

Aqua North Carolina, Inc.
NCUC Form W-1 – Rate Case Information Report
Water and Sewer Companies
Docket No. W-218, Sub 573

- ITEM 13.** The following tax data for the test year for total company and North Carolina:
- (a.) Income Taxes:
- 1.) Reconciliation of book to taxable income and a calculation of the book and federal state income tax expense for the test year using book taxable income as the starting point.
See attached schedule
 - 2.) A copy of Federal and state income tax returns for the taxable year ended during the test year including supporting schedules.
COPY OF 2020 STATE AND FEDERAL RETURNS ATTACHED UNDER CONFIDENTIAL COVER.
 - 3.) The quarterly gross receipts tax returns for each quarter during the test year.
N/A – Gross Receipts Tax Repealed in 2014
- (b.) An analysis of North Carolina other operating taxes in the format shown in FORMAT 13(b) to this request.
See attached schedule
- (c.) The calculation of deferred income taxes for the test year. See FORMAT 13(c).
See attached schedule
- (d.) A reconciliation of beginning and ending test year accumulated deferred income taxes. See FORMAT 13(d.)
See attached schedule
- (e.) A calculation of investment tax credits for the test year.
Not Applicable

Response provided by:

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Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (a)-1

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Income Reconciliation				Income Reconciliation
			Test Year 12/31/2021				Test Year 12/31/2021
							Anticipated
1							
2							
3							
4							
5	Pre tax book income		10,422,513				10,422,513
6							
7	Permanent differences						
8							
9	Fines		15,578				15,578
10	Meals		5,719				5,719
11	Dues		76,553				76,553
12	Parking		2,384				2,384
13	Stock Options (APIC) Windfall		(9,217)				(9,217)
14	Stock Options (RSU_PSU) Windfall		(32,328)				-32,328
15							
16	Pre tax book income		10,481,202				10,481,202
17							
18	Temporary differences				<u>State</u>		
19							
20	Bad Debts		(112,202)		(112,202)		(112,202)
21	Depreciation		(2,328,136)		(2,328,136)		(2,328,136)
22	Rate case expense		438,594		438,594		438,594
23	Abandoned Wells		160,685		160,685		160,685
24	UPAA		173,009		173,009		173,009
25	Tank Painting		(962,534)		(962,534)		(962,534)
26	Goodwill		0		0		0
27	Pension		(3,744)		(3,744)		(3,744)
28	Salvage		93,982		93,982		93,982
29	Loss on Sale		(227,410)		(227,410)		(227,410)
30	OPEB		7,971		7,971		7,971
31	CIAC		0		0		0
32	PSU		5,514		5,514		5,514
33	RSU		20,486		20,486		20,486
34	Repairs		(11,212,896)		(11,212,896)		(11,212,896)
35	Stock options exercised		5,876		5,876		5,876
36	Bond Premium Amortization		188,887		188,887		
37	Accrued Vacation		0		0		
38	Charitable Donations		6,081		6,081		
39	Deferred Revenue 2017 Tax Reform		(148)		(148)		
40	AFUDC		(1,127,772)		(1,127,772)		(1,127,772)
41							
42	Total temporary differences		(14,873,757)		(14,873,757)		(15,068,577)
43							
44	Federal Taxable Income		(4,382,787)				(4,587,375)
45							
46	State Depreciation adjustment				4,001,835		4,001,835
47							
48	State taxable Income				(390,720)		(585,540)
49							
50			<u>Summary of Tax Expense</u>				<u>Summary of Tax Expense</u>
51	Current NC Expense		(9,768)				(9,768)
52	Deferred NC Expense		(73,477)				(73,477)
53							
54	Total NC expense		(83,245)				(83,245)
55							
56	Current FIT Expense		(920,385)				(920,385)
57	FIT Expense-RTP		(853,628)				
58	Deferred FIT Expense		4,813,486				4,813,486
59	ARAM Reversal		(3,984,235)				(3,984,235)
60							
61	Total Federal expense		(944,762)				(944,762)
62							
63	Total tax expense		(1,028,007)				(1,028,007)

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (a)-1

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Income Reconciliation				Income Reconciliation
			Test Year 12/31/2021				Test Year 12/31/2021
							Anticipated
1							
2							
3							
4							
5	Pre tax book income		5,536,214				5,536,214
6							
7	Permanent differences						
8							
9	Fines		8,275				8,275
10	Meals		3,038				3,038
11	Dues		40,663				40,663
12	Parking		1,266				1,266
13	Stock Options (APIC) Windfall		(4,896)				(4,896)
14	Stock Options (RSU_PSU) Windfall		(17,172)				-17,172
15							
16	Pre tax book income		5,567,389				5,567,389
17							
18	Temporary differences				<u>State</u>		
19							
20	Bad Debts		(59,599)		(59,599)		(59,599)
21	Depreciation		(1,236,656)		(1,236,656)		(1,236,656)
22	Rate case expense		232,972		232,972		232,972
23	Abandoned Wells		85,352		85,352		85,352
24	UPAA		91,899		91,899		91,899
25	Tank Painting		(511,277)		(511,277)		(511,277)
26	Goodwill		0		0		0
27	Pension		(1,989)		(1,989)		(1,989)
28	Salvage		49,921		49,921		49,921
29	Loss on Sale		(120,795)		(120,795)		(120,795)
30	OPEB		4,234		4,234		4,234
31	CIAC		0		0		0
32	PSU		2,929		2,929		2,929
33	RSU		10,882		10,882		10,882
34	Repairs		(5,956,049)		(5,956,049)		(5,956,049)
35	Stock options exercised		3,121		3,121		3,121
36	Bond Premium Amortization		100,333		100,333		
37	Accrued Vacation		0		0		
38	Charitable Donations		3,230		3,230		
39	Deferred Revenue 2017 Tax Reform		(79)		(79)		
40	AFUDC		(599,048)		(599,048)		(599,048)
41							
42	Total temporary differences		(7,900,619)		(7,900,619)		(8,004,104)
43							
44	Federal Taxable Income		(2,333,231)				(2,436,715)
45							
46	State Depreciation adjustment				2,125,689		2,125,689
47							
48	State taxable Income		(2,333,231)				(311,026)
49							
50			<u>Summary of Tax Expense</u>				<u>Summary of Tax Expense</u>
51	Current NC Expense		(5,189)				(5,189)
52	Deferred NC Expense		(39,029)				(39,029)
53							
54	Total NC expense		(44,218)				(44,218)
55							
56	Current FIT Expense		(488,889)				(488,889)
57	FIT Expense-RTP		(453,429)				
58	Deferred FIT Expense		2,556,820				2,556,820
59	ARAM Reversal		(2,116,340)				(2,116,340)
60							
61	Total Federal expense		(501,837)				(501,837)
62							
63	Total tax expense		(546,055)				(546,055)

Aqua North Carolina, Inc. Sewer
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (a)-2

