

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
AQUA WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 1(a)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1	Debt	50.00%	\$80,131,552 [2]	3.97% [1]	1.99%	\$3,181,223 [8]
2	Equity	50.00%	80,131,552 [2]	9.03% [6]	4.52%	7,231,974 [9]
3	Total (L1 + L2)	<u>100.00%</u>	<u>\$160,263,104 [3]</u>		<u>6.50%</u>	<u>\$10,413,197 [10]</u>
<u>Company proposed rates:</u>						
4	Debt	50.00%	\$80,131,552 [4]	3.97% [1]	1.99%	\$3,181,223 [8]
5	Equity	50.00%	80,131,552 [4]	15.94% [6]	7.97%	12,776,875 [11]
6	Total (L4 + L5)	<u>100.00%</u>	<u>\$160,263,104 [3]</u>		<u>9.96%</u>	<u>\$15,958,098 [12]</u>
<u>Public Staff recommended rates:</u>						
7	Debt	50.00%	\$80,131,552 [5]	3.97% [1]	1.99%	\$3,181,223 [8]
8	Equity	50.00%	80,131,552 [5]	9.50% [1]	4.75%	7,612,497 [8]
9	Total (L7 + L8)	<u>100.00%</u>	<u>\$160,263,104 [3]</u>		<u>6.74%</u>	<u>\$10,793,720</u>

[1] Provided by Public Staff witness Hinton.
 [2] Column (a) x Line 3, Column (b).
 [3] Corrected Corrected Accounting Exhibit I, Schedule 2(a), Line 15, Column (c).
 [4] Column (a) x Line 6, Column (b).
 [5] Column (a) x Line 9, Column (b).
 [6] Column (e) divided by Column (b).
 [7] Column (a) x Column (c).
 [8] Column (b) x Column (c).
 [9] Line 3 - Line 1, Column (e).
 [10] Corrected Corrected Accounting Exhibit I, Schedule 3(a), Line 40, Column (c).
 [11] Line 6 - Line 4, Column (e).
 [12] Corrected Corrected Accounting Exhibit I, Schedule 3(a), Line 40, Column (e).

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 363
 RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended December 31, 2021
AQUA SEWER OPERATIONS

Second Corrected Accounting Exhibit I
 Schedule 1(b)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1	Debt	50.00%	\$34,654,601 [2]	3.97% [1]	1.99%	\$1,375,788 [8]
2	Equity	50.00%	34,654,601 [2]	9.76% [6]	4.88%	3,382,258 [9]
3	Total (L1 + L2)	<u>100.00%</u>	<u>\$69,309,202 [3]</u>		<u>6.87%</u>	<u>\$4,758,046 [10]</u>
<u>Company proposed rates:</u>						
4	Debt	50.00%	\$34,654,601 [4]	3.97% [1]	1.99%	\$1,375,788 [8]
5	Equity	50.00%	34,654,601 [4]	16.20% [6]	8.10%	5,613,332 [11]
6	Total (L4 + L5)	<u>100.00%</u>	<u>\$69,309,202 [3]</u>		<u>10.09%</u>	<u>\$6,989,120 [12]</u>
<u>Public Staff recommended rates:</u>						
7	Debt	50.00%	\$34,654,601 [5]	3.97% [1]	1.99%	\$1,375,788 [8]
8	Equity	50.00%	34,654,601 [5]	9.50% [1]	4.75%	3,292,187 [8]
9	Total (L7 + L8)	<u>100.00%</u>	<u>\$69,309,202 [3]</u>		<u>6.74%</u>	<u>\$4,667,975</u>

[1] Provided by Public Staff witness Hinton.
 [2] Column (a) x Line 3, Column (b).
 [3] Corrected Accounting Exhibit I, Schedule 2(b), Line 15, Column (c).
 [4] Column (a) x Line 6, Column (b).
 [5] Column (a) x Line 9, Column (b).
 [6] Column (e) divided by Column (b).
 [7] Column (a) x Column (c).
 [8] Column (b) x Column (c).
 [9] Line 3 - Line 1, Column (e).
 [10] Corrected Accounting Exhibit I, Schedule 3(b), Line 41, Column (c).
 [11] Line 6 - Line 4, Column (e).
 [12] Corrected Accounting Exhibit I, Schedule 3(b), Line 41, Column (e).

Aqua North Carolina, Inc.
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RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
FAIRWAYS WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 1(c)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
Present rates:						
1	Debt	50.00%	\$2,327,882 [2]	3.97% [1]	1.99%	\$92,417 [8]
2	Equity	50.00%	2,327,882 [2]	6.16% [6]	3.08%	143,447 [9]
3	Total (L1 + L2)	<u>100.00%</u>	<u>\$4,655,764 [3]</u>		<u>5.07%</u>	<u>\$235,864 [10]</u>
Company proposed rates:						
4	Debt	50.00%	\$2,327,882 [4]	3.97% [1]	1.99%	\$92,417 [8]
5	Equity	50.00%	2,327,882 [4]	24.86% [6]	12.43%	578,760 [11]
6	Total (L4 + L5)	<u>100.00%</u>	<u>\$4,655,764 [3]</u>		<u>14.42%</u>	<u>\$671,177 [12]</u>
Public Staff recommended rates:						
7	Debt	50.00%	\$2,327,882 [5]	3.97% [1]	1.99%	\$92,417 [8]
8	Equity	50.00%	2,327,882 [5]	9.50% [1]	4.75%	221,149 [8]
9	Total (L7 + L8)	<u>100.00%</u>	<u>\$4,655,764 [3]</u>		<u>6.74%</u>	<u>\$313,566</u>

[1] Provided by Public Staff witness Hinton.
 [2] Column (a) x Line 3, Column (b).
 [3] Corrected Accounting Exhibit I, Schedule 2(c), Line 15, Column (c).
 [4] Column (a) x Line 6, Column (b).
 [5] Column (a) x Line 9, Column (b).
 [6] Column (e) divided by Column (b).
 [7] Column (a) x Column (c).
 [8] Column (b) x Column (c).
 [9] Line 3 - Line 1, Column (e).
 [10] Corrected Accounting Exhibit I, Schedule 3(c), Line 40, Column (c).
 [11] Line 6 - Line 4, Column (e).
 [12] Corrected Accounting Exhibit I, Schedule 3(c), Line 40, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363
RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
FAIRWAYS SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 1(d)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
Present rates:						
1	Debt	50.00%	\$7,841,386 [2]	3.97% [1]	1.99%	\$311,303 [8]
2	Equity	50.00%	7,841,385 [2]	4.45% [6]	2.23%	349,057 [9]
3	Total (L1 + L2)	<u>100.00%</u>	<u>\$15,682,771 [3]</u>		<u>4.21%</u>	<u>\$660,360 [10]</u>
Company proposed rates:						
4	Debt	50.00%	\$7,841,386 [4]	3.97% [1]	1.99%	\$311,303 [8]
5	Equity	50.00%	7,841,385 [4]	17.73% [6]	8.87%	1,390,381 [11]
6	Total (L4 + L5)	<u>100.00%</u>	<u>\$15,682,771 [3]</u>		<u>10.85%</u>	<u>\$1,701,684 [12]</u>
Public Staff recommended rates:						
7	Debt	50.00%	\$7,841,386 [5]	3.97% [1]	1.99%	\$311,303 [8]
8	Equity	50.00%	7,841,385 [5]	9.50% [1]	4.75%	744,932 [8]
9	Total (L7 + L8)	<u>100.00%</u>	<u>\$15,682,771 [3]</u>		<u>6.74%</u>	<u>\$1,056,235</u>

[1] Provided by Public Staff witness Hinton.
 [2] Column (a) x Line 3, Column (b).
 [3] Corrected Accounting Exhibit I, Schedule 2(d), Line 15, Column (c).
 [4] Column (a) x Line 6, Column (b).
 [5] Column (a) x Line 9, Column (b).
 [6] Column (e) divided by Column (b).
 [7] Column (a) x Column (c).
 [8] Column (b) x Column (c).
 [9] Line 3 - Line 1, Column (e).
 [10] Corrected Accounting Exhibit I, Schedule 3(d), Line 41, Column (c).
 [11] Line 6 - Line 4, Column (e).
 [12] Corrected Accounting Exhibit I, Schedule 3(d), Line 41, Column (e).

Aqua North Carolina, Inc.
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RETURN ON ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
BROOKWOOD WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 1(e)

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1	Debt	50.00%	\$16,105,201 [2]	3.97% [1]	1.99%	\$639,376 [8]
2	Equity	50.00%	16,105,201 [2]	6.27% [6]	3.14%	1,009,336 [9]
3	Total (L1 + L2)	<u>100.00%</u>	<u>\$32,210,402 [3]</u>		<u>5.12%</u>	<u>\$1,648,712 [10]</u>
<u>Company proposed rates:</u>						
4	Debt	50.00%	\$16,105,201 [4]	3.97% [1]	1.99%	\$639,376 [8]
5	Equity	50.00%	16,105,201 [4]	14.27% [6]	7.14%	2,298,029 [11]
6	Total (L4 + L5)	<u>100.00%</u>	<u>\$32,210,402 [3]</u>		<u>9.12%</u>	<u>\$2,937,405 [12]</u>
<u>Public Staff recommended rates:</u>						
7	Debt	50.00%	\$16,105,201 [5]	3.97% [1]	1.99%	\$639,376 [8]
8	Equity	50.00%	16,105,201 [5]	9.50% [1]	4.75%	1,529,994 [8]
9	Total (L7 + L8)	<u>100.00%</u>	<u>\$32,210,402 [3]</u>		<u>6.74%</u>	<u>\$2,169,370</u>

[1] Provided by Public Staff witness Hinton.

[2] Column (a) x Line 3, Column (b).

[3] Corrected Accounting Exhibit I, Schedule 2(e), Line 15, Column (c).

[4] Column (a) x Line 6, Column (b).

[5] Column (a) x Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) x Column (c).

[8] Column (b) x Column (c).

[9] Line 3 - Line 1, Column (e).

[10] Corrected Accounting Exhibit I, Schedule 3(e), Line 40, Column (c).

[11] Line 6 - Line 4, Column (e).

[12] Corrected Accounting Exhibit I, Schedule 3(e), Line 40, Column (e).

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 573
 RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended December 31, 2021
AQUA COMBINED OPERATIONS

Second Corrected Accounting Exhibit I
 Schedule 1

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1	Debt	50.00%	\$141,060,622 [2]	3.97% [1]	1.99%	\$5,600,107 [8]
2	Equity	50.00%	141,060,622 [2]	8.59% [6]	4.30%	12,116,072 [9]
3	Total	<u>100.00%</u>	<u>\$282,121,244 [3]</u>		<u>6.28%</u>	<u>\$17,716,179 [10]</u>
<u>Company proposed rates:</u>						
4	Debt	50.00%	\$141,060,622 [4]	3.97% [1]	1.99%	\$5,600,107 [8]
5	Equity	50.00%	141,060,622 [4]	16.06% [6]	8.03%	22,657,377 [11]
6	Total	<u>100.00%</u>	<u>\$282,121,244 [3]</u>		<u>10.02%</u>	<u>\$28,257,484 [12]</u>
<u>Public Staff recommended rates:</u>						
7	Debt	50.00%	\$141,060,622 [5]	3.97% [1]	1.99%	\$5,600,107 [8]
8	Equity	50.00%	141,060,622 [5]	9.50% [1]	4.75%	13,400,759 [8]
9	Total	<u>100.00%</u>	<u>\$282,121,244 [3]</u>		<u>6.74%</u>	<u>\$19,000,866</u>

Aqua North Carolina, Inc.
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ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
COMBINED OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 2

Line No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [1] (c)
1	Plant in service	\$662,627,487	(\$51,067,662)	\$611,559,825
2	Accumulated depreciation	(168,110,793)	(4,005,122)	(172,115,915)
3	Contributions in aid of construction	(219,348,798)	(2,194,617)	(221,543,415)
4	Accumulated amortization of CIAC	93,090,963	(1,619,806)	91,471,157
5	Acquisition adjustments	1,951,369	23,400	1,974,769
6	Accum. amort. of acquisition adjustments	203,376	56,523	259,899
7	Advances for construction	(3,744,691)	370,320	(3,374,371)
8	Net plant in service	366,668,913	(58,436,964)	308,231,949
9	Customer deposits	(280,618)	27,581	(253,037)
10	Unclaimed refunds and cost-free capital	(193,255)	124,179	(69,076)
11	Accumulated deferred income taxes	(37,434,098)	2,035,672	(35,398,426)
12	Materials and supplies inventory	3,548,743	(104,699)	3,444,044
13	Excess capacity adjustment	0	0	0
14	Working capital allowance	6,626,563	(460,773)	6,165,790
15	Original cost rate base	<u>\$338,936,248</u>	<u>(\$56,815,004)</u>	<u>\$282,121,244</u>

[1] Sum of amounts from Corrected Accounting Exhibit I, Schedules 2(a) through 2(e).

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ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
AQUA WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 2(a)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [11] (c)
1	Plant in service	355,578,457	(\$20,896,358) [1]	\$334,682,099
2	Accumulated depreciation	(99,084,200)	(1,366,490) [2]	(100,450,690)
3	Contributions in aid of construction	(102,549,100)	(1,370,206) [3]	(103,919,306)
4	Accumulated amortization of CIAC	42,289,376	(612,341) [4]	41,677,035
5	Acquisition adjustments (PAA)	5,985,304	23,400 [5]	6,008,704
6	Accum. amort. of acquisition adjustments	(3,182,927)	88,205 [6]	(3,094,722)
7	Advances for construction	(2,745,087)	255,000 [7]	(2,490,087)
8	Net plant in service (Sum of L1 thru L7)	196,291,823	(23,878,789)	172,413,034
9	Customer deposits	(218,900)	19,935 [8]	(198,965)
10	Unclaimed refunds and cost-free capital	(46,582)	0	(46,582)
11	Accumulated deferred income taxes	(19,983,443)	993,463	(18,989,980)
12	Materials and supplies inventory	2,951,946	(87,092) [9]	2,864,854
13	Excess capacity adjustment	0	0	0
14	Working capital allowance	4,533,901	(313,158) [10]	4,220,743
15	Original cost rate base (Sum of L8 thru L14)	<u>\$183,528,745</u>	<u>(\$23,265,641)</u>	<u>\$160,263,104</u>

- [1] Corrected Accounting Exhibit I, Schedule 2-1, Line 3, Column (a).
- [2] Corrected Accounting Exhibit I, Schedule 2-2, Line 4, Column (a).
- [3] Corrected Accounting Exhibit I, Schedule 2-3, Line 1, Column (a).
- [4] Corrected Accounting Exhibit I, Schedule 2-3, Line 2, Column (a).
- [5] Corrected Accounting Exhibit I, Schedule 2-7, Line 5, Column (a).
- [6] Corrected Accounting Exhibit I, Schedule 2-7, Line 11, Column (a).
- [7] Corrected Accounting Exhibit I, Schedule 2-4, Line 5, Column (a).
- [8] Corrected Accounting Exhibit I, Schedule 2-5, Line 3, Column (a).
- [9] Corrected Accounting Exhibit I, Schedule 2-6, Line 3, Column (a).
- [10] Corrected Accounting Exhibit I, Schedule 2-8, Line 14, Column (a).
- [11] Column (a) plus Column (b).

