

**SANFORD LAW OFFICE, PLLC**

Jo Anne Sanford, Attorney at Law

October 27, 2023

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

**Via Electronic Filing**

Re: Carolina Water Service, Inc. of North Carolina (Emergency Operator  
of Outer Banks/Kinnakeet Associates, LLC Sewer System)  
Docket Nos. W-1125, Subs 9 and 10  
Filing of Quarterly Financial Reports (July - September 2023  
Calendar Quarter)

Dear Ms. Dunston:

On August 3, 2022, the Commission entered an Order in Docket Nos. W-1125, Subs 9 and 10 appointing Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company") to serve as the Emergency Operator ("EO") of the Kinnakeet Shores Wastewater Treatment Plant and Collection System in Dare County. CWSNC hereby files the Company's quarterly EO financial reports for the July - September 2023 calendar quarter for the sewer utility system which was formerly operated by Outer Banks/Kinnakeet Associates, LLC.

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

Sincerely,

**Electronically Submitted**

**/s/Jo Anne Sanford**

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

c: Parties of Record

## CERTIFICATE OF SERVICE

On behalf of **Carolina Water Service, Inc. of North Carolina** (Emergency Operator of the Outer Banks/Kinnakeet Associates, LLC sewer system), I hereby certify that I have served a copy of the foregoing **Quarterly Financial Reports (July - September 2023 Calendar Quarter)** filed in Docket Nos. W-1125, Subs 9 and 10 on all parties of record in this proceeding, in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 27th day of October, 2023.

**Electronically Submitted**

**/s/Jo Anne Sanford**

State Bar No. 6831

SANFORD LAW OFFICE, PLLC

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

**Outer Banks / Kinnakeet Associates, LLC.**  
 Carolina Water Service, Inc. of NC as EO  
 Docket Nos. W-1125, Subs 9 and 10  
 Plant in Service, Revenues, Expenses, and Reserve Balances  
 For Q3 2023

Schedule 1

Line No.	Item	Kinnakeet Shores Sewer (a)	Total (b)	[8]
1	Plant In Service	0 [1]	0	
2	Accumulated Depreciation	0 [2]	0	
3	Net Plant in Service (L1 - L2)	0	0	
4	Revenues	70,843.53 [3]	70,843.53	
5	Expenses for a return	64,377.47 [4]	64,377.47	
6	Depreciation & Amort (No Return)	95.96	95.96	
7	Regulatory fee (L4 x 0.14%)	99.18	99.18	
8	Gross receipts tax (L4 x 0%)	0.00	0.00	
9	-	0.00 [5]	0.00	
10	Pre-tax return on Net Plant in Service	0.00 [6]	0.00	
11	Total expenses and return (Sum of L5 thru L9)	64,572.61	64,572.61	
12	Net activity for the quarter (L4 - L10)	\$6,270.92	\$6,270.92	
13	Reserve balance prior quarter	58,173.51 [7]	\$58,173.51	
14	Net activity for the quarter (L11)	6,270.92	6,270.92	
15	Current Reserve balance (L12 + L13)	\$64,444.43	\$64,444.43	

- [1] Total plant in service from Schedule 3.  
 [2] Total accumulated depreciation from Schedule 3.  
 [3] Total revenues from Schedule 2.  
 [4] Total expenses for return from Schedule 2.  
 [5] Schedule 1(a), Line 5.  
 [6] Schedule 1(a), Line 10.  
 [7] Ending balance from prior period report.  
 [8] Total column (a)

**Outer Banks / Kinnakeet Associates, LLC.**

Schedule 1(a)

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Calculation of Pre-Tax Return