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Income Reconciliation				Income Reconciliation
			Test Year 12/31/2021				Test Year 12/31/2021
							Anticipated
1							
2							
3							
4							
5	Pre tax book income		3,317,788				3,317,788
6							
7	Permanent differences						
8							
9	Fines		4,959				4,959
10	Meals		1,821				1,821
11	Parking		24,369				24,369
12	Stock Options		759				759
13	Stock Options (APIC) Windfall		(2,934)				(2,934)
14	Stock Options (RSU_PSU) Windfall		(10,291)				-10,291
15							
16	Pre tax book income		3,336,470				3,336,470
17							
18	Temporary differences				<u>State</u>		
19							
20	Bad Debts		(35,717)		(35,717)		(35,717)
21	Depreciation		(741,113)		(741,113)		(741,113)
22	Rate case expense		139,617		139,617		139,617
23	Abandoned Wells		51,151		51,151		51,151
24	UPAA		55,074		55,074		55,074
25	Tank Painting		(306,402)		(306,402)		(306,402)
26	Goodwill		0		0		0
27	Pension		(1,192)		(1,192)		(1,192)
28	Salvage		29,917		29,917		29,917
29	Loss on Sale		(72,391)		(72,391)		(72,391)
30	OPEB		2,537		2,537		2,537
31	CIAC		0		0		0
32	PSU		1,755		1,755		1,755
33	RSU		6,521		6,521		6,521
34	Repairs		(3,569,389)		(3,569,389)		(3,569,389)
35	Stock options exercised		1,871		1,871		1,871
36	Bond Premium Amortization		60,128		60,128		
37	Accrued Vacation		0		0		
38	Charitable Donations		1,936		1,936		
39	Deferred Revenue 2017 Tax Reform		(47)		(47)		
40	AFUDC		(359,002)		(359,002)		(359,002)
41							
42	Total temporary differences		(4,734,747)		(4,734,747)		(4,796,764)
43							
44	Federal Taxable Income		(1,398,277)				(1,460,294)
45							
46	State Depreciation adjustment				1,273,900		1,273,900
47							
48	State taxable Income		(1,398,277)				(186,394)
49							
50			<u>Summary of Tax Expense</u>				<u>Summary of Tax Expense</u>
51	Current NC Expense		(3,109)				(3,109)
52	Deferred NC Expense		(23,390)				(23,390)
53							
54	Total NC expense		(26,499)				(26,499)
55							
56	Current FIT Expense		(292,985)				(292,985)
57	FIT Expense-RTP		(271,735)				
58	Deferred FIT Expense		1,532,272				1,532,272
59	ARAM Reversal		(1,268,297)				(1,268,297)
60							
61	Total Federal expense		(300,745)				(300,745)
62							
63	Total tax expense		(327,244)				(327,244)

Brookwood, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (a)-3

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Income Reconciliation				Income Reconciliation
			Test Year 12/31/2021				Test Year 12/31/2021
							Anticipated
1							
2							
3							
4							
5	Pre tax book income		862,864				862,864
6							
7	Permanent differences						
8							
9	Fines		1,290				1,290
10	Meals		473				473
11	Parking		6,338				6,338
12	Stock Options		197				197
13	Stock Options (APIC) Windfall		(763)				(763)
14	Stock Options (RSU_PSU) Windfall		(2,676)				-2,676
15							
16	Pre tax book income		867,723				867,723
17							
18	Temporary differences				<u>State</u>		
19							
20	Bad Debts		(9,289)		(9,289)		(9,289)
21	Depreciation		(192,743)		(192,743)		(192,743)
22	Rate case expense		36,311		36,311		36,311
23	Abandoned Wells		13,303		13,303		13,303
24	UPAA		14,323		14,323		14,323
25	Tank Painting		(79,687)		(79,687)		(79,687)
26	Goodwill		0		0		0
27	Pension		(310)		(310)		(310)
28	Salvage		7,781		7,781		7,781
29	Loss on Sale		(18,827)		(18,827)		(18,827)
30	OPEB		660		660		660
31	CIAC		0		0		0
32	PSU		456		456		456
33	RSU		1,696		1,696		1,696
34	Repairs		(928,299)		(928,299)		(928,299)
35	Stock options exercised		486		486		486
36	Bond Premium Amortization		15,638		15,638		
37	Accrued Vacation		0		0		
38	Charitable Donations		503		503		
39	Deferred Revenue 2017 Tax Reform		(12)		(12)		
40	AFUDC		(93,367)		(93,367)		(93,367)
41							
42	Total temporary differences		(1,231,376)		(1,231,376)		(1,247,505)
43							
44	Federal Taxable Income		(363,653)				(379,782)
45							
46	State Depreciation adjustment				331,306		331,306
47							
48	State taxable Income		(363,653)				(48,476)
49							
50			<u>Summary of Tax Expense</u>				<u>Summary of Tax Expense</u>
51	Current NC Expense		(809)				(809)
52	Deferred NC Expense		(6,083)				(6,083)
53							
54	Total NC expense		(6,892)				(6,892)
55							
56	Current FIT Expense		(76,197)				(76,197)
57	FIT Expense-RTP		(70,671)				
58	Deferred FIT Expense		398,501				398,501
59	ARAM Reversal		(329,849)				(329,849)
60							
61	Total Federal expense		(78,215)				(78,215)
62							
63	Total tax expense		(85,107)				(85,107)

Fairways, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (a)-4

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Income Reconciliation				Income Reconciliation
			Test Year 12/31/2021				Test Year 12/31/2021
							Anticipated
1							
2							
3							
4							
5	Pre tax book income		246,353				246,353
6							
7	Permanent differences						
8							
9	Fines		368				368
10	Meals		135				135
11	Parking		1,809				1,809
12	Stock Options		56				56
13	Stock Options (APIC) Windfall		(218)				(218)
14	Stock Options (RSU_PSU) Windfall		(764)				-764
15							
16	Pre tax book income		247,740				247,740
17							
18	Temporary differences				<u>State</u>		
19							
20	Bad Debts		(2,652)		(2,652)		(2,652)
21	Depreciation		(55,029)		(55,029)		(55,029)
22	Rate case expense		10,367		10,367		10,367
23	Abandoned Wells		3,798		3,798		3,798
24	UPAA		4,089		4,089		4,089
25	Tank Painting		(22,751)		(22,751)		(22,751)
26	Goodwill		0		0		0
27	Pension		(88)		(88)		(88)
28	Salvage		2,221		2,221		2,221
29	Loss on Sale		(5,375)		(5,375)		(5,375)
30	OPEB		188		188		188
31	CIAC		0		0		0
32	PSU		130		130		130
33	RSU		484		484		484
34	Repairs		(265,035)		(265,035)		(265,035)
35	Stock options exercised		139		139		139
36	Bond Premium Amortization		4,465		4,465		
37	Accrued Vacation		0		0		
38	Charitable Donations		144		144		
39	Deferred Revenue 2017 Tax Reform		(3)		(3)		
40	AFUDC		(26,657)		(26,657)		(26,657)
41							
42	Total temporary differences		(351,566)		(351,566)		(356,170)
43							
44	Federal Taxable Income		(103,825)				(108,430)
45							
46	State Depreciation adjustment		0		94,590		94,590
47							
48	State taxable Income		(103,825)				(13,840)
49							
50			<u>Summary of Tax Expense</u>				<u>Summary of Tax Expense</u>
51	Current NC Expense		(231)				(231)
52	Deferred NC Expense		(1,737)				(1,737)
53							
54	Total NC expense		(1,968)				(1,968)
55							
56	Current FIT Expense		(21,755)				(21,755)
57	FIT Expense-RTP		(20,177)				
58	Deferred FIT Expense		113,775				113,775
59	ARAM Reversal		(94,174)				(94,174)
60							
61	Total Federal expense		(22,331)				(22,331)
62							
63	Total tax expense		(24,299)				(24,299)