Aqua North Carolina, Inc.
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ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
AQUA SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 2(b)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [10] (c)
1	Plant in service	\$204,286,509	(\$15,645,334) [1]	\$188,641,175
2	Accumulated depreciation	(52,802,324)	(1,596,163) [2]	(54,398,487)
3	Contributions in aid of construction	(91,744,047)	(749,771) [3]	(92,493,818)
4	Accumulated amortization of CIAC	39,266,747	(809,475) [4]	38,457,272
5	Acquisition adjustments (PAA)	(4,002,509)	0	(4,002,509)
6	Accum. amort. of acquisition adjustments	3,357,937	(31,759) [5]	3,326,178
7	Advances for construction	(966,574)	105,000 [6]	(861,574)
8	Net plant in service (Sum of L1 thru L7)	97,395,739	(18,727,502)	78,668,237
9	Customer deposits	(4,938)	436 [7]	(4,502)
10	Unclaimed refunds and cost-free capital	(6,342)	0	(6,342)
11	Accumulated deferred income taxes	(11,547,230)	614,424	(10,932,806)
12	Materials and supplies inventory	449,831	(13,271) [8]	436,560
13	Excess capacity adjustment	0	0	0
14	Working capital allowance	1,227,155	(79,099) [9]	1,148,056
15	Original cost rate base (Sum of L8 thru L14)	<u>\$87,514,215</u>	<u>(\$18,205,013)</u>	<u>\$69,309,202</u>

- [1] Corrected Accounting Exhibit I, Schedule 2-1, Line 3, Column (b).
- [2] Corrected Accounting Exhibit I, Schedule 2-2, Line 4, Column (b).
- [3] Corrected Accounting Exhibit I, Schedule 2-3, Line 1, Column (b).
- [4] Corrected Accounting Exhibit I, Schedule 2-3, Line 2, Column (b).
- [5] Corrected Accounting Exhibit I, Schedule 2-7, Line 11, Column (b).
- [6] Corrected Accounting Exhibit I, Schedule 2-4, Line 5, Column (b).
- [7] Corrected Accounting Exhibit I, Schedule 2-5, Line 3, Column (b).
- [8] Corrected Accounting Exhibit I, Schedule 2-6, Line 3, Column (b).
- [9] Corrected Accounting Exhibit I, Schedule 2-8, Line 14, Column (b).
- [10] Column (a) plus Column (b).

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ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
FAIRWAYS WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 2(c)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [9]
1	Plant in service	\$17,877,675	(\$2,746,885) [1]	\$15,130,790
2	Accumulated depreciation	(3,728,234)	(179,059) [2]	(3,907,293)
3	Contributions in aid of construction	(8,657,705)	(54,450) [3]	(8,712,155)
4	Accumulated amortization of CIAC	3,007,447	(75,866) [4]	2,931,581
5	Acquisition adjustments	0	0	0
6	Accum. amort. of acquisition adjustments	0	0	0
7	Advances for construction	(48,030)	10,320 [5]	(37,710)
8	Net plant in service (Sum of L1 thru L7)	8,451,153	(3,045,940)	5,405,213
9	Customer deposits	(4,431)	290 [6]	(4,141)
10	Unclaimed refunds and cost-free capital	(7,339)	0	(7,339)
11	Accumulated deferred income taxes	(911,990)	19,449	(892,541)
12	Materials and supplies inventory	28,284	(834) [7]	27,450
13	Excess capacity adjustment	0	0	0
14	Working capital allowance	143,987	(16,865) [8]	127,122
15	Original cost rate base (Sum of L8 thru L14)	<u>\$7,699,664</u>	<u>(\$3,043,900)</u>	<u>\$4,655,764</u>

- [1] Corrected Accounting Exhibit I, Schedule 2-1, Line 3, Column (c).
- [2] Corrected Accounting Exhibit I, Schedule 2-2, Line 4, Column (c).
- [3] Corrected Accounting Exhibit I, Schedule 2-3, Line 1, Column (c).
- [4] Corrected Accounting Exhibit I, Schedule 2-3, Line 2, Column (c).
- [5] Corrected Accounting Exhibit I, Schedule 2-7, Line 5, Column (c).
- [6] Corrected Accounting Exhibit I, Schedule 2-5, Line 3, Column (c).
- [7] Corrected Accounting Exhibit I, Schedule 2-6, Line 3, Column (c).
- [8] Corrected Accounting Exhibit I, Schedule 2-8, Line 14, Column (c).
- [9] Column (a) plus Column (b).

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ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
FAIRWAYS SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 2(d)

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [8]
1	Plant in service	\$33,467,272	(\$6,609,611) [1]	\$26,857,661
2	Accumulated depreciation	(3,341,327)	(537,506) [2]	(3,878,833)
3	Contributions in aid of construction	(8,387,127)	(11,000) [3]	(8,398,127)
4	Accumulated amortization of CIAC	2,556,923	(70,955) [4]	2,485,968
5	Acquisition adjustments	0	0	0
6	Accum. amort. of acquisition adjustments	0	0	0
7	Advances for construction	15,000	0	15,000
8	Net plant in service (Sum of L1 thru L7)	24,310,741	(7,229,072)	17,081,669
9	Customer deposits	(92)	(5) [5]	(97)
10	Unclaimed refunds and cost-free capital	(217)	0	(217)
11	Accumulated deferred income taxes	(1,577,322)	47,681	(1,529,641)
12	Materials and supplies inventory	8,739	(258) [6]	8,481
13	Excess capacity adjustment	0	0	0
14	Working capital allowance	132,720	(10,144) [7]	122,576
15	Original cost rate base (Sum of L8 thru L14)	<u>\$22,874,569</u>	<u>(\$7,191,798)</u>	<u>\$15,682,771</u>

- [1] Corrected Accounting Exhibit I, Schedule 2-1, Line 3, Column (d).
- [2] Corrected Accounting Exhibit I, Schedule 2-2, Line 4, Column (d).
- [3] Corrected Accounting Exhibit I, Schedule 2-3, Line 1, Column (d).
- [4] Corrected Accounting Exhibit I, Schedule 2-3, Line 2, Column (d).
- [5] Corrected Accounting Exhibit I, Schedule 2-5, Line 3, Column (d).
- [6] Corrected Accounting Exhibit I, Schedule 2-6, Line 3, Column (d).
- [7] Corrected Accounting Exhibit I, Schedule 2-8, Line 14, Column (d).
- [8] Column (a) plus Column (b).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2021
BROOKWOOD WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 2(e)

Line No.	Provided by Public Staff witness Hinton. Item	Amount Per Application (a)	Public Staff Adjustments (b)	Amount Per Public Staff [10] (c)
1	Plant in service	\$51,417,574	(\$5,169,474) [1]	\$46,248,100
2	Accumulated depreciation	(9,154,708)	(325,904) [2]	(9,480,612)
3	Contributions in aid of construction	(8,010,819)	(9,190) [3]	(8,020,009)
4	Accumulated amortization of CIAC	5,970,470	(51,169) [4]	5,919,301
5	Acquisition adjustments	(31,426)	0	(31,426)
6	Accum. amort. of acquisition adjustments	28,366	76 [5]	28,442
7	Advances for construction	0	0	0
8	Net plant in service (Sum of L1 thru L7)	40,219,457	(5,555,660)	34,663,797
9	Customer deposits	(52,257)	6,925 [6]	(45,332)
10	Unclaimed refunds and cost-free capital	(132,775)	124,179 [7]	(8,596)
11	Accumulated deferred income taxes	(3,414,113)	360,655	(3,053,458)
12	Materials and supplies inventory	109,943	(3,244) [8]	106,699
13	Excess capacity adjustment	0	0	0
14	Working capital allowance	588,800	(41,508) [9]	547,292
15	Original cost rate base (Sum of L8 thru L14)	<u>\$37,319,055</u>	<u>(\$5,108,653)</u>	<u>\$32,210,402</u>

- [1] Corrected Accounting Exhibit I, Schedule 2-1, Line 3, Column (e).
- [2] Corrected Accounting Exhibit I, Schedule 2-2, Line 4, Column (e).
- [3] Corrected Accounting Exhibit I, Schedule 2-3, Line 1, Column (e).
- [4] Corrected Accounting Exhibit I, Schedule 2-3, Line 2, Column (e).
- [5] Corrected Accounting Exhibit I, Schedule 2-7, Line 11, Column (c).
- [6] Corrected Accounting Exhibit I, Schedule 2-5, Line 3, Column (e).
- [7] Based on response to Data Request 2.
- [8] Corrected Accounting Exhibit I, Schedule 2-6, Line 3, Column (e).
- [9] Corrected Accounting Exhibit I, Schedule 2-8, Line 14, Column (e).
- [10] Column (a) plus Column (b).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO PLANT IN SERVICE
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-1

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Adjustment to post test year additions	(\$20,536,176) [1]	(\$15,820,996) [1]	(\$2,795,952) [1]	(\$6,640,299) [1]	(\$5,274,239) [1]
2	Adjustment to allocate purchased vehicles	(360,182) [2]	175,662 [2]	49,067 [2]	30,688 [2]	104,765 [2]
3	Adjustment to plant in service (L1 + L2)	<u>(\$20,896,358)</u>	<u>(\$15,645,334)</u>	<u>(\$2,746,885)</u>	<u>(\$6,609,611)</u>	<u>(\$5,169,474)</u>

[1] Corrected Accounting Exhibit I, Schedule 2-1(a), Line 5.

[2] Corrected Accounting Exhibit I, Schedule 2-1(b), Line 1.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF ADJUSTMENT TO
POST TEST YEAR ADDITIONS
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-1(a)

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [2] (f)
Plant in service							
1.	Updated post test year system additions per Company	\$5,887,746 [1]	\$3,397,060 [1]	\$56,404 [1]	(\$283,325) [1]	\$796,336 [1]	\$9,854,221
2.	Updated post test year IT additions per Company	<u>(4,376,415) [1]</u>	<u>(1,229,223) [1]</u>	<u>(343,356) [1]</u>	<u>(214,741) [1]</u>	<u>(953,021) [1]</u>	<u>(7,116,756)</u>
3.	Total post test year additions per Company updates (L1 + L2)	1,511,331	2,167,837	(286,952)	(498,066)	(156,685)	2,737,465
4.	Amount per Company application	<u>22,047,507</u>	<u>17,988,833</u>	<u>2,509,000</u>	<u>6,142,233</u>	<u>5,117,554</u>	<u>53,805,127</u>
5.	Adjustment to post test year additions (L3 - L4)	<u><u>(\$20,536,176)</u></u>	<u><u>(\$15,820,996)</u></u>	<u><u>(\$2,795,952)</u></u>	<u><u>(\$6,640,299)</u></u>	<u><u>(\$5,274,239)</u></u>	<u><u>(\$51,067,662)</u></u>
Accumulated depreciation							
6.	Updated post test year system additions per Company	(184,291) [1]	(91,004) [1]	(1,143) [1]	15,634 [1]	(17,221) [1]	(278,025)
7.	Removal of SIP	711,207	199,760	55,798	34,897	154,874	1,156,537
8.	Updated post test year IT additions per Company	<u>4,232 [1]</u>	<u>1,189 [1]</u>	<u>332 [1]</u>	<u>208 [1]</u>	<u>922 [1]</u>	<u>6,883</u>
9.	Total post test year additions per Company updates (L6 + L7)	531,148	109,945	54,987	50,739	138,575	885,395
10.	Amount per Company application	<u>1,886,882</u>	<u>1,680,183</u>	<u>230,190</u>	<u>585,833</u>	<u>451,700</u>	<u>4,834,788</u>
11.	Adjustment to accumulated depreciation (L8 - L9)	<u><u>(\$1,355,734)</u></u>	<u><u>(\$1,570,238)</u></u>	<u><u>(\$175,203)</u></u>	<u><u>(\$535,094)</u></u>	<u><u>(\$313,125)</u></u>	<u><u>(\$3,949,393)</u></u>
Depreciation expense							
12.	Updated post test year system additions per Company	184,291 [1]	91,004 [1]	1,143 [1]	(15,634) [1]	17,221 [1]	278,025
13.	Updated post test year IT additions per Company	<u>(497,403) [1]</u>	<u>(139,708) [1]</u>	<u>(39,024) [1]</u>	<u>(24,407) [1]</u>	<u>(108,316) [1]</u>	<u>(808,858)</u>
14.	Total post test year additions per Company updates (L11+ L12)	(313,112)	(48,704)	(37,881)	(40,041)	(91,095)	(530,833)
15.	Amount per Company application	<u>562,849</u>	<u>318,591</u>	<u>49,009</u>	<u>96,634</u>	<u>116,923</u>	<u>1,144,006</u>
16.	Adjustment to depreciation expense (L13 - L14)	<u><u>(\$875,961)</u></u>	<u><u>(\$367,295)</u></u>	<u><u>(\$86,890)</u></u>	<u><u>(\$136,675)</u></u>	<u><u>(\$208,018)</u></u>	<u><u>(\$1,674,839)</u></u>

[1] Amount provided by the Company in response to Public Staff Data Request

[2] Sum of Columns (a) through (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO ALLOCATE VEHICLES PURCHASED
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-1(b)

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> [1] (a)	<u>Aqua Sewer</u> [1] (b)	<u>Fairways Water</u> [1] (c)	<u>Fairways Sewer</u> [1] (d)	<u>Brookwood Water</u> [1] (e)	<u>Total</u> [2] (f)
1	Adjustment to allocate purchased vehicles	<u>(\$360,182)</u>	<u>\$175,662</u>	<u>\$49,067</u>	<u>\$30,688</u>	<u>\$104,765</u>	<u>\$0</u>
2	Adjustment to allocate accumulated depreciation of purchased vehicles	<u>\$28,310</u>	<u>(\$13,807)</u>	<u>(\$3,857)</u>	<u>(\$2,412)</u>	<u>(\$8,235)</u>	<u>\$0</u>
3	Adjustment to allocate depreciation expense of purchased vehicles	<u>(28,310)</u>	<u>\$13,807</u>	<u>\$3,857</u>	<u>\$2,412</u>	<u>\$8,235</u>	<u>\$0</u>

[1] Amount provided by the Company in response to Public Staff Data Request and allocated using customer ratio from Rate Base Appendix 3.

