



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

July 6, 2023

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket Nos. W-354, Sub 411 and W-1148, Sub 22 – Application for Authority to Transfer the Mountain Air Water and Wastewater Utility Systems and Public Utility Franchise in Yancey County, North Carolina, and to Approval of Rates

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket is the testimony and exhibit of Lynn Feasel, Financial Manager of the Water, Sewer, and Telecommunications Sections, Accounting Division.

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

Sincerely,

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

/s/ James Bernier, Jr.
Staff Attorney
james.bernier@psncuc.nc.gov

Attachments

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

CERTIFICATE OF SERVICE

I certify that a copy of this Testimony has been served on all parties of record or their attorneys, or both, in accordance with Commission Rule R1-39, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 6th day of July, 2023.

Electronically submitted
/s/Elizabeth D. Culpepper
Staff Attorney

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-354, SUB 411

DOCKET NO. W-1148, SUB 22

In the Matter of
Application by Carolina Water Service, Inc.)
of North Carolina, 5821 Fairview Road,)
Suite 401, Charlotte, North Carolina 28209)
and Mountain Air Utilities Corporation, Post)
Office Box 1090, Burnsville, North Carolina)
28714, for Authority to Transfer the)
Mountain Air Water and Wastewater Utility)
Systems and Public Utility Franchise in)
Yancey County, North Carolina, and for)
Approval of Rates)
)

TESTIMONY OF
LYNN FEASEL
PUBLIC STAFF –
NORTH CAROLINA
UTILITIES COMMISSION

JULY 6, 2023

1 **Q. Please state your name, business address, and present**
2 **position.**

3 A. My name is Lynn Feasel. My business address is 430 North
4 Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am the
5 Financial Manager of the Water, Sewer, and Telecommunications
6 Sections with the Accounting Division of the Public Staff – North
7 Carolina Utilities Commission (Public Staff).

8 **Q. Briefly state your qualifications and experience.**

9 A. My qualifications and experience are included in Appendix A.

10 **Q. What is the nature of the application in this proceeding?**

11 A. On September 26, 2022, Mountain Air Utilities Corporation
12 (Mountain Air or MAUC) and Carolina Water Service, Inc. of North
13 Carolina (CWSNC) filed an application with the North Carolina
14 Utilities Commission (Commission) for transfer of a public utility
15 franchise and for approval of rates (Joint Application). On October 11,
16 2022, the Public Staff filed a letter with the Commission from the
17 Mountain Air Property Owners Association Inc. (POA) with an
18 attached resolution in support of the sale of Mountain Air to CWSNC.
19 On January 18, 2023, POA filed a petition to intervene in this docket.
20 On February 1, 2023, the Commission issued an order granting the
21 petition to intervene of POA. On May 11, 2023, CWSNC filed its

1 Revisions to the Application for Transfer of Public Utility Franchise
2 and Approval of Rates (Updated Application) (the Joint Application
3 and the Updated Application are hereinafter collectively referred to as
4 the Application). On June 16, 2023, the CWSNC filed the testimony
5 of Donald H. Denton II and Mountain Air filed the testimony of Randy
6 Banks.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony in this proceeding is to present the
9 results of my investigation of the Application, which involves a review
10 of the Application, exhibits, and any other additional documentation
11 provided by Mountain Air and CWSNC in response to the Public Staff's
12 data requests. Specifically, I discuss my calculations of rate base, net
13 operating income (NOI), return, and the revenue requirements
14 depicting system specific rates should be utilized for Mountain Air.

15 **Q. Would you briefly describe the presentation of your testimony
16 and exhibits?**

17 A. My testimony discusses each of the topics in my exhibits, and my
18 exhibits consist of schedules showing the calculation of rate base,
19 NOI, return, and revenue requirement. Schedules 1(a) and 1(b)
20 represent the return calculated for water and wastewater operations,
21 respectively. Schedule 2 and its associated sub schedules represent

1 the rate base calculated for water and wastewater operations.
2 Schedule 3 and its associated sub schedules represent the NOI
3 calculated for water and wastewater operations. Public Staff Feasel
4 Exhibit I Workpaper shows the calculation of revenue requirements
5 applying the Public Staff's recommended adjustments. Revenue
6 requirements for water and wastewater are also contained in
7 Schedule 3 and its associated sub schedules.

8 I have calculated rate base, NOI, return, and revenue requirement
9 depicting the transfer of Mountain Air to CWSNC with system-
10 specific rates.

11 **Q. Please explain the Public Staff's calculation of rate base.**

12 A. In the Application, the Applicants utilized the utility property in
13 service, accumulated depreciation, and contribution in aid of
14 construction (CIAC) from Mountain Air's 2020 annual report. The
15 Public Staff calculates rate base differently. Detailed descriptions of
16 each rate base item calculated by the Public Staff follows. Each of
17 the rate base items applies to both the water and sewer operations.

18 **Plant in Service and Accumulated Depreciation**

19 On March 8, 2013, Mountain Air filed a rate case in Docket No.
20 W-1148, Sub 9 (2013 Rate Case). The Public Staff performed a
21 thorough audit investigation of the rate base items as of 2012,

1 including plant in service, accumulated depreciation, CIAC, deferred
2 charges, cash working capital, and average tax accruals. In June
3 2016, the 2013 Rate Case application was withdrawn. In this
4 proceeding, the Public Staff utilized plant in service calculated by the
5 Public Staff in the 2013 Rate Case and added plant additions and
6 retirements incurred from January 1, 2013 through December 31,
7 2020. CWSNC took over the operation of the Mountain Air systems
8 in May 2021.

9 The Public Staff updated accumulated depreciation through
10 December 31, 2023, to calculate the most accurate level of residual
11 net plant in service. The depreciation rates are recommended by
12 Public Staff witness Franklin.

13 **CIAC and Accumulated Amortization of CIAC**

14 I utilized the CIAC calculated by the Public Staff in the 2013 Rate
15 Case and added CIAC additions through the same period as plant in
16 service. The Public Staff updated accumulated amortization of CIAC
17 through December 31, 2023. I utilized the amortization rates for CIAC
18 associated with plant in the 2013 Rate Case. The amortization rates
19 for the CIAC associated with tap on fees are calculated using a
20 30-year life as recommended by Public Staff witness Franklin in this
21 proceeding.

1 **Purchase Acquisition Adjustment (PAA) and Accumulated**
2 **Amortization of PAA**

3 Based on the recommendation of Public Staff witness Franklin, the
4 Public Staff does not recommend any PAA for this Application.

5 **Capital Investment and Accumulated Depreciation of Capital**
6 **Investment**

7 In May 2021, CWSNC became the emergency operator of the
8 Mountain Air systems. Since then, CWSNC has made capital
9 investments and incurred actual cost to operate the systems. I
10 included the capital investments made by CWSNC from May 2021
11 through March 2023, as recommended by Public Staff witness
12 Franklin, in the calculation of rate base. Additionally, I updated
13 accumulated depreciation associated with the capital investments
14 through December 31, 2023, utilizing the depreciation rates
15 recommended by witness Franklin, to calculate the most accurate
16 level of residual net plant in service.

17 **Cash Working Capital**

18 I calculated cash working capital as one eighth of the total operating
19 expenses for water and sewer operations respectively.

20 **Average Tax Accrual**

1 Average tax accrual was calculated as one half of the property tax
2 for water and sewer operations respectively.

3 **Q. Please explain the Public Staff's calculation of NOI.**

4 A. I updated the revenues and expenses to reflect actuals through
5 March 2023. In response to Public Staff Data Request No. 4,
6 CWSNC provided the revenue and expense report for 2022, and
7 updated revenue and expense information for January 2023 through
8 May 2023. The Public Staff audited this information and made
9 adjustments to some expense items based on the recommendation
10 of the Public Staff witness Franklin.

11 **Q. Please explain the Public Staff's calculation of return.**

12 I utilized the capital structure, debt ratio, and equity ratio from
13 CWSNC's most recent approved general rate case in Docket No.
14 W-354, Sub 400.

15 **Q. Please provide your recommended revenue requirement.**

16 A. The Public Staff's recommended revenue requirement for the water
17 system is \$266,863, and the recommended revenue requirement for
18 the wastewater system is \$447,002. These revenue requirements
19 apply to Mountain Air's 483 water customers and 459 sewer
20 customers.