Fairways Sewer
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (a)-5

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Income Reconciliation				Income Reconciliation
			Test Year 12/31/2021				Test Year 12/31/2021
							Anticipated
1							
2							
3							
4							
5	Pre tax book income		459,293				459,293
6							
7	Permanent differences						
8							
9	Fines		686				686
10	Meals		252				252
11	Parking		3,373				3,373
12	Stock Options		105				105
13	Stock Options (APIC) Windfall		(406)				(406)
14	Stock Options (RSU_PSU) Windfall		(1,425)				-1,425
15							
16	Pre tax book income		461,880				461,880
17							
18	Temporary differences				<u>State</u>		
19							
20	Bad Debts		(4,944)		(4,944)		(4,944)
21	Depreciation		(102,595)		(102,595)		(102,595)
22	Rate case expense		19,328		19,328		19,328
23	Abandoned Wells		7,081		7,081		7,081
24	UPAA		7,624		7,624		7,624
25	Tank Painting		(42,416)		(42,416)		(42,416)
26	Goodwill		0		0		0
27	Pension		(165)		(165)		(165)
28	Salvage		4,142		4,142		4,142
29	Loss on Sale		(10,021)		(10,021)		(10,021)
30	OPEB		351		351		351
31	CIAC		0		0		0
32	PSU		243		243		243
33	RSU		903		903		903
34	Repairs		(494,124)		(494,124)		(494,124)
35	Stock options exercised		259		259		259
36	Bond Premium Amortization		8,324		8,324		
37	Accrued Vacation		0		0		
38	Charitable Donations		268		268		
39	Deferred Revenue 2017 Tax Reform		(7)		(7)		
40	AFUDC		(49,698)		(49,698)		(49,698)
41							
42	Total temporary differences		(655,448)		(655,448)		(664,033)
43							
44	Federal Taxable Income		(193,569)				(202,154)
45							
46	State Depreciation adjustment				176,351		176,351
47							
48	State taxable Income		(193,569)				(25,803)
49							
50			<u>Summary of Tax Expense</u>				<u>Summary of Tax Expense</u>
51	Current NC Expense		(430)				(430)
52	Deferred NC Expense		(3,238)				(3,238)
53							
54	Total NC expense		(3,668)				(3,668)
55							
56	Current FIT Expense		(40,559)				(40,559)
57	FIT Expense-RTP		(37,617)				
58	Deferred FIT Expense		212,118				212,118
59	ARAM Reversal		(175,575)				(175,575)
60							
61	Total Federal expense		(41,633)				(41,633)
62							
63	Total tax expense		(45,302)				(45,302)

W-1 ITEM 13(b)

AQUA NORTH CAROLINA
Docket No. W-218, Sub 573
ANALYSIS OF OTHER OPERATING TAXES
For the Test Year Ended 12/31/2021

Line No.	Item	Charged to Expenses	Charged to Construction	Charged To Other Accounts [1]	Amount Accrued	Amount Paid
1	(a)	(b)	(c)	(d)	(e)	(f)
2						
3	Aqua NC Water					
4						
5	(a) State income tax (incl. deferred)	(116,382)			(116,382)	
6						
7	(b) Gross receipts/Franchise Tax*	172,562			172,562	
8						
9	(c) Ad valorem/Property Tax	586,039				586,039
10						
11	(d) Payroll (Employer's Portion)	675,072	(152,251)			675,072
12						
13	(e) Other taxes (PUC Assessment,Misc)	50,710				50,710
14						
15	Total North Carolina	1,368,000	(152,251)	0	56,180	1,311,820
16	(L1(a) through L1(e))					
17						
18	Other jurisdictions	0			0	0
19						
20	Total per books	1,368,000	(152,251)	0	56,180	1,311,820
21						

*Actual payments applicable to the liability accrued for the test year should be shown in Column (f).

[1] Explain items in this column.

W-1 ITEM 13(b)

AQUA NORTH CAROLINA
Docket No. W-218, Sub 573
ANALYSIS OF OTHER OPERATING TAXES
For the Test Year Ended 12/31/2021

	Item	Charged to Expenses	Charged to Construction	To Other Accounts [1]	Amount Accrued	Amount Paid
	(a)	(b)	(c)	(d)	(e)	(f)
27						
28						
29						
30						
31	Aqua NC Sewer					
32						
33	(a) State income tax	12,306			12,306	
34						
35	(b) Gross receipts/Franchise Tax*	47,794			47,794	
36						
37	(c) Ad valorem/Property Tax	15,405				15,405
38						
39	(d) Payroll (Employer's Portion)	198,786	(26,740)			198,786
40						
41	(e) Other taxes (PUC Assessment,Misc)	21,499				21,499
42						
43	Total North Carolina	295,789	(26,740)	0	60,100	235,689
44	(L1(a) through L1(e))					
45						
46	Other jurisdictions	0			0	0
47						
48	Total per books	295,789	(26,740)	0	60,100	235,689
49						
50						

*Actual payments applicable to the liability accrued for the test year should be shown in Column (f).

[1] Explain items in this column.

W-1 ITEM 13(b)

AQUA NORTH CAROLINA
Docket No. W-218, Sub 573
ANALYSIS OF OTHER OPERATING TAXES
For the Test Year Ended 12/31/2021

	Item	Charged to Expenses	Charged to Construction	To Other Accounts [1]	Amount Accrued	Amount Paid
	(a)	(b)	(c)	(d)	(e)	(f)
59	Brookwood Water					
61	(a) State income tax	12,408			12,408	
63	(b) Gross receipts/Franchise Tax*	38,084			38,084	
65	(c) Ad valorem/Property Tax	106,775				106,775
67	(d) Payroll (Employer's Portion)	68,007	(10,293)			68,007
69	(e) Other taxes (PUC Assessment,Misc)	8,756				8,756
71	Total North Carolina (L1(a) through L1(e))	234,031	(10,293)	0	50,493	183,538
74	Other jurisdictions	0			0	0
76	Total per books	234,031	(10,293)	0	50,493	183,538

*Actual payments applicable to the liability accrued for the test year should be shown in Column (f).

[1] Explain items in this column.

W-1 ITEM 13(b)

AQUA NORTH CAROLINA
Docket No. W-218, Sub 573
ANALYSIS OF OTHER OPERATING TAXES
For the Test Year Ended 12/31/2021

		Charged to	Charged to	To Other	Amount	Amount
	Item	Expenses	Construction	Accounts [1]	Accrued	Paid
	(a)	(b)	(c)	(d)	(e)	(f)
87	Fairways Water					
89	(a) State income tax	426			426	
91	(b) Gross receipts/Franchise Tax*	13,381				13,381
93	(c) Ad valorem/Property Tax	30,479				30,479
95	(d) Payroll (Employer's Portion)	25,687	(4,163)			25,687
97	(e) Other taxes (PUC Assessment,Misc)	1,845			426	69,547
99	Total North Carolina	71,818	(4,163)	0	851	139,093
100	(L1(a) through L1(e))					
102	Other jurisdictions	0				
104	Total per books	71,818	(4,163)	0	851	139,093

*Actual payments applicable to the liability accrued for the test year should be shown in Column (f).

[1] Explain items in this column.

W-1 ITEM 13(b)

AQUA NORTH CAROLINA
Docket No. W-218, Sub 573
ANALYSIS OF OTHER OPERATING TAXES
For the Test Year Ended 12/31/2021

		Charged to	Charged to	To Other	Amount	Amount
	Item	Expenses	Construction	Accounts [1]	Accrued	Paid
	(a)	(b)	(c)	(d)	(e)	(f)
115	Fairways Sewer					
117	(a) State income tax	17,643			17,643	
119	(b) Gross receipts/Franchise Tax*	8,375			8,375	
121	(c) Ad valorem/Property Tax	2,634				2,634
123	(d) Payroll (Employer's Portion)	19,153	(3,726)			19,153
125	(e) Other taxes (PUC Assessment,Misc)	2,811				2,811
127	Total North Carolina (L1(a) through L1(e))	50,615	(3,726)	0	26,018	24,597
130	Other jurisdictions	0			0	0
132	Total per books	50,615	(3,726)	0	26,018	24,597

*Actual payments applicable to the liability accrued for the test year should be shown in Column (f).

[1] Explain items in this column.

