



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

February 2, 2023

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

Re: Docket No. W-354, Sub 400 – Application by Carolina Water Service, Inc. of North Carolina for Authority to Adjust and Increase Rates and Charges for Water and Sewer Utility Service in All Service Areas of North Carolina and Approval of a Three-Year Water and Sewer Investment Plan

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket is the public version of the Public Staff's Proposed Order, submitted in compliance with the Commission's Scheduling Order of September 2, 2022, and its two orders extending the time for filing (January 11<sup>th</sup> and 31<sup>st</sup>, 2023). Redacted confidential information is located on pages 101-102, and 109. Also included herein is Updated Public Staff Settlement Exhibit 1, which, pursuant to Section II, paragraph D of the Partial Settlement and Stipulation Agreement between the Public Staff and Carolina Water Service, Inc. of North Carolina (CWSNC) filed on November 22, 2022, includes final rate case expenses. CWSNC is contemporaneously filing today, with its proposed order, an Affidavit of Matthew Schellinger, which provides the rate case expenses. The Public Staff and CWSNC request in our respective proposed orders that the Updated Public Staff Settlement Exhibit 1 be admitted into evidence in this docket.

On November 22, 2022, CWSNC and the Public Staff (Parties) reached a settlement in this case of all issues except two: (1) Return on Equity (ROE); and (2) the application of the statutory WSIP 5% rate cap. Particularly because of the impact of ROE on proposed rates, it is necessary for the Parties to file separate proposed orders. However, the Parties worked together to synchronize their

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proposed orders as much as possible. Accordingly, the Parties' respective proposed orders largely track each other except for the findings, discussions, and conclusions concerning the two disputed issues and the resulting revenues, revenue requirements, and rates, which will be provided by the Public Staff upon issuance of a final Commission order in this docket. Additionally, as the Parties have better understood the Commission's expectations regarding penalties and incentives, they have committed to the Commission to file a Supplemental Proposed Order (or Orders), by March 17, 2023, to address those topics sooner than had been agreed upon by the Parties in the Settlement Agreement.

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

Sincerely,

Electronically submitted

/s/ Gina C. Holt

Manager, Legal Division, Water, Sewer,  
Telephone, & Transportation Sections

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/s/ John D. Little

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Attachments

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. W-354, SUB 400

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Carolina Water Service, Inc. of )  
North Carolina for Authority to Adjust and )  
Increase Rates and Charges for Water and ) PUBLIC STAFF'S  
Sewer Utility Service in All Service Areas of ) PROPOSED ORDER  
North Carolina and Approval of a Three-Year )  
Water and Sewer Investment Plan )

HEARD: November 28-29, 2022

BEFORE: Commissioner Daniel G. Clodfelter, Presiding, Chair Charlotte A. Mitchell, and Commissioners ToNola D. Brown-Bland, Kimberley W. Duffley, Jeffrey A. Hughes, Floyd B. McKissick, and Karen M. Kemerait

APPEARANCES:

For Carolina Water Service, Inc. of North Carolina:

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For the Using and Consuming Public:

Gina Holt, Manager, Legal Division, Natural Gas, Water, Sewer,  
Telephone, & Transportation Sections  
John Little, William E. Grantmyre, William Freeman, and Reita D.  
Coxton Staff Attorneys, Public Staff – North Carolina Utilities  
Commission,  
4326 Mail Service Center, Raleigh, North Carolina 27699

BY THE COMMISSION: On May 25, 2022, pursuant to North Carolina Gen. Stat. § 62-133.1B and Commission Rule R1-17(A), Carolina Water Service, Inc. of North Carolina (CWSNC or Company) submitted notice of its intent to file a general rate case application in Docket No. W-354, Sub 400 (Sub 400). On July 1, 2022, CWSNC filed its verified Application (Application) for a general rate increase reflecting the Company's proposed three year Water and Sewer Investment Plan (WSIP) in Sub 400, seeking authority to: (1) implement general increases in its North Carolina water and sewer rates by means of a three-year WSIP (or, alternatively, a general increase in rates); (2) continue to pass through any documented increases in purchased bulk water rates and any documented increased costs of wastewater treatment performed by third parties and billed to CWSNC, subject to CWSNC providing sufficient proof of such increases; (3) reset its approved Water and Sewer System Improvement Charge mechanisms (WSIC/SSIC) to zero, and discontinue the WSIC/SSIC mechanisms during the term of an approved WSIP (with the WSIC/SSIC mechanisms available for use again on the first day following the end of the WSIP period); (4) continue to implement a water efficiency rebate program, including deferral of rebates applied to customer bills; (5) continue to implement fee-free payment options for customers; and (6) put in place a new Sewer Use Rule and accompanying new tariff with wording intended to protect its wastewater systems from damaging industrial and nondomestic contaminants. CWSNC also requested ratemaking and tariff treatment of its pending acquisition of two Watauga County systems. In addition, the Company included as part of its rate case filing certain information

and data required by NCUC Form W-1, Rule R1-17 and Rule R1-17A, and declared its intention to implement temporary, interim rates under N.C.G.S. § 62-135, should the Commission's order not issue within six months after the date that increased rates would have been effective, but for the Commission's suspension.

As part of its Application, CWSNC filed direct testimony of the following witnesses: Donald H. Denton III, President of CWSNC; Dana Hill, Director of State Operations for CWSNC (subsequently adopted by . Tony J. Konsul, Director, State Operations); Philip J. Drennan, Regional Director of Financial Planning and Analysis for CWSNC (subsequently adopted by Mr. Schellinger); Matthew P. Schellinger II, Manager of Financial Planning and Analysis for CWSNC; and Dylan D'Ascendis, Partner at ScottMadden, Inc.

The Company stated in its Application that as of March 31, 2022, it serves approximately 31,242 active water customers, 3,323 water availability customers, 20,330 active sewer customers, and 1,139 sewer availability customers in North Carolina. The present rates for water and sewer service have been in effect since April 8, 2022, pursuant to the Commission's Order Granting Partial Rate Increase and Requiring Customer Notice issued in CWSNC's last general rate case in Docket No. W-354, Sub 384 (Sub 384 Order).

On July 26, 2022, the Commission issued an Order Establishing General Rate Case and Suspending Rates. By that order, the Commission declared the matter to be a general rate case pursuant to N.C.G.S. § 62-137, suspended the proposed new rates for up to 270 days pursuant to N.C.G.S. § 62-134, and

established the Base Case test period for this case as the 12-month period ending March 31, 2022.

On September 2, 2022, the Commission issued an Order Scheduling Hearing, Establishing Intervention and Testimony Due Dates and Discovery Guidelines, and Requiring Notice (Scheduling Order) which required the parties to prefile testimony and exhibits, scheduled the matter for hearing, and required notice to all affected customers. The Scheduling Order scheduled customer hearings to be held in Raleigh on October 3, 2022, at 7:00 p.m.; in Boone on October 20, 2022, at 7:00 p.m.; in Jacksonville on October 25, 2022, at 7:00 p.m.; in Charlotte on October 26, 2022, at 7:00 p.m.; and remotely via Webex on October 19, 2022, at 6:30 p.m. The Commission also set the expert witness hearing to be held in Raleigh, North Carolina, beginning November 28, 2022 at 2:00 p.m.

On September 15, 2022, CWSNC filed a certificate of service demonstrating that the Company provided notice of this general rate case proceeding to customers as required by the Commission's Scheduling Order.

On September 19, 2022, CWSNC filed its rate case updates, schedules, and supporting data as required by Ordering Paragraph No. 7 and 8 of the Commission's Scheduling Order.

The Public Staff – North Carolina Utilities Commission's (Public Staff) participation in this proceeding is recognized pursuant to N.C.G.S. § 62-15(d) and Commission Rule R1-19(e).

Public witness hearings were held as scheduled on the date and in the locations set out in the Scheduling Order, with the exception of Boone, in which an additional virtual hearing was held on October 24, 2022. A total of eighteen<sup>1</sup> Company customers testified as public witnesses at the public witness hearings held in this proceeding.

CWSNC filed Responses on the following dates to Customer Concerns that were expressed at the public hearings:

October 24, 2022, to the Raleigh public hearing;

November 8, 2022, to the Virtual and Jacksonville public hearings;

November 10, 2022, to the Boone public hearings;

November 15, 2022, to the Charlotte public hearing; and

December 19, 2022 as a supplement to the Boone public hearing.

The Public Staff filed responses to CWSNC's report on the Raleigh hearing on November 8, 2022, and filed responses regarding all other public hearings on November 21, 2022.

The Public Staff filed its direct testimony on October 26, 2022, consisting of testimony and exhibits of Public Staff witnesses Darrell Brown, Financial Analyst III, Accounting Division of the Public Staff; Lynn Feasel, Financial Manager,

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<sup>1</sup> Two in Raleigh; five in the Virtual Hearing; one in Jacksonville (this witness had already appeared at the virtual hearing); and eleven in Charlotte. Additionally, one witness from Boone attempted to appear; a follow up visit with him was initiated by CWSNC and a supplemental report was filed.

Accounting Division of the Public Staff; Lindsay Q. Darden, Engineer, Water, Sewer, and Telephone Division of the Public Staff; D. Michael Franklin, Engineer, Water, Sewer, and Telephone Division of the Public Staff; Evan M. Houser, Engineer, Water, Sewer, and Telephone Division of the Public Staff; Jay B. Lucas, Manager of the Electric Section of the Public Staff; Shashi M. Bhatta, Engineer, Water, Sewer, and Telephone Division of the Public Staff; John R. Hinton, Director of the Economic Research Division of the Public Staff; Charles M. Junis, Director of the Water, Sewer, and Telephone Division of the Public Staff; Kuei Fen Sun, Financial Analyst III, Accounting Division of the Public Staff; and Fenge Zhang, Financial Manager, Accounting Division of the Public Staff.

On November 10, 2022, CWSNC filed its rebuttal testimony, consisting of testimony from Donald H. Denton III; Dante M. DeStefano, Director of Regulatory Affairs; Matthew P. Schellinger, II; Tony J. Konsul, Director, State Operations; and Dylan W. D'Ascendis.

On November 22, 2022, CWSNC and the Public Staff (Stipulating Parties) filed a Joint Partial Settlement Agreement and Stipulation (Stipulation). On November 22, 2022, the Stipulating Parties filed testimony supporting the Stipulation. Also on that date, the Public Staff filed a motion requesting that the Commission excuse Public Staff's witnesses Darden, Franklin, Bhatta, Feasel, Houser, Lucas and Sun from appearing at the November 28, 2022, expert witness hearing and accept the prefiled testimony and exhibits of such witnesses into the record.

On November 28, 2022, the Commission issued an Order Excusing Witnesses and on that same day, the evidentiary hearing was convened in Raleigh, in the Commission's hearing room on the second floor of the Dobbs Building, 430 North Salisbury Street. The evidentiary hearing concluded on Tuesday, November 29, 2022.

On December 9, 2022, the Public Staff filed its Late-Filed Supplemental Exhibit 1 (referred to herein as Settlement Exhibit 1).

On December 19, 2022, CWSNC filed a Supplemental Response to its report on the Boone public hearing.

On January 13, 2023, CWSNC filed a Notice of Intent to Place Temporary Rates in Effect Subject to an Undertaking to Refund Pursuant to N.C. Gen. Stat. § 62-135.

On February 1, 2023, CWSNC filed the affidavit of Company witness Schellinger providing the updated amount of regulatory commission expense agreed to by CWSNC and the Public Staff.

On February 2, 2023, the Stipulating Parties filed Updated Public Staff Settlement Exhibit 1 providing the final expense information of CWSNC and the Stipulating Parties' final revised recommendation, subject to the Commission's decisions on the disputed issues of return on equity and application of the 5% rate adjustment cap.

On January 20, 2023, the Commission issued an order approving the Customer Notices and Undertaking to Refund, related to CWSNC's intent to place temporary rates in effect in all of its Rate Divisions.

On January 31, 2023, CWSNC placed temporary rates in effect in all of its Rate Divisions, pursuant to N.C.G.S. § 62-135.

Based upon the foregoing, including the verified Application and accompanying NCUC Form W-1 and R1-17A data and information, the testimony and exhibits of the public witnesses appearing at the hearings, the testimony and exhibits of the expert witnesses received into evidence, the Stipulation, and the entire record herein, the Commission makes the following:

## **FINDINGS OF FACT**

### **General Matters**

1. CWSNC is a corporation duly organized under the laws of and is authorized to do business in the State of North Carolina. It is a franchised public utility providing water and sewer utility service to customers in 38 counties in North Carolina, pursuant to Chapter 62 of the North Carolina General Statutes. CWSNC is a wholly-owned subsidiary of Corix Regulated Utilities, Inc. (Corix).
2. CWSNC is properly before the Commission pursuant to Chapter 62 of the North Carolina General Statutes for a determination of the justness and

- reasonableness of its proposed rates and charges for the water and sewer utility service it provides to customers in North Carolina.
3. The appropriate Base Case test period for use in this proceeding is the 12-month period ending on March 31, 2022, updated for known and measurable changes through the close of the expert witness hearing.
  4. CWSNC's present rates for water and sewer service have been in effect since April 8, 2022, pursuant to the Commission's Sub 384 Order.

### **The Stipulation**

5. On November 22, 2022, the Stipulating Parties filed the Stipulation, resolving all but two of the contested issues between CWSNC and the Public Staff in this matter. The Stipulating Parties agree that CWSNC should be authorized to implement a multi-year rate plan or WSIP, according to certain parameters, described in more detail *infra*. The two issues remaining in dispute between the Parties are: (a) the return on equity (ROE) to be authorized in this proceeding, and (b) whether the WSIP statute's 5% cap on annual revenue requirement increases under a WSIP should be applied on a company basis or on a rate division basis (the "Disputed Issues").
6. The Stipulation is the product of give-and-take in negotiations between the Stipulating Parties, is material evidence in this proceeding, and is entitled to be given appropriate weight in this case along with the other evidence of record,

including that submitted by the Company, the Public Staff, and the public witnesses who testified at the public witness hearings.

7. The Stipulation is a partial settlement of the matters in controversy in this proceeding as between the Stipulating Parties.

### **Acceptance of Stipulation**

8. The WSIP as agreed to in the Stipulation, along with other provisions of the Stipulation, will result in just and reasonable rates when combined with the rate effects of the Commission's decisions regarding the Disputed Issues.
9. The provisions of the WSIP as agreed to in the Stipulation, along with other provisions of the Stipulation, are just and reasonable to all parties to this proceeding, as well as the CWSNC ratepaying customers, will produce just and reasonable rates, and will serve the public interest.
10. It is appropriate to approve the Stipulation in its entirety.

### **WSIP**

11. The appropriate term for the WSIP is a three year-period, as follows:
  - (a) WSIP Rate Year 1 will begin on April 1, 2023, and end on March 31, 2024;
  - (b) WSIP Rate Year 2 will begin on April 1, 2024, and end on March 31, 2025; and

(c) WSIP Rate Year 3 will begin on April 1, 2025, and end on March 31, 2026.

The WSIP may be terminated prior to the end of WSIP Rate Year 3 as permitted by N.C.G.S. § 62-133.1B(f) and Rule R1-17A(f). The WSIP Rate Year 3 rates approved herein should remain in place until the effective date of a new base rate case order.

12. The Base Case revenue requirements shown in the Stipulation and Settlement Exhibit 1 are appropriate to be used as the starting point for the revenue requirements for WSIP Rate Years 1, 2, and 3.

13. Using the Base Case revenue requirements as a starting point, it is appropriate to calculate WSIP Rate Year 1 revenue requirements by using a general escalation factor of 3.4%, with a 3.0% escalation factor specifically for salaries and wages, pension and other benefits, and payroll taxes. Purchased water and sewer treatment revenue requirements are at Base Case levels, with future expenses to be offset through the pass-through mechanism. Adjustments for plant, rate base, revenues, and costs are reflected through the end of WSIP Rate Year 1.

14. To arrive at WSIP Rate Year 2 revenue requirements, it is appropriate to escalate the Rate Year 1 revenue requirements 2.40%, except for salaries and wages, pension and other benefits, payroll taxes, and purchased water and sewer. WSIP Rate Year 2 salaries and wages, pension and other benefits, and

- payroll taxes revenue requirements are escalated by 3% and WSIP Rate Year 2 purchased water and sewer treatment revenue requirements are those stated in the Base Case, with future expenses to be offset through the pass-through mechanism.
15. To arrive at WSIP Rate Year 3 revenue requirements, it is appropriate to escalate the Rate Year 2 revenue requirements by 2.40%, except for salaries and wages, pension and other benefits, payroll taxes, and purchased water and sewer. WSIP Rate Year 3 salaries and wages, pension and other benefits, and payroll taxes revenue requirements are escalated by 3% and WSIP Rate Year 3 purchased water and sewer treatment revenue requirements are those stated in the Base Case, with future expenses to be offset through the pass-through mechanism.
16. It is appropriate to use the capital improvement plan costs for WSIP Rate Years 1, 2, and 3 as such are projected by CWSNC in its September 19, 2022 update filing (Form W-1, Item 10, Schedule 2), but with project estimates reduced by 10%, with adjustment for retirements related to The Pointe secondary interconnect, and inclusive of annual recurring spend net of CIAC. For purposes of this case, it is appropriate to calculate the plant in service and accumulated depreciation amounts for WSIP Rate Years 1, 2, and 3 under the Public Staff's methodology of assuming that in each WSIP Rate Year, both plant in service and accumulated depreciation for the WSIP Rate Year occurs on Day 1 of such WSIP Rate Year.

17. With respect to the banding of authorized ROEs required by N.C.G.S. § 62-133.1B(g), it is appropriate to utilize a band of 100 basis points for Rate Year 1 – 50 basis points above the authorized ROE and 50 basis points below the authorized ROE. For WSIP Rate Years 2 and 3, it is appropriate to utilize a band of 50 basis points -- 0 basis points above the authorized ROE and 50 basis points below the authorized ROE.

18. With respect to performance metrics required by N.C.G.S. § 62-133.1B(a), the following are appropriate metrics to be adopted for CWSNC in this case; these metrics will benefit customers and ensure the provision of safe, reliable, and cost-effective utility service. CWSNC shall report on its performance on such metrics on annual bases in accordance with Rule R1-17A(g)(1)(b).

Description	Measure
Safe Drinking Water Compliance	% days in compliance – (sum of all days – sum of all days out of compliance) / sum of all days  Sum of all days = No. of systems x 365 days
Clean Wastewater Compliance	% days in compliance – (sum of all days – sum of all days out of compliance) / sum of all days
Timely Answering of Customer Calls	Telephone service factor – calls answered within 60 seconds / total calls answered (tracked by quarter)
Water Service Quality Customer Complaints	Non-bill related customer complaints in specific categories (no water, air in water, discolored water, high/low pressure, mineral amount, taste/odor, and water quality) / (active accounts / 1,000)  Underlying data should incorporate subdivision and system name.
Water Service Disruptions	Unplanned water service disruption – recorded Lucity water main breaks / 1,000 accounts
Sewer Overflows	Number of sanitary sewer overflows (SSOs) – wastewater SSOs / (100 miles of gravity line)
Employee Safety	OSHA incident rate – (number of injuries and illnesses *200,000) / employee hours worked
Employee Training	Employee training – hours of employee training / employee
Timely Completion of CIP Projects	Percentage of CIP Program projects in the approved WSIP incomplete during the planned rate year on a Company basis
Completion of CIP Projects on Budget	Percentage of CIP Program projects that cost in excess of 110% of the estimate in the approved WSIP on a Company basis
Expense Efficiency	Operation & Maintenance expense per Equivalent Residential Connection (ERC) on a Company basis, excluding certain accounts outside of management control (Purchased Water / Sewer Treatment, Purchased Power, etc.)
Utilization of the SRF Program	Whether the Company applied for SRF funds for certain eligible projects approved in the WSIP.
Water Loss	Water produced/purchased – water sold / water produced/purchased
Employee Turnover	Number of employees that leave / total number of employees for same time period

19. It is reasonable and appropriate for the Stipulating Parties to work together to develop incentives and/or penalties to accompany these performance metrics, and to file and request Commission approval of any such adjusted and agreed upon performance metrics and incentives and/or penalties with the Commission on or before March 17, 2023. If agreement between the Parties cannot be reached, the Stipulating Parties shall notify the Commission by that same date of their respective recommendations and the Commission shall set the matter for further hearing. Any incentives and/or penalties ultimately approved by the Commission shall be retroactive to the beginning of WSIP Rate Year 1.

20. It is appropriate for CWSNC to provide the quarterly and annual reports set forth in the WSIP Statute and WSIP Rule.

## **DISPUTED ISSUES**

### **Capital Structure, Cost of Capital, Banding, and Overall Rate of Return**

21. The cost of capital and revenue increase in this order are intended to provide CWSNC, through sound management, the opportunity to earn an overall rate of return. The overall rate of return is derived from applying an imputed cost of debt and an imputed rate of return on common equity (as banded) proportionately to an imputed capital structure.

22. A capital structure consisting of 50% debt and 50% equity for CWSNC is reasonable and appropriate for this case.

23. A 4.64% cost of debt for CWSNC is reasonable and appropriate for this case.

24. A 9.25% rate of return on equity (ROE) for CWSNC for the base year and WSIP Rate Years 1, 2, and 3 is just, reasonable, and appropriate for this case. The following banding around that 9.25% ROE for the following period of times is just, reasonable, and appropriate for this case.

- a. For WSIP Rate Year 1, the banding shall range from 50 basis points above the authorized ROE to 50 basis points below the authorized ROE (which represents a 100-basis point band – from 8.75% to 9.75%).
- b. For WSIP Rate Year 2, the banding shall range from 0 basis points above the authorized ROE to 50 basis points below the authorized ROE (which represents a 50-basis point band – from 8.75% to 9.25%).
- c. For WSIP Rate Year 3, the banding shall range from 0 basis points above the authorized ROE to 50 basis points below the authorized ROE (which represents a 50-basis point band – from 8.75% to 9.25%).

25. Therefore, for the base case the overall rate of return would be 7.05%; for WSIP Rate Year 1 the overall rate of return has a range from 6.70% to 7.20%; and for WSIP Rate Years 2 and 3 the overall rate of return has a range from 6.70% to 6.95%.

26. The provision of continuous, safe, adequate, reliable, and affordable water and wastewater utility service by CWSNC is essential to CWSNC's customers.
27. The rate increase approved in this case will be difficult for some of CWSNC's customers to pay, especially low-income customers.
28. The banding, rate of return on common equity, cost of debt, and capital structure approved by the Commission appropriately balance the benefits received by CWSNC's customers from CWSNC's provision of safe, adequate, and reliable water and wastewater utility service with the difficulties some of CWSNC's customers will experience in paying the Company's increased rates.
29. The cost of debt, rate of return on common equity, banding, and equal debt and equity capital structure employed by the Commission balance fairness to the customers while facilitating the need of CWSNC to obtain equity and debt financing with the granting of the lowest investor required rate of return. The rates of return to CWSNC's debt and the equity investors are fair both to the customer and to CWSNC. This reasonably ensures the continuation of safe and reliable utility services. This is representative of the utility's cost of capital and also operations over the plan term. This will not result in sudden substantial rate increases to customers annually or over the term of the plan. This plan is in the public interest. It accounts for changing economic conditions. The authorized levels of overall rate of return and rate of return on common equity set forth above are supported by competent, material, and substantial evidence in the record; are consistent with the requirements of the applicable

jurisprudence; and are fair to CWSNC's customers generally and also in light of the impact of changing economic conditions.

### **Five Percent Revenue Cap Allocation**

30. CWSNC is seeking authority to increase rates and charges for water and sewer utility service in all of its four rate divisions: Uniform Water; Uniform Sewer; BF/FH/TC Water; and BF/FH Sewer (collectively, Rate Divisions). CWSNC proposed a three-year Water and Sewer Investment Plan (WSIP) for all of its North Carolina service areas.
31. Pursuant to N.C.G.S. §62-133.1B (c) any rate adjustment approved under a WSIP pursuant to the statute, shall not on an annual basis for rate years two and three of an approved WSIP exceed 5% of the utility's North Carolina retail jurisdictional gross revenues of the prior year.
32. As reflected in the Partial Stipulation agreement filed by CWSNC and the Public Staff, in addition to the ROE that should be authorized during the term of the WSIP, the parties were unable to reach agreement on whether the 5% annual revenue increase cap should be applied on a company or a rate division basis.
33. The Rate Divisions provide water or sewer service within the definition of a public "utility," have separate stand-alone rate bases and revenue requirements and function as utilities. For purposes of this proceeding the Commission finds the Rate Divisions should be considered separate stand-alone de facto "utilities."

34. The application of the 5% annual revenue increase cap to the Rate Divisions will not impede any future consolidation of the Rate Divisions in a future rate case.
35. The Company will not be significantly harmed if the 5% annual revenue increase cap is applied to the Rate Divisions.
36. Under the WSIC and SSIC mechanisms, the prescribed earnings reports, WSC/SSIC revenue collection reports, and construction status reports, separate calculations are provided for each of the Company's Rate Divisions.
37. Under the WSIC and SSIC mechanisms, the Company requested, and the Commission approved WSIC/SSIC charges for each Rate Division.
38. It is just and reasonable to apply the statutory 5% cap in Rate Years 2 and 3 of the WSIP to each Rate Division of the Company.
39. Any rate adjustment allowed under the WSIP approved by the Commission shall not, on an annual basis for Rate Years 2 and 3 of the WSIP, exceed 5% of the Company's service revenues for each Rate Division for the preceding plan year.

### **Overview of Revenue Requirements**

40. It is just and reasonable to adopt the increase in annual base rate operating revenue of \$2,241,063 for total Company. The operating revenue increase is \$824,568 for Uniform Water, \$1,127,787 for Uniform Sewer, \$135,333 for

Bradfield Farms/Fairfield Harbour/Treasure Cove (BF/FH/TC) Water, and \$153,375 for Bradfield Farms/Fairfield Harbour (BF/FH/) Sewer. After giving effect to the approved Stipulation and the Commission's decision on contested issues, the base year \$46,514,350 will allow the Company a reasonable opportunity to earn the 6.95% rate of return on its rate base that the Commission has found just and reasonable. The base year revenue requirement is \$23,129,165 for Uniform Water, \$18,600,825 for Uniform Sewer, \$2,003,173 for BF/FH/TC Water, and \$2,781,187 for BF/FH/TC Sewer, respectively.

41. The appropriate revenue requirement for Rate Year 1, as reflected in Updated Public Staff Settlement Exhibit 1 is \$50,430,117.
42. The appropriate revenue requirement for Rate Year 2 by rate division, as reflected in Updated Public Staff Settlement Exhibit 1 is \$53,225,974.
43. The appropriate revenue requirement for Rate Year 3 by rate division as reflected in Updated Public Staff Settlement Exhibit 1 is \$55,723,808. CWSNC should file schedules summarizing the gross revenue and the rate of return that the Company should have the opportunity to achieve based on the Commission's findings and determinations in this proceeding.

## **Base Case Revenue Requirements**

### **Base Case Operating Revenues**

44. The appropriate level of Base Case operating revenues under present rates for use in this proceeding is \$44,273,287, consisting of service revenues of \$44,295,562 and miscellaneous revenues of \$338,437 reduced by uncollectibles of \$360,712.

### **Base Case Rate Base**

45. The appropriate level of Base Case rate base used and useful in providing service is \$151,201,238 for CWSNC's combined operations, itemized as follows:

Plant in service	\$268,614,395
Accumulated depreciation	(72,034,354)
Net plant in service	196,580,041
Cash working capital	3,081,924
Contributions in aid of construction	(37,735,269)
Advances in aid of construction	(32,940)
Accumulated deferred income taxes	(6,330,227)
Customer deposits	(370,590)
Inventory	153,531
Gain on sale and flow back taxes	(289,628)
Plant acquisition adjustment	(535,359)
Excess book value	0
Cost-free capital	(261,499)
Average tax accruals	(141,946)
Regulatory liability for excess deferred taxes	(4,991,825)
Deferred charges	2,075,024
Pro forma plant	0
Original cost rate base	\$151,201,238

### **Base Case Capital Structure, Banding, Cost of Capital, and Overall Rate of Return**

46. Base case ROE is identical to the discussion starting at the section commencing with finding number 21, above.

### **Base Case Maintenance and General Expense**

47. The appropriate level of Base Case maintenance expense and general expense for combined operations for use in this proceeding is \$10,045,445 and \$17,324,555 respectively.

48. It is appropriate for CWSNC to recover total rate case expenses of \$735,606 related to the current proceeding and \$955,238 of the unamortized rate case costs related to the prior proceedings (Docket Nos. W-354, Sub 356; W-354, Sub 360; W-354, Sub 364; and W-354, Sub 384) amortized over four years.

49. It is appropriate to amortize the total rate case costs for the current and prior proceedings over four years and to include an annual level of costs in the amount of \$145,269 related to miscellaneous regulatory matters, resulting in an annual level of regulatory commission expense of \$567,979, as agreed to by the Stipulating Parties. As further agreed to by the Stipulating Parties, unamortized rate case expense will not be included in rate base and will not earn a return. Further, it is appropriate for CWSNC to establish a regulatory liability account with no carrying costs to record recovery associated with rate case expense over amortization after year 4.

### **Base Case Depreciation and Amortization Expense**

50. The appropriate level of Base Case depreciation and amortization expense for combined operations for use in this proceeding is \$5,740,276.

### **Base Case Franchise, Property, Payroll, and Other Taxes**

51. The appropriate level of Base Case franchise, property, payroll, and other taxes for use in this proceeding is \$909,187 for combined operations, consisting of \$101,985 for franchise and other taxes, \$259,098 for property taxes, and \$548,104 for payroll taxes.

### **Base Case Regulatory Fee and Income Taxes**

52. It is reasonable and appropriate to calculate Base Case regulatory fee expense using the regulatory fee rate of 0.14% effective July 1, 2022, pursuant to the Commission's June 30, 2022 Order issued in Docket No. M-100, Sub 142. The appropriate level of Base Case regulatory fee for use in this proceeding is \$65,120.

53. It is reasonable and appropriate to use the current North Carolina corporate income tax rate of 2.50% to calculate CWSNC's Base Case revenue requirement. The appropriate level of Base Case state income taxes for use in this proceeding is \$223,048.

54. It is reasonable and appropriate to use the federal corporate income tax rate of 21.00% to calculate CWSNC's Base Case revenue requirement. The

appropriate level of Base Case federal income taxes for use in this proceeding is \$1,826,758.

55. The appropriate level of Base Case deferred income taxes for use in this proceeding is (\$120,962).

56. It is appropriate to calculate Base Case income taxes for ratemaking purposes based on the adjusted level of revenues and expenses and the tax rates for utility operations.

#### **Base Case Revenue Requirement**

57. CWSNC's Base Case revenue requirements should be changed by amounts which, after all pro forma adjustments, will produce the following increases in service revenues:

<u>Item</u>	<u>Amount</u>
CWSNC Uniform Water	\$828,431
CWSNC Uniform Sewer	\$1,133,249
BF/FH/TC Water	\$136,837
BF/FH Sewer	<u>\$155,099</u>
Total	<u>\$2,253,616</u>

These increases will allow CWSNC the opportunity to earn a 6.95 overall rate of return, which the Commission has found to be reasonable upon consideration of the findings in this order.

## **WSIP Revenue Requirements**

### **Rate Year 1, 2 and 3 Rate Base**

58. The appropriate level of Rate Year 1, 2, and 3 rate base forecasted to be used and useful in providing service is \$179,184,613 for Rate Year 1, \$196,860,870 for Rate Year 2, \$216,158,347 for Rate Year 3 for CWSNC's combined operations, itemized as follows:

	<u>RY1</u>	<u>RY2</u>	<u>RY3</u>
Plant in service	\$300,979,823	\$322,741,820	\$346,118,040
Accumulated depreciation	(79,392,304)	(85,155,971)	(90,773,310)
Net plant in service	\$221,587,519	\$237,585,849	\$255,344,730
Cash working capital	\$3,175,378	\$3,271,587	\$3,305,799
Contributions in aid of construction	(35,253,609)	(33,686,245)	(32,118,881)
Advances in aid of construction	(32,940)	(32,940)	(32,940)
Accumulated deferred income taxes	(6,127,991)	(6,056,953)	(5,962,786)
Customer deposits	(370,590)	(370,590)	(370,590)
Inventory	\$153,531	\$153,531	\$153,531
Gain on sale and flow back taxes	(289,628)	(289,628)	(289,628)
Plant acquisition adjustment	(407,522)	(328,180)	(248,928)
Excess book value	-	-	-
Cost-free capital	(261,499)	(261,499)	(261,499)
Average tax accruals	(131,625)	(132,919)	(133,564)
Regulatory liability for excess deferred taxes	(4,946,952)	(4,857,207)	(4,767,461)
Deferred charges	\$2,090,540	\$1,866,064	\$1,540,565
Pro forma plant	-	-	-
Original cost rate base	\$179,184,613	\$196,860,870	\$216,158,347

**Rate Year 1, 2, and 3 Capital Structure, Banding, Cost of Capital, and Overall Rate of Return**

59. WSIP Rate Years 1, 2, and 3 ROE is identical to the discussion starting at the section commencing with finding number 21, above.

**Rate Years 1, 2, and 3 Maintenance and General Expense**

60. The appropriate level of Rate Year 1 maintenance expense and general expense for combined operations for use in this proceeding is \$10,241,814 and \$17,875,818, respectively.

61. The appropriate level of Rate Year 2 maintenance expense and general expense for combined operations for use in this proceeding is \$10,541,420 and \$18,345,876, respectively.

62. The appropriate level of Rate Year 3 maintenance expense and general expense for combined operations for use in this proceeding is \$10,332,141 and \$18,828,857, respectively.

63. Consistent with our finding, supra, it is appropriate for CWSNC to recover total rate case expenses of \$735,606 related to the current proceeding and \$238,809 of annualized rate case expense from the unamortized rate case costs related to the prior proceedings in Docket Nos. W-354, Sub 356; W-354, Sub 360; W-354, Sub 364; and W-354, Sub 384.

64. Consistent with our finding, supra, it is appropriate to amortize the total rate case costs for the current and prior proceedings over four (4) years and to include an annual level of costs in the amount of \$145,269 related to miscellaneous regulatory matters, resulting in an annual level of regulatory commission expense of \$567,979, as agreed to by the Stipulating Parties. As agreed to by the Stipulating Parties, unamortized rate case expense will not be included in rate base and will not earn a return.

#### **Rate Years 1, 2, and 3 Depreciation and Amortization Expense**

65. The appropriate level of Rate Year 1 depreciation and amortization expense for combined operations for use in this proceeding is \$6,556,996.

66. The appropriate level of Rate Year 2 depreciation and amortization expense for combined operations for use in this proceeding is \$7,090,876.

67. The appropriate level of Rate Year 3 depreciation and amortization expense for combined operations for use in this proceeding is \$7,687,639.

#### **Rate Years 1, 2, and 3 Franchise, Property, Payroll, and Other Taxes**

68. The appropriate level of Rate Year 1 franchise, property, payroll, and other taxes for use in this proceeding is \$925,630 for combined operations, consisting of \$101,985 for franchise and other taxes, \$259,098 for property taxes, and \$564,547 for payroll taxes.

69. The appropriate level of Rate Year 2 franchise, property, payroll, and other taxes for use in this proceeding is \$942,566 for combined operations, consisting of \$101,985 for franchise and other taxes, \$259,098 for property taxes, and \$581,484 for payroll taxes.

70. The appropriate level of Rate Year 3 franchise, property, payroll, and other taxes for use in this proceeding is \$960,011 for combined operations, consisting of \$101,985 for franchise and other taxes, \$259,098 for property taxes, and \$598,928 for payroll taxes.

#### **Rate Years 1, 2, and 3 Regulatory Fee and Income Taxes**

71. It is reasonable and appropriate to calculate regulatory fee expense using the regulatory fee rate of 0.14% effective July 1, 2022, pursuant to the Commission's June 30, 2022, Order issued in Docket No. M-100, Sub 142. The appropriate level of regulatory fee for Rate Years 1, 2, and 3 for use in this proceeding is \$70,601, \$74,516, and \$78,013, respectively.

72. It is reasonable and appropriate to use the current North Carolina corporate income tax rate of 2.50% to calculate CWSNC's revenue requirement. The appropriate level of state income taxes for Rate Years 1, 2, and 3 for use in this proceeding is \$265,054, \$291,589, and \$320,557, respectively.

73. It is reasonable and appropriate to use the federal corporate income tax rate of 21.00% to calculate CWSNC's revenue requirement. The appropriate

level of federal income taxes for Rate Years 1, 2, and 3 for use in this proceeding is \$2,170,795, \$2,388,111, and \$2,625,361, respectively.

74. The appropriate level of deferred income taxes for use in this proceeding is (\$120,962) for Rate Year 1, Rate Year 2, and Rate Year 3 respectively.

75. It is appropriate to calculate income taxes for ratemaking purposes based on the adjusted level of revenues and expenses and the tax rates for utility operations.

#### **Rate Years 1, 2, and 3 Revenue Requirement**

76. CWSNC's Rate Years 1, 2, and 3 revenue requirements should be changed by amounts which, after all pro forma adjustments, will produce the following increases in service revenues, prior to application of the WSIP Statute's 5% cap on total rate increases in Rate Years 2 and 3:

Item	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
CWSNC Uniform Water	\$1,564,909	\$1,356,017	\$533,569
CWSNC Uniform Sewer	\$1,895,563	\$582,667	\$1,850,335
BF/FH/TC Water	\$301,018	\$150,087	\$49,419
BF/FH Sewer	<u>\$175,975</u>	<u>\$725,938</u>	<u>\$77,322</u>
Total	<u>\$3,937,465</u>	<u>\$2,814,709</u>	<u>\$2,510,645</u>

These increases will allow CWSNC the opportunity to earn a 6.95% overall rate of return, which the Commission has found to be reasonable upon consideration of the findings in this order.

77. Following application of the WSIP Statute's 5% cap on total rate increases in Rate Years 2 and 3, CWSNC's Rate Years 1, 2, and 3 tariffs should produce revenues sufficient to generate the following service revenues, reduced from the total revenue requirement as set forth in the preceding paragraph:

<u>Item</u>	Base Case	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
<b><u>CWSNC Combined Operations</u></b>				
Service revenues	\$46,549,178	\$50,486,643	\$52,568,563	\$54,517,510
Miscellaneous revenues	\$344,625	\$355,462	\$363,240	\$370,057
Uncollectible accounts	(\$379,453)	(\$411,989)	(\$438,618)	(\$458,246)
Total operating revenues	46,514,350	50,430,117	52,943,185	54,429,321
Percentage Increase			5.00%	5.00%
<b><u>CWSNC Water</u></b>				
Service revenues	\$23,128,266	\$24,693,175	\$25,927,834	\$26,582,761
Miscellaneous revenues	174,361	178,800	182,646	184,159
Uncollectible accounts	(173,462)	(185,199)	(195,369)	(199,371)
Total operating revenues	23,129,165	24,686,776	25,915,111	26,567,549
<b><u>CWSNC Sewer</u></b>				
Service revenues	\$18,606,014	\$20,501,577	\$21,084,244	\$22,138,456
Miscellaneous revenues	134,356	139,435	140,996	145,954
Uncollectible accounts	(139,545)	(153,762)	(158,132)	(172,009)
Total operating revenues	18,600,825	20,487,250	21,067,108	22,112,401
<b><u>BF/FH/TC Water</u></b>				
Service revenues	\$2,016,281	\$2,317,299	\$2,433,164	\$2,516,805
Miscellaneous revenues	14,717	15,564	15,987	16,126
Uncollectible accounts	(27,825)	(31,979)	(34,050)	(34,732)
Total operating revenues	2,003,173	2,300,884	2,415,101	2,498,199
<b><u>BF/FH Sewer</u></b>				
Service revenues	\$2,798,617	\$2,974,592	\$3,123,322	\$3,279,488
Miscellaneous revenues	21,191	21,663	23,611	23,819
Uncollectible accounts	(38,621)	(41,049)	(51,067)	(52,134)
Total operating revenues	2,781,187	2,955,206	3,095,866	3,251,172

Noting the reduction in service revenues in Rate Year 2 and 3, CWSNC will not have an opportunity to earn a 6.95% overall rate of return.

78. It is reasonable to exclude Water Resource Management, Inc.'s Echota and Seven Devils systems in Watauga County from the Company's revenue requirements in this proceeding.

### **Customer Concerns and Service**

79. As of the 12-month period ended March 31, 2022, CWSNC served approximately 31,242 active water customers and 20,330 active wastewater customers. For the same period, CWSNC also had 3,323 water availability customers and 1,139 sewer availability customers. CWSNC operates approximately 93 water utility systems and 38 sewer utility systems.

80. A total of 18 witnesses testified at the public witness hearings held for the purpose of receiving customer testimony. (One witness spoke twice).

81. The service areas represented and number of customers who testified are Carolina Trace (2), Carolina Pines (1), Treasure Cove (1), The Pointe (8), Aragona Village (1), Fairfield Harbour (1), The Farms (2), and The Harbour (2).

82. The primary concern of the testifying customers was the magnitude of the rate increase, including overall cost of service and the frequency of rate increases. Customers also raised concerns about base rates, comparisons of rates to municipalities, and service issues, including discoloration of water and high mineral content.

83. As of October 19, 2022, the Public Staff had received approximately 56 written customer statements of position from CWSNC customers. Five out of 56 complaints were related to water quality issues (e.g., frequent water outages, multiple boil water notices within a short period, a rotten egg smell and a low pressure). Per the Company's complaint tracking notes, the reasons for the frequent outages were due to either power outages or water main breaks, multiple boil water notices were due to water main breaks and the related repair work that followed, the low water pressure was due to a power outage and the rotten egg smell was justified by collecting water samples at the customer's house to demonstrate that the water quality met the Safe Drinking Water Act standards.
84. CWSNC filed verified reports after each of the public hearings, addressing the service-related concerns and other comments by the witnesses who testified at the public witness hearings. The reports described each of the witnesses' specific service-related concerns and comments, the Company's response, and how each concern and comment was resolved or addressed, if applicable.
85. The record in this case confirms that the quality of service provided by CWSNC is "adequate, efficient, and reasonable" as required by N.C.G.S. § 62-131(b).
86. The overall quality of water service provided by CWSNC is adequate on a company-wide and system-wide basis. The Company meets the North Carolina Department of Environmental Quality and the United States Environmental Protection Agency's health-based primary quality standards.

87. The overall company-wide and system-wide quality of wastewater service provided by CWSNC is adequate and the Company operates its wastewater treatment plants in a reasonable and prudent manner.

### **Rate Design**

88. It is reasonable and appropriate for CWSNC's rate design for water utility service for its Uniform Water and Bradfield Farms/Fairfield Harbour/Treasure Cove (BF/FH/TC) Water residential customers to be based on a 40/60 ratio of base charge to usage charge, and for sewer utility service for CWSNC's Uniform Sewer residential customers to be based on a 60/40 ratio of base charge to usage charge and Bradfield Farms/Fairfield Harbour (BF/FH) Sewer residential customers to remain flat rate, as set out in the Stipulation.

89. The rates and charges, representative of the rates approved for the Base Case, included in Appendices A-1 and A-2, and the Schedules of Connection Fees for Uniform Water and Uniform Sewer, attached hereto as Appendices B-1 and B-2, are just and reasonable and should be approved.

90. The rates and charges, representative of the rates approved for Rate Year 1, included in Appendices C-1 and C-2, are just and reasonable and should be approved.

91. The rates and charges, representative of the rates approved for Rate Year 2, included in Appendices D-1 and D-2, are just and reasonable and should be approved.

92. The rates and charges, representative of the rates approved for Rate Year 3, included in Appendices E-1 and E-2, are just and reasonable and should be approved.

#### **Continuation of Bulk Purchase Pass-Through Mechanisms and Update of Purchased Water and Sewer Rates**

93. It is reasonable and appropriate for CWSNC to update its Base Year purchased water and sewer rates as proposed by the Public Staff and as described in the Stipulation. It is reasonable and appropriate for CWSNC to continue to utilize the bulk purchased water and sewer services pass-through mechanism.

#### **Continuation of WSIC and SSIC Mechanisms**

94. Consistent with N.C.G.S. § 62-133.1B(d), it is reasonable and appropriate for CWSNC, during the term of its WSIP, to suspend the use of the Water System Improvement Charge (WSIC), and the Sewer System Improvement Charge (SSIC). Consistent with Commission Rules R7-39(k) and R10-36(k), CWSNC's WSIC and SSIC surcharges will reset to zero as of the effective date of the approved rates in this proceeding. Further, it is reasonable and appropriate for CWSNC to begin using the WSIC and SSIC mechanisms immediately upon termination of the WSIP.

### **Fee-Free Payment Proposal**

95. It is reasonable and appropriate for CWSNC to continue to implement its proposed fee-free payment option for its residential customers, with the cost of service of such reflected in CWSNC's revenue requirements.

96. It is reasonable and appropriate for CWSNC to report to the Commission and the Public Staff concerning the fee-free payment option twice per year, with such reporting detailing the number of fee-free payments made by customers by month, along with levels of CWSNC uncollectibles expense by month.

### **Water Efficiency Program**

97. It is reasonable and appropriate for CWSNC to continue to be authorized to implement its proposed "Water Efficiency Program," under which CWSNC will offer efficient water fixture rebates for its customers. The Water Efficiency Program should continue to be treated as a pilot program and re-evaluated in CWSNC's next rate case.

98. It is reasonable and appropriate that CWSNC be authorized to defer and subsequently recover in a future rate case the water efficiency rebates applied to customer bills in a regulatory asset account, which asset should not earn a return or carrying charges.

99. It is reasonable and appropriate for CWSNC to continue to report to the Commission and the Public Staff about the Water Efficiency Program on an

annual basis, with such reporting detailing the amount of rebates applied to customer bills, the size of the regulatory asset, the type of water efficiency measures for which rebates were applied, and estimates or ranges of water efficiency impacts of such measures from an authoritative, third-party source.

### **Sewer Use Rule**

100. It is reasonable and appropriate to modify CWSNC's Sewer Tariff to include a new Sewer Use Rule, included as Appendix F, intended to protect its wastewater systems from damaging industrial and nondomestic contaminants, by including the following:

All nondomestic and industrial waste is subject to the Sewer Use Rule. The Sewer Use Rule can be accessed at <https://www.myutility.us/docs/default-source/carolinawater/sewer-use-tariff.pdf> and is also available upon request. The Sewer Use Rule requires Users (utility customers) to provide advance notice of any nondomestic or industrial waste discharge into the Utility's sanitary sewer systems, and to meet certain effluent limitations and pretreatment requirements. Violations of the Sewer Use Rule may result in disconnection. Reconnection will require reimbursement of the Utility's actual costs incurred as a result of the violation. Repeat violations may result in permanent disconnection.

As part of the Sewer Use Rule, the Utility may require installation and/or proper operation of grease traps or other pre-treatment devices on grease

producing commercial facilities. Failure to properly operate grease traps will result in disconnection of service pursuant to Commission Rule R10-16.

### **Other Stipulated Issues**

101. It is reasonable and appropriate for CWSNC to apply for State Revolving Fund grants for the following proposed projects:

- 2023017 - NC - 2023 - High Meadows - Replace all of Tree Top and other sections of the distribution system main and valves
- 2024010 - NC - 2024 - Elk River - Drill New Well
- 2024022 - NC - 2024 - Ski Mountain - Drill new well - Property acquisition, engineering, test well house, etc.
- 2022023 - NC - 2022 - Pinnacle Shores - Water Main Relocation - DOT road widening
- 2025025 - NC - 2025 - Whispering Pines - Water Main Replacement (Thagards Lake)
- 2023029 - NC - 2023 - Whispering Pines - Water Main Replacement 10,600LF (Pine Lake and Country Club)
- AMI Meter Projects in WSIP Years 2 and 3

102. It is reasonable and appropriate for the Stipulating Parties to work toward resolution of a situation whereby certain South Carolina customers in

CWSNC's Danby service area and plant have historically been included in CWSNC revenues and revenue requirements.

103. It is reasonable and appropriate for the Public Staff to fully examine all merger-related issues in the context of the merger case between Corix Infrastructure Inc. and SouthWest Water Company (Docket No. W-354 Sub 412).

104. It is reasonable and appropriate for CWSNC to use its best efforts to communicate with the Public Staff, Commission and other Class A water and sewer utilities regarding scheduling of future rate case filings in an effort to avoid pancaked filings going forward.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1 – 4**

##### **General Matters**

The evidence supporting these findings of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony and exhibits of the witnesses, and the entire record in this proceeding. These findings are informational, procedural, and jurisdictional in nature and are not contested by any party.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5 –20

### **The Stipulation, Acceptance of Stipulation, and WSIP**

The evidence supporting these findings of fact is found in the Stipulation, the testimony of both CWSNC's and the Public Staff's witnesses, the affidavit of Matthew Schellinger, and Updated Settlement Exhibit I.

On November 22, 2022, CWSNC and the Public Staff entered into and filed a Joint Partial Settlement Agreement and Stipulation, which memorializes their agreements on all of the issues in this proceeding except for (a) the return on equity (ROE) to be authorized in this proceeding, and (b) whether the WSIP statute's 5% cap on annual revenue requirement increases under a WSIP should be applied on a company basis or on a rate division basis.

Accompanying the Stipulation is Updated Settlement Exhibit 1, which demonstrates the impact of the Stipulating Parties' agreements on the calculation of CWSNC's gross revenue for the Base Case test year ended March 31, 2022, as well as for WSIP Rate Years 1, 2, and 3. The Stipulation is based upon the same Base Case test period as included in the Company's Application, adjusted for certain changes in plant, revenues, and costs that were not known at the time the case was filed but are based upon circumstances occurring or becoming known through the close of the expert witness hearing. The Stipulation is also based upon the same WSIP Rate Years as included in the Company's Application, including the use of certain projections and escalation factors. In addition to the

Stipulating Parties' agreements on most of the issues in this proceeding (except the Disputed Issues of the 5% cap and the ROE), the Stipulation provides that CWSNC and the Public Staff agree that the Stipulation reflects a negotiation of contested issues, and that the provisions of the Stipulation do not reflect any position asserted by either CWSNC or the Public Staff, but instead reflect compromise and settlement between them. The Stipulation provides that it is binding as between CWSNC and the Public Staff, and that it is conditioned upon the Commission's acceptance of the Stipulation in its entirety. There are no other parties to this proceeding.

North Carolina Gen. Stat. § 62-133.1B(a) defines a WSIP as a plan under which the Commission sets water or sewer base rates, revenue requirements through banding of authorized returns, and authorizes annual rate changes for a three-year period based on reasonably known and measurable capital investments and anticipated reasonable and prudent expenses approved under the plan without the need for a base rate proceeding during the plan period. The Stipulation and the other evidence demonstrate that the WSIP agreed to meets this statutory definition. As approved, we are setting base rates for CWSNC, authorizing the banding of authorized returns, and we are authorizing rate changes for a three-year period based on reasonably known and measurable capital investments and anticipated reasonable and prudent expenses approved under the plan, without the need for a base rate proceeding during the plan period.

The key aspects of the Stipulation and the WSIP are as follows:

- **WSIP** – The Stipulating Parties agree that:
  - the term for the WSIP should be a three year-period, as follows:
    - (a) WSIP Rate Year 1 will begin on April 1, 2023, and end on March 31, 2024; (b) WSIP Rate Year 2 will begin on April 1, 2024, and end on March 31, 2025; and (c) WSIP Rate Year 3 will begin on April 1, 2025, and end on March 31, 2026.
  - the WSIP may be terminated prior to the end of WSIP Rate Year 3 as permitted by N.C. Gen. Stat. § 62-133.1B(f) and Rule R1-17A(f).
  - WSIP Rate Year 3 rates approved herein should remain in place until the effective date of a new base rate case order.
  - the Base Case revenue requirements shown in the Stipulation and Public Staff Updated Settlement Exhibit 1 should be used as the starting point for the revenue requirements for WSIP Rate Years 1, 2, and 3.
  - WSIP Rate Year 1 revenue requirements should be calculated based on the Base Case revenue requirements, escalated by a general escalation factor of 3.4%, except for salaries and wages, pension and other benefits, payroll taxes, and purchased water and sewer treatment.
  - WSIP Rate Year 1 salaries and wages, pension and other benefits, and payroll taxes should be escalated at a rate of 3.0%.

- WSIP Rate Year 1 purchased water and sewer treatment revenue requirements should remain at Base Case levels, with future expenses to be offset through the pass-through mechanism.
- Adjustments for WSIP Rate Year 1 plant, rate base, revenues, and costs should be as shown on Public Staff Updated Settlement Exhibit 1 and should be reflected through the end of WSIP Rate Year 1.
- WSIP Rate Year 2 revenue requirements should be calculated by using the WSIP Rate Year 1 revenue requirements, escalated by a general escalation factor of 2.40%, except for salaries and wages, pension and other benefits, payroll taxes, and purchased water and sewer treatment.
- WSIP Rate Year 2 salaries and wages, pension and other benefits, and payroll taxes revenue requirements should be escalated by 3.0%.
- WSIP Rate Year 2 purchased water and sewer treatment revenue requirements should remain as those stated in the Base Case, with future expenses to be offset through the pass-through mechanism.
- WSIP Rate Year 3 revenue requirements should be calculated by using the Rate Year 2 revenue requirements, escalated by

- 2.40%, except for salaries and wages, pension and other benefits, payroll taxes, and purchased water and sewer.
- WSIP Rate Year 3 salaries and wages, pension and other benefits, and payroll taxes revenue requirements should be escalated by 3.0%.
  - WSIP Rate Year 3 purchased water and sewer treatment revenue requirements should remain as those stated in the Base Case, with future expenses to be offset through the pass-through mechanism.
  - Capital improvement plan costs for WSIP Rate Years 1, 2, and 3 should be as projected by CWSNC in its September 19, 2022 update filing, but with project estimates reduced by 10.0%, and with adjustment for retirements related to The Pointe secondary interconnect, and inclusive of annual recurring spend net of CIAC.
  - Plant in service and accumulated depreciation amounts for WSIP Rate Years 1, 2, and 3 should be calculated using the Public Staff's methodology of assuming that in each WSIP Rate Year, both plant in service and accumulated depreciation for the WSIP Rate Year occurs on Day 1 of such WSIP Rate Year.
  - With respect to the banding of authorized ROEs required by N.C.G.S. § 62-133.1B(g), a band of 100 basis points for WSIP

Rate Year 1 – 50 basis points above the authorized ROE and 50 basis points below the authorized ROE – should be used.

- For WSIP Rate Years 2 and 3, a band of 50 basis points -- 0 basis points above the authorized ROE and 50 basis points below the authorized ROE – should be used.
- With respect to performance metrics required by N.C.G.S. § 62-133.1B(a), the following metrics should be adopted for CWSNC in this case.

Description	Measure
Safe Drinking Water Compliance	% days in compliance – (sum of all days – sum of all days out of compliance) / sum of all days  Sum of all days = No. of systems x 365 days
Clean Wastewater Compliance	% days in compliance – (sum of all days – sum of all days out of compliance) / sum of all days
Timely Answering of Customer Calls	Telephone service factor – calls answered within 60 seconds / total calls answered (tracked by quarter)
Water Service Quality Customer Complaints	Non-bill related customer complaints in specific categories (no water, air in water, discolored water, high/low pressure, mineral amount, taste/odor, and water quality) / (active accounts / 1,000) Underlying data should incorporate subdivision and system name.
Water Service Disruptions	Unplanned water service disruption – recorded Lucity water main breaks / 1,000 accounts
Sewer Overflows	Number of sanitary sewer overflows (SSOs) – wastewater SSOs / (100 miles of gravity line)
Employee Safety	OSHA incident rate – (number of injuries and illnesses *200,000 / 4) / employee hours worked
Employee Training	Employee training – hours of employee training / employee
Timely Completion of CIP Projects	Percentage of CIP Program projects in the approved WSIP incomplete during the planned rate year on a Company basis
Completion of CIP Projects on Budget	Percentage of CIP Program projects that cost in excess of 110% of the estimate in the approved WSIP on a Company basis
Expense Efficiency	Operation & Maintenance expense per Equivalent Residential Connection (ERC) on a Company basis, excluding certain accounts outside of management

	control (Purchased Water / Sewer Treatment, Purchased Power, etc.)
Utilization of the SRF Program	Whether the Company applied for SRF funds for certain eligible projects approved in the WSIP.
Water Loss	Water produced/purchased – water sold / water produced/purchased
Employee Turnover	Number of employees that leave / total number of employees for same time period

- CWSNC should report on its performance on such metrics on an annual basis in accordance with Rule R1-17A(g)(1)(b).
- The Stipulating Parties should work together to develop incentives and/or penalties to accompany these performance metrics, and to file and request Commission approval of any such adjusted and agreed upon performance metrics and incentives and/or penalties with the Commission on or before March 17, 2023. If agreement between the Parties cannot be reached, the Stipulating Parties should notify the Commission by that same date of their respective recommendations and the Commission shall set the matter for further hearing. Any incentives and/or penalties ultimately approved by the Commission should be retroactive to the beginning of Rate Year 1.
- CWSNC should provide the quarterly and annual reports set forth in the WSIP Statute and WSIP Rules.
- **Capital Structure** -- the capital structure appropriate for use in this proceeding is a capital structure consisting of 50.00% common equity and 50.00% long-term debt.

- **Cost of Debt** – a cost of long-term debt of 4.64% is appropriate for use in this proceeding.
- **Regulatory Commission Expense** – CWSNC’s regulatory commission expense should be updated through the end of this proceeding once supporting documentation is provided by CWSNC; such expense shall be amortized over a four-year period without a return or carrying costs; further, CWSNC will establish a regulatory liability account, with no carrying costs, to record recovery associated with rate case expense over the amortization amount after year 4.
- **Echota and Seven Devils** – the Echota and Seven Devils systems in Watauga County shall not be included in the Company’s revenue requirements in this proceeding.
- **Tariff Rate Design and Other Programs** –
  - *Rate Design* -- rate design in this case should be based on a 40/60 ratio of fixed/volumetric revenues for the Uniform Water and BF/FH/TC Water residential customers, a 60/40 ratio of fixed/volumetric revenues for the Uniform Sewer residential customers, and BF/FH Sewer residential customers to remain flat rate.
  - *Purchased Water and Sewer Services* -- the purchased water and sewer rates should be updated as proposed by the Public Staff; CWSNC will continue to utilize the bulk purchased water and sewer services pass-through mechanism.

- *Fee-Free Payments* – CWSNC should continue to implement and report on its proposed fee-free payment option for its residential customers and shall continue to report on such program.
- *Water Efficiency Program* -- CWSNC should continue to implement its water efficiency program as a pilot program and shall continue to report on such program.
- *Modification of Sewer Tariff* – CWSNC should be authorized to modify its tariff as proposed by the Company to include a new sewer use rule, as outlined in the Stipulation.
- ***Other Provisions***
  - *State Revolving Fund* – CWSNC should apply for state revolving funds for the programs specified in the Stipulation and this Order.
  - *Danby* – the Stipulating Parties should work toward a resolution to address certain South Carolina customers in the Company’s service area and plant that have historically been included in CWSNC’s revenues and revenue requirements.
  - *Merger Case* – the Public Staff will fully examine all merger-related issues in the context of the merger case between Corix Infrastructure Inc. and SouthWest Water Company (Docket No. W-354 Sub 412).

*Future Cases* -- CWSNC will use its best efforts to communicate with the Public Staff, Commission and other Class A water and sewer

utilities regarding scheduling of future rate case filings in an effort to avoid pancaked filings going forward.

Based upon the foregoing and the entire record herein, the Commission finds that the Stipulation was entered into by the Stipulating Parties after full discovery and extensive negotiations, that the Stipulation is the product of give-and-take in settlement negotiations between CWSNC and the Public Staff, and that the Stipulation represents a reasonable and appropriate resolution of certain specific matters in dispute in this proceeding. In making this finding the Commission notes that no party expressed opposition to the provisions of the Stipulation. In addition, when the provisions of the Stipulation are compared to CWSNC's Application and the recommendations included in the testimony of the Public Staff's witnesses, the Stipulation results in a number of downward adjustments to the expenses sought to be recovered by CWSNC, and resolves issues, some of which were more important to CWSNC, and others of which were more important to the Public Staff. Therefore, the Commission further finds that the Stipulation is material evidence to be given appropriate weight in this proceeding, along with all other evidence of record, including that submitted by CWSNC, the Public Staff, and the public witnesses who testified at the hearings.

In addition, the Commission finds that the Stipulation is a nonunanimous settlement of matters in controversy in this proceeding and that the Stipulation resolves only some of the disputed issues between CWSNC and the Public Staff. The Stipulation leaves the following Disputed Issues to be resolved by the

Commission: (1) the ROE to be authorized in this proceeding; and (2) whether the WSIP statute's 5% cap on annual revenue requirement increases under a WSIP should be applied on a company basis or on a rate division basis.

North Carolina Gen. Stat. § 62-133.1B(b) provides that the Commission may approve a WSIP upon a finding by the Commission that the plan results in rates that are just and reasonable and are in the public interest. Further, that statute states that in reviewing any application for a WSIP, the Commission must consider whether the application, as proposed, (1) establishes rates that are fair both to the customer and to the water or sewer utility, (2) reasonably ensures the continuation of safe and reliable utility services, (3) will not result in sudden substantial rate increases to customers annually or over the term of the plan, (4) is representative of the utility's operations over the plan term, and (5) is otherwise in the public interest.

In this case, the evidence shows that approval of the Stipulation and the WSIP will result in just and reasonable rates and will be in the public interest. The rates are representative of the Company's expected operations over the term of the plan. The rates are supported by a historical utility plant in service combined with a reasonable capital plan for the 3-year plan period. The rates are also supported by historical revenue and expense data combined with reasonable plan period revenue and expense projections using escalation factors based on third-party inflation projections, customer growth projections, and certain specific expense forecasts (such as salaries and wages). The revenue requirements

should be sufficient to allow the Company to make needed capital improvements while also covering expected operation and maintenance expenses, thus supporting the continuation of safe and reliable service to customers. The revenue requirements approved upfront in the WSIP, in conjunction with the protection of the WSIP statute's 5% cap, will limit annual rate increases, avoiding the sudden substantial rate increases a series of traditional base rate cases sometimes produces.

The public interest will be served by approval of the Stipulation and the WSIP. On the one hand, the WSIP will provide the Company with flexibility to make planned and needed infrastructure investments, along with some protection against inflation and regulatory lag during the term of the plan, without the need for (and cost of) full-blown rate cases every year. On the other hand, the Commission, the Public Staff, and customers are being provided with more information about the Company's plans; the WSIP limits the annual revenue requirements thus imposing risk of cost increases and cost control upon the Company; any earnings above the authorized ROE band will be returned to customers; and Commission oversight is enhanced. This enhancement is attained as the approved performance metrics will increase Company transparency and accountability, and we expect that as certain incentives and penalties are added to the metrics, accountability will be further strengthened.

After careful consideration the Commission finds that the Stipulation and the WSIP are consistent with N.C.G.S. § 62-133.1B and strike a fair balance

between the interests of CWSNC to maintain its financial strength at a level that enables it to attract sufficient capital on reasonable terms, on the one hand, and its customers to receive safe, adequate, reliable, and affordable water and sewer service at reasonable rates, on the other. The Commission finds that the rates that will result from the Stipulation are just and reasonable to both CWSNC and its customers. In addition, the Commission finds that the provisions of the Stipulation are just and reasonable to all parties to this proceeding and serve the public interest, and that it is appropriate to approve the Stipulation in its entirety (as updated herein with respect to the due date for provisions regarding penalties and incentives).

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 21 – 29**

##### **CAPITAL STRUCTURE, LONG-TERM DEBT COST, RETURN ON EQUITY BANDING, RETURN ON EQUITY, AND OVERALL RATE OF RETURN**

The evidence supporting these findings of fact and conclusions are contained in the documents, testimony, and exhibits taken in this matter, including without limitation the Company's verified Application and accompanying NCUC Form W-1, the testimony and exhibits of the public witnesses, the direct and rebuttal testimony and exhibits of Company witness D'Ascendis, the testimony and exhibits of Public Staff witness Hinton, the Joint Partial Settlement Agreement and Stipulation and its and exhibit, the joint testimony and exhibits of Public Staff witnesses Hinton, Junis, Sun, and Zhang, and the entire record of this proceeding. Further, the Commission relies on the applicable jurisprudence.

Below in Subsection 1 the Commission provides a summary of select applicable jurisprudence; in Subsection 2 the Commission addresses the relevant portions of the agreed-upon stipulation of the parties; in Subsection 3 the Commission sets forth all facts essential to a determination of the question at issue; and in Subsection 4 the Commission makes its findings.

**1. Summary Of Select Applicable Jurisprudence**

**A. Senate Bill 211**

On September 10, 2021, Governor Cooper signed into law Senate Bill 211 (Session Law 2021-149) (Senate Bill 211) which included several significant new additions to Article 7 of the Public Utilities Act, N.C.G.S. § 62-130 *et seq.*

Senate Bill 211 allows water or sewer utilities in a general rate proceeding to apply for a “Water and Sewer Investment Plan” (WSIP, plural WSIPs). N.C.G.S. § 62-133.1B(a). For the first time under North Carolina law, water and sewer utilities are permitted to seek prospective and multi-year rate plans. Specifically, Senate Bill 211 “authorizes annual rate changes for a three-year period based on reasonably known and measurable capital investments and anticipated reasonable and prudent expenses approved under the plan without the need for a base rate proceeding during the plan period.” N.C.G.S. § 62-133.1B(a).

WSIPs are not “take-it-or-leave-it” applications. Senate Bill 211 provides the Commission with the authority to modify WSIP applications, as follows:

(e) The Commission shall, after notice and an opportunity for interested parties to be heard, issue an order ruling on the water or sewer utility's request to adjust base rates under G.S. 62-133, denying or approving, with or without modifications, a water or sewer utility's proposed Water and Sewer Investment Plan. An approved plan shall be effective no later than the end of the maximum suspension period pursuant to G.S. 62-134(b).

N.C.G.S. § 62-133.1B(e). Once approved, the Commission still retains the ability to modify or terminate a WSIP, as follows:

(f) At any time, for good cause shown and after an opportunity for hearing, the Commission may modify or terminate an approved Water and Sewer Investment Plan if modification or termination is determined to be in the public interest.

N.C.G.S. § 62-133.1B(f).

Another new feature of Senate Bill 211 is the requirement that the Commission establish "banding" on authorized returns on equity for WSIPs, as follows:

(g) The Commission shall establish banding of authorized returns on equity for Water and Sewer Investment Plans approved pursuant to this section. For purposes of this section, "banding of authorized returns" means a rate mechanism under which the Commission sets an authorized return on equity for a water or sewer utility that acts as a midpoint and then applies a low- and high-end range of returns to that midpoint under which a water or sewer utility will not overearn if within the high-end range and will not underearn if within the low-end range. Any banding of the water or sewer utility's authorized return shall not exceed 100 basis points above or below the midpoint. [The following applies:]

(1) If a water or sewer utility exceeds the high-end range of the band that is approved by the Commission, the water or sewer utility shall refund or credit earnings above that high-end range to customers in a manner to be prescribed by rules

adopted by the Commission pursuant to subsection (i) of this section.

(2) If a water or sewer utility falls below the low-end range of the band that is approved by the Commission, the utility may file a general rate case.

N.C.G.S. § 62-133.1B(g) (brackets added by the North Carolina General Assembly website).

Senate Bill 211 sets forth a number of criteria for the Commission to employ in the evaluation of WSIPs filed by water or sewer utilities, including in part:

(b) The Commission may approve a Water and Sewer Investment Plan proposed by a water or sewer utility only upon a finding by the Commission that the plan results in rates that are just and reasonable and are in the public interest. In reviewing any application under this section, the Commission shall consider whether the water or sewer utility's application, as proposed, (i) establishes rates that are fair both to the customer and to the water or sewer utility, (ii) reasonably ensures the continuation of safe and reliable utility services, (iii) will not result in sudden substantial rate increases to customers annually or over the term of the plan, (iv) is representative of the utility's operations over the plan term, and (v) is otherwise in the public interest. In approving an application submitted under this section, the Commission may impose any conditions in the implementation of a Water and Sewer Investment Plan that the Commission considers necessary to ensure that the utility complies with the plan, and that the plan and associated rates are just, reasonable, and in the public interest, and the plan reasonably ensures the provision of safe, reliable, and cost-effective service to customers.

N.C.G.S. § 62-133.1B(b). In fact, Senate Bill 211 indicates that prior statutes addressing the methods used by the Commission to fix water and sewer rates are inapposite to the methods for fixing water and sewer rates of WSIPs. The first sentence of N.C.G.S. § 61-133.1B(a) provides:

(a) Notwithstanding the methods for fixing water and sewer rates under G.S. 62-133 or G.S. 62-133.1, upon application by a water or sewer utility in a general rate proceeding, the Commission may approve a Water and Sewer Investment Plan. ....

Nevertheless, Senate Bill 211 does not represent a departure from the well-established jurisprudence surrounding the Public Utilities Act. Although Senate Bill 211 itself is new, the concepts it enacts are familiar and well-known to the Commission. For example, the responsibility “[t]o make reasonable and just rates” has been the obligation of the Commission’s predecessors since the 19th century. See, e.g., 1899 N.C. Session Laws, Chapter 164, § 2. Senate Bill 211’s charge that rates be fair to both the customer and utility mirrors the requirements of N.C.G.S. § 62-133(a). The Commission’s requiring the provision of safe and reliable utility services is not new. See, e.g., Order on Remand, *Application of Duke Energy Carolinas, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina*, Docket No. E-7, Sub 989 at 15 (N.C.U.C. October 23, 2013) (*2013 DEC Rate Case Order*) affirmed *State ex rel. Utilities Commission; Duke Energy Carolinas, LLC; and the Public Staff v. Cooper, N.C. Waste Awareness and Reduction Network, N.C. Justice Center, and the N.C. Housing Coalition*, 367 N.C. 644, 766 S.E.2d 827 (2014); and Commission Rules R7-7, R7-12, and R10-7. The Commission has long been obligated to design a just and reasonable rate structure that does not subject customers to “rate shock” such as would be occasioned by substantial rate increases. *State ex rel. Utilities Commission; Public Service Company of N.C., Inc.; the Public Staff; and Easley v. Carolina Utility Customers Association, Inc.* 351 N.C. 223, 243, 524 S.E.2d 10, 23

(2000). The requirement that rates be representative of the utility’s operations over the plan term is echoed in the obligations imposed by N.C.G.S. § 62-133 and case law. Finally, the requirement that WSIPs be in the “public interest” and “cost-effective” re-iterates long-held North Carolina public policy. See, e.g., N.C.G.S. § 62-2; *State ex rel. Utilities Commission; Frontier Utilities of North Carolina, Inc.; the Public Staff; and Easley v. Piedmont Natural Gas Company, Inc.*, 346 N.C. 558, 564, 488 S.E.2d 591, 595 (1997).

By its terms, Senate Bill 211 only provides an alternative method for fixing water and sewer rates. It does not repeal the provisions of N.C.G.S. §§ 62-133 or 62-133.1.

Senate Bill 211 is not in derogation of common law, nor does it represent a departure from prior statutes or authority. Its concepts utilize, compliment, expand on, and harmonize with the familiar and settled law in this field. Senate Bill 211 is a continuation of this State’s jurisprudence. The Commission finds applicable to Senate Bill 211 the well-established jurisprudence surrounding the Public Utilities Act.

A discussion of some of that applicable jurisprudence follows.

### **B. Select Applicable Jurisprudence**

The Commission has substantial expertise in supervising the public utilities of this State. *State ex rel. Utilities Commission; and Edmisten v. Mebane Home Telephone Co.*, 298 N.C. 162, 173, 257 S.E.2d 623, 632 (1979). The

Commission’s decisions are “entitled to great deference given that its members possess an expertise in utility ratemaking that makes them uniquely qualified to decide the issues that are presented for their consideration.” *State ex rel. Utilities Commission; Duke Energy Progress, LLC; and Duke Energy Carolinas, LLC v. Stein; the Public Staff; et al.*, 375 N.C. 870, 900, 851 S.E.2d 237, 256 (2020) (citation omitted).

The Commission is “responsible for determining the weight and credibility to be afforded to the testimony of any witness, including any expert opinion testimony.” *State ex rel. Utilities Commission; Stein; and the Public Staff v. Virginia Electric and Power Co.*, 381 N.C. 499, 515, 873 S.E.2d 608, 618 (2022) (citation and quotation omitted) (*Stein*). “The Commission has been given the authority and responsibility for setting rates for public utilities. In doing so, it must have room to exercise its discretion and judgment.” *State ex rel. Utilities Commission; and Duke Power Co. v. Eddleman; and the Public Staff*, 320 N.C. 344, 379, 358 S.E.2d 339, 361 (1987) (underlining added).

This order cites the decisions of prior Commissions, but this Commission understands that “well-established principles of North Carolina law establish that prior Commission decisions ... are not entitled to either *res judicata* or *stare decisis* effect.” *Stein* at 381 N.C. at 524, 873 S.E.2d at 624 (citations omitted). *Stein* made clear that the applicability of the concept of *stare decisis* to the Commission has “no support of any nature in this Court’s precedent” and further is “inconsistent with the basic principle of North Carolina ratemaking law.” *Id.* at n.4 (citations omitted).

The parties to this proceeding have been unable to reach agreement regarding the appropriate rate of return on common equity, also referred to as the cost of equity capital. This is understandable as this is often one of the most contentious issues to be addressed in a rate case. See, e.g., *Order on Petition and Applications of Duke Energy Carolinas, LLC for Approval of Prepaid Advantage Program; For Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina; and For an Accounting to Defer Incremental Storm Damage Expenses Incurred as a Result of Hurricanes Florence and Michael and Winter Storm Diego*, Docket Nos. E-7, Sub 1213, 1214, 1187 at 86 (N.C.U.C. March 31, 2021). Where, as here, there is an issue unresolved by the parties, the Commission must exercise its independent judgment and arrive at its own independent conclusion as to all matters at issue, including the rate of return on common equity. See, e.g., *State ex rel. Utilities Commission; Pennsylvania & Southern Gas Company; and the Public Staff v. Carolina Utility Customers Association, Inc.*, 348 N.C. 452, 466, 500 S.E.2d 693, 707 (1998) (*CUCA I*). In order to reach an appropriate independent conclusion regarding the rate of return on common equity the Commission should evaluate the admitted evidence, particularly that presented by conflicting expert witnesses. *State ex rel. Utilities Commission; Duke Energy Carolinas, LLC; and the Public Staff v. Cooper; and the City of Durham*, 366 N.C. 484, 492-93, 739 S.E.2d 541, 546-47 (2013) (*Cooper I*).

The baseline for establishment of an appropriate rate of return on common equity is the constitutional constraints established by the decisions of the United States Supreme Court in *Bluefield Water Works & Improvement Company v.*

*Public Service Commission of West Virginia*, 262 U.S. 679 (1923) (*Bluefield*) and *Federal Power Commission v. Hope Natural Gas Company*, 320 U.S. 591 (1944) (*Hope*) which, as the Commission has previously noted, establish that:

To fix rates that do not allow a utility to recover its costs, including the cost of equity capital, would be an unconstitutional taking. In assessing the impact of changing economic conditions on customers in setting an ROE, the Commission must still provide the public utility with the opportunity, by sound management, to (1) produce a fair profit for its shareholders, in view of current economic conditions, (2) maintain its facilities and service, and (3) compete in the marketplace for capital.

See, e.g., *Order Granting Partial Rate Increase and Requiring Customer Notice, Application by Carolina Water Service, Inc. of North Carolina for Authority to Adjust and Increase Rates for Water and Sewer Utility Service in All of its Service Areas in North Carolina*, Docket No. W-354, Sub 365 at 67 (N.C.U.C. March 31, 2020) (2020 CWSNC Rate Case); see also *State ex rel. Utilities Commission; and Morgan v. General Telephone Co.; and the City of Durham*, 281 N.C. 318, 189 S.E.2d 705 (1972) (*General Telephone*). As the North Carolina Supreme Court held in *General Telephone*, these factors constitute “the test of a fair rate of return declared in” *Bluefield* and *Hope*. *Id.* at 281 N.C. at 370, 189 S.E.2d at 738.

The rate of return on common equity is, in fact, a cost. The return that equity investors require represents the cost to the utility of equity capital. As the Commission has previously explained:

[T]he cost of capital to the utility is synonymous with the investor’s return, and the cost of capital is the earnings which must be

generated by the investment of that capital in order to pay its price, that is, in order to meet the investor's required rate of return.

*2020 CWSNC Rate Case* at 67 (citing Roger A. Morin, *Utilities' Cost of Capital* (Public Utilities Reports, Inc. 1984) at 19-21). "The term 'cost of capital' may [also] be defined as the annual percentage that a utility must receive to maintain its credit, to pay a return to the owners of the enterprise, and to ensure the attraction of capital in amounts adequate to meet future needs." *Id.* (citing Charles F. Phillips, Jr. *The Regulation of Public Utilities* (Public Utilities Reports, Inc., 3rd ed. 1993) pg. 388).

Long-standing decisions of the North Carolina Supreme Court have recognized that the Commission's subjective judgment is an inherently necessary part of determining the authorized rate of return on common equity. *State ex rel. Utilities Commission; and the North Carolina Natural Gas Corp. v. the Public Staff; and the Cities of Wilson, Rocky Mount, Greenville, and Monroe, North Carolina*, 323 N.C. 481, 498, 374 S.E.2d 361, 370 (1988) (*Public Staff*). The Commission has described that "of all the components of a utility's cost of service that must be determined in the ratemaking process the appropriate ROE is the one requiring the greatest degree of subjective judgment by the Commission." *Order Granting General Rate Increase, Application of Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc., for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina*, Docket No. E-2, Sub 1023 at 35 (N.C.U.C. May 30, 2013), *affirmed in State ex rel. Utilities Commission; Duke Energy Progress, Inc.; and the Public Staff v. Cooper; and the N.C. Waste*

*Awareness and Reduction Network*, 761 S.E.2d 640 (2014) (*2013 DEP Rate Case Order*).

Determination of a ROE is not made by application of any one simple mathematical formula. *2020 CWSNC Rate Case* at 67. “Setting an ROE for regulatory purposes is not simply a mathematical exercise, despite the quantitative models used by expert witnesses.” *2013 DEP Rate Case Order* at 35. One treatise has explained:

Throughout all of its decisions, the [United States] Supreme Court has formulated no specific rules for determining a fair rate of return, but it has enumerated a number of guidelines. The Court has made it clear that confiscation of property must be avoided, that no one rate can be considered fair at all times and that regulation does not guarantee a fair return. The Court also has consistently stated that a necessary prerequisite for profitable operations is efficient and economical management. Beyond this is a list of several factors the commissions are supposed to consider in making their Decisions, but no weights have been assigned.

The relevant economic criteria enunciated by the Court are three: financial integrity, capital attraction and comparable earnings. Stated another way, the rate of return allowed a public utility should be high enough: (1) to maintain the financial integrity of the enterprise, (2) to enable the utility to attract the new capital it needs to serve the public, and (3) to provide a return on common equity that is commensurate with returns on investments in other enterprises of corresponding risk. These three economic criteria are interrelated and have been used widely for many years by regulatory commissions throughout the country in determining the rate of return allowed public utilities.

In reality, the concept of a fair rate of return represents a “zone of reasonableness.” As explained by the Pennsylvania commission:

There is a range of reasonableness within which earnings may properly fluctuate and still be deemed just and reasonable and not excessive or extortionate. It is bounded at one level by investor interest against confiscation and the need for averting any threat to the

security for the capital embarked upon the enterprise. At the other level it is bounded by consumer interest against excessive and unreasonable charges for service.

As long as the allowed return falls within this zone, therefore, it is just and reasonable. ... It is the task of the commissions to translate these generalizations into quantitative terms.

*2020 CWSNC Rate Case* at 67-68; *2013 DEP Rate Case Order* at 35-36 (both citing Charles F. Phillips, Jr., *The Regulation of Public Utilities* (Public Utilities Reports, Inc., 3rd ed. 1993), pp. 381-82 (notes omitted)) (ellipses and brackets in original).

In conformity with the requirements of *Cooper I*, recent Commission decisions have addressed the impact of changing economic conditions on customers when determining the proper ROE for a utility. See, e.g., *2020 CWSNC Rate Case* at 69. Although Senate Bill 211 itself contains no explicit requirement that when setting rates the Commission must “consider[ ] changing economic conditions...”, Senate Bill 211 did not repeal N.C.G.S. § 62-133 or § 62-133.1. Moreover, akin to the statute *Cooper I* addressed, Senate Bill 211 requires that the Commission “establishes rates that are fair both to the customer and to the water or sewer utility ... [and] is otherwise in the public interest.” N.C.G.S. § 62-133.1B(b)(ii), (v). Further, the *Cooper I* Court used broad language in its holding:

Given the legislature's goal of balancing customer and investor interests, the customer-focused purpose of Chapter 62, and this Court's recognition that the Commission must consider *all* evidence presented by interested parties, which necessarily includes customers, it is apparent that customer interests cannot be measured only indirectly or treated as mere afterthoughts and that

Chapter 62's ROE provisions cannot be read in isolation as only protecting public utilities and their shareholders. Instead, it is clear that the Commission must take customer interests into account when making an ROE determination. Therefore, we hold that in retail electric service rate cases the Commission must make findings of fact regarding the impact of changing economic conditions on customers when determining the proper ROE for a public utility.

*Cooper I* at 366 N.C. 495, 739 S.E.2d 548 (italics in original).

The Commission is aware that in setting rates the Commission must not only adhere to the dictates of both the United States and North Carolina Constitutions, but, as has been held by the North Carolina Supreme Court, it is “the duty of the Commission to set rates as low as constitutionally possible.” *Public Staff* at 323 N.C. at 507, 374 S.E.2d at 375 (citation omitted).

The Commission favors the provision of relevant evidence on topics before it. The Commission finds that consideration of economic conditions is warranted as a component of its consideration of CWSNC's WSIP Application for three reasons. First, N.C.G.S. §§ 62-133 and 62-133.1 were not repealed by Senate Bill 211. Second, the language of *Cooper I* quoted above is broad in its sweep. Third, economic condition considerations are embedded within the criteria that Senate Bill 211 charges the Commission to consider, especially given its requirement that “the Commission shall consider whether the water or sewer utility’s application, as proposed, (i) establishes rates that are fair both to the customer and to the water or sewer utility, (ii) reasonably ensures the continuation of safe and reliable utility services, (iii) will not result in sudden substantial rate increases to customers annually or over the term of the plan, (iv) is representative of the utility’s operations

over the plan term, and (v) is otherwise in the public interest.” N.C.G.S. § 62-133.1B(b). Accordingly, in performing its duty, the Commission will be mindful of the impact of current economic conditions on customers.

Note that N.C.G.S. § 62-133.1B(b) includes a number of criteria or factors for the Commission’s consideration. In considering a similar statute involving particularized factors for the Commission to consider, the Court held the Commission is obligated to address each such factor. *Cooper I* at 366 N.C. at 494, 739 S.E.2d at 547 (“the Commission must consider and make its determination based upon *all factors* particularized...” (italics in original)). Accordingly, the Commission will also consider all the criteria and factors set forth in Senate Bill 211 in addition to other required factors.

The criteria of Senate Bill 211 require consideration of elements beyond the ROE element, and it inherently necessitates that the Commission make many subjective determinations, in addition to the subjectivity required to determine the ROE. The subjective decisions the Commission must make as to each of the elements of the criteria can, and often do, have multiple and varied impacts on all of the other criteria and elements. In other words, the criteria are intertwined and often interdependent in their impact to the setting of just and reasonable rates. See *2020 CWSNC Rate Case Order* at 69.

The Commission must exercise its subjective judgment so as to balance multiple competing ROE-related factors, including the economic conditions facing the Company’s customers and the Company’s need to attract equity financing on

reasonable terms in order to continue providing safe and reliable service. The impact of changing economic conditions on customers is embedded in the testimony of expert witnesses regarding their analyses of the rate of return on common equity using various economic models widely used and accepted in utility regulatory rate-setting proceedings. *Id.* Further,

[t]he Commission always places primary emphasis on consumers' ability to pay where economic conditions are difficult. By the same token, it places the same emphasis on consumers' ability to pay when economic conditions are favorable as when the unemployment rate is low. Always there are customers facing difficulty in paying utility bills. The Commission does not grant higher rates of return on equity when the general body of ratepayers is in a better position to pay than at other times ...

*Id.* at 70; and see *DEP Rate Case Order* at 37-38.

Economic conditions existing throughout the relevant time periods will affect not only the ability of the utility's customers to pay rates, but also the ability of the utility to earn the authorized rate of return during the period the new rates will be in effect. This is especially true given the future-looking provisions of Senate Bill 211.

The Commission's duty is to set rates as low as reasonably possible without impairing the Company's ability to raise the capital needed to provide reliable water and wastewater service and recover its costs of providing service. The Commission is especially mindful of this duty in light of the evidence in this case concerning the impact of current economic conditions on customers.

Chapter 62 of the North Carolina General Statutes in general set forth a detailed formula the Commission must employ in establishing rates. The rate of return on equity is a significant but not independent element. Each element of the formula must be analyzed to determine the utility's cost of service and revenue requirement. The Commission must make many subjective decisions with respect to each element in the formula in establishing the rates it approves. The Commission is tasked in a rate case with, for example, approving accounting and pro forma adjustments to comply with N.C.G.S. § 62-133(b)(3) and depreciation rates pursuant to N.C.G.S. § 62-133(b)(1). The decisions the Commission makes in each of the many subjective areas under its purview have multiple and varied impacts on the decisions it makes elsewhere in establishing rates, such as its decision on rate of return on equity.

Economic conditions existing during all relevant times (from the test or base year, at the time of the public hearings, and at the date of this Commission Order) affect not only the ability of CWSNC's consumers to pay water and wastewater utility rates, but also the ability of CWSNC to earn the authorized rate of return during the period rates will be in effect.

Finally, in considering this case, the burden of proof rests with the Company. Thus, CWSNC must affirmatively prove that the proposed rates are just and reasonable. *See, e.g., CUCA I* at 348 N.C. at 464, 500 S.E.2d at 702; N.C.G.S. §62-75; and N.C.G.S. §62-134(c).

Addressed below are some pertinent stipulations.

**2. Pertinent Settlement Stipulations On Capital Structure, Long-Term Debt Cost, And Return On Equity Banding**

On November 22, 2022, CWSNC and the Public Staff filed a joint partial settlement agreement and stipulation (the Stipulation). The Public Staff and CWSNC represent all the parties to this proceeding. Accordingly, the Stipulation represents the unanimous consent agreement of all parties to the case with respect to those issues it addresses.

Stipulations in contested proceedings are to be “encourage[d]” by the Commission. N.C.G.S. §62-69(a). Further, the “Commission may make informal disposition of any contested proceeding by stipulation...” (*id.*), “even general rate cases...” *CUCA I* at 348 N.C. 462, 500 S.E.2d 701 (citation omitted). Informal disposition plays a crucial role in efficiently resolving many contested proceedings. *Id.* at 348 N.C. 466, 500 S.E.2d 703.

Per the Stipulation, all parties agreed that the Company should be imputed to have a “[c]apital structure consisting of 50.00% debt and 50.00% equity.” Stipulation, pg. 12 § II (C)(1)(i). Company witness D’Ascendis testified in favor of this capital structure and that it was the “target capital structure” for the Company’s parent entity. Tr. vol. 6, 80, 102, 209. Public Staff witness Hinton utilized this capital structure as well. Tr. vol. 6, 364, 421.

Per the Stipulation, all parties agreed that the Company should be imputed to have a “[c]ost of debt of 4.64%.” Stipulation, pg. 12 § II (C)(1)(ii). Company witness D’Ascendis testified this was reasonable and that the Company’s parent

entity's 13-month average long-term debt cost rate was 4.64%. Tr. vol. 6, 103. Public Staff witness Hinton utilized this long-term debt cost rate as well. Tr. vol. 6, 364, 421.

The Stipulation provided that the parties only agreed to litigate the following issues before the Commission: "(1) the ROE to be authorized for CWSNC during the term of the WSIP; and (2) whether the 5% revenue requirement cap required by N.C.G.S. § 62-133.1B(c), should be applied on a per company or per rate division basis." Stipulation, pg. 19-20, § V.

While the parties to the case were unable to agree on the authorized ROE, they were able to agree to the size of the banding around whatever authorized rate of return the Commission awards for WSIP Rate Years 1, 2, and 3. Per the Stipulation at page 13, Section II (F), all parties agreed to the following banding around the authorized ROE:

- (a) For WSIP Rate Year 1, the banding shall range from 50 basis points above the authorized ROE to 50 basis points below the authorized ROE (which represents a 100-basis point band).
- (b) For WSIP Rate Year 2, the banding shall range from 0 basis points above the authorized ROE to 50 basis points below the authorized ROE (which represents a 50-basis point band).

- (c) As with item (b), for WSIP Rate Year 3, the banding shall range from 0 basis points above the authorized ROE to 50 basis points below the authorized ROE (which represents a 50-basis point band).

The Stipulation “reflects a give-and-take settlement of contested issues.” Stipulation, pg. 20 § VI (A). Witness Denton testified the partial settlement “is a product of serious, arms-length negotiation between the Company and the Public Staff, represents numerous compromises by both parties, and results in a reasonable multi-year rate plan.” Tr. vol. 7, 122. The Commission notes that the partial settlement came at the end of discovery. The Stipulation is supported by evidence in the record and represents an agreement between all the parties to the case. The provisions of the Stipulation cited above represent an acceptable result that balances the applicable factors. The Commission finds they are just, reasonable, and appropriate.

**3. Facts Essential To The Determination Of CWSNC’s Authorized Rate Of Return On Common Equity**

The Commission is required “to find all facts essential to a determination of the question at issue.” However, the Commission “is not required to comment upon every single fact or item of evidence presented by the parties.” *Public Staff* at 323 N.C. 496-97, 374 S.E.2d 369 (citations and quotations omitted); *and see* N.C.G.S. § 62-79. “Instead, the Commission’s summary of the appellant’s argument and its rejection of the same is sufficient to enable the reviewing court to ascertain the

controverted questions presented in the proceeding, which is all that is required.” *Stein* at 873 S.E.2d 622 (quotations, brackets, and citation omitted).

The facts essential to the Commission’s determination are contained in the documents, testimony, and exhibits taken in this matter, including without limitation the Company’s verified Application and accompanying NCUC Form W-1, the testimony and exhibits of the public witnesses, the direct and rebuttal testimony and exhibits of Company witness D’Ascendis, the testimony and exhibits of Public Staff witness Hinton, the witness testimony at the hearings on this matter, the joint partial settlement agreement and stipulation and exhibit to same, the joint testimony and exhibits of Public Staff witnesses Hinton, Junis, Sun, and Zhang, the experience and discernment of the Commission, and the entire record of this proceeding. Without limiting same, below the Commission highlights facts essential to the determination of the Company’s authorized rate of return on common equity.

The evidence from CWSNC’s pre-filed direct testimony and exhibits is addressed first (and where appropriate, some rebuttal testimony is interlaced), then the Public Staff’s pre-filed testimony and exhibits, thereafter the balance of CWSNC’s pre-filed rebuttal testimony, and finally evidence from the hearing.

**A. CWSNC Pre-Filed Evidence**

CWSNC’s current authorized rate of return on common equity is 9.40%. Tr. vol. 6, 63. In this filing, CWSNC sought a ROE of 10.45% for the base period and

a ROE of 10.70% for each of the WSIP Rate Years 1, 2, and 3. Tr. vol. 6, 83. To support its request, CWSNC retained witness Dylan W. D’Ascendis to provide testimony. Witness D’Ascendis is a partner at ScottMadden, Inc. who has testified as an expert witness in several proceedings before the Commission and in other states. Witness D’Ascendis “has served as a consultant for investor-owned and municipal utilities and authorities for 13 years.” Tr. vol. 6, 77; Ex. vol. 7, Appendix A – Resume & Testimony Listing of: Dylan W. D’Ascendis, CRRA, CVA, Partner.

In his direct testimony, witness D’Ascendis provided testimony regarding general principles related to returns on equity, including a discussion of *Bluefield* and *Hope*. He also provided testimony regarding business risk, its relation to determining a fair rate of return, and business risks faced by water and wastewater industries. Additionally, he testified regarding financial risk, its relation to determining a fair rate of return, and bond and credit ratings’ relationship to investment risk. Tr. vol. 6, 85-96.

Witness D’Ascendis provided evidence, in his direct testimony, regarding economic conditions in North Carolina. He testified that economic conditions declined as a result of COVID-19 but have since improved; economic conditions in North Carolina are strongly correlated to the United States’ economy; North Carolina’s unemployment rates have fallen since spiking in April 2020; North Carolina’s statewide unemployment stands at 3.70% (and 3.69% in counties served by CWSNC) as of February, 2022 (which is below the national rate); North Carolina’s real gross domestic product has grown faster than the overall United

States economy for the first three quarters of 2021; nominal North Carolina median household income has grown at a rate of 3.36%, slightly faster than the national average; North Carolina has the 22nd lowest cost of living index among the 50 states, the District of Columbia, and Puerto Rico; total personal income, disposable income, personal consumption, and wages and salaries have generally been on an increasing trend nationwide; and other matters. Tr. vol. 6, 146-156.

In his rebuttal testimony, witness D'Ascendis provided testimony regarding the current market conditions. He testified: regarding economic conditions' impact on return on equity; that current market conditions are riskier now based on his review of 10 indicators; that the economy is in an inflationary environment and that the Federal Reserve has signaled its intention to raise the Fed Funds rate and decrease its balance sheet to attempt to limit inflation; that the consumer price index's recent increase and the expectation that inflation will moderate towards its target of 2.00% over the long term; on discussions related to inflation by members of the Federal Reserve; that the market's expectations regarding the Federal Funds Rate; that the impact of inflation on return on equity; and on other matters. Tr. vol. 6, 164-174.

**i. CWSNC Proxy Groups**

Witness D'Ascendis provided testimony regarding proxy groups and explained that “[b]ecause the cost of equity is a comparative exercise, my objective in developing a proxy group was to select companies that are comparable to the Company [CWSNC].” Tr. vol. 6, 98 (brackets added). He used two proxy groups:

(a) a proxy group consisting of utility companies; and (b) a proxy group consisting of domestic, non-price-regulated companies. Tr. vol. 6, 96, 134.

Witness D'Ascendis described the seven criteria he used to select companies in the proxy group consisting of utility companies. Seven companies met the criteria: (1) American States Water Co.; (2) American Water Works Co., Inc.; (3) California Water Service Group; (4) Essential Utilities, Inc.; (5) Middlesex Water Co.; (6) SJW Corp.; and (7) The York Water Co. Tr. vol. 6, 96-100. In his updated rebuttal testimony, witness D'Ascendis removed The York Water Co. from his utility proxy group because it no longer met all seven of the selection criteria. Tr. vol. 6, 163.

**ii. CWSNC Models As Applied To The Utility Proxy Group**

Witness D'Ascendis utilized three models to support his testimony regarding the appropriate return on common equity which CWSNC should be awarded. They are: (1) the discounted cash flow model; (2) the risk premium model; and (3) the capital asset pricing model. The application of these models to the companies in the utility proxy group are addressed in greater detail below.

**Discounted Cash Flow Model**

As noted above, witness D'Ascendis employed three models. The first was the single-stage constant growth discounted cash flow model. Witness D'Ascendis discussed the model generally and described how each component used in the model was determined. One component is the growth rate. In calculating the

growth rate component of the discounted cash flow model, witness D'Ascendis used projected earnings. Applying this model to the utility proxy group, witness D'Ascendis calculated that the average indicated common equity rate was 9.03% (with a median result of 9.71% and the average of the mean and median being 9.37%). Tr. vol. 6, 106-109.

Witness D'Ascendis' initial direct testimony employed data from May 13, 2022. In his updated rebuttal testimony, witness D'Ascendis employed data from October 14, 2022 (and also removed The York Water Co. from the utility proxy group). He then re-calculated the three models and provided an updated analysis in his rebuttal testimony. The updated discounted cash flow model continued to use projected earnings for the growth rate component. The average indicated common equity rate under the discounted cash flow model was 10.10% (with a median result of 10.13% and the average of the mean and median being 10.12%). Tr. vol. 6, 162-163; Ex. vol. 7, D'Ascendis Rebuttal Exhibit no. 1, Schedule DWD-1R, page 3 of 44.

### **Risk Premium Model**

Next witness D'Ascendis testified regarding his risk premium model. Within this model, witness D'Ascendis employed two methods to calculate the common equity risk premium over bonds. The first was the predictive risk premium model, and the second was the total market approach risk premium model. Witness D'Ascendis discussed the model and the two methods generally and described how each component was determined. Tr. vol. 6, 109-126.

The predictive risk premium model adds (a) the representative risk-free rate to (b) the equity risk premium for each company in the utility proxy group. Regarding the first component, (a), the representative risk-free rate relied on the 30-year U.S. Treasury bond. For the base year, witness D'Ascendis used a three-month average in determining the 30-year U.S. Treasury bond. For WSIP Rate Years 1, 2, and 3, he used forecasted U.S. Treasury bond rates from *Blue Chip Financial Forecasts*. Regarding the second component, (b), the predicted equity risk premium is generated by the prediction of volatility or risk. Tr. vol. 6, 110-114. More specifically, the predicted equity risk premium was described as follows:

The inputs to the model are the historical returns on the common shares of each company in the Utility Proxy Group minus the historical monthly yield on long-term U.S. Treasury securities through April 2022. Using a generalized form of ARCH, known as GARCH, I calculated each Utility Proxy Group company's projected equity risk premium using Eviews<sup>®</sup> statistical software. When the GARCH Model is applied to the historical return data, it produces a predicted GARCH variance series and a GARCH coefficient. Multiplying the predicted monthly variance by the GARCH coefficient, then annualizing it, produces the predicted annual equity risk premium for each company.

Tr. vol. 6, 111-12 (footnotes omitted).

Applying this method to the utility proxy group, witness D'Ascendis calculated the average indicated common equity rate utilizing current and projected interest rates. These are set forth in the chart immediately below this paragraph under the heading titled "direct." Witness D'Ascendis' initial direct testimony employed data from May 13, 2022. In his updated rebuttal testimony, witness D'Ascendis employed data from October 14, 2022 (and also removed The

York Water Co. from the utility proxy group). He then re-calculated the three models and provided an updated analysis in his rebuttal testimony. The updated figures from his rebuttal testimony are set forth in the chart immediately below under the heading titled “rebuttal.”

	direct	rebuttal
1. Average ROE using current interest rates:	11.76%	12.01%
2. Average ROE using projected 2023 interest rates:	12.60%	12.63%
3. Average ROE using projected 2024 interest rates:	12.57%	12.55%
4. Average ROE using projected 2025 interest rates	12.87%	12.55%

Tr. vol. 6, 110-114 (direct), 162-163 (rebuttal); Ex. vol. 7, D’Ascendis Direct Ex. No. 1, Schedule DWD-4, pages 2-5; Ex. vol. 7, D’Ascendis Rebuttal Exhibit No. 1, Schedule DWD-1R, pages 11-14.

The second method within this model utilized by witness D’Ascendis was the total market approach risk premium model. It adds a representative public utility bond yield to an average of the following: (i) an equity risk premium that is derived from a beta-adjusted total market equity risk premium; and (ii) an equity risk premium based on the S&P Utilities Index. Tr. vol. 6, 114. This method analyzes broad market data, future forecasts, and computations to measure risk. The results are set forth in the chart immediately below this paragraph under the heading titled “direct.” Witness D’Ascendis’ initial direct testimony employed data from May 13, 2022. In his updated rebuttal testimony, witness D’Ascendis employed data from October 14, 2022 (and also removed The York Water Co. from the utility proxy group). He then re-calculated the three models and provided an updated analysis

in his rebuttal testimony. The updated figures from his rebuttal testimony are set forth in the chart immediately below under the heading titled “rebuttal.”

	direct	rebuttal
1. ROE using current interest rates:	10.87%	11.31%
2. ROE using projected 2023 interest rates:	11.30%	11.82%
3. ROE using projected 2024 interest rates:	11.20%	11.70%
4. ROE using projected 2025 interest rates:	11.32%	11.65%

Tr. vol. 6, 114-126 (direct), 162-63 (rebuttal); Ex. vol. 7, D’Ascendis Direct Ex. No. 1, Schedule DWD-4, page 6; Ex. vol. 7, D’Ascendis Rebuttal Exhibit No. 1, Schedule DWD-1R, page 15.

### **Capital Asset Pricing Model**

The third model employed by witness D’Ascendis was the capital asset pricing model. It is applied by adding a risk-free rate of return to a market risk premium, which is adjusted proportionally to reflect the systematic risk of the individual security relative to the total market, as measured by beta. The model includes several components and calculations. However, witness D’Ascendis testified that the empirical security market line is not as steeply sloped as predicted and therefore a variant of the model – the empirical capital asset pricing model – is also an appropriate measure to determine return on equity. Therefore, witness D’Ascendis applied to the utility proxy group both (a) the traditional capital asset pricing model and (b) the empirical capital asset pricing model. He then averaged the two. Tr. vol. 6, 127-133.

The results of the computations are set forth in the chart immediately below this paragraph under the heading titled “direct.” Witness D’Ascendis’ initial direct testimony employed data from May 13, 2022. In his updated rebuttal testimony, witness D’Ascendis employed data from October 14, 2022 (and also removed The York Water Co. from the utility proxy group). He then re-calculated the three models and provided an updated analysis in his rebuttal testimony. The updated figures from his rebuttal testimony are set forth in the chart immediately below under the heading titled “rebuttal.”

	direct	rebuttal
1. Average ROE using current interest rates:	11.30%	11.91%
2. Average ROE using projected 2023 interest rates:	11.66%	12.18%
3. Average ROE using projected 2024 interest rates:	11.64%	12.15%
4. Average ROE using projected 2025 interest rates:	11.77%	12.15%

Tr. vol. 6, 127-133 (direct), 162-63 (rebuttal); Ex. vol. 7, D’Ascendis Direct Ex. No. 1, Schedule DWD-5, pages 1-5; Ex. vol. 7, D’Ascendis Rebuttal Exhibit No. 1, Schedule DWD-1R, pages 26-29.

**iii. CWSNC Models As Applied To The Non-Utility Proxy Group**

As noted above, witness D’Ascendis also composed a proxy group consisting of dozens of domestic, large, non-price-regulated companies (such as Bristol-Myers Squibb, Northrop Grumman, and Western Union) which met four selection criteria. The companies in this group were updated in witness D’Ascendis’ rebuttal testimony.

Witness D'Ascendis calculated the common equity cost rate by using this non-utility proxy group and applying nearly the same models as used on the utility proxy group: (1) the discounted cash flow model; (2) the risk premium model with certain modifications<sup>2</sup>; and (3) the capital asset pricing model. Averaging the results of all three models as applied to the non-utility proxy group resulted in a calculated return on equity ranging from a low of 11.22% to a high of 11.53% using current and projected interest rates for 2023, 2024, and 2025. Witness D'Ascendis' initial direct testimony employed data from May 13, 2022. In his updated rebuttal testimony, witness D'Ascendis employed data from October 14, 2022. He then re-calculated the three models and provided an updated analysis in his rebuttal testimony. Averaging the results of all three models as applied to the non-utility group following this update resulted in a calculated return on equity ranging from a low of 11.83% to a high of 12.08% using current and projected interest rates for 2023, 2024, and 2025. Tr. vol. 6, 134-137, 162-163; Ex. vol. 7, D'Ascendis Direct Ex. No. 1, Schedule DWD-6, page 3, Schedule DWD-7, page 1; Ex. vol. 7, D'Ascendis Rebuttal Ex. No. 1, Schedule DWD-1R, pages 33-34.

**iv. CWSNC Adjustments To Return On Equity**

Witness D'Ascendis provided direct testimony on two topics which could impact the common equity cost rate.

