

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

October 25, 2019

Ms. Kimberley Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Carolina Water Service, Inc. of North Carolina (Emergency Operator
of Riverbend Estates Water System)
Docket No. W-390, Sub 13
Filing of Quarterly Financial Reports (July - September 2019
Calendar Quarter) - **FINAL REPORTS**

Dear Ms. Campbell:

Pursuant to decretal paragraph number 4.a. of the Order Appointing Emergency Operator, Approving Increased Rates, and Requiring Customer Notice issued in Docket No. W-390, Sub 13 on May 16, 2017, Carolina Water Service, Inc. of North Carolina ("CWSNC" or "Company") hereby files certain quarterly financial reports for the July - September 2019 calendar quarter. The Company files these reports in its capacity as Emergency Operator of the water utility system which was formerly operated by Riverbend Estates Water System, Inc.

Because the transfer to CWSNC of the water utility assets owned by Riverbend Estates Water System, Inc. was closed on September 19, 2019, and Riverbend's former utilities holdings are now owned and operated by the Company, these are the final quarterly financial reports which CWSNC will file in its capacity as Emergency Operator.

As always, thank you and your staff for your assistance; please feel free to contact me if there are any questions or suggestions.

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford

Attorney for Carolina Water Service,
Inc. of North Carolina (Emergency
Operator)

cc: Parties of Record

Riverbend Estates Water System
 Carolina Water Service, Inc. of NC as EO
 Docket No. W-390, Sub 13
 Revenues, Expenses, and Reserve Balances
 For Q3 2019 - Final Filing

Schedule 1

Line No.	<u>Item</u>	<u>Riverbend Estates</u> (a)
1	Revenues	24,425.64 [1]
2	Expenses for a return	42,198.36 [2]
3	Regulatory fee (L1 x 0.14%)	34.20
4	Gross receipts tax (L1 x 0%)	0.00
5	Pre-tax return on expenses	4,245.86 [3]
6	Total expenses and return (Sum of L2 thru L5)	46,478.42
7	Net activity for the month (L1 - L6)	(\$22,052.78)
8	Reserve balance prior quarter	(\$95,564.75)
9	Net activity for the month (L7)	(22,052.78)
10	Reserve balance (L8 + L9)	(\$117,617.53)
[1]	Total revenues from Schedule 2.	
[2]	Total expenses for return from Schedule 2.	
[3]	Schedule 1(a), Line 5.	

Riverbend Estates Water System

Schedule 1(a)

Carolina Water Service, Inc. of NC as EO

Docket No. W-390, Sub 13

Calculation of Pre-Tax Return

For Q3 2019 - Final Filing

Line			
No.	Item	Riverbend Estates (a)	
	<u>Calculation of Pre-Tax Return</u>		
1	Expenses for return	\$42,198.36	[1]
2	Overall rate of return	7.75%	[2]
3	Return on expenses (L1 x L2)	3,270.37	
4	Retention factor for income taxes (L10)	0.770250	
5	Pre-tax return on expenses (L3 / L4)	<u>\$4,245.86</u>	
	<u>Calculation of Retention Factor</u>		
6	Revenues	1.000000	
7	Less: State income tax at 2.5%	0.025000	
8	Federal taxable income	0.975000	
9	Less: Federal income tax at 21%	0.204750	
10	Retention factor for income taxes	<u>0.770250</u>	

[1] Schedule 1, Line 2.

[2] Overall return authorized by Commission for CWSNC on February 21, 2019 in Docket No. W-354, Sub 360.

Riverbend Estates Water System
 Carolina Water Service, Inc. of NC as EO
 Docket No. W-390, Sub 13
 Revenues and Expenses
 For Q3 2019 - Final Filing

