

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

April 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 (January - March 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 January - March 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 (January - March 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 April 2023.

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

SANFORD LAW OFFICE, PLLC

sanford@sanfordlawoffice.com

Tel: 919.210.4900

**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 Q1 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	70,385.15 [3]	70,385.15	
5	Expenses for a return	46,497.78 [4]	46,497.78	
6	Depreciation & Amort (No Return)	113.19	113.19	
7	Regulatory fee (L4 x 0.14%)	98.54	98.54	
8	Gross receipts tax (L4 x 0%)	0.00	0.00	
9	Pre-tax return on expenses	4,376.62 [5]	4,376.62	
10	Pre-tax return on Net Plant in Service	0.00 [6]	0.00	
11	Total expenses and return (Sum of L5 thru L9)	51,086.13	51,086.13	
12	Net activity for the quarter (L4 - L10)	\$19,299.03	\$19,299.03	
13	Reserve balance prior quarter	42,303.15 [7]	\$42,303.15	
14	Net activity for the quarter (L11)	19,299.03	19,299.03	
15	Current Reserve balance (L12 + L13)	\$61,602.17	\$61,602.17	

- [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 Q1 2023

Line No.	Item	Kinnakeet Shores Sewer (a)	Total (b)
<u>Calculation of Pre-Tax Return - Expenses</u>			
1	Expenses for return	\$46,497.78 [1]	\$46,497.78 [1]
2	Overall rate of return	7.25% [2]	7.25% [2]
3	Return on expenses (L1 x L2)	3,371.09	3,371.09
4	Retention factor for income taxes (L16)	0.770250	0.770250
5	Pre-tax return on expenses (L3 / L4)	<u>\$4,376.62</u>	<u>\$4,376.62</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.

Schedule 2

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Revenues and Expenses

For Q1 2023

Fusion Acct Number	Account Description	Kinnakeet Shores (DEPT 320242)	Total
		(a)	(b)
411001	Residential	(70,500.84)	(70,500.84)
411040	Revenue Accrued	196.00	196.00
411042	Forfeited Discounts	(55.69)	(55.69)
411058	Management Service Revenue	(24.62)	(24.62)
Total Revenues		(70,385.15)	(70,385.15)
511001	Purchased Services-Water	98.40	98.40
512001	Shop Supplies and Tools	117.61	117.61
512002	Repairs and Maintenance	3,363.82	3,363.82
512003	Main Breaks	20.60	20.60
512009	Permits	45.51	45.51
512011	Sewer Sludge Hauling	(1,810.00)	(1,810.00)
512012	Deferred Maintenance Expense	54.08	54.08
512016	Uniforms	10.24	10.24
512017	Weather/Hurricane/Fuel/Snow removal	11.95	11.95
512018	Safety Supplies/Expense	11.80	11.80
512021	Landscaping	0.21	0.21
512022	Other Contracted Workers	18,129.30	18,129.30
512900	Other Plant and System Maintenance	0.82	0.82
513008	Electrical Equip	1.28	1.28
513011	Valves and Traps	536.93	536.93
513900	Other Materials and Supplies	18.31	18.31
515001	Laboratory Testing	1,080.00	1,080.00
515002	Test - Water/Sewer	0.01	0.01
515003	Test - Equipment/Chemical	1.62	1.62
517001	Utility-Electric Power	13,609.72	13,609.72
521010	Salaries and Wages	6,577.20	6,577.20
521020	Salaries and Wages - Accrued	113.62	113.62
521040	Overtime	444.58	444.58
521070	EIP Bonus	118.97	118.97
521080	Bonus Other	44.15	44.15
522001	Capitalized Time	(4,694.10)	(4,694.10)
531001	401K Profit Sharing	111.10	111.10
531002	401K Match	101.08	101.08
532001	Health Admin and Stop Loss	153.31	153.31

Outer Banks / Kinnakeet Associates, LLC.

