

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

January 22, 2019

Ms. M. Lynn Jarvis, 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 Riverbend Estates Water System)
Docket No. W-390, Sub 13
Filing of Quarterly Financial Reports (October - December 2018
Calendar Quarter)

Dear Ms. Jarvis:

Pursuant to decretal paragraph number 4.a. of the Order Appointing Emergency Operator, Approving Increased Rates, and Requiring Customer Notice issued in Docket No. W-390, Sub 13 on May 16, 2017), Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company") hereby files certain quarterly financial reports for the October - December 2018 calendar quarter. The Company files these reports in its capacity as Emergency Operator of the water utility system which was formerly operated by Riverbend Estates Water System, Inc.

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)

cc: Parties of Record

Riverbend Estates Water System
 Carolina Water Service, Inc. of NC as EO
 Docket No. W-390, Sub 13
 Revenues, Expenses, and Reserve Balances
 For Q4 2018

Schedule 1

Line No.	Item	<u>Riverbend Estates</u> (a)
1	Revenues	<u>16,020.49</u> [1]
2	Expenses for a return	38,063.89 [2]
3	Regulatory fee (L1 x 0.14%)	22.43
4	Gross receipts tax (L1 x 0%)	0.00
5	Pre-tax return on expenses	<u>3,894.31</u> [3]
6	Total expenses and return (Sum of L2 thru L5)	<u>41,980.63</u>
7	Net activity for the month (L1 - L6)	<u><u>(\$25,960.14)</u></u>
8	Reserve balance prior month	(\$33,431.10) [4]
9	Net activity for the month (L7)	<u>(25,960.14)</u>
10	Current Reserve balance (L8 + L9)	<u><u>(\$59,391.24)</u></u>
[1]	Total revenues from Schedule 2.	
[2]	Total expenses for return from Schedule 2.	
[3]	Schedule 1(a), Line 5.	
[4]	Ending balance from prior period report. See below summary.	

\$11,615.86	Q2 17
(\$18,360.44)	Q3 17
\$4,758.35	Q4 17
\$4,121.19	Q1 18
(\$27,877.52)	Q2 18
<u>(\$7,688.54)</u>	Q3 18
<u>(\$33,431.10)</u>	Total

Riverbend Estates Water System

Carolina Water Service, Inc. of NC as EO
Docket No. W-390, Sub 13
Calculation of Pre-Tax Return
For Q4 2018

Schedule 1(a)

Line			
<u>No.</u>	<u>Item</u>	Riverbend Estates	
		(a)	
	<u>Calculation of Pre-Tax Return</u>		
1	Expenses for return	\$38,063.89	[1]
2	Overall rate of return	7.84%	[2]
3	Return on expenses (L1 x L2)	2,984.21	
4	Retention factor for income taxes (L10)	0.766300	
5	Pre-tax return on expenses (L3 / L4)	\$3,894.31	
	<u>Calculation of Retention Factor</u>		
6	Revenues	1.000000	
7	Less: State income tax at 3.0%	0.030000	
8	Federal taxable income	0.970000	
9	Less: Federal income tax at 21%	0.203700	
10	Retention factor for income taxes	0.766300	

[1] Schedule 1, Line 2.

[2] Overall return authorized by Commission for CWSNC on November 8, 2017 in Docket No. W-354, Sub 356.

Riverbend Estates Water System
 Carolina Water Service, Inc. of NC as EO
 Docket No. W-390, Sub 13
 Revenues and Expenses for Q4 2018

Schedule 2

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
5025	WATER REVENUE-RESIDENTIAL	(20,887.73)
5030	WATER REVENUE-ACCRUALS	4,943.66
5265	FORFEITED DISCOUNTS	(51.42)
5270	MISC SERVICE REVENUE	-
5285	OTHER W/S REVENUES	(25.00)
5405	REV FROM MGMT SERVICES	-
Total Revenues		(16,020.49)
5435	PURCHASED WATER-WATER S	18,937.06
5465	ELEC PWR - WATER SYSTEM	-
5495	METER READING	-
5505	AGENCY EXPENSE	1.56
5510	UNCOLLECTIBLE ACCOUNTS	747.27
5515	UNCOLL ACCOUNTS ACCRUAL	(257.00)
5525	BILL STOCK	3.26
5530	BILLING COMPUTER SUPPLI	0.25
5535	BILLING ENVELOPES	5.82
5540	BILLING POSTAGE	95.26
5545	CUSTOMER SERVICE PRINTING	0.92
5625	401K/ESOP CONTRIBUTIONS	124.43
5630	HEALTH & DENTAL PREMIUMS	117.41
5635	DENTAL INS REIMBURSEMENTS	18.83
5645	EMPLOYEE INS DEDUCTIONS	(167.82)
5650	HEALTH COSTS & OTHER	0.37
5655	HEALTH INS REIMBURSEMENTS	650.81
5660	OTHER EMP PENSION/BENEFITS	6.31
5665	PENSION CONTRIBUTIONS	92.26
5670	TERM LIFE INS	37.47
5675	TERM LIFE INS-OPT	(8.62)
5680	DEPEND LIFE INS-OPT	(6.57)
5690	TUITION	1.89
5705	INSURANCE-GEN LIAB	313.39
5715	INSURANCE-OTHER	62.39
5735	COMPUTER MAINTENANCE	131.94
5740	COMPUTER SUPPLIES	-
5745	COMPUTER AMORT & PROG COST	-
5750	INTERNET SUPPLIER	18.23
5785	ADVERTISING/MARKETING	4.43
5790	BANK SERVICE CHARGE	24.87
5805	LICENSE FEES	2.22
5810	MEMBERSHIPS	11.05
5820	TRAINING EXPENSE	9.68
5825	OTHER MISC EXPENSE	(1.95)
5855	ANSWERING SERVICE	5.13
5860	CLEANING SUPPLIES	0.57
5865	COPY MACHINE	1.85
5875	KITCHEN SUPPLIES	0.54