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<sup>2</sup> Witness D'Ascendis explained the modification as follows: "One exception is in the application of the RPM, where I did not use public utility-specific equity risk premiums, nor did I apply the PPRM to the individual non-price regulated companies." Tr. vol. 6, 136.

First, witness D'Ascendis testified that CWSNC's relatively smaller size, compared to the utility proxy group, increased its business risk. He argued a 10-basis point increase in the return on common equity was merited. In support of this argument witness D'Ascendis discussed several commentators, risk, and his evaluation of the facts. He testified that ratings agencies do not account for company size in their bond ratings; compared an estimated market capitalization for CWSNC with that of the utility proxy group and discussed the impact of size; argued that the fact CWSNC was a subsidiary of Corix should not impact the 10-basis point size adjustment; stated that his calculations revealed a 0.92% upward size adjustment was indicated, but he nevertheless applied a size premium of 0.10%; and other matters. Tr. vol. 6, 139-144.

Second, witness D'Ascendis testified that the WSIP did not lower CWSNC's risk. Although witness D'Ascendis testified a WSIP would better match future revenues to future expenses, he asserted it did not affect the volatility of revenues or resultant earnings. Further, witness D'Ascendis stated the WSIP statute "creates an imbalance" because if a company overeans, those funds must be returned to the customers, while if a company undereans, it does not have the ability to collect a surcharge from its customers (but must instead file a rate case). Based on these factors, witness D'Ascendis testified "the WSIP does not reduce the Company's risk profile." Tr. vol. 6, 144-145.

**B. Public Staff Pre-Filed Testimony**

The Public Staff also presented evidence regarding the appropriate return on equity for CWSNC through the testimony of John R. Hinton, Director of Economic Research.

Public Staff witness Hinton testified regarding the historical return on equity awarded by the Commission to CWSNC; the economic and legal framework for his analysis; the economic relationship between risk and the cost of equity (including a discussion of *Hope* and *Bluefield*) and the background of same; the concept of fair rate of return; his methodology for determining the fair rate of return; and other matters. Tr. vol. 6, 314-324.

Witness Hinton testified regarding conditions in the financial market, especially inflation, yields on treasury curves, yields on public utility bonds, and forecasted inflation rates. Witness Hinton testified that he did not rely on interest rate forecasts to determine the cost of equity. Instead, witness Hinton testified current long-term bonds are appropriate for ratemaking because the price of those bonds already includes investors' evaluations of future interest rates, future inflation rates, domestic and international demand and supply of capital and credit, and other factors. Witness Hinton testified about wide disparities in forecasted interest rates versus actual interest rates, the tendency of economists to make poor interest rate predictions, and disparate predictions regarding inflation made by economists. Tr. vol. 6, 325-332; Ex. vol. 7, Hinton Ex. 1.

More specifically, witness Hinton presented an example from Docket No. W-218, Sub 363 where the utility's expert forecast in 2014 that 30-year treasury bond yields were predicted to rise to 4.7% in 2016 and 5.2% in 2017. In fact, the actual rates were more than 100 basis points lower. Witness Hinton also reviewed a prior forecast by witness D'Ascendis. In 2018 in Docket No. W-354, Sub 360, witness D'Ascendis predicted 30-year treasury bonds would rise to 3.8% by the third quarter of 2019, based on *Blue Chip* forecasts. However, the highest observed yield for that period of time was 2.65%, with the average for the quarter standing at 2.29%. This represents a forecasting error of between 115 and 151 basis points. Tr. vol. 6, 330-331. Similarly, witness D'Ascendis' predictions in W-354, Sub 364 were overestimated by approximately 127 basis points. Tr. vol. 6, 347-348. Witness Hinton further testified that the tendency of economists to make poor interest rate predictors in the last ten years was addressed in a Wall Street Journal article entitled *Economists Got the Decade All Wrong, They're Trying to Figure Out Why*. Ex. vol. 6, Hinton Ex. 1. The foregoing examples illustrate why witness Hinton places more weight on current market interest rates. Witness Hinton testified that it is his observation that interest rate forecasts have shown a tendency to overestimate the future levels of interest rates by a significant degree. Tr. vol. 6, 330-331, 347-348.

**i. Public Staff Utility Proxy Groups**

Witness Hinton described the cost of common equity capital in general and the models he used to calculate same: (1) the discounted cash flow model; and (2)

the risk premium model. Because the parent company of CWSNC is not publicly traded, witness Hinton described the criteria he used to select a proxy group of utility companies and identified the following six: (1) American States Water; (2) American Water Works; (3) California Water; (4) Essential Utilities; (5) Middlesex Water; and (6) SJW Group. These companies are followed by *Value Line Investment Survey (Value Line)*. Tr. vol. 6, 336-340; Ex. Vol. 7, Hinton Ex. 2. These are the same six companies used by witness D'Ascendis in his proxy group.

Proxy groups are necessary because neither CWSNC, nor its parent, Corix, nor its ultimate parent British Columbia Investment Management Corporation (BCIMC) are publicly traded – BCIMC is a private equity fund. Tr. vol. 6, 338-339.

**ii. Public Staff Discounted Cash Flow Model**

Regarding the discounted cash flow model, witness Hinton discussed the components he used; the basis for using the expected stream of dividends over time; how the dividend yield and expected growth rate components was calculated; the inclusion of both historical-looking and future-looking calculations; and other matters. The results yielded a cost of equity range of 8.6% to 9.4% (rounded), as follows:

DCF Method	Long-Term Growth Rate	Dividend Yield Component	Sum
	(g)	(D <sub>1</sub> /P)	Cost of Equity
Average Historical	7.48%	1.87%	9.35%
Average Forecast	6.73%	1.87%	8.60%
Average Historical and Forecast	7.18%	1.87%	9.05%

Tr. vol. 6, 337-342.

More specifically, witness Hinton calculated the dividend yield by using the *Value Line* estimate of dividends to be declared over the next 12 months divided by the price of the stock as reported by *Value Line* summary and index sections for each week of the 13-week period of July 15, 2022, through October 7, 2022, and calculated the average dividend yield of 1.87% for the comparable group of water utilities. For the growth component of the discounted cash flow model, he calculated the dividend per share (DPS), earnings per share (EPS), and book value per share (BPS) as reported in *Value Line* over the past ten and five years. He also employed the forecasts of the growth rates of the comparable groups in EPS, DPS, and BPS, as reported in *Value Line*. He testified the historical and forecasted group rates are prepared by analysts employed by an independent advisory service that is widely available to investors and should also provide an estimate of investor expectations. Additionally, witness Hinton testified it is reasonable to expect that investors consider both sets of data in deriving their expectations. *Id.*

Witness Hinton incorporated the consensus of various analysts' forecasts of five-year EPS growth rate projections as reported in Yahoo Finance. He testified that the dividend growth rates for each of the companies and for the average for his comparable proxy group are shown in Hinton Exhibit 3. *Id.*; Tr. vol. 7, Hinton Ex. 3.

**iii. Public Staff Risk Premium Model**

Regarding the risk premium model, witness Hinton testified that it is designed to determine the difference between the expected return on a common stock and the expected return on a debt security. This difference is the rate of return investors require in order to accept the additional risk involved with investment in a stock (which has more risk) versus a bond (which has less risk). Witness Hinton testified regarding the methods he used to calculate the components of the model; the strengths of using allowed equity returns in the model; the average risk premium results; the evaluation of A-rated public utility bonds; the relationship between bond costs and equity costs; and other matters. Witness Hinton's calculations yielded an estimate of the cost of equity of 9.88%. Tr. vol. 6, 343-345.

More specifically, witness Hinton testified that his method relies on approved returns on common equity for water utility companies from various public utility commissions as reported in a RRA Water Advisory, published by Regulatory Research Associates, Inc., a group within S&P Global Market Intelligence. In order to estimate the relationship with a representative cost of debt capital, he regressed the average annual allowed equity returns with the average Moody's A-rated yields for public utility bonds from 2009 through 2022. His regression analysis, which incorporates years of historical data, is combined with recent monthly yields to provide an estimate of the current cost of common equity. *Id.*

Witness Hinton testified that the use of allowed returns as the basis for the expected equity has strengths over other approaches that involve various models that estimate the expected equity return on common stocks and subtracting a representative cost of debt. One strength of his approach, per his testimony, is that authorized returns on equity are generally arrived at through lengthy investigations by various parties with opposing views on the rate of return required by investors. He testified that it is reasonable to conclude that the approved allowed returns are good estimates of the cost of equity. *Id.*

**iv. Public Staff Calculated Return On Equity**

Averaging the results of the discounted cash flow model yielded a suggested return on equity of 9.0%. Rounding the results of the risk premium model and averaging the outputs of the two models, witness Hinton arrived at his initial calculated return on equity of 9.45%. Tr. vol. 6, 345-346; Ex. vol. 7, WSIP Exhibit 6.

Witness Hinton performed two reasonableness assessments of his calculated return on equity. First, he considered the pre-tax interest coverage ratio produced by his recommended cost of capital and found it should allow CWSNC to qualify for a single “A” bond rating. Second, he reviewed the strong and stable growth of CWSNC’s retained earnings and noted the relative lower investment risks associated with water utilities. Tr. vol. 6, 346-347.

**v. Public Staff WSIP Impact On Return On Equity**

Witness Hinton recommended a 9.25% return on common equity for any WSIP rate years that were approved. Witness Hinton testified the basis of the 20-basis point downward adjustment was warranted in light of the WSIP's impact on regulatory lag and the enhanced cost recovery of capital projects. Further, witness Hinton stated a WSIP is seen by debt and equity investors as supportive regulation, and credit evaluation firms place emphasis on such mechanisms. Witness Hinton testified the reduction in regulatory lag enhances CWSNC's ability to match expenses with revenues which in turn should reduce the non-weather-related volatility of earnings. Tr. vol. 6, 421-423.

Witness Hinton included as exhibits reports from Moody's Investor Service and Janney Montgomery Scott. Moody's bases 50% of its credit evaluation process on the applicable regulatory framework and utility's ability to recover costs and earn a return. These factors, per his testimony, alone count more in Moody's credit evaluation process than a utility's financial metrics. Witness Hinton testified that a similar investment report from Janney's states that: "[w]hen we evaluate the regulatory climate of a state, we focus on three items: consistency of regulatory treatment, allowed ROE, and the effects to minimize regulatory lag." He testified that the report was written in 2009 but that the same investment concerns exist today and are applicable to CWSNC. Witness Hinton testified that Moody's sees multiyear rate plans as credit positive. WSIP Exhibit 9 is a credit opinion by Moody's for Duke Energy Carolinas and D'Ascendis Cross Exhibit 5 is a rating

action commentary from FitchRatings. In Mr. Hinton's opinion, the foregoing rating agencies view multiyear rates as favorable, as they will allow greater revenue visibility and transparency and are a positive development toward mitigating regulatory lag. *Id.*; Tr. vol. 7, Hinton WSIP Exhibits 7 – 9, D'Ascendis Cross Exhibit 5.

Uncontroverted Public Staff Late-Filed Exhibit 21 illustrates the WSIP revenue requirement increase caused by the difference between the Public Staff's proposed return on equity of 9.25% versus CWSNC's proposed return on equity of 10.70%. The revenue requirement is reduced as follows: for Rate Year 1, \$1,689,236.96; for Rate Year 2, \$1,855,647.37; and for Rate Year 3, \$2,037,340.15. Thus, the cumulative total revenue requirement reduction over the three WSIP Rate Years is \$5,582,223.48.

Witness Hinton testified that credit rating agencies see multi-year rate plans as a credit positive. He provided exhibits supporting his position. Tr. vol. 6, 423-424; Ex. Vol. 7, WSIP Exhibits 7, 8, and 9. Further, witness Hinton conducted a reasonableness assessment of the pre-tax interest coverage ratio produced by a 9.25% common equity cost rate and found it should allow CWSNC to qualify for a single "A" bond rating. Tr. vol. 6, 423-424; Ex. Vol. 7, WSIP Exhibit 10.

**vi. Public Staff Concerns With CWSNC's Positions**

Public Staff witness Hinton discussed two areas of concern with CWSNC witness D'Ascendis' positions. First, witness Hinton took issue with witness

D'Ascendis' use of interest rate forecasts (as opposed to current interest rates). Witness Hinton testified that he believed interest rate forecasts have shown a tendency to over-estimate the future level of interest rates by a significant degree. Witness Hinton recounted an occasion where forecasted interest rates relied upon by witness D'Ascendis were later proved to be an overestimation of 127 basis points. Tr. vol. 6, 347-348.

Second, witness Hinton testified that CWSNC's sought 10-basis point adjustment for its smaller size relative to the utility proxy group was unwarranted. Witness Hinton noted CWSNC's parent companies – Corix and BCIMC – have significant control over CWSNC's balances of common equity, long-term debt, and the payment of dividends. Witness Hinton further testified ratepayers should not be required to pay a higher rate if they are served by a utility of a size that is arbitrarily considered to be small. He also testified that if such adjustments were allowed, large existing utilities would be incentivized to form subsidiaries to obtain higher allowed returns (such as the previous CWS Systems, Inc. that offered water and wastewater service along with the larger CWSNC). Additionally, a key observation is that CWSNC operates in a franchise environment that insulates it from competition, which distinguishes it from entities where investors would add a risk factor to small firms that operate with relatively limited capital resources. Expensive bottled water is the only alternative to utility water service and CWSNC's inherent protections from competition and ability to recover capital costs offset risk concerns of investors. Witness Hinton testified that the Commission has declined to make size adjustments in other proceedings. Thereafter he discussed

professional literature which concluded size attributes were not attributable to utilities in addition to other matters. Tr. vol. 6, 348-351.

**C. CWSNC Pre-Filed Rebuttal Testimony**

The Commission has recounted some of witness D'Ascendis' rebuttal testimony above. The pertinent remainder is discussed below.

Witness D'Ascendis testified he disagreed with Public Staff witness Hinton in four areas: (1) his application of the discounted cash flow model; (2) his application of the risk premium model; (3) his failure to agree an increase in return on equity was merited due to CWSNC's small size relative to the proxy group; and (4) his 20-basis point deduction to the return on equity warranted by the WSIP. Tr. vol. 6, 174-175.

Regarding the first point, witness D'Ascendis summarized witness Hinton's discounted cash flow analysis. He opposed witness Hinton's use of certain components, which largely captured historical growth rates. Witness D'Ascendis discussed his opinion and commentators in the field, the sparseness of information providing dividends per share and book value per share information, the lack of commentators in support of witness Hinton's position, and then calculated the discounted cash flow model in the same manner as witness Hinton but using only earning per share growth forecasts. His re-calculation resulted in an average return on equity of 10.0%. However, in so calculating his 10.0%, witness D'Ascendis was forced to discard Middlesex Water from his proxy group. Tr. vol. 6, 175-181.

Regarding the second point, witness D'Ascendis summarized witness Hinton's risk premium model analysis. He opposed witness Hinton's use of current interest rates by testifying that investors believe the cost of capital and equity is expectational and therefore use of projected future interest rates is appropriate. Addressing witness Hinton's contention that forecasts of interest rates are often inaccurate, witness D'Ascendis deemed this "irrelevant" because regardless of their accuracy, those forecasts reflect expectations. Witness D'Ascendis further argued current interest rates are not accurate predictors of future interest rates. Next, witness D'Ascendis opposed witness Hinton's use of annual data instead of individual rate case data. Witness D'Ascendis argued that instead of using yearly average authorized returns and bond yields, it was preferable to only use them on a case-by-case basis because rate years with less decisions will garner unnecessary weight and also because using annual averages means fluctuations in interest rates and equity risk premiums during the year are lost. Next, witness D'Ascendis argued witness Hinton should have used rate case data from years 2006-2022 instead of 2009-2022 to avoid arbitrarily selecting a historical period. Next, witness D'Ascendis used the risk premium model for the 2006-2022 period and calculated at current interest rates the result would be 9.88% (and 10.12% using projected interest rates). He discussed his determination of the components of the model and calculation of the results. Tr. vol. 6, 182-187.

Related to this, witness D'Ascendis noted witness Hinton did not include a comparable earnings model analysis and identified two cases where witness Hinton had used such a model. Witness D'Ascendis stated that although he

disagreed with use of the comparable earnings model, he nevertheless performed the calculations as witness Hinton had done in other cases and used projected data. The resulting return on equity had an average of 10.01% based on historical returns and 9.81% based on projected returns. Tr. vol. 6, 188.

Regarding the third point, witness D'Ascendis discussed his addition of 10-basis points to CWSNC's return on equity due to its small size relative to the proxy group. Witness D'Ascendis reiterated and expanded on his direct testimony; discussed a size study that addressed the issue; concluded a size adjustment based on relative measures would now be in the range of 131 to 342 basis points and, as such, inclusion of 10-basis points was conservative. Witness D'Ascendis discussed publications that bolstered his position and further discussed his own analysis that indicated a link between size and risk for utilities. Witness D'Ascendis stated that the fact the returns on equity recommended by witness Hinton would allow CWSNC to qualify for a single "A" rating was not dispositive since it was only a single measure. In fact, witness D'Ascendis noted a return on equity ranging from 7.15% to 17.87% would qualify CWSNC for a single "A" rating. Tr. vol. 6, 189-197.

Regarding the fourth point, witness D'Ascendis disagreed with witness Hinton's contention that a 20-basis point reduction was warranted if a WSIP was allowed. Witness D'Ascendis recounted witness Hinton's testimony and rejected it because witness Hinton failed to prove the WSIP was unique relative to the utility proxy group. Witness D'Ascendis discussed other states where companies in his utility proxy group provide services and can avail themselves of multi-year rate

plans. Therefore, any risk reduction is already reflected in the analyses conducted on the utility proxy groups and a further reduction would be a double count. Witness D'Ascendis also averred that no utility's credit rating had been upgraded upon approval of a multi-year rate plan. Tr. vol. 6, 197-202.

#### **D. Hearing Evidence**

The Commission's review includes consideration of the evidence presented during the public hearings by public witnesses. The hearings provided 16 witnesses the opportunity to be heard regarding their respective positions on CWSNC. The Commission also received scores of comments from individuals, including members of the North Carolina General Assembly. Some of those comments were written on behalf of community associations and therefore represent the expressions of thousands of customers. Customer testimony is accepted as credible, probative, and entitled to substantial weight.

On November 28 and 29, 2022, this matter came before the Commission for a hearing. At the hearing, the parties cross-examined each other's witnesses, introduced evidence, and the witnesses provided testimony in response to questions from the Commission. Following the hearing, additional exhibits were placed into evidence. The hearing is described below.

**i. Witness D'Ascendis Examination On Direct Testimony**

On November 28, 2022, witness D'Ascendis was questioned under oath regarding his direct testimony, and certain cross-examination exhibits were placed into evidence.

Witness D'Ascendis testified regarding his addition of 10 basis points to the return on equity; that both Corix and CWSNC touted the advantages CWSNC garnered from being part of a larger amalgamation of companies; that Corix would be part of a merger and the resulting company would serve 1.3 million people; and that, although CWSNC is part of a larger company – presently Corix – a size adjustment was nevertheless warranted. Tr. vol. 6, 210-220.

On this point, witness D'Ascendis described why he believed the Commission's rate case order from 2019 was inapposite, especially in light of the discussion provided in his testimony. He further discounted an article by Annie Wong that found business and financial risks are very similar among utilities regardless of their size and instead pointed to an article he cited in his testimony. Tr. vol. 6, 226-232. He testified "the way that you have to take a look at regulation as a stand-alone proposition, you have to look at the investor in this company, this North Carolina jurisdictional rate base and their risk, and it has to reflect that risk. Not the risk of, say, Corix or things like that." (Tr. vol. 6, 211).

Witness D'Ascendis testified that CWSNC had operations across the entire state; has hundreds of miles of pipes; and 56,000 customers. Tr. vol. 6, 220-222,

232. Witness D'Ascendis conceded CWSNC was geographically diverse (Tr. vol. 6, 228) but not that it was jurisdictionally diverse.

Witness D'Ascendis provided testimony regarding a WSIP's impact on a company's return on equity. He testified that the WSIP should have zero impact on the return on equity, in contrast to witness Hinton who thought a WSIP merited a 20-basis point decrease. Witness D'Ascendis was asked to discuss an exhibit from Fitch's in which a utility company in Washington state had its ratings outlooks adjusted to stable (from negative) following the passage of multi-year rate plan legislation in Washington state. Witness D'Ascendis testified the Fitch's determination would not have any impact on that utility's ability to obtain debt. Tr. vol. 6, 233-238.

Witness D'Ascendis testified that multi-year rate plans reduce regulatory lag and allow a company to better forecast revenues and expenses. He conceded that all else being equal, he would invest in a company that had a multi-year rate plan as opposed to a traditional rate plan. However, witness D'Ascendis testified that all the companies in his proxy group had components that were operating in states with similar mechanisms and, therefore, no reduction was merited. The WSIP statute was also discussed. Tr. vol. 6, 238-244.

Witness D'Ascendis testified regarding rate case expenses. He agreed that if CWSNC did not come back in for a rate case, approximately \$900,000 to \$1,300,000 in rate case expense could be avoided if historical spends and timing were continued in the future. All things being equal, investors prefer companies

with more funds, such as would be the case if rate expenses were avoided. Tr. vol. 6, 244-448.

Witness D'Ascendis testified regarding the discounted cash flow model. The average result of his calculations (in his direct testimony) was 9.03% return on equity. He testified that it was best to use future data instead of historical data because he contended historical data was already included by analysts. Tr. vol. 6, 244-253.

Witness D'Ascendis testified about the predictive risk premium model. He conceded that the results of the model yielded such a large number for one company in the proxy group that witness D'Ascendis excluded it. Tr. vol. 6, 248-255. However, this was not discussed in the body of his testimony:

Q. In your direct testimony, where did you discuss the decision to not use American Water Works Company?

A. I didn't.

Tr. vol. 6, 256. Witness D'Ascendis also discussed the second method of the predictive risk premium model and its reliance on forecast interest rates. He testified regarding prior cases in which the forecasted rates turned out to be more than 120 basis points off actual rate. Tr. vol. 6, 256-258. Witness D'Ascendis stated this was no concern since "it doesn't particularly matter whether interest rate projections are accurate or not ... those projections are investor-influencing" and also "that current interest rates are no better at projecting the future interest rate." Tr. vol. 6, 258-259.

Witness D'Ascendis testified about the capital asset pricing model and its components and how estimates of the S&P 500 compared with the figures used. Tr. vol. 6, 259-265.

Witness D'Ascendis was cross-examined regarding orders from this Commission and an order from the Virginia State Corporation Commission. He provided an explanation as to various topics that were brought up in his cross-examination, and stated he disagreed with the Commission's prior rulings, especially the Commission's holding that ignoring historical projections resulted in unreliable results that were upwardly biased. Tr. vol. 6, 265-275.

Witness D'Ascendis discussed his non-regulated proxy group of companies, such as Northrop Grumman. He conceded that CWSNC is different from these companies since it is a monopoly, provides a vital and essential service, and is subject to regulation. He discussed his testimony regarding betas as a measure of risk and other matters. Tr. vol. 6, 275-278.

Witness D'Ascendis was cross examined regarding the spread between (a) authorized returns on equity in the jurisdictions where he has provided testimony versus (b) his recommended return on equity. From mid-2015 through mid-2019, witness D'Ascendis' average spread was 127 basis points above the return on equity that was ultimately authorized; from mid-2019 to mid-2022, the spread was 132 basis points above. Witness D'Ascendis testified regarding some of the cases at issue, witness Hinton's analysis, and the merger between Corix and SouthWest Water. Tr. vol. 6, 278-284.

Witness D'Ascendis provided testimony regarding an exhibit drawn from RRA data showing the return on equity for water utilities throughout the nation in 2021 and 2022. The 2021 average return on equity awarded nationwide was 9.46%; the 2022 average (through November) was 9.59%. Witness D'Ascendis testified the awards by other Commissions were based on data that was lagging behind current times; was from a relatively stable time economically; was not reflective of the current times; and other distinguishing factors. Witness D'Ascendis testified regarding the 25-basis point "management performance bonus" that caused the Pennsylvania return on equity to increase from 9.75% to 10.0%. Witness D'Ascendis discussed the 30 rate cases from 2014-2019 and that the average return on equity was 9.58% in those cases. Tr. vol. 6, 284-291.

During questions from the Commission, witness D'Ascendis provided confidential testimony that addressed a single confidential exhibit. The testimony concerned the 10-basis point adjustment Witness D'Ascendis made due to CWSNC's small size relative to the proxy group. **[BEGIN CONFIDENTIALITY]**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED] [END CONFIDENTIALITY].

ii. *Witness Hinton Examination On Testimony*

Witness Hinton provided testimony on November 28, 2022. A cross-examination exhibit was introduced (and later admitted) consisting of prior Piedmont Natural Gas testimony witness Hinton had given in which witness Hinton performed a comparable earnings analysis. Witness Hinton agreed he had performed a comparable earnings analysis in prior cases but not the current one. Witness Hinton discussed the reasons he did not conduct a comparable earning analysis in connection with this case. He also described the strengths and weaknesses of the comparable earnings analysis. Tr. vol. 6, 445-57. Witness Hinton stated that he only used the comparable earnings analysis as a “check” – not a “determining analysis” – and that he didn’t give it the “weight I would normally do with the DCF or risk premium model.” Tr. vol. 6, 446, 448.

Witness Hinton testified CWSNC’s return on equity should be decreased by 20 basis points in the event a WSIP was approved for the company. Witness Hinton testified on cross-examination that a WSIP had a number of characteristics favorable to CWSNC. These included a reduction in regulatory lag, the enhanced ability to match revenues and expenses, and inflation protection. Tr. vol. 6, 457-60. Witness Hinton was cross-examined regarding the scenario where a utility underearned and was required to file a rate case and other matters. Tr. vol. 460-

62. Witness Hinton testified regarding his recommended return on equity as compared to those ordered by the Commission, historically. Tr. vol. 465-66.

On examination by the Commission, witness Hinton reiterated that the comparable earnings analysis is not reliable. However, witness Hinton discussed what his results would have been had he performed the analysis. Witness Hinton also discussed some of the companies in the proxy group and their respective returns on equity. Tr. vol. 6, 470-476. Witness Hinton also discussed the factors that bond rating and equity rating companies view in assessing utility companies' ability to recover its capital investment with carrying costs. Tr. vol. 6, 476-479. Witness Hinton testified regarding the availability of WSIC and SSIC to an underearning company and his assessment of other states' multiyear rate plans. Tr. vol. 6, 480-482.

On re-direct Witness Hinton explained further his 20-basis point adjustment. He testified the WSIP provides "a significant benefit to the Company" and there should also be a corresponding benefit to the customer, as follows:

Q. And it's your testimony that the three-year plan reduces appreciably regulatory lag both for investments and for operating costs; is that correct?

A. That is exactly correct. And I believe that's recognized by Moody's and other investors. And it was obviously one of the hallmarks of the position of the Company as it went to the legislature and argued for this -- or lobbied for this legislation.

It's the core reason that the companies have to benefit from this, and the customers have to benefit too, the reduction in regulatory expense. I just -- you know. And may I extend a little further?

Q. Yes.

A. That leads into the basis of 20-basis points is that we've got a regulatory lag and ability to better manage costs and expenses as a significant benefit to the Company. We have the reduction in rate case expense as a benefit to the customer. And I did not see those things as equal.

And I have to admit my determination of this unequalness is a little arbitrary, and it's based on my informed judgment of 38 years of being called to testify for the Commission. But, nonetheless, I cannot back it up with raw numbers.

It's my intuition there needs to be some benefit to the customer. And I felt that 20 basis points was a small number, but it was still significant as a reward to the customers for providing for a future test year that should allow the companies to enhance their recovery of costs and be more attractive from an investor's perspective.

Tr. vol. 6, 479-480.

The Commission was thereafter afforded the opportunity to question witness Hinton. Tr. vol. 6, 482-486.

**iii. Witness D'Ascendis Examination on Rebuttal Testimony**

On November 29, 2022, witness D'Ascendis was questioned under oath regarding his rebuttal testimony, and certain cross-examination exhibits were placed into evidence.

Witness D'Ascendis provided testimony regarding a number of topics, including: the timing of evidence in proceedings in other states; his agreement that the decision to file a rate case rested solely with CWSNC; that inflation had peaked

and was coming down; whether the future would be more or less volatile; future inflation rates and targets; and access to capital. Tr. vol. 7, 12-15, 20-21.

Witness D'Ascendis further testified that one credit agency viewed multiyear rate plans as a credit positive and that consistency of rate-making treatment, allowed ROE, and minimization of regulatory lag are factors evaluated by rating agencies. Tr. vol. 7, 15-17. Witness D'Ascendis testified: "So it's not that I don't see the MYRP [Multi-year Rate Plan] being helpful for the Company. I see it as being relatively the same as what is going on in other parts of the county." Tr. vol. 7, 17-18 (brackets added). Witness D'Ascendis conceded some states did not allow multi-year rate plans and then discussed same. Witness D'Ascendis further conceded that some companies in his utility proxy group conducted unregulated activities while CWSNC was entirely regulated. Tr. vol. 7, 18-20.

Witness D'Ascendis was cross-examined regarding his rebuttal exhibit number 1, schedule DWD-2R, page 1 and his attacks on witness Hinton's use of the discounted cash flow model. Tr. vol. 7, 20-28. However, witness D'Ascendis was forced to concede that his alterations to witness Hinton's methodology caused it to produce a "nonsensical" (Tr. vol. 7, 24) result. Witness D'Ascendis succinctly described the differences in his discounted flow model versus that used by the Public Staff: "Him [witness Hinton] and I just disagree to the extent that historical and -- historical data and BVPS and DPS -- which are Book Value Per Share and Dividends Per Share, and I'm sorry I didn't define that earlier -- that he thinks they're appropriate. I do not." Tr. vol. 7, 27-28 (brackets added).

Witness D'Ascendis was cross-examined regarding the risk premium method and agreed he and witness Hinton arrived at "exactly the same number" – 9.88% as an indicated return on equity (tr. vol. 7, 28) with respect to an iteration of the method in which he made certain adjustments to witness Hinton's risk premium modeling.

There were no re-direct nor Commission questions for witness D'Ascendis regarding his rebuttal testimony. Tr. vol. 7, 28.

**4. Discussion And Application Of Law To The Facts In This Case Regarding The Issue Of Rate Of Return On Common Equity**

The Commission has carefully evaluated and reviewed the facts and applicable law. The Commission has weighed the evidence and makes the following findings.

As an initial matter, the Commission reiterates the findings set forth in Subsection 1, above. Without limiting same, the Commission finds that Senate Bill 211 is not in derogation of common law nor does it represent a departure from prior statutes or authority. Its concepts utilize, compliment, expand on, and harmonize with the familiar and settled law in this field. Senate Bill 211 is a continuation of this State's jurisprudence. The Commission finds applicable to Senate Bill 211 the well-established jurisprudence surrounding the Public Utilities Act.

On April 8, 2022, the Commission authorized CWSNC to earn a rate of return on common equity of 9.40%. Less than three months later, CWSNC voluntarily chose to file this rate case and seek a 130-basis point increase in its authorized rate of return for WSIP Rate Years 1, 2, and 3. The Public Staff testified a 9.25% rate of return on equity was instead appropriate for all relevant times, especially WSIP Rate Years 1, 2, and 3. The revenue requirement difference between these two positions is substantial: \$5,582,223.48 cumulatively over the course of the three WSIP years. And this is borne by the approximately 56,000 residential and commercial water and wastewater customers served by CWSNC in North Carolina.

### **Size Adjustment**

The Commission addresses the CWSNC argument that its smaller size relative to the utility proxy group to which it compares itself justifies a 10-basis point increase in its return on equity. The Commission rejects this argument for the following six separate and independent reasons.

First, by Order issued March 31, 2020, the Commission rejected a request for a 40-basis point increase by CWSNC. *2020 CWSNC Rate Case Order* at 75. The Commission finds that CWSNC has not demonstrated a change in facts warranting a change in this order.

Second, the Commission finds, similar to the Commission in the *2020 CWSNC Rate Case Order*, that a size adjustment is not warranted where a

regulated utility has substantial operations that span the state. The record contains evidence that CWSNC has operations along the coast, in the piedmont, and in the mountains. A size adjustment could be appropriate where a small utility is confined to an area of the state that cause essentially geographic risks (e.g., a hurricane-prone coastal area).

Third, if utilities were rewarded with increased returns on equity simply because they are “smaller” than some arbitrarily set comparison, public policy and public interest would be harmed. Utilities would have an incentive to form small subsidiaries to claim the increase. Ratepayer would pay more simply because their utility had chosen to create numerous subsidiaries to claim the increase. Where, as here, a utility is backed by a large parent, the size adjustment is not warranted.

Fourth, the Commission finds conflicting evidence as to whether a utility the size of CWSNC is entitled to any risk adjustment. Witness D’Ascendis and witness Hinton disagreed, as did the scholarly articles they cited. This conclusion is bolstered by the fact that witness D’Ascendis’ calculations purported to show a 92 to 131 to 342 basis point adjustment was warranted. This result is so mammoth as to cast doubt on the entire proposition. Witness D’Ascendis’ testimony that an indicated increase of 92 to 131 to 342 basis points is appropriate per calculations is so far removed from the requested 10 basis point increase as to render the request unsupported.

Fifth, the risk factors warranting the size increase are not present here. Witness D’Ascendis described risks facing smaller companies: being less able to

cope with significant events that affect sales, revenues, and earnings; and more exposure to business cycles. CWSNC is a monopoly selling a necessary product. It is inappropriate to completely disregard the fact CWSNC is part of a large conglomerate, especially in light of evidence by both CWSNC and its parent company touting its strength and financial resources. Moreover, were there to be a significant event (e.g., a hurricane), CWSNC could call on its parent company for assistance. Further, no evidence supports the claim that CWSNC faces the risk of a loss of revenue from a few large customers – CWSNC is diffuse.

The sixth and final point rests on an evaluation of confidential information.

**[BEGIN CONFIDENTIALITY].** [REDACTED]

**[END CONFIDENTIALITY].**

Next the Commission addresses the appropriate return on equity.

### Return On Equity

The Commission finds that because CWSNC is not publicly traded, it is appropriate to look to a proxy group to use in modeling appropriate rates of return. The Commission notes that the utility proxy group used by witness D'Ascendis in his rebuttal testimony is the same used by witness Hinton in his testimony. The Commission finds the use of the utility proxy group and the composition of same proposed by the witnesses is warranted and appropriate. It is in keeping with the principles of a fair rate of return established in the *Hope* and *Bluefield* cases, which are recognized as the primary standards for establishment of a fair rate of return for a public utility.

In reporting the results of his calculations, witness D'Ascendis often computes the (a) average, (b) median, and (c) average of the average and median. The Commission has focused solely on the averages calculated by witness D'Ascendis for three separate and independent reasons: (1) it allows for an “apples to apples” comparison with the calculations performed by witness Hinton; (2) the Commission is experienced with reviewing modeling results and does not need the additional information provided beyond averages; and (3) the averaging of averages adds additional layers to already computed figures that risks an anodyne smoothness that can provide less information. Accordingly, averages are used throughout this Order.

Witness D'Ascendis applied his models to a proxy group consisting of dozens of non-price-regulated companies. Regardless of the calculations applied

to this group, the Commission is unpersuaded by the results because of the differences between them and CWSNC. The Company is a regulated monopoly which provides a vital and essential service. Further, the results in direct testimony ranged from 11.22% to 11.53% and in rebuttal testimony from 11.83% to 12.08%. These are all above the ROE requested by the Company, and the Commission finds that the results are unreasonably high. Additionally, the Commission finds the results are outliers, especially when compared to recent ROE awards. In light of these issues, the Commission gives these results no weight. The utility proxy group is a more reliable proxy for determining the return on equity for CWSNC.

Witness D'Ascendis has testified for utilities more than 100 times over the course of his career. He was cross-examined regarding the variance in his suggested returns on equity versus the returns actually awarded by other jurisdictions. Witness D'Ascendis conceded that from mid-2019 to mid-2022, he provided testimony on 13 occasions and his suggested ROE was, on average, 132 basis points higher than that awarded by the presiding commissions.

The cross-examination of witness Hinton regarding him not using a comparable earnings analysis does not persuade the Commission. Witness Hinton testified he considered the method "weak" and only used it as a check – not a determinative method, and he also noted that deferred taxes can skew a company's net income and comparable earnings. Witness Hinton testified his core analyses are the discounted cash flow and risk premium models. Further, witness

Hinton testified that if the method were used from 2019 to 2021, there would be a 9.6% to 9.7% return indicated.

The Commission notes another flaw with the comparable earnings method is its application. From D'Ascendis Cross Exhibit 13, American States Water's approved return on equity was 8.9% on March 24, 2018. However, American States Water's earned ROEs (from DWD-4R) for 2018 was 11.4%, for 2019 was 14.0%, for 2020 was 13.5%, and for 2021 was 13.8%. An average of the four years is 430 basis points above American States Water's approved ROE. Similarly, the 17.3% earned ROE for American Water Works was a substantial outlier since the previous five-year average was 9.5%. Middlesex Water Company commission approved ROE was 9.6% by order dated March 24, 2018, per D'Ascendis Cross Exhibit 13. However, Middlesex Water's earned ROEs (from DWD-4R) for 2018 was 13.0%, for 2019 was 10.4%, for 2020 was 11.1%, and for 2021 was 9.9%. Finally, the Commission notes that the methodology used by witness D'Ascendis avoided including the relatively lower 2022 results in the lookback period. The Commission finds the comparable earnings analysis prepared by witness D'Ascendis is not a credible, probative, or reliable analysis for the determination of a Commission approved ROE for CWSNC.

The Commission now turns to its evaluation of the individual models used to provide guidance as to an appropriate return on equity for CWSNC.

### **Discounted Cash Flow Model**

Witness D'Ascendis and witness Hinton both utilized a discounted cash flow model to provide information regarding an appropriate return on equity.

Witness D'Ascendis' calculations in his direct testimony yielded an average of 9.03% ROE.

In his rebuttal testimony, witness D'Ascendis showed a substantial increase: an average ROE of 10.12%. However, a close inspection of schedule DWD-1R page 3 of 44, note (6), reveals that witness D'Ascendis only achieved this substantial increase by discarding the lowest calculated figure – he excluded the 4.94% result from the Middlesex Water Company by asserting this was below utility bond yields. The Commission finds excluding the lowest calculation has a strong and unwarranted upward pressure on witness D'Ascendis' calculations. This is especially true since witness D'Ascendis did not exclude the highest computed result. The purpose of using a group is to capture a range of possibilities that can be used to inform the Commission. Averages compensate for swings in ranges. It was inappropriate for witness D'Ascendis to exclude Middlesex Water from the proxy group. Were Middlesex returned to the proxy group, the average ROE would be 9.24% (incidentally, were the highest and lowest returns excluded from the proxy group calculations, the average ROE would be 9.05%).

Witness Hinton's discounted cash flow modeling resulted in results ranging from 8.60% to 9.05% to 9.35%. He would ultimately average these to achieve an ROE of 9.00% under his discounted cash flow model.

As discussed by the witnesses, the primary difference in their discounted cash flow modeling lies in witness Hinton's use of "historical data." Witness D'Ascendis' arguments and cited authorities do not persuade the Commission. The Commission agrees that witness Hinton's inclusion of both known historical growth rates and forecasted growth rates is appropriate because it is reasonable to expect investors to consider both. This has long been the position of this Commission, and for good reason. The Company's exclusion of historical data in its discounted cash flow modeling places an unwarranted upward pressure on the return on equity calculations.

Witness D'Ascendis' argues that dividends per share and book value per share data is not readily available but then concedes it is found in *Value Line*. *Value Line* is an important and respected source frequently used in proceedings before this Commission and therefore this argument carries no weight.

Witness D'Ascendis purported to re-calculate witness Hinton's method – but without historical data – and derived an ROE of 10.0%. The Commission is unpersuaded for two separate and independent reasons. First, as discussed above, exclusion of historical data is unwarranted. Second, this result also stems from the discarding of the lowest calculated figure (the exclusion of Middlesex

Water Company) since it produced a “nonsensical” result. If the excluded company is returned to the proxy group, the resulting ROE is far lower – 9.17%.

Following the adjustments discussed above, witness D’Ascendis’ discounted cash flow model yields the following results: 9.03% (direct); 9.24% (rebuttal, as adjusted); and 9.17% (rebuttal calculation of witness Hinton, as adjusted). However, a further downward adjustment is warranted for the exclusion of historical data and the other factors referenced herein. This pulls the suggested return on equity to that calculated by witness Hinton at 9.0%.

### **Risk Premium Model**

Witness D’Ascendis and witness Hinton both utilized a risk premium model to provide information regarding an appropriate return on equity.

Witness Hinton’s analysis resulted in a suggested return on equity of 9.88% that he rounded to 9.90%. Witness Hinton testified that one of the strengths of his approach is that authorized returns on equity are generally arrived at through lengthy investigations by various parties with opposing views on the rate of return required by investors, and thus it is reasonable to conclude that the approved allowed returns are good estimates of the cost of equity. The Commission agrees with the Public Staff that witness D’Ascendis’ risk premium models resulted in a wide range of suggested returns on equity: from 10.87% to 12.87%. Two facts militate against providing too much weight to these results. First, the lowest number in this range is greater than the ROE requested by CWSNC such that the

results are unreasonably high and are outliers, especially when compared with other returns on equity recently approved by the Commission. Second, some of the results are depressed. The calculations for the predictive risk premium model for American Water Works Company, Inc. were excluded by witness D'Ascendis in both his direct and rebuttal testimony because the computed ROE was too high. This fact could only be discerned by a careful study of footnotes to schedules in his direct and rebuttal testimony – witness D'Ascendis agreed no mention of the exclusion was made in the body of his testimony.

Witness D'Ascendis relies on forecast interest rates for many of his risk premium results. The Commission agrees with witness Hinton that the cost of equity should not be based on forecasted interest rates. It is reasonable to expect that investors' pricing of bonds is already based on expectations of future interest, inflation, supply, and the like; accordingly, current interest rates are better used in the risk premium model. The Commission's determination is bolstered by the examples in witness Hinton's testimony of instances where predicted future interest rates were far off the actual rates that came to pass. The Commission disagrees with witness D'Ascendis' assertion that this disparity "doesn't particularly matter." This further militates against placing much weight on these results.

Although witness D'Ascendis generally agreed with witness Hinton's use of a risk premium model, he disagreed with several components witness Hinton used in his model. When witness D'Ascendis modified witness Hinton's risk premium model with certain changes, witness D'Ascendis derived an ROE of 9.88% –

exactly the same result as witness Hinton. The fact these are identical results gives them weight.

### **Capital Asset Pricing Model**

Only witness D'Ascendis utilized a capital asset pricing model. The average return on equity returned by these results ranged from 11.30% to 12.18%. The lowest number in this range is greater than the ROE requested by CWSNC. As stated above, the Commission finds the results are unreasonably high and are outliers, especially when compared with other returns on equity recently approved by the Commission.

Witness D'Ascendis' capital asset pricing model has multiple components, some of which rely on forecasts. For example, one component discussed on cross-examination was use of a forecast return on the total market (based on the S&P 500) of 16.42%. Other forecasts include future interest rates. As above, the Commission agrees with witness Hinton that the cost of equity should not be based on forecasted interest rates, and those findings are incorporated here by reference. These factors militate against placing much weight on these results.

### **Other Jurisdictions**

North Carolina is unique. The Commission determines the appropriate rate of return on common equity based on the evidence and particular circumstances of each case before it. The Commission bases its decision on the evidence and North Carolina law.

However, the Commission is not unmindful of awards by other commissions in other jurisdictions. These other awards provide a check or additional perspective, on a case-by-case basis, on potentially appropriate returns on equity. Further, regulated utilities must operate within the same field and therefore “compete” with other regulated utilities for capital and investment. As such, a rate of return substantially lower than other utilities could harm a company’s ability to attract capital or investment while a rate of return substantially higher could result in customers paying more than necessary.

The Commission disregards witness D’Ascendis’ contentions that other commissions are relying on “stale” data. The Commission has no evidence that its counterparts in other states are any less attentive to current events than it. Nor does the Commission substantially reduce or increase the weight it places on nationwide reports simply because cases were litigated or settled. While a settlement often reflects a give-and-take, it is reasonable to expect the parties to have insight into what returns on equity would be awarded and not move too far beyond this expectation simply to achieve a settlement.

Accordingly, the Commission finds some relevant, credible, and probative evidence in the RRA report showing the 2021 nationwide average ROE award was 9.46% while the 2022 average (through November 3) ROE award nationwide was 9.59%. The Commission notes this 9.59% is somewhat elevated by the Pennsylvania decision to include a management performance bonus of 25 basis points.

### **Conclusion**

A return on equity is a cost to the Company. Despite the quantitative models with detailed components used by the parties in this case, determination of a return on equity is not made by application of any one simple mathematical formula. The Commission is tasked to thoroughly review and analyze the evidence of the expert witness testimony presented by the parties and exercise its judgment to determine an appropriate return on equity to compensate the Company for this cost. The Commission is uniquely situated, qualified, and required to use its impartial judgment to determine the appropriate return on equity based on the record and applicable law. The Commission is mindful of its constitutional and statutory obligations to both the Company and the customers.

The proposed ROEs in this matter are 9.25% and 10.70%. Such a wide range of estimates by expert witnesses is not atypical in proceedings before the Commission with respect to the required rate of return.

With respect to the discounted cash flow model, the parties' initial results were within 3 basis points of each other. Returning the excluded company to the proxy group adjustment reduces CWSNC's results to 9.17% and 9.24% – plus a further downward adjustment is merited for CWSNC's exclusion of historical data. The Commission finds and concludes that the results of the discounted cash flow model (as modified) should be 9.0% and are credible, probative, and entitled to substantial weight.

With respect to the risk premium model, CWSNC's methodology yields unreasonably high results which would be even higher were a company not excluded from the proxy group; components of witness D'Ascendis' model utilize future predicted interest rates; and CWSNC's recalculation of witness Hinton's methodology yielded the same result reached by the Public Staff – 9.88%. With respect to the 9.88% calculated ROE, the Commission finds and concludes that this result is credible, probative, and entitled to substantial weight.

The capital asset pricing model also yields unreasonably high results and is based on future predicted interest rates and market forecasts. The Commission concludes that this model is entitled to no weight.

The Commission is persuaded by witness Hinton's averaging the results of his discounted cash flow and risk premium model and does so in this case. In light of the factors set forth herein, the Commission finds a 9.0% ROE generated under the discounted cash flow model should be averaged with a 9.9% ROE generated under the risk premium model (the Commission agrees with witness Hinton's rounding from 9.88% to 9.9%). This results in a starting point of a return on equity of 9.45%.

Next the Commission evaluates the impact of the WSIP.

The Commission rejects witness D'Ascendis' assertion that the WSIP statute "creates an imbalance" that favors consumers and further rejects his assertion that the WSIP does not reduce CWSNC's risk profile. Regarding the first

point, the Commission finds, and the parties largely agree, on the benefits of the new law to CWSNC. The WSIP will reduce regulatory lag, allow better matching and forecasting of revenues and expenses, and obviate the need for CWSNC's rate case expenses. The rate case expenses alone will result in a savings of between \$900,000 and \$1,300,000 over the course of the WSIP to the benefit of both the consumer and Company. Regarding the second point, the Commission finds that equity and credit rating agencies view multiyear rate plans, such as the WSIP, as a substantial and favorable development for regulated utilities. Evidence showed rating agencies place great weight on multiyear rate plans and there was one exhibit showing a regulated utility's ratings outlook was upgraded because its state enacted legislation allowing multiyear rate plans. Witness Hinton testified from WSIP Exhibit 7 that Moody's Investor Service's evaluation of utilities includes several weighted components. The Moody's component for "Timeliness of Recovery of Operating and Capital Costs" forms 1/8<sup>th</sup> (or 12.5%) of the total. Cross Exhibit 5 showed Fitch revising its rating outlook for a utility solely as a result of multiyear legislation being passed. Janney's found favorable the minimization of regulatory lag.

The Commission rejects witness D'Ascendis' assertion that the WSIP should have no impact on ROE because the utility proxy group companies already have operations in jurisdictions with multiyear rate plans for three separate and independent reasons. First, the financial data for the utility proxy group companies aggregates both regulated and unregulated activities and therefore is not representative of a wholly regulated entity such as CWSNC. Second, there was

evidence that some of the proxy group of utilities had operations in states without multiyear rate plans. Third, regardless of other states, the WSIP is new to North Carolina. On re-direct examination, Mr. Hinton noted that California water utilities have a series of riders similar to the New York jurisdiction that insulate the utilities from risk. The Commission is generally aware of such policies that mitigate investment risk to an extent beyond North Carolina's historical ratemaking practices. Thus, the fact that these regulatory agencies may or may not have ascribed a reduction in the ROE with multiyear rate plans has no weight in this Commission's decision.

Given the substantial benefit to the Company, it is appropriate that the consumer also benefit from the WSIP. This is especially true in light of the fact that the consumer has incurred the "risk" of future increases and the Company's collection of funds for forecasted future activities. Presently, more benefits fall on the Company's side of the scale rather than the customer's side. The Commission finds persuasive and agrees with witness Hinton that a 20-basis-point reduction in the Company's awarded return on equity is appropriate in order to equalize the benefits.

The Commission's decision is bolstered by the fact that 20 basis points is a number that appropriately shares the WSIP benefits with the Company and the customer. As well, the Commission notes witness Hinton's informed judgment is no small thing – it results from 38 years of testifying before the Commission and working in this field. Witness Hinton's expertise and determination regarding the

allocation of benefits is entitled to great weight. His testimony on this point is adopted in full by the Commission. Considering the preponderance of the evidence and honoring its constitutional and statutory obligations to Company and customer alike, the Commission finds a 20-basis- point reduction is a just, fair, reasonable, and appropriate balancing.

These factors lead the Commission to find and conclude that a 9.25% rate of return on common equity is supported by the substantial weight of the evidence in this proceeding.

Next the Commission evaluates the *Cooper I* and Senate Bill 211 factors.

In this case, all parties had the opportunity to present the Commission with evidence concerning the changing economic conditions as they affect customers. The testimony of witnesses D'Ascendis and Hinton, which the Commission finds is entitled to substantial weight, addresses changing economic conditions.

Witness D'Ascendis testified that economic conditions in North Carolina have improved since a COVID-19-caused declination; that North Carolina counties served by CWSNC had an unemployment rate of 3.69% (which is lower than the nationwide unemployment rate); that North Carolina's real gross domestic product has grown faster than the national growth; that nominal income in North Carolina has grown at a rate of 3.36% which is slightly faster than the national average; that North Carolina has the 22nd lowest cost of living index; that there is a strong correlation between the national economy and North Carolina's economy; that the

nation is experiencing a growth trend in total personal income, disposable income, personal consumption, wages, and salaries; about the current inflation environment; about current market conditions; and about his expectation that inflation will moderate towards 2%. Witness Hinton testified regarding yields on debt, inflation, and the financial market.

The Commission's review also includes consideration of the evidence presented by the testimony of witnesses at the public hearings held in this matter. The testimony presented at these hearing illustrated a number of relevant facts, including the economic conditions facing North Carolinians. The Commission accepts as credible, probative, and entitled to substantial weight the testimony of the public witnesses.

The Commission keeps all factors affected by current economic conditions in mind in the many subjective decisions it makes in establishing rates, including return on equity. In doing so in the case at hand, the Commission approves the 9.25% rate of return on equity in the context of weighing and balancing numerous factors and making many subjective decisions. When these decisions are viewed as a whole, including the decisions to establish the rate of return on equity at 9.25%, the Commission's overall decision results in lower rates to customers in the existing economic environment.

All of the downward adjustments the Commission approves reduce the revenues to be recovered from ratepayers and the return on equity to be paid to investors. Some adjustments reduce the authorized rate of return on investment

financed by equity investors. The adjustments made solely to reduce rates and provide rate stability to consumers (and return to equity investors) to recognize the difficulty for consumers to pay in the current economic environment. While the equity investor's cost was calculated by resort to a rate of return on equity of 9.25% (instead of 10.45% or 10.70%), this is only one approved adjustment that reduced ratepayer responsibility and equity investor reward. Many other adjustments reduced the dollars the investors actually have the opportunity to receive. Therefore, nearly all of these other adjustments reduce ratepayer responsibility and equity investor returns in compliance with the Commission's responsibility to establish rates as low as reasonably permissible without transgressing constitutional or statutory constraints.

For example, to the extent the Commission makes downward adjustments to rate base, or disallows expenses, or increases test year revenues, or reduces the equity capital structure component, the Commission reduces the rates consumers pay during the future period when rates will be in effect. Because the utility investors' compensation for the provision of service to consumers takes the form of return on investment, downward adjustments to rate base or disallowances of test year expenses or increases to test year revenues, or reduction in the equity capital structure component, reduce investors' return on investment irrespective of its determination of rate of return on equity.

The rate base, expenses, and revenue adjustments are instances where the Commission makes decisions in each general rate case, including the present

case, that influence the Commission's determination on rate of return on equity and cost of service and the revenue requirement. The Commission always endeavors to comply with the North Carolina Supreme Court's requirements that it "fix rates as low as may be reasonably consistent" with constitutional requirements irrespective of economic conditions in which ratepayers find themselves. The Commission reaffirms its explicit compliance with the requirements of *Cooper I*.

Based on the changing economic conditions and their effects on CWSNC's customers, the Commission recognizes the financial difficulty that the increase in the Company's rates will create for some of CWSNC's customers, especially low-income customers. As shown by the evidence, relatively small changes in the rate of return on equity have a substantial impact on a utility's base rates. Therefore, the Commission has carefully considered the changing economic conditions and their effects on CWSNC's customers in reaching its decision regarding the Company's approved rate of return on equity. The Commission also recognizes that the Company is investing significant sums in system improvements to serve its customers, thus requiring the Company to maintain its creditworthiness in order to compete for large sums of capital on reasonable terms. The Commission must weigh the impact of changing economic conditions on CWSNC's customers against the benefits that those customers derive from the Company's ability to provide safe, adequate, and reliable water and wastewater service. Safe, adequate, and reliable water and wastewater service is essential to the well-being of CWSNC's customers.

The Commission finds and concludes that the investments by the Company provide significant benefits to CWSNC's customers. The Commission concludes that the return on equity approved by the Commission in the proceeding appropriately balances the benefits received by CWSNC's customers from CWSNC's provision of safe, adequate, and reliable water and wastewater service with the difficulties that some of CWSNC's customers will experience in paying CWSNC's increased rates.

The Commission in every case seeks to comply with the North Carolina Supreme Court mandate that the Commission establish rates as low as possible within constitutional limits. The adjustments the Commission approves in this case comply with that mandate. Nearly all the adjustments reduced the requested return on equity and benefit consumers' ability to pay their bills in this economic environment.

Based on the general state of the economy and the continuing affordability of water and wastewater utility service, and after weighing and balancing factors affected by the changing economic conditions in making the subject decisions required, the Commission concludes that the allowed rate of return on common equity of 9.25% will not cause undue hardship to customers, even though some will struggle to pay the increased rates resulting from this decision. Any downward adjustment approved by the Commission from the application requests reduces the revenues to be recovered from ratepayers. Mindful of the changing economic

conditions, the Commission finds an ROE of 9.25% to be just, reasonable, fair, appropriate, and warranted.

The Commission must ensure establishment of rates that are fair to both the customer and CWSNC. A 9.25% ROE is fair to both. It affords CWSNC a reasonable rate of return that will allow it to continue to attract capital. As testified to by witness D'Ascendis, ROEs ranging from 7.15% to 17.87% allow CWSNC to qualify for a single "A" rating based on its pre-tax coverage ratio. A 9.25% ROE is well within the zone of reasonableness for utilities to receive and there was evidence of utilities awarded a lower ROE by other commissions. A 9.25% ROE will allow the Company the opportunity to earn \$5.8 million over the three years of the WSIP. As well, a 9.25% ROE is also fair to the customer. This ROE includes a specific decrease of 20 basis points to fairly ensure the customer is also benefitted by the WSIP. Further, the awarded ROE is substantially less than requested by the Company. Finally, the above discussion is incorporated by reference. Without limiting same, this ROE accounts for the economic environment, balances the need for services with the Company's need for capital, and complies with the mandate that rates be as low as reasonably possible within constitutional limits.

A 9.25% ROE reasonably ensures the continuation of safe and reliable utility services. The Commission recognizes that the Company is committed to spend and investing significant sums on system improvements to serve its customers, thus requiring the Company to maintain its creditworthiness in order to compete for large sums of capital on reasonable terms. Investments and

operations by CWSNC provide significant benefits to CWSNC's customers and ensure the continuation of safe and reliable utility services. As discussed above, a 9.25% ROE allows the company to obtain a single "A" rating and also allows the Company the opportunity to earn \$5.8 million.

A 9.25% ROE, itself, will not result in a sudden or substantial rate increase to customers annually or over the term of the plan. This is bolstered by two separate and independent grounds. First, this return on equity is less than awarded in CWSNC's rate case last year. Second, the Commission is aware that the dollar impact of a 9.25% ROE necessarily increases as the base against which it is computed also increases. However, any increase would be steady *because* the return on equity is simply a percentage. Put another way, an ROE requirement will not cause "spikes" or substantial rate increases in and of itself.

A 9.25% ROE is representative of the utility's operations over the plan term. A return on equity is owed over the plan term. Investors cannot simply be compensated at the conclusion of the WSIP. Thus, the ROE is awarded for each of the three WSIP Rate Years.

The Commission finds a 9.25% ROE is in the public interest. The public desires safe, adequate, and reliable investments and services from CWSNC at the lowest reasonable cost. As discussed above, the Commission finds and concludes that the return on equity approved by the Commission in this proceeding meets this requirement. It balances the cost of attracting capital to ensure investment and services with the need for the lowest reasonable rates.

When the Commission's decisions are viewed as a whole, including the decision to establish the return of return on common equity at 9.25%, the Commission's overall decision fixing rates strikes the correct balance.

The Commission notes further that its approval of a rate of return on equity at the level of 9.25% (or for that matter, at any level) is not a guarantee the Company will earn a rate of return at that level. Rather, as North Carolina law requires, setting the rate of return on equity at this level merely affords CWSNC the opportunity to achieve such a return. The Commission finds and concludes, based on all evidence presented and in light of the applicable jurisprudence, that the rate of return on common equity provided herein will indeed afford the Company the opportunity to earn a reasonable and sufficient return for its shareholders while at the same time producing rates that are just and reasonable to its customers.

### **Summary**

For the reasons set forth herein, the Commission approves the following:

WSIP Rate Year	Return on Equity (ROE)	Banding of authorized returns	Corresponding banded range of authorized return on equity
1	9.25%	50 basis points above ROE; 50 basis points below ROE	8.75% - 9.75%
2	9.25%	0 basis points above ROE; 50 basis points below ROE	8.75% - 9.25%
3	9.25%	0 basis points above ROE; 50 basis points below ROE	8.75% - 9.25%

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 30 - 39

### Five Percent Revenue Cap Allocation

The evidence supporting these findings of fact is found in the joint testimony of Public Staff witnesses Hinton, Junis, Sun, and Zhang, rebuttal testimony of CWSNC witness Dante DeStefano, Joint Partial Settlement Agreement (Stipulation) of the Parties, the Corrected and Settlement Testimony of Public Staff witnesses Brown, Zhang, and Junis, and the Settlement Testimony of Company witnesses Denton and Schellinger.

#### Background

CWSNC filed an application with the Commission on July 1, 2022, in this proceeding, seeking authority to increase rates and charges for water and sewer utility service in all of its four rate divisions: Uniform Water; Uniform Sewer; BF/FH/TC Water; and BF/FH Sewer (collectively, Rate Divisions). CWSNC proposed a three-year Water and Sewer Investment Plan (WSIP) for all of its North Carolina service areas.

CWSNC and the Public Staff filed a Joint Partial Settlement Agreement and Stipulation (Stipulation) on November 22, 2022. The Stipulating Parties agreed to all items except for the unresolved issues pertaining to ROE and the 5% revenue increase cap on Rate Years 2 and 3 revenue requirements. The Public Staff calculated the Company's updated percent increases of service revenues for each Rate Division based on the Company's updated information and the Public Staff's recommended ROE of 9.25%.

## Statutory Language

Upon Commission approval of a WSIP, pursuant to N.C.G.S. § 62-133.1B(b) (the WSIP Statute) the Commission may approve a water or sewer utility's proposed WSIP only upon a finding by the Commission that the plan results in rates that are just and reasonable and are in the public interest. In making this decision, the Commission shall consider whether the water or sewer utility's proposed application (1) establishes rates that are fair both to the customer and to the water or sewer utility, (2) ensures the continuation of safe and reliable utility services, (3) will not result in sudden substantial rate increases to customers annually or over the term of the plan, (4) is representative of the utility's operations over the plan term, and (5) is otherwise in the public interest. In addition, the Commission may impose any conditions in the implementation of a WSIP that the Commission considers necessary to ensure that the utility complies with the plan, and that the plan and associated rates are just, reasonable, and in the public interest, and the plan reasonably ensures the provision of safe, reliable, and cost-effective service to customers. At issue in this proceeding is how CWSNC and the Public Staff contend the Commission should interpret the meaning of "utility" as stated in N.C.G.S. §62-133.1B (c), which states "(c) Any rate adjustment allowed under a Water and Sewer Investment Plan approved pursuant to this section shall not, on an annual basis for years two and three of the plan, exceed five percent (5%) of the utility's North Carolina retail jurisdictional gross revenues for the preceding plan year."

## Summary of the Evidence

### CWSNC Direct Testimony

The Company applied the 5% statutory revenue cap for Rate Years 2 and 3 on the total company level but did not state a position in its Application or direct testimony regarding the appropriate manner to refund excess earnings to ratepayers.

### Public Staff Direct Testimony

In its Application, the Company calculated an overall percent increase of gross revenues for the Company. The Public Staff calculated the Company's updated percent increases of service revenues for each rate division based on the Company's updated information and the Public Staff's recommended ROE of 9.25%. The Public Staff's calculations were provided in Public Staff WSIP Exhibit 1, Schedule 3-23 with the joint testimony of Public Staff witnesses Hinton, Zhang, Junis, and Sun (Joint Witnesses) testimony.

As explained by the Joint Witnesses, neither the WSIP statute nor any Commission Rule specifies whether the word "utility" refers to either a rate division of a company or to total company; therefore, they had to make a decision as to whether the 5% revenue cap for Rate Years 2 and 3 applies to each rate division or total company. The witnesses further stated that if it applies to the rate division, one rate division could be underearning while another is overearning. *Id.* The Joint Witnesses stated the Public Staff construes the language of the WSIP Statute to refer to rate divisions, which effectuates the consumer protections limiting the size

of rate increases in subsequent years. *Id.* The Public Staff found this interpretation to be in the overall best interests of ratepayers, because if only one rate division falls below the low-end range of the band established by the Commission, then the utility (the Company) can file a general rate case for that rate division pursuant to N.C.G.S. §62-133.1B (g)(2) and Commission Rule R1-17A (b)(4) and (e). The Public Staff further stated that treating the Rate Divisions separately for earnings purposes ensures the Company should not shield a significant cost increase in one rate division by netting it against the costs of another rate division, and this kind of cost shifting would run contrary to the intent and spirit of the WSIP Statute. Customers across all rate divisions should receive the benefit of the 5% revenue increase cap in Rate Years 2 and 3. Likewise, a utility should not be able to file a general rate increase across all rate divisions simply because the earnings in one rate division falls below the earnings band. The Public Staff expressed concern that the Company's updated proposed rate adjustments for Rate Years 2 and 3 of the WSIP were above the 5% cap set forth in N.C.G.S. § 62-133.1B(c). For example, the Company's updated Schedule B filed on September 19, 2022, reflects an overall request of 7.96% for Rate Year 2 but requests increases of 5.67% for Uniform Water, 8.84% for Uniform Sewer, 9.72% for BF/FH/TC Water, and 19.81% for BF/FH Sewer. Tr. Vol. 6, 369. Moreover, as shown in the Public Staff Updated Settlement Exhibit 1, Schedule 3-23, the settled service revenue increases with the Public Staff's 9.25% ROE in Rate Year 2 are 5.5% for Uniform Water, 2.84% for Uniform Sewer, 6.49% for BF/FH/TC Water, and 24.45% for

BF/FH/TC Sewer while the total Company Rate Year 2 increase would be calculated at a 5.58% increase.

The Joint Witnesses further stated that they used the same methodology to calculate the revenue requirements for the historical test year and the WSIP Rate Years taking into consideration changes in cost of capital, rate base, revenues, and expenses. Tr. vol. 6, 395. However, the Public Staff stated that it made an adjustment to the revenue requirements for any Rate Division that exceeded the 5% cap for Rate Years 2 or 3 to reduce the requirement to not exceed the 5% cap. *Id.* at 396. The Public Staff's recommended rate adjustments for Rate Years 2 and 3 reflect the 5% revenue increase cap set forth in N.C.G.S. § 62-133.1B(c).

After the expert witness hearing, the Public Staff filed Late-Filed Supplemental Public Staff Exhibit 1, Schedules 3(a)-RY to 3(d)-RY and Schedule 3(a)(1)-RY which set out net operating income for CWSNC's WSIP Rate Years 1, 2 and 3 and the revenue requirements after the 5% cap for each Rate Division.

#### **CWSNC Rebuttal Testimony**

Company witness DeStefano stated that he does not believe the Public Staff's interpretation that the 5% cap should be applied to rate divisions rather than to the Company's total revenue requirement is reasonable. Tr. vol. 7, 48.

In response to the Joint Witnesses' statement that the WSIP Statute does not specify what is meant by the word "utility" in the context of the 5% cap's applicability to "the utility's North Carolina retail jurisdictional gross revenues", witness DeStefano states in support that North Carolina statutes are informative

on the how to interpret the phrase "utility's North Carolina retail jurisdictional gross revenues" and he contends the definition is used in multiple other statutes, including N.C.G.S. § 62-133.2 and § 62-110.8, which references an "electric public utility's total North Carolina jurisdictional gross revenues". *Id.*

Witness DeStefano further contends that a rate division does not appropriately fit within the definition of a "utility" as set forth in NCGS § 62-3(23). Witness DeStefano also quotes the definition of utility as provided in Commission Rule R1-17(b)(4), which states, "utility" shall mean "a water, sewer, or water and sewer public utility. Mr. DeStefano further states the Company's belief that the Commission has indicated it is favorable to tariff consolidation, in particular the consolidation of some of CWSNC's predecessor entities into the Company's current four rate divisions. Mr. DeStefano also states that if the 5% cap is applied to a Rate Division, this would "make future consolidation of Rate Divisions practically impossible, as limits on the ability to increase one or all Rate Divisions would undermine the ability to make progress in consolidating rates." Tr. vol. 7, 50.

Witness DeStefano also went on to say that while rate cases by Rate Division could be filed, doing so would be counterproductive and costly, and conflict with CWSNC's primary goal of rate consolidation. *Id.* Additionally, in response to the Public Staff's concerns about one Rate Division bearing the costs incurred by another Rate Division, Mr. DeStefano stated this concern was not relevant because the Company has "separate revenue requirements set based on the stand-alone cost of service for each Rate Division." *Id.*

## Discussion

At issue in this proceeding is how Commission should interpret and apply N.C.G.S § 62-133.1B(b) and (c) with regard to the 5% annual revenue increase cap. Well-established principles of statutory interpretation in North Carolina dictate:

The intent of the General Assembly may be found first from the plain language of the statute, then from the legislative history, the spirit of the act and what the act seeks to accomplish. If the language of a statute is clear, the court must implement the statute according to the plain meaning of its terms so long as it is reasonable to do so. Courts should give effect to the words actually used in a statute and should neither delete words used nor insert words not used in the relevant statutory language during the statutory construction process. Undefined words are accorded their plain meaning so long as it is reasonable to do so. In determining the plain meaning of undefined terms, this Court has used standard, nonlegal dictionaries as a guide. Finally, statutes should be construed so that the resulting construction harmonizes with the underlying reason and purpose of the statute.

*Midrex Techs. v. N.C. Dep't of Revenue*, 369 N.C. 250, 258, 794 S.E.2d 785, 792 (2016) (internal citations omitted).

The statutory language at issue states that “[a]ny rate adjustment allowed under a Water and Sewer Investment Plan approved pursuant to this section shall not, on an annual basis for years two and three of the plan, exceed five percent (5%) of the utility’s North Carolina retail jurisdictional gross revenues for the preceding plan year.” N.C.G.S § 62-133.1B(b). The plain language of the statute references limits to the annual adjustment in years two and three of a WSIP to a “rate.” While the retail jurisdictional gross revenue is used to establish the rates paid by each customer, it is in and of itself not a rate. By using the phrase “rate

adjustment,” the Commission concludes that the legislature clearly intended that customers not experience a rate increase exceeding 5% in years two and three. Such a limitation constitutes a customer protection that is consistent with the other protections prescribed in the statute and limits the extent to which a customer’s bill can increase absent the review afforded by a review of actually incurred costs.

Even if the Commission deemed the statute to be ambiguous, thus requiring interpretation, the Commission would reach the same conclusion. In construing the statute, we note the statutory language in N.C.G.S § 62-133.1B(b) authorizes the Commission to “impose any conditions in the implementation of a Water and Sewer Investment Plan that the Commission considers necessary.” The overall purpose of the legislation was to establish a new rate recovery mechanism for water and sewer utilities that would reduce regulatory lag while balancing it with customer protections to ensure the “plan and associated rates are just, reasonable, and in the public interest, and the plan reasonably ensures the provision of safe, reliable, and cost-effective service to customers.” *Id.* There is nothing that prohibits the Commission from establishing a condition that limits the actual rate increase for any and all customers to 5%. Construing the statute in its entirety, the General Assembly intended a trade-off between contemporaneous and prospective rate recovery under a WISP and the size of the rate increases customers would experience in subsequent years. The statutory 5% limitation established the inflection point for that trade-off. The Commission does not believe it appropriate to deny some customers the benefit of the 5% cap simply due to differences across individual systems within the utility.

The Company contends the 5% rate cap should not be applied to the Company's separate Rate Divisions for a variety of reasons: (1) a rate division does not fall within the definition or meaning of "utility" in either statute or Commission rules, (2) the Company's (and the Commission's goal) to establish consolidated uniform rates for all customers will be rendered "impossible"; (3) rate cases by rate division would be costly and counterproductive; and (4) a rate cap by total Company would not subject some rate divisions to subsidize the others because of their separate revenue requirements and stand-alone cost of service.

The Commission is unpersuaded by the Company's arguments. First, as to the definitions of "utility", the Company acknowledges Commission Rule R1-17A(b)(4), which defines a "utility" as a water, sewer, or water and sewer utility. The Rate Divisions separately serve water or sewer customers under specific rates in CWSNC's service areas, so they clearly fit within this simple definition. The Commission's prescribed rules clearly contemplate analysis and filings by "affected rate divisions" and customer notice to affected systems. Additionally, the Commission and the North Carolina courts have primarily examined and considered the functions of the person or entity in determining whether it is to be considered a utility. The Commission recently addressed the issue of whether certain entities should be deemed utilities in its Order Ruling on Complaint and Request for Determination of Public Utility Status issued on December 30, 2022, in Docket No. A-41, Sub 21 (Order Ruling). Although the specific issues and circumstances of the proceeding on which the Order Ruling was based differ from

the specific issues in this proceeding, the Commission provided the following guidance on determining utility status as follows:

Whether or not a particular entity or its operations constitutes a public utility or a public utility service is a question of law.<sup>3</sup> *State ex rel. Utils. Comm'n v. New Hope Rd. Water Co.*, 248 N.C. 27, 29, 102 S.E.2d 377, 379 (1958). There is, however, no universal or formulaic test for what constitutes a public utility or public utility service. *Accord State ex rel. Utils. Comm'n v. Simpson*, 295 N.C. 519, 524, 246 S.E.2d 753, 756 (1978). Such determination depends upon the circumstances of each particular case, with no single factor controlling, and may include considerations of the: (1) nature and type of good or service sought to be regulated; (2) type of market served; (3) lack of competition in the local marketplace; (4) kind of competition that naturally inheres in that market; (5) existence of other governmental regulation; or (6) effect of non-regulation or exemption from regulation. *Id.*; *see also Bellsouth Carolinas PCS, L.P. v. Henderson Cty. Zoning Bd. of Adjustment*, 174 N.C. App. 574, 578, 621 S.E.2d 270, 273 (2005). “[T]he emphasis in such a determination should be placed on the function of the service provided rather than a literal interpretation of the definition of a public utility” or its failure to comply with the requirements of Chapter 62. *Simpson*, 295 N.C. at 524, 246 S.E.2d at 756; *see also State ex rel. Utils. Comm'n v. Mackie*, 79 N.C. App. 19, 32, 338 S.E.2d 888, 897. (1986), *aff'd as modified*, 318 N.C. 686, 351 S.E.2d 289 (1987).

Order Ruling, p. 14.

In the instant case, the Rate Divisions, which were established over time after CWSNC's parent company, Utilities, Inc. merged its smaller companies like Bradfield Farms Water Company, Carolina Trace Utilities, Inc., CWS Systems, Inc., Elk River Utilities, Inc., and Transylvania Utilities, Inc. into CWSNC (Docket Nos. W-354, Sub 350, W-1044, Sub 24, W-1013, Sub 11, W-778, Sub 93, W-1058, Sub 8, and W-1012 Sub 16). The separate rate divisions were established and approved by the Commission under circumstances where the rates of specific merged companies were significantly lower than the uniform rates of CWSNC and

when changing the rates of the customers of the specific merged companies would cause rate shock and unfair rates.

For purposes of this proceeding the Commission finds the Rate Divisions, which clearly provide water or sewer service to service areas under separate rates, albeit under the wider umbrella of CWSNC's total water and sewer company, clearly function as de facto "utilities" and should be considered as such. Moreover, the Rate Divisions have separate rates, revenue requirements, and rate bases, and the Commission finds and concludes they should therefore be considered separate stand-alone de facto "utilities" for the purpose of the WSIP. It is clear from the evidence, or lack thereof, that the Company will not be significantly harmed if the Rate Divisions are deemed utilities. The Company confirms it has already set up separate revenue requirements based on the stand-alone cost of service for each Rate Division. It is evident the Company can calculate the 5% revenue increase cap as easily as, and perhaps more readily than, the Public Staff.

Although the Company might incur additional costs to file separate rate cases per Rate Division, it has provided no evidence of cost differentials to file a rate case for a small division versus the cost to file a rate case that includes all Rate Divisions. Depending on the size of the division, the cost of filing a rate case for one or two of its Rate Divisions could be significantly less than the Company might incur to file a rate increase application for the entire company. In addition, it is in the Company's discretion whether to file a general rate case if its earnings fall below the lower end of the banding for an individual rate division. However,

customers of that rate division should be afforded the protection of the 5% cap to prevent sudden substantial rate increases annually as part of the WSIP.

The Commission is also unpersuaded by the Company's assertion that applying the 5% revenue cap to Rate Divisions will impede the Company's ability to consolidate the Rate Divisions in the future. The Commission acknowledges that the Company, and, to some extent, the Commission has an interest in the Company achieving a uniform rate structure based on economies of scale provided the rate consolidation results in fair and reasonable rates for all customers. Under the circumstances of this proceeding, the Commission finds the Company's interest in consolidation of the revenue cap does not actually consolidate the cost of service and is outweighed by the Commission's interest in ensuring just and reasonable rates for all customers after implementation of the WSIP, when the evidence presented shows the impact on rates of certain Rate Divisions would far exceed 5% if Company revenues are assessed on a Company basis.

The Commission is also not persuaded by the Company's assertion that the Commission should look to N.C.G.S. § 62-133.2 and § 62-110.8, for its interpretation of the meaning of "total North Carolina jurisdictional gross revenues." *Id.* The Commission finds the references to the aforementioned statutes informative but not applicable in this case, as they address procedures that specifically relate to electric utility proceedings, which are not comparable to this proceeding or to a water and or sewer utility.

The Public Staff provided uncontroverted evidence that applying the 5% revenue cap by total company would cause a disproportionate and unfair impact on the Rate Divisions. The Commission therefore finds the Public Staff's recommended approach to be in the public interest and result in just and reasonable rates and is consistent with the plain language of the statute.

Notwithstanding the Commission's findings as to the Company's and the Public Staff's filed positions, the Commission takes judicial notice of N.C.G.S. § 62-133.12 (WSIC/SSIC Statute), the statute which authorizes Commission approval of a rate adjustment mechanism based on investment in repair, improvement, and replacement of water and sewer facilities (WSIC/SSIC) charges. CWSNC first applied for approval of the WSIC and SSIC mechanisms in its general rate case in Docket No. W-354, Sub 336. By Order of March 10, 2014, the Commission approved WSIC and SSIC mechanisms for CWSNC. The statute that authorizes the WSIC/SSIC mechanism prescribes processes and procedures similar to the WSIP Statute. For example, there is a percentage cap<sup>3</sup> on the amount of charges that a utility may recover, which according to statute is "based on total annual service revenues approved by the Commission in the utility's last rate case." Moreover, Commission Rules R7-39(n) (WSIC Rule) and R10-26(n) (SSIC Rule) require the quarterly earnings reports, quarterly WSIC/SSIC revenue

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<sup>3</sup> N.C.G.S. §62-133.12(g) provides "Cumulative system improvement charges for a water or sewer utility pursuant to a rate adjustment mechanism approved by the Commission under this section may not exceed seven and **one-half percent (7.5%) of the total annual service revenues approved by the Commission in the water or sewer utility's last general rate case.**" 999

collection reports, and construction status reports under the WSIC/SSIC mechanisms to be calculated for each rate division.

For purposes of calculating the 7.5% WSIC/SSIC cap on the amount of charges that a utility may recover under the WSIC or SSIC mechanism, it has been the usual practice of the utilities and the Public Staff to apply the percentage to CWSNC's (as well as other utilities') individual rate divisions, and the calculations based on this usual practice have been approved by the Commission. Revenue requirements are calculated for each rate division and the 7.5% WSIC/SSIC revenue requirement cap is applied to each rate division. Finally, the Commission finds it important to note that the WSIC/SSIC statute is replete with references to the "utility" when prescribing how the mechanisms are to be implemented; however, the interpretation and practice has been to apply the revenue requirement calculations to the Companies' rate divisions.

In light of the foregoing arguments and evidence presented by the parties, the Commission agrees with the Public Staff's recommendation to apply the 5% revenue cap to CWSNC's Rate Divisions. This method meets the statutory requirements and better aligns with the public interest by establishing rates that are fair to the customers of the Rate Divisions and the Company. Regardless of the definition of utility, the Commission has the statutory authority to only approve WSIP adjustments that are in the public interest and pursuant to N.C.G.S. § 62-133.1B (b), the Commission may impose any conditions in the implementation of a Water and Sewer Investment Plan that the Commission considers necessary to

ensure that the utility complies with the plan, and that the plan and associated rates are just, reasonable, and in the public interest. Although the statute specifically states that gross jurisdictional revenues should be considered, as stated by the Public Staff, it does not preclude capping of the increase per Rate Division. Additionally, the Commission has already approved this method of applying a revenue cap per Rate Division in CWSNC's WSIC and SSIC rate adjustment mechanism proceedings under N.C.G.S. § 62-133.12.

The Commission finds limiting the 5% cap to overall earnings of CWSNC would contravene legislative intent, resulting in unfair and disproportionate adjustments across different Rate Divisions and producing rates that are unjust, unfair, and not in the public interest. The Commission therefore concludes that it is just and reasonable to apply the statutory 5% cap on Company earnings in Rate Years 2 and 3 of the MYRP to each rate division of the Company. The Commission further concludes that any rate adjustment allowed under the WSIP approved by the Commission shall not, on an annual basis for years 2 and 3 of the WSIP, exceed 5% of the Company's gross revenues in each rate division for the preceding plan year. Furthermore, the Public Staff's recommendations as to the Company's proposed WSIP do not result in a sudden substantial rate increase to customers of the separate Rate Divisions annually or over the term of the WSIP.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 40 - 78

### Revenue Requirements

#### Base Case Operating Revenues

The evidence supporting this finding of fact is found in the testimony of Public Staff witnesses Darden, Brown, and Feasel, the testimony of Company witnesses Schellinger, DeStefano, and Denton, the Company's September 19, 2022, update, the Stipulation, and Updated Settlement Exhibit 1. The following table summarizes the differences between the Company's level of Base Case operating revenues under present rates from its Application (as updated September 19, 2022), the amounts recommended by the Public Staff, and the amounts reflected in the Stipulation and the Updated Updated Settlement Exhibit 1, reflecting the Public Staff's recommended Return on Equity:

Item	Company per Application (Updated)	Amount per Public Staff	Amount per Stipulation
<u>Base Case Operating Revenues:</u>			
Service revenues	\$44,890,892	\$46,549,178	\$44,295,562
Miscellaneous revenues	\$184,267 (\$465,338)	\$344,625 (\$379,453)	\$338,437 (\$360,712)
Uncollectible accounts			
Total operating revenues	\$44,609,820	\$46,514,350	\$44,273,287

Based on the Stipulation and the evidence presented in Updated Updated Settlement Exhibit 1, the following adjustments should be made to Base Case operating revenues under present rates:

Item	Amount
Reflect pro forma level of service revenues	(\$595,330)
Adjustment to Miscellaneous Revenues	154,171
Adjustment to uncollectible accounts	<u>104,626</u>
Total	<u>(\$336,533)</u>

The Commission has found that the adjustments listed above are appropriate adjustments to be made to Base Case operating revenues under present rates in this proceeding.

Based on the foregoing, the Commission concludes that the appropriate level of Base Case operating revenues under present rates for combined operations for use in this proceeding is as follows:

Item	Amount
Service revenues	44,295,562
Miscellaneous revenues	338,437
Uncollectible accounts	(\$360,712)
Total operating revenues	\$44,273,287

The appropriate level of Base Case operating revenues under proposed rates for combined operations for use in this proceeding, before apply 5% revenue cap to each rate division, is as follows:

Item	Amount
Service revenues	46,549,178
Miscellaneous revenues	344,625
Uncollectible accounts	(\$379,453)
Total operating revenues	\$46,514,350

#### **Base Case Rate Base**

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Company witness Schellinger, the Company's September 19, 2022, update, the Corrected and Settlement Testimony of Public Staff witnesses Brown, Zhang, and Junis, Updated Updated Settlement Exhibit 1, and the Stipulation.

The following table summarizes the differences between the Company's level of Base Case rate base from its Application (as updated September 19, 2022), the amounts recommended by the Public Staff, and the amounts agreed to in the Stipulation, updated for current rate case expenses, and reflecting a ROE of 9.25%:

Item	Company per Application (Updated)	Amount per Public Staff	Amount per Stipulation
Plant in service	270,954,330	268,614,395	268,614,395
Accumulated depreciation	(72,363,347)	(72,034,354)	(72,034,354)
Net plant in service	198,590,984	196,580,041	196,580,041
Cash working capital	3,129,927	3,081,924	3,070,419
Contributions in aid of construct.	(37,648,386)	(37,735,269)	(37,735,269)
Advances in aid of construction	(32,940)	(32,940)	(32,940)
Accum. deferred income taxes	(6,145,961)	(6,330,227)	(6,266,796)
Customer deposits	(370,590)	(370,590)	(370,590)
Inventory	153,531	153,531	153,531
Gain on sale and flow back taxes	(289,628)	(289,628)	(289,628)
Plant acquisition adjustment	(557,769)	(535,359)	(535,359)
Excess book value	0	0	0
Cost-free capital	(261,499)	(261,499)	(261,499)
Average tax accruals	142,461	(141,946)	(141,946)
Regulatory liability for EDIT	(4,991,825)	(4,991,825)	(4,991,825)
Deferred charges	2,211,764	2,075,024	2,075,024
Pro forma plant	0	0	0
Original cost rate base	\$153,930,068	\$151,201,238	\$151,253,164

On the basis of the Stipulation and the evidence included in Updated Settlement Exhibit 1, the Company and the Public Staff are in agreement concerning all components of Base Case rate base, as updated for most recent rate case expenses and fallout adjustments associated with determined return on equity. Therefore, the Commission finds that the amounts of Base Case rate base reflected in the Stipulation and the Updated Settlement Exhibit 1 are appropriate for use in this proceeding. The Commission concludes that the appropriate level

of Base Case rate base for combined operations for use in this proceeding is as follows:

Item	Amount
Plant in service	268,614,395
Accumulated depreciation	(72,034,354)
Net plant in service	196,580,041
Cash working capital	3,081,924
Contributions in aid of construction	(37,735,269)
Advances in aid of construction	(32,940)
Accumulated deferred income taxes	(6,330,227)
Customer deposits	(370,590)
Inventory	153,531
Gain on sale and flow back taxes	(289,628)
Plant acquisition adjustment	(535,359)
Excess book value	0
Cost-free capital	(261,499)
Average tax accruals	(141,946)
Regulatory liability for excess deferred taxes	(4,991,825)
Deferred charges	2,075,024
Pro forma plant	0
Original cost rate base	\$151,201,238

## **Capital Structure, Cost of Debt, and Overall Rate of Return**

The evidence supporting these findings of fact and conclusions is contained in the verified Application and the accompanying NCUC Form W-1, the testimony and exhibits of the public witnesses, the direct and rebuttal testimony and exhibits of Company witnesses Schellinger and D'Ascendis, the Company's September 19, 2022 update, the direct testimony and exhibits of Public Staff witness Hinton, the Stipulation, and Updated Updated Settlement Exhibit 1.

### **Capital Structure**

CWSNC witnesses Schellinger and D'Ascendis recommended in their direct testimony the use of a capital structure consisting of 50.00% long-term debt and 50.00% common equity as of March 31, 2022, for the Base Case and WSIP Years 1, 2, and 3. The Company's September 19, 2022 update reflected this 50/50 capital structure, as well.

In his testimony Public Staff witness Hinton agreed with the Company's recommended capital structure of 50.00% long-term debt and 50.00% common equity for the Base Case and WSIP Years 1, 2, and 3. The Stipulation contains a 50.00% long-term debt and 50.00% common equity capital structure for the Base Case and WSIP Years 1, 2, and 3.

Accordingly, the Commission finds that the recommended capital structure of 50.00% long-term debt and 50.00% common equity for the Base Case and

WSIP Years 1, 2, and 3 is just and reasonable to all parties in light of all the evidence presented.

### **Cost of Debt**

In its Application, CWSNC proposed a cost rate for long-term debt of 4.64%, based on its actual embedded cost of debt as of March 31, 2022. The testimony of Company witness D'Ascendis supported the Company's proposed cost of debt of 4.64%, which is the current 13-month average long-term debt cost rate of CWSNC's parent, Corix Regulated Utilities, Inc., as of March 31, 2022, which is not expected to change over the duration of the WSIP. Staff witness Hinton's testimony likewise recommended the use of the Company's proposed 4.64%. The Stipulation includes a cost of debt rate of 4.64%.

Therefore, the Commission finds that the use of a debt cost rate of 4.64% is just and reasonable to all parties based upon the evidence presented in this proceeding.

### **Overall Rate of Return**

For the base case the overall rate of return would be 7.05%; for WSIP Rate Year 1 the overall rate of return has a range from 6.70% to 7.20%; and for WSIP Rate Years 2 and 3 the overall rate of return has a range from 6.70% to 6.95%.

## **Base Case Maintenance and General Expense**

The evidence for these findings of fact is found in the verified Application and the accompanying NCUC Form W-1; the testimony of Public Staff witnesses Brown, Zhang, and Junis; the testimony of Company witnesses Schellinger; the Company's September 19, 2022 update; the Stipulation; and Updated Settlement Exhibit Updated Updated Settlement Exhibit 1.

The following table summarizes the differences between the Company's requested level of Base Case maintenance and general expenses (as updated September 19, 2022), the amounts recommended by the Public Staff, and the amounts agreed to in the Stipulation, updated for rate case expenses:

Item	Company per Application (Updated)	Amount per Public Staff	Amount per Stipulation
<u>Base Case</u>			
<u>Maintenance</u>			
<u>Expenses:</u>			
Purchased power	2,131,598	2,116,148	2,116,148
Purchased water & sewer	2,714,606	2,714,606	2,714,606
Maintenance and repair	3,295,089	3,416,406	3,416,406
Maintenance testing	535,320	535,320	535,320
Meter reading	281,004	274,280	274,280
Chemicals	1,136,619	1,086,757	1,086,757
Transportation	526,072	531,561	531,561
Operating expenses charged to plant	(852,466)	(860,353)	(860,353)
Outside services - other	248,652	230,721	230,721
Total maintenance expenses	<u>10,016,495</u>	<u>10,045,445</u>	<u>10,045,445</u>

<u>General Expenses:</u>			
Salaries and wages	7,266,829	7,123,539	7,123,539
Office supplies and other office expense	582,718	582,718	582,718
Regulatory commission expense	739,432	567,979	544,013
Pension and other benefits	1,795,862	1,722,821	1,722,821
Rent	389,645	389,645	389,645
Insurance	1,314,312	1,481,296	1,481,296
Office utilities	322,665	322,665	322,665
Miscellaneous	5,326,063	5,133,892	5,133,892
Total general expenses	<u>17,737,526</u>	<u>17,324,555</u>	<u>17,300,589</u>

On the basis of the Stipulation and the evidence included in Updated Settlement Exhibit 1, the Company and the Public Staff are in agreement concerning all components of Base Case maintenance and general expense. Therefore, the Commission finds that the amounts of Base Case maintenance and general expense reflected in the Stipulation and Updated Settlement Exhibit 1 are appropriate for use in this proceeding, as updated for rate case expenses. Therefore, the Commission concludes that the appropriate level of Base Case

maintenance and general expense for combined operations for use in this proceeding is as follows:

Item	Amount
<u>Base Case Maintenance</u>	
<u>Expenses:</u>	
Purchased power	2,116,148
Purchased water & sewer	2,714,606
Maintenance and repair	3,416,406
Maintenance testing	535,320
Meter reading	274,280
Chemicals	1,086,757
Transportation	531,561
Operating expenses charged to plant	(860,353)
Outside services - other	230,721
Total maintenance expenses	<u>10,045,445</u>

Item	Amount
<u>General Expenses:</u>	
Salaries and wages	7,123,539
Office supplies and other office expense	582,718
Regulatory commission expense	567,979
Pension and other benefits	1,722,821
Rent	389,645
Insurance	1,481,296
Office utilities	322,665
Miscellaneous	5,133,892
Total general expenses	<u>17,324,555</u>

### **Base Case Regulatory Commission Expense**

In his February 1, 2023, affidavit, Matthew Schellinger provided an amount of \$735,606 for the actual costs incurred to date and the estimated expense to be incurred related to this rate case. Affiant Schellinger requested that the Commission approve total rate case costs of \$1,690,844 to be amortized over four years. He stated that the \$1,690,844 includes \$955,238 for unamortized rate case expense from prior proceedings plus \$735,606 related to this case. Affiant

Schellinger requested that the annual amortization expense for rate case costs for this proceeding total \$422,711, (\$1,690,844 amortized over four years).

The Public Staff stated that it has reviewed the invoices and other supporting documents along with the rate case expense spreadsheet provided by CWSNC and found that the types of rate case expense in this rate case matched the nature of the expense in prior rate cases. Of the total \$735,606 rate case expense provided by the Company, the Public Staff reviewed and verified that \$661,162 expense in the current proceeding were actual expense incurred and \$74,444 was estimated. Both were found to be appropriate and reasonable to be included in this rate case, with the condition that the Company will refund any over estimated rate case expense to rate payers through regulatory liability. Therefore, in light of the foregoing, the Commission finds that it is appropriate and reasonable to amortize the sum of the total rate case costs of \$735,606 for the current proceeding and the unamortized rate case cost balance of \$955,238 from the prior rate cases over four years, resulting in an annual level of rate case expense of \$422,711 plus \$145,269 in miscellaneous regulatory matters for a total annual regulatory commission expense of \$567,979 to be recovered in this proceeding.

On the basis of the Stipulation and Updated Settlement Exhibit 1, Mr. Schellinger's Affidavit, and Revised Updated Settlement Exhibit I, the Company and the Public Staff are in agreement concerning the regulatory commission expense discussed above, to be amortized and recovered over a four-year period, with no return or carrying costs. Based upon the foregoing, the Commission

concludes that the appropriate level of regulatory commission expense to be recovered by CWSNC over a four-year period beginning with the effective date of this Order is \$1,690,844. Further, consistent with the Stipulation, once these regulatory commission expenses have been fully amortized at the end of the four-year period, CWSNC shall establish a regulatory liability account, with no carrying costs, to record recovery associated with rate case expense over the amortization amount after year 4.

### **Base Case Depreciation and Amortization Expense**

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Public Staff witness Brown, Zhang, and Junis, the testimony of Company witness Schellinger, the Company's September 19, 2022 update, and Updated Settlement Exhibit 1. The following table summarizes the differences between the Company's level of Base Case depreciation and amortization expenses from its Application (as updated in its September 19, 2022 filing), the amounts recommended by the Public Staff, and the amounts reflected in the Stipulation:

Item	Company per Application (Updated)	Amount per <u>Public Staff</u>	Amount per <u>Stipulation</u>
Depreciation expense	8,175,589	7,387,036	7,387,036
Amortization exp. – CIAC	(1,567,364)	(1,567,364)	(1,567,364)
Amortization exp. - PAA	(75,087)	(78,877)	(78,877)
Amortization of ITC	(519)	(519)	(519)
Total	<u>\$6,532,619</u>	<u>\$5,740,276</u>	<u>\$5,740,276</u>

With respect to CWSNC’s depreciation expense, in light of the agreements reached in the Stipulation and recommended by the Public Staff in its testimony and reflected in Updated Settlement Exhibit 1, the Commission finds that the adjustments to depreciation expense included in the Stipulation, which are not contested, are appropriate adjustments to be made to Base Case depreciation and amortization expense in this proceeding.

Based on the foregoing, the Commission concludes that the appropriate level of Base Case depreciation and amortization expense for use in this proceeding is as follows:

Item	Amount
Depreciation expense	7,387,036
Amortization expense – CIAC	(1,567,364)
Amortization expense – PAA	(78,877)
Amortization of ITC	(519)
Total	<u>\$5,740,276</u>

### **Base Case Franchise, Property, Payroll and Other Taxes**

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, in the testimony of Company witness Schellinger, the Company's September 21, 2022, update, the testimony of Public Staff witness Brown, Zhang, and Junis, and Updated Settlement Exhibit. The following table summarizes the differences between the Company's level of Base Case franchise, property, payroll, and other taxes from its Application (as updated September 19, 2022), the amounts recommended by the Public Staff, and the amounts reflected in the Stipulation:

Item	Company		
	Application (Updated)	Amount per Public Staff	Amount per Stipulation
Franchise and other taxes	101,985	101,985	101,985
Property taxes	259,098	259,098	259,098
Payroll taxes	560,025	548,104	548,104
Total	<u>\$921,108</u>	<u>\$909,187</u>	<u>\$909,187</u>

Based on the Stipulation and amounts included in Updated Settlement Exhibit 1, the Commission finds that the amounts reflected in the Stipulation for Base Case franchise and other taxes and payroll taxes, are appropriate adjustments to be made to Base Case operating revenue deductions in this proceeding.

Based on the foregoing, the Commission concludes that the appropriate level of Base Case franchise, property, payroll, and other taxes for use in this proceeding is as follows:

Item	Amount
Franchise and other taxes	101,985
Property tax	259,098
Payroll taxes	548,104
Total	<u>\$909,187</u>

### Base Case Regulatory Fee and Income Taxes

The evidence supporting these findings of fact is found in the testimony of Public Staff witnesses Brown, Zhang, and Junis, the testimony of Company witness Schellinger, the Company's September 19, 2022, update, and Updated Settlement Exhibit 1. The following table summarizes the differences between the Company's level of Base Case regulatory fee and income taxes from its Application (as updated September 19, 2022), the amounts recommended by the Public Staff, and the Stipulation, as adjusted for updated rate case expense and a ROE of 9.25%:

Item	Company per Application	Amount per Public Staff	Amount per Stipulation
Regulatory fee	\$64,562	65,120	61,982
State income taxes	\$261,035	223,048	167,099
Federal income taxes	\$2,137,873	1,826,758	1,368,544
Deferred income taxes	0	(120,962)	(120,962)
Total	\$2,463,469	\$1,993,964	\$1,476,663

Based on conclusions reached elsewhere in this Order regarding the levels of revenues, the Commission concludes that the appropriate level of Base Case regulatory fee for use in this proceeding is \$65,120.

Based on the conclusions reached elsewhere in the Order regarding the levels of revenues and expenses, the Commission concludes that the appropriate level of Base Case state income taxes for use in this proceeding, based on the current state corporate income tax rate of 2.50%, is \$223,048.

Based on the conclusions reached elsewhere in the Order regarding the levels of revenues and expenses, the Commission concludes that the appropriate level of Base Case federal income taxes for use in this proceeding, based on the current federal corporate income tax rate of 21.00%, is \$1,826,758.

Based on the conclusions reached elsewhere in the Order regarding the levels of revenues and expenses, the Commission concludes that the appropriate level of Base Case deferred income taxes for use in this proceeding is (\$120,962) which reflects the amortization of the federal protected EDIT and state EDIT.

### **WSIP Years 1, 2 and 3 Operating Revenues**

The evidence supporting this finding of fact is found in the testimony of Public Staff witnesses Darden, Brown, Feasel, Hinton, Junis, Sun, and Zhang, the testimony of Company witnesses Schellinger, DeStefano, and Denton, the Company's September 19, 2022, update, the Stipulation, and Updated Settlement

Exhibit 1. The following table summarizes the WSIP Years 1, 2 and 3 operating revenues amounts recommended by the Public Staff, and the amounts reflected in the updated Stipulation and Updated Settlement Exhibit 1, after applying 5% revenue cap for each rate division, updated rate case expenses, and reflective of the ROE as determined of 9.25%:

Item	Base Year	RY 1 Adjustments	Rate Year 1 Amount
<b>Operating Revenues:</b>			
Service revenues	\$46,549,178	\$3,937,465	\$50,486,643
Miscellaneous revenues	\$344,625	\$10,837	\$355,462
Uncollectible accounts	(\$379,453)	(\$32,536)	(\$411,989)
<b>Total operating revenues</b>	<b>\$46,514,350</b>	<b>\$3,915,767</b>	<b>\$50,430,117</b>
Item	Rate Year 1	RY 2 Adjustments	Rate Year 2 Amount
<b>Operating Revenues:</b>			
Service revenues	\$50,486,643	\$2,081,920	\$52,568,563
Miscellaneous revenues	\$355,462	\$7,778	\$363,240
Uncollectible accounts	(\$411,989)	(\$26,629)	(\$438,618)
<b>Total operating revenues</b>	<b>\$50,430,117</b>	<b>\$2,063,069</b>	<b>\$52,493,185</b>
Item	Rate Year 2	RY 3 Adjustments	Rate Year 3 Amount
<b>Operating Revenues:</b>			
Service revenues	\$52,568,563	\$1,948,947	\$54,517,510
Miscellaneous revenues	\$363,240	\$6,817	\$370,057
Uncollectible accounts	(\$438,618)	(\$19,628)	(\$458,246)
<b>Total operating revenues</b>	<b>\$52,493,185</b>	<b>\$1,936,136</b>	<b>\$54,429,321</b>

Based on the Stipulation and the evidence presented in Updated Settlement Exhibit 1, the following adjustments should be made to WSIP Years 1, 2 and 3 operating revenues:

Item	RY 1	RY2	RY 3
	Adjustments	Adjustments	Adjustments
Reflect pro forma level of service revenues	\$3,937,465	\$2,081,920	\$1,948,947
Adjustment to Miscellaneous	\$10,837	\$7,778	\$6,817
Revenues			
Adjustment to uncollectible accounts	<u>(\$32,536)</u>	<u>(\$26,629)</u>	<u>(\$19,628)</u>
Total	<u>\$3,915,767</u>	<u>\$2,063,069</u>	<u>\$1,936,136</u>

The Commission has found that the adjustments listed above are appropriate adjustments to be made to WSIP Years 1, 2 and 3 operating revenues under in this proceeding.

Based on the foregoing, the Commission concludes that the appropriate level of WSIP Years 1, 2 and 3 operating revenues for combined operations for use in this proceeding, after applying 5% of revenue cap, is as follows:

Item	Rate Year 1	Rate Year 2	Rate Year 3
Service revenues	50,486,643	52,568,563	54,517,510
Miscellaneous revenues	355,462	363,240	370,057
Uncollectible accounts	(411,989)	(438,618)	(458,246)
Total operating revenues	50,430,117	52,493,185	54,429,321

### WSIP Rate Years 1, 2 and 3 Rate Base

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Company witnesses Denton, Konsul, and Schellinger, the Company's September 19, 2022, update, the testimony of Public Staff witnesses Brown, Feasel, Lucas, Hinton, Junis, Sun, and Zhang, Updated Settlement Exhibit 1, and the Stipulation.

On the basis of the Stipulation and the evidence included in Updated Settlement Exhibit 1, the Company and the Public Staff are in agreement concerning all components of WSIP Years 1, 2, and 3 rate base. Therefore, the Commission finds that the amounts of WSIP Rate Years 1, 2, and 3 rate base reflected in the Stipulation and Updated Settlement Exhibit 1, as adjusted for rate case expenses and 9.25% return on equity are appropriate for use in this proceeding. Therefore, the Commission concludes that the appropriate level of WSIP Rate Years 1, 2, and 3 rate base for combined operations for use in this proceeding is as follows:

Item	Rate Year 1	Rate Year 2	Rate Year 3
Plant in service	300,979,823	322,741,820	346,118,040
Accumulated depreciation	(79,392,304)	(85,155,971)	(90,773,310)
Net plant in service	221,587,519	237,585,849	255,344,730

Item	Rate Year 1	Rate Year 2	Rate Year 3
Cash working capital	3,175,378	3,271,587	3,305,799
Contributions in aid of construction	(35,253,609)	(33,686,245)	(32,118,881)
Advances in aid of construction	(32,940)	(32,940)	(32,940)
Accumulated deferred income taxes	(6,127,991)	(6,056,953)	(5,962,786)
Customer deposits	(370,590)	(370,590)	(370,590)
Inventory	153,531	153,531	153,531
Gain on sale and flow back taxes	(289,628)	(289,628)	(289,628)
Plant acquisition adjustment	(407,522)	(328,180)	(248,928)
Excess book value	0	0	0
Cost-free capital	(261,499)	(261,499)	(261,499)
Average tax accruals	(131,625)	(132,919)	(133,564)
Regulatory liability for excess deferred taxes	(4,946,952)	(4,857,207)	(4,767,461)
Deferred charges	2,090,540	1,866,064	1,540,565
Pro forma plant	0	0	0
Original cost rate base	\$179,184,613	\$196,860,870	\$216,158,347

### **WSIP Rate Years 1, 2 and 3 Maintenance and General Expense**

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Company witness Schellinger, the Company's September 19, 2022 update, the testimony of

Public Staff witnesses Bhatta, Brown, Franklin, Houser, Updated Settlement Exhibit 1, and the Stipulation.