For Q3 2023

Line No.	Item	Kinnakeet Shores Sewer (a)	Total (b)
<u>Calculation of Pre-Tax Return - Expenses</u>			
1	Expenses for return	\$64,377.47 [1]	\$64,377.47 [1]
2	Overall rate of return	7.25% [2]	7.25% [2]
3	Return on expenses (L1 x L2)	4,667.37	4,667.37
4	Retention factor for income taxes (L16)	0.770250	0.770250
5	Pre-tax return on expenses (L3 / L4)	<u>\$6,059.55</u>	<u>\$6,059.55</u>
<u>Calculation of Pre-Tax Return - Plant in Service</u>			
6	Net Plant in Service	\$0.00 [3]	\$0.00 [3]
7	Overall rate of return	7.39% [2]	7.39% [2]
8	Quarterly Return	1.85%	1.85%
9	Return on expenses (L6 x L7)	0.00	0.00
10	Retention factor for income taxes (L16)	0.770250	0.770250
11	Pre-tax return on Plant in Service (L9 / L10)	<u>\$0.00</u>	<u>\$0.00</u>
<u>Calculation of Retention Factor</u>			
12	Revenues	1.000000	
13	Less: State income tax at 2.5%	0.025000	
14	Federal taxable income	0.975000	
15	Less: Federal income tax at 21%	0.204750	
16	Retention factor for income taxes	<u>0.770250</u>	

[1] Schedule 1, Line 5.

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

[3] Schedule 1, Line 3.

**Outer Banks / Kinnakeet Associates, LLC.**

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Revenues and Expenses

For Q3 2023

Schedule 2

Page 1 of 3

Fusion Acct		Kinnakeet Shores	
<u>Number</u>	<u>Account Description</u>	(DEPT 320242)	Total
		(a)	(b)
411001	Residential	(70,551.92)	(70,551.92)
411040	Revenue Accrued	(95.00)	(95.00)
411042	Forfeited Discounts	(170.58)	(170.58)
411058	Management Service Revenue	(26.03)	(26.03)
<b>Total Revenues</b>		<b>(70,843.53)</b>	<b>(70,843.53)</b>
511001	Purchased Services-Water	93.39	93.39
512001	Shop Supplies and Tools	3.73	3.73
512002	Repairs and Maintenance	(9,074.50)	(9,074.50)
512009	Permits	44.69	44.69
512012	Deferred Maintenance Expense	53.70	53.70
512014	Communication Expense	35.00	35.00
512015	Equipment Rental	1.18	1.18
512016	Uniforms	4.54	4.54
512017	Weather/Hurricane/Fuel/Snow removal	5.07	5.07
512018	Safety Supplies/Expense	13.34	13.34
512021	Landscaping	1,650.00	1,650.00
512022	Other Contracted Workers	20,100.00	20,100.00
512900	Other Plant and System Maintenance	2.20	2.20
513008	Electrical Equip	0.69	0.69
513900	Other Materials and Supplies	15.68	15.68
514001	Chlorine	9,456.65	9,456.65
514900	Other Chemicals	1,761.39	1,761.39
515001	Laboratory Testing	7,941.27	7,941.27
515003	Test - Equipment/Chemical	4.96	4.96
517001	Utility-Electric Power	17,757.11	17,757.11
521010	Salaries and Wages	14,022.50	14,022.50
521020	Salaries and Wages - Accrued	(229.37)	(229.37)
521040	Overtime	799.62	799.62
521070	EIP Bonus	95.77	95.77
521080	Bonus Other	12.37	12.37
522001	Capitalized Time	(9,914.40)	(9,914.40)
531001	401K Profit Sharing	163.50	163.50
531002	401K Match	165.14	165.14
532001	Health Admin and Stop Loss	64.45	64.45

**Outer Banks / Kinnakeet Associates, LLC.**

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Revenues and Expenses

For Q3 2023

Schedule 2

Page 2 of 3

Fusion Acct Number	Account Description	Kinnakeet Shores (DEPT 320242)	Total
		(a)	(b)
532002	Dental	29.80	29.80
532005	Employee Insurance Deductions	(271.00)	(271.00)
532006	Health Insurance Claims	1,131.66	1,131.66
532009	Workers Compensation Insurance (WCB)	100.94	100.94
532012	Term Life Insurance	62.34	62.34
532013	Term Life Insurance Opt	(10.17)	(10.17)
532900	Other Employee Benefits	13.22	13.22
540100	Consulting	(195.86)	(195.86)
540400	Legal	86.94	86.94
549000	Other Outside Services	(57.54)	(57.54)
550400	Internet Services	10.18	10.18
560100	General Liability Insurance	212.60	212.60
560200	Property Insurance	512.47	512.47
560300	Vehicle Insurance	117.87	117.87
560400	Uninsured Losses	6.97	6.97
560500	Other Insurance	142.38	142.38
571100	Building Rent	213.91	213.91
581100	Office Supplies	1.35	1.35
581200	Kitchen Supplies	1.66	1.66
581300	Cleaning Supplies	0.44	0.44
582100	Office Equipment	0.54	0.54
583100	Office Printing/Blueprints	0.25	0.25
583400	Office Shipping Charges/Postage/Courier	8.64	8.64
584300	Office Water	248.04	248.04
585100	Office Garbage Disposal/Removal	1.40	1.40
585400	Office Security/Alarm System	35.00	35.00
585900	Other Office Maintenance	3.63	3.63
586100	Landline/Telephone/Fax	70.38	70.38
586200	Cellular/Mobile Phones	73.64	73.64
587500	Answering Service	14.24	14.24
587900	Other Office Expenses	0.45	0.45
591000	Accommodation/Hotel/Lodging	22.46	22.46
592000	Airfare	1.72	1.72
593000	Transportation excl. Airfare	2.55	2.55
595000	Travel - Meals and Entertainment - 50% Tax I	4.88	4.88
599900	Other Travel	1.67	1.67

