

I/A

---

---

INDEX TO FERNALD EXHIBIT I

---

---

| <u>Line<br/>No.</u> | <u>Item</u>   | <u>Schedule<br/>Number</u> |
|---------------------|---|----------------------------|
| 1                   | ADJUSTMENT TO ACCUMULATED DEFERRED INCOME TAXES   | 1                          |
| 2                   | SUMMARY OF PUBLIC STAFF ADJUSTMENTS TO ACCUMULATED<br>DEFERRED INCOME TAXES                     | 1-1                        |
| 3                   | ADJUSTMENT TO RECLASSIFY STATE ADIT   | 1-1(a)                     |
| 4                   | ADJUSTMENT TO ADIT RELATED TO CIAC  | 1-1(b)                     |
| 5                   | ADJUSTMENT TO ACCUMULATED DEFERRED INCOME TAXES<br>RELATED TO DEFERRED CHARGES AND GAIN ON SALE | 1-1(c)                     |
| 6                   | ADJUSTMENT FOR EXCESS DEFERRED TAXES  | 2                          |
| 7                   | CALCULATION OF REGULATORY LIABILITY FOR EXCESS DEFERRED TAXES                                   | 2-1                        |
| 8                   | CALCULATION OF ADDITIONAL EXCESS DEFERRED TAXES AT 5% TAX RATE                                  | 2-1(a)                     |
| 9                   | CALCULATION OF EXCESS DEFERRED TAXES FOR TAX RATE CHANGE<br>FROM 5% TO 4%                       | 2-1(b)                     |

OFFICIAL COPY

Oct 15 2015

## CAROLINA WATER SERVICE, INC. OF NC

Docket No. W-354, Sub 344

## ADJUSTMENT TO ACCUMULATED

## DEFERRED INCOME TAXES

For the Test Year Ended December 31, 2014

Femald Exhibit I

Schedule 1

| Line No. | Item                        | Total Amount per Company | Public Staff Adjustments | Amount per Public Staff | Allocation of Total to Rate Divisions |                 |                 |                 |
|----------|-----------------------------|--------------------------|--------------------------|-------------------------|---------------------------------------|-----------------|-----------------|-----------------|
|          |                             | (a)                      | (b)                      | (c)                     | CWSNC Water                           | CWSNC Sewer     | CL & MS Sewer   | Nags Head Sewer |
|          |                             |                          |                          |                         | (d)                                   | (e)             | (f)             | (g)             |
|          | <u>State ADIT</u>           |                          |                          |                         |                                       |                 |                 |                 |
| 1        | Acc def tax state (4417)    | \$475,093                | (\$475,093)              | \$0                     | \$0                                   | \$0             | \$0             | \$0             |
| 2        | Tap fees pre 1987           | 354,259                  | 0                        | 354,259                 | 152,752 [4]                           | 143,740 [4]     | 68,970 [4]      | 797 [4]         |
| 3        | Post-2000 tap fees          | 338,616                  | 310,664                  | 649,180                 | 278,918 [4]                           | 263,404 [4]     | 104,398 [4]     | 1,460 [4]       |
| 4        | Rate case expense           | (35,633)                 | 23,672                   | (11,961)                | (7,269) [5]                           | (4,124) [5]     | (374) [5]       | (194) [5]       |
| 5        | Deferred maintenance        | (191,589)                | 169,080                  | (22,509)                | (20,055) [6]                          | (2,454) [6]     | 0 [6]           | 0 [6]           |
| 6        | Organization costs          | (145,139)                | 2,156                    | (142,983)               | (86,214) [7]                          | (48,915) [7]    | (4,431) [7]     | (3,423) [7]     |
| 7        | Bad debt                    | 6,719                    | 2,319                    | 9,038                   | 5,450 [7]                             | 3,092 [7]       | 280 [7]         | 216 [7]         |
| 8        | Cabarrus Woods gain on sale | 0                        | 30,205                   | 30,205                  | 20,011 [8]                            | 9,371 [8]       | 823 [8]         | 0 [8]           |
| 9        | Depreciation                | (1,334,340)              | 260,224                  | (1,074,116)             | (548,627) [9]                         | (367,701) [9]   | (131,739) [9]   | (26,049) [9]    |
| 10       | NOL asset                   | 192,843                  | 51,016                   | 243,859                 | 124,556 [9]                           | 83,480 [9]      | 29,909 [9]      | 5,914 [9]       |
| 11       | Total state ADIT            | (339,271)                | 374,243                  | 34,972                  | (79,478)                              | 79,893          | 65,836          | (21,279)        |
|          | <u>Federal ADIT</u>         |                          |                          |                         |                                       |                 |                 |                 |
| 12       | Tap fees pre 1987           | 396,029                  | 0                        | 396,029                 | 170,762 [4]                           | 160,689 [4]     | 63,687 [4]      | 891 [4]         |
| 13       | Post-2000 tap fees          | 1,535,122                | 1,284,451                | 2,819,573               | 1,215,762 [4]                         | 1,144,040 [4]   | 453,428 [4]     | 6,343 [4]       |
| 14       | Rate case expense           | (192,438)                | 94,838                   | (97,600)                | (59,314) [10]                         | (33,653) [10]   | (3,050) [10]    | (1,583) [10]    |
| 15       | Deferred maintenance        | (878,905)                | 695,230                  | (183,675)               | (163,650) [11]                        | (20,025) [11]   | 0 [11]          | 0 [11]          |
| 16       | Organization costs          | (327,157)                | 10,493                   | (316,664)               | (190,938) [7]                         | (108,331) [7]   | (9,814) [7]     | (7,581) [7]     |
| 17       | Bad debt                    | 61,041                   | 11,285                   | 72,326                  | 43,610 [7]                            | 24,743 [7]      | 2,242 [7]       | 1,731 [7]       |
| 18       | Cabarrus Woods gain on sale | 0                        | 246,468                  | 246,468                 | 163,286 [12]                          | 76,466 [12]     | 6,716 [12]      | 0 [12]          |
| 19       | Depreciation                | (8,638,269)              | 160,726                  | (8,477,543)             | (4,330,080) [9]                       | (2,902,106) [9] | (1,039,760) [9] | (205,598) [9]   |
| 20       | NOL asset                   | 2,088,919                | 593,778                  | 2,682,697               | 1,370,243 [9]                         | 918,364 [9]     | 329,029 [9]     | 65,061 [9]      |
| 21       | Total federal ADIT          | (5,955,658)              | 3,097,269                | (2,858,389)             | (1,780,319)                           | (739,813)       | (197,522)       | (140,736)       |
| 22       | ADIT allocated from WSC     | (56,954)                 | 0                        | (56,954)                | (34,341) [7]                          | (19,484) [7]    | (1,765) [7]     | (1,363) [7]     |
| 23       | Total ADIT per Public Staff | (56,351,883)             | \$3,471,512              | (2,880,371)             | (1,894,138)                           | (679,404)       | (143,451)       | (163,378)       |
| 24       | Amount per Company          |                          |                          | (6,351,883) [1]         | (2,999,825) [1]                       | (2,483,899) [1] | (845,414) [1]   | (22,745) [1]    |
| 25       | Public Staff adjustment     |                          |                          | \$3,471,512             | \$1,105,687                           | \$1,804,495     | \$701,963       | (\$140,633)     |

[1] Based on review of Company Item 10 workpapers.

[2] Femald Exhibit I, Schedule 1-1, Column (f).

[3] Column (a) plus Column (b).

[4] Column (c) allocated based on CIAC, net of accumulated amortization.

[5] Femald Exhibit I, Schedule 1-1(c), Line 2.

[6] Femald Exhibit I, Schedule 1-1(c), Line 5.

[7] Column (c) allocated based on number of customers.

[8] Femald Exhibit I, Schedule 1-1(c), Line 8.

[9] Column (c) allocated based on plant in service, net of accumulated depreciation.

[10] Femald Exhibit I, Schedule 1-1(c), Line 3.

[11] Femald Exhibit I, Schedule 1-1(c), Line 6.

[12] Femald Exhibit I, Schedule 1-1(c), Line 9.

## CAROLINA WATER SERVICE, INC. OF NC

Docket No. W-354, Sub 344

SUMMARY OF PUBLIC STAFF ADJUSTMENTS  
TO ACCUMULATED DEFERRED INCOME TAXES  
For the Test Year Ended December 31, 2014Femald Exhibit I  
Schedule 1-1

| Line No. | Item                        | Total Amount per Application (a) | Remove Company Adjustments (b) | Reflected Company Corrections (c) | Reclassify ADIT for Cabarrus Woods Gain (d) | Reclassify State ADIT (e) | Remove Additional Excess Deferred Taxes (f) | Reflect Adjustment Based on Prior Orders (g) | Adjust ADIT Related to Unamortized Balances (h) | Total Public Staff Adjustment (i) | Amount Per Public Staff (j) |
|----------|-----------------------------|----------------------------------|--------------------------------|-----------------------------------|---|---------------------------|---|--|---|-----------------------------------|-----------------------------|
|          |                             | (a)                              | (b)                            | (c)                               | (d)   | (e)                       | (f)   | (g)  | (h)   | (i)                               | (j)                         |
|          | <b>State ADIT</b>           |                                  |                                |                                   |   |                           |   |  |   |                                   |                             |
| 1        | Acc def tax state (4417)    | \$475,093                        | \$0                            | (\$475,093)                       | \$0   | \$0                       | \$0   | \$0  | \$0   | (\$475,093)                       | \$0                         |
| 2        | Tap fees pro 1987           | 354,259                          | 0                              | 0                                 | 0   | 0                         | 0   | 0  | 0   | 0                                 | 354,259                     |
| 3        | Post-2000 tap fees          | 338,516                          | 338,264                        | 0                                 | 0   | 0                         | 0   | (27,600)                                     | 0   | 310,664                           | 649,180                     |
| 4        | Rato caso expense           | (35,633)                         | 13,097                         | 4,772                             | 0   | 0                         | 0   | 0  | 5,603   | 23,672                            | (11,961)                    |
| 5        | Deferred maintenance        | (191,589)                        | 0                              | (34,766)                          | 0   | 0                         | 0   | 0  | 203,846   | 169,080                           | (22,509)                    |
| 6        | Organization costs          | (145,139)                        | 0                              | 2,156                             | 0   | 0                         | 0   | 0  | 0   | 2,156                             | (142,983)                   |
| 7        | Bad debt                    | 6,719                            | 0                              | 2,319                             | 0   | 0                         | 0   | 0  | 0   | 2,319                             | 9,038                       |
| 8        | Cabarrus Woods gain on sale | 0                                | 0                              | 0                                 | 14,911                                      | 0                         | 0   | 0  | 15,294  | 30,205                            | 30,205                      |
| 9        | Depreciation                | (1,334,340)                      | 294,602                        | (157,853)                         | (14,911)                                    | 59,306                    | 79,080                                      | 0  | 0   | 260,224                           | (1,074,116)                 |
| 10       | NOL asset                   | 182,843                          | 0                              | 51,016                            | 0   | 0                         | 0   | 0  | 0   | 51,016                            | 243,859                     |
| 11       | Total state ADIT            | <u>(339,271)</u>                 | <u>645,963</u>                 | <u>(607,449)</u>                  | <u>0</u>                                    | <u>59,306</u>             | <u>79,080</u>                               | <u>(27,600)</u>                              | <u>224,943</u>                                  | <u>374,243</u>                    | <u>34,972</u>               |
|          | <b>Federal ADIT</b>         |                                  |                                |                                   |   |                           |   |  |   |                                   |                             |
| 12       | Tap fees pro 1987           | 398,029                          | 0                              | 0                                 | 0   | 0                         | 0   | 0  | 0   | 0                                 | 398,029                     |
| 13       | Post-2000 tap fees          | 1,535,122                        | 1,509,667                      | 0                                 | 0   | 0                         | 0   | (225,216)                                    | 0   | 1,284,451                         | 2,819,573                   |
| 14       | Rato caso expense           | (192,439)                        | 89,054                         | 23,220                            | 0   | 0                         | 0   | 0  | (17,436)  | 94,838                            | (97,600)                    |
| 15       | Deferred maintenance        | (878,605)                        | 0                              | (169,185)                         | 0   | 0                         | 0   | 0  | 864,415   | 695,230                           | (183,675)                   |
| 16       | Organization costs          | (327,157)                        | 0                              | 10,493                            | 0   | 0                         | 0   | 0  | 0   | 10,493                            | (316,664)                   |
| 17       | Bad debt                    | 61,041                           | 0                              | 11,285                            | 0   | 0                         | 0   | 0  | 0   | 11,285                            | 72,326                      |
| 18       | Cabarrus Woods gain on sale | 0                                | 0                              | 0                                 | 644,976                                     | 0                         | 0   | 0  | (398,508)                                       | 246,468                           | 246,468                     |
| 19       | Depreciation                | (8,638,269)                      | 1,180,939                      | (299,044)                         | (644,976)                                   | (59,306)                  | (26,887)                                    | 0  | 0   | 160,726                           | (8,477,543)                 |
| 20       | NOL asset                   | 2,088,919                        | 0                              | 593,778                           | 0   | 0                         | 0   | 0  | 0   | 593,778                           | 2,682,697                   |
| 21       | Total federal ADIT          | <u>(5,955,656)</u>               | <u>2,789,660</u>               | <u>170,547</u>                    | <u>0</u>                                    | <u>(59,306)</u>           | <u>(26,887)</u>                             | <u>(225,216)</u>                             | <u>448,471</u>                                  | <u>3,097,269</u>                  | <u>(2,858,389)</u>          |
| 22       | ADIT allocated from WSC     | <u>(58,954)</u>                  | <u>0</u>                       | <u>0</u>                          | <u>0</u>                                    | <u>0</u>                  | <u>0</u>                                    | <u>0</u>                                     | <u>0</u>  | <u>0</u>                          | <u>(58,954)</u>             |
| 23       | Total ADIT                  | <u>(\$6,351,883)</u>             | <u>\$3,435,623</u>             | <u>(\$436,902)</u>                | <u>\$0</u>                                  | <u>\$0</u>                | <u>\$52,193</u>                             | <u>(\$252,816)</u>                           | <u>\$673,414</u>                                | <u>\$3,471,512</u>                | <u>(\$2,880,371)</u>        |

[1] Based on review of Company Item 10 workpapers.

[2] Based on review of Company Item 10 workpapers and discussions with Company personnel.

[3] Based on information provided by Company and discussions with Company personnel.

[4] Femald Exhibit I, Schedule 1-1(a), Line 5.

[5] Femald Exhibit I, Schedule 2-1, Line 4.

[6] Femald Exhibit I, Schedule 1-1(b).

[7] Amount per Public Staff from Femald Exhibit I, Schedule 1-1(c) less sum of Columns (a) through (g).

[8] Sum of Columns (b) through (h).

[9] Column (a) plus Column (i).

**CAROLINA WATER SERVICE, INC. OF NC**

Docket No. W-354, Sub 344

**ADJUSTMENT TO RECLASSIFY STATE ADIT**

For the Test Year Ended December 31, 2014

Fernald Exhibit I

Schedule 1-1(a)

| <u>Line<br/>No.</u> | <u>Item</u>                          | <u>Amount</u>   |
|---------------------|--------------------------------------|-----------------|
| 1                   | 2013 revision entry                  | \$331,373 [1]   |
| 2                   | 2013 composite tax rate              | 38.554% [2]     |
| 3                   | Grossed up amount (Line 1 / Line 2)  | 859,504         |
| 4                   | State corporate income tax rate      | 6.90% [2]       |
| 5                   | State portion of 2013 revision entry | <u>\$59,306</u> |

[1] Based on review of Company books and records.

[2] Based on state corporate income tax rate for 2013 of 6.9% and federal tax rate of 34%.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC. OF NC**

Docket No. W-354, Sub 344

**ADJUSTMENT TO ADIT RELATED TO CIAC**

For the Test Year Ended December 31, 2014

Fernald Exhibit I  
Schedule 1-1(b)

|   | <u>Amount</u>          |
|---|------------------------|
| 1 Corolla Bay CIAC reported as taxable income in error:                 |                        |
| 2 2006  | (\$250,000) [1]        |
| 3 2007  | <u>(750,000) [2]</u>   |
| 4 Total Corolla Bay CIAC reported as taxable in error (L2 + L3)         | <u>(1,000,000)</u>     |
| 5 Tax depreciation related to CIAC property:                            |                        |
| 6 2006  | 85,000 [3]             |
| 7 2007  | <u>225,000 [4]</u>     |
| 8 Total tax depreciation (L6 + L7)                                      | <u>310,000</u>         |
| 9 Timing difference related CIAC reported as taxable in error (L4 + L8) | <u>(\$690,000)</u>     |
| 10 Adjustment to state ADIT   | <u>(\$27,600) [5]</u>  |
| 11 Adjustment to federal ADIT   | <u>(\$225,216) [6]</u> |

[1] Per Fernald Exhibit I, Schedule 2-1, Line 2 from Docket No. W-354, Sub 327.

[2] Per Fernald Exhibit I, Schedule 2-1, Line 3 from Docket No. W-354, Sub 327.

[3] Line 2 times tax depreciation rate of 4% times 8.5 years in service.

[4] Line 3 times tax depreciation rate of 4% times 7.5 years in service.

[5] Line 9 times state corporate income tax rate of 4%.

[6] (Line 9 - Line 10) times federal corporate income tax rate of 34%.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO ACCUMULATED DEFERRED INCOME**  
**TAXES RELATED TO DEFERRED CHARGES AND GAIN ON SALE**  
For the Test Year Ended December 31, 2014

Fernald Exhibit I  
Schedule 1-1(c)

|  | CWSNC<br>Water<br>(a) | CWSNC<br>Sewer<br>(b) | CL & MS<br>Sewer<br>(c) | Nags Head<br>Sewer<br>(d) | Total [2]<br>(e) |
|--|-----------------------|-----------------------|-------------------------|---------------------------|------------------|
| <u>Rate case expense</u>                           |                       |                       |                         |                           |                  |
| 1 Unamortized balance per Public Staff             | \$181,721 [1]         | \$103,102 [1]         | \$9,345 [1]             | \$4,850 [1]               | \$299,018        |
| 2 State ADIT per Public Staff (-L1 x 4%)           | (7,269)               | (4,124)               | (374)                   | (194)                     | (11,961)         |
| 3 Federal ADIT per Public Staff -((L1 + L2) x 34%) | (59,314)              | (33,653)              | (3,050)                 | (1,583)                   | (97,600)         |
| <u>Deferred maintenance</u>                        |                       |                       |                         |                           |                  |
| 4 Unamortized balance per Public Staff             | 501,379 [1]           | 61,352 [1]            | 0 [1]                   | 0 [1]                     | 562,731          |
| 5 State ADIT per Public Staff (-L4 x 4%)           | (20,055)              | (2,454)               | 0                       | 0                         | (22,509)         |
| 6 Federal ADIT per Public Staff -((L4 + L5) x 34%) | (163,650)             | (20,025)              | 0                       | 0                         | (183,675)        |
| <u>Cabarrus Woods gain on sale</u>                 |                       |                       |                         |                           |                  |
| 7 Unamortized balance per Public Staff             | (500,264) [1]         | (234,272) [1]         | (20,577) [1]            | 0 [1]                     | (755,113)        |
| 8 State ADIT per Public Staff (-L7 x 4%)           | 20,011                | 9,371                 | 823                     | 0                         | 30,205           |
| 9 Federal ADIT per Public Staff -((L7 + L8) x 34%) | 163,286               | 76,466                | 6,716                   | 0                         | 246,468          |

[1] Amount recommended by Public Staff witness Henry.

[2] Sum of Column (a) through Column (d).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT FOR EXCESS DEFERRED TAXES**  
For the Test Year Ended December 31, 2014

Fernald Exhibit I  
Schedule 2

| Line<br>No. | Item  | Total<br>Company<br>(a) | CWSNC<br>Water<br>(b) | CWSNC<br>Sewer<br>(c) | CL & MS<br>Sewer<br>(d) | Nags Head<br>Sewer<br>(e) |
|-------------|---|-------------------------|-----------------------|-----------------------|-------------------------|---------------------------|
| 1           | Regulatory liability for excess deferred taxes            | (\$131,097) [1]         | (\$66,961) [3]        | (\$44,878) [3]        | (\$16,079) [3]          | (\$3,179) [3]             |
| 2           | Amortization period recommended by Public Staff           | 3 [2]                   | 3 [2]                 | 3 [2]                 | 3 [2]                   | 3 [2]                     |
| 3           | Amortization of excess deferred taxes (L1 / L2)           | (43,699)                | (22,320)              | (14,959)              | (5,360)                 | (1,060)                   |
| 4           | Unamortized balance to be included in rate base (L1 - L3) | (\$87,398)              | (\$44,640)            | (\$29,919)            | (\$10,719)              | (\$2,120)                 |

[1] Fernald Exhibit I, Schedule 2-1, Line 7.

[2] Amortization period recommended by Public Staff.

[3] Column (a) allocated based on plant in service, net of accumulated depreciation.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC. OF NC**

Docket No. W-354, Sub 344

**CALCULATION OF REGULATORY LIABILITY  
FOR EXCESS DEFERRED TAXES**

For the Test Year Ended December 31, 2014

Fernald Exhibit I  
Schedule 2-1

| Line<br>No. | Item   | State<br>ADIT<br>(a) | Federal<br>ADIT<br>(b) | Total<br>(c)   |
|-------------|--|----------------------|------------------------|----------------|
| 1           | Excess deferred taxes through 12-31-13 per Company         | (\$46,773) [1]       | \$15,903 [1]           | (\$30,870) [6] |
| 2           | Include additional excess deferred taxes at 5%             | (38,487) [2]         | 13,085 [4]             | (25,402) [6]   |
| 3           | Include excess deferred taxes for tax change from 5% to 4% | (40,593) [3]         | 13,802 [5]             | (26,791) [6]   |
| 4           | Additional excess deferred taxes (L1 + L2)                 | (79,080)             | 26,887                 | (52,193)       |
| 5           | Excess deferred taxes per Public Staff (L1 + L4)           | (\$125,853)          | \$42,790               | (83,063)       |
| 6           | Gross up for taxes   |                      |                        | 0.6336 [7]     |
| 7           | Regulatory liability (L5 / L6)                             |                      |                        | (\$131,097)    |

[1] Based on Company response to Public Staff data request.

[2] Fernald Exhibit I, Schedule 2-1(a), Line 19.

[3] Fernald Exhibit I, Schedule 2-1(b), Line 10.

[4] Fernald Exhibit I, Schedule 2-1(a), Line 20.

[5] Fernald Exhibit I, Schedule 2-1(b), Line 12.

[6] Column (a) plus Column (b).

[7] Based on state income tax rate of 4% and federal income tax rate of 34%.



**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF ADDITIONAL  
EXCESS DEFERRED TAXES AT 5% TAX RATE**  
For the Test Year Ended December 31, 2014

Fernald Exhibit I  
Schedule 2-1(a)

| <u>Line<br/>No.</u> | <u>Item</u>  | <u>Amount</u>   |
|---------------------|--|-----------------|
|                     | <u>Additional 2013 excess deferred taxes</u>                   |                 |
| 1                   | 2013 state ADIT reclassified from federal                      | \$59,306 [1]    |
| 2                   | 2013 state ADIT activity not included in Company calculation   | (44,848) [2]    |
| 3                   | Additional 2013 state ADIT activity                            | 14,458          |
| 4                   | State income tax rate reflected in entry                       | 6.90% [2]       |
| 5                   | Grossed-up amount (L1 / L2)                                    | 209,536         |
| 6                   | Change in state tax rate from 6.9% to 5%                       | 1.90%           |
| 7                   | Effect of change in state tax rate (L3 x L4)                   | 3,981           |
| 8                   | Federal tax rate   | 34.00%          |
| 9                   | Federal effect of state tax rate change (-L5 x L6)             | (1,354)         |
| 10                  | Adjustment to excess deferred taxes (L7 + L9)                  | \$2,627         |
|                     | <u>2014 excess deferred taxes</u>                              |                 |
| 11                  | 2014 state ADIT entries  | (\$134,111) [2] |
| 12                  | State income tax rate reflected in entry                       | 6.00% [2]       |
| 13                  | Grossed-up amount (L11 / L12)                                  | (2,235,183)     |
| 14                  | Change in state tax rate from 6.9% to 5%                       | 1.90%           |
| 15                  | Effect of change in state tax rate (L13 x L14)                 | (42,468)        |
| 16                  | Federal tax rate   | 34.00%          |
| 17                  | Federal effect of state tax rate change (-L15 x L16)           | 14,439          |
| 18                  | Adjustment to excess deferred taxes (L15 + L17)                | (\$28,029)      |
| 19                  | Additional excess deferred taxes - state tax effect (L7 + L18) | (\$38,487)      |
| 20                  | Additional excess deferred taxes - federal effect (L9 + L17)   | 13,085          |
| 21                  | Total additional excess deferred taxes (L19 + L20)             | (\$25,402)      |

[1] Fernald Exhibit I, Schedule 1-1(a), Line 5.

[2] Based on review of information provided by Company.

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF EXCESS DEFERRED TAXES**  
**FOR TAX RATE CHANGE FROM 5% TO 4%**  
For the Test Year Ended December 31, 2014

Fernald Exhibit I  
Schedule 2-1(b)

| <u>Line<br/>No.</u> | <u>Item</u>   | <u>Amount</u>   |
|---------------------|---|-----------------|
| 1                   | Total State ADIT per application                              | (\$339,271) [1] |
| 2                   | Remove Company pro forma adjustments                          | 645,963 [2]     |
| 3                   | Reflect Company corrections                                   | (607,449) [3]   |
| 4                   | Reclassify State ADIT   | 59,306 [4]      |
| 5                   | Remove additional state excess deferred taxes from 6.9% to 5% | 38,487 [5]      |
| 6                   | State tax benefit at 5% state tax rate (Sum of L1 thru L5)    | (202,964)       |
| 7                   | State tax rate  | 5.00%           |
| 8                   | Grossed up amount (L6 / L7)                                   | (4,059,280)     |
| 9                   | State tax rate change from 5% to 4%                           | 1.00%           |
| 10                  | Effect of change in state tax rate (L8 x L9)                  | (40,593)        |
| 11                  | Federal tax rate  | 34.00%          |
| 12                  | Federal effect of state tax rate change (-L5 x L6)            | 13,802          |
| 13                  | Excess deferred taxes for tax change from 5% to 4% (L5 + L7)  | (\$26,791)      |

- [1] Fernald Exhibit I, Schedule 1-1, Line 11, Column (a).  
[2] Fernald Exhibit I, Schedule 1-1, Line 11, Column (b).  
[3] Fernald Exhibit I, Schedule 1-1, Line 11, Column (c).  
[4] Fernald Exhibit I, Schedule 1-1, Line 11, Column (e).  
[5] Fernald Exhibit I, Schedule 2-1(a), Line 19.

OFFICIAL COPY

Oct 15 2015

IIA

INDEX TO ZHANG EXHIBIT I

| Line<br>No. | Title   | Schedule<br>No. |
|-------------|---|-----------------|
| 1.          | CALCULATION OF ALLOCATED PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - CWSNC UNIFORM (UNIFORM)                  | 1(a)            |
| 2.          | CALCULATION OF ALLOCATED PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - COROLLA LIGHT AND MONTERAY SHORES (CLMS) | 1(b)            |
| 3.          | CALCULATION OF ALLOCATED PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - NAGS HEAD (NH)                           | 1(c)            |
| 4.          | CALCULATION OF WSC ALLOCATED PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - UNIFORM                              | 1-1(a)          |
| 5.          | ADJUSTMENT TO DEPRECIATION EXPENSE ON WSC COMPUTER SYSTEM COST  | 1-1(a)(1)       |
| 6.          | CALCULATION OF WSC ALLOCATED PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - CLMS                                 | 1-1(b)          |
| 7.          | CALCULATION OF WSC ALLOCATED PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - NH                                   | 1-1(c)          |
| 8.          | CALCULATION OF CHARLOTTE WAREHOUSE ALLOCATED PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - UNIFORM              | 1-2(a)          |
| 9.          | ADJUSTMENT OF CHARLOTTE WAREHOUSE COMPUTER SOFTWARE ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - UNIFORM                         | 1-2(a)(1)       |
| 10.         | CALCULATION OF TRANSPORTATION EQUIPMENT, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - UNIFORM                                    | 1-3(a)          |
| 11.         | CALCULATION OF TRANSPORTATION EQUIPMENT, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - CLMS                                       | 1-3(b)          |
| 12.         | CALCULATION OF TRANSPORTATION EQUIPMENT, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - NH   | 1-3(c)          |
| 13.         | ADJUSTMENT TO COST CENTER ALLOCATED EXPENSES - UNIFORM  | 2-1(a)          |
| 14.         | CALCULATION OF ALLOCATED WSC EXPENSE FOR OUTSIDE SERVICES - OTHER (UNIFORM)   | 2-1(a)(1)       |
| 15.         | ADJUSTMENT TO COST CENTER ALLOCATED MISCELLANEOUS EXPENSE - UNIFORM   | 2-1(a)(2)       |
| 16.         | ADJUSTMENT TO COST CENTER ALLOCATED EXPENSES - CLMS   | 2-1(b)          |
| 17.         | CALCULATION OF ALLOCATED WSC EXPENSE FOR OUTSIDE SERVICES - OTHER (CLMS)  | 2-1(b)(1)       |
| 18.         | ADJUSTMENT TO COST CENTER ALLOCATED EXPENSES - NH   | 2-1(c)          |
| 19.         | CALCULATION OF ALLOCATED WSC EXPENSE FOR OUTSIDE SERVICES - OTHER (NH)  | 2-1(c)(1)       |
| 20.         | ADJUSTMENT TO SALARIES AND WAGES - UNIFORM  | 2-2(a)          |
| 21.         | ADJUSTMENT TO SALARIES AND WAGES - CLMS   | 2-2(b)          |
| 22.         | ADJUSTMENT TO SALARIES AND WAGES - NH   | 2-2(c)          |
| 23.         | CALCULATION OF TRANSPORTATION EXPENSE - UNIFORM   | 2-3(a)          |
| 24.         | ADJUSTMENT TO OPERATING EXPENSE CHARGE TO PLANT - UNIFORM   | 2-4(a)          |
| 25.         | ADJUSTMENT TO OPERATING EXPENSE CHARGE TO PLANT - CLMS  | 2-4(b)          |
| 26.         | ADJUSTMENT TO OPERATING EXPENSE CHARGE TO PLANT - NH  | 2-4(c)          |
| 27.         | ADJUSTMENT TO PENSION AND OTHER BENEFITS - UNIFORM  | 2-5(a)          |
| 28.         | ADJUSTMENT TO PENSION AND OTHER BENEFITS - CLMS   | 2-5(b)          |
| 29.         | ADJUSTMENT TO PENSION AND OTHER BENEFITS - NH   | 2-5(c)          |
| 30.         | CALCULATION OF RENT EXPENSE - UNIFORM   | 2-6(a)          |
| 31.         | CALCULATION OF RENT EXPENSE - CLMS  | 2-6(b)          |
| 32.         | CALCULATION OF RENT EXPENSE - NH  | 2-6(c)          |
| 33.         | CALCULATION OF INSURANCE EXPENSE - UNIFORM  | 2-7(a)          |
| 34.         | CALCULATION OF INSURANCE EXPENSE - CLMS   | 2-7(b)          |
| 35.         | CALCULATION OF INSURANCE EXPENSE - NH   | 2-7(c)          |
| 36.         | ADJUSTMENT TO PAYROLL TAXES - UNIFORM   | 2-8(a)          |
| 37.         | ADJUSTMENT TO PAYROLL TAXES - CLMS  | 2-8(b)          |
| 38.         | ADJUSTMENT TO PAYROLL TAXES - NH  | 2-8(c)          |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF ALLOCATED PLANT IN SERVICE,  
 ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
 For the Test Year Ended December 31, 2014

Zhang Exhibit I  
 Schedule 1(a)

CWSNC Uniform

| Line No.                         | Item  | Water [1]<br>(a)     | Sewer [2]<br>(b)     | Total [3]<br>(c)     |
|----------------------------------|---|----------------------|----------------------|----------------------|
| <b>Plant in Service:</b>         |   |                      |                      |                      |
| 1.                               | WSC   | \$2,537,178          | \$1,439,457          | \$3,976,635 [4]      |
| 2.                               | State   | 965,804              | 547,995              | 1,513,799 [5]        |
| 3.                               | Charlotte office                                    | 110,200              | 62,528               | 172,728 [5]          |
| 4.                               | Charlotte warehouse                                 | 586,055 [6]          | 48,832 [7]           | 634,887 [8]          |
| 5.                               | Florida office                                      | 69,368               | 39,356               | 108,724              |
| 6.                               | Nevada office                                       | 5,009                | 2,842                | 7,851                |
| 7.                               | Total plant in service (Sum of L1 thru L6)          | <u>\$4,273,614</u>   | <u>\$2,141,010</u>   | <u>\$6,414,624</u>   |
| <b>Accumulated Depreciation:</b> |   |                      |                      |                      |
| 8.                               | WSC   | (\$2,019,028)        | (\$1,145,593)        | (\$3,164,621) [9]    |
| 9.                               | State   | (759,855)            | (431,141)            | (1,190,996) [5]      |
| 10.                              | Charlotte office                                    | (52,934)             | (30,034)             | (82,968) [5]         |
| 11.                              | Charlotte warehouse                                 | (186,890) [10]       | (32,809) [11]        | (219,699) [8]        |
| 12.                              | Florida office                                      | (30,923)             | (17,544)             | (48,467)             |
| 13.                              | Nevada office                                       | (2,565)              | (1,456)              | (4,021)              |
| 14.                              | Total accumulated depreciation (Sum of L8 thru L13) | <u>(\$3,052,195)</u> | <u>(\$1,658,577)</u> | <u>(\$4,710,772)</u> |
| <b>Depreciation Expense:</b>     |   |                      |                      |                      |
| 15.                              | WSC   | \$133,315            | \$75,642             | \$208,957 [12]       |
| 16.                              | State   | 106,620              | 60,496               | 167,116 [5]          |
| 17.                              | Charlotte office                                    | 8,382                | 4,756                | 13,138 [5]           |
| 18.                              | Charlotte warehouse                                 | 16,357 [13]          | 1,328 [14]           | 17,685 [8]           |
| 19.                              | Florida office                                      | 2,223                | 1,261                | 3,484                |
| 20.                              | Nevada office                                       | 0                    | 0                    | 0                    |
| 21.                              | Total depreciation expense (Sum of L15 thru L20)    | <u>\$266,897</u>     | <u>\$143,483</u>     | <u>\$410,380</u>     |

[1] Column (c) multiplied by water allocation factor of 63.80%, unless otherwise footnoted.

[2] Column (c) multiplied by sewer allocation factor of 36.20%, unless otherwise footnoted.

[3] Per Company workpapers, unless otherwise footnoted.

[4] Zhang Exhibit I, Schedule 1-1(a), Line 7, Column (a).

[5] Public Staff calculated amount based on Company's books and records.

[6] Zhang Exhibit I, Schedule 1-2(a), Line 7, Column (a).

[7] Zhang Exhibit I, Schedule 1-2(a), Line 8, Column (a).

[8] Column (a) plus column (b).

[9] Zhang Exhibit I, Schedule 1-1(a), Line 7, Column (b).

[10] Zhang Exhibit I, Schedule 1-2(a), Line 7, Column (b).

[11] Zhang Exhibit I, Schedule 1-2(a), Line 8, Column (b).

[12] Zhang Exhibit I, Schedule 1-1(a), Line 7, Column (c).

[13] Zhang Exhibit I, Schedule 1-2(a), Line 7, Column (c).

[14] Zhang Exhibit I, Schedule 1-2(a), Line 8, Column (c).

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF ALLOCATED PLANT IN SERVICE,  
 ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
 For the Test Year Ended December 31, 2014

Zhang Exhibit I  
 Schedule 1(b)

Corolla Light and Monterey Shores

| Line<br>No. | Item  | Amount             | [1] |
|-------------|---|--------------------|-----|
|             | <b><u>Plant in Service:</u></b>                     |                    |     |
| 1.          | WSC   | \$131,699          | [2] |
| 2.          | State   | 46,919             | [3] |
| 3.          | Charlotte office                                    | 5,649              | [3] |
| 4.          | Florida office                                      | 3,550              |     |
| 5.          | Nevada office                                       | 258                |     |
| 6.          | Total plant in service (Sum of L1 thru L5)          | <u>\$188,075</u>   |     |
|             | <b><u>Accumulated Depreciation:</u></b>             |                    |     |
| 7.          | WSC   | (\$104,844)        | [4] |
| 8.          | State   | (37,309)           | [3] |
| 9.          | Charlotte office                                    | (2,713)            | [3] |
| 10.         | Florida office                                      | (1,584)            |     |
| 11.         | Nevada office                                       | (132)              |     |
| 12.         | Total accumulated depreciation (Sum of L7 thru L11) | <u>(\$146,582)</u> |     |
|             | <b><u>Depreciation Expense:</u></b>                 |                    |     |
| 13.         | WSC   | \$6,923            | [5] |
| 14.         | State   | 4,668              | [3] |
| 15.         | Charlotte office                                    | 430                | [3] |
| 16.         | Florida office                                      | 114                |     |
| 17.         | Nevada office                                       | 0                  |     |
| 18.         | Total depreciation expense (Sum of L13 thru L17)    | <u>\$12,135</u>    |     |

[1] Per Company workpapers, unless otherwise footnoted.

[2] Zhang Exhibit I, Schedule 1-1(b), Line 7, Column (a).

[3] Public Staff calculated amount based on Company's books and records.

[4] Zhang Exhibit I, Schedule 1-1(b), Line 7, Column (b).

[5] Zhang Exhibit I, Schedule 1-1(b), Line 7, Column (c).

## Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

Zhang Exhibit I  
Schedule 1(c)CALCULATION OF ALLOCATED PLANT IN SERVICE,  
ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE  
For the Test Year Ended December 31, 2014

## Nags Head

| Line No.                         | Item  | Amount             | [1] |
|----------------------------------|---|--------------------|-----|
| <u>Plant in Service:</u>         |   |                    |     |
| 1.                               | WSC   | \$100,507          | [2] |
| 2.                               | State   | 36,244             | [3] |
| 3.                               | Charlotte office                                    | 4,394              | [3] |
| 4.                               | Florida office                                      | 2,724              |     |
| 5.                               | Nevada office                                       | 194                |     |
| 6.                               | Total plant in service (Sum of L1 thru L5)          | <u>\$144,063</u>   |     |
| <u>Accumulated Depreciation:</u> |   |                    |     |
| 7.                               | WSC   | (\$80,012)         | [4] |
| 8.                               | State   | (28,820)           | [3] |
| 9.                               | Charlotte office                                    | (2,110)            | [3] |
| 10.                              | Florida office                                      | (1,214)            |     |
| 11.                              | Nevada office                                       | (99)               |     |
| 12.                              | Total accumulated depreciation (Sum of L7 thru L11) | <u>(\$112,255)</u> |     |
| <u>Depreciation Expense:</u>     |   |                    |     |
| 13.                              | WSC   | \$5,283            | [5] |
| 14.                              | State   | 3,606              | [3] |
| 15.                              | Charlotte office                                    | 334                | [3] |
| 16.                              | Florida office                                      | 87                 |     |
| 17.                              | Nevada office                                       | 0                  |     |
| 18.                              | Total depreciation expense (Sum of L13 thru L17)    | <u>\$9,310</u>     |     |

[1] Per Company workpapers, unless otherwise footnoted.

[2] Zhang Exhibit I, Schedule 1-1(c), Line 7, Column (a).

[3] Public Staff calculated amount based on Company's books and records.

[4] Zhang Exhibit I, Schedule 1-1(c), Line 7, Column (b).

[5] Zhang Exhibit I, Schedule 1-1(c), Line 7, Column (c).

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF WSC ALLOCATED PLANT IN SERVICE,**  
**ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
 Schedule 1-1(a)

CWSNC Uniform

| Line<br>No. | Item   | Plant<br>In Service<br>(a) | Accumulated<br>Depreciation<br>(b) | Depreciation<br>Expense<br>(c) |
|-------------|--|----------------------------|------------------------------------|--------------------------------|
| 1.          | WSC rate base  | \$34,658,028               | [1] (\$27,294,896)                 | [1] \$3,673,462                |
| 2.          | Adjustment to update A/D on WSC computers through July 31, 2015              | 0                          | (295,522) [2]                      | 0                              |
| 3.          | Adjustment to remove depreciation expense on fully depreciated WSC computers | 0                          | 0                                  | (25,354) [2]                   |
| 4.          | Adjustment to reflect amortization of undepreciated computer system cost     | 0                          | 0                                  | (1,826,340) [3]                |
| 5.          | Adjusted WSC rate base per Public Staff (Sum of L1 thru L4)                  | <u>34,658,028</u>          | (27,590,418)                       | 1,821,768                      |
| 6.          | Percentage allocated to CWSNC Uniform  |                            | 11.47% [1]                         | 11.47% [1]                     |
| 7.          | Allocated WSC rate base per Public Staff (L5 x L6)                           | <u>\$3,976,635</u>         | [1] (\$3,154,621)                  | <u>\$208,957</u>               |

- [1] Per examination of Company's financial records and workpapers.  
 [2] Calculated based on review of Company's application workpapers.  
 [3] Zhang Exhibit I, Schedule 1-1(a)(1), Line 9.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

ADJUSTMENT TO DEPRECIATION EXPENSE ON  
WSC COMPUTER SYSTEM COST

For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 1-1(a)(1)

| <u>Line<br/>No.</u> | <u>Item</u>  | <u>Amount</u> |     |
|---------------------|--|---------------|-----|
| 1.                  | 2008 Computer system cost (Project Phoenix)                              | \$21,073,140  | [1] |
| 2.                  | Depreciation life in years   | 8             | [2] |
| 3.                  | Annual depreciation expense (L1 / L2)                                    | 2,634,143     |     |
| 4.                  | Years in service as of 07/31/15  | 7.08          | [3] |
| 5.                  | Accumulated depreciation as of 07/31/15 (L3 x L4)                        | 18,649,732    |     |
| 6.                  | Undepreciated balance as of 07/31/15 (L1 - L5)                           | 2,423,408     |     |
| 7.                  | Amortization period in years   | 3             |     |
| 8.                  | Amortization expense for undepreciated computer system<br>cost (L6 / L7) | 807,803       |     |
| 9.                  | Adjustment to depreciation expense on computer system<br>cost (L8 - L3)  | (\$1,826,340) |     |

[1] Stipulated amount approved in Docket No. W-354, Sub 314 for CWSNC.

[2] Per Company work paper w/p-p4.

[3] Calculated based on the year placed in service using half year convention.

OFFICIAL COPY

Oct 15 2015



Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF WSC ALLOCATED PLANT IN SERVICE,**  
**ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
Schedule 1-1(b)

**Corolla Light and Monterey Shores**

| Line<br>No. | Item  | Plant<br>In Service<br>(a) | Accumulated<br>Depreciation<br>(b) | Depreciation<br>Expense<br>(c) |
|-------------|---|----------------------------|------------------------------------|--------------------------------|
| 1.          | WSC rate base   | \$34,658,028 [1]           | (\$27,294,896) [1]                 | \$3,673,462 [1]                |
| 2.          | Adjustment to update A/D on WSC computers through<br>July 31, 2015              | 0                          | (295,522) [2]                      | 0                              |
| 3.          | Adjustment to remove depreciation expense on fully<br>depreciated WSC computers | 0                          | 0                                  | (25,354) [2]                   |
| 4.          | Adjustment to reflect amortization of undepreciated<br>computer system cost     | <u>0</u>                   | <u>0</u>                           | <u>(1,826,340) [3]</u>         |
| 5.          | Adjusted WSC rate base per Public Staff (Sum of L1 thru L4)                     | 34,658,028                 | (27,590,418)                       | 1,821,768                      |
| 6.          | Percentage allocated to Corolla Light and Monterey Shores                       | <u>0.38% [1]</u>           | <u>0.38% [1]</u>                   | <u>0.38% [1]</u>               |
| 7.          | Allocated WSC rate base per Public Staff (L5 x L6)                              | <u>\$131,699</u>           | <u>(\$104,844)</u>                 | <u>\$6,923</u>                 |

- [1] Per examination of Company's financial records and workpapers.  
[2] Calculated based on review of Company's application workpapers.  
[3] Zhang Exhibit I, Schedule 1-1(a)(1), Line 9.

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF WSC ALLOCATED PLANT IN SERVICE,**  
**ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
Schedule 1-1(c)

Nags Head

| Line<br>No. | Item   | Plant<br>In Service<br>(a) | Accumulated<br>Depreciation<br>(b) | Depreciation<br>Expense<br>(c) |
|-------------|--|----------------------------|------------------------------------|--------------------------------|
| 1.          | WSC rate base  | \$34,658,028 [1]           | (\$27,294,896) [1]                 | \$3,673,462 [1]                |
| 2.          | Adjustment to update A/D on WSC computers through July 31, 2015              | 0                          | (295,522) [2]                      | 0                              |
| 3.          | Adjustment to remove depreciation expense on fully depreciated WSC computers | 0                          | 0                                  | (25,354) [2]                   |
| 4.          | Adjustment to reflect amortization of undepreciated computer system cost     | 0                          | 0                                  | (1,826,340) [3]                |
| 5.          | Adjusted WSC rate base per Public Staff (Sum of L1 thru L4)                  | 34,658,028                 | (27,590,418)                       | 1,821,768                      |
| 6.          | Percentage allocated to Nags Head  | 0.29% [1]                  | 0.29% [1]                          | 0.29% [1]                      |
| 7.          | Allocated WSC rate base per Public Staff (L5 x L6)                           | <u>\$100,507</u>           | <u>(\$80,012)</u>                  | <u>\$5,283</u>                 |

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

[2] Calculated based on review of Company's application workpapers.

[3] Zhang Exhibit I, Schedule 1-1(a)(1), Line 9.

## Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

CALCULATION OF CHARLOTTE WAREHOUSE ALLOCATED  
PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND  
DEPRECIATION EXPENSE

For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 1-2(a)

## CWSNC Uniform

| Line<br>No. | Item  | Plant<br>In Service<br>(a) | Accumulated<br>Depreciation<br>(b) | Depreciation<br>Expense<br>(c) |
|-------------|---|----------------------------|------------------------------------|--------------------------------|
| 1.          | Charlotte warehouse rate base per application                         | \$1,157,499 [1]            | (\$348,703) [1]                    | \$61,733 [1]                   |
| 2.          | Adjustment to remove plant amounts related to systems<br>sold to CMUD | (333,933) [2]              | 90,165 [3]                         | (7,050) [2]                    |
| 3.          | Adjustment to fully computer software<br>amortization                 | 0                          | (26,452) [4]                       | (31,742) [5]                   |
| 4.          | Adjusted Charlotte warehouse rate base (Sum of L1 thru L3)            | 823,566                    | (284,990)                          | 22,941                         |
| 5.          | Percentage allocated to CWSNC Uniform                                 | 77.09% [1]                 | 77.09% [1]                         | 77.09% [1]                     |
| 6.          | Allocated Charlotte warehouse rate base per Public Staff (L4 x L5)    | \$634,887                  | (\$219,699)                        | \$17,685                       |
| 7.          | Allocated rate base - water operations                                | \$586,055 [6]              | (\$186,890) [6]                    | \$16,357 [6]                   |
| 8.          | Allocated rate base - sewer operations                                | \$48,832 [6]               | (\$32,809) [6]                     | \$1,328 [6]                    |

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

[2] Calculated based on percentage related to systems sold from  
gain on sale proceeding, Docket No. W-354, Sub 331.[3] Calculated based on 1.33 years of additional accumulated depreciation  
plus the amount calculated in Bradfield Farm rate case proceeding, Docket No. W-1044, Sub 21.

[4] From Zhang Exhibit I, Schedule 1-2(a)(1), Line 7.

[5] From Zhang Exhibit I, Schedule 1-2(a)(1), Line 8.

[6] Directly assigned amount per review of company's financial records and workpapers.

Carolina Water Service, Inc. of North CarolinaDocket No. W-354, Sub 344**ADJUSTMENT OF CHARLOTTE WAREHOUSE  
COMPUTER SOFTWARE ACCUMULATED DEPRECIATION  
AND DEPRECIATION EXPENSE**

For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 1-2(a)(1)

## CWSNC Uniform

| <u>Line<br/>No.</u> | <u>Item</u>                                       | <u>Amount</u> |     |
|---------------------|---|---------------|-----|
| 1.                  | 2012 Computer system cost                         | \$95,226      | [1] |
| 2.                  | Depreciation life in years                        | 3             | [1] |
| 3.                  | Annual depreciation expense (L1 / L2)             | 31,742        |     |
| 4.                  | Years in service as of 07/31/15                   | 3             | [1] |
| 5.                  | Accumulated depreciation as of 07/31/15 (L3 x L4) | (95,226)      |     |
| 6.                  | Accumulated depreciation per application          | (68,774)      | [1] |
| 7.                  | Adjustment to accumulated depreciation (L5 - L6)  | (\$26,452)    |     |
| 8.                  | Adjustment to depreciation expense                | (\$31,742)    | [2] |

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

[2] Remove the annual depreciation amount for the fully depreciated computer system.

**Carolina Water Service, Inc. of North Carolina**  
**Docket No. W-354, Sub 344**  
**CALCULATION OF TRANSPORTATION EQUIPMENT,**  
**ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit 1  
Schedule 1-3(e)

**CWSNC Uniform**

| Line No. | Driver                  | Years in Service at 07/31/15 |                    |       |     | Depreciation Expense |     | Accumulated Depreciation |
|----------|-------------------------|------------------------------|--------------------|-------|-----|----------------------|-----|--------------------------|
|          |                         | Plant in Service [a]         | Year Purchased [b] | [c]   | [2] | [d]                  | [3] |                          |
|          |                         |                              |                    |       |     |                      |     | [4]                      |
| 1.       | Abernathy, Teresa       | \$72,181                     | 2013               | 2.08  |     | \$5,545              |     | (\$11,534)               |
| 2.       | Adcock, James S         | 28,560                       | 2013               | 2.08  |     | 7,140                |     | (14,651)                 |
| 3.       | Alexander, Richard W.   | 22,189                       | 2013               | 2.08  |     | 5,547                |     | (11,538)                 |
| 4.       | Baldwin, Brandon        | 26,761                       | 2013               | 2.08  |     | 6,690                |     | (13,915)                 |
| 5.       | Baldwin, Eddie R.       | 31,882                       | 2013               | 2.08  |     | 7,970                |     | (16,578)                 |
| 6.       | Capps, Thomas C.        | 22,189                       | 2013               | 2.08  |     | 5,547                |     | (11,538)                 |
| 7.       | Chapman, Lawrence       | 26,150                       | 2013               | 2.08  |     | 6,537                |     | (13,597)                 |
| 8.       | Cohen, Traddicus        | 21,940                       | 2011               | 4.08  |     | 0                    |     | (21,940)                 |
| 9.       | Cooke, Jeffrey J.       | 22,773                       | 2013               | 2.08  |     | 5,693                |     | (11,841)                 |
| 10.      | Corr, Douglas M.        | 27,532                       | 2013               | 2.08  |     | 6,883                |     | (14,317)                 |
| 11.      | Corrett, Shaun M.       | 31,651                       | 2011               | 4.08  |     | 0                    |     | (31,651)                 |
| 12.      | Devos, Dustin           | 25,486                       | 2011               | 4.08  |     | 0                    |     | (25,486)                 |
| 13.      | Daniel Carl             | 29,220                       | 2007               | 8.08  |     | 0                    |     | (29,220)                 |
| 14.      | English, Alan R.        | 27,520                       | 2013               | 2.08  |     | 6,880                |     | (14,310)                 |
| 15.      | Ertes, Christopher L    | 26,965                       | 2012               | 3.08  |     | 6,741                |     | (20,762)                 |
| 16.      | Futrell, Anthony        | 26,644                       | 2013               | 2.08  |     | 6,661                |     | (13,859)                 |
| 17.      | Godfrey, Christopher L  | 19,793                       | 2011               | 4.08  |     | 0                    |     | (19,793)                 |
| 18.      | Goff, Stacy A.          | 25,616                       | 2013               | 2.08  |     | 6,404                |     | (13,320)                 |
| 19.      | Golden, Matthew         | 20,851                       | 2011               | 4.08  |     | 0                    |     | (20,851)                 |
| 20.      | Grindstaff, Jason       | 31,885                       | 2012               | 3.08  |     | 7,971                |     | (24,551)                 |
| 21.      | Hagwood, Jimmie L       | 22,835                       | 2013               | 2.08  |     | 5,724                |     | (11,906)                 |
| 22.      | Harrell, Stephen B.     | 29,958                       | 2011               | 4.08  |     | 0                    |     | (29,958)                 |
| 23.      | Harris, Kenneth P       | 22,222                       | 2011               | 4.08  |     | 0                    |     | (22,222)                 |
| 24.      | Haver, Mark R.          | 32,861                       | 2013               | 2.08  |     | 8,215                |     | (17,087)                 |
| 25.      | Henry, Larry D.         | 22,527                       | 2013               | 2.08  |     | 6,482                |     | (13,483)                 |
| 26.      | Hughes, David M.        | 22,565                       | 2013               | 2.08  |     | 5,641                |     | (11,733)                 |
| 27.      | James, Robert A.        | 29,673                       | 2013               | 2.08  |     | 7,468                |     | (15,538)                 |
| 28.      | Jenkins, James A.       | 22,744                       | 2013               | 2.08  |     | 5,586                |     | (11,827)                 |
| 29.      | Johansen, John E.       | 22,007                       | 2013               | 2.08  |     | 5,502                |     | (11,444)                 |
| 30.      | Jones, Jack D.          | 27,693                       | 2013               | 2.08  |     | 6,908                |     | (14,369)                 |
| 31.      | Kirg, Jeremy            | 22,773                       | 2013               | 2.08  |     | 5,693                |     | (11,841)                 |
| 32.      | Konaul, Anthony J.      | 31,823                       | 2007               | 8.08  |     | 0                    |     | (31,823)                 |
| 33.      | Lastine, Martin I.      | 32,506                       | 2005               | 9.08  |     | 0                    |     | (32,506)                 |
| 34.      | Lastner, Danny W.       | 35,567                       | 2006               | 9.08  |     | 0                    |     | (35,567)                 |
| 35.      | Leary, Donald W.        | 25,720                       | 2011               | 4.08  |     | 0                    |     | (25,720)                 |
| 36.      | Lenets, Mark            | 20,330                       | 2011               | 4.08  |     | 0                    |     | (20,330)                 |
| 37.      | Liggett, Richard D.     | 20,317                       | 2008               | 7.08  |     | 0                    |     | (20,317)                 |
| 38.      | Loper, Robert W.        | 25,174                       | 2011               | 4.08  |     | 0                    |     | (25,174)                 |
| 39.      | Mentosh, Grady E.       | 24,931                       | 2011               | 4.08  |     | 0                    |     | (24,931)                 |
| 40.      | Medling, David G.       | 29,888                       | 2012               | 3.08  |     | 7,472                |     | (23,034)                 |
| 41.      | Miller, Dean R          | 25,616                       | 2013               | 2.08  |     | 6,404                |     | (13,320)                 |
| 42.      | Murphy, Phillip K.      | 25,842                       | 2012               | 3.08  |     | 6,486                |     | (19,977)                 |
| 43.      | Nixon, Danny L.         | 22,181                       | 2013               | 2.08  |     | 5,545                |     | (11,534)                 |
| 44.      | Norris, Joel F.         | 24,523                       | 2011               | 4.08  |     | 0                    |     | (24,523)                 |
| 45.      | Ogle, Brian J.          | 26,966                       | 2012               | 3.08  |     | 6,741                |     | (20,762)                 |
| 46.      | Palmieri, Matthew       | 27,291                       | 2013               | 2.08  |     | 6,823                |     | (14,192)                 |
| 47.      | Pearcock II, Gary M.    | 29,956                       | 2011               | 4.08  |     | 0                    |     | (29,956)                 |
| 48.      | Peddin, Ryan            | 26,517                       | 2011               | 4.08  |     | 0                    |     | (26,517)                 |
| 49.      | Phillips, Andrew R.     | 25,003                       | 2011               | 4.08  |     | 0                    |     | (25,003)                 |
| 50.      | Plank, Leland Flint     | 32,947                       | 2011               | 4.08  |     | 0                    |     | (32,947)                 |
| 51.      | Pritchard, Charles R.   | 25,720                       | 2011               | 4.08  |     | 0                    |     | (25,720)                 |
| 52.      | Puckett, Michael S.     | 24,387                       | 2011               | 4.08  |     | 0                    |     | (24,387)                 |
| 53.      | Queen, Matthew          | 22,189                       | 2013               | 2.08  |     | 5,547                |     | (11,538)                 |
| 54.      | Reece, Ronnie N.        | 25,720                       | 2011               | 4.08  |     | 0                    |     | (25,720)                 |
| 55.      | Robinson, Javario       | 22,492                       | 2011               | 4.08  |     | 0                    |     | (22,492)                 |
| 56.      | Robinson, Kyle          | 22,373                       | 2013               | 2.08  |     | 5,593                |     | (11,633)                 |
| 57.      | Rollins, Ernest B       | 27,532                       | 2013               | 2.08  |     | 6,883                |     | (14,317)                 |
| 58.      | Ryniak, David           | 22,765                       | 2013               | 2.08  |     | 5,691                |     | (11,837)                 |
| 59.      | Scanlon, March L.       | 25,387                       | 2013               | 2.08  |     | 6,497                |     | (13,514)                 |
| 60.      | Shultz, John R.         | 27,291                       | 2013               | 2.08  |     | 6,823                |     | (14,192)                 |
| 61.      | Stickler, Jiri M.       | 28,196                       | 2011               | 4.08  |     | 0                    |     | (28,196)                 |
| 62.      | Surrett, William M.     | 24,223                       | 2011               | 4.08  |     | 0                    |     | (24,223)                 |
| 63.      | Thomas, Travis          | 19,611                       | 2004               | 11.08 |     | 0                    |     | (19,611)                 |
| 64.      | Umphrey, Daniel L.      | 22,985                       | 2013               | 2.08  |     | 5,724                |     | (11,906)                 |
| 65.      | Webster, Leigh A.       | 25,367                       | 2011               | 4.08  |     | 0                    |     | (25,367)                 |
| 66.      | Whitaker III, Harold K. | 27,528                       | 2013               | 2.08  |     | 6,882                |     | (14,315)                 |
| 67.      | Wilson, Randi R.        | 26,966                       | 2012               | 3.08  |     | 6,741                |     | (20,762)                 |
| 68.      | Woody Jr, Rex           | 29,887                       | 2013               | 2.08  |     | 7,472                |     | (15,542)                 |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF TRANSPORTATION EQUIPMENT,  
ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
For the Test Year Ended December 31, 2014

CWSNC Uniform

| Line No. | Driver  | Plant In Service (a) | Year Purchased (b) | Years in Service at 07/31/15 (c) | Depreciation Expense (d) | Accumulated Depreciation (e) |
|----------|---|----------------------|--------------------|----------------------------------|--------------------------|------------------------------|
| 69.      | Woody, Rex R.                                       | 25,631               | 2013               | 2.08                             | 6,408                    | (13,829)                     |
| 70.      | Young, Richard D.                                   | 28,518               | 2013               | 2.08                             | 7,130                    | (14,830)                     |
| 71.      | Total transportation equipment (Sum of L1 thru L70) | <u>\$1,819,317</u>   |                    |                                  | <u>\$265,350</u>         | <u>(\$1,343,959)</u>         |

| Line No. | Driver                 | Allocation Factor (a) | Allocated Transportation Equipment (b) | Allocated Depreciation Expense (c) | Allocated Accumulated Depreciation (d) |
|----------|------------------------|-----------------------|--|------------------------------------|--|
| 72.      | Abernathy, Teresa      | 27.81%                | \$6,169                                | \$1,542                            | (\$3,208)                              |
| 73.      | Adcock, James S        | 3.88%                 | 1,109                                  | 277                                | (577)                                  |
| 74.      | Alexander, Richard W.  | 100.00%               | 22,189                                 | 5,547                              | (11,538)                               |
| 75.      | Baldwin, Brandon       | 46.04%                | 12,321                                 | 3,080                              | (6,407)                                |
| 76.      | Baldwin, Eddie R.      | 46.81%                | 14,923                                 | 3,731                              | (7,760)                                |
| 77.      | Capps, Thomas C.       | 100.00%               | 22,189                                 | 5,547                              | (11,538)                               |
| 78.      | Chapman, Lawrence      | 3.88%                 | 1,015                                  | 254                                | (528)                                  |
| 79.      | Cohen, Traddicus       | 88.36%                | 19,387                                 | 0                                  | (19,387)                               |
| 80.      | Cooke, Jeffrey J.      | 61.54%                | 14,014                                 | 3,503                              | (7,287)                                |
| 81.      | Cott, Douglas M.       | 9.35%                 | 2,573                                  | 643                                | (1,338)                                |
| 82.      | Cornett, Shaun M.      | 9.35%                 | 2,589                                  | 0                                  | (2,959)                                |
| 83.      | Devos, Dustin          | 100.00%               | 25,486                                 | 0                                  | (25,486)                               |
| 84.      | Daniel Carl            | 57.57%                | 16,850                                 | 0                                  | (16,850)                               |
| 85.      | English, Alan R.       | 92.89%                | 25,568                                 | 6,391                              | (13,292)                               |
| 86.      | Estes, Christopher L.  | 9.38%                 | 1,047                                  | 262                                | (806)                                  |
| 87.      | Futrell, Anthony       | 100.00%               | 26,644                                 | 6,661                              | (13,855)                               |
| 88.      | Godfrey, Christopher L | 100.00%               | 19,793                                 | 0                                  | (19,793)                               |
| 89.      | Goff, Stacy A.         | 19.24%                | 4,929                                  | 1,232                              | (2,568)                                |
| 90.      | Golden, Matthew        | 24.62%                | 5,194                                  | 0                                  | (5,194)                                |
| 91.      | Grudstaff, Jason       | 92.89%                | 29,617                                 | 7,404                              | (22,805)                               |
| 92.      | Hagwood, Jimmie L.     | 88.11%                | 20,173                                 | 5,044                              | (10,491)                               |
| 93.      | Harrell, Stephen B.    | 50.70%                | 15,187                                 | 0                                  | (15,187)                               |
| 94.      | Harris, Kenneth P      | 76.28%                | 16,950                                 | 0                                  | (16,950)                               |
| 95.      | Haver, Mark R.         | 73.56%                | 24,173                                 | 6,043                              | (12,570)                               |
| 96.      | Henry, Larry D.        | 67.56%                | 17,516                                 | 4,379                              | (9,109)                                |
| 97.      | Hughes, David M.       | 88.11%                | 19,883                                 | 4,970                              | (10,398)                               |
| 98.      | James, Robert A.       | 100.00%               | 29,873                                 | 7,468                              | (15,533)                               |
| 99.      | Jenkins, James A.      | 100.00%               | 22,744                                 | 5,686                              | (11,827)                               |
| 100.     | Johansen, John E.      | 100.00%               | 22,007                                 | 5,502                              | (11,444)                               |
| 101.     | Jones, Jack D.         | 100.00%               | 27,633                                 | 6,908                              | (14,369)                               |
| 102.     | King, Jeremy           | 41.83%                | 9,525                                  | 2,381                              | (4,553)                                |
| 103.     | Konsal, Anthony J.     | 70.67%                | 22,492                                 | 0                                  | (22,492)                               |
| 104.     | Lashua, Martin L.      | 57.67%                | 13,745                                 | 0                                  | (18,745)                               |
| 105.     | Lasster, Denny W.      | 48.70%                | 17,321                                 | 0                                  | (17,321)                               |
| 106.     | Leary, Donald W.       | 47.35%                | 12,179                                 | 0                                  | (12,179)                               |
| 107.     | Leners, Mark           | 62.03%                | 12,611                                 | 0                                  | (12,611)                               |
| 108.     | Lightle, Richard D.    | 9.35%                 | 1,899                                  | 0                                  | (1,899)                                |
| 109.     | Loper, Robert W.       | 100.00%               | 25,174                                 | 0                                  | (25,174)                               |
| 110.     | Madhosh, Grady E.      | 100.00%               | 24,931                                 | 0                                  | (24,931)                               |
| 111.     | Medling, David G.      | 37.36%                | 11,167                                 | 2,792                              | (8,599)                                |
| 112.     | Miller, Dean R         | 6.50%                 | 1,664                                  | 416                                | (865)                                  |
| 113.     | Murphy, Phillip R.     | 100.00%               | 25,942                                 | 6,486                              | (19,577)                               |
| 114.     | Nixon, Danny L.        | 100.00%               | 22,181                                 | 5,545                              | (11,534)                               |
| 115.     | Norris, Joel F.        | 0.00%                 | 0                                      | 0                                  | 0                                      |
| 116.     | Ogle, Brian J.         | 6.72%                 | 1,813                                  | 453                                | (1,396)                                |
| 117.     | Palmliter, Matthew     | 0.00%                 | 0                                      | 0                                  | 0                                      |
| 118.     | Peacock II, Gary M.    | 4.82%                 | 1,444                                  | 0                                  | (1,444)                                |
| 119.     | Peedin, Ryan           | 100.00%               | 26,517                                 | 0                                  | (26,517)                               |
| 120.     | Phillips, Andrew R.    | 100.00%               | 25,003                                 | 0                                  | (25,003)                               |
| 121.     | Plank, Leland Flint    | 3.88%                 | 1,279                                  | 0                                  | (1,279)                                |
| 122.     | Pritchard, Charles R.  | 100.00%               | 25,720                                 | 0                                  | (25,720)                               |
| 123.     | Puckett, Michael S.    | 100.00%               | 24,387                                 | 0                                  | (24,387)                               |
| 124.     | Queen, Matthew         | 100.00%               | 22,189                                 | 5,547                              | (11,538)                               |
| 125.     | Reece, Rennie N.       | 55.44%                | 14,260                                 | 0                                  | (14,260)                               |
| 126.     | Robinson, Javarlo      | 100.00%               | 22,492                                 | 0                                  | (22,492)                               |
| 127.     | Robinson, Kyle         | 100.00%               | 22,373                                 | 5,593                              | (11,638)                               |
| 128.     | Rollins, Ernest B      | 100.00%               | 27,552                                 | 6,883                              | (14,317)                               |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF TRANSPORTATION EQUIPMENT,**  
**ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
Schedule 1-3(a)

| CWSNC Uniform |   |                   |  |                                    |  |     |
|---------------|---|-------------------|--|------------------------------------|--|-----|
| Line No.      | Driver  | Allocation Factor | [1] Allocated Transportation Equipment | [5] Allocated Depreciation Expense | [6] Allocated Accumulated Depreciation | [7] |
|               |   | (a)               | (b)                                    | (c)                                | (d)                                    |     |
| 129.          | Ryniak, David   | 96.73%            | 22,020                                 | 5,505                              | (11,450)                               |     |
| 130.          | Scanlon, Martin L.  | 57.67%            | 14,986                                 | 3,747                              | (7,793)                                |     |
| 131.          | Shultz, John R.   | 0.00%             | 0                                      | 0                                  | 0                                      |     |
| 132.          | Strickler, Jili M.  | 60.84%            | 14,295                                 | 0                                  | (14,295)                               |     |
| 133.          | Surrett, William M.   | 100.00%           | 24,523                                 | 0                                  | (24,523)                               |     |
| 134.          | Thomas, Travis  | 100.00%           | 19,611                                 | 0                                  | (19,611)                               |     |
| 135.          | Umphrey, Daniel L.  | 62.03%            | 14,203                                 | 3,551                              | (7,396)                                |     |
| 136.          | Welborn, Leigh A.   | 64.85%            | 16,449                                 | 0                                  | (16,449)                               |     |
| 137.          | Whitaker III, Harold K.   | 100.00%           | 27,528                                 | 6,882                              | (14,315)                               |     |
| 138.          | Wilson, Randi R.  | 6.72%             | 1,813                                  | 453                                | (1,396)                                |     |
| 139.          | Woody Jr, Rex   | 91.11%            | 27,228                                 | 6,807                              | (14,160)                               |     |
| 140.          | Woody, Rex R.   | 100.00%           | 25,631                                 | 6,408                              | (13,329)                               |     |
| 141.          | Young, Richard D.   | 77.77%            | 22,178                                 | 5,545                              | (11,533)                               |     |
| 142.          | Total allocated transportation equipment (Sum of L72 thru L141) |                   | <u>\$1,141,355</u>                     | <u>\$167,058</u>                   | <u>(\$838,435)</u>                     |     |

- [1] Per examination of Company's financial records and workpapers.  
[2] Calculated based on the year purchased using half year convention.  
[3] Column (a), Line 1 thru Line 70, multiplied by 25%, unless fully depreciated.  
[4] Column (c), Line 1 thru Line 70, multiplied by Column (d), Line 1 thru Line 70, unless fully depreciated.  
[5] Percentage in Column (a), Line 72 thru Line 141 multiplied by operator amount in Column (a), Line 1 thru Line 70.  
[6] Percentage in Column (a), Line 72 thru Line 141 multiplied by operator amount in Column (d), Line 1 thru Line 70.  
[7] Percentage in Column (a), Line 72 thru Line 141 multiplied by operator amount in Column (e), Line 1 thru Line 70.

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF TRANSPORTATION EQUIPMENT,**  
**ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
 For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 1-3(b)

Corolla Light and Monteray Shores

| Line No. | Driver   | Plant In Service<br>(a) | [1] | Year Purchased<br>(b) | [1] | Years In Service at 07/31/15<br>(c) | [2] | Depreciation Expense<br>(d) | [3] | Accumulated Depreciation<br>(e) | [4] |
|----------|--|-------------------------|-----|-----------------------|-----|-------------------------------------|-----|-----------------------------|-----|---------------------------------|-----|
| 1.       | Baldwin, Eddie R.                                  | \$31,882                |     | 2013                  |     | 2.08                                |     | \$7,970                     |     | (\$16,578)                      |     |
| 2.       | Norris, Joel F.                                    | 24,523                  |     | 2011                  |     | 4.08                                |     | 0                           |     | (24,523)                        |     |
| 3.       | Shultz, John R.                                    | 27,291                  |     | 2013                  |     | 2.08                                |     | 6,823                       |     | (14,192)                        |     |
| 4.       | Lassiter, Danny W.                                 | 35,567                  |     | 2006                  |     | 9.08                                |     | 0                           |     | (35,567)                        |     |
| 5.       | Lashua, Martin                                     | 32,506                  |     | 2006                  |     | 9.08                                |     | 0                           |     | (32,506)                        |     |
| 6.       | Scanlon, Martin                                    | 25,987                  |     | 2013                  |     | 2.08                                |     | 6,497                       |     | (13,514)                        |     |
| 7.       | Total transportation equipment (Sum of L1 thru L6) | <u>\$177,756</u>        |     |                       |     |                                     |     | <u>\$21,290</u>             |     | <u>(\$136,880)</u>              |     |

| Line No. | Driver  | Allocation Factor<br>(a) | [1] | Allocated Transportation Equipment<br>(b) | [5] | Allocated Depreciation Expense<br>(c) | [6] | Allocated Accumulated Depreciation<br>(d) | [7] |
|----------|---|--------------------------|-----|---|-----|---------------------------------------|-----|---|-----|
| 8.       | Baldwin, Eddie R.   | 8.71%                    |     | \$2,776                                   |     | \$694                                 |     | (\$1,444)                                 |     |
| 9.       | Norris, Joel F.   | 56.42%                   |     | 13,835                                    |     | 0                                     |     | (13,835)                                  |     |
| 10.      | Shultz, John R.   | 56.42%                   |     | 15,397                                    |     | 3,849                                 |     | (8,007)                                   |     |
| 11.      | Lassiter, Danny W.  | 4.47%                    |     | 1,591                                     |     | 0                                     |     | (1,591)                                   |     |
| 12.      | Lashua, Martin  | 1.89%                    |     | 615                                       |     | 0                                     |     | (615)                                     |     |
| 13.      | Scanlon, Martin   | 1.89%                    |     | 491                                       |     | 123                                   |     | (256)                                     |     |
| 14.      | Total allocated transportation equipment (Sum of L8 thru L13) |                          |     | <u>\$34,705</u>                           |     | <u>\$4,666</u>                        |     | <u>(\$25,748)</u>                         |     |

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

[2] Calculated based on the year purchased using half year convention.

[3] Column (a), Line 1 thru Line 6, multiplied by 25%, unless fully depreciated.

[4] Column (c), Line 1 thru Line 6, multiplied by Column (d), Line 1 thru Line 6, unless fully depreciated.

[5] Percentage in Column (a), Line 8 thru Line 13 multiplied by operator amount in Column (a), Line 1 thru Line 6.

[6] Percentage in Column (a), Line 8 thru Line 13 multiplied by operator amount in Column (d), Line 1 thru Line 6.

[7] Percentage in Column (a), Line 8 thru Line 13 multiplied by operator amount in Column (e), Line 1 thru Line 6.



Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF TRANSPORTATION EQUIPMENT,  
 ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**  
 For the Test Year Ended December 31, 2014

Zhang Exhibit I  
 Schedule 1-3(c)

Nags Head

| Line No. | Driver   | Plant In Service<br>(a) | [1] | Year Purchased<br>(b) | [1] | Years In Service at 07/31/14<br>(c) | [2] | Depreciation Expense<br>(d) | [3] | Accumulated Depreciation<br>(e) | [4] |
|----------|--|-------------------------|-----|-----------------------|-----|-------------------------------------|-----|-----------------------------|-----|---------------------------------|-----|
| 1.       | Baldwin, Eddie R.                                  | \$31,882                |     | 2013                  |     | 2.08                                |     | \$7,970                     |     | (\$16,578)                      |     |
| 2.       | Norris, Joel F.                                    | 24,523                  |     | 2011                  |     | 4.08                                |     | 0                           |     | (24,523)                        |     |
| 3.       | Shultz, John R.                                    | 27,291                  |     | 2013                  |     | 2.08                                |     | 6,823                       |     | (14,192)                        |     |
| 4.       | Lassiter, Danny W.                                 | 35,567                  |     | 2006                  |     | 9.08                                |     | 0                           |     | (35,567)                        |     |
| 5.       | Lashua, Martin                                     | 32,506                  |     | 2006                  |     | 9.08                                |     | 0                           |     | (32,506)                        |     |
| 6.       | Scanlon, Martin                                    | 25,987                  |     | 2013                  |     | 2.08                                |     | 6,497                       |     | (13,514)                        |     |
| 7.       | Total transportation equipment (Sum of L1 thru L6) | <u>\$177,756</u>        |     |                       |     |                                     |     | <u>\$21,290</u>             |     | <u>(\$136,880)</u>              |     |

| Line No. | Driver  | Allocation Factor<br>(a) | [1] | Allocated Transportation Equipment<br>(b) | [5] | Allocated Depreciation Expense<br>(c) | [6] | Allocated Accumulated Depreciation<br>(d) | [7] |
|----------|---|--------------------------|-----|---|-----|---------------------------------------|-----|---|-----|
| 8.       | Baldwin, Eddie R.   | 6.73%                    |     | \$2,145                                   |     | \$536                                 |     | (\$1,115)                                 |     |
| 9.       | Norris, Joel F.   | 43.58%                   |     | 10,688                                    |     | 0                                     |     | (10,688)                                  |     |
| 10.      | Shultz, John R.   | 43.58%                   |     | 11,894                                    |     | 2,974                                 |     | (6,185)                                   |     |
| 11.      | Lassiter, Danny W.  | 3.46%                    |     | -1,229                                    |     | 0                                     |     | (1,229)                                   |     |
| 12.      | Lashua, Martin  | 1.46%                    |     | 475                                       |     | 0                                     |     | (475)                                     |     |
| 13.      | Scanlon, Martin   | 1.46%                    |     | 380                                       |     | 95                                    |     | (197)                                     |     |
| 14.      | Total allocated transportation equipment (Sum of L8 thru L13) |                          |     | <u>\$26,811</u>                           |     | <u>\$3,605</u>                        |     | <u>(\$19,889)</u>                         |     |

- [1] Per examination of Company's financial records and workpapers.  
 [2] Calculated based on year purchased using half year convention.  
 [3] Column (a), Line 1 thru Line 6, multiplied by 25%, unless fully depreciated.  
 [4] Column (c), Line 1 thru Line 6, multiplied by Column (d), Line 1 thru Line 6, unless fully depreciated.  
 [5] Percentage in Column (a), Line 8 thru Line 13 multiplied by operator amount in Column (a), Line 1 thru Line 6.  
 [6] Percentage in Column (a), Line 8 thru Line 13 multiplied by operator amount in Column (d), Line 1 thru Line 6.  
 [7] Percentage in Column (a), Line 8 thru Line 13 multiplied by operator amount in Column (e), Line 1 thru Line 6.

## Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

## ADJUSTMENT TO COST CENTER ALLOCATED EXPENSES

For the Test Year Ended December 31, 2014

Zhang Exhibit I

Schedule 2-1(a)

## CWSNC Uniform

| Line No. | Item  | Amount Per Application<br>(a) | Adjustment Amount<br>(b) | Amount Per Public Staff<br>(c) | Adjustment to Water<br>(d) | Adjustment to Sewer<br>(e) |
|----------|---|-------------------------------|--------------------------|--------------------------------|----------------------------|----------------------------|
|          |   | [1]                           |                          | [8]                            | [10]                       | [11]                       |
| 1.       | Outside Services - Other (WSC)                                    | \$170,210                     | (\$72,077) [3]           | \$98,133 [2]                   | (\$45,985)                 | (\$26,092)                 |
| 2.       | Office Supplies & Other Office Exp. (Florida)                     | 3,345                         | (1,359) [4]              | 1,986                          | (867)                      | (492)                      |
| 3.       | Maintenance and repair (Charlotte Parent)                         | (33,179)                      | 27,760 [5]               | (5,419)                        | 17,711                     | 10,049                     |
| 4.       | Depreciation (Florida)  | 4,743                         | (1,259) [6]              | 3,484                          | (803)                      | (456)                      |
| 5.       | Miscellaneous and other income (State, Char. Parent, and Florida) | 2,303                         | (18,715) [7]             | (16,412) [9]                   | (11,940)                   | (6,775)                    |
| 6.       | Total adjustment (Sum of L1 thru L5)                              | <u>\$147,422</u>              | <u>(\$65,650)</u>        | <u>\$81,772</u>                | <u>(\$41,885)</u>          | <u>(\$23,765)</u>          |

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

[2] Zhang Exhibit I, Schedule 2-1(a)(1), Line 16.

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

[4] Adjustment to remove expenses that should not be allocated to CW.

[5] Adjustment to move the permit fees to CWSNC Uniform.

[6] Adjustment to remove depreciation expenses that should not be allocated to CWSNC Uniform.

[7] Zhang Exhibit I, Schedule 2-1(a)(2), Column (b), Line 4.

[8] Column (a) plus Column (b), unless otherwise footnoted.

[9] Zhang Exhibit I, Schedule 2-1(a)(2), Column (c), Line 4.

[10] Column (b) multiplied by water allocation factor of 63.80%.

[11] Column (b) multiplied by sewer allocation factor of 36.20%.

---

 Carolina Water Service, Inc. of North Carolina
 

---

Docket No. W-354, Sub 344

## CALCULATION OF ALLOCATED WSC EXPENSE

## FOR OUTSIDE SERVICES - OTHER

For the Test Year Ended December 31, 2014

Zhang Exhibit I

Schedule 2-1(a)(1)

## CWSNC Uniform

| Line<br>No. | Item   | Amount    | [1] |
|-------------|--|-----------|-----|
| 1.          | Audit fees per application   | \$440,175 |     |
| 2.          | Adjustment to reclassify tax related expense booked under audit fee  | (14,000)  |     |
| 3.          | Adjustment to remove expense related to 2013 audit                   | (82,021)  |     |
| 4.          | Adjustment to amortize audit expense - ICFR over 3 years             | (51,987)  | [2] |
| 5.          | Total adjusted audit fees  | 292,167   |     |
| 6.          | Tax review fees per application                                      | 930,717   |     |
| 7.          | Adjustment to reclassify tax related expense booked under audit fee  | 14,000    |     |
| 8.          | Adjustment to remove the 2013 tax compliance fees                    | (301,933) |     |
| 9.          | Adjustment to remove the 2013 tax provision fees                     | (101,237) |     |
| 10.         | Adjustment to amortize infrequent tax expenses over 3 years          | (90,707)  | [2] |
| 11.         | Total adjusted tax review fees                                       | 450,840   |     |
| 12.         | Employee finder fees   | 2,268     |     |
| 13.         | Payroll services   | 91,828    |     |
| 14.         | Temporary employment   | 18,459    |     |
| 15.         | Total adjusted Outside Services - Other (L5 + L11 + L12 + L13 + L14) | \$855,562 |     |
| 16.         | Total allocated Outside Services - Other per Public Staff            | \$98,133  | [3] |

[1] Per examination of Company's financial records and workpapers, unless otherwise footnoted.

[2] Adjustment to remove two third of the expense.

[3] Line 15 multiplied by WSC cost center allocation factor of 11.47%.

**Carolina Water Service, Inc. of North Carolina**  
**Docket No. W-354, Sub 344**  
**ADJUSTMENT TO COST CENTER ALLOCATED**  
**MISCELLANEOUS EXPENSE**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
Schedule 2-1(a)(2)

**CWSNC Uniform**

| Line<br>No. | <u>Item</u>                                  | Allocated Amount<br>Per Application [1]<br>(a) | Public Staff<br>Adjustment [5]<br>(b) | Amount per<br>Public Staff<br>(c) |
|-------------|--|--|---------------------------------------|-----------------------------------|
| 1.          | Miscellaneous (Florida)                      | \$2,303  | (\$2,303)                             | \$0 [2]                           |
| 2.          | Other Income (State)                         | 0  | (10,588)                              | (10,588) [3]                      |
| 3.          | Other Income (Charlotte Parent)              | 0  | (5,824)                               | (5,824) [4]                       |
| 4.          | Total miscellaneous expense (Sum L1 thru L3) | <u>\$2,303</u>                                 | <u>(\$18,715)</u>                     | <u>(\$16,412)</u>                 |

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

[2] Adjustment to remove expense that should not be allocated to CWSNC Uniform.

[3] Adjustment to add back gain on sale of state vehicle.

[4] Adjustment to add back other income that the Company inadvertently left out.

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

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO COST CENTER ALLOCATED EXPENSE**  
For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 2-1(b)

Corolla Light and Monterey Shores

| Line No. | Item  | Allocated Amount<br>Per Application<br>(a) | [1] | Public Staff<br>Adjustment<br>(b) |     | Amount per<br>Public Staff<br>(c) | [7] |
|----------|---|--|-----|-----------------------------------|-----|-----------------------------------|-----|
| 1.       | Outside Services - Other (WSC)                | \$5,581                                    |     | (\$2,330)                         | [3] | \$3,251                           | [2] |
| 2.       | Office Supplies & Other Office Exp. (Florida) | 109  |     | (44)                              | [4] | 65                                |     |
| 3.       | Maintenance and repair (Charlotte Parent)     | 412  |     | (345)                             | [5] | 67                                |     |
| 4.       | Depreciation (Florida)                        | 155  |     | (41)                              | [6] | 114                               |     |
| 5.       | Miscellaneous (Florida)                       | 75   |     | (75)                              | [4] | 0                                 |     |
| 6.       | Other Income (Florida)                        | 46   |     | (46)                              | [4] | 0                                 |     |
| 7.       | Miscellaneous and other income (L5+ L6)       | 121  |     | (121)                             |     | 0                                 |     |
| 8.       | Total adjustment (L1 + L2 + L3 + L4 + L7)     | \$6,378                                    |     | (\$2,881)                         |     | \$3,497                           |     |

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

[2] Zhang Exhibit I, Schedule 2-1(b)(1), Line 16.

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

[4] Adjustment to remove expenses that should not be allocated to CLMS.

[5] Adjustment to remove the permit fees that belong to CWSNC Uniform.

[6] Adjustment to remove depreciation expenses that should not be allocated to CLMS.

[7] Column (a) plus Column (c), unless otherwise footnoted.

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

## CALCULATION OF ALLOCATED WSC EXPENSE

## FOR OUTSIDE SERVICES - OTHER

For the Test Year Ended December 31, 2014

## Corolla Light and Monteray Shores

Zhang Exhibit I  
Schedule 2-1(b)(1)

| Line No. | Item   | Amount    | [1] |
|----------|--|-----------|-----|
| 1.       | Audit fees per application   | \$440,175 |     |
| 2.       | Adjustment to reclassify tax related expense booked under audit fee  | (14,000)  |     |
| 3.       | Adjustment to remove expense related to 2013 audit                   | (82,021)  |     |
| 4.       | Adjustment to amortize audit expense - ICFR over 3 years             | (51,987)  | [2] |
| 5.       | Total adjusted audit fees  | 292,167   |     |
| 6.       | Tax review fees per application                                      | 930,717   |     |
| 7.       | Adjustment to reclassify tax related expense booked under audit fee  | 14,000    |     |
| 8.       | Adjustment to remove the 2013 tax compliance fees                    | (301,933) |     |
| 9.       | Adjustment to remove the 2013 tax provision fees                     | (101,237) |     |
| 10.      | Adjustment to amortize infrequent tax expenses over 3 years          | (90,707)  | [2] |
| 11.      | Total adjusted tax review fees                                       | 450,840   |     |
| 12.      | Employee finder fees   | 2,268     |     |
| 13.      | Payroll services   | 91,828    |     |
| 14.      | Temporary employment   | 18,459    |     |
| 15.      | Total adjusted Outside Services - Other (L5 + L11 + L12 + L13 + L14) | \$855,562 |     |
| 16.      | Total allocated Outside Services - Other per Public Staff            | \$3,251   | [3] |

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

[2] Adjustment to remove two third of the expense.

[3] Line 15 multiplied by WSC cost center allocation factor of 0.38%.

**Carolina Water Service, Inc. of North Carolina**  
**Docket No. W-354, Sub 344**  
**ADJUSTMENT TO COST CENTER ALLOCATED EXPENSE**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
 Schedule 2-1(c)

| Nags Head   |   |  |     |                                   |                                   |     |
|-------------|---|--|-----|-----------------------------------|-----------------------------------|-----|
| Line<br>No. | Item  | Allocated Amount<br>Per Application<br>(a) | [1] | Public Staff<br>Adjustment<br>(b) | Amount per<br>Public Staff<br>(c) | [7] |
| 1.          | Outside Services - Other (WSC)                | \$4,312                                    |     | (\$1,831)                         | \$2,481                           | [2] |
| 2.          | Office Supplies & Other Office Exp. (Florida) | 84   |     | (34)                              | 50                                |     |
| 3.          | Maintenance and repair (Charlotte Parent)     | 320  |     | (268)                             | 52                                |     |
| 4.          | Depreciation (Florida)                        | 119  |     | (32)                              | 87                                |     |
| 5.          | Miscellaneous (Florida)                       | 58   |     | (58)                              | 0                                 |     |
| 6.          | Other Income (Florida)                        | 35   |     | (35)                              | 0                                 |     |
| 7.          | Miscellaneous and other income (L5+ L6)       | 93   |     | (93)                              | 0                                 |     |
| 8.          | Total adjustment (L1 + L2 + L3 + L4 + L7)     | \$4,928                                    |     | (\$2,258)                         | \$2,670                           |     |

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

[2] Zhang Exhibit I, Schedule 2-1(c)(1), Line 16.

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

[4] Adjustment to remove expenses that should not be allocated to Nags Head.

[5] Adjustment to remove the permit fees that belong to CWSNC Uniform.

[6] Adjustment to remove depreciation expenses that should not be allocated to Nags Head.

[7] Column (a) plus Column (c), unless otherwise footnoted.

OFFICIAL COPY

Oct 15 2015

---

 Carolina Water Service, Inc. of North Carolina
 

---

Docket No. W-354, Sub 344

## CALCULATION OF ALLOCATED WSC EXPENSE

## FOR OUTSIDE SERVICES - OTHER

For the Test Year Ended December 31, 2014

Zhang Exhibit I

Schedule 2-1(c)(1)

## Nags Head

| Line No. | Item   | Amount           | [1] |
|----------|--|------------------|-----|
| 1.       | Audit fees per application   | \$440,175        |     |
| 2.       | Adjustment to reclassify tax related expense booked under audit fee  | (14,000)         |     |
| 3.       | Adjustment to remove expense related to 2013 audit                   | (82,021)         |     |
| 4.       | Adjustment to amortize audit expense - ICFR over 3 years             | (51,987)         | [2] |
| 5.       | Total adjusted audit fees  | <u>292,167</u>   |     |
| 6.       | Tax review fees per application                                      | 930,717          |     |
| 7.       | Adjustment to reclassify tax related expense booked under audit fee  | 14,000           |     |
| 8.       | Adjustment to remove the 2013 tax compliance fees                    | (301,933)        |     |
| 9.       | Adjustment to remove the 2013 tax provision fees                     | (101,237)        |     |
| 10.      | Adjustment to amortize infrequent tax expenses over 3 years          | (90,707)         | [2] |
| 11.      | Total adjusted tax review fees                                       | <u>450,840</u>   |     |
| 12.      | Employee finder fees   | 2,268            |     |
| 13.      | Payroll services   | 91,828           |     |
| 14.      | Temporary employment   | 18,459           |     |
| 15.      | Total adjusted Outside Services - Other (L5 + L11 + L12 + L13 + L14) | <u>\$855,562</u> |     |
| 16.      | Total allocated Outside Services - Other per Public Staff            | <u>\$2,481</u>   | [3] |

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

[2] Adjustment to remove two third of the expense.

[3] Line 15 multiplied by WSC cost center allocation factor of 0.29%.



---

Carolina Water Service, Inc. of North Carolina

---

Docket No. W-354, Sub 344

ADJUSTMENT TO SALARIES AND WAGES  
For the Test Year Ended December 31, 2014
Zhang Exhibit I  
Schedule 2-2(a)

## CWSNC Uniform

| Line<br>No. | Item   | Water<br>(a)      | [1] | Sewer<br>(b)      | [1] |
|-------------|--|-------------------|-----|-------------------|-----|
|             | <u>Maintenance:</u>                          |                   |     |                   |     |
| 1.          | Operator and supervisor salaries             | \$1,508,969       |     | \$856,107         |     |
| 2.          | Maintenance salaries per application         | 1,525,474         |     | 865,471           |     |
| 3.          | Adjustment to maintenance salaries (L1 - L2) | <u>(\$16,505)</u> |     | <u>(\$9,364)</u>  |     |
|             | <u>General:</u>                              |                   |     |                   |     |
| 4.          | Customer service salaries                    | \$102,339         |     | \$58,061          |     |
| 5.          | NC/TN salaries                               | 157,961           |     | 89,619            |     |
| 6.          | WSC salaries                                 | 203,809           |     | 115,630           |     |
| 7.          | Total general salaries (Sum of L4 thru L6)   | <u>464,109</u>    |     | <u>263,310</u>    |     |
| 8.          | General salaries per application             | 484,643           |     | 274,960           |     |
| 9.          | Adjustment to general salaries (L7 - L8)     | <u>(\$20,534)</u> |     | <u>(\$11,650)</u> |     |

[1] Calculated by the Public Staff based on information provided by the Company.

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO SALARIES AND WAGES**  
For the Test Year Ended December 31, 2014

**Corolla Light and Monteray Shores**

Zhang Exhibit I  
Schedule 2-2(b)

| <u>Line<br/>No.</u> | <u>Item</u>                                  | <u>Amount</u>    | [1] |
|---------------------|--|------------------|-----|
|                     | <b><u>Maintenance:</u></b>                   |                  |     |
| 1.                  | Operator and supervisor salaries             | \$130,099        |     |
| 2.                  | Maintenance salaries per application         | 130,584          |     |
| 3.                  | Adjustment to maintenance salaries (L1 - L2) | <u>(\$485)</u>   |     |
|                     | <b><u>General:</u></b>                       |                  |     |
| 4.                  | Customer service salaries                    | \$5,260          |     |
| 5.                  | NC/TN salaries                               | 8,119            |     |
| 6.                  | WSC salaries                                 | 10,476           |     |
| 7.                  | Total general salaries (Sum of L4 thru L6)   | 23,855           |     |
| 8.                  | General salaries per application             | 24,909           |     |
| 9.                  | Adjustment to general salaries (L7 - L8)     | <u>(\$1,054)</u> |     |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO SALARIES AND WAGES**  
For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 2-2(c)

| Nags Head   |  |                |
|-------------|--|----------------|
| Line<br>No. | Item   | Amount [1]     |
|             | <u>Maintenance:</u>                          |                |
| 1.          | Operator and supervisor salaries             | \$100,476      |
| 2.          | Maintenance salaries per application         | 100,873        |
| 3.          | Adjustment to maintenance salaries (L1 - L2) | <u>(\$397)</u> |
|             | <u>General:</u>                              |                |
| 4.          | Customer service salaries                    | \$4,063        |
| 5.          | NC/TN salaries                               | 6,271          |
| 6.          | WSC salaries                                 | 8,092          |
| 7.          | Total general salaries (Sum of L4 thru L6)   | 18,426         |
| 8.          | General salaries per application             | 19,241         |
| 9.          | Adjustment to general salaries (L7 - L8)     | <u>(\$815)</u> |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

## Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

## CALCULATION OF TRANSPORTATION EXPENSE

For the Test Year Ended December 31, 2014

Zhang Exhibit I

Schedule 2-3(a)

## CWSNC Uniform

| Line No. | Item  | NC State Transportation Expense (a) | [1] | Vehicles In NC (b) | [1] | Transportation Expense Per Vehicle (c) |     |
|----------|---|-------------------------------------|-----|--------------------|-----|--|-----|
|          | <u>Fleet Transportation Expenses:</u>                   |                                     |     |                    |     |  |     |
| 1.       | Fuel  | \$401,853                           |     | 85                 |     | \$4,728                                | [3] |
| 2.       | Auto repair/Tires                                       | 119,274                             |     | 85                 |     | 1,403                                  | [3] |
| 3.       | Auto licenses   | 7,348                               |     | 85                 |     | 86                                     | [3] |
| 4.       | Other Transportation expenses                           | 11,169                              |     | 85                 |     | 131                                    | [3] |
| 5.       | Total fleet transportation expenses (Sum of L1 thru L4) | <u>\$539,645</u>                    |     |                    |     | <u>\$6,348</u>                         |     |

| Line No. | Driver                  | Allocation Percentage (a) | [1] | Transp. Exp. Per Vehicle (b) | [2] | Allocated Amount (c) | [4] |
|----------|-------------------------|---------------------------|-----|------------------------------|-----|----------------------|-----|
| 6.       | Abernathy, Teresa       | 27.81%                    |     | \$6,348                      |     | \$1,766              |     |
| 7.       | Adcock, James S         | 3.88%                     |     | 6,348                        |     | 246                  |     |
| 8.       | Alexander, Richard W.   | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 9.       | Baldwin, Brandon        | 46.04%                    |     | 6,348                        |     | 2,923                |     |
| 10.      | Baldwin, Eddie R.       | 46.81%                    |     | 6,348                        |     | 2,971                |     |
| 11.      | Capps, Thomas C.        | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 12.      | Chapman, Lawrence       | 3.88%                     |     | 6,348                        |     | 246                  |     |
| 13.      | Cohen, Traddeus         | 88.36%                    |     | 6,348                        |     | 5,609                |     |
| 14.      | Cooke, Jeffrey J.       | 61.54%                    |     | 6,348                        |     | 3,906                |     |
| 15.      | Corn, Douglas M.        | 9.35%                     |     | 6,348                        |     | 593                  |     |
| 16.      | Cornett, Shaun M.       | 9.35%                     |     | 6,348                        |     | 593                  |     |
| 17.      | Devos, Dustin           | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 18.      | Klein, Matthew          | 57.67%                    |     | 6,348                        |     | 3,661                |     |
| 19.      | English, Alan R.        | 92.89%                    |     | 6,348                        |     | 5,897                |     |
| 20.      | Estes, Christopher L.   | 3.88%                     |     | 6,348                        |     | 246                  |     |
| 21.      | Futrell, Anthony        | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 22.      | Godfrey, Christopher L. | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 23.      | Goff, Stacy A.          | 19.24%                    |     | 6,348                        |     | 1,221                |     |
| 24.      | Golden, Matthew         | 24.62%                    |     | 6,348                        |     | 1,563                |     |
| 25.      | Grindstaff, Jason       | 92.89%                    |     | 6,348                        |     | 5,897                |     |
| 26.      | Hagwood, Jimmie L.      | 88.11%                    |     | 6,348                        |     | 5,593                |     |
| 27.      | Harrell, Stephen B.     | 50.70%                    |     | 6,348                        |     | 3,218                |     |
| 28.      | Harris, Kenneth P       | 76.28%                    |     | 6,348                        |     | 4,842                |     |
| 29.      | Haver, Mark R.          | 73.56%                    |     | 6,348                        |     | 4,670                |     |
| 30.      | Henry, Larry D.         | 67.56%                    |     | 6,348                        |     | 4,288                |     |
| 31.      | Hughes, David M.        | 88.11%                    |     | 6,348                        |     | 5,593                |     |
| 32.      | James, Robert A.        | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 33.      | Jenkins, James A.       | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 34.      | Johansen, John E.       | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 35.      | Jones, Jack D.          | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 36.      | King, Jeremy            | 41.83%                    |     | 6,348                        |     | 2,555                |     |
| 37.      | Konsul, Anthony J.      | 70.67%                    |     | 6,348                        |     | 4,486                |     |
| 38.      | Lashua, Martin J.       | 57.67%                    |     | 6,348                        |     | 3,661                |     |
| 39.      | Lassiter, Danny W.      | 48.70%                    |     | 6,348                        |     | 3,091                |     |
| 40.      | Leary, Donald W.        | 47.35%                    |     | 6,348                        |     | 3,006                |     |
| 41.      | Leners, Mark            | 62.03%                    |     | 6,348                        |     | 3,938                |     |
| 42.      | Lightle, Richard D.     | 9.35%                     |     | 6,348                        |     | 593                  |     |
| 43.      | Loper, Robert W.        | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 44.      | McIntosh, Grady E.      | 100.00%                   |     | 6,348                        |     | 6,348                |     |
| 45.      | Medling, David G.       | 37.36%                    |     | 6,348                        |     | 2,372                |     |
| 46.      | Miller, Dean R          | 6.50%                     |     | 6,348                        |     | 412                  |     |
| 47.      | Murphy, Phillip K.      | 100.00%                   |     | 6,348                        |     | 6,348                |     |

## Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

CALCULATION OF TRANSPORTATION EXPENSE  
For the Test Year Ended December 31, 2014Zhang Exhibit I  
Schedule 2-3(a)

## CWSNC Uniform

| Line No. | Driver                                  | Allocation Percentage<br>(a) | Transp. Exp.<br>Per Vehicle<br>(b) | Allocated Amount<br>(c) | [4] |
|----------|---|------------------------------|------------------------------------|-------------------------|-----|
| 48.      | Nixon, Danny L.                         | 100.00%                      | 6,348                              | 6,348                   |     |
| 49.      | Norris, Joel F.                         | 0.00%                        | 6,348                              | 0                       |     |
| 50.      | Ogle, Brian J.                          | 6.72%                        | 6,348                              | 427                     |     |
| 51.      | Palmiter, Matthew                       | 0.00%                        | 6,348                              | 0                       |     |
| 52.      | Peacock II, Gary M.                     | 4.82%                        | 6,348                              | 306                     |     |
| 53.      | Peedin, Ryan                            | 100.00%                      | 6,348                              | 6,348                   |     |
| 54.      | Phillips, Andrew R.                     | 100.00%                      | 6,348                              | 6,348                   |     |
| 55.      | Plank, Leland Flint                     | 3.88%                        | 6,348                              | 246                     |     |
| 56.      | Pritchard, Charles R.                   | 100.00%                      | 6,348                              | 6,348                   |     |
| 57.      | Puckett, Michael S.                     | 100.00%                      | 6,348                              | 6,348                   |     |
| 58.      | Queen, Matthew                          | 100.00%                      | 6,348                              | 6,348                   |     |
| 59.      | Reece, Ronnie N.                        | 55.44%                       | 6,348                              | 3,519                   |     |
| 60.      | Robinson, Javario                       | 100.00%                      | 6,348                              | 6,348                   |     |
| 61.      | Robinson, Kyle                          | 100.00%                      | 6,348                              | 6,348                   |     |
| 62.      | Rollins, Ernest B                       | 100.00%                      | 6,348                              | 6,348                   |     |
| 63.      | Ryniak, David                           | 96.73%                       | 6,348                              | 6,140                   |     |
| 64.      | Scanlon, Martin L.                      | 57.67%                       | 6,348                              | 3,661                   |     |
| 65.      | Shultz, John R.                         | 0.00%                        | 6,348                              | 0                       |     |
| 66.      | Strickler, Jill M.                      | 60.84%                       | 6,348                              | 3,862                   |     |
| 67.      | Surrett, William M.                     | 100.00%                      | 6,348                              | 6,348                   |     |
| 68.      | Thomas, Travis                          | 100.00%                      | 6,348                              | 6,348                   |     |
| 69.      | Umphrey, Daniel L.                      | 62.03%                       | 6,348                              | 3,938                   |     |
| 70.      | Welborn, Leigh A.                       | 64.85%                       | 6,348                              | 4,116                   |     |
| 71.      | Whitaker III, Harold K.                 | 100.00%                      | 6,348                              | 6,348                   |     |
| 72.      | Wilson, Randi R.                        | 6.72%                        | 6,348                              | 427                     |     |
| 73.      | Woody Jr, Rex                           | 91.11%                       | 6,348                              | 5,783                   |     |
| 74.      | Woody, Rex R.                           | 100.00%                      | 6,348                              | 6,348                   |     |
| 75.      | Young, Richard D.                       | 77.77%                       | 6,348                              | 4,937                   |     |
| 76.      | Total transportation expense allocation |                              |                                    | <u>\$285,818</u>        |     |
| 77.      | State vehicles - water operations       |                              |                                    | <u>\$182,352</u>        | [5] |
| 78.      | State vehicles - sewer operations       |                              |                                    | <u>\$103,466</u>        | [6] |

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

[2] Column (c), Line 5 amount.

[3] Column (a) divided by Column (c).

[4] Column (a) multiplied by Column (b).

[5] Column (c), Line 76 multiplied by water allocation factor of 63.80%.

[6] Column (c), Line 76 multiplied by sewer allocation factor of 36.20%.

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO OPERATING EXPENSE CHARGED TO PLANT**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
Schedule 2-4(a)

CWSNC Uniform

| Line<br>No. | Item   | Water<br>(a) | [1] | Sewer<br>(b) | [1] |
|-------------|--|--------------|-----|--------------|-----|
| 1.          | Operator and supervisor capitalized salaries and wages   | (\$231,190)  |     | (\$131,165)  |     |
| 2.          | Customer service capitalized salaries and wages          | (340)        |     | (193)        |     |
| 3.          | NC/TN capitalized salaries and wages                     | (72,098)     |     | (40,905)     |     |
| 4.          | WSC capitalized salaries and wages                       | (2,120)      |     | (1,202)      |     |
| 5.          | Total capitalized salaries and wages (Sum of L1 thru L4) | (305,748)    |     | (173,465)    |     |
| 6.          | Capitalized salaries and wages per application           | (220,149)    |     | (124,901)    |     |
| 7.          | Adjustment to capitalized salaries and wages (L5 - L6)   | (\$85,599)   |     | (\$48,564)   |     |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO OPERATING EXPENSE CHARGED TO PLANT**  
For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 2-4(b)

**Corolla Light and Monteray Shores**

| <u>Line<br/>No.</u> | <u>Item</u>  | <u>Amount</u> [1] |
|---------------------|--|-------------------|
| 1.                  | Operator and supervisor capitalized salaries and wages   | (\$23,496)        |
| 2.                  | Customer service capitalized salaries and wages          | (17)              |
| 3.                  | NC/TN capitalized salaries and wages                     | (3,705)           |
| 4.                  | WSC capitalized salaries and wages                       | (108)             |
| 5.                  | Total capitalized salaries and wages (Sum of L1 thru L4) | (27,326)          |
| 6.                  | Capitalized salaries and wages per application           | (24,678)          |
| 7.                  | Adjustment to capitalized salaries and wages (L5 - L6)   | (\$2,648)         |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO OPERATING EXPENSE CHARGED TO PLANT**  
**For the Test Year Ended December 31, 2014**

Zhang Exhibit I  
 Schedule 2-4(c)

| Nags Head   |  |            |
|-------------|--|------------|
| Line<br>No. | <u>Item</u>  | Amount [1] |
| 1.          | Operator and supervisor capitalized salaries and wages   | (\$18,150) |
| 2.          | Customer service capitalized salaries and wages          | (13)       |
| 3.          | NC/TN capitalized salaries and wages                     | (2,862)    |
| 4.          | WSC capitalized salaries and wages                       | (83)       |
| 5.          | Total capitalized salaries and wages (Sum of L1 thru L4) | (21,108)   |
| 6.          | Capitalized salaries and wages per application           | (19,034)   |
| 7.          | Adjustment to capitalized salaries and wages (L5 - L6)   | (\$2,074)  |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015



Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO PENSION AND OTHER BENEFITS**

**For the Test Year Ended December 31, 2014**

Zhang Exhibit I

Schedule 2-5(a)

**CWSNC Uniform**

| <u>Line<br/>No.</u> | <u>Item</u>                                    | <u>Water</u><br><u>(a)</u> | <u>[1]</u> | <u>Sewer</u><br><u>(b)</u> | <u>[1]</u> |
|---------------------|--|----------------------------|------------|----------------------------|------------|
| 1.                  | Operator and supervisor pension and benefits   | \$342,495                  |            | \$194,313                  |            |
| 2.                  | Customer service pension and benefits          | 31,329                     |            | 17,774                     |            |
| 3.                  | NC/TN pension and benefits                     | 27,392                     |            | 15,540                     |            |
| 4.                  | WSC pension and benefits                       | 35,565                     |            | 20,178                     |            |
| 5.                  | Total pension and benefits (Sum of L1 thru L4) | 436,781                    |            | 247,805                    |            |
| 6.                  | Pension and benefits per application           | 446,082                    |            | 253,083                    |            |
| 7.                  | Adjustment to pension and benefits (L5 - L6)   | <u>(\$9,301)</u>           |            | <u>(\$5,278)</u>           |            |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO PENSION AND OTHER BENEFITS**

**For the Test Year Ended December 31, 2014**

**Corolla Light and Monteray Shores**

Zhang Exhibit I  
Schedule 2-5(b)

| <u>Line<br/>No.</u> | <u>Item</u>                                    | <u>Amount</u> | <u>[1]</u> |
|---------------------|--|---------------|------------|
| 1.                  | Operator and supervisor pension and benefits   | \$25,025      |            |
| 2.                  | Customer service pension and benefits          | 1,610         |            |
| 3.                  | NC/TN pension and benefits                     | 1,408         |            |
| 4.                  | WSC pension and benefits                       | 1,828         |            |
| 5.                  | Total pension and benefits (Sum of L1 thru L4) | 29,871        |            |
| 6.                  | Pension and benefits per application           | 30,083        |            |
| 7.                  | Adjustment to pension and benefits (L5 - L6)   | (\$212)       |            |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO PENSION AND OTHER BENEFITS**

**For the Test Year Ended December 31, 2014**

Zhang Exhibit I

Schedule 2-5(c)

| Nags Head   |  |          |     |
|-------------|--|----------|-----|
| Line<br>No. | Item   | Amount   | [1] |
| 1.          | Operator and supervisor pension and benefits   | \$19,325 |     |
| 2.          | Customer service pension and benefits          | 1,244    |     |
| 3.          | NC/TN pension and benefits                     | 1,088    |     |
| 4.          | WSC pension and benefits                       | 1,412    |     |
| 5.          | Total pension and benefits (Sum of L1 thru L4) | 23,069   |     |
| 6.          | Pension and benefits per application           | 23,238   |     |
| 7.          | Adjustment to pension and benefits (L5 - L6)   | (\$169)  |     |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
**CALCULATION OF RENT EXPENSE**  
For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 2-6(a)

CWSNC Uniform

| Line No. | Item  | WSC Expense<br>(a) | [1] | State Expense<br>(b) | [1] | Char. Parent Expense<br>(c) | [1] | Char. Office Expense<br>(d) | [1] | Char. Warehouse Expense<br>(e) | [1] | Total<br>(f) |     |
|----------|---|--------------------|-----|----------------------|-----|-----------------------------|-----|-----------------------------|-----|--------------------------------|-----|--------------|-----|
| 1.       | Rent expense to be allocated                      | \$19,760           |     | \$28,896             |     | \$0                         |     | \$83,430                    |     | \$28,089                       |     | \$160,175    | [2] |
| 2.       | Allocation factors                                | 11.47%             |     | 58.31%               |     | 27.52%                      |     | 27.52%                      |     | 77.09%                         |     |              |     |
| 3.       | Allocated rent expense per Public Staff (L1 x L2) | \$2,266            |     | \$16,849             |     | \$0                         |     | \$22,960                    |     | \$21,654                       |     | \$63,729     | [2] |
| 4.       | Allocated rent expense - water operations         |                    |     |                      |     |                             |     |                             |     |                                |     | \$40,659     | [3] |
| 5.       | Allocated rent expense - sewer operations         |                    |     |                      |     |                             |     |                             |     |                                |     | \$23,070     | [4] |

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

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

[3] Column (f), Line 3 multiplied by water allocation factor of 63.80%.

[4] Column (f), Line 3 multiplied by sewer allocation factor of 36.20%.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**CALCULATION OF RENT EXPENSE**

For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 2-6(b)

**Corolla Light and Monteray Shores**

| Line<br>No. | Item  | WSC<br>Expense<br>(a) | [1] | State<br>Expense<br>(b) | [1] | Char. Parent<br>Expense<br>(c) | [1] | Char. Office<br>Expense<br>(d) | [1] | Char. Warehouse<br>Expense<br>(e) | [1] | Total<br>(f)     | [2] |
|-------------|---|-----------------------|-----|-------------------------|-----|--------------------------------|-----|--------------------------------|-----|-----------------------------------|-----|------------------|-----|
| 1.          | Rent expense to be allocated                      | \$19,760              |     | \$28,896                |     | \$0                            |     | \$83,430                       |     | \$28,089                          |     | <u>\$160,175</u> |     |
| 2.          | Allocation factors                                | <u>0.38%</u>          |     | <u>1.91%</u>            |     | <u>0.90%</u>                   |     | <u>0.90%</u>                   |     | <u>0.00%</u>                      |     |                  |     |
| 3.          | Allocated rent expense per Public Staff (L1 x L2) | <u>\$75</u>           |     | <u>\$552</u>            |     | <u>\$0</u>                     |     | <u>\$751</u>                   |     | <u>\$0</u>                        |     | <u>\$1,378</u>   |     |

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

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

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**CALCULATION OF RENT EXPENSE**

For the Test Year Ended December 31, 2014

Zhang Exhibit 1  
Schedule 2-6(c)

**Nags Head**

| Line<br>No. | Item  | WSC<br>Expense<br>(a) | (1) | State<br>Expense<br>(b) | (1) | Char. Parent<br>Expense<br>(c) | (1) | Char. Office<br>Expense<br>(d) | (1) | Char. Warehouse<br>Expense<br>(e) | (1) | Total<br>(f)     | (2) |
|-------------|---|-----------------------|-----|-------------------------|-----|--------------------------------|-----|--------------------------------|-----|-----------------------------------|-----|------------------|-----|
| 1.          | Rent expense to be allocated                      | \$19,760              |     | \$28,896                |     | \$0                            |     | \$83,430                       |     | \$28,089                          |     | <u>\$160,175</u> |     |
| 2.          | Allocation factors                                | <u>0.29%</u>          |     | <u>1.48%</u>            |     | <u>0.70%</u>                   |     | <u>0.70%</u>                   |     | <u>0.00%</u>                      |     |                  |     |
| 3.          | Allocated rent expense per Public Staff (L1 x L2) | <u>\$57</u>           |     | <u>\$427</u>            |     | <u>\$0</u>                     |     | <u>\$584</u>                   |     | <u>\$0</u>                        |     | <u>\$1,068</u>   |     |

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

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

OFFICIAL COPY

Oct 15 2015

---

**Carolina Water Service, Inc. of North Carolina**


---

Docket No. W-354, Sub 344

**CALCULATION OF INSURANCE EXPENSE**

For the Test Year Ended December 31, 2014

Zhang Exhibit I

Schedule 2-7(a)

**CWSNC Uniform**

| Line<br>No. | Item   | Annual<br>Premium<br>(a) | [1] | Allocation<br>Factor<br>(b) | Allocated<br>Insurance<br>(c) | [6] |
|-------------|--|--------------------------|-----|-----------------------------|-------------------------------|-----|
| 1.          | Auto insurance   | \$343,000                |     | 11.20%                      | \$38,416                      |     |
| 2.          | Property insurance                                       | 315,107                  |     | 9.75%                       | 30,723                        |     |
| 3.          | Workers compensation                                     | 476,839                  |     | 13.81%                      | 65,870                        | [7] |
| 4.          | General liability  | 588,974                  |     | 11.47%                      | 67,555                        |     |
| 5.          | Umbrella and excess liability                            | 295,595                  |     | 11.47%                      | 33,905                        |     |
| 6.          | Executive liability                                      | 84,169                   |     | 11.47%                      | 9,654                         |     |
| 7.          | Pollution liability                                      | 72,466                   |     | 11.47%                      | 8,312                         |     |
| 8.          | Total allocated insurance per expense (Sum of L1 thru 7) | <u>\$2,176,150</u>       |     |                             | <u>\$254,435</u>              |     |
| 9.          | Allocated insurance - water operations                   |                          |     |                             | <u>\$162,330</u>              | [8] |
| 10.         | Allocated insurance - sewer operations                   |                          |     |                             | <u>\$92,105</u>               | [9] |

[1] Current annual premium provided by the Company.

[2] Percentage of vehicles allocated to CWSNC Uniform.

[3] Based on schedule of property covered provided by the Company.

[4] Column (c) divided by Column (a).

[5] Per examination of Company's financial records and workpapers.

[6] Column (a) multiplied by Column (b), unless otherwise footnoted.

[7] Adjusted salaries multiplied by overall workers compensation rate of 2.13%.

[8] Column (c), Line 8 multiplied by water allocation factor of 63.80%.

[9] Column (c), Line 8 multiplied by sewer allocation factor of 36.20%.

---

**Carolina Water Service, Inc. of North Carolina**


---

Docket No. W-354, Sub 344

**CALCULATION OF INSURANCE EXPENSE**

For the Test Year Ended December 31, 2014

Zhang Exhibit I

Schedule 2-7(b)

**Corolla Light and Monteray Shores**

| Line<br>No. | Item   | Annual<br>Premium<br>(a) | [1] | Allocation<br>Factor<br>(b) | Allocated<br>Insurance<br>(c) | [6] |
|-------------|--|--------------------------|-----|-----------------------------|-------------------------------|-----|
| 1.          | Auto Insurance                                 | \$343,000                |     | 0.32%                       | \$1,098                       |     |
| 2.          | Property Insurance                             | 315,107                  |     | 0.21%                       | 662                           |     |
| 3.          | Workers compensation                           | 476,839                  |     | 0.69%                       | 3,279                         | [7] |
| 4.          | General liability                              | 588,974                  |     | 0.38%                       | 2,238                         |     |
| 5.          | Umbrella and excess liability                  | 295,595                  |     | 0.38%                       | 1,123                         |     |
| 6.          | Executive liability                            | 84,169                   |     | 0.38%                       | 320                           |     |
| 7.          | Pollution liability                            | 72,466                   |     | 0.38%                       | 275                           |     |
| 8.          | Total Insurance per expense (Sum of L1 thru 7) | <u>\$2,176,150</u>       |     |                             | <u>\$8,995</u>                |     |

[1] Current annual premium provided by the Company.

[2] Percentage of vehicles allocated to CLMS.

[3] Based on schedule of property covered provided by the Company.

[4] Column (c) divided by Column (a).

[5] Per examination of Company's financial records and workpapers.

[6] Column (a) multiplied by Column (b), unless otherwise footnoted.

[7] Adjusted salaries multiplied by overall workers compensation rate of 2.13%.



Carolina Water Service, Inc. of North Carolina  
 Docket No. W-354, Sub 344  
**CALCULATION OF INSURANCE EXPENSE**  
 For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 2-7(c)

Nags Head

| Line<br>No. | Item   | Annual<br>Premium<br>(a) | [1] | Allocation<br>Factor<br>(b) | Allocated<br>Insurance<br>(c) | [6] |
|-------------|--|--------------------------|-----|-----------------------------|-------------------------------|-----|
| 1.          | Auto Insurance                                 | \$343,000                |     | 0.25%                       | \$858                         |     |
| 2.          | Property Insurance                             | 315,107                  |     | 0.16%                       | 504                           |     |
| 3.          | Workers compensation                           | 476,839                  |     | 0.53%                       | 2,533                         | [7] |
| 4.          | General liability                              | 588,974                  |     | 0.29%                       | 1,708                         |     |
| 5.          | Umbrella and excess liability                  | 295,595                  |     | 0.29%                       | 857                           |     |
| 6.          | Executive liability                            | 84,169                   |     | 0.29%                       | 244                           |     |
| 7.          | Pollution liability                            | 72,466                   |     | 0.29%                       | 210                           |     |
| 8.          | Total Insurance per expense (Sum of L1 thru 7) | <u>\$2,176,150</u>       |     |                             | <u>\$6,914</u>                |     |

[1] Current annual premium provided by the Company.

[2] Percentage of vehicles allocated to Nags Head.

[3] Based on schedule of property covered provided by the Company.

[4] Column (c) divided by Column (a).

[5] Per examination of Company's financial records and workpapers.

[6] Column (a) multiplied by Column (b), unless otherwise footnoted.

[7] Adjusted salaries multiplied by overall workers compensation rate of 2.13%.

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO PAYROLL TAXES**

For the Test Year Ended December 31, 2014

Zhang Exhibit I  
Schedule 2-8(a)

**CWSNC Uniform**

| <u>Line<br/>No.</u> | <u>Item</u>                             | <u>Water</u><br><u>(a)</u> | <u>[1]</u> | <u>Sewer</u><br><u>(b)</u> | <u>[1]</u> |
|---------------------|---|----------------------------|------------|----------------------------|------------|
| 1.                  | Operator and supervisor payroll taxes   | \$142,006                  |            | \$80,566                   |            |
| 2.                  | Customer service payroll taxes          | 9,761                      |            | 5,538                      |            |
| 3.                  | NC/TN payroll taxes                     | 13,001                     |            | 7,376                      |            |
| 4.                  | WSC payroll taxes                       | 16,658                     |            | 9,451                      |            |
| 5.                  | Total payroll taxes (Sum of L1 thru L4) | 181,426                    |            | 102,931                    |            |
| 6.                  | Payroll taxes per application           | 202,082                    |            | 114,651                    |            |
| 7.                  | Adjustment to payroll taxes (L5 - L6)   | <u>(\$20,656)</u>          |            | <u>(\$11,720)</u>          |            |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO PAYROLL TAXES**

For the Test Year Ended December 31, 2014

Corolla Light and Monteray Shores

Zhang Exhibit I  
Schedule 2-8(b)

| <u>Line<br/>No.</u> | <u>Item</u>                             | <u>Amount</u> [1] |
|---------------------|---|-------------------|
| 1.                  | Operator and supervisor payroll taxes   | \$11,649          |
| 2.                  | Customer service payroll taxes          | 502               |
| 3.                  | NC/TN payroll taxes                     | 668               |
| 4.                  | WSC payroll taxes                       | 856               |
| 5.                  | Total payroll taxes (Sum of L1 thru L4) | 13,675            |
| 6.                  | Payroll taxes per application           | 13,677            |
| 7.                  | Adjustment to payroll taxes (L5 - L6)   | (\$2)             |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

**ADJUSTMENT TO PAYROLL TAXES**

For the Test Year Ended December 31, 2014

Zhang Exhibit I

Schedule 2-8(c)

Nags Head

| <u>Line<br/>No.</u> | <u>Item</u>                             | <u>Amount</u> | <u>[1]</u> |
|---------------------|---|---------------|------------|
| 1.                  | Operator and supervisor payroll taxes   | \$8,996       |            |
| 2.                  | Customer service payroll taxes          | 388           |            |
| 3.                  | NC/TN payroll taxes                     | 516           |            |
| 4.                  | WSC payroll taxes                       | 661           |            |
| 5.                  | Total payroll taxes (Sum of L1 thru L4) | 10,561        |            |
| 6.                  | Payroll taxes per application           | 11,312        |            |
| 7.                  | Adjustment to payroll taxes (L5 - L6)   | (\$751)       |            |

[1] Calculated by the Public Staff based on information provided by the Company.

OFFICIAL COPY

Oct 15 2015

IIA

CCC-1

### Moody's A-Rated Public Utility Bond Yields

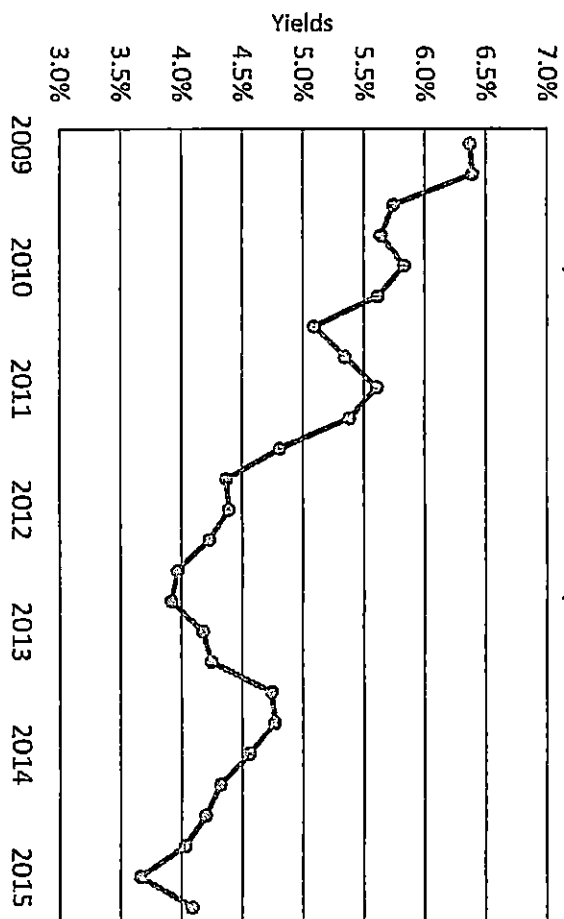


Exhibit CCC-2

IIA

**Risk Measures  
Group of Water Utilities**

| Company Name           | Value Line <sup>1</sup> |      |                 |                   |                    |
|------------------------|-------------------------|------|-----------------|-------------------|--------------------|
|                        | Safety                  | Beta | Price Stability | Earnings Predict. | Financial Strength |
| 1 Amer. States Water   | 2                       | 0.70 | 85              | 85                | A                  |
| 2 Amer. Water Works    | 3                       | 0.70 | 100             | 25                | B+                 |
| 3 Aqua America         | 2                       | 0.75 | 95              | 100               | A                  |
| 4 California Water     | 3                       | 0.75 | 95              | 85                | B++                |
| 5 Conn. Water Services | 3                       | 0.70 | 90              | 85                | B+                 |
| 6 Middlesex Water      | 2                       | 0.75 | 90              | 80                | B++                |
| 7 SJW Corp.            | 3                       | 0.80 | 85              | 55                | B+                 |
| 8 York Water           | 3                       | 0.75 | 85              | 95                | B+                 |
| Average                | 2.6                     | 0.74 | 91              | 76                |                    |

Source:

<sup>1</sup> Value Line Investment Survey, July 17, 2015.

**Group of LDC Utilities**

| Company Name            | Value Line <sup>1</sup> |      |                 |                   |                    |
|-------------------------|-------------------------|------|-----------------|-------------------|--------------------|
|                         | Safety                  | Beta | Price Stability | Earnings Predict. | Financial Strength |
| 1 AGL Resources         | 1                       | 0.80 | 95              | 60                | A                  |
| 2 Atmos Energy          | 1                       | 0.85 | 95              | 90                | A                  |
| 3 Laclede Gas           | 2                       | 0.70 | 100             | 85                | B++                |
| 4 New Jersey Resources  | 1                       | 0.80 | 90              | 60                | A+                 |
| 5 NiSource              | 3                       | 0.85 | 90              | 75                | B+                 |
| 6 Northwest Natural Gas | 1                       | 0.70 | 95              | 100               | A                  |
| 7 Piedmont Nat. Gas     | 2                       | 0.80 | 95              | 95                | B++                |
| 8 South Jersey inds.    | 2                       | 0.85 | 95              | 95                | A                  |
| 9 Southwest Gas Corp    | 3                       | 0.85 | 90              | 80                | B++                |
| 10 UGI Corp.            | 2                       | 0.95 | 90              | 75                | B++                |
| 11 WGL Holdings         | 1                       | 0.80 | 90              | 80                | A                  |
| Average                 | 1.7                     | 0.81 | 93              | 81                |                    |

Source:

<sup>1</sup> Value Line Investment Survey, July 17, 2015.

IIA

**DCF Analysis**  
**Group of Water Utilities**

| Company Name            | Yield <sup>2</sup> | Value Line <sup>1</sup> Historical |       |       |       |      |      | Value Line Forecast |      |      | Forecast <sup>3</sup> |
|-------------------------|--------------------|------------------------------------|-------|-------|-------|------|------|---------------------|------|------|-----------------------|
|                         |                    | EPS                                | DPS   | BPS   | EPS   | DPS  | BPS  | EPS                 | DPS  | BPS  | EPS                   |
|                         |                    | 10-Yr                              | 10-Yr | 10-Yr | 5-Yr  | 5-Yr | 5-Yr | 5-Yr                | 5-Yr | 5-Yr | 5-Yr                  |
| 1 American States Water | 2.3%               | 11.0%                              | 5.5%  | 6.0%  | 14.0% | 8.5% | 6.5% | 6.5%                | 8.0% | 4.0% | 5.0%                  |
| 2 American Water Works  | 2.5%               | NA                                 | NA    | NA    | NA    | 21.5 | 0.5% | 7.5%                | 8.0% | 5.0% | 7.5%                  |
| 3 Aqua America          | 2.6%               | 8.5%                               | 7.5%  | 7.5%  | 13.0% | 7.0% | 6.5% | 8.0%                | 9.0% | 5.5% | 5.0%                  |
| 4 California Water      | 2.8%               | 5.0%                               | 1.5%  | 5.5%  | 4.0%  | 2.0% | 5.0% | 7.5%                | 7.0% | 5.5% | 5.0%                  |
| 5 Conn. Water Services  | 3.0%               | 4.0%                               | 2.0%  | 6.5%  | 9.0%  | 2.0% | 9.5% | 6.5%                | 4.5% | 4.5% | 5.0%                  |
| 6 Middlesex Water       | 3.5%               | 4.0%                               | 1.5%  | 4.5%  | 4.5%  | 1.5% | 3.0% | 5.0%                | 2.0% | 2.5% | 2.7%                  |
| 7 SJW Corp              | 2.6%               | 6.5%                               | 4.0%  | 6.0%  | 10.5% | 3.0% | 3.5% | 6.5%                | 5.5% | 5.0% | 14.0%                 |
| 8 York Water            | 2.6%               | 5.5%                               | 4.0%  | 6.5%  | 6.0%  | 2.5% | 4.5% | 6.5%                | 5.0% | 3.0% | 4.9%                  |
| Average                 | 2.7%               | 6.4%                               | 3.7%  | 6.1%  | 8.7%  | 3.8% | 5.5% | 6.8%                | 6.1% | 4.4% | 6.1%                  |

Cost of Equity      9.1%   6.5%   8.8%   11.5%   6.5%   8.2%   9.5%   8.9%   7.1%   8.9%

| Company Name            | Yield <sup>2</sup> | Value Line <sup>1</sup> Historical |       |       |       |       |       | Value Line Forecast |      |      | Forecast <sup>3</sup> |
|-------------------------|--------------------|------------------------------------|-------|-------|-------|-------|-------|---------------------|------|------|-----------------------|
|                         |                    | EPS                                | DPS   | BPS   | EPS   | DPS   | BPS   | EPS                 | DPS  | BPS  | EPS                   |
|                         |                    | 10-Yr                              | 10-Yr | 10-Yr | 5-Yr  | 5-Yr  | 5-Yr  | 5-Yr                | 5-Yr | 5-Yr | 5-Yr                  |
| 1 AGL Resources         | 4.1%               | 4.5%                               | 5.5%  | 7.5%  | 3.0%  | 2.0%  | 6.5%  | 6.5%                | 4.5% | 3.0% | N/A                   |
| Atmos Energy            | 3.0%               | 5.0%                               | 1.5%  | 6.0%  | 5.0%  | 2.0%  | 4.5%  | 7.0%                | 5.0% | 4.5% | 7.0%                  |
| Laclede Gas             | 3.5%               | 4.0%                               | 2.5%  | 7.0%  | -2.0% | 3.0%  | 7.5%  | 10.0%               | 4.5% | 7.5% | 4.4%                  |
| 4 New Jersey Resources  | 3.1%               | 6.5%                               | 6.5%  | 8.0%  | 5.5%  | 8.5%  | 4.5%  | 2.5%                | 3.0% | 6.5% | 6.0%                  |
| 5 NiSource              | 2.4%               | -1.0%                              | -1.0% | 1.0%  | 7.0%  | 1.5%  | 1.0%  | 9.0%                | 3.5% | 5.5% | -2.3%                 |
| 6 Northwest Natural Gas | 4.0%               | 2.5%                               | 3.5%  | 3.5%  | -4.0% | 3.5%  | 3.0%  | 7.0%                | 2.5% | 3.5% | 4.0%                  |
| 7 Piedmont Nat. Gas     | 3.6%               | 5.0%                               | 4.0%  | 5.0%  | 3.5%  | 3.5%  | 4.0%  | 3.0%                | 3.0% | 4.0% | 5.0%                  |
| 8 South Jersey inds.    | 4.0%               | 8.0%                               | 8.5%  | 8.5%  | 6.5%  | 10.0% | 8.0%  | 8.5%                | 7.0% | 6.5% | 6.0%                  |
| 9 Southwest Gas Corp    | 3.0%               | 8.5%                               | 5.0%  | 5.0%  | 11.0% | 8.0%  | 5.0%  | 6.0%                | 8.0% | 4.5% | 4.0%                  |
| 10 UGI Corp.            | 2.6%               | 8.0%                               | 7.0%  | 13.5% | 3.0%  | 8.0%  | 10.0% | 4.5%                | 5.0% | 8.0% | 6.4%                  |
| 11 WGL Holdings         | 3.4%               | 3.5%                               | 2.5%  | 4.0%  | 1.5%  | 3.0%  | 3.0%  | 5.5%                | 3.0% | 3.5% | 6.5%                  |
| Average                 | 3.3%               | 5.6%                               | 4.7%  | 6.3%  | 5.1%  | 4.8%  | 5.2%  | 6.3%                | 4.5% | 5.2% | 5.5%                  |
| Cost of Equity          |                    | 8.9%                               | 8.0%  | 9.6%  | 8.4%  | 8.1%  | 8.5%  | 9.6%                | 7.8% | 8.5% | 8.8%                  |

## Sources:

<sup>1</sup> Value Line Investment Survey, July 17, 2015.<sup>2</sup> Value Line Investment Survey, Summary and Index, April 10, 2015 through July 3, 2015<sup>3</sup> Yahoo Finance, Projected Five Year EPS Growth Estimates, downloaded on July 14, 2015..

Note: Average calculation excludes negative numbers.

Exhibit CCC-4a

IIA

OFFICIAL COPY

Regression Analysis of Allowed Equity Returns

|    |      | [A]                 | [B]       | [C]=[A]-[B] |          |
|----|------|---------------------|-----------|-------------|----------|
|    |      | LDC Approve         | Moody's   |             |          |
|    |      | Returns on          | A-Rated   | LDC         | Number   |
|    | Year | Equity <sup>1</sup> | and Yield | risk Premia | of Cases |
| 1  | 1991 | 12.46%              | 9.36%     | 3.10%       | 35       |
| 2  | 1992 | 12.01%              | 8.69%     | 3.32%       | 29       |
| 3  | 1993 | 11.35%              | 7.59%     | 3.76%       | 45       |
| 4  | 1994 | 11.35%              | 8.31%     | 3.04%       | 28       |
| 5  | 1995 | 11.43%              | 7.89%     | 3.54%       | 16       |
| 6  | 1996 | 11.19%              | 7.75%     | 3.44%       | 20       |
| 7  | 1997 | 11.29%              | 7.60%     | 3.70%       | 13       |
| 8  | 1998 | 11.51%              | 7.04%     | 4.47%       | 10       |
| 9  | 1999 | 10.66%              | 7.62%     | 3.04%       | 9        |
| 10 | 2000 | 11.39%              | 8.24%     | 3.15%       | 12       |
| 11 | 2001 | 10.95%              | 7.80%     | 3.15%       | 7        |
| 12 | 2002 | 11.03%              | 7.37%     | 3.66%       | 21       |
| 13 | 2003 | 10.99%              | 7.80%     | 3.19%       | 25       |
| 14 | 2004 | 10.59%              | 7.37%     | 3.22%       | 20       |
| 15 | 2005 | 10.46%              | 6.58%     | 3.88%       | 26       |
| 16 | 2006 | 10.43%              | 6.16%     | 4.27%       | 16       |
| 17 | 2007 | 10.24%              | 6.05%     | 4.19%       | 37       |
| 18 | 2008 | 10.37%              | 6.51%     | 3.86%       | 30       |
| 19 | 2009 | 10.19%              | 6.04%     | 4.16%       | 29       |
| 20 | 2010 | 10.08%              | 5.47%     | 4.61%       | 37       |
| 21 | 2011 | 9.92%               | 5.04%     | 4.88%       | 16       |
| 22 | 2012 | 9.94%               | 4.13%     | 5.81%       | 35       |
| 23 | 2013 | 9.68%               | 4.48%     | 5.20%       | 21       |
| 24 | 2014 | 9.78%               | 4.24%     | 5.54%       | 26       |
| 26 | 2015 | 9.45%               | 3.97%     | 5.48%       | 6        |

Sources:

<sup>1</sup> Regulatory Research Associates (RRA), Regulatory Focus, July 16, 2015.

<sup>2</sup> Moody's Credit Trends, various issues.

Oct 15 2015



# Exhibit CCC-4b

OFFICIAL COPY

Oct 15 2015

| <i>Regression Statistics</i> |             |
|------------------------------|-------------|
| Multiple R                   | 0.928659023 |
| R Square                     | 0.86240758  |
| Adjusted R Square            | 0.856425301 |
| Standard Error               | 0.002873132 |
| Observations                 | 25          |

| ANOVA      |           |             |           |          |                       |
|------------|-----------|-------------|-----------|----------|-----------------------|
|            | <i>df</i> | <i>SS</i>   | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
| Regression | 1         | 0.001190027 | 0.00119   | 144.1604 | 2.18577E-11           |
| Residual   | 23        | 0.000189862 | 8.25E-06  |          |                       |
| Total      | 24        | 0.00137989  |           |          |                       |

|              | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> |
|--------------|---------------------|-----------------------|---------------|----------------|
| Intercept    | 0.076464883         | 0.002648248           | 28.87376      | 1.43E-19       |
| X Variable 1 | 0.459648096         | 0.038282696           | 12.00668      | 2.19E-11       |

|                | Moody's<br>A-Rated<br>Bond Yield |
|----------------|----------------------------------|
| May-15         | 4.17%                            |
| Jun-15         | 4.39%                            |
| Jul-15         | 4.55%                            |
| Average        | 4.37%                            |
| Cost of Equity | 9.66%                            |

I/A

## Comparable Earnings Analysis

## Group of Water Utilities

| Company                 | 2007 | 2008 | 2009 | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|-------------------------|------|------|------|-------|-------|-------|-------|-------|-------|
| 1 American States Water | 9.3% | 8.6% | 8.2% | 11.0% | 10.3% | 11.9% | 12.7% | 12.1% | 11.5% |
| 2 American Water Works  | NA   | 4.6% | 5.2% | 6.5%  | 7.2%  | 8.4%  | 7.8%  | 8.7%  | 8.5%  |
| 3 Aqua America          | 9.7% | 9.3% | 9.4% | 10.6% | 11.6% | 11.0% | 13.4% | 12.9% | 13.0% |
| 4 California Water      | 8.1% | 9.9% | 9.6% | 8.6%  | 8.0%  | 9.0%  | 7.9%  | 9.0%  | 9.0%  |
| 5 Conn. Water Services  | 8.7% | 9.1% | 9.4% | 8.7%  | 8.3%  | 7.3%  | 9.2%  | 10.2% | 10.0% |
| 6 Middlesex Water       | 8.7% | 8.9% | 7.0% | 8.2%  | 7.5%  | 7.8%  | 8.7%  | 9.0%  | 9.0%  |
| 7 SJW Corp.             | 8.2% | 8.0% | 6.0% | 6.2%  | 7.9%  | 8.1%  | 7.3%  | 14.4% | 7.5%  |
| 8 York Water            | 9.5% | 9.2% | 8.6% | 9.8%  | 9.5%  | 9.3%  | 9.3%  | 11.0% | 11.5% |
| Average                 | 8.9% | 8.5% | 7.9% | 8.7%  | 8.8%  | 9.1%  | 9.5%  | 10.9% | 10.0% |

Source:<sup>1</sup> Value Line Investment Survey, July 17, 2015.

Exhibit CCC-6

IIA

| <u>Method</u>                       | <u>Range of Reasonableness</u> |
|-------------------------------------|--------------------------------|
| 1) DCF Model                        | 8.2% to 9.2%                   |
| 2) Risk Premium Model               | 9.66%                          |
| 3) Comparable Earnings(3 year avg.) | 8.70% to 9.80%.                |

OFFICIAL COPY

Oct 15 2015

Exhibit CCC-7

IIA

CWS Cost of Capital  
as of April 30, 2015

| Component            | Ratio  | Cost Rate | Weighted<br>Cost Rate | Pre-Tax<br>Cost of<br>Capital |
|----------------------|--------|-----------|-----------------------|-------------------------------|
| Long-Term Debt       | 49.0%  | 6.60%     | 3.23%                 | 3.23%                         |
| Common Equity        | 51.0%  | 9.75%     | 4.97%                 | 6.16%                         |
| Total Capitalization | 100.0% |           | 8.20%                 | 9.40%                         |

Pre-Tax Interest Coverage 2.9

OFFICIAL COPY

Oct 15 2015

IIA

Unemployment Rates  
 Thirteen North Carolina Counties with Largest CWSNC Number of Customers

| <u>County</u> | July 2014<br>Unemployment Rate<br><u>Percent</u> | July 2015<br>Unemployment Rate<br><u>Percent</u> | <u>Percentage<br/>Change</u> |
|---------------|--|--|------------------------------|
| Currituck     | 5.70%  | 5.60%  | -1.75%                       |
| Dare          | 5.50%  | 5.00%  | -9.09%                       |
| Forsyth       | 6.60%  | 6.20%  | -6.06%                       |
| Gaston        | 7.00%  | 6.40%  | -8.57%                       |
| Iredell       | 6.60%  | 5.90%  | -10.61%                      |
| Johnston      | 6.00%  | 5.60%  | -6.67%                       |
| Mecklenburg   | 6.50%  | 5.90%  | -9.23%                       |
| Montgomery    | 7.00%  | 6.50%  | -7.14%                       |
| Moore         | 6.50%  | 6.30%  | -3.08%                       |
| Onslow        | 6.40%  | 6.40%  | 0.00%                        |
| Pender        | 7.40%  | 6.50%  | -12.16%                      |
| Watauga       | 5.80%  | 5.60%  | -3.45%                       |
| Wake          | 5.30%  | 5.20%  | -1.89%                       |
| Average       | 6.3%   | 5.9%   | -6.13%                       |

Source: North Carolina Department of Commerce- Labor and Economic Analysis  
 Division, News Release September 1, 2015 Local Area Unemployment Statistics.

IIA

INDEX TO HENRY EXHIBIT I

| LINE<br>NO. | TITLE  | SCHEDULE<br>NO.  |
|-------------|--|------------------|
| 1.          | RETURN ON ORIGINAL COST RATE BASE - CWSNC WATER OPERATIONS                                   | 1(a)             |
| 2.          | RETURN ON ORIGINAL COST RATE BASE - COMBINED SEWER OPERATIONS                                | 1(b)             |
| 3.          | ORIGINAL COST RATE BASE - COMBINED OPERATIONS  | 2                |
| 4.          | ORIGINAL COST RATE BASE - WATER OPERATIONS   | 2(a)             |
| 5.          | ORIGINAL COST RATE BASE - COMBINED SEWER OPERATIONS  | 2(b)             |
| 6.          | ORIGINAL COST RATE BASE - SEWER OPERATIONS   | 2(c)             |
| 7.          | ORIGINAL COST RATE BASE - CLMS SEWER OPERATIONS  | 2(d)             |
| 8.          | ORIGINAL COST RATE BASE - NAGS HEAD SEWER OPERATIONS   | 2(e)             |
| 9.          | CALCULATION OF PLANT IN SERVICE AND ACCUMULATED DEPRECIATION -<br>COMBINED OPERATIONS        | 2-1              |
| 10.         | CALCULATION OF PLANT IN SERVICE AND ACCUMULATED DEPRECIATION -<br>WATER OPERATIONS           | 2-1(a)           |
| 11.         | CALCULATION OF DIRECT PLANT IN SERVICE - WATER OPERATIONS                                    | 2-1(a)(1)        |
| 12.         | ADJUSTMENT TO DIRECT PLANT IN SERVICE - WATER OPERATIONS                                     | 2-1(a)(2)        |
| 13.         | CALCULATION OF PLANT IN SERVICE AND ACCUMULATED DEPRECIATION - COMBINED<br>SEWER OPERATIONS  | 2-1(b)           |
| 14.         | CALCULATION OF DIRECT PLANT IN SERVICE - COMBINED SEWER OPERATIONS                           | 2-1(b)(1)        |
| 15.         | ADJUSTMENT TO DIRECT PLANT IN SERVICE - COMBINED SEWER OPERATIONS                            | 2-1(b)(2)        |
| 16.         | CALCULATION OF PLANT IN SERVICE AND ACCUMULATED DEPRECIATION -<br>SEWER OPERATIONS           | 2-1(c)           |
| 17.         | CALCULATION OF DIRECT PLANT IN SERVICE - SEWER OPERATIONS                                    | 2-1(c)(1)        |
| 18.         | ADJUSTMENT TO DIRECT PLANT IN SERVICE - SEWER OPERATIONS                                     | 2-1(c)(2)        |
| 19.         | CALCULATION OF PLANT IN SERVICE AND ACCUMULATED DEPRECIATION - CLMS<br>SEWER OPERATIONS      | 2-1(d)           |
| 20.         | CALCULATION OF DIRECT PLANT IN SERVICE - CLMS SEWER OPERATIONS                               | 2-1(d)(1)        |
| 21.         | ADJUSTMENT TO DIRECT PLANT IN SERVICE - CLMS SEWER OPERATIONS                                | 2-1(d)(2)        |
| 22.         | CALCULATION OF PLANT IN SERVICE AND ACCUMULATED DEPRECIATION - NAGS HEAD<br>SEWER OPERATIONS | 2-1(e)           |
| 23.         | CALCULATION OF DIRECT PLANT IN SERVICE - NAGS HEAD SEWER OPERATIONS                          | 2-1(e)(1)        |
| 24.         | ADJUSTMENT TO DIRECT PLANT IN SERVICE - NAGS HEAD SEWER OPERATIONS                           | 2-1(e)(2)        |
| 25.         | ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION  | 2-2              |
| 26.         | CALCULATION OF CASH WORKING CAPITAL  | 2-3              |
| 27.         | CALCULATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION, NET OF AMORTIZATION                     | 2-4              |
| 28.         | ADJUSTMENT TO CUSTOMER DEPOSITS  | 2-5              |
| 29.         | ADJUSTMENT TO GAIN ON SALE   | 2-6              |
| 30.         | ADJUSTMENT TO PURCHASE ACQUISITION ADJUSTMENT, NET OF AMORTIZATION                           | 2-7              |
| 31.         | CALCULATION OF EXCESS BOOK VALUE   | 2-8              |
| 32.         | CALCULATION OF COST-FREE CAPITAL   | 2-9              |
| 33.         | CALCULATION OF DEFERRED CHARGES  | 2-10             |
| 34.         | CALCULATION OF DEFERRED MAINTENANCE  | 2-10(a)          |
| 35.         | NET OPERATING INCOME FOR A RETURN - COMBINED OPERATIONS                                      | 3                |
| 36.         | NET OPERATING INCOME FOR A RETURN - WATER OPERATIONS   | 3(a) Page 1 of 2 |
| 37.         | FOOTNOTES TO SCHEDULE 3(a) - WATER OPERATIONS  | 3(a) Page 2 of 2 |
| 38.         | NET OPERATING INCOME FOR A RETURN - COMBINED SEWER OPERATIONS                                | 3(b) Page 1 of 2 |
| 39.         | FOOTNOTES TO SCHEDULE 3(b) - COMBINED SEWER OPERATIONS                                       | 3(b) Page 2 of 2 |
| 40.         | NET OPERATING INCOME FOR A RETURN - SEWER OPERATIONS   | 3(c) Page 1 of 2 |
| 41.         | FOOTNOTES TO SCHEDULE 3(c) - SEWER OPERATIONS  | 3(c) Page 2 of 2 |
| 42.         | NET OPERATING INCOME FOR A RETURN - CLMS SEWER OPERATIONS                                    | 3(d) Page 1 of 2 |
| 43.         | FOOTNOTES TO SCHEDULE 3(d) - CLMS SEWER OPERATIONS   | 3(d) Page 2 of 2 |
| 44.         | NET OPERATING INCOME FOR A RETURN - NAGS HEAD SEWER OPERATIONS                               | 3(e) Page 1 of 2 |

OFFICIAL COPY

Oct 15 2015

---



---

INDEX TO HENRY EXHIBIT I

---

| LINE<br>NO. | TITLE   | SCHEDULE<br>NO.  |
|-------------|---|------------------|
| 45.         | FOOTNOTES TO SCHEDULE 3(e) - NAGS HEAD SEWER OPERATIONS                 | 3(e) Page 2 of 2 |
| 46.         | ADJUSTMENT TO MISCELLANEOUS REVENUES - WATER OPERATIONS                 | 3-1(a)           |
| 47.         | ADJUSTMENT TO MISCELLANEOUS REVENUES - COMBINED SEWER OPERATIONS        | 3-1(b)           |
| 48.         | ADJUSTMENT TO MISCELLANEOUS REVENUES - SEWER OPERATIONS                 | 3-1(c)           |
| 49.         | ADJUSTMENT TO MISCELLANEOUS REVENUES - CLMS SEWER OPERATIONS            | 3-1(d)           |
| 50.         | ADJUSTMENT TO MISCELLANEOUS REVENUES - NAGS HEAD SEWER OPERATIONS       | 3-1(e)           |
| 51.         | CALCULATION OF FORFEITED DISCOUNTS                                      | 3-1(a)(1)        |
| 52.         | CALCULATION OF UNCOLLECTIBLE ACCOUNTS                                   | 3-2              |
| 53.         | ADJUSTMENT TO PURCHASED POWER   | 3-3              |
| 54.         | ADJUSTMENT TO MAINTENANCE AND REPAIR                                    | 3-4              |
| 55.         | ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR                           | 3-4(a)           |
| 56.         | ADJUSTMENT TO OUTSIDE SERVICES - OTHER                                  | 3-5              |
| 57.         | CALCULATION OF REGULATORY COMMISSION EXPENSE                            | 3-6              |
| 58.         | ADJUSTMENT TO MISCELLANEOUS EXPENSE                                     | 3-7              |
| 59.         | CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSE                    | 3-8              |
| 60.         | CALCULATION OF DIRECT DEPRECIATION EXPENSE - WATER OPERATIONS           | 3-8(a)           |
| 61.         | CALCULATION OF DIRECT DEPRECIATION EXPENSE - SEWER OPERATIONS           | 3-8(b)           |
| 62.         | CALCULATION OF DIRECT DEPRECIATION EXPENSE - CLMS SEWER OPERATIONS      | 3-8(c)           |
| 63.         | CALCULATION OF DIRECT DEPRECIATION EXPENSE - NAGS HEAD SEWER OPERATIONS | 3-8(d)           |
| 64.         | ADJUSTMENT TO PROPERTY TAXES  | 3-9              |
| 65.         | CALCULATION OF INCOME TAXES - WATER OPERATIONS                          | 3-10(a)          |
| 66.         | CALCULATION OF INCOME TAXES - COMBINED SEWER OPERATIONS                 | 3-10(b)          |
| 67.         | CALCULATION OF INCOME TAXES - SEWER OPERATIONS                          | 3-10(c)          |
| 68.         | CALCULATION OF INCOME TAXES - CLMS SEWER OPERATIONS                     | 3-10(d)          |
| 69.         | CALCULATION OF INCOME TAXES - NAGS HEAD SEWER OPERATIONS                | 3-10(e)          |

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 1(a)

**WATER OPERATIONS**

| Line No.                               | Item   | Capitalization Ratio [1]<br>(a) | Original Cost Rate Base [2]<br>(b) | Embedded Cost [3]<br>(c) | Overall Cost Rate [4]<br>(d) | Net Operating Income [5]<br>(e) |
|--|--------|---------------------------------|------------------------------------|--------------------------|------------------------------|---------------------------------|
| <b>Present Rates:</b>                  |        |                                 |                                    |                          |                              |                                 |
| 1.                                     | Debt   | 49.00%                          | \$15,182,630 [2]                   | 6.60% [1]                | 3.23%                        | \$1,002,054 [8]                 |
| 2.                                     | Equity | 51.00%                          | 15,802,330 [2]                     | 4.32% [6]                | 2.20%                        | 683,347 [9]                     |
| 3.                                     | Total  | 100.00%                         | \$30,984,960 [3]                   |                          | 5.43%                        | \$1,685,401 [10]                |
| <b>Company Proposed Rates:</b>         |        |                                 |                                    |                          |                              |                                 |
| 4.                                     | Debt   | 49.00%                          | \$15,182,630 [4]                   | 6.60% [1]                | 3.23%                        | \$1,002,054 [8]                 |
| 5.                                     | Equity | 51.00%                          | 15,802,330 [4]                     | 10.64% [6]               | 5.43%                        | 1,681,984 [11]                  |
| 6.                                     | Total  | 100.00%                         | \$30,984,960 [3]                   |                          | 8.66%                        | \$2,684,038 [12]                |
| <b>Public Staff Recommended Rates:</b> |        |                                 |                                    |                          |                              |                                 |
| 7.                                     | Debt   | 49.00%                          | \$15,182,630 [5]                   | 6.60% [1]                | 3.23%                        | \$1,002,054 [8]                 |
| 8.                                     | Equity | 51.00%                          | 15,802,330 [5]                     | 9.75% [6]                | 4.97%                        | 1,540,727 [8]                   |
| 9.                                     | Total  | 100.00%                         | \$30,984,960 [3]                   |                          | 8.20%                        | \$2,542,781 [13]                |

- [1] Per Joint Stipulation filed on September 2, 2015.  
[2] Column (a) multiplied by Line 3, Column (b).  
[3] Henry Exhibit I, Schedule 2(a), Column (c), Line 16.  
[4] Column (a) multiplied by Line 6, Column (b).  
[5] Column (a) multiplied by Line 9, Column (b).  
[6] Column (e) divided by Column (b).  
[7] Column (a) multiplied by Column (c).