[2] Sum of Columns (a) through (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO ACCUMULATED DEPRECIATION
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-2

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Adjustment to post test year additions	(\$1,355,734) [1]	(\$1,570,238) [1]	(\$175,203) [1]	(\$535,094) [1]	(\$313,125) [1]
2	Adjustment for vehicle allocations	28,310 [2]	(13,807) [2]	(3,857) [2]	(2,412) [2]	(8,235) [2]
3	Adjustment for WSIC/SSIC in service date	(39,066) [3]	(12,118) [3]	0	0	(4,545) [3]
4	Total Public Staff adjustment (Sum of L1 thru L3)	<u>(\$1,366,490)</u>	<u>(\$1,596,163)</u>	<u>(\$179,059)</u>	<u>(\$537,506)</u>	<u>(\$325,904)</u>

[1] Corrected Accounting Exhibit I, Schedule 2-1(a), Line 10.

[2] Corrected Accounting Exhibit I, Schedule 2-1(b), Line 2.

[3] Calculated based on adjustments to May 1, 2019 WSIC/SSIC rate application.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO CONTRIBUTIONS IN AID OF
CONSTRUCTION (CIAC), ACCUMULATED
AMORTIZATION AND AMORTIZATION EXPENSE
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-3

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
	Contributions in aid of construction					
1	Adjustment to include post test year additions	<u>(\$1,370,206)</u> [1]	<u>(\$749,771)</u> [1]	<u>(\$54,450)</u> [1]	<u>(\$11,000)</u> [1]	<u>(\$9,190)</u> [1]
	Accumulated amortization of CIAC					
2	Adjustment to update post test year additions	<u>(\$612,341)</u> [2]	<u>(\$809,475)</u> [2]	<u>(\$75,866)</u> [2]	<u>(\$70,955)</u> [2]	<u>(\$51,169)</u> [2]
	Amortization expense - CIAC					
3	Adjustment to include post test year additions	<u>(\$59,330)</u> [2]	<u>(\$17,545)</u> [2]	<u>(\$2,358)</u> [2]	<u>(\$257)</u> [2]	<u>(\$398)</u> [2]

[1] Amount provided by the Company in response to Public Staff Data Request.
[2] Calculated based on updated CIAC and amortization rates.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO ADVANCES FOR CONSTRUCTION
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-4

<u>Line No.</u>	<u>Item</u>	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Fairways Water [1] (c)	Fairways Sewer [1] (d)
1	#252050 - CAC-WIP Non Cash	(\$2,490,087)	(\$861,574)	(\$37,710)	\$15,000
2	#252080 - CAC-WIP Cash	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
3	Advances for construction per Public Staff (L1 + L2)	<u>(2,490,087)</u>	<u>(861,574)</u>	<u>(37,710)</u>	<u>15,000</u>
4	Amount per Company application	<u>(2,745,087)</u>	<u>(966,574)</u>	<u>(48,030)</u>	<u>15,000</u>
5	Adjustment to advances for construction (L3 - L4)	<u><u>\$255,000</u></u>	<u><u>\$105,000</u></u>	<u><u>\$10,320</u></u>	<u><u>\$0</u></u>

[1] Amount provided by Company in response to Public Staff Data Request.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO CUSTOMER DEPOSITS
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-5

<u>Line No.</u>	<u>Item</u>	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Fairways Water [1] (c)	Fairways Sewer [1] (d)	Brookwood Water [1] (e)
1	Amount per Company application	(218,900)	(4,938)	(4,431)	(92)	(52,257)
2	Adjustment to update customer deposit through August 31, 2022	(198,965)	(4,502)	(4,141)	(97)	(45,332)
3	Adjustment per Public Staff (L2-L1)	<u>19,935</u>	<u>\$436</u>	<u>\$290</u>	<u>(\$5)</u>	<u>\$6,925</u>

[1] Per examination of Company's financial records.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
MATERIALS AND SUPPLIES INVENTORY
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-6

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> [1] (a)	<u>Aqua Sewer</u> [1] (b)	<u>Fairways Water</u> [1] (c)	<u>Fairways Sewer</u> [1] (d)	<u>Brookwood Water</u> [1] (e)
1	Material and supplies inventory per Company application	<u>\$2,951,946</u>	<u>\$449,831</u>	<u>\$28,284</u>	<u>\$8,739</u>	<u>\$109,943</u>
2	Adjustment to materials and supplies inventory through August 31, 2022	2,864,854	436,560	27,450	8,481	106,699
3	Adjustment for materials and supplies inventory (L2-L1)	<u>(\$87,092)</u>	<u>(\$13,271)</u>	<u>(\$834)</u>	<u>(\$258)</u>	<u>(\$3,244)</u>

[1] Per examination of Company financial records.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO PLANT ACQUISITION ADJUSTMENT (PAA),
NET ACQUISITION INCENTIVE ADJUSTMENTS (AIA)
AND ACCUMULATED AMORTIZATION OF PAA AND AIA
For the Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-7

Line No.	Item	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Brookwood Water [1] (c)	Fairways Water [1] (d)	Fairways Sewer [1] (e)
1	Plant Acquisition Adjustment (PAA) and AIA per application	\$5,985,304	(\$4,002,509)	(\$31,426)	\$0	\$0
2	Adjustment to remove post test year PAA additions per application	-	-	-	-	-
3	Adjustment for post test year AIA additions through August 31, 2022	23,400	-	-	-	-
4	Adjustment for post test year PAA additions through August 31, 2022	-	-	-	-	-
5	Adjustment to PAA and AIA (Sum of L2 thru L4)	23,400	-	-	-	-
6	Plant Acquisition Adjustment PAA and AIA per Public Staff (L1 + L5)	\$6,008,704	(\$4,002,509)	(\$31,426)	\$0	\$0
7	Accumulated Amortization of PAA and AIA per application	(\$3,182,927)	\$3,357,937	\$28,366	\$0	\$0
8	Adjustment to remove post test year accumulated ammortization of PAA and AIA per application	266,663	(94,932)	229	-	-
9	Adjustment for post test year accumulated amortization of PAA per Public Staff	(125,383) [2]	71,018 [2]	(153) [2]	-	-
10	Adjustment for post test year accumulated amortization of AIA per Public Staff	(53,075) [2]	(7,845) [2]	-	-	-
11	Adjustment to accumulated amortization of PAA (Sum of L8 thru L10)	88,205	(31,759)	76	0	0
12	Accumulated Amortization of PAA and AIA per Public Staff (L7 + L11)	(\$3,094,722)	\$3,326,178	\$28,442	\$0	\$0

[1] Information provided by the Company, unless otherwise noted.

[2] Accumulated amortization calculated by the Public Staff based on CIAC amortization rate provided by the Company.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO WORKING CAPITAL
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 2-8

Line No.	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Total O&M expenses excluding Purchased water and sewer treatment	\$19,229,705 [1]	\$8,974,904 [1]	\$934,787 [1]	\$954,388 [1]	\$3,204,661 [1]
2	Cash working capital (L1 / 8)	2,403,713	1,121,863	116,848	119,299	400,583
	<u>Prepayments:</u>					
3	Unamortized tank painting	1,992,735 [2]	0	18,511 [2]	0	176,527 [2]
4	Unamortized rate case expense	71,154 [2]	20,968 [2]	5,554 [2]	3,449 [2]	15,383 [2]
5	Unamortized depreciation study	7,073 [2]	1,771 [2]	506 [2]	322 [2]	1,587 [2]
6	Unamortized repair tax credit	53,992 [2]	17,272 [2]	1,360 [2]	1,496 [2]	8,568 [2]
7	Total prepayments (Sum of L3 thru L6)	<u>2,124,954</u>	<u>40,011</u>	<u>25,931</u>	<u>5,267</u>	<u>202,065</u>
	<u>Average tax accruals:</u>					
8	Unemployment tax	(2,856) [3]	(933) [3]	(22) [3]	(42) [3]	(71) [3]
9	Regulatory fee	(12,048) [4]	(5,183) [4]	(396) [4]	(631) [4]	(1,897) [4]
10	Property tax	(293,020) [5]	(7,702) [5]	(15,239) [5]	(1,317) [5]	(53,388) [5]
11	Total tax accruals (Sum of L8 thru L10)	<u>(307,924)</u>	<u>(13,818)</u>	<u>(15,657)</u>	<u>(1,990)</u>	<u>(55,356)</u>
12	Working capital per Public Staff (L2 + L7 + L11)	4,220,743	1,148,056	127,122	122,576	547,292
13	Amount per application	<u>4,533,901</u>	<u>1,227,155</u>	<u>143,987</u>	<u>132,720</u>	<u>588,800</u>
14	Adjustment to working capital (L12 - L13)	<u>(\$313,158)</u>	<u>(\$79,099)</u>	<u>(\$16,865)</u>	<u>(\$10,144)</u>	<u>(\$41,508)</u>

[1] Public Staff recommended O&M expenses, minus purchase water and purchase sewer expenses.

[2] Based on examine of information provided by Company, updated through August 2022.

[3] Calculated by Public Staff based on adjusted level of salaries and unemployment tax rates.

[4] Amount of regulatory fees under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

[5] Amount of property taxes under present rates per Public Staff from Column (c) of Net Operating Income for Return schedule.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2021
COMBINED OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3

Line No.	Item	Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase
		(a) [1]	(b) [1]	(c) [1]	(d) [1]	(e) [1]	(f) [1]	(g) [1]
Operating Revenues:								
1	Service revenues	\$70,291,626	\$692,352	\$70,983,978	\$13,761,965	\$84,745,943	\$1,683,203	\$72,667,181
2	Total (L1 + L2)	117,653	1,039	118,692	23,715	142,407	3,874	122,566
3	Miscellaneous revenues	1,235,608	29,358	1,264,966	0	1,264,966	0	1,264,966
4	Uncollectibles	(554,419)	167,790	(386,629)	(80,933)	(467,562)	(16,860)	(403,489)
5	Total operating revenues	<u>71,090,468</u>	<u>890,539</u>	<u>71,981,007</u>	<u>13,704,747</u>	<u>85,685,754</u>	<u>1,670,217</u>	<u>73,651,224</u>
Operating Revenue Deductions:								
6	Total (L4 + L5)	12,389,737	(1,618,356)	10,771,381	0	10,771,381	0	10,771,381
7	Employee pensions and benefits	4,208,746	(1,085,807)	3,122,939	0	3,122,939	0	3,122,939
8	Purchased water / sewer treatment	3,897,762	(332,264)	3,565,498	0	3,565,498	0	3,565,498
9	Sludge removal	840,232	1,749	841,981	0	841,981	0	841,981
10	Purchased power	4,038,030	20,403	4,058,433	0	4,058,433	0	4,058,433
11	Fuel for power production	43,957	(14,626)	29,331	0	29,331	0	29,331
12	Total (L7 + L8)	1,478,946	830,693	2,309,639	0	2,309,639	0	2,309,639
13	Materials and supplies	687,832	(23,438)	664,394	0	664,394	0	664,394
14	Testing fees	1,052,960	(31,067)	1,021,893	0	1,021,893	0	1,021,893
15	Transportation	2,090,694	(514,951)	1,575,743	0	1,575,743	0	1,575,743
16	Contractual services - engineering	417	(12)	405	0	405	0	405
17	Contractual services - accounting	240,104	(48,008)	192,096	0	192,096	0	192,096
18	Contractual services - legal	356,985	(30,016)	326,969	0	326,969	0	326,969
19	Contractual services - management fees	0	0	0	0	0	0	0
20	Contractual services - other	5,368,603	(158,391)	5,210,212	0	5,210,212	0	5,210,212
21	Rent	383,455	(11,314)	372,141	0	372,141	0	372,141
22	Insurance	1,465,569	(338,176)	1,127,393	0	1,127,393	0	1,127,393
23	Advertising	0	0	0	0	0	0	0
24	Regulatory commission expense	613,482	(13,112)	600,370	0	600,370	0	600,370
25	Miscellaneous expense	1,631,520	(48,127)	1,583,393	0	1,583,393	0	1,583,393
26	Interest on customer deposits	24,820	0	24,820	0	24,820	0	24,820
27	Annualization & consumption adjustments	(4,742)	4,742	0	0	0	0	0
28	Non-recurring COVID expenses	0	(116,084)	(116,084)	0	(116,084)	0	(116,084)
29	Contra-OH Allocations	(2,105,886)	1,686,881	(419,005)	0	(419,005)	0	(419,005)
30	Total O&M and G&A expense	<u>38,703,223</u>	<u>(1,839,279)</u>	<u>36,863,944</u>	<u>0</u>	<u>36,863,944</u>	<u>0</u>	<u>36,863,944</u>
31	Depreciation and amortization expense	13,846,918	(1,775,925)	12,070,993	0	12,070,993	0	12,070,993
32	Property taxes	741,331	0	741,331	0	741,331	0	741,331
33	Payroll taxes	1,086,682	(310,226)	776,456	0	776,456	0	776,456
34	Other taxes	283,108	0	283,108	0	283,108	0	283,108
35	Benefit costs - Pension	(28,314)	0	(28,314)	0	(28,314)	0	(28,314)
36	Regulatory fee	99,305	1,469	100,774	19,187	119,961	2,339	103,113
37	Deferred income tax (EDIT)	0	(121,272)	(121,272)	0	(121,272)	0	(121,272)
38	State income tax	575,721	(186,405)	389,316	342,138	731,454	41,696	431,012
39	Federal income tax	4,715,159	(1,526,667)	3,188,492	2,802,117	5,990,609	341,497	3,529,989
40	Operating Revenues:	<u>60,023,133</u>	<u>(5,758,305)</u>	<u>54,264,828</u>	<u>3,163,442</u>	<u>57,428,270</u>	<u>385,532</u>	<u>54,650,360</u>
41	Service revenues							
	Total (L1 + L2)	<u>\$11,067,335</u>	<u>\$6,648,844</u>	<u>\$17,716,179</u>	<u>\$10,541,305</u>	<u>\$28,257,484</u>	<u>\$1,284,685</u>	<u>\$19,000,864</u>
	Miscellaneous revenues							
	Uncollectibles							
[1]	Total operating revenues							

