

**CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
DOCKET NO. W-354, SUB 360**

**TESTIMONY OF LYNN FEASEL
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

October 3, 2018

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Lynn Feasel and my business address is 430 N.
4 Salisbury Street, Raleigh, North Carolina. I am a Staff Accountant
5 with the Accounting Division of the Public Staff – North Carolina
6 Utilities Commission, and represent the using and consuming public.

7 **Q. HOW LONG HAVE YOU BEEN EMPLOYED BY THE PUBLIC**
8 **STAFF?**

9 A. I have been employed by the Public Staff since November 6, 2016.

10 **Q. WILL YOU STATE BRIEFLY YOUR EDUCATION AND**
11 **EXPERIENCE?**

12 A. I am a graduate of Baldwin Wallace University with a Master of
13 Business Administration degree in Accounting. I am a Certified
14 Public Accountant licensed in the State of North Carolina. Prior to
15 joining the Public Staff, I was employed by Franklin International in
16 Columbus, Ohio until June 2013. Additionally, I worked for ABB Inc.
17 from September 2013 until October 2016. I joined the Public Staff as
18 a staff accountant in November 2016. Since joining the Public Staff,

1 I have filed an affidavit in a general rate case, updated earnings
2 reports for Carolina Water Service, Inc. of North Carolina and Aqua
3 North Carolina, Inc., calculated refunds to consumers from AH4R
4 and Progress Residential, and reviewed franchise and contiguous
5 filings for multiple companies.

6 **Q. WHAT ARE YOUR DUTIES?**

7 A. I am responsible for analyzing testimony, exhibits, and other data
8 presented by parties before this Commission. I also have the further
9 responsibility of performing the examinations of books and any other
10 data and data request responses provided by public utilities in
11 proceedings before the Commission, and summarizing the results
12 into testimony and exhibits for presentation to the Commission.

13 **Q. MS. FEASEL, WHAT IS THE NATURE OF THE APPLICATION IN**
14 **THIS PROCEEDING?**

15 A. On April 27, 2018, Carolina Water Service, Inc. of North Carolina
16 (CWSNC or Company) filed an application with the Commission
17 seeking authority to adjust and increase rates for water and sewer
18 service in all of its service areas in North Carolina, with the exception
19 of the Corolla Light/Monteray Shores service area. My investigation
20 included a review of the application filed by CWSNC, an examination
21 of the Company's books and records for the test year, and a review
22 of additional documentation provided by the Company in response
23 to written and verbal data requests.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. The purpose of my testimony in this proceeding is to present the
4 results of my investigation of the levels of revenue, expenses, and
5 investment filed by CWSNC in support of its requested increase in
6 operating revenues for its uniform water operations (CWSNC Water),
7 uniform sewer operations (CWSNC Sewer), Bradfield Farms and
8 Fairfield Harbour water operations (BF/FH Water), and Bradfield
9 Farms and Fairfield Harbour sewer operations (BF/FH Sewer).

10 **Q. WOULD YOU BRIEFLY DESCRIBE THE PRESENTATION OF**
11 **YOUR TESTIMONY AND EXHIBITS?**

12 A. Yes. My testimony contains a discussion of each issue resulting from
13 my investigation, and my exhibit consists of schedules showing the
14 calculation of my adjustments to revenues, expenses, and rate base.
15 My schedules also reflect adjustments recommended by other Public
16 Staff witnesses. Schedules 1(a) through 1(d) of my Exhibit I present
17 the return on original cost rate base for water and sewer operations
18 under present rates, Company proposed rates, and Public Staff
19 recommended rates. Schedules 2(a) through 2(d) of Exhibit I, along
20 with their supporting schedules, present the original cost rate base
21 for water and sewer operations. Schedules 3(a) through 3(d) of
22 Exhibit I, along with their supporting schedules, present the

1 calculation of net operating income for a return under present rates,
2 Company proposed rates, and Public Staff recommended rates.

3 **Q. WHAT MODIFICATIONS TO THE TEST PERIOD HAVE YOU**
4 **MADE IN THIS PROCEEDING?**

5 A. In its application, CWSNC made pro forma adjustments to rate base
6 to include construction work in progress (CWIP) projects, net of
7 retirements, which will be placed in service between January 1, 2018,
8 and the hearing date in this proceeding. The Public Staff agrees with
9 the Company that the test year should be updated for certain events
10 that occurred after the test year. Those events, however, should be
11 known and measurable as of a certain date before they should be
12 considered in evaluating the need for rate relief. Therefore, the
13 Public Staff witnesses have made adjustments in this proceeding to
14 update the Company's test year to recognize certain events affecting
15 rate base, revenues, and expenses as a result of certain known and
16 measurable events that occurred through June 30, 2018.

17 As part of this overall update adjustment, I have made adjustments
18 to recognize changes to plant in service, accumulated depreciation,
19 contributions in aid of construction (CIAC), purchase acquisition
20 adjustment (PAA), and to also recognize other rate base changes
21 that occurred through June 30, 2018. Deferred charges have been
22 amortized through December 31, 2018.

1 Several major CWIP projects that were completed and placed in
2 service as of August 24, 2018 have been included in rate base.

3 In addition, I have removed from rate base, revenue and expenses
4 amounts related to Riverbend Estates Water System (Riverbend).
5 CWSNC is only the emergency operator for the Riverbend system,
6 and, therefore, rate base, revenues and expenses related to
7 operating this system should not be included in CWSNC's general
8 rate case.

9 **Q. WHAT ARE THE COMPANY'S PROPOSED INCREASES IN**
10 **SERVICE REVENUES IN THIS CASE?**

11 A. The service revenues under present rates, the Company's proposed
12 increases, and the Company's proposed rates are as follows: service
13 revenues for CWSNC Water, CWSNC Sewer, BF/FH Water, and
14 BF/FH Sewer under present rates are \$16,931,032, \$12,685,778,
15 \$1,043,134, and \$1,769,755, respectively. Service revenues for
16 CWSNC Water, CWSNC Sewer, BF/FH Water and BF/FH Sewer
17 under proposed rates are \$19,432,356, \$13,696,365, \$1,560,921,
18 and \$2,163,100 respectively. The proposed increase for CWSNC
19 Water, CWSNC Sewer, BF/FH Water and BF/FH Sewer are
20 \$2,501,324, \$1,010,587, \$517,787, and \$393,345 respectively.

21

1 Q. WHAT CONCLUSIONS HAVE YOU REACHED AS TO THE
2 COMPANY'S RATE INCREASE REQUEST?

3 A. Based on my investigation, the original cost rate base as of
4 December 31, 2017, updated to June 30, 2018, is as follows: the total
5 rate bases for CWSNC Water, CWSNC Sewer, BF/FH Water and
6 BF/FH Sewer are \$60,564,774, \$43,212,818, \$3,469,658 and
7 \$7,196,570 respectively.

8 Based on the overall rate of return of 7.37% recommended by Public
9 Staff witness Hinton, I recommend that rates be set to produce the
10 following revenues: service revenues for CWSNC Water, CWSNC
11 Sewer, BF/FH Water, and BF/FH Sewer under recommended rates
12 are \$16,936,425, \$12,501,581, \$1,295,374, and \$2,052,488
13 respectively. Other revenues for CWSNC Water, CWSNC Sewer,
14 BF/FH Water and BF/FH Sewer under recommended rates are
15 \$91,008, \$35,863, \$27,718, and (\$15,170) respectively. The total
16 recommended revenues for CWSNC Water, CWSNC Sewer, BF/FH
17 Water and BF/FH Sewer are \$17,027,433, \$12,537,444, \$1,323,092,
18 and \$2,037,318 respectively.

19 Based on these levels of revenues, I recommend the following
20 increases/(decreases) in service revenues: the increase/(decrease)
21 service revenues for CWSNC Water, CWSNC Sewer, BF/FH Water,
22 and BF/FH Sewer are \$5,393, (\$184,197), \$252,240, and \$282,733
23 respectively.

1 Q. DOES FEASEL EXHIBIT I REFLECT ADJUSTMENTS
2 SUPPORTED BY OTHER PUBLIC STAFF WITNESSES?

3 A. Yes, my exhibit reflects the following adjustments supported by other
4 Public Staff witnesses:

5 (1) The recommendations of Public Staff witness Casselberry
6 regarding the following items:

- 7 (a) Service revenues at present rates;
8 (b) Service revenues at Company proposed rates;
9 (c) Purchased water;
10 (d) Purchased sewer;
11 (e) Maintenance and repair;
12 (f) Maintenance testing; and
13 (g) Chemicals.

14 (2) The recommendations of Public Staff witness Boswell
15 regarding the following item:

- 16 (a) Excess deferred income tax.

17 (3) The recommendations of Public Staff witness Johnson
18 regarding the following items:

- 19 (a) Salaries and wages;
20 (b) Pensions and benefits; and
21 (c) Payroll taxes.

22

- 1 (4) The recommendations of Public Staff witness Hinton
2 regarding the following items:
3 (a) Capital structure;
4 (b) Embedded cost of long term debt; and
5 (c) Return on common equity.

6 **Q. WHAT ADJUSTMENTS WILL YOU DISCUSS?**

- 7 A. The accounting and ratemaking adjustments that I will discuss relate
8 to the following items:

- 9 (a) Plant in service;
10 (b) Accumulated depreciation;
11 (c) Cash working capital;
12 (d) Contributions in aid of construction (CIAC);
13 (e) Accumulated deferred income tax;
14 (f) Customer deposits;
15 (g) Gain on sale and flow back taxes;
16 (h) Plant acquisition adjustment (PAA);
17 (i) Excess book value;
18 (j) Average tax accruals;
19 (k) Regulatory liability for excess deferred taxes;
20 (l) Deferred charges;
21 (m) Pro forma plant;
22 (n) Miscellaneous revenues;
23 (o) Uncollectibles;
24 (p) Purchased power;
25 (q) Purchased water;
26 (r) Maintenance and repair;
27 (s) Meter reading;

- 1 (t) Transportation;
- 2 (u) Operating charge to plant;
- 3 (v) Outside service other;
- 4 (w) Office supplies and other office expense;
- 5 (x) Regulatory commission expense;
- 6 (y) Rent;
- 7 (z) Insurance;
- 8 (aa) Office utility;
- 9 (ab) Miscellaneous expense;
- 10 (ac) Depreciation expense;
- 11 (ad) Amortization of CIAC;
- 12 (ae) Amortization of PAA;
- 13 (af) Franchise and other taxes;
- 14 (ag) Property tax;
- 15 (ah) Regulatory fee;
- 16 (ai) State income tax; and
- 17 (aj) Federal income tax.

18 **PLANT IN SERVICE**

19 **Q. IN WHAT AREAS HAVE YOU MADE ADJUSTMENTS TO PLANT**
20 **IN SERVICE?**

21 A. First, I made an adjustment to remove from direct plant in service,
22 plant held for future use. Plant held for future use is not currently
23 used or useful in providing service to CWSNC's water and sewer
24 customers. This adjustment is consistent with similar treatment
25 made by the Public Staff and ordered by the Commission in prior
26 CWSNC rate cases.

1 Second, I adjusted both direct and allocated plant in service to
2 include actual general ledger additions made on the Company's
3 books from January 1, 2018 through June 30, 2018, the updated
4 period for rate base items.

5 Third, direct plant in service was also adjusted to include actual costs
6 for CWIP projects that have been completed and put in service as of
7 August 24, 2018.

8 Fourth, I've removed both direct and allocated plant in service that is
9 related to the Riverbend system, because CWSNC is only the
10 emergency operator for this system and both revenue and expenses
11 related to operating this system should not be included in CWSNC's
12 general rate case.

13 Last, I have added to plant in service \$8,022 of outside services legal
14 fees that should have been capitalized for access issues at the
15 Brandywine Bay Facility. I removed these fees from outside services
16 other expense and added them in plant in service.

17 **ACCUMULATED DEPRECIATION**

18 **Q. HOW HAVE YOU ADJUSTED ACCUMULATED DEPRECIATION?**

19 A. I adjusted accumulated depreciation to include actual and known
20 additions made on the Company's books from January 1, 2018
21 through June 30, 2018 for both direct and allocated accumulated

1 depreciation. Accumulated depreciation also reflects a matching
2 adjustment based on the Public Staff's recommended level of
3 depreciation expense.

4 In addition, I adjusted accumulated depreciation to include the
5 amount calculated by the Public Staff related to the capitalized legal
6 expense that was added to plant in service.

7 Last, I removed accumulated depreciation related to Riverbend for
8 the same reason described above.

9 **CASH WORKING CAPITAL**

10 **Q. PLEASE DESCRIBE YOUR CALCULATION OF CASH WORKING**
11 **CAPITAL.**

12 A. Cash working capital provides the Company with the funds
13 necessary to carry on the day-to-day operations of the Company. In
14 my calculation, I have included 1/8 of total adjusted Operating and
15 Maintenance (O&M) and General and Administrative (G&A)
16 expenses, less purchased water and sewer expense, as a measure
17 of cash working capital.

18 **CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)**

19 **Q. PLEASE EXPLAIN YOUR ADJUSTMENTS TO CIAC.**

20 A. CIAC has been adjusted to include actual and known additions
21 made on the Company's books from January 1, 2018 through June

1 30, 2018, for both CIAC and accumulated amortization.
2 Accumulated amortization also reflects a matching adjustment based
3 on the Public Staff's recommended level of amortization expense. In
4 addition, I also removed accumulated amortization related to
5 Riverbend for the reason described above.

6 **ACCUMULATED DEFERRED INCOME TAX (ADIT)**

7 **Q. HOW HAVE YOU ADJUSTED ADIT?**

8 A. I have made several adjustments to ADIT. First, I have updated
9 ADIT associated with rate case expense to reflect the unamortized
10 balance recommended by the Public Staff. Next, I have adjusted
11 ADIT to include the amount associated with the Public Staff's
12 recommended levels of unamortized deferred maintenance. Finally,
13 I adjusted ADIT to include the amount allocated from Water Service
14 Company that was not included in the Company's pro forma balance
15 for ADIT listed on the application.

16 The Public Staff will be recommending additional adjustments to
17 ADIT once updated information has been received from the
18 Company, including updates to rate case expense, ADIT related to
19 post-test year plant additions and EDIT related to federal protected
20 and unprotected ADIT, as well as adjustments for state EDIT.

1 **CUSTOMER DEPOSITS**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO CUSTOMER**
3 **DEPOSITS.**

4 A. Customer deposits were adjusted to reflect the balance as of June
5 30, 2018, resulting in an increase in customer deposits for CWSNC
6 Water, CWSNC Sewer, BF/FH Water and BF/FH Sewer.

7 **GAIN ON SALE AND FLOW BACK TAXES**

8 **Q. WHAT ADJUSTMENT DID YOU MAKE TO GAIN ON SALE AND**
9 **FLOW BACK TAXES?**

10 A. I have adjusted gain on sale and flow back taxes to amortize the gain
11 on sale of systems sold to CMUD through November 30, 2018.

12 **PLANT ACQUISITION ADJUSTMENT (PAA)**

13 **Q. PLEASE DESCRIBE YOUR ADJUSTMENTS TO PAA.**

14 A. PAA has been adjusted to include actual general ledger additions
15 made on the Company's books as of June 30, 2018, for both PAA
16 and accumulated amortization. PAA amortization has also been
17 adjusted to include an annualized level of amortization based on the
18 Public Staff's adjusted level of PAA amortization expense.

1 **EXCESS BOOK VALUE**

2 **Q. WHY DID YOU ADJUST EXCESS BOOK VALUE?**

3 A. Excess book value represents the difference between the price paid
4 by CWSNC to purchase stock of water and sewer systems and the
5 net book value of the stock. I have adjusted the excess book value
6 to reflect the accumulated amortization and unamortized balances
7 as of December 31, 2018.

8 **AVERAGE TAX ACCRUALS**

9 **Q. HOW DID YOU CALCULATE AVERAGE TAX ACCRUALS?**

10 A. Average tax accruals, calculated as 1/2 of property taxes plus 1/5 of
11 regulatory fee, are taxes which the Company collects in rates but
12 does not pay to the governmental agency every month. Since the
13 Company has the use of the money until it is paid to the
14 governmental agency, these tax accruals should be deducted from
15 rate base. Payroll taxes are not included in my calculation of average
16 tax accruals since they are paid to the taxing agencies on a more
17 frequent basis.

18 **REGULATORY LIABILITY FOR EXCESS DEFERRED TAXES**

19 **Q. HOW DID YOU ADJUST REGULATORY LIABILITY FOR EXCESS**
20 **DEFERRED TAXES?**

1 A. I have removed all of the regulatory liability excess deferred taxes
2 and reset them to zero because excess deferred tax was included
3 as a portion of the ADIT. The Public Staff will revise EDIT after
4 additional documentation has been provided by the Company.

5 **DEFERRED CHARGES**

6 **Q. PLEASE DESCRIBE YOUR ADJUSTMENTS TO DEFERRED**
7 **CHARGES.**

8 A. I have adjusted deferred charges to reflect the unamortized balance
9 of deferred maintenance costs for tank painting, tank inspection, and
10 wastewater treatment plant painting as of December 31, 2018. I did
11 not include the unamortized balance of the Belvedere pump and haul
12 costs in deferred charges. It is the Public Staff's recommendation
13 that the Company should not be able to earn a return on these
14 unusual and nonrecurring expenses that are abnormally high due to
15 a disagreement with the Belevedere golf course. My exclusion of the
16 unamortized balance of the pump and haul expenses is consistent
17 with the treatment stipulated to by CWSNC and the Public Staff in
18 the Company's W-354, Sub 356 rate case proceeding.

19 Next, I have adjusted unamortized rate case expense to reflect the
20 Public Staff's recommended level of rate case costs, less one year
21 of amortization, as discussed later in my testimony under regulatory
22 commission expense. The unamortized rate case expense will be

1 updated to reflect additional expenses paid by the Company since
2 the Public Staff filing date in this proceeding. The Public Staff will file
3 supplemental exhibits to reflect the additional rate case expenses.

4 **PRO FORMA PLANT**

5 **Q. WHY DID YOU ADJUST PRO FORMA PLANT?**

6 A. In this proceeding, CWSNC included in rate base, estimated
7 amounts for CWIP expected to be completed and in service by the
8 hearing date. I have removed the estimated cost for these projects
9 from rate base and adjusted plant in service to include the actual cost
10 of CWIP projects completed and in service as of August 24, 2018.

11 **MISCELLANEOUS REVENUES**

12 **Q. WHY DID YOU ADJUST MISCELLANEOUS REVENUES?**

13 A. I adjusted miscellaneous revenues to correct the Company's error in
14 omitting the allocated proceeds from the sale of utility property on its
15 application. Miscellaneous revenues have also been adjusted to
16 correct the allocation of other water/sewer revenues between water
17 and sewer operations for the four rate divisions.

18 I calculated a forfeited discount rate for CWSNC Water, CWSNC
19 Sewer, BF/FH Water and BF/FH Sewer operations by dividing the
20 respective test year forfeited discounts by test year service
21 revenues. The resulting rates were then applied to the Public Staff's

1 present, proposed and recommended levels of service revenues to
2 determine an appropriate level of forfeited discounts to include in
3 miscellaneous revenues.

4 **UNCOLLECTIBLES**

5 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO UNCOLLECTIBLES.**

6 A. I have calculated uncollectible percentages for CWSNC Water
7 operations, CWSNC Sewer operations, BF/FH Water operations and
8 BF/FH Sewer operations based on the per books levels of
9 uncollectibles and service revenues for the test year. I then applied
10 these percentages to my adjusted levels of service revenues under
11 present, Company proposed, and recommended rates to derive my
12 adjusted levels of uncollectibles expense.

13 **PURCHASED POWER**

14 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PURCHASED**
15 **POWER.**

16 A. There were two transactions that were recorded twice to purchased
17 power in the Company's financial records. Therefore, I adjusted
18 purchase power to remove both of these two transactions. This
19 adjustment reduces purchase power by \$1,910 for CWSNC uniform
20 water operations.

1

PURCHASE WATER

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PURCHASE**
3 **WATER.**

4 A. In addition to the adjustments recommended by Public Staff
5 Engineer Casselberry, I made an additional adjustment to purchase
6 water for BF/FH water operation. The Company not only recorded
7 antenna lease revenues in miscellaneous revenue but also
8 mistakenly included it as purchase water expense for BF/FH water
9 operations. I removed the antenna lease revenue from purchase
10 water expense which resulted in an increase in purchased water
11 expense.

12

MAINTENANCE AND REPAIR

13 **Q. HOW HAVE YOU ADJUSTED MAINTENANCE AND REPAIR**
14 **EXPENSE?**

15 A. Maintenance and repair reflect adjustments recommend by Public
16 Staff engineer Casselberry. I also adjusted maintenance and repair
17 to reflect one year of annual amortization expense on the Public
18 Staff's recommended level of deferred charges discussed above
19 under deferred charges.

20 I also correct UA adjustment error made by the Company. The
21 Company only use allocation from WSC to adjust the UA amount to
22 reflect the correction for availability customers. The UA amount per

1 book is from the allocation of three cost centers, WSC, Regional and
2 NC Cost Center. The adjustments to reflect correction of availability
3 customers should come from all three cost centers instead of only
4 WSC. I correct this error by adding the UA adjustments for availability
5 customers from Regional and NC Cost Center as well.

6 **METER READING**

7 **Q. HOW HAVE YOU ADJUSTED METER READING?**

8 A. My only adjustment to meter reading is to remove the expense
9 related to Riverbend which should not be included in this proceeding.

10 **TRANSPORTATION**

11 **Q. HOW HAVE YOU ADJUSTED TRANSPORTATION EXPENSE?**

12 A. I adjusted transportation expense to correct an UA allocation
13 adjustments error and to remove transportation expense related to
14 Riverbend.

15 **OPERATING EXPENSE CHARGE TO PLANT**

16 **Q. HOW HAVE YOU ADJUSTED OPERATING EXPENSE CHARGE**
17 **TO PLANT EXPENSE?**

18 A. I adjusted operating expense charge to plant expense to correct the
19 UA adjustments error and to remove operating expense charge to
20 plant expense related to Riverbend. Additionally, the Company also

1 made an error misclassifying UA allocations amount among the four
2 rate divisions. My adjustment corrects this error.

3 **OUTSIDE SERVICE OTHER**

4 **Q. HOW HAVE YOU ADJUSTED OUTSIDE SERVICE OTHER**
5 **EXPENSE?**

6 A. I adjusted outside service other expense to correct an UA allocation
7 adjustment error and to remove outside service other expense
8 related to Riverbend. I also removed legal expenses that were
9 outside of the test year and legal expense that should have been
10 capitalized. These capitalized expense were added to the plant in
11 service described above.

12 **OFFICE SUPPLIES AND OTHER OFFICE EXPENSE**

13 **Q. HOW HAVE YOU ADJUSTED OFFICE SUPPLIES AND OTHER**
14 **OFFICE EXPENSE?**

15 A. I adjusted office supplies and other office expense to correct an UA
16 allocation adjustment error and to remove office supplies and other
17 office expense related to Riverbend. In addition, I also removed an
18 expense item in the amount of \$670 for which the Company could
19 not provide a supporting invoice.