On the basis of the Stipulation and the evidence included in Updated Settlement Exhibit 1, the Company and the Public Staff are in agreement concerning all components of WSIP Years 1, 2, and 3 maintenance and general expense. Therefore, the Commission finds that the amounts of WSIP Rate Years 1, 2, and 3 maintenance and general expense reflected in the Stipulation and Updated Settlement Exhibit 1, as updated for rate case expenses and reflecting our decision on ROE of 9.25% are appropriate for use in this proceeding. Therefore, the Commission concludes that the appropriate level of WSIP Rate Years 1, 2, and 3 maintenance and general expense for combined operations for use in this proceeding is as follows:

Item	Rate Year 1	Rate Year 2	Rate Year 3
<b><u>Maintenance Expenses:</u></b>			
Purchased power	2,203,993	2,272,142	2,342,930
Purchased water / sewer	2,714,606	2,714,606	2,714,606
Maintenance and repair	3,471,542	3,669,103	3,354,917
Maintenance testing	553,521	566,806	580,409
Meter reading	283,605	290,412	297,381
Chemicals	1,130,584	1,165,248	1,200,313
Transportation	531,561	531,561	531,561
Operating expenses charged to plant	(886,164)	(912,748)	(940,131)
Outside services - other	238,566	244,291	250,154
<b>Total maintenance expenses</b>	<b>10,241,814</b>	<b>10,541,420</b>	<b>10,332,141</b>

**General Expenses:**

Salaries and wages	7,337,245	7,557,362	7,784,083
Office supplies and other office expense	602,530	616,991	631,799
Regulatory commission expense	567,979	567,980	567,980
Pension and other benefits	1,774,505	1,827,741	1,882,573
Rent	402,893	412,562	422,464
Insurance	1,548,586	1,585,751	1,623,809
Office utilities	333,636	341,643	349,842
Miscellaneous	5,308,444	5,435,847	5,566,307
<b>Total general expenses</b>	<b>17,875,818</b>	<b>18,345,876</b>	<b>18,828,857</b>

**WSIP Rate Years 1, 2 and 3 Depreciation and Amortization Expense**

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Company witnesses Schellinger, the Company's September 19, 2022, update, the testimony of Public Staff witnesses Brown, Zhang, and Junis, Updated Settlement Exhibit 1, and the Stipulation.

On the basis of the Stipulation and the evidence included in Updated Settlement Exhibit 1, the Company and the Public Staff are in agreement concerning all components of WSIP Years 1, 2, and 3 depreciation and amortization expense. Therefore, the Commission finds that the amounts of WSIP Rate Years 1 2, and 3 depreciation and amortization expense reflected in the Stipulation and Updated Updated Settlement Exhibit 1 are appropriate for use in this proceeding. Therefore, the Commission concludes that the appropriate level of WSIP Rate Years 1, 2, and 3 depreciation and amortization expense for combined operations for use in this proceeding is as follows:

<u>Item</u>	Rate Year 1	Rate Year 2	Rate Year 3
Depreciation expense	8,205,618	8,738,100	9,334,774
Amortization of CIAC	(1,567,364)	(1,567,364)	(1,567,364)
Amortization of PAA	(80,739)	(79,342)	(79,252)
Amortization of ITC	(519)	(519)	(519)

**WSIP Rate Years 1, 2 and 3 Franchise, Property, Payroll and Other Taxes**

The evidence supporting this finding of fact is found in the verified Application and the accompanying NCUC Form W-1, the testimony of Company witness Schellinger, the Company's September 19, 2022, update, the testimony of Public Staff witnesses Brown, Zhang, and Junis, Updated Settlement Exhibit 1, and the Stipulation.

On the basis of the Stipulation and the evidence included in Updated Settlement Exhibit 1, the Company and the Public Staff are in agreement concerning all components of WSIP Years 1, 2, and 3 franchise, property, payroll, and other tax expense. Therefore, the Commission finds that the amounts of WSIP Rate Years 1 2, and 3 franchise, property, payroll, and other tax expense reflected in the Stipulation and Updated Settlement Exhibit 1 are appropriate for use in this proceeding. Therefore, the Commission concludes that the appropriate level of WSIP Rate Years 1, 2, and 3 franchise, property, payroll, and other tax expense for combined operations for use in this proceeding is as follows:

Item	Rate Year 1	Rate Year 2	Rate Year 3
Franchise and other taxes	101,985	101,985	101,985
Property taxes	259,098	259,098	259,098
Payroll taxes	564,547	581,484	598,928

### WSIP Years 1, 2 and 3 Regulatory Fee and Income Taxes

The evidence supporting these findings of fact is found in the testimony of Public Staff witness Brown, Zhang, and Junis, the testimony of Company witness Schellinger, the Company's September 19, 2022 update, the Settlement and Updated Settlement Exhibit 1. The following table summarizes the calculation of regulatory fee and income taxes for use in WSIP Rate Years 1, 2, and 3, using the return on equity of 9.25%:

Item	Rate Year 1	Rate Year 2	Rate Year 3
Regulatory fee	70,601	74,516	78,013
Deferred income taxes	(120,962)	(120,962)	(120,962)
State income taxes	265,054	291,589	320,557
Federal income taxes	2,170,795	2,388,111	2,625,361
Total	<u>\$2,385,489</u>	<u>\$2,633,254</u>	<u>\$2,902,969</u>

### Base Case and WSIP Years 1, 2 and 3 Revenue Requirements

The following schedules summarize the gross revenue and overall rate of return that the Company should have a reasonable opportunity to achieve in WSIP

Rate Years 1, 2, and 3, based on the increases in revenues reflected in the Stipulation and approved in this Order for each rate division. These schedules, illustrating the Company's gross revenue requirements, incorporate the adjustments reflected in the Stipulation, applying 5% revenue cap to each rate division, and reflecting a return on equity of 9.25% and found appropriate by the Commission in this Order.

<u>Item</u>	<u>Base Year</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Service revenues	46,549,178	50,486,643	52,568,563	54,517,510
Miscellaneous revenues	344,625	355,462	363,240	370,057
Uncollectible accounts	(379,453)	(411,989)	(438,618)	(458,246)
Total operating revenues	46,514,350	50,430,117	52,493,185	54,429,321

## SCHEDULE I

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

Docket No. W-354, Sub 384

Net Operating Income for a Return

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## CWSNC Combined Operations

<u>Item</u>	<u>Base Case</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
<b><u>Operating Revenues:</u></b>				
Service revenues	46,526,173	50,463,179	52,544,159	54,492,788
Miscellaneous revenues	344,562	355,397	363,174	369,990
Uncollectible accounts	(379,261)	(411,793)	(438,419)	(458,043)
<b>Total operating revenues</b>	<b>46,491,474</b>	<b>50,406,783</b>	<b>52,468,914</b>	<b>54,404,734</b>
<b><u>Maintenance Expenses:</u></b>				
Purchased power	2,116,148	2,203,993	2,272,142	2,342,930
Purchased water	2,714,606	2,714,606	2,714,606	2,714,606
Maintenance and repair	3,416,406	3,471,542	3,669,103	3,354,917
Maintenance testing	535,320	553,521	566,806	580,409
Meter reading	274,280	283,605	290,412	297,381
Chemicals	1,086,757	1,130,584	1,165,248	1,200,313
Transportation	531,561	531,561	531,561	531,561
Operating expenses charged to plant	(860,353)	(886,164)	(912,748)	(940,131)
Outside services – other	230,721	238,566	244,291	250,154
<b>Total maintenance expenses</b>	<b>10,045,445</b>	<b>10,241,814</b>	<b>10,541,420</b>	<b>10,332,141</b>

**General Expenses:**

Salaries and wages	7,123,539	7,337,245	7,557,362	7,784,083
Office supplies and other office expense	582,718	602,530	616,991	631,799
Regulatory commission expense	544,013	544,013	544,013	544,013
Pension and other benefits	1,722,821	1,774,505	1,827,741	1,882,573
Rent	389,645	402,893	412,562	422,464
Insurance	1,481,296	1,548,586	1,585,751	1,623,809
Office utilities	322,665	333,636	341,643	349,842
Miscellaneous	5,133,892	5,308,444	5,435,847	5,566,307
<b>Total general expenses</b>	<b>17,300,589</b>	<b>17,851,852</b>	<b>18,321,910</b>	<b>18,804,891</b>

**Depreciation and Taxes:**

Depreciation expense	7,387,036	8,205,618	8,738,100	9,334,774
Amortization of CIAC	(1,567,364)	(1,567,364)	(1,567,364)	(1,567,364)
Amortization of PAA	(78,877)	(80,739)	(79,342)	(79,252)
Amortization of ITC	(519)	(519)	(519)	(519)
Franchise and other taxes	101,985	101,985	101,985	101,985
Property taxes	259,098	259,098	259,098	259,098
Payroll taxes	548,104	564,547	581,484	598,928
Regulatory fee	65,088	70,570	74,483	77,979
Deferred Income Tax	(120,962)	(120,962)	(120,962)	(120,962)
State income tax	223,068	265,066	291,592	320,552
Federal income tax	1,826,924	2,170,893	2,388,142	2,625,324
<b>Total depreciation and taxes</b>	<b>8,643,581</b>	<b>9,868,193</b>	<b>10,666,698</b>	<b>11,550,543</b>
Total operating revenue deductions	35,989,615	37,961,859	39,530,028	40,687,574
Net operating income for a return	\$10,501,859	\$12,444,924	\$12,938,886	\$13,717,160

## SCHEDULE II

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

Docket No. W-354, Sub 384

Original Cost Rate Base

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## CWSNC Combined Operations

<u>Item</u>	<u>Base Case</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Plant in service	268,614,395	300,979,823	322,741,820	346,118,040
Accumulated depreciation	(72,034,354)	(79,392,304)	(85,155,971)	(90,773,310)
<b>Net plant in service</b>	<b>196,580,041</b>	<b>221,587,519</b>	<b>237,585,849</b>	<b>255,344,730</b>
Cash working capital	3,070,928	3,172,383	3,268,591	3,302,803
Contributions in aid of construction	(37,735,269)	(35,253,609)	(33,686,245)	(32,118,881)
Advances in aid of construction	(32,940)	(32,940)	(32,940)	(32,940)
Accumulated deferred income taxes	(6,313,709)	(6,116,978)	(6,051,449)	(5,962,786)
Customer deposits	(370,590)	(370,590)	(370,590)	(370,590)
Inventory	153,531	153,531	153,531	153,531
Gain on sale and flow back taxes	(289,628)	(289,628)	(289,628)	(289,628)
Plant acquisition adjustment	(535,359)	(407,522)	(328,180)	(248,928)
Excess book value	0	0	0	0
Cost-free capital	(261,499)	(261,499)	(261,499)	(261,499)
Average tax accruals	(141,946)	(131,625)	(132,919)	(133,564)
Regulatory liability for excess deferred taxes	(4,991,825)	(4,946,952)	(4,857,207)	(4,767,461)
Deferred charges	2,075,024	2,090,540	1,866,064	1,540,565
Pro forma plant	0	0	0	0

Original cost rate base            \$151,214,760    \$179,192,631    \$196,863,379    \$216,155,351

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## SCHEDULE III

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

Docket No. W-354, Sub 364

## Statement of Capitalization and Related Costs

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## CWSNC Combined Operations

	<u>Capitalization Ratio</u>	<u>Original Cost Rate Base</u>	<u>Embedded Cost</u>	<u>Net Operating Income</u>
<b><u>Present Rates:</u></b>				
Debt	50.00%	\$75,607,380	4.64%	\$3,508,182
Equity	50.00%	75,607,380	6.99%	5,287,510
Total	100.00%	\$151,214,760		\$8,795,692
<b><u>Base Case Approved Rates:</u></b>				
Debt	50.00%	\$75,607,380	4.64%	\$3,508,182
Equity	50.00%	75,607,380	9.25%	6,993,683
Total	100.00%	\$151,214,760		\$10,501,863
<b><u>Rate Year 1 Approved Rates:</u></b>				
Debt	50.00%	\$89,596,315	4.64%	\$4,157,269
Equity	50.00%	89,596,315	9.25%	8,287,659
Total	100.00%	\$179,192,631		\$12,444,929

**Rate Year 2 Approved Rates:**

Debt	50.00%	\$98,431,689	4.64%	\$4,567,230
Equity	50.00%	98,431,689	9.25%	9,104,931
Total	100.00%	\$196,863,379		\$13,672,161

**Rate Year 3 Approved Rates:**

Debt	50.00%	\$108,077,676	4.64%	\$5,014,804
Equity	50.00%	108,077,675	9.25%	9,997,185
Total	100.00%	\$216,155,351		\$15,011,990

## SCHEDULE I-A

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

Docket No. W-354, Sub 384

Net Operating Income for a Return

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## CWSNC Water Operations

<u>Item</u>	Base Case	Rate Year 1	Rate Year 2	Rate Year 3
<b><u>Operating Revenues:</u></b>				
Service revenues	\$23,115,775	\$24,680,433	\$25,914,455	\$26,569,518
Miscellaneous revenues	174,326	178,764	182,609	184,122
Uncollectible accounts	(173,368)	(185,103)	(195,272)	(199,271)
<b>Total operating revenues</b>	<b>23,116,733</b>	<b>24,674,093</b>	<b>25,901,792</b>	<b>26,554,368</b>
<b><u>Maintenance Expenses:</u></b>				
Purchased power	1,071,097	1,118,810	1,156,431	1,195,554
Purchased water	1,665,457	1,665,457	1,665,457	1,665,457
Maintenance and repair	1,195,626	1,194,919	1,391,835	1,271,432
Maintenance testing	195,388	202,031	206,880	211,845
Meter reading	222,612	230,181	235,706	241,363
Chemicals	336,625	351,620	363,444	375,739
Transportation	287,092	287,092	287,092	287,092
Operating expenses charged to plant	(455,145)	(468,799)	(482,863)	(497,349)
Outside services – other	113,158	117,005	119,813	122,689

<b>Total maintenance expenses</b>	4,631,909	4,698,317	4,943,795	4,873,821
<b><u>General Expenses:</u></b>				
Salaries and wages	3,872,044	3,988,205	4,107,851	4,231,087
Office supplies and other office expense	319,242	330,097	338,019	346,131
Regulatory commission expense	294,205	294,205	294,205	294,205
Pension and other benefits	936,450	964,543	993,480	1,023,284
Rent	211,794	218,995	224,251	229,633
Insurance	805,169	841,743	861,944	882,631
Office utilities	180,673	186,816	191,299	195,891
Miscellaneous	2,788,227	2,883,027	2,952,219	3,023,072
<b>Total general expenses</b>	<b>9,407,804</b>	<b>9,707,631</b>	<b>9,963,269</b>	<b>10,225,934</b>
<b><u>Depreciation and Taxes:</u></b>				
Depreciation expense	3,581,487	3,949,676	4,173,576	4,311,568
Amortization of CIAC	(733,560)	(733,560)	(733,560)	(733,560)
Amortization of PAA	(121,579)	(122,002)	(120,313)	(119,891)
Amortization of ITC	(265)	(265)	(265)	(265)
Franchise and other taxes	56,486	56,486	56,486	56,486
Property taxes	135,969	135,969	135,969	135,969
Payroll taxes	297,925	306,863	316,069	325,551
Regulatory fee	32,363	34,493	36,433	37,176
Deferred Income Tax	(64,882)	(64,882)	(64,882)	(64,882)
State income tax	104,511	119,158	130,187	133,604
Federal income tax	855,944	975,902	1,066,234	1,094,221
<b>Total depreciation and taxes</b>	<b>4,144,399</b>	<b>4,657,888</b>	<b>4,995,934</b>	<b>5,175,977</b>
Total operating revenue deductions	18,184,112	19,063,836	19,902,997	20,275,733

Net operating income for a return	\$4,932,620	\$5,610,258	\$5,998,795	\$6,278,635
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SCHEDULE II-A

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

Docket No. W-354, Sub 384

Original Cost Rate Base

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

CWSNC Water Operations

<u>Item</u>	Base Case	Rate Year 1	Rate Year 2	Rate Year 3
Plant in service	\$ 129,344,696	\$ 141,496,775	\$ 151,401,401	\$ 156,493,683
Accumulated depreciation	(36,574,610)	(40,664,413)	(44,167,703)	(47,994,499)
Net plant in service	92,770,087	100,832,362	107,233,698	108,499,185
Cash working capital	1,546,782	1,592,561	1,655,201	1,679,287
Contributions in aid of construction	(16,560,422)	(15,398,953)	(14,665,393)	(13,931,833)
Advances in aid of construction	(20,631)	(20,631)	(20,631)	(20,631)
Accumulated deferred income taxes	(2,800,197)	(2,611,037)	(2,594,687)	(2,359,836)
Customer deposits	(208,631)	(208,631)	(208,631)	(208,631)
Inventory	91,908	91,908	91,908	91,908
Gain on sale and flow back taxes	(196,947)	(196,947)	(196,947)	(196,947)
Plant acquisition adjustment	(1,722,935)	(1,529,766)	(1,409,453)	(1,289,562)
Excess book value	0	0	0	0
Cost-free capital	(121,791)	(121,791)	(121,791)	(121,791)
Average tax accruals	(74,230)	(74,685)	(75,289)	(75,606)
Regulatory liability for excess deferred taxes	(2,667,246)	(2,643,418)	(2,595,763)	(2,548,107)
Deferred charges	988,322	1,070,304	1,036,537	887,711

Pro forma plant	0	0	0	0
<hr/>				
Original cost rate base	\$71,024,068	\$80,781,277	\$88,128,759	\$90,405,147
<hr/> <hr/>				

## SCHEDULE III-A

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

Docket No. W-354, Sub 364

## Statement of Capitalization and Related Costs

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## CWSNC Water Operations

	<u>Capitalization Ratio</u>	<u>Original Cost Rate Base</u>	<u>Embedded Cost</u>	<u>Net Operating Income</u>
<b><u>Present Rates:</u></b>				
Debt	50.00%	\$35,512,034	4.64%	\$1,647,758
Equity	50.00%	35,512,034	7.49%	2,660,190
Total	100.00%	\$71,024,068		\$4,307,948
<b><u>Base Case Approved Rates:</u></b>				
Debt	50.00%	\$35,512,034	4.64%	\$1,647,758
Equity	50.00%	35,512,034	9.25%	3,284,863
Total	100.00%	\$71,024,068		\$4,932,621
<b><u>Rate Year 1 Approved Rates:</u></b>				
Debt	50.00%	\$40,390,638	4.64%	\$1,874,126
Equity	50.00%	40,390,638	9.25%	3,736,134
Total	100.00%	\$80,781,277		\$5,610,260

**Rate Year 2 Approved Rates:**

Debt	50.00%	\$44,064,380	4.64%	\$2,044,587
Equity	50.00%	44,064,379	9.25%	4,075,955
Total	<hr/> 100.00%	<hr/> \$88,128,759		<hr/> \$6,120,542
	<hr/>	<hr/>		<hr/>

**Rate Year 3 Approved Rates:**

Debt	50.00%	\$45,202,574	4.64%	\$2,097,399
Equity	50.00%	45,202,573	9.25%	4,181,238
Total	<hr/> 100.00%	<hr/> \$90,405,147		<hr/> \$6,278,637
	<hr/>	<hr/>		<hr/>

## SCHEDULE I-B

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

Docket No. W-354, Sub 384

Net Operating Income for a Return

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## CWSNC Sewer Operations

<u>Item</u>	Base Case	Rate Year 1	Rate Year 2	Rate Year 3
<b><u>Operating Revenues:</u></b>				
Service revenues	\$18,598,560	\$20,493,973	\$21,076,493	\$22,130,318
Miscellaneous revenues	134,336	139,415	140,975	145,933
Uncollectible accounts	(139,489)	(153,705)	(158,074)	(171,950)
<b>Total operating revenues</b>	<b>18,593,407</b>	<b>20,479,683</b>	<b>21,059,395</b>	<b>22,104,300</b>
<b><u>Maintenance Expenses:</u></b>				
Purchased power	825,016	856,735	880,894	905,914
Purchased sewer	1,048,540	1,048,540	1,048,540	1,048,540
Maintenance and repair	1,805,769	1,827,764	1,819,104	1,615,985
Maintenance testing	305,558	315,947	323,529	331,294
Meter reading	3,024	3,127	3,202	3,279
Chemicals	601,228	624,343	641,949	660,182
Transportation	171,280	171,280	171,280	171,280
Operating expenses charged to plant	(271,543)	(279,689)	(288,080)	(296,722)
Outside services - other	67,510	69,805	71,480	73,196
<b>Total maintenance expenses</b>	<b>4,556,383</b>	<b>4,637,852</b>	<b>4,671,898</b>	<b>4,512,948</b>

**General Expenses:**

Salaries and wages	2,310,084	2,379,387	2,450,768	2,524,291
Office supplies and other office expense	190,462	196,938	201,664	206,504
Regulatory commission expense	175,526	175,526	175,526	175,526
Pension and other benefits	558,692	575,453	592,716	610,498
Rent	126,358	130,654	133,790	137,001
Insurance	480,368	502,188	514,242	526,583
Office utilities	106,857	110,490	113,142	115,857
Miscellaneous	1,683,355	1,740,589	1,782,363	1,825,140
<b>Total general expenses</b>	<b>5,631,702</b>	<b>5,811,224</b>	<b>5,964,212</b>	<b>6,121,400</b>

**Depreciation and Taxes:**

Depreciation expense	3,178,919	3,557,702	3,692,147	4,133,288
Amortization of CIAC	(625,462)	(625,462)	(625,462)	(625,462)
Amortization of PAA	(17,621)	(17,244)	(17,182)	(17,056)
Amortization of ITC	(254)	(254)	(254)	(254)
Franchise and other taxes	48,172	48,172	48,172	48,172
Property taxes	105,629	105,629	105,629	105,629
Payroll taxes	177,744	183,076	188,569	194,226
Regulatory fee	26,031	28,672	29,483	32,061
Deferred Income Tax	(38,709)	(38,709)	(38,709)	(38,709)
State income tax	99,049	121,376	125,918	151,047
Federal income tax	811,209	994,069	1,031,266	1,237,072
<b>Total depreciation and taxes</b>	<b>3,764,707</b>	<b>4,357,027</b>	<b>4,539,578</b>	<b>5,220,014</b>
Total operating revenue deductions	13,952,792	14,806,103	15,175,688	15,854,362
Net operating income for a return	\$4,640,615	\$5,673,580	\$5,883,707	\$6,249,938

## SCHEDULE II-B

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

Docket No. W-354, Sub 364

Original Cost Rate Base

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

**CWSNC Sewer Operations**

<u>Item</u>	<u>Base Case</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Plant in service	\$115,426,078	\$131,854,547	\$136,923,554	\$154,238,372
Accumulated depreciation	(29,504,301)	(32,006,400)	(34,822,102)	(35,729,071)
Net plant in service	85,921,777	99,848,147	102,101,451	118,509,301
Cash working capital	1,142,443	1,175,067	1,198,446	1,198,226
Contributions in aid of construction	(16,455,816)	(15,465,500)	(14,840,038)	(14,214,576)
Advances in aid of construction	(12,309)	(12,309)	(12,309)	(12,309)
Accumulated deferred income taxes	(3,109,841)	(3,087,453)	(2,881,911)	(3,104,721)
Customer deposits	(124,471)	(124,471)	(124,471)	(124,471)
Inventory	54,833	54,833	54,833	54,833
Gain on sale and flow back taxes	(92,681)	(92,681)	(92,681)	(92,681)
Plant acquisition adjustment	393,121	420,424	437,606	454,662
Excess book value	0	0	0	0
Cost-free capital	(139,708)	(139,708)	(139,708)	(139,708)
Average tax accruals	(57,707)	(58,201)	(58,817)	(59,174)
Regulatory liability for excess deferred taxes	(1,591,295)	(1,577,079)	(1,548,647)	(1,520,216)
Deferred charges	891,194	751,987	624,881	509,438
Pro forma plant	0	0		

Original cost rate base	\$66,819,540	\$81,693,057	\$84,718,635	\$101,458,606
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## SCHEDULE III-B

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

Docket No. W-354, Sub 364

## Statement of Capitalization and Related Costs

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## CWSNC Sewer Operations

	<u>Capitalization Ratio</u>	<u>Original Cost Rate Base</u>	<u>Embedded Cost</u>	<u>Net Operating Income</u>
<b><u>Present Rates:</u></b>				
Debt	50.00%	\$33,409,770	4.64%	\$1,550,213
Equity	50.00%	33,409,770	6.67%	2,228,646
Total	100.00%	\$66,819,540		\$3,778,859
<b><u>Base Case Approved Rates:</u></b>				
Debt	50.00%	\$33,409,770	4.64%	\$1,550,213
Equity	50.00%	33,409,770	9.25%	3,090,404
Total	100.00%	\$66,819,540		\$4,640,617
<b><u>Rate Year 1 Approved Rates:</u></b>				
Debt	50.00%	\$40,846,528	4.64%	\$1,895,279
Equity	50.00%	40,846,529	9.25%	3,778,304
Total	100.00%	\$81,693,057		\$5,673,583

**Rate Year 2 Approved Rates:**

Debt	50.00%	\$42,359,318	4.64%	\$1,965,472
Equity	50.00%	42,359,317	9.25%	3,918,237
Total	100.00%	\$84,718,635		\$5,883,709

**Rate Year 3 Approved Rates:**

Debt	50.00%	\$50,729,303	4.64%	\$2,353,840
Equity	50.00%	50,729,303	9.25%	4,692,461
Total	100.00%	\$101,458,606		\$7,046,301

SCHEDULE I-C

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

Docket No. W-354, Sub 384

Net Operating Income for a Return

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -  
Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

BF/FH/TC Water Operations

<u>Item</u>	<u>Base Case</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
<b><u>Operating Revenues:</u></b>				
Service revenues	\$2,014,769	\$2,315,759	\$2,431,547	\$2,515,204
Miscellaneous revenues	14,713	15,560	15,982	16,121
Uncollectible accounts	(27,804)	(31,957)	(34,028)	(34,710)
<b>Total operating revenues</b>	<b>2,001,678</b>	<b>2,299,361</b>	<b>2,413,501</b>	<b>2,496,615</b>
<b><u>Maintenance Expenses:</u></b>				
Purchased power	70,432	73,154	75,224	77,369
Purchased water	609	609	609	609
Maintenance and repair	207,957	214,735	219,227	223,636
Maintenance testing	10,196	10,543	10,796	11,055
Meter reading	47,602	49,220	50,402	51,611
Chemicals	86,200	89,532	92,965	95,615
Transportation	36,167	36,167	36,167	36,167
Operating expenses charged to plant	(66,053)	(68,035)	(70,076)	(72,178)
Outside services – other	24,735	25,576	26,190	26,818
<b>Total maintenance expenses</b>	<b>417,844</b>	<b>431,501</b>	<b>441,503</b>	<b>450,701</b>

**General Expenses:**

Salaries and wages	465,216	479,172	493,547	508,354
Office supplies and other office expense	36,081	37,308	38,203	39,120
Regulatory commission expense	36,710	36,710	36,710	36,710
Pension and other benefits	112,512	115,887	119,364	122,945
Rent	25,446	26,311	26,943	27,589
Insurance	96,738	101,133	103,562	106,046
Office utilities	17,363	17,953	18,384	18,825
Miscellaneous	327,310	338,438	346,561	354,878
<b>Total general expenses</b>	<b>1,117,375</b>	<b>1,152,913</b>	<b>1,183,274</b>	<b>1,214,467</b>

**Depreciation and Taxes:**

Depreciation expense	176,608	232,672	261,522	268,698
Amortization of CIAC	(57,707)	(57,707)	(57,707)	(57,707)
Amortization of PAA	14,457	14,153	14,639	14,518
Amortization of ITC	0	0	0	0
Franchise and other taxes	(1,321)	(1,321)	(1,321)	(1,321)
Property taxes	7,746	7,746	7,746	7,746
Payroll taxes	35,795	36,869	37,975	39,114
Regulatory fee	2,802	3,219	3,427	3,495
Deferred Income Tax	(8,585)	(8,585)	(8,585)	(8,585)
State income tax	5,117	8,566	9,961	9,965
Federal income tax	41,910	70,153	81,583	81,612
<b>Total depreciation and taxes</b>	<b>216,822</b>	<b>305,765</b>	<b>349,241</b>	<b>357,534</b>
Total operating revenue deductions	1,752,041	1,890,178	1,974,017	2,022,703
Net operating income for a return	\$249,638	\$409,183	\$439,484	\$473,912

## SCHEDULE II-C

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

Docket No. W-354, Sub 384

Original Cost Rate Base

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## BF/FH/TC Water Operations

<u>Item</u>	<u>Base Case</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Plant in service	\$7,340,417	\$9,875,256	\$10,793,178	\$11,149,059
Accumulated depreciation	(2,526,057)	(2,794,167)	(2,821,567)	(3,227,938)
<b>Net plant in service</b>	<b>4,814,360</b>	<b>7,081,089</b>	<b>7,971,611</b>	<b>7,921,120</b>
Cash working capital	191,826	197,976	203,021	208,070
Contributions in aid of construction	(1,081,963)	(990,594)	(932,887)	(875,180)
Advances in aid of construction	0	0	0	0
Accumulated deferred income taxes	(35,087)	(86,961)	(72,553)	(47,111)
Customer deposits	(18,525)	(18,525)	(18,525)	(18,525)
Inventory	3,355	3,355	3,355	3,355
Gain on sale and flow back taxes	0	0	0	0
Plant acquisition adjustment	(29,293)	(51,703)	(66,342)	(80,859)
Excess book value	0	0	0	0
Cost-free capital	0	0	0	0
Average tax accruals	(4,396)	(4,462)	(4,571)	(4,612)

Regulatory liability for excess deferred taxes	(362,366)	(358,991)	(352,242)	(345,492)
Deferred charges	116,582	120,567	90,605	63,013
Pro forma plant	0	0		
Original cost rate base	\$3,594,493	\$5,891,751	\$6,821,472	\$6,823,779

## SCHEDULE III-C

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

Docket No. W-354, Sub 384

## Statement of Capitalization and Related Costs

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

BF/FH/TC Water Operations

	<u>Capitalization Ratio</u>	<u>Original Cost Rate Base</u>	<u>Embedded Cost</u>	<u>Net Operating Income</u>
<b><u>Present Rates:</u></b>				
Debt	50.00%	\$1,797,247	4.64%	\$83,392
Equity	50.00%	1,797,246	3.52%	63,301
Total	100.00%	\$3,594,493		\$146,693
<b><u>Base Case Approved Rates:</u></b>				
Debt	50.00%	\$1,797,247	4.64%	\$83,392
Equity	50.00%	1,797,246	9.25%	166,245
Total	100.00%	\$3,594,493		\$249,637
<b><u>Rate Year 1 Approved Rates:</u></b>				
Debt	50.00%	\$2,945,876	4.64%	\$136,689
Equity	50.00%	2,945,876	9.25%	272,493
Total	100.00%	\$5,891,751		\$409,182

**Rate Year 2 Approved Rates:**

Debt	50.00%	\$3,410,736	4.64%	\$158,258
Equity	50.00%	3,410,736	9.25%	315,493
Total	100.00%	\$6,821,472		\$473,751

**Rate Year 3 Approved Rates:**

Debt	50.00%	\$3,411,889	4.64%	\$158,312
Equity	50.00%	3,411,890	9.25%	315,600
Total	100.00%	\$6,823,779		\$473,912

## SCHEDULE I-D

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

Docket No. W-354, Sub 384

Net Operating Income for a Return

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## BF/FH Sewer Operations

<u>Item</u>	<u>Base Case</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
<b><u>Operating Revenues:</u></b>				
Service revenues	\$2,797,069	\$2,973,014	\$3,121,665	\$3,277,748
Miscellaneous revenues	21,187	21,659	23,607	23,815
Uncollectible accounts	(38,600)	(41,028)	(51,045)	(52,112)
<b>Total operating revenues</b>	<b>2,779,656</b>	<b>2,953,646</b>	<b>3,094,227</b>	<b>3,249,451</b>
<b><u>Maintenance Expenses:</u></b>				
Purchased power	149,604	155,294	159,593	164,094
Purchased water	0	0	0	0
Maintenance and repair	207,054	234,125	238,937	243,864
Maintenance testing	24,179	25,001	25,601	26,215
Meter reading	1,041	1,076	1,102	1,129
Chemicals	62,704	65,088	66,890	68,777
Transportation	37,022	37,022	37,022	37,022
Operating expenses charged to plant	(67,612)	(69,640)	(71,730)	(73,881)
Outside services – other	25,319	26,179	26,808	27,451
<b>Total maintenance expenses</b>	<b>439,310</b>	<b>474,145</b>	<b>484,224</b>	<b>494,670</b>

**General Expenses:**

Salaries and wages	476,195	490,481	505,195	520,351
Office supplies and other office expense	36,933	38,188	39,105	40,043
Regulatory commission expense	37,573	37,573	37,573	37,573
Pension and other benefits	115,167	118,622	122,181	125,846
Rent	26,047	26,933	27,579	28,241
Insurance	99,021	103,522	106,003	108,549
Office utilities	17,772	18,376	18,817	19,269
Miscellaneous	335,001	346,391	354,704	363,217
<b>Total general expenses</b>	<b>1,143,708</b>	<b>1,180,085</b>	<b>1,211,157</b>	<b>1,243,089</b>

**Depreciation and Taxes:**

Depreciation expense	450,022	465,568	610,855	621,220
Amortization of CIAC	(150,635)	(150,635)	(150,635)	(150,635)
Amortization of PAA	45,866	44,354	43,514	43,178
Amortization of ITC	0	0	0	0
Franchise and other taxes	(1,352)	(1,352)	(1,352)	(1,352)
Property taxes	9,754	9,754	9,754	9,754
Payroll taxes	36,640	37,739	38,871	40,038
Regulatory fee	3,892	4,135	5,140	5,247
Deferred Income Tax	(8,786)	(8,786)	(8,786)	(8,786)
State income tax	14,391	15,967	25,526	25,936
Federal income tax	117,861	130,769	209,059	212,419
<b>Total depreciation and taxes</b>	<b>517,652</b>	<b>547,512</b>	<b>781,945</b>	<b>797,018</b>

Total operating revenue deductions	2,100,669	2,201,743	2,477,326	2,534,777
Net operating income for a return	\$678,987	\$751,903	\$616,901	\$714,674

## SCHEDULE II-D

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

Docket No. W-354, Sub 384

Original Cost Rate Base

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

## BF/FH Sewer Operations

<u>Item</u>	Base Case	Rate Year 1	Rate Year 2	Rate Year 3
Plant in service	\$16,503,204	\$17,753,246	\$23,623,687	\$24,236,926
Accumulated depreciation	(3,429,386)	(3,927,324)	(3,344,599)	(3,821,802)
<b>Net plant in service</b>	13,073,818	13,825,921	20,279,088	20,415,124
Cash working capital	197,877	206,779	211,923	217,220
Contributions in aid of construction	(3,637,068)	(3,398,562)	(3,247,927)	(3,097,292)
Advances in aid of construction	0	0	0	0
Accumulated deferred income taxes	(368,584)	(331,527)	(502,297)	(451,119)
Customer deposits	(18,963)	(18,963)	(18,963)	(18,963)
Inventory	3,434	3,434	3,434	3,434
Gain on sale and flow back taxes	0	0	0	0
Plant acquisition adjustment	823,750	753,522	710,008	666,830
Excess book value	0	0	0	0
Cost-free capital	0	0	0	0

Average tax accruals	(5,613)	5,723	5,758	5,828
Regulatory liability for excess deferred taxes	(370,918)	(367,464)	(360,555)	(353,646)
Deferred charges	78,925	147,682	114,042	80,402
Pro forma plant	0	0	0	0
Original cost rate base	\$9,776,659	\$10,826,546	\$17,194,512	\$17,467,820

## SCHEDULE III-D

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

Docket No. W-354, Sub 384

## Statement of Capitalization and Related Costs

For the Twelve Months Ended March 31, 2022 - Base Case / March 31, 2024 -

Rate Year 1 / March 31, 2025 - Rate Year 2 / March 31, 2026 - Rate Year 3

BF/FH Sewer Operations

	<u>Capitalization Ratio</u>	<u>Original Cost Rate Base</u>	<u>Embedded Cost</u>	<u>Net Operating Income</u>
<b><u>Present Rates:</u></b>				
Debt	50.00%	\$4,888,329	4.64%	\$226,818
Equity	50.00%	4,888,329	6.86%	335,375
Total	100.00%	\$9,776,659		\$562,193
<b><u>Base Case Approved Rates:</u></b>				
Debt	50.00%	\$4,888,329	4.64%	\$226,818
Equity	50.00%	4,888,329	9.25%	452,170
Total	100.00%	\$9,776,659		\$678,988
<b><u>Rate Year 1 Approved Rates:</u></b>				
Debt	50.00%	\$5,413,273	4.64%	\$251,176
Equity	50.00%	5,413,273	9.25%	500,728
Total	100.00%	\$10,826,546		\$751,904

**Rate Year 2 Approved Rates:**

Debt	50.00%	\$8,597,256	4.64%	\$398,913
Equity	50.00%	8,597,256	9.25%	795,246
Total	100.00%	\$17,194,512		\$1,194,159

**Rate Year 3 Approved Rates:**

Debt	50.00%	\$8,733,910	4.64%	\$405,253
Equity	50.00%	8,733,910	9.25%	807,887
Total	100.00%	\$17,467,820		\$1,213,140

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 79 - 87

### Customer Concerns and Service

The evidence supporting these findings of fact is found in the testimony of the Company witnesses appearing at the November 28-29, 2022, hearings, particularly CWSNC witness Denton, Public Staff witness Bhatta, and in the verified responses filed by CWSNC which addressed the concerns testified to by public witnesses at the five public hearings, in which 18 customers participated.

The Company responded promptly to the concerns and comments expressed at the five public hearings by filing verified reports on October 24, 2022 (Raleigh), November 8, 2022 (Virtual and Jacksonville), November 10, 2022 (Boone), November 15, 2022 (Charlotte), and a Supplemental Report on December 19, 2022 (Boone).

The Public Staff's Verified Response to CWSNC's Raleigh report stated that the Company had adequately addressed the two customers' concerns (November 8, 2022). The Staff's response to the Company's report on the Boone public hearing acknowledged that CWSNC had reached out to the customer after the foiled public hearing and stated that the Company should file a follow-up report on the meeting with that customer (November 21, 2022)<sup>4</sup>. The Staff's filings of November 21, 2022 – concerning the Charlotte hearing and the Virtual and

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<sup>4</sup> CWSNC filed that follow-up report on December 19, 2022.

Jacksonville hearings – concluded the Company had adequately addressed the content of those hearings.

Public Staff witness Bhatta, in her initial testimony of October 26, 2022, testified that her investigation included: CWSNC’s customers’ statements filed in Docket No. W-354, Sub 400CS; the Company’s customer complaint log, which was included in CWSNC’s response to Public Staff Data Request No. 51; and the Public Staff Consumer Services Division’s (Consumer Services) complaint log. In response to Public Staff Data Request No. 51, CWSNC provided the Company’s customer complaint log for water quality, which showed approximately 65 water quality-related complaints between April 2022 and September 2022. Of those complaints, 62 were regarding cloudy, milky, and/or discolored water, two complaints were related to foul odor, and one complaint was regarding low system pressure. Multiple complaints were received for the Sapphire Valley (7), Wood Trace (5), The Point (5), Treasure Cove (4), and Belvedere Plantation (4) service areas. Ms. Bhatta indicated that it appears the Company took a responsive action to address these customers’ complaints.

As the Company explained in its responses to customer concerns, comparison of CWSNC’s rates to the rates of municipal, county, or district systems lacks relevance to the necessary proof of costs to serve in rate cases conducted under the comprehensive regulatory oversight established in General Statutes Chapter 62. The operational costs per customer can be lower for customers of municipalities because of service area density and economies of scale, while

larger investor-owned utilities like CWSNC have fragmented service areas spread across the state. Investor-owned utilities are strictly regulated by the State of North Carolina. The General Statutes allow a properly managed, Commission-regulated utility the right to recover its operational expenses and the opportunity to earn a reasonable rate of return on its prudent investment. In contrast, government-owned municipal systems are not regulated by the Commission and may subsidize the operating expenses of their utility systems through taxation. While investor-owned utilities fund capital projects through private investors or loans, municipalities and county systems may qualify for grants, low-interest tax-free bonds, and other loans to fund capital projects.

The testimony of the named individual witnesses and the responses provided by the Company in its reports verify that CWSNC's overall quality of service is adequate and that the water quality generally meets the standards set forth by the Safe Drinking Water Act and is thus satisfactory.

Based upon the foregoing, and after careful review of the evidence which included the testimony of Public Staff witness Bhatta, the customers at the public hearings, plus the Company's Reports on customer comments and the testimony of Company witness Denton, the Commission concludes that, consistent with the statutory requirements of N.C.G.S. § 62-131(b), the overall quality of service provided by CWSNC is adequate, efficient, and reasonable.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 88 - 92

### Rate Design

The evidence supporting these findings of fact is found in the verified Application and the accompanying NCUC Form W-1, the Stipulation, and the testimony and exhibits of Public Staff witness Darden and CWSNC witness Schellinger.

The water rates proposed by CWSNC in its Application for its Uniform Water and BF/FH/TC Water residential customers were based on a fixed-to-variable ratio of 40/60 ratio of base charge to usage charge. Uniform Sewer residential rates were based on a fixed-to-variable ratio of 60% fixed for the base facility charge and 40% variable for the usage charge. This rate design is the same as that agreed to and approved by the Commission in CWSNC's most recent rate case, Sub 384, effective in April 2022. This, this rate design has been in effect for only approximately one year.

Public Staff witness Darden testified that the Public Staff recommended a service revenue ratio of 30/70 (base facilities charge to usage charge) for Uniform Water and BF/FH/TC Water residential customers. Public Staff witness Darden recommended a 40/60 ratio for Uniform Sewer residential customers.

In the Stipulation, the Stipulating Parties agreed to continue to use a rate design for water utility service for its Uniform Water and BF/FH/TC Water residential customers based on a 40/60 ratio of base charge to usage charge, and

to continue to use an 60/40 ratio of base charge to usage charge for CWSNC's Uniform Sewer residential customers.

Based upon the foregoing and the entire record herein, the Commission finds that it is appropriate to utilize a 40/60 ratio of base charge to usage charge in this proceeding for CWSNC's Uniform Water and BF/FH/TC Water residential customers and an 60/40 ratio of base charge to usage charge for CWSNC's Uniform Sewer residential customers, as agreed to by the Company and the Public Staff and embodied in the Stipulation. The Commission concludes that such rate design is fair and reasonable to both CWSNC and its customers. Therefore, taking into account the foregoing findings and conclusions, the Commission concludes that the rates and charges included in Appendices \_\_\_ and \_\_\_, and the Schedules of Connection Fees for Uniform Water and Uniform Sewer, attached hereto as Appendices \_\_\_ and \_\_\_, are just and reasonable and should be approved.<sup>5</sup>

### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 93**

#### **Continuation of Bulk Purchase Pass-Through Mechanisms and Update of Purchased Water and Sewer Rates**

Based on the evidence presented in this proceeding, in particular verified Application and the accompanying NCUC Form W-1, the Stipulation, and the

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<sup>5</sup> Intentionally left blank. Final schedules of rates and Notices shall be provided by the parties upon issuance of a final order of the Commission.

testimony and exhibits of Public Staff witness Franklin and CWSNC witness Schellinger, the Commission finds that, consistent with CWSNC's proposal and the Stipulation, as well as N.C.G.S. § 62-133.11, the Company should continue to utilize the bulk purchased water and sewer pass-through mechanisms and the Company's purchased water and sewer rates should be updated as proposed by the Public Staff.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 94**

##### **Suspension of WSIC and SSIC Mechanisms**

The evidence supporting these findings of fact is found in the Stipulation, Public Staff witness Darden and CWSNC witnesses Denton and Schellinger, and the WSIP Statute.

Consistent with Rules R7-39(k) and R10-26(k) and the Stipulation, the Commission's previously approved WSIC and SSIC rate adjustment mechanism has been reset to zero in this rate case. Consistent with N.C.G.S. § 62-133.1B(d), during the term of the WSIP, the WSIC and SSIC mechanisms shall be suspended; however, immediately upon the termination of the WSIP, CWSNC shall be authorized to begin implementation of the WSIC and SSIC mechanisms again.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 95 - 96**

##### **Fee-Free Payment Proposal**

The evidence supporting these findings of fact is found in the verified Application, the testimony of Company witnesses Denton and Schellinger, the

testimony of Public Staff witness Darden, the Stipulation, and Updated Settlement Exhibit I.

In the Sub 384 case, the Company and Public Staff agreed, and the Commission authorized, CWSNC to implement a fee-free payment option for its residential customers, with the cost of service of such to be reflected in CWSNC's revenue requirements. In Sub 384, the Parties also agreed that CWSNC should report to the Commission and the Public Staff concerning the fee-free payment option twice per year, with such reporting detailing the number of fee-free payments made by customers by month, along with levels of CWSNC uncollectibles expense by month.

In this case, CWSNC proposed to continue this fee-free payment program, noting that the program has been in place for less than a year. In the Stipulation, the Stipulating Parties agreed that the program should be continued, and that CWSNC should continue with the twice per year reporting approved in the Sub 384 case.

Therefore, in light of the foregoing, the Commission concludes that it is appropriate and reasonable for the Company to continue the implementation of its fee-free payment option for its residential customers, with the cost of service of such to be reflected in CWSNC's revenue requirements. Additionally, we conclude that it is reasonable and appropriate for CWSNC to continue to report to the Commission and the Public Staff concerning the fee-free payment option twice per year, with such reporting detailing the number of fee-free payments made by

customers by month, along with levels of CWSNC uncollectibles expense by month, as set out in the Stipulation.

## **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 97 - 99**

### **Water Efficiency Program**

The evidence supporting these findings of fact is found in the verified Application, the testimony of Company witnesses Denton and Schellinger, the testimony of Public Staff witness Darden, the Stipulation, and Updated Settlement Exhibit 1.

In the Sub 384 case, the Company and Public Staff agreed, and the Commission authorized, CWSNC to implement a Water Efficiency Program on a pilot basis to be re-evaluated in CWSNC's next rate case, under which the Company would offer efficient water fixture rebates for its customers. CWSNC was also authorized to defer and subsequently recover in a future rate case the water efficiency rebates applied to customer bills in a regulatory asset account, which asset should not earn a return or carrying charges, and to include the administrative expenses estimated for this program in the Company's revenue requirement. CWSNC was directed to report to the Commission and the Public Staff about the Water Efficiency Program on an annual basis, with such reporting detailing the amount of rebates applied to customer bills, the size of the regulatory asset, the type of water efficiency measures for which rebates were applied, and estimates or ranges of water efficiency impacts of such measures from an authoritative, third-party source.

In this case, CWSNC proposed to continue this water efficiency program, noting that the program has been in place for less than a year. In the Stipulation, the Stipulating Parties agreed that the program should be continued on a pilot basis, to be reevaluated in CWSNC's next rate case. The Stipulating Parties also agreed that CWSNC should be authorized to continue deferring the associated rebates without a return or carrying costs, and CWSNC should continue with the twice per year reporting approved in the Sub 384 case.

Therefore, in light of the foregoing, the Commission concludes that it is appropriate and reasonable for the Company to continue to implement its proposed Water Efficiency Program as a pilot program for re-evaluation in its next general rate case. CWSNC is authorized to defer and subsequently recover in a future rate case the water efficiency rebates applied to customer bills in a regulatory asset account, which asset should not earn a return or carrying charges, with administrative expenses for the program included in its revenue requirement. Additionally, CWSNC shall continue to report to the Commission and the Public Staff concerning the Water Efficiency Program on an annual basis, with such reporting detailing the amount of rebates applied to customer bills, the size of the regulatory asset, the type of water efficiency measures for which rebates were applied, and estimates or ranges of water efficiency impacts of such measures from an authoritative, third-party source, as set out in the Stipulation.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 100

### Modification of Sewer Tariff

The evidence supporting these findings of fact is found in the verified Application, the testimony of Company witnesses Konsul, the testimony of Public Staff witness Darden, the Stipulation, and Updated Settlement Exhibit 1.

In this case, CWSNC proposed to modify its Sewer Tariff to include a new Sewer Use Rule, intended to protect its wastewater systems from damaging industrial and nondomestic contaminants. In the Stipulation, the Stipulating Parties agreed that the Company's Sewer Tariff should be modified by including the following:

All nondomestic and industrial waste is subject to the Sewer Use Rule. The Sewer Use Rule can be accessed at <https://www.myutility.us/docs/default-source/carolinawater/sewer-use-tariff.pdf> and is also available upon request. The Sewer Use Rule requires Users (utility customers) to provide advance notice of any nondomestic or industrial waste discharge into the Utility's sanitary sewer systems, and to meet certain effluent limitations and pretreatment requirements. Violations of the Sewer Use Rule may result in disconnection. Reconnection will require reimbursement of the Utility's actual costs incurred as a result of the violation. Repeat violations may result in permanent disconnection.

As part of the Sewer Use Rule, the Utility may require installation and/or proper operation of grease traps or other pre-treatment devices on grease producing commercial facilities. Failure to properly operate grease traps will result in disconnection of service pursuant to Commission Rule R10-16.

Therefore, in light of the foregoing, the Commission concludes that it is appropriate and reasonable for the Company to modify its Sewer Tariff, to include a new Sewer Use Rule, as described above and in the Stipulation.

## **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 101**

### **State Revolving Fund**

The evidence supporting these findings of fact is found in the verified Application, the testimony of Public Staff witness Brown, Zhang, Junis, the testimony of Company witness Denton, the Stipulation, and Updated Settlement Exhibit 1.

In this case, the Public Staff proposed that the Company be required to apply for funding from the State Revolving Fund (SRF) for eligible capital projects. In the Stipulation, the Stipulating Parties agreed that CWSNC should apply for SRF grants for the following proposed projects:

- 2023017 - NC - 2023 - High Meadows - Replace all of Tree Top and other sections of the distribution system main and valves
- 2024010 - NC - 2024 - Elk River - Drill New Well
- 2024022 - NC - 2024 - Ski Mountain - Drill new well - Property acquisition, engineering, test well house, etc.
- 2022023 - NC - 2022 - Pinnacle Shores - Water Main Relocation - DOT road widening

- 2025025 - NC - 2025 - Whispering Pines - Water Main Replacement (Thagards Lake)
- 2023029 - NC - 2023 - Whispering Pines - Water Main Replacement 10,600LF (Pine Lake and Country Club)
- AMI Meter Projects in WSIP Years 2 and 3

The Company's application for SRF grants for these projects is also a part of the agreed-upon performance metrics in the Stipulation. To the extent one or more of these projects is eligible for and is successful in obtaining funding from the state, the Company's customers will benefit. Therefore, in light of the foregoing, the Commission concludes that it is appropriate and reasonable for the Company to apply for SRF grants for the proposed projects described above, consistent with the Stipulation.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 102**

##### **Danby Service Area**

The evidence supporting these findings of fact is found in the verified Application, the testimony of Public Staff witness Darden, the testimony of Company witness Denton, the Stipulation, and Updated Settlement Exhibit 1.

In this case, the Public Staff proposed that certain CWSNC plant and customers located in South Carolina be removed from the Company's revenues and revenue requirements. In the Stipulation, the Stipulating Parties agreed to work toward resolution of a situation whereby certain South Carolina customers in

CWSNC's Danby service area and plant have historically been included in CWSNC revenues and revenue requirements.

Therefore, in light of the foregoing, the Commission concludes that it is appropriate and reasonable for the Company and the Public Staff to work toward a resolution of this situation and report back to the Commission.

### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 103**

#### **Merger-Related Issues**

The evidence supporting these findings of fact is found in the testimony of Public Staff witness Brown, Zhang, Junis, the testimony of Company witness Denton, the Stipulation, and Updated Settlement Exhibit 1.

In this case, the Public Staff proposed that certain commitments be included in this case, as a result of a merger approval case recently filed by the Company. In the Stipulation, the Stipulating Parties recognized that the Public Staff will fully examine all merger-related issues in the context of the merger case between Corix Infrastructure Inc. and SouthWest Water Company (Docket No. W-354 Sub 412).

Therefore, in light of the foregoing, the Commission agrees that it is appropriate and reasonable for the Public Staff to fully examine such issues in Docket No. W-354, Sub 412.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 104

### Future CWSNC Rate Cases

The evidence supporting these findings of fact is found in the testimony of Public Staff witnesses Brown, Zhang, Junis the testimony of Company witness Denton, the Stipulation, and Updated Settlement Exhibit 1.

In this case, the Public Staff raised issues related to the “pancaking” of several WSIP rate cases in the same overall timeframe. In the Stipulation, the Stipulating Parties agreed that CWSNC should use its best efforts to communicate with the Public Staff, Commission and other Class A water and sewer utilities regarding scheduling of future rate case filings in an effort to avoid pancaked filings going forward.

Therefore, in light of the foregoing, the Commission agrees that it is appropriate and reasonable for the Company to use its best efforts to communicate regarding future rare cases in an effort to avoid pancaked filings in the future.

IT IS, THEREFORE, ORDERED as follows:

1. That the affidavit of CWSNC’s Regional Director of Financial Planning and Analysis, Matthew Schellinger filed on February 1, 2023, in this docket is hereby entered into evidence;
2. That the WSIP Statute’s 5% cap shall be implemented on a per rate division basis rather than a per company basis;

3. That CWSNC's rates during the term of the WSIP shall reflect an authorized return on equity of 9.25% and an authorized overall rate of return of 6.9%;

4. That the Updated Settlement Exhibit 1 to the Stipulation is admitted into evidence;

5. That the Stipulation is incorporated herein by reference and is hereby approved in its entirety;

6. That the Stipulation and the parts of this Order pertaining to the contents of that agreement shall not be cited or treated as precedent in future proceedings;

7. That, consistent with the Stipulation and this Order, CWSNC shall be authorized to implement a three-year WSIP;

8. That, consistent with the Stipulation and this Order, a banding of authorized returns shall be established and used to credit customers with earnings above the high end of the applicable band;

9. That, consistent with the Stipulation and this Order, CWSNC shall monitor and report its performance with respect to the agreed-upon metrics;

10. That, consistent with the Stipulation and this Order, CWSNC and the Public Staff shall work together to develop incentives and/or penalties to accompany the agreed-upon performance metrics, and to file and request

Commission approval of any such agreed upon incentives and/or penalties with the Commission no later than March 17, 2023;

11. If agreement between the Parties cannot be reached with respect to any incentives/penalties, the Stipulating Parties shall notify the Commission by that same date and the Commission shall set the matter for further hearing;

12. Any incentives and/or penalties related to performance metrics ultimately approved by the Commission shall be retroactive to the beginning of WSIP Rate Year 1.

13. That CWSNC is authorized to update its purchased water and sewer rates;

14. That CWSNC is authorized to continue to use its bulk purchased water and sewer pass-through mechanisms;

15. That CWSNC shall suspend its use of its WSIC and SSIC mechanisms during the pendency of the WSIP;

16. That CWSNC is authorized to continue to implement its proposed fee-free payment option for residential customers; in connection with this option, CWSNC shall submit to the Commission and Public Staff, approximately every six months, a report on the implementation of this option, detailing the number of fee-free payments made by customers by month, along with levels of CWSNC uncollectibles expense by month;

17. That CWSNC is authorized to continue to implement its proposed “Water Efficiency Program”, as a pilot program to be re-evaluated in CWSNC’s next rate case; in connection with this program, CWSNC shall submit to the Commission and the Public Staff, approximately annually, a report on the implementation of this program, detailing the amount of rebates applied to customer bills, the size of the regulatory asset, the type of water efficiency measures for which rebates were applied, and estimates or ranges of water efficiency impacts of such measures from a third-party authoritative source;

18. That, consistent with CWSNC’s proposal and the Stipulation, CWSNC is authorized to defer and subsequently recover the water efficiency rebates applied to customer bills in a regulatory asset account, with no return or carrying charges, for recovery in a future rate case;

19. That, consistent with the Stipulation and this Order, CWSNC is authorized to modify its Sewer Tariff, to include a new Sewer Use Rule;

20. That, consistent with the Stipulation and this Order, CWSNC shall apply for State Revolving Fund grants for certain proposed projects;

21. That, consistent with the Stipulation and this Order, CWSNC and the Public Staff shall work toward a resolution of situation involving customers and plant located in South Carolina and report back to the Commission;

22. That the Public Staff shall fully examine the issues in Docket No. W-354, Sub 412; and

23. That CWSNC shall use its best efforts to communicate with the Public Staff, Commission and other Class A water and sewer utilities regarding scheduling of future rate case filings in an effort to avoid pancaked filings going forward.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_ day of \_\_\_\_\_, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

**CERTIFICATE OF SERVICE**

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers the attached Notices to Customers issued by the North Carolina Utilities Commission in Docket No. W-354, Sub 400, and the Notices were mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_, 2023.

By: \_\_\_\_\_

Signature

\_\_\_\_\_  
Carolina Water Service, Inc. of North Carolina

The above named Applicant, \_\_\_\_\_, personally appeared before me this day and, being first duly sworn, says that the required Notices to Customers were mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket No. W-354, Sub 400.

Witness my hand and notarial seal, this the \_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed or Typed Name

(SEAL) My Commission Expires: \_\_\_\_\_

Date



**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	Capitalization Ratio [1]	Original Cost Rate Base [2]	Base Year		Net Operating Income [8]
				Embedded Cost [3]	Overall Cost Rate [7]	
		(a)	(b)	(c)	(d)	(e)
<b><u>Present Rates:</u></b>						
1	Debt	50.00%	\$35,508,359 [2]	4.64% [1]	2.32%	\$1,647,588 [8]
2	Equity	50.00%	35,508,358 [2]	7.46% [6]	3.73%	2,650,288 [9]
3	Total	<u>100.00%</u>	<u>\$71,016,717 [3]</u>		<u>6.05%</u>	<u>\$4,297,876 [10]</u>
<b><u>Company Proposed Rates:</u></b>						
4	Debt	50.00%	\$35,508,359 [4]	4.64% [1]	2.32%	\$1,647,588 [8]
5	Equity	50.00%	35,508,358 [4]	10.98% [6]	5.49%	3,899,052 [11]
6	Total	<u>100.00%</u>	<u>\$71,016,717 [3]</u>		<u>7.81%</u>	<u>\$5,546,640 [12]</u>
<b><u>Public Staff Recommended Rates:</u></b>						
7	Debt	50.00%	\$35,508,359 [5]	4.64% [1]	2.32%	\$1,647,588 [8]
8	Equity	50.00%	35,508,358 [5]	9.25% [1]	4.63%	3,284,523 [13]
9	Total	<u>100.00%</u>	<u>\$71,016,717 [3]</u>		<u>6.95%</u>	<u>\$4,932,111 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(a), Column (c), Line 18  
 [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] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (g), Line 37.

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

Docket No. W-354, Sub 400

**RETURN ON ORIGINAL COST RATE BASE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 1(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Capitalization Ratio [1]	Original Cost Rate Base [2]	Base Year		Net Operating Income [10]
				Embedded Cost [3]	Overall Cost Rate [7]	
		(a)	(b)	(c)	(d)	(e)
<b>Present Rates:</b>						
1	Debt	50.00%	\$33,407,578 [2]	4.64% [1]	2.32%	\$1,550,112 [8]
2	Equity	50.00%	33,407,577 [2]	6.65% [6]	3.33%	2,222,737 [9]
3	Total	100.00%	\$66,815,155 [3]		5.65%	\$3,772,849 [10]
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$33,407,578 [4]	4.64% [1]	2.32%	\$1,550,112 [8]
5	Equity	50.00%	33,407,577 [4]	10.71% [6]	5.36%	3,577,387 [11]
6	Total	100.00%	\$66,815,155 [3]		7.68%	\$5,127,499 [12]
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$33,407,578 [5]	4.64% [1]	2.32%	\$1,550,112 [8]
8	Equity	50.00%	33,407,577 [5]	9.25% [1]	4.63%	3,090,201 [13]
9	Total	100.00%	\$66,815,155 [3]		6.95%	\$4,640,313 [14]

[1] Per Public Staff Financial Analyst Hilton.

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

[3] Public Staff Settlement Exhibit 1, Schedule 2(b), Column (c), Line 18 [10] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (c), Line 37.

[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).

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

[12] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (e), Line 37.

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

[14] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (g), Line 37.

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

Docket No. W-354, Sub 400

**RETURN ON ORIGINAL COST RATE BASE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 1(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Capitalization Ratio [1]	Original Cost Rate Base [2]	Base Year		Overall Cost Rate [7]	Net Operating Income [8]
				Embedded Cost [3]	Overall Cost Rate [7]		
		(a)	(b)	(c)	(d)	(e)	
<b>Present Rates:</b>							
1	Debt	50.00%	\$1,796,805 [2]	4.64% [1]	2.32%	\$83,372 [8]	
2	Equity	50.00%	1,796,805 [2]	3.46% [6]	1.73%	62,111 [9]	
3	Total	<u>100.00%</u>	<u>\$3,593,610 [3]</u>		<u>4.05%</u>	<u>\$145,483 [10]</u>	
<b>Company Proposed Rates:</b>							
4	Debt	50.00%	\$1,796,805 [4]	4.64% [1]	2.32%	\$83,372 [8]	
5	Equity	50.00%	1,796,805 [4]	13.47% [6]	6.74%	242,092 [11]	
6	Total	<u>100.00%</u>	<u>\$3,593,610 [3]</u>		<u>9.06%</u>	<u>\$325,464 [12]</u>	
<b>Public Staff Recommended Rates:</b>							
7	Debt	50.00%	\$1,796,805 [5]	4.64% [1]	2.32%	\$83,372 [8]	
8	Equity	50.00%	1,796,805 [5]	9.25% [1]	4.63%	166,204 [13]	
9	Total	<u>100.00%</u>	<u>\$3,593,610 [3]</u>		<u>6.95%</u>	<u>\$249,576 [14]</u>	

[1] Per Public Staff Financial Analyst Hilton.

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

[3] Public Staff Settlement Exhibit 1, Schedule 2(c), Column (c), Line 18 [10] Public Staff Settlement Exhibit 1, Schedule 3(c), Column (c), Line 37.

[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] Public Staff Settlement Exhibit 1, Schedule 3(c), Column (c), Line 37.

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

[12] Public Staff Settlement Exhibit 1, Schedule 3(c), Column (e), Line 37.

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

[14] Public Staff Settlement Exhibit 1, Schedule 3(c), Column (g), Line 37.

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

Docket No. W-354, Sub 400

**RETURN ON ORIGINAL COST RATE BASE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 1(d)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Capitalization Ratio [1]	Original Cost Rate Base [2]	Base Year		Net Operating Income [10]
				Embedded Cost [3]	Overall Cost Rate [7]	
		(a)	(b)	(c)	(d)	(e)
<b>Present Rates:</b>						
1	Debt	50.00%	\$4,887,877 [2]	4.64% [1]	2.32%	\$226,797 [8]
2	Equity	50.00%	4,887,878 [2]	6.84% [6]	3.42%	334,157 [9]
3	Total	100.00%	\$9,775,755 [3]		5.74%	\$560,954 [10]
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$4,887,877 [4]	4.64% [1]	2.32%	\$226,797 [8]
5	Equity	50.00%	4,887,878 [4]	13.04% [6]	6.52%	637,493 [11]
6	Total	100.00%	\$9,775,755 [3]		8.84%	\$864,290 [12]
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$4,887,877 [5]	4.64% [1]	2.32%	\$226,797 [8]
8	Equity	50.00%	4,887,878 [5]	9.25% [1]	4.63%	452,129 [13]
9	Total	100.00%	\$9,775,755 [3]		6.95%	\$678,926 [14]

[1] Per Public Staff Financial Analyst Hilton.

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

[3] Public Staff Settlement Exhibit 1, Schedule 2(d), Column (c), Line 18 [10] Public Staff Settlement Exhibit 1, Schedule 3(d), Column (c), Line 37.

[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).

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

[12] Public Staff Settlement Exhibit 1, Schedule 3(d), Column (e), Line 37.

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

[14] Public Staff Settlement Exhibit 1, Schedule 3(d), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Rate Year 1 Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule 1(a)(1)

**CWSNC WATER OPERATIONS**

Line No.	Item	Rate Year 1				
		Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present Rates:</b>						
1	Debt	50.00%	\$40,388,460 [2]	4.64% [1]	2.32%	\$1,874,025 [8]
2	Equity	50.00%	40,388,460 [2]	7.81% [6]	3.91%	3,152,391 [9]
3	Total	<u>100.00%</u>	<u>\$80,776,920 [3]</u>		<u>6.23%</u>	<u>\$5,026,416 [10]</u>
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$40,388,460 [4]	4.64% [1]	2.32%	\$1,874,025 [8]
5	Equity	50.00%	40,388,460 [4]	11.91% [6]	5.96%	4,811,831 [11]
6	Total	<u>100.00%</u>	<u>\$80,776,920 [3]</u>		<u>8.28%</u>	<u>\$6,685,856 [12]</u>
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$40,388,460 [5]	4.64% [1]	2.32%	\$1,874,025 [8]
8	Equity	50.00%	40,388,460 [5]	9.25% [1]	4.63%	3,735,933 [13]
9	Total	<u>100.00%</u>	<u>\$80,776,920 [3]</u>		<u>6.95%</u>	<u>\$5,609,958 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.

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

[3] Public Staff Settlement Exhibit 1, Schedule 2(a), Column (c), Line 18.

[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] Public Staff Settlement Exhibit 1, Sch 3(a)(1), Column (c), Line 37.

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

[12] Public Staff Settlement Exhibit 1, Sch 3(a)(1), Column (e), Line 37.

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

[14] Public Staff Settlement Exhibit 1, Sch 3(a), Column (g)(1), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 1 Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(b)(1)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>				
		Capitalization Ratio [1]	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7]	Net Operating Income (e)
<b>Present Rates:</b>						
1	Debt	50.00%	\$40,845,228 [2]	4.64% [1]	2.32%	\$1,895,219 [8]
2	Equity	50.00%	40,845,229 [2]	6.89% [6]	3.45%	2,814,386 [9]
3	Total	<u>100.00%</u>	<u>\$81,690,457</u> [3]		<u>5.77%</u>	<u>\$4,709,605</u> [10]
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$40,845,228 [4]	4.64% [1]	2.32%	\$1,895,219 [8]
5	Equity	50.00%	40,845,229 [4]	11.04% [6]	5.52%	4,507,827 [11]
6	Total	<u>100.00%</u>	<u>\$81,690,457</u> [3]		<u>7.84%</u>	<u>\$6,403,046</u> [12]
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$40,845,228 [5]	4.64% [1]	2.32%	\$1,895,219 [8]
8	Equity	50.00%	40,845,229 [5]	9.25% [1]	4.63%	3,778,184 [13]
9	Total	<u>100.00%</u>	<u>\$81,690,457</u> [3]		<u>6.95%</u>	<u>\$5,673,403</u> [14]

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(b), Column (c), Line 18.  
 [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] Public Staff Settlement Exhibit 1, Sch3(b)(1), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Sch 3(b)(1), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Sch 3(b)(1), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 1 Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(c )(1)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>				
		Capitalization Ratio [1]	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7]	Net Operating Income (e)
<b><u>Present Rates:</u></b>						
1	Debt	50.00%	\$2,945,613 [2]	4.64% [1]	2.32%	\$136,676 [8]
2	Equity	50.00%	2,945,613 [2]	4.05% [6]	2.03%	119,366 [9]
3	Total	<u>100.00%</u>	<u>\$5,891,226 [3]</u>		<u>4.35%</u>	<u>\$256,042 [10]</u>
<b><u>Company Proposed Rates:</u></b>						
4	Debt	50.00%	\$2,945,613 [4]	4.64% [1]	2.32%	\$136,676 [8]
5	Equity	50.00%	2,945,613 [4]	14.25% [6]	7.13%	419,648 [11]
6	Total	<u>100.00%</u>	<u>\$5,891,226 [3]</u>		<u>9.45%</u>	<u>\$556,324 [12]</u>
<b><u>Public Staff Recommended Rates:</u></b>						
7	Debt	50.00%	\$2,945,613 [5]	4.64% [1]	2.32%	\$136,676 [8]
8	Equity	50.00%	2,945,613 [5]	9.25% [1]	4.63%	272,469 [13]
9	Total	<u>100.00%</u>	<u>\$5,891,226 [3]</u>		<u>6.95%</u>	<u>\$409,145 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(c), Column (c), Line 18.  
 [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] Public Staff Settlement Exhibit 1, Sch 3(c )(1), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Sch 3(c )(1), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Sch 3(c )91), Column (g), Line 37

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Rate Year 1 Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule 1(d)(1)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Rate Year 1				
		Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present Rates:</b>						
1	Debt	50.00%	\$5,413,005 [2]	4.64% [1]	2.32%	\$251,163 [8]
2	Equity	50.00%	5,413,005 [2]	10.20% [6]	5.10%	552,216 [9]
3	Total	<u>100.00%</u>	<u>\$10,826,010 [3]</u>		<u>7.42%</u>	<u>\$803,379 [10]</u>
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$5,413,005 [4]	4.64% [1]	2.32%	\$251,163 [8]
5	Equity	50.00%	5,413,005 [4]	11.99% [6]	6.00%	648,803 [11]
6	Total	<u>100.00%</u>	<u>\$10,826,010 [3]</u>		<u>8.32%</u>	<u>\$899,966 [12]</u>
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$5,413,005 [5]	4.64% [1]	2.32%	\$251,163 [8]
8	Equity	50.00%	5,413,005 [5]	9.25% [1]	4.63%	500,703 [13]
9	Total	<u>100.00%</u>	<u>\$10,826,010 [3]</u>		<u>6.95%</u>	<u>\$751,866 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.

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

[3] Public Staff Settlement Exhibit 1, Schedule 2(d), Column (c), Line 18.

[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] Public Staff Settlement Exhibit 1, Sch 3(d)(1), Column (c), Line 37.

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

[12] Public Staff Settlement Exhibit 1, Sch 3(d)(1), Column (e), Line 37

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

[14] Public Staff Settlement Exhibit 1, Sch 3(d)(1), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 2 Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(a)(2)

**CWSNC WATER OPERATIONS**

Line No.	Item	<b>Rate Year 2</b>				Net Operating Income
		Capitalization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7] (d)	
<b>Present Rates:</b>						
1	Debt	50.00%	\$44,063,697 [2]	4.64% [1]	2.32%	\$2,044,556 [8]
2	Equity	50.00%	44,063,697 [2]	9.34% [6]	4.67%	4,113,644 [9]
3	Total	<u>100.00%</u>	<u>\$88,127,394 [3]</u>		<u>6.99%</u>	<u>\$6,158,200 [10]</u>
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$44,063,697 [4]	4.64% [1]	2.32%	\$2,044,556 [8]
5	Equity	50.00%	44,063,697 [4]	11.31% [6]	5.66%	4,984,931 [11]
6	Total	<u>100.00%</u>	<u>\$88,127,394 [3]</u>		<u>7.98%</u>	<u>\$7,029,487 [12]</u>
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$44,063,697 [5]	4.64% [1]	2.32%	\$2,044,556 [8]
8	Equity	50.00%	44,063,697 [5]	9.25% [1]	4.63%	4,075,892 [13]
9	Total	<u>100.00%</u>	<u>\$88,127,394 [3]</u>		<u>6.95%</u>	<u>\$6,120,448 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(a), Column (f), Ln 18.  
 [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] Public Staff Settlement Exhibit 1, Schedule 3(a)(2), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(a)(2), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(a)(2), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 2 Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(b)(2)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<b>Rate Year 2</b>				Net Operating Income
		Capitalization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7] (d)	
<b>Present Rates:</b>						
1	Debt	50.00%	\$42,358,911 [2]	4.64% [1]	2.32%	\$1,965,453 [8]
2	Equity	50.00%	42,358,911 [2]	9.92% [6]	4.96%	4,201,831 [9]
3	Total	<u>100.00%</u>	<u>\$84,717,822 [3]</u>		<u>7.28%</u>	<u>\$6,167,284 [10]</u>
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$42,358,911 [4]	4.64% [1]	2.32%	\$1,965,453 [8]
5	Equity	50.00%	42,358,911 [4]	12.24% [6]	6.12%	5,183,671 [11]
6	Total	<u>100.00%</u>	<u>\$84,717,822 [3]</u>		<u>8.44%</u>	<u>\$7,149,124 [12]</u>
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$42,358,911 [5]	4.64% [1]	2.32%	\$1,965,453 [8]
8	Equity	50.00%	42,358,911 [5]	9.25% [1]	4.63%	3,918,199 [13]
9	Total	<u>100.00%</u>	<u>\$84,717,822 [3]</u>		<u>6.95%</u>	<u>\$5,883,652 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(b), Column (f), Ln 18.  
 [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] Public Staff Settlement Exhibit 1, Schedule 3(b)(2), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(b)(2), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(b)(2), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 2 Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(c )(2)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 2</u>				Net Operating Income
		Capitalization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7] (d)	
<b>Present Rates:</b>						
1	Debt	50.00%	\$3,410,654 [2]	4.64% [1]	2.32%	\$158,254 [8]
2	Equity	50.00%	3,410,655 [2]	10.22% [6]	5.11%	348,489 [9]
3	Total	<u>100.00%</u>	<u>\$6,821,309</u> [3]		<u>7.43%</u>	<u>\$506,743</u> [10]
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$3,410,654 [4]	4.64% [1]	2.32%	\$158,254 [8]
5	Equity	50.00%	3,410,655 [4]	13.57% [6]	6.79%	462,864 [11]
6	Total	<u>100.00%</u>	<u>\$6,821,309</u> [3]		<u>9.11%</u>	<u>\$621,118</u> [12]
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$3,410,654 [5]	4.64% [1]	2.32%	\$158,254 [8]
8	Equity	50.00%	3,410,655 [5]	9.25% [1]	4.63%	315,486 [13]
9	Total	<u>100.00%</u>	<u>\$6,821,309</u> [3]		<u>6.95%</u>	<u>\$473,740</u> [14]

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(c), Column (f), Ln 18.  
 [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] Public Staff Settlement Exhibit 1, Schedule 3(c )(2), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(c )(2), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(c )(2), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 2 Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(d)(2)

**BF/FH SEWER OPERATIONS**

Line No.	Item	<b>Rate Year 2</b>				Net Operating Income
		Capitalization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7] (d)	
<b>Present Rates:</b>						
1	Debt	50.00%	\$8,597,172 [2]	4.64% [1]	2.32%	\$398,909 [8]
2	Equity	50.00%	8,597,172 [2]	4.54% [6]	2.27%	390,556 [9]
3	Total	<u>100.00%</u>	<u>\$17,194,344</u> [3]		<u>4.59%</u>	<u>\$789,465</u> [10]
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$8,597,172 [4]	4.64% [1]	2.32%	\$398,909 [8]
5	Equity	50.00%	8,597,172 [4]	6.79% [6]	3.40%	583,756 [11]
6	Total	<u>100.00%</u>	<u>\$17,194,344</u> [3]		<u>5.72%</u>	<u>\$982,665</u> [12]
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$8,597,172 [5]	4.64% [1]	2.32%	\$398,909 [8]
8	Equity	50.00%	8,597,172 [5]	9.25% [1]	4.63%	795,238 [13]
9	Total	<u>100.00%</u>	<u>\$17,194,344</u> [3]		<u>6.95%</u>	<u>\$1,194,147</u> [14]

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(d), Column (f), Ln 18.  
 [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] Public Staff Settlement Exhibit 1, Schedule 3(d)(2), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(d)(2), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(d)(2), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 3 Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(a)(3)

**CWSNC WATER OPERATIONS**

Line No.	Item	Rate Year 3				Net Operating Income
		Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	
<b>Present Rates:</b>						
1	Debt	50.00%	\$45,203,388 [2]	4.64% [1]	2.32%	\$2,097,437 [8]
2	Equity	50.00%	45,203,388 [2]	10.36% [6]	5.18%	4,681,861 [9]
3	Total	<u>100.00%</u>	<u>\$90,406,776 [3]</u>		<u>7.50%</u>	<u>\$6,779,298 [10]</u>
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$45,203,388 [4]	4.64% [1]	2.32%	\$2,097,437 [8]
5	Equity	50.00%	45,203,388 [4]	12.29% [6]	6.15%	5,556,963 [11]
6	Total	<u>100.00%</u>	<u>\$90,406,776 [3]</u>		<u>8.47%</u>	<u>\$7,654,400 [12]</u>
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$45,203,388 [5]	4.64% [1]	2.32%	\$2,097,437 [8]
8	Equity	50.00%	45,203,388 [5]	9.25% [1]	4.63%	4,181,313 [13]
9	Total	<u>100.00%</u>	<u>\$90,406,776 [3]</u>		<u>6.95%</u>	<u>\$6,278,750 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(a), Column (i), Ln 18.  
 [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 Column (c).  
 [9] Line 3 minus Line 1, Column (e).  
 [10] Public Staff Settlement Exhibit 1, Schedule 3(a)(3), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(a)(3), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(a)(3), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 3 Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(b)(3)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 3				
		Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present Rates:</b>						
1	Debt	50.00%	\$50,729,788 [2]	4.64% [1]	2.32%	\$2,353,862 [8]
2	Equity	50.00%	50,729,789 [2]	8.95% [6]	4.48%	4,541,613 [9]
3	Total	<u>100.00%</u>	<u>\$101,459,577 [3]</u>		<u>6.80%</u>	<u>\$6,895,475 [10]</u>
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$50,729,788 [4]	4.64% [1]	2.32%	\$2,353,862 [8]
5	Equity	50.00%	50,729,789 [4]	11.05% [6]	5.53%	5,604,086 [11]
6	Total	<u>100.00%</u>	<u>\$101,459,577 [3]</u>		<u>7.85%</u>	<u>\$7,957,948 [12]</u>
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$50,729,788 [5]	4.64% [1]	2.32%	\$2,353,862 [8]
8	Equity	50.00%	50,729,789 [5]	9.25% [1]	4.63%	4,692,505 [13]
9	Total	<u>100.00%</u>	<u>\$101,459,577 [3]</u>		<u>6.95%</u>	<u>\$7,046,367 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(b), Column (i), Ln 18.  
 [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 Column (c).  
 [9] Line 3 minus Line 1, Column (e).  
 [10] Public Staff Settlement Exhibit 1, Schedule 3(b)(3), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(b)(3), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(b)(3), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 3 Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(c)(3)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 3				
		Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<b>Present Rates:</b>						
1	Debt	50.00%	\$3,411,987 [2]	4.64% [1]	2.32%	\$158,316 [8]
2	Equity	50.00%	3,411,988 [2]	12.47% [6]	6.24%	425,393 [9]
3	Total	<u>100.00%</u>	<u>\$6,823,975 [3]</u>		<u>8.56%</u>	<u>\$583,709 [10]</u>
<b>Company Proposed Rates:</b>						
4	Debt	50.00%	\$3,411,987 [4]	4.64% [1]	2.32%	\$158,316 [8]
5	Equity	50.00%	3,411,988 [4]	14.97% [6]	7.49%	510,606 [11]
6	Total	<u>100.00%</u>	<u>\$6,823,975 [3]</u>		<u>9.81%</u>	<u>\$668,922 [12]</u>
<b>Public Staff Recommended Rates:</b>						
7	Debt	50.00%	\$3,411,987 [5]	4.64% [1]	2.32%	\$158,316 [8]
8	Equity	50.00%	3,411,988 [5]	9.25% [1]	4.63%	315,609 [13]
9	Total	<u>100.00%</u>	<u>\$6,823,975 [3]</u>		<u>6.95%</u>	<u>\$473,925 [14]</u>

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(c), Column (i), Ln 18.  
 [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 Column (c).  
 [9] Line 3 minus Line 1, Column (e).  
 [10] Public Staff Settlement Exhibit 1, Schedule 3(c)(3), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(c)(3), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(c)(3), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**RETURN ON ORIGINAL COST RATE BASE**  
 For The Rate Year 3 Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 1(d)(3)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Capitalization Ratio [1]	Original Cost Rate Base [2]	Rate Year 3		Overall Cost Rate [7]	Net Operating Income [8]
				Embedded Cost [3]	Net Operating Income [8]		
		(a)	(b)	(c)	(d)	(e)	
<b>Present Rates:</b>							
1	Debt	50.00%	\$8,734,010 [2]	4.64% [1]	2.32%	\$405,258 [8]	
2	Equity	50.00%	8,734,010 [2]	6.16% [6]	3.08%	537,601 [9]	
3	Total	<u>100.00%</u>	<u>\$17,468,020 [3]</u>		<u>5.40%</u>	<u>\$942,859 [10]</u>	
<b>Company Proposed Rates:</b>							
4	Debt	50.00%	\$8,734,010 [4]	4.64% [1]	2.32%	\$405,258 [8]	
5	Equity	50.00%	8,734,010 [4]	7.38% [6]	3.69%	644,439 [11]	
6	Total	<u>100.00%</u>	<u>\$17,468,020 [3]</u>		<u>6.01%</u>	<u>\$1,049,697 [12]</u>	
<b>Public Staff Recommended Rates:</b>							
7	Debt	50.00%	\$8,734,010 [5]	4.64% [1]	2.32%	\$405,258 [8]	
8	Equity	50.00%	8,734,010 [5]	9.25% [1]	4.63%	807,896 [13]	
9	Total	<u>100.00%</u>	<u>\$17,468,020 [3]</u>		<u>6.95%</u>	<u>\$1,213,154 [14]</u>	

[1] Per Public Staff Financial Analyst Hilton.  
 [2] Column (a) multiplied by Line 3, Column (b).  
 [3] Public Staff Settlement Exhibit 1, Schedule 2(d), Column (i), Ln 18.  
 [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 Column (c).  
 [9] Line 3 minus Line 1, Column (e).  
 [10] Public Staff Settlement Exhibit 1, Schedule 3(d)(3), Column (c), Line 37.  
 [11] Line 6 minus Line 4, Column (e).  
 [12] Public Staff Settlement Exhibit 1, Schedule 3(d)(3), Column (e), Line 37.  
 [13] Line 9 minus Line 7, Column (e).  
 [14] Public Staff Settlement Exhibit 1, Schedule 3(d)(3), Column (g), Line 37.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	Amount Per Updates (a)	Base Year	Amount Per Public Staff (c)
			Public Staff Adjustments [1] (b)	
1	Plant in service	\$130,462,447	(\$1,117,751)	\$ 129,344,696 [3]
2	Accumulated depreciation	(36,715,615)	141,005	(36,574,610) [4]
3	Net plant in service (L1 + L2)	93,746,832	(976,746)	92,770,087
4	Cash working capital	1,596,378	(47,968)	1,548,410 [5]
5	Contributions in aid of construction	(16,524,392)	(36,031)	(16,560,422) [6]
6	Advances in aid of construction	(20,631)	0	(20,631) [8]
7	Accumulated deferred income taxes	(2,667,340)	(141,836)	(2,809,176) [7]
8	Customer deposits	(208,631)	0	(208,631) [8]
9	Inventory	91,908	0	91,908 [9]
10	Gain on sale and flow back taxes	(196,947)	0	(196,947) [10]
11	Plant acquisition adjustment	(1,784,523)	61,588	(1,722,935) [11]
12	Excess book value	0	0	0
13	Cost-free capital	(121,791)	0	(121,791)
14	Average tax accruals	74,463	(148,693)	(74,230) [12]
15	Regulatory liability for excess deferred taxes	(2,667,246)	0	(2,667,246)
16	Deferred charges	1,059,646	(71,323)	988,322 [13]
17	Pro forma plant	0	0	0 [14]
18	Original cost rate base (Sum of L3 thru L17)	\$72,377,726	(\$1,361,009)	\$71,016,717

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Public Staff Settlement Exhibit 1, Schedule 2-1(a), Column (c), Line 2.
- [4] Public Staff Settlement Exhibit 1, Schedule 2-1(a), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (a), Line 4.
- [6] Public Staff Settlement Exhibit 1, Schedule 2-4, Column (c), Line 81
- [7] Public Staff Settlement Exhibit 1, Schedule 2-5(a), Column (d), Line 27.
- [8] Public Staff Settlement Exhibit 1, Schedule 2-6, Column (a), Line 3.
- [9] Calculated based on Company's response to data request.
- [10] Public Staff Settlement Exhibit 1, Schedule 2-7, Column (a), Line 6.
- [11] Public Staff Settlement Exhibit 1, Schedule 2-8, Column (c), Line 7.
- [12] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (a), Line 9.
- [13] Public Staff Settlement Exhibit 1, Schedule 2-9, Column (a), Line 3.
- [14] To remove estimated plant cost in the future.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Amount Per Updates (a)	Base Year	Amount Per Public Staff (c)
			Public Staff Adjustments [1] (b)	
1	Plant in service	\$116,603,269	(\$1,177,192)	\$ 115,426,078 [3]
2	Accumulated depreciation	(29,683,192)	178,891	(29,504,301) [4]
3	Net plant in service (L1 + L2)	86,920,077	(998,301)	85,921,777
4	Cash working capital	1,138,522	4,893	1,143,415 [5]
5	Contributions in aid of construction	(16,400,002)	(55,813)	(16,455,816) [6]
6	Advances in aid of construction	(12,309)	0	(12,309)
7	Accumulated deferred income taxes	(3,065,187)	(50,011)	(3,115,198) [7]
8	Customer deposits	(124,471)	0	(124,471) [8]
9	Inventory	54,833	0	54,833 [9]
10	Gain on sale and flow back taxes	(92,681)	0	(92,681) [10]
11	Plant acquisition adjustment	396,418	(3,298)	393,121 [11]
12	Excess book value	0	0	0
13	Cost-free capital	(139,708)	0	(139,708)
14	Average tax accruals	57,936	(115,643)	(57,707) [12]
15	Regulatory liability for excess deferred taxes	(1,591,295)	0	(1,591,295)
16	Deferred charges	941,229	(50,035)	891,194 [13]
17	Pro forma plant		0	0 [14]
18	Original cost rate base (Sum of L3 thru L17)	\$68,083,364	(\$1,268,209)	\$66,815,155

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Public Staff Settlement Exhibit 1, Schedule 2-1(b), Column (c), Line 2.
- [4] Public Staff Settlement Exhibit 1, Schedule 2-1(b), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (b), Line 4.
- [6] Public Staff Settlement Exhibit 1, Schedule 2-4, Column (f), Line 8 .
- [7] Public Staff Settlement Exhibit 1, Schedule 2-5(a), Column (e), Line 27.
- [8] Public Staff Settlement Exhibit 1, Schedule 2-6, Column (b), Line 3.
- [9] Calculated based on Company's response to data request.
- [10] Public Staff Settlement Exhibit 1, Schedule 2-7, Column (b), Line 6.
- [11] Public Staff Settlement Exhibit 1, Schedule 2-8, Column (f), Line 7.
- [12] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (b), Line 9.
- [13] Public Staff Settlement Exhibit 1, Schedule 2-9, Column (b), Line 3.
- [14] To remove estimated plant cost in the future.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Amount Per Updates (a)	Base Year	Amount Per Public Staff (c)
			Public Staff Adjustments [1] (b)	
1	Plant in service	\$7,360,146	(\$19,729)	\$7,340,417 [3]
2	Accumulated depreciation	(2,519,662)	(6,395)	(2,526,057) [4]
3	Net plant in service (L1 + L2)	4,840,485	(26,124)	4,814,360
4	Cash working capital	191,559	463	192,022 [5]
5	Contributions in aid of construction	(1,093,905)	11,942	(1,081,963) [6]
6	Advances in aid of construction	0	0	0
7	Accumulated deferred income taxes	(19,782)	(16,384)	(36,166) [7]
8	Customer deposits	(18,525)	0	(18,525) [8]
9	Inventory	3,355	0	3,355
10	Gain on sale and flow back taxes	0	0	0
11	Plant acquisition adjustment	(21,646)	(7,647)	(29,293) [9]
12	Excess book value	0	0	0
13	Cost-free capital	0	0	0
14	Average tax accruals	4,415	(8,811)	(4,396) [10]
15	Regulatory liability for excess deferred taxes	(362,366)	0	(362,366)
16	Deferred charges	124,685	(8,103)	116,582 [11]
17	Pro forma plant		0	0 [12]
18	Original cost rate base (Sum of L3 thru L17)	\$3,648,275	(\$54,665)	\$3,593,610

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (c), Line 2.
- [4] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (c), Line 4.
- [6] Public Staff Settlement Exhibit 1, Schedule 2-4, Column (i), Line 8.
- [7] Public Staff Settlement Exhibit 1, Schedule 2-5(b), Column (f), Line
- [8] Public Staff Settlement Exhibit 1, Schedule 2-6, Column (c), Line 3.
- [9] Public Staff Settlement Exhibit 1, Schedule 2-8, Column (i), Line 7.
- [10] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (c), Line 9.
- [11] Public Staff Settlement Exhibit 1, Schedule 2-9, Column (c), Line
- [12] To remove estimated plant cost in the future.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2(d)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Amount Per Updates (a)	Base Year	Amount Per Public Staff (c)
			Public Staff Adjustments [1] (b)	
1	Plant in service	\$16,528,468	(\$25,264)	\$16,503,204 [3]
2	Accumulated depreciation	(3,444,878)	15,492	(3,429,386) [4]
3	Net plant in service (L1 + L2)	13,083,589	(9,772)	13,073,818
4	Cash working capital	203,468	(5,391)	198,077 [5]
5	Contributions in aid of construction	(3,630,087)	(6,981)	(3,637,068) [6]
6	Advances in aid of construction	0	0	0
7	Accumulated deferred income taxes	(393,654)	23,966	(369,688) [7]
8	Customer deposits	(18,963)	0	(18,963) [8]
9	Inventory	3,434	0	3,434
10	Gain on sale and flow back taxes	0	0	0
11	Plant acquisition adjustment	851,982	(28,233)	823,750 [9]
12	Excess book value	0	0	0
13	Cost-free capital	0	0	0
14	Average tax accruals	5,647	(11,260)	(5,613) [10]
15	Regulatory liability for excess deferred taxes	(370,918)	0	(370,918)
16	Deferred charges	86,204	(7,278)	78,925 [11]
17	Pro forma plant		0	0 [12]
18	Original cost rate base (Sum of L3 thru L17)	\$9,820,703	(\$44,949)	\$9,775,755

- [1] Column (c) minus Column (a).
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Public Staff Settlement Exhibit 1, Schedule 2-1(d), Column (c), Line 2.
- [4] Public Staff Settlement Exhibit 1, Schedule 2-1(d), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (d), Line 4.
- [6] Public Staff Settlement Exhibit 1, Schedule 2-4, Column (l), Line 8.
- [7] Public Staff Settlement Exhibit 1, Schedule 2-5(b), Column (g), Line 27.
- [8] Public Staff Settlement Exhibit 1, Schedule 2-6, Column (d), Line 3.
- [9] Public Staff Settlement Exhibit 1, Schedule 2-8, Column (l), Line 7.
- [10] Public Staff Settlement Exhibit 1, Schedule 2-3, Column (d), Line 9.
- [11] Public Staff Settlement Exhibit 1, Schedule 2-9, Column (d), Line 3.
- [12] To remove estimated plant cost in the future.

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

Docket No. W-354, Sub 400  
**ORIGINAL COST RATE BASE**  
 For The Rate Year 1 - Rate Year 3 Ended  
 March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 2(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	Rate Year 1		Amount Per Public Staff RY1 [2]	Amount Per RY2	Rate Year 2		Amount Per Public Staff RY2 [2]	Amount Per RY3	Rate Year 3		Amount Per Public Staff RY3 [2]
		Amount Per RY1 (a)	Public Staff Adjustments (b)			Public Staff Adjustments [1] (e)	Public Staff Adjustments [1] (h)					
1	Plant in service	\$139,911,295	\$1,585,480	\$ 141,496,775 [3]	\$149,145,207	\$ 2,256,195	\$ 151,401,401 [3]	\$157,765,005	\$ (1,271,321)	\$ 156,493,683 [3]		
2	Accumulated depreciation	(39,069,396)	(1,595,016)	(40,664,413) [4]	(40,736,813)	(3,430,890)	(44,167,703) [4]	(43,503,074)	(4,491,425)	(47,994,499) [4]		
3	Net plant in service (L1 + L2)	100,841,899	(9,537)	100,832,362	108,408,394	(1,174,696)	107,233,698	114,261,931	(5,762,747)	108,499,185		
4	Cash working capital	1,758,503	(164,313)	1,594,190 [5]	1,806,801	(149,972)	1,656,829 [5]	1,856,069	(175,153)	1,680,916 [5]		
5	Contributions in aid of construction	(15,790,832)	391,879	(15,398,953) [6]	(15,057,272)	391,879	(14,665,393) [6]	(14,323,712)	391,879	(13,931,833) [6]		
6	Advances in aid of construction	(20,631)	0	(20,631)	(20,631)	0	(20,631)	(20,631)	0	(20,631)		
7	Accumulated deferred income taxes	(2,667,340)	50,317	(2,617,023) [7]	(2,667,340)	69,659	(2,597,680) [7]	(2,667,340)	307,504	(2,359,836) [7]		
8	Customer deposits	(208,631)	0	(208,631)	(208,631)	0	(208,631)	(208,631)	0	(208,631)		
9	Inventory	91,908	0	91,908	91,908	0	91,908	91,908	0	91,908		
10	Gain on sale and flow back taxes	(196,947)	0	(196,947)	(196,947)	0	(196,947)	(196,947)	0	(196,947)		
11	Plant acquisition adjustment	(1,667,165)	137,400	(1,529,766) [8]	(1,549,807)	140,355	(1,409,453) [8]	(1,432,449)	142,888	(1,289,562) [8]		
12	Excess book value	0	0	0	0	0	0	0	0	0		
13	Cost-free capital	(121,791)	0	(121,791)	(121,791)	0	(121,791)	(121,791)	0	(121,791)		
14	Average tax accruals	79,889	(154,574)	(74,685) [9]	85,095	(160,384)	(75,289) [9]	89,922	(165,528)	(75,606) [9]		
15	Regulatory liability for excess deferred taxes	(2,643,418)	0	(2,643,418)	(2,595,763)	0	(2,595,763)	(2,548,107)	0	(2,548,107)		
16	Deferred charges	1,153,644	(83,340)	1,070,304 [10]	1,280,757	(244,220)	1,036,537 [10]	1,292,467	(404,756)	887,711 [10]		
17	Pro forma plant	0	0	0 [11]	0	0	0 [11]	0	0	0 [11]		
18	Original cost rate base (Sum of L4 thru L17)	\$80,609,087	\$167,832	\$80,776,920	\$89,254,773	(\$1,127,379)	\$88,127,394	\$96,072,690	(\$5,665,913)	\$90,406,776		

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a), Column (c), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(a), Column (c), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(a), Column (a), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(a), Column (c), Line 8.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(a), Column (d), Line 27.

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(a), Column (c), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(a), Column (a), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(a), Column (a), Line 3.

[11] To remove estimated plant cost in the future.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a), Column (f), Line 2.

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

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(a), Column (b), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(a), Column (f), Line 8.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(b), Column (d), Line 27.

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(a), Column (f), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(a), Column (b), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(a), Column (b), Line 3.

[11] To remove estimated plant cost in the future.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a), RY3, Column (c), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(a), RY3, Column (c), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(a), Column (c), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(a), Column (i), Line 8.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(c), Column (d), Line 27.

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(a), Column (i), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(a), Column (c), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(a), Column (c), Line 3.

[11] To remove estimated plant cost in the future.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ORIGINAL COST RATE BASE**  
 For The Rate Year 1 - Rate Year 3 Ended  
 March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 2(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 1		Amount Per Public Staff [2]	Rate Year 2		Amount Per Public Staff [2]	Rate Year 3		Amount Per Public Staff [2]
		Amount Per Updates (a)	Public Staff Adjustments (b) [1]		Amount Per Updates (d)	Public Staff Adjustments (e) [1]		Amount Per Updates (g)	Public Staff Adjustments (h) [1]	
1	Plant in service	\$124,965,063	\$6,889,483	\$ 131,854,547 [3]	\$138,390,155	\$ (1,466,602)	\$ 136,923,554 [3]	\$151,288,445	\$ 2,949,928	\$ 154,238,372 [3]
2	Accumulated depreciation	(31,282,947)	(723,452)	(32,006,400) [4]	(31,927,240)	(2,894,862)	(34,822,102) [4]	(33,274,358)	(2,454,713)	(35,729,071) [4]
3	Net plant in service (L1 + L2)	93,682,116	6,166,031	99,848,147	106,462,915	(4,361,464)	102,101,451	118,014,087	495,214	118,509,301
4	Cash working capital	1,214,481	(38,443)	1,176,038 [5]	1,247,864	(48,446)	1,199,418 [5]	1,256,767	(57,570)	1,199,197 [5]
5	Contributions in aid of construction	(15,774,540)	309,040	(15,465,500) [6]	(15,149,078)	309,040	(14,840,038) [6]	(14,523,615)	309,040	(14,214,576) [6]
6	Advances in aid of construction	(12,309)	0	(12,309)	(12,309)	0	(12,309)	(12,309)	0	(12,309)
7	Accumulated deferred income taxes	(3,065,187)	(25,837)	(3,091,024) [7]	(3,065,187)	181,490	(2,883,696) [7]	(3,065,187)	(39,534)	(3,104,721) [7]
8	Customer deposits	(124,471)	0	(124,471)	(124,471)	0	(124,471)	(124,471)	0	(124,471)
9	Inventory	54,833	0	54,833	54,833	0	54,833	54,833	0	54,833
10	Gain on sale and flow back taxes	(92,681)	0	(92,681)	(92,681)	0	(92,681)	(92,681)	0	(92,681)
11	Plant acquisition adjustment	413,851	6,573	420,424 [8]	431,283	6,323	437,606 [8]	448,716	5,946	454,662 [8]
12	Excess book value	0	0	0	0	0	0	0	0	0
13	Cost-free capital	(139,708)	0	(139,708)	(139,708)	0	(139,708)	(139,708)	0	(139,708)
14	Average tax accruals	62,154	(120,355)	(58,201) [9]	68,723	(127,540)	(58,817) [9]	74,974	(134,148)	(59,174) [9]
15	Regulatory liability for excess deferred taxes	(1,577,079)	0	(1,577,079)	(1,548,647)	0	(1,548,647)	(1,520,216)	0	(1,520,216)
16	Deferred charges	903,107	(151,120)	751,987 [10]	829,995	(205,115)	624,881 [10]	768,766	(259,328)	509,438 [10]
17	Pro forma plant	0	0	0 [11]	0	0	0 [11]	0	0	0 [11]
18	Original cost rate base (Sum of L4 thru L17)	<u>\$75,544,568</u>	<u>\$6,145,889</u>	<u>\$81,690,457</u>	<u>\$88,963,534</u>	<u>(\$4,245,712)</u>	<u>\$84,717,822</u>	<u>\$101,139,957</u>	<u>\$319,620</u>	<u>\$101,459,577</u>

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

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

[3] Public Staff Settlement Exhibit 1, Schedule

[4] Public Staff Settlement Exhibit 1, Schedule

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(b), Column (a), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(b), Column (c), Line 8.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(a), Column (e), Line 27.

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(b), Column (c), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(b), Column (a), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(b), Column (a), Line 3.

[11] To remove estimated plant cost in the future.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(b), Column (f), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-3(b), Column (b), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-4(b), Column (f), Line 8.

[6] Public Staff Settlement Exhibit 1, Schedule 2-5(b), Column (e), Line 27.

[7] Public Staff Settlement Exhibit 1, Schedule 2-6(b), Column (f), Line 8.

[8] Public Staff Settlement Exhibit 1, Schedule 2-3(a), Column (b), Line 9.

[9] Public Staff Settlement Exhibit 1, Schedule 2-7(b), Column (b), Line 3.

[10] To remove estimated plant cost in the future.

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

[2] Column (a) plus C.

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(b), Column (i), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(b), Column (i), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(b), Column (c), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(b), Column (i), Line 8.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(c), Column (e), Line 27.

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(b), Column (i), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(b), Column (c), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(b), Column (c), Line 3.

[11] To remove estimated plant cost in the future.

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

Docket No. W-354, Sub 400

**ORIGINAL COST RATE BASE**

For The Rate Year 1 - Rate Year 3 Ended  
March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 1		Amount Per Public Staff [2]	Amount Per Updates (d)	Rate Year 2		Amount Per Public Staff [2]	Amount Per Updates (g)	Rate Year 3		Amount Per Public Staff [2]
		Amount Per Updates (a)	Public Staff Adjustments (b) [1]			Public Staff Adjustments (e) [1]	Public Staff Adjustments (h) [1]					
1	Plant in service	\$9,310,093	\$565,163	\$ 9,875,256 [3]	\$10,702,445	\$ 90,733	\$ 10,793,178 [3]	\$11,621,736	\$ (472,677)	\$ 11,149,059 [3]		
2	Accumulated depreciation	(2,572,995)	(221,173)	(2,794,167) [4]	(2,442,383)	(379,184)	(2,821,567) [4]	(2,356,089)	(871,849)	(3,227,938) [4]		
3	Net plant in service (L1 + L2)	6,737,098	343,990	7,081,089	8,260,062	(288,451)	7,971,611	9,265,647	(1,344,526)	7,921,120		
4	Cash working capital	196,828	1,343	198,171 [5]	203,166	51	203,217 [5]	209,500	(1,234)	208,266 [5]		
5	Contributions in aid of construction	(1,036,199)	45,605	(990,594) [6]	(978,492)	45,605	(932,887) [6]	(920,785)	45,605	(875,180) [6]		
6	Advances in aid of construction	0	0	0	0	0	0	0	0	0		
7	Accumulated deferred income taxes	(19,782)	(67,899)	(87,681) [7]	(19,782)	(53,130)	(72,912) [7]	(19,782)	(27,329)	(47,111) [7]		
8	Customer deposits	(18,525)	0	(18,525)	(18,525)	0	(18,525)	(18,525)	0	(18,525)		
9	Inventory	3,355	0	3,355	3,355	0	3,355	3,355	0	3,355		
10	Gain on sale and flow back taxes	0	0	0	0	0	0	0	0	0		
11	Plant acquisition adjustment	(37,500)	(14,202)	(51,703) [8]	(53,354)	(12,987)	(66,342) [8]	(69,208)	(11,651)	(80,859) [8]		
12	Excess book value	0	0	0	0	0	0	0	0	0		
13	Cost-free capital	0	0	0	0	0	0	0	0	0		
14	Average tax accruals	5,534	(9,996)	(4,462) [9]	6,329	(10,900)	(4,571) [9]	6,859	(11,471)	(4,612) [9]		
15	Regulatory liability for excess deferred taxes	(358,991)	0	(358,991)	(352,242)	0	(352,242)	(345,492)	0	(345,492)		
16	Deferred charges	133,056	(12,488)	120,567 [10]	132,527	(41,922)	90,605 [10]	116,209	(53,196)	63,013 [10]		
17	Pro forma plant	0	0	0 [11]	0	0	0 [11]	0	0	0 [11]		
18	Original cost rate base (Sum of L4 thru L17)	\$5,604,875	\$286,351	\$5,891,226	\$7,183,044	(\$361,735)	\$6,821,309	\$8,227,779	(\$1,403,804)	\$6,823,975		

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (c), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (c), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(c), Column (a), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(c), Column (c), Line 8.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(a), Column (f), Li

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(c), Column (c), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(c), Column (a), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(c), Column (a), Line 3.

[11] To remove estimated plant cost in the future.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (f), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (f), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(c), Column (b), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(c), Column (f), Line 8.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(c), Column (f), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(c), Column (b), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(c), Column (b), Line 3.

[11] To remove estimated plant cost in the future.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (i), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(c), Column (i), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedu

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(c), Column (i), Line 8.

[7] Public Staff Settler

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(c), Column (i), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(c), Column (c), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(c), Column (c), Line 3.

[11] To remove estimated plant cost in the future.