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2021
AQUA WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3(a)
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Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Application	Public Staff Adjustments [1]	Amount Per Public Staff [18]	Net Company Increase [19]	Operations After Rate Increase [20]	Net Public Staff Increase [23]	Operations After Rate Increase [24]		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
Operating Revenues:										
1	Service revenues	\$41,727,242	\$638,038 [2]	\$42,365,280	\$7,229,320	\$49,594,600 [2]	\$496,117	\$42,861,397 [25]		
2	Late payment fees	69,178	1,059 [3]	70,237	11,986	82,223 [3]	823	71,060 [3]		
3	Miscellaneous revenues	752,131	29,358 [4]	781,488	0	781,488	0	781,488		
4	Uncollectibles	(357,571)	167,808 [3]	(189,763)	(32,382)	(222,145) [3]	(2,222)	(191,985) [3]		
5	Total operating revenues (Sum of L1 thru L4)	42,190,980	836,262	43,027,242	7,208,924	50,236,166	494,718	43,521,960		
Operating Revenue Deductions:										
6	Salaries and wages	8,261,575	(1,120,698) [5]	7,140,877	0	7,140,877	0	7,140,877		
7	Employee pensions and benefits	2,880,426	(812,613) [5]	2,067,813	0	2,067,813	0	2,067,813		
8	Purchased water	2,679,188	(167,914) [6]	2,511,274	0	2,511,274	0	2,511,274		
9	Purchased power	2,426,141	9,339 [6]	2,435,480	0	2,435,480	0	2,435,480		
10	Fuel for power production	1,754	(1,150) [6]	604	0	604	0	604		
11	Chemicals	489,754	296,827 [6]	786,581	0	786,581	0	786,581		
12	Materials and supplies	491,362	(14,499) [5]	476,863	0	476,863	0	476,863		
13	Testing fees	714,295	(21,074) [6]	693,221	0	693,221	0	693,221		
14	Transportation	1,455,375	(359,100) [6]	1,096,275	0	1,096,275	0	1,096,275		
15	Contractual services - engineering	417	(12) [7]	405	0	405	0	405		
16	Contractual services - accounting	147,827	(29,528) [8]	118,299	0	118,299	0	118,299		
17	Contractual services - legal	175,759	(11,884) [9]	163,875	0	163,875	0	163,875		
18	Contractual services - management fees	0	0	0	0	0	0	0		
19	Contractual services - other	2,368,777	(69,884) [10]	2,298,893	0	2,298,893	0	2,298,893		
20	Rent	263,096	(7,762) [5]	255,334	0	255,334	0	255,334		
21	Insurance	964,057	(275,536) [5]	688,521	0	688,521	0	688,521		
22	Advertising	0	0	0	0	0	0	0		
23	Regulatory commission expense	381,034	(14,376)	366,658 [11]	0	366,658	0	366,658		
24	Miscellaneous expense	1,035,753	(30,553) [5]	1,005,200	0	1,005,200	0	1,005,200		
25	Interest on customer deposits	19,080	0	19,080	0	19,080	0	19,080		
26	Annualization & consumption adjustments	(73,159)	73,159 [6]	0	0	0	0	0		
27	Non-recurring COVID expenses	0	(76,993) [12]	(76,993)	0	(76,993)	0	(76,993)		
28	Contra-OH Allocations	(1,633,450)	1,326,170 [13]	(307,280)	0	(307,280)	0	(307,280)		
29	Total O&M and G&A expense	23,049,061	(1,308,082)	21,740,979	0	21,740,979	0	21,740,979		
30	Depreciation and amortization expense	8,480,202	(984,799) [14]	7,495,403	0	7,495,403	0	7,495,403		
31	Property taxes	586,039	0	586,039	0	586,039	0	586,039		
32	Payroll taxes	742,787	(228,644) [5]	514,143	0	514,143	0	514,143		
33	Other taxes	174,357	0	174,357	0	174,357	0	174,357		
34	Benefit costs - Pension	(17,445)	0	(17,445)	0	(17,445)	0	(17,445)		
35	Regulatory fee	54,246	5,992	60,238 [15]	10,093	70,331 [15]	693	60,931 [15]		
36	Deferred income tax	0	(74,576) [5]	(74,576)	0	(74,576) [5]	0	(74,576) [5]		
37	State income tax	314,211	(81,903)	232,308 [16]	179,970	412,278 [21]	12,350	244,658 [26]		
38	Federal income tax	2,573,388	(670,788)	1,902,600 [17]	1,473,960	3,376,560 [22]	101,151	2,003,751 [27]		
39	Total operating revenue deductions (Sum of L29 thru L38)	35,956,845	(3,342,799)	32,614,046	1,664,023	34,278,069	114,194	32,728,240		
40	Net operating income for return (L5 - L39)	\$6,234,135	\$4,179,061	\$10,413,197	\$5,544,901	\$15,958,098	\$380,524	\$10,793,721		

Aqua North Carolina, Inc.
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NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2021
AQUA SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3(b)
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Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Application	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
1	Operating Revenues:									
2	Service revenues	\$18,397,181	\$131,140 [2]	\$18,528,321	\$2,907,047	\$21,435,368	(\$117,361)	\$18,410,960 [23]		
3	Late payment fees	20,488	147 [3]	20,635	3,238	23,873 [3]	(131)	20,504 [3]		
4	Miscellaneous revenues	22,331	0	22,331	0	22,331	0	22,331		
4	Uncollectibles	(61,113)	(505) [3]	(61,618)	(9,667)	(71,285) [3]	391	(61,227) [3]		
5	Total operating revenues	18,378,887	130,782	18,509,669	2,900,618	21,410,287	(117,101)	18,392,568		
6	Operating Revenue Deductions:									
6	Salaries and wages	2,640,569	(308,706) [4]	2,331,863	0	2,331,863	0	2,331,863		
7	Employee pensions and benefits	848,387	(167,958) [4]	680,429	0	680,429	0	680,429		
8	Purchased sewer treatment	896,578	(161,774) [5]	734,804	0	734,804	0	734,804		
9	Sludge removal	667,903	(13,069) [5]	654,834	0	654,834	0	654,834		
10	Purchased power	1,115,877	22,958 [5]	1,138,835	0	1,138,835	0	1,138,835		
11	Fuel for power production	40,855	(13,947) [5]	26,908	0	26,908	0	26,908		
12	Chemicals	613,724	328,266 [5]	941,990	0	941,990	0	941,990		
13	Materials and supplies	132,819	(3,919) [4]	128,900	0	128,900	0	128,900		
14	Testing fees	233,369	(6,886) [5]	226,483	0	226,483	0	226,483		
15	Transportation	424,078	(106,575) [5]	317,503	0	317,503	0	317,503		
16	Contractual services - engineering	0	0	0	0	0	0	0		
17	Contractual services - accounting	41,009	(8,277) [6]	32,732	0	32,732	0	32,732		
18	Contractual services - legal	121,434	(5,245) [7]	116,189	0	116,189	0	116,189		
19	Contractual services - management fees	0	0	0	0	0	0	0		
20	Contractual services - other	1,822,192	(53,763) [8]	1,768,429	0	1,768,429	0	1,768,429		
21	Rent	58,848	(1,737) [4]	57,111	0	57,111	0	57,111		
22	Insurance	278,916	(76,024) [4]	202,892	0	202,892	0	202,892		
23	Advertising	0	0	0	0	0	0	0		
24	Regulatory commission expense	100,611	7,435	108,046 [9]	0	108,046	0	108,046		
25	Miscellaneous expense	341,787	(10,084) [4]	331,703	0	331,703	0	331,703		
26	Interest on customer deposits	419	0	419	0	419	0	419		
27	Annualization & consumption adjustments	69,624	(69,624) [5]	0	0	0	0	0		
28	Non-recurring COVID expenses	0	(17,741) [10]	(17,741)	0	(17,741)	0	(17,741)		
29	Contra-OH Allocations	(283,235)	210,613 [11]	(72,622)	0	(72,622)	0	(72,622)		
30	Total O&M and G&A expense (Sum of L6 thru L29)	10,165,764	(456,056)	9,709,708	0	9,709,708	0	9,709,708		
31	Depreciation and amortization expense	3,176,269	(371,033) [12]	2,805,236	0	2,805,236	0	2,805,236		
32	Property taxes	15,405	0	15,405	0	15,405	0	15,405		
33	Payroll taxes	220,186	(49,960) [4]	170,226	0	170,226	0	170,226		
34	Other taxes	48,289	0	48,289	0	48,289	0	48,289		
35	Benefit costs - Pension	(4,819)	0	(4,819)	0	(4,819)	0	(4,819)		
36	Regulatory fee	27,709	(1,795)	25,914 [13]	4,060	29,974 [13]	(164)	25,750 [13]		
37	Deferred income tax	0	(20,946) [4]	(20,946)	0	(20,946) [4]	0	(20,946) [4]		
38	State income tax	145,994	(36,896)	109,098 [14]	72,414	181,512 [19]	(2,923)	106,175 [24]		
39	Federal income tax	1,195,693	(302,180)	893,513 [15]	593,070	1,486,583 [20]	(23,943)	869,570 [25]		
40	Total operating revenue deductions (Sum of L30 thru L39)	14,990,490	(1,238,867)	13,751,623	669,544	14,421,167	(27,030)	13,724,593		
41	Net operating income for return (L5 - L40)	\$3,388,397	\$1,369,649	\$4,758,046	\$2,231,074	\$6,989,120	(\$90,071)	\$4,667,975		

Aqua North Carolina, Inc.
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NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2021
FAIRWAYS WATER OPERATIONS

Second Corrected Accounting Exhibit I
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Line No.		Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [16] (c)	Net Company Increase [17] (d)	Operations After Rate Increase [18] (e)	Net Public Staff Increase [21] (f)	Operations After Rate Increase [22] (g)
1	Operating Revenues:							
1	Service revenues	\$1,343,704	(\$24,470) [2]	\$1,319,234	\$567,551	\$1,886,785	\$101,305	\$1,420,539 [23]
2	Late payment fees	2,228	(41) [3]	2,187	941	3,128 [3]	168	2,355 [3]
3	Miscellaneous revenues	99,955	0	99,955	0	99,955	0	99,955
4	Uncollectibles	(6,236)	327 [3]	(5,909)	(2,542)	(8,451) [3]	(454)	(6,363) [3]
5	Total operating revenues	<u>1,439,651</u>	<u>(24,184)</u>	<u>1,415,467</u>	<u>565,950</u>	<u>1,981,417</u>	<u>101,019</u>	<u>1,516,486</u>
	Operating Revenue Deductions:							
6	Salaries and wages	344,194	(44,677) [4]	299,517	0	299,517	0	299,517
7	Employee pensions and benefits	109,950	(24,308) [4]	85,642	0	85,642	0	85,642
8	Purchased water	329	(329) [5]	0	0	0	0	0
9	Purchased power	92,920	(3,760) [5]	89,160	0	89,160	0	89,160
10	Fuel for power production	0	951 [5]	951	0	951	0	951
11	Chemicals	29,896	25,018 [5]	54,914	0	54,914	0	54,914
12	Materials and supplies	18,177	(537) [4]	17,640	0	17,640	0	17,640
13	Testing fees	21,985	(649) [5]	21,336	0	21,336	0	21,336
14	Transportation	46,879	(11,436) [5]	35,443	0	35,443	0	35,443
15	Contractual services - engineering	0	0	0	0	0	0	0
16	Contractual services - accounting	11,479	(2,311) [6]	9,168	0	9,168	0	9,168
17	Contractual services - legal	13,257	(2,354) [7]	10,903	0	10,903	0	10,903
18	Contractual services - management fees	0	0	0	0	0	0	0
19	Contractual services - other	175,369	(5,172) [8]	170,197	0	170,197	0	170,197
20	Rent	18,925	(558) [4]	18,367	0	18,367	0	18,367
21	Insurance	50,511	3,236 [4]	53,747	0	53,747	0	53,747
22	Advertising	0	0	0	0	0	0	0
23	Regulatory commission expense	29,079	(457)	28,622 [9]	0	28,622	0	28,622
24	Miscellaneous expense	52,737	(1,554) [4]	51,183	0	51,183	0	51,183
25	Interest on customer deposits	395	0	395	0	395	0	395
26	Annualization & consumption adjustments	(2,736)	2,736 [5]	0	0	0	0	0
27	Non-recurring COVID expenses	0	(4,203) [10]	(4,203)	0	(4,203)	0	(4,203)
28	Contra-OH Allocations	(43,937)	35,743 [11]	(8,194)	0	(8,194)	0	(8,194)
29	Total O&M and G&A expense (Sum of L6 thru L28)	<u>969,409</u>	<u>(34,622)</u>	<u>934,787</u>	<u>0</u>	<u>934,787</u>	<u>0</u>	<u>934,787</u>
30	Depreciation and amortization expense	229,011	(85,391) [12]	143,620	0	143,620	0	143,620
31	Property taxes	30,479	0	30,479	0	30,479	0	30,479
32	Payroll taxes	28,302	(6,926) [4]	21,376	0	21,376	0	21,376
33	Other taxes	13,519	0	13,519	0	13,519	0	13,519
34	Benefit costs - Pension	(1,351)	0	(1,351)	0	(1,351)	0	(1,351)
35	Regulatory fee	1,747	235	1,982 [13]	792	2,774 [13]	141	2,123 [13]
36	Deferred income tax	0	(5,851) [4]	(5,851)	0	(5,851) [4]	0	(5,851) [4]
37	State income tax	14,795	(10,329)	4,466 [14]	14,129	18,595 [19]	2,522	6,988 [24]
38	Federal income tax	121,172	(84,596)	36,576 [15]	115,716	152,292 [20]	20,655	57,231 [25]
39	Total operating revenue deductions (Sum of L29 thru L38)	<u>1,407,083</u>	<u>(227,480)</u>	<u>1,179,603</u>	<u>130,637</u>	<u>1,310,240</u>	<u>23,318</u>	<u>1,202,921</u>
40	Net operating income for return (L5 - L39)	<u>\$32,568</u>	<u>\$203,296</u>	<u>\$235,864</u>	<u>\$435,313</u>	<u>\$671,177</u>	<u>\$77,701</u>	<u>\$313,565</u>