1 **Q. Have you calculated the revenue requirements if PAA resulted**
2 **from the transaction in the Application is included in the rate**
3 **base?**

4 A. Yes. The revenue requirement including PPA for the water system
5 would be \$331,700, and the revenue requirement for the wastewater
6 system would be \$500,961. These revenue requirements apply to
7 Mountain Air's 483 water customers and 459 sewer customers.

8 **Q. Does the Public Staff recommend approval of the transfer?**

9 A. Yes.

10 **Q. Does the Public Staff recommend approval of CWSNC's**
11 **proposal to charge its uniform rates?**

12 A. No, we do not. As part of our audit and analysis of rate base and
13 O&M expenses and calculation of revenue requirements, we have
14 determined the revenue requirements do not support CWSNC's
15 uniform rates. As discussed in Public Staff witness Franklin's
16 testimony, we recommend system-specific rates for water and
17 wastewater service be set based upon the revenue requirements
18 calculated utilizing Mountain Air rate base and O&M expenses
19 without a purchase acquisition adjustment.

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

21 A. Yes, it does.

QUALIFICATIONS AND EXPERIENCE

LYNN FEASEL

I am a graduate of Baldwin Wallace University with a Master of Business Administration degree in Accounting. I am a Certified Public Accountant licensed in the State of North Carolina. Prior to joining the Public Staff, I was employed by Franklin International in Columbus, Ohio until June 2013. Additionally, I worked for ABB Inc. from September 2013 until October 2016. I joined the Public Staff as a Staff Accountant in November 2016. Since joining the Public Staff, I have worked on rate cases involving water and sewer and natural gas companies, filed testimony and affidavits in various general rate cases, calculated quarterly earnings for Carolina Water Service, Inc. of North Carolina and Aqua North Carolina, Inc., calculated quarterly earnings for various natural gas companies, calculated refunds to consumers from AH4R and Progress Residential and reviewed franchise and contiguous filings for multiple water and sewer companies.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
RETURN ON ORIGINAL COST RATE BASE

Public Staff
 Feasel Exhibit I
 Schedule 1(a)

Mountain Air - 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)
<u>Present rates:</u>						
1.	Debt	50.00%	\$585,185 [2]	4.64% [1]	2.32%	\$27,153 [8]
2.	Equity	50.00%	585,185 [2]	-2.95% [6]	-1.48%	(17,280) [9]
3.	Total	<u>100.00%</u>	<u>\$1,170,370</u> [3]		<u>0.84%</u>	<u>\$9,873</u> [10]
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$585,185 [4]	4.64% [1]	2.32%	\$27,153 [8]
5.	Equity	50.00%	585,185 [4]	16.61% [6]	8.31%	97,228 [11]
6.	Total	<u>100.00%</u>	<u>\$1,170,370</u> [3]		<u>10.63%</u>	<u>\$124,381</u> [12]
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$585,185 [5]	4.64% [1]	2.32%	\$27,153 [8]
8.	Equity	50.00%	585,185 [5]	9.80% [6]	4.90%	57,348 [13]
9.	Total	<u>100.00%</u>	<u>\$1,170,370</u> [3]		<u>7.22%</u>	<u>\$84,501</u> [14]

[1] Per capital structure from rate case W-354 Sub 400.

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

[3] Public Staff Feasel Exhibit I, Schedule 2(a), Line 12, Column (c).

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

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

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

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

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

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

[10] Public Staff Feasel Exhibit I, Schedule 3(a), Line 30, Column (c).

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

[12] Public Staff Feasel Exhibit I, Schedule 3(a), Line 30, Column (e).

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

[14] Column (b) x Column (d), Line 9.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
RETURN ON ORIGINAL COST RATE BASE

Public Staff
 Feasel Exhibit I
 Schedule 1(b)

Mountain Air - 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)
<u>Present rates:</u>						
1.	Debt	50.00%	\$370,441 [2]	4.64% [1]	2.32%	\$17,188 [8]
2.	Equity	50.00%	370,441 [2]	-1.22% [6]	-0.61%	(4,509) [9]
3.	Total	<u>100.00%</u>	<u>\$740,882</u> [3]		<u>1.71%</u>	<u>\$12,679</u> [10]
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$370,441 [4]	4.64% [1]	2.32%	\$17,188 [8]
5.	Equity	50.00%	370,441 [4]	16.88% [6]	8.44%	62,523 [11]
6.	Total	<u>100.00%</u>	<u>\$740,882</u> [3]		<u>10.76%</u>	<u>\$79,711</u> [12]
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$370,441 [5]	4.64% [1]	2.32%	\$17,188 [8]
8.	Equity	50.00%	370,441 [5]	9.80% [6]	4.90%	36,304 [13]
9.	Total	<u>100.00%</u>	<u>\$740,882</u> [3]		<u>7.22%</u>	<u>\$53,492</u> [14]

[1] Per capital structure from rate case W-354 Sub 400.

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

[3] Public Staff Feasel Exhibit I, Schedule 2(b), Line 12, Column (c).

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

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

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

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

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

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

[10] Public Staff Feasel Exhibit I, Schedule 3(b), Line 30, Column (c).

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

[12] Public Staff Feasel Exhibit I, Schedule 3(b), Line 30, Column (e).

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

[14] Column (b) x Column (d), Line 9.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
ORIGINAL COST RATE BASE

Public Staff
 Feasel Exhibit I
 Schedule 2

Water and Sewer Combined

Line No.	Item	Audited by	Public Staff	After
		Public Staff	Public Staff	Public Staff
		W-1148 Sub 9 [1]	Adjustments [2]	Adjustments [3]
		(a)	(b)	(c)
1.	Plant in Service	\$5,376,040	(\$28,362)	\$5,347,678
2.	Accumulated Depreciation	(\$2,696,292)	(\$1,551,220)	(\$4,247,512)
3.	Contributions in Aid of Construction (CIAC)	(\$4,968,247)	(\$38,680)	(\$5,006,927)
4.	Accumulated Amortization of CIAC	\$2,116,599	\$1,715,633	\$3,832,232
5.	Purchase Acquisition Adjustment (PAA)	\$0	\$0	\$0
6.	Accumulated Amortization of PAA	\$0	\$0	\$0
7.	Capital Investment	\$0	\$2,040,306	\$2,040,306
8.	Accumulated Depreciation for Capital Investment	\$0	(\$125,036)	(\$125,036)
9.	Deferred Charges	\$6,627	(\$6,627)	\$0
10.	Cash Working Capital	\$37,674	\$33,081	\$70,755
11.	Average Tax Accruals	<u>(\$8,053)</u>	<u>\$7,808</u>	<u>(\$245)</u>
12.	Original Cost Rate Base (Sum of L1 thru L11)	<u><u>(\$135,652)</u></u>	<u><u>\$2,046,903</u></u>	<u><u>\$1,911,251</u></u>

[1] Public Staff Feasel Exhibit I, Schedule 2(a) plus 2(b), Column (a).
 [2] Public Staff Feasel Exhibit I, Schedule 2(a) plus 2(b), Column (b).
 [3] Public Staff Feasel Exhibit I, Schedule 2(a) plus 2(b), Column (c).

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
ORIGINAL COST RATE BASE

Public Staff
 Feasel Exhibit I
 Schedule 2(a)

Mountain Air - Water Operations					
Line No.	Item	Audited by Public Staff W-1148 Sub 9 [1]	Public Staff Adjustments [2]	After Public Staff Adjustments [3]	
		(a)	(b)	(c)	
1.	Plant in Service	\$3,671,102	(\$28,362)	\$3,642,740	[3]
2.	Accumulated Depreciation	(1,912,207)	(1,007,612)	(2,919,819)	[4]
3.	Contributions in Aid of Construction (CIAC)	(3,111,699)	(7,745)	(3,119,444)	[5]
4.	Accumulated Amortization of CIAC	1,403,260	1,079,113	2,482,373	[6]
5.	Purchase Acquisition Adjustment (PAA)	0	0	0	
6.	Accumulated Amortization of PAA	0	0	0	
7.	Capital Investment	0	1,120,029	1,120,029	[7]
8.	Accumulated Depreciation for Capital Investment	0	(56,933)	(56,933)	[8]
9.	Deferred Charges	3,401	(3,401)	0	[9]
10.	Cash Working Capital	21,078	418	21,496	[10]
11.	Average Tax Accruals	<u>(2,648)</u>	<u>2,576</u>	<u>(72)</u>	[11]
12.	Original Cost Rate Base (Sum of L1 thru L11)	<u>\$72,287</u>	<u>\$1,098,083</u>	<u>\$1,170,370</u>	

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.