Aqua North Carolina
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (c)

Line#	(a)	(b)	(c)	(d)	(e)
1			Calculation of Deferred Income Taxes		
2			Test Year 12/31/2021		
3					
4					
5					
6	<u>Deferred Items</u>				
7					
8	<u>Additions</u>			Tax deferral	
9					
10					
11					
12		Abandoned wells	160,685	36,917	22.98%
13		UPAA	173,009	39,749	22.98%
14		Stock options	5,876	1,350	22.98%
15		CIAC		0	22.98%
16		PSU	5,514	1,267	22.98%
17		RSU	20,486	4,707	22.98%
18		Salvage	93,982	21,592	22.98%
19		Pension	(3,744)	(860)	22.98%
		Charitable Donation	6,081	1,397	22.98%
20		Depreciation Fed	(2,328,136)	(534,889)	22.98%
21		Depreciation State	0	0	1.98%
22		NOL	0	86,753	1.98%
23		Bond premium amort	188,887	43,397	22.98%
24		Total	<u>(1,677,360)</u>	<u>(298,620)</u>	17.8%
25					
26	Deductions				
27					
28		Tank Painting	(962,534)	(221,142)	22.98%
29		Cost of Removal	(227,410)	(52,247)	22.98%
30		Goodwill	0	0	22.98%
31		Repairs	(11,212,896)	(2,576,163)	22.98%
32		AFUDC	(1,127,772)	(259,106)	22.98%
33		Bad Debts	(112,202)	(25,778)	22.98%
34		Rate case	438,594	100,767	22.98%
35		OPEB	7,971	1,831	22.98%
36		Deferred Revenue	(148)	(34)	22.98%
37					
38		Total	<u>(13,196,397)</u>	<u>(3,031,872)</u>	
39					
40	Grand total		<u><u>(14,873,757)</u></u>	<u><u>(3,330,493)</u></u>	

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (c)

Line#	(a)	(b)	(c)	(d)	(e)
1			Calculation of Deferred Income Taxes		
2			Test Year 12/31/2021		
3					
4					
5					
6	<u>Deferred Items</u>				
7					
8	<u>Additions</u>			Tax deferral	
9					
10					
11					
12		Abandoned wells	85,352	19,610	22.98%
13		UPAA	91,899	21,114	22.98%
14		Stock options	3,121	717	22.98%
15		CIAC	0	0	22.98%
16		PSU	2,929	673	22.98%
17		RSU	10,882	2,500	22.98%
18		Salvage	49,921	11,469	22.98%
19		Pension	(1,989)	(457)	22.98%
20		Depreciation Fed	3,230	678	21.00%
21		Depreciation State	(1,236,656)	(24,424)	1.98%
22		NOL	0	0	1.98%
23					
24		Total	<u>(991,310)</u>	<u>31,880</u>	-3.2%
25					
26	Deductions				
27					
28		Tank Painting	0	0	22.98%
29		Loss on sale	0	0	22.98%
30		Goodwill	(511,277)	(117,466)	22.98%
31		Repairs	(120,795)	(27,753)	22.98%
32		AFUDC	0	0	22.98%
33		Bad Debts	(5,956,049)	(1,368,402)	22.98%
34		Rate case	(599,048)	(137,631)	22.98%
35		OPEB	(59,599)	(13,693)	22.98%
36					
37					
38		Total	<u>(7,246,769)</u>	<u>(1,664,945)</u>	
39					
40	Grand total		<u><u>(8,238,079)</u></u>	<u><u>(1,633,065)</u></u>	

Aqua North Carolina, Inc. Sewer
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (c)

Line#	(a)	(b)	(c)	(d)	(e)
1			Calculation of Deferred Income Taxes		
2			Test Year 12/31/2021		
3					
4					
5					
6	<u>Deferred Items</u>				
7					
8	<u>Additions</u>			Tax deferral	
9					
10					
11					
12		Abandoned wells	51,151	11,752	22.98%
13		UPAA	55,074	12,653	22.98%
14		Stock options	1,871	430	22.98%
15		CIAC	0	0	22.98%
16		PSU	1,755	403	22.98%
17		RSU	6,521	1,498	22.98%
18		Salvage	29,917	6,873	22.98%
19		Pension	(1,192)	(274)	22.98%
20		Depreciation Fed	1,936	407	21.00%
21		Depreciation State	(741,113)	(14,637)	1.98%
22		NOL	0	0	1.98%
23					
24		Total	<u>(594,080)</u>	<u>19,106</u>	-3.2%
25					
26	Deductions				
27					
28		Tank Painting	0	0	22.98%
29		Loss on sale	0	0	22.98%
30		Goodwill	(306,402)	(70,396)	22.98%
31		Repairs	(72,391)	(16,632)	22.98%
32		AFUDC	0	0	22.98%
33		Bad Debts	(3,569,389)	(820,067)	22.98%
34		Rate case	(359,002)	(82,481)	22.98%
35		OPEB	(35,717)	(8,206)	22.98%
36					
37					
38		Total	<u>(4,342,903)</u>	<u>(997,782)</u>	
39					
40	Grand total		<u><u>(4,936,983)</u></u>	<u><u>(978,676)</u></u>	

Brookwood, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (c)

Line#	(a)	(b)	(c)	(d)	(e)
1			Calculation of Deferred Income Taxes		
2			Test Year 12/31/2021		
3					
4					
5					
6	<u>Deferred Items</u>				
7					
8	<u>Additions</u>			Tax deferral	
9					
10					
11					
12		Abandoned wells	13,303	3,056	22.98%
13		UPAA	14,323	3,291	22.98%
14		Stock options	486	112	22.98%
15		CIAC	0	0	22.98%
16		PSU	456	105	22.98%
17		RSU	1,696	390	22.98%
18		Salvage	7,781	1,788	22.98%
19		Pension	(310)	(71)	22.98%
20		Depreciation Fed	503	106	21.00%
21		Depreciation State	(192,743)	(3,807)	1.98%
22		NOL	0	0	1.98%
23					
24		Total	<u>(154,504)</u>	<u>4,969</u>	-3.2%
25					
26	Deductions				
27					
28		Tank Painting	0	0	22.98%
29		Loss on sale	0	0	22.98%
30		Goodwill	(79,687)	(18,308)	22.98%
31		Repairs	(18,827)	(4,325)	22.98%
32		AFUDC	0	0	22.98%
33		Bad Debts	(928,299)	(213,277)	22.98%
34		Rate case	(93,367)	(21,451)	22.98%
35		OPEB	(9,289)	(2,134)	22.98%
36					
37					
38		Total	<u>(1,129,468)</u>	<u>(259,495)</u>	
39					
40	Grand total		<u><u>(1,283,972)</u></u>	<u><u>(254,527)</u></u>	

Fairways, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (c)

Line#	(a)	(b)	(c)	(d)	(e)
1			Calculation of Deferred Income Taxes		
2			Test Year 12/31/2021		
3					
4					
5					
6	<u>Deferred Items</u>				
7					
8	<u>Additions</u>			Tax deferral	
9					
10					
11					
12		Abandoned wells	3,798	873	22.98%
13		UPAA	4,089	940	22.98%
14		Stock options	139	32	22.98%
15		CIAC	0	0	22.98%
16		PSU	130	30	22.98%
17		RSU	484	111	22.98%
18		Salvage	2,221	510	22.98%
19		Pension	(88)	(20)	22.98%
20		Depreciation Fed	144	30	21.00%
21		Depreciation State	(55,029)	(1,087)	1.98%
22		NOL	0	0	1.98%
23					
24		Total	<u>(44,112)</u>	<u>1,419</u>	-3.2%
25					
26	Deductions				
27					
28		Tank Painting	0	0	22.98%
29		Loss on sale	0	0	22.98%
30		Goodwill	(22,751)	(5,227)	22.98%
31		Repairs	(5,375)	(1,235)	22.98%
32		AFUDC	0	0	22.98%
33		Bad Debts	(265,035)	(60,892)	22.98%
34		Rate case	(26,657)	(6,124)	22.98%
35		OPEB	(2,652)	(609)	22.98%
36					
37					
38		Total	<u>(322,470)</u>	<u>(74,088)</u>	
39					
40	Grand total		<u><u>(366,582)</u></u>	<u><u>(72,669)</u></u>	