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
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For The Test Year Ended December 31, 2021
FAIRWAYS SEWER OPERATIONS

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Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application	Public Staff Adjustments [1]	Amount Per Public Staff [16]	Net Company Increase [17]	Operations After Rate Increase [18]	Net Public Staff Increase [21]	Operations After Rate Increase [22]	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Operating Revenues:									
1	Service revenues	\$2,284,643	(\$24,577) [2]	\$2,260,066	\$1,356,827	\$3,616,893	\$515,816	\$2,775,882 [23]	
2	Late payment fees	2,544	(27) [3]	2,517	1,511	4,028 [3]	574	3,091 [3]	
3	Miscellaneous revenues	40	0	40	0	40	0	40	
4	Uncollectibles	(7,589)	73 [3]	(7,516)	(4,512)	(12,028) [3]	(1,715)	(9,231) [3]	
5	Total operating revenues (Sum of L1 thru L4)	2,279,638	(24,531)	2,255,107	1,353,826	3,608,933	514,675	2,769,782	
Operating Revenue Deductions:									
6	Salaries and wages	239,315	(30,920) [4]	208,395	0	208,395	0	208,395	
7	Employee pensions and benefits	80,725	(19,926) [4]	60,799	0	60,799	0	60,799	
8	Purchased sewer treatment	8,920	(1,242) [5]	7,678	0	7,678	0	7,678	
9	Sludge removal	172,329	14,818 [5]	187,147	0	187,147	0	187,147	
10	Purchased power	121,678	1,724 [5]	123,402	0	123,402	0	123,402	
11	Fuel for power production	0	353 [5]	353	0	353	0	353	
12	Chemicals	36,972	20,137 [5]	57,109	0	57,109	0	57,109	
13	Materials and supplies	16,823	(496) [4]	16,327	0	16,327	0	16,327	
14	Testing fees	13,165	(389) [5]	12,776	0	12,776	0	12,776	
15	Transportation	35,742	(8,853) [5]	26,889	0	26,889	0	26,889	
16	Contractual services - engineering	0	0	0	0	0	0	0	
17	Contractual services - accounting	7,181	(1,449) [6]	5,732	0	5,732	0	5,732	
18	Contractual services - legal	8,601	(1,058) [7]	7,543	0	7,543	0	7,543	
19	Contractual services - management fees	0	0	0	0	0	0	0	
20	Contractual services - other	161,338	(4,760) [8]	156,578	0	156,578	0	156,578	
21	Rent	11,842	(350) [4]	11,492	0	11,492	0	11,492	
22	Insurance	34,212	(833) [4]	33,379	0	33,379	0	33,379	
23	Advertising	0	0	0	0	0	0	0	
24	Regulatory commission expense	18,527	(752)	17,775 [9]	0	17,775	0	17,775	
25	Miscellaneous expense	42,818	(1,261) [4]	41,557	0	41,557	0	41,557	
26	Interest on customer deposits	7	0	7	0	7	0	7	
27	Annualization & consumption adjustments	7,582	(7,582) [5]	0	0	0	0	0	
28	Non-recurring COVID expenses	0	(2,621) [10]	(2,621)	0	(2,621)	0	(2,621)	
29	Contra-OH Allocations	(36,850)	26,598 [11]	(10,252)	0	(10,252)	0	(10,252)	
30	Total O&M and G&A expense (Sum of L6 thru L29)	980,927	(18,861)	962,066	0	962,066	0	962,066	
31	Depreciation and amortization expense	639,423	(134,520) [12]	504,903	0	504,903	0	504,903	
32	Property taxes	2,634	0	2,634	0	2,634	0	2,634	
33	Payroll taxes	21,216	(6,212) [4]	15,004	0	15,004	0	15,004	
34	Other taxes	8,461	0	8,461	0	8,461	0	8,461	
35	Benefit costs - Pension	(846)	0	(846)	0	(846)	0	(846)	
36	Regulatory fee	4,758	(1,601)	3,157 [13]	1,896	5,053 [13]	721	3,878 [13]	
37	Deferred income tax	0	(3,659) [4]	(3,659)	0	(3,659) [4]	0	(3,659) [4]	
38	State income tax	38,314	(27,103)	11,211 [14]	33,798	45,009 [19]	12,848	24,059 [24]	
39	Federal income tax	313,791	(221,976)	91,815 [15]	276,808	368,623 [20]	105,232	197,047 [25]	
40	Total operating revenue deductions (Sum of L30 thru L39)	2,008,677	(413,930)	1,594,746	312,502	1,907,248	118,801	1,713,547	
41	Net operating income for return (L5 - L40)	\$270,961	\$389,399	\$660,360	\$1,041,324	\$1,701,684	\$395,874	\$1,056,234	

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2021
BROOKWOOD WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3(e)
Page 1 of 2

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Mar 29 2023

Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates	
		Amount Per Application	Public Staff Adjustments [1]	Amount Per Public Staff [16]	Net Company Increase [17]	Operations After Rate Increase [18]	Net Public Staff Increase [21]	Operations After Rate Increase [22]	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Operating Revenues:									
1	Service revenues	\$6,538,856	(\$27,779) [2]	\$6,511,077	\$1,701,220	\$8,212,297	\$687,326	\$7,198,403 [23]	
2	Late payment fees	23,214	(98) [3]	23,116	6,039	29,155 [3]	2,440	25,556 [3]	
3	Miscellaneous revenues	361,152	0	361,152	0	361,152	0	361,152	
4	Uncollectibles	(121,910)	87 [3]	(121,823)	(31,830)	(153,653) [3]	(12,860)	(134,683) [3]	
5	Total operating revenues (Sum of L1 thru L4)	<u>6,801,312</u>	<u>(27,790)</u>	<u>6,773,522</u>	<u>1,675,429</u>	<u>8,448,951</u>	<u>676,906</u>	<u>7,450,428</u>	
Operating Revenue Deductions:									
6	Salaries and wages	904,084	(113,355) [4]	790,729	0	790,729	0	790,729	
7	Employee pensions and benefits	289,258	(61,004) [4]	228,254	0	228,254	0	228,254	
8	Purchased water	312,747	(1,005) [5]	311,742	0	311,742	0	311,742	
9	Purchased power	281,414	(9,859) [5]	271,555	0	271,555	0	271,555	
10	Fuel for power production	1,348	(833) [5]	515	0	515	0	515	
11	Chemicals	308,600	160,446 [5]	469,046	0	469,046	0	469,046	
12	Materials and supplies	28,651	(3,987) [4]	24,664	0	24,664	0	24,664	
13	Testing fees	70,146	(2,069) [5]	68,077	0	68,077	0	68,077	
14	Transportation	128,620	(28,987) [5]	99,633	0	99,633	0	99,633	
15	Contractual services - engineering	0	0	0	0	0	0	0	
16	Contractual services - accounting	32,608	(6,442) [6]	26,166	0	26,166	0	26,166	
17	Contractual services - legal	37,934	(9,475) [7]	28,459	0	28,459	0	28,459	
18	Contractual services - management fees	0	0	0	0	0	0	0	
19	Contractual services - other	840,927	(24,812) [8]	816,115	0	816,115	0	816,115	
20	Rent	30,744	(907) [4]	29,837	0	29,837	0	29,837	
21	Insurance	137,873	10,981 [4]	148,854	0	148,854	0	148,854	
22	Advertising	0	0	0	0	0	0	0	
23	Regulatory commission expense	84,231	(4,962)	79,269 [9]	0	79,269	0	79,269	
24	Miscellaneous expense	158,425	(4,675) [4]	153,750	0	153,750	0	153,750	
25	Interest on customer deposits	4,919	0	4,919	0	4,919	0	4,919	
26	Annualization & consumption adjustments	(6,053)	6,053 [5]	0	0	0	0	0	
27	Non-recurring COVID expenses	0	(14,526) [10]	(14,526)	0	(14,526)	0	(14,526)	
28	Contra-OH Allocations	(108,414)	87,758 [11]	(20,656)	0	(20,656)	0	(20,656)	
29	Total O&M and G&A expense (Sum of L6 thru L28)	<u>3,538,062</u>	<u>(21,659)</u>	<u>3,516,403</u>	<u>0</u>	<u>3,516,403</u>	<u>0</u>	<u>3,516,403</u>	
30	Depreciation and amortization expense	1,322,013	(200,181) [12]	1,121,832	0	1,121,832	0	1,121,832	
31	Property taxes	106,775	0	106,775	0	106,775	0	106,775	
32	Payroll taxes	74,191	(18,484) [4]	55,707	0	55,707	0	55,707	
33	Other taxes	38,482	0	38,482	0	38,482	0	38,482	
34	Benefit costs - Pension	(3,853)	0	(3,853)	0	(3,853)	0	(3,853)	
35	Regulatory fee	10,845	(1,362)	9,483 [13]	2,346	11,829 [13]	948	10,431 [13]	
36	Deferred income tax	0	(16,240) [4]	(16,240)	0	(16,240) [4]	0	(16,240) [4]	
37	State income tax	62,407	(30,174)	32,233 [14]	41,827	74,060 [19]	16,899	49,132 [24]	
38	Federal income tax	511,116	(247,128)	263,988 [15]	342,563	606,551 [20]	138,402	402,390 [25]	
39	Total operating revenue deductions (Sum of L29 thru L38)	<u>5,660,039</u>	<u>(535,229)</u>	<u>5,124,810</u>	<u>386,736</u>	<u>5,511,546</u>	<u>156,249</u>	<u>5,281,059</u>	
40	Net operating income for return (L5 - L39)	<u>\$1,141,273</u>	<u>\$507,439</u>	<u>\$1,648,712</u>	<u>\$1,288,693</u>	<u>\$2,937,405</u>	<u>\$520,657</u>	<u>\$2,169,369</u>	

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
FOOTNOTES TO SCHEDULE 3(a)
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3(a)
Page 2 of 2

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Engineer Darden.
- [3] Calculated by applying the Company's rates with the Public Staff's amount.
- [4] Corrected Accounting Exhibit I, Schedule 3-1, Line 4, Column (a).
- [5] Calculated by Public Staff Accounting.
- [6] Provided by Public Staff Engineer.
- [7] Corrected Accounting Exhibit I, Schedule 3-7, Line 3, Column (a).
- [8] Corrected Accounting Exhibit I, Schedule 3-8, Line 11, Column (a).
- [9] Corrected Accounting Exhibit I, Schedule 3-9, Line 6, Column (a).
- [10] Corrected Accounting Exhibit I, Schedule 3-10, Line 2, Column (a).
- [11] Corrected Accounting Exhibit I, Schedule 3-12, Line 17, Column (d).
- [12] Corrected Accounting Exhibit I, Schedule 3-13, Line 12, Column (a).
- [13] Corrected Accounting Exhibit I, Schedule 3-14, Line 8, Column (a).
- [14] Corrected Accounting Exhibit I, Schedule 3-15, Line 8, Column (a).
- [15] Line 5 x 0.14%.
- [16] Corrected Accounting Exhibit I, Schedule 3-16(a), Line 13, Column (a).
- [17] Corrected Accounting Exhibit I, Schedule 3-16(a), Line 15, Column (a).
- [18] Column (a) minus Column (b), unless otherwise footnoted.
- [19] Column (e) minus Column (c), unless otherwise footnoted.
- [20] Column (c) plus Column (d), unless otherwise footnoted.
- [21] Corrected Accounting Exhibit I, Schedule 3-16(a), Line 13, Column (b).
- [22] Corrected Accounting Exhibit I, Schedule 3-16(a), Line 15, Column (b).
- [23] Column (g) minus Column (c), unless otherwise footnoted.
- [24] Column (c) plus Column (f), unless otherwise footnoted.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Corrected Accounting Exhibit I, Schedule 3-16(a), Line 13, Column (c).
- [27] Corrected Accounting Exhibit I, Schedule 3-16(a), Line 15, Column (c).

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
FOOTNOTES TO SCHEDULE 3(b)
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3(b)
Page 2 of 2

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Engineer Darden.
- [3] Calculated by applying the Company's rates with the Public Staff's amount.
- [4] Calculated by Public Staff Accounting.
- [5] Provided by Public Staff Engineer.
- [6] Corrected Accounting Exhibit I, Schedule 3-8, Line 11, Column (b).
- [7] Corrected Accounting Exhibit I, Schedule 3-9, Line 6, Column (b).
- [8] Corrected Accounting Exhibit I, Schedule 3-10, Line 2, Column (b).
- [9] Corrected Accounting Exhibit I, Schedule 3-12, Line 17, Column (e).
- [10] Corrected Accounting Exhibit I, Schedule 3-13, Line 12, Column (b).
- [11] Corrected Accounting Exhibit I, Schedule 3-14, Line 8, Column (b).
- [12] Corrected Accounting Exhibit I, Schedule 3-15, Line 8, Column (b).
- [13] Line 5 x 0.14%.
- [14] Corrected Accounting Exhibit I, Schedule 3-16(b), Line 13, Column (a).
- [15] Corrected Accounting Exhibit I, Schedule 3-16(b), Line 15, Column (a).
- [16] Column (a) minus Column (b), unless otherwise footnoted.
- [17] Column (e) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (d), unless otherwise footnoted.
- [19] Corrected Accounting Exhibit I, Schedule 3-16(b), Line 13, Column (b).
- [20] Corrected Accounting Exhibit I, Schedule 3-16(b), Line 15, Column (b).
- [21] Column (g) minus Column (c), unless otherwise footnoted.
- [22] Column (c) plus Column (f), unless otherwise footnoted.
- [23] Revenue requirement as calculated by the Public Staff.
- [24] Corrected Accounting Exhibit I, Schedule 3-16(b), Line 13, Column (c).
- [25] Corrected Accounting Exhibit I, Schedule 3-16(b), Line 15, Column (c).