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

[3] Public Staff Feasel Exhibit I, Schedule 2-1(a), Line 72, Column (a).

[4] Public Staff Feasel Exhibit I, Schedule 2-1(a), Line 72, Column (f).

[5] Public Staff Feasel Exhibit I, Schedule 2-2(a), Line 48, Column (a).

[6] Public Staff Feasel Exhibit I, Schedule 2-2(a), Line 48, Column (f).

[7] Public Staff Feasel Exhibit I, Schedule 2-3(a), Line 9, Column (a).

[8] Public Staff Feasel Exhibit I, Schedule 2-3(a), Line 9, Column (f).

[9] Deferred Charges not applicable in this proceeding.

[10] One eighth of water total operating expense.

[11] One half of water property tax expense.

MOUNTAIN AIR UTILITIES CORPORATION

Docket No. W-1148 Sub 22
ORIGINAL COST RATE BASE

Public Staff
 Feasel Exhibit I
 Schedule 2(b)

Mountain Air - Sewer Operations

Line No.	Item	Audited by Public Staff W-1148 Sub 9 [1] (a)	Public Staff Adjustments [2] (b)	After Public Staff Adjustments (c)
1.	Plant in Service	\$1,704,938	\$0	\$1,704,938 [3]
2.	Accumulated Depreciation	(784,085)	(543,608)	(1,327,693) [4]
3.	Contributions in Aid of Construction (CIAC)	(1,856,548)	(30,935)	(1,887,483) [5]
4.	Accumulated Amortization of CIAC	713,339	636,520	1,349,859 [6]
5.	Purchase Acquisition Adjustment (PAA)		0	0
6.	Accumulated Amortization of PAA		0	0
7.	Capital Investment		920,278	920,278 [7]
8.	Accumulated Depreciation for Capital Investment		(68,103)	(68,103) [8]
9.	Deferred Charges	3,226	(3,226)	0 [9]
10.	Cash working capital	16,596	32,663	49,259 [10]
11.	Average tax accruals	(5,405)	5,232	(173) [11]
12.	Original cost rate base (Sum of L1 thru L11)	<u>(\$207,939)</u>	<u>\$948,821</u>	<u>\$740,882</u>

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.

[2] Column (c) minus Column (a)

[3] Public Staff Feasel Exhibit I, Schedule 2-1(b), Line 27, Column (a).

[4] Public Staff Feasel Exhibit I, Schedule 2-1(b), Line 27, Column (f).

[5] Public Staff Feasel Exhibit I, Schedule 2-2(b), Line 31, Column (a).

[6] Public Staff Feasel Exhibit I, Schedule 2-2(b), Line 31, Column (f).

[7] Public Staff Feasel Exhibit I, Schedule 2-3(b), Line 4, Column (a).

[8] Public Staff Feasel Exhibit I, Schedule 2-3(b), Line 4, Column (f).

[9] Deferred Charges not applicable in this proceeding.

[10] One eighth of sewer total operating expense.

[11] One half of sewer property tax expense.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE**

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

Mountain Air - Water Operations

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service (d)	Annual Depreciation (e)	Accumulated Depreciation (f)
<u>Per Initial Franchise Proceeding:</u>							
1.	Computer software	\$5,419	[1] 2000	[1] 10	[1] 23.5	\$0	(\$5,419)
2.	CPA Fees	2,500	[1] 2000	[1] 10	[1] 23.5	0	(2,500)
3.	Radio meters	23,750	[1] 2000	[1] 10	[1] 23.5	0	(23,750)
4.	Radio read MXU	32,760	[1] 2000	[1] 5	[1] 23.5	0	(32,760)
5.	Senus VKU	19,055	[1] 2000	[1] 5	[1] 23.5	0	(19,055)
6.	Stars software	7,124	[1] 2000	[1] 5	[1] 23.5	0	(7,124)
7.	Multiread 4 channel	1,375	[1] 2000	[1] 5	[1] 23.5	0	(1,375)
8.	Ford setters & materials	16,998	[1] 2000	[1] 25	[1] 23.5	680	(15,980)
9.	Total franchise proceeding plant (Sum of L1 thru L8)	<u>108,981</u>				<u>680</u>	<u>(107,963)</u>
<u>Direct Plant Additions Since Franchise Proceeding:</u>							
10.	Pre 1/1/01 Water System	1,500,375	[1] 2001	[1] 30	[1] 22.5	50,013	(1,125,293)
11.	Well Development and Exploration	104,305	[1] 2001	[1] 30	[1] 22.5	3,477	(78,233)
12.	Meter Connections	241,392	[1] 2001	[1] 7	[1] 22.5	0	(241,392)
13.	Meter Reading Software	8,031	[1] 2001	[1] 3	[1] 22.5	0	(8,031)
14.	Water Treatment Equipment	33,800	[1] 2001	[1] 7	[1] 22.5	0	(33,800)
15.	Well House Structure	235,689	[1] 2001	[1] 39	[1] 22.5	6,043	(135,968)
16.	Water Line Installation 2001	774,418	[1] 2001	[1] 30	[1] 22.5	25,814	(580,815)
17.	Meters 2001	31,035	[1] 2001	[1] 7	[1] 22.5	0	(31,035)
18.	Well Development and Exploration	4,231	[1] 2001	[1] 30	[1] 22.5	141	(3,173)
19.	Water Meters	18,589	[1] 2001	[1] 7	[1] 22.5	0	(18,589)
20.	Water Pumps	151,115	[1] 2001	[1] 7	[1] 22.5	0	(151,115)
21.	Water Storage Equipment	114	[1] 2001	[1] 7	[1] 22.5	0	(114)
22.	Pump Station	3,876	[1] 2001	[1] 7	[1] 22.5	0	(3,876)
23.	Pump House Construction	45,675	[1] 2001	[1] 40	[1] 22.5	1,142	(25,695)
24.	Line Locator	3,415	[1] 2001	[1] 7	[1] 22.5	0	(3,415)
25.	Control Boxes	4,344	[1] 2001	[1] 7	[1] 22.5	0	(4,344)
26.	Furniture and Fixtures for Pump House	18,409	[1] 2001	[1] 7	[1] 22.5	0	(18,409)
27.	Firehouse Station Improvements	550	[1] 2002	[1] 7	[1] 21.5	0	(550)
28.	Clearing for Wells	4,197	[1] 2002	[1] 30	[1] 21.5	140	(3,010)
29.	Water Supply Development Study	15,350	[1] 2002	[1] 15	[1] 21.5	0	(15,350)
30.	Monitoring System for Pump and L	31,882	[1] 2002	[1] 7	[1] 21.5	0	(31,882)
31.	Seeding and Landscaping	22,320	[1] 2002	[1] 30	[1] 21.5	744	(15,996)
32.	Rebuild of Pump Station #1	14,386	[1] 2002	[1] 7	[1] 21.5	0	(14,386)
33.	Water Tanks	296	[1] 2002	[1] 15	[1] 21.5	0	(296)
34.	Water Tank Recoating	26,373	[1] 2002	[1] 15	[1] 21.5	0	(26,373)
35.	Office Furniture - Water	2,957	[1] 2002	[1] 7	[1] 21.5	0	(2,957)
36.	Engineer's Drawings for W&S Syst	1,463	[1] 2002	[1] 15	[1] 21.5	0	(1,463)
37.	EW Pumping Station	2,995	[1] 2002	[1] 7	[1] 21.5	0	(2,995)
38.	Water Pipes	24,361	[1] 2002	[1] 30	[1] 21.5	812	(17,458)
39.	EW - 10 Pump Stations	31,545	[1] 2002	[1] 7	[1] 21.5	0	(31,545)
40.	Pump & Install @ Well #7	4,256	[1] 2002	[1] 7	[1] 21.5	0	(4,256)

