

September 29, 2017

Ms. M. Lynn Jarvis, Chief Clerk North Carolina Utilities Commission Mail Service Center 4325 Raleigh, North Carolina 27699-4300

Re:

Docket No. W-354, Sub 356 - Petition for General Rate Increase Public Staff's Late-Filed Exhibits of Sonja R. Johnson and Gina Y.

Casselberry

Dear Ms. Jarvis:

During the September 20, 2017, evidentiary hearing in the above-captioned docket, the Commission requested that Public Staff witness Sonja Johnson file the following late-filed exhibits: an exhibit which details the major components of the rate case expense for the current proceeding; an exhibit which details the specific rate case proceedings and unamortized amounts that comprise the \$285,939 amount listed and described on Exhibit 1, Schedule 3-4 of Ms. Johnson's pre-filed testimony; an exhibit which provides a summary of her calculation of the Public Staff's adjustment to excess deferred income taxes (EDIT) for the decrease from 4 percent to 3 percent in the state corporate tax rate effective, January 1, 2017; and an exhibit which provides a list of Carolina Water Service, Inc. of North Carolina's, (CWSNC) major completed projects as of September 13, 2017.

The Commission also requested that Public Staff witness Gina Casselberry file the following late-filed exhibits: an exhibit that shows Ms. Casselberry's calculation of fixed cost percentages for CWSNC's water and sewer service, which she referenced in her pre-filed testimony; and an exhibit that shows the number of customers in the Fairfield Harbour, Bradfield Farms and Sapphire Valley service areas who do not have metered sewer rates.

Executive Director (919) 733-2435

Communications (919) 733-2810

Economic Research (919) 733-2902 Legal (919) 733-6110 Transportation (919) 733-7766

Accounting (919) 733-4279

Consumer Services (919) 733-9277

Electric (919) 733-2267

Natural Gas (919) 733-4326

Water (919) 733-5610 Ms. M. Lynn Jarvis September 29, 2017 Page Two

Pursuant to the Commission's request, please find enclosed Johnson Late-Filed Exhibit 1 – Calculation of Regulatory Commission Expense; Johnson Late-Filed Exhibit 2, which provides the calculation of unamortized rate case expense; Johnson Late-Filed Exhibit 3, which is a detailed list of CWSNC's completed projects as of September 13, 2017; and Johnson Late-Filed Exhibit 4 – EDIT; Casselberry Late-Filed Exhibit 1, which shows the Public Staff's calculation of the ratio of fixed costs to variable costs for CWSNC's water and sewer operations, and Casselberry Late-Filed Exhibit 2, which provides the number of flat rate residential customers in the Fairfield Harbour, Bradfield Farms, and Sapphire Valley service areas.

The Public Staff requests that the Commission enter the pre-filed testimonies of Public Staff witnesses Sonja R. Johnson and Gina Y. Casselberry and the attached late-filed exhibits into evidence in this docket. Additionally, the Public Staff requests that the Commission also enter the pre-filed testimony of Public Staff witness, Lindsay Quant into evidence.

The Commission at the evidentiary hearing asked Public Staff witness Calvin C. Craig, III, several questions, on which follow-up is needed. The Public Staff intends to file late-filed exhibits of Mr. Craig in response to the Commission's questions on Monday, October 2, 2017.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely yours,