Fairways Sewer
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (c)

Line#	(a)	(b)	(c)	(d)	(e)
1			Calculation of Deferred Income Taxes		
2			Test Year 12/31/2021		
3					
4					
5					
6	<u>Deferred Items</u>				
7					
8	<u>Additions</u>			Tax deferral	
9					
10					
11					
12		Abandoned wells	7,081	1,627	22.98%
13		UPAA	7,624	1,752	22.98%
14		Stock options	259	59	22.98%
15		CIAC	0	0	22.98%
16		PSU	243	56	22.98%
17		RSU	903	207	22.98%
18		Salvage	4,142	952	22.98%
19		Pension	(165)	(38)	22.98%
20		Depreciation Fed	268	56	21.00%
21		Depreciation State	(102,595)	(2,026)	1.98%
22		NOL	0	0	1.98%
23					
24		Total	<u>(82,241)</u>	<u>2,645</u>	-3.2%
25					
26	Deductions				
27					
28		Tank Painting	0	0	22.98%
29		Loss on sale	0	0	22.98%
30		Goodwill	(42,416)	(9,745)	22.98%
31		Repairs	(10,021)	(2,302)	22.98%
32		AFUDC	0	0	22.98%
33		Bad Debts	(494,124)	(113,525)	22.98%
34		Rate case	(49,698)	(11,418)	22.98%
35		OPEB	(4,944)	(1,136)	22.98%
36					
37					
38		Total	<u>(601,204)</u>	<u>(138,127)</u>	
39					
40	Grand total		<u><u>(683,444)</u></u>	<u><u>(135,482)</u></u>	

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d)-1

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1				Reconciliation of Beginning and Ending Deferred Taxes								
2				For the Test Year ended 12/31/2021								
3												
4			12/31/2020								12/31/2021	
5												
6			Balance at								Balance at	
7			Beginning of								End of	
8			<u>Test Year</u>		<u>Current</u>		<u>Flowbacks</u>		<u>Adjustments</u>		<u>Test Year</u>	<u>Rate Base</u>
9												
10												
11			Account 282									
12												
13			Depreciation	(18,589,459)	(534,890)				(1,136,755)		(20,261,104)	(20,261,104)
14			Abandoned Wells	(1,001,628)	36,917				872,735		(91,976)	(91,976)
15			UPAA	181,216	39,749				0		220,965	220,965
16			Goodwill	(3,408,620)	0				607		(3,408,013)	
17			Tank Painting	(361,464)	(221,142)				0		(582,606)	(582,606)
18			CIAC	4,141,255	0				468,727		4,609,982	4,609,982
19			Salvage	59,139	21,592				8,078		88,809	88,809
21			Loss on sale	(1,242,193)	0				(1,464)		(1,243,657)	(1,243,657)
22			Repairs	(13,015,027)	(2,576,163)				(244,117)		(15,835,307)	(15,835,307)
23			Cost of Removal	(180,889)	(52,247)				(5,828)		(238,964)	(238,964)
24			AFUDC	(453,948)	(259,106)				(134,376)		(847,430)	(847,430)
25			Tap Fees	352,664	0				0		352,664	352,664
26			Reg Asset in WIP	0	0				(1,532)		(1,532)	
27			Total	<u>(33,518,954)</u>	<u>(3,545,290)</u>				<u>(173,925)</u>		<u>(37,238,169)</u>	<u>(33,828,624)</u>
28												
29			Account 283									
30												
31			Bad Debt	108,783	(25,778)				0		83,005	
32			Rate case	(303,850)	100,767				0		(203,083)	(203,083)
33			Misc Prepays	(305,717)	0				0		(305,717)	(305,717)
34			SIT	0	0				0		0	
35			Charitable deduction	221	1,397				0		1,618	
36			Accrued Bonus	878	0				(2,445)		(1,567)	
37			Stock options	19,392	1,350				2,663		23,405	
38			RSU	20,243	4,707				10,994		35,944	
39			PSU	24,574	1,267				17,109		42,950	
40			NOL DTA	1,198,989	86,753				198,032		1,483,774	1,483,774
41			SERP	0	0				0		0	
42			Pension	(15,824)	(860)				910		(15,774)	
43			OPEB	18,038	1,831				0		19,869	
44			Deferred Revenue	0	(34)				0		(34)	
45			Bond Premium Amorti:	47,013	43,397				(882,402)		(791,992)	
46			Total	<u>812,740</u>	<u>214,797</u>				<u>(655,139)</u>		<u>372,398</u>	<u>974,974</u>
47												
48			Grand Total	<u><u>(32,706,214)</u></u>	<u><u>(3,330,493)</u></u>				<u><u>(829,064)</u></u>		<u><u>(36,865,771)</u></u>	<u><u>(32,853,650)</u></u>

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d)-1

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Reconciliation of Beginning and Ending Deferred Taxes										
2	For the Test Year ended 12/31/2021										
3											
4			12/31/2020								12/31/2021
5											
6			Balance at								Balance at
7			Beginning of		Current						End of
8			<u>Test Year</u>		<u>Deferrals</u>		<u>Flowbacks</u>		<u>Adjustments</u>		<u>Test Year</u>
9											
10											
11	<u>Account 282</u>										
12											
13	Depreciation		(9,874,320)		(284,122)						(10,158,442)
14	Abandoned Wells		(532,043)		19,610						(512,434)
15	UPAA		96,258		21,114						117,372
16	Goodwill		(1,810,586)		0						(1,810,586)
17	Tank Painting		(192,002)		(117,466)						(309,468)
18	CIAC		2,199,745		0						2,199,745
19	Salvage		31,413		11,469						42,883
21	Loss on sale		(659,826)		0						(659,826)
22	Repairs		(6,913,302)		(1,368,402)						(8,281,704)
23	Cost of Removal		(96,084)		(27,752)						(123,837)
24	AFUDC		(241,127)		(137,632)						(378,759)
25	Tap Fees		187,328		0						
26	Reg Asset in WIP		0		0						
27	Total		<u>(17,804,547)</u>		<u>(1,883,182)</u>						<u>(19,875,056)</u>
28											
29	<u>Account 283</u>										
30											
31	Bad Debt		57,783		(13,693)						44,090
32	Rate case		(161,399)		53,525						(107,873)
33	Misc Prepays		(162,390)		0						(162,390)
34	SIT		0		0						0
35	Charitable deduction		117		742						859
36	Miscellaneous		466		0						466
37	Stock options		10,301		717						11,018
38	RSU		10,753		2,500						13,253
39	PSU		13,053		673						13,726
40	NOL DTA		636,877		46,081						682,958
41	SERP		0		0						0
42	Pension		(8,405)		(457)						(8,862)
43	OPEB		9,581		973						10,554
44	Deferred Revenue		0		(18)						(18)
45											
46	Total		<u>406,738</u>		<u>91,044</u>						<u>497,782</u>
47											
48	Grand Total		<u><u>(17,397,809)</u></u>		<u><u>(1,792,138)</u></u>						<u><u>(19,377,274)</u></u>

Aqua North Carolina, Inc. Sewer
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d)-2