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

Docket No. W-354, Sub 400  
**ORIGINAL COST RATE BASE**  
 For The Rate Year 1 - Rate Year 3 Ended  
 March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 2(d)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Rate Year 1		Amount Per Public Staff [2]	Rate Year 2		Amount Per Public Staff [2]	Rate Year 3		Amount Per Public Staff [2]
		Amount Per Updates (a)	Public Staff Adjustments (b)		Amount Per Updates (d)	Public Staff Adjustments (e)		Amount Per Updates (g)	Public Staff Adjustments (h)	
1	Plant in service	\$17,807,323	(\$54,077)	\$ 17,753,246 [3]	\$22,082,418	\$ 1,541,269	\$ 23,623,687 [3]	\$25,148,559	\$ (911,633)	\$ 24,236,926 [3]
2	Accumulated depreciation	(3,769,452)	(157,872)	(3,927,324) [4]	(3,436,066)	91,467	(3,344,599) [4]	(3,514,516)	(307,286)	(3,821,802) [4]
3	Net plant in service (L1 + L2)	14,037,871	(211,950)	13,825,921	18,646,352	1,632,736	20,279,088	21,634,043	(1,218,919)	20,415,124
4	Cash working capital	217,316	(10,337)	206,979 [5]	226,224	(14,101)	212,123 [5]	235,015	(17,595)	217,420 [5]
5	Contributions in aid of construction	(3,479,452)	80,890	(3,398,562) [6]	(3,328,817)	80,890	(3,247,927) [6]	(3,178,182)	80,890	(3,097,292) [6]
6	Advances in aid of construction	0	0	0	0	0	0	0	0	0
7	Accumulated deferred income taxes	(393,654)	61,391	(332,263) [7]	(393,654)	(109,011)	(502,665) [7]	(393,654)	(57,465)	(451,119) [7]
8	Customer deposits	(18,963)	0	(18,963)	(18,963)	0	(18,963)	(18,963)	0	(18,963)
9	Inventory	3,434	0	3,434	3,434	0	3,434	3,434	0	3,434
10	Gain on sale and flow back taxes	0	0	0	0	0	0	0	0	0
11	Plant acquisition adjustment	808,132	(54,610)	753,522 [8]	764,282	(54,274)	710,008 [8]	720,432	(53,602)	666,830 [8]
12	Excess book value	0	0	0	0	0	0	0	0	0
13	Cost-free capital	0	0	0	0	0	0	0	0	0
14	Average tax accruals	6,091	(368)	5,723 [9]	7,518	(1,760)	5,758 [9]	8,535	(2,707)	5,828 [9]
15	Regulatory liability for excess deferred taxes	(367,464)	0	(367,464)	(360,555)	0	(360,555)	(353,646)	0	(353,646)
16	Deferred charges	127,162	20,519	147,682 [10]	157,881	(43,839)	114,042 [10]	137,402	(57,000)	80,402 [10]
17	Pro forma plant	0	0	0 [11]	0	0	0 [11]	0	0	0 [11]
18	Original cost rate base (Sum of L4 thru L17)	\$10,940,475	(\$114,465)	\$10,826,010	\$15,703,704	\$1,490,640	\$17,194,344	\$18,794,417	(\$1,326,398)	\$17,468,020

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(d), Column (c), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(d), Column (c), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(d), Column (a), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(d), Column (i), Line 9.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(a), Column (g), Line 27.

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(d), Column (c), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(d), Column (a), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(d), Column (a), Line 3.

[11] To remove estimated plant cost in the future.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(d), Column (f), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-3(d), Column (b), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-4(d), Column (j), Line 9.

[6] Public Staff Settlement Exhibit 1, Schedule 2-5(b), Column (g), Line 27.

[7] Public Staff Settlement Exhibit 1, Schedule 2-6(d), Column (f), Line 8.

[8] Public Staff Settlement Exhibit 1, Schedule 2-3(d), Column (b), Line 9.

[9] Public Staff Settlement Exhibit 1, Schedule 2-7(d), Column (b), Line 3.

[10] To remove estimated plant cost in the future.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(d), Column (i), Line 2.

[4] Public Staff Settlement Exhibit 1, Schedule 2-1(d), Column (i), Line 4.

[5] Public Staff Settlement Exhibit 1, Schedule 2-3(d), Column (c), Line 4.

[6] Public Staff Settlement Exhibit 1, Schedule 2-4(d), Column (j), Line 9.

[7] Public Staff Settlement Exhibit 1, Schedule 2-5(c), Column (g), Line 27.

[8] Public Staff Settlement Exhibit 1, Schedule 2-6(d), Column (i), Line 8.

[9] Public Staff Settlement Exhibit 1, Schedule 2-3(d), Column (c), Line 9.

[10] Public Staff Settlement Exhibit 1, Schedule 2-7(d), Column (c), Line 3.

[11] To remove estimated plant cost in the future.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Updates (a)</u>	<u>Base Year Public Staff Adjustments [1] (b)</u>	<u>Amount Per Public Staff [2] (c)</u>
<b><u>Plant In Service:</u></b>				
1	Direct plant in service	\$130,462,447	\$ (1,117,751)	\$129,344,696 [3]
2	Total plant in service	<u>\$130,462,447</u>	<u>\$ (1,117,751)</u>	<u>\$129,344,696</u>
<b><u>Accumulated Depreciation:</u></b>				
3	Direct accumulated depreciation	(\$36,715,615)	\$141,005	(\$36,574,610) [4]
4	Total accumulated depreciation	<u>(\$36,715,615)</u>	<u>\$141,005</u>	<u>(\$36,574,610)</u>

- [1] Column (c) minus Column (a), unless otherwise footnoted.  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(1), P.1, Column (d), Line 53.  
[4] Public Staff Settlement Exhibit 1, Schedule 2-2, Column (a), Line 8.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Updates (a)</u>	<u>Base Year Public Staff Adjustments [1] (b)</u>	<u>Amount Per Public Staff [2] (c)</u>
<b><u>Plant In Service:</u></b>				
1	Direct plant in service	\$116,603,269	(\$1,177,192)	\$115,426,078 [3]
2	Total plant in service	<u>\$116,603,269</u>	<u>(\$1,177,192)</u>	<u>\$115,426,078</u>
<b><u>Accumulated Depreciation:</u></b>				
3	Direct accumulated depreciation	(\$29,683,192)	\$178,891	(\$29,504,301) [4]
4	Total accumulated depreciation	<u>(\$29,683,192)</u>	<u>\$178,891</u>	<u>(\$29,504,301)</u>

- [1] Column (c) minus Column (a), unless otherwise footnoted.  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-1(b)(1), P.2, Column (d), Line 70.  
[4] Public Staff Settlement Exhibit 1, Schedule 2-2, Column (b), Line 8.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(c)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Updates (a)</u>	<u>Base Year Public Staff Adjustments [1] (b)</u>	<u>Amount Per Public Staff [2] (c)</u>
<b><u>Plant In Service:</u></b>				
1	Direct plant in service	\$7,360,146	(\$19,729)	\$7,340,417 [3]
2	Total plant in service	<u>\$7,360,146</u>	<u>(\$19,729)</u>	<u>\$7,340,417</u>
<b><u>Accumulated Depreciation:</u></b>				
3	Direct accumulated depreciation	(\$2,519,662)	(\$6,395)	(\$2,526,057) [4]
4	Total accumulated depreciation	<u>(\$2,519,662)</u>	<u>(\$6,395)</u>	<u>(\$2,526,057)</u>

- [1] Column (c) minus Column (a), unless otherwise footnoted.  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-1(c)(1), P.3, Column (d), Line 43.  
[4] Public Staff Settlement Exhibit 1, Schedule 2-2, Column (c), Line 8.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(d)

**BF/FH SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Updates (a)</u>	<u>Base Year Public Staff Adjustments [1] (b)</u>	<u>Amount Per Public Staff [2] (c)</u>
<b><u>Plant In Service:</u></b>				
1	Direct plant in service	\$16,528,468	(\$25,264)	\$16,503,204 [3]
2	Total plant in service	\$16,528,468	(\$25,264)	\$16,503,204
<b><u>Accumulated Depreciation:</u></b>				
3	Direct accumulated depreciation	(\$3,444,878)	\$15,492	(\$3,429,386) [4]
4	Total accumulated depreciation	(\$3,444,878)	\$15,492	(\$3,429,386)

- [1] Column (c) minus Column (a), unless otherwise footnoted.  
[2] Column (a) plus Column (b), unless otherwise footnoted.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-1(d)(1), P.4, Column (d), Line 52.  
[4] Public Staff Settlement Exhibit 1, Schedule 2-2, Column (d), Line 8.

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

Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE AND  
ACCUMULATED DEPRECIATION**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Amount Per RY1 (a)	Public Staff Adjustments (b)	Amount Per Public Staff RY1 (c) [2]	Amount Per RY2 (d)	Public Staff Adjustments (e)	Amount Per Public Staff RY2 (f) [2]	Amount Per RY3 (g)	Public Staff Adjustments (h)	Amount Per Public Staff RY3 (i) [2]
<b>Plant In Service:</b>										
1	Plant in service	\$139,911,295	\$ 1,585,480	\$141,496,775 [3]	\$149,145,207	\$ 2,256,195	\$151,401,401 [3]	\$157,765,005	\$ (1,271,321)	\$156,493,683 [3]
2	Total plant in service	<u>\$139,911,295</u>	<u>\$1,585,480</u>	<u>\$141,496,775</u>	<u>\$149,145,207</u>	<u>\$2,256,195</u>	<u>\$151,401,401</u>	<u>\$157,765,005</u>	<u>(\$1,271,321)</u>	<u>\$156,493,683</u>
<b>Accumulated Depreciation:</b>										
3	Accumulated depreciation	(\$39,069,396)	(\$1,595,016)	(\$40,664,413) [4]	(\$40,736,813)	(\$3,430,890)	(\$44,167,703) [4]	(\$43,503,074)	(\$4,491,425)	(\$47,994,499) [4]
4	Total accumulated depreciation	<u>(\$39,069,396)</u>	<u>(\$1,595,016)</u>	<u>(\$40,664,413)</u>	<u>(\$40,736,813)</u>	<u>(\$3,430,890)</u>	<u>(\$44,167,703)</u>	<u>(\$43,503,074)</u>	<u>(\$4,491,425)</u>	<u>(\$47,994,499)</u>

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(1), P. 1, Column (c), Line 53.

[4] Public Staff Settlement Exhibit 1, Schedule 2-2(a), Column (a) , Line 8.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(2), P.1, Column (c), Ln 53.

[4] Public Staff Settlement Exhibit 1, Schedule 2-2(a), Column (b) , Line 8.

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

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

[3] Public Staff Settlement Exhibit 1, Sch 2-1(a)(3), P.1, Col (c), Ln 53.

[4] Public Staff Settlement Exhibit 1, Schedule 2-2(a), Column (c) , Line 8.

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

Docket No. W-354, Sub 400

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

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Amount Per RY1 (a)	Public Staff Adjustments (b)	Amount Per Public Staff RY1 (c) [2]	Amount Per RY2 (d)	Public Staff Adjustments (e) [1]	Amount Per Public Staff RY2 (f) [2]	Amount Per RY3 (g)	Public Staff Adjustments (h)	Amount Per Public Staff RY3 (i) [2]
<b>Plant In Service:</b>										
1	Updated plant in service	\$124,965,063	\$6,889,483	\$131,854,547 [3]	\$138,390,155	(\$1,466,602)	\$136,923,554 [3]	\$151,288,445	\$2,949,928	\$154,238,372 [3]
2	Total plant in service	<u>\$124,965,063</u>	<u>\$6,889,483</u>	<u>\$131,854,547</u>	<u>\$138,390,155</u>	<u>(\$1,466,602)</u>	<u>\$136,923,554</u>	<u>\$151,288,445</u>	<u>\$2,949,928</u>	<u>\$154,238,372</u>
<b>Accumulated Depreciation:</b>										
3	Updated accumulated depreciation	(\$31,282,947)	(\$723,452)	(\$32,006,400) [4]	(\$31,927,240)	(\$2,894,862)	(\$34,822,102) [4]	(\$33,274,358)	(\$2,454,713)	(\$35,729,071) [4]
4	Total accumulated depreciation	<u>(\$31,282,947)</u>	<u>(\$723,452)</u>	<u>(\$32,006,400)</u>	<u>(\$31,927,240)</u>	<u>(\$2,894,862)</u>	<u>(\$34,822,102)</u>	<u>(\$33,274,358)</u>	<u>(\$2,454,713)</u>	<u>(\$35,729,071)</u>

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(1), P. 2, Column (c), Line 70.

[4] Public Staff Settlement Exhibit 1, Schedule 2-2(b), Column (a), Line 8.

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

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

[3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(2), P.2, Col (c), Ln 70.

[4] Public Staff Settlement Exhibit 1, Schedule 2-2(b), Column (b), Line 8.

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

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

[3] Public Staff Settlement Exhibit 1, Sch 2-1(a)(3), P.2, Col (c), Ln 70.

[4] Public Staff Settlement Exhibit 1, Schedule 2-2(b), Column (c), Line 8.

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

Docket No. W-354, Sub 400

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

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Amount Per RY1 (a)	Public Staff Adjustments (b)	Amount Per Public Staff RY1 (c) [1]	Amount Per RY2 (d)	Public Staff Adjustments (e)	Amount Per Public Staff RY2 (f) [1]	Amount Per RY3 (g)	Public Staff Adjustments (h)	Amount Per Public Staff RY3 (i) [2]
<b>Plant In Service:</b>										
1	Updated plant in service	\$9,310,093	\$565,163	\$9,875,256 [3]	\$10,702,445	\$90,733	\$10,793,178 [3]	\$11,621,736	(\$472,677)	\$11,149,059 [3]
2	Total plant in service	<u>\$9,310,093</u>	<u>\$565,163</u>	<u>\$9,875,256</u>	<u>\$10,702,445</u>	<u>\$90,733</u>	<u>\$10,793,178</u>	<u>\$11,621,736</u>	<u>(\$472,677)</u>	<u>\$11,149,059</u>
<b>Accumulated Depreciation:</b>										
3	Updated accumulated depreciation	(\$2,572,995)	(\$221,173)	(\$2,794,167) [4]	(\$2,442,383)	(\$379,184)	(\$2,821,567) [4]	(\$2,356,089)	(\$871,849)	(\$3,227,938) [4]
4	Total accumulated depreciation	<u>(\$2,572,995)</u>	<u>(\$221,173)</u>	<u>(\$2,794,167)</u>	<u>(\$2,442,383)</u>	<u>(\$379,184)</u>	<u>(\$2,821,567)</u>	<u>(\$2,356,089)</u>	<u>(\$871,849)</u>	<u>(\$3,227,938)</u>

[1] Column (c) minus Column (a), unless otherwise footnoted.  
 [2] Column (a) plus Column (b), unless otherwise footnoted.  
 [3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(1), P.3, Column (c), Line 43.  
 [4] Public Staff Settlement Exhibit 1, Schedule 2-2(c), Column (a), Line 8.

[1] Column (c) minus Column (a), unless otherwise footnoted.  
 [2] Column (a) plus Column (b), unless otherwise footnoted.  
 [3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(2), P.3, Col (c), Ln 43.  
 [4] Public Staff Settlement Exhibit 1, Schedule 2-2(c), Column (b), Line 8.

[1] Column (c) minus Column (a), unless otherwise footnoted.  
 [2] Column (a) plus Column (b), unless otherwise footnoted.  
 [3] Public Staff Settlement Exhibit 1, Sch 2-1(a)(3), P.3, Col (c), Ln 43.  
 [4] Public Staff Settlement Exhibit 1, Schedule 2-2(c), Column (c), Line 8.

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

Docket No. W-354, Sub 400

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

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(d)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Amount Per RY1 (a)	Public Staff Adjustments (b)	Amount Per Public Staff RY1 (c) [1]	Amount Per RY2 (d)	Public Staff Adjustments (e)	Amount Per Public Staff RY2 (f) [1]	Amount Per RY3 (g)	Public Staff Adjustments (h)	Amount Per Public Staff RY3 (i) [2]
<b>Plant In Service:</b>										
1	Updated plant in service	\$17,807,323	(\$54,077)	\$17,753,246 [3]	\$22,082,418	\$1,541,269	\$23,623,687 [3]	\$25,148,559	(\$911,633)	\$24,236,926 [3]
2	Total plant in service	\$17,807,323	(\$54,077)	\$17,753,246	\$22,082,418	\$1,541,269	\$23,623,687	\$25,148,559	(\$911,633)	\$24,236,926
<b>Accumulated Depreciation:</b>										
3	Updated accumulated depreciation	(\$3,769,452)	(\$157,872)	(\$3,927,324) [4]	(\$3,436,066)	\$91,467	(\$3,344,599) [4]	(\$3,514,516)	(\$307,286)	(\$3,821,802) [4]
4	Total accumulated depreciation	(\$3,769,452)	(\$157,872)	(\$3,927,324)	(\$3,436,066)	\$91,467	(\$3,344,599)	(\$3,514,516)	(\$307,286)	(\$3,821,802)

[1] Column (c) minus Column (a), unless otherwise footnoted.  
 [2] Column (a) plus Column (b), unless otherwise footnoted.  
 [3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(1), P. 4, Column (c), Line 52.  
 [4] Public Staff Settlement Exhibit 1, Schedule 2-2(d), Column (a), Line 8.

[1] Column (c) minus Column (a), unless otherwise footnoted.  
 [2] Column (a) plus Column (b), unless otherwise footnoted.  
 [3] Public Staff Settlement Exhibit 1, Schedule 2-1(a)(2), P.4, Col (c), Ln 52.  
 [4] Public Staff Settlement Exhibit 1, Schedule 2-2(d), Column (b), Line 8.

[1] Column (c) minus Column (a), unless otherwise footnoted.  
 [2] Column (a) plus Column (b), unless otherwise footnoted.  
 [3] Public Staff Settlement Exhibit 1, Sch 2-1(a)(3), P.4, Col (c), Ln 52.  
 [4] Public Staff Settlement Exhibit 1, Schedule 2-2(d), Column (c), Line 8.

Carolina Water Service, Inc. of North Carolina  
 W - 354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
 For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
 Schedule 2-1(a)(1)  
 Page 1 of 4

**CWSNC WATER OPERATIONS**

Line No.	New Account No.	Item	Amount per		Company Proforma	Remove Company Proforma	Actual PTY additions	PS				Reclassifcation	Total PS		
			Updates Direct	Updates Allocated				Adjustment / Engineering	ERC adjustment	Florence Proceeds	AFUDC adjustments		Amount per PS	Adj.	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1.	141201	Organization	410,367	73,688	521	(521)	521	0	0	0	0	0	484,577	0	
2.	141202	Franchises	140,263	89,232	0	0	0	0	0	0	0	0	229,516	0	
3.	141102	Land & land rights pump	0	50,616	0	0	0	0	0	0	0	0	50,616	0	
4.	141501	Computer Hardware	0	703	(37)	37	0	0	(30)	0	0	0	673	7	
5.	141502	Desktop/Laptop Computers	0	15,859	40,053	(40,053)	0	0	(679)	0	0	0	15,181	(40,731)	
6.	141101	Land & land rights gen. p.t.	0	717,824	150,596	(150,596)	150,596	0	0	0	0	0	868,420	0	
7.	141204	Struct & improv. src. supply	4,465,609	16,279	27,059	(27,059)	24,011	0	0	0	0	0	4,505,898	(3,048)	
8.	141205	Struct & improv. wtr. lit. p.t.	1,572,780	31,094	39,175	(39,175)	34,026	0	0	0	0	0	1,637,901	(5,148)	
9.	141206	Struct & improv. trans. dist.	288,439	3,978	(2,389)	1,587	0	0	0	0	0	0	294,004	(802)	
10.	141203	Struct & improv. een. p.t.	371,949	2,709	51,504	(51,504)	50,103	0	0	0	0	0	424,761	(1,401)	
11.	141221	Collectina reservoirs	14,695	0	717,687	(717,687)	717,687	0	0	0	0	0	732,382	0	
12.	141223	Wells & springs	14,603,614	213,136	31,115	(31,115)	24,871	0	0	0	(1,077)	0	14,840,443	(7,321)	
13.	141224	Infiltration gallery	45,185	0	0	0	0	0	0	0	0	0	45,185	0	
14.	141225	Supply mains	788,510	303	74,366	(74,366)	65,241	0	0	0	0	0	854,054	(9,125)	
15.	141226	Power generation equip.	162,616	0	4,857	(4,857)	4,805	0	0	0	0	0	167,421	(52)	
16.	141227	Electric pump equip. src. p.t.	2,944,455	3,127	82,461	(82,461)	77,797	0	(180)	(4)	0	0	3,025,195	(4,849)	
17.	141228	Electric pump equip. wtp.	8,885,752	296,055	208,094	(208,094)	184,086	0	0	0	0	0	9,365,894	(24,009)	
18.	141229	Electric pump equip. trans.	3,899,131	2,157	895,639	(895,639)	890,004	0	(2,921)	0	0	0	4,788,370	(8,557)	
19.	141230	Water treatment equip.	5,625,394	164,273	384,494	(384,494)	62,593	0	(5,951)	(649)	0	0	5,865,660	(328,502)	
20.	141231	Dist. rev. & standpipes	8,196,939	683,659	58,316	(58,316)	46,879	0	0	0	(179)	0	8,927,298	(11,617)	
21.	141232	Trans. & distr. mains	35,491,938	442,856	516,345	(516,345)	335,205	0	(178,375)	(138)	0	0	36,091,486	(359,653)	
22.	141233	Service lines	14,406,827	147,037	614,916	(614,916)	543,961	0	(437)	0	0	0	15,097,388	(71,392)	
23.	141234	Meters	6,324,924	188,747	42,553	(42,553)	36,746	0	0	(46)	0	0	6,550,372	(5,853)	
24.	141235	Meter installations	2,057,561	615	43,542	(43,542)	39,195	0	0	(973)	0	0	2,096,397	(5,321)	
25.	141236	Hydrants	1,413,906	757	43,796	(43,796)	39,089	0	0	0	0	0	1,453,761	(4,707)	
26.	141237	Backflow prevention devic.	45,312	0	16,215	(16,215)	16,034	0	0	0	0	0	61,347	(181)	
27.	141268	Other plt. & misc. equip. src. su.	0	260	0	0	0	0	0	0	0	0	260	0	
28.	141269	Other plt. & misc. equip. wtp.	20,187	1,597	3,185	(3,185)	3,185	0	0	0	0	0	24,969	0	
29.	141220	Office struct & improv.	99,061	487,148	244,803	(244,803)	10,933	(14,618)	0	(17)	0	0	582,507	(248,505)	
30.	141303	Office furn. & equip.	89,664	499,273	(10,487)	10,487	978	(10,384)	0	0	0	0	578,532	1,081	
31.	141305	Stores equipment	15,973	292	292	(292)	91	(8)	0	0	0	0	16,258	(209)	
32.	141308	Tool shop & misc. equip.	502,559	579,059	8,897	(8,897)	8,470	(89)	0	0	0	0	1,089,999	(516)	
33.	141306	Laboratory equipment	66,989	64,560	401	(401)	269	0	0	0	0	0	131,819	(132)	
34.	141309	Power operated equip.	360,477	2,740	11,654	(11,654)	11,116	0	0	0	0	0	374,333	(538)	
35.	141310	Communication equip.	155,341	158,446	12,841	(12,841)	14,310	(1,513)	0	0	0	0	326,583	(46)	
36.	141311	Misc. equipment	193,043	7,655	15,193	(15,193)	14,504	0	0	0	0	0	215,202	(689)	
37.	141278	Water plant allocated	207,809	0	0	0	0	0	0	0	0	0	207,809	0	
38.	141271	Other tangible plt. water	1,181	37,219	10,327	(10,327)	10,327	0	0	0	0	0	48,727	0	
39.	141248	Receiving Wells	176,744	0	0	0	0	0	0	(141)	0	0	176,603	(141)	
40.	141401	Transportation equip.	0	2,053,046	276,107	(276,107)	307,182	(214)	0	0	0	0	2,360,014	30,861	
41.	141503	Mainframe computer - wtr	0	133,851	(5,733)	5,733	0	(4,591)	0	0	0	0	129,260	1,141	
42.	141504	Mini computer - wtr	9,712	1,293,864	(86,690)	36,690	1,295	(42,957)	0	0	0	0	1,261,915	(4,972)	
43.	141602	Comp. system cost - wtr	0	3,323,886	(168,429)	168,429	0	(136,755)	0	0	0	0	3,187,131	31,673	
44.	141603	Micro system cost - wtr	0	65,896	(2,956)	2,956	0	(2,375)	0	0	0	0	63,521	580	
45.	141255	Plant Sewers Treatment Pit	23,751	0	0	0	0	0	0	0	(23,751)	0	0	(23,751)	
46.	141299	Utility Plant Clearing	0	0	(0)	0	(0)	0	0	0	0	0	(0)	0	
47.	141699	Computer Clearing	0	0	0	(0)	0	0	0	0	0	0	0	(0)	
48.	141601	Computer Software	0	104,466	6,861	(6,861)	0	(4,470)	0	0	0	0	99,996	(11,331)	
49.	141103	Land and Rights Water	0	357,109	0	0	0	0	0	0	0	0	357,109	0	
50.	141104	Land and Rights Trans	0	18,896	0	0	0	0	0	0	0	0	18,896	0	
51.	141293	Plant Held for Future Use	0	(382,146)	0	0	0	0	0	0	0	0	(382,146)	0	
52.	141399	Buildina and Equipment Clearing	0	0	0	(0)	0	0	0	0	0	0	0	0	
53.	<b>Total plant in service (Sum of L1 thru L52)</b>			<b>114,078,577</b>	<b>11,971,944</b>	<b>4,411,925</b>	<b>(4,411,925)</b>	<b>3,727,699</b>	<b>0</b>	<b>(218,683)</b>	<b>(187,864)</b>	<b>(3,225)</b>	<b>(23,751)</b>	<b>129,344,696</b>	<b>(1,117,751)</b>

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
 For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
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**CWSNC SEWER OPERATIONS**

Line No.	No.	Item	Amount per Updates Direct (a)	Amounts per Updates Allocated (b)	Company Proforma (c)	Remove Company Proforma (d)	Actual PTY additions (e)	PS Adj / Engineering (f)	ERC adjustment (g)	Florence Proceeds (h)	AFUDC adjustments (i)	Reclassifi cation (j)	Amount per PS (k)	Total PS Adj. (l)
1.	141201	Organization	883,492	0	0	0	0	0	0	0	0	0	883,492	0
2.	141202	Franchises intang. p.t.	127,476	0	0	0	0	0	0	0	0	0	127,476	0
3.	141107	Land & land rights trtmt plt	0	39,167	0	0	0	0	0	0	0	0	39,167	0
4.	141108	Land & land rights reclaim.	0	1,150	0	0	0	0	0	0	0	0	1,150	0
5.	141101	Land and Rights General	0	0	0	0	0	0	0	0	0	0	0	0
6.	141207	Struct/improv. col. p.t.	103,601	979	4,356	(4,356)	4,001	0	0	0	0	0	108,582	(354)
7.	141208	Struct/improv. pump p.t. ls.	11,299,690	18,599	125,558	(125,558)	121,979	0	(180)	(2,090)	0	11,437,999	(5,848)	
8.	141209	Struct/improv. treat. p.t.	20,050,256	0	22,537	(22,537)	22,993	0	(4,621)	(31)	0	20,068,597	(4,197)	
9.	141210	Struct/improv. reclaim. wtr.	2,586	685	0	0	0	0	0	0	0	3,271	0	
10.	141211	Struct/improv. reclaim. wtr.	180,481	0	16	(16)	0	0	0	0	0	180,481	(16)	
11.	141203	Struct/improv. gen. p.t.	1,683,989	0	25,430	(25,430)	23,256	0	0	0	0	1,707,245	(2,174)	
12.	141238	Power gen. equip. col. p.t.	107,623	0	0	0	0	0	0	0	0	107,623	0	
13.	141239	Power gen. equip. pump p.t.	53,341	0	14	(14)	0	0	0	0	0	53,341	(14)	
14.	141240	Power gen. equip. treat. p.t.	308,117	0	6,287	(6,287)	5,100	0	0	0	0	313,217	(1,187)	
15.	141241	Sewer force main/serv. lin.	3,802,928	61,991	608,705	(608,705)	601,749	0	(283)	(37)	0	4,466,350	(7,274)	
16.	141242	Sewer grav ty main	17,893,123	494,361	2,054,567	(2,054,567)	949,079	0	0	(122)	0	19,336,441	(1,105,610)	
17.	141243	Manholes	1,477,376	229,482	52,144	(52,144)	44,389	0	0	(69)	0	1,751,178	(7,824)	
18.	141244	Special coll. structures	7,032	0	21	(21)	0	0	0	0	0	7,032	(21)	
19.	141245	Services to customers	2,179,151	0	86,014	(86,014)	69,241	0	0	0	1,055	2,249,446	(15,718)	
20.	141246	Flow measure devices	143,165	0	3,084	(3,084)	5,503	0	(2,935)	0	0	145,734	(515)	
21.	141247	Flow measure install	1,106	0	2	(2)	0	0	0	0	0	1,106	(2)	
22.	141248	Receiving wells	211,824	0	25,449	(25,449)	22,160	0	0	0	0	233,985	(3,288)	
23.	141249	Pumping equipment pump p.t.	4,834,611	470	323,264	(323,264)	309,978	0	(2,327)	0	0	5,142,732	(15,613)	
24.	141250	Pumping equipment reclaim.	37,868	0	1,869	(1,869)	1,762	0	0	0	0	39,650	(87)	
25.	141251	Pumping equipment rct. wtr.	80,351	0	3,427	(3,427)	3,104	0	0	0	0	83,456	(322)	
26.	141252	Treat./disp. equip. lagoons	594,849	210	3,214	(3,214)	2,680	0	0	0	0	597,738	(534)	
27.	141253	Treat./disp. equip. trt. p.t.	18,763,604	690,274	132,773	(132,773)	113,414	0	(1,467)	0	0	19,565,824	(20,826)	
28.	141254	Treat./disp. equip. rct. wtr.	16,414	0	13,760	(13,760)	12,973	0	0	0	0	29,387	(787)	
29.	141255	Plant sewers treat. p.t.	17,924,214	0	42,634	(42,634)	41,767	0	(3,577)	(178)	23,751	17,985,978	19,130	
30.	141256	Plant sewers reclaim wtr.	5,802	0	2,277	(2,277)	2,263	0	0	0	0	8,065	(14)	
31.	141257	Outfall lines	645,213	0	15,146	(15,146)	11,576	0	0	(446)	0	656,343	(4,017)	
32.	141271	Other plt. tangible	14,761	0	194	(194)	0	0	0	0	0	14,761	(194)	
33.	141272	Other p.t. collection	10,854	10,612	798	(798)	787	0	0	0	0	22,253	(11)	
34.	141273	Other plt. pump	468,119	2,931	3,094	(3,094)	2,976	0	0	0	0	474,026	(117)	
35.	141274	Other plt. treatment	334,705	5,329	1,401	(1,401)	111	0	0	(76)	0	340,069	(1,367)	
36.	141275	Other plt. reclaim wtr. trl.	0	650	0	0	0	0	0	0	0	650	0	
37.	141276	Other p.t. reclaim wtr. dis.	460	0	0	0	0	0	0	0	0	460	0	
38.	141220	Office struct & improv.	47,616	275,108	4,120	(4,120)	13,962	0	(8,721)	0	0	327,965	1,121	
39.	141303	Office furn. & equip.	49,603	286,995	(6,993)	0	6,993	0	(6,195)	0	0	330,403	798	
40.	141305	Stores equipment	6,961	113	1,218	(1,218)	1,155	0	(5)	0	0	8,224	(69)	
41.	141306	Tool shop & misc. equip.	207,772	345,148	19,112	(19,112)	18,835	0	(53)	0	0	571,703	(330)	
42.	141306	Laboratory equipment	156,399	38,517	3,214	(3,214)	2,888	0	0	0	0	197,804	(326)	
43.	141309	Power operated equip.	458,893	1,544	20,874	(20,874)	19,245	0	0	0	0	479,682	(1,629)	
44.	141310	Communication equip.	94,049	93,245	9,804	(9,804)	10,425	0	(903)	0	0	196,817	(282)	
45.	141311	Misc equip. sewer	37,147	4,567	30,241	(30,241)	29,617	0	0	0	0	71,331	(623)	
46.	141278	Sewer plant a located	526,952	0	0	0	0	0	0	0	0	526,952	0	
47.	0	Other tangible pt. sewer	0	0	0	0	0	0	0	0	0	0	0	0
48.	141263	Reuse dist. reservoirs	3,507	0	2	(2)	0	0	0	0	0	3,507	(2)	
49.	141264	Reuse transmission & dist.	85,783	0	36,199	(36,199)	35,336	0	0	0	0	121,119	(862)	
50.	141401	Transportation equip.	0	1,224,860	164,727	(164,727)	183,267	0	(128)	0	0	1,407,999	18,412	
51.	141502	Desktop computer - wtr	0	9,462	23,896	(23,896)	0	0	(405)	0	0	9,057	(24,301)	
52.	141503	Mainframe computer - wtr	0	79,857	(3,420)	0	(3,420)	0	(2,739)	0	0	77,118	(84)	
53.	141504	Mini computer - wtr	1,659	776,062	(21,889)	0	21,889	1,026	(25,628)	0	0	753,119	(2,713)	
54.	141602	Comp. system cost - wtr	109,012	1,874,038	(100,485)	0	100,485	0	(81,589)	0	0	1,901,461	18,897	
55.	141603	Micro system cost - wtr	0	39,314	(1,764)	0	1,764	0	(1,417)	0	0	37,897	347	
56.	141501	Computer Hardware	0	418	(22)	0	22	0	(18)	0	0	401	4	
57.	141601	Computer Software	0	62,326	4,093	(4,093)	0	0	(2,667)	0	0	59,659	(6,760)	
58.	141699	Computer Clearing	0	0	0	0	0	0	0	0	0	0	(0)	0
59.	141231	Dist Resv and Standpipes	0	20,648	(75)	0	75	0	0	0	0	20,648	75	
60.	141232	Trans and Distr Mains	0	68,271	(248)	0	248	0	0	0	0	68,271	248	
61.	141299	Utility Plant Clearing	0	0	(0)	0	(0)	0	0	0	0	(0)	0	0
62.	141399	Building and Equipment Clearing	0	0	(0)	0	(0)	0	0	0	0	0	0	0
63.	141233	Service Lines	935	0	20	(20)	0	0	0	0	(1,055)	(120)	(1,075)	
64.	141283	Plt. held for future use	0	(227,990)	0	0	0	0	0	0	0	(227,990)	0	
66.	141205		0	0	0	0	0	0	0	0	0	0	0	0
67.	141230		0	0	0	0	0	0	0	0	0	0	0	0
68.	113101		0	0	0	0	0	0	0	0	0	0	0	0
69.	141226	Pro forma plant additions	297,974	0	772	(772)	772	0	0	0	0	298,745	0	
70.	Total plant in service (Sum of L1 thru L69)		106,332,448	6,529,392	3,741,429	(3,741,429)	2,689,391	0	(130,468)	(15,389)	(3,048)	23,751	115,426,078	(1,177,192)

CAROLINA WATER SERVICE, INC., OF NC

Docket No. W-354, Sub-400

CALCULATION OF PLANT IN SERVICE

For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 2-1(a)(1)

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B/F/H WATER OPERATIONS

Line	No.	No.	Item	Amount per Updates Direct	Amount per Updates Allocated	Company Proforma	Remove Company Proforma	Actual PTY additions	PS Adj / Engineering	ERC adjustment	Florence Proceeds	AFUDC adjustments	Reclassifi cation	Amount per PS	Total PS Adj.
				(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1.	141101		Land and Rights General	0	13,990	0	0	0		0	0	0	0	13,990	0
2.	141102		Land and Rights Pump	0	21,025	0	0	0		0	0	0	0	21,025	0
3.	141201		Organization	79,800	21,066	0	0	0		0	0	0	0	100,866	0
4.	141202		Franchises	51,240	0	0	0	0		0	0	0	0	51,240	0
5.	141203		Struct and Improv General Plant	2,244	0	28	(28)	0		0	0	0	0	2,244	(28)
6.	141204		Struct and Improv Service Suppl	201,865	393	13,624	(13,624)	12,751		0	0	0	0	215,009	(872)
7.	141205		Struct and Improv Water Treat Pit	147,167	0	219	(219)	118		0	0	0	0	147,285	(100)
8.	141206		Struct and Improv Trans Dist Pit	461	0	0	0	0		0	0	0	0	461	0
9.	141220		Struct and Improv Office	26,735	60,836	(1,910)	1,910	0		(1,756)	0	0	0	85,815	153
10.	141223		Wells and Springs	518,778	0	(7,642)	7,642	3,080		0	(11,344)	0	0	510,515	(621)
11.	141225		Supply Mains	8,005	0	3,082	(3,082)	2,990		0	0	0	0	10,995	(91)
12.	141227		Electric Pump Equip Str Pump	53,376	46	10,187	(10,187)	9,883		0	0	0	0	63,305	(304)
13.	141228		Electric Pump Equip WTP	385,584	0	15,602	(15,602)	14,631		0	0	0	0	400,215	(371)
14.	141229		Electric Pump Equip Trans Dist	63,012	82	295	(295)	0		0	0	0	0	63,093	(295)
15.	141230		Water Treatment Equipment	146,770	0	6,299	(6,299)	5,926		0	0	0	0	152,696	(373)
16.	141231		Dist Resv and Standpipes	901,355	4,949	23,271	(23,271)	19,519		0	0	0	0	925,823	(3,752)
17.	141232		Trans and Distr Mains	1,892,092	16,540	10,660	(10,660)	7,951		0	0	0	0	1,916,583	(2,709)
18.	141233		Service Lines	842,783	457	37,710	(37,710)	31,291		0	0	0	0	874,530	(6,419)
19.	141234		Meters	188,359	397	9,950	(9,950)	8,874		0	0	0	0	197,630	(1,075)
20.	141235		Meter Installations	179,596	0	7,272	(7,272)	6,643		0	0	0	0	186,239	(629)
21.	141236		Hydrants	185,968	18	93,502	(93,502)	92,989		0	0	0	0	278,975	(512)
22.	141237		Backflow Prevention Devices	151	0	3	(3)	0		0	0	0	0	151	(3)
23.	141299		Utility Plant Clearing	0	0	(0)	0	0		0	0	0	0	0	0
24.	141303		Office Furniture	4,185	42,577	(1,303)	1,303	55		(1,248)	0	0	0	45,570	111
25.	141305		Stores Equipment	349	27	1	(1)	0		(1)	0	0	0	375	(2)
26.	141306		Lab Equipment	14,469	0	97	(97)	71		0	0	0	0	14,540	(26)
27.	141308		Tool Shop Equipment	102,393	836	113	(113)	0		(11)	0	0	0	103,219	(124)
28.	141309		Power Operated Equipment	11,291	354	2,089	(2,089)	2,000		0	0	0	0	13,645	(89)
29.	141310		Communications Equipment	75,413	4,975	3,027	(3,027)	2,657		(182)	0	0	0	82,864	(551)
30.	141311		Misc Equipment	389	0	146	(146)	139		0	0	0	0	528	(8)
31.	141401		Vehicles	0	222,410	(3,910)	3,910	0		(26)	0	0	0	222,385	3,885
32.	141501		Computer Hardware	0	97	(4)	4	0		(4)	0	0	0	93	1
33.	141502		Desktop/Laptop Computers	0	2,181	5,533	(5,533)	0		(82)	0	0	0	2,099	(5,614)
34.	141503		Mainframe Computers	0	18,407	(678)	678	0		(552)	0	0	0	17,855	127
35.	141504		Mini Comp W/Tr	1,887	178,361	(4,296)	4,296	0		(5,161)	0	0	0	172,887	(955)
36.	141601		Computer Software	0	14,365	1,047	(1,047)	0		(537)	0	0	0	13,828	(1,585)
37.	141602		Comp Systems	0	439,500	(20,069)	20,069	0		(16,431)	0	0	0	423,069	3,638
38.	141603		Micro Systems	0	9,062	(350)	350	0		(285)	0	0	0	8,776	65
39.	141699		Computer Clearing	0	0	0	(0)	0		0	0	0	0	0	(0)
40.	141221		Collecting Reservoir	0	0	0	0	0		0	0	0	0	0	0
41.	141289		Other and Misc Equip WTP	0	0	0	0	0		0	0	0	0	0	0
42.	141399		Building and Equipment Clearing	0	0	0	0	0		0	0	0	0	0	0
43.			<b>Total plant in service (Sum of L1 thru L42)</b>	<b>6,085,515</b>	<b>1,070,951</b>	<b>203,682</b>	<b>(203,682)</b>	<b>221,569</b>	<b>0</b>	<b>(26,274)</b>	<b>(11,344)</b>	<b>0</b>	<b>0</b>	<b>7,340,417</b>	<b>(19,730)</b>

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**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)(1)  
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**BF/FH SEWER OPERATIONS**

Line	No.	Item	Amount per Updates Direct	Amount per Updates Allocated	Company Proforma	Remove Company Proforma	Actual PTY additions	PS Adj/ Engineering	ERC adjustment	Florence Proceeds	AFUDC adjustments	Reclassifi cation	Amount per PS	Total PS Adj.
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1.	141201	Organization	14,682	0	0	0	0	0	0	0	0	0	14,682	0
2.	141202	Franchises	41,938	0	0	0	0	0	0	0	0	0	41,938	0
3.	141203	Struct and Improv General Plant	287,214	0	(18,722)	18,722	247	0	(20,368)	0	0	0	267,093	(1,398)
4.	141207	Struct and Improv Collect Plant	150	0	3	(3)	0	0	0	0	0	0	150	(3)
5.	141208	Struct and Improv Pump Plant	2,159,370	185	(468,230)	468,230	2,227	0	(470,662)	(80)	0	0	1,691,039	(286)
6.	141209	Struct and Improv Treatment Plant	1,837,412	0	1,018	(1,018)	142	0	0	0	0	0	1,837,554	(875)
7.	141211	Struct and Improv Reclaim Wtr Dist	2,477	0	0	0	0	0	0	0	0	0	2,477	0
8.	141220	Struct and Improv Office	71,239	62,096	3,099	(3,099)	5,000	(1,798)	0	0	0	0	136,538	104
9.	141227	Electric Pump Equip Src Pump	0	0	(2,538)	2,538	0	0	(2,538)	0	0	0	(2,538)	0
10.	141230	Water Treatment Equipment	956,340	0	(11,588)	11,588	(11,588)	0	0	0	0	0	944,752	0
11.	141231	Dist Resv and Standpipes	0	5,051	(4)	4	0	0	0	0	0	0	5,051	4
12.	141232	Trans and Distr Mains	0	16,702	(15)	15	0	0	0	0	0	0	16,702	15
13.	141239	Power Gen Equip Pump Pit	68,264	0	45,039	(45,039)	44,211	0	0	0	0	0	112,475	(828)
14.	141241	Sewer Force Main	227,006	0	914	(914)	0	0	0	0	0	0	227,006	(914)
15.	141242	Sewer Grav ty Main	5,330,923	(0)	4,986	(4,986)	983	0	(0)	0	0	0	5,331,906	(4,003)
16.	141243	Manholes	49,843	0	3,860	(3,860)	3,269	0	0	0	0	0	53,112	(592)
17.	141244	Special Collection Structures	775	0	0	0	0	0	0	0	0	0	775	0
18.	141245	Service to Customers	272,829	0	75,040	(75,040)	66,367	0	0	0	0	0	339,216	(8,653)
19.	141246	Flow Measure Devices	17,806	0	12	(12)	0	0	0	0	0	0	17,806	(12)
20.	141249	Pumping Equip Pump Pit	817,088	0	10,682	(10,682)	9,664	0	0	0	0	0	826,753	(1,018)
21.	141250	Pumping Equip Reclaim WTP	78,717	0	18,436	(18,436)	17,502	0	0	0	0	0	96,219	(933)
22.	141252	Treat/Disp Equip Lagoon	56	0	0	0	0	0	0	0	0	0	56	0
23.	141253	Treat/Disp Equip Tr P t	2,828,541	0	3,840	(3,840)	1,820	0	0	0	0	0	2,830,361	(2,020)
24.	141255	Plant Sewers Treatment Pit	398,162	0	(4,135)	4,135	4,124	0	(8,856)	0	0	0	393,451	(597)
25.	141257	Outfall Lines	37,906	0	38,028	(38,028)	36,794	0	0	0	0	0	74,700	(1,235)
26.	141263	Reuse Dist Reservoirs	2,763	0	0	0	0	0	0	0	0	0	2,763	0
27.	141264	Reuse Transmission and Dist	2,491	0	27	(27)	0	0	0	0	0	0	2,491	(27)
28.	141271	Other Tangible Plant	0	0	79,334	(79,334)	79,334	0	0	0	0	0	79,334	0
29.	141272	Other Plant Collection	(224)	0	0	0	0	0	0	0	0	0	(224)	0
30.	141273	Other Plant Pump	3,442	0	12	(12)	0	0	0	0	0	0	3,442	(12)
31.	141275	Other Plant Reclaim Water Trt	8,372	0	4,387	(4,387)	4,306	0	0	0	0	0	12,677	(81)
32.	141299	Utility Plant Clearing	0	0	(0)	0	(0)	0	0	0	0	0	(0)	0
33.	141303	Office Furniture	1,593	43,452	(1,353)	1,353	0	(1,277)	0	0	0	0	43,768	76
34.	141305	Stores Equipment	2,799	28	(1)	1	0	(1)	0	0	0	0	2,826	(1)
35.	141306	Lab Equipment	6,227	0	509	(509)	507	0	0	0	0	0	6,734	(2)
36.	141308	Tool Shop Equipment	19,929	751	1,501	(1,501)	1,428	(11)	0	0	0	0	22,097	(83)
37.	141309	Power Operated Equipment	53,242	362	769	(769)	689	0	0	0	0	0	54,293	(81)
38.	141310	Communications Equipment	32,790	5,064	26,258	(26,258)	25,754	(186)	0	0	0	0	63,423	(689)
39.	141311	Misc Equipment	33,788	0	35,877	(35,877)	35,209	0	0	0	0	0	68,996	(668)
40.	141399	Building and Equipment Clearing	0	0	(0)	0	0	0	0	0	0	0	0	0
41.	141401	Vehicles	0	227,659	(4,002)	4,002	0	(26)	0	0	0	0	227,632	3,975
42.	141501	Computer Hardware	0	99	(5)	5	0	(4)	0	0	0	0	95	1
43.	141502	Desktop/Laptop Computers	0	2,232	5,663	(5,663)	0	(83)	0	0	0	0	2,149	(5,747)
44.	141503	Mainframe Computers	0	18,841	(695)	695	0	(565)	0	0	0	0	18,276	130
45.	141504	Mini Comp Wtr	0	182,250	(4,305)	4,305	0	(5,283)	0	0	0	0	176,967	(978)
46.	141601	Computer Software	0	14,705	1,072	(1,072)	0	(550)	0	0	0	0	14,156	(1,621)
47.	141602	Comp Systems	0	449,872	(20,542)	20,542	0	(16,819)	0	0	0	0	433,053	3,724
48.	141603	Micro Systems	0	9,276	(359)	359	0	(292)	0	0	0	0	8,984	67
49.	141699	Computer Clearing	0	0	(0)	0	0	0	0	0	0	0	(0)	0
50.	141251	Pumping Equip Rel Wtr Dist	0	0	0	0	0	0	0	0	0	0	0	0
51.	141254	Treat/Disp Equip Reclm Wtr	0	0	0	0	0	0	0	0	0	0	0	0
52.	<b>Total plant in service (Sum of LT thru L51)</b>			<b>15,665,970</b>	<b>1,038,624</b>	<b>(176,127)</b>	<b>176,127</b>	<b>328,009</b>	<b>0</b>	<b>(26,894)</b>	<b>(502,424)</b>	<b>(80)</b>	<b>16,503,204</b>	<b>(25,264)</b>

**CWSNC WATER OPERATIONS**

Line	New Account		Amount per PS	PS Adjustment /	Amount per	RY1	Depreciation	RY1 additions	Total PIS for AD
No.	No.	Item	base case	Engineering	PS RY1	additions	rate	Depreciation	per PS
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141201	Organization	484,577	0	484,577	0	2.50%	-	12,114
2.	141202	Franchises	229,516	0	229,516	0	2.50%	-	5,738
3.	141102	Land & land rights pump	50,818	0	50,818	0	0.00%	-	0
4.	141501	Computer Hardware	673	0	673	0	0.00%	-	0
5.	141502	Desktop/Laptop Computers	15,181	0	15,181	0	0.00%	-	0
6.	141101	Land & land rights gen. plt.	868,420	0	868,420	0	0.00%	-	0
7.	141204	Struct & improv. src. supply	4,505,898	390,111	4,896,009	390,111	2.00%	7,802.22	97,920
8.	141205	Struct & improv. wtr. trt. plt.	1,637,901	53,853	1,691,754	53,853	2.00%	1,077.06	33,835
9.	141206	Struct & improv. trans. dist.	294,004	7,474	301,477	7,474	2.00%	149.48	6,030
10.	141203	Struct & improv. gen. plt.	424,761	15,826	440,587	15,826	2.00%	316.51	8,812
11.	141221	Collecting reservoirs	732,382	0	732,382	0	2.00%	-	14,648
12.	141223	Wells & springs	14,840,443	939,763	15,780,207	939,763	2.00%	18,795.26	315,604
13.	141224	Infiltration gallery	45,185	0	45,185	0	2.50%	-	1,130
14.	141225	Supply mains	854,054	98,437	952,491	98,437	1.00%	984.37	9,525
15.	141226	Power generation equip.	167,421	688	168,108	688	10.00%	68.78	16,811
16.	141227	Electric pump equip. src. plt.	3,025,195	58,765	3,083,960	58,765	14.29%	8,397.49	440,698
17.	141228	Electric pump equip. wtp.	9,365,894	424,280	9,790,174	424,280	3.33%	14,128.54	326,013
18.	141229	Electric pump equip. trans.	4,788,370	110,530	4,898,900	110,530	14.29%	15,794.69	700,053
19.	141230	Water treatment equip.	5,865,660	798,959	6,664,620	798,959	2.50%	19,973.99	166,615
20.	141231	Dist. resv. & standpipes	8,927,298	149,297	9,076,595	149,297	2.00%	2,985.94	181,532
21.	141232	Trans. & distr. mains	36,091,486	4,272,909	40,364,395	4,272,909	1.00%	42,729.09	403,644
22.	141233	Service lines	15,097,388	567,904	15,665,292	567,904	2.00%	11,358.08	313,306
23.	141234	Meters	6,550,372	2,917,987	9,468,359	2,917,987	3.33%	97,168.97	315,296
24.	141235	Meter installations	2,096,397	56,506	2,152,903	56,506	3.33%	1,881.66	71,692
25.	141236	Hydrants	1,453,761	45,610	1,499,371	45,610	2.50%	1,140.25	37,484
26.	141237	Backflow prevention devic.	61,347	1,552	62,898	1,552	10.00%	155.17	6,290
27.	141268	Other plt. & misc. equip. src. su.	260	0	260	0	2.50%	-	7
28.	141269	Other plt. & misc. equip. wtp.	24,969	0	24,969	0	2.50%	-	624
29.	141220	Office struct & improv.	582,507	225,000	807,507	225,000	10.00%	22,500.00	80,751
30.	141303	Office furn. & equip.	579,532	0	579,532	0	10.00%	-	57,953
31.	141305	Stores equipment	16,258	2,811	19,069	2,811	3.33%	93.62	635
32.	141308	Tool shop & misc. equip.	1,089,999	6,254	1,096,253	6,254	5.00%	312.71	54,813
33.	141306	Laboratory equipment	131,819	1,471	133,289	1,471	10.00%	147.09	13,329
34.	141309	Power operated equip.	374,333	5,854	380,187	5,854	10.00%	585.37	38,019
35.	141310	Communication equip.	326,583	994,526	1,321,109	994,526	10.00%	99,452.59	132,111
36.	141311	Misc. equipment	215,202	5,712	220,913	5,712	3.33%	190.20	7,356
37.	141278	Water plant allocated	207,809	0	207,809	0	6.67%	-	13,861
38.	141271	Other tangible plt. water	48,727	0	48,727	0	2.50%	-	1,218
39.	141248	Receiving Wells	176,603	0	176,603	0	2.00%	-	3,532
40.	141401	Transportation equip.	2,360,014	0	2,360,014	0	20.00%	-	472,003
41.	141503	Mainframe computer - wtr	129,260	0	129,260	0	0.00%	-	0
42.	141504	Mini computer - wtr	1,261,915	0	1,261,915	0	0.00%	-	0
43.	141602	Comp. system cost - wtr	3,187,131	0	3,187,131	0	0.00%	-	0
44.	141603	Micro system cost - wtr	63,521	0	63,521	0	0.00%	-	0
45.	141255	Plant Sewers Treatment Plt	0	0	0	0	2.50%	-	0
46.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0
47.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
48.	141601	Computer Software	99,996	0	99,996	0	0.00%	-	0
49.	141103	Land and Rights Water	357,109	0	357,109	0	0.00%	-	0
50.	141104	Land and Rights Trans	18,896	0	18,896	0	0.00%	-	0
51.	141293	Plant Held for Future Use	(382,146)	0	(382,146)	0	0.00%	-	0
52.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
<b>53.</b>	<b>Total plant in service (Sum of L1 thru L52)</b>		<b>129,344,696</b>	<b>12,152,078</b>	<b>141,496,775</b>	<b>12,152,078</b>		<b>368,189</b>	<b>4,361,000</b>

**CWSNC SEWER OPERATIONS**

Line	No.	Item	Amount per PS base case (a)	PS Adjustment / Engineering (b)	Amount per PS RY1 (c)	RY1 additions (d)	Depreciation rate (e)	RY1 additions	Total PIS for AD
								book	per PS
								Depreciation	Depreciation
								(f)	(g)
1.	141201	Organization	883,492	0	883,492	0	2.50%	-	22,087
2.	141202	Franchises intang. plt.	127,476	0	127,476	0	2.50%	-	3,187
3.	141107	Land & land rights trtmnt plt	39,167	0	39,167	0	0.00%	-	0
4.	141108	Land & land rights reclaim.	1,150	0	1,150	0	0.00%	-	0
5.	141101	Land and Rights General	0	0	0	0	0.00%	-	0
6.	141207	Struct/improv. coll. plt.	108,582	4,698	113,280	4,698	2.00%	93.96	2,266
7.	141208	Struct/improv. pump plt. ls.	11,437,999	172,293	11,610,293	172,293	2.00%	3,445.87	232,206
8.	141209	Struct/improv. treat. plt.	20,068,597	10,460,521	30,529,118	10,460,521	2.50%	261,513.01	763,228
9.	141210	Struct/improv. reclaim. wtp.	3,271	0	3,271	0	2.50%	-	82
10.	141211	Struct/improv. reclaim. wtr.	180,481	218	180,699	218	2.50%	5.46	4,517
11.	141203	Struct/improv. gen. plt.	1,707,245	28,601	1,735,846	28,601	2.00%	572.02	34,717
12.	141238	Power gen. equip. coll. plt.	107,623	0	107,623	0	10.00%	-	10,762
13.	141239	Power gen. equip. pump plt.	53,341	135	53,476	135	10.00%	13.51	5,348
14.	141240	Power gen. equip. treat. plt.	313,217	7,522	320,738	7,522	10.00%	752.16	32,074
15.	141241	Sewer force main/serv. lin.	4,466,350	53,345	4,519,695	53,345	1.33%	709.49	60,112
16.	141242	Sewer gravity main	19,336,441	3,359,277	22,695,718	3,359,277	1.00%	33,592.77	226,957
17.	141243	Manholes	1,751,178	67,006	1,818,183	67,006	1.00%	670.06	18,182
18.	141244	Special coll. structures	7,032	281	7,313	281	2.00%	5.62	146
19.	141245	Services to customers	2,249,446	194,537	2,443,983	194,537	1.33%	2,587.34	32,505
20.	141246	Flow measure devices	145,734	6,869	152,603	6,869	4.00%	274.76	6,104
21.	141247	Flow measure install	1,106	20	1,126	20	4.00%	0.80	45
22.	141248	Receiving wells	233,985	35,970	269,954	35,970	2.00%	719.39	5,399
23.	141249	Pumping equipment pump plt.	5,142,732	175,804	5,318,536	175,804	14.29%	25,122.32	760,019
24.	141250	Pumping equipment reclaim.	39,650	621	40,271	621	14.29%	88.79	5,755
25.	141251	Pumping equipment rcl. wtr.	83,456	3,964	87,420	3,964	14.29%	566.50	12,492
26.	141252	Treat./disp. equip. lagoon	597,738	5,641	603,379	5,641	2.50%	141.02	15,084
27.	141253	Treat./disp. equip. trt. plt.	19,565,824	1,694,457	21,260,281	1,694,457	2.50%	42,361.44	531,507
28.	141254	Treat./disp. equip. rct. wtp.	29,387	4,102	33,489	4,102	2.50%	102.56	837
29.	141255	Plant sewers treat. plt.	17,985,978	55,197	18,041,175	55,197	2.50%	1,379.92	451,029
30.	141256	Plant sewers reclaim wtp.	8,065	187	8,252	187	2.50%	4.67	206
31.	141257	Outfall lines	656,343	35,998	692,341	35,998	1.00%	359.98	6,923
32.	141271	Other plt. tangible	14,761	2,585	17,346	2,585	2.50%	64.61	434
33.	141272	Other plt. collection	22,253	86	22,339	86	2.00%	1.72	447
34.	141273	Other plt. pump	474,026	1,300	475,326	1,300	2.50%	32.51	11,883
35.	141274	Other plt. treatment	340,069	16,146	356,215	16,146	2.50%	403.64	8,905
36.	141275	Other plt. reclaim wtr. trt.	650	0	650	0	2.50%	-	16
37.	141276	Other plt. reclaim wtr. dis.	460	0	460	0	2.50%	-	11
38.	141220	Office struct & improv.	327,965	0	327,965	0	10.00%	-	32,797
39.	141303	Office furn. & equip.	330,403	0	330,403	0	10.00%	-	33,040
40.	141305	Stores equipment	8,224	612	8,836	612	3.33%	20.37	294
41.	141308	Tool shop & misc. equip.	571,703	3,723	575,426	3,723	5.00%	186.16	28,771
42.	141306	Laboratory equipment	197,804	3,213	201,017	3,213	10.00%	321.33	20,102
43.	141309	Power operated equip.	479,682	18,912	498,595	18,912	10.00%	1,891.24	49,859
44.	141310	Communication equip.	196,817	5,129	201,945	5,129	10.00%	512.88	20,195
45.	141311	Misc equip. sewer	71,331	5,891	77,222	5,891	3.33%	196.16	2,571
46.	141278	Sewer plant allocated	526,952	0	526,952	0	6.67%	-	35,148
47.	0	Other tangible plt. sewer	0	0	0	0	2.50%	-	0
48.	141263	Reuse dist. reservoirs	3,507	26	3,533	26	2.00%	0.53	71
49.	141264	Reuse transmission & dist.	121,119	8,705	129,825	8,705	2.00%	174.10	2,596
50.	141401	Transportation equip.	1,407,999	0	1,407,999	0	20.00%	-	281,600
51.	141502	Desktop computer - wtr	9,057	0	9,057	0	0.00%	-	0
52.	141503	Mainframe computer - wtr	77,118	0	77,118	0	0.00%	-	0
53.	141504	Mini computer - wtr	753,119	0	753,119	0	0.00%	-	0
54.	141602	Comp. system cost - wtr	1,901,461	0	1,901,461	0	0.00%	-	0
55.	141603	Micro system cost - wtr	37,897	0	37,897	0	0.00%	-	0
56.	141501	Computer Hardware	401	0	401	0	0.00%	-	0
57.	141601	Computer Software	59,659	0	59,659	0	0.00%	-	0
58.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
59.	141231	Dist Resv and Standpipes	20,648	0	20,648	0	2.00%	-	413
60.	141232	Trans and Distr Mains	68,271	0	68,271	0	1.00%	-	683
61.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0
62.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
63.	141233	Service Lines	(120)	(5,123)	(5,243)	(5,123)	2.00%	(102.46)	(105)
64.	141293	Plt. held for future use	(227,990)	0	(227,990)	0	0.00%	-	0
66.	141205		0	0	0	0	2.00%	-	0
67.	141230		0	0	0	0	2.50%	-	0
68.	113101		0	0	0	0	0.00%	-	0
69.	141226		298,745	0	298,745	0	10.00%	-	29,875
		Pro forma plant additions	0	0	0	0	2.50%	-	0
							0.00%	-	0
<b>70.</b>	<b>Total plant in service (Sum of L1 thru L69)</b>		<b>115,426,078</b>	<b>16,428,469</b>	<b>131,854,547</b>	<b>16,428,469</b>		<b>378,786</b>	<b>3,803,384</b>

**BF/FH WATER OPERATIONS**

Line			Amount per PS	PS Adjustment /	Amount per	RY1	Depreciation	RY1 additions	Total PIS for AD
No.	No.	Item	base case	Engineering	PS RY1	additions	rate	book	per PS
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141101	Land and Rights General	13,990	0	13,990	0	0.00%	-	0
2.	141102	Land and Rights Pump	21,025	0	21,025	0	0.00%	-	0
3.	141201	Organization	100,866	0	100,866	0	2.50%	-	2,522
4.	141202	Franchises	51,240	0	51,240	0	2.50%	-	1,281
5.	141203	Struct and Improv General Plant	2,244	368	2,611	368	2.00%	7.35	52
6.	141204	Struct and Improv Service Supplies	215,009	11,590	226,600	11,590	2.00%	231.80	4,532
7.	141205	Struct and Improv Water Treat Plt	147,285	1,145	148,430	1,145	2.00%	22.91	2,969
8.	141206	Struct and Improv Trans Dist Plt	461	0	461	0	2.00%	-	9
9.	141220	Struct and Improv Office	85,815	0	85,815	0	10.00%	-	8,582
10.	141223	Wells and Springs	510,515	8,003	518,518	8,003	2.00%	160.06	10,370
11.	141225	Supply Mains	10,995	1,118	12,113	1,118	1.00%	11.18	121
12.	141227	Electric Pump Equip Src Pump	63,305	4,058	67,362	4,058	14.29%	579.87	9,626
13.	141228	Electric Pump Equip WTP	400,215	10,750	410,965	10,750	3.33%	357.98	13,685
14.	141229	Electric Pump Equip Trans Dist	63,093	3,853	66,946	3,853	14.29%	550.61	9,567
15.	141230	Water Treatment Equipment	152,696	4,699	157,395	4,699	2.50%	117.47	3,935
16.	141231	Dist Resv and Standpipes	925,823	1,783,500	2,709,322	1,783,500	2.00%	35,669.99	54,186
17.	141232	Trans and Distr Mains	1,916,583	196,103	2,112,686	196,103	1.00%	1,961.03	21,127
18.	141233	Service Lines	874,530	79,164	953,694	79,164	2.00%	1,583.28	19,074
19.	141234	Meters	197,630	412,683	610,313	412,683	3.33%	13,742.34	20,323
20.	141235	Meter Installations	186,239	6,334	192,573	6,334	3.33%	210.91	6,413
21.	141236	Hydrants	278,975	3,315	282,290	3,315	2.50%	82.88	7,057
22.	141237	Backflow Prevention Devices	151	41	193	41	10.00%	4.14	19
23.	141299	Utility Plant Clearing	0	0	0	0	0.00%	-	0
24.	141303	Office Furniture	45,570	0	45,570	0	10.00%	-	4,557
25.	141305	Stores Equipment	375	25	400	25	3.33%	0.83	13
26.	141306	Lab Equipment	14,540	343	14,883	343	10.00%	34.35	1,488
27.	141308	Tool Shop Equipment	103,219	652	103,870	652	5.00%	32.59	5,194
28.	141309	Power Operated Equipment	13,645	947	14,592	947	10.00%	94.71	1,459
29.	141310	Communications Equipment	82,864	6,056	88,920	6,056	10.00%	605.58	8,892
30.	141311	Misc Equipment	528	92	620	92	3.33%	3.05	21
31.	141401	Vehicles	222,385	0	222,385	0	20.00%	-	44,477
32.	141501	Computer Hardware	93	0	93	0	16.67%	-	16
33.	141502	Desktop/Laptop Computers	2,099	0	2,099	0	16.67%	-	350
34.	141503	Mainframe Computers	17,855	0	17,855	0	0.00%	-	0
35.	141504	Mini Comp W/tr	172,887	0	172,887	0	0.00%	-	0
36.	141601	Computer Software	13,828	0	13,828	0	0.00%	-	0
37.	141602	Comp Systems	423,069	0	423,069	0	0.00%	-	0
38.	141603	Micro Systems	8,776	0	8,776	0	0.00%	-	0
39.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
40.	141221	Collecting Reservoirs	0	0	0	0	2.00%	-	0
41.	141269	Other and Misc Equip WTP	0	0	0	0	2.50%	-	0
42.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
<b>43.</b>	<b>Total plant in service (Sum of L1 thru L42)</b>		<b>7,340,417</b>	<b>2,534,839</b>	<b>9,875,256</b>	<b>2,534,839</b>		<b>56,065</b>	<b>261,917</b>

**BF/FH SEWER OPERATIONS**

Line			Amount per PS	PS Adjustment /	Amount per	RY1	Depreciation	RY1 additions	Total PIS for AD
No.	No.	Item	base case	Engineering	PS RY1	additions	rate	Depreciation	per PS
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141201	Organization	14,682 \$	-	14,682	0	2.50%	-	367
2.	141202	Franchises	41,938 \$	-	41,938	0	2.50%	-	1,048
3.	141203	Struct and Improv General Plant	267,093 \$	18,300	285,393	18,300	2.00%	366.01	5,708
4.	141207	Struct and Improv Collect Plant	150 \$	-	150	0	0.00%	-	0
5.	141208	Struct and Improv Pump Plant	1,691,039 \$	1,580	1,692,620	1,580	2.00%	31.60	33,852
6.	141209	Struct and Improv Treatment Plant	1,837,554 \$	8,908	1,846,462	8,908	2.50%	222.69	46,162
7.	141211	Struct and Improv Reclaim Wtr Dist	2,477 \$	-	2,477	0	2.50%	-	62
8.	141220	Struct and Improv Office	136,538 \$	-	136,538	0	10.00%	-	13,654
9.	141227	Electric Pump Equip Src Pump	(2,538) \$	-	(2,538)	0	0.00%	-	0
10.	141230	Water Treatment Equipment	944,752 \$	-	944,752	0	0.00%	-	0
11.	141231	Dist Resv and Standpipes	5,051 \$	-	5,051	0	2.00%	-	101
12.	141232	Trans and Distr Mains	16,702 \$	-	16,702	0	1.00%	-	167
13.	141239	Power Gen Equip Pump Pit	112,475 \$	119	112,594	119	10.00%	11.92	11,259
14.	141241	Sewer Force Main	227,006 \$	10,061	237,067	10,061	1.33%	133.81	3,153
15.	141242	Sewer Gravity Main	5,331,906 \$	946,359	6,278,265	946,359	1.00%	9,463.59	62,783
16.	141243	Manholes	53,112 \$	(289)	52,823	(289)	1.00%	(2.89)	528
17.	141244	Special Collection Structures	775 \$	-	775	0	2.00%	-	16
18.	141245	Service to Customers	339,216 \$	97,729	436,945	97,729	1.33%	1,299.79	5,811
19.	141246	Flow Measure Devices	17,806 \$	166	17,972	166	4.00%	6.64	719
20.	141249	Pumping Equip Pump Pit	826,753 \$	10,573	837,326	10,573	14.29%	1,510.91	119,654
21.	141250	Pumping Equip Reclaim WTP	96,219 \$	9,041	105,260	9,041	14.29%	1,291.92	15,042
22.	141252	Treat/Disp Equip Lagoon	56 \$	-	56	0	2.50%	-	1
23.	141253	Treat/Disp Equip Trt Pit	2,830,361 \$	120,004	2,950,365	120,004	2.50%	3,000.09	73,759
24.	141255	Plant Sewers Treatment Pit	393,451 \$	6,881	400,332	6,881	2.50%	172.02	10,008
25.	141257	Outfall Lines	74,700 \$	8,511	83,211	8,511	1.00%	85.11	832
26.	141263	Reuse Dist Reservoirs	2,763 \$	-	2,763	0	2.00%	-	55
27.	141264	Reuse Transmission and Dist	2,491 \$	354	2,845	354	2.00%	7.07	57
28.	141271	Other Tangible Plant	79,334 \$	-	79,334	0	2.50%	-	1,983
29.	141272	Other Plant Collection	(224) \$	-	(224)	0	2.00%	-	(4)
30.	141273	Other Plant Pump	3,442 \$	-	3,442	0	2.50%	-	86
31.	141275	Other Plant Reclaim Water Trt	12,677 \$	834	13,511	834	2.50%	20.84	338
32.	141299	Utility Plant Clearing	(0) \$	-	(0)	0	0.00%	-	0
33.	141303	Office Furniture	43,768 \$	-	43,768	0	10.00%	-	4,377
34.	141305	Stores Equipment	2,826 \$	10	2,836	10	3.33%	0.34	94
35.	141306	Lab Equipment	6,734 \$	-	6,734	0	10.00%	-	673
36.	141308	Tool Shop Equipment	22,097 \$	590	22,686	590	5.00%	29.49	1,134
37.	141309	Power Operated Equipment	54,293 \$	974	55,267	974	10.00%	97.43	5,527
38.	141310	Communications Equipment	63,423 \$	7,261	70,684	7,261	10.00%	726.12	7,068
39.	141311	Misc Equipment	68,996 \$	2,076	71,073	2,076	3.33%	69.14	2,367
40.	141399	Building and Equipment Clearing	0 \$	-	0	0	0.00%	-	0
41.	141401	Vehicles	227,632 \$	-	227,632	0	0.00%	-	0
42.	141501	Computer Hardware	95 \$	-	95	0	16.67%	-	16
43.	141502	Desktop/Laptop Computers	2,149 \$	-	2,149	0	0.00%	-	0
44.	141503	Mainframe Computers	18,276 \$	-	18,276	0	0.00%	-	0
45.	141504	Mini Comp Wtr	176,967 \$	-	176,967	0	0.00%	-	0
46.	141601	Computer Software	14,156 \$	-	14,156	0	0.00%	-	0
47.	141602	Comp Systems	433,053 \$	-	433,053	0	0.00%	-	0
48.	141603	Micro Systems	8,984 \$	-	8,984	0	0.00%	-	0
49.	141699	Computer Clearing	0 \$	-	0	0	0.00%	-	0
50.	141251	Pumping Equip Rcl Wtr Dist	0 \$	-	0	0	14.29%	-	0
51.	141254	Treat/Disp Equip Rclm Wtr	0 \$	-	0	0	2.50%	-	0
<b>52.</b>	<b>Total plant in service (Sum of L1 thru L51)</b>		<b>16,503,204</b>	<b>1,250,042</b>	<b>17,753,246</b>	<b>1,250,042</b>		<b>18,544</b>	<b>428,458</b>

**Carolina Water Service, Inc. of North Carolina**  
W - 354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
For The Rate Year 2 Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)(2)  
Page 1 of 4

**CWSNC WATER OPERATIONS**

Line	New Account	Item	Amount per PS		PS Adjustment /	Amount per		RY2 additions	Depreciation	RY2 additions book	Total PIS for AD per PS
			RY1	Engineering	PS RY2	rate	Depreciation				
No.	No.		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
1.	141201	Organization	484,577	0	484,577	0	2.50%	-	12,114		
2.	141202	Franchises	229,516	0	229,516	0	2.50%	-	5,738		
3.	141102	Land & land rights pump	50,818	0	50,818	0	0.00%	-	0		
4.	141501	Computer Hardware	673	0	673	0	0.00%	-	0		
5.	141502	Desktop/Laptop Computers	15,181	0	15,181	0	0.00%	-	0		
6.	141101	Land & land rights gen. plt.	868,420	0	868,420	0	0.00%	-	0		
7.	141204	Struct & improv. src. supply	4,896,009	981,478	5,877,487	981,478	2.00%	19,629.55	117,550		
8.	141205	Struct & improv. wtr. trt. plt.	1,691,754	53,853	1,745,607	53,853	2.00%	1,077.06	34,912		
9.	141206	Struct & improv. trans. dist.	301,477	7,474	308,951	7,474	2.00%	149.48	6,179		
10.	141203	Struct & improv. gen. plt.	440,587	15,826	456,412	15,826	2.00%	316.51	9,128		
11.	141221	Collecting reservoirs	732,382	0	732,382	0	2.00%	-	14,648		
12.	141223	Wells & springs	15,780,207	895,445	16,675,652	895,445	2.00%	17,908.90	333,513		
13.	141224	Infiltration gallery	45,185	0	45,185	0	2.50%	-	1,130		
14.	141225	Supply mains	952,491	98,437	1,050,929	98,437	1.00%	984.37	10,509		
15.	141226	Power generation equip.	168,108	688	168,796	688	10.00%	68.78	16,880		
16.	141227	Electric pump equip. src. plt.	3,083,960	58,765	3,142,724	58,765	14.29%	8,397.49	449,095		
17.	141228	Electric pump equip. wtp.	9,790,174	274,091	10,064,265	274,091	3.33%	9,127.23	335,140		
18.	141229	Electric pump equip. trans.	4,898,900	110,530	5,009,429	110,530	14.29%	15,794.69	715,847		
19.	141230	Water treatment equip.	6,664,620	174,778	6,839,398	174,778	2.50%	4,369.46	170,985		
20.	141231	Dist. resv. & standpipes	9,076,595	135,862	9,212,456	135,862	2.00%	2,717.23	184,249		
21.	141232	Trans. & distr. mains	40,364,395	3,818,064	44,182,458	3,818,064	1.00%	38,180.64	441,825		
22.	141233	Service lines	15,665,292	567,904	16,233,196	567,904	2.00%	11,358.08	324,664		
23.	141234	Meters	9,468,359	2,537,450	12,005,809	2,537,450	3.33%	84,497.08	399,793		
24.	141235	Meter installations	2,152,903	56,506	2,209,409	56,506	3.33%	1,881.66	73,573		
25.	141236	Hydrants	1,499,371	45,610	1,544,981	45,610	2.50%	1,140.25	38,625		
26.	141237	Backflow prevention devic.	62,898	1,552	64,450	1,552	10.00%	155.17	6,445		
27.	141268	Other plt. & misc. equip. src. su.	260	0	260	0	2.50%	-	7		
28.	141269	Other plt. & misc. equip. wtp.	24,969	0	24,969	0	2.50%	-	624		
29.	141220	Office struct & improv.	807,507	0	807,507	0	10.00%	-	80,751		
30.	141303	Office furn. & equip.	579,532	0	579,532	0	10.00%	-	57,953		
31.	141305	Stores equipment	19,069	2,811	21,880	2,811	3.33%	93.62	729		
32.	141308	Tool shop & misc. equip.	1,096,253	6,254	1,102,507	6,254	5.00%	312.71	55,125		
33.	141306	Laboratory equipment	133,289	1,471	134,760	1,471	10.00%	147.09	13,476		
34.	141309	Power operated equip.	380,187	5,854	386,041	5,854	10.00%	585.37	38,604		
35.	141310	Communication equip.	1,321,109	48,214	1,369,323	48,214	10.00%	4,821.36	136,932		
36.	141311	Misc. equipment	220,913	5,712	226,625	5,712	3.33%	190.20	7,547		
37.	141278	Water plant allocated	207,809	0	207,809	0	6.67%	-	13,861		
38.	141271	Other tangible plt. water	48,727	0	48,727	0	2.50%	-	1,218		
39.	141248	Receiving Wells	176,603	0	176,603	0	2.00%	-	3,532		
40.	141401	Transportation equip.	2,360,014	0	2,360,014	0	20.00%	-	472,003		
41.	141503	Mainframe computer - wtr	129,260	0	129,260	0	0.00%	-	0		
42.	141504	Mini computer - wtr	1,261,915	0	1,261,915	0	0.00%	-	0		
43.	141602	Comp. system cost - wtr	3,187,131	0	3,187,131	0	0.00%	-	0		
44.	141603	Micro system cost - wtr	63,521	0	63,521	0	0.00%	-	0		
45.	141255	Plant Sewers Treatment Plt	0	0	0	0	2.50%	-	0		
46.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0		
47.	141699	Computer Clearing	0	0	0	0	0.00%	-	0		
48.	141601	Computer Software	99,996	0	99,996	0	0.00%	-	0		
49.	141103	Land and Rights Water	357,109	0	357,109	0	0.00%	-	0		
50.	141104	Land and Rights Trans	18,896	0	18,896	0	0.00%	-	0		
51.	141293	Plant Held for Future Use	(382,146)	0	(382,146)	0	0.00%	-	0		
52.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0		
<b>53.</b>	<b>Total plant in service (Sum of L1 thru L52)</b>		<b>141,496,775</b>	<b>9,904,627</b>	<b>151,401,401</b>	<b>9,904,627</b>		<b>223,904</b>	<b>4,584,904</b>		

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
For The Rate Year 2 Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)(2)  
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**CWSNC SEWER OPERATIONS**

Line								RY2 additions	Total PIS for AD
No.	No.	Item	Amount per PS RY1	PS Adjustment / Engineering	Amount per PS RY2	RY2 additions	Depreciation rate	Depreciation	Depreciation
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141201	Organization	883,492	0	883,492	0	2.50%	-	22,087
2.	141202	Franchises intang. plt.	127,476	0	127,476	0	2.50%	-	3,187
3.	141107	Land & land rights trmnt plt	39,167	0	39,167	0	0.00%	-	0
4.	141108	Land & land rights reclaim.	1,150	0	1,150	0	0.00%	-	0
5.	141101	Land and Rights General	0	0	0	0	0.00%	-	0
6.	141207	Struct/improv. coll. plt.	113,280	4,698	117,978	4,698	2.00%	93.96	2,360
7.	141208	Struct/improv. pump plt. ls.	11,610,293	1,969,171	13,579,464	1,969,171	2.00%	39,383.43	271,589
8.	141209	Struct/improv. treat. plt.	30,529,118	1,534,569	32,063,687	1,534,569	2.50%	38,364.24	801,692
9.	141210	Struct/improv. reclaim. wtp.	3,271	0	3,271	0	2.50%	-	82
10.	141211	Struct/improv. reclaim. wtr.	180,699	218	180,917	218	2.50%	5.46	4,523
11.	141203	Struct/improv. gen. plt.	1,735,846	28,601	1,764,447	28,601	2.00%	572.02	35,289
12.	141238	Power gen. equip. coll. plt.	107,623	0	107,623	0	10.00%	-	10,762
13.	141239	Power gen. equip. pump plt.	53,476	135	53,611	135	10.00%	13.51	5,361
14.	141240	Power gen. equip. treat. plt.	320,738	7,522	328,260	7,522	10.00%	752.16	32,826
15.	141241	Sewer force main/serv. lin.	4,519,695	53,345	4,573,041	53,345	1.33%	709.49	60,821
16.	141242	Sewer gravity main	22,695,718	117,358	22,813,076	117,358	1.00%	1,173.58	228,131
17.	141243	Manholes	1,818,183	67,006	1,885,189	67,006	1.00%	670.06	18,852
18.	141244	Special coll. structures	7,313	281	7,594	281	2.00%	5.62	152
19.	141245	Services to customers	2,443,983	194,537	2,638,519	194,537	1.33%	2,587.34	35,092
20.	141246	Flow measure devices	152,603	6,869	159,472	6,869	4.00%	274.76	6,379
21.	141247	Flow measure install	1,126	20	1,146	20	4.00%	0.80	46
22.	141248	Receiving wells	269,954	35,970	305,924	35,970	2.00%	719.39	6,118
23.	141249	Pumping equipment pump plt.	5,318,536	175,804	5,494,339	175,804	14.29%	25,122.32	785,141
24.	141250	Pumping equipment reclaim.	40,271	621	40,893	621	14.29%	88.79	5,844
25.	141251	Pumping equipment rcl. wtr.	87,420	3,964	91,384	3,964	14.29%	566.50	13,059
26.	141252	Treat/disp. equip. lagoon	603,379	5,641	609,020	5,641	2.50%	141.02	15,225
27.	141253	Treat/disp. equip. trt. plt.	21,260,281	705,987	21,966,269	705,987	2.50%	17,649.68	549,157
28.	141254	Treat/disp. equip. rct. wtp.	33,489	4,102	37,592	4,102	2.50%	102.56	940
29.	141255	Plant sewers treat. plt.	18,041,175	55,197	18,096,372	55,197	2.50%	1,379.92	452,409
30.	141256	Plant sewers reclaim wtp.	8,252	187	8,438	187	2.50%	4.67	211
31.	141257	Outfall lines	692,341	35,998	728,340	35,998	1.00%	359.98	7,283
32.	141271	Other plt. tangible	17,346	2,585	19,930	2,585	2.50%	64.61	498
33.	141272	Other plt. collection	22,339	86	22,425	86	2.00%	1.72	448
34.	141273	Other plt. pump	475,326	1,300	476,626	1,300	2.50%	32.51	11,916
35.	141274	Other plt. treatment	356,215	16,146	372,361	16,146	2.50%	403.64	9,309
36.	141275	Other plt. reclaim wtr. trt.	650	0	650	0	2.50%	-	16
37.	141276	Other plt. reclaim wtr. dis.	460	0	460	0	2.50%	-	11
38.	141220	Office struct & improv.	327,965	0	327,965	0	10.00%	-	32,797
39.	141303	Office furn. & equip.	330,403	0	330,403	0	10.00%	-	33,040
40.	141305	Stores equipment	8,836	612	9,447	612	3.33%	20.37	315
41.	141308	Tool shop & misc. equip.	575,426	3,723	579,149	3,723	5.00%	186.16	28,957
42.	141306	Laboratory equipment	201,017	3,213	204,231	3,213	10.00%	321.33	20,423
43.	141309	Power operated equip.	498,595	18,912	517,507	18,912	10.00%	1,891.24	51,751
44.	141310	Communication equip.	201,945	5,129	207,074	5,129	10.00%	512.88	20,707
45.	141311	Misc equip. sewer	77,222	5,891	83,112	5,891	3.33%	196.16	2,768
46.	141278	Sewer plant allocated	526,952	0	526,952	0	6.67%	-	35,148
47.	0	Other tangible plt. sewer	0	0	0	0	2.50%	-	0
48.	141263	Reuse dist. reservoirs	3,533	26	3,560	26	2.00%	0.53	71
49.	141264	Reuse transmission & dist.	129,825	8,705	138,530	8,705	2.00%	174.10	2,771
50.	141401	Transportation equip.	1,407,999	0	1,407,999	0	20.00%	-	281,600
51.	141502	Desktop computer - wtr	9,057	0	9,057	0	0.00%	-	0
52.	141503	Mainframe computer - wtr	77,118	0	77,118	0	0.00%	-	0
53.	141504	Mini computer - wtr	753,119	0	753,119	0	0.00%	-	0
54.	141602	Comp. system cost - wtr	1,901,461	0	1,901,461	0	0.00%	-	0
55.	141603	Micro system cost - wtr	37,897	0	37,897	0	0.00%	-	0
56.	141501	Computer Hardware	401	0	401	0	0.00%	-	0
57.	141601	Computer Software	59,659	0	59,659	0	0.00%	-	0
58.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
59.	141231	Dist Resv and Standpipes	20,648	0	20,648	0	2.00%	-	413
60.	141232	Trans and Distr Mains	68,271	0	68,271	0	1.00%	-	683
61.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0
62.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
63.	141233	Service Lines	(5,243)	(5,123)	(10,366)	(5,123)	2.00%	(102.46)	(207)
64.	141293	Plt. held for future use	(227,990)	0	(227,990)	0	0.00%	-	0
66.	141205		0	0	0	0	2.00%	-	0
67.	141230		0	0	0	0	2.50%	-	0
68.	113101		0	0	0	0	0.00%	-	0
69.	141226	Pro forma plant additions	298,745	0	298,745	0	10.00%	-	29,875
			0	0	0	0	2.50%	-	0
							0.00%	-	0
<b>70.</b>	<b>Total plant in service (Sum of L1 thru L69)</b>		<b>131,854,547</b>	<b>5,069,007</b>	<b>136,923,554</b>	<b>5,069,007</b>		<b>134,444</b>	<b>3,937,828</b>

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
For The Rate Year 2 Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)(2)  
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**BF/FH WATER OPERATIONS**

Line			Amount per PS		PS Adjustment /	Amount per	RY2	Depreciation	RY2 additions	Total PIS for AD
No.	No.	Item	RY1	Engineering	PS RY2	additions	rate	Depreciation	book	per PS
			(a)	(b)	(c)	(d)	(e)	(f)		(g)
1.	141101	Land and Rights General	13,990	0	13,990	0	0.00%	-		0
2.	141102	Land and Rights Pump	21,025	0	21,025	0	0.00%	-		0
3.	141201	Organization	100,866	0	100,866	0	2.50%	-		2,522
4.	141202	Franchises	51,240	0	51,240	0	2.50%	-		1,281
5.	141203	Struct and Improv General Plant	2,611	368	2,979	368	2.00%	7.35		60
6.	141204	Struct and Improv Service Supplies	226,600	79,368	305,968	79,368	2.00%	1,587.37		6,119
7.	141205	Struct and Improv Water Treat Plt	148,430	1,145	149,576	1,145	2.00%	22.91		2,992
8.	141206	Struct and Improv Trans Dist Plt	461	0	461	0	2.00%	-		9
9.	141220	Struct and Improv Office	85,815	0	85,815	0	10.00%	-		8,582
10.	141223	Wells and Springs	518,518	8,003	526,521	8,003	2.00%	160.06		10,530
11.	141225	Supply Mains	12,113	1,118	13,231	1,118	1.00%	11.18		132
12.	141227	Electric Pump Equip Src Pump	67,362	4,058	71,420	4,058	14.29%	579.87		10,206
13.	141228	Electric Pump Equip WTP	410,965	10,750	421,715	10,750	3.33%	357.98		14,043
14.	141229	Electric Pump Equip Trans Dist	66,946	3,853	70,800	3,853	14.29%	550.61		10,117
15.	141230	Water Treatment Equipment	157,395	4,699	162,094	4,699	2.50%	117.47		4,052
16.	141231	Dist Resv and Standpipes	2,709,322	3,568	2,712,890	3,568	2.00%	71.36		54,258
17.	141232	Trans and Distr Mains	2,112,686	30,674	2,143,360	30,674	1.00%	306.74		21,434
18.	141233	Service Lines	953,694	79,164	1,032,858	79,164	2.00%	1,583.28		20,657
19.	141234	Meters	610,313	673,348	1,283,662	673,348	3.33%	22,422.49		42,746
20.	141235	Meter Installations	192,573	6,334	198,906	6,334	3.33%	210.91		6,624
21.	141236	Hydrants	282,290	3,315	285,605	3,315	2.50%	82.88		7,140
22.	141237	Backflow Prevention Devices	193	41	234	41	10.00%	4.14		23
23.	141299	Utility Plant Clearing	0	0	0	0	0.00%	-		0
24.	141303	Office Furniture	45,570	0	45,570	0	10.00%	-		4,557
25.	141305	Stores Equipment	400	25	425	25	3.33%	0.83		14
26.	141306	Lab Equipment	14,883	343	15,227	343	10.00%	34.35		1,523
27.	141308	Tool Shop Equipment	103,870	652	104,522	652	5.00%	32.59		5,226
28.	141309	Power Operated Equipment	14,592	947	15,539	947	10.00%	94.71		1,554
29.	141310	Communications Equipment	88,920	6,056	94,975	6,056	10.00%	605.58		9,498
30.	141311	Misc Equipment	620	92	711	92	3.33%	3.05		24
31.	141401	Vehicles	222,385	0	222,385	0	20.00%	-		44,477
32.	141501	Computer Hardware	93	0	93	0	16.67%	-		16
33.	141502	Desktop/Laptop Computers	2,099	0	2,099	0	16.67%	-		350
34.	141503	Mainframe Computers	17,855	0	17,855	0	0.00%	-		0
35.	141504	Mini Comp Wtr	172,887	0	172,887	0	0.00%	-		0
36.	141601	Computer Software	13,828	0	13,828	0	0.00%	-		0
37.	141602	Comp Systems	423,069	0	423,069	0	0.00%	-		0
38.	141603	Micro Systems	8,776	0	8,776	0	0.00%	-		0
39.	141699	Computer Clearing	0	0	0	0	0.00%	-		0
40.	141221	Collecting Reservoirs	0	0	0	0	2.00%	-		0
41.	141269	Other and Misc Equip WTP	0	0	0	0	2.50%	-		0
42.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-		0
<b>43.</b>	<b>Total plant in service (Sum of L1 thru L42)</b>		<b>9,875,256</b>	<b>917,922</b>	<b>10,793,178</b>	<b>917,922</b>		<b>28,848</b>		<b>290,764</b>

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
For The Rate Year 2 Ended March 31, 2025

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**BF/FH SEWER OPERATIONS**

Line			Amount per PS	PS Adjustment /	Amount per	RY2	Depreciation	RY2 additions	Total PIS for AD
No.	No.	Item	RY1	Engineering	PS RY2	additions	rate	book	per PS
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141201	Organization	14,682	0	14,682	0	2.50%	-	367
2.	141202	Franchises	41,938	0	41,938	0	2.50%	-	1,048
3.	141203	Struct and Improv General Plant	285,393	18,300	303,694	18,300	2.00%	366.01	6,074
4.	141207	Struct and Improv Collect Plant	150	0	150	0	0.00%	-	0
5.	141208	Struct and Improv Pump Plant	1,692,620	458,220	2,150,840	458,220	2.00%	9,164.41	43,017
6.	141209	Struct and Improv Treatment Plant	1,846,462	5,194,673	7,041,135	5,194,673	2.50%	129,866.82	176,028
7.	141211	Struct and Improv Reclaim Wtr Dist	2,477	0	2,477	0	2.50%	-	62
8.	141220	Struct and Improv Office	136,538	0	136,538	0	10.00%	-	13,654
9.	141227	Electric Pump Equip Src Pump	(2,538)	0	(2,538)	0	0.00%	-	0
10.	141230	Water Treatment Equipment	944,752	0	944,752	0	0.00%	-	0
11.	141231	Dist Resv and Standpipes	5,051	0	5,051	0	2.00%	-	101
12.	141232	Trans and Distr Mains	16,702	0	16,702	0	1.00%	-	167
13.	141239	Power Gen Equip Pump Plt	112,594	119	112,713	119	10.00%	11.92	11,271
14.	141241	Sewer Force Main	237,067	10,061	247,128	10,061	1.33%	133.81	3,287
15.	141242	Sewer Gravity Main	6,278,265	43,340	6,321,606	43,340	1.00%	433.40	63,216
16.	141243	Manholes	52,823	(289)	52,533	(289)	1.00%	(2.89)	525
17.	141244	Special Collection Structures	775	0	775	0	2.00%	-	16
18.	141245	Service to Customers	436,945	97,729	534,673	97,729	1.33%	1,299.79	7,111
19.	141246	Flow Measure Devices	17,972	166	18,137	166	4.00%	6.64	725
20.	141249	Pumping Equip Pump Plt	837,326	10,573	847,899	10,573	14.29%	1,510.91	121,165
21.	141250	Pumping Equip Reclaim WTP	105,260	9,041	114,301	9,041	14.29%	1,291.92	16,334
22.	141252	Treat/Disp Equip Lagoon	56	0	56	0	2.50%	-	1
23.	141253	Treat/Disp Equip Trt Plt	2,950,365	1,017	2,951,382	1,017	2.50%	25.43	73,785
24.	141255	Plant Sewers Treatment Plt	400,332	6,881	407,212	6,881	2.50%	172.02	10,180
25.	141257	Outfall Lines	83,211	8,511	91,722	8,511	1.00%	85.11	917
26.	141263	Reuse Dist Reservoirs	2,763	0	2,763	0	2.00%	-	55
27.	141264	Reuse Transmission and Dist	2,845	354	3,198	354	2.00%	7.07	64
28.	141271	Other Tangible Plant	79,334	0	79,334	0	2.50%	-	1,983
29.	141272	Other Plant Collection	(224)	0	(224)	0	2.00%	-	(4)
30.	141273	Other Plant Pump	3,442	0	3,442	0	2.50%	-	86
31.	141275	Other Plant Reclaim Water Trt	13,511	834	14,345	834	2.50%	20.84	359
32.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0
33.	141303	Office Furniture	43,768	0	43,768	0	10.00%	-	4,377
34.	141305	Stores Equipment	2,836	10	2,846	10	3.33%	0.34	95
35.	141306	Lab Equipment	6,734	0	6,734	0	10.00%	-	673
36.	141308	Tool Shop Equipment	22,686	590	23,276	590	5.00%	29.49	1,164
37.	141309	Power Operated Equipment	55,267	974	56,241	974	10.00%	97.43	5,624
38.	141310	Communications Equipment	70,684	7,261	77,945	7,261	10.00%	726.12	7,795
39.	141311	Misc Equipment	71,073	2,076	73,149	2,076	3.33%	69.14	2,436
40.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
41.	141401	Vehicles	227,632	0	227,632	0	0.00%	-	0
42.	141501	Computer Hardware	95	0	95	0	16.67%	-	16
43.	141502	Desktop/Laptop Computers	2,149	0	2,149	0	0.00%	-	0
44.	141503	Mainframe Computers	18,276	0	18,276	0	0.00%	-	0
45.	141504	Mini Comp Wtr	176,967	0	176,967	0	0.00%	-	0
46.	141601	Computer Software	14,156	0	14,156	0	0.00%	-	0
47.	141602	Comp Systems	433,053	0	433,053	0	0.00%	-	0
48.	141603	Micro Systems	8,984	0	8,984	0	0.00%	-	0
49.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
50.	141251	Pumping Equip Rcl Wtr Dist	0	0	0	0	14.29%	-	0
51.	141254	Treat/Disp Equip Rclm Wtr	0	0	0	0	2.50%	-	0
<b>52.</b>		<b>Total plant in service (Sum of L1 thru L51)</b>	<b>17,753,246</b>	<b>5,870,441</b>	<b>23,623,687</b>	<b>5,870,441</b>		<b>145,316</b>	<b>573,774</b>

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

W - 354, Sub 400

**CALCULATION OF PLANT IN SERVICE**

For The Rate Year 3 Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1

Schedule 2-1(a)(3)

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**CWSNC WATER OPERATIONS**

Line	New Account	Item	Amount per PS	PS Adjustment	Amount per PS	RY3	Depreciation	RY3 additions	Total PIS for AD
			RY2	/Engineering	RY3	additions	rate	Depreciation	Depreciation
No.	No.		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141201	Organization	484,577	0	484,577	0	2.50%	-	12,114
2.	141202	Franchises	229,516	0	229,516	0	2.50%	-	5,738
3.	141102	Land & land rights pump	50,818	0	50,818	0	0.00%	-	0
4.	141501	Computer Hardware	673	0	673	0	0.00%	-	0
5.	141502	Desktop/Laptop Computers	15,181	0	15,181	0	0.00%	-	0
6.	141101	Land & land rights gen. plt.	868,420	0	868,420	0	0.00%	-	0
7.	141204	Struct & improv. src. supply	5,877,487	37,705	5,915,192	37,705	2.00%	754.10	118,304
8.	141205	Struct & improv. wtr. trt. plt.	1,745,607	53,853	1,799,460	53,853	2.00%	1,077.06	35,989
9.	141206	Struct & improv. trans. dist.	308,951	7,474	316,425	7,474	2.00%	149.48	6,329
10.	141203	Struct & improv. gen. plt.	456,412	15,826	472,238	15,826	2.00%	316.51	9,445
11.	141221	Collecting reservoirs	732,382	0	732,382	0	2.00%	-	14,648
12.	141223	Wells & springs	16,675,652	60,702	16,736,353	60,702	2.00%	1,214.03	334,727
13.	141224	Infiltration gallery	45,185	0	45,185	0	2.50%	-	1,130
14.	141225	Supply mains	1,050,929	98,437	1,149,366	98,437	1.00%	984.37	11,494
15.	141226	Power generation equip.	168,796	221,188	389,984	221,188	10.00%	22,118.78	38,998
16.	141227	Electric pump equip. src. plt.	3,142,724	58,765	3,201,489	58,765	14.29%	8,397.49	457,493
17.	141228	Electric pump equip. wtp.	10,064,265	274,091	10,338,356	274,091	3.33%	9,127.23	344,267
18.	141229	Electric pump equip. trans.	5,009,429	110,530	5,119,959	110,530	14.29%	15,794.69	731,642
19.	141230	Water treatment equip.	6,839,398	174,778	7,014,177	174,778	2.50%	4,369.46	175,354
20.	141231	Dist. resv. & standpipes	9,212,456	135,862	9,348,318	135,862	2.00%	2,717.23	186,966
21.	141232	Trans. & distr. mains	44,182,458	2,837,441	47,019,900	2,837,441	1.00%	28,374.41	470,199
22.	141233	Service lines	16,233,196	567,904	16,801,100	567,904	2.00%	11,358.08	336,022
23.	141234	Meters	12,005,809	66,950	12,072,759	66,950	3.33%	2,229.43	402,023
24.	141235	Meter installations	2,209,409	56,506	2,265,916	56,506	3.33%	1,881.66	75,455
25.	141236	Hydrants	1,544,981	45,610	1,590,591	45,610	2.50%	1,140.25	39,765
26.	141237	Backflow prevention devic.	64,450	1,552	66,002	1,552	10.00%	155.17	6,600
27.	141268	Other plt. & misc. equip. src. su.	260	0	260	0	2.50%	-	7
28.	141269	Other plt. & misc. equip. wtp.	24,969	0	24,969	0	2.50%	-	624
29.	141220	Office struct & improv.	807,507	0	807,507	0	10.00%	-	80,751
30.	141303	Office furn. & equip.	579,532	0	579,532	0	10.00%	-	57,953
31.	141305	Stores equipment	21,880	2,811	24,692	2,811	3.33%	93.62	822
32.	141308	Tool shop & misc. equip.	1,102,507	6,254	1,108,762	6,254	5.00%	312.71	55,438
33.	141306	Laboratory equipment	134,760	1,471	136,231	1,471	10.00%	147.09	13,623
34.	141309	Power operated equip.	386,041	5,854	391,894	5,854	10.00%	585.37	39,189
35.	141310	Communication equip.	1,369,323	245,007	1,614,330	245,007	10.00%	24,500.71	161,433
36.	141311	Misc. equipment	226,625	5,712	232,336	5,712	3.33%	190.20	7,737
37.	141278	Water plant allocated	207,809	0	207,809	0	6.67%	-	13,861
38.	141271	Other tangible plt. water	48,727	0	48,727	0	2.50%	-	1,218
39.	141248	Receiving Wells	176,603	0	176,603	0	2.00%	-	3,532
40.	141401	Transportation equip.	2,360,014	0	2,360,014	0	20.00%	-	472,003
41.	141503	Mainframe computer - wtr	129,260	0	129,260	0	0.00%	-	0
42.	141504	Mini computer - wtr	1,261,915	0	1,261,915	0	0.00%	-	0
43.	141602	Comp. system cost - wtr	3,187,131	0	3,187,131	0	0.00%	-	0
44.	141603	Micro system cost - wtr	63,521	0	63,521	0	0.00%	-	0
45.	141255	Plant Sewers Treatment Plt	0	0	0	0	2.50%	-	0
46.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0
47.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
48.	141601	Computer Software	99,996	0	99,996	0	0.00%	-	0
49.	141103	Land and Rights Water	357,109	0	357,109	0	0.00%	-	0
50.	141104	Land and Rights Trans	18,896	0	18,896	0	0.00%	-	0
51.	141293	Plant Held for Future Use	(382,146)	0	(382,146)	0	0.00%	-	0
52.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
<b>53.</b>		<b>Total plant in service (Sum of L1 thru L52)</b>	<b>151,401,401</b>	<b>5,092,282</b>	<b>156,493,683</b>	<b>5,092,282</b>		<b>137,989</b>	<b>4,722,893</b>

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

Docket No. W-354, Sub 400

**CALCULATION OF PLANT IN SERVICE**

For The Rate Year 3 Ended March 31, 2026

**CWSNC SEWER OPERATIONS**

Updated Public Staff Settlement Exhibit 1  
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Line			Amount per PS	PS Adjustment	Amount per PS	RY3	Depreciation	RY3 additions	Total PIS for AD
No.	No.	Item	RY2	/Engineering	RY3	additions	rate	book	per PS
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141201	Organization	883,492	0	883,492	0	2.50%	-	22,087
2.	141202	Franchises intang. plt.	127,476	0	127,476	0	2.50%	-	3,187
3.	141107	Land & land rights trmmt plt	39,167	0	39,167	0	0.00%	-	0
4.	141108	Land & land rights reclaim.	1,150	0	1,150	0	0.00%	-	0
5.	141101	Land and Rights General	0	0	0	0	0.00%	-	0
6.	141207	Struct/improv. coll. plt.	117,978	4,698	122,676	4,698	2.00%	93.96	2,454
7.	141208	Struct/improv. pump plt. ls.	13,579,464	358,072	13,937,537	358,072	2.00%	7,161.45	278,751
8.	141209	Struct/improv. treat. plt.	32,063,687	14,894,951	46,958,638	14,894,951	2.50%	372,373.77	1,173,966
9.	141210	Struct/improv. reclaim. wtp.	3,271	0	3,271	0	2.50%	-	82
10.	141211	Struct/improv. reclaim. wtr.	180,917	218	181,136	218	2.50%	5.46	4,528
11.	141203	Struct/improv. gen. plt.	1,764,447	28,601	1,793,048	28,601	2.00%	572.02	35,861
12.	141238	Power gen. equip. coll. plt.	107,623	0	107,623	0	10.00%	-	10,762
13.	141239	Power gen. equip. pump plt.	53,611	135	53,746	135	10.00%	13.51	5,375
14.	141240	Power gen. equip. treat. plt.	328,260	103,520	431,780	103,520	10.00%	10,352.02	43,178
15.	141241	Sewer force main/serv. lin.	4,573,041	53,345	4,626,386	53,345	1.33%	709.49	61,531
16.	141242	Sewer gravity main	22,813,076	17,097,723	23,910,799	1,097,723	1.00%	10,977.23	239,108
17.	141243	Manholes	1,885,189	67,006	1,952,194	67,006	1.00%	670.06	19,522
18.	141244	Special coll. structures	7,594	281	7,876	281	2.00%	5.62	158
19.	141245	Services to customers	2,638,519	194,537	2,833,056	194,537	1.33%	2,587.34	37,680
20.	141246	Flow measure devices	159,472	6,869	166,341	6,869	4.00%	274.76	6,654
21.	141247	Flow measure install	1,146	20	1,166	20	4.00%	0.80	47
22.	141248	Receiving wells	305,924	35,970	341,893	35,970	2.00%	719.39	6,838
23.	141249	Pumping equipment pump plt.	5,494,339	175,804	5,670,143	175,804	14.29%	25,122.32	810,263
24.	141250	Pumping equipment reclaim.	40,893	621	41,514	621	14.29%	88.79	5,932
25.	141251	Pumping equipment rcl. wtr.	91,384	3,964	95,349	3,964	14.29%	566.50	13,625
26.	141252	Treat./disp. equip. lagoon	609,020	5,641	614,661	5,641	2.50%	141.02	15,367
27.	141253	Treat./disp. equip. trt. plt.	21,966,269	126,154	22,092,422	126,154	2.50%	3,153.84	552,311
28.	141254	Treat./disp. equip. rct. wtp.	37,592	4,102	41,694	4,102	2.50%	102.56	1,042
29.	141255	Plant sewers treat. plt.	18,096,372	55,197	18,151,569	55,197	2.50%	1,379.92	453,789
30.	141256	Plant sewers reclaim wtp.	8,438	187	8,625	187	2.50%	4.67	216
31.	141257	Outfall lines	728,340	35,998	764,338	35,998	1.00%	359.98	7,643
32.	141271	Other plt. tangible	19,930	2,585	22,515	2,585	2.50%	64.61	563
33.	141272	Other plt. collection	22,425	86	22,511	86	2.00%	1.72	450
34.	141273	Other plt. pump	476,626	1,300	477,927	1,300	2.50%	32.51	11,948
35.	141274	Other plt. treatment	372,361	16,146	388,506	16,146	2.50%	403.64	9,713
36.	141275	Other plt. reclaim wtr. trt.	650	0	650	0	2.50%	-	16
37.	141276	Other plt. reclaim wtr. dis.	460	0	460	0	2.50%	-	11
38.	141220	Office struct & improv.	327,965	0	327,965	0	10.00%	-	32,797
39.	141303	Office furn. & equip.	330,403	0	330,403	0	10.00%	-	33,040
40.	141305	Stores equipment	9,447	612	10,059	612	3.33%	20.37	335
41.	141308	Tool shop & misc. equip.	579,149	3,723	582,873	3,723	5.00%	186.16	29,144
42.	141306	Laboratory equipment	204,231	3,213	207,444	3,213	10.00%	321.33	20,744
43.	141309	Power operated equip.	517,507	18,912	536,420	18,912	10.00%	1,891.24	53,642
44.	141310	Communication equip.	207,074	5,129	212,203	5,129	10.00%	512.88	21,220
45.	141311	Misc equip. sewer	83,112	5,891	89,003	5,891	3.33%	196.16	2,964
46.	141278	Sewer plant allocated	526,952	0	526,952	0	6.67%	-	35,148
47.	0	Other tangible plt. sewer	0	0	0	0	2.50%	-	0
48.	141263	Reuse dist. reservoirs	3,560	26	3,586	26	2.00%	0.53	72
49.	141264	Reuse transmission & dist.	138,530	8,705	147,235	8,705	2.00%	174.10	2,945
50.	141401	Transportation equip.	1,407,999	0	1,407,999	0	20.00%	-	281,600
51.	141502	Desktop computer - wtr	9,057	0	9,057	0	0.00%	-	0
52.	141503	Mainframe computer - wtr	77,118	0	77,118	0	0.00%	-	0
53.	141504	Mini computer - wtr	753,119	0	753,119	0	0.00%	-	0
54.	141602	Comp. system cost - wtr	1,901,461	0	1,901,461	0	0.00%	-	0
55.	141603	Micro system cost - wtr	37,897	0	37,897	0	0.00%	-	0
56.	141501	Computer Hardware	401	0	401	0	0.00%	-	0
57.	141601	Computer Software	59,659	0	59,659	0	0.00%	-	0
58.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
59.	141231	Dist Resv and Standpipes	20,648	0	20,648	0	2.00%	-	413
60.	141232	Trans and Distr Mains	68,271	0	68,271	0	1.00%	-	683
61.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0
62.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
63.	141233	Service Lines	(10,366)	(5,123)	(15,489)	(5,123)	2.00%	(102.46)	(310)
64.	141293	Plt. held for future use	(227,990)	0	(227,990)	0	0.00%	-	0
66.	141205		0	0	0	0	2.00%	-	0
67.	141230		0	0	0	0	2.50%	-	0
68.	113101		0	0	0	0	0.00%	-	0
69.	141226		298,745	0	298,745	0	10.00%	-	29,875
		Pro forma plant additions	0	0	0	0	2.50%	-	0
							0.00%	-	0
<b>70.</b>		<b>Total plant in service (Sum of L1 thru L69)</b>	<b>136,923,554</b>	<b>17,314,819</b>	<b>154,238,372</b>	<b>17,314,819</b>		<b>441,139</b>	<b>4,378,967</b>