Electronically submitted
/s/ Gina C. Holt
Staff Attorney
gina.holt@psncuc.nc.gov

Johnson Late Filed Exhibit 1

7.18

8,292.01

7.18

7.18 [c] \$

2,383.23 (b) \$

## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 356

### CALCULATION OF REGULATORY COMMISSION EXPENSE

For The Test Year Ended December 31, 2016

Admin. Fee

| Line |   |   |            |  |            |  |     |   |            |              |   |
|------|---|---|------------|--|------------|--|-----|---|------------|--------------|---|
| No.  | Item  |   |            | Sub 356 Ra                                 | te Case    | Expense                                    |     |   | -          |              |   |
|      |   | ADR No. 34.1  | [1] Se     | ettle Update<br>(b)                        | [1]        | Estimates<br>(c)                           | [1] | Total<br>(d)  | [2]        |              |   |
| 1.   | Administrative:<br>Mail Notices<br>Court Reporter   | \$ 68,677   |            |  | \$         | 68,677<br>1,078                            | \$  | 137,354<br>1,078  |            |              |   |
| 2.   | Legal Fees:<br>Labor<br>Miscellaneous Expenses  | 36,530<br>6,302   | [3]<br>[3] | 72,731<br>1,990                            | [3]<br>[3] | 25,328                                     | [3] | 134,589<br>8,292  |            |              |   |
| 3.   | Cap Time  | 84,094  |            | 29,576                                     |            |  |     | 113,670   |            |              |   |
| 4.   | Consulting Fees:<br>Consultant No. 1<br>Consultant No. 2<br>Billing Analysis                    | 9,660<br>12,000   |            |  |            | 500  |     | 9,660<br>12,000<br>500  |            |              |   |
| 5.   | Travel  | 1,330   |            | 2,938                                      |            | 2,925                                      |     | 7,193   |            |              |   |
| 6.   | Total   | \$ 218,593  | \$         | 107,236                                    | \$         | 98,508                                     | \$  | 424,336   | :          |              |   |
|      | [1] Per examination of Company' [2] Sum Columns (a) thru (c).                                   | s financial records   |            |  |            |  |     | *   |            |              |   |
|      |   | Rate  | _          | Hours                                      |            | Labor                                      |     | Misc  |            |              | Total   |
|      | [3] Attorney No.1<br>Attorney No.2<br>Attorney No.3<br>Attorney No.4<br>Estimated Attorney Fees | \$ 375.00<br>\$ 300.00<br>\$ 275.00<br>\$ 275.00<br>\$ 348.15 | [4]        | 212.15<br>97.00<br>1.50<br>0.70<br>72.75   | `\$<br>`\$ | 29,100.00<br>412.50<br>192.50<br>25,327.91 | \$  | 5,901.60<br>2,383.23<br>7.18<br>8,292.01                      | [b]<br>[c] | \$           | 85,457.85<br>31,483.23<br>412.50<br>199.68<br>25,327.91<br>142,881.17 |
|      | [4] Blended rate  |   |            |  | _3         | 134,369.16                                 |     | 8,292.01  | = =        | <del>,</del> | 142,001,17  |
|      | * Consultaion with CPA Filing fee Mileage Meals Lodging Print/Copy                              | \$ 4,170.25<br>500.00<br>1,178.85<br>52.50                    | \$         | -<br>283.54<br>43.29<br>322.50<br>1,733.90 | \$         | -<br>-<br>-<br>-<br>-                      | \$  | 4,170.25<br>500.00<br>1,462.39<br>95.79<br>322.50<br>1,733.90 |            |              |   |