41.	Surge Suppressors at Well Houses	11,551	[1]	2002	[1]	15	[1]	21.5	0	(11,551)
42.	Water System Engineering	31,272	[1]	2002	[1]	15	[1]	21.5	0	(31,272)
43.	Surge Suppressors at Booster Station	4,241	[1]	2002	[1]	15	[1]	21.5	0	(4,241)
44.	Water Meters	11,798	[1]	2002	[1]	7	[1]	21.5	0	(11,798)
45.	Cavanaugh Plans for existing W&S	7,990	[1]	2002	[1]	15	[1]	21.5	0	(7,990)
46.	Telemetry System Additions 2002	3,669	[1]	2002	[1]	5	[1]	21.5	0	(3,669)
47.	Pumps at Wells	15,106	[1]	2002	[1]	7	[1]	21.5	0	(15,106)
48.	3 Continuous Chlorine Feeder System	9,536	[1]	2002	[1]	7	[1]	21.5	0	(9,536)
49.	PRV Banks Creek	6,204	[1]	2003	[1]	7	[1]	20.5	0	(6,204)
50.	Well # 8 Pump	7,706	[1]	2003	[1]	7	[1]	20.5	0	(7,706)
51.	Well # 7 Expansion	4,256	[1]	2003	[1]	7	[1]	20.5	0	(4,256)
52.	Surge Protector Well # 8	1,771	[1]	2003	[1]	15	[1]	20.5	0	(1,771)
53.	Cavanaugh Plans for Well # 8	15,486	[1]	2003	[1]	15	[1]	20.5	0	(15,486)
54.	PRV Rebuild Camps at Creekside	10,469	[1]	2003	[1]	7	[1]	20.5	0	(10,469)
55.	Water Pumps	4,278	[1]	2004	[1]	7	[1]	19.5	0	(4,278)
56.	Pipe Engineering	5,136	[1]	2004	[1]	20	[1]	19.5	257	(5,012)
57.	Lift Station Pumps	1,516	[1]	2004	[1]	7	[1]	19.5	0	(1,516)
58.	Water Tanks	1,934	[1]	2004	[1]	7	[1]	19.5	0	(1,934)
59.	Retaining Wall for Meter Area	2,600	[1]	2004	[1]	20	[1]	19.5	130	(2,535)
60.	Radio read MXU	9,794	[1]	2004	[1]	15	[1]	19.5	0	(9,794)
61.	Total direct plant additions (Sum of L10 thru L60)	<u>3,528,057</u>						<u>88,713</u>		<u>(2,797,938)</u>
<u>Allocated Plant Additions Since Franchise Proceeding:</u>										
62.	2004 Chevrolet 3/4 Ton 4WD Truck	13,624	[1]	2004	[1]	7	[1]	19.5	0	(13,624)
63.	CAT Mini-excavator	14,370	[1]	2005	[1]	7	[1]	18.5	0	(14,370)
64.	Trailer for Excavator	1,411	[1]	2005	[1]	7	[1]	18.5	0	(1,411)
65.	Total allocated plant additions (Sum of L62 thru L64)	<u>29,405</u>						<u>0</u>		<u>(29,405)</u>
<u>Capitalized Maintenance and Repair:</u>										
66.	Motor	1,759	[1]	2012	[1]	7	[1]	11.5	0	(1,759)
67.	Water lines	2,900	[1]	2012	[1]	30	[1]	11.5	97	(1,116)
68.	Total capitalized M&R (L66 + L67)	<u>4,659</u>						<u>97</u>		<u>(2,875)</u>
<u>Plant Additions/Retirement since 2012 rate case:</u>										
69.	Pump Station	(362)	[2]	2014	[2]	7	[3]	9.5	0	362
70.	Power operated equipment	(28,000)	[2]	2019	[2]	7	[3]	4.5	(4,000)	18,000
71.	Total plant additions/retirement since 2012 rate case (L69+L70)	<u>(28,362)</u>						<u>(4,000)</u>		<u>18,362</u>
72.	Total MA plant in service per Public Staff (L9 + L61 + L65 + L68 + L71)	<u>\$3,642,740</u>						<u>\$85,490</u>		<u>(\$2,919,819)</u>
<u>Purchase Acquisition Adjustment:</u>										
73.	Purchase Acquisition Adjustment-Water	<u>\$0</u>		2023		32		1.0	<u>\$0</u>	<u>\$0</u>

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.

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

[3] Per recommendation of Public Staff witness Franklin.

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

[5] Column (a) divided by Column (c), unless fully depreciated.

[6] Column (d) multiplied by Column (e), unless fully depreciated.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE**

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

Mountain Air - Sewer Operations

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service [2] (d)	Annual Depreciation [3] (e)	Accumulated Depreciation [4] (f)		
<u>Per Initial Franchise Proceeding:</u>									
1.	CPA fees	\$2,500	2000	10	[1]	23.5	\$0	(\$2,500)	
<u>Direct Plant Additions Since Franchise Proceeding:</u>									
2.	Sewer Telemetry System	14,721	2000	[1]	5	[1]	23.5	0	(14,721)
3.	Pre 1/1/01 Sewer System	1,200,917	2001	[1]	30	[1]	22.5	40,031	(900,698)
4.	Sewage Storage Tanks	4,980	2001	[1]	30	[1]	22.5	166	(3,735)
5.	Grinder Pump and Lift Installation	139,061	2001	[1]	20	[1]	22.5	0	(139,061)
6.	Sewer Lines 2001	129,492	2001	[1]	50	[1]	22.5	2,590	(58,275)
7.	Telemetry System Additions 2001	34,296	2001	[1]	5	[1]	22.5	0	(34,296)
8.	Contributed Telemetry Additions 2001	41,339	2001	[1]	5	[1]	22.5	0	(41,339)
9.	Sewer Notice Sign	244	2001	[1]	7	[1]	22.5	0	(244)
10.	Sewer Pumping Equipment 2001	29,573	2001	[1]	7	[1]	22.5	0	(29,573)
11.	Office Furniture - Sewer	492	2002	[1]	7	[1]	21.5	0	(492)
12.	Sewer Pipes	2,674	2002	[1]	50	[1]	21.5	53	(1,140)
13.	Rebuild of Lift Station #6	8,128	2002	[1]	7	[1]	21.5	0	(8,128)
14.	Sewage System Engineering	26,564	2002	[1]	15	[1]	21.5	0	(26,564)
15.	Lift Station Pumps	10,883	2002	[1]	7	[1]	21.5	0	(10,883)
16.	EW - Three Pumps for Lift Stations	8,960	2002	[1]	7	[1]	21.5	0	(8,960)
17.	Grinder Pumps Lost Chimney	6,041	2003	[1]	7	[1]	20.5	0	(6,041)
18.	Tanks for grinder pumps	6,743	2007	[1]	30	[1]	16.5	225	(3,713)
19.	Grinder Pumps	8,190	2007	[1]	7	[1]	16.5	0	(8,190)
20.	Total direct plant additions (Sum of L2 thru L19)	<u>1,673,298</u>					<u>43,065</u>	<u>(1,296,053)</u>	
<u>Allocated Plant Additions Since Franchise Proceeding:</u>									
21.	2004 Chevrolet 3/4 Ton 4WD Truck	12,924	2004	[1]	7	[1]	19.5	0	(12,924)
22.	CAT Mini-excavator	13,630	2005	[1]	7	[1]	18.5	0	(13,630)
23.	Trailer for Excavator	1,339	2005	[1]	7	[1]	18.5	0	(1,339)
24.	Total allocated plant additions (Sum of L21 thru L23)	<u>27,893</u>					<u>0</u>	<u>(27,893)</u>	
<u>Capitalized Maintenance and Repair:</u>									
25.	Lift station pump and repipe	1,247	2012	[1]	7	[1]	11.5	0	(1,247)
<u>Plant Additions/Retirements since 2012 rate case:</u>									
26.	No additions/retirements since 2012 rate case	0					0	0	
27.	Total MA plant in service per Public Staff (L1 + L20 + L24 + L25 + L26)	<u>\$1,704,938</u>					<u>\$43,065</u>	<u>(\$1,327,693)</u>	
<u>Purchase Acquisition Adjustment:</u>									
28.	Purchase Acquisition Adjustment-Sewer	\$0	2023	31		1.0	\$0	\$0	

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.

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

[3] Column (a) divided by Column (c), unless fully depreciated.