- [8] Column (b) multiplied by Column (c).  
[9] Line 3 minus Line 1, Column (e).  
[10] Henry Exhibit I, Schedule 3(a), Column (c), Line 38.  
[11] Line 6 minus Line 4, Column (e).  
[12] Henry Exhibit I, Schedule 3(a), Column (e), Line 38.  
[13] Line 7 + Line 8, Column (e).



**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 1(b)

**COMBINED SEWER OPERATIONS**

| Line No.                               | Item   | Capitalization Ratio [1]<br>(a) | Original Cost Rate Base [2]<br>(b) | Embedded Cost [3]<br>(c) | Overall Cost Rate [4]<br>(d) | Net Operating Income [5]<br>(e) |
|--|--------|---------------------------------|------------------------------------|--------------------------|------------------------------|---------------------------------|
| <b>Present Rates:</b>                  |        |                                 |                                    |                          |                              |                                 |
| 1.                                     | Debt   | 49.00%                          | \$13,538,248 [2]                   | 6.60% [1]                | 3.23%                        | \$893,524 [8]                   |
| 2.                                     | Equity | 51.00%                          | 14,090,830 [2]                     | 3.54% [6]                | 1.81%                        | 499,178 [9]                     |
| 3.                                     | Total  | 100.00%                         | \$27,629,078 [3]                   |                          | 5.04%                        | \$1,392,702 [10]                |
| <b>Company Proposed Rates:</b>         |        |                                 |                                    |                          |                              |                                 |
| 4.                                     | Debt   | 49.00%                          | \$13,538,248 [4]                   | 6.60% [1]                | 3.23%                        | \$893,524 [8]                   |
| 5.                                     | Equity | 51.00%                          | 14,090,830 [4]                     | 10.68% [6]               | 5.45%                        | 1,505,197 [11]                  |
| 6.                                     | Total  | 100.00%                         | \$27,629,078 [3]                   |                          | 8.68%                        | \$2,398,721 [12]                |
| <b>Public Staff Recommended Rates:</b> |        |                                 |                                    |                          |                              |                                 |
| 7.                                     | Debt   | 49.00%                          | \$13,538,248 [5]                   | 6.60% [1]                | 3.23%                        | \$893,524 [8]                   |
| 8.                                     | Equity | 51.00%                          | 14,090,830 [5]                     | 9.75% [6]                | 4.97%                        | 1,373,856 [8]                   |
| 9.                                     | Total  | 100.00%                         | \$27,629,078 [3]                   |                          | 8.20%                        | \$2,267,380 [13]                |

- [1] Per Joint Stipulation filed on September 2, 2015.  
[2] Column (a) multiplied by Line 3, Column (b).  
[3] Henry Exhibit I, Schedule 2(b), Column (c), Line 16.  
[4] Column (a) multiplied by Line 6, Column (b).  
[5] Column (a) multiplied by Line 9, Column (b).  
[6] Column (e) divided by Column (b).  
[7] Column (a) multiplied by Column (c).

- [8] Column (b) multiplied by Column (c).  
[9] Line 3 minus Line 1, Column (e).  
[10] Henry Exhibit I, Schedule 3(b), Column (c), Line 38.  
[11] Line 6 minus Line 4, Column (e).  
[12] Henry Exhibit I, Schedule 3(b), Column (e), Line 38.  
[13] Line 7 + Line 8, Column (e).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**

Docket No. W-354, Sub 344

ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 2

**COMBINED OPERATIONS**

| Line<br>No. | Item   | Amount Per<br>Application<br>(a) | [1] Public Staff<br>Adjustments (b) | [2] Amount Per<br>Public Staff (c) | [3] |
|-------------|--|----------------------------------|-------------------------------------|------------------------------------|-----|
| 1.          | Plant in service                               | \$124,949,485                    | \$199,161                           | \$125,148,646                      |     |
| 2.          | Accumulated depreciation                       | (28,060,119)                     | (3,198,882)                         | (31,259,001)                       |     |
| 3.          | Net plant in service (L1 + L2)                 | 96,889,366                       | (2,999,721)                         | 93,889,645                         |     |
| 4.          | Cash working capital                           | 1,478,812                        | (296,946)                           | 1,181,866                          |     |
| 5.          | Contributions in aid of construction           | (31,954,475)                     | 2,480,872                           | (29,473,603)                       |     |
| 6.          | Advances in aid of construction                | (32,940)                         | 0                                   | (32,940)                           |     |
| 7.          | Accumulated deferred income taxes              | (6,351,883)                      | 3,471,512                           | (2,880,371)                        |     |
| 8.          | Customer deposits                              | (251,498)                        | (1,088)                             | (252,586)                          |     |
| 9.          | Gain on sale and flow back taxes               | (289,628)                        | (755,113)                           | (1,044,741)                        |     |
| 10.         | Plant acquisition adjustment                   | (2,918,503)                      | 336,507                             | (2,581,996)                        |     |
| 11.         | Excess book value                              | (846,090)                        | 234,992                             | (611,098)                          |     |
| 12.         | Cost-free capital                              | (261,498)                        | (1)                                 | (261,499)                          |     |
| 13.         | Average tax accruals                           | (102,878)                        | 9,888                               | (92,990)                           |     |
| 14.         | Regulatory liability for excess deferred taxes | 0                                | (87,398)                            | (87,398)                           |     |
| 15.         | Deferred charges                               | 3,499,535                        | (2,637,786)                         | 861,749                            |     |
| 16.         | Original cost rate base (Sum of L3 thru L15)   | \$58,858,320                     | (\$244,282)                         | \$58,614,038                       |     |

[1] Henry Exhibit I, Schedule 2(a) plus Schedule 2(b), Column (a).

[2] Henry Exhibit I, Schedule 2(a) plus Schedule 2(b), Column (b).

[3] Henry Exhibit I, Schedule 2(a) plus Schedule 2(b), Column (c).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2(a)

**WATER OPERATIONS**

| Line<br>No. | Item   | Amount Per<br>Application<br>(a) | Public Staff<br>Adjustments<br>(b) | [1] | Amount Per<br>Public Staff<br>(c) | [2]  |
|-------------|--|----------------------------------|------------------------------------|-----|-----------------------------------|------|
| 1.          | Plant in service                               | \$65,375,542                     | (\$42,562)                         |     | \$65,332,980                      | [3]  |
| 2.          | Accumulated depreciation                       | (15,460,749)                     | (1,916,155)                        |     | (17,376,904)                      | [4]  |
| 3.          | Net plant in service (L1 + L2)                 | 49,914,793                       | (1,958,717)                        |     | 47,956,076                        |      |
| 4.          | Cash working capital                           | 849,995                          | (228,967)                          |     | 621,028                           | [5]  |
| 5.          | Contributions in aid of construction           | (13,799,538)                     | 1,090,914                          |     | (12,708,624)                      | [6]  |
| 6.          | Advances in aid of construction                | (23,760)                         | 0                                  |     | (23,760)                          |      |
| 7.          | Accumulated deferred income taxes              | (2,999,825)                      | 1,105,687                          |     | (1,894,138)                       | [7]  |
| 8.          | Customer deposits                              | (160,461)                        | 2,929                              |     | (157,532)                         | [8]  |
| 9.          | Gain on sale and flow back taxes               | (196,947)                        | (500,264)                          |     | (697,211)                         | [9]  |
| 10.         | Plant acquisition adjustment                   | (2,436,263)                      | 133,762                            |     | (2,302,501)                       | [10] |
| 11.         | Excess book value                              | (397,558)                        | 127,925                            |     | (269,633)                         | [11] |
| 12.         | Cost-free capital                              | (174,892)                        | 53,101                             |     | (121,791)                         | [12] |
| 13.         | Average tax accruals                           | (60,817)                         | 5,403                              |     | (55,414)                          | [13] |
| 14.         | Regulatory liability for excess deferred taxes | 0                                | (44,640)                           |     | (44,640)                          | [7]  |
| 15.         | Deferred charges                               | 756,075                          | (72,975)                           |     | 683,100                           | [14] |
| 16.         | Original cost rate base (Sum of L3 thru L15)   | <u>\$31,270,802</u>              | <u>(\$285,842)</u>                 |     | <u>\$30,984,960</u>               |      |

- [1] Column (c) minus Column (a).  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Henry Exhibit I, Schedule 2-1(a), Column (c), Line 11.  
[4] Henry Exhibit I, Schedule 2-1(a), Column (c), Line 22.  
[5] Henry Exhibit I, Schedule 2-3, Column (a), Line 4.  
[6] Henry Exhibit I, Schedule 2-4, Column (c), Line 9.  
[7] Provided by Public Staff Accountant Fernald.  
[8] Henry Exhibit I, Schedule 2-5, Column (a), Line 5.  
[9] Henry Exhibit I, Schedule 2-6, Column (a), Line 5.  
[10] Henry Exhibit I, Schedule 2-7, Column (c), Line 7.  
[11] Henry Exhibit I, Schedule 2-8, Column (d), Line 9.  
[12] Henry Exhibit I, Schedule 2-9, Column (a), Line 3.  
[13] Henry Exhibit I, Schedule 2-3, Column (a), Line 9.  
[14] Henry Exhibit I, Schedule 2-10, Column (a), Line 4.

OFFICIAL COPY

Oct 15 2015

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
ORIGINAL COST RATE BASE  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2(b)

COMBINED SEWER OPERATIONS

| Line No. | Item   | Amount Per Application<br>(a) | [1] Public Staff Adjustments <sup>1</sup><br>(b) | [2] Amount Per Public Staff<br>(c) | [3] |
|----------|--|-------------------------------|--|------------------------------------|-----|
| 1.       | Plant in service                               | \$59,573,943                  | \$241,723  | \$59,815,666                       |     |
| 2.       | Accumulated depreciation                       | (12,599,370)                  | (1,282,727)                                      | (13,882,097)                       |     |
| 3.       | Net plant in service (L1 + L2)                 | 46,974,573                    | (1,041,004)                                      | 45,933,569                         |     |
| 4.       | Cash working capital                           | 628,817                       | (67,979)   | 560,838                            |     |
| 5.       | Contributions in aid of construction           | (18,154,937)                  | 1,389,958  | (16,764,979)                       |     |
| 6.       | Advances in aid of construction                | (9,180)                       | 0  | (9,180)                            |     |
| 7.       | Accumulated deferred income taxes              | (3,352,058)                   | 2,365,825  | (986,233)                          |     |
| 8.       | Customer deposits                              | (91,037)                      | (4,017)  | (95,054)                           |     |
| 9.       | Gain on sale and flow back taxes               | (92,681)                      | (254,849)  | (347,530)                          |     |
| 10.      | Plant acquisition adjustment                   | (482,240)                     | 202,745  | (279,495)                          |     |
| 11.      | Excess book value                              | (448,532)                     | 107,067  | (341,465)                          |     |
| 12.      | Cost-free capital                              | (86,605)                      | (53,102)   | (139,708)                          |     |
| 13.      | Average tax accruals                           | (42,061)                      | 4,485  | (37,576)                           |     |
| 14.      | Regulatory liability for excess deferred taxes | 0                             | (42,758)   | (42,758)                           |     |
| 15.      | Deferred charges                               | 2,743,460                     | (2,554,811)                                      | 178,649                            |     |
| 16.      | Original cost rate base (Sum of L3 thru L15)   | \$27,587,518                  | \$41,560   | \$27,629,078                       |     |

[1] Henry Exhibit I Schedule 2(c) plus 2(d), plus 2(e), Column (a).

[2] Henry Exhibit I Schedule 2(c) plus 2(d), plus 2(e), Column (b).

[3] Henry Exhibit I Schedule 2(c) plus 2(d), plus 2(e), Column (c).

OFFICIAL COPY

Oct 15 2015

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
ORIGINAL COST RATE BASE  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2(c)

SEWER OPERATIONS

| Line No. | Item   | Amount Per Application<br>(a) | Public Staff Adjustments<br>(b) | [1] | Amount Per Public Staff<br>(c) | [2]  |
|----------|--|-------------------------------|---------------------------------|-----|--------------------------------|------|
| 1.       | Plant in service                               | \$42,884,580                  | \$13,366                        |     | \$42,897,946                   | [3]  |
| 2.       | Accumulated depreciation                       | (9,799,533)                   | (957,301)                       |     | (10,756,834)                   | [4]  |
| 3.       | Net plant in service (L1 + L2)                 | 33,085,047                    | (943,935)                       |     | 32,141,112                     |      |
| 4.       | Cash working capital                           | 516,154                       | (62,208)                        |     | 453,946                        | [5]  |
| 5.       | Contributions in aid of construction           | (13,408,369)                  | 1,449,473                       |     | (11,958,896)                   | [6]  |
| 6.       | Advances in aid of construction                | (9,180)                       | 0                               |     | (9,180)                        |      |
| 7.       | Accumulated deferred income taxes              | (2,483,899)                   | 1,804,495                       |     | (679,404)                      | [7]  |
| 8.       | Customer deposits                              | (85,937)                      | (3,447)                         |     | (89,384)                       | [8]  |
| 9.       | Gain on sale and flow back taxes               | (92,681)                      | (234,272)                       |     | (326,953)                      | [9]  |
| 10.      | Plant acquisition adjustment                   | (482,240)                     | 202,745                         |     | (279,495)                      | [10] |
| 11.      | Excess book value                              | (448,532)                     | 107,067                         |     | (341,465)                      | [11] |
| 12.      | Cost-free capital                              | (86,606)                      | (53,102)                        |     | (139,708)                      | [12] |
| 13.      | Average tax accruals                           | (38,517)                      | 2,019                           |     | (36,498)                       | [13] |
| 14.      | Regulatory liability for excess deferred taxes | 0                             | (29,919)                        |     | (29,919)                       | [7]  |
| 15.      | Deferred charges                               | 2,729,097                     | (2,564,643)                     |     | 164,454                        | [14] |
| 16.      | Original cost rate base (Sum of L3 thru L15)   | \$19,194,337                  | (\$325,727)                     |     | \$18,868,610                   |      |

- [1] Column (c) minus Column (a).  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Henry Exhibit I, Schedule 2-1(c), Column (c), Line 11.  
[4] Henry Exhibit I, Schedule 2-1(c), Column (c), Line 22.  
[5] Henry Exhibit I, Schedule 2-3, Column (b), Line 4.  
[6] Henry Exhibit I, Schedule 2-4, Column (f), Line 9.  
[7] Provided by Public Staff Accountant Fernald.  
[8] Henry Exhibit I, Schedule 2-5, Column (b), Line 5.  
[9] Henry Exhibit I, Schedule 2-6, Column (b), Line 5.  
[10] Henry Exhibit I, Schedule 2-7, Column (f), Line 7.  
[11] Henry Exhibit I, Schedule 2-8, Column (d), Line 18.  
[12] Henry Exhibit I, Schedule 2-9, Column (b), Line 3.  
[13] Henry Exhibit I, Schedule 2-3, Column (b), Line 9.  
[14] Henry Exhibit I, Schedule 2-10, Column (b), Line 4.

OFFICIAL COPY

Oct 15 2015

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
ORIGINAL COST RATE BASE  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2(d)

CLMS SEWER OPERATIONS

| Line No. | Item   | Amount Per Application (a) | Public Staff Adjustments (b) | [1] | Amount Per Public Staff (c) | [2]  |
|----------|--|----------------------------|------------------------------|-----|-----------------------------|------|
| 1.       | Plant in service                               | \$13,263,605               | \$69,382                     |     | \$13,332,987                | [3]  |
| 2.       | Accumulated depreciation                       | (1,616,608)                | (200,936)                    |     | (1,817,544)                 | [4]  |
| 3.       | Net plant in service (L1 + L2)                 | 11,646,997                 | (131,554)                    |     | 11,515,443                  |      |
| 4.       | Cash working capital                           | 65,914                     | (3,349)                      |     | 62,565                      | [5]  |
| 5.       | Contributions in aid of construction           | (4,679,084)                | (60,699)                     |     | (4,739,783)                 | [6]  |
| 6.       | Advances in aid of construction                | 0                          | 0                            |     | 0                           |      |
| 7.       | Accumulated deferred income taxes              | (845,414)                  | 701,963                      |     | (143,451)                   | [7]  |
| 8.       | Customer deposits                              | (3,075)                    | (825)                        |     | (3,900)                     | [8]  |
| 9.       | Gain on sale and flow back taxes               | 0                          | (20,577)                     |     | (20,577)                    | [9]  |
| 10.      | Plant acquisition adjustment                   | 0                          | 0                            |     | 0                           |      |
| 11.      | Excess book value                              | 0                          | 0                            |     | 0                           |      |
| 12.      | Cost-free capital                              | 0                          | 0                            |     | 0                           |      |
| 13.      | Average tax accruals                           | (2,735)                    | 2,098                        |     | (637)                       | [10] |
| 14.      | Regulatory liability for excess deferred taxes | 0                          | (10,719)                     |     | (10,719)                    | [7]  |
| 15.      | Deferred charges                               | 8,092                      | 1,253                        |     | 9,345                       | [11] |
| 16.      | Original cost rate base (Sum of L3 thru L15)   | \$6,190,695                | \$477,591                    |     | \$6,668,286                 |      |

- [1] Column (c) minus Column (a).  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Henry Exhibit I, Schedule 2-1(d), Column (c), Line 11.  
[4] Henry Exhibit I, Schedule 2-1(d), Column (c), Line 22.  
[5] Henry Exhibit I, Schedule 2-3, Column (c), Line 4.  
[6] Henry Exhibit I, Schedule 2-4, Column (i), Line 9.  
[7] Provided by Public Staff Accountant Fernald.  
[8] Henry Exhibit I, Schedule 2-5, Column (c), Line 5.  
[9] Henry Exhibit I, Schedule 2-6, Column (c), Line 5.  
[10] Henry Exhibit I, Schedule 2-3, Column (c), Line 9.  
[11] Henry Exhibit I, Schedule 2-10, Column (c), Line 4.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2(e)

**NAGS HEAD SEWER OPERATIONS**

| Line No. | Item   | Amount Per Application (a) | Public Staff Adjustments (b) | [1] Amount Per Public Staff (c) [2] |
|----------|--|----------------------------|------------------------------|-------------------------------------|
| 1.       | Plant in service                               | \$3,425,758                | \$158,975                    | \$3,584,733 [3]                     |
| 2.       | Accumulated depreciation                       | (1,183,229)                | (124,490)                    | (1,307,719) [4]                     |
| 3.       | Net plant in service (L1 + L2)                 | 2,242,529                  | 34,485                       | 2,277,014                           |
| 4.       | Cash working capital                           | 46,749                     | (2,422)                      | 44,327 [5]                          |
| 5.       | Contributions in aid of construction           | (67,484)                   | 1,184                        | (66,300) [6]                        |
| 6.       | Advances in aid of construction                | 0                          | 0                            | 0                                   |
| 7.       | Accumulated deferred income taxes              | (22,745)                   | (140,633)                    | (163,378) [7]                       |
| 8.       | Customer deposits                              | (2,025)                    | 255                          | (1,770) [8]                         |
| 9.       | Gain on sale and flow back taxes               | 0                          | 0                            | 0                                   |
| 10.      | Plant acquisition adjustment                   | 0                          | 0                            | 0                                   |
| 11.      | Excess book value                              | 0                          | 0                            | 0                                   |
| 12.      | Cost-free capital                              | 0                          | 0                            | 0                                   |
| 13.      | Average tax accruals                           | (809)                      | 368                          | (441) [9]                           |
| 14.      | Regulatory liability for excess deferred taxes | 0                          | (2,120)                      | (2,120) [7]                         |
| 15.      | Deferred charges                               | 6,271                      | (1,421)                      | 4,850 [10]                          |
| 16.      | Original cost rate base (Sum of L3 thru L15)   | \$2,202,486                | (\$110,304)                  | \$2,092,182                         |

- [1] Column (c) minus Column (a).  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Henry Exhibit I, Schedule 2-1(e), Column (c), Line 11.  
[4] Henry Exhibit I, Schedule 2-1(e), Column (c), Line 22.  
[5] Henry Exhibit I, Schedule 2-3, Column (d), Line 4.  
[6] Henry Exhibit I, Schedule 2-4, Column (f), Line 9.  
[7] Provided by Public Staff Accountant Fernald.  
[8] Henry Exhibit I, Schedule 2-5, Column (d), Line 5.  
[9] Henry Exhibit I, Schedule 2-3, Column (d), Line 9.  
[10] Henry Exhibit I, Schedule 2-10, Column (d), Line 4.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1

**COMBINED OPERATIONS**

| Line No. | Item   | Amount Per Application (a) | Public Staff Adjustments (b) | Amount Per Public Staff (c) |
|----------|--|----------------------------|------------------------------|-----------------------------|
|          |  | [1]                        | [2]                          | [3]                         |
|          | <u>Plant In Service:</u>                       |                            |                              |                             |
| 1.       | Direct plant in service                        | \$123,348,500              | (\$4,897,861)                | \$118,450,639               |
|          | Allocation of common plant in service:         |                            |                              |                             |
| 2.       | WSC cost center                                | 4,193,524                  | 15,317                       | 4,208,841                   |
| 3.       | State cost center                              | 1,528,091                  | 68,871                       | 1,596,962                   |
| 4.       | Charlotte office cost center                   | (444,873)                  | 627,644                      | 182,771                     |
| 5.       | Charlotte warehouse cost center                | (265,165)                  | 900,052                      | 634,887                     |
| 6.       | Florida office cost center                     | 114,998                    | (2)                          | 114,996                     |
| 7.       | Nevada office cost center                      | 8,303                      | 0                            | 8,303                       |
| 8.       | JDE Conversion                                 | (48,753)                   | 0                            | (48,753)                    |
| 9.       | Gain on sale                                   | (3,485,140)                | 3,485,140                    | 0                           |
| 10.      | Other plant adjustments                        | 0                          | 0                            | 0                           |
| 11.      | Total plant in service (Sum of L1 thru L10)    | <u>\$124,949,485</u>       | <u>\$199,161</u>             | <u>\$125,148,646</u>        |
|          | <u>Accumulated Depreciation:</u>               |                            |                              |                             |
| 12.      | Direct accumulated depreciation                | (\$25,842,122)             | (\$362,072)                  | (\$26,204,194)              |
|          | Allocation of common accumulated depreciation: |                            |                              |                             |
| 13.      | WSC cost center                                | (3,288,326)                | (61,151)                     | (3,349,477)                 |
| 14.      | State cost center                              | (1,173,616)                | (83,509)                     | (1,257,125)                 |
| 15.      | Charlotte office cost center                   | 213,693                    | (301,484)                    | (87,791)                    |
| 16.      | Charlotte warehouse cost center                | 79,882                     | (299,581)                    | (219,699)                   |
| 17.      | Florida office cost center                     | (51,265)                   | 0                            | (51,265)                    |
| 18.      | Nevada office cost center                      | (4,252)                    | 0                            | (4,252)                     |
| 19.      | JDE Conversion                                 | 9,840                      | 0                            | 9,840                       |
| 20.      | Gain on sale                                   | 2,091,085                  | (2,091,085)                  | 0                           |
| 21.      | Other accumulated depreciation adjustments     | (95,038)                   | 0                            | (95,038)                    |
| 22.      | Total accumulated depr. (Sum of L12 thru L21)  | <u>(\$28,060,119)</u>      | <u>(\$3,198,882)</u>         | <u>(\$31,259,001)</u>       |

- [1] Henry Exhibit I Schedule 2-1(a) plus 2-1(b), Column (a).  
[2] Henry Exhibit I Schedule 2-1(a) plus 2-1(b), Column (b).  
[3] Henry Exhibit I Schedule 2-1(a) plus 2-1(b), Column (c).

OFFICIAL COPY

Oct 15 2015



**CAROLINA WATER SERVICE, INC., OF NC**

Docket No. W-354, Sub 344

**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 2-1(a)

**WATER OPERATIONS**

| Line<br>No.                                    | Item  | Amount Per<br>Application<br>(a) | Public Staff<br>Adjustments [1]<br>(b) | Amount Per<br>Public Staff [3]<br>(c) |
|--|---|----------------------------------|--|---------------------------------------|
| <b>Plant In Service:</b>                       |   |                                  |  |                                       |
| 1.   | Direct plant in service                       | \$64,659,389                     | (\$3,551,063)                          | \$61,108,326 [4]                      |
| Allocation of common plant in service:         |   |                                  |  |                                       |
| 2.   | WSC cost center                               | 2,537,178                        | 0                                      | 2,537,178 [5]                         |
| 3.   | State cost center                             | 921,895                          | 43,909                                 | 965,804 [5]                           |
| 4.   | Charlotte office cost center                  | (290,246)                        | 400,446                                | 110,200 [5]                           |
| 5.   | Charlotte warehouse cost center               | (169,181)                        | 755,236                                | 586,055 [5]                           |
| 6.   | Florida office cost center                    | 69,368                           | (2)                                    | 69,366 [5]                            |
| 7.   | Nevada office cost center                     | 5,009                            | 0                                      | 5,009 [5]                             |
| 8.   | JDE Conversion                                | (48,958)                         | 0                                      | (48,958)                              |
| 9.   | Gain on sale                                  | (2,308,911)                      | 2,308,911 [2]                          | 0                                     |
| 10.  | Other plant adjustments                       | 0                                | 0                                      | 0                                     |
| 11.  | Total plant in service (Sum of L1 thru L10)   | <u>\$65,375,543</u>              | <u>(\$42,563)</u>                      | <u>\$65,332,980</u>                   |
| <b>Accumulated Depreciation:</b>               |   |                                  |  |                                       |
| 12.  | Direct accumulated depreciation               | (\$14,307,528)                   | (\$26,892)                             | (\$14,334,420) [6]                    |
| Allocation of common accumulated depreciation: |   |                                  |  |                                       |
| 13.  | WSC cost center                               | (1,998,152)                      | (20,876)                               | (2,019,028) [5]                       |
| 14.  | State cost center                             | (707,023)                        | (52,832)                               | (759,855) [5]                         |
| 15.  | Charlotte office cost center                  | 139,418                          | (192,352)                              | (52,934) [5]                          |
| 16.  | Charlotte warehouse cost center               | 50,966                           | (237,856)                              | (186,890) [5]                         |
| 17.  | Florida office cost center                    | (30,923)                         | 0                                      | (30,923) [5]                          |
| 18.  | Nevada office cost center                     | (2,565)                          | 0                                      | (2,565) [5]                           |
| 19.  | JDE Conversion                                | 9,711                            | 0                                      | 9,711                                 |
| 20.  | Gain on sale                                  | 1,385,347                        | (1,385,347) [2]                        | 0                                     |
| 21.  | Other accumulated depreciation adjustments    | 0                                | 0                                      | 0                                     |
| 22.  | Total accumulated depr. (Sum of L12 thru L21) | <u>(\$15,460,749)</u>            | <u>(\$1,916,155)</u>                   | <u>(\$17,376,904)</u>                 |

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Adjustment to reclassify gain on sale.

[3] Column (a) plus Column (b), unless otherwise footnoted.

[4] Henry Exhibit I, Schedule 2-1(a)(1), Column (d), Line 48.

[5] Provided by Public Staff Accountant Zhang.

[6] Henry Exhibit I, Schedule 2-2, Column (a), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF DIRECT PLANT IN SERVICE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(a)(1)

**WATER OPERATIONS**

| Line No. | Account No. | Item  | Amount Per Application [1]<br>(a) | Public Staff Adjustments [2]<br>(b) | Actual Plant Additions [1]<br>(c) | Amount Per Public Staff [3]<br>(d) |
|----------|-------------|---|-----------------------------------|-------------------------------------|-----------------------------------|------------------------------------|
| 1.       | 1020        | Organization                                | \$266,186                         | \$0                                 | \$0                               | \$266,186                          |
| 2.       | 1025        | Franchises                                  | 111,898                           | 0                                   | 2,552                             | 114,450                            |
| 3.       | 1030        | Land & land rights pump                     | 143                               | 0                                   | 0                                 | 143                                |
| 4.       | 1035        | Land & land rights water tr.                | 357,109                           | 0                                   | 0                                 | 357,109                            |
| 5.       | 1040        | Land & land rights trans.                   | 0                                 | 0                                   | 0                                 | 0                                  |
| 6.       | 1045        | Land & land rights gen. plt.                | 558,860                           | 0                                   | 700                               | 559,560                            |
| 7.       | 1050        | Struct & improv. src. supply                | 3,001,059                         | (27,430)                            | 138,107                           | 3,111,736                          |
| 8.       | 1055        | Struct & improv. wtr. trt. plt.             | 970,440                           | (2,596)                             | 13,960                            | 981,804                            |
| 9.       | 1060        | Struct & improv. trans. dist.               | 39,442                            | (4,926)                             | 7,711                             | 42,227                             |
| 10.      | 1065        | Struct & improv. gen. plt.                  | 310,972                           | 0                                   | 0                                 | 310,972                            |
| 11.      | 1080        | Wells & springs                             | 9,551,837                         | (200,772)                           | 7,078                             | 9,358,143                          |
| 12.      | 1085        | Infiltration gallery                        | 45,185                            | 0                                   | 0                                 | 45,185                             |
| 13.      | 1090        | Supply mains                                | 384,447                           | (10,825)                            | 6,003                             | 379,625                            |
| 14.      | 1095        | Power generation equip.                     | 5,160                             | 0                                   | 0                                 | 5,160                              |
| 15.      | 1100        | Electric pump equip. src. plt.              | 2,043,184                         | (215,999)                           | 107,569                           | 1,934,754                          |
| 16.      | 1105        | Electric pump equip. wtp.                   | 5,331,359                         | (108,144)                           | 35,037                            | 5,258,252                          |
| 17.      | 1110        | Electric pump equip. trans.                 | 1,237,345                         | (32,537)                            | 27,979                            | 1,232,788                          |
| 18.      | 1115        | Water treatment equip.                      | 2,870,536                         | (291,054)                           | 61,292                            | 2,640,774                          |
| 19.      | 1120        | Dist. resv. & standpipes                    | 5,710,745                         | (852,701)                           | 438,851                           | 5,286,895                          |
| 20.      | 1125        | Trans. & distr. mains                       | 18,358,150                        | (471,709)                           | 263,245                           | 18,149,686                         |
| 21.      | 1130        | Service lines                               | 6,995,533                         | (713,500)                           | 164,746                           | 5,847,779                          |
| 22.      | 1135        | Meters                                      | 1,156,139                         | (396,956)                           | 1,300,085                         | 2,119,268                          |
| 23.      | 1140        | Meter installations                         | 931,670                           | (18,580)                            | 12,379                            | 925,669                            |
| 24.      | 1145        | Hydrants                                    | 614,860                           | (74,209)                            | 34,566                            | 575,217                            |
| 25.      | 1150        | Backflow prevention devic.                  | 13,128                            | 0                                   | 0                                 | 13,128                             |
| 26.      | 1160        | Other plt. & misc. equip. src. su.          | 260                               | 0                                   | 0                                 | 260                                |
| 27.      | 1165        | Other plt. & misc. equip. wtp.              | 5,804                             | 0                                   | 0                                 | 5,804                              |
| 28.      | 1175        | Office struct & improv.                     | 69,880                            | (14,222)                            | (14)                              | 55,644                             |
| 29.      | 1180        | Office furn. & equip.                       | 336,132                           | (226,862)                           | 4,582                             | 113,852                            |
| 30.      | 1185        | Stores equipment                            | 0                                 | 0                                   | 0                                 | 0                                  |
| 31.      | 1190        | Tool shop & misc. equip.                    | 1,157,941                         | (354,081)                           | 2,470                             | 806,330                            |
| 32.      | 1195        | Laboratory equipment                        | 126,829                           | (23,655)                            | 162                               | 103,336                            |
| 33.      | 1200        | Power operated equip.                       | 180,644                           | (3,776)                             | 9,219                             | 186,087                            |
| 34.      | 1205        | Communication equip.                        | 271,995                           | (78,953)                            | 1,302                             | 194,344                            |
| 35.      | 1210        | Misc. equipment                             | 17,610                            | (6,020)                             | 0                                 | 11,590                             |
| 36.      | 1215        | Water plant allocated                       | 207,809                           | 0                                   | 0                                 | 207,809                            |
| 37.      | 1220        | Other tangible plt. water                   | 36,650                            | (34,362)                            | 0                                 | 2,288                              |
| 38.      | 1275        | Land & land rights reclaim                  | 2                                 | (2)                                 | 0                                 | 0                                  |
| 39.      | 1430        | Other plant collection                      | 441                               | (441)                               | 0                                 | 0                                  |
| 40.      | 1555        | Transportation equip.                       | 0                                 | 0                                   | 0                                 | 0                                  |
| 41.      | 1575        | Desktop computer - wtr                      | 0                                 | 0                                   | 0                                 | 0                                  |
| 42.      | 1580        | Mainframe computer - wtr                    | 0                                 | 0                                   | 0                                 | 0                                  |
| 43.      | 1585        | Mini computer - wtr                         | 0                                 | 0                                   | 0                                 | 0                                  |
| 44.      | 1590        | Comp. system cost - wtr                     | 60,756                            | (60,756)                            | 0                                 | 0                                  |
| 45.      | 1595        | Micro system cost - wtr                     | 0                                 | 0                                   | 0                                 | 0                                  |
| 46.      | 1805        | Plt. held for future use                    | (313,952)                         | 218,424                             | 0                                 | (95,528)                           |
| 47.      |             | Pro forma plant additions                   | 2,234,000                         | (2,234,000)                         | 0                                 | 0                                  |
| 48.      |             | Total plant in service (Sum of L1 thru L47) | \$64,659,389                      | (\$6,190,644)                       | \$2,639,581                       | \$61,108,326                       |

- [1] Per examination of Company's financial records.  
[2] Henry Exhibit I, Schedule 2-1(a)(2), Column (d).  
[3] Sum of Column (a) through Column (c).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO DIRECT PLANT IN SERVICE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(a)(2)

**WATER OPERATIONS**

| Line No. | Account No. | Item  | Remove Estimates [1]<br>(a) | Cost Center Adjustment [1]<br>(b) | UR Ledger Adjustments [1]<br>(c) | Amount Per Public Staff [2]<br>(d) |
|----------|-------------|---|-----------------------------|-----------------------------------|----------------------------------|------------------------------------|
| 1.       | 1020        | Organization                                | \$0                         | \$0                               | \$0                              | \$0                                |
| 2.       | 1025        | Franchises                                  | 0                           | 0                                 | 0                                | 0                                  |
| 3.       | 1030        | Land & land rights pump                     | 0                           | 0                                 | 0                                | 0                                  |
| 4.       | 1035        | Land & land rights water tr.                | 0                           | 0                                 | 0                                | 0                                  |
| 5.       | 1040        | Land & land rights trans.                   | 0                           | 0                                 | 0                                | 0                                  |
| 6.       | 1045        | Land & land rights gen. plt.                | 0                           | 0                                 | 0                                | 0                                  |
| 7.       | 1050        | Struct & improv. src. supply                | (26,952)                    | (478)                             | 0                                | (27,430)                           |
| 8.       | 1055        | Struct & improv. wtr. trt. plt.             | (2,260)                     | (336)                             | 0                                | (2,596)                            |
| 9.       | 1060        | Struct & improv. trans. dist.               | (4,926)                     | 0                                 | 0                                | (4,926)                            |
| 10.      | 1065        | Struct & improv. gen. plt.                  | 0                           | 0                                 | 0                                | 0                                  |
| 11.      | 1080        | Wells & springs                             | (1,144)                     | (1,628)                           | (198,000)                        | (200,772)                          |
| 12.      | 1085        | Infiltration gallery                        | 0                           | 0                                 | 0                                | 0                                  |
| 13.      | 1090        | Supply mains                                | (10,825)                    | 0                                 | 0                                | (10,825)                           |
| 14.      | 1095        | Power generation equip.                     | 0                           | 0                                 | 0                                | 0                                  |
| 15.      | 1100        | Electric pump equip. src. plt.              | (215,999)                   | 0                                 | 0                                | (215,999)                          |
| 16.      | 1105        | Electric pump equip. wtp.                   | (60,826)                    | (47,318)                          | 0                                | (108,144)                          |
| 17.      | 1110        | Electric pump equip. trans.                 | (32,537)                    | 0                                 | 0                                | (32,537)                           |
| 18.      | 1115        | Water treatment equip.                      | (96,994)                    | (184,060)                         | (10,000)                         | (291,054)                          |
| 19.      | 1120        | Dist. resv. & standpipes                    | (289,173)                   | (110,104)                         | (463,424)                        | (862,701)                          |
| 20.      | 1125        | Trans. & distr. mains                       | (210,814)                   | (1,188)                           | (259,707)                        | (471,709)                          |
| 21.      | 1130        | Service lines                               | (301,745)                   | (270,039)                         | (141,715)                        | (713,500)                          |
| 22.      | 1135        | Meters                                      | (29,008)                    | (307,948)                         | 0                                | (336,956)                          |
| 23.      | 1140        | Meter installations                         | (18,580)                    | 0                                 | 0                                | (18,580)                           |
| 24.      | 1145        | Hydrants                                    | (74,209)                    | 0                                 | 0                                | (74,209)                           |
| 25.      | 1150        | Backflow prevention devic.                  | 0                           | 0                                 | 0                                | 0                                  |
| 26.      | 1160        | Other plt. & misc. equip. src. su.          | 0                           | 0                                 | 0                                | 0                                  |
| 27.      | 1165        | Other plt. & misc. equip. wtp.              | 0                           | 0                                 | 0                                | 0                                  |
| 28.      | 1175        | Office struct & improv.                     | 76                          | (14,298)                          | 0                                | (14,222)                           |
| 29.      | 1180        | Office furn. & equip.                       | (8,117)                     | (218,745)                         | 0                                | (226,862)                          |
| 30.      | 1185        | Stores equipment                            | 0                           | 0                                 | 0                                | 0                                  |
| 31.      | 1190        | Tool shop & misc. equip.                    | (6,481)                     | (347,600)                         | 0                                | (354,081)                          |
| 32.      | 1195        | Laboratory equipment                        | 0                           | (23,655)                          | 0                                | (23,655)                           |
| 33.      | 1200        | Power operated equip.                       | (3,776)                     | 0                                 | 0                                | (3,776)                            |
| 34.      | 1205        | Communication equip.                        | (7,163)                     | (71,790)                          | 0                                | (78,953)                           |
| 35.      | 1210        | Misc. equipment                             | 0                           | (6,020)                           | 0                                | (6,020)                            |
| 36.      | 1215        | Water plant allocated                       | 0                           | 0                                 | 0                                | 0                                  |
| 37.      | 1220        | Other tangible plt. water                   | 0                           | (34,362)                          | 0                                | (34,362)                           |
| 38.      | 1275        | Land & land rights reclaim\                 | (2)                         | 0                                 | 0                                | (2)                                |
| 39.      | 1430        | Other plant collection                      | (441)                       | 0                                 | 0                                | (441)                              |
| 40.      | 1555        | Transportation equip.                       | 0                           | 0                                 | 0                                | 0                                  |
| 41.      | 1575        | Desktop computer - wtr                      | 0                           | 0                                 | 0                                | 0                                  |
| 42.      | 1580        | Mainframe computer - wtr                    | 0                           | 0                                 | 0                                | 0                                  |
| 43.      | 1585        | Mini computer - wtr                         | 0                           | 0                                 | 0                                | 0                                  |
| 44.      | 1590        | Comp. system cost - wtr                     | 0                           | (60,756)                          | 0                                | (60,756)                           |
| 45.      | 1595        | Micro system cost - wtr                     | 0                           | 0                                 | 0                                | 0                                  |
| 46.      | 1805        | Plt. held for future use                    | 0                           | 0                                 | 218,424                          | 218,424                            |
| 47.      |             | Pro forma plant additions                   | (2,234,000)                 | 0                                 | 0                                | (2,234,000)                        |
| 48.      |             | Total plant in service (Sum of L1 thru L47) | (\$3,635,897)               | (\$1,700,325)                     | (\$854,422)                      | (\$6,190,644)                      |

- [1] Per examination of Company's financial records.  
[2] Sum of Column (a) through Column (c).

OFFICIAL COPY

Oct 15 2015

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION

For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(b)COMBINED SEWER OPERATIONS

| Line<br>No. | Item   | Amount Per<br>Application<br>(a) | Public Staff<br>Adjustments<br>(b) | Amount Per<br>Public Staff<br>(c) |
|-------------|--|----------------------------------|------------------------------------|-----------------------------------|
|             |  | [1]                              | [2]                                | [3]                               |
|             | <u>Plant In Service:</u>                       |                                  |                                    |                                   |
| 1.          | Direct plant in service                        | \$58,689,111                     | (\$1,346,798)                      | \$57,342,313                      |
|             | Allocation of common plant in service:         |                                  |                                    |                                   |
| 2.          | WSC cost center                                | 1,656,346                        | 15,317                             | 1,671,663                         |
| 3.          | State cost center                              | 606,196                          | 24,962                             | 631,158                           |
| 4.          | Charlotte office cost center                   | (154,627)                        | 227,198                            | 72,571                            |
| 5.          | Charlotte warehouse cost center                | (95,984)                         | 144,816                            | 48,832                            |
| 6.          | Florida office cost center                     | 45,630                           | 0                                  | 45,630                            |
| 7.          | Nevada office cost center                      | 3,294                            | 0                                  | 3,294                             |
| 8.          | JDE Conversion                                 | 205                              | 0                                  | 205                               |
| 9.          | Gain on sale                                   | (1,176,229)                      | 1,176,229                          | 0                                 |
| 10.         | Other plant adjustments                        | 0                                | 0                                  | 0                                 |
| 11.         | Total plant in service (Sum of L1 thru L10)    | <u>\$59,573,942</u>              | <u>\$241,724</u>                   | <u>\$59,815,666</u>               |
|             | <u>Accumulated Depreciation:</u>               |                                  |                                    |                                   |
| 12.         | Direct accumulated depreciation                | (\$11,534,594)                   | (\$335,180)                        | (\$11,869,774)                    |
|             | Allocation of common accumulated depreciation: |                                  |                                    |                                   |
| 13.         | WSC cost center                                | (1,290,174)                      | (40,275)                           | (1,330,449)                       |
| 14.         | State cost center                              | (466,593)                        | (30,677)                           | (497,270)                         |
| 15.         | Charlotte office cost center                   | 74,275                           | (109,132)                          | (34,857)                          |
| 16.         | Charlotte warehouse cost center                | 28,916                           | (61,725)                           | (32,809)                          |
| 17.         | Florida office cost center                     | (20,342)                         | 0                                  | (20,342)                          |
| 18.         | Nevada office cost center                      | (1,687)                          | 0                                  | (1,687)                           |
| 19.         | JDE Conversion                                 | 129                              | 0                                  | 129                               |
| 20.         | Gain on sale                                   | 705,738                          | (705,738)                          | 0                                 |
| 21.         | Other accumulated depreciation adjustments     | (95,038)                         | 0                                  | (95,038)                          |
| 22.         | Total accumulated depr. (Sum of L12 thru L21)  | <u>(\$12,599,370)</u>            | <u>(\$1,282,727)</u>               | <u>(\$13,882,097)</u>             |

[1] Henry Exhibit I Schedule 2-1(c) plus 2-1(d), plus 2-1(e), Column (a).

[2] Henry Exhibit I Schedule 2-1(c) plus 2-1(d), plus 2-1(e), Column (b).

[3] Henry Exhibit I Schedule 2-1(c) plus 2-1(d), plus 2-1(e), Column (c).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF DIRECT PLANT IN SERVICE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(b)(1)

**COMBINED SEWER OPERATIONS**

| Line No. | Account No. | Item  | Amount Per Application (a) [1] | Public Staff Adjustments (b) [2] | Actual Plant Additions (c) [1] | Amount Per Public Staff (d) [3] |
|----------|-------------|---|--------------------------------|----------------------------------|--------------------------------|---------------------------------|
| 1.       | 1245        | Organization                                | \$829,246                      | \$0                              | \$0                            | \$829,246                       |
| 2.       | 1250        | Franchises Intang. plt.                     | 127,476                        | 0                                | 0                              | 127,476                         |
| 3.       | 1270        | Land & land rights trmnt plt                | 37,417                         | 0                                | 185,526                        | 223,943                         |
| 4.       | 1275        | Land & land rights reclaim.                 | 1,150                          | 0                                | 0                              | 1,150                           |
| 5.       | 1285        | Land & land rights gen. plt.                | 132,109                        | 0                                | 0                              | 132,109                         |
| 6.       | 1290        | Struct/improv. coll. plt.                   | 25,867                         | 0                                | 262                            | 26,129                          |
| 7.       | 1295        | Struct/improv. pump plt. ls.                | 3,428,406                      | 137,646                          | (71,605)                       | 3,494,447                       |
| 8.       | 1300        | Struct/improv. treat. plt.                  | 12,557,261                     | (1,198,776)                      | 4,673,649                      | 16,042,134                      |
| 9.       | 1305        | Struct/improv. reclaim. wtr.                | 3,271                          | 0                                | 0                              | 3,271                           |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 177,281                        | 0                                | 0                              | 177,281                         |
| 11.      | 1315        | Struct/improv. gen. plt.                    | 1,313,813                      | (6,638)                          | 8,551                          | 1,315,706                       |
| 12.      | 1320        | Power gen. equip. coll. plt.                | 0                              | 0                                | 0                              | 0                               |
| 13.      | 1325        | Power gen. equip. pump plt.                 | 1,258                          | 0                                | 50,650                         | 51,908                          |
| 14.      | 1330        | Power gen. equip. treat. plt.               | 93,265                         | 0                                | 254                            | 93,519                          |
| 15.      | 1345        | Sewer force main/serv. lin.                 | 2,186,946                      | (136,646)                        | 18,590                         | 2,068,890                       |
| 16.      | 1350        | Sewer gravity main                          | 12,978,331                     | (561,983)                        | 103,029                        | 12,519,377                      |
| 17.      | 1353        | Manholes                                    | 223,102                        | (18,105)                         | 15,448                         | 220,445                         |
| 18.      | 1355        | Special coll. structures                    | 6,502                          | 0                                | 0                              | 6,502                           |
| 19.      | 1360        | Services to customers                       | 494,983                        | (66,132)                         | 53,463                         | 482,324                         |
| 20.      | 1365        | Flow measure devices                        | 73,221                         | (20,603)                         | 7,407                          | 60,025                          |
| 21.      | 1370        | Flow measure install                        | 828                            | 0                                | 21                             | 849                             |
| 22.      | 1375        | Receiving wells                             | 516                            | 0                                | 0                              | 516                             |
| 23.      | 1380        | Pumping equipment pump plt.                 | 2,042,431                      | (502,585)                        | 142,970                        | 1,682,816                       |
| 24.      | 1385        | Pumping equipment reclaim.                  | 37,598                         | (28,600)                         | 3,452                          | 12,450                          |
| 25.      | 1390        | Pumping equipment rcl. wtr.                 | 13,927                         | (413)                            | 1,269                          | 14,783                          |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 562,538                        | (210)                            | 0                              | 562,328                         |
| 27.      | 1400        | Treat./disp. equip. trt. plt.               | 16,994,664                     | (972,802)                        | 79,469                         | 16,201,331                      |
| 28.      | 1405        | Treat./disp. equip. ret. wtr.               | 11,007                         | 0                                | 85                             | 11,092                          |
| 29.      | 1410        | Plant sewers treat. plt.                    | 353,922                        | (6,835)                          | 6,339                          | 353,426                         |
| 30.      | 1415        | Plant sewers reclaim wtr.                   | 4,907                          | 0                                | 0                              | 4,907                           |
| 31.      | 1420        | Outfall lines                               | 95,181                         | 0                                | 0                              | 95,181                          |
| 32.      | 1425        | Other plt. tangible                         | 1,863                          | (952)                            | 0                              | 911                             |
| 33.      | 1430        | Other plt. collection                       | 21,020                         | 0                                | 80                             | 21,100                          |
| 34.      | 1435        | Other plt. pump                             | 46,128                         | (526)                            | 169                            | 45,771                          |
| 35.      | 1440        | Other plt. treatment                        | 31,770                         | 0                                | 1,567                          | 33,937                          |
| 36.      | 1445        | Other plt. reclaim wtr. trt.                | 650                            | 0                                | 0                              | 650                             |
| 37.      | 1450        | Other plt. reclaim wtr. dis.                | 460                            | 0                                | 0                              | 460                             |
| 38.      | 1455        | Office struct & improv.                     | 4,327                          | 0                                | 0                              | 4,327                           |
| 39.      | 1460        | Office furn. & equip.                       | 23,208                         | (2,439)                          | 1,854                          | 22,623                          |
| 40.      | 1465        | Stores equipment                            | 3,084                          | 0                                | 192                            | 3,266                           |
| 41.      | 1470        | Tool shop & misc. equip.                    | 103,737                        | (1,956)                          | 2,024                          | 103,805                         |
| 42.      | 1475        | Laboratory equipment                        | 126,076                        | (56,849)                         | 15,012                         | 84,239                          |
| 43.      | 1480        | Power operated equip.                       | 67,647                         | 0                                | 2,195                          | 69,842                          |
| 44.      | 1485        | Communication equip.                        | 67,012                         | 0                                | 0                              | 67,012                          |
| 45.      | 1490        | Misc equip. sewer                           | 9,772                          | (3,667)                          | 0                              | 6,105                           |
| 46.      | 1495        | Sewer plant allocated                       | 526,952                        | 0                                | 0                              | 526,952                         |
| 47.      | 1500        | Other tangible plt. sewer                   | 1,776                          | 0                                | 0                              | 1,776                           |
| 48.      | 1535        | Reuse dist. reservoirs                      | 3,110                          | 0                                | 0                              | 3,110                           |
| 49.      | 1540        | Reuse transmission & dist.                  | 48,131                         | (5,314)                          | 3,257                          | 46,074                          |
| 50.      | 1555        | Transportation equip.                       | 0                              | 0                                | 0                              | 0                               |
| 51.      | 1575        | Desktop computer - wtr                      | 0                              | 0                                | 0                              | 0                               |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                              | 0                                | 0                              | 0                               |
| 53.      | 1585        | Mini computer - wtr                         | 0                              | 0                                | 0                              | 0                               |
| 54.      | 1590        | Comp. system cost - wtr                     | 34,470                         | (34,470)                         | 0                              | 0                               |
| 55.      | 1595        | Micro system cost - wtr                     | 0                              | 0                                | 0                              | 0                               |
| 56.      | 1805        | Plt. held for future use                    | (1,029,216)                    | 514,608                          | 0                              | (514,608)                       |
| 57.      |             | Pro forma plant additions                   | 3,778,700                      | (3,778,700)                      | 0                              | 0                               |
| 58.      |             | Total plant in service (Sum of 11 thru 157) | \$58,689,111                   | (\$6,652,967)                    | \$5,305,169                    | \$57,342,313                    |

- [1] Per examination of Company's financial records.  
[2] Henry Exhibit I, Schedule 2-1(b)(2), Column (d).  
[3] Sum of Column (a) through Column (c).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
**Docket No. W-954, Sub 944**  
**ADJUSTMENT TO DIRECT PLANT IN SERVICE**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 2-1(b)(2)

**COMBINED SEWER OPERATIONS**

| Line No. | Account No. | Item  | Remove Estimates (a) | (1) | Cost Center Adjustment (b) | (1) | UR Ledger Adjustments (c) | (1) | Amount Per Public Staff (d) | (2) |
|----------|-------------|---|----------------------|-----|----------------------------|-----|---------------------------|-----|-----------------------------|-----|
| 1.       | 1245        | Organization                                | \$0                  |     | \$0                        |     | \$0                       |     | \$0                         |     |
| 2.       | 1250        | Franchises intang. pit.                     | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 3.       | 1270        | Land & land rights trmnt pit.               | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 5.       | 1285        | Land & land rights gen. pit.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 6.       | 1290        | Struct/improv. coll. pit.                   | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 7.       | 1295        | Struct/improv. pump pit. ls.                | 137,646              |     | 0                          |     | 0                         |     | 137,646                     |     |
| 8.       | 1300        | Struct/improv. treat. pit.                  | (1,195,352)          |     | (3,424)                    |     | 0                         |     | (1,198,776)                 |     |
| 9.       | 1305        | Struct/improv. reclaim. wtp.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 11.      | 1315        | Struct/improv. gen. pit.                    | (6,658)              |     | 0                          |     | 0                         |     | (6,658)                     |     |
| 12.      | 1320        | Power gen. equip. coll. pit.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 13.      | 1325        | Power gen. equip. pump pit.                 | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 14.      | 1330        | Power gen. equip. treat. pit.               | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 15.      | 1345        | Sewer force main/serv. ln.                  | (91,021)             |     | (7,414)                    |     | (48,211)                  |     | (136,646)                   |     |
| 16.      | 1350        | Sewer gravity main                          | (68,493)             |     | 0                          |     | (493,490)                 |     | (561,983)                   |     |
| 17.      | 1353        | Manholes                                    | (18,105)             |     | 0                          |     | 0                         |     | (18,105)                    |     |
| 18.      | 1355        | Special coll. structures                    | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 19.      | 1360        | Services to customers                       | (66,132)             |     | 0                          |     | 0                         |     | (66,132)                    |     |
| 20.      | 1365        | Flow measure devices                        | (20,603)             |     | 0                          |     | 0                         |     | (20,603)                    |     |
| 21.      | 1370        | Flow measure install                        | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 22.      | 1375        | Receiving wells                             | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 23.      | 1380        | Pumping equipment pump pit.                 | (497,984)            |     | (4,601)                    |     | 0                         |     | (502,585)                   |     |
| 24.      | 1385        | Pumping equipment reclaim.                  | (28,600)             |     | 0                          |     | 0                         |     | (28,600)                    |     |
| 25.      | 1390        | Pumping equipment rel. wtr.                 | (413)                |     | 0                          |     | 0                         |     | (413)                       |     |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 0                    |     | (210)                      |     | 0                         |     | (210)                       |     |
| 27.      | 1400        | Treat./disp. equip. trt. pit.               | (224,965)            |     | (27,229)                   |     | (620,608)                 |     | (872,802)                   |     |
| 28.      | 1405        | Treat./disp. equip. ret. wtp.               | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 29.      | 1410        | Plant sewers treat. pit.                    | (6,835)              |     | 0                          |     | 0                         |     | (6,835)                     |     |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 31.      | 1420        | Outfall lines                               | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 32.      | 1425        | Other pit. tangible                         | 0                    |     | (952)                      |     | 0                         |     | (952)                       |     |
| 33.      | 1430        | Other pit. collection                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 34.      | 1435        | Other pit. pump                             | 0                    |     | (526)                      |     | 0                         |     | (526)                       |     |
| 35.      | 1440        | Other pit. treatment                        | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 36.      | 1445        | Other pit. reclaim wtr. trt.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 37.      | 1450        | Other pit. reclaim wtr. dis.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 38.      | 1455        | Office struct & improv.                     | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 39.      | 1460        | Office furn. & equip.                       | (1,658)              |     | (781)                      |     | 0                         |     | (2,439)                     |     |
| 40.      | 1465        | Stores equipment                            | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 41.      | 1470        | Tool shop & misc. equip.                    | (1,956)              |     | 0                          |     | 0                         |     | (1,956)                     |     |
| 42.      | 1475        | Laboratory equipment                        | (55,306)             |     | (1,543)                    |     | 0                         |     | (56,849)                    |     |
| 43.      | 1480        | Power operated equip.                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 44.      | 1485        | Communication equip.                        | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 45.      | 1490        | Misc equip. sewer                           | 0                    |     | (3,667)                    |     | 0                         |     | (3,667)                     |     |
| 46.      | 1495        | Sewer plant allocated                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 47.      | 1500        | Other tangible pit. sewer                   | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 48.      | 1535        | Reuse dist. reservoirs                      | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 49.      | 1540        | Reuse transmission & dist.                  | (5,314)              |     | 0                          |     | 0                         |     | (5,314)                     |     |
| 50.      | 1555        | Transportation equip.                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 51.      | 1575        | Desktop computer - wtr                      | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 53.      | 1585        | Mini computer - wtr                         | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                    |     | (34,470)                   |     | 0                         |     | (34,470)                    |     |
| 55.      | 1595        | Micro system cost - wtr                     | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 56.      | 1805        | Pit. held for future use                    | 0                    |     | 0                          |     | 514,608                   |     | 514,608                     |     |
| 57.      |             | Pro forma plant additions                   | (3,778,700)          |     | 0                          |     | 0                         |     | (3,778,700)                 |     |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | (\$5,920,449)        |     | (\$84,817)                 |     | (\$647,701)               |     | (\$6,652,967)               |     |

(1) Per examination of Company's financial records.  
(2) Sum of Column (a) through Column (c).

OFFICIAL COPY

Oct 15 2015

## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION

For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(c)

## SEWER OPERATIONS

| Line No.                         | Item   | Amount Per Application (a) | Public Staff Adjustments (b) | [1] | Amount Per Public Staff (c) | [3] |
|----------------------------------|--|----------------------------|------------------------------|-----|-----------------------------|-----|
| <b>Plant In Service:</b>         |  |                            |                              |     |                             |     |
| 1.                               | Direct plant in service                        | \$42,221,597               | (\$1,464,866)                |     | \$40,756,731                | [4] |
|                                  | Allocation of common plant in service:         |                            |                              |     |                             |     |
| 2.                               | WSC cost center                                | 1,439,457                  | 0                            |     | 1,439,457                   | [5] |
| 3.                               | State cost center                              | 523,033                    | 24,962                       |     | 547,995                     | [5] |
| 4.                               | Charlotte office cost center                   | (164,670)                  | 227,198                      |     | 62,528                      | [5] |
| 5.                               | Charlotte warehouse cost center                | (95,984)                   | 144,816                      |     | 48,832                      | [5] |
| 6.                               | Florida office cost center                     | 39,356                     | 0                            |     | 39,356                      | [5] |
| 7.                               | Nevada office cost center                      | 2,842                      | 0                            |     | 2,842                       | [5] |
| 8.                               | JDE Conversion                                 | 205                        | 0                            |     | 205                         |     |
| 9.                               | Gain on sale                                   | (1,081,256)                | 1,081,256                    | [2] | 0                           |     |
| 10.                              | Other plant adjustments                        | 0                          | 0                            |     | 0                           |     |
| 11.                              | Total plant in service (Sum of L1 thru L10)    | <u>\$42,884,580</u>        | <u>\$13,366</u>              |     | <u>\$42,897,946</u>         |     |
| <b>Accumulated Depreciation:</b> |  |                            |                              |     |                             |     |
| 12.                              | Direct accumulated depreciation                | (\$9,002,661)              | (\$95,725)                   |     | (\$9,098,386)               | [6] |
|                                  | Allocation of common accumulated depreciation: |                            |                              |     |                             |     |
| 13.                              | WSC cost center                                | (1,133,642)                | (11,951)                     |     | (1,145,593)                 | [5] |
| 14.                              | State cost center                              | (401,127)                  | (30,014)                     |     | (431,141)                   | [5] |
| 15.                              | Charlotte office cost center                   | 79,098                     | (109,132)                    |     | (30,034)                    | [5] |
| 16.                              | Charlotte warehouse cost center                | 28,916                     | (61,725)                     |     | (32,809)                    | [5] |
| 17.                              | Florida office cost center                     | (17,544)                   | 0                            |     | (17,544)                    | [5] |
| 18.                              | Nevada office cost center                      | (1,456)                    | 0                            |     | (1,456)                     | [5] |
| 19.                              | JDE Conversion                                 | 129                        | 0                            |     | 129                         |     |
| 20.                              | Gain on sale                                   | 648,754                    | (648,754)                    | [2] | 0                           |     |
| 21.                              | Other accumulated depreciation adjustments     | 0                          | 0                            |     | 0                           |     |
| 22.                              | Total accumulated depr. (Sum of L12 thru L21)  | <u>(\$9,799,533)</u>       | <u>(\$957,301)</u>           |     | <u>(\$10,756,834)</u>       |     |

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Adjustment to reclassify gain on sale.

[3] Column (a) plus Column (b), unless otherwise footnoted.

[4] Henry Exhibit I, Schedule 2-1(c)(1), Column (d), Line 58.

[5] Provided by Public Staff Accountant Zhang.

[6] Henry Exhibit I, Schedule 2-2, Column (b), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
**Docket No. W-354, Sub 344**  
**CALCULATION OF DIRECT PLANT IN SERVICE**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 2-1(c)(1)

**SEWER OPERATIONS**

| Line No. | Account No. | Item  | Amount Per Application (a) (1) | Public Staff Adjustments (b) (2) | Actual Plant Additions (c) (1) | Amount Per Public Staff (d) (3) |
|----------|-------------|---|--------------------------------|----------------------------------|--------------------------------|---------------------------------|
| 1.       | 1245        | Organization                                | \$178,599                      | \$0                              | \$0                            | \$178,599                       |
| 2.       | 1250        | Franchises intang. plt.                     | 15,898                         | 0                                | 0                              | 15,898                          |
| 3.       | 1270        | Land & land rights trmnt plt                | 37,417                         | 0                                | 186,526                        | 223,943                         |
| 4.       | 1275        | Land & land rights reclaim.                 | 1,150                          | 0                                | 0                              | 1,150                           |
| 5.       | 1285        | Land & land rights gen. plt.                | 132,109                        | 0                                | 0                              | 132,109                         |
| 6.       | 1290        | Struct/improv. coli. plt.                   | 24,427                         | 0                                | 262                            | 24,689                          |
| 7.       | 1295        | Struct/improv. pump plt. ls.                | 2,885,614                      | 137,646                          | (46,538)                       | 2,976,722                       |
| 8.       | 1300        | Struct/improv. treat. plt.                  | 2,654,591                      | (1,198,776)                      | 4,118,110                      | 5,574,325                       |
| 9.       | 1305        | Struct/improv. reclaim. wtrp.               | 3,271                          | 0                                | 0                              | 3,271                           |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 104,665                        | 0                                | 0                              | 104,665                         |
| 11.      | 1315        | Struct/improv. gen. plt.                    | 1,135,223                      | (6,658)                          | 5,093                          | 1,139,658                       |
| 12.      | 1320        | Power gen. equip. coli. plt.                | 0                              | 0                                | 0                              | 0                               |
| 13.      | 1325        | Power gen. equip. pump plt.                 | 1,258                          | 0                                | 0                              | 1,258                           |
| 14.      | 1330        | Power gen. equip. treat. plt.               | 93,265                         | 0                                | 254                            | 93,519                          |
| 15.      | 1345        | Sewer force main/serv. ln.                  | 2,016,136                      | (136,646)                        | 15,651                         | 1,895,141                       |
| 16.      | 1350        | Sewer gravity main                          | 12,082,780                     | (561,983)                        | 100,690                        | 11,621,487                      |
| 17.      | 1353        | Manholes                                    | 218,588                        | (18,105)                         | 15,448                         | 215,931                         |
| 18.      | 1355        | Special coll. structures                    | 6,502                          | 0                                | 0                              | 6,502                           |
| 19.      | 1360        | Services to customers                       | 481,309                        | (66,132)                         | 51,569                         | 466,746                         |
| 20.      | 1365        | Flow measure devices                        | 55,415                         | (20,603)                         | 7,407                          | 42,219                          |
| 21.      | 1370        | Flow measure install                        | 828                            | 0                                | 21                             | 849                             |
| 22.      | 1375        | Receiving wells                             | 516                            | 0                                | 0                              | 516                             |
| 23.      | 1380        | Pumping equipment pump plt.                 | 1,738,700                      | (502,585)                        | 109,729                        | 1,345,844                       |
| 24.      | 1385        | Pumping equipment reclaim.                  | 37,598                         | (28,600)                         | 3,452                          | 12,450                          |
| 25.      | 1390        | Pumping equipment rel. wtr.                 | 7,723                          | (413)                            | 1,269                          | 8,579                           |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 381,728                        | (210)                            | 0                              | 381,518                         |
| 27.      | 1400        | Treat./disp. equip. trt. plt.               | 14,267,411                     | (872,802)                        | 67,069                         | 13,461,678                      |
| 28.      | 1405        | Treat./disp. equip. rct. wtp.               | 6,535                          | 0                                | 85                             | 6,620                           |
| 29.      | 1410        | Plant sewers treat. plt.                    | 320,856                        | (6,835)                          | 6,131                          | 320,152                         |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | (285)                          | 0                                | 0                              | (285)                           |
| 31.      | 1420        | Outfall lines                               | 95,181                         | 0                                | 0                              | 95,181                          |
| 32.      | 1425        | Other plt. tangible                         | 1,863                          | (952)                            | 0                              | 911                             |
| 33.      | 1430        | Other plt. collection                       | 21,020                         | 0                                | 80                             | 21,100                          |
| 34.      | 1435        | Other plt. pump                             | 44,882                         | (526)                            | 169                            | 44,525                          |
| 35.      | 1440        | Other plt. treatment                        | 23,929                         | 0                                | 1,567                          | 25,496                          |
| 36.      | 1445        | Other plt. reclaim wtr. trt.                | 650                            | 0                                | 0                              | 650                             |
| 37.      | 1450        | Other plt. reclaim wtr. dls.                | 0                              | 0                                | 0                              | 0                               |
| 38.      | 1455        | Office struct & improv.                     | 4,327                          | 0                                | 0                              | 4,327                           |
| 39.      | 1460        | Office furn. & equip.                       | 22,539                         | (2,439)                          | 1,854                          | 21,954                          |
| 40.      | 1465        | Stores equipment                            | 3,084                          | 0                                | 182                            | 3,266                           |
| 41.      | 1470        | Tool shop & misc. equip.                    | 76,866                         | (1,956)                          | 2,024                          | 76,934                          |
| 42.      | 1475        | Laboratory equipment                        | 119,313                        | (56,849)                         | 14,779                         | 77,243                          |
| 43.      | 1480        | Power operated equip.                       | 25,861                         | 0                                | 1,961                          | 27,822                          |
| 44.      | 1485        | Communication equip.                        | 67,012                         | 0                                | 0                              | 67,012                          |
| 45.      | 1490        | Misc equip. sewer                           | 9,772                          | (3,667)                          | 0                              | 6,105                           |
| 46.      | 1495        | Sewer plant allocated                       | 517,496                        | 0                                | 0                              | 517,496                         |
| 47.      | 1500        | Other tangible plt. sewer                   | 276                            | 0                                | 0                              | 276                             |
| 48.      | 1535        | Reuse dist. reservoirs                      | 2,962                          | 0                                | 0                              | 2,962                           |
| 49.      | 1540        | Reuse transmission & dist.                  | 30,383                         | (5,314)                          | 3,257                          | 28,326                          |
| 50.      | 1555        | Transportation equip.                       | 0                              | 0                                | 0                              | 0                               |
| 51.      | 1575        | Desktop computer - wtr                      | 0                              | 0                                | 0                              | 0                               |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                              | 0                                | 0                              | 0                               |
| 53.      | 1585        | Mini computer - wtr                         | 0                              | 0                                | 0                              | 0                               |
| 54.      | 1590        | Comp. system cost - wtr                     | 34,470                         | (34,470)                         | 0                              | 0                               |
| 55.      | 1595        | Micro system cost - wtr                     | 0                              | 0                                | 0                              | 0                               |
| 56.      | 1805        | Plt. held for future use                    | (1,029,216)                    | 514,608                          | 0                              | (514,608)                       |
| 57.      |             | Pro forma plant additions                   | 3,258,700                      | (3,258,700)                      | 0                              | 0                               |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | \$42,221,597                   | (\$6,132,967)                    | \$4,668,101                    | \$40,756,731                    |

(1) Per examination of Company's financial records.

(2) Henry Exhibit I, Schedule 2-1(c)(2), Column (d).

(3) Sum of Column (a) through Column (c).



**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO DIRECT PLANT IN SERVICE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(c)(2)

**SEWER OPERATIONS**

| Line No. | Account No. | Item  | Remove Estimates (a) | (1) | Cost Center Adjustment (b) | (1) | UR Ledger Adjustments (c) | (1) | Amount Per Public Staff (d) | (2) |
|----------|-------------|---|----------------------|-----|----------------------------|-----|---------------------------|-----|-----------------------------|-----|
| 1.       | 1245        | Organization                                | \$0                  |     | \$0                        |     | \$0                       |     | \$0                         |     |
| 2.       | 1250        | Franchises intang. plt.                     | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 3.       | 1270        | Land & land rights trtmt plt                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 5.       | 1285        | Land & land rights gen. plt.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 6.       | 1290        | Struct/improv. coll. plt.                   | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 7.       | 1295        | Struct/improv. pump plt. ls.                | 137,646              |     | 0                          |     | 0                         |     | 137,646                     |     |
| 8.       | 1300        | Struct/improv. treat. plt.                  | (1,195,352)          |     | (3,424)                    |     | 0                         |     | (1,198,776)                 |     |
| 9.       | 1305        | Struct/improv. reclaim. wtp.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 11.      | 1315        | Struct/improv. gen. plt.                    | (6,658)              |     | 0                          |     | 0                         |     | (6,658)                     |     |
| 12.      | 1320        | Power gen. equip. coll. plt.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 13.      | 1325        | Power gen. equip. pump plt.                 | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 14.      | 1330        | Power gen. equip. treat. plt.               | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 15.      | 1345        | Sewer force main/serv. lin.                 | (81,021)             |     | (7,414)                    |     | (48,211)                  |     | (136,646)                   |     |
| 16.      | 1350        | Sewer gravity main                          | (68,493)             |     | 0                          |     | (493,490)                 |     | (561,983)                   |     |
| 17.      | 1355        | Manholes                                    | (18,105)             |     | 0                          |     | 0                         |     | (18,105)                    |     |
| 18.      | 1355        | Special coll. structures                    | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 19.      | 1360        | Services to customers                       | (66,132)             |     | 0                          |     | 0                         |     | (66,132)                    |     |
| 20.      | 1365        | Flow measure devices                        | (20,603)             |     | 0                          |     | 0                         |     | (20,603)                    |     |
| 21.      | 1370        | Flow measure install                        | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 22.      | 1375        | Receiving wells                             | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 23.      | 1380        | Pumping equipment pump plt.                 | (497,984)            |     | (4,601)                    |     | 0                         |     | (502,585)                   |     |
| 24.      | 1385        | Pumping equipment reclaim.                  | (28,600)             |     | 0                          |     | 0                         |     | (28,600)                    |     |
| 25.      | 1390        | Pumping equipment rcl. wtr.                 | (413)                |     | 0                          |     | 0                         |     | (413)                       |     |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 0                    |     | (210)                      |     | 0                         |     | (210)                       |     |
| 27.      | 1400        | Treat./disp. equip. trt. plt.               | (224,965)            |     | (27,229)                   |     | (620,608)                 |     | (872,802)                   |     |
| 28.      | 1405        | Treat./disp. equip. rct. wtp.               | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 29.      | 1410        | Plant sewers treat. plt.                    | (6,835)              |     | 0                          |     | 0                         |     | (6,835)                     |     |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 31.      | 1420        | Outfall lines                               | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 32.      | 1425        | Other plt. tangible                         | 0                    |     | (952)                      |     | 0                         |     | (952)                       |     |
| 33.      | 1430        | Other plt. collection                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 34.      | 1435        | Other plt. pump                             | 0                    |     | (526)                      |     | 0                         |     | (526)                       |     |
| 35.      | 1440        | Other plt. treatment                        | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 36.      | 1445        | Other plt. reclaim wtr. trt.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 37.      | 1450        | Other plt. reclaim wtr. dis.                | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 38.      | 1455        | Office struct & improv.                     | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 39.      | 1460        | Office furn. & equip.                       | (1,658)              |     | (781)                      |     | 0                         |     | (2,439)                     |     |
| 40.      | 1465        | Stores equipment                            | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 41.      | 1470        | Tool shop & misc. equip.                    | (1,956)              |     | 0                          |     | 0                         |     | (1,956)                     |     |
| 42.      | 1475        | Laboratory equipment                        | (55,305)             |     | (1,543)                    |     | 0                         |     | (56,849)                    |     |
| 43.      | 1480        | Power operated equip.                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 44.      | 1485        | Communication equip.                        | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 45.      | 1490        | Misc equip. sewer                           | 0                    |     | (3,667)                    |     | 0                         |     | (3,667)                     |     |
| 46.      | 1495        | Sewer plant allocated                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 47.      | 1500        | Other tangible plt. sewer                   | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 48.      | 1535        | Reuse dist. reservoirs                      | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 49.      | 1540        | Reuse transmission & dist.                  | (5,314)              |     | 0                          |     | 0                         |     | (5,314)                     |     |
| 50.      | 1555        | Transportation equip.                       | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 51.      | 1575        | Desktop computer - wtr                      | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 53.      | 1585        | Mini computer - wtr                         | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                    |     | (34,470)                   |     | 0                         |     | (34,470)                    |     |
| 55.      | 1595        | Micro system cost - wtr                     | 0                    |     | 0                          |     | 0                         |     | 0                           |     |
| 56.      | 1805        | Pit. held for future use                    | 0                    |     | 0                          |     | 514,608                   |     | 514,608                     |     |
| 57.      |             | Pro forma plant additions                   | (3,258,700)          |     | 0                          |     | 0                         |     | (3,258,700)                 |     |
| 58.      |             | Total plant in service [Sum of L1 thru L57] | (\$5,400,449)        |     | (\$84,817)                 |     | (\$647,701)               |     | (\$6,132,967)               |     |

(1) Per examination of Company's financial records.  
(2) Sum of Column (a) through Column (c).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(d)

**CLMS SEWER OPERATIONS**

| Line No. | Item   | Amount Per Application (a) | Public Staff Adjustments (b) | [1] | Amount Per Public Staff (c) | [3] |
|----------|--|----------------------------|------------------------------|-----|-----------------------------|-----|
|          | <b><u>Plant in Service:</u></b>                |                            |                              |     |                             |     |
| 1.       | Direct plant in service                        | \$13,186,043               | (\$41,131)                   |     | \$13,144,912                | [4] |
|          | Allocation of common plant in service:         |                            |                              |     |                             |     |
| 2.       | WSC cost center                                | 116,158                    | 15,541                       |     | 131,699                     | [5] |
| 3.       | State cost center                              | 46,919                     | 0                            |     | 46,919                      | [5] |
| 4.       | Charlotte office cost center                   | 5,649                      | 0                            |     | 5,649                       | [5] |
| 5.       | Charlotte warehouse cost center                | 0                          | 0                            |     | 0                           | [5] |
| 6.       | Florida office cost center                     | 3,550                      | 0                            |     | 3,550                       | [5] |
| 7.       | Nevada office cost center                      | 258                        | 0                            |     | 258                         | [5] |
| 8.       | JDE Conversion                                 | 0                          | 0                            |     | 0                           |     |
| 9.       | Gain on sale                                   | (94,973)                   | 94,973                       | [2] | 0                           |     |
| 10.      | Other plant adjustments                        | 0                          | 0                            |     | 0                           |     |
| 11.      | Total plant in service (Sum of L1 thru L10)    | <u>\$13,263,604</u>        | <u>\$69,383</u>              |     | <u>\$13,332,987</u>         |     |
|          | <b><u>Accumulated Depreciation:</u></b>        |                            |                              |     |                             |     |
| 12.      | Direct accumulated depreciation                | (\$1,589,545)              | (\$115,934)                  |     | (\$1,705,479)               | [6] |
|          | Allocation of common accumulated depreciation: |                            |                              |     |                             |     |
| 13.      | WSC cost center                                | (77,200)                   | (27,644)                     |     | (104,844)                   | [5] |
| 14.      | State cost center                              | (36,935)                   | (374)                        |     | (37,309)                    | [5] |
| 15.      | Charlotte office cost center                   | (2,713)                    | 0                            |     | (2,713)                     | [5] |
| 16.      | Charlotte warehouse cost center                | 0                          | 0                            |     | 0                           | [5] |
| 17.      | Florida office cost center                     | (1,584)                    | 0                            |     | (1,584)                     | [5] |
| 18.      | Nevada office cost center                      | (132)                      | 0                            |     | (132)                       | [5] |
| 19.      | JDE Conversion                                 | 0                          | 0                            |     | 0                           |     |
| 20.      | Gain on sale                                   | 56,984                     | (56,984)                     | [2] | 0                           |     |
| 21.      | Other accumulated depreciation adjustments     | 34,517                     | 0                            |     | 34,517                      |     |
| 22.      | Total accumulated depr. (Sum of L12 thru L21)  | <u>(\$1,616,608)</u>       | <u>(\$200,936)</u>           |     | <u>(\$1,817,544)</u>        |     |

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Adjustment to reclassify gain on sale.