5,901.60 [a] \$

## CAROLINA WATER SERVICE, INC., OF NC

### Docket No. W-354, Sub 356

## CALCULATION OF UNAMORTIZED RATE CASE EXPENSE

For The Test Year Ended December 31, 2016

| Line<br>No. | Item   |                 |
|-------------|--|-----------------|
|             |  | CWSNC Uniform   |
| 1.          | Sub 344 rate case expense                                  | 448,525         |
| 2.          | Amortization period in months                              | 36              |
| 3.          | Monthly amortization expense (L1 / L2)                     | 12,459          |
| 4.          | Sub 344 Final Order issued                                 | 12/7/2015       |
| 5.          | No. of months amortized thru 12/31/17                      | 25              |
| 6.          | Unamortized months (L2 - L5)                               | 11              |
| 7.          | Unamortized rate case expense (L3 * L6)                    | \$ 137,049      |
|             |  | Elk River       |
| 8.          | Sub 7 rate case expense                                    | 78,801          |
| 9.          | Amortization period in months                              | 36              |
| 10.         | Monthly amortization expense (L8 / L9)                     | 2,189           |
| 11.         | Sub 7 Final Order issued                                   | 9/20/2016       |
| 12.         | No. of months amortized thru 12/31/17                      | 15              |
| 12.         | Unamortized months (L 9 - L12)                             | 21              |
| 13.         | Unamortized rate case expense (L10 * L12)                  | \$ 45,969       |
|             |  | CWS Systems     |
| 14.         | Sub 91 rate case expense                                   | 243,104         |
| 15.         | Amortization period in months                              | 36              |
| 16.         | Monthly amortization expense (L14 / L15)                   | 6,753           |
| 17.         | Sub 91 Final Order issued                                  | 2/24/2016       |
| 18.         | No. of months amortized thru 12/31/17                      | 22              |
| 19.         | Unamortized months (L15 - L18)                             | 14              |
| 20.         | Unamortized rate case expense (L16 * L19)                  | \$ 94,542       |
|             |  | Bradfield Farms |
| 21.         | Sub 21 rate case expense                                   | 100,562         |
| 22.         | Amortization period in months                              | 36              |
| 23.         | Monthly amortization expense (L21 / L22)                   | 2,793_          |
| 24.         | Sub 21 Final Order issued                                  | 3/27/2015       |
| 25.         | No. of months amortized thru 12/31/17                      | 33              |
| 26.         | Unamortized months (L22 - L25)                             | 3               |
| 27.         | Unamortized rate case expense (L23 * L26)                  | \$ 8,379        |
| 28.         | Total Unamortized Rate Case Expense (L7 + L13 + L20 + L27) | \$ 285,939      |

Public Staff Late Filed Exhibit 3

## CAROLINA WATER SERVICE, INC., OF NC

# Docket No. W-354, Sub 356 LIST OF MAJOR COMPLETEO PROJECTS AS OF SEPTEMBER 13, 2017

| Line No. | Project # | Project Description         | BU Name                   | Proposed Rate<br>Divison | Closed | Detailed project description  | Certifications<br>date       | Amount       | Retirement  | Totai        |
|----------|-----------|-----------------------------|---------------------------|--------------------------|--------|---|------------------------------|--------------|-------------|--------------|
| 1.       | 1         | TANK REMOVAL VFO<br>INSTALL | Fairfield Harbour W       | BF/FH                    | Aug    | The project consisted of removing the existing 10,000 gallon code hydropneumatic storage tank at Fairfield Harbour water system and installing new VFD's and controls to operate the existing booster pumps.                    | No certification<br>required | \$ 21,623.19 | - 1         | \$ 21,623.19 |
| 2.       | 2017020   | SCREENINGS WASH PRESS       | Fairfield Harbour S       | BF/FH                    | Jul    | Installed new influent headworks screenings wash press auger for Fairfield Harbour waste water treatment plant (WWTP).  | 7/13/2017                    | 124,223.58   | •           | 124,223.58   |
| 3.       | 2017066   | LS17 GENERATOR REPLACE      | Fairfield Harbour S       | BF/FH                    | iui    | Project consisted of installing a new 80 KW stationary standby generator with sub-base diesel fuel tank and sound attenuated enclosure to power the lift station during power failures.   | No certification<br>required | 41,075.85    | (00.000,06) | 11,075.85    |
| 4.       | 2016113   | BOOSTER PUMP<br>REPLACEMENT | Sapphire Valley W         | CWS-NC Uniform           | lul    | The project involved replacing the Trays island 150 HP booster pump station. Additional work performed included a new booster building, electrical, plumbing and replacement of retaining wall around ground storage tank.      | 7/19/2017                    | 246,593.54   | (35,000.00) | 211,593.54   |
| 5.       | 2016129   | NC SYSTEMS MAPPING          | State of NC Cost Center   | CWS-NC Uniform           | Jul    | Project will include creation of a GiS database mapping system  | No certification required    | 227,442.57   | -           | 227,442.57   |
| 6.       | 2016137   | SCREENINGS WASH PRESS       | Oanby S                   | CWS-NC Uniform           | Jul    | Installed new influent headworks screenings wash press auger for Danby waste water treatment plant (WWTP).  | 7/25/2017                    | 184,910.92   |             | 184,910.92   |
| 7.       | 2017007   | WWTP #1 REHAB               | Monteray Shores S         | CWS-NC Uniform           | Aug    | WWTP rehab included the replacement of the WWTP catwalk metal, handralls, grating, bracing and supports for safety compliance. WWTP was also sand blasted and recoated both internal and external.                              | No certification<br>required | 502,164.08   |             | 502,164.08   |
| 8.       | 2017019   | MEMBRANE REPLACEMENT        | Monteray Shores S         | CWS-NC Uniform           | Jul    | Monteray Shores WWTP #2 membranes were replaced due to end of useful life and poor filter efficiency.   | No certification required    | 294,716.41   | -           | 294,716.41   |
| 9.       | 2017024   | UV REPLACEMENT              | Hound Ears S              | CWS-NC Uniform           | Aug    | Project replaced the existing antiquated closed vessel UV system at the Hounds Ear WWTP to maintain regulatory compliance.  | 8/4/2017                     | 156,676.26   | (65,000.00) | 91,676.26    |
| 10.      | 2017034   | TANK REPLACEMENT            | Kings Grant - Charlotte V | CWS-NC Uniform           | Jul    | The project consisted of replacing the two existing 5,000 gallon code hydropneumatic storage tanks with (1) 10,000 gallon hydropeumatic tank at the Kings Grant water system based upon third party internal lining assessment. | No certification<br>required | 50,557.15    | (15,000.00) | 35,557.15    |