[4] Column (d) multiplied by Column (e), unless fully depreciated.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF CONTRIBUTIONS IN AID OF
 CONSTRUCTION, ACCUMULATED AMORTIZATION
 AND AMORTIZATION EXPENSE**

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

Mountain Air - Water Operations

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service [4] (d)	Annual Amortization [5] (e)	Accumulated Amortization [6] (f)
<u>Contributed Property:</u>							
1.	Pre 1/1/01 Water System	(\$1,500,375) [1]	2001	[1] 30	[1] 22.5	(\$50,013)	\$1,125,293
2.	Water Treatment Equipment	(33,800) [1]	2001	[1] 30	[1] 22.5	(1,127)	25,358
3.	Well House Structure	(235,689) [1]	2001	[1] 39	[1] 22.5	(6,043)	135,968
4.	Water Line Installation 2001	(774,418) [1]	2001	[1] 25	[1] 22.5	(30,977)	696,983
5.	Well Development and Exploration	(4,231) [1]	2001	[1] 30	[1] 22.5	(141)	3,173
6.	Water Meters	(18,589) [1]	2001	[1] 7	[1] 22.5	0	18,589
7.	Water Pumps	(151,115) [1]	2001	[1] 7	[1] 22.5	0	151,115
8.	Water Storage Equipment	(114) [1]	2001	[1] 7	[1] 22.5	0	114
9.	Pump House Construction	(45,675) [1]	2001	[1] 40	[1] 22.5	(1,142)	25,695
10.	Furniture and Fixtures for Pump House	(18,409) [1]	2001	[1] 7	[1] 22.5	0	18,409
11.	Developer Contribution	(85,000) [1]	2001	[1] 15	[1] 22.5	0	85,000
12.	Firehouse Station Improvements	(550) [1]	2002	[1] 7	[1] 21.5	0	550
13.	Clearing for Wells	(4,197) [1]	2002	[1] 30	[1] 21.5	(140)	3,010
14.	Seeding and Landscaping	(22,320) [1]	2002	[1] 30	[1] 21.5	(744)	15,996
15.	Water Tanks	(296) [1]	2002	[1] 15	[1] 21.5	0	296
16.	Office Furniture - Water	(2,957) [1]	2002	[1] 7	[1] 21.5	0	2,957
17.	Water Pipes	(24,361) [1]	2002	[1] 30	[1] 21.5	(812)	17,458
18.	Water System Engineering	(31,272) [1]	2002	[1] 15	[1] 21.5	0	31,272
19.	Water Meters	(11,798) [1]	2002	[1] 7	[1] 21.5	0	11,798
20.	Telemetry System Additions 2002	(3,669) [1]	2002	[1] 5	[1] 21.5	0	3,669
21.	Pumps at Wells	(15,106) [1]	2002	[1] 7	[1] 21.5	0	15,106
22.	Water Pumps	(4,278) [1]	2004	[1] 7	[1] 19.5	0	4,278
23.	Pipe Engineering	(5,136) [1]	2004	[1] 15	[1] 19.5	0	5,136
24.	Lift Station Pumps	(1,516) [1]	2004	[1] 7	[1] 19.5	0	1,516
25.	Water Tanks	(1,934) [1]	2004	[1] 7	[1] 19.5	0	1,934
26.	Retaining Wall for Meter Area	(2,600) [1]	2004	[1] 20	[1] 19.5	(130)	2,535
27.	Cavanaugh Plans for 2004	(9,794) [1]	2004	[1] 15	[1] 19.5	0	9,794
28.	Total contributed property (Sum of L1 thru L27)	<u>(3,009,199)</u>				<u>(91,269)</u>	<u>2,413,002</u>

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF CONTRIBUTIONS IN AID OF
 CONSTRUCTION, ACCUMULATED AMORTIZATION
 AND AMORTIZATION EXPENSE**

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

Mountain Air - Water Operations

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service (d)	Annual Amortization (e)	Accumulated Amortization (f)
Tap On Fees:							
29.	Tap on fees collected	(24,500)	2001	30	[1]	(817)	18,383
30.	Tap on fees collected	(25,500)	2002	30	[1]	(850)	18,275
31.	Tap on fees collected	(6,000)	2003	30	[1]	(200)	4,100
32.	Tap on fees collected	(5,000)	2004	30	[1]	(167)	3,257
33.	Tap on fees collected	(11,000)	2005	30	[1]	(367)	6,790
34.	Tap on fees collected	(7,500)	2006	30	[1]	(250)	4,375
35.	Tap on fees collected	(21,000)	2007	30	[1]	(700)	11,550
36.	Tap on fees collected	3,500	2008	30	[1]	117	(1,814)
37.	Tap on fees collected	(5,500)	2009	30	[1]	(183)	2,654
38.	Total tap on fees (Sum of L29 thru L37)	<u>(102,500)</u>				<u>(3,417)</u>	<u>67,570</u>
CIAC Additions since 2012 rate case:							
39.	Tap on fees collected	(963)	2013	30	[3]	(32)	336
40.	Tap on fees collected	(963)	2014	30	[3]	(32)	304
41.	Tap on fees collected	(963)	2015	30	[3]	(32)	272
42.	Tap on fees collected	0	2016	30	[3]	0	0
43.	Tap on fees collected	(1,926)	2017	30	[3]	(64)	416
44.	Tap on fees collected	(963)	2018	30	[3]	(32)	176
45.	Tap on fees collected	(1,966)	2019	30	[3]	(66)	297
46.	Tap on fees collected	0	2020	30	[3]	0	0
47.	Total tap on fees (Sum of L39 thru L46)	<u>(7,745)</u>				<u>(258)</u>	<u>1,801</u>
48.	Total CIAC (L28 + L38 + L47)	<u>(\$3,119,444)</u>				<u>(\$94,944)</u>	<u>\$2,482,373</u>

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.
 [2] Per examination of Company's financial records.
 [3] Per recommendation of Public Staff witness Franklin.

[4] Calculated based on year placed in service using half year convention.
 [5] Column (a) divided by Column (c), unless fully amortized.
 [6] Column (d) multiplied by Column (e), unless fully amortized.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF CONTRIBUTIONS IN AID OF
 CONSTRUCTION, ACCUMULATED AMORTIZATION
 AND AMORTIZATION EXPENSE**

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

Mountain Air - Sewer Operations

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service [4] (d)	Annual Amortization [5] (e)	Accumulated Amortization [6] (f)
Contributed Property:							
1.	Pre 1/1/01 Sewer System	(\$1,200,917)	2001	30	22.5	(\$40,031)	\$900,698
2.	Sewage Storage Tanks	(4,980)	2001	30	22.5	(166)	3,735
3.	Sewer Lines 2001	(129,492)	2001	50	22.5	(2,590)	58,275
4.	Contributed Telemetry Additions 2001	(41,339)	2001	5	22.5	0	41,339
5.	Sewer Notice Sign	(244)	2001	7	22.5	0	244
6.	Sewer Pumping Equipment 2001	(29,573)	2001	7	22.5	0	29,573
7.	Office Furniture - Sewer	(492)	2002	7	21.5	0	492
8.	Sewer Pipes	(2,674)	2002	50	21.5	(53)	1,140
9.	Sewage System Engineering	(26,564)	2002	15	21.5	0	26,564
10.	Lift Station Pumps	(10,883)	2002	7	21.5	0	10,883
11.	Total contributed property (Sum of L1 thru L10)	<u>(1,447,158)</u>				<u>(42,840)</u>	<u>1,072,943</u>
Tap On Fees:							
12.	Tap on fees collected	(97,500)	2001	30	22.5	(3,250)	73,125
13.	Tap on fees collected	(101,800)	2002	30	21.5	(3,393)	72,950
14.	Tap on fees collected	(24,000)	2003	30	20.5	(800)	16,400
15.	Tap on fees collected	(20,000)	2004	30	19.5	(667)	13,007
16.	Tap on fees collected	(44,000)	2005	30	18.5	(1,467)	27,140

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF CONTRIBUTIONS IN AID OF
 CONSTRUCTION, ACCUMULATED AMORTIZATION
 AND AMORTIZATION EXPENSE**