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Oct 27 2023

**Outer Banks / Kinnakeet Associates, LLC.**

Schedule 2

Carolina Water Service, Inc. of NC as EO

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Docket Nos. W-1125, Subs 9 and 10

Revenues and Expenses

For Q3 2023

Fusion Acct Number	Account Description	Kinnakeet Shores (DEPT 320242)	Total
		(a)	(b)
601000	Vehicle Leasing	(1.72)	(1.72)
602000	Vehicle Fuel	275.71	275.71
603000	Vehicle Repairs and Maintenance	97.80	97.80
604000	Vehicle Registration/Licensing Fees	32.41	32.41
609000	Vehicle - Other Costs	15.69	15.69
611100	Rate Case Amortization	532.33	532.33
612900	Other Regulatory Expenses	83.69	83.69
624100	License Fees	0.98	0.98
626100	Education and Training	5.09	5.09
627300	Uncollectible Accounts Accrual	503.00	503.00
628300	Billing Postage	0.12	0.12
628400	Customer Service Printing	355.81	355.81
629100	Memberships and Dues	2.78	2.78
629500	Credit Card Expense Clearing	(70.07)	(70.07)
629900	Other Misc Expense	(0.75)	(0.75)
641100	FICA	393.60	393.60
642100	Federal Unemployment Tax	0.35	0.35
642200	State Unemployment Tax	1.11	1.11
643300	Personal Property Taxes	(1.02)	(1.02)
643600	Utility/Commission Taxes	99.01	99.01
643700	Other General Taxes	194.13	194.13
691000	Corporate Allocation	3,722.88	3,722.88
692000	Regional Allocation	485.22	485.22
710220	Dep - Struct and Improv Office	33.08	33.08
710231	Dep - Dist Resv and Standpipes	1.05	1.05
710232	Dep - Trans and Distr Mains	3.51	3.51
710233	Dep - Service Lines	0.99	0.99
710303	Dep - Office Furniture	1.95	1.95
710309	Dep - Power Operated Equipment	0.36	0.36
710310	Dep - Communications Equipment	0.03	0.03
710401	Dep - Vehicles	52.62	52.62
710504	Dep - Mini Comp Wtr	2.37	2.37
<b>Total Exp</b>		<b>64,473.43</b>	<b>64,473.43</b>
<b>Operating Income</b>		<b>(6,370.10)</b>	<b>(6,370.10)</b>

**Outer Banks / Kinnakeet Associates, LLC.**

Carolina Water Service, Inc. of NC as EO  
Docket Nos. W-1125, Subs 9 and 10  
Construction Status Report  
For Q3 2023

Schedule 3

**Completed Plant in Service**

<u>Asset Number</u>	<u>Fusion Acct Number</u>	<u>Account Description</u>	<u>System</u>	<u>Plant In Service</u>	<u>Accumulated Depreciation</u>
		None as of 09/30/2023			

**Construction Work-in-Progress**

<u>Project Number</u>	<u>Fusion Acct Number</u>	<u>Account Description</u>	<u>System</u>	<u>Spend to Date</u>	<u>Estimated Cost</u>
2022279	141209	NC - 2022 - Kinakeet Shores WWTP EO	320242	1,093,997	2,236,000
2022279B	141249	NC - 2022 - Kinakeet Shores WWCS EO	320242	382,274	1,366,500