Public Staff Late Filed Exhibit 3

# CAROLINA WATER SERVICE, INC., OF NC

# Docket No. W-354, 5ub 356 LIST OF MAJOR COMPLETED PROJECTS AS OF SEPTEMBER 13, 2017

|          | T        | <u> </u>                          | <del></del>            | Proposed Rate  | 1         |  | Certifications               | <del></del> |             |            |
|----------|----------|-----------------------------------|------------------------|----------------|-----------|--|------------------------------|-------------|-------------|------------|
| Line No. | Project# | Project Description               | BU Name                | Divison        | Closed    | Detailed project description   | date                         | Amount      | Retirement  | Total      |
| 11.      | 2017042  | TANK REPLACEMENT                  | Wildlife Bay           | CWS-NC Uniform | Jul       | The project consisted of replacing the existing 5,000 gallon code hydropneumatic storage tank at Wildlife Bay water system based upon third party internal lining assessment.  | No certification required    | 35,511.41   | (15,000.00) | 20,511.41  |
| 12.      | 2017044  | MAIN RELOCATION                   | Zemosa Acres           | CWS-NC Uniform | Jui       | The project involved relocating approximately 162 LF of 4" PVC water line on Chadbourne Avenue in the Zemosa Acres subdivision. The water main relocation was due to the City replacing storm drain culvert in this subdivision.           | 4/25/2017                    | 37,072.39   | (5,625.00)  | 31,447.39  |
| 13.      | 2017045  | AERATOR REPLACEMENT               | independent/Hemby      | CWS-NC Uniform | Jul       | Replaced six 7.5 hp aerators at the Hemby wastewater treatment plant (WWTP) basins   | No certification required    | 50,484.80   | (27,000.00) | 23,484.80  |
| 14.      | 2017052  | TANK REMOVAL VFD<br>INSTALL       | The Point              | CWS-NC Uniform | Jui       | The project consisted of installing controls and motor drives at Wells 11, 12,& 13 by providing VFDs and pressure monitoring to allow these wells to start up without over pressurizing the water line when the pressure tank was removed. | No certification<br>required | 13,365.87   | (15,000.00) | (1,634.13) |
| 15.      | 2017065  | SYSTEM IMPROVEMENTS               | Sapphire Valley W      | CWS-NC Uniform | Jul       | Replace (5) well house buildings in the Sapphire Valley water system.  | No certification required    | 299,277.96  | (75,000.00) | 224,277.96 |
| 16.      | 2017082  | MAIN REPLACEMENT                  | High Meadows           | CWS-NC Uniform | Jui       | Project consisted of replacing approximately 1,050 feet of 2" PVC water main and install 8 new services along Deer Run Drive in the High Meadows Subdivision   | No certification<br>required | 49,070.82   | (21,000.00) | 28,070.82  |
| 17.      | 1        | MAIN EXTENSION NIAGARA<br>CARTHAG | Whispering Pines       | CW5-NC Uniform | Aug       | Project consisted of installing 3,800 LF of 6" C 900 water main along with 6 fire hydrants along Niagara-Carthage Rd in the Whispering Pines subdivision   | 8/7/2017                     | 340,131.27  | -           | 340,131.27 |
| 18.      | 1        | BOOSTER PUMP REPLACEMENT          | Linville Ridge         | CWS-NC Uniform | Aug       | The project involved replacing the Linville Ridge Moon Run 100 HP booster pump station.  | No certification required    | 75,597.55   | (45,000.00) | 30,597.55  |