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

Mountain Air - Sewer Operations

Line No.	Item	CIAC (a)	Year Acquired (b)	Amortization Life In Years (c)	Years In Service [4] (d)	Annual Amortization [5] (e)	Accumulated Amortization [6] (f)
17.	Tap on fees collected	(29,850) [1]	2006	[1] 30	[1] 17.5	(995)	17,413
18.	Tap on fees collected	(83,840) [1]	2007	[1] 30	[1] 16.5	(2,795)	46,118
19.	Tap on fees collected	14,770 [1]	2008	[1] 30	[1] 15.5	492	(7,626)
20.	Tap on fees collected	(23,170) [1]	2009	[1] 30	[1] 14.5	(772)	11,194
21.	Total tap on fees (Sum of L12 thru L20)	<u>(409,390)</u>				<u>(13,647)</u>	<u>269,721</u>
<u>CIAC Additions since 2012 rate case:</u>							
22.	Tap on fees collected	(3,847) [2]	2013	[2] 30	[3] 10.5	(128)	1,344
23.	Tap on fees collected	(3,847) [2]	2014	[2] 30	[3] 9.5	(128)	1,216
24.	Tap on fees collected	(3,847) [2]	2015	[2] 30	[3] 8.5	(128)	1,088
25.	Tap on fees collected	0 [2]	2016	[2] 30	[3] 7.5	0	0
26.	Tap on fees collected	(7,693) [2]	2017	[2] 30	[3] 6.5	(256)	1,664
27.	Tap on fees collected	(3,848) [2]	2018	[2] 30	[3] 5.5	(128)	704
28.	Tap on fees collected	(7,854) [2]	2019	[2] 30	[3] 4.5	(262)	1,179
29.	Tap on fees collected	0 [2]	2020	[2] 30	[3] 3.5	0	0
30.	Total tap on fees (Sum of L22 thru L29)	<u>(30,935)</u>				<u>(1,030)</u>	<u>7,195</u>
31.	Total CIAC (L11 + L21 + L30)	<u>(\$1,887,483)</u>				<u>(\$57,517)</u>	<u>\$1,349,859</u>

[1] Per Henry Exhibit I from rate case W-1148 Sub 9.

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

[3] Per recommendation of Public Staff witness Franklin.

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

[5] Column (a) divided by Column (c), unless fully amortized.

[6] Column (d) multiplied by Column (e), unless fully amortized.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE
 FOR INVESTMENTS BY CWSNC AS EO**

Public Staff
 Feasel Exhibit I
 Schedule 2-3(a)

CWSNC EO - Water Investments

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service (d)	Annual Depreciation (e)	Accumulated Depreciation (f)
<u>Water Investments made by CWSNC as EO:</u>							
1.	Meter Installations	\$381 [1]	2022 [1]	30 [2]	1.5	\$13	(\$20)
2.	NC - 2021 - Mountain Air - AMI Water Meter Replacement - 511 CP 2021202	545,303 [1]	2023 [1]	30 [2]	1.0	18,177	(18,177)
3.	NC - 2021 - Mountain Air - Water System SCADA-spend to date	150,418 [1]	2023 [1]	15 [2]	1.0	10,028	(10,028)
4.	NC - 2021 - Mountain Air - Water System Improvements-spend to date	450,726 [1]	2023 [1]	15 [2]	1.0	30,048	(30,048)
5.	Total Water Investments made by CWSNC as EO (Sum of L1 thru L4)	<u>1,146,829</u>				<u>58,266</u>	<u>(58,273)</u>
<u>CIAC collected by CWSNC as EO:</u>							
6.	CIAC Tap fees collected	(14,820) [1]	2022 [1]	30 [2]	1.5	(494)	741
7.	CIAC Plant meter fee	(11,980) [1]	2022 [1]	30 [2]	1.5	(399)	599
8.	Total Water CIAC collected by CWSNC as EO (L6 + L7)	<u>(26,800)</u>				<u>(893)</u>	<u>1,340</u>
9.	Total net plant investments made by CWSNC as EO per Public Staff (L5 + L8)	<u>\$1,120,029</u>				<u>\$57,373</u>	<u>(\$56,933)</u>

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

[2] Per recommendation of Public Staff witness Franklin.

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

[4] Column (a) divided by Column (c), unless fully depreciated.

[5] Column (d) multiplied by Column (e), unless fully depreciated.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE
 FOR INVESTMENTS BY CWSNC AS EO**

Public Staff
 Feasel Exhibit I
 Schedule 2-3(b)

CWSNC EO - Sewer Investments

Line No.	Item	Plant In Service (a)	Year Acquired (b)	Depreciation Life In Years (c)	Years In Service (d)	[3]	Annual Depreciation (e)	[4]	Accumulated Depreciation (f)	[5]
Water Investments made by CWSNC as EO:										
1.	NC - 2021 - Mountain Air - Sewer System SCADA CP 2021147	\$202,518	2022	15	1.5		\$13,501		(\$20,252)	
2.	NC - 2021 - Mountain Air - Sewer System Improvements-estimated	717,760	2023	15	1.0		47,851		(47,851)	
3.	Total Sewer Investments made by CWSNC as EO (L1 + L2)	<u>920,278</u>					<u>61,352</u>		<u>(68,103)</u>	
4.	Total net plant investments made by CWSNC as EO per Public Staff (L3)	<u>\$920,278</u>					<u>\$61,352</u>		<u>(\$68,103)</u>	

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

[2] Per recommendation of Public Staff witness Franklin.

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

[4] Column (a) divided by Column (c), unless fully depreciated.

[5] Column (d) multiplied by Column (e), unless fully depreciated.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
NET OPERATING INCOME FOR A RETURN

Public Staff
 Feasel Exhibit I
 Schedule 3

Line No.	Item	Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Revised Application	Public Staff Adjustments	Per Public Staff [1]	Net Company Increase	Operations After Rate Increase [2]	Net Public Staff Decrease	Operations After Rate Decrease [3]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Operating Revenues:								
1.	Service revenues	\$569,481	\$0	\$569,481	\$229,513	\$798,994	\$143,575	\$713,056
2.	Miscellaneous revenues	809	0	809	0	809	0	809
3.	Uncollectible accounts	0	0	0	0	0	0	0
4.	Total operating revenues	570,290	0	570,290	229,513	799,803	143,575	713,865
Operating Expenses:								
5.	Outside labor	8,408	0	8,408	0	8,408	0	8,408
6.	Salaries	86,332	0	86,332	0	86,332	0	86,332
7.	Administrative and office expense	39,872	0	39,872	0	39,872	0	39,872
8.	Electric power	65,437	0	65,437	0	65,437	0	65,437
9.	Purchased sewer	228,017	0	228,017	0	228,017	0	228,017
10.	Chemicals	4,917	0	4,917	0	4,917	0	4,917
11.	Testing	1,860	0	1,860	0	1,860	0	1,860
12.	Maintenance and repair	21,265	(8,205)	13,060	0	13,060	0	13,060
13.	Transportation	10,616	0	10,616	0	10,616	0	10,616
14.	rate case amortization	4,418	0	4,418	0	4,418	0	4,418
15.	Commission Ordered Adjustments	2,176	0	2,176	0	2,176	0	2,176
16.	other regulatory expenses	4,122	0	4,122	0	4,122	0	4,122
17.	Corporate Allocation	79,370	0	79,370	0	79,370	0	79,370
18.	Regional Allocation	9,231	0	9,231	0	9,231	0	9,231
19.	Miscellaneous expenses	0	8,205	8,205	0	8,205	0	8,205
20.	Total operating expenses	566,039	0	566,040	0	566,040	0	566,040
Depreciation and Taxes:								
21.	Depreciation	25,339	(49,245)	(23,906)	0	(23,906)	0	(23,906)
22.	Property tax	490	0	490	0	490	0	490
23.	Payroll tax	4,316	0	4,316	0	4,316	0	4,316
24.	Regulatory fee - other taxes	0	798	798	322	1,120	202	1,000
25.	Gross receipts tax	745	(745)	0	0	0	0	0
26.	State income tax	0	0	0	5,185	5,185	3,039	3,039
27.	Federal income tax	0	0	0	42,466	42,466	24,894	24,894
28.	Total depreciation and taxes	30,890	(49,192)	(18,302)	47,973	29,671	28,135	9,833
29.	Total operating revenue deductions	596,929	(49,191)	547,738	47,973	595,710	28,135	575,872
30.	Net operating income for return	(\$26,640)	\$49,191	\$22,552	\$181,540	\$204,092	\$115,441	\$137,993

[1] Public Staff Feasel Exhibit I, Schedule 3(a) plus Schedule 3(b), column (c).
 [2] Public Staff Feasel Exhibit I, Schedule 3(a) plus Schedule 3(b), column (e).
 [3] Public Staff Feasel Exhibit I, Schedule 3(a) plus Schedule 3(b), column (g).

