRESS	9/1/2020	58,616.23	111,623.96	1,808.44	-	1.40%	820.63	1,562.74	25.32	0.00
2	DUKE ENERGY	9/1/2020	151,627.26	63,527.16	2,980.65	-	4.40%	6,671.60	2,795.20	131.15	0.00
3											
4			210,243.49	175,151.12	4,789.09	0.00		7,492.23	4,357.93	156.47	0.00

Purpose:

To adjust Test Year actual power expenses for rate changes from vendors occurring after the start of the Test Year (4/1/2020). This allows for pro-forma adjustments to reflect the annualized costs for Power Expense for CWSNC in this rate case.

Method:

The Company reviewed bills from and corresponded with its power suppliers to identify those who changed rates since 4/1/2020 or who had anticipated changes pending (i.e., filed a rate case). The Company pulled percent increases for Duke Progress and Duke Energy Carolinas from compliance filings for the SGS customer class, effective 06-01-21. The adjustment was calculated on costs from the end of the test year to the beginning of interim rates effective date.

Carolina Water Service, Inc. of North Carolina
W-354, Sub 384
Test Year: March 31, 2021

W1-10
Schedule 17

Supplement to Schedule B-7a

Purchased Water and Purchase Sewer Treatment Expense

Vendor	Subdivision(s)	Date of Rate Change	Old Volume Rate/TG	New Volume Rate/TG	Test Year Expenses Prior to Rate Change			Pro-Forma Adjustment	
					CWSNC Uniform - Water	CWSNC Uniform - Sewer	Percent Increase	CWSNC Uniform - Water	CWSNC Uniform - Sewer
Purchased Water Expense:									
CITY OF ASHEVILLE	Bent Creek	7/1/2019	3.56	3.56	-		0.00%	0.00	
CITY OF CHARLOTTE	Riverpointe	7/1/2020	6.48	6.74	14,476.09		3.98%	576.29	
CITY OF CONCORD	Zemosia Acres	7/1/2020	5.41	5.41	18,401.44		0.00%	0.00	
CITY OF GASTONIA	Kings Grant - Charlotte	7/1/2020	6.05	6.35	3,662.35		4.96%	181.60	
CITY OF SANFORD NC	Carolina Trace	9/1/2020	2.21	2.21	56,993.97		0.00%	0.00	
HENDERSONVILLE WATER & SEWER DEPARTMENT	High Vista	7/1/2020	3.40	3.83	15,396.13		12.65%	1,947.16	
JOHNSTON CNTY DEPT PUBLIC UTILITIES	White Oak Plantation, Winston Plantation, Winston Point, Willowbrook	9/1/2021	2.85	3.02	153,658.51		5.96%	9,165.60	
LANCASTER CTY WTR & SWR DISTRICT	Danby	7/1/2020	4.10	4.18	25,364.93		1.95%	494.93	
MONTGOMERY COUNTY WATER SYSTEM	Carolina Forest, Woodrun	7/1/2016	3.19	3.19	-		0.00%	0.00	
PUBLIC WORKS COMMISSION	Tanglewood South, Eastgate	7/1/2020	5.43	5.64	14,810.94		3.87%	572.80	
TOWN OF FRANKLIN	Riverbend Estates	7/1/2020	7.50	7.80	11,208.25		4.00%	448.33	
TOWN OF MOORESVILLE	The Point	7/1/2020	3.72	3.72	26,375.99		0.00%	0.00	
TOWN OF SOUTHERN PINES	Whispering Pines	1/1/2021	3.28	3.38	180,211.41		3.05%	5,494.25	
WINSTON-SALEM/FORSYTH CTY	Yorktown	7/1/2019	5.79	5.79	-		0.00%	0.00	
					<u>520,560.01</u>			<u>18,880.95</u>	
Purchased Sewer Treatment Expense:									
CITY OF GASTONIA	Kings Grant - Charlotte	7/1/2020	3.98	4.18		5,433.30	5.03%		273.03
CLAY COUNTY WATER AND SEWER DISTRICT	Ridges at Mountain Harbour	9/5/2019	1,864.43	1,864.43		-	0.00%		0.00
JOHNSTON CNTY DEPT PUBLIC UTILITIES	White Oak Plantation / Winston Pt.	9/1/2021	6.15	6.45		121,894.36	4.88%		5,946.07
METROPOLITAN SEWAGE DISTRICT	Mt. Carmel	7/1/2020	6.32	6.32		44,633.50	0.00%		0.00
TOWN OF DALLAS	College Park	7/1/2020	7.33	7.40		6,409.66	0.95%		61.21
TOWN OF LAKE LURE	Fairfield Mountain / Apple Valley	7/1/2020	33,423.50	43,431.00		66,847.00	29.94%		20,015.00
						<u>127,327.66</u>			<u>6,219.10</u>