| 19.      | 2016092  | AMR INSTALLATION                  | Linville Ridge         | CWS-NC Uniform | September | installed new Sensus "Accustream" AMR meters in presentiy unmetered Linville Ridge water system.<br>Project scope also included locating existing customer service lines, install meter boxes, meter setters, landscape and test.          | No certification required    | 919,378.79  | -           | 919,378.79 |
| 20.      | 2016122  | BOOSTER PUMP<br>REPLACEMENT       | Linville Ridge         | CWS-NC Uniform | September |  | No certification required    | 209,645.46  | (75,000.00) | 134,645.46 |
| 21.      | 2017058  | WELL #2 MODIFICATIONS             | Beivedere Plantation W | CWS-NC Uniform | September |  | 8/16/2017                    | 490,396.11  | (58,000.00) | 432,396.11 |

## CAROLINA WATER SERVICE, INC., OF NC

### Docket No. W-354, Sub 356 LIST OF MAJOR COMPLETED PROJECTS AS OF SEPTEMBER 13, 2017

Public Staff Late Filed Exhibit 3

| Line No. | Project # | Project Description          | BU Name              | Proposed Rate<br>Divison | Closed | Detailed project description  | Certifications<br>date       | Amount         | Retirement  | Total      |
|----------|-----------|------------------------------|----------------------|--------------------------|--------|---|------------------------------|----------------|-------------|------------|
| 22.      | 2017085   | TANK REPLACEMENT WELL2       | Stewarts Ridge       | CWS-NC Uniform           |        | The project consisted of replacing the existing 5,000 gallon code hydropneumatic storage tank at Stewarts Ridge water system based upon third party internal lining assessment.   | No certification required    | 59,205.48      | (15,000.00) | 44,205.48  |
| 23.      | 2017086   | LS GENERATOR REPLACE         | Ashley Hills CWS NC  | CWS-NC Uniform           |        | Project consisted of Installing a new 80 KW stationary<br>standby generator with sub-base diesel fuel tank and<br>sound attenuated enclosure.   | No certification<br>required | 53,945.83      | (38,000.00) | 15,945.83  |
| 24.      | 1         | SOURCE METER<br>REPLACEMENTS | CWS - NC Cost Center | CW5-NC Uniform           |        | The project involved replacement of the 48 existing source well meters in 19 water systems with new and more accurate Sensus OMNI C2 source meters. Project also included correcting any pipe issues necessary to meet Sensus installation recommendation. Project consistent with company non revenue water strategy (water loss). | No certification<br>required | B3,015.68      | (23,500.00) | 59,515.68  |
| 25.      | 2017091   | MAIN REPLACEMENT             | 5apphire Valley W    | CW5-NC Uniform           |        | The project involved replacing (5) 6" water main creek crossings in the Sapphire Valley water distribution system due to DWQ recommendations.   | 8/28/2017                    | 211,804.13     | (16,000.00) | 195,804.13 |
| 26.      | 2017014   | ECOMAT INSTALLATION          | Independent/Hemby    | CWS-NC Uniform           | 1 '    | Installed new influent headwork Eco MAT EM10 unit for Hemby wastewater treatment plant (WWTP).  | 8/27/2017                    | 347,818.58     | •           | 347,818.58 |
|          | 26        |                              | •                    |                          | -I     | ······································  |                              | Ć 5 125 705 60 | A           |            |