1

REGULATORY COMMISSION EXPENSE

2 **Q. PLEASE EXPLAIN HOW YOU CALCULATED REGULATORY**
3 **COMMISSION EXPENSE.**

4 A. Based on information provided by the Company regarding costs
5 incurred to date, I have included a total of \$119,780 of rate case
6 expenses for this proceeding, which is comprised of legal fees,
7 printing and postage fees to mail notices to customers, expenses,
8 capitalized salaries and wages, and consulting fees. I deducted \$131
9 legal fees that was related to legislation. I have allocated total rate
10 case expense to CWSNC water, CWSNC sewer, BF/FH water and
11 BF/FH sewer based on the customer allocation percentages
12 calculated from the Company's equivalent residential connections
13 (ERCs). I also included in my calculation of rate case expense the
14 unamortized balance rate case expense from the prior rate case
15 proceeding, Docket No. W-354, Sub 356 (Sub 356). I am
16 recommending total rate case expenses for this proceeding and the
17 unamortized balance from Sub 356 be amortized to operating
18 expenses over five years.

19

RENT

20 **Q. PLEASE EXPLAIN HOW YOU ADJUSTED RENT EXPENSE.**

21 A. I adjusted rent to remove the amount of expense related to
22 Riverbend. Additionally, I adjusted the Company's pro forma rent

1 expense based on the current rental agreement for the Morehead
2 City office, Charlotte Office and Charlotte Warehouse.

3 **INSURANCE EXPENSE**

4 **Q. PLEASE EXPLAIN YOUR ADJUSTMENTS TO INSURANCE**
5 **EXPENSE.**

6 A. I adjusted the insurance premiums to reflect the current amount for
7 insurance for Utilities, Inc., the parent company of CWSNC, provided
8 by the Company and allocated to CWSNC using the following
9 factors:

10 (a) I allocated automobile insurance based on the number of
11 automobiles for CWSNC as a percentage to the total number
12 of automobiles;

13 (b) I allocated workers compensation insurance to reflect the
14 adjusted level of payroll;

15 (c) I allocated property insurance to reflect the value of the
16 property covered by the current insurance policies; and

17 (d) I allocated the remaining insurance items to the various
18 entities based on the number of customers.

1 Since the pollution liability insurance is a three-year policy, I made
2 an adjustment to include only one-third of the pollution liability
3 insurance premium to reflect an annual level of premium for this
4 policy.

5 These adjustments resulted in a decrease in insurance expense of
6 \$143,010.

7 **OFFICE UTILITY**

8 **Q. HOW HAVE YOU ADJUSTED OFFICE UTILITY EXPENSE?**

9 A. I adjusted office utility expense to correct an UA allocation
10 adjustment error and to remove office utility expense related to
11 Riverbend. I also adjusted office utility to remove a transaction in the
12 amount of \$383 that was recorded twice in operating expenses.

13 **MISCELLANEOUS EXPENSE**

14 **Q. WHAT ADJUSTMENT WAS MADE TO MISCELLANEOUS**
15 **EXPENSE?**

16 A. I adjusted miscellaneous expense to correct an UA allocation
17 adjustment error and to remove miscellaneous expense related to
18 Riverbend. The Company also include some expense that typically
19 should not be included in the rate case, such as charitable
20 contribution and lobbying expense. I adjusted miscellaneous
21 expense excluded these expenses from this rate case proceeding.

1 **DEPRECIATION EXPENSE**

2 **Q. HOW DID YOU ADJUST DEPRECIATION EXPENSE?**

3 A. I have adjusted depreciation expense to reflect an ongoing annual
4 level of depreciation expense for direct plant in service, based on the
5 Public Staff's adjusted level of plant in service and the depreciation
6 lives for each plant account.

7 My calculation of depreciation also included the annual amortization
8 of excess book value for both CWSNC uniform water and sewer
9 operations.

10 Finally, I have included the annual level of depreciation expense for
11 the allocated plant in service.

12 **AMORTIZATION OF CIAC**

13 **Q. WHAT ADJUSTMENT DID YOU MAKE TO AMORTIZATION OF**
14 **CIAC?**

15 A. CIAC amortization expense was adjusted to reflect the Public Staff's
16 recommended level of CIAC times an amortization percentage
17 based on the overall depreciation rate for the Public Staff's adjusted
18 level of direct plant in service.

19

1

AMORTIZATION OF PAA2 **Q. WHY DID YOU ADJUST AMORTIZATION OF PAA?**

3 A. PAA amortization expense was adjusted to reflect the Public Staff's
4 recommended level of PAA times an amortization percentage based
5 on the composite overall depreciation rate for the Public Staff's
6 adjusted level of direct plant in service.

7

FRANCHISE TAX AND OTHER TAXES8 **Q. WHY DID YOU ADJUST FRANCHISE TAX AND OTHER TAXES?**

9 A. I removed franchise and other taxes that was related to Riverbend.

10

PROPERTY TAXES11 **Q. WHY DID YOU ADJUST PROPERTY TAX?**

12 A. I adjusted property taxes expense to correct an UA allocation
13 adjustment error and to remove property taxes expense related to
14 Riverbend.

15

REGULATORY FEE

16 **Q. WHAT ADJUSTMENT HAVE YOU MADE TO REGULATORY**
17 **FEE?**

18 A. I have calculated regulatory fee using the statutory rate of 0.14%
19 applied to total operating revenues under present, Company
20 proposed, and Public Staff recommended rates.

1

STATE INCOME TAX

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO STATE INCOME**
3 **TAX.**

4 A. State income tax was calculated based on the adjusted levels of
5 revenues and expenses, and the State income tax rate of 3%,
6 effective January 1, 2017.

7

FEDERAL INCOME TAX

8 **Q. WHAT ADJUSTMENT HAVE YOU MADE TO FEDERAL INCOME**
9 **TAX?**

10 A. Federal income tax is based on the statutory corporate rates of 21%
11 effective January 1, 2018 for the level of income presented after all
12 Public Staff adjustments.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes, it does.

INDEX TO PUBLIC STAFF FEASEL EXHIBIT I

<u>LINE NO.</u>	<u>TITLE</u>	<u>SCHEDULE NO.</u>
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CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 1(a)

CWSNC WATER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [4] (e)
Present Rates:						
1	Debt	54.92%	\$33,262,174 [2]	5.87% [1]	3.22%	\$1,952,490 [8]
2	Equity	45.08%	27,302,600 [2]	9.18% [6]	4.14%	2,507,726 [9]
3	Total	<u>100.00%</u>	<u>\$60,564,774 [3]</u>		<u>7.36%</u>	<u>\$4,460,216 [10]</u>
Company Proposed Rates:						
4	Debt	54.92%	\$33,262,174 [4]	5.87% [1]	3.22%	\$1,952,490 [8]
5	Equity	45.08%	27,302,600 [4]	16.17% [6]	7.29%	4,415,873 [11]
6	Total	<u>100.00%</u>	<u>\$60,564,774 [3]</u>		<u>10.51%</u>	<u>\$6,368,363 [12]</u>
Public Staff Recommended Rates:						
7	Debt	54.92%	\$33,262,174 [5]	5.87% [1]	3.22%	\$1,952,490 [8]
8	Equity	45.08%	27,302,600 [5]	9.20% [1]	4.15%	2,511,839 [13]
9	Total	<u>100.00%</u>	<u>\$60,564,774 [3]</u>		<u>7.37%</u>	<u>\$4,464,329 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.
 [2] Column (a) multiplied by Line 3, Column (b).
 [3] Feasel Exhibit I, Schedule 2(a), Column (c), Line 17.
 [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] Feasel Exhibit I, Schedule 3(a), Column (c), Line 38.
 [11] Line 6 minus Line 4, Column (e).
 [12] Feasel Exhibit I, Schedule 3(a), Column (e), Line 38.
 [13] Line 9 minus Line 7, Column (e).
 [14] Feasel Exhibit I, Schedule 3(a), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
Present Rates:						
1	Debt	54.92%	\$23,732,479 [2]	5.87% [1]	3.22%	\$1,393,097 [8]
2	Equity	45.08%	19,480,339 [2]	9.92% [6]	4.47%	1,932,707 [9]
3	Total	<u>100.00%</u>	<u>\$43,212,818</u> [3]		<u>7.69%</u>	<u>\$3,325,804</u> [10]
Company Proposed Rates:						
4	Debt	54.92%	\$23,732,479 [4]	5.87% [1]	3.22%	\$1,393,097 [8]
5	Equity	45.08%	19,480,339 [4]	13.88% [6]	6.26%	2,703,638 [11]
6	Total	<u>100.00%</u>	<u>\$43,212,818</u> [3]		<u>9.48%</u>	<u>\$4,096,735</u> [12]
Public Staff Recommended Rates:						
7	Debt	54.92%	\$23,732,479 [5]	5.87% [1]	3.22%	\$1,393,097 [8]
8	Equity	45.08%	19,480,339 [5]	9.20% [1]	4.15%	1,792,191 [13]
9	Total	<u>100.00%</u>	<u>\$43,212,818</u> [3]		<u>7.37%</u>	<u>\$3,185,288</u> [14]

[1] Per Public Staff Financial Analyst Hilton.
 [2] Column (a) multiplied by Line 3, Column (b).
 [3] Feasel Exhibit I, Schedule 2(b), Column (c), Line 17.
 [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] Feasel Exhibit I, Schedule 3(b), Column (c), Line 38.
 [11] Line 6 minus Line 4, Column (e).
 [12] Feasel Exhibit I, Schedule 3(b), Column (e), Line 38.
 [13] Line 9 minus Line 7, Column (e).
 [14] Feasel Exhibit I, Schedule 3(b), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 1(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
Present Rates:						
1	Debt	54.92%	\$1,905,536 [2]	5.87% [1]	3.22%	\$111,855 [8]
2	Equity	45.08%	1,564,122 [2]	-2.98% [6]	-1.34%	(46,632) [9]
3	Total	100.00%	\$3,469,658 [3]		1.88%	\$65,223 [10]
Company Proposed Rates:						
4	Debt	54.92%	\$1,905,536 [4]	5.87% [1]	3.22%	\$111,855 [8]
5	Equity	45.08%	1,564,122 [4]	22.02% [6]	9.93%	344,481 [11]
6	Total	100.00%	\$3,469,658 [3]		13.15%	\$456,336 [12]
Public Staff Recommended Rates:						
7	Debt	54.92%	\$1,905,536 [5]	5.87% [1]	3.22%	\$111,855 [8]
8	Equity	45.08%	1,564,122 [5]	9.20% [1]	4.15%	143,899 [13]
9	Total	100.00%	\$3,469,658 [3]		7.37%	\$255,754 [14]

[1] Per Public Staff Financial Analyst Hilton.

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

[3] Feasel Exhibit I, Schedule 2(c), Column (c), Line 17.

[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] Feasel Exhibit I, Schedule 3(c), Column (c), Line 38.

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

[12] Feasel Exhibit I, Schedule 3(c), Column (e), Line 38.

[13] Line 9 minus Line 7, Column (e).

[14] Feasel Exhibit I, Schedule 3(c), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 1(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
Present Rates:						
1	Debt	54.92%	\$3,952,356 [2]	5.87% [1]	3.22%	\$232,003 [8]
2	Equity	45.08%	3,244,214 [2]	2.62% [6]	1.18%	84,904 [9]
3	Total	100.00%	\$7,196,570 [3]		4.40%	\$316,907 [10]
Company Proposed Rates:						
4	Debt	54.92%	\$3,952,356 [4]	5.87% [1]	3.22%	\$232,003 [8]
5	Equity	45.08%	3,244,214 [4]	11.78% [6]	5.31%	382,019 [11]
6	Total	100.00%	\$7,196,570 [3]		8.53%	\$614,022 [12]
Public Staff Recommended Rates:						
7	Debt	54.92%	\$3,952,356 [5]	5.87% [1]	3.22%	\$232,003 [8]
8	Equity	45.08%	3,244,214 [5]	9.20% [1]	4.15%	298,468 [13]
9	Total	100.00%	\$7,196,570 [3]		7.37%	\$530,471 [14]

[1] Per Public Staff Financial Analyst Hilton.

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

[3] Feasel Exhibit I, Schedule 2(d), Column (c), Line 17.

[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] Feasel Exhibit I, Schedule 3(d), Column (c), Line 38.

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

[12] Feasel Exhibit I, Schedule 3(d), Column (e), Line 38.

[13] Line 9 minus Line 7, Column (e).

[14] Feasel Exhibit I, Schedule 3(d), Column (g), Line 38.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments (b)	[1]	Amount Per Public Staff (c)	[2]
1	Plant in service	\$105,659,424	\$3,722,070		\$ 109,381,494	[3]
2	Accumulated depreciation	(26,572,384)	(898,573)		(27,470,957)	[4]
3	Net plant in service (L1 + L2)	79,087,040	2,823,497		81,910,537	
4	Cash working capital	1,131,235	(117,741)		1,013,494	[5]
5	Contributions in aid of construction	(18,714,027)	354,774		(18,359,254)	[6]
6	Advances in aid of construction	(23,760)	0		(23,760)	
7	Accumulated deferred income taxes	(2,922,461)	804,972		(2,117,489)	[7]
8	Customer deposits	(173,055)	(18,614)		(191,669)	[8]
9	Gain on sale and flow back taxes	(286,987)	90,040		(196,947)	[9]
10	Plant acquisition adjustment	(2,336,007)	63,513		(2,272,494)	[10]
11	Excess book value	(448)	(8)		(456)	[11]
12	Cost-free capital	(121,791)	0		(121,791)	
13	Average tax accruals	64,607	(136,558)		(71,951)	[12]
14	Regulatory liability for excess deferred taxes	(144,323)	144,323		0	[13]
15	Deferred charges	1,322,290	(325,736)		996,554	[14]
16	Pro forma plant	3,214,455	(3,214,455)		0	[15]
17	Original cost rate base (Sum of L3 thru L16)	\$60,096,768	\$468,006		\$60,564,774	

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Feasel Exhibit I, Schedule 2-1(a), Column (c), Line 4.
- [4] Feasel Exhibit I, Schedule 2-1(a), Column (c), Line 8.
- [5] Feasel Exhibit I, Schedule 2-3, Column (a), Line 4.
- [6] Feasel Exhibit I, Schedule 2-4, Column (c), Line 6.
- [7] Feasel Exhibit I, Schedule 2-5(a), Column (d), Line 27.
- [8] Feasel Exhibit I, Schedule 2-6, Column (a), Line 3.
- [9] Feasel Exhibit I, Schedule 2-7, Column (a), Line 6.
- [10] Feasel Exhibit I, Schedule 2-8, Column (c), Line 5.
- [11] Feasel Exhibit I, Schedule 2-9, Column (d), Line 7.
- [12] Feasel Exhibit I, Schedule 2-3, Column (a), Line 9.
- [13] To remove excess deferred income taxes.
- [14] Feasel Exhibit I, Schedule 2-10, Column (a), Line 4.
- [15] To remove estimated plant cost in the future.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
1	Plant in service	\$82,208,113	\$2,126,887	\$ 84,335,000 [3]
2	Accumulated depreciation	(20,517,737)	(836,191)	(21,353,928) [4]
3	Net plant in service (L1 + L2)	61,690,376	1,290,696	62,981,072
4	Cash working capital	815,643	(15,820)	799,823 [5]
5	Contributions in aid of construction	(18,672,446)	430,286	(18,242,160) [6]
6	Advances in aid of construction	(9,180)	0	(9,180)
7	Accumulated deferred income taxes	(1,731,139)	(611,655)	(2,342,794) [7]
8	Customer deposits	(103,024)	(11,081)	(114,105) [8]
9	Gain on sale and flow back taxes	(138,550)	45,869	(92,681) [9]
10	Plant acquisition adjustment	261,581	4,752	266,333 [10]
11	Excess book value	0	0	0
12	Cost-free capital	(139,708)	0	(139,708)
13	Average tax accruals	39,084	(82,406)	(43,322) [11]
14	Regulatory liability for excess deferred taxes	(85,491)	85,491	0 [12]
15	Deferred charges	940,307	(790,767)	149,540 [13]
16	Pro forma plant	1,753,909	(1,753,909)	0 [14]
17	Original cost rate base (Sum of L3 thru L16)	\$44,621,362	(\$1,408,544)	\$43,212,818

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Feasel Exhibit I, Schedule 2-1(b), Column (c), Line 4.
- [4] Feasel Exhibit I, Schedule 2-1(b), Column (c), Line 8.
- [5] Feasel Exhibit I, Schedule 2-3, Column (b), Line 4.
- [6] Feasel Exhibit I, Schedule 2-4, Column (f), Line 6.
- [7] Feasel Exhibit I, Schedule 2-5(a), Column (e), Line 27.
- [8] Feasel Exhibit I, Schedule 2-6, Column (b), Line 3.
- [9] Feasel Exhibit I, Schedule 2-7, Column (b), Line 6.
- [10] Feasel Exhibit I, Schedule 2-8, Column (f), Line 5.
- [11] Feasel Exhibit I, Schedule 2-3, Column (b), Line 9.
- [12] To remove excess deferred income taxes.
- [13] Feasel Exhibit I, Schedule 2-10, Column (b), Line 4.
- [14] To remove estimated plant cost in the future.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
1	Plant in service	\$5,815,265	\$108,811	\$5,924,076 [3]
2	Accumulated depreciation	(1,903,826)	278,501	(1,625,325) [4]
3	Net plant in service (L1 + L2)	3,911,439	387,312	4,298,751
4	Cash working capital	117,808	(6,686)	111,122 [5]
5	Contributions in aid of construction	(1,127,502)	24,031	(1,103,471) [6]
6	Advances in aid of construction	0	0	0
7	Accumulated deferred income taxes	(251,858)	318,874	67,016 [7]
8	Customer deposits	(15,137)	(2,926)	(18,063) [8]
9	Gain on sale and flow back taxes	0	0	0
10	Plant acquisition adjustment	31,423	(7,161)	24,262 [9]
11	Excess book value	0	0	0
12	Cost-free capital	0	0	0
13	Average tax accruals	4,164	(9,288)	(5,124) [10]
14	Regulatory liability for excess deferred taxes	(10,756)	10,756	0 [11]
15	Deferred charges	198,042	(102,877)	95,165 [12]
16	Pro forma plant	0	0	0
17	Original cost rate base (Sum of L3 thru L16)	<u>\$2,857,623</u>	<u>\$612,035</u>	<u>\$3,469,658</u>

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Feasel Exhibit I, Schedule 2-1(c), Column (c), Line 3.
- [4] Feasel Exhibit I, Schedule 2-1(c), Column (c), Line 6.
- [5] Feasel Exhibit I, Schedule 2-3, Column (c), Line 4.
- [6] Feasel Exhibit I, Schedule 2-4, Column (i), Line 6.
- [7] Feasel Exhibit I, Schedule 2-5(b), Column (d), Line 27.
- [8] Feasel Exhibit I, Schedule 2-6, Column (c), Line 3.
- [9] Feasel Exhibit I, Schedule 2-8, Column (i), Line 5.
- [10] Feasel Exhibit I, Schedule 2-3, Column (c), Line 9.
- [11] To remove excess deferred income taxes.
- [12] Feasel Exhibit I, Schedule 2-10, Column (c), Line 4.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
1	Plant in service	\$12,932,107	\$401,431	\$13,333,538 [3]
2	Accumulated depreciation	(2,504,941)	348	(2,504,593) [4]
3	Net plant in service (L1 + L2)	<u>10,427,166</u>	<u>401,779</u>	<u>10,828,945</u>
4	Cash working capital	157,683	(11,058)	146,625 [5]
5	Contributions in aid of construction	(4,299,941)	109,156	(4,190,785) [6]
6	Advances in aid of construction	0	0	0
7	Accumulated deferred income taxes	(262,243)	(315,492)	(577,735) [7]
8	Customer deposits	(15,758)	(3,045)	(18,803) [8]
9	Gain on sale and flow back taxes	0	0	0
10	Plant acquisition adjustment	980,236	(27,539)	952,697 [9]
11	Excess book value	0	0	0
12	Cost-free capital	0	0	0
13	Average tax accruals	4,472	(9,984)	(5,512) [10]
14	Regulatory liability for excess deferred taxes	(11,200)	11,200	0 [11]
15	Deferred charges	78,188	(17,050)	61,138 [12]
16	Pro forma plant	<u>181,300</u>	<u>(181,300)</u>	<u>0</u> [13]
17	Original cost rate base (Sum of L3 thru L16)	<u>\$7,239,903</u>	<u>(\$43,333)</u>	<u>\$7,196,570</u>

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Feasel Exhibit I, Schedule 2-1(d), Column (c), Line 3.
- [4] Feasel Exhibit I, Schedule 2-1(d), Column (c), Line 6.
- [5] Feasel Exhibit I, Schedule 2-3, Column (d), Line 4.
- [6] Feasel Exhibit I, Schedule 2-4, Column (l), Line 6.
- [7] Feasel Exhibit I, Schedule 2-5(b), Column (e), Line 27.
- [8] Feasel Exhibit I, Schedule 2-6, Column (d), Line 3.
- [9] Feasel Exhibit I, Schedule 2-8, Column (l), Line 5.
- [10] Feasel Exhibit I, Schedule 2-3, Column (d), Line 9.
- [11] To remove excess deferred income taxes.
- [12] Feasel Exhibit I, Schedule 2-10, Column (d), Line 4.
- [13] To remove estimated plant cost in the future.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

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

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(a)

CWSNC WATER OPERATIONS

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application (a)</u>	<u>Public Staff Adjustments [1] (b)</u>	<u>Amount Per Public Staff [2] (c)</u>
	<u>Plant In Service:</u>			
1	Direct plant in service	\$98,867,930	\$3,398,963	\$102,266,893 [3]
2	Allocation of common plant in service: WSC cost center, Regional and NC	6,791,492	343,494	7,134,986 [4]
3	Riverbend adjustment--2017 and 2018	0	(20,385)	(20,385) [4]
4	Total plant in service (Sum of L1 thru L3)	<u>\$105,659,422</u>	<u>\$3,722,072</u>	<u>\$109,381,494</u>
	<u>Accumulated Depreciation:</u>			
5	Direct accumulated depreciation	(\$21,524,143)	(\$796,949)	(\$22,321,092) [5]
6	Allocation of common accumulated depreciation: WSC cost center, Regional and NC	(5,048,241)	(116,427)	(5,164,668) [4]
7	Riverbend adjustment--2017 and 2018	0	14,803	14,803 [4]
8	Total accumulated depr. (Sum of L5 thru L7)	<u>(\$26,572,384)</u>	<u>(\$898,573)</u>	<u>(\$27,470,957)</u>

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

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

[3] Feasel Exhibit I, Schedule 2-1(a)(1), Column (d), Line 46.

[4] Calculated based on information provided by the Company.