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Reconciliation of Beginning and Ending Deferred Taxes										
2	For the Test Year ended 12/31/2021										
3											
4			12/31/2020								12/31/2021
5											
6			Balance at								Balance at
7			Beginning of		Current						End of
8			Test Year		Deferrals		Flowbacks	Adjustments			Test Year
9											
10											
11	<u>Account 282</u>										
12											
13	Depreciation		(5,917,563)		(170,271)						(6,087,834)
14	Abandoned Wells		(318,847)		11,752						(307,095)
15	UPAA		57,686		12,653						70,340
16	Goodwill		(1,085,062)		0						(1,085,062)
17	Tank Painting		(115,064)		(70,396)						(185,460)
18	CIAC		1,318,281		0						1,318,281
19	Salvage		18,826		6,873						25,699
21	Loss on sale		(395,426)		0						(395,426)
22	Repairs		(4,143,060)		(820,067)						(4,963,127)
23	Cost of Removal		(57,582)		(16,632)						(74,214)
24	AFUDC		(144,505)		(82,481)						(226,986)
25	Tap Fees		112,263		0						
26	Reg Asset in WIP		0		0						
27	Total		<u>(10,670,053)</u>		<u>(1,128,568)</u>						<u>(11,910,885)</u>
28											
29	<u>Account 283</u>										
30											
31	Bad Debt		34,629		(8,206)						26,423
32	Rate case		(96,724)		32,077						(64,647)
33	Misc Prepays		(97,319)		0						(97,319)
34	SIT		0		0						0
35	Charitable deduction		70		445						515
36	Miscellaneous		279		0						279
37	Stock options		6,173		430						6,603
38	RSU		6,444		1,498						7,942
39	PSU		7,823		403						8,226
40	NOL DTA		381,673		27,616						409,289
41	SERP		0		0						0
42	Pension		(5,037)		(274)						(5,311)
43	OPEB		5,742		583						6,325
44	Deferred Revenue		0		(11)						(11)
45											
46	Total		<u>243,753</u>		<u>54,562</u>						<u>298,315</u>
47											
48	Grand Total		<u><u>(10,426,300)</u></u>		<u><u>(1,074,007)</u></u>						<u><u>(11,612,570)</u></u>

Brookwood Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d)-3

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1												
2												
3												
4			12/31/2020								12/31/2021	
5												
6			Balance at								Balance at	
7			Beginning of								End of	
8			Test Year								Test Year	Rate Base
9												
10												
11			<u>Account 282</u>									
12												
13			Depreciation	(1,538,994)		(44,283)					(1,583,277)	(1,583,277)
14			Abandoned Wells	(82,923)		3,056					(79,867)	(79,867)
15			UPAA	15,003		3,291					18,293	18,293
16			Goodwill	(282,195)		0					(282,195)	
17			Tank Painting	(29,925)		(18,308)					(48,233)	(48,233)
18			CIAC	342,848		0					342,848	342,848
19			Salvage	4,896		1,788					6,684	6,684
21			Loss on sale	(102,839)		0					(102,839)	(102,839)
22			Repairs	(1,077,495)		(213,277)					(1,290,772)	(1,290,772)
23			Cost of Removal	(14,976)		(4,325)					(19,301)	(19,301)
24			AFUDC	(37,582)		(21,451)					(59,033)	(59,033)
25			Tap Fees	29,197		0						
26			Reg Asset in WIP	0		0						
27			Total	<u>(2,774,985)</u>		<u>(293,509)</u>					<u>(3,097,691)</u>	<u>(2,815,496)</u>
28												
29			<u>Account 283</u>									
30												
31			Bad Debt	9,006		(2,134)					6,872	
32			Rate case	(25,155)		8,342					(16,813)	(16,813)
33			Misc Prepays	(25,310)		0					(25,310)	(25,310)
34			SIT	0		0					0	
35			Charitable deduction	18		116					134	
36			Miscellaneous	73		0					73	
37			Stock options	1,605		112					1,717	
38			RSU	1,676		390					2,066	
39			PSU	2,034		105					2,139	
40			NOL DTA	99,263		7,182					106,445	106,445
41			SERP	0		0					0	
42			Pension	(1,310)		(71)					(1,381)	
43			OPEB	1,493		152					1,645	
44			Deferred Revenue	0		(3)					(3)	
45												
46			Total	<u>63,393</u>		<u>14,190</u>					<u>77,583</u>	<u>64,322</u>
47												
48			Grand Total	<u><u>(2,711,591)</u></u>		<u><u>(279,319)</u></u>					<u><u>(3,020,107)</u></u>	<u><u>(2,751,174)</u></u>

Fairways Water

Docket No. W-218, Sub 573

NCUC Form W-1 – Rate Case Information Report

Item# 13 (d) - 4

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Reconciliation of Beginning and Ending Deferred Taxes											
2	For the Test Year ended 12/31/2021											
3												
4			12/31/2020								12/31/2021	
5												
6			Balance at								Balance at	
7			Beginning of		Current						End of	
8			Test Year		Deferrals		Flowbacks		Adjustments		Test Year	Rate Base
9												
10												
11	Account 282											
12												
13	Depreciation		(439,392)		(12,643)						(452,035)	(452,035)
14	Abandoned Wells		(23,675)		873						(22,803)	(22,803)
15	UPAA		4,283		940						5,223	5,223
16	Goodwill		(80,568)		0						(80,568)	
17	Tank Painting		(8,544)		(5,227)						(13,771)	(13,771)
18	CIAC		97,885		0						97,885	97,885
19	Salvage		1,398		510						1,908	1,908
21	Loss on sale		(29,361)		0						(29,361)	(29,361)
22	Repairs		(307,631)		(60,892)						(368,523)	(368,523)
23	Cost of Removal		(4,276)		(1,235)						(5,511)	(5,511)
24	AFUDC		(10,730)		(6,124)						(16,854)	(16,854)
25	Tap Fees		8,336		0							
26	Reg Asset in WIP		0		0							
27	Total		(792,275)		(83,799)						(884,410)	(803,841)
28												
29	Account 283											
30												
31	Bad Debt		2,571		(609)						1,962	
32	Rate case		(7,182)		2,382						(4,800)	(4,800)
33	Misc Prepays		(7,226)		0						(7,226)	(7,226)
34	SIT		0		0						0	
35	Charitable deduction		5		33						38	
36	Miscellaneous		21		0						21	
37	Stock options		458		32						490	
38	RSU		478		111						590	
39	PSU		581		30						611	
40	NOL DTA		28,340		2,051						30,391	30,391
41	SERP		0		0						0	
42	Pension		(374)		(20)						(394)	
43	OPEB		426		43						470	
44	Deferred Revenue		0		(1)						(1)	
45												
46	Total		18,099		4,051						22,151	18,364
47												
48	Grand Total		(774,176)		(79,747)						(862,259)	(785,477)