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

Docket No. W-354, Sub 400

**CALCULATION OF PLANT IN SERVICE**

For The Rate Year 3 Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)(3)  
Page 3 of 4

**BF/FH WATER OPERATIONS**

Line			Amount per PS	PS Adjustment	Amount per PS	RY3	Depreciation	RY3 additions	Total PIS for AD
No.	No.	Item	RY2	/Engineering	RY3	additions	rate	book	per PS
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141101	Land and Rights General	13,990	0	13,990	0	0.00%	-	0
2.	141102	Land and Rights Pump	21,025	0	21,025	0	0.00%	-	0
3.	141201	Organization	100,866	0	100,866	0	2.50%	-	2,522
4.	141202	Franchises	51,240	0	51,240	0	2.50%	-	1,281
5.	141203	Struct and Improv General Plant	2,979	368	3,347	368	2.00%	7.35	67
6.	141204	Struct and Improv Service Supplies	305,968	11,590	317,558	11,590	2.00%	231.80	6,351
7.	141205	Struct and Improv Water Treat PIt	149,576	1,145	150,721	1,145	2.00%	22.91	3,014
8.	141206	Struct and Improv Trans Dist PIt	461	0	461	0	2.00%	-	9
9.	141220	Struct and Improv Office	85,815	0	85,815	0	10.00%	-	8,582
10.	141223	Wells and Springs	526,521	8,003	534,524	8,003	2.00%	160.06	10,690
11.	141225	Supply Mains	13,231	1,118	14,349	1,118	1.00%	11.18	143
12.	141227	Electric Pump Equip Src Pump	71,420	4,058	75,478	4,058	14.29%	579.87	10,786
13.	141228	Electric Pump Equip WTP	421,715	10,750	432,465	10,750	3.33%	357.98	14,401
14.	141229	Electric Pump Equip Trans Dist	70,800	3,853	74,653	3,853	14.29%	550.61	10,668
15.	141230	Water Treatment Equipment	162,094	4,699	166,793	4,699	2.50%	117.47	4,170
16.	141231	Dist Resv and Standpipes	2,712,890	3,568	2,716,458	3,568	2.00%	71.36	54,329
17.	141232	Trans and Distr Mains	2,143,360	196,122	2,339,482	196,122	1.00%	1,961.22	23,395
18.	141233	Service Lines	1,032,858	79,164	1,112,022	79,164	2.00%	1,583.28	22,240
19.	141234	Meters	1,283,662	13,637	1,297,299	13,637	3.33%	454.13	43,200
20.	141235	Meter Installations	198,906	6,334	205,240	6,334	3.33%	210.91	6,834
21.	141236	Hydrants	285,605	3,315	288,920	3,315	2.50%	82.88	7,223
22.	141237	Backflow Prevention Devices	234	41	275	41	10.00%	4.14	28
23.	141299	Utility Plant Clearing	0	0	0	0	0.00%	-	0
24.	141303	Office Furniture	45,570	0	45,570	0	10.00%	-	4,557
25.	141305	Stores Equipment	425	25	450	25	3.33%	0.83	15
26.	141306	Lab Equipment	15,227	343	15,570	343	10.00%	34.35	1,557
27.	141308	Tool Shop Equipment	104,522	652	105,174	652	5.00%	32.59	5,259
28.	141309	Power Operated Equipment	15,539	947	16,486	947	10.00%	94.71	1,649
29.	141310	Communications Equipment	94,975	6,056	101,031	6,056	10.00%	605.58	10,103
30.	141311	Misc Equipment	711	92	803	92	3.33%	3.05	27
31.	141401	Vehicles	222,385	0	222,385	0	20.00%	-	44,477
32.	141501	Computer Hardware	93	0	93	0	16.67%	-	16
33.	141502	Desktop/Laptop Computers	2,099	0	2,099	0	16.67%	-	350
34.	141503	Mainframe Computers	17,855	0	17,855	0	0.00%	-	0
35.	141504	Mini Comp Wtr	172,887	0	172,887	0	0.00%	-	0
36.	141601	Computer Software	13,828	0	13,828	0	0.00%	-	0
37.	141602	Comp Systems	423,069	0	423,069	0	0.00%	-	0
38.	141603	Micro Systems	8,776	0	8,776	0	0.00%	-	0
39.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
40.	141221	Collecting Reservoirs	0	0	0	0	2.00%	-	0
41.	141269	Other and Misc Equip WTP	0	0	0	0	2.50%	-	0
42.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
<b>43.</b>		<b>Total plant in service (Sum of L1 thru L42)</b>	<b>10,793,178</b>	<b>355,881</b>	<b>11,149,059</b>	<b>355,881</b>		<b>7,178</b>	<b>297,943</b>

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF PLANT IN SERVICE**  
For The Rate Year 3 Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-1(a)(3)  
Page 4 of 4

**BF/FH SEWER OPERATIONS**

Line			Amount per PS	PS Adjustment	Amount per PS	RY3	Depreciation	RY3 additions	Total PIS for AD
No.	No.	Item	RY2	/Engineering	RY3	additions	rate	book	per PS
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	141201	Organization	14,682	0	14,682	0	2.50%	-	367
2.	141202	Franchises	41,938	0	41,938	0	2.50%	-	1,048
3.	141203	Struct and Improv General Plant	303,694	18,300	321,994	18,300	2.00%	366.01	6,440
4.	141207	Struct and Improv Collect Plant	150	0	150	0	0.00%	-	0
5.	141208	Struct and Improv Pump Plant	2,150,840	1,580	2,152,420	1,580	2.00%	31.60	43,048
6.	141209	Struct and Improv Treatment Plant	7,041,135	8,908	7,050,042	8,908	2.50%	222.69	176,251
7.	141211	Struct and Improv Reclaim Wtr Dist	2,477	0	2,477	0	2.50%	-	62
8.	141220	Struct and Improv Office	136,538	0	136,538	0	10.00%	-	13,654
9.	141227	Electric Pump Equip Src Pump	(2,538)	0	(2,538)	0	0.00%	-	0
10.	141230	Water Treatment Equipment	944,752	0	944,752	0	0.00%	-	0
11.	141231	Dist Resv and Standpipes	5,051	0	5,051	0	2.00%	-	101
12.	141232	Trans and Distr Mains	16,702	0	16,702	0	1.00%	-	167
13.	141239	Power Gen Equip Pump Plt	112,713	119	112,832	119	10.00%	11.92	11,283
14.	141241	Sewer Force Main	247,128	10,061	257,189	10,061	1.33%	133.81	3,421
15.	141242	Sewer Gravity Main	6,321,606	428,544	6,750,149	428,544	1.00%	4,285.44	67,501
16.	141243	Manholes	52,533	(289)	52,244	(289)	1.00%	(2.89)	522
17.	141244	Special Collection Structures	775	0	775	0	2.00%	-	16
18.	141245	Service to Customers	534,673	97,729	632,402	97,729	1.33%	1,299.79	8,411
19.	141246	Flow Measure Devices	18,137	166	18,303	166	4.00%	6.64	732
20.	141249	Pumping Equip Pump Plt	847,899	10,573	858,472	10,573	14.29%	1,510.91	122,676
21.	141250	Pumping Equip Reclaim WTP	114,301	9,041	123,342	9,041	14.29%	1,291.92	17,626
22.	141252	Treat/Disp Equip Lagoon	56	0	56	0	2.50%	-	1
23.	141253	Treat/Disp Equip Trt Plt	2,951,382	1,017	2,952,399	1,017	2.50%	25.43	73,810
24.	141255	Plant Sewers Treatment Plt	407,212	6,881	414,093	6,881	2.50%	172.02	10,352
25.	141257	Outfall Lines	91,722	8,511	100,233	8,511	1.00%	85.11	1,002
26.	141263	Reuse Dist Reservoirs	2,763	0	2,763	0	2.00%	-	55
27.	141264	Reuse Transmission and Dist	3,198	354	3,552	354	2.00%	7.07	71
28.	141271	Other Tangible Plant	79,334	0	79,334	0	2.50%	-	1,983
29.	141272	Other Plant Collection	(224)	0	(224)	0	2.00%	-	(4)
30.	141273	Other Plant Pump	3,442	0	3,442	0	2.50%	-	86
31.	141275	Other Plant Reclaim Water Trt	14,345	834	15,178	834	2.50%	20.84	379
32.	141299	Utility Plant Clearing	(0)	0	(0)	0	0.00%	-	0
33.	141303	Office Furniture	43,768	0	43,768	0	10.00%	-	4,377
34.	141305	Stores Equipment	2,846	10	2,856	10	3.33%	0.34	95
35.	141306	Lab Equipment	6,734	0	6,734	0	10.00%	-	673
36.	141308	Tool Shop Equipment	23,276	590	23,866	590	5.00%	29.49	1,193
37.	141309	Power Operated Equipment	56,241	974	57,215	974	10.00%	97.43	5,722
38.	141310	Communications Equipment	77,945	7,261	85,206	7,261	10.00%	726.12	8,521
39.	141311	Misc Equipment	73,149	2,076	75,225	2,076	3.33%	69.14	2,505
40.	141399	Building and Equipment Clearing	0	0	0	0	0.00%	-	0
41.	141401	Vehicles	227,632	0	227,632	0	0.00%	-	0
42.	141501	Computer Hardware	95	0	95	0	16.67%	-	16
43.	141502	Desktop/Laptop Computers	2,149	0	2,149	0	0.00%	-	0
44.	141503	Mainframe Computers	18,276	0	18,276	0	0.00%	-	0
45.	141504	Mini Comp Wtr	176,967	0	176,967	0	0.00%	-	0
46.	141601	Computer Software	14,156	0	14,156	0	0.00%	-	0
47.	141602	Comp Systems	433,053	0	433,053	0	0.00%	-	0
48.	141603	Micro Systems	8,984	0	8,984	0	0.00%	-	0
49.	141699	Computer Clearing	0	0	0	0	0.00%	-	0
50.	141251	Pumping Equip Rcl Wtr Dist	0	0	0	0	14.29%	-	0
51.	141254	Treat/Disp Equip Rclm Wtr	0	0	0	0	2.50%	-	0
<b>52.</b>		<b>Total plant in service (Sum of L1 thru L51)</b>	<b>23,623,687</b>	<b>613,239</b>	<b>24,236,926</b>	<b>613,239</b>		<b>10,391</b>	<b>584,165</b>

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**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION**  
For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-2

Line No.	Item	<u>Base Year</u>			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Accumulated depreciation per Company Company	( <u>\$36,543,210</u> )	( <u>\$29,573,021</u> )	( <u>\$2,511,133</u> )	( <u>\$3,434,669</u> )
2	Adjustment to include company updates 09.19.2022	(172,405)	(110,172)	(8,529)	(10,209)
3	Accumulated depreciation after adjusted for company updates (L1 + L2 )	<b>(36,715,615)</b>	<b>(29,683,192)</b>	<b>(2,519,662)</b>	<b>(3,444,878)</b>
4	Adjustment to remove company's total proforma	1,192,338	1,184,607	37,393	154,008
5	Adjustment to include actual general ledger A/D additions through 8/31/2022	(1,007,169) [1]	(1,024,721) [1]	(32,242) [1]	(127,951) [1]
6	Adjustment to include company's performa for ERC adjustment	175,230 [1]	104,543 [1]	21,053 [1]	21,550 [1]
7	Adjustment to reflect annual level of depreciation	(219,394) [1]	(85,538) [1]	(32,599) [1]	(32,115) [1]
8	Adjustment to accumulated depreciation (Sum of L4 thru L7)	<u>141,005</u>	<u>178,891</u>	<u>(6,395)</u>	<u>15,492</u>
9	Accumulated depreciation per Public Staff (L3 + L8)	<u>(36,574,610)</u>	<u>(29,504,301)</u>	<u>(2,526,057)</u>	<u>(3,429,386)</u>

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

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-2 (a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Accumulated Depreciation per Company	<u>(\$39,069,396)</u> [1]	<u>(\$40,736,813)</u> [1]	<u>(\$43,503,074)</u> [1]
2	Public Staff Base Year Accumulated Depreciation	(36,574,610) [2]		
3	Adjustment to include Public Staff Rate Year 1 Depreciation Expenses	(4,089,803) [2]		
4	Public Staff RY1 Accumulated Depreciation		(40,664,413) [2]	
5	Adjustment to include Public Staff Rate Year 2 Depreciation Expenses		(3,503,291) [2]	
6	Public Staff RY2 Accumulated Depreciation			(44,167,703) [2]
7	Adjustment to include Public Staff Rate Year 3 Depreciation Expenses			(3,826,795) [2]
8	Accumulated Depreciation per Public Staff (L2 through L7)	<u>(40,664,413)</u>	<u>(44,167,703)</u>	<u>(47,994,499)</u>
9	Adjustment to accumulated depreciation (L8 - L1)	<u>(1,595,016)</u>	<u>(3,430,890)</u>	<u>(4,491,425)</u>

[1] Per examination of Company's financial records.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 2-2(b)

**CWSNC SEWER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Accumulated Depreciation per Company	(\$31,282,947) [1]	(\$31,927,240) [1]	(\$33,274,358) [1]
2	Public Staff Base Year Accumulated Depreciation	(29,504,301) [2]		
3	Adjustment to include Public Staff Rate Year 1 Depreciation Expenses	(2,502,099) [2]		
4	Public Staff RY1 Accumulated Depreciation		(32,006,400) [2]	
5	Adjustment to include Public Staff Rate Year 2 Depreciation Expenses		(2,815,702) [2]	
6	Public Staff RY2 Accumulated Depreciation			(34,822,102) [2]
7	Adjustment to include Public Staff Rate Year 3 Depreciation Expenses			(906,969) [2]
8	Accumulated Depreciation per Public Staff (L2 through L7)	<u>(32,006,400)</u>	<u>(34,822,102)</u>	<u>(35,729,071)</u>
9	Adjustment to accumulated depreciation (L8 - L1)	<u>(723,452)</u>	<u>(2,894,862)</u>	<u>(2,454,713)</u>

[1] Per examination of Company's financial records.  
 [2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-2(c)

Line No.	Item	<b>BF/FH WATER OPERATIONS</b>		
		<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Accumulated Depreciation per Company	(\$2,572,995) [1]	(\$2,442,383) [1]	(\$2,356,089) [1]
2	Public Staff Base Year Accumulated Depreciation	(2,526,057) [2]		
3	Adjustment to include Public Staff Rate Year 1 Depreciation Expenses	(268,111) [2]		
4	Public Staff RY1 Accumulated Depreciation		(2,794,167) [2]	
5	Adjustment to include Public Staff Rate Year 2 Depreciation Expenses		(27,399) [2]	
6	Public Staff RY2 Accumulated Depreciation			(2,821,567) [2]
7	Adjustment to include Public Staff Rate Year 3 Depreciation Expenses			(406,371) [2]
8	Accumulated Depreciation per Public Staff (L2 through L7)	<u>(2,794,167)</u>	<u>(2,821,567)</u>	<u>(3,227,938)</u>
9	Adjustment to accumulated depreciation (L8 - L1)	<u>(221,173)</u>	<u>(379,184)</u>	<u>(871,849)</u>

[1] Per examination of Company's financial records.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO DIRECT ACCUMULATED DEPRECIATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-2(d)

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Accumulated Depreciation per Company	<u>(\$3,769,452)</u> [1]	<u>(\$3,436,066)</u> [1]	<u>(\$3,514,516)</u> [1]
2	Public Staff Base Year Accumulated Depreciation	(3,429,386) [2]		
3	Adjustment to include Public Staff Rate Year 1 Depreciation Expenses	(497,938) [2]		
4	Public Staff RY1 Accumulated Depreciation		(3,927,324) [2]	
5	Adjustment to include Public Staff Rate Year 2 Depreciation Expenses		582,726 [2]	
6	Public Staff RY2 Accumulated Depreciation			(3,344,599) [2]
7	Adjustment to include Public Staff Rate Year 3 Depreciation Expenses			(477,203) [2]
8	Accumulated Depreciation per Public Staff (L2 through L7)	<u>(3,927,324)</u>	<u>(3,344,599)</u>	<u>(3,821,802)</u>
9	Adjustment to accumulated depreciation (L8 - L1)	<u>(157,872)</u>	<u>91,467</u>	<u>(307,286)</u>

[1] Per examination of Company's financial records.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF CASH WORKING CAPITAL**  
For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-3

Line No.	Item	<u>Base Year</u>			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
<b><u>Cash Working Capital:</u></b>					
1	Maintenance expenses, less purchased water and sewer	\$2,966,453 [1]	\$3,507,842 [5]	\$417,235 [9]	\$439,310 [13]
2	General expenses	9,420,831 [2]	5,639,474 [6]	1,118,940 [10]	1,145,310 [14]
3	Total cash working capital expenses (L1 + L2)	<u>\$12,387,283</u>	<u>\$9,147,317</u>	<u>\$1,536,175</u>	<u>\$1,584,619</u>
4	Cash working capital (L3 x 1/8)	<u>1,548,410</u>	<u>1,143,415</u>	<u>192,022</u>	<u>198,077</u>
<b><u>Average Tax Accruals:</u></b>					
5	Property taxes	135,969 [3]	105,629 [7]	7,746 [11]	9,754 [15]
6	Average accrual (L5 x 1/2)	<u>67,985</u>	<u>52,815</u>	<u>3,873</u>	<u>4,877</u>
7	Regulatory fee	31,226 [4]	24,462 [8]	2,615 [12]	3,679 [16]
8	Average accrual (L7 x 1/5)	<u>6,245</u>	<u>4,892</u>	<u>523</u>	<u>736</u>
9	Total tax accrual (L6 + L8)	<u>74,230</u>	<u>57,707</u>	<u>4,396</u>	<u>5,613</u>
10	Total cash working capital (L4 - L9)	<u>\$1,474,180</u>	<u>\$1,085,708</u>	<u>\$187,626</u>	<u>\$192,464</u>

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

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF CASH WORKING CAPITAL**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-3(a)

<b>CWSNC WATER OPERATIONS</b>				
<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
<b><u>Cash Working Capital:</u></b>				
1	Maintenance expenses, less purchased water and sewer	\$3,032,860 [1]	\$3,278,338 [5]	\$3,208,364 [9]
2	General expenses	9,720,657 [2]	9,976,295 [6]	10,238,961 [10]
3	Total cash working capital expenses (L1 + L2)	<u>\$ 12,753,517</u>	<u>\$ 13,254,633</u>	<u>\$ 13,447,326</u>
4	Cash working capital (L3 x 1/8)	<u>1,594,190</u>	<u>1,656,829</u>	<u>1,680,916</u>
<b><u>Average Tax Accruals:</u></b>				
5	Property taxes	135,969 [3]	135,969 [7]	135,969 [11]
6	Average accrual (L5 x 1/2)	<u>67,985</u>	<u>67,985</u>	<u>67,985</u>
7	Regulatory fee	33,499 [4]	36,520 [8]	38,106 [12]
8	Average accrual (L7 x 1/5)	<u>6,700</u>	<u>7,304</u>	<u>7,621</u>
9	Total tax accrual (L6 + L8)	<u>74,685</u>	<u>75,289</u>	<u>75,606</u>
10	Total cash working capital (L4 - L9)	<u>\$1,519,505</u>	<u>\$1,581,540</u>	<u>\$1,605,310</u>

[1] Public Staff Settlement Exhibit 1, Sch 3(a)(1), Column (g), Line 14 minus Line 6. [7] Public Staff Settlement Exhibit 1, Sch 3(a)(2), Column (g), Line 29.  
 [2] Public Staff Settlement Exhibit 1, Sch 3(a)(1), Column (g), Line 23. [8] Public Staff Settlement Exhibit 1, Sch 3(a)(2), Column (g), Line 31.  
 [3] Public Staff Settlement Exhibit 1, Sch 3(a)(1), Column (g), Line 29. [9] Public Staff Settlement Exhibit 1, Sch 3(a)(3), Column (g), Line 14 minus Line 6.  
 [4] Public Staff Settlement Exhibit 1, Sch 3(a)(1), Column (g), Line 31. [10] Public Staff Settlement Exhibit 1, Sch 3(a)(3), Column (g), Line 23.  
 [5] Public Staff Settlement Exhibit 1, Sch 3(a)(2), Column (g), Line 14 minus Line 6. [11] Public Staff Settlement Exhibit 1, Sch 3(a)(3), Column (g), Line 29.  
 [6] Public Staff Settlement Exhibit 1, Sch 3(a)(2), Column (g), Line 23. [12] Public Staff Settlement Exhibit 1, Sch 3(a)(3), Column (g), Line 31.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF CASH WORKING CAPITAL**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-3(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 1 (a)	Rate Year 2 (b)	Rate Year 3 (c)
<b>Cash Working Capital:</b>				
1	Maintenance expenses, less purchased water and sewer	\$3,589,311 [5]	\$3,623,358 [5]	\$3,464,408 [5]
2	General expenses	5,818,996 [6]	5,971,983 [6]	6,129,172 [6]
3	Total cash working capital expenses (L1 + L2)	<u>\$ 9,408,307</u>	<u>\$9,595,342</u>	<u>\$9,593,580</u>
4	Cash working capital (L3 x 1/8)	<u>1,176,038</u>	<u>1,199,418</u>	<u>1,199,197</u>
<b>Average Tax Accruals:</b>				
5	Property taxes	105,629 [7]	105,629 [7]	105,629 [7]
6	Average accrual (L5 x 1/2)	<u>52,815</u>	<u>52,815</u>	<u>52,815</u>
7	Regulatory fee	26,928 [8]	30,010 [8]	31,797 [8]
8	Average accrual (L7 x 1/5)	<u>5,386</u>	<u>6,002</u>	<u>6,359</u>
9	Total tax accrual (L6 + L8)	<u>58,201</u>	<u>58,817</u>	<u>59,174</u>
10	Total cash working capital (L4 - L9)	<u>\$1,117,837</u>	<u>\$1,140,601</u>	<u>\$1,140,023</u>

[1] Public Staff Settlement Exhibit 1, Sch 3(b)(1), Column (g), Line 14 minus Line 6. [7] Public Staff Settlement Exhibit 1, Sch 3(b)(2), Column (g), Line 29.  
 [2] Public Staff Settlement Exhibit 1, Sch 3(b)(1), Column (g), Line 23. [8] Public Staff Settlement Exhibit 1, Sch 3(b)(2), Column (g), Line 31.  
 [3] Public Staff Settlement Exhibit 1, Sch 3(b)(1), Column (g), Line 29. [9] Public Staff Settlement Exhibit 1, Sch 3(b)(3), Column (g), Line 14 minus Line 6.  
 [4] Public Staff Settlement Exhibit 1, Sch 3(b)(1), Column (g), Line 31. [10] Public Staff Settlement Exhibit 1, Sch 3(b)(3), Column (g), Line 23.  
 [5] Public Staff Settlement Exhibit 1, Sch 3(b)(2), Column (g), Line 14 minus Line 6. [11] Public Staff Settlement Exhibit 1, Sch 3(b)(3), Column (g), Line 29.  
 [6] Public Staff Settlement Exhibit 1, Sch 3(b)(2), Column (g), Line 23. [12] Public Staff Settlement Exhibit 1, Sch 3(b)(3), Column (g), Line 31.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF CASH WORKING CAPITAL**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-3(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
	<b><u>Cash Working Capital:</u></b>			
1	Maintenance expenses, less purchased water and sewer	\$430,892 [9]	\$440,894 [5]	\$450,093 [9]
2	General expenses	1,154,478 [10]	1,184,839 [6]	1,216,033 [10]
3	Total cash working capital expenses (L1 + L2)	<u>\$ 1,585,370</u>	<u>\$1,625,733</u>	<u>\$1,666,125</u>
4	Cash working capital (L3 x 1/8)	<u>198,171</u>	<u>203,217</u>	<u>208,266</u>
	<b><u>Average Tax Accruals:</u></b>			
5	Property taxes	7,746 [11]	7,746 [7]	7,746 [11]
6	Average accrual (L5 x 1/2)	<u>3,873</u>	<u>3,873</u>	<u>3,873</u>
7	Regulatory fee	2,943 [12]	3,489 [8]	3,697 [12]
8	Average accrual (L7 x 1/5)	<u>589</u>	<u>698</u>	<u>739</u>
9	Total tax accrual (L6 + L8)	<u>4,462</u>	<u>4,571</u>	<u>4,612</u>
10	Total cash working capital (L4 - L9)	<u>\$193,709</u>	<u>\$198,646</u>	<u>\$203,654</u>

[1] Public Staff Settlement Exhibit 1, Sch 3(c)(1), Column (g), Line 14 minus Line 6. [7] Public Staff Settlement Exhibit 1, Sch 3(c)(2), Column (g), Line 29.  
 [2] Public Staff Settlement Exhibit 1, Sch 3(c)(1), Column (g), Line 23. [8] Public Staff Settlement Exhibit 1, Sch 3(c)(2), Column (g), Line 31.  
 [3] Public Staff Settlement Exhibit 1, Sch 3(c)(1), Column (g), Line 29. [9] Public Staff Settlement Exhibit 1, Sch 3(c)(3), Column (g), Line 14 minus Line 6.  
 [4] Public Staff Settlement Exhibit 1, Sch 3(c)(1), Column (g), Line 31. [10] Public Staff Settlement Exhibit 1, Sch 3(c)(3), Column (g), Line 23.  
 [5] Public Staff Settlement Exhibit 1, Sch 3(c)(2), Column (g), Line 14 minus Line 6. [11] Public Staff Settlement Exhibit 1, Sch 3(c)(3), Column (g), Line 29.  
 [6] Public Staff Settlement Exhibit 1, Sch 3(c)(2), Column (g), Line 23. [12] Public Staff Settlement Exhibit 1, Sch 3(c)(3), Column (g), Line 31.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF CASH WORKING CAPITAL**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schdule 2-3(d)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Rate Year 1	Rate Year 2	Rate Year 3
<b>Cash Working Capital:</b>				
1	Maintenance expenses, less purchased water and sewer	\$474,145 [13]	\$484,224 [13]	\$494,670 [13]
2	General expenses	1,181,687 [14]	1,212,759 [14]	1,244,691 [14]
3	Total cash working capital expenses (L1 + L2)	<u>\$ 1,655,832</u>	<u>\$1,696,983</u>	<u>\$1,739,361</u>
4	Cash working capital (L3 x 1/8)	<u>206,979</u>	<u>212,123</u>	<u>217,420</u>
<b>Average Tax Accruals:</b>				
5	Property taxes	9,754 [15]	9,754 [15]	9,754 [15]
6	Average accrual (L5 x 1/2)	<u>4,877</u>	<u>4,877</u>	<u>4,877</u>
7	Regulatory fee	4,231 [16]	4,406 [16]	4,757 [16]
8	Average accrual (L7 x 1/5)	<u>846</u>	<u>881</u>	<u>951</u>
9	Total tax accrual (L6 + L8)	<u>5,723</u>	<u>5,758</u>	<u>5,828</u>
10	Total cash working capital (L4 - L9)	<u>\$201,256</u>	<u>\$206,365</u>	<u>\$211,592</u>

[1] Public Staff Settlement Exhibit 1, Sch 3(d)(1), Column (g), Line 14 minus Line 6. [7] Public Staff Settlement Exhibit 1, Sch 3(d)(2), Column (g), Line 29.  
 [2] Public Staff Settlement Exhibit 1, Sch 3(d)(1), Column (g), Line 23. [8] Public Staff Settlement Exhibit 1, Sch 3(d)(2), Column (g), Line 31.  
 [3] Public Staff Settlement Exhibit 1, Sch 3(d)(1), Column (g), Line 29. [9] Public Staff Settlement Exhibit 1, Sch 3(d)(3), Column (g), Line 14 minus Line 6.  
 [4] Public Staff Settlement Exhibit 1, Sch 3(d)(1), Column (g), Line 31. [10] Public Staff Settlement Exhibit 1, Sch 3(d)(3), Column (g), Line 23.  
 [5] Public Staff Settlement Exhibit 1, Sch 3(d)(2), Column (g), Line 14 minus Line 6. [11] Public Staff Settlement Exhibit 1, Sch 3(d)(3), Column (g), Line 29.  
 [6] Public Staff Settlement Exhibit 1, Sch 3(d)(2), Column (g), Line 23. [12] Public Staff Settlement Exhibit 1, Sch 3(d)(3), Column (g), Line 31.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**  
For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-4  
P. 1 of 2

Line No.	Item	Base Year			Base Year		
		CWSNC Water Operations			CWSNC Sewer Operations		
		CIAC (a)	Accumulated Amortization (b)	CIAC, Net of Amortization (c)	CIAC (d)	Accumulated Amortization (e)	CIAC, Net of Amortization (f)
1	CIAC and accumulated amortization per application in the original filing	<u>(\$29,657,361)</u>	<u>\$13,169,634</u>	<u>(\$16,487,727)</u>	<u>(\$28,776,974)</u>	<u>\$12,350,678</u>	<u>(\$16,426,296)</u>
2	Adjustment to include company updates 09.19 2022	(27,088)	(9,576)	(36,664)	25,522	772	26,294
3	<b>CIAC and accumulated amortization after adjusted for company updates ( L1 + L2 )</b>	<b><u>(29,684,449)</u></b>	<b><u>13,160,058</u></b>	<b><u>(16,524,391)</u></b>	<b><u>(28,751,452)</u></b>	<b><u>12,351,450</u></b>	<b><u>(16,400,002)</u></b>
4	Remove Company proforma adjustment	27,088	(356,834)	(329,746)	(25,522)	(313,858)	(339,380)
5	Adjustment to include actual general ledger additions through 8/31/2022	(27,088) [1]	295,704 [1]	268,616	25,522 [1]	261,736 [1]	287,258
6	Adjustment to reflect annual level of amortization	<u>0</u>	<u>25,099 [1]</u>	<u>25,099</u>	<u>0</u>	<u>(3,692) [1]</u>	<u>(3,692)</u>
7	Adjustment to CIAC (L4 + L5 + L6)	<u>0</u>	<u>(36,031)</u>	<u>(36,031)</u>	<u>0</u>	<u>(55,814)</u>	<u>(55,814)</u>
8	CIAC per Public Staff (L3 + L7)	<u>(\$29,684,449)</u>	<u>\$13,124,027</u>	<u>(\$16,560,422)</u>	<u>(\$28,751,452)</u>	<u>\$12,295,636</u>	<u>(\$16,455,816)</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 (i) plus Column (k).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**  
For The Base Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-4  
P. 2 of 2

Line No.	Item	Base Year			Base Year		
		BF/FH/TC 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 in the original filing	<u>(\$2,336,301)</u>	<u>\$1,289,262</u>	<u>(\$1,047,039)</u>	<u>(\$7,106,629)</u>	<u>\$3,478,864</u>	<u>(\$3,627,765)</u>
2	Adjustment to include company updates 09.19.2022	(40,515)	(6,351)	(46,866)	-	(2,322)	(2,322)
3	<b>CIAC and accumulated amortization after adjusted for company updates ( L1 + L2 )</b>	<b><u>(2,376,816)</u></b>	<b><u>1,282,911</u></b>	<b><u>(1,093,905)</u></b>	<b><u>(7,106,629)</u></b>	<b><u>3,476,542</u></b>	<b><u>(3,630,087)</u></b>
4	Remove Company proforma adjustment	40,515	(22,040)	18,475	-	(72,996)	(72,996)
5	Adjustment to include actual general ledger additions through 8/31/2022	(40,515) [1]	17,231 [1]	(23,284)	0 [1]	60,442 [1]	60,442
6	Adjustment to reflect annual level of amortization	<u>0</u>	<u>16,751 [1]</u>	<u>16,751</u>	<u>0</u>	<u>5,573 [1]</u>	<u>5,573</u>
7	Adjustment to CIAC (L4 + L5 + L6)	<u>0</u>	<u>11,942</u>	<u>11,942</u>	<u>0</u>	<u>(6,981)</u>	<u>(6,981)</u>
8	CIAC per Public Staff (L3 + L7)	<u>(\$2,376,816)</u>	<u>\$1,294,853</u>	<u>(\$1,081,963)</u>	<u>(\$7,106,629)</u>	<u>\$3,469,561</u>	<u>(\$3,637,068)</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 400

**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-4(a)

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [2]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [4]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [5]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	CIAC and accumulated amortization per Company	<u>(\$29,684,449)</u>	<u>\$13,893,618</u>	<u>(\$15,790,832)</u>	<u>(\$29,684,449)</u> [1]	<u>\$14,627,177</u>	<u>(\$15,057,272)</u>	<u>(\$29,684,449)</u>	<u>\$15,360,737</u>	<u>(\$14,323,712)</u>
2	Public Staff Base Year CIAC and A/A of CIAC	(29,684,449)	13,124,027	(16,560,422) [3]			-			-
3	Adjustment to include Public Staff Rate Year 1 CIAC amortization expenses		1,161,470	1,161,470 [3]			-			-
4	Public Staff RY1 CIAC and A/A of CIAC			-	(29,684,449)	14,285,496	(15,398,953) [3]			-
5	Adjustment to include Public Staff Rate Year 2 amortization expenses			-		733,560	733,560 [3]			-
6	Public Staff RY2 CIAC and A/A of CIAC			-			-	(29,684,449)	15,019,056	(14,665,393) [3]
7	Adjustment to include Public Staff Rate Year 3 CIAC amortization expenses			-			-		733,560	733,560 [3]
8	CIAC and AA of CIAC per Public Staff ( Sum L2 thr L 7)	<u>(29,684,449)</u>	<u>14,285,496</u>	<u>(15,398,953)</u>	<u>(29,684,449)</u>	<u>15,019,056</u>	<u>(14,665,393)</u>	<u>(29,684,449)</u>	<u>15,752,616</u>	<u>(13,931,833)</u>
9	Adjustment to CIAC and AA of CIAC ( L8-L1)	<u>0</u>	<u>391,879</u>	<u>391,879</u>	<u>0</u>	<u>391,878</u>	<u>391,879</u>	<u>0</u>	<u>391,878</u>	<u>391,879</u>

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

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

[3] Per Public Staff's Calculation

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

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

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-4(b)

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [2]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [4]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [5]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	CIAC and accumulated amortization per Company	<u>(\$28,751,452)</u>	<u>\$12,976,912</u>	<u>(\$15,774,540)</u>	<u>(\$28,751,452)</u>	<u>\$13,602,374</u>	<u>(\$15,149,078)</u>	<u>(\$28,751,452)</u>	<u>\$14,227,836</u>	<u>(\$14,523,616)</u>
2	Public Staff Base Year CIAC and A/A of CIAC	(28,751,452)	12,295,636	(16,455,816) [3]			-			-
3	Adjustment to include Public Staff Rate Year 1 CIAC amortization expenses		990,315	990,315 [3]			-			-
4	Public Staff RY1 CIAC and A/A of CIAC			-	(28,751,452)	13,285,952	(15,465,500) [3]			-
5	Adjustment to include Public Staff Rate Year 2 amortization expenses			-		625,462	625,462 [3]			-
6	Public Staff RY2 CIAC and A/A of CIAC			-			-	(28,751,452)	13,911,414	(14,840,038) [3]
7	Adjustment to include Public Staff Rate Year 3 CIAC amortization expenses			-			-		625,462	625,462 [3]
8	CIAC and AA of CIAC per Public Staff ( Sum L2 thr L 7)	<u>(28,751,452)</u>	<u>13,285,952</u>	<u>(15,465,500)</u>	<u>(28,751,452)</u>	<u>13,911,414</u>	<u>(14,840,038)</u>	<u>(28,751,452)</u>	<u>14,536,876</u>	<u>(14,214,576)</u>
9	Adjustment to CIAC and AA of CIAC ( L8-L1)	<u>(0)</u>	<u>309,040</u>	<u>309,039</u>	<u>(0)</u>	<u>309,040</u>	<u>309,039</u>	<u>(0)</u>	<u>309,040</u>	<u>309,040</u>

[1] Per examination of Company's financial records.  
[2] Column (a) plus Column (b).  
[3] Per Public Staff's Calculation  
[4] Column (d) plus Column (e).  
[5] Column (g) plus Column (h).

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-4(c)

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [2]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [4]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [5]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	CIAC and accumulated amortization per Company	<u>(\$2,376,816)</u>	<u>\$1,340,617</u>	<u>(\$1,036,199)</u>	<u>(\$2,376,816)</u>	<u>\$1,398,324</u>	<u>(\$978,492)</u>	<u>(\$2,376,816)</u>	<u>\$1,456,031</u>	<u>(\$920,785)</u>
2	Public Staff Base Year CIAC and A/A of CIAC	(2,376,816)	1,294,853	(1,081,963) [3]			-			-
3	Adjustment to include Public Staff Rate Year 1 CIAC amortization expenses		91,369	91,369 [3]			-			-
4	Public Staff RY1 CIAC and A/A of CIAC			-	(2,376,816)	1,386,222	(990,594) [3]			-
5	Adjustment to include Public Staff Rate Year 2 amortization expenses			0		57,707	57,707 [3]			0
6	Public Staff RY2 CIAC and A/A of CIAC			0			0	(2,376,816)	1,443,929	(932,887) [3]
7	Adjustment to include Public Staff Rate Year 3 CIAC amortization expenses	<u>0</u>		<u>0</u>			<u>0</u>	<u>0</u>	57,707	57,707 [3]
8	CIAC and AA of CIAC per Public Staff ( Sum L2 thr L 7)	<u>(2,376,816)</u>	<u>1,386,222</u>	<u>(990,594)</u>	<u>(2,376,816)</u>	<u>1,443,929</u>	<u>(932,887)</u>	<u>(2,376,816)</u>	<u>1,501,636</u>	<u>(875,180)</u>
9	Adjustment to CIAC and AA of CIAC ( L8-L1)	<u>(0)</u>	<u>45,605</u>	<u>45,605</u>	<u>(0)</u>	<u>45,605</u>	<u>45,605</u>	<u>(0)</u>	<u>45,605</u>	<u>45,605</u>

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

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

[3] Per Public Staff's Calculation

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

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

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO CONTRIBUTIONS IN AID OF  
CONSTRUCTION, NET OF AMORTIZATION**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-4(d)

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [2]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [4]	CIAC [1]	Accumulated Amortization [1]	CIAC, Net of Amortization [5]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	CIAC and accumulated amortization per Company	<u>(\$7,106,629)</u>	<u>\$3,627,177</u>	<u>(\$3,479,452)</u>	<u>(\$7,106,629)</u>	<u>\$3,777,812</u>	<u>(\$3,328,817)</u>	<u>(\$7,106,629)</u>	<u>\$3,928,447</u>	<u>(\$3,178,182)</u>
2	Public Staff Base Year CIAC and A/A of CIAC	(7,106,629)	3,469,561	(3,637,068) [3]			-			-
3	Adjustment to include Public Staff Rate Year 1 CIAC amortization expenses		238,506	238,506 [3]			-			-
4	Public Staff RY1 CIAC and A/A of CIAC			-	(7,106,629)	3,708,067	(3,398,562) [3]			-
5	Adjustment to include Public Staff Rate Year 2 CIAC amortization expenses			0		150,635	150,635 [3]			0
6	Public Staff RY2 CIAC and A/A of CIAC			0			0	(7,106,629)	3,858,702	(3,247,927) [3]
7	Adjustment to include Public Staff Rate Year 3 CIAC amortization expenses	<u>0</u>		<u>0</u>	<u>0</u>		<u>0</u>		<u>150,635</u>	<u>150,635</u> [3]
8	CIAC and AA of CIAC per Public Staff ( Sum L2 thr L 7)	<u>(7,106,629)</u>	<u>3,708,067</u>	<u>(3,398,562)</u>	<u>(7,106,629)</u>	<u>3,858,702</u>	<u>(3,247,927)</u>	<u>(7,106,629)</u>	<u>4,009,337</u>	<u>(3,097,292)</u>
9	Adjustment to CIAC and AA of CIAC ( L8-L1)	<u>0</u>	<u>80,890</u>	<u>80,890</u>	<u>0</u>	<u>80,890</u>	<u>80,890</u>	<u>0</u>	<u>80,890</u>	<u>80,890</u>

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

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

[3] Per Public Staff's Calculation

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

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

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF ACCUMULATED DEFERRED  
INCOME TAXES**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 2-5

Line No.	Item	Total ADIT Per Updates [1] (a)	Public Staff Adjustments [2] (b)	Amount To Be Allocated Per Public Staff [3] (c)	CWSNC Uniform Water (d)	CWSNC Uniform Sewer (e)	BF/FH/TC Water [7] (f)	BF/FH Sewer [7] (g)
1	ACCUM DEF NCOME TAX-FED	\$603,395	\$0	\$603,395	\$327,979	\$195,674	\$39,406	\$40,336
2	DEF FED TAX - CIAC PRE 19	0	0	0	0	0	0	0
3	DEF FED TAX - TAP FEE POS	2,650,562	0	2,650,562	1,440,730	859,548	173,100	177,185
4	DEF FED TAX - RATE CASE	(346,316)	86,666	(259,650) [4]	(141,132) [8]	(84,202) [8]	(16,959) [8]	(17,357) [8]
5	DEF FED TAX - DEF MAINT	(190,812)	(234,049)	(424,861) [4]	(202,359) [9]	(182,472) [9]	(23,870) [9]	(16,160) [9]
6	DEF FED TAX - ORGN EXP	(217,030)	0	(217,030)	(117,968)	(70,380)	(14,174)	(14,508)
7	DEF FED TAX - BAD DEBT	245,405	0	245,405	133,391	79,582	16,027	16,405
8	DEF FED TAX - Post TY Plant Additions	0	(23,048)	(23,048) [5]	(11,098) [10]	(9,904) [10]	(630) [10]	(1,416) [10]
9	DEF FED TAX - DEPRECIATIO	(11,730,213)	0	(11,730,213)	(5,648,397)	(5,040,580)	(320,551)	(720,684)
10	DEF FED TAX - NOL	3,469,797	0	3,469,797	1,746,809	1,368,691	147,222	207,074
11	Total Federal ADIT (Sum of L1 thru L10)	<u>(5,515,211)</u>	<u>(170,431)</u>	<u>(5,685,642)</u>	<u>(2,472,044)</u>	<u>(2,884,043)</u>	<u>(429)</u>	<u>(329,125)</u>
12	ACCUM DEF NCOME TAX - ST	(376,048)	0	(376,048)	(204,403)	(\$121,948)	(\$24,558)	(\$25,138)
13	DEF ST TAX - CIAC PRE 198	0	0	0	0	0	0	0
14	DEF ST TAX - TAP FEE POS	56,220	0	56,220	30,559	18,231	3,672	3,758
15	DEF ST TAX - RATE CASE	(53,036)	21,333	(31,703) [6]	(17,232) [8]	(10,281) [8]	(2,071) [8]	(2,119) [8]
16	DEF ST TAX - DEF MAINT	(22,696)	(29,180)	(51,876) [6]	(24,708) [9]	(22,280) [9]	(2,915) [9]	(1,973) [9]
17	DEF ST TAX - ORGN EXP	(60,379)	0	(60,379)	(32,819)	(19,580)	(3,943)	(4,036)
18	DEF ST TAX - BAD DEBT	(3,894)	0	(3,894)	(2,116)	(1,263)	(254)	(260)
19	DEF ST TAX - Post TY Plant Additions	0	(2,814)	(2,814) [5]	(1,355) [10]	(1,209) [10]	(77) [10]	(173) [10]
20	DEF ST TAX - DEPRECIATION	(122,431)	0	(122,431)	(58,954)	(52,610)	(3,346)	(7,522)
21	DEF ST TAX - NOL	(49,329)	0	(49,329)	(24,834)	(19,458)	(2,093)	(2,944)
22	Total State ADIT (Sum of L12 thru L21)	<u>(631,593)</u>	<u>(10,661)</u>	<u>(642,254)</u>	<u>(335,862)</u>	<u>(230,398)</u>	<u>(35,585)</u>	<u>(40,407)</u>
23	Total Direct ADIT (L11 + L22)	(6,146,805)	(181,092)	(6,327,897)	(2,807,907)	(3,114,441)	(36,014)	(369,532)
24	ADIT allocated from WSC	(2,335)	0	(2,335)	(1,269)	(757)	(152)	(156)
25	Total ADIT (L23 + L24)	(6,149,140)	(181,092)	(6,330,232)	(2,809,176)	(3,115,198)	(36,166)	(369,688)
26	Excess deferred income tax	0	0	0	0	0	0	0
27	Total ADIT, after EDIT impact	<u>(\$6,149,140)</u>	<u>(\$181,092)</u>	<u>(\$6,330,232)</u>	<u>(\$2,809,176)</u>	<u>(\$3,115,198)</u>	<u>(\$36,166)</u>	<u>(\$369,688)</u>

[1] Form W-1, Item 10, Supplemental Schedules.  
 [2] Column (c) minus Column (a), unless otherwise footnoted.  
 [3] Column (a) plus Column (b), unless otherwise footnoted.  
 [4] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.  
 [5] Calculated ADIT impact based on Post TY Additions.  
 [6] Total unamortized balance per Public Staff multiplied by state income tax rate of 2.5%.  
 [7] Column (c) allocated based on customers, unless otherwise footnoted.  
 [8] Column (c) allocated based on unamortized rate case expense.  
 [9] Column (c) allocated based on unamortized deferred maintenance.  
 [10] Column (c) allocated based on Post TY Additions.

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF ACCUMULATED DEFERRED  
INCOME TAXES**  
For The Rate Year Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule 2-5(a)

Line No.	Item	Total ADIT	Public Staff Adjustments [2]	Amount To Be	CWSNC Uniform Water	CWSNC Uniform Sewer	BF/FH/TC Water [7]	BF/FH Sewer [7]
		Per PS BY [1]		Allocated Per Public Staff [3]				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	ACCUM DEF INCOME TAX-FED	\$603,395	\$0	\$603,395	\$327,979	\$195,674	\$39,406	\$40,336
2	DEF FED TAX - CIAC PRE 19	0	0	0	0	0	0	0
3	DEF FED TAX - TAP FEE POS	2,650,562	0	2,650,562	1,440,730	859,548	173,100	177,185
4	DEF FED TAX - RATE CASE	(259,650)	86,550	(173,100) [4]	(94,088) [8]	(56,134) [8]	(11,306) [8]	(11,571) [8]
5	DEF FED TAX - DEF MAINT	(424,861)	(3,177)	(428,038) [4]	(219,145) [9]	(153,969) [9]	(24,686) [9]	(30,238) [9]
6	DEF FED TAX - ORGN EXP	(217,030)	0	(217,030)	(117,968)	(70,380)	(14,174)	(14,508)
7	DEF FED TAX - BAD DEBT	245,405	0	245,405	133,391	79,582	16,027	16,405
8	DEF FED TAX - Post TY Plant Additions	(23,048)	96,854	73,806 [5]	34,698 [10]	32,333 [10]	2,422 [10]	4,353 [10]
9	DEF FED TAX - DEPRECIATIO	(11,730,213)	0	(11,730,213)	(5,514,613)	(5,138,822)	(384,872)	(691,905)
10	DEF FED TAX - NOL	3,469,797	0	3,469,797	1,718,032	1,381,440	151,913	218,412
11	Total Federal ADIT (Sum of L1 thru L10)	<u>(5,685,642)</u>	<u>180,227</u>	<u>(5,505,415)</u>	<u>(2,290,983)</u>	<u>(2,870,727)</u>	<u>(52,170)</u>	<u>(291,531)</u>
12	ACCUM DEF INCOME TAX - ST	(376,048)	0	(376,048)	(204,403)	(\$121,948)	(\$24,558)	(\$25,138)
13	DEF ST TAX - CIAC PRE 198	0	0	0	0	0	0	0
14	DEF ST TAX - TAP FEE POS	56,220	0	56,220	30,559	18,231	3,672	3,758
15	DEF ST TAX - RATE CASE	(31,703)	10,567	(21,136) [6]	(11,488) [8]	(6,854) [8]	(1,381) [8]	(1,413) [8]
16	DEF ST TAX - DEF MA NT	(51,876)	(387)	(52,263) [6]	(26,757) [9]	(18,799) [9]	(3,014) [9]	(3,692) [9]
17	DEF ST TAX - ORGN EXP	(60,379)	0	(60,379)	(32,819)	(19,580)	(3,943)	(4,036)
18	DEF ST TAX - BAD DEBT	(3,894)	0	(3,894)	(2,116)	(1,263)	(254)	(260)
19	DEF ST TAX - Post TY Plant Additions	(2,814)	11,825	9,011 [5]	4,236 [10]	3,948 [10]	296 [10]	532 [10]
20	DEF ST TAX - DEPRECIATION	(122,431)	0	(122,431)	(57,557)	(53,635)	(4,017)	(7,222)
21	DEF ST TAX - NOL	(49,329)	0	(49,329)	(24,425)	(19,640)	(2,160)	(3,105)
22	Total State ADIT (Sum of L12 thru L21)	<u>(642,254)</u>	<u>22,005</u>	<u>(620,249)</u>	<u>(324,771)</u>	<u>(219,539)</u>	<u>(35,359)</u>	<u>(40,576)</u>
23	Total Direct ADIT (L11 + L22)	(6,327,897)	202,232	(6,125,665)	(2,615,754)	(3,090,267)	(87,529)	(332,107)
24	ADIT allocated from WSC	(2,335)		(2,335)	(1,269)	(757)	(152)	(156)
25	Total ADIT (L23 + L24)	<u>(6,330,232)</u>	<u>202,232</u>	<u>(6,128,000)</u>	<u>(2,617,023)</u>	<u>(3,091,024)</u>	<u>(87,681)</u>	<u>(332,263)</u>
26	Excess deferred income tax	0	0	0	0	0	0	0
27	Total ADIT, after EDIT impact	<u>(\$6 330 232)</u>	<u>\$202 232</u>	<u>(\$6 128 000)</u>	<u>(\$2 617 023)</u>	<u>(\$3 091 024)</u>	<u>(\$87 681)</u>	<u>(\$332 263)</u>

[1] Public Staff Base Year Amounts  
 [2] Column (c) minus Column (a), unless otherwise footnoted.  
 [3] Column (a) plus Column (b), unless otherwise footnoted.  
 [4] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.  
 [5] Calculated ADIT impact based on Post TY Additions.  
 [6] Total unamortized balance per Public Staff multiplied by state income tax rate of 2.5%.  
 [7] Column (c) allocated based on customers, unless otherwise footnoted.  
 [8] Column (c) allocated based on unamortized rate case expense.  
 [9] Column (c) allocated based on unamortized deferred maintenance.  
 [10] Column (c) allocated based on Post TY Additions.

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF ACCUMULATED DEFERRED  
INCOME TAXES**  
For The Rate Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 2-5(b)

Line No.	Item	Total ADIT	Public Staff Adjustments [2]	Amount To Be	CWSNC Uniform Water	CWSNC Uniform Sewer	BF/FH/TC Water [7]	BF/FH Sewer [7]
		Per Updates [1]		Allocated Per Public Staff [3]				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	ACCUM DEF NCOME TAX-FED	\$603,395	\$0	\$603,395	\$327,979	\$195,674	\$39,406	\$40,336
2	DEF FED TAX - CIAC PRE 19	-	0	0	0	0	0	0
3	DEF FED TAX - TAP FEE POS	2,650,562	0	2,650,562	1,440,730	859,548	173,100	177,185
4	DEF FED TAX - RATE CASE	(173,100)	86,550	(86,550) [4]	(47,044) [8]	(28,067) [8]	(5,653) [8]	(5,786) [8]
5	DEF FED TAX - DEF MAINT	(428,038)	45,961	(382,077) [4]	(212,231) [9]	(127,944) [9]	(18,551) [9]	(23,350) [9]
6	DEF FED TAX - ORGN EXP	(217,030)	0	(217,030)	(117,968)	(70,380)	(14,174)	(14,508)
7	DEF FED TAX - BAD DEBT	245,405	0	245,405	133,391	79,582	16,027	16,405
8	DEF FED TAX - Post TY Plant Additions	73,806	(69,199)	4,607 [5]	2,161 [10]	1,955 [10]	154 [10]	337 [10]
9	DEF FED TAX - DEPRECIATIO	(11,730,213)	0	(11,730,213)	(5,502,760)	(4,976,555)	(392,283)	(858,615)
10	DEF FED TAX - NOL	3,469,797	0	3,469,797	1,701,124	1,398,442	163,654	206,578
11	Total Federal ADIT (Sum of L1 thru L10)	<u>(5,505,415)</u>	<u>63,312</u>	<u>(5,442,103)</u>	<u>(2,274,618)</u>	<u>(2,667,745)</u>	<u>(38,320)</u>	<u>(461,418)</u>
12	ACCUM DEF NCOME TAX - ST	(376,048)	0	(376,048)	(204,403)	(\$121,948)	(\$24,558)	(\$25,138)
13	DEF ST TAX - CIAC PRE 198	0	0	0	0	0	0	0
14	DEF ST TAX - TAP FEE POS	56,220	0	56,220	30,559	18,231	3,672	3,758
15	DEF ST TAX - RATE CASE	(21,136)	10,568	(10,568) [6]	(5,744) [8]	(3,427) [8]	(690) [8]	(706) [8]
16	DEF ST TAX - DEF MAINT	(52,263)	5,611	(46,652) [6]	(25,914) [9]	(15,622) [9]	(2,265) [9]	(2,851) [9]
17	DEF ST TAX - ORGN EXP	(60,379)	0	(60,379)	(32,819)	(19,580)	(3,943)	(4,036)
18	DEF ST TAX - BAD DEBT	(3,894)	0	(3,894)	(2,116)	(1,263)	(254)	(260)
19	DEF ST TAX - Post TY Plant Additions	9,011	(8,450)	561 [5]	263 [10]	238 [10]	19 [10]	41 [10]
20	DEF ST TAX - DEPRECIATION	(122,431)	0	(122,431)	(57,434)	(51,942)	(4,094)	(8,962)
21	DEF ST TAX - NOL	(49,329)	0	(49,329)	(24,184)	(19,881)	(2,327)	(2,937)
22	Total State ADIT (Sum of L12 thru L21)	<u>(620,249)</u>	<u>7,729</u>	<u>(612,520)</u>	<u>(321,793)</u>	<u>(215,194)</u>	<u>(34,440)</u>	<u>(41,091)</u>
23	Total Direct ADIT (L11 + L22)	(6,125,665)	71,041	(6,054,624)	(2,596,411)	(2,882,939)	(72,760)	(502,509)
24	ADIT allocated from WSC	(2,335)		(2,335)	(1,269)	(757)	(152)	(156)
25	Total ADIT (L23 + L24)	(6,128,000)	71,041	(6,056,959)	(2,597,680)	(2,883,696)	(72,912)	(502,665)
26	Excess deferred income tax	0	0	0	0	0	0	0
27	Total ADIT, after EDIT impact	<u>(\$6,128,000)</u>	<u>\$71,041</u>	<u>(\$6,056,959)</u>	<u>(\$2,597,680)</u>	<u>(\$2,883,696)</u>	<u>(\$72,912)</u>	<u>(\$502,665)</u>

[1] Public Staff Base Year Amounts  
 [2] Column (c) minus Column (a), unless otherwise footnoted.  
 [3] Column (a) plus Column (b), unless otherwise footnoted.  
 [4] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.  
 [5] Calculated ADIT impact based on Post TY Additions.  
 [6] Total unamortized balance per Public Staff multiplied by state income tax rate of 2.5%.  
 [7] Column (c) allocated based on customers, unless otherwise footnoted.  
 [8] Column (c) allocated based on unamortized rate case expense.  
 [9] Column (c) allocated based on unamortized deferred maintenance.  
 [10] Column (c) allocated based on Post TY Additions.

**CAROLINA WATER SERVICE, INC. OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF ACCUMULATED DEFERRED  
 INCOME TAXES**  
 For The Rate Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 2-5(c)

Line No.	Item	Total ADIT Per Updates [1] (a)	Public Staff Adjustments [2] (b)	Amount To Be Allocated Per Public Staff [3] (c)	CWSNC Uniform Water (d)	CWSNC Uniform Sewer (e)	BF/FH/TC Water [7] (f)	BF/FH Sewer [7] (g)
1	ACCUM DEF INCOME TAX-FED	\$603,395	\$0	\$603,395	\$327,979	\$195,674	\$39,406	\$40,336
2	DEF FED TAX - CIAC PRE 19	0	0	0	0	0	0	0
3	DEF FED TAX - TAP FEE POS	2,650,562	0	2,650,562	1,440,730	859,548	173,100	177,185
4	DEF FED TAX - RATE CASE	(86,550)	86,550	0 [4]	0 [8]	0 [8]	0 [8]	0 [8]
5	DEF FED TAX - DEF MAINT	(382,077)	66,646	(315,431) [4]	(181,759) [9]	(104,308) [9]	(12,902) [9]	(16,462) [9]
6	DEF FED TAX - ORGN EXP	(217,030)	0	(217,030)	(117,968)	(70,380)	(14,174)	(14,508)
7	DEF FED TAX - BAD DEBT	245,405	0	245,405	133,391	79,582	16,027	16,405
8	DEF FED TAX - Post TY Plant Additions	4,607	(69,277)	(64,670) [5]	(29,240) [10]	(28,818) [10]	(2,083) [10]	(4,529) [10]
9	DEF FED TAX - DEPRECIATIO	(11,730,213)	0	(11,730,213)	(5,303,694)	(5,227,260)	(377,850)	(821,408)
10	DEF FED TAX - NOL	3,469,797	0	3,469,797	1,685,861	1,407,379	164,715	211,842
11	Total Federal ADIT (Sum of L1 thru L10)	<u>(5,442,103)</u>	<u>83,919</u>	<u>(5,358,184)</u>	<u>(2,044,700)</u>	<u>(2,888,583)</u>	<u>(13,761)</u>	<u>(411,139)</u>
12	ACCUM DEF INCOME TAX - ST	(376,048)	0	(376,048)	(204,403)	(\$121,948)	(\$24,558)	(\$25,138)
13	DEF ST TAX - CIAC PRE 198	0	0	0	0	0	0	0
14	DEF ST TAX - TAP FEE POS	56,220	0	56,220	30,559	18,231	3,672	3,758
15	DEF ST TAX - RATE CASE	(10,568)	10,568	0 [6]	0 [8]	0 [8]	0 [8]	0 [8]
16	DEF ST TAX - DEF MAINT	(46,652)	8,138	(38,514) [6]	(22,193) [9]	(12,736) [9]	(1,575) [9]	(2,010) [9]
17	DEF ST TAX - ORGN EXP	(60,379)	0	(60,379)	(32,819)	(19,580)	(3,943)	(4,036)
18	DEF ST TAX - BAD DEBT	(3,894)	0	(3,894)	(2,116)	(1,263)	(254)	(260)
19	DEF ST TAX - Post TY Plant Additions	561	(8,458)	(7,897) [5]	(3,571) [10]	(3,519) [10]	(254) [10]	(553) [10]
20	DEF ST TAX - DEPRECIATION	(122,431)	0	(122,431)	(55,356)	(54,558)	(3,944)	(8,573)
21	DEF ST TAX - NOL	(49,329)	0	(49,329)	(23,967)	(20,008)	(2,342)	(3,012)
22	Total State ADIT (Sum of L12 thru L21)	<u>(612,520)</u>	<u>10,248</u>	<u>(602,272)</u>	<u>(313,867)</u>	<u>(215,381)</u>	<u>(33,198)</u>	<u>(39,824)</u>
23	Total Direct ADIT (L11 + L22)	(6,054,624)	94,167	(5,960,457)	(2,358,567)	(3,103,964)	(46,959)	(450,963)
24	ADIT allocated from WSC	(2,335)		(2,335)	(1,269)	(757)	(152)	(156)
25	Total ADIT (L23 + L24)	(6,056,959)	94,167	(5,962,792)	(2,359,836)	(3,104,721)	(47,111)	(451,119)
26	Excess deferred income tax	0	0	0	0	0	0	0
27	Total ADIT, after EDIT impact	<u>(\$6,056,959)</u>	<u>\$94,167</u>	<u>(\$5,962,792)</u>	<u>(\$2,359,836)</u>	<u>(\$3,104,721)</u>	<u>(\$47,111)</u>	<u>(\$451,119)</u>

[1] Public Staff Base Year Amounts  
 [2] Column (c) minus Column (a), unless otherwise footnoted.  
 [3] Column (a) plus Column (b), unless otherwise footnoted.  
 [4] Total unamortized balance per Public Staff multiplied by federal income tax rate of 21%.  
 [5] Calculated ADIT impact based on Post TY Additions.  
 [6] Total unamortized balance per Public Staff multiplied by state income tax rate of 2.5%.  
 [7] Column (c) allocated based on customers, unless otherwise footnoted.  
 [8] Column (c) allocated based on unamortized rate case expense.  
 [9] Column (c) allocated based on unamortized deferred maintenance.  
 [10] Column (c) allocated based on Post TY Additions.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PURCHASE ACQUISITION  
ADJUSTMENT, NET OF AMORTIZATION**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 2-6

Page 1 of 2

Line No.	Item	Base Year CWSNC Water Operations			Base Year CWSNC Sewer Operations		
		PAA (a)	Accumulated Amortization (b)	PAA, Net of Amortization [2] (c)	PAA (d)	Accumulated Amortization (e)	PAA, Net of Amortization [3] (f)
1	PAA and accumulated amortization per application	<u>(\$4,221,508)</u>	<u>\$2,436,986</u>	<u>(\$1,784,522)</u>	<u>(\$627,070)</u>	<u>\$1,023,488</u>	<u>\$396,418</u>
2	Adjustment to include company updates 9.19.2022	(\$1) [1]	\$0	(\$1)	\$0	(\$0)	(\$0)
3	PAA and accumulated amortization after adjusted for company updates ( L1 + L2 )	(\$4,221,509)	\$2,436,986	(\$1,784,523)	(\$627,070)	\$1,023,488	\$396,418
4	Adjustment to include actual general ledger additions through 8/31/2022	0	42,851 [1]	42,851	0	14,942 [1]	14,942
5	Adjustment to reflect annual level of amortization	0	18,737 [1]	18,737	0	(18,240) [1]	(18,240)
6	Total adjustment to PAA (L4 + L5)	0	61,588	61,588	0	(3,298)	(3,298)
7	PAA per Public Staff (L3 + L6)	<u>(\$4,221,509)</u>	<u>\$2,498,574</u>	<u>(\$1,722,935)</u>	<u>(\$627,070)</u>	<u>\$1,020,190</u>	<u>\$393,121</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 400

**ADJUSTMENT TO PURCHASE ACQUISITION  
ADJUSTMENT, NET OF AMORTIZATION**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 2-6

Page 2 of 2

Line No.	Item	Base Year BF/FH/TC Water Operations			Base Year BF/FH Sewer Operations		
		PAA (g)	Accumulated Amortization (h)	PAA, Net of Amortization (i) [4]	PAA (j)	Accumulated Amortization (k)	PAA, Net of Amortization (l) [5]
1	PAA and accumulated amortization per application	\$607,431	(\$629,079)	(\$21,648)	\$1,680,077	(\$828,094)	\$851,982
2	Adjustment to include company updates 9.19.2022	1	0	1	0	0	0
3	PAA and accumulated amortization after adjusted for company updates ( L1 + L2 )	\$607,432	(\$629,079)	(\$21,646)	\$1,680,077	(\$828,094)	\$851,982
4	Adjustment to include actual general ledger additions through 8/31/2022	0	(4,864) [1]	(4,864)	0	(12,596) [1]	(12,596)
5	Adjustment to reflect annual level of amortization	0	(2,783) [1]	(2,783)	0	(15,637) [1]	(15,637)
6	Total adjustment to PAA (L4 + L5)	0	(7,647)	(7,647)	0	(28,233)	(28,233)
7	PAA per Public Staff (L3 + L6)	\$607,432	(\$636,726)	(\$29,293)	\$1,680,077	(\$856,327)	\$823,750

[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 400  
**ADJUSTMENT TO PURCHASE ACQUISITION  
ADJUSTMENT, NET OF AMORTIZATION**  
For The Rate Year 1 - Rate Year 3 Ended March  
31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-6(a)

Line No.	CWSNC WATER OPERATIONS Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PAA [1]	Accumulated Amortization [1]	PAA, Net of Amortization [2]	PAA [1]	Accumulated Amortization [1]	PAA, Net of Amortization [4]	PAA [1]	Accumulated Amortization [1]	PAA, Net of Amortization [5]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	PAA and accumulated amortization per Company	<u>(\$4,221,509)</u>	<u>\$2,554,344</u>	<u>(\$1,667,165)</u>	<u>(4,221,509)</u>	<u>\$2,671,702</u>	<u>(\$1,549,807)</u>	<u>(\$4,221,509)</u>	<u>\$2,789,060</u>	<u>(\$1,432,449)</u>
2	Public Staff Base Year PAA and AA of PAA	(4,221,509)	2,498,574	(1,722,935) [3]			-			-
3	Adjustment to include Public Staff Rate Year 1 amortization expense of PAA		193,170	193,170 [3]			-			-
4	Public Staff Rate Year 1 PAA and AA of PAA			-	(4,221,509)	2,691,744	(1,529,766) [3]			-
5	Adjustment to include Public Staff Rate Year 2 amortization expense of PAA			-		120,313	120,313 [3]			-
6	Public Staff Rate Year 2 PAA and AA of PAA			-			-	(4,221,509)	2,812,057	(1,409,453) [3]
7	Adjustment to include Public Staff Rate Year 3 amortization expense of PAA			-			-		119,891	119,891 [3]
8	PAA and AA of PAA per Public Staff (L2 through L7)	<u>(4,221,509)</u>	<u>2,691,744</u>	<u>(1,529,766)</u>	<u>(4,221,509)</u>	<u>2,812,057</u>	<u>(1,409,453)</u>	<u>(4,221,509)</u>	<u>2,931,948</u>	<u>(1,289,562)</u>
9	Adjustment to PAA and AA of PAA ( L9-L1)	<u>\$ -</u>	<u>\$ 137,400</u>	<u>\$ 137,400</u>	<u>\$ -</u>	<u>\$ 140,355</u>	<u>\$ 140,355</u>	<u>\$ -</u>	<u>\$ 142,888</u>	<u>\$ 142,888</u>

[1] Per examination of Company's financial records.  
[2] Column (a) plus Column (b).  
[3] Per Public Staff's calculation.  
[4] Column (d) plus Column (e).  
[5] Column (g) plus Column (h).

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PURCHASE ACQUISITION  
ADJUSTMENT, NET OF AMORTIZATION**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-6(b)

Line No.	CWSNC SEWER OPERATIONS Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PAA	Accumulated Amortization	PAA, Net of Amortization	PAA	Accumulated Amortization	PAA, Net of Amortization	PAA	Accumulated Amortization	PAA, Net of Amortization
		(a)	[1] (b)	(c) [2]	(d) [1]	(e)	(f) [4]	(g)	(h)	(i) [5]
1	PAA and accumulated amortization per Company	<u>(\$627,070)</u>	<u>\$1,040,920</u>	<u>\$413,851</u>	<u>(\$627,070)</u>	<u>\$1,058,353</u>	<u>\$431,283</u>	<u>(\$627,070)</u>	<u>\$1,075,786</u>	<u>\$448,716</u>
2	Public Staff Base Year PAA and AA of PAA	(627,070)	1,020,190	393,121 [3]	-	-	-	-	-	-
3	Adjustment to include Public Staff Rate Year 1 amortization expense of PAA		27,304	27,304 [3]						
4	Public Staff Rate Year 1 PAA and AA of PAA				(627,070)	1,047,494	420,424 [3]			
5	Adjustment to include Public Staff Rate Year 2 amortization expense of PAA					17,182	17,182 [3]			
6	Public Staff Rate Year 2 PAA and AA of PAA							(627,070)	1,064,676	437,606 [3]
7	Adjustment to include Public Staff Rate Year 3 amortization expense of PAA								17,056	17,056 [3]
8	PAA and AA of PAA per Public Staff (L2 through L7)	<u>(627,070)</u>	<u>1,047,494</u>	<u>420,424</u>	<u>(627,070)</u>	<u>1,064,676</u>	<u>437,606</u>	<u>(627,070)</u>	<u>1,081,732</u>	<u>454,662</u>
9	Adjustment to PAA and AA of PAA ( L9-L1)	<u>\$0</u>	<u>\$6,573</u>	<u>\$6,573</u>	<u>\$0</u>	<u>\$6,323</u>	<u>\$6,323</u>	<u>\$0</u>	<u>\$5,946</u>	<u>\$5,946</u>

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

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

[3] Per Public Staff's calculation.

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

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

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PURCHASE ACQUISITION  
ADJUSTMENT, NET OF AMORTIZATION**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-6(c)

Line No.	BF/FH/TC WATER OPERATIONS Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PAA	Accumulated Amortization	PAA, Net of Amortization	PAA	Accumulated Amortization	PAA, Net of Amortization	PAA	Accumulated Amortization	PAA, Net of Amortization
		(a)	[1] (b)	[2] (c)	(d)	[1] (e)	[4] (f)	(g)	[1] (h)	[5] (i)
1	PAA and accumulated amortization per Company	<u>\$607,432</u>	<u>(\$644,933)</u>	<u>(\$37,500)</u>	<u>\$607,432</u>	<u>(\$660,786)</u>	<u>(\$53,354)</u>	<u>\$607,432</u>	<u>(\$676,640)</u>	<u>(\$69,208)</u>
2	Public Staff Base Year PAA and AA of PAA	607,432	(636,726)	(29,293) [3]	-	-	-	-	-	-
3	Adjustment to include Public Staff Rate Year 1 amortization expense of PAA		(22,409)	(22,409) [3]						
4	Public Staff Rate Year 1 PAA and AA of PAA				607,432	(659,135)	(51,703) [3]			
5	Adjustment to include Public Staff Rate Year 2 amortization expense of PAA	-	-	-	-	(14,639)	(14,639) [3]	-	-	-
6	Public Staff Rate Year 2 PAA and AA of PAA							607,432	(673,774)	(66,342) [3]
7	Adjustment to include Public Staff Rate Year 3 amortization expense of PAA	-	-	-	-	-	-	-	(14,518)	(14,518) [3]
8	PAA and AA of PAA per Public Staff (L2 through L7)	<u>607,432</u>	<u>(659,135)</u>	<u>(51,703)</u>	<u>607,432</u>	<u>(673,774)</u>	<u>(66,342)</u>	<u>607,432</u>	<u>(688,292)</u>	<u>(80,859)</u>
9	Adjustment to PAA and AA of PAA ( L9-L1)	<u>\$0</u>	<u>(\$14,202)</u>	<u>(14,202)</u>	<u>\$0</u>	<u>(\$12,987)</u>	<u>(12,987)</u>	<u>\$0</u>	<u>(\$11,651)</u>	<u>(11,651)</u>

[1] Per examination of Company's financial records.  
 [2] Column (a) plus Column (b).  
 [3] Per Public Staff's calculation.  
 [4] Column (d) plus Column (e).  
 [5] Column (g) plus Column (h).

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PURCHASE ACQUISITION**

**ADJUSTMENT, NET OF AMORTIZATION**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-6(d)

Line No.	BF/FH/TC SEWER OPERATIONS Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PAA	Accumulated Amortization	PAA, Net of Amortization [2]	PAA	Accumulated Amortization	PAA, Net of Amortization [4]	PAA	Accumulated Amortization	PAA, Net of Amortization [5]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	PAA and accumulated amortization per Company	<u>\$1,680,077</u>	<u>(\$871,944)</u>	<u>\$808,132</u>	<u>\$1,680,077</u>	<u>(\$915,794)</u>	<u>\$764,282</u>	<u>\$1,680,077</u>	<u>(\$959,644)</u>	<u>\$720,432</u>
2	Public Staff Base Year PAA and AA of PAA	1,680,077	(856,327)	823,750 [3]	-	-	-	-	-	-
3	Adjustment to include Public Staff Rate Year 1 amortization expense of PAA		(70,227)	(70,227) [3]						
4	Public Staff Rate Year 1 PAA and AA of PAA			-	1,680,077	(926,554) [3]	753,522			-
5	Adjustment to include Public Staff Rate Year 2 amortization expense of PAA			-		(43,514) [3]	(43,514)			-
6	Public Staff Rate Year 2 PAA and AA of PAA			-			-	1,680,077	(970,068)	710,008 [3]
7	Adjustment to include Public Staff Rate Year 3 amortization expense of PAA	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,178)</u>	<u>(43,178)</u> [3]
8	PAA and AA of PAA per Public Staff (L2 through L7)	<u>1,680,077</u>	<u>(926,554)</u>	<u>753,522</u>	<u>1,680,077</u>	<u>(970,068)</u>	<u>710,008</u>	<u>1,680,077</u>	<u>(1,013,246)</u>	<u>666,830</u>
9	Adjustment to PAA and AA of PAA ( L9-L1)	<u>-</u>	<u>(\$54,610)</u>	<u>(54,610)</u>	<u>\$0</u>	<u>(\$54,274)</u>	<u>(54,274)</u>	<u>\$0</u>	<u>(\$53,602)</u>	<u>(53,602)</u>

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

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

[3] Per Public Staff's calculation.

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

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

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

Docket No. W-354, Sub 400

**CALCULATION OF DEFERRED CHARGES**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 2-7

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Unamortized deferred maintenance - water	\$988,322 [1]	\$0	\$116,582 [3]	\$0
2	Unamortized deferred maintenance - sewer	0	891,194 [2]	0	78,925 [4]
3	Unamortized deferred charges per Public Staff (L1 + L2)	<u>\$988,322</u>	<u>\$891,194</u>	<u>\$116,582</u>	<u>\$78,925</u>

[1] Public Staff Settlement Exhibit 1, Schedule 2-9(a), Column (f), Line 5.

[2] Public Staff Settlement Exhibit 1, Schedule 2-9(a), Column (f), Line 7 plus Line 8.

[3] Public Staff Settlement Exhibit 1, Schedule 2-9(a), Column (f), Line 14.

[4] Public Staff Settlement Exhibit 1, Schedule 2-9(a), Column (f), Line 17.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEFERRED CHARGES**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-7(a)

**CWSNC WATER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Unamortized deferred maintenance - water	\$1,070,304 [1]	\$1,036,537 [2]	\$887,711 [3]
2	Unamortized deferred maintenance - sewer	<u>0</u>	<u>0</u>	<u>0</u>
3	Unamortized deferred charges per Public Staff (L1 + L2)	<u>\$1,070,304</u>	<u>\$1,036,537</u>	<u>\$887,711</u>

[1] Public Staff Settlement Exhibit 1, Schedule 2-8(a), Column (f), Line 5.  
[2] Public Staff Settlement Exhibit 1, Schedule 2-8(b), Column (f), Line 5.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-8(c), Column (f), Line 5.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEFERRED CHARGES**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-7(b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Unamortized deferred maintenance - water	\$0	\$0	\$0
2	Unamortized deferred maintenance - sewer	751,987 [1]	624,881 [2]	509,438 [3]
3	Unamortized deferred charges per Public Staff (L1 + L2)	<u>\$751,987</u>	<u>\$624,881</u>	<u>\$509,438</u>

[1] Public Staff Settlement Exhibit 1, Schedule 2-8(a), Column (f), Line 7 plus Line 8.  
[2] Public Staff Settlement Exhibit 1, Schedule 2-8(b), Column (f), Line 7 plus Line 8.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-8(c), Column (f), Line 7 plus Line 8.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEFERRED CHARGES**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-7(c)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Unamortized deferred maintenance - water	\$120,567 [1]	\$90,605 [2]	\$63,013 [3]
2	Unamortized deferred maintenance - sewer	<u>0</u>	<u>0</u>	<u>0</u>
3	Unamortized deferred charges per Public Staff (L1 + L2)	<u>\$120,567</u>	<u>\$90,605</u>	<u>\$63,013</u>

[1] Public Staff Settlement Exhibit 1, Schedule 2-8(a), Column (f), Line 14.  
[2] Public Staff Settlement Exhibit 1, Schedule 2-8(b), Column (f), Line 14.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-8(c), Column (f), Line 14.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEFERRED CHARGES**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-7(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Unamortized deferred maintenance - water	\$0	\$0	\$0
2	Unamortized deferred maintenance - sewer	<u>147,682</u> [1]	<u>114,042</u> [2]	<u>80,402</u> [3]
3	Unamortized deferred charges per Public Staff (L1 + L2)	<u>\$147,682</u>	<u>\$114,042</u>	<u>\$80,402</u>

[1] Public Staff Settlement Exhibit 1, Schedule 2-8(a), Column (f), Line 17.  
[2] Public Staff Settlement Exhibit 1, Schedule 2-8(b), Column (f), Line 17.  
[3] Public Staff Settlement Exhibit 1, Schedule 2-8(c), Column (f), Line 17.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEFERRED MAINTENANCE**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exh bit 1  
Schedule 2-8

Item	Total Cost Per Public Staff [1]	Amortization Period In Years [1]	Date Amortization Began [1]	Base Year		Accumulated Amortization [3]	Unamortized Balance [4]
				Annual Amortization [2]			
	(a)	(b)	(c)	(d)	(e)	(f)	
<b><u>Deferred maintenance - CWSNC Uniform Water</u></b>							
Deferred elevated storage tank painting	\$ 781,597	10	Various	\$ 78,160	\$ 677,588	\$ 104,009	
Deferred hydro storage tank painting	586,086	5	Various	117,217	515,660	70,426	
Deferred hydro storage tank inspection	981,963	5	Various	196,393	803,856	178,107	
Fusion Oracle ERP	915,162	9	Various	102,635	279,382	635,780	
Total deferred maintenance - water (Sum of L1 thru L4)	<u>3,264,808</u>			<u>494,405</u>	<u>2,276,485</u>	<u>988,322</u>	
<b><u>Deferred maintenance - CWSNC Uniform Sewer</u></b>							
Belvedere pump and haul	3,424,839	10	Various	342,484	3,259,312	165,527	
WWTP	1,065,076	5	Various	213,015	551,467	513,609	
Fusion Oracle ERP	543,508	9	Various	60,390	165,923	377,585	
Total deferred maintenance - sewer (L6 + L7 + L8)	<u>5,033,423</u>			<u>615,889</u>	<u>3,976,702</u>	<u>1,056,721</u>	
<b><u>Deferred maintenance - BF/FH/TC Water</u></b>							
Deferred elevated storage tank painting	66,028	10	Various	6,603	37,416	28,612	
Deferred hydro storage tank painting	36,500	5	Various	7,300	36,500	-	
Deferred hydro storage tank inspection	62,089	5	Various	12,418	51,306	10,783	
Fusion Oracle ERP	111,106	9	Various	12,345	33,919	77,188	
Total deferred maintenance - water (Sum of L10 thru L13)	<u>275,723</u>			<u>38,666</u>	<u>159,141</u>	<u>116,582</u>	
<b><u>Deferred maintenance - BF/FH Sewer</u></b>							
WWTP	110,492	5	Various	22,098	110,492	-	
Fusion Oracle ERP	113,608	9	Various	12,623	34,682	78,925	
Total deferred maintenance - sewer (L15 + L16)	<u>224,099</u>			<u>34,721</u>	<u>145,174</u>	<u>78,925</u>	
Total deferred maintenance (L5 + L9 +L14 +L17)	<u>\$ 8,798,054</u>			<u>\$ 1,183,681</u>	<u>\$ 6,557,503</u>	<u>\$ 2,240,551</u>	

[1] Per examination of Company's financial records.  
 [2] Column (a) divided by Column (b).  
 [3] Total monthly amortization through March 31, 2022.  
 [4] Column (a) minus Column (e).

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

Docket No. W-354, Sub 400

**CALCULATION OF DEFERRED MAINTENANCE**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-8(a)

Line No.	Item	Total Cost Per Public Staff [1] (a)	Amortization Period In Years [1] (b)	Date Amortization Began [1] (c)	Rate Year 1		
					Annual Amortization [2] (d)	Accumulated Amortization [3] (e)	Unamortized Balance [4] (f)
<b>Deferred maintenance - CWSNC Uniform Water</b>							
1	Deferred elevated storage tank painting	1,136,696.67	10	Various	\$113,670	742,236.54	\$394,460
2	Deferred hydro storage tank painting	605,166	5	Various	121,033	548,739	56,427
3	Deferred hydro storage tank inspection	981,963	5	Various	196,393	892,311	89,652
4	Fusion Oracle ERP	915,162	9	Various	102,635	385,397	529,765
5	Total deferred maintenance - water (Sum of L1 thru L4)	<u>3,638,988</u>			<u>533,731</u>	<u>2,568,684</u>	<u>1,070,304</u>
<b>Deferred maintenance - CWSNC Uniform Sewer</b>							
6	Belvedere pump and haul	3,424,839	10	Various	342,484	3,352,851	71,989
7	WWTP	1,111,295	5	Various	222,259	673,932	437,363
8	Fusion Oracle ERP	543,508	9	Various	60,390	228,884	314,624
9	Total deferred maintenance - sewer ( L6 + L7 + L8)	<u>5,079,642</u>			<u>625,133</u>	<u>4,255,666</u>	<u>823,976</u>
<b>Deferred maintenance - BF/FH/TC Water</b>							
10	Deferred elevated storage tank painting	66,028	10	Various	6,603	44,019	22,009
11	Deferred hydro storage tank painting	75,190	5	Various	15,038	44,238	30,952
12	Deferred hydro storage tank inspection	62,089	5	Various	12,418	58,800	3,289
13	Fusion Oracle ERP	111,106	9	Various	12,345	46,789	64,317
14	Total deferred maintenance - water (Sum of L10 thru L13)	<u>314,413</u>			<u>46,404</u>	<u>193,846</u>	<u>120,567</u>
<b>Deferred maintenance - BF/FH Sewer</b>							
15	WWTP	212,888	5	Various	42,578	130,971	81,917
16	Fusion Oracle ERP	113,608	9	Various	12,623	47,843	65,765
17	Total deferred maintenance - sewer (L15 + L16)	<u>326,495</u>			<u>55,201</u>	<u>178,814</u>	<u>147,682</u>
18	Total deferred maintenance (L5 + L9 +L14 +L17)	<u>\$9,359,538</u>			<u>\$1,260,469</u>	<u>\$7,197,010</u>	<u>\$2,162,528</u>

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

[2] Column (a) divided by Column (b).

[3] Total monthly amortization through March 31, 2022.

[4] Column (a) minus Column (e).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEFERRED MAINTENANCE**  
For The Test Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 2-8(b)

Line No.	Item	Total Cost Per Public Staff [1]	Amortization Period In Years [1]	Rate Year 2			
				Date Amortization Began [1]	Annual Amortization [2]	Accumulated Amortization [3]	Unamortized Balance [4]
		(a)	(b)	(c)	(d)	(e)	(f)
<b><u>Deferred maintenance - CWSNC Uniform Water</u></b>							
1	Deferred elevated storage tank painting	1,236,697	10	Various	\$123,670	813,425.75	\$423,271
2	Deferred hydro storage tank painting	624,786	5	Various	124,957	574,166	50,620
3	Deferred hydro storage tank inspection	1,104,441	5	Various	220,888	965,545	138,896
4	Fusion Oracle ERP	915,162	9	Various	102,635	491,411	423,751
5	Total deferred maintenance - water (Sum of L1 thru L4)	<u>3,881,085</u>			<u>572,150</u>	<u>2,844,548</u>	<u>1,036,537</u>
<b><u>Deferred maintenance - CWSNC Uniform Sewer</u></b>							
6	Belvedere pump and haul	3,424,839	10	Various	342,484	3,408,308	16,531
7	WWTP	1,111,295	5	Various	222,259	738,077	373,218
8	Fusion Oracle ERP	543,508	9	Various	60,390	291,845	251,662
9	Total deferred maintenance - sewer (L6 + L7 + L8)	<u>5,079,642</u>			<u>625,133</u>	<u>4,438,230</u>	<u>641,412</u>
<b><u>Deferred maintenance - BF/FH/TC Water</u></b>							
10	Deferred elevated storage tank painting	66,028	10	Various	6,603	50,621	15,406
11	Deferred hydro storage tank painting	75,190	5	Various	15,038	51,976	23,214
12	Deferred hydro storage tank inspection	62,089	5	Various	12,418	61,551	538
13	Fusion Oracle ERP	111,106	9	Various	12,345	59,660	51,446
14	Total deferred maintenance - water (Sum of L10 thru L13)	<u>314,413</u>			<u>46,404</u>	<u>223,809</u>	<u>90,605</u>
<b><u>Deferred maintenance - BF/FH Sewer</u></b>							
15	WWTP	212,888	5	Various	42,578	151,450	61,438
16	Fusion Oracle ERP	113,608	9	Various	12,623	61,004	52,604
17	Total deferred maintenance - sewer (L15 + L16)	<u>326,495</u>			<u>55,201</u>	<u>212,454</u>	<u>114,042</u>
18	Total deferred maintenance (L5 + L9 +L14 +L17)	<u>\$9,601,636</u>			<u>\$1,298,888</u>	<u>\$7,719,040</u>	<u>\$1,882,596</u>

[1] Per examination of Company's financial records.  
 [2] Column (a) divided by Column (b).  
 [3] Total monthly amortization through March 31, 2022.  
 [4] Column (a) minus Column (e).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEFERRED MAINTENANCE**  
For The Test Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 2-8(c)

Line No.	Item	<b>Rate Year 3</b>					
		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)
<b><u>Deferred maintenance - CWSNC Uniform Water</u></b>							
1	Deferred elevated storage tank painting	1,336,697	10	Various	\$133,670	894,614.96	\$442,082
2	Deferred hydro storage tank painting	644,946	5	Various	128,989	602,572	42,374
3	Deferred hydro storage tank inspection	1,104,441	5	Various	220,888	1,018,921	85,520
4	Fusion Oracle ERP	915,162	9	Various	102,635	597,426	317,736
5	Total deferred maintenance - water (Sum of L1 thru L4)	<u>4,001,245</u>			<u>586,182</u>	<u>3,113,534</u>	<u>887,711</u>
<b><u>Deferred maintenance - CWSNC Uniform Sewer</u></b>							
6	Belvedere pump and haul	3,424,839	10	Various	342,484	3,424,653	186
7	WWTP	1,111,295	5	Various	222,259	790,558	320,737
8	Fusion Oracle ERP	543,508	9	Various	60,390	354,807	188,701
9	Total deferred maintenance - sewer (L6 + L7 + L8)	<u>5,079,642</u>			<u>625,133</u>	<u>4,570,017</u>	<u>509,624</u>
<b><u>Deferred maintenance - BF/FH/TC Water</u></b>							
10	Deferred elevated storage tank painting	66,028	10	Various	6,603	57,224	8,804
11	Deferred hydro storage tank painting	75,190	5	Various	15,038	59,714	15,476
12	Deferred hydro storage tank inspection	62,089	5	Various	12,418	61,931	158
13	Fusion Oracle ERP	111,106	9	Various	12,345	72,531	38,575
14	Total deferred maintenance - water (Sum of L10 thru L13)	<u>314,413</u>			<u>46,404</u>	<u>251,400</u>	<u>63,013</u>
<b><u>Deferred maintenance - BF/FH Sewer</u></b>							
15	WWTP	212,888	5	Various	42,578	171,929	40,958
16	Fusion Oracle ERP	113,608	9	Various	12,623	74,164	39,444
17	Total deferred maintenance - sewer (L15 + L16)	<u>326,495</u>			<u>55,201</u>	<u>246,093</u>	<u>80,402</u>
18	Total deferred maintenance (L5 + L9 +L14 +L17)	<u>\$9,721,796</u>			<u>\$1,312,920</u>	<u>\$8,181,045</u>	<u>\$1,540,751</u>

[1] Per examination of Company's financial records.  
 [2] Column (a) divided by Column (b).  
 [3] Total monthly amortization through March 31, 2022.  
 [4] Column (a) minus Column (e).

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3(a)  
Page 1 of 2

CWSNC WATER OPERATIONS		Base Year			Base Year			Base Year		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Updates (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)		
Line No.	Item									
	<b>Operating Revenues</b>									
1	Service revenues	\$22,816,174	(\$516,339)	\$22,299,835 [3]	\$1,631,125	\$23,930,960 [3]	\$828,431	\$23,128,266 [34]		
2	Miscellaneous revenues	90,390	81,620	172,011 [4]	4,627	176,638 [27]	2,350	174,361 [35]		
3	Uncollectible accounts	(222,895)	55,646	(167,249) [5]	(12,233)	(179,482) [28]	(6,213)	(173,462) [36]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>22,683,669</b>	<b>(379,073)</b>	<b>22,304,597</b>	<b>1,623,519</b>	<b>23,928,116</b>	<b>824,568</b>	<b>23,129,165</b>		
	<b>Maintenance Expenses</b>									
5	Purchased power	1,073,063	(1,966)	1,071,097 [6]	0	1,071,097	0	1,071,097		
6	Purchased water	1,665,457	0	1,665,457	0	1,665,457	0	1,665,457		
7	Maintenance and repair	1,201,678	(6,052)	1,195,626 [7]	0	1,195,626	0	1,195,626		
8	Maintenance testing	195,388	0	195,388	0	195,388	0	195,388		
9	Meter reading	229,336	(6,724)	222,612 [8]	0	222,612	0	222,612		
10	Chemicals	395,379	(58,755)	336,625 [9]	0	336,625	0	336,625		
11	Transportation	280,606	6,486	287,092 [10]	0	287,092	0	287,092		
12	Operating expenses charged to plant	(450,858)	(4,287)	(455,145) [11]	0	(455,145)	0	(455,145)		
13	Outside services - other	124,388	(11,230)	113,158 [12]	0	113,158	0	113,158		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>4,714,438</b>	<b>(82,528)</b>	<b>4,631,909</b>	<b>0</b>	<b>4,631,909</b>	<b>0</b>	<b>4,631,909</b>		
	<b>General Expenses</b>									
15	Salaries and wages	3,949,931	(77,887)	3,872,044 [13]	0	3,872,044	0	3,872,044		
16	Office supplies and other office expense	319,242	0	319,242	0	319,242	0	319,242		
17	Regulatory commission expense	400,430	(93,198)	307,232 [14]	0	307,232	0	307,232		
18	Pension and other benefits	976,152	(39,702)	936,450 [15]	0	936,450	0	936,450		
19	Rent	211,794	0	211,794	0	211,794	0	211,794		
20	Insurance	714,402	90,767	805,169 [16]	0	805,169	0	805,169		
21	Office utilities	180,673	(0)	180,673	0	180,673	0	180,673		
22	Miscellaneous	2,969,417	(181,190)	2,788,227 [17]	0	2,788,227	0	2,788,227		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>9,722,041</b>	<b>(301,210)</b>	<b>9,420,831</b>	<b>0</b>	<b>9,420,831</b>	<b>0</b>	<b>9,420,831</b>		
	<b>Depreciation and Taxes</b>									
24	Depreciation expense	4,035,064	(453,577)	3,581,487 [18]	0	3,581,487	0	3,581,487		
25	Amortization of CIAC	(733,560)	0	(733,560)	0	(733,560)	0	(733,560)		
26	Amortization of PAA	(117,358)	(4,221)	(121,579) [19]	0	(121,579)	0	(121,579)		
27	Amortization of ITC	(265)	0	(265)	0	(265)	0	(265)		
28	Franchise and other taxes	56,486	0	56,486	0	56,486	0	56,486		
29	Property taxes	135,969	0	135,969	0	135,969	0	135,969		
30	Payroll taxes	304,405	(6,480)	297,925 [20]	0	297,925	0	297,925		
31	Regulatory fee	32,392	(1,166)	31,226 [21]	2,273	33,499 [29]	1,155	32,381 [37]		
32	Deferred Income Tax	0	(64,882)	(64,882) [22]	0	(64,882)	0	(64,882)		
33	State income tax	122,738	(38,824)	83,914 [23]	40,532	124,446 [30]	20,586	104,500 [38]		
34	Federal income tax	1,005,225	(317,965)	687,260 [24]	331,950	1,019,210 [31]	168,593	855,853 [39]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>4,841,096</b>	<b>(887,115)</b>	<b>3,953,981</b>	<b>374,755</b>	<b>4,328,736</b>	<b>190,334</b>	<b>4,144,315</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	19,277,574	(1,270,853)	18,006,721	374,755	18,381,476	190,334	18,197,055		
37	Net operating income for a return (L4 - L37)	\$3,406,095	\$891,780	\$4,297,876	\$1,248,764	\$5,546,640	\$634,234	\$4,932,110		

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3(b)  
Page 1 of 2

		Base Year			Base Year			Base Year		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Updates (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c)	Net Company Increase (d)	Operations After Rate Increase (e)	Net Public Staff Increase (f)	Operations After Rate Increase (g)		
<b>Operating Revenues</b>										
1	Service revenues	\$17,559,952	(\$87,187)	\$17,472,765 [3]	\$1,769,711	\$19,242,476 [3]	\$1,133,249	\$18,606,014 [33]		
2	Miscellaneous revenues	73,544	57,775	131,319 [4]	4,742	136,061 [26]	3,037	134,356 [34]		
3	Uncollectible accounts	(171,546)	40,500	(131,046) [5]	(13,273)	(144,319) [27]	(8,499)	(139,545) [35]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>17,461,951</b>	<b>11,088</b>	<b>17,473,038</b>	<b>1,761,180</b>	<b>19,234,218</b>	<b>1,127,787</b>	<b>18,600,825</b>		
<b>Maintenance Expenses</b>										
5	Purchased power	838,500	(13,484)	825,016 [6]	0	825,016	0	825,016		
6	Purchased sewer	1,048,540	0	1,048,540	0	1,048,540	0	1,048,540		
7	Maintenance and repair	1,662,107	143,662	1,805,769 [7]	0	1,805,769	0	1,805,769		
8	Maintenance testing	305,558	0	305,558	0	305,558	0	305,558		
9	Meter reading	3,024	0	3,024	0	3,024	0	3,024		
10	Chemicals	587,472	13,757	601,228 [8]	0	601,228	0	601,228		
11	Transportation	167,411	3,869	171,280 [9]	0	171,280	0	171,280		
12	Operating expenses charged to plant	(268,985)	(2,558)	(271,543) [10]	0	(271,543)	0	(271,543)		
13	Outside services - other	74,211	(6,701)	67,510 [11]	0	67,510	0	67,510		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>4,417,838</b>	<b>138,545</b>	<b>4,556,383</b>	<b>0</b>	<b>4,556,383</b>	<b>0</b>	<b>4,556,383</b>		
<b>General Expenses</b>										
15	Salaries and wages	2,356,552	(46,468)	2,310,084 [12]	0	2,310,084	0	2,310,084		
16	Office supplies and other office expense	190,462	0	190,462	0	190,462	0	190,462		
17	Regulatory commission expense	238,899	(55,601)	183,298 [13]	0	183,298	0	183,298		
18	Pension and other benefits	582,378	(23,686)	558,692 [14]	0	558,692	0	558,692		
19	Rent	126,358	0	126,358	0	126,358	0	126,358		
20	Insurance	426,217	54,151	480,368 [15]	0	480,368	0	480,368		
21	Office utilities	106,857	(0)	106,857	0	106,857	0	106,857		
22	Miscellaneous	1,711,160	(27,805)	1,683,355 [16]	0	1,683,355	0	1,683,355		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>5,738,882</b>	<b>(99,408)</b>	<b>5,639,474</b>	<b>0</b>	<b>5,639,474</b>	<b>0</b>	<b>5,639,474</b>		
<b>Depreciation and Taxes</b>										
24	Depreciation expense	3,456,269	(277,350)	3,178,919 [17]	0	3,178,919	0	3,178,919		
25	Amortization of CIAC	(625,462)	0	(625,462)	0	(625,462)	0	(625,462)		
26	Amortization of PAA	(17,433)	(188)	(17,621) [18]	0	(17,621)	0	(17,621)		
27	Amortization of ITC	(254)	0	(254)	0	(254)	0	(254)		
28	Franchise and other taxes	48,172	0	48,172	0	48,172	0	48,172		
29	Property taxes	105,629	0	105,629	0	105,629	0	105,629		
30	Payroll taxes	181,610	(3,866)	177,744 [19]	0	177,744	0	177,744		
31	Regulatory fee	25,609	(1,147)	24,462 [20]	2,466	26,928 [28]	1,579	26,041 [36]		
32	Deferred Income Tax	0	(38,709)	(38,709) [21]	0	(38,709)	0	(38,709)		
33	State income tax	115,456	(44,569)	70,887 [22]	43,968	114,855 [29]	28,155	99,042 [37]		
34	Federal income tax	945,582	(365,017)	580,565 [23]	360,096	940,661 [30]	230,591	811,156 [38]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>4,235,178</b>	<b>(730,846)</b>	<b>3,504,332</b>	<b>406,530</b>	<b>3,910,862</b>	<b>260,325</b>	<b>3,764,657</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	14,391,898	(691,709)	13,700,189	406,530	14,106,719	260,325	13,960,514		
37	Net operating income for a return (L4 - L37)	\$3,070,053	\$702,796	\$3,772,849	\$1,354,650	\$5,127,499	\$867,462	\$4,640,311		

**CAROLINA WATER SERVICE, INC., OF NC**  
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Updated Public Staff Settlement Exhibit 1  
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Line No.	<b>BF/FH/TC WATER OPERATIONS</b>							
	<u>Base Year</u>			<u>Base Year</u>			<u>Base Year</u>	
	<u>Present Rates</u>			<u>Company Proposed Rates</u>			<u>Public Staff Recommended Rates</u>	
	Amount Per Updates (a)	Public Staff Adjustments (b)	Amount Per Public Staff (c)	Net Company Increase (d)	Operations After Rate Increase (e)	Net Public Staff Increase (f)	Operations After Rate Increase (g)	
<b>Operating Revenues</b>								
1	Service revenues	\$1,881,112	(\$1,668)	\$1,879,444 [3]	\$236,594	\$2,116,038 [3]	\$136,837	\$2,016,281 [31]
2	Miscellaneous revenues	7,861	6,472	14,332 [4]	666	14,998 [24]	385	14,717 [32]
3	Uncollectible accounts	(29,540)	3,604	(25,936) [5]	(3,265)	(29,201) [25]	(1,889)	(27,825) [33]
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<u>1,859,432</u>	<u>8,408</u>	<u>1,867,840</u>	<u>233,995</u>	<u>2,101,835</u>	<u>135,333</u>	<u>2,003,173</u>
<b>Maintenance Expenses</b>								
5	Purchased power	70,432	0	70,432	0	70,432	0	70,432
6	Purchased water	609	0	609	0	609	0	609
7	Maintenance and repair	195,200	12,756	207,957 [6]	0	207,957	0	207,957
8	Maintenance testing	10,196	0	10,196	0	10,196	0	10,196
9	Meter reading	47,602	0	47,602	0	47,602	0	47,602
10	Chemicals	86,232	(32)	86,200 [7]	0	86,200	0	86,200
11	Transportation	38,572	(2,405)	36,167 [8]	0	36,167	0	36,167
12	Operating expenses charged to plant	(65,538)	(515)	(66,053) [9]	0	(66,053)	0	(66,053)
13	Outside services - other	24,735	0	24,735	0	24,735	0	24,735
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<u>408,040</u>	<u>9,804</u>	<u>417,844</u>	<u>0</u>	<u>417,844</u>	<u>0</u>	<u>417,844</u>
<b>General Expenses</b>								
15	Salaries and wages	474,573	(9,358)	465,216 [10]	0	465,216	0	465,216
16	Office supplies and other office expense	36,081	0	36,081	0	36,081	0	36,081
17	Regulatory commission expense	49,468	(11,193)	38,275 [11]	0	38,275	0	38,275
18	Pension and other benefits	117,282	(4,770)	112,512 [12]	0	112,512	0	112,512
19	Rent	25,446	0	25,446	0	25,446	0	25,446
20	Insurance	85,834	10,904	96,738 [13]	0	96,738	0	96,738
21	Office utilities	17,363	0	17,363	0	17,363	0	17,363
22	Miscellaneous	318,995	8,315	327,310 [14]	0	327,310	0	327,310
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<u>1,125,041</u>	<u>(6,101)</u>	<u>1,118,940</u>	<u>0</u>	<u>1,118,940</u>	<u>0</u>	<u>1,118,940</u>
<b>Depreciation and Taxes</b>								
24	Depreciation expense	205,217	(28,609)	176,608 [15]	0	176,608	0	176,608
25	Amortization of CIAC	(57,707)	0	(57,707)	0	(57,707)	0	(57,707)
26	Amortization of PAA	15,854	(1,397)	14,457 [16]	0	14,457	0	14,457
27	Amortization of ITC	0	0	0	0	0	0	0
28	Franchise and other taxes	(1,321)	0	(1,321)	0	(1,321)	0	(1,321)
29	Property taxes	7,746	0	7,746	0	7,746	0	7,746
30	Payroll taxes	36,573	(778)	35,795 [17]	0	35,795	0	35,795
31	Regulatory fee	2,710	(95)	2,615 [18]	328	2,943 [26]	189	2,804 [34]
32	Deferred Income Tax	0	(8,585)	(8,585) [19]	0	(8,585)	0	(8,585)
33	State income tax	6,187	(4,450)	1,737 [20]	5,842	7,579 [27]	3,379	5,116 [35]
34	Federal income tax	50,669	(36,441)	14,228 [21]	47,844	62,072 [28]	27,671	41,899 [36]
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<u>265,929</u>	<u>(80,356)</u>	<u>185,573</u>	<u>54,014</u>	<u>239,587</u>	<u>31,239</u>	<u>216,812</u>
36	Total operating revenue deductions (L15 + L24 + L36)	<u>1,799,010</u>	<u>(76,653)</u>	<u>1,722,357</u>	<u>54,014</u>	<u>1,776,371</u>	<u>31,239</u>	<u>1,753,596</u>
37	Net operating income for a return (L4 - L37)	<u>\$60,422</u>	<u>\$85,061</u>	<u>\$145,483</u>	<u>\$179,981</u>	<u>\$325,464</u>	<u>\$104,094</u>	<u>\$249,577</u>

**CAROLINA WATER SERVICE, INC., OF NC**  
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**NET OPERATING INCOME FOR A RETURN**  
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Updated Public Staff Settlement Exhibit 1  
Schedule 3(d)  
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		Base Year			Base Year			Base Year		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Updates (a)	Public Staff Adjustments (b) [1]	Amount Per Public Staff (c) [2]	Net Company Increase (d) [22]	Operations After Rate Increase (e) [23]	Net Public Staff Increase (f) [29]	Operations After Rate Increase (g) [30]		
<b>BF/FH SEWER OPERATIONS</b>										
<b>Operating Revenues</b>										
1	Service revenues	\$2,633,654	\$9,864	\$2,643,518 [3]	\$398,799	\$3,042,317 [3]	\$155,099	\$2,798,617 [31]		
2	Miscellaneous revenues	12,471	8,304	20,775 [4]	1,070	21,845 [24]	416	21,191 [32]		
3	Uncollectible accounts	(41,357)	4,876	(36,481) [5]	(5,503)	(41,984) [25]	(2,140)	(38,621) [33]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>2,604,768</b>	<b>23,044</b>	<b>2,627,812</b>	<b>394,366</b>	<b>3,022,178</b>	<b>153,375</b>	<b>2,781,187</b>		
<b>Maintenance Expenses</b>										
5	Purchased power	149,604	0	149,604	0	149,604	0	149,604		
6	Purchased sewer	0	0	0	0	0	0	0		
7	Maintenance and repair	236,104	(29,050)	207,054 [6]	0	207,054	0	207,054		
8	Maintenance testing	24,179	0	24,179	0	24,179	0	24,179		
9	Meter reading	1,041	0	1,041	0	1,041	0	1,041		
10	Chemicals	67,536	(4,833)	62,704 [7]	0	62,704	0	62,704		
11	Transportation	39,483	(2,461)	37,022 [8]	0	37,022	0	37,022		
12	Operating expenses charged to plant	(67,085)	(527)	(67,612) [9]	0	(67,612)	0	(67,612)		
13	Outside services - other	25,319	0	25,319	0	25,319	0	25,319		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>476,180</b>	<b>(36,870)</b>	<b>439,310</b>	<b>0</b>	<b>439,310</b>	<b>0</b>	<b>439,310</b>		
<b>General Expenses</b>										
15	Salaries and wages	485,774	(9,579)	476,195 [10]	0	476,195	0	476,195		
16	Office supplies and other office expense	36,933	0	36,933	0	36,933	0	36,933		
17	Regulatory commission expense	50,635	(11,461)	39,175 [11]	0	39,175	0	39,175		
18	Pension and other benefits	120,050	(4,883)	115,167 [12]	0	115,167	0	115,167		
19	Rent	26,047	0	26,047	0	26,047	0	26,047		
20	Insurance	87,859	11,162	99,021 [13]	0	99,021	0	99,021		
21	Office utilities	17,772	(0)	17,772	0	17,772	0	17,772		
22	Miscellaneous	326,492	8,509	335,001 [14]	0	335,001	0	335,001		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>1,151,562</b>	<b>(6,252)</b>	<b>1,145,310</b>	<b>0</b>	<b>1,145,310</b>	<b>0</b>	<b>1,145,310</b>		
<b>Depreciation and Taxes</b>										
24	Depreciation expense	479,039	(29,017)	450,022 [15]	0	450,022	0	450,022		
25	Amortization of CIAC	(150,635)	(0)	(150,635)	0	(150,635)	0	(150,635)		
26	Amortization of PAA	43,850	2,016	45,866 [16]	0	45,866	0	45,866		
27	Amortization of ITC	0	0	0	0	0	0	0		
28	Franchise and other taxes	(1,352)	0	(1,352)	0	(1,352)	0	(1,352)		
29	Property taxes	9,754	0	9,754	0	9,754	0	9,754		
30	Payroll taxes	37,437	(797)	36,640 [17]	0	36,640	0	36,640		
31	Regulatory fee	3,851	(172)	3,679 [18]	552	4,231 [25]	215	3,894 [34]		
32	Deferred Income Tax	0	(8,786)	(8,786) [19]	0	(8,786)	0	(8,786)		
33	State income tax	16,654	(6,093)	10,561 [20]	9,845	20,406 [27]	3,829	14,390 [35]		
34	Federal income tax	136,397	(49,906)	86,491 [21]	80,633	167,124 [28]	31,359	117,850 [36]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>574,994</b>	<b>(92,755)</b>	<b>482,239</b>	<b>91,030</b>	<b>573,269</b>	<b>35,403</b>	<b>517,642</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	2,202,735	(135,877)	2,066,858	91,030	2,157,888	35,403	2,102,261		
37	Net operating income for a return (L4 - L37)	\$402,033	\$158,921	\$560,954	\$303,336	\$864,290	\$117,972	\$678,926		

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

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**FOOTNOTES TO SCHEDULE 3(a)**

**For The Test Year Ended March 31, 2022**

Updated Public Staff Settlement Exhibit 1

Schedule 3(a)

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**Base Year  
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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (a), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4, Column (a), Line 5.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5, Column (a), Line 7.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-6, Column (a), Line 6.
- [9] Based on review of the Company's data.
- [10] Public Staff Settlement Exhibit 1, Schedule 3-8, Column (a), Line 7.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-9, Column (a), Line 6.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-10, Column (a), Line 7.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-3, Column (a), Line 5.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-12, Column (d), Line 11.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-13, Column (a), Line 5.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-15, Column (a), Line 10.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-17 Column (a), Line 7.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-18, Column (a), Line 5.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-18, Column (a), Line 13.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16, Column (a), Line 5.
- [21] Line 4 Column ( c ) multiplied by 0.14%.
- [22] Calculated based on the Public Staff's workpaper.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-22(a), Column (a), Line 16.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-22(a), Column (a), Line 18.
- [25] Column (e) minus Column (c), unless otherwise footnoted.
- [26] Column (c) plus Column (d), unless otherwise footnoted.
- [27] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (c), Line 8.
- [28] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (a), Line 9.
- [29] Line 4 Column ( e ) multiplied by 0.14%.
- [30] Public Staff Settlement Exhibit 1, Schedule 3-22(a), Column (b), Line 16.
- [31] Public Staff Settlement Exhibit 1, Schedule 3-22(a), 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] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (c), Line 12.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (a), Line 12.
- [37] Line 4 Column ( g ) multiplied by 0.14%.
- [38] Public Staff Settlement Exhibit 1, Schedule 3-22(a), Column (c), Line 16.
- [39] Public Staff Settlement Exhibit 1, Schedule 3-22(a), Column (c), Line 18

**CAROLINA WATER SERVICE, INC., OF NC**  
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**FOOTNOTES TO SCHEDULE 3(b)**  
**For The Test Year Ended March 31, 2022**

Updated Public Staff Settlement Exhibit 1  
Schedule 3(b)  
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**Base Year**  
**CWSNC SEWER 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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(b), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (b), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4, Column (b), Line 5.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-6, Column (b), Line 7.
- [8] Based on review of the Company's data.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-8, Column (b), Line 7
- [10] Public Staff Settlement Exhibit 1, Schedule 3-9, Column (b), Line 6.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-10, Column (b), Line 6.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-3, Column (b), Line 5.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-12, Column (e), Line 11.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-13, Column (b), Line 5.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-15, Column (b), Line 10.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-17, Column (b), Line 7.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-18, Column (b), Line 5.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-18, Column (b), Line 13.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-18, Column (b), Line 5.
- [20] Line 4 Column ( c ) multiplied by 0.14%.
- [21] Calculated based on the Public Staff's workpaper.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-22(b), Column (a), Line 16.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-22(b), Column (a), Line 18.
- [24] Column (e) minus Column (c), unless otherwise footnoted.
- [25] Column (c) plus Column (d), unless otherwise footnoted.
- [26] Public Staff Settlement Exhibit 1, Schedule 3-1(b), Column (c), Line 8.
- [27] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (b), Line 9.
- [28] Line 4 Column ( e ) multiplied by 0.14%.
- [29] Public Staff Settlement Exhibit 1, Schedule 3-22(b), Column (b), Line 16.
- [30] Public Staff Settlement Exhibit 1, Schedule 3-22(b), Column (b), Line 18.
- [31] Column (g) minus Column (c), unless otherwise footnoted.
- [32] Column (c) plus Column (f), unless otherwise footnoted.
- [33] Revenue requirement as calculated by the Public Staff.
- [34] Public Staff Settlement Exhibit 1, Schedule 3-1(b), Column (c), Line 12.
- [35] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (b), Line 12.
- [36] Line 4 Column ( g ) multiplied by 0.14%.
- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(b), Column (c), Line 16.
- [38] Public Staff Settlement Exhibit 1, Schedule 3-22(b), Column (c), Line 18.