[3] Column (a) plus Column (b), unless otherwise footnoted.

[4] Henry Exhibit I, Schedule 2-1(d)(1), Column (d), Line 58.

[5] Provided by Public Staff Accountant Zhang.

[6] Henry Exhibit I, Schedule 2-2, Column (c), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF DIRECT PLANT IN SERVICE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(d)(1)

**CLMS SEWER OPERATIONS**

| Line No. | Account No. | Item  | Amount Per Application (a) | Public Staff Adjustments (b) | Actual Plant Additions (c) | Amount Per Public Staff (d) |
|----------|-------------|---|----------------------------|------------------------------|----------------------------|-----------------------------|
|          |             |   | (1)                        | (2)                          | (1)                        | (3)                         |
| 1.       | 1245        | Organization                                | \$493,286                  | \$0                          | \$0                        | \$493,286                   |
| 2.       | 1250        | Franchises intang. pit.                     | 0                          | 0                            | 0                          | 0                           |
| 3.       | 1270        | Land & land rights trtmt pit.               | 0                          | 0                            | 0                          | 0                           |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                          | 0                            | 0                          | 0                           |
| 5.       | 1285        | Land & land rights gen. pit.                | 0                          | 0                            | 0                          | 0                           |
| 6.       | 1290        | Struct/improv. coll. pit.                   | 1,290                      | 0                            | 0                          | 1,290                       |
| 7.       | 1295        | Struct/improv. pump pit. ls.                | 195,223                    | 0                            | 0                          | 195,223                     |
| 8.       | 1300        | Struct/improv. treat. pit.                  | 9,895,161                  | 0                            | 2,588                      | 9,897,749                   |
| 9.       | 1305        | Struct/improv. reclaim. wtr.                | 0                          | 0                            | 0                          | 0                           |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 56,315                     | 0                            | 0                          | 56,315                      |
| 11.      | 1315        | Struct/improv. gen. pit.                    | 114,140                    | 0                            | 1,765                      | 115,905                     |
| 12.      | 1320        | Power gen. equip. coll. pit.                | 0                          | 0                            | 0                          | 0                           |
| 13.      | 1325        | Power gen. equip. pump pit.                 | 0                          | 0                            | 0                          | 0                           |
| 14.      | 1330        | Power gen. equip. treat. pit.               | 0                          | 0                            | 0                          | 0                           |
| 15.      | 1345        | Sewer force main/serv. lin.                 | 87,104                     | 0                            | 2,346                      | 89,450                      |
| 16.      | 1350        | Sewer gravity main                          | 532,231                    | 0                            | 1,745                      | 533,976                     |
| 17.      | 1353        | Manholes                                    | 3,634                      | 0                            | 0                          | 3,634                       |
| 18.      | 1355        | Special coll. structures                    | 0                          | 0                            | 0                          | 0                           |
| 19.      | 1360        | Services to customers                       | 8,263                      | 0                            | 0                          | 8,263                       |
| 20.      | 1365        | Flow measure devices                        | 17,406                     | 0                            | 0                          | 17,406                      |
| 21.      | 1370        | Flow measure install                        | 0                          | 0                            | 0                          | 0                           |
| 22.      | 1375        | Receiving wells                             | 0                          | 0                            | 0                          | 0                           |
| 23.      | 1380        | Pumping equipment pump pit.                 | 199,980                    | 0                            | 10,088                     | 210,068                     |
| 24.      | 1385        | Pumping equipment reclaim.                  | 0                          | 0                            | 0                          | 0                           |
| 25.      | 1390        | Pumping equipment col. wtr.                 | 0                          | 0                            | 0                          | 0                           |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 180,810                    | 0                            | 0                          | 180,810                     |
| 27.      | 1400        | Treat./disp. equip. trt. pit.               | 1,287,735                  | 0                            | 104                        | 1,287,839                   |
| 28.      | 1405        | Treat./disp. equip. rct. wtr.               | 0                          | 0                            | 0                          | 0                           |
| 29.      | 1410        | Plant sewers treat. pit.                    | 14,142                     | 0                            | 0                          | 14,142                      |
| 30.      | 1415        | Plant sewers reclaim wtr.                   | 420                        | 0                            | 0                          | 420                         |
| 31.      | 1420        | Outfall lines                               | 0                          | 0                            | 0                          | 0                           |
| 32.      | 1425        | Other pit. tangible                         | 0                          | 0                            | 0                          | 0                           |
| 33.      | 1430        | Other pit. collection                       | 0                          | 0                            | 0                          | 0                           |
| 34.      | 1435        | Other pit. pump                             | 1,246                      | 0                            | 0                          | 1,246                       |
| 35.      | 1440        | Other pit. treatment                        | 3,681                      | 0                            | 0                          | 3,681                       |
| 36.      | 1445        | Other pit. reclaim wtr. trt.                | 0                          | 0                            | 0                          | 0                           |
| 37.      | 1450        | Other pit. reclaim wtr. dis.                | 460                        | 0                            | 0                          | 460                         |
| 38.      | 1455        | Office struct & improv.                     | 0                          | 0                            | 0                          | 0                           |
| 39.      | 1460        | Office furn. & equip.                       | 0                          | 0                            | 0                          | 0                           |
| 40.      | 1465        | Stores equipment                            | 0                          | 0                            | 0                          | 0                           |
| 41.      | 1470        | Tool shop & misc. equip.                    | 1,594                      | 0                            | 0                          | 1,594                       |
| 42.      | 1475        | Laboratory equipment                        | 2,931                      | 0                            | 233                        | 3,164                       |
| 43.      | 1480        | Power operated equip.                       | 1,639                      | 0                            | 0                          | 1,639                       |
| 44.      | 1485        | Communication equip.                        | 0                          | 0                            | 0                          | 0                           |
| 45.      | 1490        | Misc equip. sewer                           | 0                          | 0                            | 0                          | 0                           |
| 46.      | 1495        | Sewer plant allocated                       | 9,456                      | 0                            | 0                          | 9,456                       |
| 47.      | 1500        | Other tangible pit. sewer                   | 0                          | 0                            | 0                          | 0                           |
| 48.      | 1535        | Reuse dist. reservoirs                      | 148                        | 0                            | 0                          | 148                         |
| 49.      | 1540        | Reuse transmission & dist.                  | 17,748                     | 0                            | 0                          | 17,748                      |
| 50.      | 1555        | Transportation equip.                       | 0                          | 0                            | 0                          | 0                           |
| 51.      | 1575        | Desktop computer - wtr                      | 0                          | 0                            | 0                          | 0                           |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                          | 0                            | 0                          | 0                           |
| 53.      | 1585        | Mini computer - wtr                         | 0                          | 0                            | 0                          | 0                           |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                          | 0                            | 0                          | 0                           |
| 55.      | 1595        | Micro system cost - wtr                     | 0                          | 0                            | 0                          | 0                           |
| 56.      | 1805        | Pit. held for future use                    | 0                          | 0                            | 0                          | 0                           |
| 57.      |             | Pro forma plant additions                   | 60,000                     | (60,000)                     | 0                          | 0                           |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | \$13,186,048               | (\$60,000)                   | \$18,869                   | \$13,144,912                |

- (1) Per examination of Company's financial records.  
(2) Henry Exhibit I, Schedule 2-1(d)(2), Column (d).  
(3) Sum of Column (a) through Column (c).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO DIRECT PLANT IN SERVICE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(d)(2)

**CLMS SEWER OPERATIONS**

| Line No. | Account No. | Item  | Remove Estimates [1]<br>(a) | Cost Center Adjustment [1]<br>(b) | UR Ledger Adjustments [1]<br>(c) | Amount Per Public Staff [2]<br>(d) |
|----------|-------------|---|-----------------------------|-----------------------------------|----------------------------------|------------------------------------|
| 1.       | 1245        | Organization                                | \$0                         | \$0                               | \$0                              | \$0                                |
| 2.       | 1250        | Franchises Intang. plt.                     | 0                           | 0                                 | 0                                | 0                                  |
| 3.       | 1270        | Land & land rights trmtnt plt               | 0                           | 0                                 | 0                                | 0                                  |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                           | 0                                 | 0                                | 0                                  |
| 5.       | 1285        | Land & land rights gen. plt.                | 0                           | 0                                 | 0                                | 0                                  |
| 6.       | 1290        | Struct/improv. coll. plt.                   | 0                           | 0                                 | 0                                | 0                                  |
| 7.       | 1295        | Struct/improv. pump plt. ls.                | 0                           | 0                                 | 0                                | 0                                  |
| 8.       | 1300        | Struct/improv. treat. plt.                  | 0                           | 0                                 | 0                                | 0                                  |
| 9.       | 1305        | Struct/improv. reclaim. wtp.                | 0                           | 0                                 | 0                                | 0                                  |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 0                           | 0                                 | 0                                | 0                                  |
| 11.      | 1315        | Struct/improv. gen. plt.                    | 0                           | 0                                 | 0                                | 0                                  |
| 12.      | 1320        | Power gen. equip. coll. plt.                | 0                           | 0                                 | 0                                | 0                                  |
| 13.      | 1325        | Power gen. equip. pump plt.                 | 0                           | 0                                 | 0                                | 0                                  |
| 14.      | 1330        | Power gen. equip. treat. plt.               | 0                           | 0                                 | 0                                | 0                                  |
| 15.      | 1345        | Sewer force main/serv. lin.                 | 0                           | 0                                 | 0                                | 0                                  |
| 16.      | 1350        | Sewer gravity main                          | 0                           | 0                                 | 0                                | 0                                  |
| 17.      | 1353        | Manholes                                    | 0                           | 0                                 | 0                                | 0                                  |
| 18.      | 1355        | Special coll. structures                    | 0                           | 0                                 | 0                                | 0                                  |
| 19.      | 1360        | Services to customers                       | 0                           | 0                                 | 0                                | 0                                  |
| 20.      | 1365        | Flow measure devices                        | 0                           | 0                                 | 0                                | 0                                  |
| 21.      | 1370        | Flow measure install                        | 0                           | 0                                 | 0                                | 0                                  |
| 22.      | 1375        | Receiving wells                             | 0                           | 0                                 | 0                                | 0                                  |
| 23.      | 1380        | Pumping equipment pump plt.                 | 0                           | 0                                 | 0                                | 0                                  |
| 24.      | 1385        | Pumping equipment reclaim.                  | 0                           | 0                                 | 0                                | 0                                  |
| 25.      | 1390        | Pumping equipment rel. wtr.                 | 0                           | 0                                 | 0                                | 0                                  |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 0                           | 0                                 | 0                                | 0                                  |
| 27.      | 1400        | Treat./disp. equip. trt. plt.               | 0                           | 0                                 | 0                                | 0                                  |
| 28.      | 1405        | Treat./disp. equip. rct. wtp.               | 0                           | 0                                 | 0                                | 0                                  |
| 29.      | 1410        | Plant sewers treat. plt.                    | 0                           | 0                                 | 0                                | 0                                  |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | 0                           | 0                                 | 0                                | 0                                  |
| 31.      | 1420        | Outfall lines                               | 0                           | 0                                 | 0                                | 0                                  |
| 32.      | 1425        | Other plt. tangible                         | 0                           | 0                                 | 0                                | 0                                  |
| 33.      | 1430        | Other plt. collection                       | 0                           | 0                                 | 0                                | 0                                  |
| 34.      | 1435        | Other plt. pump                             | 0                           | 0                                 | 0                                | 0                                  |
| 35.      | 1440        | Other plt. treatment                        | 0                           | 0                                 | 0                                | 0                                  |
| 36.      | 1445        | Other plt. reclaim wtr. trt.                | 0                           | 0                                 | 0                                | 0                                  |
| 37.      | 1450        | Other plt. reclaim wtr. dis.                | 0                           | 0                                 | 0                                | 0                                  |
| 38.      | 1455        | Office struct & improv.                     | 0                           | 0                                 | 0                                | 0                                  |
| 39.      | 1460        | Office furn. & equip.                       | 0                           | 0                                 | 0                                | 0                                  |
| 40.      | 1465        | Stores equipment                            | 0                           | 0                                 | 0                                | 0                                  |
| 41.      | 1470        | Tool shop & misc. equip.                    | 0                           | 0                                 | 0                                | 0                                  |
| 42.      | 1475        | Laboratory equipment                        | 0                           | 0                                 | 0                                | 0                                  |
| 43.      | 1480        | Power operated equip.                       | 0                           | 0                                 | 0                                | 0                                  |
| 44.      | 1485        | Communication equip.                        | 0                           | 0                                 | 0                                | 0                                  |
| 45.      | 1490        | Misc equip. sewer                           | 0                           | 0                                 | 0                                | 0                                  |
| 46.      | 1495        | Sewer plant allocated                       | 0                           | 0                                 | 0                                | 0                                  |
| 47.      | 1500        | Other tangible plt. sewer                   | 0                           | 0                                 | 0                                | 0                                  |
| 48.      | 1535        | Reuse dist. reservoirs                      | 0                           | 0                                 | 0                                | 0                                  |
| 49.      | 1540        | Reuse transmission & dist.                  | 0                           | 0                                 | 0                                | 0                                  |
| 50.      | 1555        | Transportation equip.                       | 0                           | 0                                 | 0                                | 0                                  |
| 51.      | 1575        | Desktop computer - wtr                      | 0                           | 0                                 | 0                                | 0                                  |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                           | 0                                 | 0                                | 0                                  |
| 53.      | 1585        | Mini computer - wtr                         | 0                           | 0                                 | 0                                | 0                                  |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                           | 0                                 | 0                                | 0                                  |
| 55.      | 1595        | Micro system cost - wtr                     | 0                           | 0                                 | 0                                | 0                                  |
| 56.      | 1805        | Plt. held for future use                    | 0                           | 0                                 | 0                                | 0                                  |
| 57.      |             | Pro forma plant additions                   | <u>(60,000)</u>             | <u>0</u>                          | <u>0</u>                         | <u>(60,000)</u>                    |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | <u><u>(\$60,000)</u></u>    | <u><u>\$0</u></u>                 | <u><u>\$0</u></u>                | <u><u>(\$60,000)</u></u>           |

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

[2] Sum of Column (a) through Column (c).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 2-1(e)

**NAGS HEAD SEWER OPERATIONS**

| Line<br>No. | Item   | Amount Per<br>Application<br>(a) | Public Staff<br>Adjustments<br>(b) | [1] | Amount Per<br>Public Staff<br>(c) | [2] |
|-------------|--|----------------------------------|------------------------------------|-----|-----------------------------------|-----|
|             | <b>Plant In Service:</b>                       |                                  |                                    |     |                                   |     |
| 1.          | Direct plant in service                        | \$3,281,471                      | \$159,199                          |     | \$3,440,670                       | [3] |
|             | Allocation of common plant in service:         |                                  |                                    |     |                                   |     |
| 2.          | WSC cost center                                | 100,731                          | (224)                              |     | 100,507                           | [4] |
| 3.          | State cost center                              | 36,244                           | 0                                  |     | 36,244                            | [4] |
| 4.          | Charlotte office cost center                   | 4,394                            | 0                                  |     | 4,394                             | [4] |
| 5.          | Charlotte warehouse cost center                | 0                                | 0                                  |     | 0                                 | [4] |
| 6.          | Florida office cost center                     | 2,724                            | 0                                  |     | 2,724                             | [4] |
| 7.          | Nevada office cost center                      | 194                              | 0                                  |     | 194                               | [4] |
| 8.          | JDE Conversion                                 | 0                                | 0                                  |     | 0                                 |     |
| 9.          | Gain on sale                                   | 0                                | 0                                  |     | 0                                 |     |
| 10.         | Other plant adjustments                        | 0                                | 0                                  |     | 0                                 |     |
| 11.         | Total plant in service (Sum of L1 thru L10)    | <u>\$3,425,758</u>               | <u>\$158,975</u>                   |     | <u>\$3,584,733</u>                |     |
|             | <b>Accumulated Depreciation:</b>               |                                  |                                    |     |                                   |     |
| 12.         | Direct accumulated depreciation                | (\$942,388)                      | (\$123,521)                        |     | (\$1,065,909)                     | [5] |
|             | Allocation of common accumulated depreciation: |                                  |                                    |     |                                   |     |
| 13.         | WSC cost center                                | (79,332)                         | (680)                              |     | (80,012)                          | [4] |
| 14.         | State cost center                              | (28,531)                         | (289)                              |     | (28,820)                          | [4] |
| 15.         | Charlotte office cost center                   | (2,110)                          | 0                                  |     | (2,110)                           | [4] |
| 16.         | Charlotte warehouse cost center                | 0                                | 0                                  |     | 0                                 | [4] |
| 17.         | Florida office cost center                     | (1,214)                          | 0                                  |     | (1,214)                           | [4] |
| 18.         | Nevada office cost center                      | (99)                             | 0                                  |     | (99)                              | [4] |
| 19.         | JDE Conversion                                 | 0                                | 0                                  |     | 0                                 |     |
| 20.         | Gain on sale                                   | 0                                | 0                                  |     | 0                                 |     |
| 21.         | Other accumulated depreciation adjustments     | <u>(129,555)</u>                 | <u>0</u>                           |     | <u>(129,555)</u>                  |     |
| 22.         | Total accumulated depr. (Sum of L12 thru L21)  | <u>(\$1,183,229)</u>             | <u>(\$124,490)</u>                 |     | <u>(\$1,307,719)</u>              |     |

[1] Column (c) minus Column (a), unless otherwise footnoted.

[2] Column (a) plus Column (b), unless otherwise footnoted.

[3] Henry Exhibit I, Schedule 2-1(e){1}, Column (d), Line 58.

[4] Provided by Public Staff Accountant Zhang.

[5] Henry Exhibit I, Schedule 2-2, Column (d), Line 12.

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**CALCULATION OF DIRECT PLANT IN SERVICE**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 2-1(e)(1)

**NAGS HEAD SEWER OPERATIONS**

| Line No. | Account No. | Item  | Amount Per Application (a) | Public Staff Adjustments (2) (b) | Actual Plant Additions (1) (c) | Amount Per Public Staff (3) (d) |
|----------|-------------|---|----------------------------|----------------------------------|--------------------------------|---------------------------------|
| 1.       | 1245        | Organization                                | \$157,361                  | \$0                              | \$0                            | \$157,361                       |
| 2.       | 1250        | Franchises intang. pit.                     | 111,578                    | 0                                | 0                              | 111,578                         |
| 3.       | 1270        | Land & land rights trtmnt pit               | 0                          | 0                                | 0                              | 0                               |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                          | 0                                | 0                              | 0                               |
| 5.       | 1285        | Land & land rights gen. pit.                | 0                          | 0                                | 0                              | 0                               |
| 6.       | 1290        | Struct/improv. coll. pit.                   | 150                        | 0                                | 0                              | 150                             |
| 7.       | 1295        | Struct/improv. pump pit. ls.                | 347,569                    | 0                                | (25,067)                       | 322,502                         |
| 8.       | 1300        | Struct/improv. treat. pit.                  | 17,109                     | 0                                | 552,951                        | 570,060                         |
| 9.       | 1305        | Struct/improv. reclaim. wtp.                | 0                          | 0                                | 0                              | 0                               |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 16,301                     | 0                                | 0                              | 16,301                          |
| 11.      | 1315        | Struct/improv. gen. pit.                    | 64,450                     | 0                                | 1,693                          | 66,143                          |
| 12.      | 1320        | Power gen. equip. coll. pit.                | 0                          | 0                                | 0                              | 0                               |
| 13.      | 1325        | Power gen. equip. pump pit.                 | 0                          | 0                                | 50,650                         | 50,650                          |
| 14.      | 1330        | Power gen. equip. treat. pit.               | 0                          | 0                                | 0                              | 0                               |
| 15.      | 1345        | Sewer force main/serv. lin.                 | 83,706                     | 0                                | 593                            | 84,299                          |
| 16.      | 1350        | Sewer gravity main                          | 363,320                    | 0                                | 594                            | 363,914                         |
| 17.      | 1353        | Manholes                                    | 880                        | 0                                | 0                              | 880                             |
| 18.      | 1355        | Special coll. structures                    | 0                          | 0                                | 0                              | 0                               |
| 19.      | 1360        | Services to customers                       | 5,421                      | 0                                | 1,894                          | 7,315                           |
| 20.      | 1365        | Flow measure devices                        | 400                        | 0                                | 0                              | 400                             |
| 21.      | 1370        | Flow measure install                        | 0                          | 0                                | 0                              | 0                               |
| 22.      | 1375        | Receiving wells                             | 0                          | 0                                | 0                              | 0                               |
| 23.      | 1380        | Pumping equipment pump pit.                 | 103,751                    | 0                                | 23,153                         | 126,904                         |
| 24.      | 1385        | Pumping equipment reclaim.                  | 0                          | 0                                | 0                              | 0                               |
| 25.      | 1390        | Pumping equipment rd. wtr.                  | 6,204                      | 0                                | 0                              | 6,204                           |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 0                          | 0                                | 0                              | 0                               |
| 27.      | 1400        | Treat./disp. equip. trt. pit.               | 1,439,518                  | 0                                | 12,295                         | 1,451,814                       |
| 28.      | 1405        | Treat./disp. equip. rct. wtp.               | 4,472                      | 0                                | 0                              | 4,472                           |
| 29.      | 1410        | Plant sewers treat. pit.                    | 18,924                     | 0                                | 208                            | 19,132                          |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | 4,772                      | 0                                | 0                              | 4,772                           |
| 31.      | 1420        | Outfall lines                               | 0                          | 0                                | 0                              | 0                               |
| 32.      | 1425        | Other pit. tangible                         | 0                          | 0                                | 0                              | 0                               |
| 33.      | 1430        | Other pit. collection                       | 0                          | 0                                | 0                              | 0                               |
| 34.      | 1435        | Other pit. pump                             | 0                          | 0                                | 0                              | 0                               |
| 35.      | 1440        | Other pit. treatment                        | 4,160                      | 0                                | 0                              | 4,160                           |
| 36.      | 1445        | Other pit. reclaim wtr. trt.                | 0                          | 0                                | 0                              | 0                               |
| 37.      | 1450        | Other pit. reclaim wtr. dis.                | 0                          | 0                                | 0                              | 0                               |
| 38.      | 1455        | Office struct & improv.                     | 0                          | 0                                | 0                              | 0                               |
| 39.      | 1460        | Office furn. & equip.                       | 669                        | 0                                | 0                              | 669                             |
| 40.      | 1465        | Stores equipment                            | 0                          | 0                                | 0                              | 0                               |
| 41.      | 1470        | Tool shop & misc. equip.                    | 25,277                     | 0                                | 0                              | 25,277                          |
| 42.      | 1475        | Laboratory equipment                        | 3,832                      | 0                                | 0                              | 3,832                           |
| 43.      | 1480        | Power operated equip.                       | 40,147                     | 0                                | 234                            | 40,381                          |
| 44.      | 1485        | Communication equip.                        | 0                          | 0                                | 0                              | 0                               |
| 45.      | 1490        | Misc equip. sewer                           | 0                          | 0                                | 0                              | 0                               |
| 46.      | 1495        | Sewer plant allocated                       | 0                          | 0                                | 0                              | 0                               |
| 47.      | 1500        | Other tangible pit. sewer                   | 1,500                      | 0                                | 0                              | 1,500                           |
| 48.      | 1535        | Reuse dist. reservoirs                      | 0                          | 0                                | 0                              | 0                               |
| 49.      | 1540        | Reuse transmission & dist.                  | 0                          | 0                                | 0                              | 0                               |
| 50.      | 1555        | Transportation equip.                       | 0                          | 0                                | 0                              | 0                               |
| 51.      | 1575        | Desktop computer - wtr                      | 0                          | 0                                | 0                              | 0                               |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                          | 0                                | 0                              | 0                               |
| 53.      | 1585        | Mini computer - wtr                         | 0                          | 0                                | 0                              | 0                               |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                          | 0                                | 0                              | 0                               |
| 55.      | 1595        | Micro system cost - wtr                     | 0                          | 0                                | 0                              | 0                               |
| 56.      | 1805        | Pit. held for future use                    | 0                          | 0                                | 0                              | 0                               |
| 57.      |             | Pro forma plant additions                   | 460,000                    | (460,000)                        | 0                              | 0                               |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | \$3,281,471                | (\$460,000)                      | \$619,199                      | \$3,440,670                     |

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

[2] Henry Exhibit I, Schedule 2-1(e)(2), Column (d).

[3] Sum of Column (a) through Column (c).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO DIRECT PLANT IN SERVICE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-1(e)(2)

**NAGS HEAD SEWER OPERATIONS**

| Line No. | Account No. | Item  | Remove Estimates (a) | Cost Center Adjustment (b) | UR Ledger Adjustments (c) | Amount Per Public Staff (d) |
|----------|-------------|---|----------------------|----------------------------|---------------------------|-----------------------------|
|          |             |   | (1)                  | (1)                        | (1)                       | (2)                         |
| 1.       | 1245        | Organization                                | \$0                  | \$0                        | \$0                       | \$0                         |
| 2.       | 1250        | Franchises Intang. pit.                     | 0                    | 0                          | 0                         | 0                           |
| 3.       | 1270        | Land & land rights trtmt pit                | 0                    | 0                          | 0                         | 0                           |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                    | 0                          | 0                         | 0                           |
| 5.       | 1285        | Land & land rights gen. pit.                | 0                    | 0                          | 0                         | 0                           |
| 6.       | 1290        | Struct/improv. coll. pit.                   | 0                    | 0                          | 0                         | 0                           |
| 7.       | 1295        | Struct/improv. pump pit. ls.                | 0                    | 0                          | 0                         | 0                           |
| 8.       | 1300        | Struct/improv. treat. pit.                  | 0                    | 0                          | 0                         | 0                           |
| 9.       | 1305        | Struct/improv. reclaim. wtr.                | 0                    | 0                          | 0                         | 0                           |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 0                    | 0                          | 0                         | 0                           |
| 11.      | 1315        | Struct/improv. gen. pit.                    | 0                    | 0                          | 0                         | 0                           |
| 12.      | 1320        | Power gen. equip. coll. pit.                | 0                    | 0                          | 0                         | 0                           |
| 13.      | 1325        | Power gen. equip. pump pit.                 | 0                    | 0                          | 0                         | 0                           |
| 14.      | 1330        | Power gen. equip. treat. pit.               | 0                    | 0                          | 0                         | 0                           |
| 15.      | 1345        | Sewer force main/serv. lin.                 | 0                    | 0                          | 0                         | 0                           |
| 16.      | 1350        | Sewer gravity main                          | 0                    | 0                          | 0                         | 0                           |
| 17.      | 1353        | Manholes                                    | 0                    | 0                          | 0                         | 0                           |
| 18.      | 1355        | Special coll. structures                    | 0                    | 0                          | 0                         | 0                           |
| 19.      | 1360        | Services to customers                       | 0                    | 0                          | 0                         | 0                           |
| 20.      | 1365        | Flow measure devices                        | 0                    | 0                          | 0                         | 0                           |
| 21.      | 1370        | Flow measure install                        | 0                    | 0                          | 0                         | 0                           |
| 22.      | 1375        | Receiving wells                             | 0                    | 0                          | 0                         | 0                           |
| 23.      | 1380        | Pumping equipment pump pit.                 | 0                    | 0                          | 0                         | 0                           |
| 24.      | 1385        | Pumping equipment reclaim.                  | 0                    | 0                          | 0                         | 0                           |
| 25.      | 1390        | Pumping equipment rd. wtr.                  | 0                    | 0                          | 0                         | 0                           |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 0                    | 0                          | 0                         | 0                           |
| 27.      | 1400        | Treat./disp. equip. trt. pit.               | 0                    | 0                          | 0                         | 0                           |
| 28.      | 1405        | Treat./disp. equip. rct. wtr.               | 0                    | 0                          | 0                         | 0                           |
| 29.      | 1410        | Plant sewers treat. pit.                    | 0                    | 0                          | 0                         | 0                           |
| 30.      | 1415        | Plant sewers reclaim wtr.                   | 0                    | 0                          | 0                         | 0                           |
| 31.      | 1420        | Outfall lines                               | 0                    | 0                          | 0                         | 0                           |
| 32.      | 1425        | Other pit. tangible                         | 0                    | 0                          | 0                         | 0                           |
| 33.      | 1430        | Other pit. collection                       | 0                    | 0                          | 0                         | 0                           |
| 34.      | 1435        | Other pit. pump                             | 0                    | 0                          | 0                         | 0                           |
| 35.      | 1440        | Other pit. treatment                        | 0                    | 0                          | 0                         | 0                           |
| 36.      | 1445        | Other pit. reclaim wtr. trt.                | 0                    | 0                          | 0                         | 0                           |
| 37.      | 1450        | Other pit. reclaim wtr. dis.                | 0                    | 0                          | 0                         | 0                           |
| 38.      | 1455        | Office struct & improv.                     | 0                    | 0                          | 0                         | 0                           |
| 39.      | 1460        | Office furn. & equip.                       | 0                    | 0                          | 0                         | 0                           |
| 40.      | 1465        | Stores equipment                            | 0                    | 0                          | 0                         | 0                           |
| 41.      | 1470        | Tool shop & misc. equip.                    | 0                    | 0                          | 0                         | 0                           |
| 42.      | 1475        | Laboratory equipment                        | 0                    | 0                          | 0                         | 0                           |
| 43.      | 1480        | Power operated equip.                       | 0                    | 0                          | 0                         | 0                           |
| 44.      | 1485        | Communication equip.                        | 0                    | 0                          | 0                         | 0                           |
| 45.      | 1490        | Misc equip. sewer                           | 0                    | 0                          | 0                         | 0                           |
| 46.      | 1495        | Sewer plant allocated                       | 0                    | 0                          | 0                         | 0                           |
| 47.      | 1500        | Other tangible pit. sewer                   | 0                    | 0                          | 0                         | 0                           |
| 48.      | 1535        | Reuse dist. reservoirs                      | 0                    | 0                          | 0                         | 0                           |
| 49.      | 1540        | Reuse transmission & dist.                  | 0                    | 0                          | 0                         | 0                           |
| 50.      | 1555        | Transportation equip.                       | 0                    | 0                          | 0                         | 0                           |
| 51.      | 1575        | Desktop computer - wtr                      | 0                    | 0                          | 0                         | 0                           |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                    | 0                          | 0                         | 0                           |
| 53.      | 1585        | Mini computer - wtr                         | 0                    | 0                          | 0                         | 0                           |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                    | 0                          | 0                         | 0                           |
| 55.      | 1595        | Micro system cost - wtr                     | 0                    | 0                          | 0                         | 0                           |
| 56.      | 1805        | Pit. held for future use                    | 0                    | 0                          | 0                         | 0                           |
| 57.      |             | Pro forma plant additions                   | (460,000)            | 0                          | 0                         | (460,000)                   |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | (\$460,000)          | \$0                        | \$0                       | (\$460,000)                 |

[1] Per examination of Company's financial records.  
[2] Sum of Column (a) through Column (c).

OFFICIAL COPY

Oct 15 2015

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-2

OFFICIAL COPY

Oct 15 2015

| Line No. | Item   | CWSNC Water<br>(a)    | CWSNC Sewer<br>(b)   | CLMS Sewer<br>(c)    | Nags Head Sewer<br>(d) | Combined Sewer<br>(e)     |
|----------|--|-----------------------|----------------------|----------------------|------------------------|---------------------------|
| 1.       | Direct accumulated depreciation per application  | <u>(\$14,307,528)</u> | <u>(\$9,002,661)</u> | <u>(\$1,589,545)</u> | <u>(\$942,388)</u>     | <u>(\$11,534,594) [2]</u> |
| 2.       | Adjustment to correct Company calculation of accumulated depreciation                  | 0                     | 0                    | 12,349 [1]           | 0                      | 12,349                    |
| 3.       | Adjustment to update Company calculation of accumulated depreciation through 7/31/2015 | 0                     | 0                    | 3,602 [1]            | 0                      | 3,602                     |
| 4.       | Adjustment to remove computer system accumulated amortization                          | 0                     | 68,774 [1]           | 0                    | 0                      | 68,774                    |
| 5.       | Adjustment to remove UR ledger entries included twice by the Company                   | 9,261 [1]             | 20,687 [1]           | 0                    | 0                      | 20,687                    |
| 6.       | Adjustment to remove Charlotte Office and Charlotte Warehouse accumulated depreciation | 567,774 [1]           | 82,442 [1]           | 0                    | 0                      | 82,442                    |
| 7.       | Adjustment to remove A/D related to general ledger estimated additions                 | 32,945 [1]            | 47,333 [1]           | 0                    | 0                      | 47,333                    |
| 8.       | Adjustment to remove A/D calculated on pro forma plant in service                      | (103,501) [1]         | (29,983) [1]         | (13,530) [1]         | (139,052) [1]          | (182,565)                 |
| 9.       | Adjustment to include actual general ledger A/D additions through 7/31/2015            | (510,020) [1]         | (225,889) [1]        | (118,297) [1]        | 34,157 [1]             | (310,029)                 |
| 10.      | Adjustment to reflect annual level of depreciation                                     | <u>(23,351) [1]</u>   | <u>(59,089) [1]</u>  | <u>(58) [1]</u>      | <u>(18,626) [1]</u>    | <u>(77,773)</u>           |
| 11.      | Adjustment to accumulated depreciation (Sum of L2 thru L10)                            | <u>(26,892)</u>       | <u>(95,725)</u>      | <u>(115,934)</u>     | <u>(123,521)</u>       | <u>(335,180)</u>          |
| 12.      | Direct accumulated depreciation per Public Staff (L1 + L11)                            | <u>(\$14,334,420)</u> | <u>(\$9,098,386)</u> | <u>(\$1,705,479)</u> | <u>(\$1,065,909)</u>   | <u>(\$11,869,774)</u>     |

- [1] Per examination of Company's financial records.  
[2] Sum of Column (b) through Column (d).



## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

## CALCULATION OF CASH WORKING CAPITAL

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 2-3

| Line No.                     | Item  | CWSNC Water<br>(a) | CWSNC Sewer<br>(b) | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) [17] |
|------------------------------|---|--------------------|--------------------|-------------------|------------------------|----------------------------|
| <b>Cash Working Capital:</b> |   |                    |                    |                   |                        |                            |
| 1.                           | Maintenance expenses, excluding purchased water and sewer | \$3,288,839 [1]    | \$2,726,187 [5]    | \$395,608 [9]     | \$276,117 [13]         | \$3,397,912                |
| 2.                           | General expenses  | 1,679,383 [2]      | 905,380 [6]        | 104,913 [10]      | 78,499 [14]            | 1,088,792                  |
| 3.                           | Total cash working capital expenses (L1 + L2)             | <u>4,968,222</u>   | <u>3,631,567</u>   | <u>500,521</u>    | <u>354,616</u>         | <u>4,486,704</u>           |
| 4.                           | Cash working capital (L3 x 1/8)                           | <u>621,028</u>     | <u>453,946</u>     | <u>62,565</u>     | <u>44,327</u>          | <u>560,838</u>             |
| <b>Average Tax Accruals:</b> |   |                    |                    |                   |                        |                            |
| 5.                           | Property taxes  | 105,230 [3]        | 69,605 [7]         | 612 [11]          | 472 [15]               | 70,689                     |
| 6.                           | Average accrual (L5 x 1/2)                                | <u>52,615</u>      | <u>34,803</u>      | <u>306</u>        | <u>236</u>             | <u>35,345</u>              |
| 7.                           | Regulatory fee  | 13,994 [4]         | 8,475 [8]          | 1,653 [12]        | 1,025 [16]             | 11,153                     |
| 8.                           | Average accrual (L7 x 1/5)                                | <u>2,799</u>       | <u>1,695</u>       | <u>331</u>        | <u>205</u>             | <u>2,231</u>               |
| 9.                           | Total tax accrual (L6 + L8)                               | <u>55,414</u>      | <u>36,498</u>      | <u>637</u>        | <u>441</u>             | <u>37,576</u>              |
| 10.                          | Total cash working capital (L4 - L9)                      | <u>\$565,614</u>   | <u>\$417,448</u>   | <u>\$61,928</u>   | <u>\$43,886</u>        | <u>\$523,262</u>           |

[1] Henry Exhibit I, Schedule 3(a), Column (c), Line 15 minus Line 7.

[2] Henry Exhibit I, Schedule 3(a), Column (c), Line 24.

[3] Henry Exhibit I, Schedule 3(a), Column (c), Line 30.

[4] Henry Exhibit I, Schedule 3(a), Column (c), Line 32.

[5] Henry Exhibit I, Schedule 3(c), Column (c), Line 15 minus Line 7.

[6] Henry Exhibit I, Schedule 3(c), Column (c), Line 24.

[7] Henry Exhibit I, Schedule 3(c), Column (c), Line 30.

[8] Henry Exhibit I, Schedule 3(c), Column (c), Line 32.

[9] Henry Exhibit I, Schedule 3(d), Column (c), Line 15 minus Line 7.

[10] Henry Exhibit I, Schedule 3(d), Column (c), Line 24.

[11] Henry Exhibit I, Schedule 3(d), Column (c), Line 30.

[12] Henry Exhibit I, Schedule 3(d), Column (c), Line 32.

[13] Henry Exhibit I, Schedule 3(e), Column (c), Line 15 minus Line 7.

[14] Henry Exhibit I, Schedule 3(e), Column (c), Line 24.

[15] Henry Exhibit I, Schedule 3(e), Column (c), Line 30.

[16] Henry Exhibit I, Schedule 3(e), Column (c), Line 32.

[17] Sum of Column (b) through Column (d).

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-4

OFFICIAL COPY  
Oct 15 2015

| Line<br>No. | Item   | CWSNC Water Operations |                                    |                                     | [2] | CWSNC Sewer Operations |                                    |                                     | [3] |
|-------------|--|------------------------|------------------------------------|-------------------------------------|-----|------------------------|------------------------------------|-------------------------------------|-----|
|             |  | CIAC<br>(a)            | Accumulated<br>Amortization<br>(b) | CIAC, Net of<br>Amortization<br>(c) |     | CIAC<br>(d)            | Accumulated<br>Amortization<br>(e) | CIAC, Net of<br>Amortization<br>(f) |     |
| 1.          | CIAC and accumulated amortization per application                                      | <u>(\$19,614,594)</u>  | <u>\$5,815,056</u>                 | <u>(\$13,799,538)</u>               |     | <u>(\$19,140,936)</u>  | <u>\$5,732,567</u>                 | <u>(\$13,408,369)</u>               |     |
| 2.          | Adjustment to remove pro forma adjustments to accumulated amortization                 | 0                      | (4,637) [1]                        | (4,637)                             |     | 0                      | 41,750 [1]                         | 41,750                              |     |
| 3.          | Adjustment to correct Company calculation of accumulated amortization                  | 0                      | 0                                  | 0                                   |     | 0                      | 0                                  | 0                                   |     |
| 4.          | Adjustment to update Company calculation of accumulated amortization through 7/31/2015 | 0                      | 0                                  | 0                                   |     | 0                      | 0                                  | 0                                   |     |
| 5.          | Adjustment to remove UR ledger entries included twice by the Company                   | 889,927 [1]            | 6,183 [1]                          | 896,110                             |     | 1,262,699 [1]          | (50,770) [1]                       | 1,211,929                           |     |
| 6.          | Adjustment to include actual general ledger additions through 7/31/2015                | (110,067) [1]          | 270,983 [1]                        | 160,916                             |     | (95,724) [1]           | 206,404 [1]                        | 110,680                             |     |
| 7.          | Adjustment to reflect annual level of amortization                                     | 0                      | 38,525 [1]                         | 38,525                              |     | 0                      | 85,114 [1]                         | 85,114                              |     |
| 8.          | Adjustment to CIAC (Sum of L2 thru L7)   | <u>779,860</u>         | <u>311,054</u>                     | <u>1,090,914</u>                    |     | <u>1,166,975</u>       | <u>282,498</u>                     | <u>1,449,473</u>                    |     |
| 9.          | CIAC per Public Staff (L1 + L8)  | <u>(\$18,834,734)</u>  | <u>\$6,126,110</u>                 | <u>(\$12,708,624)</u>               |     | <u>(\$17,973,961)</u>  | <u>\$6,015,065</u>                 | <u>(\$11,958,896)</u>               |     |

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

[2] Column (a) plus Column (b).

[3] Column (d) plus Column (e).

[4] Column (g) plus Column (h).

[5] Column (j) plus Column (k).

[6] Column (d) plus Column (g) plus Column (i).

[7] Column (e) plus Column (h) plus Column (k).

[8] Column (m) plus Column (n).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-4

| Line<br>No. | Item  | CLMS Sewer Operations |                                    |                                     | [4] | Nags Head Sewer Operations |                                    |                                     | [5] |
|-------------|---|-----------------------|------------------------------------|-------------------------------------|-----|----------------------------|------------------------------------|-------------------------------------|-----|
|             |   | CIAC<br>(g)           | Accumulated<br>Amortization<br>(h) | CIAC, Net of<br>Amortization<br>(i) |     | CIAC<br>(j)                | Accumulated<br>Amortization<br>(k) | CIAC, Net of<br>Amortization<br>(l) |     |
| 1.          | CIAC and accumulated amortization per application   | (\$5,583,926)         | \$904,842                          | (\$4,679,084)                       |     | (\$83,867)                 | \$16,383                           | (\$67,484)                          |     |
| 2.          | Adjustment to remove pro forma adjustments to<br>accumulated amortization                 | 0                     | (9,562) [1]                        | (9,562)                             |     | 0                          | (162) [1]                          | (162)                               |     |
| 3.          | Adjustment to correct Company calculation of<br>accumulated amortization                  | 0                     | 1,325 [1]                          | 1,325                               |     | 0                          | 0                                  | 0                                   |     |
| 4.          | Adjustment to update Company calculation of<br>accumulated amortization through 7/31/2015 | 0                     | 344 [1]                            | 344                                 |     | 0                          | 0                                  | 0                                   |     |
| 5.          | Adjustment to remove UR ledger entries included twice<br>by the Company                   | 0                     | 0                                  | 0                                   |     | 0                          | 0                                  | 0                                   |     |
| 6.          | Adjustment to include actual general ledger additions<br>through 7/31/2015                | (148,860)             | 76,238 [1]                         | (72,622)                            |     | (366) [1]                  | 1,083 [1]                          | 717                                 |     |
| 7.          | Adjustment to reflect annual level of amortization  | 0                     | 19,816 [1]                         | 19,816                              |     | 0                          | 629 [1]                            | 629                                 |     |
| 8.          | Adjustment to CIAC (Sum of L2 thru L7)  | (148,860)             | 88,161                             | (60,699)                            |     | (366)                      | 1,550                              | 1,184                               |     |
| 9.          | CIAC per Public Staff (L1 + L8)   | (\$5,732,786)         | \$993,003                          | (\$4,739,783)                       |     | (\$84,233)                 | \$17,933                           | (\$66,300)                          |     |

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

[2] Column (a) plus Column (b).

[3] Column (d) plus Column (e).

[4] Column (g) plus Column (h).

[5] Column (j) plus Column (k).

[6] Column (d) plus Column (g) plus Column (j)

[7] Column (e) plus Column (h) plus Column (k)

[8] Column (m) plus Column (n).

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-4

OFFICIAL COPY  
Oct 15 2015

| Line<br>No. | Item   | Combined Sewer Operations |   |                                     | [8] |
|-------------|--|---------------------------|---|-------------------------------------|-----|
|             |  | CIAC<br>(m)               | [6]<br>Accumulated<br>Amortization<br>(n) | CIAC, Net of<br>Amortization<br>(o) |     |
| 1.          | CIAC and accumulated amortization per application                                      | (\$24,808,729)            | \$6,653,792                               | (\$18,154,937)                      |     |
| 2.          | Adjustment to remove pro forma adjustments to accumulated amortization                 | 0                         | 32,026                                    | 32,026                              |     |
| 3.          | Adjustment to correct Company calculation of accumulated amortization                  | 0                         | 1,325                                     | 1,325                               |     |
| 4.          | Adjustment to update Company calculation of accumulated amortization through 7/31/2015 | 0                         | 344                                       | 344                                 |     |
| 5.          | Adjustment to remove UR ledger entries included twice by the Company                   | 1,262,699                 | (50,770)                                  | 1,211,929                           |     |
| 6.          | Adjustment to include actual general ledger additions through 7/31/2015                | (244,950)                 | 283,725                                   | 38,775                              |     |
| 7.          | Adjustment to reflect annual level of amortization                                     | 0                         | 105,559                                   | 105,559                             |     |
| 8.          | Adjustment to CIAC (Sum of L2 thru L7)   | 1,017,749                 | 372,209                                   | 1,389,958                           |     |
| 9.          | CIAC per Public Staff (L1 + L8)  | (\$23,790,980)            | \$7,026,001                               | (\$16,764,979)                      |     |

- [1] Per examination of Company's financial records.  
[2] Column (a) plus Column (b).  
[3] Column (d) plus Column (e).  
[4] Column (g) plus Column (h).  
[5] Column (j) plus Column (k).  
[6] Column (d) plus Column (g) plus Column (j).  
[7] Column (e) plus Column (h) plus Column (k).  
[8] Column (m) plus Column (n).

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO CUSTOMER DEPOSITS**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-5

| Line<br>No. | Item  | CWSNC<br>Water<br>(a) | CWSNC<br>Sewer<br>(b) | CLMS<br>Sewer<br>(c) | Nags Head<br>Sewer<br>(d) | Combined<br>Sewer<br>(e) [2] |
|-------------|---|-----------------------|-----------------------|----------------------|---------------------------|------------------------------|
| 1.          | Customer deposits per application                   | <u>(\$160,461)</u>    | <u>(\$85,937)</u>     | <u>(\$3,075)</u>     | <u>(\$2,025)</u>          | <u>(\$91,037)</u>            |
| 2.          | Adjustment to correct pro forma adjustment errors   | 0                     | (1,080) [1]           | 825 [1]              | 255 [1]                   | 0                            |
| 3.          | Adjustment to update customer deposits to 7/31/2015 | <u>2,929 [1]</u>      | <u>(2,367) [1]</u>    | <u>(1,650) [1]</u>   | <u>0 [1]</u>              | <u>(4,017)</u>               |
| 4.          | Adjustment to customer deposits (L2 + L3)           | <u>2,929</u>          | <u>(3,447)</u>        | <u>(825)</u>         | <u>255</u>                | <u>(4,017)</u>               |
| 5.          | Customer deposits per Public Staff (L1 + L4)        | <u>(\$157,532)</u>    | <u>(\$89,384)</u>     | <u>(\$3,900)</u>     | <u>(\$1,770)</u>          | <u>(\$95,054)</u>            |

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

[2] Sum of Column (b) through Column (d).

---

**CAROLINA WATER SERVICE, INC., OF NC**


---

Docket No. W-354, Sub 344

**ADJUSTMENT TO GAIN ON SALE**

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 2-6

| Line<br>No. | Item  | CWSNC<br>Water<br>(a) | CWSNC<br>Sewer<br>(b) | CLMS<br>Sewer<br>(c) | Combined<br>Sewer<br>(d) |
|-------------|---|-----------------------|-----------------------|----------------------|--------------------------|
| 1.          | Gain on sale per application                              | (\$196,947)           | (\$92,681)            | \$0                  | (\$92,681) [4]           |
| 2.          | Gain on sale of systems sold to CMUD                      | (2,308,911) [1]       | (1,081,256) [1]       | (94,973) [1]         | (1,176,229)              |
| 3.          | Less: accumulated amortization                            | 1,808,647 [2]         | 846,984 [2]           | 74,396 [2]           | 921,380                  |
| 4.          | Gain on sale, net of amortization (L2 + L3)               | (500,264)             | (234,272)             | (20,577)             | (254,849)                |
| 5.          | Gain on sale per Public Staff (L1 + L4)                   | (\$697,211)           | (\$326,953)           | (\$20,577)           | (\$347,530)              |
| 6.          | Gain on sale amortization expense per application         | (\$461,782)           | (\$235,246)           | (\$18,994)           | (\$254,240)              |
| 7.          | Gain on sale amortization expense per Public Staff        | (166,755) [3]         | (78,091) [3]          | (6,859) [3]          | (84,950)                 |
| 8.          | Adjustment to gain on sale amortization expense (L6 - L7) | \$295,027             | \$157,155             | \$12,135             | \$169,290                |

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

[2] Line 2 divided by 60 months times 47 months (1/31/2012 thru 12/31/2015).

[3] Line 4 divided by 3 year reamortization period.

{4} Column (b) plus Column (c).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

ADJUSTMENT TO PURCHASE ACQUISITION  
ADJUSTMENT, NET OF AMORTIZATION  
For The Test Year Ended December 31, 2014Henry Exhibit I  
Schedule 2-7

| Line No. | Item  | CWSNC Water Operations |                                    |                                    | [2] | CWSNC Sewer Operations |                                    |                                    | [3] |
|----------|---|------------------------|------------------------------------|------------------------------------|-----|------------------------|------------------------------------|------------------------------------|-----|
|          |   | PAA<br>(a)             | Accumulated<br>Amortization<br>(b) | PAA, Net of<br>Amortization<br>(c) |     | PAA<br>(d)             | Accumulated<br>Amortization<br>(e) | PAA, Net of<br>Amortization<br>(f) |     |
| 1.       | PAA and accumulated amortization per application                        | <u>(\$3,649,025)</u>   | <u>\$1,212,762</u>                 | <u>(\$2,436,263)</u>               |     | <u>(\$1,150,021)</u>   | <u>\$667,781</u>                   | <u>(\$482,240)</u>                 |     |
| 2.       | Adjustment to remove UR ledger entries included twice by the Company    | 81,860 [1]             | (8,344) [1]                        | 73,516                             |     | 211,605 [1]            | (25,160) [1]                       | 186,445                            |     |
| 3.       | Adjustment to remove pro forma adjustments to accumulated amortization  | 0                      | 2,057 [1]                          | 2,057                              |     | 0                      | 3,413 [1]                          | 3,413                              |     |
| 4.       | Adjustment to include actual general ledger additions through 7/31/2015 | 0                      | 51,380 [1]                         | 51,380                             |     | 0                      | 29,099 [1]                         | 29,099                             |     |
| 5.       | Adjustment to reflect annual level of amortization                      | <u>0</u>               | <u>6,809 [1]</u>                   | <u>6,809</u>                       |     | <u>0</u>               | <u>(16,212) [1]</u>                | <u>(16,212)</u>                    |     |
| 6.       | Adjustment to PAA (Sum of L2 thru L5)                                   | <u>81,860</u>          | <u>51,902</u>                      | <u>133,762</u>                     |     | <u>211,605</u>         | <u>(8,860)</u>                     | <u>202,745</u>                     |     |
| 7.       | PAA per Public Staff (L1 + L6)  | <u>(\$3,567,165)</u>   | <u>\$1,264,664</u>                 | <u>(\$2,302,501)</u>               |     | <u>(\$938,416)</u>     | <u>\$658,921</u>                   | <u>(\$279,495)</u>                 |     |

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

[2] Column (a) plus Column (b).

[3] Column (d) plus Column (e).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF EXCESS BOOK VALUE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-8

| Line No.                    | Item  | Unamortized Balance 12/31/07 (a) | Annual Amortization (b) | Accumulated Amortization To 7/31/15 (c) | Unamortized Balance At 7/31/15 (d) |
|-----------------------------|---|----------------------------------|-------------------------|---|------------------------------------|
|                             |   | [1]                              | [1]                     | [4]                                     | [5]                                |
| <b>CWSNC Uniform Water:</b> |   |                                  |                         |   |                                    |
| 1.                          | Sugar Mountain                                | \$105,579                        | \$8,366                 | \$63,414                                | \$42,165                           |
| 2.                          | Carolina Forest, Woodrun                      | 76,911                           | 4,694                   | 35,581                                  | 41,330                             |
| 3.                          | Brandywine Bay                                | 65,905                           | 3,139                   | 23,794                                  | 42,111                             |
| 4.                          | Queens Harbor                                 | 60,897                           | 2,679                   | 20,307                                  | 40,590                             |
| 5.                          | Belvedere                                     | 0                                | 0 [3]                   | 0 [3]                                   | 0                                  |
| 6.                          | Riverpointe                                   | 146,755                          | 6,052                   | 45,874                                  | 100,881                            |
| 7.                          | Watauga Vista                                 | 3,314                            | 100                     | 758                                     | 2,556                              |
| 8.                          | Britley                                       | 0 [2]                            | 0 [2]                   | 0 [2]                                   | 0 [2]                              |
| 9.                          | Total excess book value (Sum of L1 thru L8)   | <u>\$459,361</u>                 | <u>\$25,030</u>         | <u>\$189,728</u>                        | <u>\$269,633</u>                   |
| <b>CWSNC Uniform Sewer:</b> |   |                                  |                         |   |                                    |
| 10.                         | Sugar Mountain                                | \$159,698                        | \$12,654                | \$95,917                                | \$63,781                           |
| 11.                         | Carolina Forest, Woodrun                      | 0                                | 0                       | 0                                       | 0                                  |
| 12.                         | Brandywine Bay                                | 99,684                           | 4,748                   | 35,990                                  | 63,694                             |
| 13.                         | Queens Harbor                                 | 92,114                           | 4,052                   | 30,714                                  | 61,400                             |
| 14.                         | Belvedere                                     | 0                                | 0 [3]                   | 0 [3]                                   | 0                                  |
| 15.                         | Riverpointe                                   | 221,977                          | 9,154                   | 69,387                                  | 152,590                            |
| 16.                         | Watauga Vista                                 | 0                                | 0                       | 0                                       | 0                                  |
| 17.                         | Britley                                       | 0 [2]                            | 0 [2]                   | 0 [2]                                   | 0 [2]                              |
| 18.                         | Total excess book value (Sum of L10 thru L17) | <u>\$573,473</u>                 | <u>\$30,608</u>         | <u>\$232,008</u>                        | <u>\$341,465</u>                   |

[1] Based on prior rate cases, unless otherwise footnoted.

[2] The Britley system was sold to CMUD in January 2012.

[3] Removed systems that have been fully amortized.

[4] Column (b) multiplied by 7.58 years, unless otherwise footnoted.

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



CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**CALCULATION OF COST-FREE CAPITAL**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-9

| <u>Line<br/>No.</u> | <u>Item</u>  | <u>CWSNC<br/>Water<br/>(a)</u> | <u>CWSNC<br/>Sewer<br/>(b)</u> |
|---------------------|--|--------------------------------|--------------------------------|
| 1.                  | Cost-free capital per application                  | (\$174,892)                    | (\$86,606)                     |
| 2.                  | Adjustment to reclassify Sub 266 cost-free capital | <u>53,101 [1]</u>              | <u>(53,102) [1]</u>            |
| 3.                  | Cost-free capital per Public Staff (L1 + L2)       | <u>(\$121,791)</u>             | <u>(\$139,708)</u>             |

[1] Calculated by the Public Staff based on work papers filed in Docket No. W-354, Sub 266.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF DEFERRED CHARGES**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-10

| Line No. | Item   | CWSNC Water<br>(a) | CWSNC Sewer<br>(b) | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) [7] |
|----------|--|--------------------|--------------------|-------------------|------------------------|---------------------------|
| 1.       | Unamortized deferred maintenance - water                     | \$501,379 [1]      | \$0                | \$0               | \$0                    | \$0                       |
| 2.       | Unamortized deferred maintenance - sewer                     | 0                  | 61,352 [3]         | 0                 | 0                      | 61,352                    |
| 3.       | Unamortized rate case expense per application                | 181,721 [2]        | 103,102 [4]        | 9,345 [5]         | 4,850 [6]              | 117,297                   |
| 4.       | Unamortized deferred charges per Public Staff (L1 + L2 + L3) | <u>\$683,100</u>   | <u>\$164,454</u>   | <u>\$9,345</u>    | <u>\$4,850</u>         | <u>\$178,649</u>          |

- [1] Henry Exhibit I, Schedule 2-10(a), Column (g), Line 4.  
[2] Henry Exhibit I, Schedule 3-6, Column (d), Line 10.  
[3] Henry Exhibit I, Schedule 2-10(a), Column (g), Line 6.  
[4] Henry Exhibit I, Schedule 3-6, Column (e), Line 10.  
[5] Henry Exhibit I, Schedule 3-6, Column (f), Line 10.  
[6] Henry Exhibit I, Schedule 3-6, Column (g), Line 10.  
[7] Sum of Column (b) thru Column (d)

OFFICIAL COPY

Oct 15 2015

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**CALCULATION OF DEFERRED MAINTENANCE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 2-10(a)

OFFICIAL COPY  
Oct 15 2015

| Line No.                            | Item   | Unamortized Total Cost Per Public Staff (a) | [1] | Amortization Period In Years (b) | [1] | Date Amortization Began (c) | [1] | Annual Amortization (e) | [2] | Accumulated Amortization (f) | [3] | Unamortized Balance (g) | [4] |
|-------------------------------------|--|---|-----|----------------------------------|-----|-----------------------------|-----|-------------------------|-----|------------------------------|-----|-------------------------|-----|
| <u>Deferred maintenance - water</u> |  |   |     |                                  |     |                             |     |                         |     |                              |     |                         |     |
| 1.                                  | Deferred elevated storage tank painting                | \$274,738                                   |     | 10                               |     | Various                     |     | \$27,474                |     | \$64,802                     |     | \$209,936               |     |
| 2.                                  | Deferred hydro storage tank painting                   | 247,374                                     |     | 5                                |     | Various                     |     | 49,475                  |     | 81,109                       |     | 166,265                 |     |
| 3.                                  | Deferred hydro storage tank inspection                 | 156,472                                     |     | 5                                |     | Various                     |     | 31,294                  |     | 31,294                       |     | 125,178                 |     |
| 4.                                  | Total deferred maintenance - water (Sum of L1 thru L3) | <u>678,584</u>                              |     |                                  |     |                             |     | <u>108,243</u>          |     | <u>177,205</u>               |     | <u>501,379</u>          |     |
| <u>Deferred maintenance - sewer</u> |  |   |     |                                  |     |                             |     |                         |     |                              |     |                         |     |
| 5.                                  | Belvedere pump and haul                                | 3,261,808                                   |     | 10                               |     | Various                     |     | 326,181                 |     | 1,038,723                    |     | 2,223,085               |     |
| 6.                                  | WWTP painting  | 132,267                                     |     | 5                                |     | Various                     |     | 26,453                  |     | 70,915                       |     | 61,352                  |     |
| 7.                                  | Total deferred maintenance - sewer (L5 + L6)           | <u>3,394,075</u>                            |     |                                  |     |                             |     | <u>352,634</u>          |     | <u>1,109,638</u>             |     | <u>2,284,437</u>        |     |
| 8.                                  | Total deferred maintenance (L4 + L7)                   | <u>\$4,072,659</u>                          |     |                                  |     |                             |     | <u>\$460,877</u>        |     | <u>\$1,286,843</u>           |     | <u>\$2,785,816</u>      |     |

- [1] Per examination of Company's financial records.  
[2] Column (a) divided by Column (b).  
[3] Total monthly amortization through July 31, 2015.  
[4] Column (a) minus Column (f).

**CAROLINA WATER SERVICE, INC. OF NC**  
**Docket No. W-354, Sub 344**  
**NET OPERATING INCOME FOR A RETURN**  
**For The Year Ended December 31, 2014**

Henry Exhibit 1  
Schedule 3

**COMBINED OPERATIONS**

| Line No. | Item                                     | Present Rates          |                             |                             | Company Proposed Rates   |                                    |                               | Public Staff Recommended Rates     |                               |                                    |
|----------|--|------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|------------------------------------|
|          |  | Amount Per Application | Public Staff Adjustment (1) | Amount Per Public Staff (1) | Net Company Increase (1) | Operations After Rate Increase (1) | Net Public Staff Increase (1) | Operations After Rate Increase (1) | Net Public Staff Increase (1) | Operations After Rate Increase (1) |
| 1.       | Operating Revenues:                      |                        |                             |                             |                          |                                    |                               |                                    |                               |                                    |
| 2.       | Service revenues                         | \$16,539,375           | \$572,071                   | \$16,911,076                | \$3,176,224              | \$200,652                          | \$2,774,314                   | \$19,616,142                       |                               |                                    |
| 3.       | Miscellaneous revenues                   | 186,309                | (1,954)                     | 184,355                     | 8,239                    | 122,604                            | 7,134                         | 193,479                            |                               |                                    |
| 4.       | Uncollectible accounts                   | (87,857)               | 3,393                       | (84,464)                    | (15,881)                 | (100,540)                          | (137,720)                     | (108,119)                          |                               |                                    |
|          | Total operating revenues                 | <u>16,637,827</u>      | <u>573,509</u>              | <u>16,991,714</u>           | <u>3,168,602</u>         | <u>202,716</u>                     | <u>2,733,728</u>              | <u>197,839</u>                     |                               |                                    |
| 5.       | Maintenance Expenses:                    |                        |                             |                             |                          |                                    |                               |                                    |                               |                                    |
| 6.       | Salaries and wages                       | 2,622,402              | (76,751)                    | 2,595,651                   | 0                        | 2,595,651                          | 0                             | 2,595,651                          |                               |                                    |
| 7.       | Purchased power                          | 1,419,532              | (35,779)                    | 1,393,759                   | 0                        | 1,393,759                          | 0                             | 1,393,759                          |                               |                                    |
| 8.       | Purchased water and sewer                | 1,118,035              | 94,143                      | 1,212,228                   | 0                        | 1,212,228                          | 0                             | 1,212,228                          |                               |                                    |
| 9.       | Maintenance and repair                   | 1,696,006              | 57,412                      | 1,743,126                   | 0                        | 1,743,126                          | 0                             | 1,743,126                          |                               |                                    |
| 10.      | Meter reading                            | 334,677                | 17,830                      | 352,507                     | 0                        | 352,507                            | 0                             | 352,507                            |                               |                                    |
| 11.      | Chemicals                                | 115,212                | 0                           | 115,212                     | 0                        | 115,212                            | 0                             | 115,212                            |                               |                                    |
| 12.      | Transportation                           | 524,439                | (13,696)                    | 520,743                     | 0                        | 520,743                            | 0                             | 520,743                            |                               |                                    |
| 13.      | Operating expenses charged to plant      | 282,655                | 17,787                      | 300,442                     | 0                        | 300,442                            | 0                             | 300,442                            |                               |                                    |
| 14.      | Outside services - other                 | (399,762)              | (198,885)                   | (527,647)                   | 0                        | (527,647)                          | 0                             | (527,647)                          |                               |                                    |
| 15.      | Total maintenance expenses               | <u>7,299,550</u>       | <u>(193,347)</u>            | <u>7,498,979</u>            | <u>0</u>                 | <u>7,498,979</u>                   | <u>0</u>                      | <u>7,498,979</u>                   |                               |                                    |
| 16.      | General Expenses:                        |                        |                             |                             |                          |                                    |                               |                                    |                               |                                    |
| 17.      | Salaries and wages                       | 803,753                | (14,053)                    | 759,700                     | 0                        | 759,700                            | 0                             | 759,700                            |                               |                                    |
| 18.      | Office supplies and other office expense | 288,213                | (1,437)                     | 286,086                     | 0                        | 286,086                            | 0                             | 286,086                            |                               |                                    |
| 19.      | Telephone commission expense             | 159,962                | 18,546                      | 179,508                     | 0                        | 179,508                            | 0                             | 179,508                            |                               |                                    |
| 20.      | Travel and other benefits                | 752,486                | (14,940)                    | 737,546                     | 0                        | 737,546                            | 0                             | 737,546                            |                               |                                    |
| 21.      | Rent                                     | 53,659                 | 12,606                      | 66,175                      | 0                        | 66,175                             | 0                             | 66,175                             |                               |                                    |
| 22.      | Insurance                                | 300,287                | (29,553)                    | 270,734                     | 0                        | 270,734                            | 0                             | 270,734                            |                               |                                    |
| 23.      | Office utilities                         | 473,315                | 0                           | 473,315                     | 0                        | 473,315                            | 0                             | 473,315                            |                               |                                    |
| 24.      | Miscellaneous                            | 65,377                 | (70,669)                    | 14,711                      | 0                        | 14,711                             | 0                             | 14,711                             |                               |                                    |
|          | Total general expenses                   | <u>2,890,972</u>       | <u>(119,917)</u>            | <u>2,756,075</u>            | <u>0</u>                 | <u>2,756,075</u>                   | <u>0</u>                      | <u>2,756,075</u>                   |                               |                                    |
| 25.      | Depreciation and Taxes:                  |                        |                             |                             |                          |                                    |                               |                                    |                               |                                    |
| 26.      | Depreciation expense                     | 2,613,377              | 596,645                     | 3,199,022                   | 0                        | 3,199,022                          | 0                             | 3,199,022                          |                               |                                    |
| 27.      | Amortization of CMC                      | (1,094,839)            | (51,290)                    | (1,146,129)                 | 0                        | (1,146,129)                        | 0                             | (1,146,129)                        |                               |                                    |
| 28.      | Amortization of PMA                      | (110,483)              | (7,499)                     | (117,972)                   | 0                        | (117,972)                          | 0                             | (117,972)                          |                               |                                    |
| 29.      | Amortization of TIC                      | (519)                  | 0                           | (519)                       | 0                        | (519)                              | 0                             | (519)                              |                               |                                    |
| 30.      | Franchise and other taxes                | 148                    | 69,406                      | 69,554                      | 0                        | 69,554                             | 0                             | 69,554                             |                               |                                    |
| 31.      | Property taxes                           | 113,311                | 3,668                       | 116,979                     | 0                        | 116,979                            | 0                             | 116,979                            |                               |                                    |
| 32.      | Regulatory fee                           | 341,722                | (13,129)                    | 328,593                     | 0                        | 328,593                            | 0                             | 328,593                            |                               |                                    |
| 33.      | Other receipts tax                       | 22,289                 | 2,659                       | 24,948                      | 0                        | 24,948                             | 0                             | 24,948                             |                               |                                    |
| 34.      | State income tax                         | 406,382                | (405,183)                   | 0                           | 0                        | 0                                  | 0                             | 0                                  |                               |                                    |
| 35.      | Federal income tax                       | 69,985                 | 10,670                      | 80,655                      | 0                        | 80,655                             | 0                             | 80,655                             |                               |                                    |
| 36.      | Total depreciation and taxes             | <u>4,139,307</u>       | <u>199,343</u>              | <u>4,338,650</u>            | <u>0</u>                 | <u>4,338,650</u>                   | <u>0</u>                      | <u>4,338,650</u>                   |                               |                                    |
| 37.      | Total operating revenue deductions       | <u>13,763,849</u>      | <u>150,322</u>              | <u>13,919,611</u>           | <u>1,183,946</u>         | <u>15,077,557</u>                  | <u>1,005,670</u>              | <u>14,919,281</u>                  |                               |                                    |
| 38.      | Net operating income for a return        | <u>\$2,704,020</u>     | <u>\$373,283</u>            | <u>\$3,077,103</u>          | <u>\$2,004,656</u>       | <u>\$5,082,799</u>                 | <u>\$1,731,058</u>            | <u>\$4,810,161</u>                 |                               |                                    |

[1] Henry Exhibit 1, Schedule 3(a) plus Schedule 3(b).