Purpose:

To adjust Test Year actual purchased services expenses for rate changes from vendors occurring after the start of the Test Year (4/1/2020). This allows for pro-forma adjustments to reflect the annualized costs for Purchased Water/Sewer Treatment Expense for CWSNC in this rate case.

Method:

The Company reviewed bills from and corresponded with its vendors to identify where rates changed since 4/1/2020, or who had issued notice that their rates will change in the near future. CWSNC identified invoices paid during the Test Year before the effective date of the rate change and increased those bill amounts by the effective rate increase for the vendor. The Company compared invoices to the vendor website rate schedule or a copy of prior rates effective to identify the percent of rate change. Johnston County issued a notice that their rates would change as of 09/01/2021. All other rate increases noted are identified from vendor invoices or the provider's rate schedules per its website.

Carolina Water Service, Inc. of North Carolina
W - 354, Sub 384
Test Year: March 31, 2021

W1-10
Schedule 18

Supplement to Schedules B-13a and b, and B-20 a and b

Unrecoverable Expenses

Line No.	Account #	Description	Schedule Reference	Total Per Allocated Books [A]	Per Books Adjustment [B]	CWSNC Uniform Allocation - Water [C]	CWSNC Uniform Allocation - Sewer [D]	BF/FH/TC - Water [E]	BF/FH/TC - Sewer [F]
1	549000	Other Outside Services	B-13a and B-13b	62,887.34	(62,887.34)	(34,313.18)	(20,378.34)	(3,913.24)	(4,282.58)
2	623100	Donations for Registered Charities	B-20a and B-20b	29,860.06	(29,860.06)	(16,279.01)	(9,111.75)	(2,213.90)	(2,255.40)
3	625100	Penalties & Fines	B-20a and B-20b	8,205.09	(8,205.09)	(1,717.31)	(6,354.87)	(65.88)	(67.03)
4	Total			<u>100,952.49</u>	<u>(100,952.49)</u>	<u>(52,309.50)</u>	<u>(35,844.96)</u>	<u>(6,193.02)</u>	<u>(6,605.01)</u>

Notes:

Column [A] - Per Company's Financials at March 31, 2021.

Column [B] - Remove book balances.

Column [C] - Actuals or remainder at CWSNC Uniform Allocation

Column [D] - Actuals or remainder at CWSNC Uniform Allocation

Column [E] - Actuals or remainder at CWSNC Uniform Allocation

Column [F] - Actuals or remainder at CWSNC Uniform Allocation

Purpose:

To remove costs expected to be unrecoverable for rate making purposes.

Method:

All costs related to lobbying efforts are removed from the Test Year data. These costs are already partially allocated to non-reg departments, the remainder is removed from this filing. This includes costs related to Public Sector Group and Sanford Law Office (Account 549000). Additional costs related to contributions were removed (Account 623100).