Johnson Late Filed Exhibit 4

Carolina Water Service, Inc. of North Carolina

W - 354, Sub 356

Summary of Rate Case Adjustments

Test Year: December 31, 2016

#### **Excesss Deferred Taxes**

|             | CWS - NC Uniform - Water |              |                 |                    | ۸۸                      | UA                      | Total                 |                           |                       |
|-------------|--------------------------|--------------|-----------------|--------------------|-------------------------|-------------------------|-----------------------|---------------------------|-----------------------|
| Line<br>No. | Description              | Per Books AA | Per Books<br>UA | Total Per<br>Books | Per Books<br>Adjustment | Per Books<br>Adjustment | Per Books<br>Adjusted | Pro - Forma<br>Adjustment | Pro-forma<br>Proposed |
|             |                          | [A]          | [B]             | [C]                | [D]                     | [E]                     | [F]                   | [G]                       | [H]                   |
| 1           | Excess Deferred Taxes    | -            | -               | -                  | -                       | -                       | •                     | (197,164.25) [15]         | (197,164.25)          |
| 2           | Total - Water            | -            | -               |                    | -                       |                         |                       | (197,164.25)              | (197,164.25)          |
|             |                          |              |                 |                    |                         |                         |                       |                           |                       |
|             | CWS - NC Uniform - Sewer |              |                 |                    | AA                      | UA                      | Total                 |                           |                       |
| Line        |                          |              | Per Books       | Total Per          | Per Books               | Per Books               | Per Books             | Pro - Forma               | Pro-forma             |
| No.         | Description              | Per Books AA | UA              | Books              | Adjustment              | Adjustment              | Adjusted              | Adjustment                | Proposed              |
| -           |                          | [A]          | [B]             | [C]                | [D]                     | [E]                     | [F]                   | [G]                       | [H]                   |
| 3           | Excess Deferred Taxes    | •            | -               | -                  | -                       | -                       | -                     | (122,016.04) [16]         | (122,016.04)          |
| 4           | Total - Sewer            | •            | •               | · ·                |                         | •                       | -                     | (122,016.04)              | (122,016.04)          |

#### Column Calculations:

- [A]- Company's direct ledger amounts for test year endend December 31, 2016
- [B]- Company's Allocated ledger amounts for test year ended December 31,2016
- [C]- Sum of Column [A] & [B]
- [D[- Amounts calculated based on company's supporting schedules
- [E]- Amounts calculated based on company's supporting schedules
- [F]- Sum of Column [A], [B], & [C]
- [G]- Amounts calculated based on company's supporting schedules
- [H]- Sum of Column [F] & [G]

Carolina Water Service, Inc. of North Carolina Docket no. W-354, Sub 356 Test Year Ending December 31, 2016 Casselberry Late Filed Exhibit 1 Page 1 of 2