CAROLINA WATER SERVICE, INC. OF NC  
 Docket No. W-354, SUB 344  
 NET OPERATING INCOME FOR A RETURN  
 For the Test Year Ended December 31, 2014

WATER OPERATIONS

Henry Exhibit 1  
 Saeedine 3(e)  
 Page 1 of 2

| Line No. | Item                                     | Percent Rates          |                         |                         | Company Proposed Rates |                                |                       | Public Staff Recommended Rates |                                |                                   |
|----------|--|------------------------|-------------------------|-------------------------|------------------------|--------------------------------|-----------------------|--------------------------------|--------------------------------|-----------------------------------|
|          |  | Amount Per Application | Public Staff Adjustment | Amount Per Public Staff | Net Company Increase   | Operations After Rate Increase | Public Staff Increase | Net Public Staff Increase      | Operations After Rate Increase | Public Staff Recommended Increase |
| 1.       | Operating Revenues:                      |                        |                         |                         |                        |                                |                       |                                |                                |                                   |
| 2.       | Service revenues                         | \$9,071,906            | \$291,414               | \$9,363,320             | \$1,582,264            | \$10,945,584                   | \$1,588,454           | \$10,777,674                   | \$1,588,454                    | \$10,777,674                      |
| 3.       | Miscellaneous revenues                   | 104,236                | 28,256                  | 133,092                 | 4,114                  | 137,206                        | 3,532                 | 136,624                        | 3,532                          | 136,624                           |
| 4.       | Unallocated accounts                     | (49,154)               | 2,308                   | (46,846)                | (7,211)                | (54,057)                       | (6,732)               | (53,628)                       | (6,732)                        | (53,628)                          |
|          | Total operating revenues                 | 9,126,988              | 312,776                 | 9,439,764               | 1,578,467              | 11,039,933                     | 1,355,194             | 10,810,600                     | 1,355,194                      | 10,810,600                        |
| 5.       | Maintenance Expenses:                    |                        |                         |                         |                        |                                |                       |                                |                                |                                   |
| 6.       | Salaries and wages                       | 1,525,474              | (16,505)                | 1,508,969               | 0                      | 1,508,969                      | 0                     | 1,508,969                      | 0                              | 1,508,969                         |
| 7.       | Purchased power                          | 809,243                | (18,942)                | 790,301                 | 0                      | 790,301                        | 0                     | 790,301                        | 0                              | 790,301                           |
| 8.       | Purchased water                          | 880,643                | 83,905                  | 964,548                 | 0                      | 964,548                        | 0                     | 964,548                        | 0                              | 964,548                           |
| 9.       | Maintenance and repair                   | 631,118                | (143,729)               | 487,389                 | 0                      | 487,389                        | 0                     | 487,389                        | 0                              | 487,389                           |
| 10.      | Maintenance testing                      | 102,243                | 11,128                  | 113,371                 | 0                      | 113,371                        | 0                     | 113,371                        | 0                              | 113,371                           |
| 11.      | Meter reading                            | 112,212                | 0                       | 112,212                 | 0                      | 112,212                        | 0                     | 112,212                        | 0                              | 112,212                           |
| 12.      | Chemicals                                | 394,604                | (39,314)                | 255,290                 | 0                      | 255,290                        | 0                     | 255,290                        | 0                              | 255,290                           |
| 13.      | Transportation                           | 171,010                | (11,342)                | 159,668                 | 0                      | 159,668                        | 0                     | 159,668                        | 0                              | 159,668                           |
| 14.      | Operating expenses charged to plant      | (220,149)              | (83,599)                | (303,748)               | 0                      | (303,748)                      | 0                     | (303,748)                      | 0                              | (303,748)                         |
| 15.      | Outside services - other                 | 172,827                | (35,624)                | 137,203                 | 0                      | 137,203                        | 0                     | 137,203                        | 0                              | 137,203                           |
|          | Total maintenance expenses               | 4,505,225              | (231,391)               | 4,273,834               | 0                      | 4,273,834                      | 0                     | 4,273,834                      | 0                              | 4,273,834                         |
| 16.      | General Expenses:                        |                        |                         |                         |                        |                                |                       |                                |                                |                                   |
| 17.      | Salaries and wages                       | 494,643                | (70,534)                | 424,109                 | 0                      | 424,109                        | 0                     | 424,109                        | 0                              | 424,109                           |
| 18.      | Office supplies and other office expense | 174,634                | (647)                   | 173,987                 | 0                      | 173,987                        | 0                     | 173,987                        | 0                              | 173,987                           |
| 19.      | Regulatory commission expense            | 78,975                 | 11,885                  | 90,860                  | 0                      | 90,860                         | 0                     | 90,860                         | 0                              | 90,860                            |
| 20.      | Pension and other benefits               | 446,032                | (9,201)                 | 436,831                 | 0                      | 436,831                        | 0                     | 436,831                        | 0                              | 436,831                           |
| 21.      | Rent                                     | 33,355                 | 7,204                   | 40,559                  | 0                      | 40,559                         | 0                     | 40,559                         | 0                              | 40,559                            |
| 22.      | Insurance                                | 180,181                | (17,651)                | 162,530                 | 0                      | 162,530                        | 0                     | 162,530                        | 0                              | 162,530                           |
| 23.      | Office utilities                         | 296,445                | 0                       | 296,445                 | 0                      | 296,445                        | 0                     | 296,445                        | 0                              | 296,445                           |
| 24.      | Miscellaneous                            | 52,889                 | (38,257)                | 14,632                  | 0                      | 14,632                         | 0                     | 14,632                         | 0                              | 14,632                            |
|          | Total general expenses                   | 1,747,504              | (68,121)                | 1,679,383               | 0                      | 1,679,383                      | 0                     | 1,679,383                      | 0                              | 1,679,383                         |
| 25.      | Depreciation and Taxes:                  |                        |                         |                         |                        |                                |                       |                                |                                |                                   |
| 26.      | Depreciation expense                     | 1,397,674              | 393,634                 | 1,791,308               | 0                      | 1,791,308                      | 0                     | 1,791,308                      | 0                              | 1,791,308                         |
| 27.      | Amortization of CIG                      | (491,501)              | (40,139)                | (531,640)               | 0                      | (531,640)                      | 0                     | (531,640)                      | 0                              | (531,640)                         |
| 28.      | Amortization of PPA                      | (65,752)               | (3,139)                 | (68,891)                | 0                      | (68,891)                       | 0                     | (68,891)                       | 0                              | (68,891)                          |
| 29.      | Amortization of ITC                      | (2,748)                | 0                       | (2,748)                 | 0                      | (2,748)                        | 0                     | (2,748)                        | 0                              | (2,748)                           |
| 30.      | Franchise and other taxes                | 87                     | 36,650                  | 36,737                  | 0                      | 36,737                         | 0                     | 36,737                         | 0                              | 36,737                            |
| 31.      | Property taxes                           | 103,130                | 0                       | 103,130                 | 0                      | 103,130                        | 0                     | 103,130                        | 0                              | 103,130                           |
| 32.      | Payroll taxes                            | 202,082                | (20,566)                | 181,516                 | 0                      | 181,516                        | 0                     | 181,516                        | 0                              | 181,516                           |
| 33.      | Regulatory fee                           | 12,470                 | 1,524                   | 14,000                  | 2,336                  | 16,336                         | 2,006                 | 16,000                         | 16,000                         | 16,000                            |
| 34.      | Gross receipts tax                       | 227,862                | (227,362)               | 0                       | 0                      | 0                              | 0                     | 0                              | 0                              | 0                                 |
| 35.      | State income tax                         | 25,600                 | 17,541                  | 43,141                  | 63,045                 | 514,449                        | 54,127                | 97,258                         | 97,258                         | 97,258                            |
| 36.      | Federal income tax                       | 155,391                | 186,655                 | 342,046                 | 514,449                | 856,476                        | 441,681               | 793,708                        | 793,708                        | 793,708                           |
|          | Total depreciation and taxes             | 1,548,359              | 288,727                 | 1,837,086               | 579,830                | 2,416,916                      | 497,814               | 2,334,010                      | 2,334,010                      | 2,334,010                         |
| 37.      | Total operating revenue deductions       | 7,801,095              | (31,031)                | 7,770,065               | 579,830                | 8,349,895                      | 697,814               | 8,267,879                      | 8,267,879                      | 8,267,879                         |
| 38.      | Net operating income for a return        | \$1,324,793            | \$352,611               | \$1,677,404             | \$598,637              | \$2,276,041                    | \$587,380             | \$2,244,781                    | \$587,380                      | \$2,244,781                       |

---

CAROLINA WATER SERVICE, INC., OF NC

---

Docket No. W-354, Sub 344

FOOTNOTES TO SCHEDULE 3(a)

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 3(a)

Page 2 of 2

CWSNC WATER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Zhang.
- [3] Column (a) plus Column (b), unless otherwise footnoted.
- [4] Provided by Public Staff Engineer Casselberry.
- [5] Henry Exhibit I, Schedule 3-1(a), Column (c), Line 3.
- [6] Henry Exhibit I, Schedule 3-2, Column (a), Line 6.
- [7] Henry Exhibit I, Schedule 3-3, Column (a), Line 7.
- [8] Henry Exhibit I, Schedule 3-4, Column (a), Line 6.
- [9] Henry Exhibit I, Schedule 3-5, Column (a), Line 6.
- [10] Henry Exhibit I, Schedule 3-6, Column (d), Line 9.
- [11] Henry Exhibit I, Schedule 3-7, Column (a), Line 6.
- [12] Henry Exhibit I, Schedule 3-8, Column (a), Line 13.
- [13] Henry Exhibit I, Schedule 3-8, Column (a), Line 18.
- [14] Henry Exhibit I, Schedule 3-8, Column (a), Line 21.
- [15] Amount provided by the Company allocated on rate base.
- [16] Line 4 multiplies by 0.148%.
- [17] Adjustment to remove gross receipts tax.
- [18] Henry Exhibit I, Schedule 3-10(a), Column (a), Line 16.
- [19] Henry Exhibit I, Schedule 3-10(a), Column (a), Line 18.
- [20] Column (e) minus Column (c), unless otherwise footnoted.
- [21] Column (c) plus Column (d), unless otherwise footnoted.
- [22] Henry Exhibit I, Schedule 3-1(a), Column (c), Line 6.
- [23] Henry Exhibit I, Schedule 3-2, Column (a), Line 9.
- [24] Henry Exhibit I, Schedule 3-10(a), Column (b), Line 16.
- [25] Henry Exhibit I, Schedule 3-10(a), Column (b), Line 18.
- [26] Column (g) minus Column (c), unless otherwise footnoted.
- [27] Column (e) plus Column (f), unless otherwise footnoted.
- [28] Revenue requirement as calculated by the Public Staff.
- [29] Henry Exhibit I, Schedule 3-1(a), Column (c), Line 9.
- [30] Henry Exhibit I, Schedule 3-2, Column (a), Line 12.
- [31] Henry Exhibit I, Schedule 3-10(a), Column (c), Line 16.
- [32] Henry Exhibit I, Schedule 3-10(a), Column (c), Line 18.

OFFICIAL COPY

Oct 15 2015

**CAGIONA WATER SERVICE, INC., OF INC**  
**Docket No. W-554, S-334**  
**NET OPERATING INCOME FOR A RETURN**  
**For The Ten Year Ended December 31, 2014**

**COMBINED SEVER OPERATIONS**

Exhibit 1  
Schedule 3(b)  
Page 1 of 2

| Line No.                       | Item                                     | Amount Per Application (a) | Public Staff Adjustment (b) | Amount Per Public Staff (c) | Net Company Increase (d) | Operations After Rate Alter (e) | Net Public Staff Increase (f) | Operations After Rate Alter (g) |
|--------------------------------|--|----------------------------|-----------------------------|-----------------------------|--------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>Operating Revenues:</b>     |  |                            |                             |                             |                          |                                 |                               |                                 |
| 1.                             | Service revenues                         | \$7,291,951                | \$230,537                   | \$7,522,608                 | \$1,593,960              | \$9,116,568 (4)                 | \$1,385,860                   | \$5,008,468 (22)                |
| 2.                             | Miscellaneous revenues                   | 82,973                     | (30,420)                    | 51,253                      | 4,165                    | 55,398 (3)                      | 3,692                         | 54,855 (13)                     |
| 3.                             | Uncollectible accounts                   | (38,703)                   | 1,070                       | (37,633)                    | (7,970)                  | (45,583) (6)                    | (6,928)                       | (44,501) (14)                   |
| 4.                             | Total operating revenues                 | 7,335,221                  | 200,927                     | 7,536,248                   | 1,590,135                | 9,126,383                       | 1,382,534                     | 8,911,782                       |
| <b>Maintenance Expenses:</b>   |  |                            |                             |                             |                          |                                 |                               |                                 |
| 5.                             | Salaries and wages                       | 1,095,328                  | (10,246)                    | 1,085,082                   | 0                        | 1,085,082                       | 0                             | 1,085,082                       |
| 6.                             | Purchased power                          | 609,719                    | (6,831)                     | 602,858                     | 0                        | 602,858                         | 0                             | 602,858                         |
| 7.                             | Purchased sewer                          | 237,242                    | 20,239                      | 247,481                     | 0                        | 247,481                         | 0                             | 247,481                         |
| 8.                             | Maintenance and repair                   | 1,094,287                  | 200,550                     | 1,275,137                   | 0                        | 1,275,137                       | 0                             | 1,275,137                       |
| 9.                             | Maintenance testing                      | 231,734                    | 6,002                       | 237,736                     | 0                        | 237,736                         | 0                             | 237,736                         |
| 10.                            | Water trading                            | 0                          | 0                           | 0                           | 0                        | 0                               | 0                             | 0                               |
| 11.                            | Chemicals                                | 189,815                    | 34,618                      | 224,433                     | 0                        | 224,433                         | 0                             | 224,433                         |
| 12.                            | Transportation                           | 111,645                    | 6,445                       | 118,090                     | 0                        | 118,090                         | 0                             | 118,090                         |
| 13.                            | Operating expenses charged to plant      | (158,413)                  | (53,295)                    | (211,899)                   | 0                        | (211,899)                       | 0                             | (211,899)                       |
| 14.                            | Outside services - other                 | 130,472                    | (35,222)                    | 74,354                      | 0                        | 74,354                          | 0                             | 74,354                          |
| 15.                            | Total maintenance expenses               | 3,493,225                  | (52,061)                    | 3,645,383                   | 0                        | 3,645,383                       | 0                             | 3,645,383                       |
| <b>General Expenses:</b>       |  |                            |                             |                             |                          |                                 |                               |                                 |
| 16.                            | Salaries and wages                       | 319,110                    | (13,519)                    | 305,591                     | 0                        | 305,591                         | 0                             | 305,591                         |
| 17.                            | Office supplies and other office expense | 113,489                    | (576)                       | 112,913                     | 0                        | 112,913                         | 0                             | 112,913                         |
| 18.                            | Republishing commission expense          | \$1,987                    | 6,661                       | \$8,648                     | 0                        | \$8,648                         | 0                             | \$8,648                         |
| 19.                            | Pension and other benefits               | 306,404                    | (5,658)                     | 300,745                     | 0                        | 300,745                         | 0                             | 300,745                         |
| 20.                            | Rent                                     | 20,214                     | 5,302                       | 25,516                      | 0                        | 25,516                          | 0                             | 25,516                          |
| 21.                            | Insurance                                | 120,116                    | (12,102)                    | 108,014                     | 0                        | 108,014                         | 0                             | 108,014                         |
| 22.                            | Office utilities                         | 176,860                    | 0                           | 176,860                     | 0                        | 176,860                         | 0                             | 176,860                         |
| 23.                            | Miscellaneous                            | 32,388                     | (31,909)                    | 479                         | 0                        | 479                             | 0                             | 479                             |
| 24.                            | Total general expenses                   | 1,140,568                  | (51,756)                    | 1,088,792                   | 0                        | 1,088,792                       | 0                             | 1,088,792                       |
| <b>Depreciation and Taxes:</b> |  |                            |                             |                             |                          |                                 |                               |                                 |
| 25.                            | Depreciation expense                     | 1,251,703                  | 249,011                     | 1,500,714                   | 0                        | 1,500,714                       | 0                             | 1,500,714                       |
| 26.                            | Amortization of CAC                      | (538,332)                  | (11,359)                    | (549,691)                   | 0                        | (549,691)                       | 0                             | (549,691)                       |
| 27.                            | Amortization of PIA                      | (24,731)                   | 1,646                       | (23,085)                    | 0                        | (23,085)                        | 0                             | (23,085)                        |
| 28.                            | Amortization of TIC                      | (45)                       | 0                           | (45)                        | 0                        | (45)                            | 0                             | (45)                            |
| 29.                            | Franchise and other taxes                | 61                         | 32,716                      | 32,787                      | 0                        | 32,787                          | 0                             | 32,787                          |
| 30.                            | Property taxes                           | 68,081                     | 2,608                       | 70,689                      | 0                        | 70,689                          | 0                             | 70,689                          |
| 31.                            | Payroll taxes                            | 139,670                    | (12,472)                    | 127,197                     | 0                        | 127,197                         | 0                             | 127,197                         |
| 32.                            | Regulatory fee                           | 9,889                      | 1,385                       | 11,274                      | 2,385                    | 13,597 (7)                      | 2,006                         | 13,290 (9)                      |
| 33.                            | Gross receipts tax                       | (179,021)                  | (10,922)                    | (189,943)                   | 0                        | (189,943)                       | 0                             | (189,943)                       |
| 34.                            | State income tax                         | 18,385                     | (6,871)                     | 11,514                      | 63,511                   | 75,025 (8)                      | 55,219                        | 86,733 (11)                     |
| 35.                            | Federal income tax                       | 247,976                    | 9,177                       | 257,153                     | 518,232                  | 775,405 (10)                    | 480,591                       | 707,744 (12)                    |
| 36.                            | Total depreciation and taxes             | 1,318,378                  | 80,593                      | 1,398,971                   | 584,116                  | 1,983,087                       | 507,856                       | 1,917,217                       |
| 37.                            | Total operating revenue deductions       | 5,962,291                  | 181,255                     | 6,143,546                   | 884,116                  | 6,727,662                       | 507,856                       | 6,651,402                       |
| 38.                            | Net operating income for a return        | \$1,373,030                | \$19,672                    | \$1,392,702                 | \$1,006,019              | \$7,350,721                     | \$874,678                     | \$7,167,180                     |

---

CAROLINA WATER SERVICE, INC., OF NC

---

Docket No. W-354, Sub 344

FOOTNOTES TO SCHEDULE 3(b)

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 3(b)

Page 2 of 2

COMBINED SEWER OPERATIONS

- [1] Henry Exhibit I, Schedule 3(c) plus Schedule 3(d) plus Schedule 3(e).
- [2] Column (e) minus Column (c), unless otherwise footnoted.
- [3] Column (c) plus Column (d), unless otherwise footnoted.
- [4] Provided by Public Staff Engineer Casselberry.
- [5] Henry Exhibit I, Schedule 3-1(b), Column (c), Line 6.
- [6] Henry Exhibit I, Schedule 3-2, Column (e), Line 9.
- [7] Line 4 multiplies by 0.148%.
- [8] Henry Exhibit I, Schedule 3-10(b), Column (b), Line 16.
- [9] Henry Exhibit I, Schedule 3-10(b), Column (b), Line 18.
- [10] Column (g) minus Column (c), unless otherwise footnoted.
- [11] Column (e) plus Column (f), unless otherwise footnoted.
- [12] Revenue requirement as calculated by the Public Staff.
- [13] Henry Exhibit I, Schedule 3-1(b), Column (c), Line 9.
- [14] Henry Exhibit I, Schedule 3-2, Column (e), Line 12.
- [15] Henry Exhibit I, Schedule 3-10(b), Column (c), Line 16.
- [16] Henry Exhibit I, Schedule 3-10(b), Column (c), Line 18.

OFFICIAL COPY

Oct 15 2015



**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3(c)  
Page 1 of 2

**SEWER OPERATIONS**

| Line No. | Item                                      | Present Rates                 |                                     |                                    |
|----------|---|-------------------------------|-------------------------------------|------------------------------------|
|          |   | Amount Per Application<br>(a) | Public Staff Adjustments [1]<br>(b) | Amount Per Public Staff [3]<br>(c) |
|          | <b><u>Operating Revenues:</u></b>         |                               |                                     |                                    |
| 1.       | Service revenues                          | \$5,593,424                   | \$118,370                           | \$5,711,794 [4]                    |
| 2.       | Miscellaneous revenues                    | 75,465                        | (32,012)                            | 43,453 [5]                         |
| 3.       | Uncollectible accounts                    | (38,352)                      | 9,793                               | (28,559) [6]                       |
| 4.       | <b>Total operating revenues</b>           | <b>5,630,537</b>              | <b>96,151</b>                       | <b>5,726,688</b>                   |
|          | <b><u>Maintenance Expenses:</u></b>       |                               |                                     |                                    |
| 5.       | Salaries and wages                        | 865,471                       | (9,364)                             | 856,107 [2]                        |
| 6.       | Purchased power                           | 469,436                       | (6,043)                             | 463,393 [7]                        |
| 7.       | Purchased sewer                           | 237,242                       | 10,239                              | 247,481 [4]                        |
| 8.       | Maintenance and repair                    | 855,978                       | 201,463                             | 1,057,441 [8]                      |
| 9.       | Maintenance testing                       | 179,251                       | 7,660                               | 186,911 [4]                        |
| 10.      | Meter reading                             | 0                             | 0                                   | 0                                  |
| 11.      | Chemicals                                 | 133,497                       | 34,618                              | 168,115 [4]                        |
| 12.      | Transportation                            | 97,021                        | 6,445                               | 103,466 [2]                        |
| 13.      | Operating expenses charged to plant       | (124,901)                     | (48,564)                            | (173,465) [2]                      |
| 14.      | Outside services - other                  | 95,781                        | (31,562)                            | 64,219 [9]                         |
| 15.      | <b>Total maintenance expenses</b>         | <b>2,808,776</b>              | <b>164,892</b>                      | <b>2,973,668</b>                   |
|          | <b><u>General Expenses:</u></b>           |                               |                                     |                                    |
| 16.      | Salaries and wages                        | 274,960                       | (11,650)                            | 263,310 [2]                        |
| 17.      | Office supplies and other office expense  | 96,174                        | (492) [2]                           | 95,682                             |
| 18.      | Regulatory commission expense             | 44,806                        | 6,745                               | 51,551 [10]                        |
| 19.      | Pension and other benefits                | 253,083                       | (5,278)                             | 247,805 [2]                        |
| 20.      | Rent                                      | 18,924                        | 4,146                               | 23,070 [2]                         |
| 21.      | Insurance                                 | 102,225                       | (10,120)                            | 92,105 [2]                         |
| 22.      | Office utilities                          | 128,088                       | 0                                   | 128,088                            |
| 23.      | Miscellaneous                             | 29,044                        | (25,275)                            | 3,769 [11]                         |
| 24.      | <b>Total general expenses</b>             | <b>947,304</b>                | <b>(41,924)</b>                     | <b>905,380</b>                     |
|          | <b><u>Depreciation and Taxes:</u></b>     |                               |                                     |                                    |
| 25.      | Depreciation expense                      | 861,552                       | 175,962                             | 1,037,514 [12]                     |
| 26.      | Amortization of CIAC                      | (443,352)                     | 967                                 | (442,385) [13]                     |
| 27.      | Amortization of PAA                       | (24,731)                      | 1,646                               | (23,085) [14]                      |
| 28.      | Amortization of ITC                       | (245)                         | 0                                   | (245)                              |
| 29.      | Franchise and other taxes                 | 56                            | 22,333                              | 22,389 [15]                        |
| 30.      | Property taxes                            | 69,605                        | 0                                   | 69,605                             |
| 31.      | Payroll taxes                             | 114,651                       | (11,720)                            | 102,931 [2]                        |
| 32.      | Regulatory fee                            | 9,819                         | (1,344)                             | 8,475 [16]                         |
| 33.      | Gross receipts tax                        | 179,021                       | (179,021)                           | 0 [17]                             |
| 34.      | State income tax                          | 24,383                        | (5,894)                             | 18,489 [18]                        |
| 35.      | Federal income tax                        | 157,523                       | (6,651)                             | 150,872 [19]                       |
| 36.      | <b>Total depreciation and taxes</b>       | <b>948,282</b>                | <b>(3,722)</b>                      | <b>944,560</b>                     |
| 37.      | <b>Total operating revenue deductions</b> | <b>4,704,362</b>              | <b>119,246</b>                      | <b>4,823,608</b>                   |
| 38.      | <b>Net operating income for a return</b>  | <b>\$926,175</b>              | <b>(\$23,095)</b>                   | <b>\$903,080</b>                   |

OFFICIAL COPY

Oct 15 2015

---

CAROLINA WATER SERVICE, INC., OF NC

---

Docket No. W-354, Sub 344

FOOTNOTES TO SCHEDULE 3(c)

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 3(c)

Page 2 of 2

SEWER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Zhang.
- [3] Column (a) plus Column (b), unless otherwise footnoted.
- [4] Provided by Public Staff Engineer Casselberry.
- [5] Henry Exhibit I, Schedule 3-1(c), Column (c), Line 3.
- [6] Henry Exhibit I, Schedule 3-2, Column (b), Line 6.
- [7] Henry Exhibit I, Schedule 3-3, Column (b), Line 7.
- [8] Henry Exhibit I, Schedule 3-4, Column (b), Line 6.
- [9] Henry Exhibit I, Schedule 3-5, Column (b), Line 6.
- [10] Henry Exhibit I, Schedule 3-6, Column (e), Line 9.
- [11] Henry Exhibit I, Schedule 3-7, Column (b), Line 6.
- [12] Henry Exhibit I, Schedule 3-8, Column (b), Line 13.
- [13] Henry Exhibit I, Schedule 3-8, Column (b), Line 18.
- [14] Henry Exhibit I, Schedule 3-8, Column (b), Line 21.
- [15] Amount provided by the Company allocated on rate base.
- [16] Line 4 multiplies by 0.148%.
- [17] Adjustment to remove gross receipts tax.
- [18] Henry Exhibit I, Schedule 3-10(c), Column (a), Line 16.
- [19] Henry Exhibit I, Schedule 3-10(c), Column (a), Line 18.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3(d)  
Page 1 of 2

**CLMS SEWER OPERATIONS**

| Line No. | Item                                     | Present Rates                 |                                     |                                    |
|----------|--|-------------------------------|-------------------------------------|------------------------------------|
|          |  | Amount Per Application<br>(a) | Public Staff Adjustments [1]<br>(b) | Amount Per Public Staff [3]<br>(c) |
|          | <b><u>Operating Revenues:</u></b>        |                               |                                     |                                    |
| 1.       | Service revenues                         | \$1,104,058                   | \$13,181                            | \$1,117,239 [4]                    |
| 2.       | Miscellaneous revenues                   | 4,414                         | 589                                 | 5,003 [5]                          |
| 3.       | Uncollectible accounts                   | (418)                         | (5,168)                             | (5,586) [6]                        |
| 4.       | Total operating revenues                 | <u>1,108,054</u>              | <u>8,602</u>                        | <u>1,116,656</u>                   |
|          | <b><u>Maintenance Expenses:</u></b>      |                               |                                     |                                    |
| 5.       | Salaries and wages                       | 130,584                       | (485)                               | 130,099 [2]                        |
| 6.       | Purchased power                          | 72,318                        | 1,284                               | 73,602 [7]                         |
| 7.       | Purchased sewer                          | 0                             | 0                                   | 0                                  |
| 8.       | Maintenance and repair                   | 119,164                       | (345)                               | 118,819 [8]                        |
| 9.       | Maintenance testing                      | 44,518                        | (1,683)                             | 42,835 [4]                         |
| 10.      | Meter reading                            | 0                             | 0                                   | 0                                  |
| 11.      | Chemicals                                | 42,226                        | 0                                   | 42,226 [4]                         |
| 12.      | Transportation                           | 8,251                         | 0                                   | 8,251 [2]                          |
| 13.      | Operating expenses charged to plant      | (24,678)                      | (2,648)                             | (27,326) [2]                       |
| 14.      | Outside services - other                 | 9,432                         | (2,330)                             | 7,102 [9]                          |
| 15.      | Total maintenance expenses               | <u>401,815</u>                | <u>(6,207)</u>                      | <u>395,608</u>                     |
|          | <b><u>General Expenses:</u></b>          |                               |                                     |                                    |
| 16.      | Salaries and wages                       | 24,909                        | (1,054)                             | 23,855 [2]                         |
| 17.      | Office supplies and other office expense | 10,383                        | (44) [2]                            | 10,339                             |
| 18.      | Regulatory commission expense            | 4,046                         | 627                                 | 4,673 [10]                         |
| 19.      | Pension and other benefits               | 30,083                        | (212)                               | 29,871 [2]                         |
| 20.      | Rent                                     | 414                           | 964                                 | 1,378 [2]                          |
| 21.      | Insurance                                | 10,085                        | (1,090)                             | 8,995 [2]                          |
| 22.      | Office utilities                         | 29,253                        | 0                                   | 29,253                             |
| 23.      | Miscellaneous                            | 2,030                         | (5,481)                             | (3,451) [11]                       |
| 24.      | Total general expenses                   | <u>111,203</u>                | <u>(6,290)</u>                      | <u>104,913</u>                     |
|          | <b><u>Depreciation and Taxes:</u></b>    |                               |                                     |                                    |
| 25.      | Depreciation expense                     | 299,285                       | 49,579                              | 348,864 [12]                       |
| 26.      | Amortization of CIAC                     | (137,984)                     | (11,642)                            | (149,626) [13]                     |
| 27.      | Amortization of PAA                      | 0                             | 0                                   | 0                                  |
| 28.      | Amortization of ITC                      | 0                             | 0                                   | 0                                  |
| 29.      | Franchise and other taxes                | 3                             | 7,912                               | 7,915 [14]                         |
| 30.      | Property taxes                           | 612                           | 0                                   | 612                                |
| 31.      | Payroll taxes                            | 13,677                        | (2)                                 | 13,675 [2]                         |
| 32.      | Regulatory fee                           | 0                             | 1,653                               | 1,653 [15]                         |
| 33.      | Gross receipts tax                       | 0                             | 0                                   | 0                                  |
| 34.      | State income tax                         | 10,968                        | (3,872)                             | 7,096 [16]                         |
| 35.      | Federal income tax                       | 70,853                        | (12,953)                            | 57,900 [17]                        |
| 36.      | Total depreciation and taxes             | <u>257,414</u>                | <u>30,675</u>                       | <u>288,089</u>                     |
| 37.      | Total operating revenue deductions       | <u>770,432</u>                | <u>18,178</u>                       | <u>788,610</u>                     |
| 38.      | Net operating income for a return        | <u>\$337,622</u>              | <u>(\$9,576)</u>                    | <u>\$328,046</u>                   |

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**

Docket No. W-354, Sub 344

**FOOTNOTES TO SCHEDULE 3(d)**

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 3(d)

Page 2 of 2

**CLMS SEWER OPERATIONS**

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Zhang.
- [3] Column (a) plus Column (b), unless otherwise footnoted.
- [4] Provided by Public Staff Engineer Casselberry.
- [5] Henry Exhibit I, Schedule 3-1(d), Column (c), Line 3.
- [6] Henry Exhibit I, Schedule 3-2, Column (c), Line 6.
- [7] Henry Exhibit I, Schedule 3-3, Column (c), Line 7.
- [8] Henry Exhibit I, Schedule 3-4, Column (c), Line 6.
- [9] Henry Exhibit I, Schedule 3-5, Column (c), Line 6.
- [10] Henry Exhibit I, Schedule 3-6, Column (f), Line 9.
- [11] Henry Exhibit I, Schedule 3-7, Column (c), Line 6.
- [12] Henry Exhibit I, Schedule 3-8, Column (c), Line 13.
- [13] Henry Exhibit I, Schedule 3-8, Column (c), Line 18.
- [14] Amount provided by the Company allocated on rate base.
- [15] Line 4 multiplies by 0.148%.
- [16] Henry Exhibit I, Schedule 3-10(d), Column (a), Line 16.
- [17] Henry Exhibit I, Schedule 3-10(d), Column (a), Line 18.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3(e)  
Page 1 of 2

**NAGS HEAD SEWER OPERATIONS**

|                                |  | Present Rates              |                                  |                                 |
|--------------------------------|--|----------------------------|----------------------------------|---------------------------------|
| Line No.                       | Item                                     | Amount Per Application (a) | Public Staff Adjustments (b) [1] | Amount Per Public Staff (c) [3] |
| <u>Operating Revenues:</u>     |  |                            |                                  |                                 |
| 1.                             | Service revenues                         | \$594,469                  | \$99,106                         | \$693,575 [4]                   |
| 2.                             | Miscellaneous revenues                   | 2,194                      | 603                              | 2,797 [5]                       |
| 3.                             | Uncollectible accounts                   | 67                         | (3,535)                          | (3,468) [6]                     |
| 4.                             | Total operating revenues                 | <u>596,730</u>             | <u>96,174</u>                    | <u>692,904</u>                  |
| <u>Maintenance Expenses:</u>   |  |                            |                                  |                                 |
| 5.                             | Salaries and wages                       | 100,873                    | (397)                            | 100,476 [2]                     |
| 6.                             | Purchased power                          | 68,035                     | (2,072)                          | 65,963 [7]                      |
| 7.                             | Purchased sewer                          | 0                          | 0                                | 0                               |
| 8.                             | Maintenance and repair                   | 99,145                     | (268)                            | 98,877 [8]                      |
| 9.                             | Maintenance testing                      | 7,965                      | 25                               | 7,990 [4]                       |
| 10.                            | Meter reading                            | 0                          | 0                                | 0                               |
| 11.                            | Chemicals                                | 14,112                     | 0                                | 14,112                          |
| 12.                            | Transportation                           | 6,373                      | 0                                | 6,373 [2]                       |
| 13.                            | Operating expenses charged to plant      | (19,034)                   | (2,074)                          | (21,108) [2]                    |
| 14.                            | Outside services - other                 | 5,265                      | (1,831)                          | 3,434 [9]                       |
| 15.                            | Total maintenance expenses               | <u>282,734</u>             | <u>(6,617)</u>                   | <u>276,117</u>                  |
| <u>General Expenses:</u>       |  |                            |                                  |                                 |
| 16.                            | Salaries and wages                       | 19,241                     | (815)                            | 18,426 [2]                      |
| 17.                            | Office supplies and other office expense | 6,932                      | (34) [2]                         | 6,898                           |
| 18.                            | Regulatory commission expense            | 3,135                      | (711)                            | 2,424 [10]                      |
| 19.                            | Pension and other benefits               | 23,238                     | (169)                            | 23,069 [2]                      |
| 20.                            | Rent                                     | 876                        | 192                              | 1,068 [2]                       |
| 21.                            | Insurance                                | 7,806                      | (892)                            | 6,914 [2]                       |
| 22.                            | Office utilities                         | 19,539                     | 0                                | 19,539                          |
| 23.                            | Miscellaneous                            | 1,314                      | (1,153)                          | 161 [11]                        |
| 24.                            | Total general expenses                   | <u>82,081</u>              | <u>(3,582)</u>                   | <u>78,499</u>                   |
| <u>Depreciation and Taxes:</u> |  |                            |                                  |                                 |
| 25.                            | Depreciation expense                     | 92,866                     | 17,470                           | 110,336 [12]                    |
| 26.                            | Amortization of CIAC                     | (1,996)                    | (480)                            | (2,476) [13]                    |
| 27.                            | Amortization of PAA                      | 0                          | 0                                | 0                               |
| 28.                            | Amortization of ITC                      | 0                          | 0                                | 0                               |
| 29.                            | Franchise and other taxes                | 2                          | 2,481                            | 2,483 [14]                      |
| 30.                            | Property taxes                           | (2,136)                    | 2,608                            | 472 [15]                        |
| 31.                            | Payroll taxes                            | 11,312                     | (751)                            | 10,561 [2]                      |
| 32.                            | Regulatory fee                           | 0                          | 1,025                            | 1,025 [16]                      |
| 33.                            | Gross receipts tax                       | 0                          | 0                                | 0                               |
| 34.                            | State income tax                         | 3,034                      | 2,895                            | 5,929 [17]                      |
| 35.                            | Federal income tax                       | 19,600                     | 28,781                           | 48,381 [18]                     |
| 36.                            | Total depreciation and taxes             | <u>122,682</u>             | <u>54,029</u>                    | <u>176,711</u>                  |
| 37.                            | Total operating revenue deductions       | <u>487,497</u>             | <u>43,830</u>                    | <u>531,327</u>                  |
| 38.                            | Net operating income for a return        | <u>\$109,233</u>           | <u>\$52,344</u>                  | <u>\$161,577</u>                |

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**

Docket No. W-354, Sub 344

**FOOTNOTES TO SCHEDULE 3(e)**

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 3(e)

Page 2 of 2

**NAGS HEAD SEWER OPERATIONS**

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Provided by Public Staff Accountant Zhang.
- [3] Column (a) plus Column (b), unless otherwise footnoted.
- [4] Provided by Public Staff Engineer Casselberry.
- [5] Henry Exhibit I, Schedule 3-1(e), Column (c), Line 3.
- [6] Henry Exhibit I, Schedule 3-2, Column (d), Line 6.
- [7] Henry Exhibit I, Schedule 3-3, Column (d), Line 7.
- [8] Henry Exhibit I, Schedule 3-4, Column (d), Line 6.
- [9] Henry Exhibit I, Schedule 3-5, Column (d), Line 6.
- [10] Henry Exhibit I, Schedule 3-6, Column (g), Line 9.
- [11] Henry Exhibit I, Schedule 3-7, Column (d), Line 6.
- [12] Henry Exhibit I, Schedule 3-8, Column (d), Line 13.
- [13] Henry Exhibit I, Schedule 3-8, Column (d), Line 18.
- [14] Amount provided by the Company allocated on rate base.
- [15] Henry Exhibit I, Schedule 3-9, Line 3.
- [16] Line 4 multiplies by 0.148%.
- [17] Henry Exhibit I, Schedule 3-10(e), Column (a), Line 16.
- [18] Henry Exhibit I, Schedule 3-10(e), Column (a), Line 18.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-1(a)

**WATER OPERATIONS**

| Line<br>No. | Item                                   | Amount Per<br>Before<br>Adjustment<br>(a) | Public Staff<br>Adjustments<br>(b) | [3] | Amount Per<br>Public Staff<br>(c) | [5] |
|-------------|--|---|------------------------------------|-----|-----------------------------------|-----|
|             | <u>Present Rates:</u>                  |   |                                    |     |                                   |     |
| 1.          | Forfeited discounts                    | \$25,671 [1]                              | (\$1,311)                          |     | \$24,360 [6]                      |     |
| 2.          | Other water/sewer revenues             | 78,565 [1]                                | 30,167 [4]                         |     | 108,732                           |     |
| 3.          | Total miscellaneous revenues (L1 + L2) | <u>\$104,236</u>                          | <u>\$28,856</u>                    |     | <u>\$133,092</u>                  |     |
|             | <u>Company Proposed Rates:</u>         |   |                                    |     |                                   |     |
| 4.          | Forfeited discounts                    | \$24,360 [2]                              | \$4,114                            |     | \$28,474 [7]                      |     |
| 5.          | Other water/sewer revenues             | 108,732 [2]                               | 0                                  |     | 108,732                           |     |
| 6.          | Total miscellaneous revenues (L4 + L5) | <u>\$133,092</u>                          | <u>\$4,114</u>                     |     | <u>\$137,206</u>                  |     |
|             | <u>Public Staff Recommended Rates:</u> |   |                                    |     |                                   |     |
| 7.          | Forfeited discounts                    | \$24,360 [2]                              | \$3,532                            |     | \$27,892 [8]                      |     |
| 8.          | Other water/sewer revenues             | 108,732 [2]                               | 0                                  |     | 108,732                           |     |
| 9.          | Total miscellaneous revenues (L7 + L8) | <u>\$133,092</u>                          | <u>\$3,532</u>                     |     | <u>\$136,624</u>                  |     |

- [1] Per examination of Company's financial records.  
[2] Adjusted amount per Public Staff, Column (c), Lines 1 and 2.  
[3] Column (c) minus Column (a), unless otherwise footnoted.  
[4] Adjustment to directly assign other water/sewer revenues.  
[5] Column (a) plus Column (b), unless otherwise footnoted.  
[6] Henry Exhibit I, Schedule 3-1(a)(1), Column (a), Line 6.  
[7] Henry Exhibit I, Schedule 3-1(a)(1), Column (a), Line 9.  
[8] Henry Exhibit I, Schedule 3-1(a)(1), Column (a), Line 12.

## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

ADJUSTMENT TO MISCELLANEOUS REVENUES  
For The Test Year Ended December 31, 2014Henry Exhibit I  
Schedule 3-1(b)

## COMBINED SEWER OPERATIONS

| Line<br>No.                            | Item                                   | Amount Per<br>Before<br>Adjustment<br>(a) | Public Staff<br>Adjustments [3]<br>(b) | Amount Per<br>Public Staff [5]<br>(c) |
|--|--|---|--|---------------------------------------|
| <u>Present Rates:</u>                  |  |   |  |                                       |
| 1.                                     | Forfeited discounts                    | \$20,212 [1]                              | (\$653)                                | \$19,559 [6]                          |
| 2.                                     | Other water/sewer revenues             | 61,861 [1]                                | (30,167) [4]                           | 31,694                                |
| 3.                                     | Total miscellaneous revenues (L1 + L2) | <u>\$82,073</u>                           | <u>(\$30,820)</u>                      | <u>\$51,253</u>                       |
| <u>Company Proposed Rates:</u>         |  |   |  |                                       |
| 4.                                     | Forfeited discounts                    | \$19,559 [2]                              | \$4,145                                | \$23,704 [7]                          |
| 5.                                     | Other water/sewer revenues             | 31,694 [2]                                | 0                                      | 31,694                                |
| 6.                                     | Total miscellaneous revenues (L4 + L5) | <u>\$51,253</u>                           | <u>\$4,145</u>                         | <u>\$55,398</u>                       |
| <u>Public Staff Recommended Rates:</u> |  |   |  |                                       |
| 7.                                     | Forfeited discounts                    | \$19,559 [2]                              | \$3,602                                | \$23,161 [8]                          |
| 8.                                     | Other water/sewer revenues             | 31,694 [2]                                | 0                                      | 31,694                                |
| 9.                                     | Total miscellaneous revenues (L7 + L8) | <u>\$51,253</u>                           | <u>\$3,602</u>                         | <u>\$54,855</u>                       |

- [1] Per examination of Company's financial records.  
 [2] Adjusted amount per Public Staff, Column (c), Lines 1 and 2.  
 [3] Column (c) minus Column (a), unless otherwise footnoted.  
 [4] Adjustment to directly assign other water/sewer revenues.  
 [5] Column (a) plus Column (b), unless otherwise footnoted.  
 [6] Henry Exhibit I, Schedule 3-1(a)(1), Column (e), Line 6.  
 [7] Henry Exhibit I, Schedule 3-1(a)(1), Column (e), Line 9.  
 [8] Henry Exhibit I, Schedule 3-1(a)(1), Column (e), Line 12.



CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-1(c)

**SEWER OPERATIONS**

| Line<br>No. | Item                                   | Amount Per<br>Before<br>Adjustment<br>(a) | Public Staff<br>Adjustments [2]<br>(b) | Amount Per<br>Public Staff [4]<br>(c) |
|-------------|--|---|--|---------------------------------------|
|             | <u>Present Rates:</u>                  |   |  |                                       |
| 1.          | Forfeited discounts                    | \$16,696 [1]                              | (\$1,845)                              | \$14,851 [5]                          |
| 2.          | Other water/sewer revenues             | 58,769 [1]                                | (30,167) [3]                           | 28,602                                |
| 3.          | Total miscellaneous revenues (L1 + L2) | <u>\$75,465</u>                           | <u>(\$32,012)</u>                      | <u>\$43,453</u>                       |

- [1] Per examination of Company's financial records.  
[2] Column (c) minus Column (a), unless otherwise footnoted.  
[3] Adjustment to directly assign other water/sewer revenues.  
[4] Column (a) plus Column (b), unless otherwise footnoted.  
[5] Henry Exhibit I, Schedule 3-1(a)(1), Column (b), Line 6.

OFFICIAL COPY

Oct 15 2015

**CAROLINA WATER SERVICE, INC., OF NC**  
**Docket No. W-354, Sub 344**  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 3-1(d)

**CLMS SEWER OPERATIONS**

| Line<br>No. | Item                                   | Amount Per<br>Before<br>Adjustment<br>(a) | Public Staff<br>Adjustments<br>(b) | Amount Per<br>Public Staff<br>(c) |
|-------------|--|---|------------------------------------|-----------------------------------|
|             | <u>Present Rates:</u>                  |   |                                    |                                   |
| 1.          | Forfeited discounts                    | \$2,316 [1]                               | \$589                              | \$2,905 [4]                       |
| 2.          | Other water/sewer revenues             | 2,098 [1]                                 | 0                                  | 2,098                             |
| 3.          | Total miscellaneous revenues (L1 + L2) | <u>\$4,414</u>                            | <u>\$589</u>                       | <u>\$5,003</u>                    |

- [1] Per examination of Company's financial records.  
[2] Column (c) minus Column (a), unless otherwise footnoted.  
[3] Column (a) plus Column (b), unless otherwise footnoted.  
[4] Henry Exhibit I, Schedule 3-1(a)(1), Column (c), Line 6.

OFFICIAL COPY

Oct 15 2015

## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

ADJUSTMENT TO MISCELLANEOUS REVENUES  
For The Test Year Ended December 31, 2014Henry Exhibit I  
Schedule 3-1(e)

## NAGS HEAD SEWER OPERATIONS

| Line<br>No. | Item                                   | Amount Per<br>Before<br>Adjustment<br>(a) | Public Staff<br>Adjustments<br>(b) | Amount Per<br>Public Staff<br>(c) |
|-------------|--|---|------------------------------------|-----------------------------------|
|             | <u>Present Rates:</u>                  |   |                                    |                                   |
| 1.          | Forfeited discounts                    | \$1,200 [1]                               | \$603                              | \$1,803 [4]                       |
| 2.          | Other water/sewer revenues             | 994 [1]                                   | 0                                  | 994                               |
| 3.          | Total miscellaneous revenues (L1 + L2) | <u>\$2,194</u>                            | <u>\$603</u>                       | <u>\$2,797</u>                    |

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

[2] Column (c) minus Column (a), unless otherwise footnoted.

[3] Column (a) plus Column (b), unless otherwise footnoted.

[4] Henry Exhibit I, Schedule 3-1(a)(1), Column (d), Line 6.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

CALCULATION OF FORFEITED DISCOUNTS  
For The Test Year Ended December 31, 2014Henry Exhibit I  
Schedule 3-1(a)(1)

| Line No.                               | Item                                     | CWSNC Water<br>(a) | CWSNC Sewer<br>(b) | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) |
|--|--|--------------------|--------------------|-------------------|------------------------|-----------------------|
| <u>Test Year:</u>                      |  |                    |                    |                   |                        |                       |
| 1.                                     | Service revenues                         | \$9,808,256 [1]    |                    |                   |                        | \$7,722,841 [1]       |
| 2.                                     | Forfeited discounts                      | \$25,670 [1]       |                    |                   |                        | 20,211 [1]            |
| 3.                                     | Forfeited discounts percentage (L2 / L1) | 0.26%              |                    |                   |                        | 0.26%                 |
| <u>Present Rates:</u>                  |  |                    |                    |                   |                        |                       |
| 4.                                     | Service revenues                         | \$9,369,220 [2]    | \$5,711,794 [5]    | \$1,117,239 [6]   | \$693,575 [7]          | \$7,522,608 [8]       |
| 5.                                     | Forfeited discounts percentage           | 0.26%              | 0.26%              | 0.26%             | 0.26%                  | 0.26%                 |
| 6.                                     | Forfeited discounts (L4 x L5)            | \$24,360           | \$14,851           | \$2,905           | \$1,803                | \$19,559              |
| <u>Company Proposed Rates:</u>         |  |                    |                    |                   |                        |                       |
| 7.                                     | Service revenues                         | \$10,951,484 [3]   |                    |                   |                        | \$9,116,568 [9]       |
| 8.                                     | Forfeited discounts percentage           | 0.26%              |                    |                   |                        | 0.26%                 |
| 9.                                     | Forfeited discounts (L7 x L8)            | \$28,474           |                    |                   |                        | \$23,704              |
| <u>Public Staff Recommended Rates:</u> |  |                    |                    |                   |                        |                       |
| 10.                                    | Service revenues                         | \$10,727,674 [4]   |                    |                   |                        | \$8,908,468 [10]      |
| 11.                                    | Forfeited discounts percentage           | 0.26%              |                    |                   |                        | 0.26%                 |
| 12.                                    | Forfeited discounts (L10 x L11)          | \$27,892           |                    |                   |                        | \$23,161              |

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

[2] Henry Exhibit I, Schedule 3(a), Column (c), Line 1.

[3] Henry Exhibit I, Schedule 3(a), Column (e), Line 1.

[4] Henry Exhibit I, Schedule 3(a), Column (g), Line 1.

[5] Henry Exhibit I, Schedule 3(c), Column (c), Line 1.

[6] Henry Exhibit I, Schedule 3(d), Column (c), Line 1.

[7] Henry Exhibit I, Schedule 3(e), Column (c), Line 1.

[8] Henry Exhibit I, Schedule 3(b), Column (c), Line 1.

[9] Henry Exhibit I, Schedule 3(b), Column (e), Line 1.

[10] Henry Exhibit I, Schedule 3(b), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF UNCOLLECTIBLE ACCOUNTS**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-2

| Line No.                               | Item  | CWSNC Water<br>(a) | CWSNC Sewer<br>(b) | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) |
|--|---|--------------------|--------------------|-------------------|------------------------|-----------------------|
| <b>Test Year:</b>                      |   |                    |                    |                   |                        |                       |
| 1.                                     | Service revenues                            | \$9,808,256 [1]    |                    |                   |                        | \$7,722,841 [1]       |
| 2.                                     | Uncollectible accounts                      | \$49,154 [1]       |                    |                   |                        | 38,703 [1]            |
| 3.                                     | Uncollectible accounts percentage (L2 / L1) | 0.50%              |                    |                   |                        | 0.50%                 |
| <b>Present Rates:</b>                  |   |                    |                    |                   |                        |                       |
| 4.                                     | Service revenues                            | \$9,369,220 [2]    | \$5,711,794 [5]    | \$1,117,239 [6]   | \$693,575 [7]          | \$7,522,608 [8]       |
| 5.                                     | Uncollectible accounts percentage           | 0.50%              | 0.50%              | 0.50%             | 0.50%                  | 0.50%                 |
| 6.                                     | Uncollectible accounts (L4 x L5)            | \$46,846           | \$28,559           | \$5,586           | \$3,468                | \$37,613              |
| <b>Company Proposed Rates:</b>         |   |                    |                    |                   |                        |                       |
| 7.                                     | Service revenues                            | \$10,951,484 [3]   |                    |                   |                        | \$9,116,568 [9]       |
| 8.                                     | Uncollectible accounts percentage           | 0.50%              |                    |                   |                        | 0.50%                 |
| 9.                                     | Uncollectible accounts (L7 x L8)            | \$54,757           |                    |                   |                        | \$45,583              |
| <b>Public Staff Recommended Rates:</b> |   |                    |                    |                   |                        |                       |
| 10.                                    | Service revenues                            | \$10,727,674 [4]   |                    |                   |                        | \$8,908,468 [10]      |
| 11.                                    | Uncollectible accounts percentage           | 0.50%              |                    |                   |                        | 0.50%                 |
| 12.                                    | Uncollectible accounts (L10 x L11)          | \$53,638           |                    |                   |                        | \$44,541              |

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

[2] Henry Exhibit I, Schedule 3(a), Column (c), Line 1.

[3] Henry Exhibit I, Schedule 3(a), Column (e), Line 1.

[4] Henry Exhibit I, Schedule 3(a), Column (g), Line 1.

[5] Henry Exhibit I, Schedule 3(c), Column (c), Line 1.

[6] Henry Exhibit I, Schedule 3(d), Column (c), Line 1.

[7] Henry Exhibit I, Schedule 3(e), Column (c), Line 1.

[8] Henry Exhibit I, Schedule 3(b), Column (c), Line 1.

[9] Henry Exhibit I, Schedule 3(b), Column (e), Line 1.

[10] Henry Exhibit I, Schedule 3(b), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO PURCHASED POWER**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-3

| Line No. | Item  | CWSNC Water<br>(a) | CWSNC Sewer<br>(b) | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) [2] |
|----------|---|--------------------|--------------------|-------------------|------------------------|---------------------------|
| 1.       | Purchased power per application                                       | \$809,743          | \$469,436          | \$72,318          | \$68,035               | \$609,789                 |
| 2.       | Adjustment to update purchase power to 12 months ending June 30, 2015 | (7,664) [1]        | 6,826 [1]          | 1,961 [1]         | (2,434) [1]            | 6,353                     |
| 3.       | Adjustment to manual accruals to electric power                       | (11,278) [1]       | (9,777) [1]        | (677) [1]         | 362 [1]                | (10,092)                  |
| 4.       | Adjustment to remove College Park electric power                      | 0                  | (1,727) [1]        | 0                 | 0                      | (1,727)                   |
| 5.       | Adjustment to remove Huntwick electric power                          | 0                  | (1,365) [1]        | 0                 | 0                      | (1,365)                   |
| 6.       | Adjustment to purchased power (Sum of L2 thru L5)                     | (18,942)           | (6,043)            | 1,284             | (2,072)                | (6,831)                   |
| 7.       | Purchased power per Public Staff (L1 + L6)                            | \$790,801          | \$463,393          | \$73,602          | \$65,963               | \$602,958                 |

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

[2] Sum of Column (b) thru Column (d)

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No: W-354, Sub 344  
**ADJUSTMENT TO MAINTENANCE AND REPAIR**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-4

OFFICIAL COPY

Oct 15 2015

| Line No. | Item   | CWSNC Water<br>(a) | CWSNC Sewer<br>(b) | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) [5] |
|----------|--|--------------------|--------------------|-------------------|------------------------|---------------------------|
| 1.       | Maintenance and repair per application                   | \$611,718          | \$855,978          | \$119,164         | \$99,145               | \$1,074,287               |
| 2.       | Adjustment to deferred maintenance and repair            | (161,440) [1]      | 199,631 [3]        | 0                 | 0                      | 199,631                   |
| 3.       | Adjustment to maintenance and repair for College Park    | 0                  | (8,217) [4]        | 0                 | 0                      | (8,217)                   |
| 4.       | Adjustment to cost center maintenance and repair         | 17,711 [2]         | 10,049 [2]         | (345) [2]         | (268) [2]              | 9,436                     |
| 5.       | Adjustment to maintenance and repair (Sum of L2 thru L4) | (143,729)          | 201,463            | (345)             | (268)                  | 200,850                   |
| 6.       | Maintenance and repair per Public Staff (L1 + L5)        | \$467,989          | \$1,057,441        | \$118,819         | \$98,877               | \$1,275,137               |

[1] Henry Exhibit I, Schedule 3-4(a), Column (a), Line 3.

[2] Provided by Public Staff Accountant Zhang.

[3] Henry Exhibit I, Schedule 3-4(a), Column (b), Line 3.

[4] Provided by Public Staff Engineer Casselberry.

[5] Sum of Column (b) thru Column (d)

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-4(a)

| Line<br>No. | Item  | CWSNC<br>Water<br>(a) | CWSNC<br>Sewer<br>(b) |
|-------------|---|-----------------------|-----------------------|
| 1.          | Annual deferred maintenance and repair                  | \$108,243 [1]         | \$352,634 [3]         |
| 2.          | Deferred maintenance and repair per application         | <u>269,683 [2]</u>    | <u>153,003 [2]</u>    |
| 3.          | Adjustment to deferred maintenance and repair (L1 - L2) | <u>(\$161,440)</u>    | <u>\$199,631</u>      |

[1] Henry Exhibit I, Schedule 2-10(a), Column (e), Line 4.

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

[3] Henry Exhibit I, Schedule 2-10(a), Column (e), Line 7.

OFFICIAL COPY

Oct 15 2015



CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO OUTSIDE SERVICES - OTHER**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 3-5

| Line No. | Item  | CWSNC Water<br>(a)  | CWSNC Sewer<br>(b)  | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) [3] |
|----------|---|---------------------|---------------------|-------------------|------------------------|---------------------------|
| 1.       | Outside services - other per application  | <u>\$173,827</u>    | <u>\$95,781</u>     | <u>\$9,432</u>    | <u>\$5,265</u>         | <u>\$110,478</u>          |
| 2.       | Adjustment to remove legal fees related to sale of the Huntwick sewer system              | (8,011) [1]         | (4,546) [1]         | 0                 | 0                      | (4,546)                   |
| 3.       | Adjustment to remove legal fees related to acquisition of the Linville Ridge water system | (1,628) [1]         | (924) [1]           | 0                 | 0                      | (924)                     |
| 4.       | Adjustment to cost center outside services  | <u>(45,985) [2]</u> | <u>(26,092) [2]</u> | <u>(2,330)</u>    | <u>(1,831)</u>         | <u>(30,253)</u>           |
| 5.       | Adjustment to outside services - other (Sum of L2 thru L4)                                | <u>(55,624)</u>     | <u>(31,562)</u>     | <u>(2,330)</u>    | <u>(1,831)</u>         | <u>(35,723)</u>           |
| 6.       | Outside services - other per Public Staff (L1 + L5)                                       | <u>\$118,203</u>    | <u>\$64,219</u>     | <u>\$7,102</u>    | <u>\$3,434</u>         | <u>\$74,755</u>           |

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

[2] Provided by Public Staff Accountant Zhang.

[3] Sum of Column (b) thru Column (d)

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-6

| Line No. | Item  | Amount Per Application (a) | Public Staff Adjustment (b) | Amount Per Public Staff (c) | CWSNC Water (d) | CWSNC Sewer (e) | CLMS Sewer (f) | Nags Head Sewer (g) | Combined Sewer (h) | [11] |
|----------|---|----------------------------|-----------------------------|-----------------------------|-----------------|-----------------|----------------|---------------------|--------------------|------|
| 1.       | Rate case expenses for current proceeding                 | <u>\$226,656</u>           | <u>\$77,674</u>             | \$304,330 [2]               |                 |                 |                |                     |                    |      |
| 2.       | Amortization period in years                              |                            |                             | <u>3</u>                    |                 |                 |                |                     |                    |      |
| 3.       | Annual rate case expense for current proceeding (L1 / L2) |                            |                             | <u>101,443</u>              | \$61,170 [4]    | \$34,704 [6]    | \$3,145 [8]    | \$2,424 [10]        | \$40,273           |      |
| 4.       | Unamortized balance of rate case expense (L1 - L3)        |                            |                             | <u>202,887</u>              | 122,341 [4]     | 69,408 [6]      | 6,289 [8]      | 4,850 [10]          | 80,547             |      |
| 5.       | Sub 336 unamortized rate case expense                     | <u>\$166,235</u>           | <u>(\$22,040)</u>           | 144,195 [3]                 |                 |                 |                |                     |                    |      |
| 6.       | Amortization period in years                              |                            |                             | <u>3</u>                    |                 |                 |                |                     |                    |      |
| 7.       | Sub 336 unamortized annual rate case expense (L5 / L6)    |                            |                             | <u>48,065</u>               | 29,690 [5]      | 16,847 [7]      | 1,528 [9]      |                     | 18,375             |      |
| 8.       | Unamortized balance of rate case expense (L5 - L7)        |                            |                             | <u>96,130</u>               | 59,380 [5]      | 33,694 [7]      | 3,056 [9]      |                     | 36,750             |      |
| 9.       | Total annual rate case expense (L3 + L7)                  |                            |                             | <u>\$149,508</u>            | \$90,860        | \$51,551        | \$4,673        | \$2,424             | \$58,648           |      |
| 10.      | Total unamortized balance of rate case expense (L4 + L8)  |                            |                             | <u>\$299,017</u>            | \$181,721       | \$103,102       | \$9,345        | \$4,850             | \$117,297          |      |

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

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

[3] Calculated base on amount approved in Sub 336 rate case.

[4] Column (c) multiplied by CWSNC Uniform water allocation factor of 60.30%.

[5] Column (c) multiplied by CWSNC Uniform water allocation factor of 61.77%.

[6] Column (c) multiplied by CWSNC Uniform sewer allocation factor of 34.21%.

[7] Column (c) multiplied by CWSNC Uniform sewer allocation factor of 35.05%.

[8] Column (c) multiplied by CLMS sewer allocation factor of 3.10%.

[9] Column (c) multiplied by CLMS sewer allocation factor of 3.18%.

[10] Column (c) multiplied by Nags Head sewer allocation factor of 2.39%.

[11] Sum of Column (e) thru Column (g).

Oct 15 2015

OFFICIAL COPY

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-7

OFFICIAL COPY

Oct 15 2015

| Line No. | Item   | CWSNC Water<br>(a) | CWSNC Sewer<br>(b) | CLMS Sewer<br>(c) | Nags Head Sewer<br>(d) | Combined Sewer<br>(e) | [4] |
|----------|--|--------------------|--------------------|-------------------|------------------------|-----------------------|-----|
| 1.       | Miscellaneous expense per application                        | \$52,989           | \$29,044           | \$2,030           | \$1,314                | \$32,388              |     |
| 2.       | Adjustment to remove unrecoverable Sub 336 rate case expense | (4,497) [1]        | (3,541) [1]        | 0                 | 0                      | (3,541)               |     |
| 3.       | Adjustment for excess deferred taxes                         | (22,320) [2]       | (14,959) [2]       | (5,360) [2]       | (1,060) [2]            | (21,379)              |     |
| 4.       | Adjustment to cost center miscellaneous expense              | (11,940) [3]       | (6,775) [3]        | (121) [3]         | (93) [3]               | (6,989)               |     |
| 5.       | Adjustment to miscellaneous expense (Sum of L2 thru L4)      | (38,757)           | (25,275)           | (5,481)           | (1,153)                | (31,909)              |     |
| 6.       | Miscellaneous expense per Public Staff (L1 + L5)             | \$14,232           | \$3,769            | (\$3,451)         | \$161                  | \$479                 |     |

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

[2] Provided by Public Staff Accountant Fernald.

[3] Provided by Public Staff Accountant Zhang.

[4] Sum of Column (b) thru Column (d)

## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

CALCULATION OF DEPRECIATION AND  
AMORTIZATION EXPENSE

For The Test Year Ended December 31, 2014

Henry Exhibit I

Schedule 3-8

| Line<br>No. | Item  | CWSNC<br>Water<br>(a) | CWSNC<br>Sewer<br>(b) | CLMS<br>Sewer<br>(c) | Nags Head<br>Sewer<br>(d) |
|-------------|---|-----------------------|-----------------------|----------------------|---------------------------|
| 1.          | Depreciation on direct plant                    | \$1,626,196 [1]       | \$1,002,730 [9]       | \$343,588 [15]       | \$101,026 [19]            |
|             | Depreciation on allocated plant:                |                       |                       |                      |                           |
| 2.          | WSC cost center                                 | 133,315 [2]           | 75,642 [2]            | 6,923 [2]            | 5,283 [2]                 |
| 4.          | State cost center                               | 105,620 [2]           | 60,496 [2]            | 4,668 [2]            | 3,606 [2]                 |
| 8.          | Charlotte office cost center                    | 8,382 [2]             | 4,756 [2]             | 430 [2]              | 334 [2]                   |
| 9.          | Charlotte warehouse cost center                 | 16,357 [2]            | 1,328 [2]             | 0 [2]                | 0 [2]                     |
| 10.         | Florida office cost center                      | 2,223 [2]             | 1,261 [2]             | 114 [2]              | 87 [2]                    |
| 11.         | Gain on sale                                    | (166,755) [3]         | (78,091) [10]         | (6,859) [16]         | 0                         |
| 12.         | Excess book value                               | (25,030) [4]          | (30,608) [11]         | 0                    | 0                         |
| 13.         | Total depreciation expense (Sum of L1 thru L12) | <u>\$1,701,308</u>    | <u>\$1,037,514</u>    | <u>\$348,864</u>     | <u>\$110,336</u>          |
| 14.         | Contributions in aid of construction            | (\$18,834,734) [5]    | (\$17,973,961) [12]   | (\$5,732,786) [17]   | (\$84,233) [20]           |
| 15.         | Advances in aid of construction                 | (23,760) [6]          | (9,180) [6]           | 0                    | 0                         |
| 16.         | Depreciable CIAC and AIA (L14 + L15)            | <u>(\$18,858,494)</u> | <u>(\$17,983,141)</u> | <u>(\$5,732,786)</u> | <u>(\$84,233)</u>         |
| 17.         | Amortization rate                               | 2.66% [7]             | 2.46% [13]            | 2.61% [18]           | 2.94% [21]                |
| 18.         | CIAC and AIA amortization expense (L16 x L17)   | <u>(\$501,636)</u>    | <u>(\$442,385)</u>    | <u>(\$149,626)</u>   | <u>(\$2,476)</u>          |
| 19.         | Purchase acquisition adjustment                 | (\$3,567,165) [8]     | (\$938,416) [14]      | \$0                  | \$0                       |
| 20.         | Amortization rate                               | 2.66% [7]             | 2.46% [13]            | 2.61% [18]           | 2.94% [21]                |
| 21.         | PAA amortization expense (L19 x L20)            | <u>(\$94,887)</u>     | <u>(\$23,085)</u>     | <u>\$0</u>           | <u>\$0</u>                |

[1] Henry Exhibit I, Schedule 3-8(a), Column (c), Line 48.

[2] Provided by Public Staff Accountant Zhang.

[3] Henry Exhibit I, Schedule 2-6, Column (a), Line 7.

[4] Henry Exhibit I, Schedule 2-8, Column (b), Line 9.

[5] Henry Exhibit I, Schedule 2-4, Column (a), Line 9.

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

[7] Henry Exhibit I, Schedule 3-8(a), Column (d), Line 48.

[8] Henry Exhibit I, Schedule 2-7, Column (a), Line 7.

[9] Henry Exhibit I, Schedule 3-8(b), Column (c), Line 58.

[10] Henry Exhibit I, Schedule 2-6, Column (b), Line 7.

[11] Henry Exhibit I, Schedule 2-8, Column (b), Line 18.

[12] Henry Exhibit I, Schedule 2-4, Column (d), Line 9.

[13] Henry Exhibit I, Schedule 3-8(b), Column (d), Line 58.

[14] Henry Exhibit I, Schedule 2-7, Column (d), Line 7.

[15] Henry Exhibit I, Schedule 3-8(c), Column (c), Line 58.

[16] Henry Exhibit I, Schedule 2-6, Column (c), Line 7.

[17] Henry Exhibit I, Schedule 2-4, Column (g), Line 9.

[18] Henry Exhibit I, Schedule 3-8(c), Column (d), Line 58.

[19] Henry Exhibit I, Schedule 3-8(d), Column (c), Line 58.

[20] Henry Exhibit I, Schedule 2-4, Column (j), Line 9.

[21] Henry Exhibit I, Schedule 3-8(d), Column (d), Line 58.

**CAROLINA WATER SERVICE, INC., OF NC**  
**Docket No. W-354, Sub 344**  
**CALCULATION OF DIRECT DEPRECIATION EXPENSE**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 3-8(a)

**WATER OPERATIONS**

| Line No. | Account No. | Item  | Plant In Service [1]<br>(a) | Depreciation Rate [2]<br>(b) | Annual Depreciation [3]<br>(c) | Composite Rate<br>(d) |
|----------|-------------|---|-----------------------------|------------------------------|--------------------------------|-----------------------|
| 1.       | 1020        | Organization                                | \$266,186                   | 2.50%                        | \$6,655                        |                       |
| 2.       | 1025        | Franchises                                  | 114,450                     | 2.50%                        | 2,861                          |                       |
| 3.       | 1030        | Land & land rights pump                     | 143                         | 0.00%                        | 0                              |                       |
| 4.       | 1035        | Land & land rights water tr.                | 357,109                     | 0.00%                        | 0                              |                       |
| 5.       | 1040        | Land & land rights trans.                   | 0                           | 0.00%                        | 0                              |                       |
| 6.       | 1045        | Land & land rights gen. plt.                | 559,560                     | 0.00%                        | 0                              |                       |
| 7.       | 1050        | Struct & improv. src. supply                | 3,111,736                   | 2.00%                        | 62,235                         |                       |
| 8.       | 1055        | Struct & improv. wtr. trt. plt.             | 981,804                     | 2.00%                        | 19,636                         |                       |
| 9.       | 1060        | Struct & improv. trans. dist.               | 42,227                      | 2.00%                        | 845                            |                       |
| 10.      | 1065        | Struct & improv. gen. plt.                  | 310,972                     | 2.00%                        | 6,219                          |                       |
| 11.      | 1080        | Wells & springs                             | 9,358,143                   | 2.00%                        | 187,163                        |                       |
| 12.      | 1085        | Infiltration gallery                        | 45,185                      | 2.50%                        | 1,130                          |                       |
| 13.      | 1090        | Supply mains                                | 379,625                     | 1.00%                        | 3,796                          |                       |
| 14.      | 1095        | Power generation equip.                     | 5,160                       | 10.00%                       | 516                            |                       |
| 15.      | 1100        | Electric pump equip. src. plt.              | 1,934,754                   | 14.29%                       | 276,476                        |                       |
| 16.      | 1105        | Electric pump equip. wtp.                   | 5,258,252                   | 3.33%                        | 175,100                        |                       |
| 17.      | 1110        | Electric pump equip. trans.                 | 1,232,788                   | 14.29%                       | 176,165                        |                       |
| 18.      | 1115        | Water treatment equip.                      | 2,640,774                   | 2.50%                        | 66,019                         |                       |
| 19.      | 1120        | Dist. resv. & standpipes                    | 5,286,895                   | 2.00%                        | 105,738                        |                       |
| 20.      | 1125        | Trans. & distr. mains                       | 18,149,686                  | 1.00%                        | 181,497                        |                       |
| 21.      | 1130        | Service lines                               | 5,847,779                   | 2.00%                        | 116,956                        |                       |
| 22.      | 1135        | Meters                                      | 2,119,268                   | 3.33%                        | 70,572                         |                       |
| 23.      | 1140        | Meter installations                         | 925,669                     | 3.33%                        | 30,825                         |                       |
| 24.      | 1145        | Hydrants                                    | 575,217                     | 2.50%                        | 14,380                         |                       |
| 25.      | 1150        | Backflow prevention devic.                  | 13,128                      | 10.00%                       | 1,313                          |                       |
| 26.      | 1160        | Other plt. & misc. equip. src. su.          | 260                         | 2.50%                        | 7                              |                       |
| 27.      | 1165        | Other plt. & misc. equip. wtp.              | 5,804                       | 2.50%                        | 145                            |                       |
| 28.      | 1175        | Office struct & improv.                     | 55,644                      | 10.00%                       | 5,564                          |                       |
| 29.      | 1180        | Office furn. & equip.                       | 113,852                     | 10.00%                       | 11,385                         |                       |
| 30.      | 1185        | Stores equipment                            | 0                           | 3.33%                        | 0                              |                       |
| 31.      | 1190        | Tool shop & misc. equip.                    | 806,330                     | 5.00%                        | 40,317                         |                       |
| 32.      | 1195        | Laboratory equipment                        | 103,336                     | 10.00%                       | 10,334                         |                       |
| 33.      | 1200        | Power operated equip.                       | 185,087                     | 10.00%                       | 18,609                         |                       |
| 34.      | 1205        | Communication equip.                        | 194,344                     | 10.00%                       | 19,434                         |                       |
| 35.      | 1210        | Misc. equipment                             | 11,590                      | 3.33%                        | 386                            |                       |
| 36.      | 1215        | Water plant allocated                       | 207,809                     | 6.67%                        | 13,861                         |                       |
| 37.      | 1220        | Other tangible plt. water                   | 2,288                       | 2.50%                        | 57                             |                       |
| 38.      | 1275        | Land & land rights reclaim                  | 0                           | 0.00%                        | 0                              |                       |
| 39.      | 1430        | Other plant collection                      | 0                           | 2.50%                        | 0                              |                       |
| 40.      | 1555        | Transportation equip.                       | 0                           | 0.00%                        | 0                              |                       |
| 41.      | 1575        | Desktop computer - wtr                      | 0                           | 0.00%                        | 0                              |                       |
| 42.      | 1580        | Mainframe computer - wtr                    | 0                           | 0.00%                        | 0                              |                       |
| 43.      | 1585        | Mini computer - wtr                         | 0                           | 0.00%                        | 0                              |                       |
| 44.      | 1590        | Comp. system cost - wtr                     | 0                           | 0.00%                        | 0                              |                       |
| 45.      | 1595        | Micro system cost - wtr                     | 0                           | 0.00%                        | 0                              |                       |
| 46.      | 1805        | Plt. held for future use                    | (95,528)                    | 0.00%                        | 0                              |                       |
| 47.      |             | Pro forma plant additions                   | 0                           | 0.00%                        | 0                              |                       |
| 48.      |             | Total plant in service (Sum of L1 thru L47) | <u>\$61,108,326</u>         |                              | <u>\$1,626,196</u>             | <u>2.66% [4]</u>      |

[1] Henry Exhibit I, Schedule 2-1(a)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 338.

[3] Column (a) multiplied by Column (b).

[4] Column (c) divided by Column (a), Line 48.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF DIRECT DEPRECIATION EXPENSE**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-8(b)

**SEWER OPERATIONS**

| Line No. | Account No. | Item  | Plant In Service [1]<br>(a) | Depreciation Rate [2]<br>(b) | Annual Depreciation [3]<br>(c) | Composite Rate [4]<br>(d) |
|----------|-------------|---|-----------------------------|------------------------------|--------------------------------|---------------------------|
| 1.       | 1245        | Organization                                | \$178,599                   | 2.50%                        | \$4,465                        |                           |
| 2.       | 1250        | Franchises intang. pit.                     | 15,898                      | 2.50%                        | 397                            |                           |
| 3.       | 1270        | Land & land rights trmnt pit                | 223,943                     | 0.00%                        | 0                              |                           |
| 4.       | 1275        | Land & land rights reclaim.                 | 1,150                       | 0.00%                        | 0                              |                           |
| 5.       | 1285        | Land & land rights gen. pit.                | 132,109                     | 0.00%                        | 0                              |                           |
| 6.       | 1290        | Struct/improv. coll. pit.                   | 24,689                      | 2.00%                        | 494                            |                           |
| 7.       | 1295        | Struct/improv. pump pit. ls.                | 2,976,722                   | 2.00%                        | 59,534                         |                           |
| 8.       | 1300        | Struct/improv. treat. pit.                  | 5,574,325                   | 2.50%                        | 139,358                        |                           |
| 9.       | 1305        | Struct/improv. reclaim. wtp.                | 3,271                       | 2.50%                        | 82                             |                           |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 104,565                     | 2.50%                        | 2,617                          |                           |
| 11.      | 1315        | Struct/improv. gen. pit.                    | 1,133,658                   | 2.00%                        | 22,673                         |                           |
| 12.      | 1320        | Power gen. equip. coll. pit.                | 0                           | 10.00%                       | 0                              |                           |
| 13.      | 1325        | Power gen. equip. pump pit.                 | 1,258                       | 10.00%                       | 126                            |                           |
| 14.      | 1330        | Power gen. equip. treat. pit.               | 93,519                      | 10.00%                       | 9,352                          |                           |
| 15.      | 1345        | Sewer force main/serv. ln.                  | 1,895,141                   | 1.33%                        | 25,205                         |                           |
| 16.      | 1350        | Sewer gravity main                          | 11,621,487                  | 1.00%                        | 116,215                        |                           |
| 17.      | 1353        | Manholes                                    | 215,931                     | 1.00%                        | 2,159                          |                           |
| 18.      | 1355        | Special coll. structures                    | 6,502                       | 2.00%                        | 130                            |                           |
| 19.      | 1360        | Services to customers                       | 466,746                     | 1.33%                        | 6,208                          |                           |
| 20.      | 1365        | Flow measure devices                        | 42,219                      | 4.00%                        | 1,689                          |                           |
| 21.      | 1370        | Flow measure install                        | 849                         | 4.00%                        | 34                             |                           |
| 22.      | 1375        | Receiving wells                             | 516                         | 2.00%                        | 10                             |                           |
| 23.      | 1380        | Pumping equipment pump pit.                 | 1,345,844                   | 14.29%                       | 192,321                        |                           |
| 24.      | 1385        | Pumping equipment reclaim.                  | 12,450                      | 14.29%                       | 1,779                          |                           |
| 25.      | 1390        | Pumping equipment rel. wtr.                 | 8,579                       | 14.29%                       | 1,226                          |                           |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 381,518                     | 2.50%                        | 9,538                          |                           |
| 27.      | 1400        | Treat./disp. equip. trt. pit.               | 13,461,678                  | 2.50%                        | 336,542                        |                           |
| 28.      | 1405        | Treat./disp. equip. ret. wtp.               | 6,620                       | 2.50%                        | 166                            |                           |
| 29.      | 1410        | Plant sewers treat. pit.                    | 320,152                     | 2.50%                        | 8,004                          |                           |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | (285)                       | 2.50%                        | (7)                            |                           |
| 31.      | 1420        | Outfall lines                               | 95,181                      | 1.00%                        | 952                            |                           |
| 32.      | 1425        | Other pit. tangible                         | 911                         | 2.50%                        | 23                             |                           |
| 33.      | 1430        | Other pit. collection                       | 21,100                      | 2.50%                        | 528                            |                           |
| 34.      | 1435        | Other pit. pump                             | 44,525                      | 2.50%                        | 1,113                          |                           |
| 35.      | 1440        | Other pit. treatment                        | 25,496                      | 2.50%                        | 637                            |                           |
| 36.      | 1445        | Other pit. reclaim wtr. trt.                | 650                         | 2.50%                        | 16                             |                           |
| 37.      | 1450        | Other pit. reclaim wtr. dis.                | 0                           | 2.50%                        | 0                              |                           |
| 38.      | 1455        | Office struct & improv.                     | 4,327                       | 10.00%                       | 433                            |                           |
| 39.      | 1460        | Office furn. & equip.                       | 21,954                      | 10.00%                       | 2,195                          |                           |
| 40.      | 1465        | Stores equipment                            | 3,266                       | 3.33%                        | 109                            |                           |
| 41.      | 1470        | Tool shop & misc. equip.                    | 76,934                      | 5.00%                        | 3,847                          |                           |
| 42.      | 1475        | Laboratory equipment                        | 77,243                      | 10.00%                       | 7,724                          |                           |
| 43.      | 1480        | Power operated equip.                       | 27,822                      | 10.00%                       | 2,782                          |                           |
| 44.      | 1485        | Communication equip.                        | 67,012                      | 10.00%                       | 6,701                          |                           |
| 45.      | 1490        | Misc equip. sewer                           | 6,105                       | 3.33%                        | 203                            |                           |
| 46.      | 1495        | Sewer plant allocated                       | 517,496                     | 6.67%                        | 34,517                         |                           |
| 47.      | 1500        | Other tangible pit. sewer                   | 276                         | 2.50%                        | 7                              |                           |
| 48.      | 1535        | Reuse dist. reservoirs                      | 2,962                       | 2.00%                        | 59                             |                           |
| 49.      | 1540        | Reuse transmission & dist.                  | 28,325                      | 2.00%                        | 567                            |                           |
| 50.      | 1555        | Transportation equip.                       | 0                           | 0.00%                        | 0                              |                           |
| 51.      | 1575        | Desktop computer - wtr                      | 0                           | 0.00%                        | 0                              |                           |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                           | 0.00%                        | 0                              |                           |
| 53.      | 1585        | Mini computer - wtr                         | 0                           | 0.00%                        | 0                              |                           |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                           | 0.00%                        | 0                              |                           |
| 55.      | 1595        | Micro system cost - wtr                     | 0                           | 0.00%                        | 0                              |                           |
| 56.      | 1805        | Pit. held for future use                    | (514,608)                   | 0.00%                        | 0                              |                           |
| 57.      |             | Pro forma plant additions                   | 0                           | 0.00%                        | 0                              |                           |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | \$40,756,731                |                              | \$1,002,730                    | 2.46% [4]                 |

[1] Henry Exhibit I, Schedule 2-1(c)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 336.