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
NET OPERATING INCOME FOR A RETURN

Public Staff
 Feasel Exhibit I
 Schedule 3(a)
 Page 1 of 2

Line No.	Item	Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Financial Record	Public Staff Adjustments	Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Operating Revenues:								
1.	Service revenues	\$174,600	\$0	\$174,600	\$143,711	\$318,311 [4]	\$91,861	\$266,462 [15]
2.	Miscellaneous revenues	402	0	402	0	402	0	402
3.	Uncollectible accounts	0	0	0	0	0	0	0
4.	Total operating revenues (Sum L 1 thru L 3)	<u>175,002</u>	<u>0</u>	<u>175,002</u>	<u>143,711</u>	<u>318,713</u>	<u>91,861</u>	<u>266,863 [16]</u>
Operating Expenses:								
5.	Outside labor	4,329	0	4,329	0	4,329	0	4,329
6.	Salaries	48,176	0	48,176	0	48,176	0	48,176
7.	Administrative and office expense	23,315	0	23,315	0	23,315	0	23,315
8.	Electric power	26,668	0	26,668	0	26,668	0	26,668
9.	Purchased water	0	0	0	0	0	0	0
10.	Chemicals	4,917	0	4,917	0	4,917	0	4,917
11.	Testing	1,845	0	1,845	0	1,845	0	1,845
12.	Maintenance and repair	4,617	(2,464)	2,153 [4]	0	2,153	0	2,153
13.	Transportation	5,467	0	5,467	0	5,467	0	5,467
14.	Rate case amortization	2,276	0	2,276	0	2,276	0	2,276
15.	Commission Ordered Adjustments	1,120	0	1,120	0	1,120	0	1,120
16.	Other regulatory expenses	3,613	0	3,613	0	3,613	0	3,613
17.	Corporate Allocation	40,875	0	40,875	0	40,875	0	40,875
18.	Regional Allocation	4,754	0	4,754	0	4,754	0	4,754
19.	Miscellaneous expenses	0	2,464	2,464 [4]	0	2,464	0	2,464
20.	Total operating expenses (Sum L 5 thru L 19)	<u>171,971</u>	<u>(0)</u>	<u>171,971</u>	<u>0</u>	<u>171,971</u>	<u>0</u>	<u>171,971</u>
Depreciation and Taxes:								
21.	Depreciation	6,960	(16,414)	(9,454) [5]	0	(9,454)	0	(9,454)
22.	Property taxes	144	0	144	0	144	0	144
23.	Payroll taxes	2,223	0	2,223	0	2,223	0	2,223
24.	Regulatory fee - other taxes	0	245	245 [6]	201	446 [10]	129	374 [17]
25.	Franchise (gross receipts) tax	218	(218)	0 [7]	0	0	0	0
26.	State income tax	0	0	0	3,156	3,156 [11]	1,861	1,861 [18]
27.	Federal income tax	0	0	0	25,846	25,846 [12]	15,244	15,244 [19]
28.	Total depreciation and taxes (Sum L 21 thru L 27)	<u>9,545</u>	<u>(16,388)</u>	<u>(6,842)</u>	<u>29,203</u>	<u>22,361</u>	<u>17,234</u>	<u>10,392</u>
29.	Total operating revenue deductions (L 20 + L 28)	<u>181,516</u>	<u>(16,388)</u>	<u>165,129</u>	<u>29,203</u>	<u>194,332</u>	<u>17,234</u>	<u>182,363</u>
30.	Net operating income for return (L 4 - L 29)	<u>(\$6,515)</u>	<u>\$16,388</u>	<u>\$9,873</u>	<u>\$114,508</u>	<u>\$124,381</u>	<u>\$74,627</u>	<u>\$84,500</u>

MOUNTAIN AIR UTILITIES CORPORATION

Docket No. W-1148 Sub 22

FOOTNOTES TO SCHEDULE 3(a)

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

Mountain Air - Water Operations

- [1] Per examination of Company's financial records.
- [2] Column (c) minus Column (a), unless otherwise footnoted.
- [3] Column (a) plus Column (b), unless otherwise footnoted.
- [4] Provided by Public Staff witness Franklin.
- [5] Total annual depreciation and amortization expense per Public Staff Feasel Exhibit I, Schedule 2-1 (a) and 2-2 (a).
- [6] Column (c) Line 4 * 0.14%
- [7] Remove non applicable gross receipts tax .
- [8] Column (e) minus Column (c), unless otherwise footnoted.
- [9] Column (c) plus Column (d), unless otherwise footnoted.
- [10] Column (e) Line 4 * 0.14%
- [11] Public Staff Feasel Exhibit I, Schedule 3-1 (a), column (b), line 12.
- [12] Public Staff Feasel Exhibit I, Schedule 3-1 (a), column (b), line 14.
- [13] Column (g) minus Column (c), unless otherwise footnoted.
- [14] Column (c) plus Column (f), unless otherwise footnoted.
- [15] Service revenue as calculated by the Public Staff.
- [16] Revenue requirement as calculated by the Public Staff.
- [17] Column (g) Line 4 * 0.14%
- [18] Public Staff Feasel Exhibit I, Schedule 3-1 (a), column (c), line 12.
- [19] Public Staff Feasel Exhibit I, Schedule 3-1 (a), column (c), line 14.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
NET OPERATING INCOME FOR A RETURN

Public Staff
 Feasel Exhibit I
 Schedule 3(b)
 Page 1 of 2

Mountain Air - Sewer Operations

Line No.	Item	Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Financial Record [1]	Public Staff Adjustments [2]	Per Public Staff [3]	Net Company Increase [8]	Operations After Rate Increase [9]	Net Public Staff Increase [13]	Operations After Rate Increase [14]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Operating Revenues:								
1.	Service revenues	\$394,881	\$0	\$394,881	\$85,802	\$480,683 [4]	\$51,714	\$446,595 [15]
2.	Miscellaneous revenues	407	0	407	0	407	0	407
3.	Uncollectible accounts	0	0	0	0	0	0	0
4.	Total operating revenues (Sum L 1 thru L 3)	<u>395,288</u>	<u>0</u>	<u>395,288</u>	<u>85,802</u>	<u>481,090</u>	<u>51,714</u>	<u>447,002 [16]</u>
Operating Expenses:								
5.	Outside labor	4,079	0	4,079	0	4,079	0	4,079
6.	Salaries	38,156	0	38,156	0	38,156	0	38,156
7.	Administrative and office expense	16,557	0	16,557	0	16,557	0	16,557
8.	Utility-Electric Power	38,770	0	38,770	0	38,770	0	38,770
9.	Purchased sewer	228,017	0	228,017	0	228,017	0	228,017
10.	Chemicals	0	0	0	0	0	0	0
11.	Testing	15	0	15	0	15	0	15
12.	Maintenance and repair	16,648	(5,741)	10,907 [4]	0	10,907	0	10,907
13.	Transportation	5,149	0	5,149	0	5,149	0	5,149
14.	Rate case amortization	2,142	0	2,142	0	2,142	0	2,142
15.	Commission Ordered Adjustments	1,055	0	1,055	0	1,055	0	1,055
16.	Other regulatory expenses	509	0	509	0	509	0	509
17.	Corporate Allocation	38,495	0	38,495	0	38,495	0	38,495
18.	Regional Allocation	4,477	0	4,477	0	4,477	0	4,477
19.	Miscellaneous expenses	0	5,741	5,741 [4]	0	5,741	0	5,741
20.	Total operating expenses (Sum L 5 thru L 19)	<u>394,068</u>	<u>0</u>	<u>394,069</u>	<u>0</u>	<u>394,069</u>	<u>0</u>	<u>394,069</u>
Depreciation and Taxes:								
21.	Depreciation	18,379	(32,831)	(14,452) [5]	0	(14,452)	0	(14,452)
22.	Property tax	346	0	346	0	346	0	346
23.	Payroll tax	2,093	0	2,093	0	2,093	0	2,093
24.	Regulatory fee - other taxes	0	553	553 [6]	121	674 [10]	73	626 [17]
25.	Franchise (gross receipts) tax	527	(527)	0 [7]	0	0	0	0
26.	State income tax	0	0	0	2,029	2,029 [11]	1,178	1,178 [18]
27.	Federal income tax	0	0	0	16,620	16,620 [12]	9,650	9,650 [19]
28.	Total depreciation and taxes (Sum L 21 thru L 27)	<u>21,345</u>	<u>(32,804)</u>	<u>(11,459)</u>	<u>18,770</u>	<u>7,310</u>	<u>10,901</u>	<u>(559)</u>
29.	Total operating revenue deductions (L 20 + L 28)	<u>415,413</u>	<u>(32,804)</u>	<u>382,609</u>	<u>18,770</u>	<u>401,379</u>	<u>10,901</u>	<u>393,510</u>
30.	Net operating income for return (L 4 - L 29)	<u>(\$20,125)</u>	<u>\$32,804</u>	<u>\$12,679</u>	<u>\$67,032</u>	<u>\$79,711</u>	<u>\$40,813</u>	<u>\$53,492</u>