Carolina Water Service, Inc. of North Carolina
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Test Year Commission Ordered Adjustments

Line No.	Account #	Description	Schedule Reference	Total Per Books [A]	Per Books Adjustment [B]	CWSNC Uniform - Water [C]	CWSNC Uniform - Sewer [D]	BF/FH/TC - Water [E]	BF/FH/TC - Sewer [F]
1	629900	Other Misc Expense	B-13a and B-13b	167,084.55	(167,084.55)	-	(167,084.55)	-	-
2	630002	Commission Ordered Adjustments	B-20a and B-20b	667,908.14	(667,908.14)	(176,517.45)	(438,181.80)	(9,875.10)	(43,333.79)
3	Total			<u>834,992.69</u>	<u>(834,992.69)</u>	<u>(176,517.45)</u>	<u>(605,266.35)</u>	<u>(9,875.10)</u>	<u>(43,333.79)</u>

Notes:

Column [A] - Per Company's Financials at March 31, 2021.
Column [B] - Remove book balances.
Column [C] - Actuals or remainder of trial balance account
Column [D] - Actuals or remainder of trial balance account
Column [E] - Actuals or remainder of trial balance account
Column [F] - Actuals or remainder of trial balance account

Purpose:

Remove Commission Ordered Adjustments booked during the Test Year as they are non-recurring amounts that should not be included for pro-forma.

Method:

Identified and removed Test Year activity related to Commission Ordered Adjustments from the Sub 364 rate case.

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W-354, Sub 384
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Schedule 20

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Chemicals Expense - Pro-Forma Adjustment

Item #	Item Description	WaterGuard - Actual Test Year Activity - 4/1-12/31/2018					Pro-Forma Adjustment			
		CWSNC	CWSNC	BF/FH/TC -	BF/FH/TC -	Percent	CWSNC	CWSNC	BF/FH/TC -	BF/FH/TC -
		Uniform - Water	Uniform - Sewer	Water	Sewer	Increase 7/1/2021	Uniform - Water	Uniform - Sewer	Water	Sewer
Water Guard Price Change 7/1/2021										
Price changes:										
10001	HYPOCHLORITE SOL - BULK- GALS	14,839.47	65,293.35	29,899.95	1,876.20	5.03%	746.64	3,285.20	1,504.40	94.40
10050	HYPOCHLORITE SOL- 5 GAL DRUM	0.00	6,885.00	170.00	0.00	11.76%	0.00	810.00	20.00	0.00
10150	HYPOCHLORITE SOL 15 GAL DRUM	0.00	19,561.50	0.00	0.00	8.02%	0.00	1,569.75	0.00	0.00
10561	HYPO 5.25% BULK GALS	0.00	2,622.55	0.00	0.00	4.72%	0.00	123.90	0.00	0.00
11025	CALCIUM HYPO GRANULAR, 25#	0.00	418.00	0.00	0.00	5.14%	0.00	21.49	0.00	0.00
22000	FERROQUEST- BULK, GALLONS	0.00	0.00	39,025.00	0.00	2.01%	0.00	0.00	782.52	0.00
36110	CAUSTIC SODA BEADS - 50# BAG	95,926.50	0.00	0.00	0.00	5.84%	5,601.55	0.00	0.00	0.00
47020	MICROC 2000, GAL	0.00	71,342.25	0.00	0.00	11.03%	0.00	7,867.65	0.00	0.00
109003	ALUMINUM SULFATE, BULK, GALS	0.00	14,223.60	0.00	0.00	3.09%	0.00	439.00	0.00	0.00
		110,765.97	180,346.25	69,094.95	1,876.20		6,348.19	14,116.99	2,306.92	94.40

Purpose:

To adjust Test Year actual chemicals expenses for rate changes from primary vendor, WaterGuard, that was effective 7/1/2021. This allows for pro-forma adjustments to reflect the annualized costs for Chemicals Expense for CWSNC in this rate case.

Method:

The Company received correspondence from WaterGuard that identified certain chemical price changes to be effective 7/1/2021. The Company identified WaterGuard invoices in the Test Year. CWSNC identified invoices paid during the Test Year before the effective date of the rate change and increased those bill amounts by the effective rate increase for the vendor for the particular chemical identified on the invoice. The Company then increased the pre-increase invoice amounts for the percent increase noted by WaterGuard. The Company used the book activity by subdivision to apply the increase for each chemical to the location it was utilized.