[3] Column (a) multiplied by Column (b).

[4] Column (c) divided by Column (a), Line 58.

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**CALCULATION OF DIRECT DEPRECIATION EXPENSE**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 3-8(e)

**CLMS SEWER OPERATIONS**

| Line No. | Account No. | Item  | Plant In Service [1]<br>(a) | Depreciation Rate [2]<br>(b) | Annual Depreciation [3]<br>(c) | Composite Rate<br>(d) |
|----------|-------------|---|-----------------------------|------------------------------|--------------------------------|-----------------------|
| 1.       | 1245        | Organization                                | \$493,286                   | 2.50%                        | \$12,332                       |                       |
| 2.       | 1250        | Franchises intang. pit.                     | 0                           | 2.50%                        | 0                              |                       |
| 3.       | 1270        | Land & land rights trmnt pit                | 0                           | 0.00%                        | 0                              |                       |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                           | 0.00%                        | 0                              |                       |
| 5.       | 1285        | Land & land rights gen. pit.                | 0                           | 0.00%                        | 0                              |                       |
| 6.       | 1290        | Struct/improv. coll. pit.                   | 1,290                       | 2.00%                        | 26                             |                       |
| 7.       | 1295        | Struct/improv. pump pit. ls.                | 195,223                     | 2.00%                        | 3,904                          |                       |
| 8.       | 1300        | Struct/improv. treat. pit.                  | 9,897,749                   | 2.50%                        | 247,444                        |                       |
| 9.       | 1305        | Struct/improv. reclaim. wtp.                | 0                           | 2.50%                        | 0                              |                       |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 56,315                      | 2.50%                        | 1,408                          |                       |
| 11.      | 1315        | Struct/improv. gen. pit.                    | 115,905                     | 2.00%                        | 2,318                          |                       |
| 12.      | 1320        | Power gen. equip. coll. pit.                | 0                           | 10.00%                       | 0                              |                       |
| 13.      | 1325        | Power gen. equip. pump pit.                 | 0                           | 10.00%                       | 0                              |                       |
| 14.      | 1330        | Power gen. equip. treat. pit.               | 0                           | 10.00%                       | 0                              |                       |
| 15.      | 1345        | Sewer force main/serv. lin.                 | 89,450                      | 1.33%                        | 1,190                          |                       |
| 16.      | 1350        | Sewer gravity main                          | 533,976                     | 1.00%                        | 5,340                          |                       |
| 17.      | 1359        | Manholes                                    | 3,634                       | 1.00%                        | 36                             |                       |
| 18.      | 1355        | Special coll. structures                    | 0                           | 2.00%                        | 0                              |                       |
| 19.      | 1360        | Services to customers                       | 8,263                       | 1.33%                        | 110                            |                       |
| 20.      | 1365        | Flow measure devices                        | 17,406                      | 4.00%                        | 696                            |                       |
| 21.      | 1370        | Flow measure install                        | 0                           | 4.00%                        | 0                              |                       |
| 22.      | 1375        | Receiving wells                             | 0                           | 2.00%                        | 0                              |                       |
| 23.      | 1380        | Pumping equipment pump pit.                 | 210,068                     | 14.29%                       | 30,019                         |                       |
| 24.      | 1385        | Pumping equipment reclaim.                  | 0                           | 14.29%                       | 0                              |                       |
| 25.      | 1390        | Pumping equipment rcl. wtr.                 | 0                           | 14.29%                       | 0                              |                       |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 180,810                     | 2.50%                        | 4,520                          |                       |
| 27.      | 1400        | Treat./disp. equip. trt. pit.               | 1,287,839                   | 2.50%                        | 32,196                         |                       |
| 28.      | 1405        | Treat./disp. equip. rct. wtp.               | 0                           | 2.50%                        | 0                              |                       |
| 29.      | 1410        | Plant sewers treat. pit.                    | 14,142                      | 2.50%                        | 354                            |                       |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | 420                         | 2.50%                        | 11                             |                       |
| 31.      | 1420        | Outfall lines                               | 0                           | 1.00%                        | 0                              |                       |
| 32.      | 1425        | Other pit. tangible                         | 0                           | 2.50%                        | 0                              |                       |
| 33.      | 1430        | Other pit. collection                       | 0                           | 2.50%                        | 0                              |                       |
| 34.      | 1435        | Other pit. pump                             | 1,246                       | 2.50%                        | 31                             |                       |
| 35.      | 1440        | Other pit. treatment                        | 3,581                       | 2.50%                        | 92                             |                       |
| 36.      | 1445        | Other pit. reclaim wtr. trt.                | 0                           | 2.50%                        | 0                              |                       |
| 37.      | 1450        | Other pit. reclaim wtr. dis.                | 460                         | 2.50%                        | 12                             |                       |
| 38.      | 1455        | Office struct & improv.                     | 0                           | 10.00%                       | 0                              |                       |
| 39.      | 1460        | Office furn. & equip.                       | 0                           | 10.00%                       | 0                              |                       |
| 40.      | 1465        | Stores equipment                            | 0                           | 3.33%                        | 0                              |                       |
| 41.      | 1470        | Tool shop & misc. equip.                    | 1,594                       | 5.00%                        | 80                             |                       |
| 42.      | 1475        | Laboratory equipment                        | 3,164                       | 10.00%                       | 316                            |                       |
| 43.      | 1480        | Power operated equip.                       | 1,639                       | 10.00%                       | 164                            |                       |
| 44.      | 1485        | Communication equip.                        | 0                           | 10.00%                       | 0                              |                       |
| 45.      | 1490        | Misc equip. sewer                           | 0                           | 3.33%                        | 0                              |                       |
| 46.      | 1495        | Sewer plant allocated                       | 9,456                       | 6.67%                        | 631                            |                       |
| 47.      | 1500        | Other tangible pit. sewer                   | 0                           | 2.50%                        | 0                              |                       |
| 48.      | 1535        | Reuse dist. reservoirs                      | 148                         | 2.00%                        | 3                              |                       |
| 49.      | 1540        | Reuse transmission & dist.                  | 17,748                      | 2.00%                        | 355                            |                       |
| 50.      | 1555        | Transportation equip.                       | 0                           | 0.00%                        | 0                              |                       |
| 51.      | 1575        | Desktop computer - wtr                      | 0                           | 0.00%                        | 0                              |                       |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                           | 0.00%                        | 0                              |                       |
| 53.      | 1585        | Mini computer - wtr                         | 0                           | 0.00%                        | 0                              |                       |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                           | 0.00%                        | 0                              |                       |
| 55.      | 1595        | Micro system cost - wtr                     | 0                           | 0.00%                        | 0                              |                       |
| 56.      | 1805        | Pit. held for future use                    | 0                           | 0.00%                        | 0                              |                       |
| 57.      |             | Pro forma plant additions                   | 0                           | 0.00%                        | 0                              |                       |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | <u>\$15,144,912</u>         |                              | <u>\$343,588</u>               | <u>2.61% [4]</u>      |

[1] Henry Exhibit I, Schedule 2-1(d)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 336.

[3] Column (a) multiplied by Column (b).

[4] Column (c) divided by Column (a), Line 58.

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
CALCULATION OF DIRECT DEPRECIATION EXPENSE  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-8(d)

NAGS HEAD SEWER OPERATIONS

| Line No. | Account No. | Item  | Plant In Service (a) | Depreciation Rate (b) [2] | Annual Depreciation (c) [3] | Composite Rate (d) |
|----------|-------------|---|----------------------|---------------------------|-----------------------------|--------------------|
| 1.       | 1245        | Organization                                | \$157,361            | 2.50%                     | \$3,934                     |                    |
| 2.       | 1250        | Franchises intang. pit.                     | 111,578              | 2.50%                     | 2,789                       |                    |
| 3.       | 1270        | Land & land rights trmnt pit                | 0                    | 0.00%                     | 0                           |                    |
| 4.       | 1275        | Land & land rights reclaim.                 | 0                    | 0.00%                     | 0                           |                    |
| 5.       | 1285        | Land & land rights gen. pit.                | 0                    | 0.00%                     | 0                           |                    |
| 6.       | 1290        | Struct/improv. coll. pit.                   | 150                  | 2.00%                     | 3                           |                    |
| 7.       | 1295        | Struct/improv. pump pit. ls.                | 322,502              | 2.00%                     | 6,450                       |                    |
| 8.       | 1300        | Struct/improv. treat. pit.                  | 570,060              | 2.50%                     | 14,252                      |                    |
| 9.       | 1305        | Struct/improv. reclaim. wtp.                | 0                    | 2.50%                     | 0                           |                    |
| 10.      | 1310        | Struct/improv. reclaim. wtr.                | 16,301               | 2.50%                     | 408                         |                    |
| 11.      | 1315        | Struct/improv. gen. pit.                    | 66,143               | 2.00%                     | 1,323                       |                    |
| 12.      | 1320        | Power gen. equip. coll. pit.                | 0                    | 10.00%                    | 0                           |                    |
| 13.      | 1325        | Power gen. equip. pump pit.                 | 50,650               | 10.00%                    | 5,065                       |                    |
| 14.      | 1330        | Power gen. equip. treat. pit.               | 0                    | 10.00%                    | 0                           |                    |
| 15.      | 1345        | Sewer force main/serv. lin.                 | 84,299               | 1.33%                     | 1,121                       |                    |
| 16.      | 1350        | Sewer gravity main                          | 363,914              | 1.00%                     | 3,639                       |                    |
| 17.      | 1353        | Manholes                                    | 880                  | 1.00%                     | 9                           |                    |
| 18.      | 1355        | Special coll. structures                    | 0                    | 2.00%                     | 0                           |                    |
| 19.      | 1360        | Services to customers                       | 7,315                | 1.33%                     | 97                          |                    |
| 20.      | 1365        | Flow measure devices                        | 400                  | 4.00%                     | 16                          |                    |
| 21.      | 1370        | Flow measure install                        | 0                    | 4.00%                     | 0                           |                    |
| 22.      | 1375        | Receiving wells                             | 0                    | 2.00%                     | 0                           |                    |
| 23.      | 1380        | Pumping equipment pump pit.                 | 126,904              | 14.29%                    | 18,135                      |                    |
| 24.      | 1385        | Pumping equipment reclaim.                  | 0                    | 14.29%                    | 0                           |                    |
| 25.      | 1390        | Pumping equipment rel. wtr.                 | 6,204                | 14.29%                    | 887                         |                    |
| 26.      | 1395        | Treat./disp. equip. lagoon                  | 0                    | 2.50%                     | 0                           |                    |
| 27.      | 1400        | Treat./disp. equip. trt. pit.               | 1,451,814            | 2.50%                     | 36,295                      |                    |
| 28.      | 1405        | Treat./disp. equip. rst. wtp.               | 4,472                | 2.50%                     | 112                         |                    |
| 29.      | 1410        | Plant sewers treat. pit.                    | 19,132               | 2.50%                     | 478                         |                    |
| 30.      | 1415        | Plant sewers reclaim wtp.                   | 4,772                | 2.50%                     | 119                         |                    |
| 31.      | 1420        | Outfall lines                               | 0                    | 1.00%                     | 0                           |                    |
| 32.      | 1425        | Other pit. tangible                         | 0                    | 2.50%                     | 0                           |                    |
| 33.      | 1430        | Other pit. collection                       | 0                    | 2.50%                     | 0                           |                    |
| 34.      | 1435        | Other pit. pump                             | 0                    | 2.50%                     | 0                           |                    |
| 35.      | 1440        | Other pit. treatment                        | 4,160                | 2.50%                     | 104                         |                    |
| 36.      | 1445        | Other pit. reclaim wtr. trt.                | 0                    | 2.50%                     | 0                           |                    |
| 37.      | 1450        | Other pit. reclaim wtr. dis.                | 0                    | 2.50%                     | 0                           |                    |
| 38.      | 1455        | Office struct & improv.                     | 0                    | 10.00%                    | 0                           |                    |
| 39.      | 1460        | Office furn. & equip.                       | 669                  | 10.00%                    | 67                          |                    |
| 40.      | 1465        | Stores equipment                            | 0                    | 3.33%                     | 0                           |                    |
| 41.      | 1470        | Tool shop & misc. equip.                    | 25,277               | 5.00%                     | 1,264                       |                    |
| 42.      | 1475        | Laboratory equipment                        | 3,892                | 10.00%                    | 389                         |                    |
| 43.      | 1480        | Power operated equip.                       | 40,381               | 10.00%                    | 4,038                       |                    |
| 44.      | 1485        | Communication equip.                        | 0                    | 10.00%                    | 0                           |                    |
| 45.      | 1490        | Misc equip. sewer                           | 0                    | 3.33%                     | 0                           |                    |
| 46.      | 1495        | Sewer plant allocated                       | 0                    | 6.67%                     | 0                           |                    |
| 47.      | 1500        | Other tangible pit. sewer                   | 1,500                | 2.50%                     | 38                          |                    |
| 48.      | 1535        | Reuse dist. reservoirs                      | 0                    | 2.00%                     | 0                           |                    |
| 49.      | 1540        | Reuse transmission & dist.                  | 0                    | 2.00%                     | 0                           |                    |
| 50.      | 1555        | Transportation equip.                       | 0                    | 0.00%                     | 0                           |                    |
| 51.      | 1575        | Desktop computer - wtr                      | 0                    | 0.00%                     | 0                           |                    |
| 52.      | 1580        | Mainframe computer - wtr                    | 0                    | 0.00%                     | 0                           |                    |
| 53.      | 1585        | Mini computer - wtr                         | 0                    | 0.00%                     | 0                           |                    |
| 54.      | 1590        | Comp. system cost - wtr                     | 0                    | 0.00%                     | 0                           |                    |
| 55.      | 1595        | Micro system cost - wtr                     | 0                    | 0.00%                     | 0                           |                    |
| 56.      | 1805        | Pit. held for future use                    | 0                    | 0.00%                     | 0                           |                    |
| 57.      |             | Pro forma plant additions                   | 0                    | 0.00%                     | 0                           |                    |
| 58.      |             | Total plant in service (Sum of L1 thru L57) | \$3,440,670          |                           | \$101,026                   | 2.94% [4]          |

[1] Henry Exhibit I, Schedule 2-1(e)(1), Column (d).

[2] Depreciation rates approved in Docket No. W-354, Sub 336.

[3] Column (a) multiplied by Column (b).

[4] Column (c) divided by Column (a), Line 58.



CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

ADJUSTMENT TO PROPERTY TAXES

For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-9

| <u>Line<br/>No.</u> | <u>Item</u>  | <u>Nags Head<br/>Sewer</u> |
|---------------------|--|----------------------------|
| 1.                  | Property taxes per application   | (\$2,136)                  |
| 2.                  | Adjustment to remove interest during construction improperly<br>classified as property taxes | <u>2,608</u> [1]           |
| 3.                  | Property taxes per Public Staff (L1 + L2)  | <u>\$472</u>               |

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

OFFICIAL COPY

Oct 15 2015

## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

## CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-10(a)

## WATER OPERATIONS

| Line<br>No. | Item  | Present<br>Rates<br>(a) | Company<br>Proposed<br>Rates<br>(b) | Public Staff<br>Recommended<br>Rates<br>(c) |
|-------------|---|-------------------------|-------------------------------------|---|
| 1.          | Operating revenue   | \$9,455,466             | \$11,033,933                        | \$10,810,660                                |
|             | Operating revenue deductions:                             |                         |                                     |   |
| 2.          | Maintenance expenses                                      | 4,253,586               | 4,253,586                           | 4,253,586                                   |
| 3.          | General expenses  | 1,679,383               | 1,679,383                           | 1,679,383                                   |
| 4.          | Depreciation expense                                      | 1,701,308               | 1,701,308                           | 1,701,308                                   |
| 5.          | Amortization of CIAC                                      | (501,636)               | (501,636)                           | (501,636)                                   |
| 6.          | Amortization of PAA                                       | (94,887)                | (94,887)                            | (94,887)                                    |
| 7.          | Amortization of ITC                                       | (274)                   | (274)                               | (274)                                       |
| 8.          | Franchise and other taxes                                 | 36,767                  | 36,767                              | 36,767                                      |
| 9.          | Property taxes  | 105,230                 | 105,230                             | 105,230                                     |
| 10.         | Payroll taxes   | 181,426                 | 181,426                             | 181,426                                     |
| 11.         | Regulatory fee  | 13,994                  | 16,330                              | 16,000                                      |
| 12.         | Gross receipts tax  | 0                       | 0                                   | 0   |
| 13.         | Interest expense  | 1,002,054               | 1,002,054                           | 1,002,054                                   |
| 14.         | Total deductions (Sum of L2 thru L13)                     | 8,376,951               | 8,379,287                           | 8,378,957                                   |
| 15.         | Taxable income (L1 - L14)                                 | 1,078,515               | 2,654,646                           | 2,431,703                                   |
| 16.         | State income tax (L15 x 4%)                               | 43,141                  | 106,186                             | 97,268                                      |
| 17.         | Federal taxable income after state income tax (L15 - L16) | 1,035,374               | 2,548,460                           | 2,334,435                                   |
| 18.         | Federal income tax (L17 x 34%)                            | 352,027                 | 866,476                             | 793,708                                     |
| 19.         | Net amount (L15 - L16 - L18)                              | 683,347                 | 1,681,984                           | 1,540,727                                   |
| 20.         | Add: Interest expense                                     | 1,002,054               | 1,002,054                           | 1,002,054                                   |
| 21.         | Net income for a return (L19 + L20)                       | \$1,685,401             | \$2,684,038                         | \$2,542,781                                 |

(1) Henry Exhibit I, Schedule 3(a), Column (c).

(2) Henry Exhibit I, Schedule 1(a), Column (e), Line 1.

(3) Henry Exhibit I, Schedule 3(a), Column (e).

(4) Henry Exhibit I, Schedule 1(a), Column (e), Line 4.

(5) Henry Exhibit I, Schedule 3(a), Column (g).

(6) Henry Exhibit I, Schedule 1(a), Column (e), Line 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 344  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-10(b)

**COMBINED SEWER OPERATIONS**

| Line No. | Item  | Present Rates (a) [1] | Company Proposed Rates (b) [3] | Public Staff Recommended Rates (c) [5] |
|----------|---|-----------------------|--------------------------------|--|
| 1.       | Operating revenue   | \$7,536,248           | \$9,126,383                    | \$8,918,782                            |
|          | Operating revenue deductions:                             |                       |                                |  |
| 2.       | Maintenance expenses                                      | 3,645,393             | 3,645,393                      | 3,645,393                              |
| 3.       | General expenses  | 1,088,792             | 1,088,792                      | 1,088,792                              |
| 4.       | Depreciation expense                                      | 1,496,714             | 1,496,714                      | 1,496,714                              |
| 5.       | Amortization of CIAC                                      | (594,487)             | (594,487)                      | (594,487)                              |
| 6.       | Amortization of PAA                                       | (23,085)              | (23,085)                       | (23,085)                               |
| 7.       | Amortization of ITC                                       | (245)                 | (245)                          | (245)                                  |
| 8.       | Franchise and other taxes                                 | 32,787                | 32,787                         | 32,787                                 |
| 9.       | Property taxes  | 70,689                | 70,689                         | 70,689                                 |
| 10.      | Payroll taxes   | 127,167               | 127,167                        | 127,167                                |
| 11.      | Regulatory fee  | 11,154                | 13,507                         | 13,200                                 |
| 12.      | Gross receipts tax  | 0                     | 0                              | 0                                      |
| 13.      | Interest expense  | 893,524 [2]           | 893,524 [4]                    | 893,524 [6]                            |
| 14.      | Total deductions (Sum of L2 thru L13)                     | 6,748,403             | 6,750,756                      | 6,750,449                              |
| 15.      | Taxable income (L1 - L14)                                 | 787,845               | 2,375,627                      | 2,168,333                              |
| 16.      | State income tax (L15 x 4%)                               | 31,514                | 95,025                         | 86,733                                 |
| 17.      | Federal taxable income after state income tax (L15 - L16) | 756,331               | 2,280,602                      | 2,081,600                              |
| 18.      | Federal income tax (L17 x 34%)                            | 257,153               | 775,405                        | 707,744                                |
| 19.      | Net amount (L15 - L16 - L18)                              | 499,178               | 1,505,197                      | 1,373,856                              |
| 20.      | Add: Interest expense                                     | 893,524 [2]           | 893,524 [4]                    | 893,524 [6]                            |
| 21.      | Net income for a return (L19 + L20)                       | \$1,392,702           | \$2,398,721                    | \$2,267,380                            |

- [1] Henry Exhibit I, Schedule 3(b), Column (c).  
[2] Henry Exhibit I, Schedule 1(b), Column (e), Line 1.  
[3] Henry Exhibit I, Schedule 3(b), Column (e).  
[4] Henry Exhibit I, Schedule 1(b), Column (e), Line 4.  
[5] Henry Exhibit I, Schedule 3(b), Column (g).  
[6] Henry Exhibit I, Schedule 1(b), Column (e), Line 7.

## CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 344

## CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-10(c)

## SEWER OPERATIONS

| Line -<br>No. | Item  | Present<br>Rates<br>(a) | [1] |
|---------------|---|-------------------------|-----|
| 1.            | Operating revenue   | \$5,726,688             |     |
|               | Operating revenue deductions:                             |                         |     |
| 2.            | Maintenance expenses                                      | 2,973,668               |     |
| 3.            | General expenses  | 905,380                 |     |
| 4.            | Depreciation expense                                      | 1,037,514               |     |
| 5.            | Amortization of CIAC                                      | (442,385)               |     |
| 6.            | Amortization of PAA                                       | (23,085)                |     |
| 7.            | Amortization of ITC                                       | (245)                   |     |
| 8.            | Franchise and other taxes                                 | 22,389                  |     |
| 9.            | Property taxes  | 69,605                  |     |
| 10.           | Payroll taxes   | 102,931                 |     |
| 11.           | Regulatory fee  | 8,475                   |     |
| 12.           | Gross receipts tax  | 0                       |     |
| 13.           | Interest expense  | 610,211                 | [2] |
| 14.           | Total deductions (Sum of L2 thru L13)                     | 5,264,458               |     |
| 15.           | Taxable income (L1 - L14)                                 | 462,230                 |     |
| 16.           | State income tax (L15 x 4%)                               | 18,489                  |     |
| 17.           | Federal taxable income after state income tax (L15 - L16) | 443,741                 |     |
| 18.           | Federal income tax (L17 x 34%)                            | 150,872                 |     |
| 19.           | Net amount (L15 - L16 - L18)                              | 292,869                 |     |
| 20.           | Add: Interest expense                                     | 610,211                 | [2] |
| 21.           | Net income for a return (L19 + L20)                       | \$903,080               |     |

[1] Henry Exhibit I, Schedule 3(c), Column (c).

[2] Henry Exhibit I, Schedule 1(c), Column (e), Line 1.

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended December 31, 2014

Henry Exhibit I  
Schedule 3-10(d)

**CLMS SEWER OPERATIONS**

| Line<br>No. | Item  | Present<br>Rates<br>(a) | [1] |
|-------------|---|-------------------------|-----|
| 1.          | Operating revenue   | \$1,116,656             | [1] |
|             | Operating revenue deductions:                             |                         |     |
| 2.          | Maintenance expenses                                      | 395,608                 |     |
| 3.          | General expenses  | 104,913                 |     |
| 4.          | Depreciation expense                                      | 348,864                 |     |
| 5.          | Amortization of CIAC                                      | (149,626)               |     |
| 6.          | Amortization of PAA                                       | 0                       |     |
| 7.          | Amortization of ITC                                       | 0                       |     |
| 8.          | Franchise and other taxes                                 | 7,915                   |     |
| 9.          | Property taxes  | 612                     |     |
| 10.         | Payroll taxes   | 13,675                  |     |
| 11.         | Regulatory fee  | 1,653                   |     |
| 12.         | Gross receipts tax  | 0                       |     |
| 13.         | Interest expense  | 215,652                 | [2] |
| 14.         | Total deductions (Sum of L2 thru L13)                     | 939,266                 |     |
| 15.         | Taxable income (L1 - L14)                                 | 177,390                 |     |
| 16.         | State income tax (L15 x 4%)                               | 7,096                   |     |
| 17.         | Federal taxable income after state income tax (L15 - L16) | 170,294                 |     |
| 18.         | Federal income tax (L17 x 34%)                            | 57,900                  |     |
| 19.         | Net amount (L15 - L16 - L18)                              | 112,394                 |     |
| 20.         | Add: Interest expense                                     | 215,652                 | [2] |
| 21.         | Net Income for a return (L19 + L20)                       | \$328,046               |     |

[1] Henry Exhibit I, Schedule 3(d), Column (c).

[2] Henry Exhibit I, Schedule 1(d), Column (e), Line 1.

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
**CALCULATION OF INCOME TAXES**  
**For The Test Year Ended December 31, 2014**

Henry Exhibit I  
Schedule 3-10(e)

**NAGS HEAD SEWER OPERATIONS**

| Line<br>No. | Item  | Present<br>Rates<br>(a) |
|-------------|---|-------------------------|
| 1.          | Operating revenue   | \$692,904 [1]           |
|             | Operating revenue deductions:                             |                         |
| 2.          | Maintenance expenses                                      | 276,117                 |
| 3.          | General expenses  | 78,499                  |
| 4.          | Depreciation expense                                      | 110,336                 |
| 5.          | Amortization of CIAC                                      | (2,476)                 |
| 6.          | Amortization of PAA                                       | 0                       |
| 7.          | Amortization of ITC                                       | 0                       |
| 8.          | Franchise and other taxes                                 | 2,483                   |
| 9.          | Property taxes  | 472                     |
| 10.         | Payroll taxes   | 10,561                  |
| 11.         | Regulatory fee  | 1,025                   |
| 12.         | Gross receipts tax  | 0                       |
| 13.         | Interest expense  | 67,661 [2]              |
| 14.         | Total deductions (Sum of L2 thru L13)                     | 544,678                 |
| 15.         | Taxable income (L1 - L14)                                 | 148,226                 |
| 16.         | State income tax (L15 x 4%)                               | 5,929                   |
| 17.         | Federal taxable income after state income tax (L15 - L16) | 142,297                 |
| 18.         | Federal income tax (L17 x 34%)                            | 48,381                  |
| 19.         | Net amount (L15 - L16 - L18)                              | 93,916                  |
| 20.         | Add: Interest expense                                     | 67,661 [2]              |
| 21.         | Net income for a return (L19 + L20)                       | \$161,577               |

[1] Henry Exhibit I, Schedule 3(e), Column (c).

[2] Henry Exhibit I, Schedule 1(e), Column (e), Line 1.

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 1  
Page 1 of 2

IIA

OFFICIAL COPY

Oct 15 2015

Service Areas for Water Utility Service

| System<br>No. | System<br>Name                  |
|---------------|---------------------------------|
| 2             | Abington                        |
| 9             | Bahia Bay                       |
| 16            | Bear Paw                        |
| 18            | Beechbrook                      |
| 21            | Belvedere Plantation            |
| 22            | Bent Creek                      |
| 28            | Brandywine Bay                  |
| 37            | Buffalo Creek                   |
| 47            | Carolina Forest                 |
| 57            | Chapel Hills                    |
| 69            | College Park                    |
| 73            | Country Club Annex              |
| 75            | Country Hills                   |
| 87            | Crestview Estates               |
| 92            | Crystal Mountain                |
| 96            | Danby/Lamplighter Village South |
| 105           | Eagle Crossing                  |
| 107           | Eastwood Forest                 |
| 123           | Forest Brook/Old Lamp Place     |
| 140           | Grandview at T-square           |
| 150           | Harbor House Estates            |
| 161           | Heathfield                      |
| 163           | Hestron Park                    |
| 171           | High Meadow                     |
| 172           | High Vista                      |
| 185           | Holly Acres                     |
| 187           | Hound Ears                      |
| 189           | Huntington Forest               |
| 211           | Kings Grant - Gaston            |
| 234           | Larkhaven                       |
| 238           | Lemmond Acres                   |
| 259           | Meadow Glen                     |
| 267           | Misty Mountain                  |
| 270           | Monterray                       |
| 275           | Mt. Mitchell                    |
| 279           | Nero - Amherst                  |
| 291           | Oakdale Terrace                 |
| 304           | Olde Point                      |
| 322           | Pinnacle Shores                 |
| 332           | Powder Horn                     |
| 339           | Quail Ridge                     |
| 340           | Queens Harbor                   |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 1  
Page 2 of 2

Service Areas for Water Utility Service

| System<br>No. | System<br>Name           |
|---------------|--------------------------|
| 353           | Riverpointe              |
| 356           | Riverwood                |
| 362           | Saddlewood               |
| 381           | Sherwood Forest          |
| 382           | Sherwood Park            |
| 387           | Ski Mountain             |
| 409           | Stone Hollow             |
| 412           | Suburban Heights         |
| 413           | Sugar Mountain           |
| 427           | The Harbour/Point        |
| 457           | Vander-E.Gate/Tanglewood |
| 465           | Watauga Vista            |
| 469           | Waterglen                |
| 476           | Westwood Forest          |
| 478           | Whispering Pines         |
| 480           | White Oak Plantation     |
| 484           | Wildlife Bay             |
| 485           | Wildwood Green           |
| 487           | Willowbrook              |
| 498           | Wolf Laurel              |
| 499           | Wood Trace               |
| 501           | Woodhaven Manor          |
| 505           | Woodrun                  |
| 511           | Yorktown                 |
| 512           | Zemosa Acres             |
| 526           | Manson Landing           |
| 530           | Linville Ridge           |

OFFICIAL COPY

Oct 15 2015



Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 2  
Page 1 of 1

I/A

Service Areas for Sewer Utility Service

| System<br>No. | System<br>Name                  |
|---------------|---------------------------------|
| 2             | Abington/InterLaken             |
| 7             | Ashley Hills                    |
| 16            | Bear Paw                        |
| 21            | Belvedere Plantation            |
| 22            | Bent Creek                      |
| 28            | Brandywine Bay                  |
| 48            | Carolina Pines                  |
| 69            | College Park                    |
| 71            | Corolla Light                   |
| 96            | Danby/Lamplighter Village South |
| 163           | Hestron Park                    |
| 187           | Hound Ears                      |
| 197           | Hemby Acres/Beacon Hill         |
| 211           | Kings Grant - Gaston            |
| 212           | Kings Grant - Raleigh           |
| 216           | Kynwood                         |
| 269           | Monteray Shores                 |
| 273           | Mt. Carmel/Lee Ridge            |
| 278           | Nags Head                       |
| 279           | Nero - Amherst                  |
| 304           | Olde Point                      |
| 340           | Queen's Harbor                  |
| 345           | Regalwood                       |
| 353           | Riverpointe                     |
| 362           | Saddlewood                      |
| 413           | Sugar Mountain                  |
| 479           | White Oak Estates               |
| 480           | White Oak Plantation            |
| 487           | Willowbrook                     |
| 498           | Wolf Laurel                     |

OFFICIAL COPY

Oct 15 2015

I/A

OFFICIAL COPY

Oct 15 2015

## CAROLINA WATER'S PRESENT AND PROPOSED RATES

### WATER RATES AND CHARGES

#### MONTHLY METERED SERVICE: (Residential and Commercial)

|                                      | <u>Existing</u> | <u>Proposed</u> |
|--------------------------------------|-----------------|-----------------|
| Base Facilities Charges (zero usage) |                 |                 |
| < 1" meter                           | \$ 18.25        | \$ 22.47        |
| 1" meter                             | \$ 45.63        | \$ 56.19        |
| 1-1/2" meter                         | \$ 91.25        | \$ 112.37       |
| 2" meter                             | \$146.00        | \$ 179.80       |
| 3" meter                             | \$273.75        | \$ 337.12       |
| 4" meter                             | \$456.25        | \$ 561.87       |
| 6" meter                             | \$912.50        | \$1,123.74      |

|  | <u>Existing</u> | <u>Proposed</u> |
|--|-----------------|-----------------|
| Usage Charge, per 1,000 gallons                                    |                 |                 |
| Treated Water/1,000 gallons  | \$ 5.44         | \$ 6.70         |
| Untreated Water/1,000 gallons<br>(Brandywine Bay Irrigation Water) | \$ 3.60         | \$ 3.60         |

#### Purchased Water for Resale/1,000 gallons

| <u>Service Area</u>  | <u>Bulk Provider</u>   | <u>Proposed</u> |
|----------------------|------------------------|-----------------|
| Carolina Forest      | Montgomery County      | \$ 3.19         |
| High Vista Estates   | City of Hendersonville | \$ 3.15         |
| Riverpointe          | Charlotte Water        | \$ 6.30         |
| Whispering Pines     | Town of Southern Pines | \$ 2.23         |
| White Oak Plantation |                        |                 |
| Lee Forest           | Johnston County        | \$ 3.25         |
| Winston Plantation   | Johnston County        | \$ 3.25         |
| Winston Pointe       | Johnston County        | \$ 3.25         |
| Woodrun              | Montgomery County      | \$ 3.19         |
| Yorktown             | City of Winston-Salem  | \$ 5.01         |
| Zemosa Acres         | City of Concord        | \$ 5.27         |

|                                   |          |          |
|-----------------------------------|----------|----------|
| <u>MONTHLY FLAT RATE SERVICE:</u> | \$ 34.52 | \$ 42.51 |
|-----------------------------------|----------|----------|

#### AVAILABILITY RATES (semi-annual):

|   |          |          |
|---|----------|----------|
| Applicable only to property owners in Carolina Forest<br>and Woodrun Subdivision in Montgomery County | \$ 21.60 | \$ 26.60 |
|---|----------|----------|

#### LINVILLE RIDGE SUBDIVISION:

#### MONTHLY METERED SERVICE:

|                                    | <u>Existing</u> | <u>Proposed</u> |
|------------------------------------|-----------------|-----------------|
| Base Facility Charges (zero usage) |                 |                 |
| Common Facility only               | \$ 72.00        | N/A             |

Carolina Water Service Inc., of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 3  
Page 2 of 4

OFFICIAL COPY

Oct 15 2015

|   | <u>Existing</u> | <u>Proposed</u> |
|---|-----------------|-----------------|
| Base Facilities Charges (zero usage)            |                 |                 |
| Residential and Commercial                      |                 |                 |
| < 1" meter                                      | N/A             | \$ 22.47        |
| 1" meter  |                 | \$ 56.19        |
| 1-1/2" meter                                    |                 | \$ 112.37       |
| 2" meter  |                 | \$ 179.80       |
| 3" meter  |                 | \$ 337.12       |
| 4" meter  |                 | \$ 561.87       |
| 6" meter  |                 | \$1,123.74      |
| Usage Charge, per 1,000 gallons (Treated Water) | \$ 3.08         | \$ 6.70         |
| Flat Residential Rate (Actual taps)             | \$ 31.68        | \$ 42.51        |
| Flat Availability Rate (non-user only)          | \$ 10.80        | \$ 10.80        |

#### SEWER RATES AND CHARGES

##### MONTHLY METERED SERVICE:

|  |                 |                 |
|--|-----------------|-----------------|
| Base Facility Charges (based on meter size with zero usage)      |                 |                 |
|  | <u>Existing</u> | <u>Proposed</u> |
| Residential  | \$ 33.02        | \$ 39.57        |
| Commercial   |                 |                 |
| < 1" meter   | \$ 33.02        | \$ 39.57        |
| 1" meter   | \$ 82.55        | \$ 98.92        |
| 1-1/2" meter   | \$ 165.10       | \$ 197.84       |
| 2" meter   | \$ 264.16       | \$ 316.55       |
| 3" meter   | \$ 495.30       | \$ 593.53       |
| 4" meter   | \$ 825.50       | \$ 989.21       |
| 6" meter   | \$1,651.00      | \$1,978.42      |
| Usage Charge per 1,000 gallons<br>(based on metered water usage) | \$ 2.46         | \$ 2.95         |

##### MONTHLY METERED PURCHASED SEWER SERVICE:

|  |                 |                 |
|--|-----------------|-----------------|
|  | <u>Existing</u> | <u>Proposed</u> |
| Collection Charge (Residential and Commercial/SFE) | N/A             | \$ 30.86        |

Usage Charge, per 1,000 gallons based on purchased water

| <u>Service Area</u> | <u>Bulk Provider</u> |         |
|---------------------|----------------------|---------|
| White Oak Planation |                      |         |
| Lee Forest/Winston  |                      |         |
| Planation           | Johnston County      | \$ 4.55 |
| Kings Grant         | Two Rivers Utility   | \$ 3.80 |
| College Park        | Town of Dallas       | \$ 5.70 |

|                                   |          |          |
|-----------------------------------|----------|----------|
| <u>MONTHLY FLAT RATE SERVICE:</u> | \$ 44.70 | \$ 53.56 |
|-----------------------------------|----------|----------|

Carolina Water Service Inc., of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 3  
Page 3 of 4

OFFICIAL COPY

Oct 15 2015

MONTHLY COLLECTION SERVICE ONLY:

(When sewage is collected by utility and transferred to another entity for treatment)

|                         | <u>Existing</u> | <u>Proposed</u> |
|-------------------------|-----------------|-----------------|
| Single Family Residence | \$ 16.09        | N/A             |
| Commercial/SFE          | \$ 16.09        | N/A             |

MT. CARMEL SUBDIVISION SERVICE AREA:

|   |          |          |
|---|----------|----------|
| Monthly Base Facility Charge                                  | \$ 6.00  | \$ 6.44  |
| Usage Charge/1,000 gallons<br>(based on metered water usage)  | \$ 5.45  | \$ 5.60  |
| Monthly Collection Charge<br>(Residential and Commercial/SFE) | \$ 16.09 | \$ 24.42 |

REGALWOOD AND WHITE OAK ESTATES SUBDIVISION SERVICE AREAS:

MONTHLY FLAT RATE SEWER SERVICE:

|                       | <u>Existing</u> | <u>Propose</u> |
|-----------------------|-----------------|----------------|
| Residential Service   | \$ 44.70        | \$ 53.56       |
| White Oak High School | \$1,386.90      | \$1,661.95     |
| Child Castle Daycare  | \$ 172.40       | \$ 206.59      |
| Pantry                | \$ 91.85        | \$ 110.07      |

COROLLA LIGHT AND MONTERAY SHORES

**SEWER RATES AND CHARGES**

MONTHLY METERED SERVICE: (Residential and Commercial)

|  | <u>Existing</u> | <u>Proposed</u> |
|--|-----------------|-----------------|
| Base Facilities Charges (zero usage)                             |                 |                 |
| < 1" meter   | \$ 52.26        | \$ 66.72        |
| 1" meter   | \$ 130.65       | \$ 166.81       |
| 1-1/2" meter   | \$ 261.30       | \$ 333.62       |
| 2" meter   | \$ 418.08       | \$ 533.80       |
| 3" meter   | \$ 783.90       | \$1,000.87      |
| 4" meter   | \$1,306.50      | \$1,668.11      |
| 6" meter   | \$2,613.00      | \$3,336.23      |
| Usage Charge per 1,000 gallons<br>(based on metered water usage) | \$ 6.65         | \$ 8.49         |

**NAGS HEAD SERVICE AREA**

**SEWER RATES AND CHARGES**

**MONTHLY METERED SERVICE:** (Residential and Commercial)

|  | <u>Existing</u> | <u>Proposed</u> |
|--|-----------------|-----------------|
| Base Facilities Charges (zero usage)                             |                 |                 |
| < 1" meter   | \$ 18.48        | \$ 22.39        |
| 1" meter   | \$ 46.22        | \$ 56.01        |
| 1-1/2" meter   | \$ 92.42        | \$ 111.99       |
| 2" meter   | \$ 147.88       | \$ 179.20       |
| 3" meter   | \$ 277.27       | \$ 335.99       |
| 4" meter   | \$ 462.12       | \$ 560.00       |
| 6" meter   | \$ 924.24       | \$1,924.24      |
| Usage Charge per 1,000 gallons<br>(based on metered water usage) | \$ 9.33         | \$ 11.31        |
| Minimum Monthly Charge   | \$ 62.81        | \$ 76.11        |
| <b><u>MONTHLY FLAT RATE:</u></b>                                 | \$ 62.81        | \$ 76.11        |

Carolina Water Service Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 4

I/A

OFFICIAL COPY

CWSNC Water Testing

| Test                     | Number of<br>Samples | Frequency    | Test<br>Per year | Cost<br>Per test | Annual<br>Cost |
|--------------------------|----------------------|--------------|------------------|------------------|----------------|
| Bacteriology             | 4                    | Monthly      | 48.00            | \$ 20.00         | \$ 960         |
| Bacteriology             | 23                   | Monthly      | 276.00           | \$ 21.00         | \$ 5,796       |
| Bacteriology             | 22                   | Monthly      | 264.00           | \$ 22.00         | \$ 5,808       |
| Bacteriology             | 15                   | Monthly      | 180.00           | \$ 25.00         | \$ 4,500       |
| Bacteriology             | 15                   | Monthly      | 180.00           | \$ 26.25         | \$ 4,725       |
| Bacteriology             | 7                    | Monthly      | 84.00            | \$ 30.00         | \$ 2,520       |
| Bacteriology             | 2                    | Monthly      | 24.00            | \$ 45.00         | \$ 1,080       |
| Bacteriology             | 1                    | Monthly      | 12.00            | \$ 50.00         | \$ 600         |
| Bacteriology             | 1                    | Quarterly    | 4.00             | \$ 25.00         | \$ 100         |
| HPC                      | 4                    | Monthly      | 48.00            | \$ 50.00         | \$ 2,400       |
| DBP stage 2              | 40                   | Every 3 yrs. | 13.33            | \$ 153.61        | \$ 2,048       |
| DBP stage 2              | 37                   | Annual       | 37.00            | \$ 153.61        | \$ 5,684       |
| DBP stage 2              | 18                   | Quarterly    | 72.00            | \$ 153.61        | \$ 11,050      |
| Lead/Copper              | 465                  | Every 3 yrs. | 155.00           | \$ 24.25         | \$ 3,759       |
| Lead/Copper              | 30                   | Annual       | 30.00            | \$ 24.25         | \$ 728         |
| Lead/Copper              | 5                    | 6 Months     | 10.00            | \$ 24.25         | \$ 243         |
| Asbestos                 | 42                   | Every 9 yrs. | 4.67             | \$ 123.00        | \$ 574         |
| Inorganics               | 148                  | Every 3 yrs. | 49.33            | \$ 214.62        | \$ 10,588      |
| Chloride                 | 2                    | Annual       | 2.00             | \$ 13.00         | \$ 26          |
| Nitrate                  | 158                  | Annual       | 158.00           | \$ 13.00         | \$ 2,054       |
| VOC                      | 158                  | Every 3 yrs. | 43.67            | \$ 105.10        | \$ 4,590       |
| VOC                      | 131                  | Annual       | 32.00            | \$ 105.10        | \$ 3,363       |
| SOC - Complete           | 157                  | Every 3 yrs. | 52.33            | \$ 613.72        | \$ 32,116      |
| SOC - Complete           | 4                    | Annual       | 4.00             | \$ 613.72        | \$ 2,455       |
| SOC (505 & 506)          | 3                    | Annual       | 3.00             | \$ 86.73         | \$ 260         |
| Rads - Gross Alpha       | 123                  | Every 9 yrs. | 13.67            | \$ 55.00         | \$ 752         |
| Rads - Gross Alpha       | 20                   | Every 6 yrs. | 3.33             | \$ 55.00         | \$ 183         |
| Rads - Gross Alpha       | 3                    | Every 3 yrs. | 1.00             | \$ 55.00         | \$ 55          |
| Rads - Gross Alpha       | 5                    | Annual       | 5.00             | \$ 55.00         | \$ 275         |
| Rads - Uranium           | 111                  | Every 9 yrs. | 12.33            | \$ 50.00         | \$ 617         |
| Rads - Uranium           | 33                   | Every 6 yrs. | 5.50             | \$ 50.00         | \$ 275         |
| Rads - Uranium           | 2                    | Every 3 yrs. | 0.67             | \$ 50.00         | \$ 34          |
| Rads - Uranium           | 5                    | Annual       | 5.00             | \$ 50.00         | \$ 250         |
| Combines Rad (228 & 226) | 109                  | Every 9 yrs. | 12.11            | \$ 170.00        | \$ 2,059       |
| Combines Rad (228 & 226) | 29                   | Every 6 yrs. | 4.83             | \$ 170.00        | \$ 821         |
| Combines Rad (228 & 226) | 7                    | Every 3 yrs. | 2.33             | \$ 170.00        | \$ 396         |
| Combines Rad (228 & 226) | 6                    | Annual       | 6.00             | \$ 170.00        | \$ 1,020       |
|                          |                      |              |                  |                  | \$ 114,771     |

Oct 15 2015

I/A

CWSNC Sewer Testing

| Service Area   | Test                                     | No. of Samples | Frequency  | Test Per year | Cost Per Test | Annual Cost |
|----------------|--|----------------|------------|---------------|---------------|-------------|
| Abingdon       | BOD                                      | 1              | Weekly     | 52            | \$ 25.00      | \$ 1,300    |
|                | Total Suspended Solids (TSS)             | 1              | Weekly     | 52            | \$ 15.00      | \$ 780      |
|                | Ammon Nitrogen (NH3 as N)                | 1              | Weekly     | 52            | \$ 15.00      | \$ 780      |
|                | Fecal Coliform                           | 1              | Weekly     | 52            | \$ 10.00      | \$ 520      |
|                | Total Kjeldahl Nitrogen (TKN) (QTRLY)    | 4              | Annually   | 4             | \$ 35.00      | \$ 140      |
| Amherst        | Total Phosphorus (Clity)                 | 4              | Annually   | 4             | \$ 15.00      | \$ 60       |
|                | BOD                                      | 1              | Weekly     | 52            | \$ 22.31      | \$ 1,160    |
|                | Total Suspended Solids (TSS)             | 1              | Weekly     | 52            | \$ 12.61      | \$ 656      |
|                | Ammon Nitrogen (NH3 as N)                | 1              | Weekly     | 52            | \$ 17.46      | \$ 908      |
|                | Fecal Coliform                           | 1              | Weekly     | 52            | \$ 18.43      | \$ 958      |
|                | Total Kjeldahl Nitrogen (TKN)            | 2              | Monthly    | 24            | \$ 33.95      | \$ 815      |
|                | Total Phosphorus                         | 2              | Monthly    | 24            | \$ 17.46      | \$ 419      |
|                | Sludge testing (for land use)            | 1              | Annually   | 1             | \$ 1,953.34   | \$ 1,953    |
| Ashely Hills   | BOD (3wks effluent; 1wks at each Plant)  | 6              | Weekly     | 312           | \$ 22.31      | \$ 6,961    |
|                | BOD (influent)                           | 2              | Monthly    | 24            | \$ 22.31      | \$ 535      |
|                | Total Suspended Solids (TSS)             | 3              | Weekly     | 156           | \$ 12.61      | \$ 1,967    |
|                | Total Suspended Solids (TSS) (influent)  | 2              | Monthly    | 24            | \$ 12.61      | \$ 303      |
|                | Ammon Nitrogen (NH3 as N)                | 3              | Weekly     | 156           | \$ 17.46      | \$ 2,724    |
|                | Ammon Nitrogen (NH3 as N) (influent)     | 2              | Monthly    | 24            | \$ 17.46      | \$ 419      |
|                | Fecal Coliform                           | 3              | Weekly     | 156           | \$ 18.43      | \$ 2,875    |
|                | Total Kjeldahl Nitrogen (TKN)            | 1              | Weekly     | 52            | \$ 33.95      | \$ 1,765    |
|                | Total Kjeldahl Nitrogen (TKN) (influent) | 2              | Monthly    | 24            | \$ 33.95      | \$ 815      |
|                | Total Phosphorus                         | 2              | Monthly    | 24            | \$ 17.46      | \$ 419      |
|                | Total Phosphorus (influent)              | 2              | Monthly    | 24            | \$ 17.46      | \$ 419      |
|                | Sludge testing (for land use)            | 1              | Annually   | 1             | \$ 1,953.34   | \$ 1,953    |
| Bear Paw       | BOD                                      | 1              | Weekly     | 52            | \$ 25.00      | \$ 1,300    |
|                | Total Suspended Solids (TSS)             | 1              | Weekly     | 52            | \$ 15.00      | \$ 780      |
|                | Ammon Nitrogen (NH3 as N)                | 2              | Monthly    | 24            | \$ 20.00      | \$ 480      |
|                | Total Kjeldahl Nitrogen (TKN)            | 2              | Annually   | 2             | \$ 50.00      | \$ 100      |
|                | Total Phosphorus                         | 2              | Annually   | 2             | \$ 30.00      | \$ 60       |
| Belvedere      | Effluent: BOD, TSS, Ammonia, Nitrogen,   |                |            |               |               |             |
|                | Fecal Coliform (2wks)                    | 2              | Weekly     | 104.00        | \$ 70.00      | \$ 7,280    |
|                | Effluent: Nitrate, Nitrate, Total (2wks) | 2              | Weekly     | 104.00        | \$ 40.00      | \$ 4,160    |
|                | Effluent: Total Nitrogen/TKN/Total       |                |            |               |               |             |
|                | Phosphorus (2wks)                        | 2              | Weekly     | 104.00        | \$ 50.00      | \$ 5,200    |
|                | Effluent: Chloride, TDS (3/yr)           | 3              | Annually   | 3.00          | \$ 35.00      | \$ 105      |
|                | Influent: Chloride, TDS (3/yr)           | 3              | Annually   | 3.00          | \$ 35.00      | \$ 105      |
|                | Influent: Enterococci (3/yr)             | 3              | Annually   | 3.00          | \$ 40.00      | \$ 120      |
|                | Monitoring wells (4 total)               | 12             | Annually   | 12.00         | \$ 200.00     | \$ 2,400    |
|                | BOD                                      | 1              | Weekly     | 52            | \$ 25.00      | \$ 1,300    |
| Bent Creek     | Total Suspended Solids (TSS)             | 1              | Weekly     | 52            | \$ 10.00      | \$ 520      |
|                | Ammon Nitrogen (NH3 as N)                | 1              | Weekly     | 52            | \$ 18.00      | \$ 936      |
|                | Fecal Coliform                           | 1              | Weekly     | 52            | \$ 25.00      | \$ 1,300    |
|                | Total Kjeldahl Nitrogen (TKN) (QTRLY)    | 2              | Annually   | 2             | \$ 40.00      | \$ 80       |
|                | Total Phosphorus                         | 2              | Annually   | 2             | \$ 18.00      | \$ 36       |
| Brandywine Bay | Effluent: BOD, TSS, Ammonia, Nitrogen,   |                |            |               |               |             |
|                | Nitrate Nitrogen Fecal Coliform          | 2              | Monthly    | 24            | \$ 90.00      | \$ 2,160    |
|                | Influent: TDS, TOC, Chloride             | 3              | Annually   | 3             | \$ 55.00      | \$ 165      |
|                | Influent: TDS, TOC, Chloride             | 3              | Annually   | 3             | \$ 55.00      | \$ 165      |
|                | Monitoring wells (6 total)               | 18             | Annually   | 18            | \$ 200.00     | \$ 3,600    |
|                | Voc (wells 6-total 3/yr)                 | 6              | Annually   | 6             | \$ 110.00     | \$ 660      |
|                | Lab Sample Pick-up                       | 2              | Monthly    | 24            | \$ 10.00      | \$ 240      |
|                | Field Lab certification                  | 1              | Annually   | 1             | \$ 620.00     | \$ 620      |
|                | Sludge testing (for land use)            | 1              | Annually   | 1             | \$ 375.00     | \$ 375      |
|                | BOD                                      | 1              | Weekly     | 52            | \$ 22.31      | \$ 1,160    |
| Carolina Pines | Total Suspended Solids (TSS)             | 1              | Weekly     | 52            | \$ 12.61      | \$ 656      |
|                | Ammon Nitrogen (NH3 as N)                | 1              | Weekly     | 52            | \$ 17.46      | \$ 908      |
|                | Total Kjeldahl Nitrogen (TKN/NN)         | 1              | Weekly     | 52            | \$ 33.95      | \$ 1,765    |
|                | Total Phosphorus                         | 1              | Weekly     | 52            | \$ 17.46      | \$ 908      |
|                | Enterococci                              | 1              | Weekly     | 52            | \$ 32.01      | \$ 1,665    |
|                | Sludge testing (for land use)            | 1              | Annually   | 1             | \$ 375.00     | \$ 375      |
|                | BOD                                      | 1              | Weekly     | 52            | \$ 20.00      | \$ 1,040    |
|                | Total Suspended Solids (TSS)             | 1              | Weekly     | 52            | \$ 12.00      | \$ 624      |
|                | Ammon Nitrogen (NH3 as N)                | 1              | Weekly     | 52            | \$ 19.00      | \$ 988      |
|                | Fecal Coliform                           | 2              | Weekly     | 104           | \$ 25.00      | \$ 2,600    |
| Danby/Lamp. S  | Total Phosphorus (Clity)                 | 1              | Weekly     | 52            | \$ 26.00      | \$ 1,352    |
|                | Field Lab Certification                  | 1              | Annually   | 1             | \$ 314.27     | \$ 314      |
|                | Instream Biological Assessment           | 1              | Every 5yrs | 0.2           | \$ 1,650.00   | \$ 330      |

| Service Area        | Test  | No. of Samples | Frequency   | Test Per year | Cost Per Test | Annual Cost |
|---------------------|---|----------------|-------------|---------------|---------------|-------------|
| Henby               | BOD   | 1              | Weekly      | 52            | \$ 20.00      | \$ 1,040    |
|                     | Total Suspended Solids (TSS)  | 1              | Weekly      | 52            | \$ 12.00      | \$ 624      |
|                     | Ammon Nitrogen (NH3 as N)   | 1              | Weekly      | 52            | \$ 19.00      | \$ 568      |
|                     |   |                |             |               |               |             |
| Service Area        | Test  | No. of Samples | Frequency   | Test Per year | Cost Per Test | Annual Cost |
| Heston Park         | Fecal Coliform (Effluent up/down stream)                            | 3              | Weekly      | 156           | \$ 25.00      | \$ 3,900    |
|                     | Total Kjeldahl Nitrogen (TKN) (QTRLY)                               | 4              | Annually    | 4             | \$ 52.00      | \$ 208      |
|                     | Total Phosphorous (Qtrly)   | 4              | Annually    | 4             | \$ 26.00      | \$ 104      |
|                     | Sludge testing (for land use)                                       | 1              | Every 3 yrs | 0.33          | \$ 704.00     | \$ 232      |
|                     | Field Lab Certification   | 1              | Annually    | 1             | \$ 585.87     | \$ 586      |
|                     | Effluent: BOD, TSS, Ammonia, Fecal Coliform, Nitrate Nitrogen 1/mo. | 1              | Monthly     | 12            | \$ 90.00      | \$ 1,080    |
|                     | Effluent: TDS, Chloride (Mar-Jul Nov)                               | 3              | Annually    | 3             | \$ 30.00      | \$ 90       |
|                     | Influent: TDS, Chloride (Mar-Jul Nov)                               | 3              | Annually    | 3             | \$ 30.00      | \$ 90       |
|                     | Monitor wells   | 15             | Annually    | 15            | \$ 215.00     | \$ 3,225    |
|                     | VOC   | 5              | Annually    | 5             | \$ 110.00     | \$ 550      |
| Hound Ears          | Sludge testing (for land use)                                       | 1              | Annually    | 1             | \$ 375.00     | \$ 375      |
|                     | Lab sample pick up  | 20             | Annually    | 20            | \$ 10.00      | \$ 200      |
|                     | BOD   | 1              | Weekly      | 52            | \$ 16.00      | \$ 832      |
|                     | Total Suspended Solids (TSS)  | 1              | Weekly      | 52            | \$ 9.60       | \$ 499      |
|                     | Ammon Nitrogen (NH3 as N)   | 1              | Weekly      | 52            | \$ 14.40      | \$ 749      |
|                     | Fecal Coliform  | 1              | Weekly      | 52            | \$ 13.60      | \$ 707      |
|                     | Oil and grease  | 2              | Monthly     | 24            | \$ 35.00      | \$ 840      |
|                     | Total Kjeldahl Nitrogen (TKN)                                       | 2              | Annually    | 2             | \$ 44.00      | \$ 88       |
|                     | Total Phosphorous   | 2              | Annually    | 2             | \$ 35.00      | \$ 70       |
|                     |   |                |             |               |               |             |
| Kings Grant Raleigh | BOD   | 1              | Weekly      | 52            | \$ 22.31      | \$ 1,150    |
|                     | Total Suspended Solids (TSS)  | 1              | Weekly      | 52            | \$ 12.61      | \$ 656      |
|                     | Ammon Nitrogen (NH3 as N)   | 1              | Weekly      | 52            | \$ 17.46      | \$ 908      |
|                     | Fecal Coliform  | 1              | Weekly      | 52            | \$ 18.43      | \$ 958      |
|                     | Total Kjeldahl Nitrogen (TKN/NH)                                    | 1              | Annually    | 52            | \$ 33.95      | \$ 1,755    |
|                     | Total Phosphorous   | 2              | Monthly     | 24            | \$ 17.46      | \$ 419      |
|                     | Chronic Toxicity (Qtrly)  | 4              | Annually    | 4             | \$ 400.00     | \$ 1,600    |
|                     | Sludge testing (for land use)                                       | 1              | Annually    | 1             | \$ 1,953.34   | \$ 1,953    |
|                     |   |                |             |               |               |             |
|                     | Effluent: BOD, TSS, Ammonia Nitrogen, Fecal Coliform 2/mo. Apr-Oct  | 14             | Annually    | 14            | \$ 70.00      | \$ 980      |
| Olde Point          | Effluent: BOD, TSS, Ammonia Nitrogen, Fecal Coliform 1/mo. Apr-Oct  | 5              | Annually    | 5             | \$ 70.00      | \$ 350      |
|                     | Effluent: TDS, TOC, Chloride, Nitrate Nitrogen                      | 3              | Annually    | 3             | \$ 75.00      | \$ 225      |
|                     | Influent: TDS, TOC, Chloride, Nitrate Nitrogen                      | 3              | Annually    | 3             | \$ 75.00      | \$ 225      |
|                     | Influent: Enterococci   | 3              | Annually    | 3             | \$ 40.00      | \$ 120      |
|                     | Monitor wells (3 total)   | 9              | Annually    | 9             | \$ 220.00     | \$ 1,980    |
|                     | Sludge testing (for land use)                                       | 1              | Annually    | 1             | \$ 375.00     | \$ 375      |
|                     | VOC (3 wells 1/yr)  | 3              | Annually    | 3             | \$ 110.00     | \$ 330      |
|                     |   |                |             |               |               |             |
|                     | Chloride  | 3              | Monthly     | 36            | \$ 19.80      | \$ 713      |
|                     | Copper (3/Qtr)  | 12             | Annually    | 12            | \$ 22.00      | \$ 264      |
| The Pointe/Harbor   | Iron (3/Qtr)  | 12             | Annually    | 12            | \$ 22.00      | \$ 264      |
|                     | Lead  | 3              | Monthly     | 36            | \$ 11.00      | \$ 396      |
|                     | Manganese   | 3              | Monthly     | 36            | \$ 11.00      | \$ 396      |
|                     | TDS   | 6              | Monthly     | 72            | \$ 11.00      | \$ 792      |
|                     | Total Suspended Solids (TSS)  | 6              | Monthly     | 72            | \$ 11.00      | \$ 792      |
|                     | Zink (3/Qtr)  | 12             | Annually    | 12            | \$ 11.00      | \$ 132      |
|                     | Chronic Toxicity (#/Qtr)  | 12             | Annually    | 12            | \$ 487.50     | \$ 5,850    |
|                     | Processing & Deposit Fee  | 6              | Annually    | 72            | \$ 3.00       | \$ 216      |
|                     | Turbidity   | 3              | Annually    | 36            | \$ 19.80      | \$ 713      |
|                     |   |                |             |               |               |             |



Carolina Water Service Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 5  
Page 3 of 3

| Service Area  | Test                                     | No. of Samples | Frequency | Test Per year | Cost Per test | Annual Cost |
|---------------|--|----------------|-----------|---------------|---------------|-------------|
| Queens Harbor | BOD                                      | 1              | Weekly    | 52            | \$ 20.00      | \$ 1,040    |
|               | Total Suspended Solids (TSS)             | 1              | Weekly    | 52            | \$ 12.00      | \$ 624      |
|               | Ammon Nitrogen (NH3 as N)                | 1              | Weekly    | 52            | \$ 19.00      | \$ 988      |
|               | Fecal Coliform                           | 1              | Weekly    | 52            | \$ 20.00      | \$ 1,040    |
|               | Total Kjeldahl Nitrogen (TKN/NN) (Qrtly) | 4              | Annually  | 4             | \$ 52.00      | \$ 208      |
|               | Total Phosphorous (Qrtly)                | 4              | Annually  | 4             | \$ 26.00      | \$ 104      |
|               | Sample Pick-up fee                       | 1              | Monthly   | 12            | \$ 15.00      | \$ 180      |
| Regalwood     | BOD                                      | 3              | Weekly    |               |               |             |
|               | Total Suspended Solids (TSS)             | 3              | Weekly    |               |               |             |
|               | Ammon Nitrogen (NH3 as N)                | 1              | Weekly    |               |               |             |
|               | Enterococci                              | 3              | Weekly    |               |               |             |
|               | Total Kjeldahl Nitrogen (TKN) (Qrtly)    | 4              | Annually  |               |               |             |
|               | Total Phosphorous                        | 1              | Weekly    |               | \$            | 14,400      |
|               | Sludge testing (for land use)            | 1              | Annually  | 1             | \$ 375.00     | \$ 375      |
| River Pointe  | BOD                                      | 1              | Weekly    | 52            | \$ 20.00      | \$ 1,040    |
|               | Total Suspended Solids (TSS)             | 1              | Weekly    | 52            | \$ 12.00      | \$ 624      |
|               | Ammon Nitrogen (NH3 as N)                | 2              | Weekly    | 24            | \$ 19.00      | \$ 456      |
|               | Fecal Coliform                           | 1              | Weekly    | 52            | \$ 20.00      | \$ 1,040    |
|               | Total Kjeldahl Nitrogen (TKN) (Qrtly)    | 4              | Annually  | 4             | \$ 52.00      | \$ 208      |
|               | Total Phosphorous (Qrtly)                | 4              | Annually  | 4             | \$ 26.00      | \$ 104      |
|               | Sample Pick-up fee (monthly)             | 1              | Monthly   | 12            | \$ 15.00      | \$ 180      |
| Saddlewood    | BOD                                      | 1              | Weekly    | 52            | \$ 20.00      | \$ 1,040    |
|               | Total Suspended Solids (TSS)             | 1              | Weekly    | 52            | \$ 12.00      | \$ 624      |
|               | Ammon Nitrogen (NH3 as N)                | 1              | Weekly    | 52            | \$ 19.00      | \$ 988      |
|               | Fecal Coliform                           | 1              | Weekly    | 52            | \$ 20.00      | \$ 1,040    |
|               | Sample Pick-up fee (monthly)             | 1              | Monthly   | 12            | \$ 15.00      | \$ 180      |
| Sugar ML      | BOD                                      | 3              | Weekly    | 156           | \$ 16.00      | \$ 2,496    |
|               | Total Suspended Solids (TSS)             | 3              | Weekly    | 156           | \$ 9.60       | \$ 1,498    |
|               | Ammon Nitrogen (NH3 as N)                | 3              | Weekly    | 156           | \$ 14.40      | \$ 2,246    |
|               | Fecal Coliform                           | 3              | Weekly    | 156           | \$ 13.60      | \$ 2,122    |
|               | Total Kjeldahl Nitrogen (TKN)            | 2              | Annually  | 2             | \$ 44.00      | \$ 88       |
|               | Total Phosphorous                        | 2              | Annually  | 2             | \$ 35.00      | \$ 70       |
|               | Chronic Toxicity (Qrtly)                 | 4              | Monthly   | 4             | \$ 250.00     | \$ 1,000    |
| White Oak Est | BOD                                      | 3              | Weekly    | 156           |               |             |
|               | Total Suspended Solids (TSS)             | 3              | Weekly    | 156           |               |             |
|               | Ammon Nitrogen (NH3 as N)                | 1              | Weekly    | 52            |               |             |
|               | Enterococci                              | 3              | Weekly    | 156           |               |             |
|               | Total Kjeldahl Nitrogen (TKN) (Qrtly)    | 4              | Annually  | 4             |               |             |
|               | Total Phosphorous                        | 1              | Weekly    | 52            | \$            | 14,400      |
|               | Sludge testing (for land use)            | 1              | Annually  | 1             | \$ 375.00     | \$ 375      |
| Willowbrook   | BOD                                      | 1              | Weekly    | 52            | \$ 22.31      | \$ 1,160    |
|               | Total Suspended Solids (TSS)             | 1              | Weekly    | 52            | \$ 12.61      | \$ 656      |
|               | Ammon Nitrogen (NH3 as N)                | 1              | Weekly    | 52            | \$ 17.48      | \$ 909      |
|               | Fecal Coliform                           | 1              | Weekly    | 52            | \$ 18.43      | \$ 958      |
|               | Total Kjeldahl Nitrogen (TKN)            | 1              | Annually  | 52            | \$ 33.95      | \$ 1,765    |
|               | Total Phosphorous                        | 2              | Annually  | 24            | \$ 17.46      | \$ 419      |
|               | Chronic Toxicity (Qrtly)                 | 4              | Monthly   | 4             | \$ 400.00     | \$ 1,600    |
|               | Gross Alpha (Qrtly)                      | 4              | Annually  |               |               |             |
|               | Combine Rad (Qrtly)                      | 4              | Annually  |               |               |             |
|               | Gross Beta (Qrtly)                       | 4              | Annually  |               |               |             |
|               | Uranium (Qrtly)                          | 4              | Annually  |               |               | \$ 1,800    |
|               | Sludge testing (for land use)            | 1              | Annually  | 1             | \$ 1,932.00   | \$ 1,932    |
| Wolf Laurel   | BOD                                      | 1              | Weekly    | 52            | \$ 16.00      | \$ 832      |
|               | Total Suspended Solids (TSS)             | 1              | Weekly    | 52            | \$ 9.60       | \$ 499      |
|               | Ammon Nitrogen (NH3 as N)                | 1              | Weekly    | 52            | \$ 14.40      | \$ 749      |
|               | Fecal Coliform                           | 1              | Weekly    | 52            | \$ 13.60      | \$ 707      |
|               |  |                |           |               |               | \$ 186,911  |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 6

I/A

Nags Head Wastewater Testing

| Test   | No. of<br>Samples | Frequency | Test<br>Per year | Cost<br>Per test | Annual<br>Cost |
|--|-------------------|-----------|------------------|------------------|----------------|
| Effluent: BOD, TSS, Ammonia, Nitrogen, Fecal Coliform<br>(1/wk), May-Aug   | 16                | Annually  | 16               | \$ 90            | \$ 1,440       |
| Effluent: BOD, TSS, Ammonia, Nitrogen, Fecal Coliform<br>(2/Mo.) Sep-Apr   | 16                | Annually  | 16               | \$ 90            | \$ 1,440       |
| Effluent: TOC, TDS, Chlorides (3/yr) Mar, Jul, Oct   | 3                 | Annually  | 3                | \$ 55            | \$ 165         |
| Influent: TOC, TDS, Chlorides Nitrate Nitrogen (3/yr)<br>Mar, Jul Oct  | 3                 | Annually  | 3                | \$ 75            | \$ 225         |
| Monitoring Wells (4 total - 3/yr Mar, Jul, Oct Color,<br>Depth, Ammonia Nitrogen, Gallons, Odor, TOC, TDS,<br>Chloride, fecal Coliform, Nitrate Nitrogen, Temp, pH | 12                | Annually  | 12               | \$ 215           | \$ 2,580       |
| VOC (Monitoring wells; Plant #1; total - 1/yr)   | 4                 | Annually  | 4                | \$ 110           | \$ 440         |
| Sludge Testing (for land application)  | 1                 | Annually  | 1                | \$ 1,700         | \$ 1,700       |
| Total  |                   |           |                  | \$               | \$ 7,990       |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 7

I A

Corolla Light/Monteray Shores Wastewater Testing

| Corolla Light  | Test | No. of Samples | Frequency | Test Per year | Cost Per test | Annual Cost |
|--|------|----------------|-----------|---------------|---------------|-------------|
| Plant #1 Effluent: BDD, TSS, Ammonia Nitrogen, Fecal Coliform, Total Nitrogen (1/week May - Sep)   |      | 20             | Annually  | 20            | \$ 90         | \$ 1,800    |
| Plant #1 Effluent: BDD, TSS, Ammonia, Fecal Coliform, Total Nitrogen (1/month Oct - Apr)   |      | 7              | Annually  | 7             | \$ 90         | \$ 630      |
| Plant #1 Effluent: TDC, Chlorides, Total Phosphorous, TDS (4/yr)   |      | 4              | Annually  | 4             | \$ 75         | \$ 300      |
| Plant #1 Influent: TDC, Chlorides, Total Phosphorous, TDS (4/yr)   |      | 4              | Annually  | 4             | \$ 75         | \$ 300      |
| Plant #1 Monitoring Wells (7 total 4/yr) Color, Depth, Ammonia Nitrogen, Gallons, Ddor, TDC, TDS, Chloride, fecal Coliform, Nitrate Nitrogen, Temp, ph, VDC (Monitoring wells; Plant #1; total - 1/yr) |      | 28             | Annually  | 28            | \$ 200        | \$ 5,600    |
| Plant #2 Effluent & Influent: BDD (2), TSS (2), Fecal Coliform (1), (2/mom Jun - Sep)  |      | 7              | Annually  | 7             | \$ 110        | \$ 770      |
|  |      | 8              | Annually  | 8             | \$ 90         | \$ 720      |
| Plant #2 Monitoring Wells (5 total 2/yr) Color, Depth, Ammonia Nitrogen, Gallons, Ddor, TDC, TDS, Chloride, fecal Coliform, Nitrate Nitrogen, Temp, ph,  |      | 12             | Annually  | 12            | \$ 225        | \$ 2,700    |

| Monteray Shores  | Test | No. of Samples | Frequency | Test Per year | Cost Per test | Annual Cost |
|--|------|----------------|-----------|---------------|---------------|-------------|
| Plant #2 Monitoring Wells (6 total 1/yr Nov only) Color, Depth, Ammonia Nitrogen, Gallons, Ddor, TDC, TDS, Chloride, fecal Coliform, Nitrate Nitrogen, Temp, pH, TDX |      | 6              | Annually  | 6             | \$ 335        | \$ 2,010    |
| Plant #1 Sludge testing (for land application)   |      | 1              | Annually  | 1             | \$ 500        | \$ 500      |
| Plant #2 Sludge testing (for land application)   |      | 1              | Annually  | 1             | \$ 500        | \$ 500      |
| Effluent: BDD, TSS, Ammonia, Fecal Coliform, Nitrate Nitrogen, Total Nitrogen, Total Phosphorous   |      | 3              | Weekly    | 156           | \$ 110        | \$ 17,160   |
| Effluent: Fecal Coliform   |      | 1              | Weekly    | 52            | \$ 20         | \$ 1,040    |
| Effluent: TDS, Chlorides   |      | 3              | Annually  | 3             | \$ 30         | \$ 90       |
| Influent: TDC, TDS, Chlorides, Nitrate Nitrogen  |      | 3              | Annually  | 3             | \$ 75         | \$ 225      |
| GWLS Effluent: BDD, TSS, Ammonia Nitrogen, Fecal Coliform, Total Nitrogen, Total Phosphorous   |      | 1              | Weekly    | 52            | \$ 115        | \$ 5,980    |
| GWLS Effluent: TDS, Chlorides, TDC   |      | 3              | Annually  | 3             | \$ 60         | \$ 180      |
| GWLS Effluent: Voc   |      | 1              | Annually  | 1             | \$ 110        | \$ 110      |
| Monitoring Wells (2 total 3/yr) Color, Depth, Ammonia Nitrogen, Gallons, Ddor, TDC, TDS, Chloride, fecal Coliform, Nitrate Nitrogen, Temp, ph,                       |      | 6              | Annually  | 6             | \$ 250        | \$ 1,500    |
| VDC (Monitoring wells; Plant #1; 2 total - 1/yr)   |      | 2              | Annually  | 2             | \$ 110        | \$ 220      |
| Sludge testing (for land application)  |      | 1              | Annually  | 1             | \$ 500        | \$ 500      |
| Total  |      |                |           |               | \$            | \$ 42,835   |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
 Docket No. W-354, Sub 344  
 For the 12 Months Ending June 30, 2015

CWSMC Water

Billing Analysis for End of Period Customers

| Service Area                | 5/8 R | 3/4 R | 1 R | 1.5 R | 2 R | 3 R | 4 R | 6 R | Flair | 5/8 C | 1 C | 1.5 C | 2 C | 3 C | 4 C | 6 C | Car. For woodturn | Linville | Total | EOP   |
|-----------------------------|-------|-------|-----|-------|-----|-----|-----|-----|-------|-------|-----|-------|-----|-----|-----|-----|-------------------|----------|-------|-------|
| Adirondack/Larkon           | 589   |       |     |       |     |     |     |     |       | 1     |     |       |     |     |     |     |                   |          | 587   | 7164  |
| Battle Bay                  | 117   |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 117   | 1404  |
| Bear Paw                    | 334   | 3     |     |       |     |     |     |     |       | 5     | 1   |       |     |     |     |     |                   |          | 343   | 4116  |
| Boethrook                   | 36    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 36    | 432   |
| Belvedere Penitellon        | 1145  |       | 3   |       |     |     |     |     |       | 4     | 2   |       | 7   | 3   |     |     |                   |          | 1165  | 13880 |
| Ben Creek                   | 303   |       |     |       |     |     |     |     |       | 1     |     |       |     |     |     |     |                   |          | 304   | 3648  |
| Brandywine Bay              | 837   |       | 3   |       | 1   |     |     |     |       | 9     | 3   | 1     |     |     |     |     |                   |          | 854   | 10248 |
| Buffalo Creek               | 280   |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 280   | 3380  |
| Carolina Forest             | 205   |       | 1   |       |     |     |     |     |       | 4     | 1   | 1     |     |     |     |     | 744               |          | 212   | 2544  |
| Chapel Hill                 | 93    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 93    | 1116  |
| College Park                | 79    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 79    | 948   |
| County Club Annex           | 23    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 23    | 276   |
| County Hills                | 67    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 67    | 804   |
| Crestview                   | 38    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 38    | 456   |
| Crystal Mountain            | 0     |       |     |       |     |     |     |     | 47    |       |     |       |     |     |     |     |                   |          | 47    | 584   |
| Lamplight/Danby/Wesd Fall   | 1288  |       | 3   |       |     |     |     |     |       | 3     | 2   | 1     | 1   |     |     |     |                   |          | 1276  | 15312 |
| Eagle Crossing              | 77    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 77    | 924   |
| Eastwood Forest             | 130   |       |     |       |     |     |     |     |       | 1     |     |       |     |     |     |     |                   |          | 131   | 1572  |
| Forest Brook/Ole lamp Place | 128   | 1     |     |       |     |     |     |     |       |       | 1   |       |     |     |     |     |                   |          | 128   | 1536  |
| Grandview at T-Square       | 75    |       |     |       |     |     |     |     |       | 1     |     |       |     |     |     |     |                   |          | 76    | 912   |
| Harbor House Estates        | 60    |       |     |       |     |     |     |     |       |       |     |       |     |     |     |     |                   |          | 60    | 720   |
| Heathfield                  | 64    |       |     |       |     |     |     |     |       |       | 1   |       |     |     |     |     |                   |          | 65    | 780   |
| Heston Park                 | 0     |       |     |       |     |     |     |     |       | 1     |     | 2     | 7   |     |     |     |                   |          | 10    | 120   |
| High Meadows                | 0     |       |     |       |     |     |     |     | 264   | 2     | 1   |       | 1   |     |     |     |                   |          | 258   | 3216  |
| High Vista                  | 232   |       | 1   |       |     |     |     |     |       | 1     |     |       |     |     |     |     |                   |          | 236   | 2832  |
| Holly Acres                 | 53    |       |     |       |     |     |     |     |       |       | 2   |       | 2   |     |     |     |                   |          | 55    | 680   |
| Hounds Ear                  | 414   |       | 5   |       | 1   |     |     |     |       | 8     | 2   |       |     |     |     |     |                   |          | 432   | 5184  |
| Huntington Forest           | 55    |       |     |       |     |     |     |     |       |       |     |       | 2   |     |     |     |                   |          | 55    | 660   |

Casselberry  
 Exhibit No. 8  
 Page 1 of 3

Minus Availb.