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
FOOTNOTES TO SCHEDULE 3(c)
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3(c)
Page 2 of 2

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Engineer Darden.
- [3] Calculated by applying the Company's rates with the Public Staff's amount.
- [4] Calculated by Public Staff Accounting.
- [5] Provided by Public Staff Engineer.
- [6] Corrected Accounting Exhibit I, Schedule 3-8, Line 11, Column (c).
- [7] Corrected Accounting Exhibit I, Schedule 3-9, Line 6, Column (c).
- [8] Corrected Accounting Exhibit I, Schedule 3-10, Line 2, Column (c).
- [9] Corrected Accounting Exhibit I, Schedule 3-12, Line 17, Column (f).
- [10] Corrected Accounting Exhibit I, Schedule 3-13, Line 12, Column (c).
- [11] Corrected Accounting Exhibit I, Schedule 3-14, Line 8, Column (c).
- [12] Corrected Accounting Exhibit I, Schedule 3-15, Line 8, Column (c).
- [13] Line 5 x 0.14%.
- [14] Corrected Accounting Exhibit I, Schedule 3-16(c), Line 13, Column (a).
- [15] Corrected Accounting Exhibit I, Schedule 3-16(c), Line 15, Column (a).
- [16] Column (a) minus Column (b), unless otherwise footnoted.
- [17] Column (e) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (d), unless otherwise footnoted.
- [19] Corrected Accounting Exhibit I, Schedule 3-16(c), Line 13, Column (b).
- [20] Corrected Accounting Exhibit I, Schedule 3-16(c), Line 15, Column (b).
- [21] Column (g) minus Column (c), unless otherwise footnoted.
- [22] Column (c) plus Column (f), unless otherwise footnoted.
- [23] Revenue requirement as calculated by the Public Staff.
- [24] Corrected Accounting Exhibit I, Schedule 3-16(c), Line 13, Column (c).
- [25] Corrected Accounting Exhibit I, Schedule 3-16(c), Line 15, Column (c).

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
FOOTNOTES TO SCHEDULE 3(d)
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3(d)
Page 2 of 2

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Engineer Darden.
- [3] Calculated by applying the Company's rates with the Public Staff's amount.
- [4] Calculated by Public Staff Accounting.
- [5] Provided by Public Staff Engineer.
- [6] Corrected Accounting Exhibit I, Schedule 3-8, Line 11, Column (d).
- [7] Corrected Accounting Exhibit I, Schedule 3-9, Line 6, Column (d).
- [8] Corrected Accounting Exhibit I, Schedule 3-10, Line 2, Column (d).
- [9] Corrected Accounting Exhibit I, Schedule 3-12, Line 17, Column (g).
- [10] Corrected Accounting Exhibit I, Schedule 3-13, Line 12, Column (d).
- [11] Corrected Accounting Exhibit I, Schedule 3-14, Line 8, Column (d).
- [12] Corrected Accounting Exhibit I, Schedule 3-15, Line 8, Column (d).
- [13] Line 5 x 0.14%.
- [14] Corrected Accounting Exhibit I, Schedule 3-16(d), Line 13, Column (a).
- [15] Corrected Accounting Exhibit I, Schedule 3-16(d), Line 15, Column (a).
- [16] Column (a) minus Column (b), unless otherwise footnoted.
- [17] Column (e) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (d), unless otherwise footnoted.
- [19] Corrected Accounting Exhibit I, Schedule 3-16(d), Line 13, Column (b).
- [20] Corrected Accounting Exhibit I, Schedule 3-16(d), Line 15, Column (b).
- [21] Column (g) minus Column (c), unless otherwise footnoted.
- [22] Column (c) plus Column (f), unless otherwise footnoted.
- [23] Revenue requirement as calculated by the Public Staff.
- [24] Corrected Accounting Exhibit I, Schedule 3-16(d), Line 13, Column (c).
- [25] Corrected Accounting Exhibit I, Schedule 3-16(d), Line 15, Column (c).

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
FOOTNOTES TO SCHEDULE 3(e)
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3(e)
Page 2 of 2

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Engineer Darden.
- [3] Calculated by applying the Company's rates with the Public Staff's amount.
- [4] Calculated by Public Staff Accounting.
- [5] Provided by Public Staff Engineer.
- [6] Corrected Accounting Exhibit I, Schedule 3-8, Line 11, Column (e).
- [7] Corrected Accounting Exhibit I, Schedule 3-9, Line 6, Column (e).
- [8] Corrected Accounting Exhibit I, Schedule 3-10, Line 2, Column (e).
- [9] Corrected Accounting Exhibit I, Schedule 3-12, Line 17, Column (h).
- [10] Corrected Accounting Exhibit I, Schedule 3-13, Line 12, Column (e).
- [11] Corrected Accounting Exhibit I, Schedule 3-14, Line 8, Column (e).
- [12] Corrected Accounting Exhibit I, Schedule 3-15, Line 8, Column (e).
- [13] Line 5 x 0.14%.
- [14] Corrected Accounting Exhibit I, Schedule 3-16(e), Line 13, Column (a).
- [15] Corrected Accounting Exhibit I, Schedule 3-16(e), Line 15, Column (a).
- [16] Column (a) minus Column (b), unless otherwise footnoted.
- [17] Column (e) minus Column (c), unless otherwise footnoted.
- [18] Column (c) plus Column (d), unless otherwise footnoted.
- [19] Corrected Accounting Exhibit I, Schedule 3-16(e), Line 13, Column (b).
- [20] Corrected Accounting Exhibit I, Schedule 3-16(e), Line 15, Column (b).
- [21] Column (g) minus Column (c), unless otherwise footnoted.
- [22] Column (c) plus Column (f), unless otherwise footnoted.
- [23] Revenue requirement as calculated by the Public Staff.
- [24] Corrected Accounting Exhibit I, Schedule 3-16(e), Line 13, Column (c).
- [25] Corrected Accounting Exhibit I, Schedule 3-16(e), Line 15, Column (c).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-1

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Adjustment to remove Oaks at Hunter Hill and Shepherds Way in Nash County	14,345 [1]	0	0	0	0
2	Adjustment to remove Lakewood in Gaston County	5,004 [1]	0	0	0	0
3	Adjustment to remove NorthGate in Wake County	<u>10,008 [1]</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4	Adjustment to miscellaneous revenues (Sum of L1 thru L3)	<u><u>\$29,358</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

[1] Recommended by Public Staff engineer.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
PURCHASED WATER AND SEWER
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-2

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [3]
1	Amount per Company application	\$2,679,188 [1]	\$896,578 [1]	\$329 [1]	\$8,920 [1]	\$312,747 [1]	3,897,762
2	Adjustment to remove proforma increase	(116,838) [1]	(26,452) [1]	(10) [1]	(263) [1]	(9,227) [1]	(152,790)
3	Adjustment to purchased water and sewer through August 31, 2022	(51,076) [2]	(135,322) [2]	(319) [2]	(979) [2]	8,222 [2]	(179,474)
4	Total adjustment to purchased water and sewer through August 31, 2022 (L2 + L3)	<u>(167,914)</u>	<u>(161,774)</u>	<u>(329)</u>	<u>(1,242)</u>	<u>(1,005)</u>	(332,264)
5	Adjustment to purchased water and sewer per Public Staff (L1 + L4)	<u>\$2,511,274</u>	<u>\$734,804</u>	<u>\$0</u>	<u>\$7,678</u>	<u>\$311,742</u>	3565498

[1] Per examination of Company financial records.

[2] Per recommendation of witness Franklin

[3] Sum of Column (a) thru Column (e).

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
SLUDGE REMOVAL
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-3

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Amount per Company application	\$0 [1]	\$667,903 [1]	\$0 [1]	\$172,329 [1]	\$0 [1]
2	Adjustment to remove proforma increase		(19,706) [1]		(5,084) [1]	
3	Adjustment to sludge removal through August 31, 2022		(25,494) [2]		11,843 [2]	
4	Adjustment to Reflect the growth and consumption factors	-	32,131 [3]	-	8,059 [3]	-
5	Total adjustment to Sludge Hauling per Public Staff (Sum of L2 thru L4)	<u>\$0</u>	<u>(13,069)</u>	<u>\$0</u>	<u>\$14,818</u>	<u>\$0</u>
6	Amount per Public Staff (L1 + L5)	<u><u>\$0</u></u>	<u><u>\$654,834</u></u>	<u><u>\$0</u></u>	<u><u>\$187,147</u></u>	<u><u>\$0</u></u>

- [1] Per examination of Company financial records.
[2] Per recommendation of witness Franklin.
[3] Per witness Darden's recommended growth factors.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CHEMICALS EXPENSE
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-4

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)
1	Amount per Company application	\$489,754	\$613,724	\$29,896	\$36,972	\$308,600
2	Adjustment to remove proforma increase	(14,450) [1]	(18,106) [1]	(883) [1]	(1,091) [1]	(9,105) [1]
3	Adjustment to add in Company's adjustments on updates	284,755 [1]	300,798 [1]	26,527 [1]	18,711 [1]	168,558 [1]
4	Adjustments from Public Staff engineer	(4) [2]	(648) [2]	1 [2]	58 [2]	3,682 [2]
5	Adjustments to apply growth and consumption factor	26,526 [3]	46,222 [3]	(628) [3]	2,459 [3]	(2,689) [3]
6	Total adjustments for chemicals (Sum L2 through L5)	<u>296,827</u>	<u>328,266</u>	<u>25,018</u>	<u>20,137</u>	<u>160,446</u>
7	Total chemicals per Public Staff (L1 + L6)	<u><u>\$786,581</u></u>	<u><u>\$941,990</u></u>	<u><u>\$54,914</u></u>	<u><u>\$57,109</u></u>	<u><u>\$469,046</u></u>

[1] Per examination of Company financial records.

[2] Per recommendation of witness Bhatta.

[3] Per witness Darden's recommended growth factors.

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
TESTING FEES
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-5

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Amount per Company application	\$714,295 [1]	\$233,369 [1]	\$21,985 [1]	\$13,165 [1]	\$70,146 [1]
2	Adjustment to remove proforma increase	(21,074) [1]	(6,886) [1]	(649) [1]	(389) [1]	(2,069) [1]
3	Testing fees per Public Staff (L1 + L2)	<u>\$693,221</u>	<u>\$226,483</u>	<u>\$21,336</u>	<u>\$12,776</u>	<u>\$68,077</u>

[1] Per examination of Company financial records.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
TRANSPORTATION FEES
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-6

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [3] (f)
1	Amount per Company application	\$1,455,375 [1]	\$424,078 [1]	\$46,879 [1]	\$35,742 [1]	\$128,620 [1]	\$2,090,694
2	Adjustment to remove proforma increase	(42,941) [1]	(12,512) [1]	(1,384) [1]	(1,053) [1]	(3,797) [1]	(61,687)
3	Adjustment to update transportation thorough August 2022	(316,159) [2]	(94,063) [2]	(10,052) [2]	(7,800) [2]	(25,190) [2]	(453,264)
4	Total adjustments to transportation (L2 + L3)	(359,100)	(106,575)	(11,436)	(8,853)	(28,987)	(514,951)
5	Transportation per Public Staff (L1 + L4)	<u>\$1,096,275</u>	<u>\$317,503</u>	<u>\$35,443</u>	<u>\$26,889</u>	<u>\$99,633</u>	<u>\$1,575,743</u>

[1] Per examination of Company financial records.

[2] Per recommendation of witness Houser.

[3] Sum of Column (a) thru Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CONTRACT SERVICES - ENGINEERING
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-7

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Amount per Company application	\$417 [1]	\$0 [1]	\$0 [1]	\$0 [1]	\$0 [1]
2	Adjustment to remove proforma increase	(12) [1]	0	0	0	0
3	Total adjustment to Contractual services - engineer through August 31, 2022 (L2)	<u>(12)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4	Contractual services - engineer per Public Staff (L1 + L3)	<u>\$405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

[1] Per examination of Company financial records.

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
CONTRACT SERVICES - ACCOUNTING
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-8

Line No.	<u>Item</u>	Aqua Water [4] (a)	Aqua Sewer [4] (b)	Fairways Water [4] (c)	Fairways Sewer [4] (d)	Brookwood Water [4] (e)	Total [5] (f)
1	Amount per Company application	\$147,827	\$41,009	\$11,479	\$7,181	\$32,608	\$240,104
2	Adjustment to remove proforma increase	(4,361)	(1,210)	(339)	(213)	(962)	(7,085) [1]
3	Adjustment to remove unsupported expenses						0 [2]
	Adjustment to remove non-recurring costs:						
4	Other acquisitions	(2,107)	(592)	(165)	(103)	(459)	(3,427) [3]
5	IT System changes 2021	(918)	(258)	(72)	(45)	(200)	(1,493) [3]
6	Goodwill impairment analysis	(5,509)	(1,547)	(432)	(271)	(1,199)	(8,958) [3]
7	SAP pre-implementation	(12,041)	(3,381)	(944)	(591)	(2,622)	(19,579) [3]
8	SOX controls audit-overage (estimate)	(3,673)	(1,031)	(288)	(180)	(800)	(5,972) [3]
9	Adjustment to remove unsubstantiated costs	(918)	(258)	(72)	(45)	(200)	(1,493) [3]
10	Total adjustment to remove non-recurring costs (Sum of L 4 thru L 9)	<u>(25,167)</u>	<u>(7,067)</u>	<u>(1,972)</u>	<u>(1,236)</u>	<u>(5,480)</u>	<u>(40,923)</u>
11	Total Public Staff adjustments contract services - acctg (L2 +L3 + L10)	(29,528)	(8,277)	(2,311)	(1,449)	(6,442)	(48,008)
12	Contract services - acctg per Public Staff (L1 + L11)	<u>\$118,299</u>	<u>\$32,732</u>	<u>\$9,168</u>	<u>\$5,732</u>	<u>\$26,166</u>	<u>\$192,096</u>

- [1] Per examination of Company's financial records.
[2] Per examination of Company response to PSDR 105, Q1.
[3] Per examination of Company response to PSDR 8, Q2.
[4] Allocated using customer count ratios per Rate Base Appendix 3.
[5] Sum of Column (a) thru Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CONTRACT SERVICES - LEGAL
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-9

Line No.	Item	Aqua Water [2] (a)	Aqua Sewer [2] (b)	Fairways Water [2] (c)	Fairways Sewer [2] (d)	Brookwood Water [2] (e)	Total [3] (f)
1	Amount per Company application	\$175,759 [1]	\$121,434 [1]	\$13,257 [1]	\$8,601 [1]	\$37,934 [1]	\$356,985
2	Adjustment to remove proforma increase	(7,248) [1]	(3,943) [1]	(1,991) [1]	(830) [1]	(8,466) [1]	(22,478)
3	Adjustment to remove expenses outside of the test year for Davis Hartman Wright	(1,586) [1]	(445) [1]	(124) [1]	(78) [1]	(345) [1]	(2,578)
4	Adjustment to remove expenses outside of the test year for Manning, Fulton	(6,921) [1]	(1,943) [1]	(542) [1]	(340) [1]	(1,507) [1]	(11,253)
5	Adjustment to add expenses incurred in 2021, processed 2022	3,871 [1]	1,087 [1]	303 [1]	190 [1]	843 [1]	6,294
6	Public Staff adjustments to contract services - legal (Sum of L 2 thru L 5)	<u>(11,884)</u>	<u>(5,245)</u>	<u>(2,354)</u>	<u>(1,058)</u>	<u>(9,475)</u>	<u>(30,016)</u>
7	Contract services - legal expense per Public Staff (L1 + L6)	<u>\$163,875</u>	<u>\$116,189</u>	<u>\$10,903</u>	<u>\$7,543</u>	<u>\$28,459</u>	<u>\$326,969</u>

[1] Per examination of Company response to PSDR 34.
[2] Allocated using customer count rations per Rate Base Appendix 3.
[3] Sum of Column (a) thru Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CONTRACT SERVICES - OTHER
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-10

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Amount per Company application	\$2,368,777	\$1,822,192	\$175,369	\$161,338	\$840,927
2	Adjustment to remove proforma increase	(69,884) [1]	(53,763) [1]	(5,172) [1]	(4,760) [1]	(24,812) [1]
3	Total contract service - other per Public Staff (L1 + L2)	<u>\$2,298,893</u>	<u>\$1,768,429</u>	<u>\$170,197</u>	<u>\$156,578</u>	<u>\$816,115</u>

[1] Per examination of Company financial records.