Schedule 2

Account Number	Account Description	Riverbend Estates (BU 196100) (a)	Post Acquisition Adjustments (b)	As Adjusted Total (c)
5025	WATER REVENUE-RESIDENTIAL	(23,674.85)	-	(23,674.85)
5030	WATER REVENUE-ACCRUALS	(645.59)	-	(645.59)
5265	FORFEITED DISCOUNTS	(55.20)	-	(55.20)
5270	MISC SERVICE REVENUE	-	-	-
5285	OTHER W/S REVENUES	(50.00)	-	(50.00)
5405	REV FROM MGMT SERVICES	-	-	-
Total Revenues		(24,425.64)	-	(24,425.64)
5435	PURCHASED WATER-WATER S	20,225.27	(4,021.75)	16,203.52
5465	ELEC PWR - WATER SYSTEM	-	-	-
5495	METER READING	-	-	-
5505	AGENCY EXPENSE	1.30	(0.45)	0.85
5510	UNCOLLECTIBLE ACCOUNTS	-	-	-
5515	UNCOLL ACCOUNTS ACCRUAL	199.00	-	199.00
5525	BILL STOCK	-	-	-
5530	BILLING COMPUTER SUPPLI	-	-	-
5535	BILLING ENVELOPES	-	-	-
5540	BILLING POSTAGE	(8.21)	(11.30)	(19.51)
5545	CUSTOMER SERVICE PRINTING	186.24	(17.27)	168.97
5580	NON-REGULATED COGS B	-	-	-
5625	401K/ESOP CONTRIBUTIONS	123.35	(39.00)	84.35
5630	HEALTH & DENTAL PREMIUMS	116.84	(39.09)	77.75
5635	DENTAL INS REIMBURSEMENTS	22.88	(7.98)	14.90
5645	EMPLOYEE INS DEDUCTIONS	(198.82)	58.01	(140.81)
5650	HEALTH COSTS & OTHER	1.05	-	1.05
5655	HEALTH INS REIMBURSEMENTS	728.92	(238.48)	490.44
5660	OTHER EMP PENSION/BENEFITS	8.65	(3.41)	5.24
5665	PENSION CONTRIBUTIONS	110.52	(31.37)	79.15
5670	TERM LIFE INS	46.68	(13.46)	33.22
5675	TERM LIFE INS-OPT	(11.41)	3.45	(7.96)
5680	DEPEND LIFE INS-OPT	(5.24)	1.59	(3.65)
5690	TUITION	2.97	-	2.97
5705	INSURANCE-GEN LIAB	318.56	(105.96)	212.60
5715	INSURANCE-OTHER	60.69	(27.16)	33.53
5735	COMPUTER MAINTENANCE	173.18	(74.60)	98.58
5740	COMPUTER SUPPLIES	0.13	-	0.13
5745	COMPUTER AMORT & PROG COST	-	-	-
5750	INTERNET SUPPLIER	45.46	(21.12)	24.34
5785	ADVERTISING/MARKETING	0.74	-	0.74
5790	BANK SERVICE CHARGE	10.38	(3.45)	6.93
5805	LICENSE FEES	1.82	(0.28)	1.54
5810	MEMBERSHIPS	3.22	(0.30)	2.92
5820	TRAINING EXPENSE	20.26	(10.73)	9.53
5825	OTHER MISC EXPENSE	18.48	(1.01)	17.47
5855	ANSWERING SERVICE	5.23	(1.59)	3.64
5860	CLEANING SUPPLIES	0.02	-	0.02
5865	COPY MACHINE	1.52	(0.22)	1.30
5875	KITCHEN SUPPLIES	2.32	(0.49)	1.83

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Account Number	Account Description	Riverbend Estates (BU 196100) (a)	Post Acquisition Adjustments (b)	As Adjusted Total (c)
5880	OFFICE SUPPLY STORES	4.06	(1.21)	2.85
5885	PRINTING/BUEPRINTS	3.17	(0.26)	2.91
5890	PUBL SUBSCRIPTIONS/TAPES	-	-	-
5895	SHIPPING CHARGES	20.62	(14.71)	5.91
5900	OTHER OFFICE EXPENSES	3.48	(0.98)	2.50
5930	OFFICE ELECTRIC	0.93	(0.49)	0.44
5935	OFFICE GAS	0.05	-	0.05
5940	OFFICE WATER	0.11	-	0.11
5945	OFFICE TELECOM	129.96	(24.74)	105.22
5950	OFFICE GARBAGE REMOVAL	(0.47)	-	(0.47)
5955	OFFICE LANDSCAPE / MOW / PLOW	0.47	-	0.47
5960	OFFICE ALARM SYS PHONE EXP	1.13	-	1.13
5965	OFFICE MAINTENANCE	3.35	(1.52)	1.83
5970	OFFICE CLEANING SERVICE	-	-	-
5975	OFFICE MACHINE/HEAT&COOL	-	-	-
5980	OTHER OFFICE UTILITIES	0.02	(0.02)	-
5985	TELEMETERING PHONE EXPENSE	-	-	-
6010	AUDIT FEES	51.56	(17.13)	34.43
6015	EMPLOY FINDER FEES	0.03	-	0.03
6020	ENGINEERING FEES	-	-	-
6025	LEGAL FEES	8,156.48	5,116.70	13,273.18
6030	MANAGEMENT FEES	583.39	(244.92)	338.47
6035	PAYROLL SERVICES	16.88	(6.02)	10.86
6040	TAX RETURN REVIEW	26.88	(8.93)	17.95
6045	TEMP EMPLOY - CLERICAL	3.22	(3.22)	-
6050	OTHER OUTSIDE SERVICES	1,082.37	(34.91)	1,047.46
6065	RATE CASE AMORT EXPENSE	47.62	(15.90)	31.72
6070	MISC REG MATTERS COMM EXP	413.14	-	413.14
6090	RENT	197.97	(65.91)	132.06
6110	SALARIES-ACCTG/FINANCE	149.36	(48.80)	100.56
6115	SALARIES-ADMIN	32.75	(10.60)	22.15
6120	SALARIES-OFFICERS/STKHLDR	200.99	(80.63)	120.36
6125	SALARIES-HR	48.78	(16.35)	32.43
6130	SALARIES-MIS	88.29	(29.87)	58.42
6135	SALARIES-LEADERSHIP OPS	449.91	(119.20)	330.71
6140	SALARIES-REGULATORY	16.19	(5.34)	10.85
6145	SALARIES-CUSTOMER SERVICE	182.66	(48.81)	133.85
6146	SALARIES-BILLING	69.14	(22.72)	46.42
6147	SALARIES-CORP SERVICE A	23.81	(7.91)	15.90
6150	SALARIES-OPERATIONS FIELD	136.32	(32.70)	103.62
6155	SALARIES-OPERATIONS OFFICE	21.30	(6.85)	14.45
6165	CAPITALIZED TIME ADJUSTMENT	(163.09)	56.83	(106.26)
6185	TRAVEL LODGING	27.51	(7.58)	19.93
6190	TRAVEL AIRFARE	23.31	(6.75)	16.56
6195	TRAVEL TRANSPORTATION	6.62	(2.05)	4.57
6200	TRAVEL MEALS	6.79	(1.86)	4.93
6205	TRAVEL ENTERTAINMENT	0.43	(0.03)	0.40
6207	TRAVEL OTHER	10.32	(3.20)	7.12
6215	FUEL	195.46	(63.18)	132.28