Total

EOP  
 Total  
 EOP x 12 mo.

HA

Oct 15 2015

OFFICIAL COPY

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Billing Analysis for End of Period Customers

CWSNC Water

Casselberry  
Exhibit No. 8  
Page 2 of 3  
Minus Availb.

| Service Area         | 5/8 R | 3/4 R | 1 R | 1.5 R | 2 R | 3 R | 4 R | 6 R | Fair | 5/8 C | 1 C | 1.5 C | 2 C | 3 C | 4 C | 6 C | Car. For woodrum | Unville | Total | Total    |
|----------------------|-------|-------|-----|-------|-----|-----|-----|-----|------|-------|-----|-------|-----|-----|-----|-----|------------------|---------|-------|----------|
| Kings Grant          | 177   |       | 1   |       |     |     |     |     |      | 1     |     |       |     |     |     |     | availb           | availb  | EOP   | x 12 mo. |
| Larkhaven            | 146   | 16    |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 162   | 1944     |
| Lemmond Acres        | 33    |       |     |       |     |     |     |     |      | 1     |     |       |     |     |     |     |                  |         | 34    | 408      |
| Meadow Glen          | 30    |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 30    | 360      |
| Misty Mountain       | 0     |       |     |       |     |     |     |     | 137  |       |     |       |     |     |     |     |                  |         | 137   | 1644     |
| Monterey             | 26    |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 26    | 312      |
| Mt Mitchell          |       |       |     |       |     |     |     |     | 219  | 2     |     | 2     | 1   |     |     |     |                  |         | 224   | 2688     |
| Nero                 | 128   |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 128   | 1536     |
| Oakdale terrace      | 43    |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 43    | 516      |
| Old Point            | 199   |       | 3   |       |     |     |     |     |      | 1     |     |       |     | 1   |     |     |                  |         | 204   | 2448     |
| Pinnacle Shores      | 152   |       |     |       |     |     |     |     |      | 9     |     |       |     |     |     |     |                  |         | 161   | 1932     |
| Powder Horn Mountain |       |       |     |       |     |     |     |     | 227  |       | 1   |       |     |     |     |     |                  |         | 228   | 2736     |
| Quail Ridge          | 171   |       | 2   |       |     |     |     |     |      | 1     |     |       |     |     |     |     |                  |         | 174   | 2088     |
| Queen's Harbor       | 115   |       |     |       |     |     |     |     |      | 1     |     |       |     |     | 1   |     |                  |         | 117   | 1404     |
| Riverpole            | 187   |       |     |       |     |     |     |     |      | 5     |     |       |     |     |     |     |                  |         | 192   | 2304     |
| Riverwood            | 181   |       | 1   |       |     |     |     |     |      |       |     | 1     | 1   |     |     |     |                  |         | 184   | 2208     |
| Saddlewood           | 124   |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 124   | 1488     |
| Shorewood Forest     | 247   |       |     |       |     |     |     |     |      | 5     |     | 1     | 1   |     |     |     |                  |         | 254   | 3048     |
| Shorewood Park       | 97    |       |     |       |     |     |     |     |      |       |     | 1     |     |     |     |     |                  |         | 98    | 1176     |
| SKL Mountain         | 253   |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 253   | 3036     |
| Stone Hollow         | 222   |       |     |       |     |     |     |     |      | 1     |     |       |     |     |     |     |                  |         | 223   | 2676     |
| Suburban Heights     | 25    |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 26    | 312      |
| Sugar Mountain       | 1322  |       | 1   |       |     |     |     |     | 71   | 60    | 4   | 3     | 22  | 1   |     |     |                  |         | 1484  | 17808    |
| The Harbor           | 1462  |       | 1   |       |     |     |     |     |      | 17    | 2   |       | 3   |     |     | 2   |                  |         | 1487  | 17844    |
| Vander               | 286   |       |     |       |     |     |     |     |      | 1     |     |       | 1   |     |     |     |                  |         | 288   | 3216     |
| Walauga Vista        | 0     |       |     |       |     |     |     |     | 138  |       |     |       |     |     |     |     |                  |         | 138   | 1656     |
| Wolverlyn            | 40    |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 40    | 480      |
| Westwood Forest      | 117   |       |     |       |     |     |     |     |      |       |     |       |     |     |     |     |                  |         | 117   | 1404     |
| Whispering Pines     | 1490  |       | 14  |       |     |     |     |     |      | 27    | 7   | 5     | 1   |     | 1   |     |                  |         | 1545  | 18540    |

Casselberry  
Exhibit No. 6  
Page 3 of 3  
Minus Availb.

**Minus Avalib.**

Total

Oct 15 2015

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
 Docket No. W-354, Sub 344  
 For the 12 Months Ending June 30, 2015

Billing Analysis for Total Consumption

| Service Area                | SR R       | 3AR     | 1R      | 1.6R | 2R     | Total Residential | SR C      | 1C      | 1.5C    | 2C     | 3C | 4C | 6C | COMMERCIAL | TOTAL     | Grand Total |
|-----------------------------|------------|---------|---------|------|--------|-------------------|-----------|---------|---------|--------|----|----|----|------------|-----------|-------------|
| Abbeville/Nett/Nett         | 31,370.37  | -       | -       | -    | -      | 31,370.37         | 247,010   | -       | -       | -      | -  | -  | -  | 247,010    | 247,010   | 31,625.77   |
| Bahia Bay                   | 5,125.711  | -       | -       | -    | -      | 5,125.711         | 382,020   | 860,740 | -       | -      | -  | -  | -  | 1,072,760  | 1,072,760 | 5,125.711   |
| Beer Paw                    | 4,452,054  | 40,720  | -       | -    | -      | 4,502,574         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 4,502,574   |
| Beechbrook                  | 1,753,010  | -       | -       | -    | -      | 1,753,010         | 128,030   | 88,630  | -       | -      | -  | -  | -  | 7,093,450  | 7,093,450 | 1,753,010   |
| Boltonville Plantation      | 60,089,676 | -       | 250,590 | -    | -      | 60,340,266        | 18,177    | -       | -       | -      | -  | -  | -  | 18,177     | 18,177    | 60,358,443  |
| Bent Creek                  | 12,029,015 | -       | -       | -    | 32,001 | 12,061,015        | 223,012   | 445,850 | 318,200 | -      | -  | -  | -  | 967,162    | 967,162   | 12,103,821  |
| Brandwynne Bay              | 33,423,922 | -       | 80,220  | -    | -      | 33,504,142        | -         | -       | -       | -      | -  | -  | -  | -          | -         | 33,504,142  |
| Buttle Creek                | 12,103,921 | -       | -       | -    | -      | 12,103,921        | 59,810    | 125,640 | 72,100  | -      | -  | -  | -  | 231,550    | 231,550   | 12,103,921  |
| Carolina Forest             | 6,285,440  | -       | 22,460  | -    | -      | 6,307,900         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 6,307,900   |
| Chapel Hill                 | 3,508,598  | -       | -       | -    | -      | 3,508,598         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 3,508,598   |
| College Park                | 4,289,060  | -       | -       | -    | -      | 4,289,060         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 4,289,060   |
| County Club Annex           | 1,005,541  | -       | -       | -    | -      | 1,005,541         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 1,005,541   |
| County Hills                | 3,756,830  | -       | -       | -    | -      | 3,756,830         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 3,756,830   |
| Crestview                   | 1,044,860  | -       | -       | -    | -      | 1,044,860         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 1,044,860   |
| Crestview                   | -          | -       | -       | -    | -      | -                 | -         | -       | -       | -      | -  | -  | -  | -          | -         | -           |
| Crystal Mountain            | -          | -       | -       | -    | -      | -                 | -         | -       | -       | -      | -  | -  | -  | -          | -         | -           |
| Lamphigh/Danby/Wild Foll    | 66,571,704 | -       | 246,500 | -    | -      | 67,119,584        | 217,290   | 84,970  | 135,600 | 59,800 | -  | -  | -  | 666,750    | 666,750   | 67,650,314  |
| Eagle Crossing              | 3,600,240  | -       | -       | -    | -      | 3,600,240         | -         | -       | -       | -      | -  | -  | -  | 910        | 910       | 3,600,240   |
| Eastwood Forest             | 5,605,380  | -       | -       | -    | -      | 5,605,380         | 010       | -       | -       | -      | -  | -  | -  | 143,330    | 143,330   | 5,605,380   |
| Forest Brook/Ola Lamp Place | 6,824,510  | 31,650  | -       | -    | -      | 6,856,160         | 68,200    | -       | -       | -      | -  | -  | -  | 68,200     | 68,200    | 6,856,160   |
| Grandview at T-Square       | 3,340,929  | -       | -       | -    | -      | 3,340,929         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 3,340,929   |
| Harbor House Estates        | 2,902,960  | -       | -       | -    | -      | 2,902,960         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 2,902,960   |
| Hearthhold                  | 7,199,530  | -       | -       | -    | -      | 7,199,530         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 7,199,530   |
| Hudson Park                 | -          | -       | -       | -    | -      | -                 | 39,660    | 250,260 | -       | -      | -  | -  | -  | 250,260    | 250,260   | 39,660      |
| High Meadows                | -          | -       | -       | -    | -      | -                 | -         | -       | -       | -      | -  | -  | -  | -          | -         | -           |
| Hill Vista                  | 10,285,370 | -       | 88,430  | -    | -      | 10,373,800        | 317,860   | 246,510 | -       | -      | -  | -  | -  | 3,750,390  | 3,750,390 | 10,373,800  |
| Holly Acres                 | 2,418,184  | -       | -       | -    | -      | 2,418,184         | 117,930   | 150,000 | -       | -      | -  | -  | -  | 24,030     | 24,030    | 2,418,184   |
| Hours Bar                   | 11,087,001 | -       | 50,600  | -    | -      | 11,137,601        | -         | -       | -       | -      | -  | -  | -  | 1,038,300  | 1,038,300 | 11,137,601  |
| Huntington Forest           | 2,088,958  | -       | -       | -    | -      | 2,088,958         | 380,880   | 420,550 | -       | -      | -  | -  | -  | 489,660    | 489,660   | 2,088,958   |
| Kings Creek                 | 6,038,200  | -       | 181,220 | -    | -      | 6,219,420         | 39,540    | -       | -       | -      | -  | -  | -  | 39,540     | 39,540    | 6,219,420   |
| Larkhaven                   | 7,733,730  | 745,580 | -       | -    | -      | 8,479,310         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 8,479,310   |
| Lemond Acres                | 2,287,431  | -       | -       | -    | -      | 2,287,431         | 67,610    | -       | -       | -      | -  | -  | -  | 67,610     | 67,610    | 2,287,431   |
| Meadow Glen                 | 1,419,980  | -       | -       | -    | -      | 1,419,980         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 1,419,980   |
| Misty Mountain              | -          | -       | -       | -    | -      | -                 | -         | -       | -       | -      | -  | -  | -  | -          | -         | -           |
| Monterey                    | 1,343,590  | -       | -       | -    | -      | 1,343,590         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 1,343,590   |
| NA Mitchell                 | -          | -       | -       | -    | -      | -                 | 182,950   | -       | -       | -      | -  | -  | -  | -          | -         | 182,950     |
| Nero                        | 6,669,140  | -       | -       | -    | -      | 6,669,140         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 6,669,140   |
| Oakdale Terrace             | 2,038,970  | -       | -       | -    | -      | 2,038,970         | -         | -       | -       | -      | -  | -  | -  | -          | -         | 2,038,970   |
| Old Point                   | 8,344,728  | -       | 114,720 | -    | -      | 8,459,448         | 88,110    | -       | -       | -      | -  | -  | -  | 237,000    | 237,000   | 8,459,448   |
| Plymouth Shores             | 10,817,802 | -       | -       | -    | -      | 10,817,802        | 1,610,640 | 188,560 | -       | -      | -  | -  | -  | 1,800,000  | 1,800,000 | 10,817,802  |
| Powder Horn Mountain        | -          | -       | -       | -    | -      | -                 | 12,340    | -       | -       | -      | -  | -  | -  | -          | -         | 12,340      |
| Quail Ridge                 | 8,732,102  | -       | 71,700  | -    | -      | 8,803,802         | 169,210   | -       | -       | -      | -  | -  | -  | 159,210    | 159,210   | 8,803,802   |

Cassidyberry  
 Exhibit No. 9  
 Page 1 of 2

II/A

Carolina Water Service, Inc. of North Carolina  
 Dockel No. W-354, Sub 344  
 For the 12 Months Ending June 30, 2015

Cassellberry  
 Exhibit No. 9  
 Page 2 of 2

CMSNC Water

Billing Analysis for Total Consumption

| Service Area   | 5/8 R       | 3/4 R   | 1 R       | 1.5 R | 2 R    | Residential | 5/8 C      | 1 C       | 1.5 C     | 2 C        | 3 C       | 4 C     | 6 C       | TOTAL COMMERCIAL | Grand Total |
|--|-------------|---------|-----------|-------|--------|-------------|------------|-----------|-----------|------------|-----------|---------|-----------|------------------|-------------|
| Queens Harbor  | 4,578,380   |         |           |       |        | 4,578,380   | 284,370    |           |           |            |           | 412,700 |           | 877,070          | 5,055,450   |
| Riverdale  | 12,707,880  |         |           |       |        | 12,707,880  | 689,830    |           |           |            |           |         |           | 899,830          | 13,307,610  |
| Riverwood  | 9,899,047   |         |           |       |        | 10,038,757  |            |           |           |            |           |         |           | 202,630          | 10,229,387  |
| Saddlewood   | 6,304,785   |         | 137,710   |       |        | 6,304,785   |            |           |           |            |           |         |           | -                | 6,304,785   |
| Shelwood Forest  | 6,098,634   |         |           |       |        | 6,098,634   | 85,950     |           |           |            |           |         |           | 1,650,340        | 8,419,274   |
| Shelwood Park  | 5,513,040   |         |           |       |        | 5,513,040   |            |           |           |            |           |         |           | 437,700          | 6,050,740   |
| SM Mountain  | 6,300,094   |         |           |       |        | 6,300,094   |            |           |           |            |           |         |           | -                | 6,300,094   |
| Stone Hollow   | 10,720,713  |         |           |       |        | 10,720,713  | 72,740     |           |           |            |           |         |           | 72,740           | 10,793,453  |
| Suburban Heights   | 1,095,771   |         |           |       |        | 1,095,771   |            |           |           |            |           |         |           | -                | 1,095,771   |
| Sugar Mountain   | 22,818,592  |         | 125,810   |       |        | 23,044,402  | 2,864,823  | 280,911   | 1,128,808 | 7,792,332  | 3,813,200 |         |           | 15,440,174       | 38,684,576  |
| The Harbor   | 168,862,584 |         | 38,220    |       |        | 168,898,784 | 659,800    | 602,410   |           | 829,810    |           |         |           | 5,353,520        | 193,352,304 |
| Vander   | 12,508,918  |         |           |       |        | 12,508,918  | 15,720     |           |           |            |           |         |           | 15,720           | 12,525,638  |
| Walden Vista   | -           |         |           |       |        | -           |            |           |           |            |           |         |           | -                | -           |
| Waterlyn   | 1,730,650   |         |           |       |        | 1,730,650   |            |           |           |            |           |         |           | -                | 1,730,650   |
| Westwood Forest  | 9,002,724   |         |           |       |        | 9,002,724   |            |           |           |            |           |         |           | -                | 9,002,724   |
| Whispering Pines   | 80,940,139  |         | 890,607   |       |        | 81,731,023  | 1,085,472  | 1,248,571 | 751,430   | 410,400    |           | 700     |           | 3,410,573        | 85,201,596  |
| White Oak Plantation   | 22,108,370  |         |           |       |        | 22,108,370  |            |           | 150,300   |            |           |         |           | 620              | 22,267,670  |
| Wildlife Bay   | 5,121,312   |         |           |       |        | 5,121,312   | 520        |           |           |            |           |         |           | 10,310           | 5,131,622   |
| Wildwood Green   | 9,428,814   |         |           |       |        | 9,428,814   | 18,310     |           |           |            |           |         |           | 21,550           | 9,446,224   |
| Willowbrook  | 6,062,549   |         |           |       |        | 6,062,549   |            |           |           |            |           |         |           | 21,550           | 6,084,099   |
| Wolf Laurel  | 12,658,669  |         |           |       |        | 12,658,669  | 378,440    | 448,400   |           | 418,800    |           |         |           | 1,243,740        | 13,902,638  |
| Wood Trace   | 2,551,160   |         |           |       |        | 2,551,160   |            |           |           |            |           |         |           | -                | 2,551,160   |
| Woodhaven Manor  | 3,559,890   |         | 32,710    |       |        | 3,592,600   |            |           |           |            |           |         |           | -                | 3,592,600   |
| Woodrun  | 17,004,338  |         |           |       |        | 17,004,338  | 130,040    | 383,890   |           |            |           |         |           | 523,730          | 17,823,066  |
| Yorktown   | 3,814,650   |         |           |       |        | 3,814,650   |            |           |           |            |           |         |           | -                | 3,814,650   |
| Zemosa Acres   | 12,280,170  |         | 88,403    |       |        | 12,311,637  | 81,128     | 188,799   |           | 106,400    |           |         |           | 186,799          | 12,628,436  |
| Mason Landing  | 58,050      |         |           |       |        | 58,050      |            |           |           |            |           |         |           | 167,238          | 225,279     |
| Total  | 631,692,875 | 912,205 | 2,419,870 | 9,650 | 32,801 | 635,034,361 | 10,532,353 | 5,948,841 | 4,323,388 | 18,000,512 | 8,549,540 | 413,400 | 4,354,400 | 53,292,434       | 888,286,735 |
| Livville Ridge   | -           | -       | -         | -     | -      | -           | 3,650      | 695,400   |           | 1,699,500  | 215,800   |         |           | 2,604,250        | 2,604,250   |
| Purchased Water systems                                      | 165,307,191 | 85,035  | 1,075,180 | -     | -      | 166,487,396 | 2,003,882  | 1,864,700 | 882,330   | 1,448,700  | -         | 700     | -         | 8,400,812        | 172,888,208 |
| Consump. minus p. water                                      | 658,385,714 | 827,250 | 1,344,690 | 8,650 | 32,601 | 659,569,905 | 8,528,471  | 3,094,141 | 3,340,558 | 17,551,912 | 8,549,540 | 412,700 | 4,364,400 | 46,891,622       | 715,388,527 |
| New metered customers 3000 gallons x103 customers x12 months | 39,708,000  |         |           |       |        | 39,708,000  |            |           |           |            |           |         |           | -                | 39,708,000  |
| Total  |             |         |           |       |        |             |            |           |           |            |           |         |           |                  | 930,678,985 |

Livville Ridge + Purchased water + non purchased water + new metered installation



Casselberry  
Exhibit No. 10  
Page 1 of 2

 $I/A$ 

**OFFICIAL COPY**

Oct 15 2015

[illegible]



Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 11  
Page 1 of 2

I/A

Billing Analysis for Consumption

CWSNC Sewer

| Service Area                | 5/8 R      | 1 R     | 2 R    | Total Residential | 5/8 C      | 1 C     | 1.5 C     | 2 C       | 3 C       | 4 C     | Total Commercial | Grand Total | Mt. Carmel |
|-----------------------------|------------|---------|--------|-------------------|------------|---------|-----------|-----------|-----------|---------|------------------|-------------|------------|
| Abington/Interlachen        | 31,239,720 | -       | -      | 31,239,720        | 247,040    | -       | -         | -         | -         | -       | 247,040          | 31,486,760  |            |
| Ashley Hills                | 57,981,768 |         |        | 57,981,768        |            |         |           |           |           |         | -                | 57,981,768  |            |
| Bear Paw                    | 466,497    |         |        | 466,497           | 81,690     |         |           |           |           |         | 81,690           | 548,187     |            |
| Belvedere Plantation        | 31,999,534 | 164,780 |        | 32,164,314        | 89,710     |         |           | 1,764,100 | 4,248,240 |         | 6,103,050        | 38,287,364  |            |
| Bent Creek                  | 12,794,306 |         |        | 12,794,306        |            |         |           |           |           |         | -                | 12,794,306  |            |
| Brandywine Bay              | 28,999,468 | 90,220  | 32,601 | 29,122,289        | 53,020     |         |           |           |           |         | 53,020           | 29,175,309  |            |
| Carolina Pines              | -          |         |        | -                 | 304,510    |         |           |           |           |         | 304,510          | 304,510     |            |
| College Park                | 2,428,760  |         |        | 2,428,760         |            |         |           |           |           |         | -                | 2,428,760   |            |
| Lamplight/Danby/Wdsd Falls  | 66,003,715 | 245,800 |        | 66,249,515        | 19,744,876 |         | 135,600   | 497,450   |           |         | 20,377,926       | 86,627,441  |            |
| Hastron Park                | -          |         |        | -                 | 39,860     |         | 813,800   | 3,750,390 |           |         | 4,404,050        | 4,404,050   |            |
| Hounds Ear                  | 4,350,467  | 43,500  |        | 4,393,967         | 316,430    | 54,700  |           | 489,660   |           |         | 860,790          | 5,254,757   |            |
| Huntwick transferred        | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| Independ/Homby Acres/Beacon | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| Kings Grant                 | 8,000,358  | 181,220 |        | 8,181,578         |            |         |           |           |           |         | -                | 8,181,578   |            |
| Kings Grant - Raleigh       | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| Kynwood                     | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| Mt. Carmel/Lees Ridge       |            |         |        |                   |            |         |           |           |           |         | -                | -           | 16,504,637 |
| Nero                        | 6,669,140  |         |        | 6,669,140         |            |         |           |           |           |         | -                | 6,669,140   |            |
| Olde Point                  | 4,527,434  | 114,720 |        | 4,642,154         |            |         |           | 237,900   |           |         | 237,800          | 4,880,054   |            |
| Queen's Harbor              | 4,302,570  |         |        | 4,302,570         | 264,370    |         |           |           |           | 412,700 | 677,070          | 4,979,640   |            |
| Regalwood                   | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| Riverpointe                 | 12,583,630 |         |        | 12,583,630        | 90,690     |         |           |           |           |         | 90,690           | 12,674,320  |            |
| Saddlewood                  | 770,090    |         |        | 770,090           |            |         |           |           |           |         | -                | 770,090     |            |
| Sugar Mountain              | 15,127,640 | 125,810 |        | 15,253,450        | 1,316,970  | 261,420 | 1,089,808 | 6,905,445 | 3,613,200 |         | 13,188,843       | 28,442,293  |            |
| White Oak Estates           | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| White oak High School       | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| Child Daycare               | -          |         |        | -                 |            |         |           |           |           |         | -                | -           |            |
| White Oak Plantation        | 17,246,729 |         |        | 17,246,729        |            |         |           |           |           |         | -                | 17,246,729  |            |
| Willowbrook                 | 6,021,269  |         |        | 6,021,269         |            |         |           |           |           |         | -                | 6,021,269   |            |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 11  
Page 2 of 2

Billing Analysis for Consumption

CWSNC Sewer

| Service Area            | 5/8 R       | 1 R     | 2 R    | Total<br>Residential | 5/8 C      | 1 C     | 1.5 C     | 2 C        | 3 C       | 4 C     | Total<br>Commercial | Grand<br>Total | Mt. Carmel | Total       |
|-------------------------|-------------|---------|--------|----------------------|------------|---------|-----------|------------|-----------|---------|---------------------|----------------|------------|-------------|
| Wolf Laurel             | 1,069,380   |         |        | 1,069,380            |            |         |           | 398,200    |           |         | 398,200             | 1,485,580      |            |             |
| Total                   | 312,582,475 | 968,050 | 32,601 | 313,581,126          | 22,551,168 | 316,120 | 1,839,208 | 14,041,145 | 7,862,440 | 412,700 | 47,022,779          | 360,603,905    | 16,504,637 | 377,108,542 |
| Purchased Sewer         | 27,675,847  | 181,220 | -      | 27,857,067           | -          | -       | -         | -          | -         | -       | -                   | 27,857,067     | -          | 27,857,067  |
| Without purchased Sewer | 284,906,628 | 786,830 | 32,601 | 285,724,059          | 22,551,168 | 316,120 | 1,839,208 | 14,041,145 | 7,862,440 | 412,700 | 47,022,779          | 332,746,838    | 16,504,637 | 349,251,475 |
| Total                   |             |         |        |                      |            |         |           |            |           |         |                     |                |            | 377,108,542 |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Water

Casselberry  
Exhibit No. 12  
Page 1 of 2

*II/A*

Public Staff's Present Revenue at Company's Present Rates

| Billing Type                     | Usage              | Usage Rate | Usage Revenue    | EOP Customers | EOP x 12 months | Base Charge | Base Charge Revenue | Total Revenue    |
|----------------------------------|--------------------|------------|------------------|---------------|-----------------|-------------|---------------------|------------------|
| Flat Residential                 | -                  |            | -                | 1,126         | 13,512          | 34.52       | 466,434             | 466,434          |
| 5/8" Residential Metered         | 831,662,875        | 5.44       | 4,524,246        | 16,423        | 197,076         | 18.25       | 3,596,637           | 8,120,883        |
| 3/4" Residential Metered         | 912,305            | 5.44       | 4,963            | 21            | 252             | 18.25       | 4,599               | 9,562            |
| 1" Residential Metered           | 2,419,870          | 5.44       | 13,164           | 43            | 516             | 45.63       | 23,545              | 36,709           |
| 1.5" Residential Metered         | 6,650              | 5.44       | 36               | 1             | 12              | 91.25       | 1,095               | 1,131            |
| 2" Residential Metered           | 32,601             | 5.44       | 177              | 1             | 12              | 146.00      | 1,752               | 1,929            |
| <b>Total Residential Metered</b> | <b>835,034,301</b> |            | <b>4,542,587</b> | <b>16,489</b> | <b>197,868</b>  |             | <b>3,627,628</b>    | <b>8,170,215</b> |
| 5/8" Commercial Metered          | 10,632,353         | 5.44       | 57,840           | 186           | 2,232           | 18.25       | 40,734              | 98,574           |
| 1" Commercial Metered            | 5,948,841          | 5.44       | 32,362           | 48            | 576             | 45.63       | 26,283              | 58,645           |
| 1.5" Commercial Metered          | 4,323,388          | 5.44       | 23,519           | 19            | 228             | 91.25       | 20,805              | 44,324           |
| 2" Commercial Metered            | 19,000,512         | 5.44       | 103,363          | 55            | 660             | 146.00      | 96,360              | 199,723          |
| 3" Commercial Metered            | 8,549,540          | 5.44       | 46,509           | 4             | 48              | 273.75      | 13,140              | 59,649           |
| 4" Commercial Metered            | 413,400            | 5.44       | 2,249            | 2             | 24              | 456.25      | 10,950              | 13,199           |
| 6" Commercial Metered            | 4,364,400          | 5.44       | 23,742           | 2             | 24              | 912.50      | 21,900              | 45,642           |
| <b>Total Commercial Metered</b>  | <b>53,232,434</b>  |            | <b>289,584</b>   | <b>316</b>    | <b>3,792</b>    |             | <b>230,172</b>      | <b>519,756</b>   |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Water

Casselberry  
Exhibit No. 12  
Page 2 of 2

Public Staff's Present Revenue at Company's Present Rates

| Billing<br>Type             | Usage              | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
|-----------------------------|--------------------|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
| <b>Linville Ridge</b>       |                    |               |                  |                  |                    |                |                        |                  |
| Flat Residential            | -                  |               | -                | 337              | 4,044              | 31.68          | 128,114                | 128,114          |
| Flat Common Area            | 2,604,250          | 3.08          | 8,021            | 7                | 84                 | 72.00          | 6,048                  | 14,069           |
| <b>Total Linville Ridge</b> | <b>2,604,250</b>   |               | <b>8,021</b>     | <b>344</b>       | <b>4,128</b>       |                | <b>134,162</b>         | <b>142,183</b>   |
| <b>Availability</b>         | <b>-</b>           |               | <b>-</b>         | <b>1,446</b>     | <b>2,892</b>       | <b>21.60</b>   | <b>62,467</b>          | <b>62,467</b>    |
| Availability Linville Ridge | -                  |               | -                | 63               | 756                | 10.80          | 8,165                  | 8,165            |
| <b>Total Availability</b>   |                    |               |                  | <b>1,509</b>     | <b>3,648</b>       |                | <b>70,632</b>          | <b>70,632</b>    |
| <b>Total</b>                | <b>890,870,985</b> |               | <b>4,840,192</b> | <b>19,784</b>    | <b>222,948</b>     |                | <b>4,529,028</b>       | <b>9,369,220</b> |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 13  
Page 1 of 4

I/A

Public Staff's Proposed Revenue at Company's Proposed Rates

CWSNC Water

| Billing<br>Type  | Usage       | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
|--|-------------|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
| Flat Residential   | -           |               | -                | 23               | 276                | 42.51          | 11,733                 | 11,733           |
| New Metered Residential<br>(prior flat rate mountain<br>customers average usage<br>3,000/customer) |             |               |                  |                  |                    |                |                        |                  |
|  | 39,708,000  | 6.70          | 266,044          | 1,103            | 13,236             | 22.47          | 297,413                | 563,457          |
| 5/8" Residential Metered   | 666,355,714 | 6.70          | 4,464,583        | 13,071           | 156,852            | 22.47          | 3,524,464              | 7,989,048        |
| 3/4" Residential Metered   | 827,250     | 6.70          | 5,543            | 20               | 240                | 22.47          | 5,393                  | 10,935           |
| 1" Residential Metered   | 1,344,690   | 6.70          | 9,009            | 25               | 300                | 56.19          | 16,857                 | 25,866           |
| 1.5" Residential Metered   | 6,650       | 6.70          | 45               | 1                | 12                 | 112.37         | 1,348                  | 1,393            |
| 2" Residential Metered   | 32,601      | 6.70          | 218              | 1                | 12                 | 179.80         | 2,158                  | 2,376            |
| Total Residential Metered  | 668,566,905 |               | 4,479,398        | 13,118           | 157,416            |                | 3,550,220              | 8,029,619        |
| 5/8" Commercial Metered  | 8,628,471   | 6.70          | 57,811           | 145              | 1,740              | 22.47          | 39,098                 | 96,909           |
| 1" Commercial Metered  | 3,984,141   | 6.70          | 26,694           | 37               | 444                | 56.19          | 24,948                 | 51,642           |
| 1.5" Commercial Metered  | 3,340,558   | 6.70          | 22,382           | 12               | 144                | 112.37         | 16,181                 | 38,563           |
| 2" Commercial Metered  | 17,551,812  | 6.70          | 117,597          | 52               | 624                | 179.80         | 112,195                | 229,792          |
| 3" Commercial Metered  | 8,549,540   | 6.70          | 57,282           | 4                | 48                 | 337.12         | 16,182                 | 73,464           |
| 4" Commercial Metered  | 412,700     | 6.70          | 2,765            | 1                | 12                 | 561.87         | 6,742                  | 9,508            |
| 6" Commercial Metered  | 4,364,400   | 6.70          | 29,241           | 2                | 24                 | 1,123.74       | 26,970                 | 56,211           |
| Total Commercial Metered   | 46,831,622  |               | 313,772          | 253              | 3,036              |                | 242,317                | 556,088          |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Water

Casselberry  
Exhibit No. 13  
Page 2 of 4

## Public Staff's Proposed Revenue at Company's Proposed Rates

| Billing<br>Type             | Usage             | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
|-----------------------------|-------------------|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
| <b>Linville Ridge</b>       |                   |               |                  |                  |                    |                |                        |                  |
| Flat Residential            | -                 |               | -                | 337              | 4,044              | 42.51          | 171,910                | 171,910          |
| 5/8" Commercial Metered     | 3,550             | 6.70          | 24               | 1                | 12                 | 22.47          | 270                    | 293              |
| 1" Commercial Metered       | 695,400           | 6.70          | 4,659            | 1                | 12                 | 56.19          | 674                    | 5,333            |
| 2" Commercial Metered       | 1,689,500         | 6.70          | 11,320           | 4                | 48                 | 179.80         | 8,630                  | 19,950           |
| 3" Commercial Metered       | 215,800           | 6.70          | 1,446            | 1                | 12                 | 337.12         | 4,045                  | 5,491            |
| <b>Total Linville Ridge</b> | <b>2,604,250</b>  |               | <b>17,448</b>    | <b>344</b>       | <b>4,128</b>       |                | <b>185,530</b>         | <b>202,979</b>   |
| <b>Purchased Water</b>      |                   |               |                  |                  |                    |                |                        |                  |
| <b>Carolina Forest</b>      |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered    | 6,286,140         | 3.19          | 20,053           | 205              | 2,460              | 22.47          | 55,276                 | 75,329           |
| 1" Residential Metered      | 29,460            | 3.19          | 94               | 1                | 12                 | 56.19          | 674                    | 768              |
| 5/8" Commercial Metered     | 93,610            | 3.19          | 299              | 4                | 48                 | 22.47          | 1,079                  | 1,377            |
| 1" Commercial Metered       | 125,640           | 3.19          | 401              | 1                | 12                 | 56.19          | 674                    | 1,075            |
| 1.5" Commercial Metered     | 72,100            | 3.19          | 230              | 1                | 12                 | 112.37         | 1,348                  | 1,578            |
| <b>Total</b>                | <b>6,606,950</b>  |               | <b>21,076</b>    | <b>212</b>       | <b>2,544</b>       |                | <b>59,052</b>          | <b>80,128</b>    |
| <b>High Vista Estates</b>   |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered    | 10,265,370        | 3.15          | 32,336           | 232              | 2,784              | 22.47          | 62,556                 | 94,892           |
| 1" Residential Metered      | 68,430            | 3.15          | 216              | 1                | 12                 | 56.19          | 674                    | 890              |
| 5/8" Commercial Metered     | 117,930           | 3.15          | 371              | 1                | 12                 | 22.47          | 270                    | 641              |
| 2" Commercial Metered       | 1,038,300         | 3.15          | 3,271            | 2                | 24                 | 179.80         | 4,315                  | 7,586            |
| <b>Total</b>                | <b>11,490,030</b> |               | <b>36,194</b>    | <b>236</b>       | <b>2,832</b>       |                | <b>67,816</b>          | <b>104,009</b>   |



Carolina Water Service, Inc. of North Carolina

Docket No. W-354, Sub 344

For the 12 Months Ending June 30, 2015

CWSNC Water

Casselberry

Exhibit No. 13

Page 3 of 4

## Public Staff's Proposed Revenue at Company's Proposed Rates

| Billing Type  | Usage             | Usage Rate | Usage Revenue  | EOP Customers | EOP x 12 months | Base Charge | Base Charge Revenue | Total Revenue  |
|---|-------------------|------------|----------------|---------------|-----------------|-------------|---------------------|----------------|
| <b>Riverpointe</b>  |                   |            |                |               |                 |             |                     |                |
| 5/8" Residential Metered  | 12,707,980        | 6.30       | 80,060         | 187           | 2,244           | 22.47       | 50,423              | 130,483        |
| 5/8" Commercial Metered   | 596,830           | 6.30       | 3,760          | 5             | 60              | 22.47       | 1,348               | 5,108          |
| <b>Total</b>  | <b>13,304,810</b> |            | <b>83,820</b>  | <b>192</b>    | <b>2,304</b>    |             | <b>51,771</b>       | <b>135,591</b> |
| <b>Whispering Pines</b>   |                   |            |                |               |                 |             |                     |                |
| 5/8" Residential Metered  | 80,840,136        | 2.23       | 180,274        | 1,490         | 17,880          | 22.47       | 401,764             | 582,037        |
| 1" Residential Metered  | 890,887           | 2.23       | 1,987          | 14            | 168             | 56.19       | 9,440               | 11,427         |
| 5/8" Commercial Metered   | 1,065,472         | 2.23       | 2,376          | 27            | 324             | 22.47       | 7,280               | 9,656          |
| 1" Commercial Metered   | 1,248,571         | 2.23       | 2,784          | 7             | 84              | 56.19       | 4,720               | 7,504          |
| 1.5" Commercial Metered   | 751,430           | 2.23       | 1,676          | 5             | 60              | 112.37      | 6,742               | 8,418          |
| 2" Commercial Metered   | 410,400           | 2.23       | 915            | 1             | 12              | 179.80      | 2,158               | 3,073          |
| 4" Commercial Metered   | 700               | 2.23       | 2              | 1             | 12              | 561.87      | 6,742               | 6,744          |
| <b>Total</b>  | <b>85,207,596</b> |            | <b>190,013</b> | <b>1,545</b>  | <b>18,540</b>   |             | <b>438,846</b>      | <b>628,859</b> |
| <b>White Oak Planation/Lee Forest/Winston Planation/Winston Point</b> |                   |            |                |               |                 |             |                     |                |
| 5/8" Residential Metered  | 22,108,370        | 3.25       | 71,852         | 444           | 5,328           | 22.47       | 119,720             | 191,572        |
| 1.5" Commercial Metered   | 159,300           | 3.25       | 518            | 1             | 12              | 112.37      | 1,348               | 1,866          |
| <b>Total</b>  | <b>22,267,670</b> |            | <b>72,370</b>  | <b>445</b>    | <b>5,340</b>    |             | <b>121,069</b>      | <b>193,439</b> |
| <b>Woodrun</b>  |                   |            |                |               |                 |             |                     |                |
| 5/8" Residential Metered  | 17,004,336        | 3.19       | 54,243.83      | 449           | 5,388           | 22.47       | 121,068             | 175,312        |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Water

Casselberry  
Exhibit No. 13  
Page 4 of 4

Public Staff's Proposed Revenue at Company's Proposed Rates

| Billing Type                | Usage              | Usage Rate | Usage Revenue    | EOP Customers | EOP x 12 months | Base Charge | Base Charge Revenue | Total Revenue     |
|-----------------------------|--------------------|------------|------------------|---------------|-----------------|-------------|---------------------|-------------------|
| 5/8" Commercial Metered     | 130,040            | 3.19       | 415              | 4             | 48              | 22.47       | 1,079               | 1,493             |
| 1" Commercial Metered       | 393,690            | 3.19       | 1,256            | 2             | 24              | 56.19       | 1,349               | 2,604             |
| <b>Total</b>                | <b>17,528,066</b>  |            | <b>55,915</b>    | <b>455</b>    | <b>5,460</b>    |             | <b>123,495</b>      | <b>179,410</b>    |
| <b>Yorktown</b>             |                    |            |                  |               |                 |             |                     |                   |
| 5/8" Residential Metered    | 3834650            | 5.01       | 19,212           | 107           | 1,284           | 22.47       | 28,851              | 48,063            |
| <b>Zemosa Acres</b>         |                    |            |                  |               |                 |             |                     |                   |
| 5/8" Residential Metered    | 12,260,179         | 5.27       | 64,611           | 238           | 2,856           | 22.47       | 64,174              | 128,785           |
| 3/4" Residential Metered    | 85,055             | 5.27       | 448              | 1             | 12              | 22.47       | 270                 | 718               |
| 1" Residential Metered      | 86,403             | 5.27       | 455              | 2             | 24              | 56.19       | 1,349               | 1,804             |
| 1" Commercial Metered       | 196,799            | 5.27       | 1,037            | 1             | 12              | 56.19       | 674                 | 1,711             |
| <b>Total</b>                | <b>12,628,436</b>  |            | <b>66,552</b>    | <b>242</b>    | <b>2,904</b>    |             | <b>66,467</b>       | <b>133,019</b>    |
| Availability                | -                  | -          | -                | 1,446         | 2,892           | 26.60       | 76,927              | 76,927            |
| Availability Linville Ridge | -                  | -          | -                | 63            | 756             | 10.80       | 8,165               | 8,165             |
| <b>Total Availability</b>   | <b>-</b>           | <b>-</b>   | <b>-</b>         | <b>1,509</b>  | <b>3,648</b>    |             | <b>85,092</b>       | <b>85,092</b>     |
| <b>Total</b>                | <b>930,578,985</b> |            | <b>5,621,813</b> | <b>19,784</b> | <b>222,948</b>  |             | <b>5,329,671</b>    | <b>10,951,484</b> |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Sewer

Casselberry  
Exhibit 14  
Page 1 of 2

IIA

Public Staff's Present Revenue at Company's Present Rates

| Billing Type              | Usage       | Usage Rate | Usage Revenue | EOP Customers | EOP x 12 months | Base Charge | Base Charge Revenue | Total Revenue |
|---------------------------|-------------|------------|---------------|---------------|-----------------|-------------|---------------------|---------------|
| 5/8" Res Flat, Sewer only |             | -          | -             | 1,480         | 17,760          | 44.70       | 793,872             | 793,872       |
| Total Flat Rate           |             |            |               | 1,480         | 17,760          |             | 793,872             | 793,872       |
| 5/8" Res Metered          | 312,582,475 | 2.46       | 768,953       | 7,452         | 89,424          | 33.02       | 2,952,780           | 3,721,733     |
| 1" Res Metered            | 966,050     | 2.46       | 2,376         | 16            | 192             | 33.02       | 6,340               | 8,716         |
| 2" Res Metered            | 32,601      | 2.46       | 80            | 1             | 12              | 33.02       | 398                 | 476           |
| Total Residential         | 313,581,126 |            | 771,410       | 7,469         | 89,628          |             | 2,959,517           | 3,730,926     |
| 5/8" Commercial           | 22,551,166  | 2.46       | 55,476        | 377           | 4,524           | 33.02       | 149,382             | 204,858       |
| 1" Commercial             | 316,120     | 2.46       | 778           | 3             | 36              | 82.55       | 2,972               | 3,749         |
| 1.5" Commercial           | 1,839,208   | 2.46       | 4,524         | 5             | 60              | 165.10      | 9,906               | 14,430        |
| 2" Commercial             | 14,041,145  | 2.46       | 34,541        | 37            | 444             | 264.16      | 117,287             | 151,828       |
| 3" Commercial             | 7,862,440   | 2.46       | 19,342        | 3             | 36              | 495.30      | 17,831              | 37,172        |
| 4" Commercial             | 412,700     | 2.46       | 1,015         | 1             | 12              | 825.50      | 9,906               | 10,921        |
| Total Commercial          | 47,022,779  |            | 115,676       | 426           | 5,112           |             | 307,284             | 422,960       |
| Mount Carmel              | 16,504,637  | 5.45       | 89,950        | 378           | 4,536           | 22.09       | 100,200             | 190,151       |
| Regalwood                 | -           |            | -             | 362           | 4,344           | 44.70       | 194,177             | 194,177       |
| White Oaks                | -           |            | -             | 673           | 8,076           | 44.70       | 360,997             | 360,997       |
| White Oaks School         | -           |            | -             | 1             | 12              | 1,386.90    | 16,643              | 16,643        |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Sewer

Casselberry  
Exhibit 14  
Page 2 of 2

| Billing<br>Type      | Public Staff's Present Revenue at Company's Present Rates |               |                  |                  |                    |                |                        |                  |
|----------------------|---|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
|                      | Usage   | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
| Child Castle Daycare | -   |               | -                | 1                | 12                 | 172.40         | 2,069                  | 2,069            |
| Other Total          | 16,504,637  |               | 89,950.27        | 1,415            | 16,980.00          |                | 674,085.84             | 764,036          |
| <b>Total</b>         | <b>377,108,542</b>  |               | <b>977,036</b>   | <b>10,790</b>    | <b>129,480</b>     |                | <b>4,734,759</b>       | <b>5,711,794</b> |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Sewer

Casselberry  
Exhibit 15  
Page 1 of 2

I/A

Public Staff's Proposed Revenue at Company's Proposed Rates

| Billing Type                 | Usage       | Usage Rate | Usage Revenue | EOP Customers | EOP x 12 months | Base Charge | Base Charge Revenue | Total Revenue |
|------------------------------|-------------|------------|---------------|---------------|-----------------|-------------|---------------------|---------------|
| Residential Flat, Sewer only |             | -          | -             | 1,479         | 17,748          | 53.56       | 950,583             | 950,583       |
| Total Flat Rate              |             |            |               | 1,479         | 17,748          |             | 950,583             | 950,583       |
| 5/8" Residential Metered     | 284,906,628 | 2.95       | 840,475       | 6,872         | 82,464          | 39.57       | 3,263,100           | 4,103,575     |
| 1" Res Metered               | 784,830     | 2.95       | 2,315         | 15            | 180             | 39.57       | 7,123               | 9,438         |
| 2" Res Metered               | 32,601      | 2.95       | 96            | 1             | 12              | 39.57       | 475                 | 571           |
| Total Residential            | 285,724,059 |            | 842,886       | 6,888         | 82,656          |             | 3,270,698           | 4,113,584     |
| 5/8" Commercial Metered      | 22,551,166  | 2.95       | 66,526        | 377           | 4,524           | 39.57       | 179,015             | 245,541       |
| 1" Commercial Metered        | 316,120     | 2.95       | 933           | 3             | 36              | 98.92       | 3,561               | 4,494         |
| 1.5" Commercial Metered      | 1,839,208   | 2.95       | 5,426         | 5             | 60              | 197.84      | 11,870              | 17,296        |
| 2" Commercial Metered        | 14,041,145  | 2.95       | 41,421        | 37            | 444             | 316.55      | 140,548             | 181,970       |
| 3" Commercial Metered        | 7,862,440   | 2.95       | 23,194        | 3             | 36              | 593.53      | 21,367              | 44,561        |
| 4" Commercial Metered        | 412,700     | 2.95       | 1,217         | 1             | 12              | 989.21      | 11,871              | 13,088        |
| Total Commercial Metered     | 47,022,779  |            | 138,717       | 426           | 5,112           |             | 368,232             | 506,949       |
| Mount Carmel                 | 16,504,637  | 5.60       | 92,426        | 378           | 4,536           | 30.86       | 139,981             | 232,407       |
| Regalwood                    | -           |            | -             | 362           | 4,344           | 53.56       | 232,665             | 232,665       |
| White Oaks                   | -           |            | -             | 673           | 8,076           | 53.56       | 432,551             | 432,551       |
| White Oaks School            | -           |            | -             | 1             | 12              | 1,661.95    | 19,943              | 19,943        |
| Child Castle Daycare         | -           |            | -             | 1             | 12              | 206.59      | 2,479               | 2,479         |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015  
CWSNC Sewer

Casselberry  
Exhibit 15  
Page 2 of 2

Public Staff's Proposed Revenue at Company's Proposed Rates

| Billing Type                                   | Usage       | Usage Rate | Usage Revenue | EOP Customers | EOP x 12 months | Base Charge | Base Charge Revenue | Total Revenue |
|--|-------------|------------|---------------|---------------|-----------------|-------------|---------------------|---------------|
| Pantry   | -           |            | -             | -             | -               | 110.07      | -                   | -             |
| Total Other                                    | 16,504,637  |            | 92,426        | 1,415         | 16,980          |             | 827,619             | 920,045       |
| College Park                                   |             |            |               |               |                 |             |                     |               |
| Residential Flat, Sewer only                   | -           | -          | -             | 1             | 12              | 53.56       | 643                 | 643           |
| 5/8" Residential Metered                       | 2,428,760   | 5.70       | 13,844        | 49            | 588             | 30.86       | 18,146              | 31,990        |
| Total  | 2,428,760   |            | 13,844        | 50            | 600             |             | 18,788              | 32,632        |
| Kings Grant                                    |             |            |               |               |                 |             |                     |               |
| 5/8" Residential Metered                       | 8,000,358   | 3.80       | 30,401        | 177           | 2,124           | 30.86       | 65,547              | 95,948        |
| 1" Res Metered                                 | 181,220     | 3.80       | 689           | 1             | 12              | 30.86       | 370                 | 1,059         |
| Total  | 8,181,578   |            | 31,090        | 178           | 2,136           |             | 65,917              | 97,007        |
| White Oak Plantation/Lee Forest/Winston Pointe |             |            |               |               |                 |             |                     |               |
| 5/8" Residential Metered                       | 17,246,729  | 4.55       | 78,473        | 354           | 4,248           | 30.86       | 131,093             | 209,566       |
| Total  | 377,108,542 |            | 1,197,436     | 10,790        | 129,480         |             | 5,632,930           | 6,830,366     |

Oct 15 2015

OFFICIAL COPY

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 16

I/A

Corolla Light and Monteray Shores

Public Staff's Present Revenue at Company's Present Rates

SEWER

| Type of User             | Consumption       | Usage Charge per 1,000 gal | Usage Revenue  | EOP Customers | EOP x 12 Months | Base Charge | Base Revenue   | Total Revenue    |
|--------------------------|-------------------|----------------------------|----------------|---------------|-----------------|-------------|----------------|------------------|
| 5/8" Residential Sewer   | 37,935,767        | 6.65                       | 252,273        | 741           | 8,892           | 52.26       | 464,696        | 716,969          |
| 1" Residential Sewer     | 9,574,291         | 6.65                       | 63,669         | 94            | 1,128           | 130.65      | 147,373        | 211,042          |
| <b>Total Residential</b> | <b>47,510,058</b> |                            | <b>315,942</b> | <b>835</b>    | <b>10,020</b>   |             | <b>612,069</b> | <b>928,011</b>   |
| 5/8" Commercial Sewer    | 6,838,496         | 6.65                       | 45,476         | 69            | 828             | 52.26       | 43,271         | 88,747           |
| 1" Commercial Sewer      | 2,646,550         | 6.65                       | 17,600         | 17            | 204             | 130.65      | 26,653         | 44,252           |
| 1.5" Commercial Sewer    | 1,144,600         | 6.65                       | 7,612          | 3             | 36              | 261.30      | 9,407          | 17,018           |
| 2" Commercial Sewer      | 2,071,400         | 6.65                       | 13,775         | 3             | 36              | 418.08      | 15,051         | 28,826           |
| 3" Commercial Sewer      | 147,000           | 6.65                       | 978            | 1             | 12              | 783.90      | 9,407          | 10,384           |
| <b>Total Commercial</b>  | <b>12,848,046</b> |                            | <b>85,440</b>  | <b>93</b>     | <b>1,116</b>    |             | <b>103,788</b> | <b>189,228</b>   |
| <b>TOTAL</b>             | <b>60,358,104</b> |                            | <b>401,381</b> | <b>928</b>    | <b>11,136</b>   |             | <b>715,857</b> | <b>1,117,239</b> |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 17

*IIA*

Corolla Light and Monteray Shores

Public Staff's Proposed Revenue at Company's Proposed Rates

SEWER

| Type of User           | Consumption | Usage Charge per 1,000 gal | Usage Revenue | EOP Customers | EOP x 12 Months | Base Charge | Base Revenue | Total Revenue |
|------------------------|-------------|----------------------------|---------------|---------------|-----------------|-------------|--------------|---------------|
| 5/8" Residential Sewer | 37,935,767  | 8.49                       | 322,075       | 741           | 8,892           | 66.72       | 593,274      | 915,349       |
| 1" Residential Sewer   | 9,574,291   | 8.49                       | 81,286        | 94            | 1,128           | 166.81      | 188,162      | 269,447       |
| Total Residential      | 47,510,058  |                            | 403,360       | 835           | 10,020          |             | 781,436      | 1,184,796     |
| 5/8" Commercial Sewer  | 6,838,496   | 8.49                       | 58,059        | 69            | 828             | 66.72       | 55,244       | 113,303       |
| 1" Commercial Sewer    | 2,646,550   | 8.49                       | 22,469        | 17            | 204             | 166.81      | 34,029       | 56,498        |
| 1.5" Commercial Sewer  | 1,144,600   | 8.49                       | 9,718         | 3             | 36              | 333.62      | 12,010       | 21,728        |
| 2" Commercial Sewer    | 2,071,400   | 8.49                       | 17,586        | 3             | 36              | 533.80      | 19,217       | 36,803        |
| 3" Commercial Sewer    | 147,000     | 8.49                       | 1,248         | 1             | 12              | 1,000.87    | 12,010       | 13,258        |
| Total Commercial       | 12,848,046  |                            | 109,080       | 93            | 1,116           |             | 132,511      | 241,591       |
| TOTAL                  | 60,358,104  |                            | 512,440       | 928           | 11,136          |             | 913,947      | 1,426,387     |

OFFICIAL COPY

Oct 15 2015



Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 18

I/A

The Village of Nags Head

Public Staff's Present Revenue at Company's Present Rates

SEWER

| Type of User          | Usage      | Minimum Usage | Total Usage | Usage Charge per 1,000 gal | Usage Revenue | EOP Customers | EOP x 12 months | Base Charge | Base Revenue | Total Revenue |
|-----------------------|------------|---------------|-------------|----------------------------|---------------|---------------|-----------------|-------------|--------------|---------------|
| Flat Rate             | -          | -             | -           | -                          | -             | 655           | 7,860           | 62.81       | 493,687      | 493,687       |
| 5/8" Commercial Sewer | 680,110    | 276,067       | 956,177     | 9.33                       | 8,921         | 10            | 120             | 18.48       | 2,218        | 11,139        |
| 1" Commercial Sewer   | 2,735,640  | 16,307        | 2,751,947   | 9.33                       | 25,676        | 6             | 72              | 46.22       | 3,328        | 29,004        |
| 1.5" Commercial Sewer | 1,411,580  |               | 1,411,580   | 9.33                       | 13,170        | 4             | 48              | 92.42       | 4,436        | 17,606        |
| 2" Commercial Sewer   | 6,615,700  |               | 6,615,700   | 9.33                       | 61,724        | 7             | 84              | 147.88      | 12,422       | 74,146        |
| 6" Commercial Sewer   | 4,910,110  |               | 4,910,110   | 9.33                       | 45,811        | 2             | 24              | 924.24      | 22,182       | 67,993        |
| Total Commercial      | 16,353,140 | 292,374       | 16,645,514  |                            | 155,303       | 29            | 348             |             | 44,585       | 199,888       |
| Total                 | 16,353,140 | 292,374       | 16,645,514  |                            | 155,303       | 684           | 8,208           |             | 538,272      | 693,575       |

Oct 15 2015

OFFICIAL COPY

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 19

IIA

The Village of Nags Head

Public Staff's Proposed Revenue at Company's Proposed Rates

SEWER

| Type of User          | Usage      | Minimum Usage | Total Usage | Usage Charge per 1,000 gal | Usage Revenue | EOP Customers | EOP x 12 months | Base Charge | Base Revenue | Total Revenue |
|-----------------------|------------|---------------|-------------|----------------------------|---------------|---------------|-----------------|-------------|--------------|---------------|
| Flat Rate             | -          |               | -           |                            | -             | 655           | 7,860           | 76.11       | 598,225      | 598,225       |
| 5/8" Commercial Sewer | 680,110    | 276,067       | 956,177     | 11.31                      | 10,814        | 10            | 120             | 22.39       | 2,687        | 13,501        |
| 1" Commercial Sewer   | 2,735,640  | 16,307        | 2,751,947   | 11.31                      | 31,125        | 6             | 72              | 56.01       | 4,033        | 35,157        |
| 1.5" Commercial Sewer | 1,411,580  |               | 1,411,580   | 11.31                      | 15,965        | 4             | 48              | 111.99      | 5,376        | 21,340        |
| 2" Commercial Sewer   | 6,615,700  |               | 6,615,700   | 11.31                      | 74,824        | 7             | 84              | 179.20      | 15,053       | 89,876        |
| 6" Commercial Sewer   | 4,910,110  |               | 4,910,110   | 11.31                      | 55,533        | 2             | 24              | 1,924.24    | 46,182       | 101,715       |
| Total Commercial      | 16,353,140 | 292,374       | 16,645,514  |                            | 188,261       | 29            | 348             |             | 73,330       | 261,590       |
| Total                 | 16,353,140 | 292,374       | 16,645,514  |                            | 188,261       | 684           | 8,208           |             | 671,554      | 859,815       |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 20  
Page 1 of 4

I/A

OFFICIAL COPY

Oct 15 2015

Public Staff's Recommended Rates

CWSNC Water

| Billing<br>Type   | Usage       | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
|---|-------------|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
| Flat Residential  | -           |               | -                | 23               | 276                | 41.70          | 11,509                 | 11,509           |
| New Metered Residential<br>(prior flat rate mountain<br>customers average usage<br>3,000/customer | 39,708,000  | 6.42          | 254,925          | 1,103            | 13,236             | 22.46          | 297,281                | 552,206          |
| 5/8" Residential Metered  | 666,355,714 | 6.42          | 4,278,004        | 13,071           | 156,852            | 22.46          | 3,522,896              | 7,800,900        |
| 3/4" Residential Metered  | 827,250     | 6.42          | 5,311            | 20               | 240                | 22.46          | 5,390                  | 10,701           |
| 1" Residential Metered  | 1,344,690   | 6.42          | 8,633            | 25               | 300                | 56.15          | 16,845                 | 25,478           |
| 1.5" Residential Metered  | 6,650       | 6.42          | 43               | 1                | 12                 | 112.30         | 1,348                  | 1,390            |
| 2" Residential Metered  | 32,601      | 6.42          | 209              | 1                | 12                 | 179.68         | 2,156                  | 2,365            |
| Total Residential Metered   | 668,566,905 |               | 4,292,200        | 13,118           | 157,416            |                | 3,548,635              | 7,840,835        |
| 5/8" Commercial Metered   | 8,628,471   | 6.42          | 55,395           | 145              | 1,740              | 22.46          | 39,080                 | 94,475           |
| 1" Commercial Metered   | 3,984,141   | 6.42          | 25,578           | 37               | 444                | 56.15          | 24,931                 | 50,509           |
| 1.5" Commercial Metered   | 3,340,558   | 6.42          | 21,446           | 12               | 144                | 112.30         | 16,171                 | 37,618           |
| 2" Commercial Metered   | 17,551,812  | 6.42          | 112,683          | 52               | 624                | 179.68         | 112,120                | 224,803          |
| 3" Commercial Metered   | 8,549,540   | 6.42          | 54,888           | 4                | 48                 | 336.90         | 16,171                 | 71,059           |
| 4" Commercial Metered   | 412,700     | 6.42          | 2,650            | 1                | 12                 | 561.50         | 6,738                  | 9,388            |
| 6" Commercial Metered   | 4,364,400   | 6.42          | 28,019           | 2                | 24                 | 1,123.00       | 26,952                 | 54,971           |
| Total Commercial Metered  | 46,831,622  |               | 300,659          | 253              | 3,036              |                | 242,164                | 542,823          |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 20  
Page 2 of 4

Public Staff's Recommended Rates

CWSNC Water

| Billing<br>Type             | Usage             | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
|-----------------------------|-------------------|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
| <b>Linville Ridge</b>       |                   |               |                  |                  |                    |                |                        |                  |
| Flat Residential            | -                 |               | -                | 337              | 4,044              | 41.70          | 168,635                | 168,635          |
| 5/8" Commercial Metered     | 3,550             | 6.42          | 23               | 1                | 12                 | 22.46          | 270                    | 292              |
| 1" Commercial Metered       | 695,400           | 6.42          | 4,464            | 1                | 12                 | 56.15          | 674                    | 5,138            |
| 2" Commercial Metered       | 1,689,500         | 6.42          | 10,847           | 4                | 48                 | 179.68         | 8,625                  | 19,471           |
| 3" Commercial Metered       | 215,800           | 6.42          | 1,385            | 1                | 12                 | 336.90         | 4,043                  | 5,428            |
| <b>Total Linville Ridge</b> | <b>2,604,250</b>  |               | <b>16,719</b>    | <b>344</b>       | <b>4,128</b>       |                | <b>182,246</b>         | <b>198,965</b>   |
| <b>Purchased Water</b>      |                   |               |                  |                  |                    |                |                        |                  |
| <b>Carolina Forest</b>      |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered    | 6,286,140         | 3.19          | 20,053           | 205              | 2,460              | 22.46          | 55,252                 | 75,304           |
| 1" Residential Metered      | 29,460            | 3.19          | 94               | 1                | 12                 | 56.15          | 674                    | 768              |
| 5/8" Commercial Metered     | 93,610            | 3.19          | 299              | 4                | 48                 | 22.46          | 1,078                  | 1,377            |
| 1" Commercial Metered       | 125,640           | 3.19          | 401              | 1                | 12                 | 56.15          | 674                    | 1,075            |
| 1.5" Commercial Metered     | 72,100            | 3.19          | 230              | 1                | 12                 | 112.30         | 1,348                  | 1,578            |
| <b>Total</b>                | <b>6,606,950</b>  |               | <b>21,076</b>    | <b>212</b>       | <b>2,544</b>       |                | <b>59,025</b>          | <b>80,101</b>    |
| <b>High Vista Estates</b>   |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered    | 10,265,370        | 3.15          | 32,336           | 232              | 2,784              | 22.46          | 62,529                 | 94,865           |
| 1" Residential Metered      | 68,430            | 3.15          | 216              | 1                | 12                 | 56.15          | 674                    | 889              |
| 5/8" Commercial Metered     | 117,930           | 3.15          | 371              | 1                | 12                 | 22.46          | 270                    | 641              |
| 2" Commercial Metered       | 1,038,300         | 3.15          | 3,271            | 2                | 24                 | 179.68         | 4,312                  | 7,583            |
| <b>Total</b>                | <b>11,490,030</b> |               | <b>36,194</b>    | <b>236</b>       | <b>2,832</b>       |                | <b>67,784</b>          | <b>103,978</b>   |

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 20  
Page 3 of 4

Public Staff's Recommended Rates

CWSNC Water

| Billing<br>Type   | Usage             | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
|---|-------------------|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
| <b>Riverpointe</b>  |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered  | 12,707,980        | 6.30          | 80,060           | 187              | 2,244              | 22.46          | 50,400                 | 130,461          |
| 5/8" Commercial Metered   | 596,830           | 6.30          | 3,760            | 5                | 60                 | 22.46          | 1,348                  | 5,108            |
| <b>Total</b>  | <b>13,304,810</b> |               | <b>83,820</b>    | <b>192</b>       | <b>2,304</b>       |                | <b>51,748</b>          | <b>135,568</b>   |
| <b>Whispering Pines</b>   |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered  | 80,840,136        | 2.23          | 180,274          | 1,490            | 17,880             | 22.46          | 401,585                | 581,858          |
| 1" Residential Metered  | 890,887           | 2.23          | 1,987            | 14               | 168                | 56.15          | 9,433                  | 11,420           |
| 5/8" Commercial Metered   | 1,065,472         | 2.23          | 2,376            | 27               | 324                | 22.46          | 7,277                  | 9,653            |
| 1" Commercial Metered   | 1,248,571         | 2.23          | 2,784            | 7                | 84                 | 56.15          | 4,717                  | 7,501            |
| 1.5" Commercial Metered   | 751,430           | 2.23          | 1,676            | 5                | 60                 | 112.30         | 6,738                  | 8,414            |
| 2" Commercial Metered   | 410,400           | 2.23          | 915              | 1                | 12                 | 179.68         | 2,156                  | 3,071            |
| 4" Commercial Metered   | 700               | 2.23          | 2                | 1                | 12                 | 561.50         | 6,738                  | 6,740            |
| <b>Total</b>  | <b>85,207,596</b> |               | <b>190,013</b>   | <b>1,545</b>     | <b>18,540</b>      |                | <b>438,644</b>         | <b>628,657</b>   |
| <b>White Oak Planation/Lee Forest/Winston Planation/Winston Point</b> |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered  | 22,108,370        | 3.25          | 71,852           | 444              | 5,328              | 22.46          | 119,667                | 191,519          |
| 1.5" Commercial Metered   | 159,300           | 3.25          | 518              | 1                | 12                 | 112.30         | 1,348                  | 1,865            |
| <b>Total</b>  | <b>22,267,670</b> |               | <b>72,370</b>    | <b>445</b>       | <b>5,340</b>       |                | <b>121,014</b>         | <b>193,384</b>   |
| <b>Woodrun</b>  |                   |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered  | 17,004,336        | 3.19          | 54,244           | 449              | 5,388              | 22.46          | 121,014                | 175,258          |

Oct 15 2015

OFFICIAL COPY

Casselberry  
Exhibit No. 20  
Page 4 of 4

Oct 15 2015

Oct 15 2015

[illegible]

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit 21  
Page 1 of 2

I/A

Public Staff's Recommended Combined Sewer Rates

| Billing Type   | Usage       | Usage Rate | Usage Revenue | EOP Customers | EOP x 12 months | Base Charge | Base Charge Revenue | Total Revenue |
|--|-------------|------------|---------------|---------------|-----------------|-------------|---------------------|---------------|
| Residential Flat, Sewer only<br>(based on 3,500 gallons) |             | -          | -             | 1,479         | 17,748          | 52.68       | 934,965             | 934,965       |
| 5/8" Residential Metered                                 | 284,906,628 | 2.91       | 829,078       | 6,872         | 82,464          | 42.50       | 3,504,720           | 4,333,798     |
| 1" Res Metered   | 784,830     | 2.91       | 2,284         | 15            | 180             | 42.50       | 7,650               | 9,934         |
| 2" Res Metered   | 32,601      | 2.91       | 95            | 1             | 12              | 42.50       | 510                 | 605           |
| 5/8" Commercial Metered                                  | 22,551,166  | 2.91       | 65,624        | 377           | 4,524           | 42.50       | 192,270             | 257,894       |
| 1" Commercial Metered                                    | 316,120     | 2.91       | 920           | 3             | 36              | 106.25      | 3,825               | 4,745         |
| 1.5" Commercial Metered                                  | 1,839,208   | 2.91       | 5,352         | 5             | 60              | 212.50      | 12,750              | 18,102        |
| 2" Commercial Metered                                    | 14,041,145  | 2.91       | 40,860        | 37            | 444             | 340.00      | 150,960             | 191,820       |
| 3" Commercial Metered                                    | 7,862,440   | 2.91       | 22,880        | 3             | 36              | 637.50      | 22,950              | 45,830        |
| 4" Commercial Metered                                    | 412,700     | 2.91       | 1,201         | 1             | 12              | 1,062.50    | 12,750              | 13,951        |
| CL/MS  |             |            |               |               |                 |             |                     |               |
| 5/8" Residential Sewer                                   | 37,935,767  | 6.65       | 252,273       | 741           | 8,892           | 52.26       | 464,696             | 716,969       |
| 1" Residential Sewer                                     | 9,574,291   | 6.65       | 63,669        | 94            | 1,128           | 130.65      | 147,373             | 211,042       |
| 5/8" Commercial Sewer                                    | 6,838,496   | 6.65       | 45,476        | 69            | 828             | 52.26       | 43,271              | 88,747        |
| 1" Commercial Sewer                                      | 2,646,550   | 6.65       | 17,600        | 17            | 204             | 130.65      | 26,653              | 44,252        |
| 1.5" Commercial Sewer                                    | 1,144,600   | 6.65       | 7,612         | 3             | 36              | 261.30      | 9,407               | 17,018        |
| 2" Commercial Sewer                                      | 2,071,400   | 6.65       | 13,775        | 3             | 36              | 418.08      | 15,051              | 28,826        |
| 3" Commercial Sewer                                      | 147,000     | 6.65       | 978           | 1             | 12              | 783.90      | 9,407               | 10,384        |

OFFICIAL COPY

Oct 15 2015

Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
Test Year Ending June 30, 2015

Casselberry  
Exhibit 21  
Page 2 of 3

Public Staff's Recommended Combined Sewer Rates

| Billing<br>Type              | Usage      | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge | Base Charge<br>Revenue | Total<br>Revenue |
|------------------------------|------------|---------------|------------------|------------------|--------------------|----------------|------------------------|------------------|
| <b>Nags Head</b>             |            |               |                  |                  |                    |                |                        |                  |
| Flat Rate                    | -          |               | -                | 655              | 7,860              | 62.81          | 493,687                | 493,687          |
| 5/8" Commercial Sewer        | 956,177    | 9.33          | 8,921            | 10               | 120                | 18.48          | 2,218                  | 11,139           |
| 1" Commercial Sewer          | 2,751,947  | 9.33          | 25,676           | 6                | 72                 | 46.22          | 3,328                  | 29,004           |
| 1.5" Commercial Sewer        | 1,411,580  | 9.33          | 13,170           | 4                | 48                 | 92.42          | 4,436                  | 17,606           |
| 2" Commercial Sewer          | 6,615,700  | 9.33          | 61,724           | 7                | 84                 | 147.88         | 12,422                 | 74,146           |
| 6" Commercial Sewer          | 4,910,110  | 9.33          | 45,811           | 2                | 24                 | 924.24         | 22,182                 | 67,993           |
| <b>Mount Carmel</b>          |            |               |                  |                  |                    |                |                        |                  |
| Mount Carmel                 | 16,504,637 | 5.73          | 94,572           | 378              | 4,536              | 34.00          | 154,224                | 248,796          |
| Regalwood                    | -          |               | -                | 362              | 4,344              | 52.68          | 228,842                | 228,842          |
| White Oaks                   | -          |               | -                | 673              | 8,076              | 52.68          | 425,444                | 425,444          |
| White Oaks School            | -          |               | -                | 1                | 12                 | 1,634.66       | 19,616                 | 19,616           |
| Child Castle Daycare         | -          |               | -                | 1                | 12                 | 203.34         | 2,440                  | 2,440            |
| <b>College Park</b>          |            |               |                  |                  |                    |                |                        |                  |
| Residential Flat, Sewer only | -          | -             | -                | 1                | 12                 | 52.68          | 632                    | 632              |
| 5/8" Residential Metered     | 2,428,760  | 5.70          | 13,844           | 49               | 588                | 34.00          | 19,992                 | 33,836           |
| <b>Kings Grant</b>           |            |               |                  |                  |                    |                |                        |                  |
| 5/8" Residential Metered     | 8,000,358  | 3.80          | 30,401           | 177              | 2,124              | 34.00          | 72,216                 | 102,617          |
| 1" Res Metered               | 181,220    | 3.80          | 689              | 1                | 12                 | 34.00          | 408                    | 1,097            |

OFFICIAL COPY

Oct 15 2015



Carolina Water Service, Inc. of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit 21  
Page 3 of 3

Public Staff's Recommended Combined Sewer Rates

| Billing<br>Type   | Usage       | Usage<br>Rate | Usage<br>Revenue | EOP<br>Customers | EOP<br>x 12 months | Base<br>Charge      | Base Charge<br>Revenue | Total<br>Revenue |
|---|-------------|---------------|------------------|------------------|--------------------|---------------------|------------------------|------------------|
| <b>White Oak Plantation/Lee<br/>Forest/Winston Pointe</b> |             |               |                  |                  |                    |                     |                        |                  |
| 5/8" Residential Metered                                  | 17,246,729  | 4.55          | 78,473           | 354              | 4,248              | 34.00               | 144,432                | 222,905          |
| Total   | 454,112,160 |               | 1,742,955        | 12,402           | 148,824            |                     | 7,165,724.8            | 8,908,680        |
|   |             |               |                  |                  |                    | Revenue Requirement |                        | 8,908,468        |

OFFICIAL COPY

Oct 15 2015

IIA

OFFICIAL COPY

Oct 15 2015

**COMPANY'S PRESENT AND PROPOSED RATES AND THE PUBLIC STAFF'S  
RECOMMENDED WATER RATES AND COMBINED SEWER RATES FOR UNIFORM  
CUSTOMERS, CLMS AND NAGS HEAD**

**WATER RATES AND CHARGES**

MONTHLY METERED SERVICE: (Residential and Commercial)

|                                      | <u>Existing</u> | <u>Proposed</u> | <u>Public Staff's<br/>Recommend</u> |
|--------------------------------------|-----------------|-----------------|-------------------------------------|
| Base Facilities Charges (zero usage) |                 |                 |                                     |
| < 1" meter                           | \$ 18.25        | \$ 22.47        | \$ 22.46                            |
| 1" meter                             | \$ 45.63        | \$ 56.19        | \$ 56.15                            |
| 1-1/2" meter                         | \$ 91.25        | \$ 112.37       | \$ 112.30                           |
| 2" meter                             | \$146.00        | \$ 179.80       | \$ 179.68                           |
| 3" meter                             | \$273.75        | \$ 337.12       | \$ 336.90                           |
| 4" meter                             | \$456.25        | \$ 561.87       | \$ 561.50                           |
| 6" meter                             | \$912.50        | \$1,123.74      | \$1,123.00                          |