Schedule 2

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Revenues and Expenses

For Q1 2023

Fusion Acct Number	Account Description	Kinnakeet Shores (DEPT 320242)	Total
		(a)	(b)
532002	Dental	37.09	37.09
532005	Employee Insurance Deductions	(227.66)	(227.66)
532006	Health Insurance Claims	814.20	814.20
532009	Workers Compensation Insurance (WCB)	124.20	124.20
532012	Term Life Insurance	66.75	66.75
532013	Term Life Insurance Opt	(8.46)	(8.46)
532900	Other Employee Benefits	37.69	37.69
540100	Consulting	115.30	115.30
540400	Legal	188.34	188.34
549000	Other Outside Services	350.07	350.07
550400	Internet Services	1.57	1.57
560100	General Liability Insurance	221.12	221.12
560200	Property Insurance	516.08	516.08
560300	Vehicle Insurance	128.64	128.64
560500	Other Insurance	143.95	143.95
571100	Building Rent	215.41	215.41
581100	Office Supplies	3.43	3.43
581200	Kitchen Supplies	5.80	5.80
581300	Cleaning Supplies	0.02	0.02
582100	Office Equipment	0.17	0.17
583400	Office Shipping Charges/Postage/Courier	7.87	7.87
584200	Office Gas/Heat	0.31	0.31
585900	Other Office Maintenance	1.21	1.21
586100	Landline/Telephone/Fax	121.70	121.70
586200	Cellular/Mobile Phones	79.12	79.12
587500	Answering Service	14.71	14.71
587900	Other Office Expenses	3.02	3.02
591000	Accommodation/Hotel/Lodging	12.76	12.76
592000	Airfare	4.83	4.83
593000	Transportation excl. Airfare	3.85	3.85
595000	Travel - Meals and Entertainment - 50% Tax I	13.30	13.30
599900	Other Travel	4.86	4.86
601000	Vehicle Leasing	9.66	9.66
602000	Vehicle Fuel	260.89	260.89
603000	Vehicle Repairs and Maintenance	120.99	120.99
604000	Vehicle Registration/Licensing Fees	0.95	0.95

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Apr 27 2023

Outer Banks / Kinnakeet Associates, LLC.

Schedule 2

Carolina Water Service, Inc. of NC as EO

Docket Nos. W-1125, Subs 9 and 10

Revenues and Expenses

For Q1 2023

Fusion Acct Number	Account Description	Kinnakeet Shores (DEPT 320242)	Total
		(a)	(b)
609000	Vehicle - Other Costs	26.62	26.62
611100	Rate Case Amortization	151.49	151.49
612900	Other Regulatory Expenses	43.46	43.46
624100	License Fees	1.96	1.96
626100	Education and Training	5.68	5.68
627300	Uncollectible Accounts Accrual	(95.00)	(95.00)
628400	Customer Service Printing	204.33	204.33
629100	Memberships and Dues	73.66	73.66
629500	Credit Card Expense Clearing	63.68	63.68
629900	Other Misc Expense	15.04	15.04
641100	FICA	252.16	252.16
642100	Federal Unemployment Tax	5.45	5.45
642200	State Unemployment Tax	17.28	17.28
643300	Personal Property Taxes	13.72	13.72
643600	Utility/Commission Taxes	99.19	99.19
643700	Other General Taxes	93.37	93.37
691000	Corporate Allocation	3,423.93	3,423.93
692000	Regional Allocation	435.89	435.89
710220	Dep - Struct and Improv Office	3.05	3.05
710231	Dep - Dist Resv and Standpipes	1.08	1.08
710232	Dep - Trans and Distr Mains	3.54	3.54
710303	Dep - Office Furniture	1.95	1.95
710309	Dep - Power Operated Equipment	0.36	0.36
710310	Dep - Communications Equipment	0.02	0.02
710401	Dep - Vehicles	99.31	99.31
710501	Dep - Computer Hardware	1.31	1.31
710504	Dep - Mini Comp Wtr	2.57	2.57
Total Exp		46,610.97	46,610.97
Operating Income		(23,774.19)	(23,774.19)

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 Q1 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 03/31/2023			

Construction Work-in-Progress

<u>Project Number</u>	<u>Fusion Acct Number</u>	<u>Project Name</u>	<u>System</u>	<u>Spend to Date</u>	<u>Estimated Cost</u>
2022279	141209	NC - 2022 - Kinakeet Shores WWCS and WWTP EO	Kinnakeet Shores S	363,654	2,672,000