[5] Feasel Exhibit I, Schedule 2-2, Column (a), Line 7.

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**CALCULATION OF PLANT IN SERVICE AND
ACCUMULATED DEPRECIATION**
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
<u>Plant In Service:</u>				
1	Direct plant in service	\$78,901,230	\$1,958,542	\$80,859,772 [3]
2	Allocation of common plant in service: WSC cost center	3,306,883	178,339	3,485,222 [4]
3	Riverbend adjustment--2017 and 2018	0	(9,994)	(9,994) [4]
4	Total plant in service (Sum of L1 thru L3)	<u>\$82,208,113</u>	<u>\$2,126,887</u>	<u>\$84,335,000</u>
<u>Accumulated Depreciation:</u>				
5	Direct accumulated depreciation	(\$17,836,073)	(\$779,810)	(\$18,615,883) [5]
6	Allocation of common accumulated depreciation: WSC cost center	(2,681,664)	(64,271)	(2,745,935) [4]
7	Riverbend adjustment--2017 and 2018	0	7,889	7,889 [4]
8	Total accumulated depr. (Sum of L5 thru L7)	<u>(\$20,517,737)</u>	<u>(\$836,191)</u>	<u>(\$21,353,928)</u>

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

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

[3] Feasel Exhibit I, Schedule 2-1(b)(1), Column (d), Line 58.

[4] Calculated based on information provided by the Company.

[5] Feasel Exhibit I, Schedule 2-2, Column (b), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

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ACCUMULATED DEPRECIATION**

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> (b)	[1]	<u>Amount Per Public Staff</u> (c)	[2]
	<u>Plant In Service:</u>					
1	Direct plant in service	\$5,062,815	\$71,101		\$5,133,916	[3]
2	Allocation of common plant in service: WSC cost center	752,451	37,709		790,160	[4]
3	Total plant in service (L1+ L2)	<u>\$5,815,266</u>	<u>\$108,810</u>		<u>\$5,924,076</u>	
	<u>Accumulated Depreciation:</u>					
4	Direct accumulated depreciation	(\$1,355,807)	\$291,118		(\$1,064,689)	[5]
5	Allocation of common accumulated depreciation: WSC cost center	(548,019)	(12,617)		(560,636)	[4]
6	Total accumulated depr. (L4 + L5)	<u>(\$1,903,826)</u>	<u>\$278,501</u>		<u>(\$1,625,325)</u>	

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

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

[3] Feasel Exhibit I, Schedule 2-1(c)(1), Column (d), Line 46.

[4] Calculated based on information provided by the Company.

[5] Feasel Exhibit I, Schedule 2-2, Column (c), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

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

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(d)**BRADFIELD/FAIRFIELD SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
<u>Plant In Service:</u>				
1	Direct plant in service	\$12,322,875	\$368,386	\$12,691,261 [3]
2	Allocation of common plant in service: WSC cost center	<u>609,232</u>	33,045	<u>642,277</u> [4]
3	Total plant in service (L1+ L2)	<u>\$12,932,107</u>	<u>\$401,431</u>	<u>\$13,333,538</u>
<u>Accumulated Depreciation:</u>				
4	Direct accumulated depreciation	(\$2,011,003)	\$12,308	(\$1,998,695) [5]
5	Allocation of common accumulated depreciation: WSC cost center	<u>(493,938)</u>	(11,960)	<u>(505,898)</u> [4]
6	Total accumulated depr. (L4 + L5)	<u>(\$2,504,941)</u>	<u>\$348</u>	<u>(\$2,504,593)</u>

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

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

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

[4] Calculated based on information provided by the Company.

[5] Feasel Exhibit I, Schedule 2-2, Column (d), Line 7.

CAROLINA WATER SERVICE, INC., OF NC
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CALCULATION OF DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(a)(1)

CWSNC WATER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments [2] (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [3] (d)
1	1020	Organization	\$458,055	\$0	\$0	\$458,055
2	1025	Franchises	111,898	0	0	111,898
3	1030	Land & land rights pump	71,187	0	250	71,437
4	1035	Land & land rights water tr.	357,109	0	0	357,109
5	1040	Land & land rights trans.	3,194	0	0	3,194
6	1045	Land & land rights gen. plt.	543,502	0	(30,000)	513,502
7	1050	Struct & improv. src. supply	4,278,791	0	22,852	4,301,643
8	1055	Struct & improv. wtr. trt. plt.	1,330,956	0	18,554	1,349,510
9	1060	Struct & improv. trans. dist.	227,921	0	19,468	247,389
10	1065	Struct & improv. gen. plt.	323,370	0	8,010	331,380
11	1070	Collecting reservoirs	13,139	0	0	13,139
12	1080	Wells & springs	13,750,997	0	2,501	13,753,498
13	1085	Infiltration gallery	45,185	0	0	45,185
14	1090	Supply mains	460,301	0	4,576	464,877
15	1095	Power generation equip.	158,288	0	0	158,288
16	1100	Electric pump equip. src. plt.	2,453,593	0	50,548	2,504,141
17	1105	Electric pump equip. wtp.	8,146,927	0	76,238	8,223,165
18	1110	Electric pump equip. trans.	2,241,609	0	662,855	2,904,464
19	1115	Water treatment equip.	3,816,288	0	496,870	4,313,158
20	1120	Dist. resv. & standpipes	7,652,096	0	264,935	7,917,031
21	1125	Trans. & distr. mains	30,306,733	0	1,416,088	31,722,821
22	1130	Service lines	11,415,974	(1,700)	375,195	11,789,469
23	1135	Meters	5,234,293	0	55,251	5,289,544
24	1140	Meter installations	1,167,483	0	15,913	1,183,396
25	1145	Hydrants	1,191,074	0	8,818	1,199,892
26	1150	Backflow prevention devic.	24,617	0	2,625	27,242
27	1160	Other plt. & misc. equip. src. su.	260	0	0	260
28	1165	Other plt. & misc. equip. wtp.	6,262	0	0	6,262
29	1175	Office struct & improv.	97,514	0	1,294	98,808
30	1180	Office furn. & equip.	358,961	0	3,820	362,781
31	1185	Stores equipment	3,691	0	364	4,055
32	1190	Tool shop & misc. equip.	1,351,355	0	13,847	1,365,202
33	1195	Laboratory equipment	152,134	0	2,240	154,374
34	1200	Power operated equip.	311,229	0	3,007	314,236
35	1205	Communication equip.	321,304	0	30	321,334
36	1210	Misc. equipment	183,506	0	42	183,548
37	1215	Water plant allocated	207,809	0	0	207,809
38	1220	Other tangible plt. water	36,650	0	0	36,650
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	(7,016)	0	0	(7,016)
42	1590	Comp. system cost - wtr	59,691	0	0	59,691
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	0	(95,528)	0	(95,528)
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	<u>\$98,867,930</u>	<u>(\$97,228)</u>	<u>\$3,496,191</u>	<u>\$102,266,893</u>

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

[2] Feasel Exhibit I, Schedule 2-1(a)(2), column (d).

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

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Public Staff
 Feasel Exhibit I
 Schedule 2-1(b)(1)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments [2] (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [3] (d)
1	1245	Organization	\$907,534	\$0	\$0	\$907,534
2	1250	Franchises intang. plt.	127,476	0	0	127,476
3	1270	Land & land rights trtmnt plt	39,167	0	0	39,167
4	1275	Land & land rights reclaim.	1,150	0	0	1,150
5	1285	Land & land rights gen. plt.	213,811	0	0	213,811
6	1290	Struct/improv. coll. plt.	67,180	0	83	67,263
7	1295	Struct/improv. pump plt. ls.	6,297,794	0	841,667	7,139,461
8	1300	Struct/improv. treat. plt.	19,093,156	8,022	586,734	19,687,912
9	1305	Struct/improv. reclaim. wtp.	3,271	0	0	3,271
10	1310	Struct/improv. reclaim. wtr.	179,730	0	0	179,730
11	1315	Struct/improv. gen. plt.	1,655,397	0	7,965	1,663,362
12	1320	Power gen. equip. coll. plt.	0	0	215,248	215,248
13	1325	Power gen. equip. pump plt.	52,159	0	0	52,159
14	1330	Power gen. equip. treat. plt.	209,654	0	75	209,729
15	1345	Sewer force main/serv. lin.	3,522,930	0	32,562	3,555,492
16	1350	Sewer gravity main	16,279,148	0	342,523	16,621,671
17	1353	Manholes	730,097	0	8,672	738,769
18	1355	Special coll. structures	6,502	0	421	6,923
19	1360	Services to customers	1,389,914	0	116,382	1,506,296
20	1365	Flow measure devices	106,936	0	15,346	122,282
21	1370	Flow measure install	1,010	0	0	1,010
22	1375	Receiving wells	89,127	0	317	89,444
23	1380	Pumping equipment pump plt.	3,535,514	0	186,137	3,721,651
24	1385	Pumping equipment reclaim.	27,636	0	2,465	30,101
25	1390	Pumping equipment rcl. wtr.	36,108	0	8,205	44,313
26	1395	Treat./disp. equip. lagoon	579,636	0	(1,816)	577,820
27	1400	Treat./disp. equip. trt. plt.	18,738,569	0	80,445	18,819,014
28	1405	Treat./disp. equip. rct. wtp.	13,251	0	209	13,460
29	1410	Plant sewers treat. plt.	3,335,990	0	1,207	3,337,197
30	1415	Plant sewers reclaim wtp.	5,155	0	0	5,155
31	1420	Outfall lines	98,563	0	0	98,563
32	1425	Other plt. tangible	3,676	0	0	3,676
33	1430	Other plt. collection	21,142	0	0	21,142
34	1435	Other plt. pump	48,131	0	0	48,131
35	1440	Other plt. treatment	36,998	0	0	36,998
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.	30,218	0	4,000	34,218
39	1460	Office furn. & equip.	28,965	0	589	29,554
40	1465	Stores equipment	4,341	0	0	4,341
41	1470	Tool shop & misc. equip.	185,673	0	4,209	189,882
42	1475	Laboratory equipment	125,332	0	7,131	132,463
43	1480	Power operated equip.	360,651	0	4,352	365,003
44	1485	Communication equip.	73,595	0	0	73,595
45	1490	Misc equip. sewer	19,105	0	0	19,105
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	3,417	0	0	3,417
49	1540	Reuse transmission & dist.	55,225	0	0	55,225
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	(4,177)	0	0	(4,177)
54	1590	Comp. system cost - wtr	35,535	0	0	35,535
55	1595	Micro system cost - wtr	0	0	0	0
56	1805	Plt. held for future use	0	(514,608)	0	(514,608)
57		Pro forma plant additions	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	<u>\$78,901,230</u>	<u>(\$506,586)</u>	<u>\$2,465,128</u>	<u>\$80,859,772</u>

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

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Public Staff
Feasel Exhibit I
Schedule 2-1(c)(1)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [2] (d)
1	1020	Organization	\$100,321	\$0	\$0	\$100,321
2	1025	Franchises	29,653	0	0	29,653
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.	431	0	0	431
7	1050	Struct & improv. src. supply	162,909	0	0	162,909
8	1055	Struct & improv. wtr. trt. plt.	82,609	0	131	82,740
9	1060	Struct & improv. trans. dist.	461	0	0	461
10	1065	Struct & improv. gen. plt.	1,671	0	0	1,671
11	1070	Collecting reservoirs	0	0	0	0
12	1080	Wells & springs	497,704	0	125	497,829
13	1085	Infiltration gallery	0	0	0	0
14	1090	Supply mains	839	0	0	839
15	1095	Power generation equip.	0	0	0	0
16	1100	Electric pump equip. src. plt.	37,211	0	2,784	39,995
17	1105	Electric pump equip. wtp.	346,128	0	83	346,211
18	1110	Electric pump equip. trans.	15,204	0	15,884	31,088
19	1115	Water treatment equip.	123,563	0	4,276	127,839
20	1120	Dist. resv. & standpipes	745,820	0	4,613	750,433
21	1125	Trans. & distr. mains	1,764,241	0	3,942	1,768,183
22	1130	Service lines	604,042	0	29,195	633,237
23	1135	Meters	118,048	0	4,137	122,185
24	1140	Meter installations	131,945	0	2,920	134,865
25	1145	Hydrants	161,575	0	0	161,575
26	1150	Backflow prevention devic.	98	0	0	98
27	1160	Other plt. & misc. equip. src. su.	0	0	0	0
28	1165	Other plt. & misc. equip. wtp.	0	0	0	0
29	1175	Office struct & improv.	6,790	0	0	6,790
30	1180	Office furn. & equip.	3,731	0	182	3,913
31	1185	Stores equipment	235	0	0	235
32	1190	Tool shop & misc. equip.	90,038	0	2,720	92,758
33	1195	Laboratory equipment	11,419	0	0	11,419
34	1200	Power operated equip.	3,355	0	109	3,464
35	1205	Communication equip.	22,756	0	0	22,756
36	1210	Misc. equipment	18	0	0	18
37	1215	Water plant allocated	0	0	0	0
38	1220	Other tangible plt. water	0	0	0	0
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	0	0	0	0
42	1590	Comp. system cost - wtr	0	0	0	0
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	0	0	0	0
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	<u>\$5,062,815</u>	<u>\$0</u>	<u>\$71,101</u>	<u>\$5,133,916</u>

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

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

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Public Staff
 Feasel Exhibit I
 Schedule 2-1(d)(1)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Account No.	Item	Amount Per Application [1] (a)	Public Staff Adjustments (b)	Actual Plant Additions [1] (c)	Amount Per Public Staff [2] (d)
1	1245	Organization	\$16,686	\$0	\$0	\$16,686
2	1250	Franchises intang. plt.	20,351	0	0	20,351
3	1270	Land & land rights trtmnt 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.	618,795	0	271,910	890,705
8	1300	Struct/improv. treat. plt.	1,982,728	0	2,379	1,985,107
9	1305	Struct/improv. reclaim. wtp.	0	0	0	0
10	1310	Struct/improv. reclaim. wtr.	2,477	0	0	2,477
11	1315	Struct/improv. gen. plt.	239,935	0	5,603	245,538
12	1320	Power gen. equip. coll. plt.	0	0	0	0
13	1325	Power gen. equip. pump plt.	41,076	0	0	41,076
14	1330	Power gen. equip. treat. plt.	0	0	0	0
15	1345	Sewer force main/serv. lin.	178,168	0	15,830	193,998
16	1350	Sewer gravity main	5,210,150	0	2,368	5,212,518
17	1353	Manholes	9,008	0	7,244	16,252
18	1355	Special coll. structures	775	0	0	775
19	1360	Services to customers	36,615	0	726	37,341
20	1365	Flow measure devices	17,011	0	0	17,011
21	1370	Flow measure install	0	0	0	0
22	1375	Receiving wells	0	0	0	0
23	1380	Pumping equipment pump plt.	687,495	0	42,473	729,968
24	1385	Pumping equipment reclaim.	234	0	0	234
25	1390	Pumping equipment rcl. wtr.	0	0	0	0
26	1395	Treat./disp. equip. lagoon	56	0	0	56
27	1400	Treat./disp. equip. trt. plt.	2,770,519	0	11,614	2,782,133
28	1405	Treat./disp. equip. rct. wtp.	0	0	0	0
29	1410	Plant sewers treat. plt.	379,833	0	5,535	385,368
30	1415	Plant sewers reclaim wtp.	0	0	0	0
31	1420	Outfall lines	15,379	0	0	15,379
32	1425	Other plt. tangible	0	0	0	0
33	1430	Other plt. collection	(224)	0	0	(224)
34	1435	Other plt. pump	2,873	0	0	2,873
35	1440	Other plt. treatment	0	0	0	0
36	1445	Other plt. reclaim wtr. trt.	5,189	0	0	5,189
37	1450	Other plt. reclaim wtr. dis.	0	0	0	0
38	1455	Office struct & improv.	10,136	0	0	10,136
39	1460	Office furn. & equip.	448	0	251	699
40	1465	Stores equipment	2,752	0	0	2,752
41	1470	Tool shop & misc. equip.	10,232	0	1,910	12,142
42	1475	Laboratory equipment	6,227	0	0	6,227
43	1480	Power operated equip.	47,069	0	0	47,069
44	1485	Communication equip.	993	0	0	993
45	1490	Misc equip. sewer	8,603	0	0	8,603
46	1495	Sewer plant allocated	0	0	0	0
47	1500	Other tangible plt. sewer	0	0	0	0
48	1535	Reuse dist. reservoirs	2,763	0	0	2,763
49	1540	Reuse transmission & dist.	(1,477)	0	543	(934)
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	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	<u>\$12,322,875</u>	<u>\$0</u>	<u>\$368,386</u>	<u>\$12,691,261</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 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(a)(2)

CWSNC WATER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees (b)	Riverbend Adjustments [1] (c)	Adjustments Amount Per Public Staff [2] (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	0	0	0	0
8	1055	Struct & improv. wtr. trt. plt.	0	0	0	0
9	1060	Struct & improv. trans. dist.	0	0	0	0
10	1065	Struct & improv. gen. plt.	0	0	0	0
11	1070	Collecting reservoirs	0	0	0	0
12	1080	Wells & springs	0	0	0	0
13	1085	Infiltration gallery	0	0	0	0
14	1090	Supply mains	0	0	0	0
15	1095	Power generation equip.	0	0	0	0
16	1100	Electric pump equip. src. plt.	0	0	0	0
17	1105	Electric pump equip. wtp.	0	0	0	0
18	1110	Electric pump equip. trans.	0	0	0	0
19	1115	Water treatment equip.	0	0	0	0
20	1120	Dist. resv. & standpipes	0	0	0	0
21	1125	Trans. & distr. mains	0	0	0	0
22	1130	Service lines	0	0	(1,700)	(1,700)
23	1135	Meters	0	0	0	0
24	1140	Meter installations	0	0	0	0
25	1145	Hydrants	0	0	0	0
26	1150	Backflow prevention devic.	0	0	0	0
27	1160	Other plt. & misc. equip. src. su.	0	0	0	0
28	1165	Other plt. & misc. equip. wtp.	0	0	0	0
29	1175	Office struct & improv.	0	0	0	0
30	1180	Office furn. & equip.	0	0	0	0
31	1185	Stores equipment	0	0	0	0
32	1190	Tool shop & misc. equip.	0	0	0	0
33	1195	Laboratory equipment	0	0	0	0
34	1200	Power operated equip.	0	0	0	0
35	1205	Communication equip.	0	0	0	0
36	1210	Misc. equipment	0	0	0	0
37	1215	Water plant allocated	0	0	0	0
38	1220	Other tangible plt. water	0	0	0	0
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	0	0	0	0
42	1590	Comp. system cost - wtr	0	0	0	0
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	(95,528)	0	0	(95,528)
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	<u>(\$95,528)</u>	<u>\$0</u>	<u>(\$1,700)</u>	<u>(\$97,228)</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 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(b)(2)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees [1] (b)	Riverbend Adjustments (c)	Adjustments Amount Per Public Staff [2] (d)
1	1245	Organization	\$0	\$0	\$0	\$0
2	1250	Franchises intang. plt.	0	0	0	0
3	1270	Land & land rights trtmnt 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	8,022	0	8,022
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 rcl. 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	(514,608)	0	0	(514,608)
57		Pro forma plant additions	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	<u>(\$514,608)</u>	<u>\$8,022</u>	<u>\$0</u>	<u>(\$506,586)</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 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(c)(2)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees (b)	Riverbend Adjustments [1] (c)	Adjustments Amount Per Public Staff [2] (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	0	0	0	0
8	1055	Struct & improv. wtr. trt. plt.	0	0	0	0
9	1060	Struct & improv. trans. dist.	0	0	0	0
10	1065	Struct & improv. gen. plt.	0	0	0	0
11	1070	Collecting reservoirs	0	0	0	0
12	1080	Wells & springs	0	0	0	0
13	1085	Infiltration gallery	0	0	0	0
14	1090	Supply mains	0	0	0	0
15	1095	Power generation equip.	0	0	0	0
16	1100	Electric pump equip. src. plt.	0	0	0	0
17	1105	Electric pump equip. wtp.	0	0	0	0
18	1110	Electric pump equip. trans.	0	0	0	0
19	1115	Water treatment equip.	0	0	0	0
20	1120	Dist. resv. & standpipes	0	0	0	0
21	1125	Trans. & distr. mains	0	0	0	0
22	1130	Service lines	0	0	0	0
23	1135	Meters	0	0	0	0
24	1140	Meter installations	0	0	0	0
25	1145	Hydrants	0	0	0	0
26	1150	Backflow prevention devic.	0	0	0	0
27	1160	Other plt. & misc. equip. src. su.	0	0	0	0
28	1165	Other plt. & misc. equip. wtp.	0	0	0	0
29	1175	Office struct & improv.	0	0	0	0
30	1180	Office furn. & equip.	0	0	0	0
31	1185	Stores equipment	0	0	0	0
32	1190	Tool shop & misc. equip.	0	0	0	0
33	1195	Laboratory equipment	0	0	0	0
34	1200	Power operated equip.	0	0	0	0
35	1205	Communication equip.	0	0	0	0
36	1210	Misc. equipment	0	0	0	0
37	1215	Water plant allocated	0	0	0	0
38	1220	Other tangible plt. water	0	0	0	0
39	1555	Transportation equip.	0	0	0	0
40	1580	Mainframe computer - wtr	0	0	0	0
41	1585	Mini computer - wtr	0	0	0	0
42	1590	Comp. system cost - wtr	0	0	0	0
43	1595	Micro system cost - wtr	0	0	0	0
44	1805	Plt. held for future use	0	0	0	0
45		Pro forma plant additions	0	0	0	0
46		Total plant in service (Sum of L1 thru L45)	\$0	\$0	\$0	\$0

[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 360
ADJUSTMENT TO DIRECT PLANT IN SERVICE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-1(d)(2)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Account No.	Item	Plant Held For Future Use [1] (a)	Capitalized Legal Fees (b)	Riverbend Adjustments [1] (c)	Adjustments Amount Per Public Staff [2] (d)
1	1245	Organization	\$0	\$0	\$0	\$0
2	1250	Franchises intang. plt.	0	0	0	0
3	1270	Land & land rights trtmnt 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 rcl. 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	0	0	0	0
58		Total plant in service (Sum of L1 thru L57)	\$0	\$0	\$0	\$0

[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 360
ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-2

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Direct accumulated depreciation per application	(\$21,524,143)	(\$17,836,073)	(\$1,355,807)	(\$2,011,003)
2	Adjustment to include actual general ledger A/D additions through 6/30/2018	(793,413) [1]	(671,783) [1]	(25,322) [1]	(81,738) [1]
3	Adjustments to include A/D for additional capitalized fees	0	(201) [1]	0	0
4	Adjustment to remove riverbend accumulated depreciation	3 [1]	0	0	0
5	Adjustment to reflect annual level of depreciation	(3,539) [1]	(107,826) [1]	316,440 [1]	94,046 [1]
6	Adjustment to accumulated depreciation (Sum of L2 thru L5)	(796,949)	(779,810)	291,118	12,308
7	Direct accumulated depreciation per Public Staff (L1 + L6)	(\$22,321,092)	(\$18,615,883)	(\$1,064,689)	(\$1,998,695)

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

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF CASH WORKING CAPITAL
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-3

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BFF/FFH Water (c)	BFF/FFH Sewer (d)
Cash Working Capital:					
1	Maintenance expenses, less purchased water and sewer	\$5,127,749 [1]	\$4,622,623 [5]	\$530,192 [9]	\$799,492 [13]
2	General expenses	2,980,201 [2]	1,775,963 [6]	358,786 [10]	373,507 [14]
3	Total cash working capital expenses (L1 + L2)	<u>\$ 8,107,950</u>	<u>\$6,398,586</u>	<u>\$888,978</u>	<u>\$1,172,999</u>
4	Cash working capital (L3 x 1/8)	<u>1,013,494</u>	<u>799,823</u>	<u>111,122</u>	<u>146,625</u>
Average Tax Accruals:					
5	Property taxes	134,370 [3]	79,520 [7]	9,645 [11]	10,040 [15]
6	Average accrual (L5 x 1/2)	<u>67,185</u>	<u>39,760</u>	<u>4,823</u>	<u>5,020</u>
7	Regulatory fee	23,831 [4]	17,809 [8]	1,504 [12]	2,462 [16]
8	Average accrual (L7 x 1/5)	<u>4,766</u>	<u>3,562</u>	<u>301</u>	<u>492</u>
9	Total tax accrual (L6 + L8)	<u>71,951</u>	<u>43,322</u>	<u>5,124</u>	<u>5,512</u>
10	Total cash working capital (L4 - L9)	<u>\$941,543</u>	<u>\$756,501</u>	<u>\$105,998</u>	<u>\$141,113</u>

[1] Feasel Exhibit I, Schedule 3(a), Column (c), Line 15 minus Line 7.	[10] Feasel Exhibit I, Schedule 3(c), Column (c), Line 24.
[2] Feasel Exhibit I, Schedule 3(a), Column (c), Line 24.	[11] Feasel Exhibit I, Schedule 3(c), Column (c), Line 30.
[3] Feasel Exhibit I, Schedule 3(a), Column (c), Line 30.	[12] Feasel Exhibit I, Schedule 3(c), Column (c), Line 32.
[4] Feasel Exhibit I, Schedule 3(a), Column (c), Line 32.	[13] Feasel Exhibit I, Schedule 3(d), Column (c), Line 15 minus Line 7.
[5] Feasel Exhibit I, Schedule 3(b), Column (c), Line 15 minus Line 7.	[14] Feasel Exhibit I, Schedule 3(d), Column (c), Line 24.
[6] Feasel Exhibit I, Schedule 3(b), Column (c), Line 24.	[15] Feasel Exhibit I, Schedule 3(d), Column (c), Line 30.
[7] Feasel Exhibit I, Schedule 3(b), Column (c), Line 30.	[16] Feasel Exhibit I, Schedule 3(d), Column (c), Line 32.
[8] Feasel Exhibit I, Schedule 3(b), Column (c), Line 32.	
[9] Feasel Exhibit I, Schedule 3(c), Column (c), Line 15 minus Line 7.	