Carolina Water Service, Inc. of North Carolina
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Supplement to Schedule B-17a and b

Rent Expense

Line No	Vendor	Description	Rent Payment Period	Payment Rate @ 6/1/2021	Annual Rate @ 6/1/2021	CWSNC Uniform - Water	CWSNC Uniform - Sewer	BF/FH/TC - Water	BF/FH/TC - Sewer
			[A]	[B]	[C]	[D]	[E]	[F]	[G]
CWSNC:									
1	ARROWRIDGE ACQUISITIONS LLC.	Charlotte Warehouse	Monthly	4,379	52,553	28,570	16,967	3,469	3,547
2	GARNER COMMERCIAL CENTER ASSOC	Garner Office	Monthly	825	9,900	5,382	3,196	653	668
3	HARTZOG, LAURIE THOMAS DBA HAPPY HART SA	Lake Lure Office	Monthly	504	6,048	3,288	1,953	399	408
4	MZ PARKWAY PLAZA LLC.	Charlotte Office	Monthly	14,776	177,309	96,393	57,247	11,703	11,966
5	TRIP BETTY PETER MHC, LLC	Hestron Park Sewer	Annually	100	100	54	32	7	7
6	USDA FOREST SERVICE	Mt. Mitchell Land Use	Annually	1,026	1,026	558	331	68	69
7	VILLAGE OF WHISPERING PINES	Whispering Pines Office	Monthly	450	5,400	2,936	1,743	356	364
8	WEST RIDGE CORPORATION	Whispering Pines Office	Monthly	550	6,600	3,588	2,131	436	445
9									
10	Total CWSNC			22,610	258,936	140,769	83,602	17,090	17,475
11									
12									
13	Total - for Pro-Forma Proposed, Schedules B-17a and b			22,610	258,936	140,769	83,602	17,090	17,475

Notes:

Column [A] - Per applicable agreements and company financials.
 Column [B] - Per applicable agreements and company financials.
 Column [C] - Column [B] * 12 months or 1 year.
 Column [D] - Column [C] * 54.36%
 Column [E] - Column [C] * 32.29%
 Column [F] - Column [C] * 6.60%
 Column [G] - Column [C] * 6.75%

Purpose:

To annualize most current rent expense levels for lease locations in North Carolina

Method:

The Company reviewed its rental property list to identify changes in lease payments. The Company identified in its lease agreements those leases which utilize step increase rates (Charlotte Office), as well as those that pass through operating cost variances (Charlotte Warehouse). For the Charlotte Office, the annualized lease cost at 6/1/2021 was utilized for pro-forma purposes. For the Charlotte Warehouse, the annualized lease cost at 6/1/2021, plus a projected O&M variance true up charge was calculated based on the average annual percent increase incurred for Years 1 through 6 of the existing agreement, as supported by invoices paid. All other CWSNC rent is computed as the annualization of the most recent invoice paid.

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W - 354, Sub 384
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Schedule 22

Supplement to Schedule B-20a and b

Miscellaneous Expense - Customer Deposit Interest

Line No.	Legacy Company	Total - Legacy Company Test Year Activity	CWSNC Uniform - Water	CWSNC Uniform - Sewer	BF/FH/TC - Water	BF/FH/TC - Sewer
1	Elk River	152.32	113.65	38.67	-	-
2	CWS	15,814.71	9,770.99	6,043.72	-	-
3	CWS Systems	4,770.79	2,243.54	793.06	946.61	787.58
4	Carolina Trace	1,247.15	632.68	614.47	-	-
5	Transylvania	820.35	437.93	382.42	-	-
6	Bradfield Farms	856.89	856.89	-	357.59	499.30
	Total	23,662.21	14,055.69	7,872.33	1,304.20	1,286.88

Purpose:

To include customer deposit interest for the Test Year as an expense item. This inclusion allows for completeness of customer deposit effects, combined with the rate base deduction of customer deposit reserves. The activity is moved from Interest Expense account 811002 to Other Misc Expense account 629900 for pro-forma presentation purposes in this rate filing.