## **Sewer Operations**

| Item                                      | Amount per<br>Application | Fixed<br>Costs | Variable<br>Costs |
|---|---------------------------|----------------|-------------------|
| Maintenance Expense                       |                           |                |                   |
| Salaries and wages                        | 1,334,640                 | 1,334,640      |                   |
| Purchased power (1)                       | 785,837                   | 730,828        | 55,009            |
| Purchased sewer (2)                       | -                         |                | -                 |
| Maintenance and repairs (3)               | 990,746                   | 921,394        | 69,352            |
| Sludge hauling                            | 445,120                   |                | 445,120           |
| Maintenance testing                       | 297,109                   | 297,109        |                   |
| Meter reading                             | -                         |                |                   |
| Chemicals                                 | 205,315                   | _              | 205,315           |
| Transportation                            | 133,509                   | 133,509        |                   |
| Outside services - Other                  | 175,152                   | 175,152        |                   |
| General Expenses                          |                           |                |                   |
| Salaries and wages                        | 809,139                   | 809,139        |                   |
| Office Supplies and other office expenses | 180,778                   | 180,778        |                   |
| Regulatory commission expenses            | 127,480                   | 127,480        |                   |
| Pension and other benefits                | 364,983                   | 364,983        |                   |
| Rent                                      | 76,334                    | 76,334         |                   |
| Insurance                                 | 181,074                   | 181,074        |                   |
| Office Utilities                          | 254,493                   | 254,493        |                   |
| Miscellaneous                             | 54,926                    | 54,926         |                   |
|   | 6,416,635                 | 5,641,839      | 774,796           |
| Percentage                                |                           | 88             | 12                |

Wastewater treatment plants are time operated (fixed costs) where as lift stations operate based on flow (variable)

- 1 93% associated with WWTP and 7% for lift stations
- 2 Purchased sewer is directly assigned to purchased sewer customers
- 3 93% associated WWTP and 7% associated with lift station

Carolina Water Service, Inc. of North Carolina Docket No. W-354, Sub 356 Test Year Ending December 31, 2016 Casselberry Late Filed Exhibit 1 Page 2 of 2

## **Water Operations**

| Item                                      | Amount per<br>Application | Fixed<br>Costs | Variable<br>Costs |
|---|---------------------------|----------------|-------------------|
| Maintenance Expense                       |                           | <u> </u>       |                   |
| Salaries and wages                        | 2,704,977                 | 2,704,977      |                   |
| Purchased power                           | 1,021,238                 |                | 1,021,238         |
| Purchased water (1)                       | -                         |                | -                 |
| Maintenance and repairs (2)               | 1,097,879                 | 219,576        | 878,303           |
| Maintenance testing                       | 135,659                   | 135,659        |                   |
| Meter reading                             | 182,096                   | 182,096        |                   |
| Chemicals                                 | 347,545                   |                | 347,545           |
| Transportation                            | 222,579                   | 222,579        |                   |
| Outside services                          | 293,511                   | 293,511        |                   |
| <u>General Expenses</u>                   |                           |                |                   |
| Salaries and wages                        | 909,703                   | 909,703        |                   |
| Office Supplies and other office expenses | 302,274                   | 302,274        |                   |
| Regulatory commission expenses            | 215,789                   | 215,789        |                   |
| Pension and other benefits                | 608,143                   | 608,143        |                   |
| Rent                                      | 128,436                   | 128,436        |                   |
| Insurance                                 | 301,711                   | 301,711        |                   |
| Office Utilities                          | 428,564                   | 428,564        |                   |
| Miscellaneous                             | 88,597                    | 88,597         |                   |
|   | 8,988,701                 | 6,741,615      | 2,247,086         |
| Percentage                                |                           | 75             | 25                |

<sup>(1)</sup> Purchased water expenses are directly assigned to purchased water customers

<sup>(2) 20%</sup> allocated to fixed costs and 80% allocated to consumption.

Carolina Water Service, Inc. of North Carolina Docket No. W-354, Sub 356 Test Year Ending December 31, 2016 Casselberry Late Filed Exhibit 2

# Flat Rate Residential Customers

| ltem           | Fairfield<br>Harbour | Bradfield<br>Farms | Sapphire<br>Valley |
|----------------|----------------------|--------------------|--------------------|
| 5/8 inch meter | 1,829                | 1,044              | 652                |
| 1 inch meter   | 1                    | 2                  | 2                  |
| 1.5 inch meter |                      |                    | 128                |
| 2 inch meter   |                      |                    | 68                 |