Fairways Sewer

Docket No. W-218, Sub 573

NCUC Form W-1 – Rate Case Information Report

Item# 13 (d) - 5

Line#	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
				Reconciliation of Beginning and Ending Deferred Taxes								
				For the Test Year ended 12/31/2021								
			12/31/2020								12/31/2021	
			Balance at								Balance at	
			Beginning of		Current						End of	
			Test Year		Deferrals		Flowbacks		Adjustments		Test Year	Rate Base
11	<u>Account 282</u>											
13	Depreciation		(819,190)		(23,571)						(842,761)	(842,761)
14	Abandoned Wells		(44,139)		1,627						(42,512)	(42,512)
15	UPAA		7,986		1,752						9,737	9,737
16	Goodwill		(150,209)		0						(150,209)	
17	Tank Painting		(15,929)		(9,745)						(25,674)	(25,674)
18	CIAC		182,494		0						182,494	182,494
19	Salvage		2,606		952						3,558	3,558
21	Loss on sale		(54,740)		0						(54,740)	(54,740)
22	Repairs		(573,539)		(113,525)						(687,064)	(687,064)
23	Cost of Removal		(7,971)		(2,302)						(10,274)	(10,274)
24	AFUDC		(20,004)		(11,418)						(31,422)	(31,422)
25	Tap Fees		15,541		0							
26	Reg Asset in WIP		0		0							
27	Total		<u>(1,477,094)</u>		<u>(156,232)</u>						<u>(1,648,867)</u>	<u>(1,498,658)</u>
29	<u>Account 283</u>											
31	Bad Debt		4,794		(1,136)						3,658	
32	Rate case		(13,390)		4,441						(8,949)	(8,949)
33	Misc Prepays		(13,472)		0						(13,472)	(13,472)
34	SIT		0		0						0	
35	Charitable deduction		10		62						71	
36	Miscellaneous		39		0						39	
37	Stock options		855		59						914	
38	RSU		892		207						1,099	
39	PSU		1,083		56						1,139	
40	NOL DTA		52,836		3,823						56,659	56,659
41	SERP		0		0						0	
42	Pension		(697)		(38)						(735)	
43	OPEB		795		81						876	
44	Deferred Revenue		0		(1)						(1)	
46	Total		<u>33,744</u>		<u>7,553</u>						<u>41,297</u>	<u>34,238</u>
48	Grand Total		<u><u>(1,443,351)</u></u>		<u><u>(148,679)</u></u>						<u><u>(1,607,570)</u></u>	<u><u>(1,464,420)</u></u>

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d) - 6 Base Deferred Tax Items affecting Rate Base

Aqua North Carolina, Inc.													
DEFERRED INCOME TAXES													
ON RATE BASE ITEMS ONLY													
Line No.	(a) Item	(b)	(c) Aqua Water	(d)	(e) Aqua Sewer	(f)	(g) Brookwood Water	(h)	(i) Fairways Water	(j)	(k) Fairways Sewer	(l)	(m) Total Aqua NC
1	Depreciation		(10,158,442)		(6,087,834)		(1,583,277)		(452,035)		(842,761)		(19,124,349)
2	Repairs		(8,281,704)		(4,963,127)		(1,290,772)		(368,523)		(687,064)		(15,591,190)
3	UPAA		117,372		70,340		18,293		5,223		9,737		220,965
4	CIAC		2,199,745		1,318,281		342,848		97,885		182,494		4,141,255
5	Salvage		42,883		25,699		6,684		1,908		3,558		80,731
6	Abandoned wells and tanks		(512,434)		(307,095)		(79,867)		(22,803)		(42,512)		(964,711)
7	Tank painting		(309,468)		(185,460)		(48,233)		(13,771)		(25,674)		(582,606)
8	Gain / Loss on sale		(783,663)		(469,640)		(122,140)		(34,872)		(65,014)		(1,475,329)
9	Rate case		(107,873)		(64,647)		(16,813)		(4,800)		(8,949)		(203,083)
10	Misc prepayments		(162,390)		(97,319)		(25,310)		(7,226)		(13,472)		(305,717)
11	NOL - Deferred Tax Reg Asset		682,958		409,289		106,445		30,391		56,659		1,285,742
12	AFUDC		(378,759)		(226,986)		(59,033)		(16,854)		(31,422)		(713,054)
13	Post-Test Year Additions		(1,079,289)		(645,536)		(380,144)		(25,515)		(52,303)		(2,182,788)
14	EDIT Balance		(1,252,378)		(323,194)		(282,795)		(100,998)		(60,599)		(2,019,965)
15	Total Rate Base Deferred Taxes		<u>\$ (19,983,443)</u>		<u>\$ (11,547,230)</u>		<u>\$ (3,414,113)</u>		<u>\$ (911,990)</u>		<u>\$ (1,577,322)</u>		<u>\$ (37,434,099)</u>
16													
17													
18	Total Rate Base Def Taxes 12-31-22		<u>\$ (19,983,443)</u>		<u>\$ (11,547,230)</u>		<u>\$ (3,414,113)</u>		<u>\$ (911,990)</u>		<u>\$ (1,577,322)</u>		<u>\$ (37,434,099)</u>

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d) - 6 Base Deferred Tax Items affecting Rate Base

<u>Aqua North Carolina, Inc.</u>													
DEFERRED INCOME TAXES													
ON RATE BASE ITEMS ONLY													
Line	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
No.	Item		Aqua Water		Aqua Sewer		Brookwood Water		Fairways Water		Fairways Sewer		Total Aqua NC
19	Depreciation		(10,158,442)		(6,087,834)		(1,583,277)		(452,035)		(842,761)		(19,124,349)
20	Repairs		(8,281,704)		(4,963,127)		(1,290,772)		(368,523)		(687,064)		(15,591,190)
21	UPAA		117,372		70,340		18,293		5,223		9,737		220,965
22	CIAC		2,199,745		1,318,281		342,848		97,885		182,494		4,141,255
23	Salvage		42,883		25,699		6,684		1,908		3,558		80,731
24	Abandoned wells and tanks		(512,434)		(307,095)		(79,867)		(22,803)		(42,512)		(964,711)
25	Tank painting		(309,468)		(185,460)		(48,233)		(13,771)		(25,674)		(582,606)
26	Gain / Loss on sale		(783,663)		(469,640)		(122,140)		(34,872)		(65,014)		(1,475,329)
27	Rate case		(107,873)		(64,647)		(16,813)		(4,800)		(8,949)		(203,083)
28	Misc prepayments		(162,390)		(97,319)		(25,310)		(7,226)		(13,472)		(305,717)
29	NOL - Deferred Tax Reg Asset		682,958		409,289		106,445		30,391		56,659		1,285,742
30	AFUDC		(378,759)		(226,986)		(59,033)		(16,854)		(31,422)		(713,054)
31	Post-Test Year Additions		(1,841,780)		(904,811)		(730,817)		(48,752)		(73,681)		(3,599,841)
32	EDIT Balance		(1,177,576)		(303,891)		(265,904)		(94,966)		(56,979)		(1,899,316)
33	Total Rate Base Deferred Taxes		<u>\$ (20,671,131)</u>		<u>\$ (11,787,201)</u>		<u>\$ (3,747,895)</u>		<u>\$ (929,194)</u>		<u>\$ (1,595,081)</u>		<u>\$ (38,730,503)</u>
34													
35													
36	Total Rate Base Def Taxes 12-31-23		<u>\$ (20,671,131)</u>		<u>\$ (11,787,201)</u>		<u>\$ (3,747,895)</u>		<u>\$ (929,194)</u>		<u>\$ (1,595,081)</u>		<u>\$ (38,730,503)</u>

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d) - 6 Base Deferred Tax Items affecting Rate Base