Method:

The Company's billing system calculated interest on deposits at the legacy company level for posting to the general ledger. Therefore, the company balances must be allocated to the Rate Divisions to be captured in the revenue requirement. Each legacy company balance is allocated based on adjusted ERC's for the subdivision(s) within that company:

Carolina Water Service, Inc. of North Carolina
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Schedule 23

Supplement to Schedule B-14a and b

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Payment Processing Fees and Water Efficiency Program Noticing - Pro-Forma Adjustment

Line No.	Account #	Description	Adjustment Calculation			Pro-Forma Adjustment			
			Q1 2021 Transactions	Q1 2021 Fees	Annualized Cost	CWSNC Uniform - Water	CWSNC Uniform - Sewer	BF/FH/TC - Water	BF/FH/TC - Sewer
			[A]	[B]	[C]	[D]	[E]	[F]	[G]
1	628400	Payment Processing Fees	32,252	\$ 71,397.11	\$ 285,588.44	155,258.54	92,206.87	18,849.32	19,273.70
2	628400	Water Efficiency Program Noticing			\$ 2,000.00	1,087.29	645.73	132.00	134.98
3			32,252	\$ 71,397.11	\$ 287,588.44	156,345.83	92,852.61	18,981.33	19,408.68

Notes:

- Column [A] - Total fee-based transactions with First Billing Services in Q1 2021.
- Column [B] - Q1 2021 Costs incurred by customers.
- Column [C] - Annualized Cost - Column [B]*4 and annual noticing costs.
- Column [D] - Column [C] * 54.36%
- Column [E] - Column [C] * 32.29%
- Column [F] - Column [C] * 6.60%
- Column [G] - Column [C] * 6.75%

Purpose:

This adjustment reflects the charges to be incurred by the Company for payment processing fees from its outside vendor, First Billing Services, when customers use a fee-based payment method to pay their water/sewer bills. These costs are current incurred by customers at the point of transaction and not included in Company costs. Further this adjustment reflects the approximate cost of annual supplemental noticing for the water efficiency program.

Method:

The Company generated a report for the number of customers using fee-based electronic payment methods in the first quarter of 2021. CWSNC annualized those transactions and the aggregated fees to generate a pro-forma adjustment to account for payment processing fees the Company will be incurring in the cost to serve customers going forward. The Company used the first quarter of 2021 as representative of "normal" operations, as the remainder of the Test Year reflects a suspension of full collection processes due to COVID-19 NCUC orders. The Company resumed "normal" collections processes, except late payment fees, as of bills rendered November 1, 2020.

Carolina Water Service, Inc. of North Carolina
 W - 354, Sub 384
 Cost Allocations - ERC Count
 Test Year: March 31, 2021

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Supplement to Schedule B-18a and b