**CAROLINA WATER SERVICE, INC., OF NC**  
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**FOOTNOTES TO SCHEDULE 3(c)**  
**For The Test Year Ended March 31, 2022**

Updated Public Staff Settlement Exhibit 1  
Schedule 3(c)  
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**Base Year**  
**BF/FH/TC 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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (c), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-6, Column (c), Line 7.
- [7] Based on review of the Company's data.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-8, Column (c), Line 7.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-9, Column (c), Line 6.
- [10] Public Staff Settlement Exhibit 1, Schedule 3-3, Column (c), Line 5.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-12, Column (f), Line 11.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-13, Column (c), Line 5.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-15, Column (c), Line 10.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-17, Column (c), Line 7.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-18, Column (c), Line 5.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-18, Column (c), Line 13.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-16, Column (c), Line 5.
- [18] Line 4 Column ( c ) multiplied by 0.14%.
- [19] Calculated based on the Public Staff's workpaper.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-22(c), Column (a), Line 16.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-22(c), Column (a), Line 18.
- [22] Column (e) minus Column (c), unless otherwise footnoted.
- [23] Column (c) plus Column (d), unless otherwise footnoted.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (c), Line 8.
- [25] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (c), Line 9.
- [26] Line 4 Column ( e ) multiplied by 0.14%.
- [27] Public Staff Settlement Exhibit 1, Schedule 3-22(c), Column (b), Line 16.
- [28] Public Staff Settlement Exhibit 1, Schedule 3-22(c), Column (b), Line 18.
- [29] Column (g) minus Column (c), unless otherwise footnoted.
- [30] Column (c) plus Column (f), unless otherwise footnoted.
- [31] Revenue requirement as calculated by the Public Staff.
- [32] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (c), Line 12.
- [33] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (c), Line 12.
- [34] Line 4 Column ( g ) multiplied by 0.14%.
- [35] Public Staff Settlement Exhibit 1, Schedule 3-22(c), Column (c), Line 16.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(c), Column (c), Line 18.

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

**Docket No. W-354, Sub 400**

**FOOTNOTES TO SCHEDULE 3(d)  
For The Test Year Ended March 31, 2022**

Updated Public Staff Settlement Exhibit 1  
Schedule 3(d)  
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**Base Year  
BF/FH SEWER 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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(d), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (d), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-5, Column (d), Line 7.
- [7] Based on review of the Company's data.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-7, Column (d), Line 7 .
- [9] Public Staff Settlement Exhibit 1, Schedule 3-8, Column (d), Line 6.
- [10] Public Staff Settlement Exhibit 1, Schedule 3-3, Column (d), Line 5.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-10, Column (g), Line 11.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-11, Column (d), Line 5.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-12, Column (d), Line 10.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-13, Column (d), Line 7.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-14, Column (d), Line 5.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-14, Column (d), Line 13.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-16, Column (d), Line 5.
- [18] Line 4 Column ( c ) multiplied by 0.14%.
- [19] Calculated based on the Public Staff's workpaper.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-22(d), Column (a), Line 16.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-2(d), Column (a), Line 18.
- [22] Column (e) minus Column (c), unless otherwise footnoted.
- [23] Column (c) plus Column (d), unless otherwise footnoted.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-1(d), Column (c), Line 8.
- [25] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (d), Line 9.
- [26] Line 4 Column ( e ) multiplied by 0.14%.
- [27] Public Staff Settlement Exhibit 1, Schedule 3-22(d), Column (b), Line 16.
- [28] Public Staff Settlement Exhibit 1, Schedule 3-22(d), Column (b), Line 18.
- [29] Column (g) minus Column (c), unless otherwise footnoted.
- [30] Column (c) plus Column (f), unless otherwise footnoted.
- [31] Revenue requirement as calculated by the Public Staff.
- [32] Public Staff Settlement Exhibit 1, Schedule 3-1(d), Column (c), Line 12.
- [33] Public Staff Settlement Exhibit 1, Schedule 3-2, Column (d), Line 12.
- [34] Line 4 Column ( g ) multiplied by 0.14%.
- [35] Public Staff Settlement Exhibit 1, Schedule 3-22(d), Column (c), Line 16.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(d), Column (c), Line 18.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
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Updated Public Staff Settlement Exhibit 1  
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Line No.	Item	Rate Year 1		Rate Year 1		Rate Year 1		
		Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Company (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [31] (d)	Operations After Rate Increase [32] (e)	Net Public Staff Increase [38] (f)	Operations After Rate Increase [39] (g)
<b>Operating Revenues:</b>								
1	Service revenues	\$22,816,174	\$1,114,786	\$23,930,960 [3]	\$2,167,547	\$26,098,507 [3]	\$762,215	\$24,693,175 [40]
2	Miscellaneous revenues	90,390	86,247	176,638 [4]	6,148	182,786 [33]	2,162	178,800 [41]
3	Uncollectible accounts	(222,895)	43,413	(179,482) [5]	(16,257)	(195,739) [34]	(5,717)	(185,199) [42]
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<u>22,683,669</u>	<u>1,244,446</u>	<u>23,928,116</u>	<u>2,157,438</u>	<u>26,085,554</u>	<u>758,660</u>	<u>24,686,776</u>
<b>Maintenance Expenses:</b>								
5	Purchased power	1,154,615	(35,805)	1,118,810 [6]	0	1,118,810	0	1,118,810
6	Purchased water	1,665,457	0	1,665,457	0	1,665,457	0	1,665,457
7	Maintenance and repair	1,263,123	(68,204)	1,194,919 [7]	0	1,194,919	0	1,194,919
8	Maintenance testing	210,238	(8,206)	202,031 [8]	0	202,031	0	202,031
9	Meter reading	251,818	(21,637)	230,181 [9]	0	230,181	0	230,181
10	Chemicals	425,428	(73,808)	351,620 [10]	0	351,620	0	351,620
11	Transportation	308,114	(21,022)	287,092 [11]	0	287,092	0	287,092
12	Operating expenses charged to plant	(464,384)	(4,416)	(468,799) [12]	0	(468,799)	0	(468,799)
13	Outside services - other	136,582	(19,576)	117,005 [13]	0	117,005	0	117,005
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<u>4,950,991</u>	<u>(252,674)</u>	<u>4,698,317</u>	<u>0</u>	<u>4,698,317</u>	<u>0</u>	<u>4,698,317</u>
<b>General Expenses:</b>								
15	Salaries and wages	4,068,428	(80,223)	3,988,205 [14]	0	3,988,205	0	3,988,205
16	Office supplies and other office expense	344,606	(14,509)	330,097 [15]	0	330,097	0	330,097
17	Regulatory commission expense	409,396	(102,165)	307,231 [16]	0	307,231	0	307,231
18	Pension and other benefits	1,050,339	(85,796)	964,543 [17]	0	964,543	0	964,543
19	Rent	227,890	(8,895)	218,995 [18]	0	218,995	0	218,995
20	Insurance	767,442	74,301	841,743 [19]	0	841,743	0	841,743
21	Office utilities	198,385	(11,569)	186,816 [20]	0	186,816	0	186,816
22	Miscellaneous	3,205,160	(322,133)	2,883,027 [21]	0	2,883,027	0	2,883,027
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<u>10,271,647</u>	<u>(550,989)</u>	<u>9,720,657</u>	<u>0</u>	<u>9,720,657</u>	<u>0</u>	<u>9,720,657</u>
<b>Depreciation and Taxes:</b>								
24	Depreciation expense	4,257,285	(307,609)	3,949,676 [22]	0	3,949,676	0	3,949,676
25	Amortization of CIAC	(733,560)	0	(733,560)	0	(733,560)	0	(733,560)
26	Amortization of PAA	(117,358)	(4,644)	(122,002) [23]	0	(122,002)	0	(122,002)
27	Amortization of ITC	(265)	0	(265)	0	(265)	0	(265)
28	Franchise and other taxes	62,023	(5,537)	56,486 [24]	0	56,486	0	56,486
29	Property taxes	145,817	(9,848)	135,969 [25]	0	135,969	0	135,969
30	Payroll taxes	313,537	(6,675)	306,863 [26]	0	306,863	0	306,863
31	Regulatory fee	34,901	(1,402)	33,499 [27]	3,021	36,520 [35]	1,062	34,561 [43]
32	Deferred Income Tax	0	(64,882)	(64,882) [28]	0	(64,882)	0	(64,882)
33	State income tax	139,967	(39,756)	100,211 [29]	53,860	154,072 [36]	18,940	119,151 [44]
34	Federal income tax	1,146,333	(325,603)	820,730 [30]	441,117	1,261,847 [37]	155,118	975,849 [45]
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<u>5,248,681</u>	<u>(765,955)</u>	<u>4,482,725</u>	<u>497,998</u>	<u>4,980,724</u>	<u>175,120</u>	<u>4,657,845</u>
36	Total operating revenue deductions (L14 + L23 + L35)	<u>20,471,318</u>	<u>(1,569,619)</u>	<u>18,901,699</u>	<u>497,998</u>	<u>19,399,698</u>	<u>175,120</u>	<u>19,076,820</u>
37	Net operating income for a return (L4 - L37)	<u>\$2,212,351</u>	<u>\$2,814,065</u>	<u>\$5,026,416</u>	<u>\$1,659,440</u>	<u>\$6,685,856</u>	<u>\$583,540</u>	<u>\$5,609,956</u>

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**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 1		Rate Year 1		Rate Year 1		
		Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Updates (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [31] (d)	Operations After Rate Increase [32] (e)	Net Public Staff Increase [38] (f)	Operations After Rate Increase [39] (g)
<b>Operating Revenues:</b>								
1	Service revenues	\$17,559,952	\$1,682,524	\$19,242,476 [3]	\$2,212,307	\$21,454,783 [3]	\$1,259,101	\$20,501,577 [40]
2	Miscellaneous revenues	73,544	62,517	136,062 [4]	5,927	141,989 [33]	3,373	139,435 [41]
3	Uncollectible accounts	(171,546)	27,228	(144,319) [5]	(16,592)	(160,911) [34]	(9,443)	(153,762) [42]
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>17,461,951</b>	<b>1,772,269</b>	<b>19,234,219</b>	<b>2,201,642</b>	<b>21,435,861</b>	<b>1,253,031</b>	<b>20,487,250</b>
<b>Maintenance Expenses:</b>								
5	Purchased power	902,226	(45,491)	856,735 [6]	0	856,735	0	856,735
6	Purchased sewer	1,048,540	0	1,048,540	0	1,048,540	0	1,048,540
7	Maintenance and repair	1,802,879	24,884	1,827,764 [7]	0	1,827,764	0	1,827,764
8	Maintenance testing	328,780	(12,833)	315,947 [8]	0	315,947	0	315,947
9	Meter reading	3,308	(181)	3,127 [9]	0	3,127	0	3,127
10	Chemicals	632,120	(7,776)	624,343 [10]	0	624,343	0	624,343
11	Transportation	183,149	(11,869)	171,280 [11]	0	171,280	0	171,280
12	Operating expenses charged to plant	(277,055)	(2,635)	(279,689) [12]	0	(279,689)	0	(279,689)
13	Outside services - other	81,187	(11,382)	69,805 [13]	0	69,805	0	69,805
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>4,705,136</b>	<b>(67,284)</b>	<b>4,637,852</b>	<b>0</b>	<b>4,637,852</b>	<b>0</b>	<b>4,637,852</b>
<b>General Expenses:</b>								
15	Salaries and wages	2,427,248	(47,862)	2,379,387 [14]	0	2,379,387	0	2,379,387
16	Office supplies and other office expense	205,474	(8,536)	196,938 [15]	0	196,938	0	196,938
17	Regulatory commission expense	244,029	(60,731)	183,298 [16]	0	183,298	0	183,298
18	Pension and other benefits	626,639	(51,186)	575,453 [17]	0	575,453	0	575,453
19	Rent	135,961	(5,307)	130,654 [18]	0	130,654	0	130,654
20	Insurance	457,711	44,477	502,188 [19]	0	502,188	0	502,188
21	Office utilities	116,903	(6,412)	110,490 [20]	0	110,490	0	110,490
22	Miscellaneous	1,845,289	(104,700)	1,740,589 [21]	0	1,740,589	0	1,740,589
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>6,059,254</b>	<b>(240,258)</b>	<b>5,818,996</b>	<b>0</b>	<b>5,818,996</b>	<b>0</b>	<b>5,818,996</b>
<b>Depreciation and Taxes:</b>								
24	Depreciation expense	3,667,345	(109,643)	3,557,702 [22]	0	3,557,702	0	3,557,702
25	Amortization of CIAC	(625,462)	0	(625,462) [23]	0	(625,462)	0	(625,462)
26	Amortization of PAA	(17,433)	188	(17,244) [23]	0	(17,244)	0	(17,244)
27	Amortization of ITC	(254)	0	(254)	0	(254)	0	(254)
28	Franchise and other taxes	52,701	(4,529)	48,172 [24]	0	48,172	0	48,172
29	Property taxes	113,204	(7,575)	105,629 [25]	0	105,629	0	105,629
30	Payroll taxes	187,058	(3,982)	183,076 [26]	0	183,076	0	183,076
31	Regulatory fee	27,760	(832)	26,928 [27]	3,082	30,010 [35]	1,754	28,682 [43]
32	Deferred Income Tax	0	(38,709)	(38,709) [28]	0	(38,709)	0	(38,709)
33	State income tax	131,173	(41,083)	90,090 [29]	54,964	145,054 [36]	31,282	121,372 [44]
34	Federal income tax	1,074,310	(336,472)	737,838 [30]	450,155	1,187,993 [37]	256,199	994,037 [45]
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>4,610,403</b>	<b>(542,636)</b>	<b>4,067,767</b>	<b>508,201</b>	<b>4,575,968</b>	<b>289,235</b>	<b>4,357,002</b>
36	Total operating revenue deductions (L14 + L23 + L35)	15,374,792	(850,178)	14,524,614	508,201	15,032,815	289,235	14,813,849
37	Net operating income for a return (L4 - L37)	\$2,087,158	\$2,622,447	\$4,709,605	\$1,693,441	\$6,403,046	\$963,796	\$5,673,401

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**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 1		Rate Year 1		Rate Year 1		
		Present Rates		Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Updates (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff (c) [2]	Net Company Increase (d) [31]	Operations After Rate Increase (e) [32]	Net Public Staff Increase (f) [38]	Operations After Rate Increase (g) [39]
<b>Operating Revenues:</b>								
1	Service revenues	\$1,881,112	\$234,926	\$2,116,038 [3]	\$394,732	\$2,510,770 [3]	\$201,261	\$2,317,299 [40]
2	Miscellaneous revenues	\$7,861	7,137	14,998 [4]	1,111	16,109 [33]	566	15,564 [41]
3	Uncollectible accounts	(29,540)	339	(29,201) [5]	(5,447)	(34,649) [34]	(2,777)	(31,979) [42]
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<u>1,859,432</u>	<u>242,402</u>	<u>2,101,834</u>	<u>390,396</u>	<u>2,492,230</u>	<u>199,050</u>	<u>2,300,884</u>
<b>Maintenance Expenses:</b>								
5	Purchased power	77,306	(4,152)	73,154 [6]	0	73,154	0	73,154
6	Purchased water	609	0	609	0	609	0	609
7	Maintenance and repair	220,605	(5,870)	214,735 [7]	0	214,735	0	214,735
8	Maintenance testing	10,971	(428)	10,543 [8]	0	10,543	0	10,543
9	Meter reading	52,248	(3,028)	49,220 [9]	0	49,220	0	49,220
10	Chemicals	92,786	(3,254)	89,532 [10]	0	89,532	0	89,532
11	Transportation	42,337	(6,170)	36,167 [11]	0	36,167	0	36,167
12	Operating expenses charged to plant	(67,504)	(530)	(68,035) [12]	0	(68,035)	0	(68,035)
13	Outside services - other	27,149	(1,573)	25,576 [13]	0	25,576	0	25,576
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<u>456,507</u>	<u>(25,006)</u>	<u>431,501</u>	<u>0</u>	<u>431,501</u>	<u>0</u>	<u>431,501</u>
<b>General Expenses:</b>								
15	Salaries and wages	488,811	(9,639)	479,172 [14]	0	479,172	0	479,172
16	Office supplies and other office expense	38,881	(1,573)	37,308 [15]	0	37,308	0	37,308
17	Regulatory commission expense	50,673	(12,398)	38,275 [16]	0	38,275	0	38,275
18	Pension and other benefits	126,195	(10,308)	115,887 [17]	0	115,887	0	115,887
19	Rent	27,380	(1,069)	26,311 [18]	0	26,311	0	26,311
20	Insurance	100,326	807	101,133 [19]	0	101,133	0	101,133
21	Office utilities	19,058	(1,104)	17,953 [20]	0	17,953	0	17,953
22	Miscellaneous	344,102	(5,664)	338,438 [21]	0	338,438	0	338,438
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<u>1,195,426</u>	<u>(40,948)</u>	<u>1,154,478</u>	<u>0</u>	<u>1,154,478</u>	<u>0</u>	<u>1,154,478</u>
<b>Depreciation and Taxes:</b>								
24	Depreciation expense	250,450	(17,778)	232,672 [22]	0	232,672	0	232,672
25	Amortization of CIAC	(57,707)	0	(57,707)	0	(57,707)	0	(57,707)
26	Amortization of PAA	15,854	(1,701)	14,153 [23]	0	14,153	0	14,153
27	Amortization of ITC	0	0	0	0	0	0	0
28	Franchise and other taxes	(1,450)	129	(1,321) [24]	0	(1,321)	0	(1,321)
29	Property taxes	9,798	(2,052)	7,746 [25]	0	7,746	0	7,746
30	Payroll taxes	37,671	(802)	36,869 [26]	0	36,869	0	36,869
31	Regulatory fee	3,177	(234)	2,943 [27]	546	3,489 [35]	278	3,221 [43]
32	Deferred Income Tax	0	(8,585)	(8,585) [28]	0	(8,585)	0	(8,585)
33	State income tax	9,732	(6,136)	3,596 [29]	9,746	13,342 [36]	4,969	8,565 [44]
34	Federal income tax	79,706	(50,258)	29,448 [30]	79,822	109,270 [37]	40,699	70,147 [45]
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<u>347,230</u>	<u>(87,417)</u>	<u>259,814</u>	<u>90,114</u>	<u>349,928</u>	<u>45,946</u>	<u>305,760</u>
36	Total operating revenue deductions (L14 + L23 + L35)	<u>1,999,163</u>	<u>(153,371)</u>	<u>1,845,793</u>	<u>90,114</u>	<u>1,935,906</u>	<u>45,946</u>	<u>1,891,738</u>
37	Net operating income for a return (L4 - L37)	<u>(\$139,731)</u>	<u>\$395,773</u>	<u>\$256,042</u>	<u>\$300,282</u>	<u>\$556,324</u>	<u>\$153,104</u>	<u>\$409,146</u>

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**BF/FH SEWER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 1		Rate Year 1		
		Present Rates		Public Staff [2]	Company Proposed Rates		Public Staff Recommended Rates		Operations [39]
		Amount Per Updates [a]	Public Staff Adjustments [1] [b]		Amount Per [c]	Net Company Increase [31] [d]	Operations After Rate Increase [32] [e]	Net Public Staff Increase [38] [f]	
<b>Operating Revenues:</b>									
1	Service revenues	\$2,633,654	\$408,663	\$3,042,317 [3]	\$126,985	\$3,169,302 [3]	(\$67,725)	\$2,974,592 [40]	
2	Miscellaneous revenues	12,471	9,374	21,845 [4]	341	22,186 [33]	(182)	21,663 [41]	
3	Uncollectible accounts	(41,357)	(627)	(41,984) [5]	(1,752)	(43,736) [34]	935	(41,049) [42]	
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>2,604,768</b>	<b>417,411</b>	<b>3,022,178</b>	<b>125,573</b>	<b>3,147,751</b>	<b>(66,972)</b>	<b>2,955,206</b>	
<b>Maintenance Expenses:</b>									
5	Purchased power	164,710	(9,416)	155,294 [6]	0	155,294	0	155,294	
6	Purchased sewer	0	0	0	0	0	0	0	
7	Maintenance and repair	256,093	(21,968)	234,125 [7]	0	234,125	0	234,125	
8	Maintenance testing	26,016	(1,016)	25,001 [8]	0	25,001	0	25,001	
9	Meter reading	1,146	(70)	1,076 [9]	0	1,076	0	1,076	
10	Chemicals	72,669	(7,581)	65,088 [10]	0	65,088	0	65,088	
11	Transportation	43,469	(6,447)	37,022 [11]	0	37,022	0	37,022	
12	Operating expenses charged to plant	(69,098)	(543)	(69,640) [12]	0	(69,640)	0	(69,640)	
13	Outside services - other	27,875	(1,696)	26,179 [13]	0	26,179	0	26,179	
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>522,880</b>	<b>(48,735)</b>	<b>474,145</b>	<b>0</b>	<b>474,145</b>	<b>0</b>	<b>474,145</b>	
<b>General Expenses:</b>									
15	Salaries and wages	500,347	(9,866)	490,481 [14]	0	490,481	0	490,481	
16	Office supplies and other office expense	39,808	(1,619)	38,188 [15]	0	38,188	0	38,188	
17	Regulatory commission expense	51,911	(12,737)	39,175 [16]	0	39,175	0	39,175	
18	Pension and other benefits	129,174	(10,552)	118,622 [17]	0	118,622	0	118,622	
19	Rent	28,027	(1,094)	26,933 [18]	0	26,933	0	26,933	
20	Insurance	94,596	8,926	103,522 [19]	0	103,522	0	103,522	
21	Office utilities	19,567	(1,191)	18,376 [20]	0	18,376	0	18,376	
22	Miscellaneous	352,222	(5,832)	346,391 [21]	0	346,391	0	346,391	
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>1,215,651</b>	<b>(33,964)</b>	<b>1,181,687</b>	<b>0</b>	<b>1,181,687</b>	<b>0</b>	<b>1,181,687</b>	
<b>Depreciation and Taxes:</b>									
24	Depreciation expense	499,655	(34,087)	465,568 [22]	0	465,568	0	465,568	
25	Amortization of CIAC	(150,635)	(0)	(150,635) [23]	0	(150,635)	0	(150,635)	
26	Amortization of PAA	43,850	504	44,354 [23]	0	44,354	0	44,354	
27	Amortization of ITC	0	0	0	0	0	0	0	
28	Franchise and other taxes	(1,489)	137	(1,352) [24]	0	(1,352)	0	(1,352)	
29	Property taxes	10,508	(755)	9,754 [25]	0	9,754	0	9,754	
30	Payroll taxes	38,560	(821)	37,739 [26]	0	37,739	0	37,739	
31	Regulatory fee	4,183	48	4,231 [27]	176	4,407 [35]	(94)	4,137 [43]	
32	Deferred Income Tax	0	(8,786)	(8,786) [28]	0	(8,786)	0	(8,786)	
33	State income tax	18,997	(1,359)	17,638 [29]	3,135	20,773 [36]	(1,672)	15,966 [44]	
34	Federal income tax	155,585	(11,129)	144,456 [30]	25,675	170,131 [37]	(13,693)	130,763 [45]	
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>619,214</b>	<b>(56,247)</b>	<b>562,967</b>	<b>28,986</b>	<b>591,953</b>	<b>(15,459)</b>	<b>547,507</b>	
36	Total operating revenue deductions (L14 + L23 + L35)	2,357,745	(138,946)	2,218,799	28,986	2,247,785	(15,459)	2,203,340	
37	Net operating income for a return (L4 - L37)	\$247,022	\$556,357	\$803,379	\$96,587	\$899,966	(\$51,513)	\$751,866	

**Rate Year 1**  
**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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (a), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(a), Column (a), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(1), Column (a), Line 7.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-6(a), Column (a), Line 6.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-7(a), Column (a), Line 6.
- [10] Based on reviewing of the Company's data.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-8(a), Column (a), Line 6.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-9(a), Column (a), Line 6.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(a), Column (a), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(a), Column (a), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(a), Column (a), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(a), Column (d), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(a), Column (a), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(a), Column (a), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(a), Column (a), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(a), Column (a), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(a), Column (a), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(a), Column (a), Line 5.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-18(a), Column (a), Line 13.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-19(a), Column (a), Line 6.
- [25] Public Staff Settlement Exhibit 1, Schedule 3-21(a), Column (a), Line 6.
- [26] Public Staff Settlement Exhibit 1, Schedule 3-20(a), Column (a), Line 6.
- [27] Line 4 Column ( c ) multiplied by 0.14%.
- [28] Calculated based on the Public Staff's workpaper.
- [29] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(1), Column (a), Line 16.
- [30] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(1), Column (a), Line 18.
- [31] Column (e) minus Column (c), unless otherwise footnoted.
- [32] Column (c) plus Column (d), unless otherwise footnoted.
- [33] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (c), Line 8.
- [34] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (a), Line 9.
- [35] Line 4 Column ( e ) multiplied by 0.14%.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(1), Column (b), Line 16.
- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(1), Column (b), Line 18.
- [38] Column (g) minus Column (c), unless otherwise footnoted.
- [39] Column (c) plus Column (f), unless otherwise footnoted.
- [40] Revenue requirement as calculated by the Public Staff.
- [41] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (c), Line 12.
- [42] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (a), Line 12.
- [43] Line 4 Column ( g ) multiplied by 0.14%.
- [44] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(1), Column (c), Line 16.
- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(1), Column (c), Line 18.

**Rate Year 1**  
**CWSNC SEWER 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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(b), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(b), Column (a), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(b), Column (a), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(2), Column (a), Line 7.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-6(b), Column (a), Line 6.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-7(b), Column (a), Line 6.
- [10] Based on reviewing of the Company's data.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-8(b), Column (a), Line 6.
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- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(b), Column (a), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(b), Column (a), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(b), Column (a), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(b), Column (e), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(b), Column (a), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(b), Column (a), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(b), Column (a), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(b), Column (a), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(b), Column (a), Line 6.
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- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(1), Column (b), Line 18.
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- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(1), Column (c), Line 18.

**Rate Year 1**  
**BF/FH/TC 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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(c), Column (a), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(c), Column (a), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(3), Column (a), Line 7.
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- [12] Public Staff Settlement Exhibit 1, Schedule 3-9(c), Column (a), Line 6.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(c), Column (a), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(c), Column (a), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(c), Column (a), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(c), Column (f), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(c), Column (a), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(c), Column (a), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(c), Column (a), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(c), Column (a), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(c), Column (a), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(c), Column (a), Line 5.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-18(c), Column (a), Line 13.
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- [33] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (c), Line 8.
- [34] Public Staff Settlement Exhibit 1, Schedule 3-2(c), Column (a), Line 9.
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- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(1), Column (b), Line 16.
- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(1), Column (b), Line 18.
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- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(1), Column (c), Line 18.

**Rate Year 1**  
**BF/FH SEWER OPERATIONS**

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- [2] Column (a) plus Column (b), unless otherwise footnoted.
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- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(d), Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(d), Column (a), Line 6.
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- [12] Public Staff Settlement Exhibit 1, Schedule 3-9(d), Column (a), Line 6.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(d), Column (a), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(d), Column (a), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(d), Column (a), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(d), Column (g), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(d), Column (a), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(d), Column (a), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(d), Column (a), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(d), Column (a), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(d), Column (a), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(d), Column (a), Line 5.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-18(d), Column (a), Line 13.
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- [34] Public Staff Settlement Exhibit 1, Schedule 3-2(d), Column (a), Line 9.
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- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(d)(1), Column (c), Line 18.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
 For The Test Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
 Schedule 3(a)(2)  
 Page 1 of 2

CWSNC WATER OPERATIONS		Rate Year 2			Rate Year 2			Rate Year 2		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Updates (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [31] (d)	Operations After Rate Increase [32] (e)	Net Public Staff Increase [38] (f)	Operations After Rate Increase [39] (g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$26,741,532	(\$643,025)	\$26,098,507 [3]	\$1,138,067	\$27,236,574 [3]	(\$49,315)	\$26,049,192 [40]		
2	Miscellaneous revenues	173,557	9,229	182,786 [4]	3,228	186,014 [33]	(140)	182,646 [41]		
3	Uncollectible accounts	(261,243)	65,504	(195,739) [5]	(8,536)	(204,274) [34]	370	(195,369) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<u>26,653,846</u>	<u>(668,292)</u>	<u>26,085,554</u>	<u>1,132,759</u>	<u>27,218,313</u>	<u>(49,085)</u>	<u>26,036,469</u>		
<b>Maintenance Expenses:</b>										
5	Purchased power	1,193,207	(36,776)	1,156,431 [6]	0	1,156,431	0	1,156,431		
6	Purchased water	1,665,457	0	1,665,457	0	1,665,457	0	1,665,457		
7	Maintenance and repair	1,288,802	103,033	1,391,835 [7]	0	1,391,835	0	1,391,835		
8	Maintenance testing	217,264	(10,384)	206,880 [8]	0	206,880	0	206,880		
9	Meter reading	260,235	(24,529)	235,706 [9]	0	235,706	0	235,706		
10	Chemicals	439,648	(76,204)	363,444 [10]	0	363,444	0	363,444		
11	Transportation	318,412	(31,320)	287,092 [11]	0	287,092	0	287,092		
12	Operating expenses charged to plant	(478,315)	(4,548)	(482,863) [12]	0	(482,863)	0	(482,863)		
13	Outside services - other	141,147	(21,333)	119,813 [13]	0	119,813	0	119,813		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<u>5,045,856</u>	<u>(102,062)</u>	<u>4,943,795</u>	<u>0</u>	<u>4,943,795</u>	<u>0</u>	<u>4,943,795</u>		
<b>General Expenses:</b>										
15	Salaries and wages	4,190,481	(82,630)	4,107,851 [14]	0	4,107,851	0	4,107,851		
16	Office supplies and other office expense	356,124	(18,105)	338,019 [15]	0	338,019	0	338,019		
17	Regulatory commission expense	412,753	(105,521)	307,232 [16]	0	307,232	0	307,232		
18	Pension and other benefits	1,085,446	(91,966)	993,480 [17]	0	993,480	0	993,480		
19	Rent	233,360	(9,109)	224,251 [18]	0	224,251	0	224,251		
20	Insurance	805,357	56,587	861,944 [19]	0	861,944	0	861,944		
21	Office utilities	205,015	(13,716)	191,299 [20]	0	191,299	0	191,299		
22	Miscellaneous	3,313,224	(361,005)	2,952,219 [21]	0	2,952,219	0	2,952,219		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<u>10,601,760</u>	<u>(625,465)</u>	<u>9,976,295</u>	<u>0</u>	<u>9,976,295</u>	<u>0</u>	<u>9,976,295</u>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	4,514,717	(341,141)	4,173,576 [22]	0	4,173,576	0	4,173,576		
25	Amortization of CIAC	(733,560)	0	(733,560)	0	(733,560)	0	(733,560)		
26	Amortization of PAA	(117,358)	(2,955)	(120,313) [23]	0	(120,313)	0	(120,313)		
27	Amortization of ITC	(265)	0	(265)	0	(265)	0	(265)		
28	Franchise and other taxes	64,096	(7,610)	56,486 [24]	0	56,486	0	56,486		
29	Property taxes	155,440	(19,471)	135,969 [25]	0	135,969	0	135,969		
30	Payroll taxes	322,944	(6,875)	316,069 [26]	0	316,069	0	316,069		
31	Regulatory fee	36,872	(352)	36,520 [27]	1,586	38,106 [35]	(69)	36,451 [43]		
32	Deferred Income Tax	0	(64,882)	(64,882) [28]	0	(64,882)	0	(64,882)		
33	State income tax	154,980	(23,569)	131,411 [29]	28,279	159,690 [36]	(1,225)	130,185 [44]		
34	Federal income tax	1,269,285	(193,032)	1,076,253 [30]	231,608	1,307,861 [37]	(10,036)	1,066,217 [45]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<u>5,667,151</u>	<u>(659,888)</u>	<u>5,007,264</u>	<u>261,473</u>	<u>5,268,737</u>	<u>(11,330)</u>	<u>4,995,933</u>		
36	Total operating revenue deductions (L15 + L24 + L36)	<u>21,314,768</u>	<u>(1,387,414)</u>	<u>19,927,353</u>	<u>261,473</u>	<u>20,188,827</u>	<u>(11,330)</u>	<u>19,916,023</u>		
37	Net operating income for a return (L4 - L37)	<u>\$5,339,078</u>	<u>\$819,122</u>	<u>\$6,158,200</u>	<u>\$871,286</u>	<u>\$7,029,487</u>	<u>(\$37,755)</u>	<u>\$6,120,446</u>		

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
 For The Test Year Ended March 31, 2023

Updated Public Staff Settlement Exhibit 1  
 Schedule 3(b)(2)  
 Page 1 of 2

CWSNC SEWER OPERATIONS		Rate Year 2			Rate Year 2			Rate Year 2		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Updates (a)	Public Staff Adjustments (b) [1]	Amount Per Public Staff (c) [2]	Net Company Increase (d) [31]	Operations After Rate Increase (e) [32]	Net Public Staff Increase (f) [38]	Operations After Rate Increase (g) [39]		
<b>Operating Revenues:</b>										
1	Service revenues	\$21,251,730	\$203,053	\$21,454,783 [3]	\$1,282,673	\$22,737,456 [3]	(\$370,539)	\$21,084,244 [40]		
2	Miscellaneous revenues	124,761	17,228	141,989 [4]	3,437	145,426 [33]	(993)	140,996 [41]		
3	Uncollectible accounts	(207,612)	46,701	(160,911) [5]	(9,620)	(170,531) [34]	2,779	(158,132) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<u>21,168,879</u>	<u>266,982</u>	<u>21,435,861</u>	<u>1,276,490</u>	<u>22,712,351</u>	<u>(368,753)</u>	<u>21,067,108</u>		
<b>Maintenance Expenses:</b>										
5	Purchased power	925,585	(44,691)	880,894 [6]	0	880,894	0	880,894		
6	Purchased sewer	1,048,540	0	1,048,540	0	1,048,540	0	1,048,540		
7	Maintenance and repair	1,842,508	(23,404)	1,819,104 [7]	0	1,819,104	0	1,819,104		
8	Maintenance testing	337,292	(13,763)	323,529 [8]	0	323,529	0	323,529		
9	Meter reading	3,394	(192)	3,202 [9]	0	3,202	0	3,202		
10	Chemicals	648,485	(6,536)	641,949 [10]	0	641,949	0	641,949		
11	Transportation	187,891	(16,611)	171,280 [11]	0	171,280	0	171,280		
12	Operating expenses charged to plant	(285,366)	(2,714)	(288,080) [12]	0	(288,080)	0	(288,080)		
13	Outside services - other	83,289	(11,808)	71,480 [13]	0	71,480	0	71,480		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<u>4,791,618</u>	<u>(119,720)</u>	<u>4,671,898</u>	<u>0</u>	<u>4,671,898</u>	<u>0</u>	<u>4,671,898</u>		
<b>General Expenses:</b>										
15	Salaries and wages	2,500,066	(49,297)	2,450,768 [14]	0	2,450,768	0	2,450,768		
16	Office supplies and other office expense	210,794	(9,130)	201,664 [15]	0	201,664	0	201,664		
17	Regulatory commission expense	245,574	(62,276)	183,298 [16]	0	183,298	0	183,298		
18	Pension and other benefits	642,862	(50,146)	592,716 [17]	0	592,716	0	592,716		
19	Rent	139,224	(5,434)	133,790 [18]	0	133,790	0	133,790		
20	Insurance	487,864	26,378	514,242 [19]	0	514,242	0	514,242		
21	Office utilities	119,929	(6,787)	113,142 [20]	0	113,142	0	113,142		
22	Miscellaneous	1,893,520	(111,157)	1,782,363 [21]	0	1,782,363	0	1,782,363		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<u>6,239,834</u>	<u>(267,851)</u>	<u>5,971,983</u>	<u>0</u>	<u>5,971,983</u>	<u>0</u>	<u>5,971,983</u>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	3,999,605	(307,458)	3,692,147 [22]	0	3,692,147	0	3,692,147		
25	Amortization of CIAC	(625,462)	0	(625,462) [23]	0	(625,462)	0	(625,462)		
26	Amortization of PAA	(17,433)	251	(17,182) [24]	0	(17,182)	0	(17,182)		
27	Amortization of ITC	(254)	0	(254) [25]	0	(254)	0	(254)		
28	Franchise and other taxes	54,065	(5,893)	48,172 [26]	0	48,172	0	48,172		
29	Property taxes	125,366	(19,736)	105,629 [27]	0	105,629	0	105,629		
30	Payroll taxes	192,670	(4,101)	188,569 [28]	0	188,569	0	188,569		
31	Regulatory fee	30,201	(191)	30,010 [29]	1,787	31,797 [35]	(516)	29,494 [43]		
32	Deferred Income Tax	0	(38,709)	(38,709) [30]	0	(38,709)	0	(38,709)		
33	State income tax	154,474	(19,352)	135,122 [31]	31,868	166,990 [36]	(9,206)	125,917 [44]		
34	Federal income tax	1,265,145	(158,492)	1,106,653 [32]	260,995	1,367,648 [37]	(75,396)	1,031,256 [45]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<u>5,178,377</u>	<u>(553,682)</u>	<u>4,624,695</u>	<u>294,650</u>	<u>4,919,345</u>	<u>(85,118)</u>	<u>4,539,577</u>		
36	Total operating revenue deductions (L15 + L24 + L36)	<u>16,209,830</u>	<u>(941,252)</u>	<u>15,268,577</u>	<u>294,650</u>	<u>15,563,227</u>	<u>(85,118)</u>	<u>15,183,459</u>		
37	Net operating income for a return (L4 - L37)	<u>\$4,959,050</u>	<u>\$1,208,234</u>	<u>\$6,167,284</u>	<u>\$981,840</u>	<u>\$7,149,124</u>	<u>(\$283,634)</u>	<u>\$5,883,650</u>		

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
 For The Test Year Ended March 31, 2023

Updated Public Staff Settlement Exhibit 1  
 Schedule 3(c)(2)  
 Page 1 of 2

Line No.	Item	Rate Year 2			Rate Year 2			Rate Year 2		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Updates (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [31] (d)	Operations After Rate Increase [32] (e)	Net Public Staff Increase [38] (f)	Operations After Rate Increase [39] (g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$2,452,708	\$58,062	\$2,510,770 [3]	\$150,350	\$2,661,120 [3]	(\$43,384)	\$2,467,386 [40]		
2	Miscellaneous revenues	14,851	1,257	16,108 [4]	423	16,532 [33]	(122)	15,987 [41]		
3	Uncollectible accounts	(38,516)	3,867	(34,649) [5]	(2,075)	(36,723) [34]	599	(34,050) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>2,429,043</b>	<b>63,187</b>	<b>2,492,230</b>	<b>148,698</b>	<b>2,640,928</b>	<b>(42,907)</b>	<b>2,449,323</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	79,830	(4,605)	75,224 [6]	0	75,224	0	75,224		
6	Purchased water	609	0	609	0	609	0	609		
7	Maintenance and repair	222,939	(3,712)	219,227 [7]	0	219,227	0	219,227		
8	Maintenance testing	11,329	(533)	10,796 [8]	0	10,796	0	10,796		
9	Meter reading	53,954	(3,552)	50,402 [9]	0	50,402	0	50,402		
10	Chemicals	95,814	(2,849)	92,965 [10]	0	92,965	0	92,965		
11	Transportation	43,719	(7,552)	36,167 [11]	0	36,167	0	36,167		
12	Operating expenses charged to plant	(69,529)	(546)	(70,076) [12]	0	(70,076)	0	(70,076)		
13	Outside services - other	28,035	(1,846)	26,190 [13]	0	26,190	0	26,190		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>466,698</b>	<b>(25,196)</b>	<b>441,503</b>	<b>0</b>	<b>441,503</b>	<b>0</b>	<b>441,503</b>		
<b>General Expenses:</b>										
15	Salaries and wages	503,475	(9,928)	493,547 [14]	0	493,547	0	493,547		
16	Office supplies and other office expense	40,150	(1,947)	38,203 [15]	0	38,203	0	38,203		
17	Regulatory commission expense	51,115	(12,840)	38,275 [16]	0	38,275	0	38,275		
18	Pension and other benefits	130,314	(10,950)	119,364 [17]	0	119,364	0	119,364		
19	Rent	28,274	(1,331)	26,943 [18]	0	26,943	0	26,943		
20	Insurance	109,838	(6,276)	103,562 [19]	0	103,562	0	103,562		
21	Office utilities	19,680	(1,295)	18,384 [20]	0	18,384	0	18,384		
22	Miscellaneous	355,613	(9,052)	346,561 [21]	0	346,561	0	346,561		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>1,238,459</b>	<b>(53,620)</b>	<b>1,184,839</b>	<b>0</b>	<b>1,184,839</b>	<b>0</b>	<b>1,184,839</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	283,593	(22,071)	261,522 [22]	0	261,522	0	261,522		
25	Amortization of CIAC	(57,707)	0	(57,707)	0	(57,707)	0	(57,707)		
26	Amortization of PAA	15,854	(1,215)	14,639 [23]	0	14,639	0	14,639		
27	Amortization of ITC	0	0	0	0	0	0	0		
28	Franchise and other taxes	(1,497)	176	(1,321) [24]	0	(1,321)	0	(1,321)		
29	Property taxes	11,264	(3,518)	7,746 [25]	0	7,746	0	7,746		
30	Payroll taxes	38,801	(826)	37,975 [26]	0	37,975	0	37,975		
31	Regulatory fee	3,486	3	3,489 [27]	208	3,697 [35]	(60)	3,429 [43]		
32	Deferred Income Tax	0	(8,585)	(8,585) [28]	0	(8,585)	0	(8,585)		
33	State income tax	12,472	(1,440)	11,032 [29]	3,712	14,745 [36]	(1,071)	9,961 [44]		
34	Federal income tax	102,150	(11,795)	90,354 [30]	30,403	120,758 [37]	(8,773)	81,581 [45]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>408,415</b>	<b>(49,271)</b>	<b>359,145</b>	<b>34,324</b>	<b>393,468</b>	<b>(9,904)</b>	<b>349,241</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	2,113,573	(128,086)	1,985,487	34,324	2,019,810	(9,904)	1,975,583		
37	Net operating income for a return (L4 - L37)	\$315,470	\$191,273	\$506,743	\$114,375	\$621,118	(\$33,003)	\$473,740		

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
 For The Test Year Ended March 31, 2023

Updated Public Staff Settlement Exhibit 1  
 Schedule 3(d)(2)  
 Page 1 of 2

Line No.	Item	Rate Year 2			Rate Year 2			Rate Year 2		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Updates	Public Staff Adjustments [1]	Amount Per Public Staff [2]	Net Company Increase [31]	Operations After Rate Increase [32]	Net Public Staff Increase [38]	Operations After Rate Increase [39]		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$3,227,224	(\$57,922)	\$3,169,302 [3]	\$253,190	\$3,422,492 [3]	\$531,228	\$3,700,530 [40]		
2	Miscellaneous revenues	20,313	1,069	21,382 [4]	1,483	22,865 [33]	2,229	23,611 [41]		
3	Uncollectible accounts	(50,678)	6,942	(43,736) [5]	(3,494)	(47,230) [34]	(7,331)	(51,067) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>3,196,859</b>	<b>(49,911)</b>	<b>3,146,948</b>	<b>251,179</b>	<b>3,398,127</b>	<b>526,126</b>	<b>3,673,074</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	171,123	(11,530)	159,593	0	159,593	0	159,593		
6	Purchased sewer	0	0	0 [6]	0	0	0	0		
7	Maintenance and repair	265,267	(26,330)	238,937 [7]	0	238,937	0	238,937		
8	Maintenance testing	27,029	(1,428)	25,601 [8]	0	25,601	0	25,601		
9	Meter reading	1,191	(89)	1,102	0	1,102	0	1,102		
10	Chemicals	75,498	(8,608)	66,890	0	66,890	0	66,890		
11	Transportation	45,162	(8,140)	37,022	0	37,022	0	37,022		
12	Operating expenses charged to plant	(71,170)	(559)	(71,730) [9]	0	(71,730)	0	(71,730)		
13	Outside services - other	28,960	(2,153)	26,808	0	26,808	0	26,808		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>543,060</b>	<b>(58,836)</b>	<b>484,224</b>	<b>0</b>	<b>484,224</b>	<b>0</b>	<b>484,224</b>		
<b>General Expenses:</b>										
15	Salaries and wages	515,357	(10,162)	505,195 [10]	0	505,195	0	505,195		
16	Office supplies and other office expense	41,358	(2,253)	39,105 [11]	0	39,105	0	39,105		
17	Regulatory commission expense	52,453	(13,278)	39,175 [12]	0	39,175	0	39,175		
18	Pension and other benefits	134,203	(12,023)	122,181 [13]	0	122,181	0	122,181		
19	Rent	29,118	(1,539)	27,579 [14]	0	27,579	0	27,579		
20	Insurance	107,635	(1,632)	106,003 [15]	0	106,003	0	106,003		
21	Office utilities	20,329	(1,511)	18,817	0	18,817	0	18,817		
22	Miscellaneous	366,279	(11,575)	354,704 [16]	0	354,704	0	354,704		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>1,266,732</b>	<b>(53,973)</b>	<b>1,212,759</b>	<b>0</b>	<b>1,212,759</b>	<b>0</b>	<b>1,212,759</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	613,383	(2,528)	610,855 [17]	0	610,855	0	610,855		
25	Amortization of CIAC	(150,635)	(0)	(150,635) [18]	0	(150,635)	0	(150,635)		
26	Amortization of PAA	43,850	(336)	43,514 [19]	0	43,514	0	43,514		
27	Amortization of ITC	0	0	0	0	0	0	0		
28	Franchise and other taxes	(1,547)	194	(1,352)	0	(1,352)	0	(1,352)		
29	Property taxes	13,031	(3,277)	9,754	0	9,754	0	9,754		
30	Payroll taxes	39,717	(845)	38,871 [20]	0	38,871	0	38,871		
31	Regulatory fee	5,014	(608)	4,406 [21]	351	4,757 [35]	736	5,142 [43]		
32	Deferred Income Tax	0	(8,786)	(8,786) [22]	0	(8,786)	0	(8,786)		
33	State income tax	27,268	(14,877)	12,391 [23]	6,271	18,662 [36]	13,135	25,526 [44]		
34	Federal income tax	223,323	(121,840)	101,483 [24]	51,357	152,840 [37]	107,574	209,057 [45]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>813,403</b>	<b>(152,902)</b>	<b>660,501</b>	<b>57,979</b>	<b>718,479</b>	<b>121,444</b>	<b>781,945</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	2,623,194	(265,711)	2,357,483	57,979	2,415,462	121,444	2,478,928		
37	Net operating income for a return (L4 - L37)	\$573,665	\$215,800	\$789,465	\$193,200	\$982,665	\$404,682	\$1,194,146		

**Rate Year 2  
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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (f), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (b), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(a), Column (b), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(1), Column (b), Line 7.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-6(a), Column (b), Line 6.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-7(a), Column (b), Line 6.
- [10] Based on reviewing of the Company's data.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-8(a), Column (b), Line 6.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-9(a), Column (b), Line 6.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(a), Column (b), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(a), Column (b), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(a), Column (b), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(a), Column (d), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(a), Column (b), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(a), Column (b), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(a), Column (b), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(a), Column (b), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(a), Column (b), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(a), Column (b), Line 5.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-18(a), Column (b), Line 13.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-19(a), Column (b), Line 6.
- [25] Public Staff Settlement Exhibit 1, Schedule 3-21(a), Column (b), Line 6.
- [26] Public Staff Settlement Exhibit 1, Schedule 3-20(a), Column (b), Line 6.
- [27] Line 4 Column ( c ) multiplied by 0.14%.
- [28] Calculated based on the Public Staff's workpaper.
- [29] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(2), Column (d), Line 16.
- [30] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(2), Column (d), Line 18.
- [31] Column (e) minus Column (c), unless otherwise footnoted.
- [32] Column (c) plus Column (d), unless otherwise footnoted.
- [33] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (f), Line 8.
- [34] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (b), Line 9.
- [35] Line 4 Column ( e ) multiplied by 0.14%.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(2), Column (e), Line 16.
- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(2), Column (e), Line 18.
- [38] Column (g) minus Column (c), unless otherwise footnoted.
- [39] Column (c) plus Column (f), unless otherwise footnoted.
- [40] Revenue requirement as calculated by the Public Staff.
- [41] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (f), Line 12.
- [42] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (b), Line 12.
- [43] Line 4 Column ( g ) multiplied by 0.14%.
- [44] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(2), Column (f), Line 16.
- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(2), Column (f), Line 18.

**Rate Year 2  
CWSNC SEWER 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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(b), Column (f), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(b), Column (b), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(b), Column (b), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(2), Column (b), Line 7.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-6(b), Column (b), Line 6.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-7(b), Column (b), Line 6.
- [10] Based on reviewing of the Company's data.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-8(b), Column (b), Line 6.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-9(b), Column (b), Line 6.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(b), Column (b), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(b), Column (b), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(b), Column (b), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(b), Column (e), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(b), Column (b), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(b), Column (b), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(b), Column (b), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(b), Column (b), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(b), Column (b), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(b), Column (b), Line 5.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-18(b), Column (b), Line 13.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-19(b), Column (b), Line 6.
- [25] Public Staff Settlement Exhibit 1, Schedule 3-21(b), Column (b), Line 6.
- [26] Public Staff Settlement Exhibit 1, Schedule 3-20(b), Column (b), Line 6.
- [27] Line 4 Column ( c ) multiplied by 0.14%.
- [28] Calculated based on the Public Staff's workpaper.
- [29] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(2), Column (d), Line 16.
- [30] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(2), Column (d), Line 18.
- [31] Column (e) minus Column (c), unless otherwise footnoted.
- [32] Column (c) plus Column (d), unless otherwise footnoted.
- [33] Public Staff Settlement Exhibit 1, Schedule 3-1(b), Column (f), Line 8.
- [34] Public Staff Settlement Exhibit 1, Schedule 3-2(b), Column (b), Line 9.
- [35] Line 4 Column ( e ) multiplied by 0.14%.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(2), Column (e), Line 16.
- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(2), Column (e), Line 18.
- [38] Column (g) minus Column (c), unless otherwise footnoted.
- [39] Column (c) plus Column (f), unless otherwise footnoted.
- [40] Revenue requirement as calculated by the Public Staff.
- [41] Public Staff Settlement Exhibit 1, Schedule 3-1(b), Column (f), Line 12.
- [42] Public Staff Settlement Exhibit 1, Schedule 3-2(b), Column (b), Line 12.
- [43] Line 4 Column ( g ) multiplied by 0.14%.
- [44] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(2), Column (f), Line 16.
- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(2), Column (f), Line 18.

**Rate Year 2  
BF/FH/TC 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 Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (f), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(c), Column (b), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(c), Column (b), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(3), Column (b), Line 7.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-6(c), Column (b), Line 6.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-7(c), Column (b), Line 6.
- [10] Based on reviewing of the Company's data.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-8(c), Column (b), Line 6.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-9(c), Column (b), Line 6.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(c), Column (b), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(c), Column (b), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(c), Column (b), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(c), Column (f), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(c), Column (b), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(c), Column (b), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(c), Column (b), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(c), Column (b), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(c), Column (b), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(c), Column (b), Line 5.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-18(c), Column (b), Line 13.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-19(c), Column (b), Line 6.
- [25] Public Staff Settlement Exhibit 1, Schedule 3-21(c), Column (b), Line 6.
- [26] Public Staff Settlement Exhibit 1, Schedule 3-20(c), Column (b), Line 6.
- [27] Line 4 Column ( c ) multiplied by 0.14%.
- [28] Calculated based on the Public Staff's workpaper.
- [29] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(2), Column (d), Line 16.
- [30] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(2), Column (d), Line 18.
- [31] Column (e) minus Column (c), unless otherwise footnoted.
- [32] Column (c) plus Column (d), unless otherwise footnoted.
- [33] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (f), Line 8.
- [34] Public Staff Settlement Exhibit 1, Schedule 3-2(c), Column (b), Line 9.
- [35] Line 4 Column ( e ) multiplied by 0.14%.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(2), Column (e), Line 16.
- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(2), Column (e), Line 18.
- [38] Column (g) minus Column (c), unless otherwise footnoted.
- [39] Column (c) plus Column (f), unless otherwise footnoted.
- [40] Revenue requirement as calculated by the Public Staff.
- [41] Public Staff Settlement Exhibit 1, Schedule 3-1(c), Column (f), Line 12.
- [42] Public Staff Settlement Exhibit 1, Schedule 3-2(c), Column (b), Line 12.
- [43] Line 4 Column ( g ) multiplied by 0.14%.
- [44] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(2), Column (f), Line 16.
- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(c)(2), Column (f), Line 18.

**Rate Year 2  
BF/FH SEWER 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 Darden.  
[4] Public Staff Settlement Exhibit 1, Schedule 3-1(d), Column (f), Line 4.  
[5] Public Staff Settlement Exhibit 1, Schedule 3-2(d), Column (b), Line 6.  
[6] Public Staff Settlement Exhibit 1, Schedule 3-4(d), Column (b), Line 6.  
[7] Public Staff Settlement Exhibit 1, Schedule 3-5(4), Column (b), Line 7.  
[8] Public Staff Settlement Exhibit 1, Schedule 3-6(d), Column (b), Line 6.  
[9] Public Staff Settlement Exhibit 1, Schedule 3-7(d), Column (b), Line 6.  
[10] Based on reviewing of the Company's data.  
[11] Public Staff Settlement Exhibit 1, Schedule 3-8(d), Column (b), Line 6.  
[12] Public Staff Settlement Exhibit 1, Schedule 3-9(d), Column (b), Line 6.  
[13] Public Staff Settlement Exhibit 1, Schedule 3-10(d), Column (b), Line 6.  
[14] Public Staff Settlement Exhibit 1, Schedule 3-3(d), Column (b), Line 6.  
[15] Public Staff Settlement Exhibit 1, Schedule 3-11(d), Column (b), Line 6.  
[16] Public Staff Settlement Exhibit 1, Schedule 3-12(d), Column (g), Line 11.  
[17] Public Staff Settlement Exhibit 1, Schedule 3-13(d), Column (b), Line 6.  
[18] Public Staff Settlement Exhibit 1, Schedule 3-14(d), Column (b), Line 6.  
[19] Public Staff Settlement Exhibit 1, Schedule 3-15(d), Column (b), Line 10.  
[20] Public Staff Settlement Exhibit 1, Schedule 3-16(d), Column (b), Line 6.  
[21] Public Staff Settlement Exhibit 1, Schedule 3-17(d), Column (b), Line 6.  
[22] Public Staff Settlement Exhibit 1, Schedule 3-18(d), Column (b), Line 5.  
[23] Public Staff Settlement Exhibit 1, Schedule 3-18(d), Column (b), Line 13.  
[24] Public Staff Settlement Exhibit 1, Schedule 3-19(d), Column (b), Line 6.  
[25] Public Staff Settlement Exhibit 1, Schedule 3-21(d), Column (b), Line 6.  
[26] Public Staff Settlement Exhibit 1, Schedule 3-20(d), Column (b), Line 6.  
[27] Line 4 Column ( c ) multiplied by 0.14%.  
[28] Calculated based on the Public Staff's workpaper.  
[29] Public Staff Settlement Exhibit 1, Schedule 3-22(d)(2), Column (d), Line 16.  
[30] Public Staff Settlement Exhibit 1, Schedule 3-22(d)(2), Column (d), Line 18.  
[31] Column (e) minus Column (c), unless otherwise footnoted.  
[32] Column (c) plus Column (d), unless otherwise footnoted.  
[33] Public Staff Settlement Exhibit 1, Schedule 3-1(d), Column (f), Line 8.  
[34] Public Staff Settlement Exhibit 1, Schedule 3-2(d), Column (b), Line 9.  
[35] Line 4 Column ( e ) multiplied by 0.14%.  
[36] Public Staff Settlement Exhibit 1, Schedule 3-22(d)(2), Column ( e ), Line 16.  
[37] Public Staff Settlement Exhibit 1, Schedule 3-22(d)(2), Column (e), Line 18.  
[38] Column (g) minus Column (c), unless otherwise footnoted.  
[39] Column (c) plus Column (f), unless otherwise footnoted.  
[40] Revenue requirement as calculated by the Public Staff.  
[41] Public Staff Settlement Exhibit 1, Schedule 3-1(d), Column (f), Line 12.  
[42] Public Staff Settlement Exhibit 1, Schedule 3-2(d), Column (b), Line 12.  
[43] Line 4 Column ( g ) multiplied by 0.14%.  
[44] Public Staff Settlement Exhibit 1, Schedule 3-22(d)(2), Column (f), Line 16.  
[45] Public Staff Settlement Exhibit 1, Schedule 3-22(d)(2), Column (f), Line 18.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
 For The Test Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3(a)(3)  
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**CWSNC WATER OPERATIONS**

Line No.	Item	Rate Year 3			Rate Year 3			Rate Year 3		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Updates (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [31] (d)	Operations After Rate Increase [32] (e)	Net Public Staff Increase [38] (f)	Operations After Rate Increase [39] (g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$28,258,195	(\$1,021,621)	\$27,236,574 [3]	\$1,143,051	\$28,379,625 [3]	(\$653,813)	\$26,582,761 [40]		
2	Miscellaneous revenues	178,273	7,740	186,014 [4]	3,242	189,256 [33]	(1,854)	184,159 [41]		
3	Uncollectible accounts	(276,059)	71,785	(204,274) [5]	(8,573)	(212,847) [34]	4,904	(199,371) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>28,160,409</b>	<b>(942,096)</b>	<b>27,218,313</b>	<b>1,137,720</b>	<b>28,356,033</b>	<b>(650,764)</b>	<b>26,567,549</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	1,233,088	(37,535)	1,195,554 [6]	0	1,195,554	0	1,195,554		
6	Purchased water	1,665,457	0	1,665,457	0	1,665,457	0	1,665,457		
7	Maintenance and repair	1,313,104	(41,672)	1,271,432 [7]	0	1,271,432	0	1,271,432		
8	Maintenance testing	224,526	(12,681)	211,845 [8]	0	211,845	0	211,845		
9	Meter reading	268,933	(27,570)	241,363 [9]	0	241,363	0	241,363		
10	Chemicals	454,342	(78,603)	375,739 [10]	0	375,739	0	375,739		
11	Transportation	329,055	(41,963)	287,092 [11]	0	287,092	0	287,092		
12	Operating expenses charged to plant	(492,665)	(4,685)	(497,349) [12]	0	(497,349)	0	(497,349)		
13	Outside services - other	145,864	(23,175)	122,689 [13]	0	122,689	0	122,689		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>5,141,706</b>	<b>(267,884)</b>	<b>4,873,821</b>	<b>0</b>	<b>4,873,821</b>	<b>0</b>	<b>4,873,821</b>		
<b>General Expenses:</b>										
15	Salaries and wages	4,316,196	(85,109)	4,231,087 [14]	0	4,231,087	0	4,231,087		
16	Office supplies and other office expense	368,027	(21,895)	346,131 [15]	0	346,131	0	346,131		
17	Regulatory commission expense	416,222	(108,990)	307,232 [16]	0	307,232	0	307,232		
18	Pension and other benefits	1,121,725	(98,441)	1,023,284 [17]	0	1,023,284	0	1,023,284		
19	Rent	238,960	(9,327)	229,633 [18]	0	229,633	0	229,633		
20	Insurance	842,056	40,575	882,631 [19]	0	882,631	0	882,631		
21	Office utilities	211,868	(15,977)	195,891 [20]	0	195,891	0	195,891		
22	Miscellaneous	3,424,883	(401,811)	3,023,072 [21]	0	3,023,072	0	3,023,072		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>10,939,937</b>	<b>(700,976)</b>	<b>10,238,961</b>	<b>0</b>	<b>10,238,961</b>	<b>0</b>	<b>10,238,961</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	4,709,887	(398,319)	4,311,568 [22]	0	4,311,568	0	4,311,568		
25	Amortization of CIAC	(733,560)	0	(733,560)	0	(733,560)	0	(733,560)		
26	Amortization of PAA	(117,358)	(2,533)	(119,891) [23]	0	(119,891)	0	(119,891)		
27	Amortization of ITC	(265)	0	(265)	0	(265)	0	(265)		
28	Franchise and other taxes	66,238	(9,753)	56,486 [24]	0	56,486	0	56,486		
29	Property taxes	164,424	(28,455)	135,969 [25]	0	135,969	0	135,969		
30	Payroll taxes	332,632	(7,081)	325,551 [26]	0	325,551	0	325,551		
31	Regulatory fee	38,552	(446)	38,106 [27]	1,592	39,698 [35]	(911)	37,195 [43]		
32	Deferred Income Tax	0	(64,882)	(64,882) [28]	0	(64,882)	0	(64,882)		
33	State income tax	166,819	(16,965)	149,853 [29]	28,403	178,256 [36]	(16,246)	133,607 [44]		
34	Federal income tax	1,366,245	(138,946)	1,227,298 [30]	232,622	1,459,920 [37]	(133,057)	1,094,241 [44]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>5,993,614</b>	<b>(667,381)</b>	<b>5,326,233</b>	<b>262,617</b>	<b>5,588,850</b>	<b>(150,215)</b>	<b>5,176,018</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	22,075,257	(1,636,241)	20,439,015	262,617	20,701,633	(150,215)	20,288,801		
37	Net operating income for a return (L4 - L37)	\$6,085,152	\$694,145	\$6,779,298	\$875,103	\$7,654,400	(\$500,549)	\$6,278,749		

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
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 For The Test Year Ended March 31, 2023

Updated Public Staff Settlement Exhibit 1  
 Schedule 3(b)(3)  
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Line No.	Item	Rate Year 3			Rate Year 3			Rate Year 3		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Updates (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [31] (d)	Operations After Rate Increase [32] (e)	Net Public Staff Increase [38] (f)	Operations After Rate Increase [39] (g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$23,129,810	(\$392,354)	\$22,737,456 [3]	\$1,388,013	\$24,125,469 [3]	\$197,123	\$22,934,579 [40]		
2	Miscellaneous revenues	129,287	16,139	145,426 [4]	3,719	149,145 [33]	528	145,954 [41]		
3	Uncollectible accounts	(225,959)	55,428	(170,531) [5]	(10,410)	(180,941) [34]	(1,478)	(172,009) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>23,033,138</b>	<b>(320,787)</b>	<b>22,712,351</b>	<b>1,381,322</b>	<b>24,093,673</b>	<b>196,173</b>	<b>22,908,523</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	949,548	(43,635)	905,914 [6]	0	905,914	0	905,914		
6	Purchased sewer	1,048,540	0	1,048,540	0	1,048,540	0	1,048,540		
7	Maintenance and repair	1,681,719	(65,734)	1,615,985 [7]	0	1,615,985	0	1,615,985		
8	Maintenance testing	346,025	(14,731)	331,294 [8]	0	331,294	0	331,294		
9	Meter reading	3,482	(203)	3,279 [9]	0	3,279	0	3,279		
10	Chemicals	665,274	(5,092)	660,182 [10]	0	660,182	0	660,182		
11	Transportation	192,756	(21,476)	171,280 [11]	0	171,280	0	171,280		
12	Operating expenses charged to plant	(293,927)	(2,795)	(296,722) [12]	0	(296,722)	0	(296,722)		
13	Outside services - other	85,445	(12,249)	73,196 [13]	0	73,196	0	73,196		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>4,678,863</b>	<b>(165,915)</b>	<b>4,512,948</b>	<b>0</b>	<b>4,512,948</b>	<b>0</b>	<b>4,512,948</b>		
<b>General Expenses:</b>										
15	Salaries and wages	2,575,068	(50,776)	2,524,291 [14]	0	2,524,291	0	2,524,291		
16	Office supplies and other office expense	216,251	(9,747)	206,504 [15]	0	206,504	0	206,504		
17	Regulatory commission expense	247,160	(63,862)	183,298 [16]	0	183,298	0	183,298		
18	Pension and other benefits	659,506	(49,008)	610,498 [17]	0	610,498	0	610,498		
19	Rent	142,566	(5,565)	137,001 [18]	0	137,001	0	137,001		
20	Insurance	517,228	9,355	526,583 [19]	0	526,583	0	526,583		
21	Office utilities	123,034	(7,177)	115,857 [20]	0	115,857	0	115,857		
22	Miscellaneous	1,942,998	(117,858)	1,825,140 [21]	0	1,825,140	0	1,825,140		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>6,423,810</b>	<b>(294,638)</b>	<b>6,129,172</b>	<b>0</b>	<b>6,129,172</b>	<b>0</b>	<b>6,129,172</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	4,341,053	(207,765)	4,133,288 [22]	0	4,133,288	0	4,133,288		
25	Amortization of CIAC	(625,462)	0	(625,462)	0	(625,462)	0	(625,462)		
26	Amortization of PAA	(17,433)	376	(17,056) [23]	0	(17,056)	0	(17,056)		
27	Amortization of ITC	(254)	0	(254)	0	(254)	0	(254)		
28	Franchise and other taxes	55,465	(7,293)	48,172 [24]	0	48,172	0	48,172		
29	Property taxes	137,050	(31,421)	105,629 [25]	0	105,629	0	105,629		
30	Payroll taxes	198,450	(4,224)	194,226 [26]	0	194,226	0	194,226		
31	Regulatory fee	32,246	(449)	31,797 [27]	1,934	33,731 [35]	275	32,072 [43]		
32	Deferred Income Tax	0	(38,709)	(38,709) [28]	0	(38,709)	0	(38,709)		
33	State income tax	175,618	(29,467)	146,151 [29]	34,485	180,635 [36]	4,897	151,048 [44]		
34	Federal income tax	1,438,309	(241,335)	1,196,974 [30]	282,430	1,479,404 [37]	40,110	1,237,084 [44]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>5,735,043</b>	<b>(560,287)</b>	<b>5,174,756</b>	<b>318,848</b>	<b>5,493,604</b>	<b>45,283</b>	<b>5,220,038</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	16,837,716	(1,020,840)	15,816,876	318,848	16,135,724	45,283	15,862,159		
37	Net operating income for a return (L4 - L37)	\$6,195,422	\$700,052	\$6,895,475	\$1,062,473	\$7,957,948	\$150,890	\$7,046,365		

**CAROLINA WATER SERVICE, INC., OF NC**  
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Updated Public Staff Settlement Exhibit 1  
 Schedule 3(c)(3)  
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Line No.	Item	Rate Year 3			Rate Year 3			Rate Year 3		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Updates (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [31] (d)	Operations After Rate Increase [32] (e)	Net Public Staff Increase [38] (f)	Operations After Rate Increase [39] (g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$2,691,227	(\$30,107)	\$2,661,120 [3]	\$112,016	\$2,773,136 [3]	(\$144,315)	\$2,516,805 [40]		
2	Miscellaneous revenues	15,531	1,001	16,531 [4]	316	16,847 [33]	(406)	16,126 [41]		
3	Uncollectible accounts	(42,261)	5,538	(36,723) [5]	(1,546)	(38,269) [34]	1,992	(34,732) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>2,664,496</b>	<b>(23,568)</b>	<b>2,640,928</b>	<b>110,786</b>	<b>2,751,714</b>	<b>(142,729)</b>	<b>2,498,199</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	82,435	(5,066)	77,369 [6]	0	77,369	0	77,369		
6	Purchased water	609	0	609	0	609	0	609		
7	Maintenance and repair	226,670	(3,035)	223,636 [7]	0	223,636	0	223,636		
8	Maintenance testing	11,699	(644)	11,055 [8]	0	11,055	0	11,055		
9	Meter reading	55,715	(4,103)	51,611 [9]	0	51,611	0	51,611		
10	Chemicals	98,941	(3,326)	95,615 [10]	0	95,615	0	95,615		
11	Transportation	45,146	(8,979)	36,167 [11]	0	36,167	0	36,167		
12	Operating expenses charged to plant	(71,615)	(563)	(72,178) [12]	0	(72,178)	0	(72,178)		
13	Outside services - other	28,950	(2,132)	26,818 [13]	0	26,818	0	26,818		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>478,549</b>	<b>(27,848)</b>	<b>450,701</b>	<b>0</b>	<b>450,701</b>	<b>0</b>	<b>450,701</b>		
<b>General Expenses:</b>										
15	Salaries and wages	518,579	(10,226)	508,354 [14]	0	508,354	0	508,354		
16	Office supplies and other office expense	41,460	(2,340)	39,120 [15]	0	39,120	0	39,120		
17	Regulatory commission expense	51,572	(13,297)	38,275 [16]	0	38,275	0	38,275		
18	Pension and other benefits	134,567	(11,622)	122,945 [17]	0	122,945	0	122,945		
19	Rent	29,196	(1,607)	27,589 [18]	0	27,589	0	27,589		
20	Insurance	116,690	(10,644)	106,046 [19]	0	106,046	0	106,046		
21	Office utilities	20,322	(1,496)	18,825 [20]	0	18,825	0	18,825		
22	Miscellaneous	367,500	(12,621)	354,878 [21]	0	354,878	0	354,878		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>1,279,886</b>	<b>(63,854)</b>	<b>1,216,033</b>	<b>0</b>	<b>1,216,033</b>	<b>0</b>	<b>1,216,033</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	308,493	(39,795)	268,698 [22]	0	268,698	0	268,698		
25	Amortization of CIAC	(57,707)	0	(57,707)	0	(57,707)	0	(57,707)		
26	Amortization of PAA	15,854	(1,336)	14,518 [23]	0	14,518	0	14,518		
27	Amortization of ITC	0	0	0	0	0	0	0		
28	Franchise and other taxes	(1,546)	225	(1,321) [24]	0	(1,321)	0	(1,321)		
29	Property taxes	12,231	(4,485)	7,746 [25]	0	7,746	0	7,746		
30	Payroll taxes	39,965	(851)	39,114 [26]	0	39,114	0	39,114		
31	Regulatory fee	3,719	(22)	3,697 [27]	155	3,852 [35]	(200)	3,497 [43]		
32	Deferred Income Tax	0	(8,585)	(8,585) [28]	0	(8,585)	0	(8,585)		
33	State income tax	14,287	(758)	13,528 [29]	2,766	16,294 [36]	(3,563)	9,965 [44]		
34	Federal income tax	117,006	(6,209)	110,797 [30]	22,652	133,449 [37]	(29,183)	81,614 [44]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>452,302</b>	<b>(61,817)</b>	<b>390,485</b>	<b>25,572</b>	<b>416,058</b>	<b>(32,946)</b>	<b>357,539</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	2,210,737	(153,518)	2,057,219	25,572	2,082,792	(32,946)	2,024,273		
37	Net operating income for a return (L4 - L37)	\$453,759	\$129,950	\$583,709	\$85,214	\$668,922	(\$109,783)	\$473,926		

**CAROLINA WATER SERVICE, INC., OF NC**  
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Updated Public Staff Settlement Exhibit 1  
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**BF/FH SEWER OPERATIONS**

Line No.	Item	Rate Year 3			Rate Year 3			Rate Year 3		
		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Updates [a]	Public Staff Adjustments [1] [b]	Amount Per Public Staff [2] [c]	Net Company Increase [31] [d]	Operations After Rate Increase [32] [e]	Net Public Staff Increase [38] [f]	Operations After Rate Increase [39] [g]		
<b>Operating Revenues:</b>										
1	Service revenues	\$3,866,490	(\$443,998)	\$3,422,492 [3]	\$140,463	\$3,562,955 [3]	\$355,360	\$3,777,852 [40]		
2	Miscellaneous revenues	21,867	999	22,865 [4]	377	23,242 [33]	954	23,819 [41]		
3	Uncollectible accounts	(60,717)	13,487	(47,230) [5]	(1,938)	(49,169) [34]	(4,904)	(52,134) [42]		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>3,827,640</b>	<b>(429,513)</b>	<b>3,398,127</b>	<b>138,901</b>	<b>3,537,028</b>	<b>351,410</b>	<b>3,749,537</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	177,786	(13,692)	164,094 [6]	0	164,094	0	164,094		
6	Purchased sewer	0	0	0	0	0	0	0		
7	Maintenance and repair	274,798	(30,934)	243,864 [7]	0	243,864	0	243,864		
8	Maintenance testing	28,082	(1,866)	26,215 [8]	0	26,215	0	26,215		
9	Meter reading	1,237	(108)	1,129 [9]	0	1,129	0	1,129		
10	Chemicals	78,438	(9,661)	68,777 [10]	0	68,777	0	68,777		
11	Transportation	46,920	(9,898)	37,022 [11]	0	37,022	0	37,022		
12	Operating expenses charged to plant	(73,306)	(576)	(73,881) [12]	0	(73,881)	0	(73,881)		
13	Outside services - other	30,088	(2,637)	27,451 [13]	0	27,451	0	27,451		
14	<b>Total maintenance expenses (Sum of L5 thru L14)</b>	<b>564,043</b>	<b>(69,373)</b>	<b>494,670</b>	<b>0</b>	<b>494,670</b>	<b>0</b>	<b>494,670</b>		
<b>General Expenses:</b>										
15	Salaries and wages	530,818	(10,467)	520,351 [14]	0	520,351	0	520,351		
16	Office supplies and other office expense	42,968	(2,925)	40,043 [15]	0	40,043	0	40,043		
17	Regulatory commission expense	53,016	(13,841)	39,175 [16]	0	39,175	0	39,175		
18	Pension and other benefits	139,429	(13,583)	125,846 [17]	0	125,846	0	125,846		
19	Rent	30,252	(2,011)	28,241 [18]	0	28,241	0	28,241		
20	Insurance	117,589	(9,040)	108,549 [19]	0	108,549	0	108,549		
21	Office utilities	21,120	(1,851)	19,269 [20]	0	19,269	0	19,269		
22	Miscellaneous	380,882	(17,665)	363,217 [21]	0	363,217	0	363,217		
23	<b>Total general expenses (Sum of L16 thru L23)</b>	<b>1,316,074</b>	<b>(71,383)</b>	<b>1,244,691</b>	<b>0</b>	<b>1,244,691</b>	<b>0</b>	<b>1,244,691</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	678,385	(57,165)	621,220 [22]	0	621,220	0	621,220		
25	Amortization of CIAC	(150,635)	(0)	(150,635)	0	(150,635)	0	(150,635)		
26	Amortization of PAA	43,850	(672)	43,178 [23]	0	43,178	0	43,178		
27	Amortization of ITC	0	0	0	0	0	0	0		
28	Franchise and other taxes	(1,607)	255	(1,352) [24]	0	(1,352)	0	(1,352)		
29	Property taxes	14,840	(5,087)	9,754 [25]	0	9,754	0	9,754		
30	Payroll taxes	40,908	(870)	40,038 [26]	0	40,038	0	40,038		
31	Regulatory fee	5,573	(816)	4,757 [27]	195	4,952 [35]	492	5,249 [43]		
32	Deferred Income Tax	0	(8,786)	(8,786) [28]	0	(8,786)	0	(8,786)		
33	State income tax	32,634	(15,471)	17,164 [29]	3,468	20,631 [36]	8,773	25,937 [44]		
34	Federal income tax	267,276	(126,705)	140,571 [30]	28,400	168,971 [37]	71,850	212,421 [44]		
35	<b>Total depreciation and taxes (Sum of L25 thru L35)</b>	<b>931,225</b>	<b>(215,317)</b>	<b>715,907</b>	<b>32,063</b>	<b>747,970</b>	<b>81,115</b>	<b>797,023</b>		
36	Total operating revenue deductions (L15 + L24 + L36)	2,811,342	(356,074)	2,455,268	32,063	2,487,331	81,115	2,536,384		
37	Net operating income for a return (L4 - L37)	\$1,016,298	(\$73,439)	\$942,859	\$106,839	\$1,049,697	\$270,294	\$1,213,153		

**Rate Year 3  
CWSNC WATER OPERATIONS**

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (c), unless otherwise footnoted.
- [3] Based on the recommendation of Public Staff Engineer Darden.
- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (i), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (c), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(a), Column (c), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(1), Column (c), Line 7.
- [8] Public Staff Settlement Exhibit 1, Schedule 3-6(a), Column (c), Line 6.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-7(a), Column (c), Line 6.
- [10] Based on reviewing of the Company's data.
- [11] Public Staff Settlement Exhibit 1, Schedule 3-8(a), Column (c), Line 6.
- [12] Public Staff Settlement Exhibit 1, Schedule 3-9(a), Column (c), Line 6.
- [13] Public Staff Settlement Exhibit 1, Schedule 3-10(a), Column (c), Line 6.
- [14] Public Staff Settlement Exhibit 1, Schedule 3-3(a), Column (c), Line 6.
- [15] Public Staff Settlement Exhibit 1, Schedule 3-11(a), Column (c), Line 6.
- [16] Public Staff Settlement Exhibit 1, Schedule 3-12(a), Column (d), Line 11.
- [17] Public Staff Settlement Exhibit 1, Schedule 3-13(a), Column (c), Line 6.
- [18] Public Staff Settlement Exhibit 1, Schedule 3-14(a), Column (c), Line 6.
- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(a), Column (c), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(a), Column (c), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(a), Column (c), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(a), Column (c), Line 5.
- [23] Public Staff Settlement Exhibit 1, Schedule 3-18(a), Column (c), Line 13.
- [24] Public Staff Settlement Exhibit 1, Schedule 3-19(a), Column (c), Line 6.
- [25] Public Staff Settlement Exhibit 1, Schedule 3-21(a), Column (c), Line 6.
- [26] Public Staff Settlement Exhibit 1, Schedule 3-20(a), Column (c), Line 6.
- [27] Line 4 Column ( c ) multiplied by 0.14%.
- [28] Calculated based on the Public Staff's workpaper.
- [29] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(3), Column (g), Line 16.
- [30] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(3), Column (g), Line 18.
- [31] Column (e) minus Column (c), unless otherwise footnoted.
- [32] Column (c) plus Column (d), unless otherwise footnoted.
- [33] Public Staff Settlement Exhibit 1, Schedule 3-1(a), Column (i), Line 8.
- [34] Public Staff Settlement Exhibit 1, Schedule 3-2(a), Column (c), Line 9.
- [35] Line 4 Column ( e ) multiplied by 0.14%.
- [36] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(3), Column (h), Line 16.
- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(a)(3), Column (h), Line 18.
- [38] Column (g) minus Column (c), unless otherwise footnoted.
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**Rate Year 3  
CWSNC SEWER OPERATIONS**

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- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(b), Column (c), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(b), Column (c), Line 6.
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- [37] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(3), Column (h), Line 18.
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- [45] Public Staff Settlement Exhibit 1, Schedule 3-22(b)(3), Column (i), Line 18.

**Rate Year 3  
BF/FH/TC WATER OPERATIONS**

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- [3] Based on the recommendation of Public Staff Engineer Darden.
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**Rate Year 3  
BF/FH SEWER OPERATIONS**

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- [4] Public Staff Settlement Exhibit 1, Schedule 3-1(d), RY3, Column (c), Line 4.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-2(d), Column (c), Line 6.
- [6] Public Staff Settlement Exhibit 1, Schedule 3-4(d), Column (c), Line 6.
- [7] Public Staff Settlement Exhibit 1, Schedule 3-5(4), Column (c), Line 7.
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- [19] Public Staff Settlement Exhibit 1, Schedule 3-15(d), Column (c), Line 10.
- [20] Public Staff Settlement Exhibit 1, Schedule 3-16(d), Column (c), Line 6.
- [21] Public Staff Settlement Exhibit 1, Schedule 3-17(d), Column (c), Line 6.
- [22] Public Staff Settlement Exhibit 1, Schedule 3-18(d), Column (c), Line 5.
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**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**NET OPERATING INCOME FOR A RETURN**  
For The Rate Years Ended March 31, 2026

Updated Late-Filed Supplemental Public Staff Exhibit 1  
Schedule 3(a)-RY

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PS Amount Per	RY1 Public Staff	RY1 Amount Per	RY2 Public Staff	RY2 Amount Per	RY3 Public Staff	RY3 Amount Per		
		Base Year [1] (a)	Adjustments [2] (b)	Public Staff [3] (c)	Adjustments [2] (d)	Public Staff [3] (e)	Adjustments [2] (f)	Public Staff [3] (g)		
<b>CWSNC WATER OPERATIONS</b>										
<b>Operating Revenues:</b>										
1	Service revenues	\$23,128,266	\$1,564,909	\$24,693,175	\$1,356,017	\$26,049,192	\$533,569	\$26,582,761		
2	Miscellaneous revenues	174,361	4,439	178,800	3,846	182,646	1,513	184,159		
3	Uncollectible accounts	(173,462)	(11,737)	(185,199)	(10,170)	(195,369)	(4,002)	(199,371)		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>23,129,165</b>	<b>1,557,611</b>	<b>24,686,776</b>	<b>1,349,693</b>	<b>26,036,469</b>	<b>531,081</b>	<b>26,567,549</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	1,071,097	47,714	1,118,810	37,621	1,156,431	39,123	1,195,554		
6	Purchased water	1,665,457	0	1,665,457	0	1,665,457	0	1,665,457		
7	Maintenance and repair	1,195,626	(707)	1,194,919	196,916	1,391,835	(120,403)	1,271,432		
8	Maintenance testing	195,388	6,643	202,031	4,849	206,880	4,965	211,845		
9	Meter reading	222,612	7,569	230,181	5,524	235,706	5,657	241,363		
10	Chemicals	336,625	14,996	351,620	11,823	363,444	12,295	375,739		
11	Transportation	287,092	0	287,092	0	287,092	0	287,092		
12	Operating expenses charged to plant	(455,145)	(13,654)	(468,799)	(14,064)	(482,863)	(14,486)	(497,349)		
13	Outside services - other	113,158	3,847	117,005	2,808	119,813	2,876	122,689		
14	<b>Total maintenance expenses (Sum of L5 thru L13)</b>	<b>4,631,909</b>	<b>66,408</b>	<b>4,698,317</b>	<b>245,478</b>	<b>4,943,795</b>	<b>(69,973)</b>	<b>4,873,821</b>		
<b>General Expenses:</b>										
15	Salaries and wages	3,872,044	116,161	3,988,205	119,646	4,107,851	123,236	4,231,087		
16	Office supplies and other office expense	319,242	10,854	330,097	7,922	338,019	8,112	346,131		
17	Regulatory commission expense	307,232	(0)	307,231	0	307,232	0	307,232		
18	Pension and other benefits	936,450	28,093	964,543	28,936	993,480	29,804	1,023,284		
19	Rent	211,794	7,201	218,995	5,256	224,251	5,382	229,633		
20	Insurance	805,169	36,574	841,743	20,201	861,944	20,687	882,631		
21	Office utilities	180,673	6,143	186,816	4,484	191,299	4,591	195,891		
22	Miscellaneous	2,788,227	94,800	2,883,027	69,193	2,952,219	70,853	3,023,072		
23	<b>Total general expenses (Sum of L15 thru L22)</b>	<b>9,420,831</b>	<b>299,826</b>	<b>9,720,657</b>	<b>255,638</b>	<b>9,976,295</b>	<b>262,666</b>	<b>10,238,961</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	3,581,487	368,189	3,949,676	223,900	4,173,576	137,992	4,311,568		
25	Amortization of CIAC	(733,560)	0	(733,560)	0	(733,560)	0	(733,560)		
26	Amortization of PAA	(121,579)	(423)	(122,002)	1,689	(120,313)	422	(119,891)		
27	Amortization of ITC	(265)	0	(265)	0	(265)	0	(265)		
28	Franchise and other taxes	56,486	0	56,486	0	56,486	0	56,486		
29	Property taxes	135,969	0	135,969	0	135,969	0	135,969		
30	Payroll taxes	297,925	8,938	306,863	9,206	316,069	9,482	325,551		
31	Regulatory fee	32,381	2,180	34,561	1,890	36,451	744	37,195		
32	Deferred Income Tax	(64,882)	0	(64,882)	0	(64,882)	0	(64,882)		
33	State income tax	104,500	14,651	119,151	11,034	130,185	3,422	133,607		
34	Federal income tax	855,853	119,996	975,849	90,369	1,066,217	28,024	1,094,241		
35	<b>Total depreciation and taxes (Sum of L25 thru L34)</b>	<b>4,144,315</b>	<b>513,531</b>	<b>4,657,845</b>	<b>338,088</b>	<b>4,995,933</b>	<b>180,085</b>	<b>5,176,018</b>		
36	Total operating revenue deductions (L14 + L23 + L35)	18,197,055	879,765	19,076,820	839,203	19,916,023	372,778	20,288,801		
37	Net operating income for a return (L4 - L36)	<u>\$4,932,110</u>	<u>\$677,847</u>	<u>\$5,609,956</u>	<u>\$510,490</u>	<u>\$6,120,446</u>	<u>\$158,303</u>	<u>\$6,278,749</u>		

[1] Public Staff Settlement Exhibit 1, Schedule 3(a).

[2] Rate Year 1: Column (c) minus Column (a); Rate Year 2: Column (e) minus Column (c); Rate Year 3: Column (g) minus Column (e).

[3] Public Staff Settlement Exhibit 1, Schedule 3(a)(1) to Schedule 3(a)(3), Column (g).

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

Docket No. W-354, Sub 400

**NET OPERATING INCOME FOR A RETURN**

For The Rate Years Ended March 31, 2026

Updated Late-Filed Supplemental Public Staff Exhibit 1  
Schedule 3(b)-RY

Line No.	CWSNC SEWER OPERATIONS Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PS Amount Per	RY1 Public Staff	RY1 Amount Per	RY2 Public Staff	RY2 Amount Per	RY3 Public Staff	RY3 Amount Per		
		Base Year [1]	Adjustments [2]	Public Staff [3]	Adjustments [2]	Public Staff [3]	Adjustments [2]	Public Staff [3]		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$18,606,014	\$1,895,563	\$20,501,577	\$582,667	\$21,084,244	\$1,850,335	\$22,934,579		
2	Miscellaneous revenues	134,356	5,079	139,435	1,561	140,996	4,958	145,954		
3	Uncollectible accounts	(139,545)	(14,217)	(153,762)	(4,370)	(158,132)	(13,878)	(172,009)		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>18,600,825</b>	<b>1,886,425</b>	<b>20,487,250</b>	<b>579,858</b>	<b>21,067,108</b>	<b>1,841,415</b>	<b>22,908,523</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	825,016	31,719	856,735	24,159	880,894	25,020	905,914		
6	Purchased sewer	1,048,540	0	1,048,540	0	1,048,540	0	1,048,540		
7	Maintenance and repair	1,805,769	21,994	1,827,764	(\$8,660)	1,819,104	(203,119)	1,615,985		
8	Maintenance testing	305,558	10,389	315,947	\$7,583	323,529	7,765	331,294		
9	Meter reading	3,024	103	3,127	\$75	3,202	77	3,279		
10	Chemicals	601,228	23,115	624,343	\$17,605	641,949	18,233	660,182		
11	Transportation	171,280	0	171,280	\$0	171,280	0	171,280		
12	Operating expenses charged to plant	(271,543)	(8,146)	(279,689)	(\$8,391)	(288,080)	(8,642)	(296,722)		
13	Outside services - other	67,510	2,295	69,805	\$1,675	71,480	1,716	73,196		
14	<b>Total maintenance expenses (Sum of L5 thru L13)</b>	<b>4,556,383</b>	<b>81,469</b>	<b>4,637,852</b>	<b>34,047</b>	<b>4,671,898</b>	<b>(158,950)</b>	<b>4,512,948</b>		
<b>General Expenses:</b>										
15	Salaries and wages	2,310,084	69,303	2,379,387	71,382	2,450,768	73,523	2,524,291		
16	Office supplies and other office expense	190,462	6,476	196,938	4,727	201,664	4,840	206,504		
17	Regulatory commission expense	183,298	(0)	183,298	0	183,298	0	183,298		
18	Pension and other benefits	558,692	16,761	575,453	17,264	592,716	17,781	610,498		
19	Rent	126,358	4,296	130,654	3,136	133,790	3,211	137,001		
20	Insurance	480,368	21,820	502,188	12,054	514,242	12,341	526,583		
21	Office utilities	106,857	3,633	110,490	2,652	113,142	2,715	115,857		
22	Miscellaneous	1,683,355	57,234	1,740,589	41,774	1,782,363	42,777	1,825,140		
23	<b>Total general expenses (Sum of L15 thru L22)</b>	<b>5,639,474</b>	<b>179,522</b>	<b>5,818,996</b>	<b>152,987</b>	<b>5,971,983</b>	<b>157,189</b>	<b>6,129,172</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	3,178,919	378,783	3,557,702	134,445	3,692,147	441,141	4,133,288		
25	Amortization of CIAC	(625,462)	0	(625,462)	0	(625,462)	0	(625,462)		
26	Amortization of PAA	(17,621)	377	(17,244)	63	(17,182)	125	(17,056)		
27	Amortization of ITC	(254)	0	(254)	0	(254)	0	(254)		
28	Franchise and other taxes	48,172	0	48,172	0	48,172	0	48,172		
29	Property taxes	105,629	0	105,629	0	105,629	0	105,629		
30	Payroll taxes	177,744	5,332	183,076	5,492	188,569	5,657	194,226		
31	Regulatory fee	26,041	2,641	28,682	812	29,494	2,578	32,072		
32	Deferred Income Tax	(38,709)	0	(38,709)	0	(38,709)	0	(38,709)		
33	State income tax	99,042	22,330	121,372	4,544	125,917	25,132	151,048		
34	Federal income tax	811,156	182,881	994,037	37,219	1,031,256	205,828	1,237,084		
35	<b>Total depreciation and taxes (Sum of L25 thru L34)</b>	<b>3,764,657</b>	<b>592,344</b>	<b>4,357,002</b>	<b>182,575</b>	<b>4,539,577</b>	<b>680,461</b>	<b>5,220,038</b>		
36	<b>Total operating revenue deductions (L14 + L23 + L35)</b>	<b>13,960,514</b>	<b>853,335</b>	<b>14,813,849</b>	<b>369,610</b>	<b>15,183,459</b>	<b>678,700</b>	<b>15,862,159</b>		
37	<b>Net operating income for a return (L4 - L36)</b>	<b>\$4,640,311</b>	<b>\$1,033,090</b>	<b>\$5,673,401</b>	<b>\$210,248</b>	<b>\$5,883,650</b>	<b>\$1,162,715</b>	<b>\$7,046,365</b>		

[1] Public Staff Settlement Exhibit 1, Schedule 3(b).

[2] Rate Year 1: Column (c) minus Column (a); Rate Year 2: Column (e) minus Column (c); Rate Year 3: Column (g) minus Column (e).

[3] Public Staff Settlement Exhibit 1, Schedule 3(b)(1) to Schedule 3(b)(3), Column (g).

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

Docket No. W-354, Sub 400

**NET OPERATING INCOME FOR A RETURN**

For The Rate Years Ended March 31, 2026

Updated Late-Filed Supplemental Public Staff Exhibit 1  
Schedule 3(c)-RY

Line No.	BF/FH/TC WATER OPERATIONS Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PS Amount Per	RY1 Public Staff	RY1 Amount Per	RY2 Public Staff	RY2 Amount Per	RY3 Public Staff	RY3 Amount Per		
		Base Year [1]	Adjustments [2]	Public Staff [3]	Adjustments [2]	Public Staff [3]	Adjustments [2]	Public Staff [3]		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
<b>Operating Revenues:</b>										
1	Service revenues	\$2,016,281	\$301,018	\$2,317,299	\$150,087	\$2,467,386	\$49,419	\$2,516,805		
2	Miscellaneous revenues	14,717	847	15,564	422	15,987	139	16,126		
3	Uncollectible accounts	(27,825)	(4,154)	(31,979)	(2,071)	(34,050)	(682)	(34,732)		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>2,003,173</b>	<b>297,711</b>	<b>2,300,884</b>	<b>148,438</b>	<b>2,449,323</b>	<b>48,876</b>	<b>2,498,199</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	70,432	2,722	73,154	2,070	75,224	2,144	77,369		
6	Purchased water	609	0	609	0	609	0	609		
7	Maintenance and repair	207,957	6,778	214,735	4,492	219,227	4,409	223,636		
8	Maintenance testing	10,196	347	10,543	253	10,796	259	11,055		
9	Meter reading	47,602	1,618	49,220	1,181	50,402	1,210	51,611		
10	Chemicals	86,200	3,332	89,532	3,433	92,965	2,650	95,615		
11	Transportation	36,167	0	36,167	0	36,167	0	36,167		
12	Operating expenses charged to plant	(66,053)	(1,982)	(68,035)	(2,041)	(70,076)	(2,102)	(72,178)		
13	Outside services - other	24,735	841	25,576	614	26,190	629	26,818		
14	<b>Total maintenance expenses (Sum of L5 thru L13)</b>	<b>417,844</b>	<b>13,657</b>	<b>431,501</b>	<b>10,002</b>	<b>441,503</b>	<b>9,198</b>	<b>450,701</b>		
<b>General Expenses:</b>										
15	Salaries and wages	465,216	13,956	479,172	14,375	493,547	14,806	508,354		
16	Office supplies and other office expense	36,081	1,227	37,308	895	38,203	917	39,120		
17	Regulatory commission expense	38,275	0	38,275	0	38,275	0	38,275		
18	Pension and other benefits	112,512	3,375	115,887	3,477	119,364	3,581	122,945		
19	Rent	25,446	865	26,311	631	26,943	647	27,589		
20	Insurance	96,738	4,395	101,133	2,429	103,562	2,484	106,046		
21	Office utilities	17,363	590	17,953	431	18,384	441	18,825		
22	Miscellaneous	327,310	11,129	338,438	8,123	346,561	8,317	354,878		
23	<b>Total general expenses (Sum of L15 thru L22)</b>	<b>1,118,940</b>	<b>35,538</b>	<b>1,154,478</b>	<b>30,361</b>	<b>1,184,839</b>	<b>31,194</b>	<b>1,216,033</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	176,608	56,064	232,672	28,850	261,522	7,176	268,698		
25	Amortization of CIAC	(57,707)	0	(57,707)	0	(57,707)	0	(57,707)		
26	Amortization of PAA	14,457	(304)	14,153	486	14,639	(121)	14,518		
27	Amortization of ITC	0	0	0	0	0	0	0		
28	Franchise and other taxes	(1,321)	0	(1,321)	0	(1,321)	0	(1,321)		
29	Property taxes	7,746	0	7,746	0	7,746	0	7,746		
30	Payroll taxes	35,795	1,074	36,869	1,106	37,975	1,139	39,114		
31	Regulatory fee	2,804	417	3,221	208	3,429	68	3,497		
32	Deferred Income Tax	(8,585)	0	(8,585)	0	(8,585)	0	(8,585)		
33	State income tax	5,116	3,449	8,565	1,396	9,961	4	9,965		
34	Federal income tax	41,899	28,248	70,147	11,435	81,581	33	81,614		
35	<b>Total depreciation and taxes (Sum of L25 thru L34)</b>	<b>216,812</b>	<b>88,948</b>	<b>305,760</b>	<b>43,481</b>	<b>349,241</b>	<b>8,299</b>	<b>357,539</b>		
36	Total operating revenue deductions (L14 + L23 + L35)	1,753,596	138,142	1,891,738	83,844	1,975,583	48,691	2,024,273		
37	Net operating income for a return (L4 - L36)	\$249,577	\$159,569	\$409,146	\$64,594	\$473,740	\$186	\$473,926		

[1] Public Staff Settlement Exhibit 1, Schedule 3(c).

[2] Rate Year 1: Column (c) minus Column (a); Rate Year 2: Column (e) minus Column (c); Rate Year 3: Column (g) minus Column (e).

[3] Public Staff Settlement Exhibit 1, Schedule 3(c)(1) to Schedule 3(ca)(3), Column (g).