MOUNTAIN AIR UTILITIES CORPORATION

Docket No. W-1148 Sub 22
FOOTNOTES TO SCHEDULE 3(b)

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

Mountain Air - Sewer Operations

- [1] Per examination of Company's financial records.
- [2] Column (c) minus Column (a), unless otherwise footnoted.
- [3] Column (a) plus Column (b), unless otherwise footnoted.
- [4] Provided by Public Staff witness Franklin.
- [5] Total annual depreciation and amortization expense per Public Staff Feasel Exhibit I, Schedule 2-1 (b) and 2-2 (b).
- [6] Column (c) Line 4 * 0.14%
- [7] Remove non applicable gross receipts tax .
- [8] Column (e) minus Column (c), unless otherwise footnoted.
- [9] Column (c) plus Column (d), unless otherwise footnoted.
- [10] Column (e) Line 4 * 0.14%
- [11] Public Staff Feasel Exhibit I, Schedule 3-1 (b), column (b), line 12.
- [12] Public Staff Feasel Exhibit I, Schedule 3-1 (b), column (b), line 14.
- [13] Column (g) minus Column (c), unless otherwise footnoted.
- [14] Column (c) plus Column (f), unless otherwise footnoted.
- [15] Service revenue as calculated by the Public Staff.
- [16] Revenue requirement as calculated by the Public Staff.
- [17] Column (g) Line 4 * 0.14%
- [18] Public Staff Feasel Exhibit I, Schedule 3-1 (b), column (c), line 12.
- [19] Public Staff Feasel Exhibit I, Schedule 3-1 (b), column (c), line 14.

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
CALCULATION OF INCOME TAXES

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

Line No.	Mountain Air - Water Operations Item	Present	Company	Public Staff
		Rates [1] (a)	Proposed Rates [2] (b)	Recommended Rates [3] (c)
1.	Operating revenue	\$175,002	\$318,713	\$266,863
2.	Operating revenue deductions:			
3.	Operating expenses	171,971	171,971	171,971
4.	Depreciation expense	(9,454)	(9,454)	(9,454)
5.	Property taxes	144	144	144
6.	Other taxes	2,223	2,223	2,223
7.	Regulatory fee	245	446	374
8.	Gross receipts tax	0	0	0
9.	Interest expense	27,153	27,153	27,153
10.	Total deductions (Sum of L3 thru L9)	192,282	192,483	192,411
11.	State taxable income (L1 - L10)	(17,280)	126,230	74,452
12.	State income tax (L11 x 2.5%)	0	3,156	1,861
13.	Federal taxable income (L11 - L12)	(17,280)	123,074	72,591
14.	Federal income tax (L13 x 21%)	0	25,846	15,244
15.	Net amount (L13 - L14)	(17,280)	97,228	57,347
16.	Add: Interest expense (L9)	27,153	27,153	27,153
17.	Net income for return (L15 + L16)	<u>\$9,873</u>	<u>\$124,381</u>	<u>\$84,500</u>

[1] Public Staff Feasel Exhibit I, Schedule 3(a), column (c).
 [2] Public Staff Feasel Exhibit I, Schedule 3(a), column (e).
 [3] Public Staff Feasel Exhibit I, Schedule 3(a), column (g).

MOUNTAIN AIR UTILITIES CORPORATION

Docket No. W-1148 Sub 22
CALCULATION OF INCOME TAXES

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

Line No.	Mountain Air - Sewer Operations Item	Present	Company	Public Staff
		Rates	Proposed	Recommended
		(a)	(b)	(c)
1.	Operating revenue	\$395,288	\$481,090	\$447,002
2.	Operating revenue deductions:			
3.	Operating expenses	394,069	394,069	394,069
4.	Depreciation expense	(14,452)	(14,452)	(14,452)
5.	Property taxes	346	346	346
6.	Other taxes	2,093	2,093	2,093
7.	Regulatory fee	553	674	626
8.	Gross receipts tax	0	0	0
9.	Interest expense	17,188	17,188	17,188
10.	Total deductions (Sum of L3 thru L9)	399,797	399,918	399,870
11.	State taxable income (L1 - L10)	(4,509)	81,172	47,132
12.	State income tax (L11 x 2.5%)	0	2,029	1,178
13.	Federal taxable income (L11 - L12)	(4,509)	79,143	45,954
14.	Federal income tax (L13 x 21%)	0	16,620	9,650
15.	Net amount (L13 - L14)	(4,509)	62,523	36,304
16.	Add: Interest expense (L9)	17,188	17,188	17,188
17.	Net income for return (L15 + L16)	\$12,679	\$79,711	\$53,492

[1] Public Staff Feasel Exhibit I, Schedule 3(b), column (c).
 [2] Public Staff Feasel Exhibit I, Schedule 3(b), column (e).
 [3] Public Staff Feasel Exhibit I, Schedule 3(b), column (g).

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
CALCULATION OF REVENUE REQUIREMENT
 System Specific Rates

Public Staff
 Feasel Exhibit I
 Workpaper

Mountain Air - Water Operations

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement (f)
	<u>Operating revenue deductions:</u>						
2.	General expenses	\$171,971			\$171,971		
3.	Depreciation expense	(9,454)			(9,454)		
4.	Property tax	144			144		
5.	Other tax	<u>2,223</u>			<u>2,223</u>		
6.	Total	164,884	0.9986000	\$165,115	164,884	0.9986000	\$165,115
7.	Adjustment for regulatory fee						
	<u>Net operating income for return:</u>						
8.	Debt service return	27,153	0.9986000	27,191			
9.	Equity return:						
10.	REG @ .14%, SIT @ 2.5%, FIT @ 21%	57,348	0.7691717	74,557	11,905	0.7691717	15,478
11.							
12.							
13.							
14.							
15.	Revenue requirement - both methods			<u>\$266,863</u>			<u>\$180,593</u>
16.	Revenue requirement recommended by Public Staff			<u>\$266,863</u>			<u>\$266,863</u>

MOUNTAIN AIR UTILITIES CORPORATION
 Docket No. W-1148 Sub 22
CALCULATION OF REVENUE REQUIREMENT
 System Specific Rates

Public Staff
 Feasel Exhibit I
 Workpaper

Mountain Air - Sewer Operations

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement (f)
<u>Operating revenue deductions:</u>							
1.	General expenses	\$394,069			\$394,069		
3.	Depreciation expense	(14,452)			(14,452)		
4.	Property tax	346			346		
5.	Other tax	<u>2,093</u>			<u>2,093</u>		
6.	Total	382,056	0.9986000	\$382,592	382,056	0.9986000	\$382,592
7.	Adjustment for regulatory fee						
<u>Net operating income for return:</u>							
8.	Debt service return	17,188	0.9986000	17,212			
9.	Equity return:						
10.	REG @ .14%, SIT @ 2.5%, FIT @ 21%	36,304	0.7691717	47,198	27,584	0.7691717	35,862
11.							
12.							
13.							
14.							
15.	Revenue requirement - both methods			<u>\$447,002</u>			<u>\$418,454</u>
16.	Revenue requirement recommended by Public Staff			<u>\$447,002</u>			<u>\$447,002</u>