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6220	AUTO REPAIR/TIRES	105.98	(33.33)	72.65
6225	AUTO LICENSES	3.90	-	3.90
6230	OTHER TRANS EXPENSES	7.93	-	7.93
6255	TEST-WATER	488.47	-	488.47
6260	TEST-EQUIP/CHEMICAL	-	-	-
6285	WATER-MAINT SUPPLIES	-	-	-
6290	WATER-MAINT REPAIRS	6,734.42	-	6,734.42
6300	WATER-ELEC EQUIPT REPAIR	-	-	-
6305	WATER-PERMITS	-	-	-
6310	WATER-OTHER MAINT EXP	-	-	-
6355	DEFERRED MAINT EXPENSE	28.22	(14.13)	14.09
6360	COMMUNICATION EXPENSE	2.89	(2.04)	0.85
6370	OPER CONTRACTED WORKERS	-	-	-
6385	UNIFORMS	6.23	(1.05)	5.18
6390	WEATHER/HURRICANE COSTS	9.40	(3.09)	6.31
6510	DEPREC-ELEC PUMP EQP WTP	-	-	-
6525	DEPREC-DIST RESV & STANDPIPES	-	-	-
6530	DEPREC-TRANS & DISTR MA	-	-	-
6580	DEPREC-OFFICE STRUCTURE	22.86	(7.60)	15.26
6585	DEPREC-OFFICE FURN/EQPT	16.79	(5.58)	11.21
6595	DEPREC-TOOL SHOP & MISC EQPT	0.06	(0.02)	0.04
6605	DEPREC-POWER OPERATED EQUIP	-	-	-
6610	DEPREC-COMMUNICATION EQPT	7.03	(2.34)	4.69
6905	DEPREC-AUTO TRANS	271.97	(94.98)	176.99
6920	DEPREC-COMPUTER	251.61	(84.62)	166.99
6960	AMORT OF UTIL PAA-WATER	94.70	-	94.70
7165	AMORT-WATER-TAP	(11.25)	-	(11.25)
7510	FICA EXPENSE	289.16	(93.06)	196.10
7515	FEDERAL UNEMPLOYMENT TAX	1.06	(0.27)	0.79
7520	STATE UNEMPLOYMENT TAX	2.68	(0.64)	2.04
7545	PERSONAL PROPERTY/ICT TAX	110.20	-	110.20
7550	PROPERTY/OTHER GENERAL TAX	(17.24)	(0.55)	(17.79)
7555	REAL ESTATE TAX	18.68	-	18.68
7735	S/T INT EXP BANK ONE	(0.16)	(0.01)	(0.17)
		42,930.86	(732.50)	42,198.36
Operating Income		18,505.22	(732.50)	17,772.72

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing **Quarterly Financial Reports for the Riverbend Estates Water System (July - September 2019 Calendar Quarter)** in Docket No. W-390, Sub 13 on all parties of record in this proceeding, in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 25th day of October, 2019.

Electronically Submitted
/s/Jo Anne Sanford
State Bar No. 6831

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