AVERAGE RESIDENTIAL BILL (based on 4,200 gallons) \$ 41.10 \$ 50.61 \$ 49.42

USAGE CHARGE:

| USAGE CHARGE:    |  |                                |                               |         |
|------------------|--|--------------------------------|-------------------------------|---------|
| A.               | Treated Water/1,000 gallons  | \$ 5.44                        | \$ 6.70                       | \$ 6.42 |
| B.               | Untreated Water/1,000 gallons<br>(Brandywine Bay Irrigation Water) | \$ 3.60                        | \$ 3.60                       | \$ 4.12 |
| C.               | Purchased Water for Resale   |                                |                               |         |
| Service Area     | Bulk Provider  | Usage Charge/<br>1,000 gallons | Usage charge<br>1,000 gallons |         |
| Carolina Forest  | Montgomery County  | \$ 3.19                        | \$ 3.19                       |         |
| High Vista Est.  | City of Hendersonville   | \$ 3.15                        | \$ 3.15                       |         |
| Riverpointe      | Charlotte Water  | \$ 6.30                        | \$ 6.30                       |         |
| Whispering Pines | Town of Southern Pines   | \$ 2.23                        | \$ 2.23                       |         |
| White Oak P/L/   |  |                                |                               |         |
| Lee Forest       | Johnston County  | \$ 3.25                        | \$ 3.25                       |         |
| Winston Pkt.     | Johnston County  | \$ 3.25                        | \$ 3.25                       |         |
| Winston Point    | Johnston County  | \$ 3.25                        | \$ 3.25                       |         |
| Woodrun          | Montgomery County  | \$ 3.19                        | \$ 3.19                       |         |
| Yorktown         | City of Winston-Salem  | \$ 5.01                        | \$ 5.01                       |         |
| Zemosa Acres     | City of Concord  | \$ 5.27                        | \$ 5.27                       |         |

MONTHLY FLAT RATE SERVICE: \$ 34.52 \$ 42.51 \$ 41.70

AVAILABILITY RATES (semi-annual):

Applicable only to property owners in Carolina Forest  
and Woodrun Subdivision in Montgomery County \$ 21.60 \$ 26.60 \$ 24.70

LINVILLE RIDGE SUBDIVISION:

MONTHLY METERED SERVICE: (Common Facility Only)

|  | <u>Existing</u> | <u>Proposed</u> | <u>Public Staff's<br/>Recommend</u> |
|--|-----------------|-----------------|-------------------------------------|
| Base Facilities Charges (zero usage)<br>Common facility only | \$ 72.00        | N/A             | N/A                                 |
| Base Facilities Charges (Residential and Commercial)         |                 |                 |                                     |
| < 1" meter   | N/A             | \$ 22.47        | \$ 22.46                            |
| 1" meter   |                 | \$ 56.19        | \$ 56.15                            |
| 1-1/2" meter   |                 | \$ 112.37       | \$ 112.30                           |
| 2" meter   |                 | \$ 179.80       | \$ 179.68                           |

Carolina Water Service Inc., of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Casselberry  
Exhibit No. 22  
Page 2 of 4

|   |                 |                 |                  |
|---|-----------------|-----------------|------------------|
| 3" meter  |                 | \$ 337.12       | \$ 336.90        |
| 4" meter  |                 | \$ 561.87       | \$ 561.50        |
| 6" meter  |                 | \$1,123.74      | \$1,123.00       |
|   |                 |                 | Public Staff's   |
|   | <u>Existing</u> | <u>Proposed</u> | <u>Recommend</u> |
| Usage Charge, per 1,000 gallons (Treated Water) | \$ 3.08         | \$ 6.70         | \$ 6.42          |
| Flat Residential Rate (Actual Taps)             | \$ 31.68        | \$ 42.51        | \$ 41.70         |
| Flat Availability Rate (Non-user only)          | \$ 10.80        | \$ 10.80        | \$ 12.35         |

### SEWER RATES AND CHARGES

#### MONTHLY METERED SERVICE:

##### Base Facility Charge:

|  |                 |                 |                       |
|--|-----------------|-----------------|-----------------------|
|  | <u>Existing</u> | <u>Proposed</u> | <u>Public Staff's</u> |
|  | \$ 33.02        | \$ 39.57        | <u>Recommend</u>      |
| Residential (zero usage)                                 |                 |                 | \$ 42.50              |
| Commercial (based on meter size with zero usage)         |                 |                 |                       |
| < 1" meter   | \$ 33.02        | \$ 39.57        | \$ 42.50              |
| 1" meter   | \$ 82.55        | \$ 98.92        | \$ 106.25             |
| 1-1/2" meter   | \$ 165.10       | \$ 197.84       | \$ 212.50             |
| 2" meter   | \$ 264.16       | \$ 316.55       | \$ 340.00             |
| 3" meter   | \$ 495.30       | \$ 593.53       | \$ 637.50             |
| 4" meter   | \$ 825.50       | \$ 989.21       | \$1,062.50            |
| 6" meter   | \$1,651.00      | \$1,978.42      | \$2,125.00            |
| Usage Charge per 1,000 gallons                           | \$ 2.46         | \$ 2.95         | \$ 2.91               |
| <u>AVERAGE RESIDENTIAL BILL</u> (based on 4,200 gallons) | \$ 43.35        | \$ 51.96        | \$ 54.72              |

#### MONTHLY METERED PURCHASED SEWER SERVICE:

|  |     |          |          |
|--|-----|----------|----------|
| Collection charge (Residential and Commercial/SFE)       | N/A | \$ 30.86 | \$ 34.00 |
| Usage charge, per 1,000 gallons based on purchased water |     |          |          |

| Service Area       | Bulk Provider        | Usage Charge/<br>1,000 gallons | Usage charge<br>/1,000 gallons |
|--------------------|----------------------|--------------------------------|--------------------------------|
| White Oak Plt./Lee |                      |                                |                                |
| Forest/Winston Pl  | Johnston County      | \$ 4.55                        | \$ 4.55                        |
| Kings Grant        | Two Rivers Utilities | \$ 3.80                        | \$ 3.80                        |
| College Park       | Town of Dallas       | \$ 5.70                        | \$ 5.70                        |

|                                   |          |          |          |
|-----------------------------------|----------|----------|----------|
| <u>MONTHLY FLAT RATE SERVICE:</u> | \$ 44.70 | \$ 53.56 | \$ 52.68 |
|-----------------------------------|----------|----------|----------|

#### MONTHLY COLLECTION SERVICE ONLY <sup>4</sup>:

(When sewage is collected by utility and transferred to another entity for treatment)

|                            |          |     |  |
|----------------------------|----------|-----|--|
| A. Single Family Residence | \$ 16.09 | N/A |  |
| B. Commercial/SFE          | \$ 16.09 | N/A |  |

#### MT. CARMEL SUBDIVISION SERVICE AREA:

|   |          |          |          |
|---|----------|----------|----------|
| Monthly Base Facility Charge                                  | \$ 6.00  | \$ 6.44  | \$ 6.60  |
| Usage Charge/1,000 gallons<br>(Based on metered water usage)  | \$ 5.45  | \$ 5.60  | \$ 5.73  |
| Monthly Collection Charge<br>(Residential and Commercial/SFE) | \$ 16.09 | \$ 24.42 | \$ 27.40 |

REGALWOOD AND WHITE OAK ESTATES SUBDIVISION SERVICE AREAS:

A. Monthly Flat Rate Sewer Service:

|                       | <u>Existing</u> | <u>Proposed</u> | <u>Public Staff's<br/>Recommend</u> |
|-----------------------|-----------------|-----------------|-------------------------------------|
| Residential Service   | \$ 44.70        | \$ 53.56        | \$ 52.68                            |
| White Oak High School | \$1,386.90      | \$1,661.95      | \$1,634.66                          |
| Child Castle Daycare  | \$ 172.40       | \$ 206.59       | \$ 203.34                           |
| Pantry                | \$ 91.85        | \$ 110.07       | \$ 108.00                           |

**COROLLA LIGHT AND MONTERAY SHORES**

**SEWER RATES AND CHARGES**

MONTHLY METERED SERVICE: (Residential and Commercial)

| Base Facility Charge (based on meter size and zero usage) |                 |                 |  | <u>Public Staff<br/>Recommend</u> |
|---|-----------------|-----------------|--|-----------------------------------|
|   | <u>Existing</u> | <u>Proposed</u> |  |                                   |
| < 1" meter  | \$ 52.26        | \$ 66.72        |  | \$ 52.26                          |
| 1" meter  | \$ 130.65       | \$ 166.81       |  | \$ 130.65                         |
| 1-1/2" meter  | \$ 261.30       | \$ 333.62       |  | \$ 261.30                         |
| 2" meter  | \$ 418.08       | \$ 533.80       |  | \$ 418.08                         |
| 3" meter  | \$ 783.90       | \$1,000.87      |  | \$ 783.90                         |
| 4" meter  | \$1,306.50      | \$1,668.11      |  | \$1,306.50                        |
| 6" meter  | \$2,613.00      | \$3,336.23      |  | \$2,613.00                        |
| Usage Charge per 1,000 gallons                            | \$ 6.65         | \$ 8.49         |  | \$ 6.65                           |

**THE VILLAGE OF NAGS HEAD**

**SEWER RATES AND CHARGES**

MONTHLY METERED SERVICE: (Commercial)

| Base Facility Charge (based on meter size and zero usage)                           |                 |                 |  | <u>Public Staff<br/>Recommend</u> |
|---|-----------------|-----------------|--|-----------------------------------|
|   | <u>Existing</u> | <u>Proposed</u> |  |                                   |
| < 1" meter  | \$ 18.48        | \$ 22.39        |  | \$ 18.48                          |
| 1" meter  | \$ 46.22        | \$ 56.01        |  | \$ 46.22                          |
| 1-1/2" meter  | \$ 92.42        | \$ 111.99       |  | \$ 92.42                          |
| 2" meter  | \$ 147.88       | \$ 179.20       |  | \$ 147.88                         |
| 3" meter  | \$ 277.27       | \$ 335.99       |  | \$ 277.27                         |
| 4" meter  | \$ 462.12       | \$ 560.00       |  | \$ 462.12                         |
| 6" meter  | \$ 924.24       | \$1,924.24      |  | \$ 924.24                         |
| Usage Charge per 1,000 gallons  | \$ 9.33         | \$ 11.31        |  | \$ 9.33                           |
| Minimum Monthly Charge<br>(Commercial customers who<br>use less than 4,700 gallons) | \$ 62.81        | \$ 76.11        |  | \$ 62.81                          |

|                           |          |          |          |
|---------------------------|----------|----------|----------|
| <u>MONTHLY FLAT RATE:</u> | \$ 62.81 | \$ 76.11 | \$ 62.81 |
|---------------------------|----------|----------|----------|

**AVERAGE MONTHLY BILLS AT COMPANY'S PRESENT AND PROPOSED RATES  
AND PUBLIC STAFF'S RECOMMENDED RATES**

**WATER OPERATIONS**

| <u>Service Area</u> | <u>CWSNC<br/>Present</u> | <u>CWSNC<br/>Proposed</u> | <u>Percent<br/>Increase</u> | <u>Public Staff<br/>Recommended</u> | <u>Percent<br/>Increase</u> |
|---------------------|--------------------------|---------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Uniform Rate        | \$41.10                  | \$50.61                   | 23.1%                       | \$49.42                             | 20.2%                       |
| Carolina Forest     | \$41.10                  | \$35.87                   | (12.7%)                     | \$35.86                             | (12.7%)                     |
| High Vista Estates  | \$41.10                  | \$35.70                   | (13.1%)                     | \$35.69                             | (13.2%)                     |
| Riverpointe         | \$41.10                  | \$48.93                   | 19.1%                       | \$48.92                             | 19.0%                       |
| Whispering Pines    | \$41.10                  | \$31.84                   | (22.5%)                     | \$31.83                             | (22.5%)                     |
| White Oak/Lee F.    | \$41.10                  | \$36.12                   | (12.1%)                     | \$36.11                             | (12.1%)                     |
| Winston Plantation  | \$41.10                  | \$36.12                   | (12.1%)                     | \$36.11                             | (12.1%)                     |
| Winston Pointe      | \$41.10                  | \$36.12                   | (12.1%)                     | \$36.11                             | (12.1%)                     |
| Woodrun             | \$41.10                  | \$35.87                   | (12.7%)                     | \$35.86                             | (12.7%)                     |
| Yorktown            | \$41.10                  | \$43.51                   | 5.9%                        | \$43.50                             | 5.8%                        |
| Zemosa Acres        | \$41.10                  | \$44.60                   | 8.5%                        | \$44.59                             | 8.5%                        |
| Linville Ridge      | \$31.68                  | \$42.51                   | 34.2%                       | \$41.70                             | 31.6%                       |

Average 5/8 inch Residential Water Bill, Based on 4,200 Gallons  
Linville Ridge flat rate

**SEWER OPERATIONS**

| <u>Service Area</u>            | <u>CWSNC<br/>Present</u> | <u>CWSNC<br/>Proposed</u> | <u>Percent<br/>Increase</u> | <u>Public Staff<br/>Recommended</u> | <u>Percent<br/>Increase</u> |
|--------------------------------|--------------------------|---------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Uniform Rate                   | \$43.35                  | \$ 51.96                  | 19.9%                       | \$54.72                             | 26.2%                       |
| White Oak Plt./<br>Lee Forest/ |                          |                           |                             |                                     |                             |
| Winston Pt.                    | \$43.35                  | \$ 49.97                  | 15.3%                       | \$53.11                             | 22.5%                       |
| Kings Grant                    | \$43.35                  | \$ 46.82                  | 8.0%                        | \$49.96                             | 15.2%                       |
| College Park                   | \$43.35                  | \$ 54.80                  | 26.4%                       | \$57.94                             | 33.7%                       |
| Mt. Carmel                     | \$44.98                  | \$ 54.38                  | 20.9%                       | \$58.07                             | 29.1%                       |
| CLMS                           | \$80.19                  | \$102.38                  | 27.7%                       | \$80.19                             | 0%                          |
| Nags Head                      | \$62.81                  | \$ 76.11                  | 21.2%                       | \$62.81                             | 0%                          |

Average 5/8 inch Residential Water Bill, Based on 4,200 Gallons  
Nags Head flat rate

1Ad

OFFICIAL COPY

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. W-354, SUB 344

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Carolina Water Service, Inc. of North )  
Carolina, 2335 Saunders Road, Northbrook, Illinois )  
60062, for Authority to Adjust and Increase Rates for ) STIPULATION  
Water and Sewer Utility Service in All of its Service )  
Areas in North Carolina )

Oct 15 2015

Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company"),  
Corolla Light Community Association, Inc. ("Community Association" or "CLCA"),  
and the Public Staff - North Carolina Utilities Commission ("Public Staff"),  
(collectively, the "Stipulating Parties"), through counsel and pursuant to  
Section 62-69 of the North Carolina General Statutes and Rule R1-24(c) of the  
Rules and Regulations of the North Carolina Utilities Commission (Commission),  
respectfully submit the following Stipulation for consideration by the Commission  
in this proceeding. The Stipulating Parties hereby stipulate and agree as follows:

**1. Background.**

A. On February 26, 2015, CWSNC gave notice of its intent to file a  
general rate case.

B. On March 31, 2015, CWSNC filed an application in this proceeding  
(1) seeking authority to increase and adjust its rates for water and sewer utility  
service in all of its service areas in North Carolina; (2) requesting authority for a  
pass-through of any increases in purchased bulk water rates, subject to sufficient

proof by CWSNC of the increase, as well as a pass-through of any increased costs of wastewater treatment performed by third parties and billed to CWSNC; and (3) to increase certain charges.

C. On April 30, 2015, the Commission issued its *Order Establishing General Rate Case and Suspending Rates*.

D. On May 15, 2015, the Community Association, a customer of CWSNC, filed a petition to intervene, which was granted by the Commission on May 19, 2015.

E. On May 22, 2015, the Commission issued its *Order Scheduling Hearings and Requiring Customer Notice*. On May 26, 2015, the Commission issued a *Reissued Order Scheduling Hearings and Requiring Customer Notice*; and on May 27, 2015, the Commission issued an *Errata Order* correcting an omission to one page in Appendix A-1 of its Order.

F. On June 8, 2015, CWSNC filed its Certificate of Service.

G. On July 1, 2015, CWSNC filed its Three-Year WSIC/SSIC Plan.

H. On July 16, 2015, CWSNC filed a report regarding customer concerns raised at the public hearing held in Jacksonville on June 23, 2015.

I. On August 6, 2015, CWSNC filed a report regarding customer concerns raised at the public hearing held in Raleigh on July 7, 2015.

J. On August 7, 2015, CWSNC filed a report regarding customer concerns raised at the public hearing held in Currituck on June 24, 2015.

K. On August 14, 2015, CWSNC filed a report regarding customer concerns raised at the public hearing held in Charlotte on July 8, 2015.

L. On August 21, 2015, CWSNC filed the direct testimony and exhibits of Company witnesses David Liskoff and Pauline M. Ahern.

M. On August 27, 2015, the Company filed revised testimony of David Liskoff regarding Appendix A-1 of his direct testimony.

N. On September 2, 2015, the Public Staff and CWSNC filed a Stipulation regarding cost of capital and capital structure issues.

O. On September 4, 2015, CWSNC filed a report regarding customer concerns raised at the public hearing held in Boone on July 22, 2015.

P. On September 8, 2015, the Company filed a report regarding customer concerns raised at the public hearing held in Asheville on July 23, 2015.

Q. On September 14, 2015, the Public Staff filed a motion to extend the due date for the filing of Public Staff and Intervenor testimony in this docket to September 25, 2015, and for the filing of rebuttal testimony to September 30, 2015, which was granted by the Commission on September 16, 2015.

R. On September 25, 2015, the Public Staff filed a second motion to extend the due date for the filing of Public Staff and Intervenor testimony and for the filing of a settlement agreement among all parties to this docket to October 1, 2015, which was granted by the Commission on September 25, 2015.



S. On October 1, 2015, CWSNC, in compliance with the Commission's Order in the Sub 336 rate case requiring the Company to install meters and fully meter seven specified unmetered mountain systems before the evidentiary hearing in its next general rate case proceeding, filed a notice indicating it had complied with the Commission's Order and installed meters at all seven of the water systems and converted those systems to metered rates. Also on this date, the Stipulating Parties filed a Joint Motion to Reschedule Evidentiary Hearing and Extend Filing Dates (Joint Motion). In the Joint Motion, the Stipulating Parties requested that the Commission reschedule the evidentiary hearing in this docket to allow the Company time to conclude 10 nearly-completed or completed but not documented construction projects (Projects) so that those Projects might be included in the Company's cost of service once their final costs had been determined and requisite invoices and other documentation had been provided to the Public Staff for review and verification. Additionally, the Stipulating Parties requested that the Commission grant the Public Staff and Intervenors additional time to pre-file testimony supporting their stipulation and settlement agreement in this docket.

T. On October 2, 2015, the Chairman of the Commission entered a procedural order in this docket entitled *Order Rescheduling Evidentiary Hearing and Extending filing Dates*. In said Order, the Chairman granted the Stipulating Parties' Joint Motion to file recommended dates for evidentiary hearing and for filing of settlement-related testimony on or before Friday, October 9, 2015, and to convene the hearing scheduled for October 5, 2015, for receipt of customer

testimony only. The Commission tentatively agreed to hold the morning of Tuesday, October 20, 2015, on its calendar for resumption of the evidentiary portion of the case pending receipt of the Parties' final recommendations.

U. On October 9, 2015, the Stipulating Parties filed a Joint Motion Setting Forth Recommended Procedural Dates and to Excuse Witnesses. The Commission issued an Order on October 13, 2015, rescheduling the evidentiary hearing for October 20, 2015, adopting the procedural schedule proposed by the Stipulating Parties and excusing Company witnesses, David Liskoff and Pauline Ahern, from appearing at the October 20th evidentiary hearing.

V. Subsequent to the filing of the Company's Application in this docket, the Public Staff engaged in substantial discovery of CWSNC regarding the matters addressed by the Company's Application and further examined the relevant books and records of CWSNC with respect to the Company's Application. The Public Staff's discovery efforts spanned a period of twenty-two weeks, entailed thirty-nine sets of data requests directed to the Company and numerous informal follow-up questions, and involved three days of on-site audit activities at the Company's corporate headquarters in Northbrook, Illinois. The Public Staff also conducted field inspections of the water systems at Crystal Mountain, Powder Horn, Ski Mountain, Sugar Mountain, Linville Ridge, Mason Landing, and Belvedere, and the sewer systems at Nags Head, Danby, Ashley Hills North and Belvedere; followed up on written customer protests and concerns raised at the public hearings and through e-mails and letters; and reviewed North Carolina Department of Environment and Natural Resources (DENR) records.

W. Following completion of the Public Staff's investigation of the Company's Application and accompanying documents, review of the results of its examination of the Company's books and records, and review of the Company's responses to the Public Staff's data requests, the Stipulating Parties met and participated in meetings and conference calls over the course of several business days to discuss possible settlement.

X. After significant negotiations, in which substantial concessions from their litigation positions were made by all parties, the Stipulating Parties were ultimately able to arrive at a settlement, the terms of which are reflected in the following sections of this Stipulation and the schedules and exhibits attached hereto. The Stipulation involved substantial adjustments to the Company's filed case, as shown on the revenue reconciliation attached hereto as Exhibit B, and resulted in an agreement to increase the Company's combined water and wastewater revenues by approximately 16.11% percent of the Company's total operating revenues or roughly 75.62% percent of the combined rate increase requested in the Application.

Y. On October 15, 2015, the Public Staff pre-filed the testimony and exhibits of Public Staff witnesses Windley Henry, Katherine A. Fernald, Fenge Zhang, Gina Y. Casselberry, and Calvin C. Craig, III. CWSNC has reviewed the Public Staff's pre-filed testimony and exhibits and accepts the Public Staff's recommended revenue requirements, rate design, and other recommendations.

Z. The Stipulating Parties agree that the levels of rate base, revenues and expenses set forth in Henry Exhibit I, which are incorporated by reference herein, are the appropriate levels for use in this proceeding.

**2. Test Period.** The test period for this rate case is the twelve months ended December 31, 2014, adjusted for certain changes in plant, revenues, and costs that were not known at the time the case was filed but are based upon circumstances occurring or becoming known through July 31, 2015. In addition, several major construction projects completed and placed in service by the date of this Stipulation, have been included in rate base.

**3. Rate Base.** The original cost rate base used and useful in providing service to the Company's customers is \$30,984,960 for CWSNC water operations, \$18,868,610 for CWSNC sewer operations, \$6,668,286 for Corolla Light/Monteray Shores (CLMS) sewer operations, and \$2,092,182 for Nags Head sewer operations, for a total rate base for combined operations of \$58,614,038, as shown on Exhibit A attached hereto and incorporated herein by reference.

**4. Revenue Requirement.**

A. The appropriate present level of operating revenues under present rates for use in this proceeding is \$9,455,466 for CWSNC water operations, \$5,726,688 for CWSNC sewer operations, \$1,116,656 for CLMS sewer operations, and \$692,904 for Nags Head sewer operations, for a total level of operating revenues for combined operations of \$16,991,714 as shown on Exhibit A.

B. The overall level of operating expenses under the present rates appropriate for use in this proceeding is \$7,770,065 for CWSNC water operations, \$4,823,608 for CWSNC sewer operations, \$788,610 for CLMS sewer operations, and \$531,327 for Nags Head sewer operations, for a total level of operating revenues under present rates for combined operations of \$13,913,611 as shown on Exhibit A.

C. As agreed to in the Stipulation between CWSNC and the Public Staff regarding cost of capital and capital structure issues, dated September 2, 2015, the capital structure appropriate for use in this proceeding is a capital structure consisting of 51% common equity and 49% long-term debt at a cost of 6.6% as shown on Exhibit C.

D. As agreed to in the Stipulation dated September 2, 2015, between CWSNC and the Public Staff, the rate of return on common equity (ROE) that the Company should be allowed an opportunity to earn is 9.75%, as shown on Exhibit C. This agreed level of ROE represents a significant compromise by each of the Stipulating Parties from their respective litigation positions. For purposes of this proceeding, this agreed ROE is deemed by each Stipulating Party to be a reasonable rate of return on common equity that will provide the Company with a reasonable opportunity, by sound management, to produce a fair return for its shareholders, considering changing economic conditions and other factors, to maintain its facilities and services in accordance with the reasonable requirements of its customers in the territory covered by its franchises, and to compete in the market for capital funds on terms that are fair to its customers and to its existing

investors. Each of the Stipulating Parties further agrees that such agreed rate of return on common equity, together with the agreed capital structure and adjustments to the Company's rate base and operating expenses, results in a revenue requirement that is just and reasonable to the Company's customers in light of changing economic conditions.

E. The overall rate of return that the Company should be allowed an opportunity to earn on its rate base is 8.20%, as shown on Exhibit C.

F. The Stipulating Parties acknowledge that CLMS and the other Outer Banks (OBX) systems were designated for separate rate treatment in Docket No. W-354, Sub 314, based, in part, on anticipated changes in the water systems serving those areas, the cost of the substantial upgrade of the wastewater treatment plant that was to serve the CLMS service area, and the expectation that all of the OBX systems, which included CLMS and Nags Head, would be sold. Only one of these changes – the upgrade of the CLMS wastewater treatment plant – actually occurred. The water systems were sold to Currituck County, and the sale of the sewer systems did not take place. As a result of the establishment of separate rates, the customers of the OBX systems experienced significantly higher percentage sewer rate increases in Docket No. W-354, Sub 327, than customers in other areas served by the Company under uniform rates. In recognition of these circumstances and events, in Docket No. W-354, Sub 336, the Public Staff, CWSNC and CLCA entered into a stipulation agreement, which was approved by the Commission, to keep the sewer rates for CLMS unchanged, thus beginning the process of moving CLMS toward uniform rates.

In the present docket, the Public Staff again evaluated the rate disparity between the customers in CLMS and Nags Head when compared to CWSNC's uniform sewer customers, the unique character of the OBX service area, which distinguishes it from other uniform sewer service areas, and the significant impact on the Company's uniform sewer rates if CLMS and Nags Head were immediately rolled back in. While it is the Stipulating Parties' opinion that system-specific sewer rates for the OBX should eventually be eliminated, in order to prevent "rate shock" for CWSNC's uniform sewer customers, the Stipulating Parties agree that the process should be implemented gradually and reevaluated in future rate case proceedings to determine the appropriate consideration that should be given to uniform rate customers and OBX customers in light of the facts and circumstances that exist at that time. Therefore, as a further step in the process, the Stipulating Parties recommend that in this proceeding the current system-specific sewer rates for CLMS and Nags Head remain unchanged from those previously established.

G. The Company should be authorized to increase its annual level of operating revenues through the rates and charges approved in this case by \$2,737,728, consisting of an increase for CWSNC water operations of \$1,355,194, an increase for CWSNC sewer operations of \$1,382,534, and no change in revenues for CLMS and Nags Head. After giving effect to these increases, the annual operating revenues for the Company would be \$19,729,442, consisting of \$10,810,660 for CWSNC water operations, \$7,109,222 for CWSNC sewer operations, \$1,116,656 for CLMS for sewer operations, and \$692,904 for Nags Head sewer operations, as shown on Exhibit A.

H. The Company should be allowed to increase its new sewer customer charge from \$20.70 to \$22.00, increase the return check fee from \$14.11 to \$25.00 for Nags Head; increase the meter testing fee from \$19.20 to \$20.00, new water customer charge from \$25.92 to \$27.00, reconnection charge for commercial customers from \$25.92 to \$27.00, and return check charge from \$24.00 to \$25.00 for the Linville Ridge Subdivision.

**5. Rate Design.** The Stipulating Parties agree to the changes in rates set forth in Exhibit D. Exhibit E shows the calculation of the average monthly residential bills.

**6. Belvedere Pump and Haul Costs.** The Stipulating Parties agree that CWSNC's pump and haul expenses and the new spray charges are not a part of Belvedere's system modification project, but are a result of an extraordinary expense and should continue to be amortized for a 10-year amortization period with no unamortized balance included in rate base. For the Belvedere pump and haul costs, only invoiced costs should be included, and not capitalized time or interest during construction.

**7. Regulatory Fee Adjustment.** The Stipulating Parties agree that the revenue requirement set forth herein reflects the statutory regulatory fee rate of 0.148%, applied to total operating revenues at present rates, Company proposed rates and Public Staff recommended rates.

**8. State Income Tax.** On July 23, 2013, North Carolina Session Law 2013-316 (House Bill 998) was signed into law. Among other things, House Bill 998



added a new section, G.S. 105-130.3C, to the general statutes concerning possible future rate reductions in the corporate state income tax rate. On August 6, 2015, the North Carolina Department of Revenue announced that, pursuant to this new section, the target for the fiscal year ended 2014-2015 had been met, and the state corporate income tax rate will decrease from the current rate of 5% to 4%, effective for taxable years beginning on or after January 1, 2016. The Stipulating Parties agree that it is reasonable and appropriate to calculate state income taxes based on the statutory corporate rate effective January 1, 2016, of 4%.

**9. Excess Deferred Income Tax.** Due to the reduction in the state income tax rate from 6.9% to 5%, the Company has excess deferred income taxes. In its May 13, 2014, Order issued in the Docket No. M-100, Sub 138, the Commission ordered that excess deferred taxes for all utilities be held in a deferred tax regulatory liability account until they can be amortized as credits to income tax expense in each utility's next general rate case proceeding. The Stipulating Parties agree that the regulatory liability related to excess deferred income taxes should be amortized over three years, consistent with the amortization period for rate case expense. Since the North Carolina Department of Revenue has announced that the target has been met and the state corporate income tax rate will decrease to 4% effective January 1, 2016, the Stipulating Parties also agree that the excess deferred taxes related to the decrease from 5% to 4% in the regulatory liability also should be amortized over three years.

**10. Gain on Sale Unamortized Balance.** The Stipulating Parties agree that the unamortized balance of the gain on sale of systems sold to CMUD as of December 31, 2015, should be amortized over an additional three-year period.

**11. Rate Case Expense.** The Stipulating Parties agree that, for purposes of this rate case, it is appropriate to use rate case costs of \$448,525, consisting of \$304,330 related to the current proceeding and \$144,195 of unamortized rate case expense from prior proceedings, to be amortized and collected over a three-year period, for an annual level of rate case expense of \$149,508.

**12. WSIC and SSIC Mechanism.** The Stipulating Parties acknowledge that the Commission rulemaking in Docket No. W-100, Sub 54 establishing the procedures for implementing and applying the Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) approved in the CWSNC Sub 336 rate case now apply to Linville Ridge and Nags Head, which were not included in the prior rate case application. Thus, CWSNC's Commission-authorized WSIC/SSIC rate adjustment mechanism will, on a going-forward basis, now apply to all of the Company's customers and all current service areas. The Stipulating Parties further agree that the On-Going Three-Year WSIC/SSIC Plan filed by CWSNC in this docket on July 1, 2015, is reasonable and meets the requirements of Commission Rules R7-39(m) and R10-26(m).

**13. Agreement to Support Settlement; Non-Waiver.** The Stipulating Parties will support this Stipulation in any proposed order or brief and in any hearing before the Commission in this docket; provided, however, that the settlement of any issue

pursuant to this Stipulation shall not be cited as precedent by any of the Stipulating Parties in any other proceeding or docket before this Commission. The provisions of this Stipulation do not necessarily reflect any position asserted by any of the Stipulating Parties. Rather, the provisions of this Stipulation reflect a settlement among the Stipulating Parties as to all issues, and no Stipulating Party waives the right to assert any position in any future docket before the Commission.

**14. Final Order and Waiver of Right to File Exceptions and Appeal.** The Stipulating Parties agree that any Order approving rates and charges agreed to in this Stipulation may become the Final Order of the Commission upon issuance and waive the right to file exceptions and appeal the Final Order of the Commission incorporating the matters stipulated herein.

**15. Introduction/Withdrawal of Testimony and Waiver of Cross-Examination.** The Stipulating Parties agree that all Company pre-filed testimony and exhibits, as well as the testimony and exhibits filed by the Public Staff in support of the Stipulation, may be introduced into evidence without objection, and the Stipulating Parties waive their respective right to cross-examine all witnesses with respect to all such pre-filed testimony and exhibits. If questions should be asked by any person, including a Commissioner, who is not a Stipulating Party, the Stipulating Parties may present testimony and/or exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and/or exhibits; provided, however, that such testimony, exhibits, and/or cross-examination shall not be inconsistent with this Stipulation. The Stipulating Parties

further agree that the Public Staff will file testimony in support of the Stipulation provided that such testimony shall not be inconsistent with this Stipulation.

**17. Binding Only if Entire Stipulation Accepted.** This Stipulation is the product of give-and-take negotiations, and no portion of this Stipulation shall be binding on the Stipulating Parties unless the entire Stipulation is accepted by the Commission. The terms and conditions set forth above represent, in full, the agreement of the Stipulating Parties.

The foregoing is agreed and stipulated to this the 15<sup>th</sup> day of October, 2015.

Carolina Water Service, Inc. of North Carolina

By: Electronically submitted  
/s/ Jo Anne Sanford  
Sanford Law Office, PLLC  
Post Office Box 28085  
Raleigh, North Carolina 27611-8085  
(919) 829-0018  
[sanford@sanfordlawoffice.com](mailto:sanford@sanfordlawoffice.com)

Corolla Light Community Association, Inc.

By: Electronically submitted  
/s/ Dwight W. Allen  
The Allen Law Offices, PLLC  
1514 Glenwood Ave., Suite 200  
Raleigh, North Carolina 27608  
[dallen@theallenlawoffices.com](mailto:dallen@theallenlawoffices.com)

Public Staff - North Carolina Utilities  
Commission

By: Electronically submitted  
/s/ Gina C. Holt  
Staff Attorney  
4326 Mail Service Center  
Raleigh, North Carolina 27699-4326  
(919) 733-6110  
[gina.holt@psncuc.nc.gov](mailto:gina.holt@psncuc.nc.gov)

Electronically submitted  
/s/ William E. Grantmyre  
Staff Attorney  
4326 Mail Service Center  
Raleigh, North Carolina 27699-4326  
(919) 733-6110  
[william.grantmyre@psncuc.nc.gov](mailto:william.grantmyre@psncuc.nc.gov)

OFFICIAL COPY

Oct 15 2015

## SCHEDULE OF EXHIBITS

- Exhibit A - Net Operating Income, Rate Base and Overall Return
- Exhibit B - Revenue Impact of Stipulated Adjustments
- Exhibit C - Calculation of Gross Revenue Effect Factors
- Exhibit D - Rate Comparisons
- Exhibit E - Calculation of Average Monthly Residential Bills

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
STATEMENT OF OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN  
For The Test Year Ended December 31, 2014  
COMBINED OPERATIONS

Exhibit A  
Page 1 of 3

| Line No.                                 | Item   | Amount Per Application (a) | Settlement Adjustments (b) | After Settlement Adjustments (c) | Rate Increase (d) | After Rate Increase (e) |
|--|--|----------------------------|----------------------------|----------------------------------|-------------------|-------------------------|
| <b>NET OPERATING INCOME FOR A RETURN</b> |  |                            |                            |                                  |                   |                         |
| <b>Operating Revenues:</b>               |  |                            |                            |                                  |                   |                         |
| 1.                                       | Service revenues                               | \$16,369,757               | \$522,071                  | \$16,891,828                     | \$2,744,314       | \$19,636,142            |
| 2.                                       | Miscellaneous revenues                         | 186,309                    | (1,964)                    | 184,345                          | 7,134             | 191,479                 |
| 3.                                       | Uncollectible accounts                         | (87,857)                   | 3,298                      | (84,559)                         | (13,720)          | (98,279)                |
| 4.                                       | Total operating revenues                       | 16,468,209                 | 523,505                    | 16,991,714                       | 2,737,728         | 19,729,442              |
| <b>Operating Expenses:</b>               |  |                            |                            |                                  |                   |                         |
| 5.                                       | Maintenance expenses                           | 7,998,550                  | (99,571)                   | 7,898,979                        | 0                 | 7,898,979               |
| 6.                                       | General expenses                               | 2,888,092                  | (119,917)                  | 2,768,175                        | 0                 | 2,768,175               |
| 7.                                       | Depreciation expense                           | 2,611,177                  | 586,845                    | 3,198,022                        | 0                 | 3,198,022               |
| 8.                                       | Amortization of CIAC                           | (1,044,833)                | (51,290)                   | (1,096,123)                      | 0                 | (1,096,123)             |
| 9.                                       | Amortization of PMA                            | (110,483)                  | (7,489)                    | (117,972)                        | 0                 | (117,972)               |
| 10.                                      | Amortization of FTC                            | (519)                      | 0                          | (519)                            | 0                 | (519)                   |
| 11.                                      | Franchise and other taxes                      | 148                        | 69,406                     | 69,554                           | 0                 | 69,554                  |
| 12.                                      | Property taxes                                 | 173,311                    | 2,608                      | 175,919                          | 0                 | 175,919                 |
| 13.                                      | Payroll taxes                                  | 341,722                    | (31,129)                   | 308,593                          | 0                 | 308,593                 |
| 14.                                      | Regulatory fee                                 | 22,289                     | 2,859                      | 25,148                           | 4,052             | 29,200                  |
| 15.                                      | Gross receipts tax                             | 408,383                    | (408,383)                  | 0                                | 0                 | 0                       |
| 16.                                      | State income tax                               | 63,985                     | 10,670                     | 74,655                           | 184,001           | 1,501,452               |
| 17.                                      | Federal income tax                             | 413,367                    | 195,813                    | 609,180                          | 892,272           | 1,501,452               |
| 18.                                      | Total operating expenses                       | 13,763,369                 | 150,222                    | 13,913,611                       | 1,005,670         | 14,919,281              |
| 19.                                      | Net operating income for a return              | \$2,704,820                | \$373,283                  | \$3,078,103                      | \$1,732,058       | \$4,810,161             |
| <b>RATE BASE</b>                         |  |                            |                            |                                  |                   |                         |
| 20.                                      | Plant in service                               | \$124,949,485              | \$159,161                  | \$125,148,646                    | \$0               | \$125,148,646           |
| 21.                                      | Accumulated depreciation                       | (28,060,115)               | (3,198,882)                | (31,259,001)                     | 0                 | (31,259,001)            |
| 22.                                      | Net plant in service                           | 96,889,366                 | (2,999,721)                | 93,889,645                       | 0                 | 93,889,645              |
| 23.                                      | Cash working capital                           | 1,478,812                  | (295,946)                  | 1,182,866                        | 0                 | 1,182,866               |
| 24.                                      | Contributions in aid of construction           | (31,554,475)               | 2,480,872                  | (29,473,603)                     | 0                 | (29,473,603)            |
| 25.                                      | Advances in aid of construction                | (33,940)                   | 0                          | (33,940)                         | 0                 | (33,940)                |
| 26.                                      | Accumulated deferred income taxes              | (6,351,883)                | 3,471,512                  | (2,880,371)                      | 0                 | (2,880,371)             |
| 27.                                      | Customer deposits                              | (251,498)                  | (1,098)                    | (252,586)                        | 0                 | (252,586)               |
| 28.                                      | Gain on sale and flow back taxes               | (289,648)                  | (755,113)                  | (1,044,741)                      | 0                 | (1,044,741)             |
| 29.                                      | Plant acquisition adjustment                   | (2,918,503)                | 336,507                    | (2,581,996)                      | 0                 | (2,581,996)             |
| 30.                                      | Excess book value                              | (846,090)                  | 234,992                    | (611,098)                        | 0                 | (611,098)               |
| 31.                                      | Cost-free capital                              | (261,498)                  | (1)                        | (261,499)                        | 0                 | (261,499)               |
| 32.                                      | Average tax accruals                           | (102,878)                  | 9,888                      | (92,990)                         | 0                 | (92,990)                |
| 33.                                      | Regulatory liability for excess deferred taxes | 0                          | (87,398)                   | (87,398)                         | 0                 | (87,398)                |
| 34.                                      | Deferred charges                               | 3,499,535                  | (2,637,285)                | 862,249                          | 0                 | 862,249                 |
| 35.                                      | Original cost rate base                        | \$58,658,320               | (524,282)                  | \$58,654,038                     | \$0               | \$58,654,038            |
| 36.                                      | Overall Rate of Return on Rate Base            | 4.60%                      |                            | 5.25%                            |                   | 8.20%                   |

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
STATEMENT OF OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN  
For The Year Ended December 31, 2014  
CWSNC WATER OPERATIONS

| Line No.                                 | Item   | Amount Per Application (a) | Settlement Adjustments (b) | After Settlement Adjustments (c) | Rate Increase (d) | After Rate Increase (e) |
|--|--|----------------------------|----------------------------|----------------------------------|-------------------|-------------------------|
| <b>NET OPERATING INCOME FOR A RETURN</b> |  |                            |                            |                                  |                   |                         |
| <b>Operating Revenues:</b>               |  |                            |                            |                                  |                   |                         |
| 1.                                       | Service revenues                               | \$9,077,806                | \$29,414                   | \$9,369,220                      | \$1,358,454       | \$10,727,674            |
| 2.                                       | Miscellaneous revenues                         | 104,236                    | 28,556                     | 133,092                          | 3,532             | 136,624                 |
| 3.                                       | Unallocable accounts                           | (49,154)                   | 2,308                      | (46,846)                         | (6,792)           | (53,638)                |
| 4.                                       | Total operating revenues                       | 9,132,888                  | 322,278                    | 9,455,166                        | 1,355,194         | 10,810,360              |
| <b>Operating Expenses:</b>               |  |                            |                            |                                  |                   |                         |
| 5.                                       | Maintenance expenses                           | 4,506,225                  | (251,639)                  | 4,254,586                        | 0                 | 4,254,586               |
| 6.                                       | General expenses                               | 1,247,504                  | (68,121)                   | 1,179,383                        | 0                 | 1,179,383               |
| 7.                                       | Depreciation expense                           | 1,357,674                  | 348,634                    | 1,706,308                        | 0                 | 1,706,308               |
| 8.                                       | Amortization of CUC                            | (461,501)                  | (40,135)                   | (501,636)                        | 0                 | (501,636)               |
| 9.                                       | Amortization of PAA                            | (85,752)                   | (9,135)                    | (94,887)                         | 0                 | (94,887)                |
| 10.                                      | Amortization of PFC                            | (274)                      | 0                          | (274)                            | 0                 | (274)                   |
| 11.                                      | Franchise and other taxes                      | 87                         | 35,680                     | 36,767                           | 0                 | 36,767                  |
| 12.                                      | Property taxes                                 | 106,230                    | 0                          | 106,230                          | 0                 | 106,230                 |
| 13.                                      | Payroll taxes                                  | 202,082                    | (20,656)                   | 181,426                          | 0                 | 181,426                 |
| 14.                                      | Regulatory fee                                 | 12,470                     | 1,524                      | 13,994                           | 2,006             | 16,000                  |
| 15.                                      | Gross receipts tax                             | 227,362                    | (227,362)                  | 0                                | 0                 | 0                       |
| 16.                                      | State income tax                               | 23,600                     | 17,541                     | 41,141                           | 5,427             | 97,268                  |
| 17.                                      | Federal income tax                             | 165,391                    | 186,836                    | 352,027                          | 441,881           | 793,708                 |
| 18.                                      | Total operating expenses                       | 7,801,098                  | (31,033)                   | 7,770,065                        | 497,814           | 8,267,879               |
| 19.                                      | Net operating income for a return              | \$1,331,790                | \$353,611                  | \$1,685,401                      | \$857,380         | \$2,542,781             |
| <b>RATE BASE</b>                         |  |                            |                            |                                  |                   |                         |
| 20.                                      | Plant in service                               | \$65,375,542               | (\$42,562)                 | \$65,332,980                     | \$0               | \$65,332,980            |
| 21.                                      | Accumulated depreciation                       | (15,460,749)               | (1,916,150)                | (17,376,904)                     | 0                 | (17,376,904)            |
| 22.                                      | Net plant in service                           | 49,914,793                 | (1,958,717)                | 47,956,076                       | 0                 | 47,956,076              |
| 23.                                      | Cash working capital                           | 849,995                    | (228,967)                  | 621,028                          | 0                 | 621,028                 |
| 24.                                      | Contributions in aid of construction           | (13,799,538)               | 1,090,914                  | (12,708,624)                     | 0                 | (12,708,624)            |
| 25.                                      | Advances in aid of construction                | (23,760)                   | 0                          | (23,760)                         | 0                 | (23,760)                |
| 26.                                      | Accumulated deferred income taxes              | (2,999,825)                | 1,105,647                  | (1,894,178)                      | 0                 | (1,894,178)             |
| 27.                                      | Customer deposits                              | (160,461)                  | 2,299                      | (157,162)                        | 0                 | (157,162)               |
| 28.                                      | Gain on sale and flow back taxes               | (796,947)                  | (500,264)                  | (1,297,211)                      | 0                 | (1,297,211)             |
| 29.                                      | Plant acquisition adjustment                   | (2,436,263)                | 133,762                    | (2,302,501)                      | 0                 | (2,302,501)             |
| 30.                                      | Excess book value                              | (397,558)                  | 127,925                    | (269,633)                        | 0                 | (269,633)               |
| 31.                                      | Cost-free capital                              | (174,892)                  | 53,101                     | (121,791)                        | 0                 | (121,791)               |
| 32.                                      | Average tax accruals                           | (60,817)                   | 5,403                      | (55,414)                         | 0                 | (55,414)                |
| 33.                                      | Regulatory liability for excess deferred taxes | 0                          | (44,640)                   | (44,640)                         | 0                 | (44,640)                |
| 34.                                      | Deferred charges                               | 756,075                    | (722,925)                  | 33,150                           | 0                 | 33,150                  |
| 35.                                      | Original cost rate base                        | \$31,270,802               | (628,542)                  | \$30,642,260                     | \$0               | \$30,642,260            |
| 36.                                      | Overall Rate of Return on Rate Base            | 4.20%                      |                            | 5.44%                            |                   | 8.20%                   |



CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
STATEMENT OF OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN  
For The Year Ended December 31, 2014  
COMBINED SINKER OPERATIONS

Exhibit A  
Page 3 of 3

| Line No.                                 | Item   | Amount Per Application (a) | Settlement Adjustments (b) | After Settlement Adjustments (c) | Rate Increase (d) | After Rate Increase (e) |
|--|--|----------------------------|----------------------------|----------------------------------|-------------------|-------------------------|
| <b>NET OPERATING INCOME FOR A RETURN</b> |  |                            |                            |                                  |                   |                         |
| 1.                                       | Operating Revenues:                            |                            |                            |                                  |                   |                         |
| 2.                                       | Service revenues                               | \$7,291,951                | \$230,657                  | \$7,522,608                      | \$1,385,863       | \$8,908,468             |
| 3.                                       | Miscellaneous revenues                         | 82,073                     | (30,820)                   | 51,253                           | 3,602             | 54,855                  |
| 4.                                       | Uncollectible accounts                         | (38,709)                   | 1,090                      | (37,619)                         | (6,928)           | (44,541)                |
|  | Total operating revenues                       | 7,335,321                  | 200,927                    | 7,536,248                        | 1,382,534         | 8,918,782               |
| <b>Operating Expenses:</b>               |  |                            |                            |                                  |                   |                         |
| 5.                                       | Maintenance expenses                           | 3,493,325                  | 152,066                    | 3,645,393                        | 0                 | 3,645,393               |
| 6.                                       | General expenses                               | 1,140,588                  | (51,796)                   | 1,088,792                        | 0                 | 1,088,792               |
| 7.                                       | Depreciation expense                           | 1,253,703                  | 243,011                    | 1,596,714                        | 0                 | 1,596,714               |
| 8.                                       | Amortization of CIAC                           | (583,332)                  | (11,155)                   | (594,487)                        | 0                 | (594,487)               |
| 9.                                       | Amortization of PAA                            | (24,731)                   | 1,646                      | (23,085)                         | 0                 | (23,085)                |
| 10.                                      | Amortization of ITC                            | (245)                      | 0                          | (245)                            | 0                 | (245)                   |
| 11.                                      | Franchise and other taxes                      | 61                         | 32,726                     | 32,787                           | 0                 | 32,787                  |
| 12.                                      | Property taxes                                 | 66,081                     | 2,608                      | 70,689                           | 0                 | 70,689                  |
| 13.                                      | Payroll taxes                                  | 139,640                    | (12,473)                   | 127,167                          | 0                 | 127,167                 |
| 14.                                      | Regulatory fee                                 | 9,819                      | 1,235                      | 11,054                           | 2,046             | 13,200                  |
| 15.                                      | Gross receipts tax                             | 179,021                    | (179,021)                  | 0                                | 55,219            | 86,733                  |
| 16.                                      | State income tax                               | 38,385                     | (6,971)                    | 31,514                           | 0                 | 31,514                  |
| 17.                                      | Federal income tax                             | 247,976                    | 9,177                      | 257,153                          | 450,591           | 707,744                 |
| 18.                                      | Total operating expenses                       | 5,962,291                  | 381,255                    | 6,343,546                        | 507,856           | 6,851,402               |
| 19.                                      | Net operating income for a return              | \$1,373,030                | \$19,672                   | \$1,392,702                      | \$874,678         | \$7,267,380             |
| <b>RATE BASE</b>                         |  |                            |                            |                                  |                   |                         |
| 20.                                      | Plant in service                               | \$59,573,943               | \$241,723                  | \$59,815,666                     | \$0               | \$59,815,666            |
| 21.                                      | Accumulated depreciation                       | (13,299,370)               | (1,282,727)                | (14,582,097)                     | 0                 | (14,582,097)            |
| 22.                                      | Net plant in service                           | 46,274,573                 | (1,041,004)                | 45,233,569                       | 0                 | 45,233,569              |
| 23.                                      | Cash working capital                           | 628,817                    | (67,979)                   | 560,838                          | 0                 | 560,838                 |
| 24.                                      | Contributions in aid of construction           | (18,154,937)               | 1,389,958                  | (16,764,979)                     | 0                 | (16,764,979)            |
| 25.                                      | Advances in aid of construction                | (9,180)                    | 0                          | (9,180)                          | 0                 | (9,180)                 |
| 26.                                      | Accumulated deferred income taxes              | (3,352,058)                | 2,365,825                  | (986,233)                        | 0                 | (986,233)               |
| 27.                                      | Customer deposits                              | (91,037)                   | (4,017)                    | (95,054)                         | 0                 | (95,054)                |
| 28.                                      | Gain on sale and flow back taxes               | (92,681)                   | (254,949)                  | (347,630)                        | 0                 | (347,630)               |
| 29.                                      | Plant acquisition adjustment                   | (482,240)                  | 202,745                    | (279,495)                        | 0                 | (279,495)               |
| 30.                                      | Excess book value                              | (448,532)                  | 107,067                    | (341,465)                        | 0                 | (341,465)               |
| 31.                                      | Cost-free capital                              | (86,606)                   | (53,102)                   | (139,708)                        | 0                 | (139,708)               |
| 32.                                      | Average tax accruals                           | (42,061)                   | 4,485                      | (37,576)                         | 0                 | (37,576)                |
| 33.                                      | Regulatory liability for excess deferred taxes | 0                          | (42,758)                   | (42,758)                         | 0                 | (42,758)                |
| 34.                                      | Deferred charges                               | 2,243,460                  | (2,554,811)                | (311,351)                        | 0                 | (311,351)               |
| 35.                                      | Original cost rate base                        | \$27,587,518               | \$41,560                   | \$27,629,078                     | \$0               | \$27,629,078            |
| 36.                                      | Overall Rate of Return on Rate Base            | 4.98%                      |                            | 5.04%                            |                   | 8.20%                   |

Exhibit B

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
REVENUE IMPACT OF STIPULATED ADJUSTMENTS  
For The Test Year Ended December 31, 2014

| Line No. | Item  | CWSNC Water<br>(a) | Combined Sewer<br>(b) | Combined Water/Sewer<br>(c) |
|----------|---|--------------------|-----------------------|-----------------------------|
| 1.       | Increase/(decrease) In total revenue per Company                          | \$2,090,130        | \$1,533,031           | \$3,623,161                 |
| 2.       | Difference in calculation of revenue requirement based on Company amounts | (440)              | (664)                 | (1,104)                     |
| 3.       | Regulatory fee adjustment not made by the CWSNC                           | 1,053              | 349                   | 1,402                       |
| 4.       | GRT Included in error by the Company                                      | (182,573)          | (143,755)             | (326,328)                   |
| 5.       | Adjust regulatory fee rate to .148%                                       | 3,098              | 2,450                 | 5,548                       |
| 6.       | Adjust state income tax rate to 4%  | (27,612)           | (24,359)              | (51,971)                    |
| 7.       | Adjust capital structure to 49% debt and 51% equity                       | (922)              | (815)                 | (1,737)                     |
| 8.       | Adjust return on equity to 9.75%  | (163,851)          | (144,553)             | (308,404)                   |
| 9.       | Adjustment to uncollectibles  | (2,308)            | (1,090)               | (3,398)                     |
| 10.      | Adjustment to forfeited discounts   | 1,311              | 653                   | 1,964                       |
| 11.      | Adjustment to to other water/sewer revenues                               | (30,167)           | 30,167                | 0                           |
| 12.      | Update revenues to 7/31/2015  | (291,414)          | (230,657)             | (522,071)                   |
| 13.      | Adjustment to correct rate base errors                                    | 0                  | 9,150                 | 9,150                       |
| 14.      | Adjustment to remove pro forma estimates                                  | (411,643)          | (668,151)             | (1,079,794)                 |
| 15.      | Adjustment to cost center rate base                                       | (48,486)           | 18,657                | (29,829)                    |
| 16.      | Adjustment for UR ledger rate base  | 13,814             | 85,609                | 99,423                      |
| 17.      | Adjustment to update rate base  | 0                  | 438                   | 438                         |
| 18.      | Adjustment to include actual GL additions                                 | 262,348            | 563,309               | 825,657                     |
| 19.      | Adjustment to cash working capital  | (25,412)           | (7,545)               | (32,957)                    |
| 20.      | Adjustment to ADIT  | 122,714            | 262,569               | 385,283                     |
| 21.      | Adjustment to customer deposits   | 325                | (446)                 | (121)                       |
| 22.      | Adjustment to gain on sale  | (55,521)           | (28,284)              | (83,805)                    |
| 23.      | Adjustment to excess book value   | 14,198             | 11,883                | 26,081                      |
| 24.      | Adjustment to cost free capital   | 5,893              | (5,893)               | 0                           |
| 25.      | Adjustment to average tax accruals  | 600                | 498                   | 1,098                       |
| 26.      | Adjustment for excess deferred taxes                                      | (4,954)            | (4,745)               | (9,699)                     |
| 27.      | Adjustment to deferred charges  | (8,099)            | (284,653)             | (292,752)                   |
| 28.      | Adjustment to maintenance salaries  | (16,529)           | (10,261)              | (26,790)                    |
| 29.      | Adjustment to purchased power   | (18,970)           | (6,841)               | (25,811)                    |
| 30.      | Adjustment to purchased water/sewer                                       | 84,028             | 10,254                | 94,282                      |
| 31.      | Adjustment to maintenance and repair                                      | (143,942)          | 201,148               | 57,206                      |
| 32.      | Adjustment to maintenance testing   | 11,846             | 6,011                 | 17,857                      |
| 33.      | Adjustment to chemicals   | (38,371)           | 34,669                | (3,702)                     |
| 34.      | Adjustment to transportation  | 11,359             | 6,455                 | 17,814                      |
| 35.      | Adjustment to capitalized time  | (85,726)           | (53,365)              | (139,091)                   |
| 36.      | Adjustment to outside services - other                                    | (55,706)           | (35,776)              | (91,482)                    |
| 37.      | Adjustment to general salaries and wages                                  | (20,564)           | (13,539)              | (34,103)                    |
| 38.      | Adjustment to office supplies and other office exp.                       | (868)              | (571)                 | (1,439)                     |
| 39.      | Adjustment to regulatory commission expense                               | 11,903             | 6,671                 | 18,574                      |
| 40.      | Adjustment to pension and benefits  | (9,315)            | (5,667)               | (14,982)                    |
| 41.      | Adjustment to rent  | 7,315              | 5,310                 | 12,625                      |
| 42.      | Adjustment to insurance   | (17,877)           | (12,120)              | (29,997)                    |
| 43.      | Adjustment to miscellaneous   | (38,814)           | (31,956)              | (70,770)                    |
| 44.      | Adjustment to depreciation expense  | 344,143            | 243,371               | 587,514                     |
| 45.      | Adjustment to amortization expense - CIAC                                 | (40,194)           | (11,172)              | (51,366)                    |
| 46.      | Adjustment to amortization expense - PAA                                  | (9,149)            | 1,648                 | (7,501)                     |
| 47.      | Adjustment to franchise tax   | 36,734             | 32,775                | 69,509                      |
| 48.      | Adjustment to property tax  | 0                  | 2,612                 | 2,612                       |
| 49.      | Adjustment to payroll tax   | (20,687)           | (12,491)              | (33,178)                    |
| 50.      | Reclassify gain on sale   | 102,501            | 52,217                | 154,718                     |
| 51.      | Rounding difference   | (5)                | (1)                   | (6)                         |
| 52.      | Total revenue impact of stipulated adjustments (Sum of L2 thru L51)       | (734,936)          | (150,497)             | (885,433)                   |
| 53.      | Stipulated Increase/(decrease) in revenue requirement (L1 + L52)          | \$1,355,194        | \$1,382,534           | \$2,737,728                 |

OFFICIAL COPY

Oct 15 2015

## Exhibit C

CAROLINA WATER SERVICE, INC., OF NC  
Docket No. W-354, Sub 344  
CALCULATION OF GROSS REVENUE EFFECT FACTORS  
For The Test Year Ended December 31, 2014

| Line No.  | Item                                     | Capital Structure<br>(a) | Cost Rates<br>(b)       | Retention Factor<br>(c) | Gross Revenue Effect<br>(d) |
|---|--|--------------------------|-------------------------|-------------------------|-----------------------------|
| <b><u>Rate Base Factor - Water Operations</u></b> |  |                          |                         |                         |                             |
| 1.  | Debt                                     | 49.00% [1]               | 6.60% [1]               | 0.998520 [2]            | 0.032388 [6]                |
| 2.  | Equity                                   | 51.00% [1]               | 9.75% [1]               | 0.632662 [3]            | 0.078596 [6]                |
| 3.  | Total (L1 + L2)                          | <u>100.00%</u>           |                         |                         | <u>0.110984</u>             |
| <b><u>Rate Base Factor - Sewer Operations</u></b> |  |                          |                         |                         |                             |
| 4.  | Debt                                     | 49.00% [1]               | 6.60% [1]               | 0.998520 [4]            | 0.032388 [6]                |
| 5.  | Equity                                   | 51.00% [1]               | 9.75% [1]               | 0.632662 [5]            | 0.078596 [6]                |
| 6.  | Total (L4 + L5)                          | <u>100.00%</u>           |                         |                         | <u>0.110984</u>             |
|   |  |                          |                         |                         |                             |
|   |  | Water Operations<br>(a)  | Sewer Operations<br>(b) |                         |                             |
| 7.  | <b><u>Net Income Factor:</u></b>         |                          |                         |                         |                             |
|   | Total revenue                            | 1.000000                 | 1.000000                |                         |                             |
| 8.  | Gross receipts tax (L1 x statutory rate) | 0.000000                 | 0.000000                |                         |                             |
| 9.  | Regulatory fee (L1 x .148%)              | 0.001480                 | 0.001480                |                         |                             |
| 10.   | Balance (L4 - L5 - L6)                   | 0.998520                 | 0.998520                |                         |                             |
| 11.   | State income tax (L7 x 4%)               | 0.039941                 | 0.039941                |                         |                             |
| 12.   | Balance (L7 - L8)                        | 0.958579                 | 0.958579                |                         |                             |
| 13.   | Federal income tax (L9 x 34%)            | 0.325917                 | 0.325917                |                         |                             |
| 14.   | Retention factor (L9 - L10)              | <u>0.632662</u>          | <u>0.632662</u>         |                         |                             |

[1] Per Joint Stipulation

[2] Column (a), Line 10.

[3] Column (a), Line 14.

[4] Column (b), Line 10.

[5] Column (b), Line 14.

[6] Column (a) multiplied by Column (b) divided by Column (c).

**COMPANY'S PRESENT AND PROPOSED RATES AND THE PUBLIC STAFF'S  
RECOMMENDED WATER RATES AND COMBINED SEWER RATES FOR UNIFORM  
CUSTOMERS, CLMS AND NAGS HEAD**

**WATER RATES AND CHARGES**

**MONTHLY METERED SERVICE:** (Residential and Commercial)

|                                      | <u>Existing</u> | <u>Proposed</u> | <u>Public Staff's<br/>Recommend</u> |
|--------------------------------------|-----------------|-----------------|-------------------------------------|
| Base Facilities Charges (zero usage) |                 |                 |                                     |
| < 1" meter                           | \$ 18.25        | \$ 22.47        | \$ 22.46                            |
| 1" meter                             | \$ 45.63        | \$ 56.19        | \$ 56.15                            |
| 1-1/2" meter                         | \$ 91.25        | \$ 112.37       | \$ 112.30                           |
| 2" meter                             | \$146.00        | \$ 179.80       | \$ 179.68                           |
| 3" meter                             | \$273.75        | \$ 337.12       | \$ 336.90                           |
| 4" meter                             | \$456.25        | \$ 561.87       | \$ 561.50                           |
| 6" meter                             | \$912.50        | \$1,123.74      | \$1,123.00                          |

**AVERAGE RESIDENTIAL BILL (based on 4,200 gallons)**    \$ 41.10                      \$ 50.61                      \$ 49.42

**USAGE CHARGE:**

|    |  |         |         |         |
|----|--|---------|---------|---------|
| A. | Treated Water/1,000 gallons  | \$ 5.44 | \$ 6.70 | \$ 6.42 |
| B. | Untreated Water/1,000 gallons<br>(Brandywine Bay Irrigation Water) | \$ 3.60 | \$ 3.60 | \$ 4.12 |
| C. | Purchased Water for Resale   |         |         |         |

| <u>Service Area</u> | <u>Bulk Provider</u>   | <u>Usage Charge/<br/>1,000 gallons</u> | <u>Usage Charge/<br/>1,000 gallons</u> |
|---------------------|------------------------|--|--|
| Carolina Forest     | Montgomery County      | \$ 3.19                                | \$ 3.19                                |
| High Vista Est.     | City of Hendersonville | \$ 3.15                                | \$ 3.15                                |
| Riverpointe         | Charlotte Water        | \$ 6.30                                | \$ 6.30                                |
| Whispering Pines    | Town of Southern Pines | \$ 2.23                                | \$ 2.23                                |
| White Oak Pk./      |                        |  |  |
| Lee Forest          | Johnston County        | \$ 3.25                                | \$ 3.25                                |
| Winston Pk.         | Johnston County        | \$ 3.25                                | \$ 3.25                                |
| Winston Point       | Johnston County        | \$ 3.25                                | \$ 3.25                                |
| Woodrun             | Montgomery County      | \$ 3.19                                | \$ 3.19                                |
| Yorktown            | City of Winston-Salem  | \$ 5.01                                | \$ 5.01                                |
| Zemosa Acres        | City of Concord        | \$ 5.27                                | \$ 5.27                                |

**MONTHLY FLAT RATE SERVICE:**                      \$ 34.52                      \$ 42.51                      \$ 41.70

**AVAILABILITY RATES (semi-annual):**

Applicable only to property owners in Carolina Forest  
and Woodrun Subdivision in Montgomery County    \$ 21.60                      \$ 26.60                      \$ 24.70

**LINVILLE RIDGE SUBDIVISION:**

**MONTHLY METERED SERVICE:** (Common Facility Only)

|  | <u>Existing</u> | <u>Proposed</u> | <u>Public Staff's<br/>Recommend</u> |
|--|-----------------|-----------------|-------------------------------------|
| Base Facilities Charges (zero usage)<br>Common facility only | \$ 72.00        | N/A             | N/A                                 |
| Base Facilities Charges (Residential and Commercial)         |                 |                 |                                     |
| < 1" meter   | N/A             | \$ 22.47        | \$ 22.46                            |
| 1" meter   |                 | \$ 56.19        | \$ 56.15                            |
| 1-1/2" meter   |                 | \$ 112.37       | \$ 112.30                           |
| 2" meter   |                 | \$ 179.80       | \$ 179.68                           |

Carolina Water Service Inc., of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Stipulation  
Exhibit D  
Page 2 of 3

|   |                 |                 |                                    |
|---|-----------------|-----------------|------------------------------------|
| 3" meter  |                 | \$ 337.12       | \$ 336.90                          |
| 4" meter  |                 | \$ 561.87       | \$ 561.50                          |
| 6" meter  |                 | \$1,123.74      | \$1,123.00                         |
|   | <u>Existing</u> | <u>Proposed</u> | <u>Public Staffs<br/>Recommend</u> |
| Usage Charge, per 1,000 gallons (Treated Water) | \$ 3.08         | \$ 6.70         | \$ 6.42                            |
| Flat Residential Rate (Actual Taps)             | \$ 31.68        | \$ 42.51        | \$ 41.70                           |
| Flat Availability Rate (Non-user only)          | \$ 10.80        | \$ 10.80        | \$ 12.35                           |

### SEWER RATES AND CHARGES

#### MONTHLY METERED SERVICE:

##### Base Facility Charge:

|   |                 |                 |                                    |
|---|-----------------|-----------------|------------------------------------|
|   | <u>Existing</u> | <u>Proposed</u> | <u>Public Staffs<br/>Recommend</u> |
| Residential (zero usage)  | \$ 33.02        | \$ 39.57        | \$ 42.50                           |
| Commercial (based on meter size with zero usage)                |                 |                 |                                    |
| < 1" meter  | \$ 33.02        | \$ 39.57        | \$ 42.50                           |
| 1" meter  | \$ 82.55        | \$ 98.92        | \$ 106.25                          |
| 1-1/2" meter  | \$ 165.10       | \$ 197.84       | \$ 212.50                          |
| 2" meter  | \$ 264.16       | \$ 316.55       | \$ 340.00                          |
| 3" meter  | \$ 495.30       | \$ 593.53       | \$ 637.50                          |
| 4" meter  | \$ 825.50       | \$ 989.21       | \$1,062.50                         |
| 6" meter  | \$1,651.00      | \$1,978.42      | \$2,125.00                         |
| Usage Charge per 1,000 gallons                                  | \$ 2.46         | \$ 2.95         | \$ 2.91                            |
| <b><u>AVERAGE RESIDENTIAL BILL</u></b> (based on 4,200 gallons) | <b>\$ 43.35</b> | <b>\$ 51.96</b> | <b>\$ 54.72</b>                    |

#### MONTHLY METERED PURCHASED SEWER SERVICE:

|  |     |          |          |
|--|-----|----------|----------|
| Collection charge (Residential and Commercial/SFE) | N/A | \$ 30.86 | \$ 34.00 |
|--|-----|----------|----------|

Usage charge, per 1,000 gallons based on purchased water

| <u>Service Area</u> | <u>Bulk Provider</u> | <u>Usage Charge/<br/>1,000 gallons</u> | <u>Usage charge<br/>/1,000 gallons</u> |
|---------------------|----------------------|--|--|
| White Oak Pk./Lee   |                      |  |  |
| Forest/Winston Pt.  | Johnston County      | \$ 4.55                                | \$ 4.55                                |
| Kings Grant         | Two Rivers Utilities | \$ 3.80                                | \$ 3.80                                |
| College Park        | Town of Dallas       | \$ 5.70                                | \$ 5.70                                |

|  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| <b><u>MONTHLY FLAT RATE SERVICE:</u></b> | <b>\$ 44.70</b> | <b>\$ 53.56</b> | <b>\$ 52.68</b> |
|--|-----------------|-----------------|-----------------|

#### MONTHLY COLLECTION SERVICE ONLY <sup>4/</sup>:

(When sewage is collected by utility and transferred to another entity for treatment)

|                            |          |     |
|----------------------------|----------|-----|
| A. Single Family Residence | \$ 16.09 | N/A |
| B. Commercial/SFE          | \$ 16.09 | N/A |

#### MT. CARMEL SUBDIVISION SERVICE AREA:

|   |          |          |          |
|---|----------|----------|----------|
| Monthly Base Facility Charge                                  | \$ 6.00  | \$ 6.44  | \$ 6.60  |
| Usage Charge/1,000 gallons<br>(Based on metered water usage)  | \$ 5.45  | \$ 5.60  | \$ 5.73  |
| Monthly Collection Charge<br>(Residential and Commercial/SFE) | \$ 16.09 | \$ 24.42 | \$ 27.40 |

OFFICIAL COPY

Oct 15 2015

REGALWOOD AND WHITE OAK ESTATES SUBDIVISION SERVICE AREAS:

A. Monthly Flat Rate Sewer Service:

|                       | <u>Existing</u> | <u>Proposed</u> | <u>Public Staff<br/>Recommend</u> |
|-----------------------|-----------------|-----------------|-----------------------------------|
| Residential Service   | \$ 44.70        | \$ 53.56        | \$ 52.68                          |
| White Oak High School | \$1,386.90      | \$1,661.95      | \$1,634.66                        |
| Child Castle Daycare  | \$ 172.40       | \$ 206.59       | \$ 203.34                         |
| Pantry                | \$ 91.85        | \$ 110.07       | \$ 108.00                         |

**COROLLA LIGHT AND MONTERAY SHORES**

**SEWER RATES AND CHARGES**

MONTHLY METERED SERVICE: (Residential and Commercial)

| Base Facility Charge (based on meter size and zero usage) |                 |                 | <u>Public Staff<br/>Recommend</u> |
|---|-----------------|-----------------|-----------------------------------|
|   | <u>Existing</u> | <u>Proposed</u> |                                   |
| < 1" meter  | \$ 52.26        | \$ 66.72        | \$ 52.26                          |
| 1" meter  | \$ 130.65       | \$ 166.81       | \$ 130.65                         |
| 1-1/2" meter  | \$ 261.30       | \$ 333.62       | \$ 261.30                         |
| 2" meter  | \$ 418.08       | \$ 533.80       | \$ 418.08                         |
| 3" meter  | \$ 783.90       | \$1,000.87      | \$ 783.90                         |
| 4" meter  | \$1,306.50      | \$1,668.11      | \$1,306.50                        |
| 6" meter  | \$2,613.00      | \$3,336.23      | \$2,613.00                        |
| Usage Charge per 1,000 gallons                            | \$ 6.65         | \$ 8.49         | \$ 6.65                           |

**THE VILLAGE OF NAGS HEAD**

**SEWER RATES AND CHARGES**

MONTHLY METERED SERVICE: (Commercial)

| Base Facility Charge (based on meter size and zero usage)                           |                 |                 | <u>Public Staff<br/>Recommend</u> |
|---|-----------------|-----------------|-----------------------------------|
|   | <u>Existing</u> | <u>Proposed</u> |                                   |
| < 1" meter  | \$ 18.48        | \$ 22.39        | \$ 18.48                          |
| 1" meter  | \$ 46.22        | \$ 56.01        | \$ 46.22                          |
| 1-1/2" meter  | \$ 92.42        | \$ 111.99       | \$ 92.42                          |
| 2" meter  | \$ 147.88       | \$ 179.20       | \$ 147.88                         |
| 3" meter  | \$ 277.27       | \$ 335.99       | \$ 277.27                         |
| 4" meter  | \$ 462.12       | \$ 560.00       | \$ 462.12                         |
| 6" meter  | \$ 924.24       | \$1,924.24      | \$ 924.24                         |
| Usage Charge per 1,000 gallons  | \$ 9.33         | \$ 11.31        | \$ 9.33                           |
| Minimum Monthly Charge<br>(Commercial customers who<br>use less than 4,700 gallons) | \$ 62.81        | \$ 76.11        | \$ 62.81                          |

|                           |          |          |          |
|---------------------------|----------|----------|----------|
| <u>MONTHLY FLAT RATE:</u> | \$ 62.81 | \$ 76.11 | \$ 62.81 |
|---------------------------|----------|----------|----------|

Carolina Water Service Inc., of North Carolina  
Docket No. W-354, Sub 344  
For the 12 Months Ending June 30, 2015

Stipulation  
Exhibit E

**AVERAGE MONTHLY BILLS AT COMPANY'S PRESENT AND PROPOSED RATES  
AND PUBLIC STAFF'S RECOMMENDED RATES**

**WATER OPERATIONS**

| <u>Service Area</u> | <u>CWSNC<br/>Present</u> | <u>CWSNC<br/>Proposed</u> | <u>Percent<br/>Increase</u> | <u>Public Staff<br/>Recommended</u> | <u>Percent<br/>Increase</u> |
|---------------------|--------------------------|---------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Uniform Rate        | \$41.10                  | \$50.61                   | 23.1%                       | \$49.42                             | 20.2%                       |
| Carolina Forest     | \$41.10                  | \$35.87                   | (12.7%)                     | \$35.86                             | (12.7%)                     |
| High Vista Estates  | \$41.10                  | \$35.70                   | (13.1%)                     | \$35.69                             | (13.2%)                     |
| Riverpointe         | \$41.10                  | \$48.93                   | 19.1%                       | \$48.92                             | 19.0%                       |
| Whispering Pines    | \$41.10                  | \$31.84                   | (22.5%)                     | \$31.83                             | (22.5%)                     |
| White Oak/Lee F.    | \$41.10                  | \$36.12                   | (12.1%)                     | \$36.11                             | (12.1%)                     |
| Winston Plantation  | \$41.10                  | \$36.12                   | (12.1%)                     | \$36.11                             | (12.1%)                     |
| Winston Pointe      | \$41.10                  | \$36.12                   | (12.1%)                     | \$36.11                             | (12.1%)                     |
| Woodrun             | \$41.10                  | \$35.87                   | (12.7%)                     | \$35.86                             | (12.7%)                     |
| Yorktown            | \$41.10                  | \$43.51                   | 5.9%                        | \$43.50                             | 5.8%                        |
| Zemosa Acres        | \$41.10                  | \$44.60                   | 8.5%                        | \$44.59                             | 8.5%                        |
| Linville Ridge      | \$31.68                  | \$42.51                   | 34.2%                       | \$41.70                             | 31.6%                       |

Average 5/8 inch Residential Water Bill, Based on 4,200 Gallons  
Linville Ridge flat rate

**SEWER OPERATIONS**

| <u>Service Area</u>            | <u>CWSNC<br/>Present</u> | <u>CWSNC<br/>Proposed</u> | <u>Percent<br/>Increase</u> | <u>Public Staff<br/>Recommended</u> | <u>Percent<br/>Increase</u> |
|--------------------------------|--------------------------|---------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Uniform Rate                   | \$43.35                  | \$ 51.96                  | 19.9%                       | \$54.72                             | 26.2%                       |
| White Oak Pkt./<br>Lee Forest/ |                          |                           |                             |                                     |                             |
| Winston Pt.                    | \$43.35                  | \$ 49.97                  | 15.3%                       | \$53.11                             | 22.5%                       |
| Kings Grant                    | \$43.35                  | \$ 46.82                  | 8.0%                        | \$49.96                             | 15.2%                       |
| College Park                   | \$43.35                  | \$ 54.80                  | 26.4%                       | \$57.94                             | 33.7%                       |
| Mt. Carmel                     | \$44.98                  | \$ 54.38                  | 20.9%                       | \$58.07                             | 29.1%                       |
| CLMS                           | \$80.19                  | \$102.38                  | 27.7%                       | \$80.19                             | 0%                          |
| Nags Head                      | \$62.81                  | \$ 76.11                  | 21.2%                       | \$62.81                             | 0%                          |

Average 5/8 inch Residential Water Bill, Based on 4,200 Gallons  
Nags Head flat rate