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF
CONSTRUCTION, NET OF AMORTIZATION**
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-4

Line No.	Item	CWSNC Water Operations			CWSNC Sewer Operations		
		CIAC (a)	Accumulated Amortization (b)	CIAC, Net of Amortization [2] (c)	CIAC (d)	Accumulated Amortization (e)	CIAC, Net of Amortization [3] (f)
1	CIAC and accumulated amortization per application	<u>(\$28,522,560)</u>	<u>\$9,808,533</u>	<u>(\$18,714,027)</u>	<u>(\$28,121,121)</u>	<u>\$9,448,675</u>	<u>(\$18,672,446)</u>
2	Adjustment to include actual general ledger additions through 6/30/2018	(76,719) [1]	341,221 [1]	264,502	(36,793) [1]	309,789 [1]	272,996
3	Adjustment to remove riverbend accumulated amortization	2,250 [1]	(38) [1]	2,213	0	0	0
4	Adjustment to reflect annual level of amortization	<u>0</u>	<u>88,059</u> [1]	<u>88,059</u>	<u>0</u>	<u>157,290</u> [1]	<u>157,290</u>
5	Adjustment to CIAC (Sum of L2 thru L4)	<u>(74,469)</u>	<u>429,243</u>	<u>354,774</u>	<u>(36,793)</u>	<u>467,079</u>	<u>430,286</u>
6	CIAC per Public Staff (L1 + L5)	<u>(\$28,597,029)</u>	<u>\$10,237,776</u>	<u>(\$18,359,254)</u>	<u>(\$28,157,914)</u>	<u>\$9,915,754</u>	<u>(\$18,242,160)</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).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF
CONSTRUCTION, NET OF AMORTIZATION**
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-4

Line No.	Item	BF/FH Water Operations			BF/FH Sewer Operations		
		CIAC (g)	Accumulated Amortization (h)	CIAC, Net of Amortization [4] (i)	CIAC (j)	Accumulated Amortization (k)	CIAC, Net of Amortization [5] (l)
1	CIAC and accumulated amortization per application	<u>(\$2,221,481)</u>	<u>\$1,093,979</u>	<u>(\$1,127,502)</u>	<u>(\$7,088,979)</u>	<u>\$2,789,038</u>	<u>(\$4,299,941)</u>
2	Adjustment to include actual general ledger additions through 6/30/2018	(5,795) [1]	19,343 [1]	13,548	0	72,322 [1]	72,322
3	Adjustment to remove riverbend accumulated amortization	0	0	0	0	0	0
4	Adjustment to reflect annual level of amortization	<u>0</u>	<u>10,483 [1]</u>	<u>10,483</u>	<u>0</u>	<u>36,834 [1]</u>	<u>36,834</u>
5	Adjustment to CIAC (Sum of L2 thru L4)	<u>(5,795)</u>	<u>29,826</u>	<u>24,031</u>	<u>0</u>	<u>109,156</u>	<u>109,156</u>
6	CIAC per Public Staff (L1 + L5)	<u>(\$2,227,276)</u>	<u>\$1,123,805</u>	<u>(\$1,103,471)</u>	<u>(\$7,088,979)</u>	<u>\$2,898,194</u>	<u>(\$4,190,785)</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).

CAROLINA WATER SERVICE, INC. OF NC
 Docket No. W-354, Sub 360
**CALCULATION OF ACCUMULATED DEFERRED
 INCOME TAXES**
 For The Test Year Ended December 31, 2017
CWSNC UNIFORM OPERATIONS

Public Staff
 Feasel Exhibit I
 Schedule 2-5(a)

Line No.	Item	Total ADIT Per Application [1] (a)	Public Staff Adjustments [2] (b)	Amount To Be Allocated Per Public Staff [5] (c)	CWS Uniform Water [8] (d)	CWS Uniform Sewer [8] (e)
1	ACCUM DEF INCOME TAX-FED	\$610,658	\$0	\$610,658	\$382,760	\$227,898
2	DEF FED TAX - CIAC PRE 19	287,698	0	287,698	180,329	107,369
3	DEF FED TAX - TAP FEE POS	2,198,816	0	2,198,816	1,378,218	820,598
4	DEF FED TAX - RATE CASE	(101,998)	23,829	(78,169) [6]	(48,996) [9]	(29,173) [9]
5	DEF FED TAX - DEF MAINT	(358,893)	203,602	(155,291) [6]	(154,002) [10]	(1,289) [10]
6	DEF FED TAX - ORGN EXP	(208,987)	0	(208,987)	(130,993)	(77,994)
7	DEF FED TAX - BAD DEBT	135,427	0	135,427	84,886	50,541
8	DEF FED TAX - CAB WOODS GOS	27,685	0	27,685	17,353	10,332
9	DEF FED TAX - DEPRECIATIO	(10,596,669)	0	(10,596,669)	(5,982,879) [11]	(4,613,790) [11]
10	DEF FED TAX - NOL	3,876,421	0	3,876,421	2,429,741	1,446,680
11	Total Federal ADIT (Sum of L1 thru L10)	<u>(4,129,842)</u>	<u>227,431</u>	<u>(3,902,411)</u>	<u>(1,843,583)</u>	<u>(2,058,828)</u>
12	ACCUM DEF INCOME TAX - ST	(310,632)	0	(310,632)	(194,704)	(115,928)
13	DEF ST TAX - CIAC PRE 198	312,312	0	312,312	195,757	116,555
14	DEF ST TAX - TAP FEE POS	703,756	0	703,756	441,114	262,642
15	DEF ST TAX - RATE CASE	(15,022)	3,510	(11,512) [7]	(7,216) [9]	(4,296) [9]
16	DEF ST TAX - DEF MAINT	(52,856)	29,986	(22,870) [7]	(22,680) [10]	(190) [10]
17	DEF ST TAX - ORGN EXP	(111,524)	0	(111,524)	(69,903)	(41,621)
18	DEF ST TAX - BAD DEBT	9,011	0	9,011	5,648	3,363
19	DEF ST TAX - CAB WOODS GOS	4,077	0	4,077	2,555	1,522
20	DEF ST TAX - DEPRECIATION	(1,352,312)	0	(1,352,312)	(763,515) [11]	(588,797) [11]
21	DEF ST TAX - NOL	289,432	0	289,432	181,416	108,016
22	Total State ADIT (Sum of L12 thru L21)	<u>(523,758)</u>	<u>33,496</u>	<u>(490,262)</u>	<u>(231,528)</u>	<u>(258,734)</u>
23	Total Direct ADIT (L11 + L22)	(4,653,600)	260,927	(4,392,673)	(2,075,111)	(2,317,562)
24	ADIT allocated from WSC	0	(67,610) [3]	(67,610)	(42,378)	(25,232)
25	Total ADIT (L23 + L24)	(4,653,600)	193,317	(4,460,283)	(2,117,489)	(2,342,794)
26	Excess deferred income tax	0	0 [4]	0	0	0
27	ADIT per Public Staff (L25 + L26)	<u>(\$4,653,600)</u>	<u>\$193,317</u>	<u>(\$4,460,283)</u>	<u>(\$2,117,489)</u>	<u>(\$2,342,794)</u>

[1] Form W-1, Item 10, Supplemental Schedules.
 [2] Column (c) minus Column (a), unless otherwise footnoted.
 [3] Calculated by Public Staff per examination of the Company's records
 [4] Provided by Public Staff Accountant Boswell.
 [5] Column (a) plus Column (b), unless otherwise footnoted.
 [6] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.
 [7] Total unamortized balance per Public Staff multiplied by state income tax rate of 3%.
 [8] Column (c) allocated based on customers, unless otherwise footnoted.
 [9] Column (c) allocated based on unamortized rate case expense.
 [10] Column (c) allocated based on unamortized deferred maintenance.
 [11] Column (c) allocated based on plant in service.

CAROLINA WATER SERVICE, INC. OF NC
 Docket No. W-354, Sub 360
**CALCULATION OF ACCUMULATED DEFERRED
 INCOME TAXES**
 For The Test Year Ended December 31, 2017
BRADFIELD/FAIRFIELD

Public Staff
 Feasel Exhibit I
 Schedule 2-5(b)

Line No.	Item	Total ADIT	Public Staff	Amount To Be	BF/FH	BF/FH
		Per Application [1] (a)	Adjustments [2] (b)	Allocated Per Public Staff [5] (c)	Water [8] (d)	Sewer [8] (e)
1	ACCUM DEF INCOME TAX-FED	\$175,721	\$0	\$175,721	\$86,086	\$89,635
2	DEF FED TAX - CIAC PRE 19	7,090	0	7,090	3,473	3,617
3	DEF FED TAX - TAP FEE POS	236,691	0	236,691	115,955	120,736
4	DEF FED TAX - RATE CASE	(12,695)	610	(12,085) [6]	(5,920) [9]	(6,165) [9]
5	DEF FED TAX - DEF MAINT	(31,059)	11,305	(19,754) [6]	(13,464) [10]	(6,290) [10]
6	DEF FED TAX - ORGN EXP	(25,425)	0	(25,425)	(12,456)	(12,969)
7	DEF FED TAX - BAD DEBT	193,210	0	193,210	94,654	98,556
8	DEF FED TAX - CAB WOODS GOS	0	0	0	0	0
9	DEF FED TAX - DEPRECIATIO	(1,585,489)	0	(1,585,489)	(487,696) [11]	(1,097,793) [11]
10	DEF FED TAX - NOL	540,266	0	540,266	264,676	275,590
11	Total Federal ADIT (Sum of L1 thru L10)	<u>(501,690)</u>	<u>11,915</u>	<u>(489,775)</u>	<u>45,308</u>	<u>(535,083)</u>
12	ACCUM DEF INCOME TAX - ST	26,465	0	26,465	12,965	13,500
13	DEF ST TAX - CIAC PRE 198	5,942	0	5,942	2,911	3,031
14	DEF ST TAX - TAP FEE POS	75,517	0	75,517	36,996	38,521
15	DEF ST TAX - RATE CASE	(2,264)	484	(1,780) [7]	(872) [9]	(908) [9]
16	DEF ST TAX - DEF MAINT	(6,023)	3,114	(2,909) [7]	(1,983) [10]	(926) [10]
17	DEF ST TAX - ORGN EXP	(6,365)	0	(6,365)	(3,118)	(3,247)
18	DEF ST TAX - BAD DEBT	2,358	0	2,358	1,155	1,203
19	DEF ST TAX - CAB WOODS GOS	0	0	0	0	0
20	DEF ST TAX - DEPRECIATION	(178,423)	0	(178,423)	(54,883) [11]	(123,540) [11]
21	DEF ST TAX - NOL	70,380	0	70,380	34,479	35,901
22	Total State ADIT (Sum of L12 thru L21)	<u>(12,413)</u>	<u>3,598</u>	<u>(8,815)</u>	<u>27,650</u>	<u>(36,465)</u>
23	Total Direct ADIT (L11 + L22)	(514,103)	15,513	(498,590)	72,958	(571,548)
24	ADIT allocated from WSC	0	(12,129) [3]	(12,129)	(5,942)	(6,187)
25	Total ADIT (L23 + L24)	(514,103)	3,384	(510,719)	67,016	(577,735)
26	Excess deferred income tax	0	0 [4]	0	0	0
27	ADIT per Public Staff (L25 + L26)	<u>(\$514,103)</u>	<u>\$3,384</u>	<u>(\$510,719)</u>	<u>\$67,016</u>	<u>(\$577,735)</u>

[1] Form W-1, Item 10, Supplemental Schedules.
 [2] Column (c) minus Column (a), unless otherwise footnoted.
 [3] Calculated by Public Staff per examination of the Company's records
 [4] Provided by Public Staff Accountant Boswell.
 [5] Column (a) plus Column (b), unless otherwise footnoted.
 [6] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.
 [7] Total unamortized balance per Public Staff multiplied by state income tax rate of 3%.
 [8] Column (c) allocated based on customers, unless otherwise footnoted.
 [9] Column (c) allocated based on unamortized rate case expense.
 [10] Column (c) allocated based on unamortized deferred maintenance.
 [11] Column (c) allocated based on plant in service.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO CUSTOMER DEPOSITS

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-6

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Customer deposits per application	(\$173,055)	(\$103,024)	(\$15,137)	(\$15,758)
2	Adjustment to update customer deposits to 6/30/2018	<u>(18,614) [1]</u>	<u>(11,081) [1]</u>	<u>(2,926) [1]</u>	<u>(3,045) [1]</u>
3	Customer deposits per Public Staff (L1 + L2)	<u>(\$191,669)</u>	<u>(\$114,105)</u>	<u>(\$18,063)</u>	<u>(\$18,803)</u>

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

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO GAIN ON SALE

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-7

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water (a)</u>	<u>CWSNC Sewer (b)</u>
1	Gain on sale per application	<u>(\$286,987)</u>	<u>(\$138,550)</u>
2	Gain on sale of systems sold to CMUD	<u>(500,264) [1]</u>	<u>(254,849) [1]</u>
3	Less: accumulated amortization	<u>500,264 [2]</u>	<u>254,849 [2]</u>
4	Gain on sale of systems, net of amortization (L2 + L3)	<u>0</u>	<u>0</u>
5	Gain on sale and flow back of taxes	<u>(196,947) [1]</u>	<u>(92,681) [1]</u>
6	Gain on sale per Public Staff (L4 + L5)	<u>(196,947)</u>	<u>(92,681)</u>
7	Adjustment to gain on sale (L6 - L1)	<u>\$90,040</u>	<u>\$45,869</u>
8	Gain on sale amortization expense per application	<u>(\$50,953) [1]</u>	<u>(\$25,957) [1]</u>
9	Gain on sale amortization expense per Public Staff	<u>0 [3]</u>	<u>0 [3]</u>
10	Adjustment to gain on sale amortization expense (L9 - L8)	<u>\$50,953</u>	<u>\$25,957</u>

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

[2] Line 2 divided by 36 months times 36 months (12/7/2015 thru 12/1/2018).

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

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO PURCHASE ACQUISITION
ADJUSTMENT, NET OF AMORTIZATION
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-8

Line No.	Item	CWSNC Water Operations			CWSNC Sewer Operations		
		PAA (a)	Accumulated Amortization (b)	PAA, Net of Amortization (c) [2]	PAA (d)	Accumulated Amortization (e)	PAA, Net of Amortization (f) [3]
1	PAA and accumulated amortization per application	<u>(\$4,278,312)</u>	<u>\$1,942,306</u>	<u>(\$2,336,006)</u>	<u>(\$627,070)</u>	<u>\$888,651</u>	<u>\$261,581</u>
2	Adjustment to include actual general ledger additions through 6/30/2018	0	51,988 [1]	51,988	0	12,492 [1]	12,492
3	Adjustment to reflect annual level of amortization	0	11,524 [1]	11,524	0	(7,740) [1]	(7,740)
4	Adjustment to PAA (Sum of L2 + L3)	0	63,512	63,512	0	4,752	4,752
5	PAA per Public Staff (L1 + L4)	<u>(\$4,278,312)</u>	<u>\$2,005,818</u>	<u>(\$2,272,494)</u>	<u>(\$627,070)</u>	<u>\$893,403</u>	<u>\$266,333</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).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO PURCHASE ACQUISITION
ADJUSTMENT, NET OF AMORTIZATION
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-8

Line No.	Item	BF/FH Water Operations			BF/FH Sewer Operations		
		PAA (g)	Accumulated Amortization (h)	PAA, Net of Amortization [4] (i)	PAA (j)	Accumulated Amortization (k)	PAA, Net of Amortization [5] (l)
1	PAA and accumulated amortization per application	\$603,123	(\$571,700)	\$31,423	\$1,658,577	(\$678,341)	\$980,236
2	Adjustment to include actual general ledger additions through 6/30/2018	0	(5,790) [1]	(5,790)	0	(14,921) [1]	(14,921)
3	Adjustment to reflect annual level of amortization	0	(1,371) [1]	(1,371)	0	(12,618) [1]	(12,618)
4	Adjustment to PAA (Sum of L2 + L3)	0	(7,161)	(7,161)	0	(27,539)	(27,539)
5	PAA per Public Staff (L1 + L4)	\$603,123	(\$578,861)	\$24,262	\$1,658,577	(\$705,880)	\$952,697

- [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).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF EXCESS BOOK VALUE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-9

Line No.	<u>Item</u>	Unamortized Balance 12/31/17 (a)	[1]	Annual Amortization (b)	[1]	Accumulated Amortization To 12/31/18 (c)	[2]	Unamortized Balance At 12/31/18 (d)	[3]
<u>CWSNC Uniform Water:</u>									
1	Sugar Mountain	\$0		\$0		\$0		\$0	
2	Carolina Forest, Woodrun	0		0		0		0	
3	Brandywine Bay	10,721		3,139		10,721		0	
4	Queens Harbor	13,800		2,679		13,800		0	
5	Riverpointe	40,361		6,052		40,361		0	
6	Watauga Vista	1,556		100		1,100		456	
7	Total excess book value (Sum of L1 thru L6)	<u>\$66,438</u>		<u>\$11,970</u>		<u>\$65,982</u>		<u>\$456</u>	
<u>CWSNC Uniform Sewer:</u>									
8	Sugar Mountain	\$0		\$0		\$0		\$0	
9	Brandywine Bay	16,214		4,748		16,214		0	
10	Queens Harbor	20,880		4,052		20,880		0	
11	Riverpointe	61,050		9,154		61,050		0	
12	Total excess book value (Sum of L8 thru L11)	<u>\$98,144</u>		<u>\$17,954</u>		<u>\$98,144</u>		<u>\$0</u>	

[1] Based on prior rate cases, unless otherwise footnoted.
[2] Column (b) multiplied by 11.0 years, unless fully amortized.
[3] Column (a) minus Column (c).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF DEFERRED CHARGES

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 2-10

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Unamortized deferred maintenance - water	\$756,010 [1]	\$0	\$66,100 [5]	\$0
2	Unamortized deferred maintenance - sewer	0	6,339 [3]	0	30,876 [7]
3	Unamortized rate case expense per Public Staff	<u>240,544 [2]</u>	<u>143,201 [4]</u>	<u>29,065 [6]</u>	<u>30,262 [8]</u>
4	Unamortized deferred charges per Public Staff (L1 + L2 + L3)	<u>\$996,554</u>	<u>\$149,540</u>	<u>\$95,165</u>	<u>\$61,138</u>

- [1] Feasel Exhibit I, Schedule 2-10(a), Column (f), Line 4.
- [2] Feasel Exhibit I, Schedule 3-10, Column (d), Line 10.
- [3] Feasel Exhibit I, Schedule 2-10(a), Column (f), Line 6.
- [4] Feasel Exhibit I, Schedule 3-10, Column (e), Line 10.
- [5] Feasel Exhibit I, Schedule 2-10(a), Column (f), Line 11.
- [6] Feasel Exhibit I, Schedule 3-10, Column (f), Line 10.
- [7] Feasel Exhibit I, Schedule 2-10(a), Column (f), Line 12.
- [8] Feasel Exhibit I, Schedule 3-10, Column (g), Line 10.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
CALCULATION OF DEFERRED MAINTENANCE
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 2-10(a)