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 Revenues and Expenses for Q4 2018

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<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
5880	OFFICE SUPPLY STORES	2.05
5885	PRINTING/BLEUPRINTS	1.55
5890	PUBL SUBSCRIPTIONS/TAPES	0.09
5895	SHIPPING CHARGES	11.76
5900	OTHER OFFICE EXPENSES	5.07
5930	OFFICE ELECTRIC	(0.63)
5935	OFFICE GAS	0.52
5940	OFFICE WATER	0.19
5945	OFFICE TELECOM	152.83
5950	OFFICE GARBAGE REMOVAL	1.41
5955	OFFICE LANDSCAPE / MOW / PLOW	3.55
5960	OFFICE ALARM SYS PHONE EXP	(0.21)
5965	OFFICE MAINTENANCE	2.65
5970	OFFICE CLEANING SERVICE	3.47
5975	OFFICE MACHINE/HEAT&COOL	1.09
5980	OTHER OFFICE UTILITIES	0.02
5985	TELEMETERING PHONE EXPENSE	5.46
6010	AUDIT FEES	44.55
6015	EMPLOY FINDER FEES	1.23
6020	ENGINEERING FEES	3,225.00
6025	LEGAL FEES	8,388.75
6030	MANAGEMENT FEES	0.64
6035	PAYROLL SERVICES	16.07
6040	TAX RETURN REVIEW	59.71
6045	TEMP EMPLOY - CLERICAL	-
6050	OTHER OUTSIDE SERVICES	182.45
6070	MISC REG MATTERS COMM EXP	1,960.76
6090	RENT	105.42
6110	SALARIES-ACCTG/FINANCE	141.17
6115	SALARIES-ADMIN	29.44
6120	SALARIES-OFFICERS/STKHLDR	226.45
6125	SALARIES-HR	31.64
6130	SALARIES-MIS	79.90
6135	SALARIES-LEADERSHIP OPS	484.84
6140	SALARIES-REGULATORY	34.84
6145	SALARIES-CUSTOMER SERVICE	163.66
6146	SALARIES-BILLING	68.71
6147	SALARIES-CORP SERVICE A	23.58
6150	SALARIES-OPERATIONS FIELD	115.02
6155	SALARIES-OPERATIONS OFFICE	69.90
6165	CAPITALIZED TIME ADJUSTMENT	(41.46)
6185	TRAVEL LODGING	18.90
6190	TRAVEL AIRFARE	11.46
6195	TRAVEL TRANSPORTATION	2.76
6200	TRAVEL MEALS	7.66
6205	TRAVEL ENTERTAINMENT	0.69
6207	TRAVEL OTHER	4.56
6215	FUEL	196.80

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6220	AUTO REPAIR/TIRES	119.25
6225	AUTO LICENSES	11.02
6230	OTHER TRANS EXPENSES	7.44
6255	TEST-WATER	367.22
6260	TEST-EQUIP/CHEMICAL	-
6285	WATER-MAINT SUPPLIES	-
6290	WATER-MAINT REPAIRS	-
6300	WATER-ELEC EQUIPT REPAIR	-
6305	WATER-PERMITS	-
6310	WATER-OTHER MAINT EXP	-
6355	DEFERRED MAINT EXPENSE	-
6360	COMMUNICATION EXPENSE	2.11
6370	OPER CONTRACTED WORKERS	-
6385	UNIFORMS	6.22
6390	WEATHER/HURRICANE COSTS	6.48
6510	DEPREC-ELEC PUMP EQP WTP	-
6525	DEPREC-DIST RESV & STANDPIPES	-
6530	DEPREC-TRANS & DISTR MA	-
6580	DEPREC-OFFICE STRUCTURE	9.51
6585	DEPREC-OFFICE FURN/EQPT	5.14
6595	DEPREC-TOOL SHOP & MISC EQPT	0.06
6605	DEPREC-POWER OPERATED EQUIP	-
6610	DEPREC-COMMUNICATION EQPT	6.97
6905	DEPREC-AUTO TRANS	236.83
6920	DEPREC-COMPUTER	165.04
7165	AMORT-WATER-TAP	(11.25)
7510	FICA EXPENSE	287.11
7515	FEDERAL UNEMPLOYMENT TAX	0.45
7520	STATE UNEMPLOYMENT TAX	5.22
7545	PERSONAL PROPERTY/ICT TAX	11.86
7550	PROPERTY/OTHER GENERAL TAX	(1.62)
7555	REAL ESTATE TAX	2.08
7735	S/T INT EXP BANK ONE	(4.73)
		<u>38,063.89</u>
	Operating Income	22,043.40

CERTIFICATE OF SERVICE

On behalf of Carolina Water Service, Inc. of North Carolina (Emergency Operator of Riverbend Estates Water System), I hereby certify that I have served a copy of the foregoing Quarterly Financial Reports for the Riverbend Estates Water System (October - December 2018 Calendar Quarter) in Docket No. W-390, Sub 13 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 22nd day of January, 2019.

Electronically Submitted
/s/Jo Anne Sanford
State Bar No. 6831

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