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

Docket No. W-354, Sub 400

**NET OPERATING INCOME FOR A RETURN**

For The Rate Years Ended March 31, 2026

Updated Late-Filed Supplemental Public Staff Exhibit 1  
Schedule 3(d)-RY

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		PS Amount Per	RY1 Public Staff	RY1 Amount Per	RY2 Public Staff	RY2 Amount Per	RY3 Public Staff	RY3 Amount Per		
		Base Year (a)	Adjustments (b)	Public Staff (c)	Adjustments (d)	Public Staff (e)	Adjustments (f)	Public Staff (g)		
<b>BF/FH SEWER OPERATIONS</b>										
<b>Operating Revenues:</b>										
1	Service revenues	\$2,798,617	\$175,975	\$2,974,592	\$725,938	\$3,700,530	\$77,322	\$3,777,852		
2	Miscellaneous revenues	21,191	472	21,663	1,948	23,611	207	23,819		
3	Uncollectible accounts	(38,621)	(2,428)	(41,049)	(10,018)	(51,067)	(1,067)	(52,134)		
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>2,781,187</b>	<b>174,019</b>	<b>2,955,206</b>	<b>717,868</b>	<b>3,673,074</b>	<b>76,462</b>	<b>3,749,537</b>		
<b>Maintenance Expenses:</b>										
5	Purchased power	149,604	5,690	155,294	4,300	159,593	4,500	164,094		
6	Purchased sewer	0	0	0	0	0	0	0		
7	Maintenance and repair	207,054	27,071	234,125	4,812	238,937	4,927	243,864		
8	Maintenance testing	24,179	822	25,001	600	25,601	614	26,215		
9	Meter reading	1,041	35	1,076	26	1,102	26	1,129		
10	Chemicals	62,704	2,385	65,088	1,802	66,890	1,886	68,777		
11	Transportation	37,022	0	37,022	0	37,022	0	37,022		
12	Operating expenses charged to plant	(67,612)	(2,028)	(69,640)	(2,089)	(71,730)	(2,152)	(73,881)		
13	Outside services - other	25,319	861	26,179	628	26,808	643	27,451		
14	<b>Total maintenance expenses (Sum of L5 thru L13)</b>	<b>439,310</b>	<b>34,836</b>	<b>474,145</b>	<b>10,079</b>	<b>484,224</b>	<b>10,446</b>	<b>494,670</b>		
<b>General Expenses:</b>										
15	Salaries and wages	476,195	14,286	490,481	14,714	505,195	15,156	520,351		
16	Office supplies and other office expense	36,933	1,256	38,188	917	39,105	939	40,043		
17	Regulatory commission expense	39,175	0	39,175	0	39,175	0	39,175		
18	Pension and other benefits	115,167	3,455	118,622	3,559	122,181	3,665	125,846		
19	Rent	26,047	886	26,933	646	27,579	662	28,241		
20	Insurance	99,021	4,501	103,522	2,481	106,003	2,546	108,549		
21	Office utilities	17,772	604	18,376	441	18,817	452	19,269		
22	Miscellaneous	335,001	11,390	346,391	8,313	354,704	8,513	363,217		
23	<b>Total general expenses (Sum of L15 thru L22)</b>	<b>1,145,310</b>	<b>36,378</b>	<b>1,181,687</b>	<b>31,072</b>	<b>1,212,759</b>	<b>31,932</b>	<b>1,244,691</b>		
<b>Depreciation and Taxes:</b>										
24	Depreciation expense	450,022	15,546	465,568	145,287	610,855	10,365	621,220		
25	Amortization of CIAC	(150,635)	0	(150,635)	0	(150,635)	0	(150,635)		
26	Amortization of PAA	45,866	(1,512)	44,354	(840)	43,514	(336)	43,178		
27	Amortization of ITC	0	0	0	0	0	0	0		
28	Franchise and other taxes	(1,352)	0	(1,352)	0	(1,352)	0	(1,352)		
29	Property taxes	9,754	0	9,754	0	9,754	0	9,754		
30	Payroll taxes	36,640	1,099	37,739	1,132	38,871	1,166	40,038		
31	Regulatory fee	3,894	243	4,137	1,005	5,142	107	5,249		
32	Deferred Income Tax	(8,786)	0	(8,786)	0	(8,786)	0	(8,786)		
33	State income tax	14,390	1,576	15,966	9,560	25,526	411	25,937		
34	Federal income tax	117,850	12,913	130,763	78,294	209,057	3,365	212,421		
35	<b>Total depreciation and taxes (Sum of L24 thru L34)</b>	<b>517,642</b>	<b>29,865</b>	<b>547,507</b>	<b>234,438</b>	<b>781,945</b>	<b>15,078</b>	<b>797,023</b>		
36	Total operating revenue deductions (L14 + L23 + L35)	2,102,261	101,078	2,203,340	275,588	2,478,928	57,456	2,536,384		
37	Net operating income for a return (L4 - L36)	<u>\$678,926</u>	<u>\$72,941</u>	<u>\$751,866</u>	<u>\$442,280</u>	<u>\$1,194,146</u>	<u>\$19,007</u>	<u>\$1,213,153</u>		

[1] Public Staff Settlement Exhibit 1, Schedule 3(d).

[2] Rate Year 1: Column (c) minus Column (a); Rate Year 2: Column (e) minus Column (c); Rate Year 3: Column (g) minus Column (e).

[3] Public Staff Settlement Exhibit 1, Schedule 3(d)(1) to Schedule 3(d)(3), Column (g).

**CAROLINA WATER SERVICE, INC., OF NC**  
**Docket No. W-354, Sub 400**  
**Public Staff Recommended Revenue Requirements**  
**For The Rate Years Ended March 31, 2026**

Updated Late-Filed Supplemental Public Staff Exhibit 1  
Schedule 3(a)(1) - RY

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
			(15,175,688)	(15,854,362)
	<b><u>CWSNC Water</u></b>			
1	Service revenues	\$24,693,175	\$25,927,834 [1]	\$26,582,761
2	Miscellaneous revenues	178,800	182,646	184,159
3	Uncollectible accounts	(185,199)	(195,369)	(199,371)
4	Total operating revenues	<u>24,686,776</u>	<u>25,915,111</u>	<u>26,567,549</u>
	<b><u>CWSNC Sewer</u></b>			
5	Service revenues	\$20,501,577	\$21,084,244	\$22,138,456 [1]
6	Miscellaneous revenues	139,435	140,996	145,954
7	Uncollectible accounts	(153,762)	(158,132)	(172,009)
8	Total operating revenues	<u>20,487,250</u>	<u>21,067,108</u>	<u>22,112,401</u>
	<b><u>BF/FH/TC Water</u></b>			
9	Service revenues	\$2,317,299	\$2,433,164 [1]	\$2,516,805
10	Miscellaneous revenues	15,564	15,987	16,126
11	Uncollectible accounts	(31,979)	(34,050)	(34,732)
12	Total operating revenues	<u>2,300,884</u>	<u>2,415,101</u>	<u>2,498,199</u>
	<b><u>BF/FH Sewer</u></b>			
13	Service revenues	\$2,974,592	\$3,123,322 [1]	\$3,279,488 [1]
14	Miscellaneous revenues	21,663	23,611	23,819
15	Uncollectible accounts	(41,049)	(51,067)	(52,134)
16	Total operating revenues	<u>2,955,206</u>	<u>3,095,866</u>	<u>3,251,172</u>

[1] Adjusted by statutory revenue cap.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-1(a)

<b>CWSNC WATER OPERATIONS</b>		<b><u>Base Year</u></b>		
<u>Line No.</u>	<u>Item</u>	Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)
<b><u>Present Rates:</u></b>				
1	Forfeited discounts	\$0 [1]	\$63,248	\$63,248 [5]
2	Other water/sewer revenues	\$90,390 [1]	(0)	90,390 [6]
3	Sale of utility property	0 [1]	18,373	18,373 [7]
4	Total miscellaneous revenues (Sum of L1 thru L3)	<u>\$90,390</u>	<u>\$81,620</u>	<u>\$172,011</u>
<b><u>Company Proposed Rates:</u></b>				
5	Forfeited discounts	\$63,248 [2]	\$4,627	\$67,875 [8]
6	Other water/sewer revenues	90,390 [2]	0	90,390
7	Sale of utility property	18,373 [2]	0	18,373
8	Total miscellaneous revenues (Sum of L5 thru L7)	<u>\$172,011</u>	<u>\$4,627</u>	<u>\$176,638</u>
<b><u>Public Staff Recommended Rates:</u></b>				
9	Forfeited discounts	\$63,248 [2]	\$2,350	\$65,598 [9]
10	Other water/sewer revenues	90,390 [2]	0	90,390
11	Sale of utility property	18,373 [2]	0	18,373
12	Total miscellaneous revenues (Sum of L9 thru L11)	<u>\$172,011</u>	<u>\$2,350</u>	<u>\$174,361</u>

- [1] Per examination of Company's financial records.
- [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.
- [3] Column (c) minus Column (a), unless otherwise footnoted.
- [4] Column (a) plus Column (b), unless otherwise footnoted.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (a), Line 6.
- [6] Update other revenues through September 2021 per Company's information.
- [7] Added missing other revenue per examination of Company's records
- [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (a), Line 9.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (a), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-1(b)

Line No.	Item	Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)
<b><u>Present Rates:</u></b>				
1	Forfeited discounts	\$0 [1]	\$46,814	\$46,814 [5]
2	Other water/sewer revenues	73,544 [1]	(0)	73,544 [6]
3	Sale of utility property	0 [1]	10,961	10,961 [7]
4	Total miscellaneous revenues (Sum of L1 thru L3)	\$73,544	\$57,775	\$131,319
<b><u>Company Proposed Rates:</u></b>				
5	Forfeited discounts	\$46,814 [2]	\$4,742	\$51,556 [8]
6	Other water/sewer revenues	73,544 [2]	0	73,544
7	Sale of utility property	10,961 [2]	0	10,961
8	Total miscellaneous revenues (Sum of L5 thru L7)	\$131,319	\$4,742	\$136,061
<b><u>Public Staff Recommended Rates:</u></b>				
9	Forfeited discounts	\$46,814 [2]	\$3,037	\$49,851 [9]
10	Other water/sewer revenues	73,544 [2]	0	73,544
11	Sale of utility property	10,961 [2]	0	10,961
12	Total miscellaneous revenues (Sum of L9 thru L11)	\$131,319	\$3,037	\$134,356

- [1] Per examination of Company's financial records.
- [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.
- [3] Column (c) minus Column (a), unless otherwise footnoted.
- [4] Column (a) plus Column (b), unless otherwise footnoted.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (b), Line 6.
- [6] Update other revenues through September 2021 per Company's information.
- [7] Added missing other revenue per examination of Company's records
- [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (b), Line 9.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (b), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-1(c)

<b>BF/FH/TC WATER OPERATIONS</b>		<b><u>Base Year</u></b>		
<u>Line No.</u>	<u>Item</u>	Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)
<b><u>Present Rates:</u></b>				
1	Forfeited discounts	\$0 [1]	\$5,289	\$5,289 [5]
2	Other water/sewer revenues	7,861 [1]	0	7,861 [6]
3	Sale of utility property	0 [1]	1,182	1,182 [7]
4	Total miscellaneous revenues (Sum of L1 thru L3)	<u>\$7,861</u>	<u>\$6,472</u>	<u>\$14,332</u>
<b><u>Company Proposed Rates:</u></b>				
5	Forfeited discounts	\$5,289 [2]	\$666	\$5,955 [8]
6	Other water/sewer revenues	7,861 [2]	0	7,861
7	Sale of utility property	1,182 [2]	0	1,182
8	Total miscellaneous revenues (Sum of L5 thru L7)	<u>\$14,332</u>	<u>\$666</u>	<u>\$14,998</u>
<b><u>Public Staff Recommended Rates:</u></b>				
9	Forfeited discounts	\$5,289 [2]	\$385	\$5,674 [9]
10	Other water/sewer revenues	7,861 [2]	0	7,861
11	Sale of utility property	1,182 [2]	0	1,182
12	Total miscellaneous revenues (Sum of L9 thru L11)	<u>\$14,332</u>	<u>\$385</u>	<u>\$14,717</u>

- [1] Per examination of Company's financial records.
- [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.
- [3] Column (c) minus Column (a), unless otherwise footnoted.
- [4] Column (a) plus Column (b), unless otherwise footnoted.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (c), Line 6.
- [6] Update other revenues through September 2021 per Company's information.
- [7] Added missing other revenue per examination of Company's records
- [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (c), Line 9.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (c), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-1(d)

<b>BF/FH SEWER OPERATIONS</b>		<b><u>Base Year</u></b>		
Line No.	<u>Item</u>	Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)
<b><u>Present Rates:</u></b>				
1	Forfeited discounts	\$0 [1]	\$7,094	\$7,094 [5]
2	Other water/sewer revenues	12,471 [1]	(0)	12,471 [6]
3	Sale of utility property	0 [1]	1,210	1,210 [7]
4	Total miscellaneous revenues (Sum of L1 thru L3)	\$12,471	\$8,304	\$20,775
<b><u>Company Proposed Rates:</u></b>				
5	Forfeited discounts	\$7,094 [2]	\$1,070	\$8,164 [8]
6	Other water/sewer revenues	12,471 [2]	0	12,471
7	Sale of utility property	1,210 [2]	0	1,210
8	Total miscellaneous revenues (Sum of L5 thru L7)	\$20,775	\$1,070	\$21,845
<b><u>Public Staff Recommended Rates:</u></b>				
9	Forfeited discounts	\$7,094 [2]	\$416	\$7,510 [9]
10	Other water/sewer revenues	12,471 [2]	0	12,471
11	Sale of utility property	1,210 [2]	0	1,210
12	Total miscellaneous revenues (Sum of L9 thru L11)	\$20,775	\$416	\$21,191

- [1] Per examination of Company's financial records.
- [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.
- [3] Column (c) minus Column (a), unless otherwise footnoted.
- [4] Column (a) plus Column (b), unless otherwise footnoted.
- [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (d), Line 6.
- [6] Update other revenues through September 2021 per Company's information.
- [7] Added missing other revenue per examination of Company's records
- [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (d), Line 9.
- [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (d), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
 For The Rate Year 1 - Rate Year 3 Ended March  
 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-1(a)

CWSNC WATER OPERATIONS		Rate Year 1			Rate Year 2			Rate Year 3		
		Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff [4] (c)	Amount Per Before Adjustment (d)	Public Staff Adjustments [3] (e)	Amount Per Public Staff [4] (f)	Amount Per Before Adjustment (g)	Public Staff Adjustments [3] (h)	Amount Per Public Staff [4] (i)
<b>Present Rates</b>										
1	Forfeited discounts	\$0 [1]	\$67,875	\$67,875 [5]	\$83,166 [1]	(\$9,144)	\$74,023	\$87,883 [1]	(\$10,633)	\$77,250
2	Other water/sewer revenues	90,390 [1]	0	90,390 [6]	90,390 [1]	\$0	90,390	90,390 [1]	\$0	90,390
3	Sale of utility property	0 [1]	18,373	18,373 [7]	0 [1]	\$18,373	18,373	0 [1]	\$18,373	18,373
4	Total miscellaneous revenues (Sum of L1 thru L3)	\$90,390	\$86,247	\$176,638	\$173,557	\$9,229	\$182,786	\$178,273	\$7,740	\$186,014
<b>Company Proposed Rates</b>										
5	Forfeited discounts	\$67,875 [2]	6,148	\$74,023 [8]	\$74,023 [2]	\$3,228	\$77,250	\$77,250 [2]	\$3,242	\$80,492
6	Other water/sewer revenues	90,390 [2]	0	90,390	90,390 [2]	\$0	90,390	90,390 [2]	\$0	90,390
7	Sale of utility property	18,373 [2]	0	18,373	18,373 [2]	\$0	18,373	18,373 [2]	\$0	18,373
8	Total miscellaneous revenues (Sum of L5 thru L7)	\$176,638	\$6,148	\$182,786	\$182,786	\$3,228	\$186,014	\$186,014	\$3,242	\$189,256
<b>Public Staff Recommended Rates</b>										
9	Forfeited discounts	\$67,875 [2]	\$2,162	\$70,037 [9]	\$74,023 [2]	(\$140)	\$73,883	\$77,250 [2]	(\$1,854)	\$75,396
10	Other water/sewer revenues	90,390 [2]	0	90,390	90,390 [2]	0	90,390	90,390 [2]	0	90,390
11	Sale of utility property	18,373 [2]	0	18,373	18,373 [2]	0	18,373	18,373 [2]	0	18,373
12	Total miscellaneous revenues (Sum of L9 thru L11)	\$176,638	\$2,162	\$178,800	\$182,786	(\$140)	\$182,646	\$186,014	(\$1,854)	\$184,159

[1] Per examination of Company's financial records.  
 [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.  
 [3] Column (c) minus Column (a), unless otherwise footnoted.  
 [4] Column (a) plus Column (b), unless otherwise footnoted.  
 [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (a), Line 6.  
 [6] Update other revenues through September 2021 per Company's information.  
 [7] Added missing other revenue per examination of Company's records.  
 [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (a), Line 9.  
 [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (a), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
 For The Rate Year 1 - Rate Year 3 Ended March  
 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-1(b)

CWSNC SEWER OPERATIONS		Rate Year 1			Rate Year 2			Rate Year 3		
		Amount Per Before Adjustment (a)	Public Staff Adjustments [3] (b)	Amount Per Public Staff (c)	Amount Per Before Adjustment (d)	Public Staff Adjustments [3] (e)	Amount Per Public Staff (f)	Amount Per Before Adjustment (g)	Public Staff Adjustments [3] (h)	Amount Per Public Staff (i)
<b>Present Rates</b>										
1	Forfeited discounts	\$0 [1]	\$51,556	\$51,556 [5]	\$51,217 [1]	\$6,267	\$57,483 [5]	\$55,743 [1]	\$5,177	\$60,920 [5]
2	Other water/sewer revenues	73544 [1]	0	73544 [6]	73544 [1]	0	73544 [6]	73544 [1]	0	73544 [6]
3	Sale of utility property	0 [1]	10961	10961 [7]	0 [1]	10961	10961 [7]	0 [1]	10961	10961 [7]
4	Total miscellaneous revenues (Sum of L1 thru L3)	<u>\$73,544</u>	<u>\$62,517</u>	<u>\$136,062</u>	<u>\$124,761</u>	<u>\$17,228</u>	<u>\$141,989</u>	<u>\$129,287</u>	<u>\$16,138</u>	<u>\$145,426</u>
<b>Company Proposed Rates</b>										
5	Forfeited discounts	\$51,556 [2]	\$5,927	\$57,483 [8]	\$57,483 [2]	\$3,437	\$60,920 [8]	\$60,920 [2]	\$3,719	\$64,639 [8]
6	Other water/sewer revenues	73544 [2]	0	73544	73544 [2]	0	73544 [8]	73544 [2]	0	73544
7	Sale of utility property	10961 [2]	0	10961	10961 [2]	0	10961	10961 [2]	0	10961
8	Total miscellaneous revenues (Sum of L5 thru L7)	<u>\$136,062</u>	<u>\$5,927</u>	<u>\$141,989</u>	<u>\$141,989</u>	<u>\$3,437</u>	<u>\$145,426</u>	<u>\$145,426</u>	<u>\$3,719</u>	<u>\$149,145</u>
<b>Public Staff Recommended Rates</b>										
9	Forfeited discounts	\$51,556 [2]	\$3,373	\$54,929 [9]	\$57,483 [2]	(\$993)	\$56,491 [9]	\$60,920 [2]	\$528	\$61,448 [9]
10	Other water/sewer revenues	73544 [2]	0	73544	73544 [2]	0	73544	73544 [2]	0	73544
11	Sale of utility property	10961 [2]	0	10961	10961 [2]	0	10961	10961 [2]	0	10961
12	Total miscellaneous revenues (Sum of L9 thru L11)	<u>\$136,062</u>	<u>\$3,373</u>	<u>\$139,435</u>	<u>\$141,989</u>	<u>(\$993)</u>	<u>\$140,996</u>	<u>\$145,426</u>	<u>\$528</u>	<u>\$145,954</u>

[1] Per examination of Company's financial records.  
 [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.  
 [3] Column (c) minus Column (a), unless otherwise footnoted.  
 [4] Column (a) plus Column (b), unless otherwise footnoted.  
 [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (b), Line 6.  
 [6] Update other revenues through September 2021 per Company's information.  
 [7] Added missing other revenue per examination of Company's records.  
 [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (b), Line 9.  
 [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (b), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
 For The Rate Year 1 - Rate Year 3 Ended March  
 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-1(c)

Line No.	BF/FH/TC WATER OPERATIONS <u>tem</u>	<u>Rate Year 1</u>			<u>Rate Year 2</u>			<u>Rate Year 3</u>		
		Amount Per Before Adjustment	Public Staff Adjustments [3]	Amount Per Public Staff [4]	Amount Per Before Adjustment	Public Staff Adjustments [3]	Amount Per Public Staff [4]	Amount Per Before Adjustment	Public Staff Adjustments [3]	Amount Per Public Staff
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<b>Present Rates</b>										
1	Forfeited discounts	\$0 [1]	\$5,955	\$5,955 [5]	\$6,990 [1]	\$75	\$7,065 [5]	\$7,670 [1]	(\$181)	\$7,489 [5]
2	Other water/sewer revenues	7,861 [1]	0	7,861 [6]	7,861 [1]	0	7,861 [6]	7,861 [1]	0	7,861 [6]
3	Sale of utility property	0 [1]	1,182	1,182 [7]	0 [1]	1,182	1,182 [7]	0 [1]	1,182	1,182 [7]
4	Total miscellaneous revenues (Sum of L1 thru L3)	<u>\$7,861</u>	<u>\$7,137</u>	<u>\$14,998</u>	<u>\$14,851</u>	<u>\$1,257</u>	<u>\$16,108</u>	<u>\$15,531</u>	<u>\$1,001</u>	<u>\$16,531</u>
<b>Company Proposed Rates</b>										
5	Forfeited discounts	\$5,955 [2]	\$1,111	\$7,065 [8]	\$7,065 [2]	\$423	\$7,489 [8]	\$7,489 [2]	\$315	\$7,804 [8]
6	Other water/sewer revenues	7,861 [2]	\$0	7,861	7,861 [2]	0	7,861	7,861 [2]	\$0	7,861
7	Sale of utility property	1,182 [2]	\$0	1,182	1,182 [2]	0	1,182	1,182 [2]	\$0	1,182
8	Total miscellaneous revenues (Sum of L5 thru L7)	<u>\$14,998</u>	<u>\$1,111</u>	<u>\$16,109</u>	<u>\$16,108</u>	<u>\$423</u>	<u>\$16,532</u>	<u>\$16,531</u>	<u>\$316</u>	<u>\$16,847</u>
<b>Public Staff Recommended Rates</b>										
9	Forfeited discounts	\$5,955 [2]	\$566	\$6,521 [9]	\$7,065 [2]	(\$122)	\$6,943 [9]	\$7,489 [2]	(\$406)	\$7,082 [9]
10	Other water/sewer revenues	7,861 [2]	\$0	7,861	7,861 [2]	\$0	7,861	7,861 [2]	\$0	7,861
11	Sale of utility property	1,182 [2]	\$0	1,182	1,182 [2]	\$0	1,182	1,182 [2]	\$0	1,182
12	Total miscellaneous revenues (Sum of L9 thru L11)	<u>\$14,998</u>	<u>\$566</u>	<u>\$15,564</u>	<u>\$16,108</u>	<u>(\$122)</u>	<u>\$15,987</u>	<u>\$16,531</u>	<u>(\$406)</u>	<u>\$16,126</u>

[1] Per examination of Company's financial records.  
 [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.  
 [3] Column (c) minus Column (a), unless otherwise footnoted.  
 [4] Column (a) plus Column (b), unless otherwise footnoted.  
 [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (c), Line 6.  
 [6] Update other revenues through September 2021 per Company's information.  
 [7] Added missing other revenue per examination of Company's records.  
 [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (c), Line 9.  
 [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (c), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
 For The Rate Year 1 - Rate Year 3 Ended March  
 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-1(d)

Line No.	tem	Rate Year 1			Rate Year 2			Rate Year 3		
		Amount Per Before Adjustment	Public Staff Adjustments [3]	Amount Per Public Staff [4]	Amount Per Before Adjustment	Public Staff Adjustments [3]	Amount Per Public Staff [4]	Amount Per Before Adjustment	Public Staff Adjustments [3]	Amount Per Public Staff
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<b>BF/FH SEWER OPERATIONS</b>										
<b>Present Rates</b>										
1	Forfeited discounts	\$0 [1]	\$8,164	\$8,164 [5]	\$7,842 [1]	(\$141)	\$7,701 [5]	\$9,396 [1]	(\$211)	\$9,184
2	Other water/sewer revenues	\$12,471 [1]	\$0	12,471 [6]	12,471 [1]	(\$0)	12,471 [6]	12,471 [1]	(\$0)	12,471
3	Sale of utility property	0 [1]	\$1,210	1,210 [7]	0 [1]	\$1,210	1,210 [7]	0 [1]	\$1,210	1,210
4	Total miscellaneous revenues (Sum of L1 thru L3)	\$12,471	\$9,374	\$21,845	\$20,313	\$1,069	\$21,382	\$21,867	\$999	\$22,865
<b>Company Proposed Rates</b>										
5	Forfeited discounts	\$8,164 [2]	\$341	\$8,505 [8]	\$7,701 [2]	\$1,483	\$9,184 [8]	\$9,184 [2]	\$377	\$9,561
6	Other water/sewer revenues	12,471 [2]	\$0	12,471	12,471 [2]	\$0	12,471	12,471 [2]	\$0	12,471
7	Sale of utility property	1,210 [2]	\$0	1,210	1,210 [2]	\$0	1,210	1,210 [2]	\$0	1,210
8	Total miscellaneous revenues (Sum of L5 thru L7)	\$21,845	\$341	\$22,186	\$21,382	\$1,483	\$22,865	\$22,865	\$377	\$23,242
<b>Public Staff Recommended Rates</b>										
9	Forfeited discounts	\$8,164 [2]	(\$182)	\$7,982 [9]	\$7,701 [2]	\$2,229	\$9,930 [9]	\$9,184 [2]	\$954	\$10,138
10	Other water/sewer revenues	12,471 [2]	\$0	12,471	12,471 [2]	\$0	12,471	12,471 [2]	0	12,471
11	Sale of utility property	1,210 [2]	\$0	1,210	1,210 [2]	\$0	1,210	1,210 [2]	0	1,210
12	Total miscellaneous revenues (Sum of L9 thru L11)	\$21,845	(\$182)	\$21,663	\$21,382	\$2,229	\$23,611	\$22,865	\$954	\$23,819

[1] Per examination of Company's financial records.  
 [2] Adjusted amount per Public Staff, Column (c), Lines 1 thru 3.  
 [3] Column (c) minus Column (a), unless otherwise footnoted.  
 [4] Column (a) plus Column (b), unless otherwise footnoted.  
 [5] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (d), Line 6.  
 [6] Update other revenues through September 2021 per Company's information.  
 [7] Added missing other revenue per examination of Company's records.  
 [8] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (d), Line 9.  
 [9] Public Staff Settlement Exhibit 1, Schedule 3-1(a)(1), Column (d), Line 12.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF FORFEITED DISCOUNTS**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-1(a)(1)

Line No.	Item	<u>Base Year</u>			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
<b>Test Year:</b>					
1	Forfeited discount rate - 5 Yr Sum	1.42% [1]	1.34% [1]	1.41% [1]	1.34% [1]
2	Forfeited discounts - 5 YR	5	5	5	5
3	Forfeited discounts 5 Yr Average (Ln1 / Ln 2)	<u>0.28%</u>	<u>0.27%</u>	<u>0.28%</u>	<u>0.27%</u> [1]
<b>Present Rates:</b>					
4	Service revenues	\$22,299,835 [2]	\$17,472,765 [5]	\$1,879,444 [8]	\$2,643,518 [11]
5	Forfeited discounts percentage (L3)	0.28%	0.27%	0.28%	0.27%
6	Forfeited discounts (L4 x L5)	<u>\$63,248</u>	<u>\$46,814</u>	<u>\$5,289</u>	<u>\$7,094</u>
<b>Company Proposed Rates:</b>					
7	Service revenues	\$23,930,960 [3]	\$19,242,476 [6]	\$2,116,038 [9]	\$3,042,317 [12]
8	Forfeited discounts percentage (L3)	0.28%	0.27%	0.28%	0.27%
9	Forfeited discounts (L7 x L8)	<u>\$67,875</u>	<u>\$51,556</u>	<u>\$5,955</u>	<u>\$8,164</u>
<b>Public Staff Recommended Rates:</b>					
10	Service revenues	\$23,128,266 [4]	\$18,606,014 [7]	\$2,016,281 [10]	\$2,798,617 [13]
11	Forfeited discounts percentage (L3)	0.28%	0.27%	0.28%	0.27%
12	Forfeited discounts (L10 x L11)	<u>\$65,598</u>	<u>\$49,851</u>	<u>\$5,674</u>	<u>\$7,510</u>

[1] 3 Yr Avg forfeited discount rate (2017, 2018, 2019) as used in Sub 384. [8] Public Staff Settlement Exhibit 1, Sch 3(c), Column (c), Ln 1  
 [2] Public Staff Settlement Exh bit 1, Schedule 3(a), Column (c), Line 1. [9] Public Staff Settlement Exhibit 1, Sch 3(c), Column (e), Ln 1  
 [3] Public Staff Settlement Exh bit 1, Schedule 3(a), Column (e), Line 1. [10] Public Staff Settlement Exhibit 1, Sch 3(c), Column (g), Ln 1  
 [4] Public Staff Settlement Exh bit 1, Schedule 3(a), Column (g), Line 1. [11] Public Staff Settlement Exhibit 1, Sch 3(d), Column (c), Ln 1  
 [5] Public Staff Settlement Exh bit 1, Schedule 3(b), Column (c), Line 1. [12] Public Staff Settlement Exhibit 1, Sch 3(d), Column (e), Ln 1  
 [6] Public Staff Settlement Exh bit 1, Schedule 3(b), Column (e), Line 1. [13] Public Staff Settlement Exhibit 1, Sch 3(d), Column (g), Ln 1  
 [7] Public Staff Settlement Exh bit 1, Schedule 3(b), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF FORFEITED DISCOUNTS**  
 For The Rate Year 1 - Rate Year 3 Ended March  
 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-1(a)(1)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
<b>Test Year:</b>				
1	Forfeited discount rate - 5 Yr Sum	1.42% [1]	1.42%	1.42%
2	Forfeited discounts - 5 Yr	<u>5</u>	<u>5</u>	<u>5</u>
3	Forfeited discounts 5 Yr Average (Ln1 / Ln 2)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
<b>Present Rates:</b>				
4	Service revenues	\$23,930,960 [2]	\$26,098,507 [2]	\$27,236,574 [2]
5	Forfeited discounts percentage (L3)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
6	Forfeited discounts (L4 x L5)	<u>\$67,875</u>	<u>\$74,023</u>	<u>\$77,250</u>
<b>Company Proposed Rates:</b>				
7	Service revenues	\$26,098,507 [3]	\$27,236,574 [3]	\$28,379,625 [3]
8	Forfeited discounts percentage (L3)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
9	Forfeited discounts (L7 x L8)	<u>\$74,023</u>	<u>\$77,250</u>	<u>\$80,492</u>
<b>Public Staff Recommended Rates:</b>				
10	Service revenues	\$24,693,175 [4]	\$26,049,192 [4]	\$26,582,761 [4]
11	Forfeited discounts percentage (L3)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
12	Forfeited discounts (L10 x L11)	<u>\$70,037</u>	<u>\$73,883</u>	<u>\$75,396</u>

[1] 3 Yr Avg forfeited discount rate (2017, 2018, 2019) as used in Sub 384. [8] Public Staff WSIP Exhibit I, Schedule 3(c), Column (c), Line 1.  
 [2] Public Staff WSIP Exhibit I, Schedule 3(a), Column (c), Line 1. [9] Public Staff WSIP Exhibit I, Schedule 3(c), Column (e), Line 1.  
 [3] Public Staff WSIP Exhibit I, Schedule 3(a), Column (e), Line 1. [10] Public Staff WSIP Exhibit I, Schedule 3(c), Column (g), Line 1.  
 [4] Public Staff WSIP Exhibit I, Schedule 3(a), Column (g), Line 1. [11] Public Staff WSIP Exhibit I, Schedule 3(d), Column (c), Line 1.  
 [5] Public Staff WSIP Exhibit I, Schedule 3(b), Column (c), Line 1. [12] Public Staff WSIP Exhibit I, Schedule 3(d), Column (e), Line 1.  
 [6] Public Staff WSIP Exhibit I, Schedule 3(b), Column (e), Line 1. [13] Public Staff WSIP Exhibit I, Schedule 3(d), Column (g), Line 1.  
 [7] Public Staff WSIP Exhibit I, Schedule 3(b), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF FORFEITED DISCOUNTS**  
 For The Rate Year 1 - Rate Year 3 Ended March  
 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-1(a)(2)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 1 (a)	Rate Year 2 (b)	Rate Year 3 (c)
<b>Test Year:</b>				
1	Forfeited discount rate - 5 Yr Sum	1.34%	1.34%	1.34%
2	Forfeited discounts - 5 Yr	5	5	5
3	Forfeited discounts 5 Yr Average (Ln1 / Ln 2)	0.27%	0.27%	0.27%
<b>Present Rates:</b>				
4	Service revenues	\$19,242,476 [5]	\$21,454,783 [5]	\$22,737,456 [5]
5	Forfeited discounts percentage (L3)	0.27%	0.27%	0.27%
6	Forfeited discounts (L4 x L5)	\$51,556	\$57,483	\$60,920
<b>Company Proposed Rates:</b>				
7	Service revenues	\$21,454,783 [6]	\$22,737,456 [6]	\$24,125,469 [6]
8	Forfeited discounts percentage (L3)	0.27%	0.27%	0.27%
9	Forfeited discounts (L7 x L8)	\$57,483	\$60,920	\$64,639
<b>Public Staff Recommended Rates:</b>				
10	Service revenues	\$20,501,577 [7]	\$21,084,244 [7]	\$22,934,579 [7]
11	Forfeited discounts percentage (L3)	0.27%	0.27%	0.27%
12	Forfeited discounts (L10 x L11)	\$54,929	\$56,491	\$61,448

[1] 3 Yr Avg forfeited discount rate (2017, 2018, 2019) as used in Sub 384. [8] Public Staff WSIP Exhibit I, Schedule 3(c), Column (c), Line 1.  
 [2] Public Staff WSIP Exhibit I, Schedule 3(a), Column (c), Line 1. [9] Public Staff WSIP Exhibit I, Schedule 3(c), Column (e), Line 1.  
 [3] Public Staff WSIP Exhibit I, Schedule 3(a), Column (e), Line 1. [10] Public Staff WSIP Exhibit I, Schedule 3(c), Column (g), Line 1.  
 [4] Public Staff WSIP Exhibit I, Schedule 3(a), Column (g), Line 1. [11] Public Staff WSIP Exhibit I, Schedule 3(d), Column (c), Line 1.  
 [5] Public Staff WSIP Exhibit I, Schedule 3(b), Column (c), Line 1. [12] Public Staff WSIP Exhibit I, Schedule 3(d), Column (e), Line 1.  
 [6] Public Staff WSIP Exhibit I, Schedule 3(b), Column (e), Line 1. [13] Public Staff WSIP Exhibit I, Schedule 3(d), Column (g), Line 1.  
 [7] Public Staff WSIP Exhibit I, Schedule 3(b), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF FORFEITED DISCOUNTS**  
For The Rate Year 1 - Rate Year 3 Ended March  
31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-1(a)(3)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
<b>Test Year:</b>				
1	Forfeited discount rate - 5 Yr Sum	1.41%	1.41%	1.41%
2	Forfeited discounts - 5 Yr	5	5	5
3	Forfeited discounts 5 Yr Average (Ln1 / Ln 2)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
<b>Present Rates:</b>				
4	Service revenues	\$2,116,038 [8]	\$2,510,770 [8]	\$2,661,120 [8]
5	Forfeited discounts percentage (L3)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
6	Forfeited discounts (L4 x L5)	<u>\$5,955</u>	<u>\$7,065</u>	<u>7,489</u>
<b>Company Proposed Rates:</b>				
7	Service revenues	\$2,510,770 [9]	\$2,661,120 [9]	\$2,773,136 [9]
8	Forfeited discounts percentage (L3)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
9	Forfeited discounts (L7 x L8)	<u>\$7,065</u>	<u>\$7,489</u>	<u>\$7,804</u>
<b>Public Staff Recommended Rates:</b>				
10	Service revenues	\$2,317,299 [10]	\$2,467,386 [10]	\$2,516,805 [10]
11	Forfeited discounts percentage (L3)	<u>0.28%</u>	<u>0.28%</u>	<u>0.28%</u>
12	Forfeited discounts (L10 x L11)	<u>\$6,521</u>	<u>\$6,943</u>	<u>\$7,082</u>

[1] 3 Yr Avg forfeited discount rate (2017, 2018, 2019) as used in Sub 384. [8] Public Staff WSIP Exhibit I, Schedule 3(c), Column (c), Line 1.  
 [2] Public Staff WSIP Exhibit I, Schedule 3(a), Column (c), Line 1. [9] Public Staff WSIP Exhibit I, Schedule 3(c), Column (e), Line 1.  
 [3] Public Staff WSIP Exhibit I, Schedule 3(a), Column (e), Line 1. [10] Public Staff WSIP Exhibit I, Schedule 3(c), Column (g), Line 1.  
 [4] Public Staff WSIP Exhibit I, Schedule 3(a), Column (g), Line 1. [11] Public Staff WSIP Exhibit I, Schedule 3(d), Column (c), Line 1.  
 [5] Public Staff WSIP Exhibit I, Schedule 3(b), Column (c), Line 1. [12] Public Staff WSIP Exhibit I, Schedule 3(d), Column (e), Line 1.  
 [6] Public Staff WSIP Exhibit I, Schedule 3(b), Column (e), Line 1. [13] Public Staff WSIP Exhibit I, Schedule 3(d), Column (g), Line 1.  
 [7] Public Staff WSIP Exhibit I, Schedule 3(b), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF FORFEITED DISCOUNTS**  
For The Rate Year 1 - Rate Year 3 Ended March  
31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-1(a)(3)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	Rate Year 1 (a)	Rate Year 2 (b)	Rate Year 3 (c)
<b>Test Year:</b>				
1	Forfeited discount rate - 5 Yr Sum	1.34%	1.34%	1.34%
2	Forfeited discounts - 5 Yr	5	5	5
3	Forfeited discounts 5 Yr Average (Ln1 / Ln 2)	0.27% [1]	0.27% [1]	0.27% [1]
<b>Present Rates:</b>				
4	Service revenues	\$3,042,317 [11]	\$3,169,302 [11]	\$3,422,492 [11]
5	Forfeited discounts percentage (L3)	0.27%	0.24%	0.27%
6	Forfeited discounts (L4 x L5)	<u>\$8,164</u>	<u>\$7,701</u>	<u>\$9,184</u>
<b>Company Proposed Rates:</b>				
7	Service revenues	\$3,169,302 [12]	\$3,422,492 [12]	\$3,562,955 [12]
8	Forfeited discounts percentage (L3)	0.27%	0.27%	0.27%
9	Forfeited discounts (L7 x L8)	<u>\$8,505</u>	<u>\$9,184</u>	<u>\$9,561</u>
<b>Public Staff Recommended Rates:</b>				
10	Service revenues	\$2,974,592 [13]	\$3,700,530 [13]	\$3,777,852 [13]
11	Forfeited discounts percentage (L3)	0.27%	0.27%	0.27%
12	Forfeited discounts (L10 x L11)	<u>\$7,982</u>	<u>\$9,930</u>	<u>\$10,138</u>

[1] 3 Yr Avg forfeited discount rate (2017, 2018, 2019) as used in Sub 384. [8] Public Staff WSIP Exhibit I, Schedule 3(c), Column (c), Line 1.  
 [2] Public Staff WSIP Exhibit I, Schedule 3(a), Column (c), Line 1. [9] Public Staff WSIP Exhibit I, Schedule 3(c), Column (e), Line 1.  
 [3] Public Staff WSIP Exhibit I, Schedule 3(a), Column (e), Line 1. [10] Public Staff WSIP Exhibit I, Schedule 3(c), Column (g), Line 1.  
 [4] Public Staff WSIP Exhibit I, Schedule 3(a), Column (g), Line 1. [11] Public Staff WSIP Exhibit I, Schedule 3(d), Column (c), Line 1.  
 [5] Public Staff WSIP Exhibit I, Schedule 3(b), Column (c), Line 1. [12] Public Staff WSIP Exhibit I, Schedule 3(d), Column (e), Line 1.  
 [6] Public Staff WSIP Exhibit I, Schedule 3(b), Column (e), Line 1. [13] Public Staff WSIP Exhibit I, Schedule 3(d), Column (g), Line 1.  
 [7] Public Staff WSIP Exhibit I, Schedule 3(b), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF UNCOLLECTIBLE ACCOUNTS**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-2

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
<b>Test Year:</b>					
1	Uncollectible 5 Year Sum	3.75% [1]	3.75% [1]	6.90% [1]	6.90%
2	Uncollectible 5 Years	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
3	Uncollectible 5 Year Average (Ln1 / L2)	<u>0.75%</u>	<u>0.75%</u>	<u>1.38%</u>	<u>1.38%</u> [1]
<b>Present Rates:</b>					
4	Service revenues	\$22,299,835 [2]	\$17,472,765 [5]	\$1,879,444 [8]	\$2,643,518 [11]
5	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>1.38%</u>	<u>1.38%</u>
6	Uncollectible accounts (L4 x L5)	<u>\$167,249</u>	<u>\$131,046</u>	<u>\$25,936</u>	<u>\$36,481</u>
<b>Company Proposed Rates:</b>					
7	Service revenues	\$23,930,960 [3]	\$19,242,476 [6]	\$2,116,038 [9]	\$3,042,317 [12]
8	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>1.38%</u>	<u>1.38%</u>
9	Uncollectible accounts (L7 x L8)	<u>\$179,482</u>	<u>\$144,319</u>	<u>\$29,201</u>	<u>\$41,984</u>
<b>Public Staff Recommended Rates:</b>					
10	Service revenues	\$23,128,266 [4]	\$18,606,014 [7]	\$2,016,281 [10]	\$2,798,617 [13]
11	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>1.38%</u>	<u>1.38%</u>
12	Uncollectible accounts (L10 x L11)	<u>\$173,462</u>	<u>\$139,545</u>	<u>\$27,825</u>	<u>\$38,621</u>

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

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF UNCOLLECTIBLE ACCOUNTS**  
 For The Rate Year 1 - Rate Year 3 Ended March 31,  
 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-2(a)

**CWSNC WATER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
	<b><u>Test Year:</u></b>			
1	Uncollectible 5 Year Sum	3.75%	3.75%	3.75%
2	Uncollectible 5 Years	<u>5</u>	<u>5</u>	<u>5</u>
3	Uncollectible 5 Year Average (L1 / L2)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
	<b><u>Present Rates:</u></b>			
4	Service revenues	\$23,930,960 [2]	\$26,098,507 [2]	\$27,236,574 [2]
5	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
6	Uncollectible accounts (L4 x L5)	<u>\$179,482</u>	<u>\$195,739</u>	<u>\$204,274</u>
	<b><u>Company Proposed Rates:</u></b>			
7	Service revenues	\$26,098,507 [3]	\$27,236,574 [3]	\$28,379,625 [3]
8	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
9	Uncollectible accounts (L7 x L8)	<u>\$195,739</u>	<u>\$204,274</u>	<u>\$212,847</u>
	<b><u>Public Staff Recommended Rates:</u></b>			
10	Service revenues	\$24,693,175 [4]	\$26,049,192 [4]	\$26,582,761 [4]
11	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
12	Uncollectible accounts (L10 x L11)	<u>\$185,199</u>	<u>\$195,369</u>	<u>\$199,371</u>

<p>[1] Per examination of Company's financial records.</p> <p>[2] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (c), Line 1.</p> <p>[3] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (e), Line 1.</p> <p>[4] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (g), Line 1.</p> <p>[5] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (c), Line 1.</p> <p>[6] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (e), Line 1.</p> <p>[7] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (g), Line 1.</p>	<p>[8] Public Staff Settlement Exhibit 1, Sch 3(c), Column (c), Line 1.</p> <p>[9] Public Staff Settlement Exhibit 1, Sch 3(c), Column (e), Line 1.</p> <p>[10] Public Staff Settlement Exhibit 1, Sch 3(c), Column (g), Line 1.</p> <p>[11] Public Staff Settlement Exhibit 1, Sch 3(d), Column (c), Line 1.</p> <p>[12] Public Staff Settlement Exhibit 1, Sch 3(d), Column (e), Line 1.</p> <p>[13] Public Staff Settlement Exhibit 1, Sch 3(d), Column (g), Line 1.</p>
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**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF UNCOLLECTIBLE ACCOUNTS**  
For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-2(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
<b>Test Year:</b>				
1	Uncollectible 5 Year Sum	3.75%	3.75%	3.75%
2	Uncollectible 5 Years	<u>5</u>	<u>5</u>	<u>5</u>
3	Uncollectible 5 Year Average (L1 / L2)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
<b>Present Rates:</b>				
4	Service revenues	\$19,242,476 [2]	\$21,454,783 [2]	\$22,737,456 [2]
5	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
6	Uncollectible accounts (L4 x L5)	<u>\$144,319</u>	<u>\$160,911</u>	<u>\$170,531</u>
<b>Company Proposed Rates:</b>				
7	Service revenues	\$21,454,783 [3]	\$22,737,456 [3]	\$24,125,469 [3]
8	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
9	Uncollectible accounts (L7 x L8)	<u>\$160,911</u>	<u>\$170,531</u>	<u>\$180,941</u>
<b>Public Staff Recommended Rates:</b>				
10	Service revenues	\$20,501,577 [4]	\$21,084,244 [4]	\$22,934,579 [4]
11	Uncollectible accounts percentage (L3)	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
12	Uncollectible accounts (L10 x L11)	<u>\$153,762</u>	<u>\$158,132</u>	<u>\$172,009</u>

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

[2] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (c), Line 1.

[3] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (e), Line 1.

[4] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (g), Line 1.

[5] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (c), Line 1.

[6] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (e), Line 1.

[7] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (g), Line 1.

[8] Public Staff WSIPEXhibit I, Sch 3(c), Column (c), Line 1.

[9] Public Staff Settlement Exhibit 1, Sch 3(c), Column (e), Line 1.

[10] Public Staff Settlement Exhibit 1, Sch 3(c), Column (g), Line 1.

[11] Public Staff Settlement Exhibit 1, Sch 3(d), Column (c), Line 1.

[12] Public Staff Settlement Exhibit 1, Sch 3(d), Column (e), Line 1.

[13] Public Staff Settlement Exhibit 1, Sch 3(d), Column (g), Line 1.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF UNCOLLECTIBLE ACCOUNTS**  
For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-2(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
<b><u>Test Year:</u></b>				
1	Uncollectible 5 Year Sum	6.90%	6.90%	6.90%
2	Uncollectible 5 Years	<u>5</u>	<u>5</u>	<u>5</u>
3	Uncollectible 5 Year Average (L1 / L2)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
<b><u>Present Rates:</u></b>				
4	Service revenues	\$2,116,038 [2]	\$2,510,770 [2]	\$2,661,120 [2]
5	Uncollectible accounts percentage (L3)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
6	Uncollectible accounts (L4 x L5)	<u>\$29,201</u>	<u>\$34,649</u>	<u>\$36,723</u>
<b><u>Company Proposed Rates:</u></b>				
7	Service revenues	\$2,510,770 [3]	\$2,661,120 [3]	\$2,773,136 [3]
8	Uncollectible accounts percentage (L3)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
9	Uncollectible accounts (L7 x L8)	<u>\$34,649</u>	<u>\$36,723</u>	<u>\$38,269</u>
<b><u>Public Staff Recommended Rates:</u></b>				
10	Service revenues	\$2,317,299 [4]	\$2,467,386 [4]	\$2,516,805 [4]
11	Uncollectible accounts percentage (L3)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
12	Uncollectible accounts (L10 x L11)	<u>\$31,979</u>	<u>\$34,050</u>	<u>\$34,732</u>

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|--|---|
| <p>[1] Per examination of Company's financial records.</p> <p>[2] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (c), Line 1.</p> <p>[3] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (e), Line 1.</p> <p>[4] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (g), Line 1.</p> <p>[5] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (c), Line 1.</p> <p>[6] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (e), Line 1.</p> <p>[7] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (g), Line 1.</p> | <p>[8] Public Staff Settlement Exhibit 1, Sch 3(c), Column (c), Line 1.</p> <p>[9] Public Staff Settlement Exhibit 1, Sch 3(c), Column (e), Line 1.</p> <p>[10] Public Staff Settlement Exhibit 1, Sch 3(c), Column (g), Line 1.</p> <p>[11] Public Staff Settlement Exhibit 1, Sch 3(d), Column (c), Line 1.</p> <p>[12] Public Staff Settlement Exhibit 1, Sch 3(d), Column (e), Line 1.</p> <p>[13] Public Staff Settlement Exhibit 1, Sch 3(d), Column (g), Line 1.</p> |
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**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF UNCOLLECTIBLE ACCOUNTS**  
For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-2(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
	<b><u>Test Year:</u></b>			
1	<b><u>Uncollectible 5 Year Sum</u></b>	6.90%	6.90%	6.90%
2	Uncollectible 5 Years	<u>5</u>	<u>5</u>	<u>5</u>
3	Uncollectible 5 Year Average (Ln1 / L2)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
	<b><u>Present Rates:</u></b>			
4	Service revenues	\$3,042,317 [2]	\$3,169,302 [2]	\$3,422,492 [2]
5	Uncollectible accounts percentage (L3)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
6	Uncollectible accounts (L4 x L5)	<u>\$41,984</u>	<u>\$43,736</u>	<u>\$47,230</u>
	<b><u>Company Proposed Rates:</u></b>			
7	Service revenues	\$3,169,302 [3]	\$3,422,492 [3]	\$3,562,955 [3]
8	Uncollectible accounts percentage (L3)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
9	Uncollectible accounts (L7 x L8)	<u>\$43,736</u>	<u>\$47,230</u>	<u>\$49,169</u>
	<b><u>Public Staff Recommended Rates:</u></b>			
10	Service revenues	\$2,974,592 [4]	\$3,700,530 [4]	\$3,777,852 [4]
11	Uncollectible accounts percentage (L3)	<u>1.38%</u>	<u>1.38%</u>	<u>1.38%</u>
12	Uncollectible accounts (L10 x L11)	<u>\$41,049</u>	<u>\$51,067</u>	<u>\$52,134</u>

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|--|---|
| <p>[1] Per examination of Company's financial records.</p> <p>[2] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (c), Line 1.</p> <p>[3] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (e), Line 1.</p> <p>[4] Public Staff Settlement Exhibit 1, Schedule 3(a), Column (g), Line 1.</p> <p>[5] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (c), Line 1.</p> <p>[6] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (e), Line 1.</p> <p>[7] Public Staff Settlement Exhibit 1, Schedule 3(b), Column (g), Line 1.</p> | <p>[8] Public Staff Settlement Exhibit 1, Sch 3(c), Column (c), Line 1.</p> <p>[9] Public Staff Settlement Exhibit 1, Sch 3(c), Column (e), Line 1.</p> <p>[10] Public Staff Settlement Exhibit 1, Sch 3(c), Column (g), Line 1.</p> <p>[11] Public Staff Settlement Exhibit 1, Sch 3(d), Column (c), Line 1.</p> <p>[12] Public Staff Settlement Exhibit 1, Sch 3(d), Column (e), Line 1.</p> <p>[13] Public Staff Settlement Exhibit 1, Sch 3(d), Column (g), Line 1.</p> |
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**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO SALARY AND WAGES GENERAL**  
 For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-3

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Salaries & Wages general per Company	<u>\$ 3,925,866</u> [1]	<u>\$2,342,194</u>	<u>\$471,682</u>	<u>\$482,814</u>
2	Adjustment to include company 09.19.2022 updates	24,065	14,358	2,891	2,960
3	Salaries & Wages general adjusted for company updates (L1 + L2)	3,949,931 [1]	2,356,552 [1]	474,573	485,774
4	Adjustments to update employee salaries through August 31, 2022	<u>(77,887)</u>	<u>(46,468)</u>	<u>(9,358)</u> [1]	<u>(9,579)</u> [1]
5	Salaries & Wages general per Public Staff (L3 + L4)	<u><u>\$ 3,872,044</u></u>	<u><u>\$ 2,310,084</u></u>	<u><u>\$ 465,216</u></u>	<u><u>\$ 476,195</u></u>

[1] Per examination of the company's financial records.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO SALARY AND WAGES GENERAL**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-3 (a)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Salaries & Wages Calculation Basis per Company	\$ 3,949,931 [1]	\$4,068,428 [1]	\$4,190,481 [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Salaries & Wages per Company (L1* (1+3%))	\$4,068,428 [1]	\$4,190,481 [1]	\$4,316,196 [1]
4	Salaries & Wages Calculation Basis per Public Staff	3,872,044 [2]	3,988,205 [2]	4,107,851 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Salaries & Wages per Public Staff (L4*(1+3%))	<u>3,988,205</u>	<u>4,107,851</u>	<u>4,231,087</u>
7	Adjustment to Salaries & Wages (L6 - L3)	<u>(80,223)</u>	<u>(82,630)</u>	<u>(85,109)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO SALARY AND WAGES GENERAL**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-3 (b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Salaries & Wages Calculation Basis per Company	\$ 2,356,552 [1]	\$2,427,248 [1]	\$2,500,066 [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Salaries & Wages per Company (L1* (1+3%))	\$2,427,248 [1]	\$2,500,066 [1]	\$2,575,068 [1]
4	Salaries & Wages Calculation Basis per Public Staff	2,310,084 [2]	2,379,387 [2]	2,450,768 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Salaries & Wages per Public Staff (L4*(1+3%))	<u>2,379,387</u>	<u>2,450,768</u>	<u>2,524,291</u>
7	Adjustment to Salaries & Wages (L6 - L3)	<u>(47,862)</u>	<u>(49,297)</u>	<u>(50,776)</u>

[1] Per examination of the Company's response to accounting data requests.  
 [2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO SALARY AND WAGES GENERAL**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-3 (c)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Salaries & Wages Calculation Basis per Company	<u>\$ 474,573</u> [1]	<u>\$488,811</u> [1]	<u>\$503,475</u> [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Salaries & Wages per Company (L1* (1+3%))	<u>\$488,811</u> [1]	<u>\$503,475</u> [1]	<u>\$518,579</u> [1]
4	Salaries & Wages Calculation Basis per Public Staff	465,216 [2]	479,172 [2]	493,547 [2]
5	Public Staff Growth Factor	<u>3.00%</u> [2]	<u>3.00%</u> [2]	<u>3.00%</u> [2]
6	Salaries & Wages per Public Staff (L4*(1+3%))	<u>479,172</u>	<u>493,547</u>	<u>508,354</u>
7	Adjustment to Salaries & Wages (L6 - L3)	<u>(9,639)</u>	<u>(9,928)</u>	<u>(10,226)</u>

[1] Per examination of the Company's response to accounting data requests.  
 [2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO SALARY AND WAGES GENERAL**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-3 (d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Salaries & Wages Calculation Basis per Company	\$ 485,774 [1]	\$500,347 [1]	\$515,357 [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Salaries & Wages per Company (L1* (1+3%))	\$500,347 [1]	\$515,357 [1]	\$530,818 [1]
4	Salaries & Wages Calculation Basis per Public Staff	476,195 [2]	490,481 [2]	505,195 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Salaries & Wages per Public Staff (L4*(1+3%))	<u>490,481</u>	<u>505,195</u>	<u>520,351</u>
7	Adjustment to Salaries & Wages (L6 - L3)	<u>(9,866)</u>	<u>(10,162)</u>	<u>(10,467)</u>

[1] Per examination of the Company's response to accounting data requests.  
 [2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PURCHASE POWER**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-4

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Purchase power per application	<u>\$1,073,063</u> [1]	<u>\$838,500</u> [1]	<u>\$70,432</u> [1]	<u>\$149,604</u> [1]
2	Adjustment to include company 09.19.2022 updates	(0)	0	(0)	(0)
3	Purchase power after the Company's 09.19.22 updates (L1 + L2)	1,073,063 [1]	838,500 [1]	70,432 [1]	149,604 [1]
4	Adjustment to purchased power	<u>(1,966)</u> [2]	<u>(13,484)</u> [2]	<u>-</u> [2]	<u>-</u> [2]
5	Purchase power per Public Staff (L3 + L4)	<u>\$ 1,071,097</u>	<u>\$ 825,016</u>	<u>\$ 70,432</u>	<u>\$ 149,604</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO PURCHASE POWER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-4(a)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Purchase Power Calculation Basis per Company	<u>\$1,073,063</u>	[1] <u>\$1,154,615</u>	[1] <u>\$1,193,207</u> [1]
2	Growth Factor per Company	7.60%	[1] 3.34%	[1] 3.34% [1]
3	Purchase Power per Company (L1*(1+ L2)	1,154,615	[1] 1,193,207	[1] 1,233,088 [1]
4	Purchase Power Calculation Basis per Public Staff	1,071,097	[2] 1,118,810	[2] 1,156,431 [2]
5	Public Staff Growth Factor	4.45%	[2] 3.36%	[2] 3.38% [2]
6	Purchase Power per Public (L4*(1+L5)	<u>1,118,810</u>	<u>1,156,431</u>	1,195,554
7	Adjustment to Purchase Power (L6 - L3)	<u>\$ (35,805)</u>	<u>\$ (36,776)</u>	<u>\$ (37,535)</u>

[1] Per examination of the Company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO PURCHASE POWER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-4(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Purchase Power Calculation Basis per Company	<u>\$838,500</u>	<u>\$902,226</u>	<u>\$925,585</u>
2	Growth Factor per Company	7.60%	2.59%	2.59%
3	Purchase Power per Company (L1*(1+ L2)	902,226	925,585	949,548
4	Purchase Power Calculation Basis per Public Staff	825,016	856,735	880,894
5	Public Staff Growth Factor	3.84%	2.82%	2.84%
6	Purchase Power per Public (L4*(1+L5)	<u>856,735</u>	<u>880,894</u>	<u>905,914</u>
7	Adjustment to Purchase Power (L6 - L3)	<u>\$ (45,491)</u>	<u>\$ (44,691)</u>	<u>\$ (43,635)</u>

[1] Per examination of the Company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO PURCHASE POWER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-4(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 1		Rate Year 2		Rate Year 3	
		(a)		(b)		(c)	
1	Purchase Power Calculation Basis per Company	<u>\$70,432</u>	[1]	<u>\$77,306</u>	[1]	<u>\$79,830</u>	[1]
2	Growth Factor per Company	9.76%	[1]	3.26%	[1]	3.26%	[1]
3	Purchase Power per Company (L1*(1+ L2)	77,306	[1]	79,830	[1]	82,435	[1]
4	Purchase Power Calculation Basis per Public Staff	<u>70,432</u>	[2]	<u>73,154</u>	[2]	<u>75,224</u>	[2]
5	Public Staff Growth Factor	3.87%	[2]	2.83%	[2]	2.85%	[2]
6	Purchase Power per Public (L4*(1+L5)	<u>73,154</u>		<u>75,224</u>		<u>77,369</u>	
7	Adjustment to Purchase Power (L6 - L3)	<u>\$ (4,152)</u>		<u>\$ (4,605)</u>		<u>\$ (5,066)</u>	

[1] Per examination of the Company's response to account ing data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO PURCHASE POWER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-4(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	Rate Year 1		Rate Year 2		Rate Year 3	
		(a)		(b)		(c)	
1	Purchase Power Calculation Basis per Company	<u>\$149,604</u>	[1]	<u>\$164,710</u>	[1]	<u>\$171,123</u>	[1]
2	Growth Factor per Company	10.10%	[1]	3.89%	[1]	3.89%	[1]
3	Purchase Power per Company (L1*(1+ L2)	164,710	[1]	171,123	[1]	177,786	[1]
4	Purchase Power Calculation Basis per Public Staff	<u>149,604</u>	[2]	<u>155,294</u>	[2]	<u>159,593</u>	[2]
5	Public Staff Growth Factor	3.80%	[2]	2.77%	[2]	2.82%	[2]
6	Purchase Power per Public (L4*(1+L5)	<u>155,294</u>		<u>159,593</u>		164,094	
7	Adjustment to Purchase Power (L6 - L3)	<u>\$ (9,416)</u>		<u>\$ (11,530)</u>		<u>\$ (13,692)</u>	

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MAINTENANCE AND REPAIR**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-5

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Maintenance and repair per application	<u>\$1,201,678</u> [1]	<u>\$1,662,107</u> [1]	<u>\$195,200</u> [1]	<u>\$236,104</u> [1]
2	Adjustment to include company 09.19.2022 updates	0 [1]	(0) [1]	0 [1]	(0) [1]
3	Maintenance and repair after adjusted for updated (L1 + L2)	1,201,678 [1]	1,662,107 [1]	195,200 [1]	236,104 [1]
4	Adjustment to deferred maintenance and repair per update	28,528 [1]	158,801 [1]	12,756 [1]	(8,938) [1]
5	Adjustment to sludge hauling - remove non-recurring expenses	<u>(34,580)</u> [2]	<u>(15,139)</u> [2]	0 [2]	<u>(20,112)</u> [2]
6	Total adjustment to maintenance and repair ( L4+L5)	<u>(6,052)</u> [2]	<u>143,662</u> [2]	<u>12,756</u> [2]	<u>(29,050)</u> [2]
7	Maintenance and repair per Public Staff (L3 + L7)	<u>1,195,626</u>	<u>1,805,769</u>	<u>207,957</u>	<u>207,054</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MAINTENANCE AND REPAIR**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exh bit 1  
Schedule 3-5(1)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
	-	(a)	(b)	(c)
1	Maintenance and repair Calculation Basis per Company	<u>\$1,201,678</u> [1]	<u>1,263,123</u> [1]	<u>1,288,802</u> [1]
2	Compound Growth Factor per Company	5.11% [1]	2.03% [1]	1.89% [1]
3	Maintenance and repair Per Company	1,263,123 [1]	1,288,802 [1]	1,313,104 [1]
4	Deferred Maintenance and repair per Public Staff	216,534 [2]	389,970 [2]	245,522 [2]
5	Sludge hauling per Public Staff	4,705 [2]	4,818 [2]	4,933 [2]
6	M&R expense other than Sludge hauling & Fuel cost	973,680 [2]	997,048 [2]	1,020,977 [2]
7	Total Maintenance and repair expense per Public Staff (L4 through L6)	<u>1,194,919</u>	<u>1,391,835</u>	<u>1,271,432</u>
8	Adjustment to maintenance and repair	<u>(68,204)</u>	<u>103,033</u>	<u>(41,672)</u>

[1] Per examination of Company's financial records.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MAINTENANCE AND REPAIR**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exh bit 1  
Schedule 3-5(2)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
	-	(a)	(b)	(c)
1	Maintenance and repair Calculation Basis per Company	<u>\$1,662,107</u> [1]	<u>1,802,879</u> [1]	<u>1,842,508</u> [1]
2	Compound Growth Factor per Company	8.47% [1]	2.20% [1]	-8.73% [1]
3	Maintenance and repair Per Company	1,802,879 [1]	1,842,508 [1]	1,681,719 [1]
4	Deferred Maintenance and repair per Public Staff	396,735 [2]	353,730 [2]	115,442 [2]
5	Sludge hauling per Public Staff	<u>464,263</u> [2]	475,405 [2]	486,815 [2]
6	M&R expense other than Sludge hauling & Fuel cost	966,766 [2]	989,969 [2]	1,013,728 [2]
7	Total Maintenance and repair expense per Public Staff (L4 through L6)	<u>1,827,764</u>	<u>1,819,104</u>	<u>1,615,985</u>
8	Adjustment to maintenance and repair	<u>24,884</u>	<u>(23,404)</u>	<u>(65,734)</u>

[1] Per examination of the Company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MAINTENANCE AND REPAIR**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exh bit 1  
Schedule 3-5(3)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
	-	(a)	(b)	(c)
1	Maintenance and repair Calculation Basis per Company	<u>\$195,200</u> [1]	<u>220,605</u> [1]	<u>222,939</u> [1]
2	Compound Growth Factor per Company	13.01% [1]	1.06% [1]	1.67% [1]
3	Maintenance and repair Per Company	220,605 [1]	222,939 [1]	226,670 [1]
4	Deferred Maintenance and repair per Public Staff	27,592 [2]	27,592 [2]	27,402 [2]
5	Sludge hauling per Public Staff	0 [2]	0 [2]	0 [2]
6	M&R expense other than Sludge hauling & Fuel cost	187,143 [2]	191,635 [2]	196,234 [2]
7	Total Maintenance and repair expense per Public Staff (L4 through L6)	<u>214,735</u>	<u>219,227</u>	<u>223,636</u>
8	Adjustment to maintenance and repair	<u>(5,870)</u>	<u>(3,712)</u>	<u>(3,035)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MAINTENANCE AND REPAIR**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exh bit 1  
Schedule 3-5(4)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
	-	(a)	(b)	(c)
1	Maintenance and repair Calculation Basis per Company	<u>\$236,104</u> [1]	<u>256,093</u> [1]	<u>265,267</u> [1]
2	Compound Growth Factor per Company	8.47% [1]	3.58% [1]	3.59% [1]
3	Maintenance and repair Per Company	256,093 [1]	265,267 [1]	274,798 [1]
4	Deferred Maintenance and repair per Public Staff	33,640 [2]	33,640 [2]	33,640 [2]
5	Sludge hauling per Public Staff	<u>72,964</u> [2]	74,715 [2]	76,509 [2]
6	M&R expense other than Sludge hauling & Fuel cost	127,521 [2]	130,582 [2]	133,716 [2]
7	Total Maintenance and repair expense per Public Staff (L4 through L6)	<u>234,125</u>	<u>238,937</u>	<u>243,864</u>
8	Adjustment to maintenance and repair	<u>(21,968)</u>	<u>(26,330)</u>	<u>(30,934)</u>

[1] Per examination of the Company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-5(a)

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Annual deferred maintenance and repair per Public Staff	249,413 [1]	421,795 [1]	26,967 [1]	13,161 [1]
2	Deferred maintenance and repair per Company	<u>220,885</u> [2]	<u>262,993</u> [2]	<u>14,211</u> [2]	<u>22,098</u> [2]
3	Adjustment to deferred maintenance and repair (L1 - L2)	<u>\$28,528</u>	<u>\$158,801</u>	<u>\$12,756</u>	<u>(\$8,938)</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 400

**ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-5(a)(1)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Annual deferred maintenance and repair per Public Staff	216,534 [1]	389,970 [1]	245,522 [1]
2	Deferred maintenance and repair per Company	<u>186,184</u> [2]	<u>175,867</u> [2]	<u>162,971</u> [2]
3	Adjustment to deferred maintenance and repair (L1 - L2)	<u>30,350</u>	<u>214,103</u>	<u>82,551</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 400  
**ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-5(a)(2)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Annual deferred maintenance and repair per Public Staff	396,735 [1]	353,730 [1]	115,442 [1]
2	Deferred maintenance and repair per application	<u>272,237</u> [2]	<u>272,237</u> [2]	<u>70,794</u> [2]
3	Adjustment to deferred maintenance and repair (L1 - L2)	<u>124,498</u>	<u>81,493</u>	<u>44,648</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 400  
**ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-5(a)(3)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Annual deferred maintenance and repair per Public Staff	27,592 [1]	27,592 [1]	27,402 [1]
2	Deferred maintenance and repair per application	<u>21,949</u> [2]	<u>17,799</u> [2]	<u>14,836</u> [2]
3	Adjustment to deferred maintenance and repair (L1 - L2)	<u>5,643</u>	<u>9,792</u>	<u>12,566</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 400  
**ADJUSTMENT TO DEFERRED MAINTENANCE AND REPAIR**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-5(a)(4)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Annual deferred maintenance and repair per Public Staff	33,640 [1]	33,640 [1]	33,640 [1]
2	Deferred maintenance and repair per application	<u>20,479</u> [2]	<u>20,479</u> [2]	<u>20,479</u> [2]
3	Adjustment to deferred maintenance and repair (L1 - L2)	<u>13,161</u>	<u>13,161</u>	<u>13,161</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 400  
**ADJUSTMENT TO MAINTENANCE TESTING**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024  
-2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-6(a)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Maintenance Testing Calculation Basis per Company	<u>\$195,388</u> [1]	<u>\$210,238</u> [1]	<u>\$217,264</u> [1]
2	Growth Factor per Company	7.60% [1]	3.34% [1]	3.34% [1]
3	Maintenance Testing per Company (L1* (1+L2))	210,238 [1]	217,264 [1]	224,526 [1]
4	Maintenance Testing Calculation Basis per Public Staff	<u>195,388</u> [2]	<u>202,031</u> [2]	<u>206,880</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Maintenance Testing per Public Staff (L4*(1+L5))	<u>202,031</u>	<u>206,880</u>	<u>211,845</u>
7	Adjustment to Maintenance Testing (L6 - L3)	<u>(8,206)</u>	<u>(10,384)</u>	<u>(12,681)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO MAINTENANCE TESTING**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024  
 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-6(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 1	Rate Year 2	Rate Year 3
		(a)	(b)	(c)
1	Maintenance Testing Calculation Basis per Company	<u>\$305,558</u> [1]	<u>\$328,780</u> [1]	<u>\$337,292</u> [1]
2	Growth Factor per Company	7.60% [1]	2.59% [1]	2.59% [1]
3	Maintenance Testing per Company (L1* (1+L2))	328,780 [1]	337,292 [1]	346,025 [1]
4	Maintenance Testing Calculation Basis per Public Staff	<u>305,558</u> [2]	<u>315,947</u> [2]	<u>323,529</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Maintenance Testing per Public Staff (L4*(1+L5))	<u>315,947</u>	<u>323,529</u>	<u>331,294</u>
7	Adjustment to Maintenance Testing (L6 - L3)	(12,833)	(13,763)	(14,731)

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MAINTENANCE TESTING**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024  
-2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-6(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 1	Rate Year 2	Rate Year 3
		(a)	(b)	(c)
1	Maintenance Testing Calculation Basis per Company	<u>\$10,196</u> [1]	<u>\$10,971</u> [1]	<u>\$11,329</u> [1]
2	Growth Factor per Company	7.60% [1]	3.26% [1]	3.26% [1]
3	Maintenance Testing per Company (L1* (1+L2))	10,971 [1]	11,329 [1]	11,699 [1]
4	Maintenance Testing Calculation Basis per Public Staff	<u>10,196</u> [2]	<u>10,543</u> [2]	<u>10,796</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Maintenance Testing per Public Staff (L4*(1+L5))	<u>10,543</u>	<u>10,796</u>	<u>11,055</u>
7	Adjustment to Maintenance Testing (L6 - L3)	(428)	(533)	(644)

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO MAINTENANCE TESTING**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024  
-2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-6(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	Rate Year 1	Rate Year 2	Rate Year 3
		(a)	(b)	(c)
1	Maintenance Testing Calculation Basis per Company	<u>\$24,179</u> [1]	<u>\$26,016</u> [1]	<u>\$27,029</u> [1]
2	Growth Factor per Company	7.60% [1]	3.89% [1]	3.89% [1]
3	Maintenance Testing per Company (L1* (1+L2))	26,016 [1]	27,029 [1]	28,082 [1]
4	Maintenance Testing Calculation Basis per Public Staff	<u>24,179</u> [2]	<u>25,001</u> [2]	<u>25,601</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Maintenance Testing per Public Staff (L4*(1+L5))	<u>25,001</u>	<u>25,601</u>	<u>26,215</u>
7	Adjustment to Maintenance Testing (L6 - L3)	(1,016)	(1,428)	(1,866)

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO METER READING**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 3-7

Line No.	Item	<u>Base Year</u>			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Meter reading per application	<u>\$229,336</u> [1]	<u>\$3,024</u> [1]	<u>\$47,602</u> [1]	<u>\$1,041</u> [1]
2	Adjustment to include company 09.19.2022 updates	0 [1]	0 [1]	(0) [1]	(0) [1]
3	Meter reading after adjusted for updated (L1 + L2)	229,336	3,024	47,602	1,041
4	Adjustment to remove ineligible meter reading expense	(6,724) [2]	- [2]	- [2]	- [2]
5	Total adjustment (L4)	<u>(6,724)</u>	<u>0</u>	<u>0</u>	<u>0</u>
6	Meter reading per Public Staff (L3 + L5)	<u>222,612</u>	<u>3,024</u>	<u>47,602</u>	<u>1,041</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO METER READING**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-7(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Meter Reading Calculation Basis per Company	<u>\$229,336</u> [1]	<u>\$251,818</u> [1]	<u>\$260,235</u> [1]
2	Growth Factor per Company	9.80% [1]	3.34% [1]	3.34% [1]
3	Meter Reading per Company (L1* (1+L2))	251,818 [1]	260,235 [1]	268,933 [1]
4	Meter Reading Calculation Basis per Public Staff	<u>222,612</u> [2]	<u>230,181</u> [2]	<u>235,706</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Meter Reading per Public Staff (L4*(1+L5))	<u>230,181</u>	<u>235,706</u>	<u>241,363</u>
7	Adjustment to Meter Reading (L6 - L3)	<u>(21,637)</u>	<u>(24,529)</u>	<u>(27,570)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO METER READING**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-7(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Meter Reading Calculation Basis per Company	<u>\$3,024</u> [1]	<u>\$3,308</u> [1]	<u>\$3,394</u> [1]
2	Growth Factor per Company	9.40% [1]	2.59% [1]	2.59% [1]
3	Meter Reading per Company (L1* (1+L2))	3,308 [1]	3,394 [1]	3,482 [1]
4	Meter Reading Calculation Basis per Public Staff	<u>3,024</u> [2]	<u>3,127</u> [2]	<u>3,202</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Meter Reading per Public Staff (L4*(1+L5))	<u>3,127</u>	<u>3,202</u>	<u>3,279</u>
7	Adjustment to Meter Reading (L6 - L3)	(\$181)	(\$192)	(\$203)

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO METER READING**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-7(c )

**BF/FH/TC WATER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Meter Reading Calculation Basis per Company	<u>\$47,602</u> [1]	<u>\$52,248</u> [1]	<u>\$53,954</u> [1]
2	Growth Factor per Company	9.76% [1]	3.26% [1]	3.26% [1]
3	Meter Reading per Company (L1* (1+L2))	52,248 [1]	53,954 [1]	55,715 [1]
4	Meter Reading Calculation Basis per Public Staff	<u>47,602</u> [2]	<u>49,220</u> [2]	<u>50,402</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Meter Reading per Public Staff (L4*(1+L5))	<u>49,220</u>	<u>50,402</u>	<u>51,611</u>
7	Adjustment to Meter Reading (L6 - L3)	(\$3,028)	(\$3,552)	(\$4,103)

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO METER READING**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-7(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Meter Reading Calculation Basis per Company	<u>\$1,041</u> [1]	<u>\$1,146</u> [1]	<u>\$1,191</u> [1]
2	Growth Factor per Company	10.10% [1]	3.89% [1]	3.89% [1]
3	Meter Reading per Company (L1* (1+L2))	1,146 [1]	1,191 [1]	1,237 [1]
4	Meter Reading Calculation Basis per Public Staff	<u>1,041</u> [2]	<u>1,076</u> [2]	<u>1,102</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Meter Reading per Public Staff (L4*(1+L5))	<u>1,076</u>	<u>1,102</u>	<u>1,129</u>
7	Adjustment to Meter Reading (L6 - L3)	(\$70)	(\$89)	(\$108)

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO TRANSPORTATION**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 3-8

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Transportation per application	\$280,606 [1]	\$167,411 [1]	\$38,572 [1]	\$39,483 [1]
2	Adjustment to include company 10.08.2021 updates	0 [1]	0 [1]	0 [1]	(0) [1]
3	Transportation after adjusted for updated (L1 + L2)	280,606 [1]	167,411 [1]	38,572 [1]	39,483 [1]
4	Remove Company adjustment ( -L2 )	(0) [2]	(0) [2]	(0) [2]	0 [2]
5	Fuel expense adjustment	6,486 [2]	3,869 [2]	(2,405) [2]	(2,461) [2]
6	Total adjustments to transportation (L2 + L4 + L5)	6,486	3,869	(2,405)	(2,461)
7	Transportation per Public Staff (L1 + L4)	\$287,092	\$171,280	\$36,167	\$37,022

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO TRANSPORTATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-8(a)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Transportation Calculation Basis per Company	<u>\$280,606</u> [1]	<u>\$308,114</u> [1]	<u>\$318,412</u> [1]
2	Growth Factor per Company	9.80% [1]	3.34% [1]	3.34% [1]
3	Transportation per Company (L1* (1+L2))	308,114 [1]	318,412 [1]	329,055 [1]
4	Transportation Calculation Basis per Public Staff	287,092 [2]	287,092 [2]	287,092 [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Transportation per Public Staff (L4*(1+L5))	<u>287,092</u>	<u>287,092</u>	<u>287,092</u>
7	Adjustment to Transportation (L6 - L3)	<u>(\$21,022)</u>	<u>(\$31,320)</u>	<u>(\$41,963)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO TRANSPORTATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-8(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Transportation Calculation Basis per Company	<u>\$167,411</u> [1]	<u>\$183,149</u> [1]	<u>\$187,891</u> [1]
2	Growth Factor per Company	9.40% [1]	2.59% [1]	2.59% [1]
3	Transportation per Company (L1* (1+L2))	183,149 [1]	187,891 [1]	192,756 [1]
4	Transportation Calculation Basis per Public Staff	171,280 [2]	171,280 [2]	171,280 [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Transportation per Public Staff (L4*(1+L5))	<u>\$171,280</u>	<u>\$171,280</u>	<u>\$171,280</u>
7	Adjustment to Transportation (L6 - L3)	<u>(\$11,869)</u>	<u>(\$16,611)</u>	<u>(\$21,476)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO TRANSPORTATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-8(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Transportation Calculation Basis per Company	<u>\$38,572</u> [1]	<u>\$42,337</u> [1]	<u>\$43,719</u> [1]
2	Growth Factor per Company	9.76% [1]	3.26% [1]	3.26% [1]
3	Transportation per Company (L1* (1+L2))	42,337 [1]	43,719 [1]	45,146 [1]
4	Transportation Calculation Basis per Public Staff	36,167 [2]	36,167 [2]	36,167 [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Transportation per Public Staff (L4*(1+L5))	<u>\$36,167</u>	<u>\$36,167</u>	<u>\$36,167</u>
7	Adjustment to Transportation (L6 - L3)	<u>(\$6,170)</u>	<u>(\$7,552)</u>	<u>(\$8,979)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO TRANSPORTATION**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-8(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Transportation Calculation Basis per Company	<u>\$39,483</u> [1]	<u>\$43,469</u> [1]	<u>\$45,162</u> [1]
2	Growth Factor per Company	10.10% [1]	3.89% [1]	3.89% [1]
3	Transportation per Company (L1* (1+L2))	43,469 [1]	45,162 [1]	46,920 [1]
4	Transportation Calculation Basis per Public Staff	37,022 [2]	37,022 [2]	37,022 [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Transportation per Public Staff (L4*(1+L5))	<u>\$37,022</u>	<u>\$37,022</u>	<u>\$37,022</u>
7	Adjustment to Transportation (L6 - L3)	<u>(\$6,447)</u>	<u>(\$8,140)</u>	<u>(\$9,898)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO CAPITALIZED TIME ADJUSTMENT**  
 For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-9

Line No.	Item	<b>Base Year</b>			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Operating expenses charged to plant per application	(\$450,858) [1]	(\$268,985) [1]	(\$65,538) [1]	(\$67,085) [1]
2	Adjustment to include company 09.19.2022 updates	-	-	-	-
3	Operating expenses charged to plant after adjusted per updates ( L1 + L2)	(450,858)	(268,985)	(65,538)	(67,085)
4	Adjust FP&A Capttime to 1/4 to align with WSIP period	(4,287) [2]	(2,558) [2]	(515) [2]	(527) [2]
5	Total adjustments to capitalized time ( L4 )	(4,287)	(2,558)	(515)	(527)
6	Operating expenses charged to plant per Public Staff ( L3 + L5)	(\$455,145)	(\$271,543)	(\$66,053)	(\$67,612)

[1] Per examination of the company's response to accounting data requests.  
 [2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO CAPITALIZED TIME ADJUSTMENT**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-9(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Operating Expenses Charged to Plant Calculation Basis per Company	<u>(\$450,858)</u> [1]	<u>(\$464,384)</u> [1]	<u>(\$478,315)</u> [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Operating Expenses Charged to Plant per Company (L1* (1+L2))	(464,384) [1]	(478,315) [1]	(492,665) [1]
4	Operating Expenses Charged to Plant Calculation Basis per Public Staff	(455,145) [2]	(468,799) [2]	(482,863) [2]
5	Public Staff Growth Factor	<u>3.00%</u> [2]	<u>3.00%</u> [2]	<u>3.00%</u> [2]
6	Operating Expenses Charged to Plant per Public Staff (L4*(1+L5))	<u>(468,799)</u>	<u>(482,863)</u>	<u>(497,349)</u>
7	Adjustment to Operating Expenses Charged to Plant (L6 - L3)	<u>(\$4,416)</u>	<u>(\$4,548)</u>	<u>(\$4,685)</u>

[1] Per examination of the Company's response to accounting data requests.  
[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO CAPITALIZED TIME ADJUSTMENT**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-9(b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Operating Expenses Charged to Plant Calculation Basis per Company	<u>(\$268,985) [1]</u>	<u>(\$277,055) [1]</u>	<u>(\$285,366) [1]</u>
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Operating Expenses Charged to Plant per Company (L1* (1+L2))	(277,055) [1]	(285,366) [1]	(293,927) [1]
4	Operating Expenses Charged to Plant Calculation Basis per Public Staff	<u>(271,543) [2]</u>	<u>(279,689) [2]</u>	<u>(288,080) [2]</u>
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Operating Expenses Charged to Plant per Public Staff (L4*(1+L5))	<u>(\$279,689)</u>	<u>(\$288,080)</u>	<u>(\$296,722)</u>
7	Adjustment to Operating Expenses Charged to Plant (L6 - L3)	(\$2,635)	(\$2,714)	(\$2,795)

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO CAPITALIZED TIME ADJUSTMENT**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-9(c)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Operating Expenses Charged to Plant Calculation Basis per Company	<u>(\$65,538) [1]</u>	<u>(\$67,504) [1]</u>	<u>(\$69,529) [1]</u>
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Operating Expenses Charged to Plant per Company (L1* (1+L2))	(67,504) [1]	(69,529) [1]	(71,615) [1]
4	Operating Expenses Charged to Plant Calculation Basis per Public Staff	<u>(66,053) [2]</u>	<u>(68,035) [2]</u>	<u>(70,076) [2]</u>
5	Public Staff Growth Factor	<u>3.00% [2]</u>	<u>3.00% [2]</u>	<u>3.00% [2]</u>
6	Operating Expenses Charged to Plant per Public Staff (L4*(1+L5))	<u>(\$68,035)</u>	<u>(\$70,076)</u>	<u>(\$72,178)</u>
7	Adjustment to Operating Expenses Charged to Plant (L6 - L3)	(\$530)	(\$546)	(\$563)

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO CAPITALIZED TIME ADJUSTMENT**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-9(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Operating Expenses Charged to Plant Calculation Basis per Company	<u>(\$67,085) [1]</u>	<u>(\$69,098) [1]</u>	<u>(\$71,170) [1]</u>
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Operating Expenses Charged to Plant per Company (L1* (1+L2))	(69,098) [1]	(71,170) [1]	(73,306) [1]
4	Operating Expenses Charged to Plant Calculation Basis per Public Staff	(67,612) [2]	(69,640) [2]	(71,730) [2]
5	Public Staff Growth Factor	<u>3.00% [2]</u>	<u>3.00% [2]</u>	<u>3.00% [2]</u>
6	Operating Expenses Charged to Plant per Public Staff (L4*(1+L5))	<u>(69,640)</u>	<u>(71,730)</u>	<u>(73,881)</u>
7	Adjustment to Operating Expenses Charged to Plant (L6 - L3)	<u>(\$543)</u>	<u>(\$559)</u>	<u>(\$576)</u>

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

[2] Per Public Staff Calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OUTSIDE SERVICE OTHER**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-10

Line No.	Item	<b>Base Year</b>			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Outside service per application	\$124,388 [1]	\$74,211 [1]	\$24,735 [1]	\$25,319 [1]
2	Adjustments to include company updates 09.19.2022	0 [1]	(0) [1]	0 [1]	(0) [1]
3	Outside service after adjusted per updates ( L1 + L2)	124,388	74,211	24,735	25,319
4	Acquisition of Echota Development Water System	(5,777) [2]	(3,447) [2]	[2]	[2]
5	Acquisition of the Seven Devils Resort WWTP	(5,453) [2]	(3,254) [2]	[2]	[2]
6	Total adjustments to outside service other (Sum of L2 thru L4)	(11,230)	(6,701)	0	0
7	Outside service other per Public Staff (L3 + L6)	113,158	67,510	24,735	25,319

[1] Per examination of the company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OUTSIDE SERVICE OTHER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-10(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Outside Services - Other Calculation Basis per Company	<u>\$124,388</u> [1]	<u>\$136,582</u> [1]	<u>\$141,147</u> [1]
2	Growth Factor per Company	9.80% [1]	3.34% [1]	3.34% [1]
3	Outside Services - Other per Company (L1* (1+L2))	136,582 [1]	141,147 [1]	145,864 [1]
4	Outside Services - Other Calculation Basis per Public Staff	113,158 [2]	117,005 [2]	119,813 [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Outside Services - Other per Public Staff (L4*(1+L5))	<u>117,005</u>	<u>119,813</u>	<u>122,689</u>
7	Adjustment to Outside Services - Other (L6 - L3)	<u>(19,576)</u>	<u>(21,333)</u>	<u>(23,175)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OUTSIDE SERVICE OTHER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-10(b)

**CWSNC SEWER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Outside Services - Other Calculation Basis per Company	<u>\$74,211</u> [1]	<u>\$81,187</u> [1]	<u>\$83,289</u> [1]
2	Growth Factor per Company	9.40% [1]	2.59% [1]	2.59% [1]
3	Outside Services - Other per Company (L1* (1+L2))	81,187 [1]	83,289 [1]	85,445 [1]
4	Outside Services - Other Calculation Basis per Public Staff	<u>67,510</u> [2]	<u>69,805</u> [2]	<u>71,480</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Outside Services - Other per Public Staff (L4*(1+L5))	<u>69,805</u>	<u>71,480</u>	<u>73,196</u>
7	Adjustment to Outside Services - Other (L6 - L3)	<u>(11,382)</u>	<u>(11,808)</u>	<u>(12,249)</u>

[1] Per examination of the Company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OUTSIDE SERVICE OTHER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-10(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Outside Services - Other Calculation Basis per Company	<u>\$24,735</u> [1]	<u>\$27,149</u> [1]	<u>\$28,035</u> [1]
2	Growth Factor per Company	9.76% [1]	3.26% [1]	3.26% [1]
3	Outside Services - Other per Company (L1* (1+L2))	27,149 [1]	28,035 [1]	28,950 [1]
4	Outside Services - Other Calculation Basis per Public Staff	<u>24,735</u> [2]	<u>25,576</u> [2]	<u>26,190</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Outside Services - Other per Public Staff (L4*(1+L5))	<u>25,576</u>	<u>26,190</u>	<u>26,818</u>
7	Adjustment to Outside Services - Other (L6 - L3)	<u>(1,573)</u>	<u>(1,846)</u>	<u>(2,132)</u>

[1] Per examination of the company's response to accounting data requests  
[2] Per Public Staff Calculation

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OUTSIDE SERVICE OTHER**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-10(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Outside Services - Other Calculation Basis per Company	<u>\$25,319</u> [1]	<u>\$27,875</u> [1]	<u>\$28,960</u> [1]
2	Growth Factor per Company	10.10% [1]	3.89% [1]	3.89% [1]
3	Outside Services - Other per Company (L1* (1+L2))	27,875 [1]	28,960 [1]	30,088 [1]
4	Outside Services - Other Calculation Basis per Public Staff	<u>25,319</u> [2]	<u>26,179</u> [2]	<u>26,808</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Outside Services - Other per Public Staff (L4*(1+L5))	<u>26,179</u>	<u>26,808</u>	<u>27,451</u>
7	Adjustment to Outside Services - Other (L6 - L3)	<u>(1,696)</u>	<u>(2,153)</u>	<u>(2,637)</u>

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

[2] Per Public Staff Calculation

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OFFICE SUPPLIES AND OTHER OFFICE EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-11(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Office Supplies Calculation Basis per Company	<u>\$319,242</u> [1]	<u>\$344,606</u> [1]	<u>\$356,124</u> [1]
2	Growth Factor per Company	7.94% [1]	3.34% [1]	3.34% [1]
3	Office Supplies per Company (L1* (1+3%))	344,606 [1]	356,124 [1]	368,027 [1]
4	Office Supplies Calculation Basis per Public Staff	<u>319,242</u> [2]	<u>330,097</u> [2]	<u>338,019</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Office Supplies per Public Staff (L4*(1+3%))	<u>330,097</u>	<u>338,019</u>	<u>346,131</u>
7	Adjustment to Office Supplies (L6 - L3)	<u>(\$14,509)</u>	<u>(\$18,105)</u>	<u>(\$21,895)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO OFFICE SUPPLIES AND OTHER OFFICE EXPENSE**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-11(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>		<u>Rate Year 2</u>		<u>Rate Year 3</u>	
		(a)		(b)		(c)	
1	Office Supplies Calculation Basis per Company	<u>\$190,462</u>	[1]	<u>\$205,474</u>	[1]	<u>\$210,794</u>	[1]
2	Growth Factor per Company	7.88%	[1]	2.59%	[1]	2.59%	[1]
3	Office Supplies per Company (L1* (1+3%))	205,474	[1]	210,794	[1]	216,251	[1]
4	Office Supplies Calculation Basis per Public Staff	<u>190,462</u>	[2]	<u>196,938</u>	[2]	<u>201,664</u>	[2]
5	Public Staff Growth Factor	<u>3.40%</u>	[2]	<u>2.40%</u>	[2]	<u>2.40%</u>	[2]
6	Office Supplies per Public Staff (L4*(1+3%))	<u>196,938</u>		<u>201,664</u>		<u>206,504</u>	
7	Adjustment to Office Supplies (L6 - L3)	<u>(8,536)</u>		<u>(9,130)</u>		<u>(9,747)</u>	

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OFFICE SUPPLIES AND OTHER OFFICE EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-11(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Office Supplies Calculation Basis per Company	<u>\$36,081</u> [1]	<u>\$38,881</u> [1]	<u>\$40,150</u> [1]
2	Growth Factor per Company	7.76% [1]	3.26% [1]	3.26% [1]
3	Office Supplies per Company (L1* (1+3%))	38,881 [1]	40,150 [1]	41,460 [1]
4	Office Supplies Calculation Basis per Public Staff	<u>36,081</u> [2]	<u>37,308</u> [2]	<u>38,203</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Office Supplies per Public Staff (L4*(1+3%))	<u>37,308</u>	<u>38,203</u>	<u>39,120</u>
7	Adjustment to Office Supplies (L6 - L3)	<u>(1,573)</u>	<u>(1,947)</u>	<u>(2,340)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OFFICE SUPPLIES AND OTHER OFFICE EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-11(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Office Supplies Calculation Basis per Company	<u>\$36,933</u> [1]	<u>\$39,808</u> [1]	<u>\$41,358</u> [1]
2	Growth Factor per Company	7.78% [1]	3.89% [1]	3.89% [1]
3	Office Supplies per Company (L1* (1+3%))	39,808 [1]	41,358 [1]	42,968 [1]
4	Office Supplies Calculation Basis per Public Staff	<u>36,933</u> [2]	<u>38,188</u> [2]	<u>39,105</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Office Supplies per Public Staff (L4*(1+3%))	<u>38,188</u>	<u>39,105</u>	<u>40,043</u>
7	Adjustment to Office Supplies (L6 - L3)	<u>(\$1,619)</u>	<u>(\$2,253)</u>	<u>(\$2,925)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-12

Line No.	Item	Amount Per Updates (a)	Public Staff Adjustment [1] (b)	Amount Per Public Staff (c)	Base Year			
					CWSNC Water (d)	CWSNC Sewer (e)	BF/FH/TC Water (f)	BF/FH Sewer (g)
1	Rate case expenses for current proceeding	<u>\$750,000</u>	<u>(\$14,394)</u>	\$735,606 [2]				
2	Amortization period in years			4				
3	Annual rate case expense for current proceeding (L1 / L2)			<u>183,902</u>	\$99,959 [4]	\$59,637 [5]	\$12,012 [6]	\$12,294 [7]
4	Unamortized balance of current rate case expense (L1 - L3)			<u>551,705</u>	<u>299,877</u> [4]	<u>178,911</u> [5]	<u>36,035</u> [6]	<u>36,881</u> [7]
5	Sub 384 and prior rate cases unamortized rate case expense	<u>\$955,238</u>	<u>(\$0)</u>	955,238 [3]				
6	Amortization period in years			4				
7	Sub 384 and prior rate cases unamortized annual rate case expense (L5 / L6)			<u>238,809</u>	<u>129,804</u> [4]	<u>77,443</u> [5]	<u>15,598</u> [6]	<u>15,964</u> [7]
8	Unamortized balance of prior rate case expense (L5 - L7)			<u>716,429</u>	<u>389,413</u> [4]	<u>232,330</u> [5]	<u>46,794</u> [6]	<u>47,892</u> [7]
9	Total annual rate case expense (L3 + L7)			\$422,711	\$229,763	\$137,080	\$27,610	\$28,258
10	Miscellaneous regulatory matters per application			\$4,726 [2]	\$2,518 [2]	\$1,502 [2]	\$349 [2]	\$357 [2]
11	Other regulatory expenses per application (account 612900)			\$140,543	\$74,950	\$44,716	\$10,317	\$10,560 [2]
12	<b>Total regulatory commission expense per Public Staff (L9 to L11)</b>			<u>\$567,979</u>	<u>\$307,232</u>	<u>\$183,298</u>	<u>\$38,275</u>	<u>\$39,175</u>
13	Total unamortized balance of rate case expense (L4 + L8)			<u>\$1,268,133</u>	<u>\$689,290</u>	<u>\$411,241</u>	<u>\$82,829</u>	<u>\$84,773</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.

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

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

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

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 - 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-12 (a)

Line No.	Item	Amount Per Updates (a)	Public Staff Adjustment [1] (b)	Amount Per Public Staff (c)	Rate Year 1			
					CWSNC Water (d)	CWSNC Sewer (e)	BF/FH/TC Water (f)	BF/FH Sewer (g)
1	Rate case expenses for current proceeding	<u>\$750,000</u>	<u>(\$14,394)</u>	\$735,606 [2]				
2	Amortization period in years			<u>4</u>				
3	Annual rate case expense for current proceeding (L1 / L2)			<u>183,902</u>	\$99,959 [4]	\$59,637 [5]	\$12,012 [6]	\$12,294 [7]
4	Unamortized balance of current rate case expense (L1 - L3)			<u>367,803</u>	199,918 [4]	119,274 [5]	24,023 [6]	24,587 [7]
5	Sub 384 and prior rate cases unamortized rate case expense	<u>\$955,238</u>	<u>(\$0)</u>	955,238 [3]				
6	Amortization period in years			<u>4</u>				
7	Sub 384 and prior rate cases unamortized annual rate case expense (L5 / L6)			<u>238,809</u>	129,804 [4]	77,443 [5]	15,598 [6]	15,964 [7]
8	Unamortized balance of prior rate case expense (L5 - L7)			<u>477,620</u>	259,609 [4]	154,887 [5]	31,196 [6]	31,928 [7]
9	Total annual rate case expense (L3 + L7)			\$422,711	\$229,763	\$137,080	\$27,610	\$28,258
10	Miscellaneous regulatory matters per application			\$4,726 [2]	\$2,518 [2]	\$1,502 [2]	\$349 [2]	\$357 [2]
11	Other regulatory expenses per application (account 612900)			\$140,543	\$74,950	\$44,716	\$10,317	\$10,560 [2]
12	<b>Total regulatory commission expense per Public Staff (L9 to L11)</b>			<u>\$567,979</u>	<u>\$307,231</u>	<u>\$183,298</u>	<u>\$38,275</u>	<u>\$39,175</u>
13	Total unamortized balance of rate case expense (L4 + L8)			<u>\$845,423</u>	<u>\$459,527</u>	<u>\$274,161</u>	<u>\$55,219</u>	<u>\$56,515</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.

[5] Column (c) multiplied by CWSNC Uniform sewer allocation factor  
 [6] Column (c) multiplied by BF/FH water allocation factor  
 [7] Column (c) multiplied by BF/FH sewer allocation factor

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -  
2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-12 (b)

Line No.	Item	Amount Per Updates (a)	Public Staff Adjustment [1] (b)	Amount Per Public Staff (c)	Rate Year 2			
					CWSNC Water (d)	CWSNC Sewer (e)	BF/FH/TC Water (f)	BF/FH Sewer (g)
1	Rate case expenses for current proceeding	<u>\$750,000</u>	<u>(\$14,394)</u>	\$735,606 [2]				
2	Amortization period in years			<u>4</u>				
3	Annual rate case expense for current proceeding (L1 / L2)			<u>183,902</u>	<u>\$99,959</u> [4]	<u>\$59,637</u> [5]	<u>\$12,012</u> [6]	<u>\$12,294</u> [7]
4	Unamortized balance of current rate case expense (L1 - L3)			<u>183,902</u>	<u>99,959</u> [4]	<u>59,637</u> [5]	<u>12,012</u> [6]	<u>12,294</u> [7]
5	Sub 384 and prior rate cases unamortized rate case expense	<u>\$955,238</u>	<u>(\$0)</u>	955,238 [3]				
6	Amortization period in years			<u>4</u>				
7	Sub 384 and prior rate cases unamortized annual rate case expense (L5 / L6)			<u>238,809</u>	<u>129,804</u> [4]	<u>77,443</u> [5]	<u>15,598</u> [6]	<u>15,964</u> [7]
8	Unamortized balance of prior rate case expense (L5 - L7)			<u>238,810</u>	<u>129,805</u> [4]	<u>77,443</u> [5]	<u>15,598</u> [6]	<u>15,964</u> [7]
9	Total annual rate case expense (L3 + L7)			\$422,711	<u>\$229,763</u> [4]	<u>\$137,080</u> [5]	<u>\$27,610</u> [6]	<u>\$28,258</u>
10	Miscellaneous regulatory matters per application			\$4,726 [2]	<u>\$2,518</u> [2]	<u>\$1,502</u> [2]	<u>\$349</u> [2]	<u>\$357</u> [2]
11	Other regulatory expenses per application (account 612900)			<u>\$140,543</u>	<u>\$74,950</u>	<u>\$44,716</u>	<u>\$10,317</u>	<u>\$10,560</u> [2]
12	<b>Total regulatory commission expense per Public Staff (L9 to L11)</b>			<u><b>\$567,980</b></u>	<u><b>\$307,232</b></u>	<u><b>\$183,298</b></u>	<u><b>\$38,275</b></u>	<u><b>\$39,175</b></u>
13	Total unamortized balance of rate case expense (L4 + L8)			<u>\$422,712</u>	<u>\$229,764</u>	<u>\$137,081</u>	<u>\$27,610</u>	<u>\$28,258</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.

[5] Column (c) multiplied by CWSNC Uniform sewer allocation factor

[6] Column (c) multiplied by BF/FH water allocation factor

[7] Column (c) multiplied by BF/FH sewer allocation factor

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF REGULATORY COMMISSION EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -  
2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-12 (c)

Line No.	Item	Amount Per Updates (a)	Public Staff Adjustment [1] (b)	Amount Per Public Staff (c)	Rate Year 3			
					CWSNC Water (d)	CWSNC Sewer (e)	BF/FH/TC Water (f)	BF/FH Sewer (g)
1	Rate case expenses for current proceeding	<u>\$750,000</u>	<u>(\$14,394)</u>	\$735,606 [2]				
2	Amortization period in years			<u>4</u>				
3	Annual rate case expense for current proceeding (L1 / L2)			<u>183,902</u>	\$99,959 [4]	\$59,637 [5]	\$12,012 [6]	\$12,294 [7]
4	Unamortized balance of current rate case expense (L1 - L3)			<u>0</u>	<u>0</u> [4]	<u>0</u> [5]	<u>0</u> [6]	<u>0</u> [7]
5	Sub 384 and prior rate cases unamortized rate case expense	<u>\$955,238</u>	<u>(\$0)</u>	955,238 [3]				
6	Amortization period in years			<u>4</u>				
7	Sub 384 and prior rate cases unamortized annual rate case expense (L5 / L6)			<u>238,809</u>	<u>129,804</u> [4]	<u>77,443</u> [5]	<u>15,598</u> [6]	<u>15,964</u> [7]
8	Unamortized balance of prior rate case expense (L5 - L7)			<u>(0)</u>	<u>(0)</u> [4]	<u>(0)</u> [5]	<u>(0)</u> [6]	<u>(0)</u> [7]
9	Total annual rate case expense (L3 + L7)			\$422,711	\$229,763 [4]	\$137,080 [5]	\$27,610 [6]	\$28,258
10	Miscellaneous regulatory matters per application			\$4,726 [2]	\$2,518 [2]	\$1,502 [2]	\$349 [2]	\$357 [2]
11	Other regulatory expenses per application (account 612900)			\$140,543	\$74,950	\$44,716	\$10,317	\$10,560 [2]
12	<b>Total regulatory commission expense per Public Staff (L9 to L11)</b>			<u>\$567,980</u>	<u>\$307,232</u>	<u>\$183,298</u>	<u>\$38,275</u>	<u>\$39,175</u>
13	Total unamortized balance of rate case expense (L4 + L8)			<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</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.