Line No.	Item	Total Cost Per Public Staff [1] (a)	Amortization Period In Years [1] (b)	Date Amortization Began [1] (c)	Annual Amortization [2] (d)	Accumulated Amortization [3] (e)	Unamortized Balance [4] (f)
<u>Deferred maintenance - CWSNC Uniform Water</u>							
1	Deferred elevated storage tank painting	\$779,037	10	Various	\$77,904	\$236,555	\$542,482
2	Deferred hydro storage tank painting	439,670	5	Various	87,934	368,244	71,426
3	Deferred hydro storage tank inspection	539,687	5	Various	107,937	397,585	142,102
4	Total deferred maintenance - water (Sum of L1 thru L3)	<u>1,758,394</u>			<u>273,775</u>	<u>1,002,384</u>	<u>756,010</u>
<u>Deferred maintenance - CWSNC Uniform Sewer</u>							
5	Belvedere pump and haul	3,424,839	10	Various	342,484	2,191,485	1,233,354
6	WWTP	200,327	5	Various	40,065	193,988	6,339
7	Total deferred maintenance - sewer (L5 + L6)	<u>3,625,166</u>			<u>382,549</u>	<u>2,385,473</u>	<u>1,239,693</u>
<u>Deferred maintenance - BF/FF Water</u>							
8	Deferred elevated storage tank painting	66,028	10	Various	6,603	9,354	56,674
9	Deferred hydro storage tank painting	36,500	5	Various	7,300	32,242	4,258
10	Deferred hydro storage tank inspection	24,622	5	Various	4,924	19,455	5,167
11	Total deferred maintenance - sewer (Sum of L8 thru L10)	<u>127,150</u>			<u>18,827</u>	<u>61,050</u>	<u>66,100</u>
<u>Deferred maintenance - BF/FF Sewer</u>							
12	WWTP	110,492	5	Various	22,098	79,616	30,876
13	Total deferred maintenance (L4 + L7 +L11 +L12)	<u>\$5,621,201</u>			<u>\$697,249</u>	<u>\$3,528,523</u>	<u>\$2,092,678</u>

[1] Per examination of Company's financial records.
 [2] Column (a) divided by Column (b).
 [3] Total monthly amortization through December 31, 2018.
 [4] Column (a) minus Column (e).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3(a)
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CWSNC WATER OPERATIONS

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [28] (d)	Operations After Rate Increase [29] (e)	Net Public Staff Increase [35] (f)	Operations After Rate Increase [36] (g)
Operating Revenues:								
1	Service revenues	\$16,903,068	\$27,964	\$16,931,032 [3]	\$2,501,324	\$19,432,356 [3]	\$5,393	\$16,936,425 [37]
2	Miscellaneous revenues	164,766	24,459	189,225 [4]	6,753	195,978 [30]	14	189,239 [38]
3	Uncollectible accounts	(88,151)	(10,049)	(98,200) [5]	(14,508)	(112,708) [31]	(31)	(98,231) [39]
4	Total operating revenues	<u>16,979,683</u>	<u>42,374</u>	<u>17,022,057</u>	<u>2,493,569</u>	<u>19,515,626</u>	<u>5,376</u>	<u>17,027,433</u>
Maintenance Expenses:								
5	Salaries and wages	2,670,865	(83,739)	2,587,126 [6]	0	2,587,126	0	2,587,126
6	Purchased power	959,790	(1,910)	957,880 [7]	0	957,880	0	957,880
7	Purchased water	1,407,826	(124,893)	1,282,933 [3]	0	1,282,933	0	1,282,933
8	Maintenance and repair	1,194,143	(365,957)	828,186 [8]	0	828,186	0	828,186
9	Maintenance testing	149,525	59,440	208,965 [3]	0	208,965	0	208,965
10	Meter reading	197,658	(96)	197,562 [9]	0	197,562	0	197,562
11	Chemicals	356,307	(131,663)	224,644 [3]	0	224,644	0	224,644
12	Transportation	240,289	(1,462)	238,827 [10]	0	238,827	0	238,827
13	Operating expenses charged to plant	(389,286)	18,998	(370,288) [11]	0	(370,288)	0	(370,288)
14	Outside services - other	273,381	(18,534)	254,847 [12]	0	254,847	0	254,847
15	Total maintenance expenses	<u>7,060,498</u>	<u>(649,816)</u>	<u>6,410,682</u>	<u>0</u>	<u>6,410,682</u>	<u>0</u>	<u>6,410,682</u>
General Expenses:								
16	Salaries and wages	1,149,101	(145,073)	1,004,028 [6]	0	1,004,028	0	1,004,028
17	Office supplies and other office expense	308,987	(2,642)	306,345 [13]	0	306,345	0	306,345
18	Regulatory commission expense	238,050	(177,914)	60,136 [14]	0	60,136	0	60,136
19	Pension and other benefits	734,430	(3,143)	731,287 [6]	0	731,287	0	731,287
20	Rent	127,276	(5,898)	121,378 [15]	0	121,378	0	121,378
21	Insurance	304,639	(71,567)	233,072 [16]	0	233,072	0	233,072
22	Office utilities	415,080	(1,394)	413,686 [17]	0	413,686	0	413,686
23	Miscellaneous	119,644	(9,375)	110,269 [18]	0	110,269	0	110,269
24	Total general expenses	<u>3,397,207</u>	<u>(417,006)</u>	<u>2,980,201</u>	<u>0</u>	<u>2,980,201</u>	<u>0</u>	<u>2,980,201</u>
Depreciation and Taxes:								
25	Depreciation expense	2,891,781	(14,118)	2,877,663 [19]	0	2,877,663	0	2,877,663
26	Amortization of CIAC	(681,010)	(91,751)	(772,761) [20]	0	(772,761)	0	(772,761)
27	Amortization of PAA	(103,967)	(11,547)	(115,514) [21]	0	(115,514)	0	(115,514)
28	Amortization of ITC	0	0	(287)	0	(287)	0	(287)
29	Franchise and other taxes	(21,941)	(2)	(21,943) [22]	0	(21,943)	0	(21,943)
30	Property taxes	133,847	523	134,370 [23]	0	134,370	0	134,370
31	Payroll taxes	293,160	(12,347)	280,813 [6]	0	280,813	0	280,813
32	Regulatory fee	27,251	(3,420)	23,831 [24]	3,491	27,322 [32]	7	23,838 [40]
33	Deferred Income Tax	0	0	0 [25]	0	0	0	0
34	State income tax	143,102	(44,927)	98,175 [26]	74,703	172,878 [33]	161	98,336 [41]
35	Federal income tax	971,661	(305,050)	666,611 [27]	507,228	1,173,839 [34]	1,093	667,704 [42]
36	Total depreciation and taxes	<u>3,653,597</u>	<u>(482,639)</u>	<u>3,170,958</u>	<u>585,422</u>	<u>3,756,380</u>	<u>1,261</u>	<u>3,172,219</u>
37	Total operating revenue deductions	<u>14,111,302</u>	<u>(1,549,461)</u>	<u>12,561,841</u>	<u>585,422</u>	<u>13,147,263</u>	<u>1,261</u>	<u>12,563,102</u>
38	Net operating income for a return	<u>\$2,868,381</u>	<u>\$1,591,835</u>	<u>\$4,460,216</u>	<u>\$1,908,147</u>	<u>\$6,368,363</u>	<u>\$4,115</u>	<u>\$4,464,331</u>

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CAROLINA WATER SERVICE, INC., OF NC
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NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2017

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CWSNC SEWER OPERATIONS

Line No.	Item	Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [25] (d)	Operations After Rate Increase [26] (e)	Net Public Staff Increase [32] (f)	Operations After Rate Increase [33] (g)
Operating Revenues:								
1	Service revenues	\$12,731,248	(\$45,470)	\$12,685,778 [3]	\$1,010,587	\$13,696,365 [3]	(\$184,197)	\$12,501,581 [34]
2	Miscellaneous revenues	127,307	(17,169)	110,138 [4]	2,830	112,968 [27]	(516)	109,622 [35]
3	Uncollectible accounts	(71,480)	(3,366)	(74,846) [5]	(5,963)	(80,809) [28]	1,087	(73,759) [36]
4	Total operating revenues	12,787,075	(66,005)	12,721,070	1,007,454	13,728,524	(183,626)	12,537,444
Maintenance Expenses:								
5	Salaries and wages	1,582,288	(42,109)	1,540,179 [6]	0	1,540,179	0	1,540,179
6	Purchased power	748,066	0	748,066	0	748,066	0	748,066
7	Purchased sewer	682,727	(1,985)	680,742 [3]	0	680,742	0	680,742
8	Maintenance and repair	1,599,870	6,760	1,606,630 [7]	0	1,606,630	0	1,606,630
9	Maintenance testing	290,181	12,380	302,561 [3]	0	302,561	0	302,561
10	Meter reading	0	0	0	0	0	0	0
11	Chemicals	212,118	135,868	347,986 [3]	0	347,986	0	347,986
12	Transportation	143,050	(410)	142,640 [8]	0	142,640	0	142,640
13	Operating expenses charged to plant	(231,754)	11,985	(219,769) [9]	0	(219,769)	0	(219,769)
14	Outside services - other	162,817	(8,487)	154,330 [10]	0	154,330	0	154,330
15	Total maintenance expenses	5,189,363	114,002	5,303,365	0	5,303,365	0	5,303,365
General Expenses:								
16	Salaries and wages	680,757	(83,034)	597,723 [6]	0	597,723	0	597,723
17	Office supplies and other office expense	183,966	(616)	183,350 [11]	0	183,350	0	183,350
18	Regulatory commission expense	141,366	(105,565)	35,801 [12]	0	35,801	0	35,801
19	Pension and other benefits	437,286	(1,933)	435,353 [6]	0	435,353	0	435,353
20	Rent	75,402	(2,978)	72,424 [13]	0	72,424	0	72,424
21	Insurance	181,385	(42,634)	138,751 [14]	0	138,751	0	138,751
22	Office utilities	247,118	(355)	246,763 [15]	0	246,763	0	246,763
23	Miscellaneous	71,230	(5,432)	65,798 [16]	0	65,798	0	65,798
24	Total general expenses	2,018,510	(242,547)	1,775,963	0	1,775,963	0	1,775,963
Depreciation and Taxes:								
25	Depreciation expense	2,184,741	87,081	2,271,822 [17]	0	2,271,822	0	2,271,822
26	Amortization of CIAC	(616,096)	(158,499)	(774,595) [18]	0	(774,595)	0	(774,595)
27	Amortization of PAA	(24,983)	7,739	(17,244) [19]	0	(17,244)	0	(17,244)
28	Amortization of ITC	(232)	0	(232)	0	(232)	0	(232)
29	Franchise and other taxes	(17,738)	0	(17,738)	0	(17,738)	0	(17,738)
30	Property taxes	79,682	(162)	79,520 [20]	0	79,520	0	79,520
31	Payroll taxes	173,676	(6,501)	167,175 [6]	0	167,175	0	167,175
32	Regulatory fee	19,333	(1,524)	17,809 [21]	1,411	19,220 [29]	(257)	17,552 [37]
33	Deferred Income Tax	0	0	0 [22]	0	0	0	0
34	State income tax	106,245	(30,581)	75,664 [23]	30,181	105,845 [30]	(5,501)	70,163 [38]
35	Federal income tax	721,403	(207,645)	513,758 [24]	204,931	718,689 [31]	(37,353)	476,405 [39]
36	Total depreciation and taxes	2,626,031	(310,092)	2,315,939	236,523	2,552,462	(43,111)	2,272,828
37	Total operating revenue deductions	9,833,904	(438,638)	9,395,266	236,523	9,631,789	(43,111)	9,352,155
38	Net operating income for a return	\$2,953,171	\$372,633	\$3,325,804	\$770,931	\$4,096,735	(\$140,515)	\$3,185,289

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CAROLINA WATER SERVICE, INC., OF NC
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NET OPERATING INCOME FOR A RETURN
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BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Present Rates		Company Proposed Rates			Public Staff Recommended Rates	
	Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [26] (d)	Operations After Rate Increase [27] (e)	Net Public Staff Increase [33] (f)	Operations After Rate Increase [34] (g)
Operating Revenues:							
1	Service revenues	\$0	\$1,043,134 [3]	\$517,787	\$1,560,921 [3]	\$252,240	\$1,295,374 [35]
2	Miscellaneous revenues	3,932	46,306 [4]	932	47,238 [28]	454	46,760 [36]
3	Uncollectible accounts	(12,191)	(15,334) [5]	(7,612)	(22,946) [29]	(3,708)	(19,042) [37]
4	Total operating revenues	789	1,074,106	511,107	1,585,213	248,986	1,323,092
Maintenance Expenses:							
5	Salaries and wages	(8,551)	312,749 [6]	0	312,749	0	312,749
6	Purchased power	0	70,816	0	70,816	0	70,816
7	Purchased water	31,315	0 [7]	0	0	0	0
8	Maintenance and repair	(502)	62,128 [8]	0	62,128	0	62,128
9	Maintenance testing	3,675	9,286 [3]	0	9,286	0	9,286
10	Meter reading	0	28,305	0	28,305	0	28,305
11	Chemicals	3,423	32,714 [3]	0	32,714	0	32,714
12	Transportation	(83)	32,241 [9]	0	32,241	0	32,241
13	Operating expenses charged to plant	1,844	(40,679) [10]	0	(40,679)	0	(40,679)
14	Outside services - other	(84)	22,632 [11]	0	22,632	0	22,632
15	Total maintenance expenses	31,037	530,192	0	530,192	0	530,192
General Expenses:							
16	Salaries and wages	(16,861)	121,374 [6]	0	121,374	0	121,374
17	Office supplies and other office expense	(124)	34,624 [12]	0	34,624	0	34,624
18	Regulatory commission expense	(20,016)	7,267 [13]	0	7,267	0	7,267
19	Pension and other benefits	(391)	101,436 [6]	0	101,436	0	101,436
20	Rent	(604)	14,707 [14]	0	14,707	0	14,707
21	Insurance	(14,115)	28,178 [15]	0	28,178	0	28,178
22	Office utilities	(72)	40,103 [16]	0	40,103	0	40,103
23	Miscellaneous	(1,023)	11,097 [17]	0	11,097	0	11,097
24	Total general expenses	(53,206)	358,786	0	358,786	0	358,786
Depreciation and Taxes:							
25	Depreciation expense	(222,391)	127,603 [18]	0	127,603	0	127,603
26	Amortization of CIAC	(8,727)	(47,886) [19]	0	(47,886)	0	(47,886)
27	Amortization of PAA	1,395	12,967 [20]	0	12,967	0	12,967
28	Amortization of ITC	0	0	0	0	0	0
29	Franchise and other taxes	0	(3,653)	0	(3,653)	0	(3,653)
30	Property taxes	(32)	9,645 [21]	0	9,645	0	9,645
31	Payroll taxes	(1,320)	33,947 [6]	0	33,947	0	33,947
32	Regulatory fee	(715)	1,504 [22]	715	2,219 [30]	348	1,852 [38]
33	Deferred Income Tax	0	0 [23]	0	0	0	0
34	State income tax	(8,631)	(1,826) [24]	15,312	13,486 [31]	7,460	5,634 [39]
35	Federal income tax	(58,599)	(12,396) [25]	103,967	91,571 [32]	50,648	38,252 [40]
36	Total depreciation and taxes	(299,020)	119,905	119,994	239,899	58,456	178,361
37	Total operating revenue deductions	(321,189)	1,008,883	119,994	1,128,877	58,456	1,067,339
38	Net operating income for a return	\$321,978	\$65,223	\$391,113	\$456,336	\$190,530	\$255,753

CAROLINA WATER SERVICE, INC., OF NC
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BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [25] (d)	Operations After Rate Increase [26] (e)	Net Public Staff Increase [32] (f)	Operations After Rate Increase [33] (g)
Operating Revenues:								
1	Service revenues	\$1,758,104	\$11,651	\$1,769,755 [3]	\$393,345	\$2,163,100 [3]	\$282,733	\$2,052,488 [34]
2	Miscellaneous revenues	17,420	(2,926)	14,494 [4]	708	15,202 [27]	508	15,002 [35]
3	Uncollectible accounts	(21,321)	(4,694)	(26,015) [5]	(5,783)	(31,798) [28]	(4,157)	(30,172) [36]
4	Total operating revenues	<u>1,754,203</u>	<u>4,031</u>	<u>1,758,234</u>	<u>388,270</u>	<u>2,146,504</u>	<u>279,084</u>	<u>2,037,318</u>
Maintenance Expenses:								
5	Salaries and wages	334,483	(8,901)	325,582 [6]	0	325,582	0	325,582
6	Purchased power	155,596	0	155,596	0	155,596	0	155,596
7	Purchased sewer	0	0	0	0	0	0	0
8	Maintenance and repair	272,544	(19,643)	252,901 [7]	0	252,901	0	252,901
9	Maintenance testing	25,513	(1,965)	23,548 [3]	0	23,548	0	23,548
10	Meter reading	0	0	0	0	0	0	0
11	Chemicals	30,493	(3,422)	27,071 [3]	0	27,071	0	27,071
12	Transportation	33,650	(87)	33,563 [8]	0	33,563	0	33,563
13	Operating expenses charged to plant	(44,268)	1,939	(42,329) [9]	0	(42,329)	0	(42,329)
14	Outside services - other	23,648	(88)	23,560 [10]	0	23,560	0	23,560
15	Total maintenance expenses	<u>831,659</u>	<u>(32,167)</u>	<u>799,492</u>	<u>0</u>	<u>799,492</u>	<u>0</u>	<u>799,492</u>
General Expenses:								
16	Salaries and wages	143,907	(17,553)	126,354 [6]	0	126,354	0	126,354
17	Office supplies and other office expense	36,174	(130)	36,044 [11]	0	36,044	0	36,044
18	Regulatory commission expense	29,314	(21,749)	7,565 [12]	0	7,565	0	7,565
19	Pension and other benefits	106,005	(408)	105,597 [6]	0	105,597	0	105,597
20	Rent	15,939	(629)	15,310 [13]	0	15,310	0	15,310
21	Insurance	44,028	(14,694)	29,334 [14]	0	29,334	0	29,334
22	Office utilities	41,823	(75)	41,748 [15]	0	41,748	0	41,748
23	Miscellaneous	12,618	(1,063)	11,555 [16]	0	11,555	0	11,555
24	Total general expenses	<u>429,808</u>	<u>(56,301)</u>	<u>373,507</u>	<u>0</u>	<u>373,507</u>	<u>0</u>	<u>373,507</u>
Depreciation and Taxes:								
25	Depreciation expense	122,890	217,090	339,980 [17]	0	339,980	0	339,980
26	Amortization of CIAC	(144,644)	(36,834)	(181,478) [18]	0	(181,478)	0	(181,478)
27	Amortization of PAA	78,181	(35,721)	42,460 [19]	0	42,460	0	42,460
28	Amortization of ITC	0	0	0	0	0	0	0
29	Franchise and other taxes	(6,368)	0	(6,368) [20]	0	(6,368)	0	(6,368)
30	Property taxes	10,074	(34)	10,040 [20]	0	10,040	0	10,040
31	Payroll taxes	36,714	(1,375)	35,339 [6]	0	35,339	0	35,339
32	Regulatory fee	2,997	(535)	2,462 [21]	543	3,005 [29]	390	2,852 [37]
33	Deferred Income Tax	0	0	0 [22]	0	0	0	0
34	State income tax	17,240	(13,916)	3,324 [23]	11,632	14,956 [30]	8,361	11,685 [38]
35	Federal income tax	117,057	(94,488)	22,569 [24]	78,980	101,549 [31]	56,770	79,339 [39]
36	Total depreciation and taxes	<u>234,141</u>	<u>34,187</u>	<u>268,328</u>	<u>91,155</u>	<u>359,483</u>	<u>65,521</u>	<u>333,849</u>
37	Total operating revenue deductions	<u>1,495,608</u>	<u>(54,281)</u>	<u>1,441,327</u>	<u>91,155</u>	<u>1,532,482</u>	<u>65,521</u>	<u>1,506,848</u>
38	Net operating income for a return	<u>\$258,595</u>	<u>\$58,312</u>	<u>\$316,907</u>	<u>\$297,115</u>	<u>\$614,022</u>	<u>\$213,563</u>	<u>\$530,470</u>

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CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
FOOTNOTES TO SCHEDULE 3(a)
For The Test Year Ended December 31, 2017

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CWSNC WATER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Based on the recommendation of Public Staff Engineer Casselberry
- [4] Feasel Exhibit I, Schedule 3-1(a), Column (c), Line 5.
- [5] Feasel Exhibit I, Schedule 3-2, Column (a), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Feasel Exhibit I, Schedule 3-3, Column (a), Line 3.
- [8] Feasel Exhibit I, Schedule 3-4, Column (a), Line 8.
- [9] Feasel Exhibit I, Schedule 3-5, Column (a), Line 3.
- [10] Feasel Exhibit I, Schedule 3-6, Column (a), Line 5.
- [11] Feasel Exhibit I, Schedule 3-7, Column (a), Line 6.
- [12] Feasel Exhibit I, Schedule 3-8, Column (a), Line 7.
- [13] Feasel Exhibit I, Schedule 3-9, Column (a), Line 6.
- [14] Feasel Exhibit I, Schedule 3-10, Column (d), Line 9.
- [15] Feasel Exhibit I, Schedule 3-11, Column (a), Line 5.
- [16] Feasel Exhibit I, Schedule 3-12, Column (a), Line 11.
- [17] Feasel Exhibit I, Schedule 3-13, Column (a), Line 6.
- [18] Feasel Exhibit I, Schedule 3-14, Column (a), Line 6.
- [19] Feasel Exhibit I, Schedule 3-15, Column (a), Line 5.
- [20] Feasel Exhibit I, Schedule 3-15, Column (a), Line 10.
- [21] Feasel Exhibit I, Schedule 3-15, Column (a), Line 13.
- [22] Feasel Exhibit I, Schedule 3-16, Column (a), Line 3.
- [23] Feasel Exhibit I, Schedule 3-17, Column (a), Line 5.
- [24] Line 4 column (c) multiplied by 0.14%.
- [25] Based on the recommendation of Public Staff Accountant Boswell.
- [26] Feasel Exhibit I, Schedule 3-18(a), Column (a), Line 16.
- [27] Feasel Exhibit I, Schedule 3-18(a), Column (a), Line 18.
- [28] Column (e) minus Column (c), unless otherwise footnoted.
- [29] Column (c) plus Column (d), unless otherwise footnoted.
- [30] Feasel Exhibit I, Schedule 3-1(a), Column (c), Line 10.
- [31] Feasel Exhibit I, Schedule 3-2, Column (a), Line 9.
- [32] Line 4 column (e) multiplied by 0.14%.
- [33] Feasel Exhibit I, Schedule 3-18(a), Column (b), Line 16.
- [34] Feasel Exhibit I, Schedule 3-18(a), Column (b), Line 18.
- [35] Column (g) minus Column (c), unless otherwise footnoted.
- [36] Column (c) plus Column (f), unless otherwise footnoted.
- [37] Revenue requirement as calculated by the Public Staff.
- [38] Feasel Exhibit I, Schedule 3-1(a), Column (c), Line 15.
- [39] Feasel Exhibit I, Schedule 3-2, Column (a), Line 12.
- [40] Line 4 column (g) multiplied by 0.14%.
- [41] Feasel Exhibit I, Schedule 3-18(a), Column (c), Line 16.
- [42] Feasel Exhibit I, Schedule 3-18(a), Column (c), Line 18.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
FOOTNOTES TO SCHEDULE 3(b)
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3(b)
Page 2 of 2