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Pro-Forma Insurance Expense

2020 -2021 Premiums & Allocations

DESCRIPTION	Policy Number	Underwriter	Period Covered	Type	Current Premium	Allocation	Total	North Carolina	Amount Allocated	
					Amount (Annual)	Methodology/Basis	Allocation Basis	Portion of Allocation Basis	Allocation %	for Current Coverage Period
					[A]	[B]	[C]	[D]	[E]	[F]
Commercial Auto	0944700	Marsh USA, Inc.	10/01/20-10/01/21	Auto	615,170	Vehicle Count	511	101	19.77%	121,589
Workers Comp	WC 0944702	Zurich North America	10/01/20-09/30/21	Workers' Comp	537,831	Salaries & Wages	\$ 43,744,236	\$ 5,975,932	13.66%	73,473
USA: Property Insurance, Boiler & Machinery	753 5084; US00095370PR20A	Marsh Canada Limited	10/01/20-10/01/21	Property	1,686,264	Property Values	\$ 785,753,614	\$ 169,970,370	21.63%	364,764
USA: Commercial & Umbrella General Liability	02-LX-086477605-11	Marsh Canada Limited	10/01/20-10/01/21	Commercial & Umbrella	1,172,708	Revenues	\$ 17,240,291	\$ 3,611,717	20.95%	245,674
D&O Rider	PCD9302066-02	Alliant	10/01/17-10/01/23	D&O	14,160	ERCs	302,669	56,997	18.83%	2,667
D&O Commercial Package	PCD9203066-06	Alliant	11/01/20-11/01/21	D&O	80,790	ERCs	302,669	56,997	18.83%	15,214
Excess D&O 5M XS 15M	DO6DAB4IDG001	Alliant	11/01/20-11/01/21	D&O	16,300	ERCs	302,669	56,997	18.83%	3,070
Excess D&O 5M XS 10M	02-152-27-66	Alliant	11/01/20-11/01/21	D&O	16,300	ERCs	302,669	56,997	18.83%	3,070
Package (Fiduciary, D&O)	68046834	Marsh Canada Limited	11/01/20-11/01/21	Fiduciary	19,914	ERCs	302,669	56,997	18.83%	3,750
Pollution Liability Ins 19-22 - 2nd installment	EPC 0194443-01	Alliant	04/30/19-04/30/22	Other	198,067	Property Values	\$ 785,753,614	\$ 169,970,370	21.63%	42,845
Commercial Cyber Liability	PH2001180	Alliant	11/01/20-11/01/21	Other	36,251	ERCs	302,669	56,997	18.83%	6,827
Brokerage Fee		Marsh Canada Limited	10/01/20-10/01/21	Other	295,687	Revenues	\$ 17,240,291	\$ 3,611,717	20.95%	61,944
					4,689,442					944,886.74

Allocation to North Carolina Rate Groups

DESCRIPTION	Policy Number	Underwriter	Period Covered	Type	CWSNC Uniform			BF-FH-TC		Total
					Water	Sewer	Total	Water	Sewer	
					[G]	[H]	[I]	[J]	[K]	[L]
Commercial Auto	0944700	Marsh USA, Inc.	10/01/20-10/01/21	Auto	66,101.37	39,257.10	105,358.47	8,025.11	8,205.79	16,230.89
Workers Comp	WC 0944702	Zurich North America	10/01/20-09/30/21	Workers' Comp	39,943.44	23,722.11	63,665.55	4,849.37	4,958.56	9,807.93
USA: Property Insurance, Boiler & Machinery	753 5084; US00095370PR20A	Marsh Canada Limited	10/01/20-10/01/21	Property	198,302.08	117,770.11	316,072.19	24,075.07	24,617.11	48,692.17
USA: Commercial & Umbrella General Liability	02-LX-086477605-11	Marsh Canada Limited	10/01/20-10/01/21	Commercial & Umbrella	133,559.23	79,319.82	212,879.04	16,214.90	16,579.96	32,794.86
D&O Rider	PCD9302066-02	Alliant	10/01/17-10/01/23	D&O	1,449.66	860.94	2,310.60	176.00	179.96	355.96
D&O Commercial Package	PCD9203066-06	Alliant	11/01/20-11/01/21	D&O	8,271.03	4,912.10	13,183.12	1,004.15	1,026.76	2,030.91
Excess D&O 5M XS 15M	DO6DAB4IDG001	Alliant	11/01/20-11/01/21	D&O	1,668.74	991.05	2,659.80	202.60	207.16	409.75
Excess D&O 5M XS 10M	02-152-27-66	Alliant	11/01/20-11/01/21	D&O	1,668.74	991.05	2,659.80	202.60	207.16	409.75
Package (Fiduciary, D&O)	68046834	Marsh Canada Limited	11/01/20-11/01/21	Fiduciary	2,038.73	1,210.79	3,249.52	247.51	253.09	500.60
Pollution Liability Ins 19-22 - 2nd installment	EPC 0194443-01	Alliant	04/30/19-04/30/22	Other	23,292.38	13,833.17	37,125.54	2,827.84	2,891.50	5,719.34
Commercial Cyber Liability	PH2001180	Alliant	11/01/20-11/01/21	Other	3,711.26	2,204.09	5,915.35	450.57	460.71	911.28
Brokerage Fee		Marsh Canada Limited	10/01/20-10/01/21	Other	33,675.67	19,999.73	53,675.40	4,088.43	4,180.48	8,268.91
					513,682.33	305,072.06	818,754.38	62,364.14	63,768.23	126,132.36