Agua North Carolina, Inc.
Docket No. W-218, Sub 573
RENT EXPENSE
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-11

<u>Line No.</u>	<u>Item</u>	<u>Aqua Water</u> (a)	<u>Aqua Sewer</u> (b)	<u>Fairways Water</u> (c)	<u>Fairways Sewer</u> (d)	<u>Brookwood Water</u> (e)
1	Amount per Company application	\$263,096 [1]	\$58,848 [1]	\$18,925 [1]	\$11,842 [1]	\$30,744 [1]
2	Adjustment to backout the proposed increase for rent	<u>(7,762) [1]</u>	<u>(1,737) [1]</u>	<u>(558) [1]</u>	<u>(350) [1]</u>	<u>(907) [1]</u>
3	Rent per Public Staff (L1 + L2)	<u>\$255,334</u>	<u>\$57,111</u>	<u>\$18,367</u>	<u>\$11,492</u>	<u>\$29,837</u>

[1] Per examination of Company financial records.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF REGULATORY COMMISSION EXPENSE
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-12

Line No.	Item	Amount Per Application (a)	Public Staff Adjustment [1] (b)	Amount Per Public Staff (c)	Aqua Water (d)	Aqua Sewer (e)	Fairways Water (f)	Fairways Sewer (g)	Brookwood Water (h)
1	Rate case expense for the current proceeding	<u>\$1,416,471</u>	<u>(\$814,766)</u>	601,705 [2]					
2	Amortization period in years			<u>5</u>					
3	Annual rate case expense for the current period (L1 / L2)			<u>120,341</u>	\$73,495 [4]	\$21,657 [5]	\$5,737 [6]	\$3,563 [7]	\$15,889 [8]
4	Unamortized balance of current rate case expense (L1 - L3)			<u>481,364</u>	\$293,978 [4]	\$86,629 [5]	\$22,949 [6]	\$14,252 [7]	\$63,556 [8]
5	Sub 526 unamortized rate case expense balance	<u>985,454</u>	<u>\$1</u>	985,455 [3]					
6	Amortization period in years			<u>3</u>					
7	Annual rate case expense for Sub 526 (L5 / L6)			<u>328,485</u>	\$200,612 [4]	\$59,116 [5]	\$15,660 [6]	\$9,725 [7]	\$43,371 [8]
8	Unamortized balance of Sub 526 rate case expense balance			<u>273,738</u> [3]	\$167,177 [4]	\$49,263 [5]	\$13,050 [6]	\$8,105 [7]	\$36,143 [8]
9	Sub 497 unamortized rate case expense balance	<u>419,435</u>	<u>\$0</u>	419,435 [3]					
10	Amortization period in years			<u>3</u>					
11	Annual rate case expense for Sub 497 (L9 / L10)			<u>139,812</u>	\$85,386 [4]	\$25,161 [5]	\$6,665 [6]	\$4,139 [7]	\$18,460 [8]
12	Unamortized balance of Sub 497 rate case expense balance			<u>116,509</u> [3]	\$71,154 [4]	\$20,968 [5]	\$5,554 [6]	\$3,449 [7]	\$15,383 [8]
13	Sub 497 depreciation study expense	<u>58,664</u>	<u>\$0</u>	58,664 [3]					
14	Amortization period in years			<u>5</u>					
15	Annual depreciation study expense for Sub 497 (L13 / L14)			<u>11,733</u>	\$7,165 [4]	\$2,111 [5]	\$559 [6]	\$347 [7]	\$1,549 [8]
16	Unamortized balance of Sub 497 depreciation study expense			<u>11,244</u> [3]	\$6,867 [4]	\$2,024 [5]	\$536 [6]	\$333 [7]	\$1,485 [8]
17	Regulatory commission expense per Public Staff (L3 + L7 + L11 + L15)			<u>\$366,658</u>	<u>\$108,046</u>	<u>\$28,622</u>	<u>\$17,775</u>	<u>\$79,269</u>	
18	Unamortized regulatory commission expense per Public Staff (L4 + L8 + L12 + L16)			<u>\$539,177</u>	<u>\$158,883</u>	<u>\$42,089</u>	<u>\$26,139</u>	<u>\$116,567</u>	

[1] Column (c) minus Column (a).

[2] Per examination of the Company's response to accounting data requests.

[3] Calculated base on amount approved in Sub 526 and Sub 497 rate case.

[4] Column (c) multiplied by ANC Water allocation factor.

[5] Column (c) multiplied by ANC Sewer allocation factor.

[6] Column (c) multiplied by Fairways Water allocation factor.

[7] Column (c) multiplied by Fairways Sewer allocation factor.

[8] Column (c) multiplied by Brookwood Water allocation factor.

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 573
 COVID-19 EXPENSES
 For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
 Schedule 3-13

Line No.	Item	Aqua Water [1] (a)	Aqua Sewer [1] (b)	Fairways Water [1] (c)	Fairways Sewer [1] (d)	Brookwood Water [1] (e)	Total [2] (f)
Adjustments to remove non-recurring COVID-19 expenses from test year:							
1	04.1- REG LABOR	\$16,513	\$3,851	\$1,077	\$672	\$3,027	\$25,139
2	04.3- LABOR BON/OPT	2,645	699	196	122	550	4,211
3	05- EMP BEN	21,019	5,578	1,560	973	4,384	33,514
4	22-OS SVCS-MAINT	2,712	2,713	0	0	2,713	8,138
5	25-SUPPLIES	15,015	0	0	0	0	15,015
6	26.1-TRANS LEASE	156	42	12	7	33	249
7	26.2-TRANS FUEL	6,888	1,838	514	321	1,444	11,004
8	26.3-TRANS OTH	820	218	61	38	171	1,309
9	26.4-TRANS MAINT	2,023	532	149	93	418	3,215
10	27- INSURANCE	4,005	1,004	281	175	789	6,255
11	33.3-OTHER TAXES-PR	5,198	1,267	354	221	996	8,035
12	Public Staff adjustment to remove non-recurring COVID Expenses (-Sum (L1 thru 11))	<u>(\$76,993)</u>	<u>(\$17,741)</u>	<u>(\$4,203)</u>	<u>(\$2,621)</u>	<u>(\$14,526)</u>	<u>(\$116,084)</u>

[1] Per review of Company Data Request 63 responses.

[2] Sum of Columns (a) through (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CONTRA-OH ALLOCATIONS
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-14

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total [3] (f)
1	Amount per Company application	(\$1,633,450) [1]	(\$283,235) [1]	(\$43,937) [1]	(\$36,850) [1]	(\$108,414) [1]	(\$2,105,886)
2	Adjustment to remove the proforma Cap_OH credit for base case	8,605 [1]	1,616 [1]	285 [1]	219 [1]	742 [1]	11,467
3	Adjustment to reclassify the Cap-OH-Credit-Labor	357,523 [1]	61,600 [1]	9,441 [1]	7,681 [1]	22,985 [1]	459,229
4	Adjustment to reclassify the Cap-OH-Credit-Benefits	647,016 [1]	112,750 [1]	17,755 [1]	15,197 [1]	43,894 [1]	836,610
5	Adjustment to reclassify the Cap-OH-Credit-PR Tax	152,251 [1]	0 [1]	4,163 [1]	0 [1]	10,293 [1]	166,707
6	Adjustment to fuel transportation expenses	64,110 [2]	19,074 [2]	2,038 [2]	1,581 [2]	5,108 [2]	91,911
7	Adjustment to reclassify the Cap-OH-Credit-Other-Insurance	96,665 [1]	15,573 [1]	2,061 [1]	1,921 [1]	4,736 [1]	120,957
8	Public Staff adjustments to Contra-OH Allocations (Sum L2 thru L7)	1,326,170	210,613	35,743	26,598	87,758	1,686,881
9	Contr-OH Allocation per Public Staff (L1 + L8)	<u>(\$307,280)</u>	<u>(\$72,622)</u>	<u>(\$8,194)</u>	<u>(\$10,252)</u>	<u>(\$20,656)</u>	<u>(\$419,005)</u>

[1] Per examine of the Company's financial records.
[2] Per recommendation of witness Houser.
[3] Sum of Column (a) thru Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
**CALCULATION OF DEPRECIATION
AND AMORTIZATION EXPENSE**
For The Test Year Ended December 31, 2021

Second Corrected Accounting Exhibit I
Schedule 3-15

Line No.	Item	Aqua Water (a)	Aqua Sewer (b)	Fairways Water (c)	Fairways Sewer (d)	Brookwood Water (e)	Total (f) [6]
<u>Depreciation expense</u>							
1	Adjustment to include post test year additions	(\$875,961) [1]	(\$367,295) [1]	(\$86,890) [1]	(\$136,675) [1]	(\$208,018) [1]	(\$1,674,839)
2	Adjustment for vehicle reallocation	(28,310) [2]	13,807 [2]	3,857 [2]	2,412 [2]	8,235 [2]	0
3	Total adjustment to depreciation expense (L1 + L2)	<u>(904,271)</u>	<u>(353,488)</u>	<u>(83,033)</u>	<u>(134,263)</u>	<u>(199,783)</u>	<u>(1,674,839)</u>
<u>CIAC amortization expense</u>							
4	Adjustment to include post test year additions	(59,330) [3]	(17,545) [3]	(2,358) [3]	(257) [3]	(398) [3]	(79,888)
5	Adjustment to tank painting	(21,900) [4]	0	0	0	0	(21,900)
6	Total adjustment to CIAC amortization (L4 + L5)	<u>(81,230)</u>	<u>(17,545)</u>	<u>(2,358)</u>	<u>(257)</u>	<u>(398)</u>	<u>(101,788)</u>
<u>Amortization of acquisition adjustments</u>							
7	Adjustment to include post test year additions	702 [5]	0	0	0	0	702
8	Total Public Staff adjustment (L3 + L6 + L7)	<u>(\$984,799)</u>	<u>(\$371,033)</u>	<u>(\$85,391)</u>	<u>(\$134,520)</u>	<u>(\$200,181)</u>	<u>(\$1,775,925)</u>

[1] Corrected Accounting Exhibit I, Schedule 2-1(a), Line 15.
 [2] Corrected Accounting Exhibit I, Schedule 2-1(b), Line 3.
 [3] Corrected Accounting Exhibit I, Schedule 2-3, Line 3.
 [4] Calculated by the Public Staff per the Company's responses to Date Request 38, Q1.
 [5] Per the Company's provided PAA amortization expense.
 [6] Sum of Column (a) thru Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2021
AQUA WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-16(a)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	<u>\$43,027,242</u>	<u>\$50,236,166</u>	<u>\$43,521,960</u>
	Operating revenue deductions:			
2	O&M and G&A expense	21,740,979	21,740,979	21,740,979
3	Depreciation and amortization expense	7,495,403	7,495,403	7,495,403
4	Property taxes	586,039	586,039	586,039
5	Payroll taxes	514,143	514,143	514,143
6	Other taxes	174,357	174,357	174,357
7	Benefit costs - Pension	(17,445)	(17,445)	(17,445)
8	Regulatory fee	60,238	70,331	60,931
9	Gross receipts tax	0	0	0
10	Interest expense	<u>3,181,223</u> [2]	<u>3,181,223</u> [4]	<u>3,181,223</u> [6]
11	Total deductions (Sum of L2 thru L10)	<u>33,734,937</u>	<u>33,745,030</u>	<u>33,735,630</u>
12	Taxable income (L1 - L11)	<u>9,292,306</u>	<u>16,491,137</u>	<u>9,786,331</u>
13	State income tax (L12 x 2.50%)	<u>232,308</u>	<u>412,278</u>	<u>244,658</u>
14	Federal taxable income (L12 - L13)	<u>9,059,998</u>	<u>16,078,859</u>	<u>9,541,673</u>
15	Federal income tax (L14 x 21.00%)	<u>1,902,600</u>	<u>3,376,560</u>	<u>2,003,751</u>
16	Excess deferred income tax amortization	<u>(74,576)</u>	<u>(74,576)</u>	<u>(74,576)</u>
17	Net amount (L12 - L13 - L15 - L16)	7,231,974	12,776,875	7,612,498
18	Add: interest expense (L10)	<u>3,181,223</u> [2]	<u>3,181,223</u> [4]	<u>3,181,223</u> [6]
19	Net income for return (L17 + L18)	<u>\$10,413,197</u>	<u>\$15,958,098</u>	<u>\$10,793,721</u>