<u>Aqua North Carolina, Inc.</u>													
DEFERRED INCOME TAXES													
ON RATE BASE ITEMS ONLY													
Line	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
No.	Item		Aqua Water		Aqua Sewer		Brookwood Water		Fairways Water		Fairways Sewer		Total Aqua NC
37	Depreciation		(10,158,442)		(6,087,834)		(1,583,277)		(452,035)		(842,761)		(19,124,349)
38	Repairs		(8,281,704)		(4,963,127)		(1,290,772)		(368,523)		(687,064)		(15,591,190)
39	UPAA		117,372		70,340		18,293		5,223		9,737		220,965
40	CIAC		2,199,745		1,318,281		342,848		97,885		182,494		4,141,255
41	Salvage		42,883		25,699		6,684		1,908		3,558		80,731
42	Abandoned wells and tanks		(512,434)		(307,095)		(79,867)		(22,803)		(42,512)		(964,711)
43	Tank painting		(309,468)		(185,460)		(48,233)		(13,771)		(25,674)		(582,606)
44	Gain / Loss on sale		(783,663)		(469,640)		(122,140)		(34,872)		(65,014)		(1,475,329)
45	Rate case		(107,873)		(64,647)		(16,813)		(4,800)		(8,949)		(203,083)
46	Misc prepayments		(162,390)		(97,319)		(25,310)		(7,226)		(13,472)		(305,717)
47	NOL - Deferred Tax Reg Asset		682,958		409,289		106,445		30,391		56,659		1,285,742
48	AFUDC		(378,759)		(226,986)		(59,033)		(16,854)		(31,422)		(713,054)
49	Post-Test Year Additions		(2,410,338)		(791,608)		(975,099)		(44,664)		(168,724)		(4,390,434)
50	EDIT Balance		(1,102,773)		(284,587)		(249,013)		(88,933)		(53,360)		(1,778,667)
51	Total Rate Base Deferred Taxes 12-31-24		<u>\$ (21,164,886)</u>		<u>\$ (11,654,694)</u>		<u>\$ (3,975,287)</u>		<u>\$ (919,075)</u>		<u>\$ (1,686,504)</u>		<u>\$ (39,400,446)</u>
52													
53													
54	Total Rate Base Def Taxes		<u>\$ (21,164,886)</u>		<u>\$ (11,654,694)</u>		<u>\$ (3,975,287)</u>		<u>\$ (919,075)</u>		<u>\$ (1,686,504)</u>		<u>\$ (39,400,446)</u>

Aqua North Carolina, Inc. Water
Docket No. W-218, Sub 573
NCUC Form W-1 – Rate Case Information Report
Item# 13 (d) - 6 Base Deferred Tax Items affecting Rate Base

Aqua North Carolina, Inc.													
DEFERRED INCOME TAXES													
ON RATE BASE ITEMS ONLY													
Line No.	(a) Item	(b)	(c) Aqua Water	(d)	(e) Aqua Sewer	(f)	(g) Brookwood Water	(h)	(i) Fairways Water	(j)	(k) Fairways Sewer	(l)	(m) Total Aqua NC
55	Depreciation		(10,158,442)		(6,087,834)		(1,583,277)		(452,035)		(842,761)		(19,124,349)
56	Repairs		(8,281,704)		(4,963,127)		(1,290,772)		(368,523)		(687,064)		(15,591,190)
57	UPAA		117,372		70,340		18,293		5,223		9,737		220,965
58	CIAC		2,199,745		1,318,281		342,848		97,885		182,494		4,141,255
59	Salvage		42,883		25,699		6,684		1,908		3,558		80,731
60	Abandoned wells and tanks		(512,434)		(307,095)		(79,867)		(22,803)		(42,512)		(964,711)
61	Tank painting		(309,468)		(185,460)		(48,233)		(13,771)		(25,674)		(582,606)
62	Gain / Loss on sale		(783,663)		(469,640)		(122,140)		(34,872)		(65,014)		(1,475,329)
63	Rate case		(107,873)		(64,647)		(16,813)		(4,800)		(8,949)		(203,083)
64	Misc prepayments		(162,390)		(97,319)		(25,310)		(7,226)		(13,472)		(305,717)
65	NOL - Deferred Tax Reg Asset		682,958		409,289		106,445		30,391		56,659		1,285,742
66	AFUDC		(378,759)		(226,986)		(59,033)		(16,854)		(31,422)		(713,054)
67	Post-Test Year Additions		(3,029,335)		(800,139)		(1,172,686)		(25,096)		(316,663)		(5,343,921)
68	EDIT Balance		(1,027,971)		(265,283)		(232,122)		(82,901)		(49,741)		(1,658,017)
69	Total Rate Base Deferred Taxes		<u>\$ (21,709,081)</u>		<u>\$ (11,643,922)</u>		<u>\$ (4,155,983)</u>		<u>\$ (893,474)</u>		<u>\$ (1,830,824)</u>		<u>\$ (40,233,284)</u>
70													
71													
72	Total Rate Base Def Taxes 12-31-25		<u>\$ (21,709,081)</u>		<u>\$ (11,643,922)</u>		<u>\$ (4,155,983)</u>		<u>\$ (893,474)</u>		<u>\$ (1,830,824)</u>		<u>\$ (40,233,284)</u>

Aqua North Carolina, Inc.
NCUC Form W-1 – Rate Case Information Report
Water and Sewer Companies
Docket No. W-218, Sub 573

- ITEM 14.** (a.) A statement describing the applicant's lobbying activities and a schedule showing the name of the individual, his salary, and all company-paid or reimbursed expenses or allowances, and the account charged for all personnel for whom a principal function is that of lobbying, whether it be lobbying on the local, state, or national level.

Lobbying costs, including those embedded within association membership fees, have been removed from costs of service for purposes of this petition. The Company is seeking no recovery of such costs.

- (b.) A schedule showing the following information regarding the applicant's investments in subsidiaries, joint ventures and, nonutility divisions for the test year and the year preceding the test year with each year shown separately.

- 1.) Name of Subsidiary, Joint venture or division
- 2.) Date of initial investment
- 3.) Amount and type of investment made for each of the two years included in this report
- 4.) Balance sheet and income statement for the test year and the year preceding the test year. (where only internal statements are prepared, furnish copies of these.)
- 5.) On a separate schedule all dividends or income of any type received by the applicant from its subsidiaries or joint ventures for each of the two (2) year report periods and indicate how this income is reflected in the reports filed with the Commission and the stockholders.
- 6.) Name of officers of the subsidiaries or joint ventures, officers' annual compensation, and portion of compensation charged to the subsidiary or joint venture. Indicate the position each officer holds with the applicant and the compensation received from the applicant.

Not Applicable.

Aqua North Carolina, Inc.
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ITEM 14. (c.) A schedule by account of investment, reserves, assets, liabilities, and expenses which are applicable to both utility liabilities, and expenses which are applicable to both utility and nonutility operations. Provide a description of the basis allocation or assignment of the total amount to utility operations. Provide copies of workpapers showing the calculation of the factors used to allocate or assign total amounts to utility operations. See FORMAT 14C.

Not Applicable.

Response provided by:

Dean R. Gearhart
Rates and Planning Manager
Aqua North Carolina
202 Mackenan Drive
Cary, NC 27511

Aqua North Carolina, Inc.
NCUC Form W-1 – Rate Case Information Report
Water and Sewer Companies
Docket No. W-218, Sub 573

ITEM 15. A detailed analysis of the retained earnings account for the test period and 12-month period immediately preceding the test period.

Please see the attached schedule.

Response provided by:

Dean R. Gearhart
Rates and Planning Manager
Aqua North Carolina
202 Mackenan Drive
Cary, NC 27511

**Aqua North Carolina, Inc.
Docket W-218, Sub 573**

**NCUC FORM W1
ITEM 15**

A detailed analysis of the retained earnings account for the test period and 12-month period immediately preceding the test year.

	<u>Brookwood</u>	<u>Fairways</u>	<u>Aqua North Carolina</u>	<u>Consolidated</u>
Retained Earnings at 12/31/19	(5,737,069.96)	(953,944.65)	(55,492,264.35)	(62,183,278.96)
2020 Net (Profit) Loss	(946,558.53)	(752,539.55)	(7,662,075.54)	(9,361,173.62)
Retained Earnings at 12/31/20	(6,683,628.49)	(1,706,484.20)	(63,154,339.89)	(71,544,452.58)
2021 Net (Profit) Loss	(1,234,263.18)	(1,061,687.71)	(9,144,803.69)	(11,440,754.58)
Retained Earnings at 12/31/21	(7,917,891.67)	(2,768,171.91)	(72,299,143.58)	(82,985,207.16)