CWSNC SEWER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Feasel Exhibit I, Schedule 3-1(b), Column (c), Line 5.
- [5] Feasel Exhibit I, Schedule 3-2, Column (b), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Feasel Exhibit I, Schedule 3-4, Column (b), Line 8.
- [8] Feasel Exhibit I, Schedule 3-6, Column (b), Line 5.
- [9] Feasel Exhibit I, Schedule 3-7, Column (b), Line 6.
- [10] Feasel Exhibit I, Schedule 3-8, Column (b), Line 7.
- [11] Feasel Exhibit I, Schedule 3-9, Column (b), Line 6.
- [12] Feasel Exhibit I, Schedule 3-10, Column (e), Line 9.
- [13] Feasel Exhibit I, Schedule 3-11, Column (b), Line 5.
- [14] Feasel Exhibit I, Schedule 3-12, Column (b), Line 11.
- [15] Feasel Exhibit I, Schedule 3-13, Column (b), Line 6.
- [16] Feasel Exhibit I, Schedule 3-14, Column (b), Line 6.
- [17] Feasel Exhibit I, Schedule 3-15, Column (b), Line 5.
- [18] Feasel Exhibit I, Schedule 3-15, Column (b), Line 10.
- [19] Feasel Exhibit I, Schedule 3-15, Column (b), Line 13.
- [20] Feasel Exhibit I, Schedule 3-17, Column (b), Line 5.
- [21] Line 4 column (c) multiplied by 0.14%.
- [22] Based on the recommendation of Public Staff Accountant Boswell.
- [23] Feasel Exhibit I, Schedule 3-18(b), Column (a), Line 16.
- [24] Feasel Exhibit I, Schedule 3-18(b), Column (a), Line 18.
- [25] Column (e) minus Column (c), unless otherwise footnoted.
- [26] Column (c) plus Column (d), unless otherwise footnoted.
- [27] Feasel Exhibit I, Schedule 3-1(b), Column (c), Line 10.
- [28] Feasel Exhibit I, Schedule 3-2, Column (b), Line 9.
- [29] Line 4 column (e) multiplied by 0.14%.
- [30] Feasel Exhibit I, Schedule 3-18(b), Column (b), Line 16.
- [31] Feasel Exhibit I, Schedule 3-18(b), Column (b), Line 18.
- [32] Column (g) minus Column (c), unless otherwise footnoted.
- [33] Column (c) plus Column (f), unless otherwise footnoted.
- [34] Revenue requirement as calculated by the Public Staff.
- [35] Feasel Exhibit I, Schedule 3-1(b), Column (c), Line 15.
- [36] Feasel Exhibit I, Schedule 3-2, Column (b), Line 12.
- [37] Line 4 column (g) multiplied by 0.14%.
- [38] Feasel Exhibit I, Schedule 3-18(b), Column (c), Line 16.
- [39] Feasel Exhibit I, Schedule 3-18(b), Column (c), Line 18.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

FOOTNOTES TO SCHEDULE 3(c)

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3(c)
Page 2 of 2

BRADFIELD FARMS/FAIRFIELD HARBOUR WATER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Feasel Exhibit I, Schedule 3-1(c), Column (c), Line 5.
- [5] Feasel Exhibit I, Schedule 3-2, Column (c), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Remove Antenna lease revenue that is mistakenly put into purchase water
- [8] Feasel Exhibit I, Schedule 3-4, Column (c), Line 8.
- [9] Feasel Exhibit I, Schedule 3-6, Column (c), Line 5.
- [10] Feasel Exhibit I, Schedule 3-7, Column (c), Line 6.
- [11] Feasel Exhibit I, Schedule 3-8, Column (c), Line 7.
- [12] Feasel Exhibit I, Schedule 3-9, Column (c), Line 6.
- [13] Feasel Exhibit I, Schedule 3-10, Column (f), Line 9.
- [14] Feasel Exhibit I, Schedule 3-11, Column (c), Line 5.
- [15] Feasel Exhibit I, Schedule 3-12, Column (c), Line 11.
- [16] Feasel Exhibit I, Schedule 3-13, Column (c), Line 6.
- [17] Feasel Exhibit I, Schedule 3-14, Column (c), Line 6.
- [18] Feasel Exhibit I, Schedule 3-15, Column (c), Line 5.
- [19] Feasel Exhibit I, Schedule 3-15, Column (c), Line 10.
- [20] Feasel Exhibit I, Schedule 3-15, Column (c), Line 13.
- [21] Feasel Exhibit I, Schedule 3-17, Column (c), Line 5.
- [22] Line 4 column (c) multiplied by 0.14%.
- [23] Based on the recommendation of Public Staff Accountant Boswell.
- [24] Feasel Exhibit I, Schedule 3-18(c), Column (a), Line 16.
- [25] Feasel Exhibit I, Schedule 3-18(c), Column (a), Line 18.
- [26] Column (e) minus Column (c), unless otherwise footnoted.
- [27] Column (c) plus Column (d), unless otherwise footnoted.
- [28] Feasel Exhibit I, Schedule 3-1(c), Column (c), Line 10.
- [29] Feasel Exhibit I, Schedule 3-2, Column (c), Line 9.
- [30] Line 4 column (e) multiplied by 0.14%.
- [31] Feasel Exhibit I, Schedule 3-18(c), Column (b), Line 16.
- [32] Feasel Exhibit I, Schedule 3-18(c), Column (b), Line 18.
- [33] Column (g) minus Column (c), unless otherwise footnoted.
- [34] Column (c) plus Column (f), unless otherwise footnoted.
- [35] Revenue requirement as calculated by the Public Staff.
- [36] Feasel Exhibit I, Schedule 3-1(c), Column (c), Line 15.
- [37] Feasel Exhibit I, Schedule 3-2, Column (c), Line 12.
- [38] Line 4 column (g) multiplied by 0.14%.
- [39] Feasel Exhibit I, Schedule 3-18(c), Column (c), Line 16.
- [40] Feasel Exhibit I, Schedule 3-18(c), Column (c), Line 18.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

FOOTNOTES TO SCHEDULE 3(d)

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3(d)
Page 2 of 2

BRADFIELD FARMS/FAIRFIELD HARBOUR SEWER OPERATIONS

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Casselberry.
- [4] Feasel Exhibit I, Schedule 3-1(d), Column (c), Line 5.
- [5] Feasel Exhibit I, Schedule 3-2, Column (d), Line 6.
- [6] Based on the recommendation of Public Staff Accountant Johnson
- [7] Feasel Exhibit I, Schedule 3-4, Column (d), Line 8.
- [8] Feasel Exhibit I, Schedule 3-6, Column (d), Line 5.
- [9] Feasel Exhibit I, Schedule 3-7, Column (d), Line 6.
- [10] Feasel Exhibit I, Schedule 3-8, Column (d), Line 7.
- [11] Feasel Exhibit I, Schedule 3-9, Column (d), Line 6.
- [12] Feasel Exhibit I, Schedule 3-10, Column (g), Line 9.
- [13] Feasel Exhibit I, Schedule 3-11, Column (d), Line 5.
- [14] Feasel Exhibit I, Schedule 3-12, Column (d), Line 11.
- [15] Feasel Exhibit I, Schedule 3-13, Column (d), Line 6.
- [16] Feasel Exhibit I, Schedule 3-14, Column (d), Line 6.
- [17] Feasel Exhibit I, Schedule 3-15, Column (d), Line 5.
- [18] Feasel Exhibit I, Schedule 3-15, Column (d), Line 10.
- [19] Feasel Exhibit I, Schedule 3-15, Column (d), Line 13.
- [20] Feasel Exhibit I, Schedule 3-17, Column (d), Line 5.
- [21] Line 4 column (c) multiplied by 0.14%.
- [22] Based on the recommendation of Public Staff Accountant Boswell.
- [23] Feasel Exhibit I, Schedule 3-18(d), Column (a), Line 16.
- [24] Feasel Exhibit I, Schedule 3-18(d), Column (a), Line 18.
- [25] Column (e) minus Column (c), unless otherwise footnoted.
- [26] Column (c) plus Column (d), unless otherwise footnoted.
- [27] Feasel Exhibit I, Schedule 3-1(d), Column (c), Line 10.
- [28] Feasel Exhibit I, Schedule 3-2, Column (d), Line 9.
- [29] Line 4 column (e) multiplied by 0.14%.
- [30] Feasel Exhibit I, Schedule 3-18(d), Column (b), Line 16.
- [31] Feasel Exhibit I, Schedule 3-18(d), Column (b), Line 18.
- [32] Column (g) minus Column (c), unless otherwise footnoted.
- [33] Column (c) plus Column (f), unless otherwise footnoted.
- [34] Revenue requirement as calculated by the Public Staff.
- [35] Feasel Exhibit I, Schedule 3-1(d), Column (c), Line 15.
- [36] Feasel Exhibit I, Schedule 3-2, Column (d), Line 12.
- [37] Line 4 column (g) multiplied by 0.14%.
- [38] Feasel Exhibit I, Schedule 3-18(d), Column (c), Line 16.
- [39] Feasel Exhibit I, Schedule 3-18(d), Column (c), Line 18.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-1(a)

CWSNC WATER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [4]
<u>Present Rates:</u>				
1	Forfeited discounts	\$41,335 [1]	\$4,379	\$45,714 [5]
2	Other water/sewer revenues	94,206 [1]	19,509	113,715 [6]
3	Antenna leases	0 [1]	0	0
4	Sale of utility property	29,225 [1]	571	29,796 [1]
5	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$164,766</u>	<u>\$24,459</u>	<u>\$189,225</u>
<u>Company Proposed Rates:</u>				
6	Forfeited discounts	\$45,714 [2]	\$6,753	\$52,467 [7]
7	Other water/sewer revenues	113,715 [2]	0	113,715
8	Antenna leases	0 [2]	0	0
9	Sale of utility property	29,796 [2]	0	29,796
10	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$189,225</u>	<u>\$6,753</u>	<u>\$195,978</u>
<u>Public Staff Recommended Rates:</u>				
11	Forfeited discounts	\$45,714 [2]	\$14	\$45,728 [8]
12	Other water/sewer revenues	113,715 [2]	0	113,715
13	Antenna leases	0 [2]	0	0
14	Sale of utility property	29,796 [2]	0	29,796
15	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$189,225</u>	<u>\$14</u>	<u>\$189,239</u>

- [1] Per examination of Company's financial records.
- [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
- [3] Column (c) minus Column (a), unless otherwise footnoted.
- [4] Column (a) plus Column (b), unless otherwise footnoted.
- [5] Feasel Exhibit I, Schedule 3-1(a)(1), Column (a), Line 6.
- [6] Reclassify other revenue per examination of Company's records
- [7] Feasel Exhibit I, Schedule 3-1(a)(1), Column (a), Line 9.
- [8] Feasel Exhibit I, Schedule 3-1(a)(1), Column (a), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-1(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c) [4]
Present Rates:				
1	Forfeited discounts	\$33,518 [1]	\$2,002	\$35,520 [5]
2	Other water/sewer revenues	76,390 [1]	(19,510)	56,880 [6]
3	Antenna leases	0 [1]	0	0
4	Sale of utility property	17,398 [1]	340	17,738 [1]
5	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$127,307</u>	<u>(\$17,169)</u>	<u>\$110,138</u>
Company Proposed Rates:				
6	Forfeited discounts	\$35,520 [2]	\$2,830	\$38,350 [7]
7	Other water/sewer revenues	56,880 [2]	0	56,880
8	Antenna leases	0 [2]	0	0
9	Sale of utility property	17,738 [2]	0	17,738
10	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$110,138</u>	<u>\$2,830</u>	<u>\$112,968</u>
Public Staff Recommended Rates:				
11	Forfeited discounts	\$35,520 [2]	(\$516)	\$35,004 [8]
12	Other water/sewer revenues	56,880 [2]	0	56,880
13	Antenna leases	0 [2]	0	0
14	Sale of utility property	17,738 [2]	0	17,738
15	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$110,138</u>	<u>(\$516)</u>	<u>\$109,622</u>

- [1] Per examination of Company's financial records.
- [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
- [3] Column (c) minus Column (a), unless otherwise footnoted.
- [4] Column (a) plus Column (b), unless otherwise footnoted.
- [5] Feasel Exhibit I, Schedule 3-1(a)(1), Column (b), Line 6.
- [6] Reclassify other revenue per examination of Company's records
- [7] Feasel Exhibit I, Schedule 3-1(a)(1), Column (b), Line 9.
- [8] Feasel Exhibit I, Schedule 3-1(a)(1), Column (b), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 3-1(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	<u>Item</u>	Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)
<u>Present Rates:</u>				
1	Forfeited discounts	\$1,476 [1]	\$402	\$1,878 [5]
2	Other water/sewer revenues	6,868 [1]	3,530	10,398 [6]
3	Antenna leases	31,315 [1]	0	31,315 [1]
4	Sale of utility property	2,715 [1]	(0)	2,715 [1]
5	Total miscellaneous revenues (Sum of L1 thru L4)	\$42,375	\$3,931	\$46,306
<u>Company Proposed Rates:</u>				
6	Forfeited discounts	\$1,878 [2]	\$932	\$2,810 [7]
7	Other water/sewer revenues	10,398 [2]	0	10,398
8	Antenna leases	31,315 [2]	0	31,315
9	Sale of utility property	2,715 [2]	0	2,715
10	Total miscellaneous revenues (Sum of L6 thru L9)	\$46,306	\$932	\$47,238
<u>Public Staff Recommended Rates:</u>				
11	Forfeited discounts	\$1,878 [2]	\$454	\$2,332 [8]
12	Other water/sewer revenues	10,398 [2]	0	10,398
13	Antenna leases	31,315 [2]	0	31,315
14	Sale of utility property	2,715 [2]	0	2,715
15	Total miscellaneous revenues (Sum of L11 thru L14)	\$46,306	\$454	\$46,760

[1] Per examination of Company's financial records.
 [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
 [3] Column (c) minus Column (a), unless otherwise footnoted.
 [4] Column (a) plus Column (b), unless otherwise footnoted.
 [5] Feasel Exhibit I, Schedule 3-1(a)(1), Column (c), Line 6.
 [6] Reclassify other revenue per examination of Company's records
 [7] Feasel Exhibit I, Schedule 3-1(a)(1), Column (c), Line 9.
 [8] Feasel Exhibit I, Schedule 3-1(a)(1), Column (c), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS REVENUES
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 3-1(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	<u>Item</u>	Amount Per Before <u>Adjustment</u> (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)
<u>Present Rates:</u>				
1	Forfeited discounts	\$2,582 [1]	\$604	\$3,186 [5]
2	Other water/sewer revenues	12,011 [1]	(3,530)	8,481 [6]
3	Antenna leases	0 [1]	0	0
4	Sale of utility property	2,827 [1]	0	2,827 [1]
5	Total miscellaneous revenues (Sum of L1 thru L4)	<u>\$17,420</u>	<u>(\$2,926)</u>	<u>\$14,494</u>
<u>Company Proposed Rates:</u>				
6	Forfeited discounts	\$3,186 [2]	\$708	\$3,894 [7]
7	Other water/sewer revenues	8,481 [2]	0	8,481
8	Antenna leases	0 [2]	0	0
9	Sale of utility property	2,827 [2]	0	2,827
10	Total miscellaneous revenues (Sum of L6 thru L9)	<u>\$14,494</u>	<u>\$708</u>	<u>\$15,202</u>
<u>Public Staff Recommended Rates:</u>				
11	Forfeited discounts	\$3,186 [2]	\$508	\$3,694 [8]
12	Other water/sewer revenues	8,481 [2]	0	8,481
13	Antenna leases	0 [2]	0	0
14	Sale of utility property	2,827 [2]	0	2,827
15	Total miscellaneous revenues (Sum of L11 thru L14)	<u>\$14,494</u>	<u>\$508</u>	<u>\$15,002</u>

[1] Per examination of Company's financial records.
 [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 4.
 [3] Column (c) minus Column (a), unless otherwise footnoted.
 [4] Column (a) plus Column (b), unless otherwise footnoted.
 [5] Feasel Exhibit I, Schedule 3-1(a)(1), Column (d), Line 6.
 [6] Reclassify other revenue per examination of Company's records
 [7] Feasel Exhibit I, Schedule 3-1(a)(1), Column (d), Line 9.
 [8] Feasel Exhibit I, Schedule 3-1(a)(1), Column (d), Line 12.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
CALCULATION OF FORFEITED DISCOUNTS
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 3-1(a)(1)

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BFF/FFH Water (c)	BFF/FFH Sewer (d)
Test Year:					
1	Service revenues	\$15,067,268 [1]	\$11,908,778 [1]	\$817,475 [1]	\$1,429,676 [1]
2	Forfeited discounts	41,335 [1]	33,518 [1]	1,476 [1]	2,582 [1]
3	Forfeited discounts percentage (L2 / L1)	0.27%	0.28%	0.18%	0.18%
Present Rates:					
4	Service revenues	\$16,931,032 [2]	\$12,685,778 [5]	\$1,043,134 [8]	\$1,769,755 [11]
5	Forfeited discounts percentage	0.27%	0.28%	0.18%	0.18%
6	Forfeited discounts (L4 x L5)	\$45,714	\$35,520	\$1,878	\$3,186
Company Proposed Rates:					
7	Service revenues	\$19,432,356 [3]	\$13,696,365 [6]	\$1,560,921 [9]	\$2,163,100 [12]
8	Forfeited discounts percentage	0.27%	0.28%	0.18%	0.18%
9	Forfeited discounts (L7 x L8)	\$52,467	\$38,350	\$2,810	\$3,894
Public Staff Recommended Rates:					
10	Service revenues	\$16,936,425 [4]	\$12,501,581 [7]	\$1,295,374 [10]	\$2,052,488 [13]
11	Forfeited discounts percentage	0.27%	0.28%	0.18%	0.18%
12	Forfeited discounts (L10 x L11)	\$45,728	\$35,004	\$2,332	\$3,694

[1] Per examination of Company's financial records.
 [2] Feasel Exhibit I, Schedule 3(a), Column (c), Line 1.
 [3] Feasel Exhibit I, Schedule 3(a), Column (e), Line 1.
 [4] Feasel Exhibit I, Schedule 3(a), Column (g), Line 1.
 [5] Feasel Exhibit I, Schedule 3(b), Column (c), Line 1.
 [6] Feasel Exhibit I, Schedule 3(b), Column (e), Line 1.
 [7] Feasel Exhibit I, Schedule 3(b), Column (g), Line 1.

[8] Feasel Exhibit I, Schedule 3(c), Column (c), Line 1.
 [9] Feasel Exhibit I, Schedule 3(c), Column (e), Line 1.
 [10] Feasel Exhibit I, Schedule 3(c), Column (g), Line 1.
 [11] Feasel Exhibit I, Schedule 3(d), Column (c), Line 1.
 [12] Feasel Exhibit I, Schedule 3(d), Column (e), Line 1.
 [13] Feasel Exhibit I, Schedule 3(d), Column (g), Line 1.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
CALCULATION OF UNCOLLECTIBLE ACCOUNTS
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 3-2

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BFF/FFH Water (c)	BFF/FFH Sewer (d)
Test Year:					
1	Service revenues	\$15,067,268 [1]	\$11,908,778 [1]	\$817,475 [1]	\$1,429,676 [1]
2	Uncollectible accounts	<u>86,919 [1]</u>	<u>70,482 [1]</u>	<u>12,048 [1]</u>	<u>21,070 [1]</u>
3	Uncollectible accounts percentage (L2 / L1)	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
Present Rates:					
4	Service revenues	\$16,931,032 [2]	\$12,685,778 [5]	\$1,043,134 [8]	\$1,769,755 [11]
5	Uncollectible accounts percentage	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
6	Uncollectible accounts (L4 x L5)	<u>\$98,200</u>	<u>\$74,846</u>	<u>\$15,334</u>	<u>\$26,015</u>
Company Proposed Rates:					
7	Service revenues	\$19,432,356 [3]	\$13,696,365 [6]	\$1,560,921 [9]	\$2,163,100 [12]
8	Uncollectible accounts percentage	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
9	Uncollectible accounts (L7 x L8)	<u>\$112,708</u>	<u>\$80,809</u>	<u>\$22,946</u>	<u>\$31,798</u>
Public Staff Recommended Rates:					
10	Service revenues	\$16,936,425 [4]	\$12,501,581 [7]	\$1,295,374 [10]	\$2,052,488 [13]
11	Uncollectible accounts percentage	<u>0.58%</u>	<u>0.59%</u>	<u>1.47%</u>	<u>1.47%</u>
12	Uncollectible accounts (L10 x L11)	<u>\$98,231</u>	<u>\$73,759</u>	<u>\$19,042</u>	<u>\$30,172</u>

[1] Per examination of Company's financial records.
 [2] Feasel Exhibit I, Schedule 3(a), Column (c), Line 1.
 [3] Feasel Exhibit I, Schedule 3(a), Column (e), Line 1.
 [4] Feasel Exhibit I, Schedule 3(a), Column (g), Line 1.
 [5] Feasel Exhibit I, Schedule 3(b), Column (c), Line 1.
 [6] Feasel Exhibit I, Schedule 3(b), Column (e), Line 1.
 [7] Feasel Exhibit I, Schedule 3(b), Column (g), Line 1.
 [8] Feasel Exhibit I, Schedule 3(c), Column (c), Line 1.
 [9] Feasel Exhibit I, Schedule 3(c), Column (e), Line 1.
 [10] Feasel Exhibit I, Schedule 3(c), Column (g), Line 1.
 [11] Feasel Exhibit I, Schedule 3(d), Column (c), Line 1.
 [12] Feasel Exhibit I, Schedule 3(d), Column (e), Line 1.
 [13] Feasel Exhibit I, Schedule 3(d), Column (g), Line 1.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO PURCHASE POWER

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-3

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Purchase power per application	<u>\$959,790</u>	<u>\$748,066</u>	<u>\$70,816</u>	<u>\$155,596</u>
2	Adjustment to remove duplicate recordings	<u>(1,910)</u> [1]	<u>0</u>	<u>0</u>	<u>0</u>
3	Purchase power per Public Staff (L1 + L2)	<u><u>\$957,880</u></u>	<u><u>\$748,066</u></u>	<u><u>\$70,816</u></u>	<u><u>\$155,596</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MAINTENANCE AND REPAIR
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-4

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Maintenance and repair per application	\$1,194,143	\$1,599,870	\$62,630	\$272,544
2	Adjustment to deferred maintenance and repair	(270,100) [1]	37,205 [4]	(3,634) [5]	(3,975) [6]
3	Adjustments to correct UA adjustments	(64) [2]	(39) [2]	(8) [2]	(8) [2]
4	Adjustment to maintenance and repair expense	(90,972) [3]	(33,675) [3]	0	0
5	Adjustment to sludge hauling	0	4,579 [3]	0	(15,660) [3]
6	Adjustment to permit fees	(4,820) [3]	(1,310) [3]	3,140 [3]	0
7	Total adjustment to maintenance and repair (Sum of L2 thru L6)	(365,957)	6,760	(502)	(19,643)
8	Maintenance and repair per Public Staff (L1 + L7)	\$828,186	\$1,606,630	\$62,128	\$252,901

- [1] Feasel Exhibit I, Schedule 3-4(a), Column (a), Line 3.
[2] Correct UA adjustments per examination of the Company's financial records
[3] Provided by Public Staff Engineer Casselberry.
[4] Feasel Exhibit I, Schedule 3-4(a), Column (b), Line 3.
[5] Feasel Exhibit I, Schedule 3-4(a), Column (c), Line 3.
[6] Feasel Exhibit I, Schedule 3-4(a), Column (d), Line 3.