- [1] Corrected Accounting Exhibit I, Schedule 3(a), Column (c), unless footnoted otherwise.
[2] Corrected Accounting Exhibit I, Schedule 1(a), Line 1, Column (e).
[3] Corrected Accounting Exhibit I, Schedule 3(a), Column (e), unless footnoted otherwise.
[4] Corrected Accounting Exhibit I, Schedule 1(a), Line 4, Column (e).
[5] Corrected Accounting Exhibit I, Schedule 3(a), Column (g), unless footnoted otherwise.
[6] Corrected Accounting Exhibit I, Schedule 1(a), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2021
AQUA SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-16(b)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	<u>\$18,509,669</u>	<u>\$21,410,287</u>	<u>\$18,392,568</u>
	Operating revenue deductions:			
2	O&M and G&A expense	9,709,708	9,709,708	9,709,708
3	Depreciation and amortization expense	2,805,236	2,805,236	2,805,236
4	Property taxes	15,405	15,405	15,405
5	Payroll taxes	170,226	170,226	170,226
6	Other taxes	48,289	48,289	48,289
7	Benefit costs - Pension	(4,819)	(4,819)	(4,819)
8	Regulatory fee	25,914	29,974	25,750
9	Gross receipts tax	0	0	0
10	Interest expense	1,375,788 [2]	1,375,788 [4]	1,375,788 [6]
11	Total deductions (Sum of L2 thru L10)	<u>14,145,746</u>	<u>14,149,806</u>	<u>14,145,582</u>
12	Taxable income (L1 - L11)	<u>4,363,923</u>	<u>7,260,481</u>	<u>4,246,986</u>
13	State income tax (L12 x 2.50%)	<u>109,098</u>	<u>181,512</u>	<u>106,175</u>
14	Federal taxable income (L12 - L13)	<u>4,254,825</u>	<u>7,078,969</u>	<u>4,140,811</u>
15	Federal income tax (L14 x 21.00%)	<u>893,513</u>	<u>1,486,583</u>	<u>869,570</u>
16	Excess deferred income tax amortization	(20,946)	(20,946)	(20,946)
17	Net amount (L12 - L13 - L15 - L16)	3,382,258	5,613,332	3,292,187
18	Add: interest expense	1,375,788 [2]	1,375,788 [4]	1,375,788 [6]
19	Net income for return (L17 + L18)	<u>\$4,758,046</u>	<u>\$6,989,120</u>	<u>\$4,667,975</u>

- [1] Corrected Accounting Exhibit I, Schedule 3(b), Column (c), unless footnoted otherwise.
[2] Corrected Accounting Exhibit I, Schedule 1(b), Line 1, Column (e).
[3] Corrected Accounting Exhibit I, Schedule 3(b), Column (e), unless footnoted otherwise.
[4] Corrected Accounting Exhibit I, Schedule 1(b), Line 4, Column (e).
[5] Corrected Accounting Exhibit I, Schedule 3(b), Column (g), unless footnoted otherwise.
[6] Corrected Accounting Exhibit I, Schedule 1(b), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2021
FAIRWAYS WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-16(c)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$1,415,467	\$1,981,417	\$1,516,486
	Operating revenue deductions:			
2	O&M and G&A expense	934,787	934,787	934,787
3	Depreciation and amortization expense	143,620	143,620	143,620
4	Property taxes	30,479	30,479	30,479
5	Payroll taxes	21,376	21,376	21,376
6	Other taxes	13,519	13,519	13,519
7	Benefit costs - Pension	(1,351)	(1,351)	(1,351)
8	Regulatory fee	1,982	2,774	2,123
9	Gross receipts tax	0	0	0
10	Interest expense	92,417 [2]	92,417 [4]	92,417 [6]
11	Total deductions (Sum of L2 thru L10)	<u>1,236,829</u>	<u>1,237,621</u>	<u>1,236,970</u>
12	Taxable income (L1 - L11)	<u>178,638</u>	<u>743,796</u>	<u>279,516</u>
13	State income tax (L12 x 2.50%)	<u>4,466</u>	<u>18,595</u>	<u>6,988</u>
14	Federal taxable income (L12 - L13)	<u>174,172</u>	<u>725,201</u>	<u>272,528</u>
15	Federal income tax (L14 x 21.00%)	<u>36,576</u>	<u>152,292</u>	<u>57,231</u>
16	Excess deferred income tax amortization	<u>(5,851)</u>	<u>(5,851)</u>	<u>(5,851)</u>
17	Net amount (L12 - L13 - L15 - L16)	143,447	578,760	221,148
18	Add: interest expense	<u>92,417 [2]</u>	<u>92,417 [4]</u>	<u>92,417 [6]</u>
19	Net income for return (L17 + L18)	<u>\$235,864</u>	<u>\$671,177</u>	<u>\$313,565</u>

- [1] Corrected Accounting Exhibit I, Schedule 3(c), Column (c), unless footnoted otherwise.
[2] Corrected Accounting Exhibit I, Schedule 1(c), Line 1, Column (e).
[3] Corrected Accounting Exhibit I, Schedule 3(c), Column (e), unless footnoted otherwise.
[4] Corrected Accounting Exhibit I, Schedule 1(c), Line 4, Column (e).
[5] Corrected Accounting Exhibit I, Schedule 3(c), Column (g), unless footnoted otherwise.
[6] Corrected Accounting Exhibit I, Schedule 1(c), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2021
FAIRWAYS SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-16(d)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	<u>\$2,255,107</u>	<u>\$3,608,933</u>	<u>\$2,769,782</u>
	Operating revenue deductions:			
2	O&M and G&A expense	962,066	962,066	962,066
3	Depreciation and amortization expense	504,903	504,903	504,903
4	Property taxes	2,634	2,634	2,634
5	Payroll taxes	15,004	15,004	15,004
6	Other taxes	8,461	8,461	8,461
7	Benefit costs - Pension	(846)	(846)	(846)
8	Regulatory fee	3,157	5,053	3,878
9	Gross receipts tax	0	0	0
10	Interest expense	<u>311,303</u> [2]	<u>311,303</u> [4]	<u>311,303</u> [6]
11	Total deductions (Sum of L2 thru L10)	<u>1,806,682</u>	<u>1,808,578</u>	<u>1,807,403</u>
12	Taxable income (L1 - L11)	<u>448,424</u>	<u>1,800,354</u>	<u>962,378</u>
13	State income tax (L12 x 2.50%)	<u>11,211</u>	<u>45,009</u>	<u>24,059</u>
14	Federal taxable income (L12 - L13)	<u>437,213</u>	<u>1,755,345</u>	<u>938,319</u>
15	Federal income tax (L14 x 21.00%)	<u>91,815</u>	<u>368,623</u>	<u>197,047</u>
16	Excess deferred income tax amortization	<u>(3,659)</u>	<u>(3,659)</u>	<u>(3,659)</u>
17	Net amount (L12 - L13 - L15 - L16)	349,057	1,390,381	744,931
18	Add: interest expense	<u>311,303</u> [2]	<u>311,303</u> [4]	<u>311,303</u> [6]
19	Net income for return (L17 + L18)	<u>\$660,360</u>	<u>\$1,701,684</u>	<u>\$1,056,234</u>

- [1] Corrected Accounting Exhibit I, Schedule 3(d), Column (c), unless footnoted otherwise.
[2] Corrected Accounting Exhibit I, Schedule 1(d), Line 1, Column (e).
[3] Corrected Accounting Exhibit I, Schedule 3(d), Column (e), unless footnoted otherwise.
[4] Corrected Accounting Exhibit I, Schedule 1(d), Line 4, Column (e).
[5] Corrected Accounting Exhibit I, Schedule 3(d), Column (g), unless footnoted otherwise.
[6] Corrected Accounting Exhibit I, Schedule 1(d), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2021
BROOKWOOD WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-16(e)

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	<u>\$6,773,522</u>	<u>\$8,448,951</u>	<u>\$7,450,428</u>
	Operating revenue deductions:			
2	O&M and G&A expense	3,516,403	3,516,403	3,516,403
3	Depreciation and amortization expense	1,121,832	1,121,832	1,121,832
4	Property taxes	106,775	106,775	106,775
5	Payroll taxes	55,707	55,707	55,707
6	Other taxes	38,482	38,482	38,482
7	Benefit costs - Pension	(3,853)	(3,853)	(3,853)
8	Regulatory fee	9,483	11,829	10,431
9	Gross receipts tax	0	0	0
10	Interest expense	<u>639,376</u> [2]	<u>639,376</u> [4]	<u>639,376</u> [6]
11	Total deductions (Sum of L2 thru L10)	<u>5,484,205</u>	<u>5,486,551</u>	<u>5,485,153</u>
12	Taxable income (L1 - L11)	<u>1,289,317</u>	<u>2,962,400</u>	<u>1,965,275</u>
13	State income tax (L12 x 2.50%)	<u>32,233</u>	<u>74,060</u>	<u>49,132</u>
14	Federal taxable income (L12 - L13)	<u>1,257,084</u>	<u>2,888,340</u>	<u>1,916,143</u>
15	Federal income tax (L14 x 21.00%)	<u>263,988</u>	<u>606,551</u>	<u>402,390</u>
16	Excess deferred income tax amortization	<u>(16,240)</u>	<u>(16,240)</u>	<u>(16,240)</u>
17	Net amount (L12 - L13 - L15 - L16)	1,009,336	2,298,029	1,529,993
18	Add: interest expense	<u>639,376</u> [2]	<u>639,376</u> [4]	<u>639,376</u> [6]
19	Net income for return (L17 + L18)	<u>\$1,648,712</u>	<u>\$2,937,405</u>	<u>\$2,169,369</u>

- [1] Corrected Accounting Exhibit I, Schedule 3(e), Column (c), unless footnoted otherwise.
- [2] Corrected Accounting Exhibit I, Schedule 1(e), Line 1, Column (e).
- [3] Corrected Accounting Exhibit I, Schedule 3(e), Column (e), unless footnoted otherwise.
- [4] Corrected Accounting Exhibit I, Schedule 1(e), Line 4, Column (e).
- [5] Corrected Accounting Exhibit I, Schedule 3(e), Column (g), unless footnoted otherwise.
- [6] Corrected Accounting Exhibit I, Schedule 1(e), Line 7, Column (e).

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF REVENUE REQUIREMENT
For The Test Year Ended December 31, 2021
AQUA - WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-17(a)

Line No.	Item	Amount	Retention Factor	Revenue Requirement
		(a)	(b)	(c)
	Operating revenue deductions:			
1	O&M and G&A expense	\$21,740,979		
2	Depreciation and amortization expense	7,495,403		
3	Property taxes	586,039		
4	Payroll taxes	514,143		
5	Other taxes	174,357		
6	Benefit cost-Pension	<u>(17,445)</u>		
7	Total operating revenue deductions (Sum of L1 thru L6)	<u>30,493,476</u>	0.998600	\$30,536,226
	Net operating income for return:			
8	Debt service return	3,181,223	0.998600	3,185,683
9	Equity return	7,612,497	0.769172	9,897,007
10	Excess deferred income tax amortization	(74,576)	0.769172	<u>(96,956)</u>
11	Revenue requirement			<u>\$43,521,960</u>

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF REVENUE REQUIREMENT
For The Test Year Ended December 31, 2021
AQUA - SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-17(b)

Line No.	Item	Amount (a)	Retention Factor (b)	Revenue Requirement (c)
	Operating revenue deductions:			
1	O&M and G&A expense	\$9,709,708		
2	Depreciation and amortization expense	2,805,236		
3	Property taxes	15,405		
4	Payroll taxes	170,226		
5	Other taxes	48,289		
6	Benefit cost-Pension	(4,819)		
7	Total operating revenue deductions	<u>12,744,044</u>	0.998600	\$12,761,911
	Net operating income for return:			
8	Debt service return	1,375,788	0.998600	1,377,717
9	Equity return	3,292,187	0.769172	4,280,172
10	Excess deferred income tax amortization	(20,946)	0.769172	<u>(27,232)</u>
11	Revenue requirement			<u>\$18,392,568</u>

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF REVENUE REQUIREMENT
For The Test Year Ended December 31, 2021
FAIRWAYS - WATER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-17(c)

Line No.	Item	Amount (a)	Retention Factor (b)	Revenue Requirement (c)
	Operating revenue deductions:			
1	O&M and G&A expense	\$934,787		
2	Depreciation and amortization expense	143,620		
3	Property taxes	30,479		
4	Payroll taxes	21,376		
5	Other taxes	13,519		
6	Benefit cost-Pension	(1,351)		
7	Total operating revenue deductions	<u>1,142,430</u>	0.998600	\$1,144,031
	Net operating income for return:			
8	Debt service return	92,417	0.998600	92,547
9	Equity return	221,149	0.769172	287,516
10	Excess deferred income tax amortization	(5,851)	0.769172	<u>(7,607)</u>
11	Revenue requirement			<u>\$1,516,487</u>

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF REVENUE REQUIREMENT
For The Test Year Ended December 31, 2021
FAIRWAYS - SEWER OPERATIONS

Second Corrected Accounting Exhibit I
Schedule 3-17(d)

Line No.	Item	Amount (a)	Retention Factor (b)	Revenue Requirement (c)
	Operating revenue deductions:			
1	O&M and G&A expense	\$962,066		
2	Depreciation and amortization expense	504,903		
3	Property taxes	2,634		
4	Payroll taxes	15,004		
5	Other taxes	8,461		
6	Benefit cost-Pension	(846)		
7	Total operating revenue deductions	<u>1,492,222</u>	0.998600	\$1,494,314
	Net operating income for return:			
8	Debt service return	311,303	0.998600	311,739
9	Equity return	744,932	0.769172	968,486
10	Excess deferred income tax amortization	(3,659)	0.769172	<u>(4,757)</u>
11	Revenue requirement			<u>\$2,769,782</u>

Aqua North Carolina, Inc.
Docket No. W-218, Sub 573
CALCULATION OF REVENUE REQUIREMENT
For The Test Year Ended December 31, 2021
BROOKWOOD / LAGRANGE

Second Corrected Accounting Exhibit I
Schedule 3-17(e)

Line No.	Item	Amount (a)	Retention Factor (b)	Revenue Requirement (c)
	Operating revenue deductions:			
1	O&M and G&A expense	\$3,516,403		
2	Depreciation and amortization expense	1,121,832		
3	Property taxes	106,775		
4	Payroll taxes	55,707		
5	Other taxes	38,482		
6	Benefit cost-Pension	(3,853)		
7	Total operating revenue deductions	<u>4,835,346</u>	0.998600	\$4,842,125
	Net operating income for return:			
8	Debt service return	639,376	0.998600	640,272
9	Equity return	1,529,994	0.769172	1,989,145
10	Excess deferred income tax amortization	(16,240)	0.769172	<u>(21,114)</u>
11	Revenue requirement			<u><u>\$7,450,428</u></u>