Notes:
 Column [A] - Annual premiums per policies
 Column [B] - Allocation methodology used to allocate annual premiums
 Column [C] - Total amount of allocation basis used for 2021 budget cycle
 Column [D] - NC portion of allocation basis used for 2021 budget cycle
 Column [E] - Column [D] divided by Column [C]
 Column [F] - Column [A] * Column [E]
 Column [G] - Column [C] * 54.36%
 Column [H] - Column [C] * 32.29%
 Column [I] - Sum of Column [G] & Sum of Column [H]
 Column [J] - Column [C] * 6.60%
 Column [K] - Column [C] * 6.75%
 Column [L] - Sum of Column [J] & Sum of Column [K]

Purpose:
 To annualize most current insurance premiums

Method:
 The Company reviewed its insurance policies for the most recent renewal period and annualized those cost. The premiums were then allocated to the North Carolina regulated companies using the various allocation methodologies outlined.

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Corporate Cost Allocation (CAM) Pro-Forma

Q1 - 2021 Shared Services Cost Annualization						
Line No.	Description	Q1 - 2021 Shared	Allocation % to	Q1 Amount	Annualization	Q1 Allocation to
		Services Cost	NC Reg.	Allocated to NC		NC Reg.
		Allocated to L48	Companies	Reg. Companies	Factor	Companies
		States	[B]	[C]	[D]	(Annualized)
		[A]				[E]
1	Corporate Cost	5,625,261.79	17.8%	1,001,395.06	4	4,005,580.25
2	Regional Cost	552,527.46	17.8%	98,359.56	4	393,438.24
3	Total Cost to be Allocated	6,177,789.25		1,099,754.62		4,399,018.49

Allocation to NC Reg. Companies Rate Groups					
Line No.	Description	CWSNC		BF/FH/TC -	
		Uniform -	Uniform -	Water	Water
		Water	Sewer	Water	Sewer
		[F]	[G]	[H]	[I]
4	Corporate Cost	2,177,611.02	1,293,266.74	264,375.13	270,327.37
5	Regional Cost	213,890.47	127,027.94	25,967.59	26,552.24
6	Total Allocation	2,391,501.49	1,420,294.68	290,342.72	296,879.61

Notes:

- Column [A] - Corix Infrastructure, Inc. shared services cost allocated to the Lower 48 States for the first quarter of 2021
- Column [B] - Allocation percent to North Carolina regulated companies
- Column [C] - Amount allocated to North Carolina regulated companies
- Column [D] - Factor used to annualize first quarter allocated amount to North Carolina regulated companies
- Column [E] - Column [C] * Column [D]
- Column [F] - Column [E] Lines 1 and 2 * 54.36% respectively.
- Column [G] - Column [E] Lines 1 and 2 * 32.29% respectively.
- Column [H] - Column [E] Lines 1 and 2 * 6.60% respectively.
- Column [I] - Column [E] Lines 1 and 2 * 6.75% respectively.

Purpose:

To include annualized pro-forma costs allocated to CWSNC from the Corix Infrastructure, Inc. Shared Services Group

Method:

Pro-forma adjustments were then made to each North Carolina regulated rate group to reflect the 2021 first quarter annualized cost.