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-4(a)

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Annual deferred maintenance and repair per Public Staff	\$250,238 [1]	\$346,975 [1]	\$18,827 [1]	\$19,408 [1]
2	Deferred maintenance and repair per application	<u>520,338</u> [2]	<u>309,770</u> [2]	<u>22,461</u> [2]	<u>23,383</u> [2]
3	Adjustment to deferred maintenance and repair (L1 - L2)	<u>(\$270,100)</u>	<u>\$37,205</u>	<u>(\$3,634)</u>	<u>(\$3,975)</u>

[1] Annual depreciation expense of systems that have not been fully retired per reviewing the Company's records
[2] Per examination of Company's financial records.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO METER READING

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-5

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Meter reading per application	<u>\$197,658</u>	<u>\$0</u>	<u>\$28,305</u>	<u>\$0</u>
2	Adjustment to remove Riverbend meter reading expense	(96) [1]	0 [1]	0 [1]	0 [1]
3	Meter reading per Public Staff (L1 + L2)	<u><u>\$197,562</u></u>	<u><u>\$0</u></u>	<u><u>\$28,305</u></u>	<u><u>\$0</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO TRANSPORTATION

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-6

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Transportation per application	<u>\$240,289</u>	<u>\$143,050</u>	<u>\$32,324</u>	<u>\$33,650</u>
2	Adjustment to remove Riverbend transportation expense	(774) [1]	0 [1]	0 [1]	0 [1]
3	Adjustments to correct UA adjustments	<u>(688) [1]</u>	<u>(410) [1]</u>	<u>(83) [1]</u>	<u>(87) [1]</u>
4	Total adjustments to transportation (L2+L3)	<u>(1,462)</u>	<u>(410)</u>	<u>(83)</u>	<u>(87)</u>
5	Transportation per Public Staff (L1 + L4)	<u><u>\$238,827</u></u>	<u><u>\$142,640</u></u>	<u><u>\$32,241</u></u>	<u><u>\$33,563</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO CAPITALIZED TIME ADJUSTMENT
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-7

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Operating expenses charged to plant per application	(\$389,286)	(\$231,754)	(\$42,523)	(\$44,268)
2	Adjustment to remove Riverbend cap time	72 [1]	0	0	0
3	Adjustments to correct UA adjustments	18,830 [1]	11,214 [1]	2,278 [1]	2,372 [1]
4	Adjustment to correct UA classification adjustments	96 [1]	771 [1]	(434) [1]	(433) [1]
5	Total adjustments to capitalized time (Sum of L2 thru L4)	18,998	11,985	1,844	1,939
6	Operating expenses charged to plant per Public Staff (L1 + L5)	(\$370,288)	(\$219,769)	(\$40,679)	(\$42,329)

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO OUTSIDE SERVICE OTHER
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-8

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Outside service other per application	\$273,381	\$162,817	\$22,716	\$23,648
2	Adjustment to remove Riverbend outside services	(16,132) [1]	0	0	0
3	Adjustments to correct UA adjustments	(677) [1]	(413) [1]	(84) [1]	(88) [1]
4	Adjustment to remove legal fees should be capitalized	0	(8,022) [1]	0	0
5	Adjustment to remove legal fees prior to test year	(1,725) [1]	(52) [1]	0	0
6	Total adjustments to outside service other (Sum of L2 thru L5)	(18,534)	(8,487)	(84)	(88)
7	Outside service other per Public Staff (L1 + L6)	\$254,847	\$154,330	\$22,632	\$23,560

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO OFFICE SUPPLIES AND OTHER OFFICE EXPENSE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-9

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Office supplies & other office expense per application	\$308,987	\$183,966	\$34,748	\$36,174
2	Adjustment to remove Riverbend office supplies & other office expense	(969) [1]	0	0	0
3	Adjustments to correct UA adjustments	(1,003) [1]	(616) [1]	(124) [1]	(130) [1]
4	Adjustment to remove transaction without invoice support	(670) [1]	0	0	0
5	Total adjustments to office supplies & other (Sum of L2 thru L4)	(2,642)	(616)	(124)	(130)
6	Office supplies & other office expense per Public Staff (L1 + L5)	\$306,345	\$183,350	\$34,624	\$36,044

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
CALCULATION OF REGULATORY COMMISSION EXPENSE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-10

Line No.	Item	Amount Per Application (a)	Public Staff Adjustment [1] (b)	Amount Per Public Staff (c)	CWSNC Water (d)	CWSNC Sewer (e)	BF/FH Water (f)	BF/FH Sewer (g)
1	Rate case expenses for current proceeding	<u>\$449,971</u>	<u>(\$330,191)</u>	\$119,780 [2]				
2	Amortization period in years			5				
3	Annual rate case expense for current proceeding (L1 / L2)			<u>23,956</u>	<u>\$13,006</u> [4]	<u>\$7,743</u> [5]	<u>\$1,572</u> [6]	<u>\$1,636</u> [7]
4	Unamortized balance of rate case expense (L1 - L3)			<u>95,824</u>	<u>52,023</u> [4]	<u>30,970</u> [5]	<u>6,286</u> [6]	<u>6,545</u> [7]
5	Sub 356 and prior rate cases unamortized rate case expense	<u>\$414,327</u>	<u>\$19,733</u>	434,060 [3]				
6	Amortization period in years			5				
7	Sub 356 unamortized annual rate case expense (L5 / L6)			<u>86,812</u>	<u>47,130</u> [4]	<u>28,058</u> [5]	<u>5,695</u> [6]	<u>5,929</u> [7]
8	Unamortized balance of rate case expense (L5 - L7)			<u>347,248</u>	<u>188,521</u> [4]	<u>112,231</u> [5]	<u>22,779</u> [6]	<u>23,717</u> [7]
9	Total annual rate case expense (L3 + L7)			<u>\$110,768</u>	<u>\$60,136</u>	<u>\$35,801</u>	<u>\$7,267</u>	<u>\$7,565</u>
10	Total unamortized balance of rate case expense (L4 + L8)			<u>\$443,072</u>	<u>\$240,544</u>	<u>\$143,201</u>	<u>\$29,065</u>	<u>\$30,262</u>

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

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

[3] Calculated base on amount approved in prior rate cases.

[4] Column (c) multiplied by CWSNC Uniform water allocation factor of 54.29%.

[5] Column (c) multiplied by CWSNC Uniform sewer allocation factor of 32.32%.

[6] Column (c) multiplied by BF/FH water allocation factor of 6.56%.

[7] Column (c) multiplied by BF/FH sewer allocation factor of 6.83%.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO RENT

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-11

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Rent per application	<u>\$127,276</u>	<u>\$75,402</u>	<u>\$15,311</u>	<u>\$15,939</u>
2	Adjustment to remove rent expense related to Riverbend	(277) [1]	0	0	0
3	Adjustment to adjust rent proforma expense	<u>(5,621) [1]</u>	<u>(2,978) [1]</u>	<u>(604) [1]</u>	<u>(629) [1]</u>
4	Total adjustments to rent (L2 + L3)	<u>(5,898)</u>	<u>(2,978)</u>	<u>(604)</u>	<u>(629)</u>
5	Rent per Public Staff (L1 + L4)	<u>\$121,378</u>	<u>\$72,424</u>	<u>\$14,707</u>	<u>\$15,310</u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ALLOCATION OF INSURANCE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-12

No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)	Total [4] (f)
1.		\$38,059 [1]	\$22,657 [1]	\$4,601 [1]	\$4,790 [1]	\$70,108
2.	Workers compensation	72,071 [1]	42,905 [1]	8,713 [1]	9,071 [1]	132,760
3.	Property insurance	18,580 [1]	11,061 [1]	2,246 [1]	2,338 [1]	34,226
4.	General Liability	38,082 [1]	22,671 [1]	4,604 [1]	4,793 [1]	70,150
5.	Excess Liability	39,513 [1]	23,523 [1]	4,777 [1]	4,973 [1]	72,785
6.	Umbrella insurance	5,567 [1]	3,314 [1]	673 [1]	701 [1]	10,254
7.	Employment Practices insurance	1,950 [1]	1,161 [1]	236 [1]	245 [1]	3,592
8.	Cyber security insurance	2,366 [1]	1,408 [1]	286 [1]	298 [1]	4,358
9.	Pollution liability	16,556 [1]	9,856 [1]	2,002 [1]	2,084 [1]	30,498
10.	Tank liability	328 [1]	195 [1]	40 [1]	41 [1]	604
11.	Total insurance per Public Staff (Sum of L1 thru L10)	<u>233,072</u>	<u>138,751</u>	<u>28,178</u>	<u>29,334</u>	<u>429,335</u>
12.	Less: Insurance expense related to Riverbend	<u>(951) [2]</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(951)</u>
13.	Less: Amount per Company	<u>304,639 [3]</u>	<u>181,385 [3]</u>	<u>42,293 [3]</u>	<u>44,028 [3]</u>	<u>572,345</u>
14.	Adjustment to insurance expense (L11 - L12 - L13)	<u>(\$70,616)</u>	<u>(\$42,634)</u>	<u>(\$14,115)</u>	<u>(\$14,694)</u>	<u>(\$142,059)</u>

[1] Column (f) times customer ratios for each rate division.
[2] Based on information provided by the Company.
[3] NCUC Form W-1, Item 10, Schedule B-18, Column (h) for each rate division.
[4] Feasel Exhibit I, Schedule 13-12(a), Column (c).

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INSURANCE

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-12 (a)

<u>Line No.</u>	<u>Item</u>	<u>Annual Premium</u> [1] (a)	<u>CWSNC Percentage</u> (b)	<u>CWSNC Insurance Expense</u> [6] (c)
1.		\$460,350	15.23% [2]	\$70,108
2.	Workers compensation	602,769	22.03% [3]	132,760
3.	Property insurance	238,827	14.33% [4]	34,226
4.	General Liability	400,000	17.54% [5]	70,150
5.	Excess Liability	415,021	17.54% [5]	72,785
6.	Umbrella insurance	58,466	17.54% [5]	10,254
7.	Employment Practices insurance	20,481	17.54% [5]	3,592
8.	Cyber security insurance	24,850	17.54% [5]	4,358
9.	Pollution liability	173,900	17.54% [5]	30,498
10.	Tank liability	3,446	17.54% [5]	604
11.	Total insurance per Public Staff (Sum of L1 thru L10)			<u>\$429,335</u>

- [1] Based on current insurance policies and information provided by Company.
- [2] Percentage of CWSNC automobiles covered under current policy.
- [3] Percentage of CWSNC workers compensation insurance based on CSWNC payroll.
- [4] Percentage of CWSNC property insurance based on CSWNC value of property covered.
- [5] Percentage of CWSNC insurance based on CSWNC customer count.
- [6] Column (a) X Column (b).

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO OFFICE UTILITY
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-13

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Office utility per application	\$415,080	\$247,118	\$40,175	\$41,823
2	Adjustment to remove Riverbend office utility expense	(433) [1]	0	0	0
3	Adjustments to correct UA adjustments	(578) [1]	(355) [1]	(72) [1]	(75) [1]
4	Adjustment to remove duplicate recorded transactions	(383) [1]	0	0	0
5	Total adjustments to office utility (Sum of L2 thru L4)	(1,394)	(355)	(72)	(75)
6	Office utility per Public Staff (L1 + L5)	\$413,686	\$246,763	\$40,103	\$41,748

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC
Docket No. W-354, Sub 360
ADJUSTMENT TO MISCELLANEOUS EXPENSE
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-14

Line No.	<u>Item</u>	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Miscellaneous expense per application	\$119,644	\$71,230	\$12,120	\$12,618
2	Adjustments to remove unqualified miscellaneous expense	(8,296) [1]	(5,259) [1]	(988) [1]	(1,027) [1]
3	Adjustments to remove Riverbend miscellaneous expense	(794) [1]	0	0	0
4	Adjustments to correct UA adjustments	<u>(285) [1]</u>	<u>(173) [1]</u>	<u>(35) [1]</u>	<u>(36) [1]</u>
5	Total miscellaneous adjustments (Sum of L2 thru L4)	<u>(9,375)</u>	<u>(5,432)</u>	<u>(1,023)</u>	<u>(1,063)</u>
6	Miscellaneous expense per Public Staff (L1 + L5)	<u><u>\$110,269</u></u>	<u><u>\$65,798</u></u>	<u><u>\$11,097</u></u>	<u><u>\$11,555</u></u>

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

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSE

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-15

Line No.		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH Water (c)	BF/FH Sewer (d)
1	Depreciation on direct plant	\$2,764,567 [1]	\$2,220,708 [8]	\$110,497 [13]	\$324,927 [17]
2	Depreciation on allocated plant	125,066 [2]	69,068 [2]	17,106 [2]	15,053 [2]
3	Gain on sale	0	0	0	0
4	Excess book value	(11,970) [3]	(17,954) [9]	0	0
5	Total depreciation expense (Sum of L1 thru L4)	<u>\$2,877,663</u>	<u>\$2,271,822</u>	<u>\$127,603</u>	<u>\$339,980</u>
6	Contributions in aid of construction	##### [4]	(\$28,157,914) [10]	(\$2,227,276) [14]	(\$7,088,979) [18]
7	Advances in aid of construction	(23,760) [5]	(9,180) [5]	0	0
8	Depreciable CIAC and AIA (L6 + L7)	(28,620,789)	(28,167,094)	(2,227,276)	(7,088,979)
9	Amortization rate	2.70% [6]	2.75% [11]	2.15% [15]	2.56% [19]
10	CIAC and AIA amortization expense (L8 x L9)	<u>(\$772,761)</u>	<u>(\$774,595)</u>	<u>(\$47,886)</u>	<u>(\$181,478)</u>
11	Purchase acquisition adjustment	(\$4,278,312) [7]	(\$627,070) [12]	\$603,123 [16]	\$1,658,577 [20]
12	Amortization rate	2.70% [6]	2.75% [11]	2.15% [15]	2.56% [19]
13	PAA amortization expense (L11 x L12)	<u>(\$115,514)</u>	<u>(\$17,244)</u>	<u>\$12,967</u>	<u>\$42,460</u>

- | | |
|--|---|
| [1] Feasel Exhibit I, Schedule 3-15(a), Column (c), Line 46. | [11] Feasel Exhibit I, Schedule 3-15(b), Column (d), Line 58. |
| [2] Calculated by the Public Staff based on information provided by the Company. | [12] Feasel Exhibit I, Schedule 2-8, Column (d), Line 5. |
| [3] Feasel Exhibit I, Schedule 2-9, Column (b), Line 7. | [13] Feasel Exhibit I, Schedule 3-15(c), Column (c), Line 46. |
| [4] Feasel Exhibit I, Schedule 2-4, Column (a), Line 6. | [14] Feasel Exhibit I, Schedule 2-4, Column (g), Line 6. |
| [5] Per examination of Company's financial records. | [15] Feasel Exhibit I, Schedule 3-15(c), Column (d), Line 46. |
| [6] Feasel Exhibit I, Schedule 3-15(a), Column (d), Line 46. | [16] Feasel Exhibit I, Schedule 2-8, Column (g), Line 5. |
| [7] Feasel Exhibit I, Schedule 2-8, Column (a), Line 5. | [17] Feasel Exhibit I, Schedule 3-15(d), Column (c), Line 58. |
| [8] Feasel Exhibit I, Schedule 3-15(b), Column (c), Line 58. | [18] Feasel Exhibit I, Schedule 2-4, Column (j), Line 6. |
| [9] Feasel Exhibit I, Schedule 2-9, Column (b), Line 12. | [19] Feasel Exhibit I, Schedule 3-15(d), Column (d), Line 58. |
| [10] Feasel Exhibit I, Schedule 2-4, Column (d), Line 6. | [20] Feasel Exhibit I, Schedule 2-8, Column (j), Line 5. |

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360
**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-15(a)

CWSNC WATER OPERATIONS

Line No.	Account	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1020	Organization	\$458,055	2.50%	\$11,451	
2	1025	Franchises	111,898	2.50%	2,797	
3	1030	Land & land rights pump	71,437	0.00%	0	
4	1035	Land & land rights water tr.	357,109	0.00%	0	
5	1040	Land & land rights trans.	3,194	0.00%	0	
6	1045	Land & land rights gen. plt.	513,502	0.00%	0	
7	1050	Struct & improv. src. supply	4,301,643	2.00%	86,033	
8	1055	Struct & improv. wtr. trt. plt.	1,349,510	2.00%	26,990	
9	1060	Struct & improv. trans. dist.	247,389	2.00%	4,948	
10	1065	Struct & improv. gen. plt.	331,380	2.00%	6,628	
11	1070	Collecting reservoirs	13,139	2.00%	263	
12	1080	Wells & springs	13,753,498	2.00%	275,070	
13	1085	Infiltration gallery	45,185	2.50%	1,130	
14	1090	Supply mains	464,877	1.00%	4,649	
15	1095	Power generation equip.	158,288	10.00%	15,829	
16	1100	Electric pump equip. src. plt.	2,504,141	14.29%	357,842	
17	1105	Electric pump equip. wtp.	8,223,165	3.33%	273,831	
18	1110	Electric pump equip. trans.	2,904,464	14.29%	415,048	
19	1115	Water treatment equip.	4,313,158	2.50%	107,829	
20	1120	Dist. resv. & standpipes	7,917,031	2.00%	158,341	
21	1125	Trans. & distr. mains	31,722,821	1.00%	317,228	
22	1130	Service lines	11,789,469	2.00%	235,789	
23	1135	Meters	5,289,544	3.33%	176,142	
24	1140	Meter installations	1,183,396	3.33%	39,407	
25	1145	Hydrants	1,199,892	2.50%	29,997	
26	1150	Backflow prevention devic.	27,242	10.00%	2,724	
27	1160	Other plt. & misc. equip. src. su.	260	2.50%	7	
28	1165	Other plt. & misc. equip. wtp.	6,262	2.50%	157	
29	1175	Office struct & improv.	98,808	10.00%	9,881	
30	1180	Office furn. & equip.	362,781	10.00%	36,278	
31	1185	Stores equipment	4,055	3.33%	135	
32	1190	Tool shop & misc. equip.	1,365,202	5.00%	68,260	
33	1195	Laboratory equipment	154,374	10.00%	15,437	
34	1200	Power operated equip.	314,236	10.00%	31,424	
35	1205	Communication equip.	321,334	10.00%	32,133	
36	1210	Misc. equipment	183,548	3.33%	6,112	
37	1215	Water plant allocated	207,809	6.67%	13,861	
38	1220	Other tangible plt. water	36,650	2.50%	916	
39	1555	Transportation equip.	0	0.00%	0	
40	1580	Mainframe computer - wtr	0	2.50%	0	
41	1585	Mini computer - wtr	(7,016)	0.00%	0	
42	1590	Comp. system cost - wtr	59,691	0.00%	0	
43	1595	Micro system cost - wtr	0	0.00%	0	
44	1805	Plt. held for future use	(95,528)	0.00%	0	
45		Pro forma plant additions	0	0.00%	0	
46		Total plant in service (Sum of L1 thru L45)	<u>\$102,266,893</u>		<u>\$2,764,567</u>	<u>2.70%</u> [4]

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

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 46.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-15(b)

CWSNC SEWER OPERATIONS

Line No.	Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1245	Organization	\$907,534	2.50%	\$22,688	
2	1250	Franchises intang. plt.	127,476	2.50%	3,187	
3	1270	Land & land rights trmtnt plt	39,167	0.00%	0	
4	1275	Land & land rights reclaim.	1,150	0.00%	0	
5	1285	Land & land rights gen. plt.	213,811	0.00%	0	
6	1290	Struct/improv. coll. plt.	67,263	2.00%	1,345	
7	1295	Struct/improv. pump plt. ls.	7,139,461	2.00%	142,789	
8	1300	Struct/improv. treat. plt.	19,687,912	2.50%	492,198	
9	1305	Struct/improv. reclaim. wtp.	3,271	2.50%	82	
10	1310	Struct/improv. reclaim. wtr.	179,730	2.50%	4,493	
11	1315	Struct/improv. gen. plt.	1,663,362	2.00%	33,267	
12	1320	Power gen. equip. coll. plt.	215,248	10.00%	21,525	
13	1325	Power gen. equip. pump plt.	52,159	10.00%	5,216	
14	1330	Power gen. equip. treat. plt.	209,729	10.00%	20,973	
15	1345	Sewer force main/serv. lin.	3,555,492	1.33%	47,288	
16	1350	Sewer gravity main	16,621,671	1.00%	166,217	
17	1353	Manholes	738,769	1.00%	7,388	
18	1355	Special coll. structures	6,923	2.00%	138	
19	1360	Services to customers	1,506,296	1.33%	20,034	
20	1365	Flow measure devices	122,282	4.00%	4,891	
21	1370	Flow measure install	1,010	4.00%	40	
22	1375	Receiving wells	89,444	2.00%	1,789	
23	1380	Pumping equipment pump plt.	3,721,651	14.29%	531,824	
24	1385	Pumping equipment reclaim.	30,101	14.29%	4,301	
25	1390	Pumping equipment rcl. wtr.	44,313	14.29%	6,332	
26	1395	Treat./disp. equip. lagoon	577,820	2.50%	14,446	
27	1400	Treat./disp. equip. trt. plt.	18,819,014	2.50%	470,475	
28	1405	Treat./disp. equip. rct. wtp.	13,460	2.50%	337	
29	1410	Plant sewers treat. plt.	3,337,197	2.50%	83,430	
30	1415	Plant sewers reclaim wtp.	5,155	2.50%	129	
31	1420	Outfall lines	98,563	1.00%	986	
32	1425	Other plt. tangible	3,676	2.50%	92	
33	1430	Other plt. collection	21,142	2.50%	529	
34	1435	Other plt. pump	48,131	2.50%	1,203	
35	1440	Other plt. treatment	36,998	2.50%	925	
36	1445	Other plt. reclaim wtr. trt.	650	2.50%	16	
37	1450	Other plt. reclaim wtr. dis.	460	2.50%	12	
38	1455	Office struct & improv.	34,218	10.00%	3,422	
39	1460	Office furn. & equip.	29,554	10.00%	2,955	
40	1465	Stores equipment	4,341	3.33%	145	
41	1470	Tool shop & misc. equip.	189,882	5.00%	9,494	
42	1475	Laboratory equipment	132,463	10.00%	13,246	
43	1480	Power operated equip.	365,003	10.00%	36,500	
44	1485	Communication equip.	73,595	10.00%	7,360	
45	1490	Misc equip. sewer	19,105	3.33%	636	
46	1495	Sewer plant allocated	526,952	6.67%	35,148	
47	1500	Other tangible plt. sewer	1,776	2.50%	44	
48	1535	Reuse dist. reservoirs	3,417	2.00%	68	
49	1540	Reuse transmission & dist.	55,225	2.00%	1,105	
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	(4,177)	0.00%	0	
54	1590	Comp. system cost - wtr	35,535	0.00%	0	
55	1595	Micro system cost - wtr	0	0.00%	0	
56	1805	Plt. 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)	<u>\$80,859,772</u>		<u>\$2,220,708</u>	<u>2.75% [4]</u>

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

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

[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 360

**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**

For The Test Year Ended December 31, 2017

BRADFIELD/FAIRFIELD WATER OPERATIONS

Public Staff
Feasel Exhibit I
Schedule 3-15(c)

Line No.	Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1020	Organization	\$100,321	2.50%	\$2,508	
2	1025	Franchises	29,653	2.50%	741	
3	1030	Land & land rights pump	0	0.00%	0	
4	1035	Land & land rights water tr.	0	0.00%	0	
5	1040	Land & land rights trans.	0	0.00%	0	
6	1045	Land & land rights gen. plt.	431	0.00%	0	
7	1050	Struct & improv. src. supply	162,909	2.00%	3,258	
8	1055	Struct & improv. wtr. trt. plt.	82,740	2.00%	1,655	
9	1060	Struct & improv. trans. dist.	461	2.00%	9	
10	1065	Struct & improv. gen. plt.	1,671	2.00%	33	
11	1070	Collecting reservoirs	0	2.00%	0	
12	1080	Wells & springs	497,829	2.00%	9,957	
13	1085	Infiltration gallery	0	2.50%	0	
14	1090	Supply mains	839	1.00%	8	
15	1095	Power generation equip.	0	10.00%	0	
16	1100	Electric pump equip. src. plt.	39,995	14.29%	5,715	
17	1105	Electric pump equip. wtp.	346,211	3.33%	11,529	
18	1110	Electric pump equip. trans.	31,088	14.29%	4,442	
19	1115	Water treatment equip.	127,839	2.50%	3,196	
20	1120	Dist. resv. & standpipes	750,433	2.00%	15,009	
21	1125	Trans. & distr. mains	1,768,183	1.00%	17,682	
22	1130	Service lines	633,237	2.00%	12,665	
23	1135	Meters	122,185	3.33%	4,069	
24	1140	Meter installations	134,865	3.33%	4,491	
25	1145	Hydrants	161,575	2.50%	4,039	
26	1150	Backflow prevention devic.	98	10.00%	10	
27	1160	Other plt. & misc. equip. src. su.	0	2.50%	0	
28	1165	Other plt. & misc. equip. wtp.	0	2.50%	0	
29	1175	Office struct & improv.	6,790	10.00%	679	
30	1180	Office furn. & equip.	3,913	10.00%	391	
31	1185	Stores equipment	235	3.33%	8	
32	1190	Tool shop & misc. equip.	92,758	5.00%	4,638	
33	1195	Laboratory equipment	11,419	10.00%	1,142	
34	1200	Power operated equip.	3,464	10.00%	346	
35	1205	Communication equip.	22,756	10.00%	2,276	
36	1210	Misc. equipment	18	3.33%	1	
37	1215	Water plant allocated	0	6.67%	0	
38	1220	Other tangible plt. water	0	2.50%	0	
39	1555	Transportation equip.	0	0.00%	0	
40	1580	Mainframe computer - wtr	0	2.50%	0	
41	1585	Mini computer - wtr	0	0.00%	0	
42	1590	Comp. system cost - wtr	0	0.00%	0	
43	1595	Micro system cost - wtr	0	0.00%	0	
44	1805	Plt. held for future use	0	0.00%	0	
45		Pro forma plant additions	0	0.00%	0	
46		Total plant in service (Sum of L1 thru L45)	<u>\$5,133,916</u>		<u>\$110,497</u>	<u>2.15%</u> [4]

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

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

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

[4] Column (c) divided by Column (a), Line 46.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

**CALCULATION OF DIRECT PLANT
DEPRECIATION EXPENSE**

For The Test Year Ended December 31, 2017

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Public Staff
Feasel Exhibit I
Schedule 3-15(d)

Line No.	Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	1245	Organization	\$16,686	2.50%	\$417	
2	1250	Franchises intang. plt.	20,351	2.50%	509	
3	1270	Land & land rights trtmnt plt	0	0.00%	0	
4	1275	Land & land rights reclaim.	0	0.00%	0	
5	1285	Land & land rights gen. plt.	0	0.00%	0	
6	1290	Struct/improv. coll. plt.	0	2.00%	0	
7	1295	Struct/improv. pump plt. ls.	890,705	2.00%	17,814	
8	1300	Struct/improv. treat. plt.	1,985,107	2.50%	49,628	
9	1305	Struct/improv. reclaim. wtr.	0	2.50%	0	
10	1310	Struct/improv. reclaim. wtr.	2,477	2.50%	62	
11	1315	Struct/improv. gen. plt.	245,538	2.00%	4,911	
12	1320	Power gen. equip. coll. plt.	0	10.00%	0	
13	1325	Power gen. equip. pump plt.	41,076	10.00%	4,108	
14	1330	Power gen. equip. treat. plt.	0	10.00%	0	
15	1345	Sewer force main/serv. lin.	193,998	1.33%	2,580	
16	1350	Sewer gravity main	5,212,518	1.00%	52,125	
17	1353	Manholes	16,252	1.00%	163	
18	1355	Special coll. structures	775	2.00%	16	
19	1360	Services to customers	37,341	1.33%	497	
20	1365	Flow measure devices	17,011	4.00%	680	
21	1370	Flow measure install	0	4.00%	0	
22	1375	Receiving wells	0	2.00%	0	
23	1380	Pumping equipment pump plt.	729,968	14.29%	104,312	
24	1385	Pumping equipment reclaim.	234	14.29%	33	
25	1390	Pumping equipment rcl. wtr.	0	14.29%	0	
26	1395	Treat./disp. equip. lagoon	56	2.50%	1	
27	1400	Treat./disp. equip. trt. plt.	2,782,133	2.50%	69,553	
28	1405	Treat./disp. equip. rct. wtr.	0	2.50%	0	
29	1410	Plant sewers treat. plt.	385,368	2.50%	9,634	
30	1415	Plant sewers reclaim wtr.	0	2.50%	0	
31	1420	Outfall lines	15,379	1.00%	154	
32	1425	Other plt. tangible	0	2.50%	0	
33	1430	Other plt. collection	(224)	2.50%	(6)	
34	1435	Other plt. pump	2,873	2.50%	72	
35	1440	Other plt. treatment	0	2.50%	0	
36	1445	Other plt. reclaim wtr. trt.	5,189	2.50%	130	
37	1450	Other plt. reclaim wtr. dis.	0	2.50%	0	
38	1455	Office struct & improv.	10,136	10.00%	1,014	
39	1460	Office furn. & equip.	699	10.00%	70	
40	1465	Stores equipment	2,752	3.33%	92	
41	1470	Tool shop & misc. equip.	12,142	5.00%	607	
42	1475	Laboratory equipment	6,227	10.00%	623	
43	1480	Power operated equip.	47,069	10.00%	4,707	
44	1485	Communication equip.	993	10.00%	99	
45	1490	Misc equip. sewer	8,603	3.33%	286	
46	1495	Sewer plant allocated	0	6.67%	0	
47	1500	Other tangible plt. sewer	0	2.50%	0	
48	1535	Reuse dist. reservoirs	2,763	2.00%	55	
49	1540	Reuse transmission & dist.	(934)	2.00%	(19)	
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	Plt. 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>\$12,691,261</u>		<u>\$324,927</u>	<u>2.56% [4]</u>

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

[2] Depreciation rates approved in Docket No. W-354, Sub 344.

[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 360
ADJUSTMENT TO FRANCHISE TAX & OTHER TAX
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-16

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Franchise tax & other tax per application	<u>(\$21,941)</u>	<u>(\$17,738)</u>	<u>(\$3,653)</u>	<u>(\$6,368)</u>
2	Adjustment to remove Riverbend franchise tax & other tax	(2) [1]	0 [1]	0 [1]	0 [1]
3	Franchise tax & other tax per Public Staff (L1 + L2)	<u><u>(\$21,943)</u></u>	<u><u>(\$17,738)</u></u>	<u><u>(\$3,653)</u></u>	<u><u>(\$6,368)</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

ADJUSTMENT TO PROPERTY TAX

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-17

<u>Line No.</u>	<u>Item</u>	<u>CWSNC Water</u> (a)	<u>CWSNC Sewer</u> (b)	<u>BF/FH Water</u> (c)	<u>BF/FH Sewer</u> (d)
1	Property tax per application	<u>\$133,847</u>	<u>\$79,682</u>	<u>\$9,677</u>	<u>\$10,074</u>
2	Adjustment to remove property tax related to Riverbend	794 [1]	0	0	0
3	Adjustments to correct UA adjustments	<u>(271) [1]</u>	<u>(162) [1]</u>	<u>(32) [1]</u>	<u>(34) [1]</u>
4	Total adjustments to property tax (L2 + L3)	<u>523</u>	<u>(162)</u>	<u>(32)</u>	<u>(34)</u>
5	Property tax per Public Staff (L1 + L4)	<u><u>\$134,370</u></u>	<u><u>\$79,520</u></u>	<u><u>\$9,645</u></u>	<u><u>\$10,040</u></u>

[1] Per examination of the company's response to accounting data requests

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit I
Schedule 3-18(a)**CWSNC WATER OPERATIONS**

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	<u>\$17,022,057</u>	<u>\$19,515,626</u>	<u>\$17,027,433</u>
	Operating revenue deductions:			
2	Maintenance expenses	6,410,682	6,410,682	6,410,682
3	General expenses	2,980,201	2,980,201	2,980,201
4	Depreciation expense	2,877,663	2,877,663	2,877,663
5	Amortization of CIAC	(772,761)	(772,761)	(772,761)
6	Amortization of PAA	(115,514)	(115,514)	(115,514)
7	Amortization of ITC	(287)	(287)	(287)
8	Franchise and other taxes	(21,943)	(21,943)	(21,943)
9	Property taxes	134,370	134,370	134,370
10	Payroll taxes	280,813	280,813	280,813
11	Regulatory fee	23,831	27,322	23,838
12	Gross receipts tax	0	0	0
13	Interest expense	<u>1,952,490</u> [2]	<u>1,952,490</u> [4]	<u>1,952,490</u> [6]
14	Total deductions (Sum of L2 thru L13)	<u>13,749,545</u>	<u>13,753,036</u>	<u>13,749,552</u>
15	Taxable income (L1 - L14)	<u>3,272,512</u>	<u>5,762,590</u>	<u>3,277,881</u>
16	State income tax (L15 x 3%)	<u>98,175</u>	<u>172,878</u>	<u>98,336</u>
17	Federal taxable income after state income tax (L15 - L16)	<u>3,174,337</u>	<u>5,589,712</u>	<u>3,179,545</u>
18	Federal income tax (L17 x 21%)	<u>666,611</u>	<u>1,173,839</u>	<u>667,704</u>
19	Excess deferred income tax amortization			
20	Net amount (L15 - L16 - L18-L19)	2,507,726	4,415,873	2,511,841
21	Add: Interest expense	<u>1,952,490</u> [2]	<u>1,952,490</u> [4]	<u>1,952,490</u> [6]
22	Net income for a return (L20 + L21)	<u>\$4,460,216</u>	<u>\$6,368,363</u>	<u>\$4,464,331</u>

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

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

[3] Feasel Exhibit I, Schedule 3(a), Column (e).

[4] Feasel Exhibit I, Schedule 1(a), Column (e), Line 4.

[5] Feasel Exhibit I, Schedule 3(a), Column (g).

[6] Feasel Exhibit I, Schedule 1(a), Column (e), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2017

Public Staff

Feasel Exhibit I

Schedule 3-18(b)

CWSNC SEWER OPERATIONS

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$12,721,070	\$13,728,524	\$12,537,444
	Operating revenue deductions:			
2	Maintenance expenses	5,303,365	5,303,365	5,303,365
3	General expenses	1,775,963	1,775,963	1,775,963
4	Depreciation expense	2,271,822	2,271,822	2,271,822
5	Amortization of CIAC	(774,595)	(774,595)	(774,595)
6		(17,244)	(17,244)	(17,244)
7	Amortization of ITC	(232)	(232)	(232)
8	Franchise and other taxes	(17,738)	(17,738)	(17,738)
9	Property taxes	79,520	79,520	79,520
10	Payroll taxes	167,175	167,175	167,175
11	Regulatory fee	17,809	19,220	17,552
12	Gross receipts tax	0	0	0
13	Interest expense	1,393,097 [2]	1,393,097 [4]	1,393,097 [6]
14	Total deductions (Sum of L2 thru L13)	10,198,941	10,200,352	10,198,684
15	Taxable income (L1 - L14)	2,522,129	3,528,172	2,338,760
16	State income tax (L15 x 3%)	75,664	105,845	70,163
17	Federal taxable income after state income tax (L15 - L16)	2,446,465	3,422,327	2,268,597
18	Federal income tax (L17 x 21%)	513,758	718,689	476,405
19	Excess deferred income tax amortization			
20	Net amount (L15 - L16 - L18-L19)	1,932,707	2,703,638	1,792,192
21	Add: Interest expense	1,393,097 [2]	1,393,097 [4]	1,393,097 [6]
22	Net income for a return (L20 + L21)	\$3,325,804	\$4,096,735	\$3,185,289

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

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

[3] Feasel Exhibit I, Schedule 3(b), Column (e).

[4] Feasel Exhibit I, Schedule 1(b), Column (e), Line 4.

[5] Feasel Exhibit I, Schedule 3(b), Column (g).

[6] Feasel Exhibit I, Schedule 1(b), Column (e), Line 7.

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub 360

CALCULATION OF INCOME TAXES

For The Test Year Ended December 31, 2017

Public Staff

Feasel Exhibit I

Schedule 3-18(c)

BRADFIELD/FAIRFIELD WATER OPERATIONS

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$1,074,106	\$1,585,213	\$1,323,092
	Operating revenue deductions:			
2	Maintenance expenses	530,192	530,192	530,192
3	General expenses	358,786	358,786	358,786
4	Depreciation expense	127,603	127,603	127,603
5	Amortization of CIAC	(47,886)	(47,886)	(47,886)
6	Amortization of PAA	12,967	12,967	12,967
7	Amortization of ITC	0	0	0
8	Franchise and other taxes	(3,653)	(3,653)	(3,653)
9	Property taxes	9,645	9,645	9,645
10	Payroll taxes	33,947	33,947	33,947
11	Regulatory fee	1,504	2,219	1,852
12	Gross receipts tax	0	0	0
13	Interest expense	111,855 [2]	111,855 [4]	111,855 [6]
14	Total deductions (Sum of L2 thru L13)	<u>1,134,960</u>	<u>1,135,675</u>	<u>1,135,308</u>
15	Taxable income (L1 - L14)	<u>(60,854)</u>	<u>449,538</u>	<u>187,784</u>
16	State income tax (L15 x 3%)	<u>0</u>	<u>13,486</u>	<u>5,634</u>
17	Federal taxable income after state income tax (L15 - L16)	<u>(59,028)</u>	<u>436,052</u>	<u>182,150</u>
18	Federal income tax (L17 x 21%)	<u>0</u>	<u>91,571</u>	<u>38,252</u>
19	Excess deferred income tax amortization			
20	Net amount (L15 - L16 - L18-L19)	(46,632)	344,481	143,898
21	Add: Interest expense	<u>111,855 [2]</u>	<u>111,855 [4]</u>	<u>111,855 [6]</u>
22	Net income for a return (L20 + L21)	<u>\$65,223</u>	<u>\$456,336</u>	<u>\$255,753</u>

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

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

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

[4] Feasel Exhibit I, Schedule 1(c), Column (e), Line 4.

[5] Feasel Exhibit I, Schedule 3(c), Column (g).

[6] Feasel Exhibit I, Schedule 1(c), Column (e), Line 7.

CAROLINA WATER SERVICE, INC., OF NC
 Docket No. W-354, Sub 360
CALCULATION OF INCOME TAXES
 For The Test Year Ended December 31, 2017

Public Staff
 Feasel Exhibit I
 Schedule 3-18(d)

BRADFIELD/FAIRFIELD SEWER OPERATIONS

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	<u>\$1,758,234</u>	<u>\$2,146,504</u>	<u>\$2,037,318</u>
	Operating revenue deductions:			
2	Maintenance expenses	799,492	799,492	799,492
3	General expenses	373,507	373,507	373,507
4	Depreciation expense	339,980	339,980	339,980
5	Amortization of CIAC	(181,478)	(181,478)	(181,478)
6	Amortization of PAA	42,460	42,460	42,460
7	Amortization of ITC	0	0	0
8	Franchise and other taxes	(6,368)	(6,368)	(6,368)
9	Property taxes	10,040	10,040	10,040
10	Payroll taxes	35,339	35,339	35,339
11	Regulatory fee	2,462	3,005	2,852
12	Gross receipts tax	0	0	0
13	Interest expense	<u>232,003</u> [2]	<u>232,003</u> [4]	<u>232,003</u> [6]
14	Total deductions (Sum of L2 thru L13)	<u>1,647,437</u>	<u>1,647,980</u>	<u>1,647,827</u>
15	Taxable income (L1 - L14)	<u>110,797</u>	<u>498,524</u>	<u>389,491</u>
16	State income tax (L15 x 3%)	<u>3,324</u>	<u>14,956</u>	<u>11,685</u>
17	Federal taxable income after state income tax (L15 - L16)	<u>107,473</u>	<u>483,568</u>	<u>377,806</u>
18	Federal income tax (L17 x 21%)	<u>22,569</u>	<u>101,549</u>	<u>79,339</u>
19	Excess deferred income tax amortization			
20	Net amount (L15 - L16 - L18-L19)	84,904	382,019	298,467
21	Add: Interest expense	<u>232,003</u> [2]	<u>232,003</u> [4]	<u>232,003</u> [6]
22	Net income for a return (L20 + L21)	<u>\$316,907</u>	<u>\$614,022</u>	<u>\$530,470</u>

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

CAROLINA WATER SERVICE, INC. OF NC
Docket No. W-354, Sub 360
CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended December 31, 2017

Public Staff
Feasel Exhibit II
Schedule 1

Line No.	Item	CWSNC	CWSNC	BF/FH	BF/FH
		Water	Sewer	Water	Sewer
		(a)	(b)	(c)	(d)
1	Increase/(decrease) in total revenue per Company	\$2,485,612	\$1,022,180	\$511,341	\$386,403
2	Difference in calculation of revenue requirement based on Company amounts	(1)	(2)	(2)	0
3	Adjust capital structure to 53.59% debt and 46.41% equity	(423,350)	(314,332)	(20,132)	(51,002)
4	Adjust debt cost rate to 5.64%	(42,967)	(31,902)	(2,043)	(5,176)
5	Adjust return on equity to 9.2%	(814,278)	(604,595)	(38,719)	(98,096)
6	Adjustment to uncollectibles	10,049	3,366	3,143	4,694
7	Adjustment to forfeited discounts	(4,379)	(2,002)	(402)	(604)
8	Adjustment to miscellaneous revenues	(20,080)	19,170	(3,530)	3,530
9	Update revenues to 6/30/2017	(27,964)	45,470	0	(11,651)
10	Adjustment to include plant held for future use	(8,261)	(44,504)	0	0
11	Adjustment to remove pro forma estimates	(277,989)	(151,680)	0	(15,679)
12	Adjustment to cost center rate base	(483)	(182)	0	0
13	Adjustment to include cost centers GL additions	19,637	9,865	2,170	1,823
14	Adjustment to update rate base	8,306	3,608	28,154	10,227
15	Adjustment to include actual GL additions	261,109	179,780	4,630	29,754
16	Adjustments to add in capitalized legal fees	0	676	0	0
17	Adjustment to remove AA Riverbend	45	0	0	0
18	Adjustment to cash working capital	(10,182)	(1,368)	(578)	(956)
19	Adjustment to ADIT	69,615	(52,897)	27,577	(27,284)
20	Adjustment to customer deposits	(1,610)	(958)	(253)	(263)
21	Adjustment to gain on sale	7,787	3,967	0	0
22	Adjustment to excess book value	(1)	0	0	0
24	Adjustment to average tax accruals	(11,810)	(7,127)	(803)	(863)
25	Adjustment for excess deferred taxes	12,481	7,393	930	969
26	Adjustment to deferred charges	(28,170)	(68,386)	(8,897)	(1,475)
27	Adjustment to maintenance salaries	(83,856)	(42,168)	(8,563)	(8,913)
28	Adjustment to purchased power	(1,913)	0	0	0
29	Adjustment to purchased water/sewer	(125,068)	(1,988)	31,359	0
30	Adjustment to maintenance and repair	(366,470)	6,770	(503)	(19,671)
31	Adjustment to maintenance testing	59,523	12,397	3,680	(1,968)
32	Adjustment to meter reading	(96)	0	0	0
33	Adjustment to chemicals	(131,848)	136,058	3,428	(3,427)
34	Adjustment to transportation	(1,464)	(411)	(83)	(87)
35	Adjustment to capitalized time	19,025	12,002	1,847	1,942
36	Adjustment to outside services - other	(18,560)	(8,499)	(84)	(88)
37	Adjustment to general salaries and wages	(145,276)	(83,150)	(16,885)	(17,578)
38	Adjustment to office supplies and other office exp.	(2,646)	(617)	(124)	(130)
39	Adjustment to regulatory commission expense	(178,163)	(105,713)	(20,044)	(21,779)
40	Adjustment to pension and benefits	(3,147)	(1,936)	(392)	(409)
41	Adjustment to rent	(5,906)	(2,982)	(605)	(630)
42	Adjustment to insurance	(71,667)	(42,694)	(14,135)	(14,715)
43	Adjustment to office utility	(1,396)	(355)	(72)	(75)
44	Adjustment to miscellaneous	(9,389)	(5,440)	(1,024)	(1,065)
45	Adjustment to depreciation expense	(14,137)	87,203	(222,703)	217,394
46	Adjustment to amortization expense - CIAC	(91,880)	(158,721)	(8,739)	(36,886)
47	Adjustment to amortization expense - PAA	(11,563)	7,750	1,397	(35,771)
48	Adjustment to franchise tax	(2)	0	0	0
49	Adjustment to property tax	524	(162)	(32)	(34)
50	Adjustment to payroll tax	(12,364)	(6,510)	(1,322)	(1,377)
51	Revenue impact of Public Staff adjustments	<u>(2,480,235)</u>	<u>(1,205,805)</u>	<u>(262,353)</u>	<u>(107,319)</u>
52	Increase/(decrease) per Public Staff	<u>\$5,377</u>	<u>(\$183,625)</u>	<u>\$248,987</u>	<u>\$279,084</u>

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Oct 03 2018