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

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

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

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PENSION AND BENEFITS**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 3-13

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Pension and benefits per application	<u>\$856,975</u> [1]	<u>\$511,276</u> [1]	<u>\$109,030</u> [1]	<u>\$111,603</u> [1]
2	Adjustments to include company updates 9.19.2022	119,177	71,102	8,252	8,447
3	Pension and benefits expense after adjusted per updates ( L1 + L2)	\$976,152	\$582,378	\$117,282	\$120,050
4	Adjustments to update employee benefits through August 31, 2022	(39,702) [1]	(23,686) [1]	(4,770) [1]	(4,883) [1]
5	Pension and benefits per Public Staff (L3 + L4)	<u><u>936,450</u></u>	<u><u>558,692</u></u>	<u><u>112,512</u></u>	<u><u>115,167</u></u>

[1] Calculated per the company's response to accounting data request.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PENSION AND BENEFITS**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-13(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Pension & Other Benefits Calculation Basis per Company	<u>\$976,152</u> [1]	<u>\$1,050,339</u> [1]	<u>\$1,085,446</u> [1]
2	Growth Factor per Company	7.60% [1]	3.34% [1]	3.34% [1]
3	Pension & Other Benefits to Plant per Company (L1* (1+L2))	\$1,050,339 [1]	\$1,085,446 [1]	\$1,121,725 [1]
4	Pension & Other Benefits Calculation Basis per Public Staff	936,450 [2]	\$964,543 [2]	\$993,480 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Pension & Other Benefits per Public Staff (L4*(1+L5))	<u>964,543</u>	<u>993,480</u>	<u>1,023,284</u>
7	Adjustment to Pension & Other Benefits (L6 - L3)	<u>(85,796)</u>	<u>(91,966)</u>	<u>(98,441)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO PENSION AND BENEFITS**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-13(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Pension & Other Benefits Calculation Basis per Company	<u>\$582,378</u> [1]	<u>\$626,639</u> [1]	<u>\$642,862</u> [1]
2	Growth Factor per Company	7.60% [1]	2.59% [1]	2.59% [1]
3	Pension & Other Benefits to Plant per Company (L1* (1+L2))	626,639 [1]	642,862 [1]	659,506 [1]
4	Pension & Other Benefits Calculation Basis per Public Staff	558,692 [2]	575,453 [2]	592,716 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Pension & Other Benefits per Public Staff (L4*(1+L5))	<u>575,453</u>	<u>592,716</u>	<u>610,498</u>
7	Adjustment to Pension & Other Benefits (L6 - L3)	<u>(51,186)</u>	<u>(50,146)</u>	<u>(49,008)</u>

[1] Per examination of the company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO PENSION AND BENEFITS**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-13(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Pension & Other Benefits Calculation Basis per Company	<u>\$117,282</u> [1]	<u>\$126,195</u> [1]	<u>\$130,314</u> [1]
2	Growth Factor per Company	7.60% [1]	3.26% [1]	3.26% [1]
3	Pension & Other Benefits to Plant per Company (L1* (1+L2))	126,195 [1]	130,314 [1]	134,567 [1]
4	Pension & Other Benefits Calculation Basis per Public Staff	112,512 [2]	115,887 [2]	119,364 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Pension & Other Benefits per Public Staff (L4*(1+L5))	<u>115,887</u>	<u>119,364</u>	<u>122,945</u>
7	Adjustment to Pension & Other Benefits (L6 - L3)	<u><u>(10,308)</u></u>	<u><u>(10,950)</u></u>	<u><u>(11,622)</u></u>

[1] Per examination of the company's response to accounting data requests.  
 [2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO PENSION AND BENEFITS**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-13(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>		<u>Rate Year 2</u>		<u>Rate Year 3</u>	
		(a)		(b)		(c)	
1	Pension & Other Benefits Calculation Basis per Company	<u>\$120,050</u>	[1]	<u>\$129,174</u>	[1]	<u>\$134,203</u>	[1]
2	Growth Factor per Company	7.60%	[1]	3.89%	[1]	3.89%	[1]
3	Pension & Other Benefits to Plant per Company (L1* (1+L2))	\$129,174	[1]	\$134,203	[1]	\$139,429	[1]
4	Pension & Other Benefits Calculation Basis per Public Staff	115,167	[2]	118,622	[2]	122,181	[2]
5	Public Staff Growth Factor	3.00%	[2]	3.00%	[2]	3.00%	[2]
6	Pension & Other Benefits per Public Staff (L4*(1+L5))	<u>\$118,622</u>		<u>\$122,181</u>		<u>\$125,846</u>	
7	Adjustment to Pension & Other Benefits (L6 - L3)	<u>(10,552)</u>		<u>(12,023)</u>		<u>(13,583)</u>	

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO RENT**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -  
2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-14(a)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Rent Calculation Basis per Company	<u>\$211,794</u> [1]	<u>\$227,890</u> [1]	<u>\$233,360</u> [1]
2	Growth Factor per Company	7.60% [1]	2.40% [1]	2.40% [1]
3	Rent per Company (L1* (1+L2))	<u>227,890</u> [1]	<u>233,360</u> [1]	<u>238,960</u> [1]
4	Rent Calculation Basis per Public Staff	<u>211,794</u> [2]	<u>218,995</u> [2]	<u>224,251</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Rent per Public Staff (L4*(1+L5))	<u>218,995</u>	<u>224,251</u> [1]	<u>229,633</u>
7	Adjustment to Rent (L6 - L3)	<u><u>(\$8,895)</u></u>	<u><u>(\$9,109)</u></u>	<u><u>(\$9,327)</u></u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO RENT**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-14(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Rent Calculation Basis per Company	<u>\$126,358</u> [1]	<u>\$135,961</u> [1]	<u>\$139,224</u> [1]
2	Growth Factor per Company	7.60% [1]	2.40% [1]	2.40% [1]
3	Rent per Company (L1* (1+L2))	<u>135,961</u> [1]	<u>139,224</u> [1]	<u>142,566</u> [1]
4	Rent Calculation Basis per Public Staff	<u>126,358</u> [2]	<u>130,654</u> [2]	<u>133,790</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Rent per Public Staff (L4*(1+L5))	<u>130,654</u>	<u>133,790</u>	<u>137,001</u>
7	Adjustment to Rent (L6 - L3)	<u>(\$5,307)</u>	<u>(\$5,434)</u>	<u>(\$5,565)</u>

[1] Per examination of the company's response to accounting data requests.  
[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO RENT**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-14(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Rent Calculation Basis per Company	<u>\$25,446</u> [1]	<u>\$27,380</u> [1]	<u>\$28,274</u> [1]
2	Growth Factor per Company	7.60% [1]	3.26% [1]	3.26% [1]
3	Rent per Company (L1* (1+L2))	27,380 [1]	28,274 [1]	29,196 [1]
4	Rent Calculation Basis per Public Staff	<u>25,446</u> [2]	<u>26,311</u> [2]	<u>26,943</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Rent per Public Staff (L4*(1+L5))	<u>26,311</u>	<u>26,943</u>	<u>27,589</u>
7	Adjustment to Rent (L6 - L3)	<u>(\$1,069)</u>	<u>(\$1,331)</u>	<u>(\$1,607)</u>

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

[2] Per Public Staff calculation.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO RENT**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-14(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Rent Calculation Basis per Company	<u>\$26,047</u> [1]	<u>\$28,027</u> [1]	<u>\$29,118</u> [1]
2	Growth Factor per Company	7.60% [1]	3.89% [1]	3.89% [1]
3	Rent per Company (L1* (1+L2))	28,027 [1]	29,118 [1]	30,252 [1]
4	Rent Calculation Basis per Public Staff	<u>26,047</u> [2]	<u>26,933</u> [2]	<u>27,579</u> [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Rent per Public Staff (L4*(1+L5))	<u>26,933</u>	<u>27,579</u>	<u>28,241</u>
7	Adjustment to Rent (L6 - L3)	<u>(\$1,094)</u>	<u>(\$1,539)</u>	<u>(\$2,011)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ALLOCATION OF INSURANCE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 3-15

No.	Item	CWSNC	CWSNC	Base Year	BF/FH	Total [3]
		Water (a)	Sewer (b)	BF/FH/TC Water (c)	Sewer (d)	
1	Auto	\$88,072 [1]	\$52,545 [1]	\$10,582 [1]	\$10,831 [1]	\$162,030
2	Workers compensation	41,370 [1]	24,681 [1]	4,970 [1]	5,088 [1]	76,109
3	Property insurance	368,678 [1]	219,955 [1]	44,296 [1]	45,341 [1]	678,270
4	General Liability and Umbrella insurance	153,340 [1]	91,484 [1]	18,423 [1]	18,858 [1]	282,106
5	Excess Liability	23,907 [1]	14,263 [1]	2,872 [1]	2,940 [1]	43,982
6	Insurance deductibles	51,304 [1]	30,608 [1]	6,164 [1]	6,309 [1]	94,385
7	Cyber security insurance	13,019 [1]	7,767 [1]	1,564 [1]	1,601 [1]	23,951
8	Pollution liability	26,872 [1]	16,032 [1]	3,229 [1]	3,305 [1]	49,437
9	Broker fee	38,607 [1]	23,033 [1]	4,638 [1]	4,748 [1]	71,026
10	Total insurance per Public Staff (Sum of L1 thru L9)	805,169	480,368	96,738	99,021	1,481,296
11	Less: Company updates on 9.19.2022	51,380 [2]	30,654 [2]	6,174 [2]	6,319 [2]	94,527
12	Less: Amount per Company in original filing	663,022 [2]	395,563 [2]	79,660 [2]	81,540 [2]	1,219,785
13	Total adjustment to insurance expense (L10 - L11 - L12)	\$90,767	\$54,151	\$10,904	\$11,162	\$166,984

[1] Column (f) times customer ratios for each rate division.

[2] Based on information provided by the Company.

[3] Feasel Exhibit I, Schedule 3-14(a), Column (c).

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ALLOCATION OF INSURANCE**  
 For The Rate Year 1 - Rate Year 3 Ended March 31,  
 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-15(a)

No.	Item	<b>Rate Year 1</b>					Total [3]
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)	(f)	
1	Auto	\$82,138 [1]	\$49,004 [1]	\$9,869 [1]	\$10,102 [1]	\$151,112	
2	Workers compensation	42,776 [1]	25,520 [1]	5,139 [1]	5,261 [1]	78,697	
3	Property insurance	330,889 [1]	197,410 [1]	39,755 [1]	40,694 [1]	608,748	
4	General Liability and Umbrella insurance	210,221 [1]	125,419 [1]	25,258 [1]	25,854 [1]	386,752	
5	Excess Liability	32,775 [1]	19,554 [1]	3,938 [1]	4,031 [1]	60,297	
6	Insurance deductibles	53,233 [1]	31,759 [1]	6,396 [1]	6,547 [1]	97,935	
7	Cyber security insurance	13,458 [1]	8,029 [1]	1,617 [1]	1,655 [1]	24,760	
8	Pollution liability	23,325 [1]	13,916 [1]	2,802 [1]	2,869 [1]	42,911	
9	Broker fee	52,928 [1]	31,577 [1]	6,359 [1]	6,509 [1]	97,374	
10	Total insurance per Public Staff (Sum of L1 thru L9)	<u>841,743</u>	<u>502,188</u>	<u>101,133</u>	<u>103,522</u>	<u>1,548,585</u>	
11	Less: Amount per Company RY1	<u>767,442</u> [2]	<u>457,711</u> [2]	<u>100,326</u> [2]	<u>94,596</u> [2]	<u>1,420,075</u>	
12	Total adjustment to insurance expense (L10 - L11 )	<u>\$74,301</u>	<u>\$44,477</u>	<u>\$807</u>	<u>\$8,926</u>	<u>\$128,511</u>	

[1] Column (f) times customer ratios for each rate division.  
 [2] Based on information provided by the Company.  
 [3] Sun Exhibit I, Schedule 3-14(d), Column (c).

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ALLOCATION OF INSURANCE**  
 For The Rate Year 1 - 3 Ended March 31, 2024 to 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-15(b)

No.	Item	CWSNC		Rate Year 2		Total [3]
		Water (a)	Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)	
1	Auto	\$84,109 [1]	\$50,180 [1]	\$10,106 [1]	\$10,344 [1]	\$154,739
2	Workers compensation	\$43,802 [1]	\$26,133 [1]	\$5,263 [1]	\$5,387 [1]	\$80,585
3	Property insurance	\$338,830 [1]	\$202,148 [1]	\$40,710 [1]	\$41,670 [1]	\$623,358
4	General Liability and Umbrella insurance	\$215,267 [1]	\$128,429 [1]	\$25,864 [1]	\$26,474 [1]	\$396,034
5	Excess Liability	\$33,561 [1]	\$20,023 [1]	\$4,032 [1]	\$4,127 [1]	\$61,744
6	Insurance deductibles	\$54,511 [1]	\$32,522 [1]	\$6,549 [1]	\$6,704 [1]	\$100,286
7	Cyber security insurance	\$13,781 [1]	\$8,222 [1]	\$1,656 [1]	\$1,695 [1]	\$25,354
8	Pollution liability	\$23,884 [1]	\$14,250 [1]	\$2,870 [1]	\$2,937 [1]	\$43,941
9	Broker fee	\$54,199 [1]	\$32,335 [1]	\$6,512 [1]	\$6,665 [1]	\$99,711
10	Total insurance per Public Staff (Sum of L1 thru L9)	861,944	514,242	103,562	106,003	1,585,752
11	Less: Amount per Company RY2	805,357 [2]	487,864 [2]	109,838 [2]	107,635 [2]	1,510,695
12	Total adjustment to insurance expense (L10 - L11 )	\$56,587	\$26,378	(\$6,276)	(\$1,632)	\$75,056

[1] Column (f) times customer ratios for each rate division.  
 [2] Based on information provided by the Company.  
 [3] Sun Exhibit I, Schedule 3-14(d), Column (c).

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

Docket No. W-354, Sub 400

**ALLOCATION OF INSURANCE**

For The Rate Year 1 - 3 Ended March 31, 2024 to 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-15(c)

No.	Item	Rate Year 3				
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)	Total [3] (f)
1	Auto	\$86,128 [1]	\$51,385 [1]	\$10,348 [1]	\$10,592 [1]	\$158,453
2	Workers compensation	44,854 [1]	26,760 [1]	5,389 [1]	5,516 [1]	\$82,519
3	Property insurance	346,962 [1]	206,999 [1]	41,687 [1]	42,670 [1]	\$638,318
4	General Liability and Umbrella insurance	220,433 [1]	131,512 [1]	26,484 [1]	27,110 [1]	\$405,539
5	Excess Liability	34,367 [1]	20,503 [1]	4,129 [1]	4,227 [1]	\$63,226
6	Insurance deductibles	55,819 [1]	33,302 [1]	6,707 [1]	6,865 [1]	\$102,693
7	Cyber security insurance	14,112 [1]	8,420 [1]	1,696 [1]	1,736 [1]	\$25,963
8	Pollution liability	24,457 [1]	14,591 [1]	2,938 [1]	3,008 [1]	\$44,995
9	Broker fee	55,499 [1]	33,111 [1]	6,668 [1]	6,825 [1]	\$102,104
10	Total insurance per Public Staff (Sum of L1 thru L9)	882,631	526,583	106,046	108,549	1,623,810
11	Less: Amount per Company RY3	842,056 [2]	517,228 [2]	116,690 [2]	117,589 [2]	1,593,563
12	Total adjustment to insurance expense (L10 - L11 )	\$40,575	\$9,355	(\$10,644)	(\$9,040)	\$30,246

[1] Column (f) times customer ratios for each rate division.

[2] Based on information provided by the Company.

[3] Sun Exhibit I, Schedule 3-14(d), Column (c).

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

Docket No. W-354, Sub 384

**CALCULATION OF INSURANCE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exh bit 1

Schedule 3-15 (a)

Line No.	Item	Base Year		CWSNC Insurance Expense [6]
		Annual Premium [1] (a)	CWSNC Percentage [2] (b)	
1	Auto	\$761,407	21.28% [2]	\$162,030
2	Workers compensation	662,302	11.49% [3]	76,109
3	Property insurance	2,915,322	23.27% [4]	678,270
4	General Liability and Umbrella insurance	1,941,424	14.53% [5]	282,106
5	Excess Liability	302,681	14.53% [5]	43,982
6	Insurance deductibles	503,000	18.76% [1]	94,385
7	Cyber security insurance	124,290	19.27% [1]	23,951
8	Pollution liability	212,490	23.27% [4]	49,437
9	Broker fee	488,797	14.53% [5]	71,026
10	Total insurance per Public Staff (Sum of L1 thru L9)			\$1,481,296

[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 revenue.

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

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

Docket No. W-354, Sub 384

**CALCULATION OF INSURANCE**

For The Rate Year 1 - Rate Year 3

Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-15 (d)

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Annual Premium [1] (a)	CWSNC Percentage [1] (b)	CWSNC Insurance Expense [6] (c)	Annual Premium [1] (a)	CWSNC Percentage [1] (b)	CWSNC Insurance Expense [6] (c)	Annual Premium [1] (a)	CWSNC Percentage [1] (b)	CWSNC Insurance Expense [6] (c)
1	Auto	\$787,295	19.19% [2]	\$151,112	\$806,190	19.19% [2]	\$154,739	\$825,538	19.19% [2]	\$158,453
2	Workers compensation	\$684,820	11.49% [3]	78,697	\$701,256	11.49% [3]	\$80,585	\$718,086	11.49% [3]	\$82,519
3	Property insurance	\$3,014,443	20.19% [4]	608,748	\$3,086,790	20.19% [4]	\$623,358	\$3,160,873	20.19% [4]	\$638,318
4	General Liability and Umbrella insurance	\$2,007,432	19.27% [5]	386,752	\$2,055,611	19.27% [5]	\$396,034	\$2,104,945	19.27% [5]	\$405,539
5	Excess Liability	\$312,972	19.27% [5]	60,297	\$320,483	19.27% [5]	\$61,744	\$328,175	19.27% [5]	\$63,226
6	Insurance deductibles	\$520,102	18.83% [5]	97,935	\$532,584	18.83% [5]	\$100,286	\$545,366	18.83% [5]	\$102,693
7	Cyber security insurance	\$128,516	19.27% [5]	24,760	\$131,600	19.27% [5]	\$25,354	\$134,759	19.27% [5]	\$25,963
8	Pollution liability	\$212,490	20.19% [4]	42,911	\$217,589	20.19% [4]	\$43,941	\$222,811	20.19% [4]	\$44,995
9	Broker fee	\$505,416	19.27% [5]	97,374	\$517,546	19.27% [5]	\$99,711	\$529,967	19.27% [5]	\$102,104
10	Total insurance per Public Staff (Sum of L1 thru L9)			\$1,548,585			\$1,585,752			\$1,623,810

[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 revenue.

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

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO OFFICE UTILITY**

Updated Public Staff Settlement Exh bit 1

Schedule 3-16(a)

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Office Utility to Plant Calculation Basis per Company	<u>\$180,673</u> [1]	<u>\$198,385</u> [1]	<u>\$205,015</u> [1]
2	Growth Factor per Company	9.80% [1]	3.34% [1]	3.34% [1]
3	Office Utility per Company (L1* (1+L2))	\$198,385 [1]	\$205,015 [1]	\$211,868 [1]
4	Office Utility Calculation Basis per Public Staff	\$180,673 [2]	\$186,816 [2]	\$191,299 [2]
5	Public Staff Growth Factor	<u>3.40%</u> [2]	<u>2.40%</u> [2]	<u>2.40%</u> [2]
6	Office Utility per Public Staff (L4*(1+L5))	<u>186,816</u>	<u>191,299</u>	<u>195,891</u>
7	Adjustment to Office Utility (L6 - L3)	<u>(\$11,569)</u>	<u>(\$13,716)</u>	<u>(\$15,977)</u>

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

[2] Per Public Staff Calculation

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO OFFICE UTILITY**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exh bit 1

Schedule 3-16(b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Office Utility to Plant Calculation Basis per Company	<u>\$106,857</u> [1]	<u>\$116,903</u> [1]	<u>\$119,929</u> [1]
2	Growth Factor per Company	9.40% [1]	2.59% [1]	2.59% [1]
3	Office Utility per Company (L1* (1+L2))	\$116,903 [1]	\$119,929 [1]	\$123,034 [1]
4	Office Utility Calculation Basis per Public Staff	<u>106,857</u> [2]	<u>110,490</u> [2]	<u>113,142</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Office Utility per Public Staff (L4*(1+L5))	<u>\$110,490</u>	<u>\$113,142</u>	<u>\$115,857</u>
7	Adjustment to Office Utility (L6 - L3)	<u>(\$6,412)</u>	<u>(\$6,787)</u>	<u>(\$7,177)</u>

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

[2] Per Public Staff Calculation

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO OFFICE UTILITY**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exh bit 1  
Schedule 3-16(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Office Utility to Plant Calculation Basis per Company	<u>\$17,363</u> [1]	<u>\$19,058</u> [1]	<u>\$19,680</u> [1]
2	Growth Factor per Company	9.76% [1]	3.26% [1]	3.26% [1]
3	Office Utility per Company (L1* (1+L2))	\$19,058 [1]	\$19,680 [1]	\$20,322 [1]
4	Office Utility Calculation Basis per Public Staff	<u>17,363</u> [2]	<u>17,953</u> [2]	<u>18,384</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Office Utility per Public Staff (L4*(1+L5))	<u>\$17,953</u>	<u>\$18,384</u>	<u>\$18,825</u>
7	Adjustment to Office Utility (L6 - L3)	<u>(\$1,104)</u>	<u>(\$1,295)</u>	<u>(\$1,496)</u>

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

[2] Per Public Staff Calculation

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO OFFICE UTILITY**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exh bit 1  
Schedule 3-16(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Office Utility to Plant Calculation Basis per Company	<u>\$17,772</u>	<u>\$19,567</u>	<u>\$20,329</u>
2	Growth Factor per Company	10.10%	3.89%	3.89%
3	Office Utility per Company (L1* (1+L2))	\$19,567	\$20,329	\$21,120
4	Office Utility Calculation Basis per Public Staff	<u>17,772</u>	<u>18,376</u>	<u>18,817</u> [1]
5	Public Staff Growth Factor	3.40%	2.40%	2.40%
6	Office Utility per Public Staff (L4*(1+L5))	<u>\$18,376</u> [1]	<u>\$18,817</u> [1]	<u>\$19,269</u>
7	Adjustment to Office Utility (L6 - L3)	<u>(\$1,191)</u>	<u>(\$1,511)</u>	<u>(\$1,851)</u>

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

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
 For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-17

Line No.	Item	<u>Base Year</u>			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH Sewer (d)
1	Miscellaneous expense per application	<u>\$3,141,337</u>	<u>\$1,813,728</u>	<u>\$339,650</u>	<u>\$347,635</u>
2	Adjustment to reflect company's updates 9.19.2022	(171,920) [1]	(102,568) [1]	(20,655) [1]	(21,143) [1]
3	Miscellaneous expense after adjusted for company's updates ( L1 + L2)	2,969,417	1,711,160	318,995	326,492
4	Adjustments to remove unqualified miscellaneous expense	(2,261) [1]	(1,343) [1]	(270) [1]	(277) [1]
5	Adjustment to remove Echota and Seven Devils pro-forma acquisition opex	(243,811) [1]	(65,171) [1]		
5	Excess deferred taxes reclassified to deferred income taxes	64,882 [1]	38,709 [1]	8,585 [1]	8,786 [1]
6	Total miscellaneous adjustments (L4+L5 )	<u>(181,190)</u>	<u>(27,805)</u>	<u>8,315</u>	<u>8,509</u>
7	Miscellaneous expense per Public Staff (L3 + L6)	<u>2,788,227</u>	<u>1,683,355</u>	<u>327,310</u>	<u>335,001</u>

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

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
 For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-17(a)

**CWSNC WATER OPERATIONS**

Line No.	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Miscellaneous Expenses Calculation Basis per Company	<u>\$2,969,417</u> [1]	<u>\$3,205,160</u> [1]	<u>\$3,313,224</u> [1]
2	Growth Factor per Company	7.94% [1]	3.37% [1]	3.37% [1]
3	Miscellaneous Expenses per Company (L1* (1+L2))	3,205,160 [1]	3,313,224 [1]	3,424,883 [1]
4	Miscellaneous Expenses Calculation Basis per Public Staff	<u>2,788,227</u> [2]	<u>2,883,027</u> [2]	<u>2,952,219</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Miscellaneous Expenses per Public Staff (L4*(1+L5))	<u>2,883,027</u>	<u>2,952,219</u>	<u>3,023,072</u>
7	Adjustment to Miscellaneous Expenses (L6 - L3)	<u>(322,133)</u>	<u>(361,005)</u>	<u>(401,811)</u>

[1] Per examination of the company's response to accounting data requests  
 [2] Per Public Staff Calculation

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-17(b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Miscellaneous Expenses Calculation Basis per Company	<u>\$1,711,160</u> [1]	<u>\$1,845,289</u> [1]	<u>\$1,893,520</u> [1]
2	Growth Factor per Company	7.84% [1]	2.61% [1]	2.61% [1]
3	Miscellaneous Expenses per Company (L1*(1+L2))	1,845,289 [1]	1,893,520 [1]	1,942,998 [1]
4	Miscellaneous Expenses Calculation Basis per Public Staff	<u>1,683,355</u> [2]	<u>1,740,589</u> [2]	<u>1,782,363</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Miscellaneous Expenses per Public Staff (L4*(1+L5))	<u>1,740,589</u>	<u>1,782,363</u>	<u>1,825,140</u>
7	Adjustment to Miscellaneous Expenses (L6 - L3)	<u>(104,700)</u>	<u>(111,157)</u>	<u>(117,858)</u>

[1] Per examination of the company's response to accounting data requests  
[2] Per Public Staff Calculation

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-17(c)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u> (a)	<u>Rate Year 2</u> (b)	<u>Rate Year 3</u> (c)
1	Miscellaneous Expenses Calculation Basis per Company	<u>\$318,995</u> [1]	<u>\$344,102</u> [1]	<u>\$355,613</u> [1]
2	Growth Factor per Company	7.87% [1]	3.35% [1]	3.34% [1]
3	Miscellaneous Expenses per Company (L1* (1+L2))	344,102 [1]	355,613 [1]	367,500 [1]
4	Miscellaneous Expenses Calculation Basis per Public Staff	<u>327,310</u> [2]	<u>338,438</u> [2]	<u>346,561</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Miscellaneous Expenses per Public Staff (L4*(1+L5))	<u>338,438</u>	<u>346,561</u>	<u>354,878</u>
7	Adjustment to Miscellaneous Expenses (L6 - L3)	<u>(5,664)</u>	<u>(9,052)</u>	<u>(12,621)</u>

[1] Per examination of the company's response to accounting data requests  
[2] Per Public Staff Calculation

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-17(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Miscellaneous Expenses Calculation Basis per Company	<u>\$326,492</u> [1]	<u>\$352,222</u> [1]	<u>\$366,279</u> [1]
2	Growth Factor per Company	7.88% [1]	3.99% [1]	3.99% [1]
3	Miscellaneous Expenses per Company (L1*(1+L2))	352,222 [1]	366,279 [1]	380,882 [1]
4	Miscellaneous Expenses Calculation Basis per Public Staff	<u>335,001</u> [2]	<u>346,391</u> [2]	<u>354,704</u> [2]
5	Public Staff Growth Factor	3.40% [2]	2.40% [2]	2.40% [2]
6	Miscellaneous Expenses per Public Staff (L4*(1+L5))	<u>346,391</u>	<u>354,704</u>	<u>363,217</u>
7	Adjustment to Miscellaneous Expenses (L6 - L3)	<u>(5,832)</u>	<u>(11,575)</u>	<u>(17,665)</u>

[1] Per examination of the company's response to accounting data requests  
[2] Per Public Staff Calculation

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

Docket No. W-354, Sub 400

**CALCULATION OF DEPRECIATION AND  
AMORTIZATION EXPENSE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 3-18

Line No.		Base Year			
		CWSNC	CWSNC	BF/FH/TC	BF/FH
		Water	Sewer	Water	Sewer
	(a)	(b)	(c)	(d)	
1	Depreciation on direct plant	\$3,378,788 [1]	\$3,065,342 [6]	\$149,231 [9]	\$422,108 [12]
2	Depreciation on allocated plant	202,699 [2]	113,577 [2]	27,377 [2]	27,914 [2]
3	Gain on sale	0 [3]	0 [3]	0 [3]	0 [3]
4	Excess book value	0 [3]	0 [3]	0 [3]	0 [3]
5	Total depreciation expense (Sum of L1 thru L4)	<u>\$3,581,487</u>	<u>\$3,178,919</u>	<u>\$176,608</u>	<u>\$450,022</u>
6	Depreciable AIA	0 [3]	0 [3]	0 [3]	0 [3]
7	Amortization rate	2.88% [4]	2.81% [7]	2.38% [10]	2.73% [13]
8	AIA amortization expense (L6 x L7)	\$0	\$0	\$0	\$0
9	CIAC amortization expense	<u>(733,560) [2]</u>	<u>(625,462) [2]</u>	<u>(57,707) [2]</u>	<u>(150,635) [2]</u>
10	CIAC and AIAC amortization expense (L8 + L9)	<u>(733,560)</u>	<u>(625,462)</u>	<u>(57,707)</u>	<u>(150,635)</u>
11	Purchase acquisition adjustment	(\$4,221,509) [5]	(\$627,070) [8]	\$607,432 [11]	\$1,680,077 [14]
12	Amortization rate	2.88% [4]	2.81% [7]	2.38% [10]	2.73% [13]
13	PAA amortization expense (L11 x L12)	<u>(\$121,579)</u>	<u>(\$17,621)</u>	<u>\$14,457</u>	<u>\$45,866</u>

[1] Public Staff Settlement Exhibit 1, Schedule 3-17-1(a), Column (c), Line 52.

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

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

[4] Public Staff Settlement Exhibit 1, Schedule 3-17-1(a), Column

[5] Public Staff Settlement Exhibit 1, Schedule 2-8, Column (a), Line 7.

[6] Public Staff Settlement Exhibit 1, Schedule 3-17-1(b), Column (c), Line 65.

[7] Public Staff Settlement Exhibit 1, Schedule 3-17-1(b), Column (d), Line 65.

[8] Public Staff Settlement Exhibit 1, Sch 2-8, Column (d), L 7.

[9] Public Staff Settlement Exhibit 1, Sch 3-17-1(c), Col (c), L46.

[10] Public Staff Settlement Exhibit 1, Sch 3-17-1(c), Col (d), L 46.

[11] Public Staff Settlement Exhibit 1, Sch 2-8, Col (g), L 7.

[12] Public Staff Settlement Exhibit 1, Sch 3-17-1(d), Col (c), L 58.

[13] Public Staff Settlement Exhibit 1, Sch 3-17-1(d), Col (d), L 58.

[14] Public Staff Settlement Exhibit 1, Sch 2-8, Col (j), L 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 - 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(a)

**CWSNC WATER OPERATIONS**

Line No.		<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Depreciation on direct plant	\$3,746,977 [1]	\$3,970,877 [1]	\$4,108,869 [1]
2	Depreciation on allocated plant	202,699 [1]	202,699 [1]	202,699 [1]
3	Gain on sale	0 [2]	0 [2]	0 [2]
4	Excess book value	0 [2]	0 [2]	0 [2]
5	Total depreciation expense (Sum of L1 thru L4)	<u>\$3,949,676</u>	<u>\$4,173,576</u>	<u>\$4,311,568</u>
6	Depreciable AIA	0 [2]	0 [2]	0 [2]
7	Amortization rate	2.89% [3]	2.85% [3]	2.84% [3]
8	AIA amortization expense (L6 x L7)	-	-	-
9	CIAC amortization expense	<u>(733,560) [4]</u>	<u>(733,560) [4]</u>	<u>(733,560) [4]</u>
10	CIAC and AIAC amortization expense (L8 + L9)	<u>(733,560)</u>	<u>(733,560)</u>	<u>(733,560)</u>
11	Purchase acquisition adjustment	(\$4,221,509) [5]	(\$4,221,509) [5]	(\$4,221,509) [5]
12	Amortization rate	2.89% [3]	2.85% [3]	2.84% [3]
13	PAA amortization expense (L11 x L12)	<u>(\$122,002)</u>	<u>(\$120,313)</u>	<u>(\$119,891)</u>

[1] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (c), Line 52.  
 [2] Per examination of Company's financial records.  
 [3] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (d), Line 52.  
 [4] Public Staff WSIP Exhibit I, Schedule 3-18-1(a), Column (e),  
 [5] Public Staff WSIP Exhibit I, Schedule 2-8, Column (a), Line 7.  
 [6] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (c), Line 65.  
 [7] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (d), Line 65.

[8] Public Staff WSIP Exhibit I, Schedule 2-8, Column (d), Line 7.  
 [9] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (c), Line 46.  
 [10] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (d), Line 46.  
 [11] Public Staff WSIP Exhibit I, Schedule 2-8, Column (g), Line 7.  
 [12] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (c), Line 58.  
 [13] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (d), Line 58.  
 [14] Public Staff WSIP Exhibit I, Schedule 2-8, Column (j), Line 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(b)

**CWSNC SEWER OPERATIONS**

Line No.		<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Depreciation on direct plant	\$3,444,125 [6]	\$3,578,570 [6]	\$4,019,711 [6]
2	Depreciation on allocated plant	113,577 [2]	113,577 [2]	113,577 [2]
3	Gain on sale	0 [3]	0 [3]	0 [3]
4	Excess book value	0 [3]	0 [3]	0 [3]
5	Total depreciation expense (Sum of L1 thru L4)	<u>\$3,557,702</u>	<u>\$3,692,147</u>	<u>\$4,133,288</u>
6	Depreciable AIA	0 [3]	0 [3]	0 [3]
7	Amortization rate	2.75% [7]	2.74% [7]	2.72% [7]
8	AIA amortization expense (L6 x L7)	-	-	-
9	CIAC amortization expense	<u>(625,462)</u>	<u>(625,462)</u>	<u>(625,462) [2]</u>
10	CIAC and AIAC amortization expense (L8 + L9)	<u>(625,462)</u>	<u>(625,462)</u>	<u>(625,462)</u>
11	Purchase acquisition adjustment	(\$627,070) [8]	(\$627,070) [8]	(\$627,070) [8]
12	Amortization rate	2.75% [7]	2.74% [7]	2.72% [7]
13	PAA amortization expense (L11 x L12)	<u>(\$17,244)</u>	<u>(\$17,182)</u>	<u>(\$17,056)</u>

[1] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (c), Line 52.	[8] Public Staff WSIP Exhibit I, Schedule 2-8, Column (d), Line 7.
[2] Calculated by the Public Staff based on information provided by the Company.	[9] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (c), Line 46.
[3] Per examination of Company's financial records.	[10] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (d), Line 46.
[4] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (d),	[11] Public Staff WSIP Exhibit I, Schedule 2-8, Column (g), Line 7.
[5] Public Staff WSIP Exhibit I, Schedule 2-8, Column (a), Line 7.	[12] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (c), Line 58.
[6] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (c), Line 65.	[13] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (d), Line 58.
[7] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (d), Line 65.	[14] Public Staff WSIP Exhibit I, Schedule 2-8, Column (j), Line 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(c)

**BF/FH/TC WATER OPERATIONS**

Line No.		Rate Year 1	Rate Year 2	Rate Year 3
		(a)	(b)	(c)
1	Depreciation on direct plant	\$205,295 [9]	\$234,145 [9]	\$241,321 [9]
2	Depreciation on allocated plant	27,377 [2]	27,377 [2]	27,377 [2]
3	Gain on sale	0 [3]	0 [3]	0 [3]
4	Excess book value	0 [3]	0 [3]	0 [3]
5	Total depreciation expense (Sum of L1 thru L4)	<u>\$232,672</u>	<u>\$261,522</u>	<u>\$268,698</u>
6	Depreciable AIA	0 [3]	0 [3]	0 [3]
7	Amortization rate	2.33% [10]	2.41% [10]	2.39% [10]
8	AIA amortization expense (L6 x L7)	-	-	-
9	CIAC amortization expense	<u>(57,707)</u>	<u>(57,707)</u>	<u>(57,707) [2]</u>
10	CIAC and AIAC amortization expense (L8 + L9)	<u>(57,707)</u>	<u>(57,707)</u>	<u>(57,707)</u>
11	Purchase acquisition adjustment	\$607,432 [11]	\$607,432 [11]	\$607,432 [11]
12	Amortization rate	2.33% [10]	2.41% [10]	2.39% [10]
13	PAA amortization expense (L11 x L12)	<u>\$14,153</u>	<u>\$14,639</u>	<u>\$14,518</u>

[1] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (c), Line 52.  
[2] Calculated by the Public Staff based on information provided by the Company.  
[3] Per examination of Company's financial records.  
[4] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (d),  
[5] Public Staff WSIP Exhibit I, Schedule 2-8, Column (a), Line 7.  
[6] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (c), Line 65.  
[7] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (d), Line 65.

[8] Public Staff WSIP Exhibit I, Schedule 2-8, Column (d), Line 7.  
[9] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (c), Line 46.  
[10] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (d), Line 46.  
[11] Public Staff WSIP Exhibit I, Schedule 2-8, Column (g), Line 7.  
[12] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (c), Line 58.  
[13] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (d), Line 58.  
[14] Public Staff WSIP Exhibit I, Schedule 2-8, Column (j), Line 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSE**  
For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(d)

**BF/FH/TC SEWER OPERATIONS**

Line No.	Rate Year 1	Rate Year 2	Rate Year 3
	(a)	(b)	(c)
1 Depreciation on direct plant	\$437,654 [12]	\$582,941 [12]	\$593,306 [12]
2 Depreciation on allocated plant	27,914 [2]	27,914 [2]	27,914 [2]
3 Gain on sale	0 [3]	0 [3]	0 [3]
4 Excess book value	0 [3]	0 [3]	0 [3]
5 Total depreciation expense (Sum of L1 thru L4)	<u>\$465,568</u>	<u>\$610,855</u>	<u>\$621,220</u>
6 Depreciable AIA	0 [3]	0 [3]	0 [3]
7 Amortization rate	2.64% [13]	2.59% [13]	2.57% [13]
8 AIA amortization expense (L6 x L7)	-	-	-
9 CIAC amortization expense	<u>(150,635) [2]</u>	<u>(150,635) [2]</u>	<u>(150,635) [2]</u>
10 CIAC and AIAC amortization expense (L8 + L9)	<u>(150,635)</u>	<u>(150,635)</u>	<u>(150,635)</u>
11 Purchase acquisition adjustment	\$1,680,077 [14]	\$1,680,077 [14]	\$1,680,077 [14]
12 Amortization rate	2.64% [13]	2.59% [13]	2.57% [13]
13 PAA amortization expense (L11 x L12)	<u>\$44,354</u>	<u>\$43,514</u>	<u>\$43,178</u>

<p>[1] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (c), Line 52.                  [2] Calculated by the Public Staff based on information provided by the Company.                  [3] Per examination of Company's financial records.                  [4] Public Staff WSIP Exhibit I, Schedule 3-17-1(a), Column (d),                  [5] Public Staff WSIP Exhibit I, Schedule 2-8, Column (a), Line 7.                  [6] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (c), Line 65.                  [7] Public Staff WSIP Exhibit I, Schedule 3-17-1(b), Column (d), Line 65.</p>	<p>[8] Public Staff WSIP Exhibit I, Schedule 2-8, Column (d), Line 7.                  [9] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (c), Line 46.                  [10] Public Staff WSIP Exhibit I, Schedule 3-17-1(c), Column (d), Line 46.                  [11] Public Staff WSIP Exhibit I, Schedule 2-8, Column (g), Line 7.                  [12] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (c), Line 58.                  [13] Public Staff WSIP Exhibit I, Schedule 3-17-1(d), Column (d), Line 58.                  [14] Public Staff WSIP Exhibit I, Schedule 2-8, Column (j), Line 7.</p>
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**CAROLINA WATER SERVICE, INC., OF NC**

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18-1(a)

**CWSNC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant In Service [1]	Depreciation Rate [2]	Annual Depreciation [3]	Composite Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$410,888	2.50%	\$10,272	
2	141202	Franchises	\$140,283	2.50%	3,507	
3	141102	Land & land rights pump	\$0	0.00%	0	
4	141103	Land and Rights Water	\$0	0.00%	0	
5	141104	Land and Rights Trans	\$0	0.00%	0	
6	141101	Land & land rights gen. plt.	\$150,596	0.00%	0	
7	141204	Struct & improv. src. supply	\$4,489,620	2.00%	89,792	
8	141205	Struct & improv. wtr. trt. plt.	\$1,606,807	2.00%	32,136	
9	141206	Struct & improv. trans. dist.	\$290,026	2.00%	5,801	
10	141203	Struct & improv. gen. plt.	\$422,052	2.00%	8,441	
11	141221	Collecting reservoirs	\$732,382	2.00%	14,648	
12	141223	Wells & springs	\$14,627,308	2.00%	292,546	
13	141224	Infiltration gallery	\$45,185	2.50%	1,130	
14	141225	Supply mains	\$853,751	1.00%	8,538	
15	141226	Power generation equip.	\$167,421	10.00%	16,742	
16	141227	Electric pump equip. src. plt.	\$3,022,067	14.29%	431,853	
17	141228	Electric pump equip. wtp.	\$9,069,838	3.33%	302,026	
18	141229	Electric pump equip. trans.	\$4,786,213	14.29%	683,950	
19	141230	Water treatment equip.	\$5,681,387	2.50%	142,035	
20	141231	Dist. resv. & standpipes	\$8,243,639	2.00%	164,873	
21	141232	Trans. & distr. mains	\$35,648,630	1.00%	356,486	
22	141233	Service lines	\$14,950,351	2.00%	299,007	
23	141234	Meters	\$6,361,624	3.33%	211,842	
24	141235	Meter installations	\$2,095,782	3.33%	69,790	
25	141236	Hydrants	\$1,452,995	2.50%	36,325	
26	141237	Backflow prevention devic.	\$61,347	10.00%	6,135	
27	141268	Other plt. & misc. equip. src. su.	\$0	2.50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$23,372	2.50%	584	
29	141220	Office struct & improv.	\$95,359	10.00%	9,536	
30	141303	Office furn. & equip.	\$80,259	10.00%	8,026	
31	141305	Stores equipment	\$16,056	3.33%	535	
32	141308	Tool shop & misc. equip.	\$510,940	5.00%	25,547	
33	141306	Laboratory equipment	\$67,258	10.00%	6,726	
34	141309	Power operated equip.	\$371,593	10.00%	37,159	
35	141310	Communication equip.	\$168,137	10.00%	16,814	
36	141311	Misc. equipment	\$207,547	3.33%	6,911	
37	141278	Water plant allocated	\$207,809	6.67%	13,861	
38	141271	Other tangible plt. water	\$11,508	2.50%	288	
39	141248	Receiving Wells	\$176,603	2.00%	3,532	
40	141401	Transportation equip.	\$306,968	20.00%	61,394	
41	141503	Mainframe computer - wtr	(\$4,591)	0.00%	0	
42	141504	Mini computer - wtr	(\$31,950)	0.00%	0	
43	141602	Comp. system cost - wtr	(\$136,755)	0.00%	0	
44	141603	Micro system cost - wtr	(\$2,375)	0.00%	0	
45	141255	Plant Sewers Treatment Plt	\$0	2.50%	0	
46	141299	Utility Plant Clearing	(\$0)	0.00%	0	
47	141699	Computer Clearing	\$0	0.00%	0	
48	141601	Computer Software	(\$4,470)	0.00%	0	
49	141501	Computer Hardware	(\$30)	0.00%	0	
50	141502	Desktop/Laptop Computers	(\$679)	0.00%	0	
51	141293	Plant Held for Future Use	\$0	0.00%	0	
52	141399	Building and Equipment Clearing	\$0	0.00%	0	
53		Pro forma plant additions		0.00%	0	
54		Total plant in service (Sum of L1 thru L51)	\$117,372,752		\$3,378,788	2.88% [4]

[1] Public Staff Settlement Exhibit 1, 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 54.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF DIRECT PLANT  
 DEPRECIATION EXPENSE**  
 For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-18-1(b)

**CWSNC SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$883,492	2.50%	\$22,087	
2	141202	Franchises intang. plt.	\$127,476	2.50%	3,187	
3	141107	Land and Rights Treatment	\$0	0.00%	0	
4	141108	Land and Rights Reclaim	\$0	0.00%	0	
5	141101	Land & land rights gen. plt.	\$0	0.00%	0	
6	141207	Struct/improv. coll. plt.	\$107,603	2.00%	2,152	
7	141208	Struct/improv. pump plt. ls.	\$11,419,401	2.00%	228,388	
8	141209	Struct/improv. treat. plt.	\$20,068,597	2.50%	501,715	
9	141210	Struct/improv. reclaim. wtr.	\$2,586	2.50%	65	
10	141211	Struct/improv. reclaim. wtr.	\$180,481	2.50%	4,512	
11	141203	Struct/improv. gen. plt.	\$1,707,245	2.00%	34,145	
12	141238	Power gen. equip. coll. plt.	\$107,623	10.00%	10,762	
13	141239	Power gen. equip. pump plt.	\$53,341	10.00%	5,334	
14	141240	Power gen. equip. treat. plt.	\$313,217	10.00%	31,322	
15	141241	Sewer force main/serv. lin.	\$4,404,358	1.33%	58,578	
16	141242	Sewer gravity main	\$18,842,080	1.00%	188,421	
17	141243	Manholes	\$1,521,696	1.00%	15,217	
18	141244	Special coll. structures	\$7,032	2.00%	141	
19	141245	Services to customers	\$2,249,446	1.33%	29,918	
20	141246	Flow measure devices	\$145,734	4.00%	5,829	
21	141247	Flow measure install	\$1,106	4.00%	44	
22	141248	Receiving wells	\$233,985	2.00%	4,680	
23	141249	Pumping equipment pump plt.	\$5,142,262	14.29%	734,829	
24	141250	Pumping equipment reclaim.	\$39,650	14.29%	5,666	
25	141251	Pumping equipment rcl. wtr.	\$83,456	14.29%	11,926	
26	141252	Treat./disp. equip. lagoon	\$597,528	2.50%	14,938	
27	141253	Treat./disp. equip. trt. plt.	\$18,875,550	2.50%	471,889	
28	141254	Treat./disp. equip. rct. wtp.	\$29,387	2.50%	735	
29	141255	Plant sewers treat. plt.	\$17,985,978	2.50%	449,649	
30	141256	Plant sewers reclaim wtp.	\$8,065	2.50%	202	
31	141257	Outfall lines	\$656,343	1.00%	6,563	
32	141271	Other plt. tangible	\$14,761	2.50%	369	
33	141272	Other plt. collection	\$11,641	2.00%	233	
34	141273	Other plt. pump	\$471,095	2.50%	11,777	
35	141274	Other plt. treatment	\$334,740	2.50%	8,369	
36	141275	Other plt. reclaim wtr. trt.	\$0	2.50%	0	
37	141276	Other plt. reclaim wtr. dis.	\$460	2.50%	11	
38	141220	Office struct & improv.	\$52,857	10.00%	5,286	
39	141303	Office furn. & equip.	\$43,408	10.00%	4,341	
40	141305	Stores equipment	\$8,111	3.33%	270	
41	141308	Tool shop & misc. equip.	\$226,555	5.00%	11,328	
42	141306	Laboratory equipment	\$159,287	10.00%	15,929	
43	141309	Power operated equip.	\$478,138	10.00%	47,814	
44	141310	Communication equip.	\$103,571	10.00%	10,357	
45	141311	Misc equip. sewer	\$66,764	3.33%	2,223	
46	141278	Sewer plant allocated	\$526,952	6.67%	35,148	
47	0	Other tangible plt. sewer	\$0	2.50%	0	
48	141263	Reuse dist. reservoirs	\$3,507	2.00%	70	
49	141264	Reuse transmission & dist.	\$121,119	2.00%	2,422	
50	141401	Transportation equip.	\$183,139	20.00%	36,628	
51	141502	Desktop computer - wtr	(\$405)	0.00%	0	
52	141503	Mainframe computer - wtr	(\$2,739)	0.00%	0	
53	141504	Mini computer - wtr	(\$22,943)	0.00%	0	
54	141602	Comp. system cost - wtr	\$27,423	0.00%	0	
55	141603	Micro system cost - wtr	(\$1,417)	0.00%	0	
56	141501	Computer Hardware	(\$18)	0.00%	0	
57	141299	Utility Plant Clearing	(\$0)	0.00%	0	
58	141399	Building and Equipment Clearing	\$0	0.00%	0	
59	141233	Service Lines	(\$120)	2.00%	(2)	
60	141699	Computer Clearing	\$0	0.00%	0	
62	141601	Computer Software	(\$2,667)	0.00%	0	
63	141231	Dist Resv and Standpipes	\$0	2.00%	0	
64	141232	Trans and Distr Mains	\$0	1.00%	0	
65	141293	Plt. held for future use	\$0	0.00%	0	
66	141205	Struct and Improv Water Treat Plt	\$0	2.00%	0	
67	141230	Water Treatment Equipment	\$0	2.50%	0	
68	141226	Power Generation Equipment	\$298,745	10.00%	29,875	
69	113101		\$0	0.00%	0	
70		Pro forma plant additions	\$0	0.00%	0	
71		Total plant in service (Sum of L1 thru L64)	\$108,896,685		\$3,065,342	2.81% [4]

[1] Public Staff Settlement Exhibit 1, 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 71.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18-1(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$79,800	2 50%	\$1,995	
2	141202	Franchises	\$51,240	2 50%	1,281	
3	141501	Computer Hardware	(\$4)	16.67%	(1)	
4	141502	Desktop/Laptop Computers	(\$82)	16.67%	(14)	
5	141601	Computer Software	(\$537)	0 00%	0	
6	141101	Land & land rights gen. plt.	\$0	0 00%	0	
7	141204	Struct & improv. src. supply	\$214,617	2 00%	4,292	
8	141205	Struct & improv. wtr. trt. plt.	\$147,285	2 00%	2,946	
9	141206	Struct & improv. trans. dist.	\$461	2 00%	9	
10	141203	Struct & improv. gen. plt.	\$2,244	2 00%	45	
11	141221	Collecting reservoirs	\$0	2 00%	0	
12	141223	Wells & springs	\$510,515	2 00%	10,210	
13	141224	Infiltration gallery		2 50%	0	
14	141225	Supply mains	\$10,995	1 00%	110	
15	141226	Power generation equip.		10.00%	0	
16	141227	Electric pump equip. src. plt.	\$63,258	14.29%	9,040	
17	141228	Electric pump equip. wtp.	\$400,215	3 33%	13,327	
18	141229	Electric pump equip. trans.	\$63,012	14.29%	9,004	
19	141230	Water treatment equip.	\$152,696	2 50%	3,817	
20	141231	Dist. resv. & standpipes	\$920,874	2 00%	18,417	
21	141232	Trans. & distr. mains	\$1,900,043	1 00%	19,000	
22	141233	Service lines	\$874,073	2 00%	17,481	
23	141234	Meters	\$197,234	3 33%	6,568	
24	141235	Meter installations	\$186,239	3 33%	6,202	
25	141236	Hydrants	\$278,957	2 50%	6,974	
26	141237	Backflow prevention devic.	\$151	10.00%	15	
27	141268	Other plt. & misc. equip. src. su.		2 50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$0	2 50%	0	
29	141220	Office struct & improv.	\$24,979	10.00%	2,498	
30	141303	Office furn. & equip.	\$2,993	10.00%	299	
31	141305	Stores equipment	\$348	3 33%	12	
32	141308	Tool shop & misc. equip.	\$102,382	5 00%	5,119	
33	141306	Laboratory equipment	\$14,540	10.00%	1,454	
34	141309	Power operated equip.	\$13,291	10.00%	1,329	
35	141310	Communication equip.	\$77,889	10.00%	7,789	
36	141311	Misc. equipment	\$528	3 33%	18	
37	141278	Water plant allocated		6 67%	0	
38	141271	Other tangible plt. water		2 50%	0	
39	141401	Transportation equip.	(\$26)	20.00%	(5)	
40	141503	Mainframe computer - wtr	(\$552)	0 00%	0	
41	141504	Mini computer - wtr	(\$3,474)	0 00%	0	
42	141602	Comp. system cost - wtr	(\$16,431)	0 00%	0	
43	141603	Micro system cost - wtr	(\$285)	0 00%	0	
44	141293	Plt. held for future use		0 00%	0	
45	141699	Computer Clearing	\$0	0 00%	0	
46	141299	Utility Plant Clearing	\$0	0 00%	0	
47	141102	Land & land rights pump	\$0	0 00%	0	
48	141399	Building and Equipment Clearing	\$0	0 00%	0	
49		Total plant in service (Sum of L1 thru L45)	\$6 269 466		\$149 231	2 38% [4]

[1] Public Staff Settlement Exhibit 1, 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 49.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18-1(d)

**BF/FH SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$14,682	2 50%	\$367	
2	141202	Franchises	\$41,938	2 50%	1,048	
3	141203	Struct and Improv General Plant	\$267,093	2 00%	5,342	
4	141207	Struct and Improv Collect Plant	\$150	0 00%	0	
5	141208	Struct and Improv Pump Plant	\$1,690,854	2 00%	33,817	
6	141209	Struct and Improv Treatment Plant	\$1,837,554	2 50%	45,939	
7	141211	Struct and Improv Reclaim Wtr Dist	\$2,477	2 50%	62	
8	141220	Struct and Improv Office	\$74,442	10,00%	7,444	
9	141227	Electric Pump Equip Src Pump	(\$2,538)	0 00%	0	
10	141230	Water Treatment Equipment	\$0	0 00%	0	
11	141231	Dist Resv and Standpipes	\$0	2 00%	0	
12	141232	Trans and Distr Mains	\$0	1 00%	0	
13	141239	Power Gen Equip Pump Plt	\$112,475	10,00%	11,247	
14	141241	Sewer Force Main	\$227,006	1 33%	3,019	
15	141242	Sewer Gravity Main	\$5,331,906	1 00%	53,319	
16	141243	Manholes	\$53,112	1 00%	531	
17	141244	Special Collection Structures	\$775	2 00%	16	
18	141245	Service to Customers	\$339,216	1 33%	4,512	
19	141246	Flow Measure Devices	\$17,806	4 00%	712	
20	141249	Pumping Equip Pump Plt	\$826,753	14,29%	118,143	
21	141250	Pumping Equip Reclaim WTP	\$96,219	14,29%	13,750	
22	141252	Treat/Disp Equip Lagoon	\$56	2 50%	1	
23	141253	Treat/Disp Equip Trt Plt	\$3,775,113	2 50%	94,378	
24	141255	Plant Sewers Treatment Plt	\$393,451	2 50%	9,836	
25	141257	Outfall Lines	\$74,700	1 00%	747	
26	141263	Reuse Dist Reservoirs	\$2,763	2 00%	55	
27	141264	Reuse Transmission and Dist	\$2,491	2 00%	50	
28	141271	Other Tangible Plant	\$79,334	2 50%	1,983	
29	141272	Other Plant Collection	(\$224)	2 00%	(4)	
30	141273	Other Plant Pump	\$3,442	2 50%	86	
31	141275	Other Plant Reclaim Water Trt	\$12,677	2 50%	317	
32	141299	Utility Plant Clearing	(\$0)	0 00%	0	
33	141303	Office Furniture	\$316	10,00%	32	
34	141305	Stores Equipment	\$2,798	3 33%	93	
35	141306	Lab Equipment	\$6,734	10,00%	673	
36	141308	Tool Shop Equipment	\$21,346	5 00%	1,067	
37	141309	Power Operated Equipment	\$53,931	10,00%	5,393	
38	141310	Communications Equipment	\$58,359	10,00%	5,836	
39	141311	Misc Equipment	\$68,996	3 33%	2,298	
40	141399	Building and Equipment Clearing	\$0	0 00%	0	
41	141401	Vehicles	(\$26)	0 00%	0	
42	141501	Computer Hardware	(\$4)	16,67%	(1)	
43	141502	Desktop/Laptop Computers	(\$83)	0 00%	0	
44	141503	Mainframe Computers	(\$565)	0 00%	0	
45	141504	Mini Comp Wtr	(\$5,283)	0 00%	0	
46	141601	Computer Software	(\$550)	0 00%	0	
47	141602	Comp Systems	(\$16,819)	0 00%	0	
48	141603	Micro Systems	(\$292)	0 00%	0	
49	141699	Computer Clearing	\$0	0 00%	0	
50	141251	Pumping Equip Rcl Wtr Dist	\$0	14,29%	0	
51	141254	Treat/Disp Equip Rclm Wtr	\$0	2 50%	0	
52						
53		Total plant in service (Sum of L1 thru L57)	\$15,464,580		\$422,108	2.73% [4]

[1] Public Staff Settlement Exhibit 1, 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 53.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(a)(1)

**CWSNC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant In Service [1] (a)	Depreciation Rate [2] (b)	Annual Depreciation [3] (c)	Composite Rate (d)
1	141201	Organization	\$410,888	2.50%	\$10,272	
2	141202	Franchises	\$140,283	2.50%	3,507	
3	141102	Land & land rights pump	\$0	0.00%	0	
4	141103	Land and Rights Water	\$0	0.00%	0	
5	141104	Land and Rights Trans	\$0	0.00%	0	
6	141101	Land & land rights gen. plt.	\$150,596	0.00%	0	
7	141204	Struct & improv. src. supply	\$4,879,730	2.00%	97,595	
8	141205	Struct & improv. wtr. trt. plt.	\$1,660,660	2.00%	33,213	
9	141206	Struct & improv. trans. dist.	\$297,499	2.00%	5,950	
10	141203	Struct & improv. gen. plt.	\$437,878	2.00%	8,758	
11	141221	Collecting reservoirs	\$732,382	2.00%	14,648	
12	141223	Wells & springs	\$15,567,071	2.00%	311,341	
13	141224	Infiltration gallery	\$45,185	2.50%	1,130	
14	141225	Supply mains	\$952,189	1.00%	9,522	
15	141226	Power generation equip.	\$168,108	10.00%	16,811	
16	141227	Electric pump equip. src. plt.	\$3,080,832	14.29%	440,251	
17	141228	Electric pump equip. wtp.	\$9,494,119	3.33%	316,154	
18	141229	Electric pump equip. trans.	\$4,896,743	14.29%	699,745	
19	141230	Water treatment equip.	\$6,480,346	2.50%	162,009	
20	141231	Dist. resv. & standpipes	\$8,392,936	2.00%	167,859	
21	141232	Trans. & distr. mains	\$39,921,539	1.00%	399,215	
22	141233	Service lines	\$15,518,254	2.00%	310,365	
23	141234	Meters	\$9,279,611	3.33%	309,011	
24	141235	Meter installations	\$2,152,288	3.33%	71,671	
25	141236	Hydrants	\$1,498,605	2.50%	37,465	
26	141237	Backflow prevention devic.	\$62,898	10.00%	6,290	
27	141268	Other plt. & misc. equip. src. su.	\$0	2.50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$23,372	2.50%	584	
29	141220	Office struct & improv.	\$320,359	10.00%	32,036	
30	141303	Office furn. & equip.	\$80,259	10.00%	8,026	
31	141305	Stores equipment	\$18,867	3.33%	628	
32	141308	Tool shop & misc. equip.	\$517,194	5.00%	25,860	
33	141306	Laboratory equipment	\$68,729	10.00%	6,873	
34	141309	Power operated equip.	\$377,447	10.00%	37,745	
35	141310	Communication equip.	\$1,162,663	10.00%	116,266	
36	141311	Misc. equipment	\$213,259	3.33%	7,102	
37	141278	Water plant allocated	\$207,809	6.67%	13,861	
38	141271	Other tangible plt. water	\$11,508	2.50%	288	
39	141248	Receiving Wells	\$176,603	2.00%	3,532	
40	141401	Transportation equip.	\$306,968	20.00%	61,394	
41	141503	Mainframe computer - wtr	(\$4,591)	0.00%	0	
42	141504	Mini computer - wtr	(\$31,950)	0.00%	0	
43	141602	Comp. system cost - wtr	(\$136,755)	0.00%	0	
44	141603	Micro system cost - wtr	(\$2,375)	0.00%	0	
45	141255	Plant Sewers Treatment Plt	\$0	2.50%	0	
46	141299	Utility Plant Clearing	(\$0)	0.00%	0	
47	141699	Computer Clearing	\$0	0.00%	0	
48	141601	Computer Software	(\$4,470)	0.00%	0	
49	141501	Computer Hardware	(\$30)	0.00%	0	
50	141502	Desktop/Laptop Computers	(\$679)	0.00%	0	
51	141293	Plant Held for Future Use	\$0	0.00%	0	
52	141399	Building and Equipment Clearing	\$0	0.00%	0	
53		Pro forma plant additions		0.00%	0	
54		Total plant in service (Sum of L1 thru L51)	\$129,524,831		\$3,746,977	2.89% [4]

[1] Sun 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 54.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(b)(1)

**CWSNC SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$883,492	2 50%	\$22,087	
2	141202	Franchises intang. plt.	\$127,476	2 50%	3,187	
3	141107	Land and Rights Treatment	\$0	0 00%	0	
4	141108	Land and Rights Reclaim	\$0	0 00%	0	
5	141101	Land & land rights gen. plt.	\$0	0 00%	0	
6	141207	Struct/improv. coll. plt.	\$112,301	2 00%	2,246	
7	141208	Struct/improv. pump plt. ls.	\$11,591,694	2 00%	231,834	
8	141209	Struct/improv. treat. plt.	\$30,529,118	2 50%	763,228	
9	141210	Struct/improv. reclaim. wtr.	\$2,586	2 50%	65	
10	141211	Struct/improv. reclaim. wtr.	\$180,699	2 50%	4,517	
11	141203	Struct/improv. gen. plt.	\$1,735,846	2 00%	34,717	
12	141238	Power gen. equip. coll. plt.	\$107,623	10.00%	10,762	
13	141239	Power gen. equip. pump plt.	\$53,476	10.00%	5,348	
14	141240	Power gen. equip. treat. plt.	\$320,738	10.00%	32,074	
15	141241	Sewer force main/serv. lin.	\$4,457,704	1 33%	59,287	
16	141242	Sewer gravity main	\$22,201,357	1 00%	222,014	
17	141243	Manholes	\$1,588,701	1 00%	15,887	
18	141244	Special coll. structures	\$7,313	2 00%	146	
19	141245	Services to customers	\$2,443,983	1 33%	32,505	
20	141246	Flow measure devices	\$152,603	4 00%	6,104	
21	141247	Flow measure install	\$1,126	4 00%	45	
22	141248	Receiving wells	\$269,954	2 00%	5,399	
23	141249	Pumping equipment pump plt.	\$5,318,066	14.29%	759,952	
24	141250	Pumping equipment reclaim.	\$40,271	14.29%	5,755	
25	141251	Pumping equipment rcl. wtr.	\$87,420	14.29%	12,492	
26	141252	Treat./disp. equip. lagoon	\$603,169	2 50%	15,079	
27	141253	Treat./disp. equip. trt. plt.	\$20,570,008	2 50%	514,250	
28	141254	Treat./disp. equip. rct. wtp.	\$33,489	2 50%	837	
29	141255	Plant sewers treat. plt.	\$18,041,175	2 50%	451,029	
30	141256	Plant sewers reclaim wtp.	\$8,252	2 50%	206	
31	141257	Outfall lines	\$692,341	1 00%	6,923	
32	141271	Other plt. tangible	\$17,346	2 50%	434	
33	141272	Other plt. collection	\$11,727	2 00%	235	
34	141273	Other plt. pump	\$472,395	2 50%	11,810	
35	141274	Other plt. treatment	\$350,886	2 50%	8,772	
36	141275	Other plt. reclaim wtr. trt.	\$0	2 50%	0	
37	141276	Other plt. reclaim wtr. dis.	\$460	2 50%	11	
38	141220	Office struct & improv.	\$52,857	10.00%	5,286	
39	141303	Office furn. & equip.	\$43,408	10.00%	4,341	
40	141305	Stores equipment	\$8,722	3 33%	290	
41	141308	Tool shop & misc. equip.	\$230,278	5 00%	11,514	
42	141306	Laboratory equipment	\$162,500	10.00%	16,250	
43	141309	Power operated equip.	\$497,051	10.00%	49,705	
44	141310	Communication equip.	\$108,700	10.00%	10,870	
45	141311	Misc equip. sewer	\$72,655	3 33%	2,419	
46	141278	Sewer plant allocated	\$526,952	6 67%	35,148	
47	0	Other tangible plt. sewer	\$0	2 50%	0	
48	141263	Reuse dist. reservoirs	\$3,533	2 00%	71	
49	141264	Reuse transmission & dist.	\$129,825	2 00%	2,596	
50	141401	Transportation equip.	\$183,139	20.00%	36,628	
51	141502	Desktop computer - wtr	(\$405)	0 00%	0	
52	141503	Mainframe computer - wtr	(\$2,739)	0 00%	0	
53	141504	Mini computer - wtr	(\$22,943)	0 00%	0	
54	141602	Comp. system cost - wtr	\$27,423	0 00%	0	
55	141603	Micro system cost - wtr	(\$1,417)	0 00%	0	
56	141501	Computer Hardware	(\$18)	0 00%	0	
57	141299	Utility Plant Clearing	(\$0)	0 00%	0	
58	141399	Building and Equipment Clearing	\$0	0 00%	0	
59	141233	Service Lines	(\$5,243)	2 00%	(105)	
60	141699	Computer Clearing	\$0	0 00%	0	
62	141601	Computer Software	(\$2,667)	0 00%	0	
63	141231	Dist Resv and Standpipes	\$0	2 00%	0	
64	141232	Trans and Distr Mains	\$0	1 00%	0	
65	141293	Plt. held for future use	\$0	0 00%	0	
66	141205	Struct and Improv Water Treat Plt	\$0	2 00%	0	
67	141230	Water Treatment Equipment	\$0	2 50%	0	
68	141226	Power Generation Equipment	\$298,745	10.00%	29,875	
69	113101		\$0	0 00%	0	
70		Pro forma plant additions	\$0	0 00%	0	
71		Total plant in service (Sum of L1 thru L64)	<u>\$125,325,154</u>		<u>\$3,444,125</u>	<u>2.75%</u> [4]

[1] Sun 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 71.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule 3-17(c)(1)

**BF/FH/TC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$79,800	2 50%	\$1,995	
2	141202	Franchises	\$51,240	2 50%	1,281	
3	141501	Computer Hardware	(\$4)	16.67%	(1)	
4	141502	Desktop/Laptop Computers	(\$82)	16.67%	(14)	
5	141601	Computer Software	(\$537)	0 00%	0	
6	141101	Land & land rights gen. plt.	\$0	0 00%	0	
7	141204	Struct & improv. src. supply	\$226,207	2 00%	4,524	
8	141205	Struct & improv. wtr. trt. plt.	\$148,430	2 00%	2,969	
9	141206	Struct & improv. trans. dist.	\$461	2 00%	9	
10	141203	Struct & improv. gen. plt.	\$2,611	2 00%	52	
11	141221	Collecting reservoirs	\$0	2 00%	0	
12	141223	Wells & springs	\$518,518	2 00%	10,370	
13	141224	Infiltration gallery		2 50%	0	
14	141225	Supply mains	\$12,113	1 00%	121	
15	141226	Power generation equip.		10.00%	0	
16	141227	Electric pump equip. src. plt.	\$67,316	14.29%	9,619	
17	141228	Electric pump equip. wtp.	\$410,965	3 33%	13,685	
18	141229	Electric pump equip. trans.	\$66,865	14.29%	9,555	
19	141230	Water treatment equip.	\$157,395	2 50%	3,935	
20	141231	Dist. resv. & standpipes	\$2,704,374	2 00%	54,087	
21	141232	Trans. & distr. mains	\$2,096,146	1 00%	20,961	
22	141233	Service lines	\$953,237	2 00%	19,065	
23	141234	Meters	\$609,917	3 33%	20,310	
24	141235	Meter installations	\$192,573	3 33%	6,413	
25	141236	Hydrants	\$282,272	2 50%	7,057	
26	141237	Backflow prevention devic.	\$193	10.00%	19	
27	141268	Other plt. & misc. equip. src. su.		2 50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$0	2 50%	0	
29	141220	Office struct & improv.	\$24,979	10.00%	2,498	
30	141303	Office furn. & equip.	\$2,993	10.00%	299	
31	141305	Stores equipment	\$373	3 33%	12	
32	141308	Tool shop & misc. equip.	\$103,034	5 00%	5,152	
33	141306	Laboratory equipment	\$14,883	10.00%	1,488	
34	141309	Power operated equip.	\$14,238	10.00%	1,424	
35	141310	Communication equip.	\$83,945	10.00%	8,394	
36	141311	Misc. equipment	\$620	3 33%	21	
37	141278	Water plant allocated		6 67%	0	
38	141271	Other tangible plt. water		2 50%	0	
39	141401	Transportation equip.	(\$26)	20.00%	(5)	
40	141503	Mainframe computer - wtr	(\$552)	0 00%	0	
41	141504	Mini computer - wtr	(\$3,474)	0 00%	0	
42	141602	Comp. system cost - wtr	(\$16,431)	0 00%	0	
43	141603	Micro system cost - wtr	(\$285)	0 00%	0	
44	141293	Plt. held for future use		0 00%	0	
45	141699	Computer Clearing	\$0	0 00%	0	
46	141299	Utility Plant Clearing	\$0	0 00%	0	
47	141102	Land & land rights pump	\$0	0 00%	0	
48	141399	Building and Equipment Clearing	\$0	0 00%	0	
49		Total plant in service (Sum of L1 thru L45)	<u>\$8 804 306</u>		<u>\$205 295</u>	<u>2 33%</u> [4]

[1] Sun 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 49.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule 3-17(d)(1) Revised

**BF/FH SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$14,682	2 50%	\$367	
2	141202	Franchises	\$41,938	2 50%	1,048	
3	141203	Struct and Improv General Plant	\$285,393	2 00%	5,708	
4	141207	Struct and Improv Collect Plant	\$150	0 00%	0	
5	141208	Struct and Improv Pump Plant	\$1,692,434	2 00%	33,849	
6	141209	Struct and Improv Treatment Plant	\$1,846,462	2 50%	46,162	
7	141211	Struct and Improv Reclaim Wtr Dist	\$2,477	2 50%	62	
8	141220	Struct and Improv Office	\$74,442	10,00%	7,444	
9	141227	Electric Pump Equip Src Pump	(\$2,538)	0 00%	0	
10	141230	Water Treatment Equipment	\$0	0 00%	0	
11	141231	Dist Resv and Standpipes	\$0	2 00%	0	
12	141232	Trans and Distr Mains	\$0	1 00%	0	
13	141239	Power Gen Equip Pump Plt	\$112,594	10,00%	11,259	
14	141241	Sewer Force Main	\$237,067	1 33%	3,153	
15	141242	Sewer Gravity Main	\$6,278,265	1 00%	62,783	
16	141243	Manholes	\$52,823	1 00%	528	
17	141244	Special Collection Structures	\$775	2 00%	16	
18	141245	Service to Customers	\$436,945	1 33%	5,811	
19	141246	Flow Measure Devices	\$17,972	4 00%	719	
20	141249	Pumping Equip Pump Plt	\$837,326	14,29%	119,654	
21	141250	Pumping Equip Reclaim WTP	\$105,260	14,29%	15,042	
22	141252	Treat/Disp Equip Lagoon	\$56	2 50%	1	
23	141253	Treat/Disp Equip Trt Plt	\$3,775,113	2 50%	94,378	
24	141255	Plant Sewers Treatment Plt	\$400,332	2 50%	10,008	
25	141257	Outfall Lines	\$83,211	1 00%	832	
26	141263	Reuse Dist Reservoirs	\$2,763	2 00%	55	
27	141264	Reuse Transmission and Dist	\$2,845	2 00%	57	
28	141271	Other Tangible Plant	\$79,334	2 50%	1,983	
29	141272	Other Plant Collection	(\$224)	2 00%	(4)	
30	141273	Other Plant Pump	\$3,442	2 50%	86	
31	141275	Other Plant Reclaim Water Trt	\$13,511	2 50%	338	
32	141299	Utility Plant Clearing	(\$0)	0 00%	0	
33	141303	Office Furniture	\$316	10,00%	32	
34	141305	Stores Equipment	\$2,808	3 33%	94	
35	141306	Lab Equipment	\$6,734	10,00%	673	
36	141308	Tool Shop Equipment	\$21,936	5 00%	1,097	
37	141309	Power Operated Equipment	\$54,905	10,00%	5,491	
38	141310	Communications Equipment	\$65,620	10,00%	6,562	
39	141311	Misc Equipment	\$71,073	3 33%	2,367	
40	141399	Building and Equipment Clearing	\$0	0 00%	0	
41	141401	Vehicles	(\$26)	0 00%	0	
42	141501	Computer Hardware	(\$4)	16,67%	(1)	
43	141502	Desktop/Laptop Computers	(\$83)	0 00%	0	
44	141503	Mainframe Computers	(\$565)	0 00%	0	
45	141504	Mini Comp Wtr	(\$5,283)	0 00%	0	
46	141601	Computer Software	(\$550)	0 00%	0	
47	141602	Comp Systems	(\$16,819)	0 00%	0	
48	141603	Micro Systems	(\$292)	0 00%	0	
49	141699	Computer Clearing	\$0	0 00%	0	
50	141251	Pumping Equip Rcl Wtr Dist	\$0	14,29%	0	
51	141254	Treat/Disp Equip Rclm Wtr	\$0	2 50%	0	
52						
53		Total plant in service (Sum of L1 thru L57)	\$16,594,618		\$437,654	2 64% [4]

[1] Sun 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 53.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(a)(2)

**CWSNC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant In Service [1]	Depreciation Rate [2]	Annual Depreciation [3]	Composite Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$410,888	2.50%	\$10,272	
2	141202	Franchises	\$140,283	2.50%	3,507	
3	141102	Land & land rights pump	\$0	0.00%	0	
4	141103	Land and Rights Water	\$0	0.00%	0	
5	141104	Land and Rights Trans	\$0	0.00%	0	
6	141101	Land & land rights gen. plt.	\$150,596	0.00%	0	
7	141204	Struct & improv. src. supply	\$5,861,208	2.00%	117,224	
8	141205	Struct & improv. wtr. trt. plt.	\$1,714,513	2.00%	34,290	
9	141206	Struct & improv. trans. dist.	\$304,973	2.00%	6,099	
10	141203	Struct & improv. gen. plt.	\$453,704	2.00%	9,074	
11	141221	Collecting reservoirs	\$732,382	2.00%	14,648	
12	141223	Wells & springs	\$16,462,516	2.00%	329,250	
13	141224	Infiltration gallery	\$45,185	2.50%	1,130	
14	141225	Supply mains	\$1,050,626	1.00%	10,506	
15	141226	Power generation equip.	\$168,796	10.00%	16,880	
16	141227	Electric pump equip. src. plt.	\$3,139,597	14.29%	448,648	
17	141228	Electric pump equip. wtp.	\$9,768,210	3.33%	325,281	
18	141229	Electric pump equip. trans.	\$5,007,273	14.29%	715,539	
19	141230	Water treatment equip.	\$6,655,125	2.50%	166,378	
20	141231	Dist. resv. & standpipes	\$8,528,798	2.00%	170,576	
21	141232	Trans. & distr. mains	\$43,739,602	1.00%	437,396	
22	141233	Service lines	\$16,086,158	2.00%	321,723	
23	141234	Meters	\$11,817,061	3.33%	393,508	
24	141235	Meter installations	\$2,208,794	3.33%	73,553	
25	141236	Hydrants	\$1,544,215	2.50%	38,605	
26	141237	Backflow prevention devic.	\$64,450	10.00%	6,445	
27	141268	Other plt. & misc. equip. src. su.	\$0	2.50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$23,372	2.50%	584	
29	141220	Office struct & improv.	\$320,359	10.00%	32,036	
30	141303	Office furn. & equip.	\$80,259	10.00%	8,026	
31	141305	Stores equipment	\$21,679	3.33%	722	
32	141308	Tool shop & misc. equip.	\$523,449	5.00%	26,172	
33	141306	Laboratory equipment	\$70,200	10.00%	7,020	
34	141309	Power operated equip.	\$383,301	10.00%	38,330	
35	141310	Communication equip.	\$1,210,877	10.00%	121,088	
36	141311	Misc. equipment	\$218,970	3.33%	7,292	
37	141278	Water plant allocated	\$207,809	6.67%	13,861	
38	141271	Other tangible plt. water	\$11,508	2.50%	288	
39	141248	Receiving Wells	\$176,603	2.00%	3,532	
40	141401	Transportation equip.	\$306,968	20.00%	61,394	
41	141503	Mainframe computer - wtr	(\$4,591)	0.00%	0	
42	141504	Mini computer - wtr	(\$31,950)	0.00%	0	
43	141602	Comp. system cost - wtr	(\$136,755)	0.00%	0	
44	141603	Micro system cost - wtr	(\$2,375)	0.00%	0	
45	141255	Plant Sewers Treatment Plt	\$0	2.50%	0	
46	141299	Utility Plant Clearing	(\$0)	0.00%	0	
47	141699	Computer Clearing	\$0	0.00%	0	
48	141601	Computer Software	(\$4,470)	0.00%	0	
49	141501	Computer Hardware	(\$30)	0.00%	0	
50	141502	Desktop/Laptop Computers	(\$679)	0.00%	0	
51	141293	Plant Held for Future Use	\$0	0.00%	0	
52	141399	Building and Equipment Clearing	\$0	0.00%	0	
53		Pro forma plant additions		0.00%	0	
54		Total plant in service (Sum of L1 thru L51)	\$139,429,457		\$3,970,877	2.85% [4]

[1] Sun 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 54.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(b)(2)

**CWSNC SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$883,492	2.50%	\$22,087	
2	141202	Franchises intang. plt.	\$127,476	2.50%	3,187	
3	141107	Land and Rights Treatment	\$0	0.00%	0	
4	141108	Land and Rights Reclaim	\$0	0.00%	0	
5	141101	Land & land rights gen. plt.	\$0	0.00%	0	
6	141207	Struct/improv. coll. plt.	\$116,999	2.00%	2,340	
7	141208	Struct/improv. pump plt. ls.	\$13,560,865	2.00%	271,217	
8	141209	Struct/improv. treat. plt.	\$32,063,687	2.50%	801,592	
9	141210	Struct/improv. reclaim. wtr.	\$2,586	2.50%	65	
10	141211	Struct/improv. reclaim. wtr.	\$180,917	2.50%	4,523	
11	141203	Struct/improv. gen. plt.	\$1,764,447	2.00%	35,289	
12	141238	Power gen. equip. coll. plt.	\$107,623	10.00%	10,762	
13	141239	Power gen. equip. pump plt.	\$53,611	10.00%	5,361	
14	141240	Power gen. equip. treat. plt.	\$328,260	10.00%	32,826	
15	141241	Sewer force main/serv. lin.	\$4,511,049	1.33%	59,997	
16	141242	Sewer gravity main	\$22,318,715	1.00%	223,187	
17	141243	Manholes	\$1,655,707	1.00%	16,557	
18	141244	Special coll. structures	\$7,594	2.00%	152	
19	141245	Services to customers	\$2,638,519	1.33%	35,092	
20	141246	Flow measure devices	\$159,472	4.00%	6,379	
21	141247	Flow measure install	\$1,146	4.00%	46	
22	141248	Receiving wells	\$305,924	2.00%	6,118	
23	141249	Pumping equipment pump plt.	\$5,493,869	14.29%	785,074	
24	141250	Pumping equipment reclaim.	\$40,893	14.29%	5,844	
25	141251	Pumping equipment rcl. wtr.	\$91,384	14.29%	13,059	
26	141252	Treat./disp. equip. lagoon	\$608,810	2.50%	15,220	
27	141253	Treat./disp. equip. trt. plt.	\$21,275,995	2.50%	531,900	
28	141254	Treat./disp. equip. rct. wtp.	\$37,592	2.50%	940	
29	141255	Plant sewers treat. plt.	\$18,096,372	2.50%	452,409	
30	141256	Plant sewers reclaim wtp.	\$8,438	2.50%	211	
31	141257	Outfall lines	\$728,340	1.00%	7,283	
32	141271	Other plt. tangible	\$19,930	2.50%	498	
33	141272	Other plt. collection	\$11,813	2.00%	236	
34	141273	Other plt. pump	\$473,696	2.50%	11,842	
35	141274	Other plt. treatment	\$367,031	2.50%	9,176	
36	141275	Other plt. reclaim wtr. trt.	\$0	2.50%	0	
37	141276	Other plt. reclaim wtr. dis.	\$460	2.50%	11	
38	141220	Office struct & improv.	\$52,857	10.00%	5,286	
39	141303	Office furn. & equip.	\$43,408	10.00%	4,341	
40	141305	Stores equipment	\$9,334	3.33%	311	
41	141308	Tool shop & misc. equip.	\$234,001	5.00%	11,700	
42	141306	Laboratory equipment	\$165,714	10.00%	16,571	
43	141309	Power operated equip.	\$515,963	10.00%	51,596	
44	141310	Communication equip.	\$113,829	10.00%	11,383	
45	141311	Misc equip. sewer	\$78,546	3.33%	2,616	
46	141278	Sewer plant allocated	\$526,952	6.67%	35,148	
47	0	Other tangible plt. sewer	\$0	2.50%	0	
48	141263	Reuse dist. reservoirs	\$3,560	2.00%	71	
49	141264	Reuse transmission & dist.	\$138,530	2.00%	2,771	
50	141401	Transportation equip.	\$183,139	20.00%	36,628	
51	141502	Desktop computer - wtr	(\$405)	0.00%	0	
52	141503	Mainframe computer - wtr	(\$2,739)	0.00%	0	
53	141504	Mini computer - wtr	(\$22,943)	0.00%	0	
54	141602	Comp. system cost - wtr	\$27,423	0.00%	0	
55	141603	Micro system cost - wtr	(\$1,417)	0.00%	0	
56	141501	Computer Hardware	(\$18)	0.00%	0	
57	141299	Utility Plant Clearing	(\$0)	0.00%	0	
58	141399	Building and Equipment Clearing	\$0	0.00%	0	
59	141233	Service Lines	(\$10,366)	2.00%	(207)	
60	141699	Computer Clearing	\$0	0.00%	0	
62	141601	Computer Software	(\$2,667)	0.00%	0	
63	141231	Dist Resv and Standpipes	\$0	2.00%	0	
64	141232	Trans and Distr Mains	\$0	1.00%	0	
65	141293	Plt. held for future use	\$0	0.00%	0	
66	141205	Struct and Improv Water Treat Plt	\$0	2.00%	0	
67	141230	Water Treatment Equipment	\$0	2.50%	0	
68	141226	Power Generation Equipment	\$298,745	10.00%	29,875	
69	113101		\$0	0.00%	0	
70		Pro forma plant additions	\$0	0.00%	0	
71		Total plant in service (Sum of L1 thru L64)	\$130,394,161		\$3,578,570	2.74% [4]

[1] Sun 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 71.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(c)(2)

**BF/FH/TC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$79,800	2 50%	\$1,995	
2	141202	Franchises	\$51,240	2 50%	1,281	
3	141501	Computer Hardware	(\$4)	16.67%	(1)	
4	141502	Desktop/Laptop Computers	(\$82)	16.67%	(14)	
5	141601	Computer Software	(\$537)	0 00%	0	
6	141101	Land & land rights gen. plt.	\$0	0 00%	0	
7	141204	Struct & improv. src. supply	\$305,575	2 00%	6,112	
8	141205	Struct & improv. wtr. trt. plt.	\$149,576	2 00%	2,992	
9	141206	Struct & improv. trans. dist.	\$461	2 00%	9	
10	141203	Struct & improv. gen. plt.	\$2,979	2 00%	60	
11	141221	Collecting reservoirs	\$0	2 00%	0	
12	141223	Wells & springs	\$526,521	2 00%	10,530	
13	141224	Infiltration gallery		2 50%	0	
14	141225	Supply mains	\$13,231	1 00%	132	
15	141226	Power generation equip.		10.00%	0	
16	141227	Electric pump equip. src. plt.	\$71,374	14.29%	10,199	
17	141228	Electric pump equip. wtp.	\$421,715	3 33%	14,043	
18	141229	Electric pump equip. trans.	\$70,718	14.29%	10,106	
19	141230	Water treatment equip.	\$162,094	2 50%	4,052	
20	141231	Dist. resv. & standpipes	\$2,707,941	2 00%	54,159	
21	141232	Trans. & distr. mains	\$2,126,820	1 00%	21,268	
22	141233	Service lines	\$1,032,402	2 00%	20,648	
23	141234	Meters	\$1,283,265	3 33%	42,733	
24	141235	Meter installations	\$198,906	3 33%	6,624	
25	141236	Hydrants	\$285,587	2 50%	7,140	
26	141237	Backflow prevention devic.	\$234	10.00%	23	
27	141268	Other plt. & misc. equip. src. su.		2 50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$0	2 50%	0	
29	141220	Office struct & improv.	\$24,979	10.00%	2,498	
30	141303	Office furn. & equip.	\$2,993	10.00%	299	
31	141305	Stores equipment	\$398	3 33%	13	
32	141308	Tool shop & misc. equip.	\$103,686	5 00%	5,184	
33	141306	Laboratory equipment	\$15,227	10.00%	1,523	
34	141309	Power operated equip.	\$15,185	10.00%	1,518	
35	141310	Communication equip.	\$90,000	10.00%	9,000	
36	141311	Misc. equipment	\$711	3 33%	24	
37	141278	Water plant allocated		6 67%	0	
38	141271	Other tangible plt. water		2 50%	0	
39	141401	Transportation equip.	(\$26)	20.00%	(5)	
40	141503	Mainframe computer - wtr	(\$552)	0 00%	0	
41	141504	Mini computer - wtr	(\$3,474)	0 00%	0	
42	141602	Comp. system cost - wtr	(\$16,431)	0 00%	0	
43	141603	Micro system cost - wtr	(\$285)	0 00%	0	
44	141293	Plt. held for future use		0 00%	0	
45	141699	Computer Clearing	\$0	0 00%	0	
46	141299	Utility Plant Clearing	\$0	0 00%	0	
47	141102	Land & land rights pump	\$0	0 00%	0	
48	141399	Building and Equipment Clearing	\$0	0 00%	0	
49		Total plant in service (Sum of L1 thru L45)	\$9 722 227		\$234 145	2.41% [4]

[1] Sun 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 49.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(d)(2) Revised

**BF/FH SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$14,682	2 50%	\$367	
2	141202	Franchises	\$41,938	2 50%	1,048	
3	141203	Struct and Improv General Plant	\$303,694	2 00%	6,074	
4	141207	Struct and Improv Collect Plant	\$150	0 00%	0	
5	141208	Struct and Improv Pump Plant	\$2,150,654	2 00%	43,013	
6	141209	Struct and Improv Treatment Plant	\$7,041,135	2 50%	176,028	
7	141211	Struct and Improv Reclaim Wtr Dist	\$2,477	2 50%	62	
8	141220	Struct and Improv Office	\$74,442	10,00%	7,444	
9	141227	Electric Pump Equip Src Pump	(\$2,538)	0 00%	0	
10	141230	Water Treatment Equipment	\$0	0 00%	0	
11	141231	Dist Resv and Standpipes	\$0	2 00%	0	
12	141232	Trans and Distr Mains	\$0	1 00%	0	
13	141239	Power Gen Equip Pump Plt	\$112,713	10,00%	11,271	
14	141241	Sewer Force Main	\$247,128	1 33%	3,287	
15	141242	Sewer Gravity Main	\$6,321,606	1 00%	63,216	
16	141243	Manholes	\$52,533	1 00%	525	
17	141244	Special Collection Structures	\$775	2 00%	16	
18	141245	Service to Customers	\$534,673	1 33%	7,111	
19	141246	Flow Measure Devices	\$18,137	4 00%	725	
20	141249	Pumping Equip Pump Plt	\$847,899	14,29%	121,165	
21	141250	Pumping Equip Reclaim WTP	\$114,301	14,29%	16,334	
22	141252	Treat/Disp Equip Lagoon	\$56	2 50%	1	
23	141253	Treat/Disp Equip Trt Plt	\$3,775,113	2 50%	94,378	
24	141255	Plant Sewers Treatment Plt	\$407,212	2 50%	10,180	
25	141257	Outfall Lines	\$91,722	1 00%	917	
26	141263	Reuse Dist Reservoirs	\$2,763	2 00%	55	
27	141264	Reuse Transmission and Dist	\$3,198	2 00%	64	
28	141271	Other Tangible Plant	\$79,334	2 50%	1,983	
29	141272	Other Plant Collection	(\$224)	2 00%	(4)	
30	141273	Other Plant Pump	\$3,442	2 50%	86	
31	141275	Other Plant Reclaim Water Trt	\$14,345	2 50%	359	
32	141299	Utility Plant Clearing	(\$0)	0 00%	0	
33	141303	Office Furniture	\$316	10,00%	32	
34	141305	Stores Equipment	\$2,818	3 33%	94	
35	141306	Lab Equipment	\$6,734	10,00%	673	
36	141308	Tool Shop Equipment	\$22,525	5 00%	1,126	
37	141309	Power Operated Equipment	\$55,879	10,00%	5,588	
38	141310	Communications Equipment	\$72,881	10,00%	7,288	
39	141311	Misc Equipment	\$73,149	3 33%	2,436	
40	141399	Building and Equipment Clearing	\$0	0 00%	0	
41	141401	Vehicles	(\$26)	0 00%	0	
42	141501	Computer Hardware	(\$4)	16,67%	(1)	
43	141502	Desktop/Laptop Computers	(\$83)	0 00%	0	
44	141503	Mainframe Computers	(\$565)	0 00%	0	
45	141504	Mini Comp Wtr	(\$5,283)	0 00%	0	
46	141601	Computer Software	(\$550)	0 00%	0	
47	141602	Comp Systems	(\$16,819)	0 00%	0	
48	141603	Micro Systems	(\$292)	0 00%	0	
49	141699	Computer Clearing	\$0	0 00%	0	
50	141251	Pumping Equip Rcl Wtr Dist	\$0	14,29%	0	
51	141254	Treat/Disp Equip Rclm Wtr	\$0	2 50%	0	
52						
53		Total plant in service (Sum of L1 thru L57)	\$22,464,042		\$582,941	2 59% [4]

[1] Sun 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 53.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(a)(3)

**CWSNC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$410,888	2.50%	\$10,272	
2	141202	Franchises	\$140,283	2.50%	3,507	
3	141102	Land & land rights pump	\$0	0.00%	0	
4	141103	Land and Rights Water	\$0	0.00%	0	
5	141104	Land and Rights Trans	\$0	0.00%	0	
6	141101	Land & land rights gen. plt.	\$150,596	0.00%	0	
7	141204	Struct & improv. src. supply	\$5,898,913	2.00%	117,978	
8	141205	Struct & improv. wtr. trt. plt.	\$1,768,366	2.00%	35,367	
9	141206	Struct & improv. trans. dist.	\$312,447	2.00%	6,249	
10	141203	Struct & improv. gen. plt.	\$469,529	2.00%	9,391	
11	141221	Collecting reservoirs	\$732,382	2.00%	14,648	
12	141223	Wells & springs	\$16,523,218	2.00%	330,464	
13	141224	Infiltration gallery	\$45,185	2.50%	1,130	
14	141225	Supply mains	\$1,149,063	1.00%	11,491	
15	141226	Power generation equip.	\$389,984	10.00%	38,998	
16	141227	Electric pump equip. -src. plt.	\$3,198,362	14.29%	457,046	
17	141228	Electric pump equip. wtp.	\$10,042,300	3.33%	334,409	
18	141229	Electric pump equip. trans.	\$5,117,802	14.29%	731,334	
19	141230	Water treatment equip.	\$6,829,903	2.50%	170,748	
20	141231	Dist. resv. & standpipes	\$8,664,659	2.00%	173,293	
21	141232	Trans. & distr. mains	\$46,577,044	1.00%	465,770	
22	141233	Service lines	\$16,654,062	2.00%	333,081	
23	141234	Meters	\$11,884,011	3.33%	395,738	
24	141235	Meter installations	\$2,265,301	3.33%	75,435	
25	141236	Hydrants	\$1,589,825	2.50%	39,746	
26	141237	Backflow prevention devic.	\$66,002	10.00%	6,600	
27	141268	Other plt. & misc. equip. src. su.	\$0	2.50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$23,372	2.50%	584	
29	141220	Office struct & improv.	\$320,359	10.00%	32,036	
30	141303	Office furn. & equip.	\$80,259	10.00%	8,026	
31	141305	Stores equipment	\$24,490	3.33%	816	
32	141308	Tool shop & misc. equip.	\$529,703	5.00%	26,485	
33	141306	Laboratory equipment	\$71,671	10.00%	7,167	
34	141309	Power operated equip.	\$389,154	10.00%	38,915	
35	141310	Communication equip.	\$1,455,884	10.00%	145,588	
36	141311	Misc. equipment	\$224,682	3.33%	7,482	
37	141278	Water plant allocated	\$207,809	6.67%	13,861	
38	141271	Other tangible plt. water	\$11,508	2.50%	288	
39	141248	Receiving Wells	\$176,603	2.00%	3,532	
40	141401	Transportation equip.	\$306,968	20.00%	61,394	
41	141503	Mainframe computer - wtr	(\$4,591)	0.00%	0	
42	141504	Mini computer - wtr	(\$31,950)	0.00%	0	
43	141602	Comp. system cost - wtr	(\$136,755)	0.00%	0	
44	141603	Micro system cost - wtr	(\$2,375)	0.00%	0	
45	141255	Plant Sewers Treatment Plt	\$0	2.50%	0	
46	141299	Utility Plant Clearing	(\$0)	0.00%	0	
47	141699	Computer Clearing	\$0	0.00%	0	
48	141601	Computer Software	(\$4,470)	0.00%	0	
49	141501	Computer Hardware	(\$30)	0.00%	0	
50	141502	Desktop/Laptop Computers	(\$679)	0.00%	0	
51	141293	Plant Held for Future Use	\$0	0.00%	0	
52	141399	Building and Equipment Clearing	\$0	0.00%	0	
53		Pro forma plant additions		0.00%	0	
54		Total plant in service (Sum of L1 thru L51)	\$144,521,739		\$4,108,869	2.84% [4]

[1] Public Staff Settlement Exhibit 1, 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 54.

**CAROLINA WATER SERVICE, INC., OF NC**  
 Docket No. W-354, Sub 400  
**CALCULATION OF DIRECT PLANT DEPRECIATION EXPENSE**  
 For The Test Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
 Schedule 3-18(b)(3)

**CWSNC SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate
			(a)	(b)	(c)	(d)
1	141201	Organization	\$883,492	2.50%	\$22,087	
2	141202	Franchises intang. plt.	\$127,476	2.50%	3,187	
3	141107	Land and Rights Treatment	\$0	0.00%	0	
4	141108	Land and Rights Reclaim	\$0	0.00%	0	
5	141101	Land & land rights gen. plt.	\$0	0.00%	0	
6	141207	Struct/improv. coll. plt.	\$121,697	2.00%	2,434	
7	141208	Struct/improv. pump plt. ls.	\$13,918,938	2.00%	278,379	
8	141209	Struct/improv. treat. plt.	\$46,958,638	2.50%	1,173,966	
9	141210	Struct/improv. reclaim. wtr.	\$2,586	2.50%	65	
10	141211	Struct/improv. reclaim. wtr.	\$181,136	2.50%	4,528	
11	141203	Struct/improv. gen. plt.	\$1,793,048	2.00%	35,861	
12	141238	Power gen. equip. coll. plt.	\$107,623	10.00%	10,762	
13	141239	Power gen. equip. pump plt.	\$53,746	10.00%	5,375	
14	141240	Power gen. equip. treat. plt.	\$431,780	10.00%	43,178	
15	141241	Sewer force main/serv. lin.	\$4,564,395	1.33%	60,706	
16	141242	Sewer gravity main	\$23,416,438	1.00%	234,164	
17	141243	Manholes	\$1,722,712	1.00%	17,227	
18	141244	Special coll. structures	\$7,876	2.00%	158	
19	141245	Services to customers	\$2,833,056	1.33%	37,680	
20	141246	Flow measure devices	\$166,341	4.00%	6,654	
21	141247	Flow measure install	\$1,166	4.00%	47	
22	141248	Receiving wells	\$341,893	2.00%	6,838	
23	141249	Pumping equipment pump plt.	\$5,669,673	14.29%	810,196	
24	141250	Pumping equipment reclaim.	\$41,514	14.29%	5,932	
25	141251	Pumping equipment rcl. wtr.	\$95,349	14.29%	13,625	
26	141252	Treat./disp. equip. lagoon	\$614,451	2.50%	15,361	
27	141253	Treat./disp. equip. trt. plt.	\$21,402,149	2.50%	535,054	
28	141254	Treat./disp. equip. rct. wtp.	\$41,694	2.50%	1,042	
29	141255	Plant sewers treat. plt.	\$18,151,569	2.50%	453,789	
30	141256	Plant sewers reclaim wtp.	\$8,625	2.50%	216	
31	141257	Outfall lines	\$764,338	1.00%	7,643	
32	141271	Other plt. tangible	\$22,515	2.50%	563	
33	141272	Other plt. collection	\$11,899	2.00%	238	
34	141273	Other plt. pump	\$474,996	2.50%	11,875	
35	141274	Other plt. treatment	\$383,177	2.50%	9,579	
36	141275	Other plt. reclaim wtr. trt.	\$0	2.50%	0	
37	141276	Other plt. reclaim wtr. dis.	\$460	2.50%	11	
38	141220	Office struct & improv.	\$52,857	10.00%	5,286	
39	141303	Office furn. & equip.	\$43,408	10.00%	4,341	
40	141305	Stores equipment	\$9,946	3.33%	331	
41	141308	Tool shop & misc. equip.	\$237,724	5.00%	11,886	
42	141306	Laboratory equipment	\$168,927	10.00%	16,893	
43	141309	Power operated equip.	\$534,876	10.00%	53,488	
44	141310	Communication equip.	\$118,958	10.00%	11,896	
45	141311	Misc equip. sewer	\$84,436	3.33%	2,812	
46	141278	Sewer plant allocated	\$526,952	6.67%	35,148	
47	0	Other tangible plt. sewer	\$0	2.50%	0	
48	141263	Reuse dist. reservoirs	\$3,586	2.00%	72	
49	141264	Reuse transmission & dist.	\$147,235	2.00%	2,945	
50	141401	Transportation equip.	\$183,139	20.00%	36,628	
51	141502	Desktop computer - wtr	(\$405)	0.00%	0	
52	141503	Mainframe computer - wtr	(\$2,739)	0.00%	0	
53	141504	Mini computer - wtr	(\$22,943)	0.00%	0	
54	141602	Comp. system cost - wtr	\$27,423	0.00%	0	
55	141603	Micro system cost - wtr	(\$1,417)	0.00%	0	
56	141501	Computer Hardware	(\$18)	0.00%	0	
57	141299	Utility Plant Clearing	(\$0)	0.00%	0	
58	141399	Building and Equipment Clearing	\$0	0.00%	0	
59	141233	Service Lines	(\$15,489)	2.00%	(310)	
60	141699	Computer Clearing	\$0	0.00%	0	
62	141601	Computer Software	(\$2,667)	0.00%	0	
63	141231	Dist Resv and Standpipes	\$0	2.00%	0	
64	141232	Trans and Distr Mains	\$0	1.00%	0	
65	141293	Plt. held for future use	\$0	0.00%	0	
66	141205	Struct and Improv Water Treat Plt	\$0	2.00%	0	
67	141230	Water Treatment Equipment	\$0	2.50%	0	
68	141226	Power Generation Equipment	\$298,745	10.00%	29,875	
69	113101		\$0	0.00%	0	
70		Pro forma plant additions	\$0	0.00%	0	
71		Total plant in service (Sum of L1 thru L64)	<u>\$147,708,980</u>		<u>\$4,019,711</u>	<u>2.72%</u> [4]

[1] Public Staff WS P 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 71.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(c)(3)

**BF/FH/TC WATER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$79,800	2.50%	\$1,995	
2	141202	Franchises	\$51,240	2.50%	1,281	
3	141501	Computer Hardware	(\$4)	16.67%	(1)	
4	141502	Desktop/Laptop Computers	(\$82)	16.67%	(14)	
5	141601	Computer Software	(\$537)	0.00%	0	
6	141101	Land & land rights gen. plt.	\$0	0.00%	0	
7	141204	Struct & improv. src. supply	\$317,165	2.00%	6,343	
8	141205	Struct & improv. wtr. trt. plt.	\$150,721	2.00%	3,014	
9	141206	Struct & improv. trans. dist.	\$461	2.00%	9	
10	141203	Struct & improv. gen. plt.	\$3,347	2.00%	67	
11	141221	Collecting reservoirs	\$0	2.00%	0	
12	141223	Wells & springs	\$534,524	2.00%	10,690	
13	141224	Infiltration gallery		2.50%	0	
14	141225	Supply mains	\$14,349	1.00%	143	
15	141226	Power generation equip.		10.00%	0	
16	141227	Electric pump equip. src. plt.	\$75,432	14.29%	10,779	
17	141228	Electric pump equip. wtp.	\$432,465	3.33%	14,401	
18	141229	Electric pump equip. trans.	\$74,571	14.29%	10,656	
19	141230	Water treatment equip.	\$166,793	2.50%	4,170	
20	141231	Dist. resv. & standpipes	\$2,711,509	2.00%	54,230	
21	141232	Trans. & distr. mains	\$2,322,942	1.00%	23,229	
22	141233	Service lines	\$1,111,566	2.00%	22,231	
23	141234	Meters	\$1,296,902	3.33%	43,187	
24	141235	Meter installations	\$205,240	3.33%	6,834	
25	141236	Hydrants	\$288,902	2.50%	7,223	
26	141237	Backflow prevention devic.	\$275	10.00%	28	
27	141268	Other plt. & misc. equip. src. su.		2.50%	0	
28	141269	Other plt. & misc. equip. wtp.	\$0	2.50%	0	
29	141220	Office struct & improv.	\$24,979	10.00%	2,498	
30	141303	Office furn. & equip.	\$2,993	10.00%	299	
31	141305	Stores equipment	\$423	3.33%	14	
32	141308	Tool shop & misc. equip.	\$104,338	5.00%	5,217	
33	141306	Laboratory equipment	\$15,570	10.00%	1,557	
34	141309	Power operated equip.	\$16,132	10.00%	1,613	
35	141310	Communication equip.	\$96,056	10.00%	9,606	
36	141311	Misc. equipment	\$803	3.33%	27	
37	141278	Water plant allocated		6.67%	0	
38	141271	Other tangible plt. water		2.50%	0	
39	141401	Transportation equip.	(\$26)	20.00%	(5)	
40	141503	Mainframe computer - wtr	(\$552)	0.00%	0	
41	141504	Mini computer - wtr	(\$3,474)	0.00%	0	
42	141602	Comp. system cost - wtr	(\$16,431)	0.00%	0	
43	141603	Micro system cost - wtr	(\$285)	0.00%	0	
44	141293	Plt. held for future use		0.00%	0	
45	141699	Computer Clearing	\$0	0.00%	0	
46	141299	Utility Plant Clearing	\$0	0.00%	0	
47	141102	Land & land rights pump	\$0	0.00%	0	
48	141399	Building and Equipment Clearing	\$0	0.00%	0	
49		Total plant in service (Sum of L1 thru L45)	<u>\$10,078,108</u>		<u>\$241,321</u>	<u>2.39%</u> [4]

[1] Public Staff Settlement Exhibit 1, 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 49.

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

Docket No. W-354, Sub 400

**CALCULATION OF DIRECT PLANT  
DEPRECIATION EXPENSE**

For The Test Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-18(d)(3) Revised

**BF/FH SEWER OPERATIONS**

Line No.	New Account No.	Item	Plant	Depreciation	Annual	Composite
			In Service [1]	Rate [2]	Depreciation [3]	Rate [4]
			(a)	(b)	(c)	(d)
1	141201	Organization	\$14,682	2.50%	\$367	
2	141202	Franchises	\$41,938	2.50%	1,048	
3	141203	Struct and Improv General Plant	\$321,994	2.00%	6,440	
4	141207	Struct and Improv Collect Plant	\$150	0.00%	0	
5	141208	Struct and Improv Pump Plant	\$2,152,235	2.00%	43,045	
6	141209	Struct and Improv Treatment Plant	\$7,050,042	2.50%	176,251	
7	141211	Struct and Improv Reclaim Wtr Dist	\$2,477	2.50%	62	
8	141220	Struct and Improv Office	\$74,442	10.00%	7,444	
9	141227	Electric Pump Equip Src Pump	(\$2,538)	0.00%	0	
10	141230	Water Treatment Equipment	\$0	0.00%	0	
11	141231	Dist Resv and Standpipes	\$0	2.00%	0	
12	141232	Trans and Distr Mains	\$0	1.00%	0	
13	141239	Power Gen Equip Pump Plt	\$112,832	10.00%	11,283	
14	141241	Sewer Force Main	\$257,189	1.33%	3,421	
15	141242	Sewer Gravity Main	\$6,750,149	1.00%	67,501	
16	141243	Manholes	\$52,244	1.00%	522	
17	141244	Special Collection Structures	\$775	2.00%	16	
18	141245	Service to Customers	\$632,402	1.33%	8,411	
19	141246	Flow Measure Devices	\$18,303	4.00%	732	
20	141249	Pumping Equip Pump Plt	\$858,472	14.29%	122,676	
21	141250	Pumping Equip Reclaim WTP	\$123,342	14.29%	17,626	
22	141252	Treat/Disp Equip Lagoon	\$56	2.50%	1	
23	141253	Treat/Disp Equip Trt Plt	\$3,775,113	2.50%	94,378	
24	141255	Plant Sewers Treatment Plt	\$414,093	2.50%	10,352	
25	141257	Outfall Lines	\$100,233	1.00%	1,002	
26	141263	Reuse Dist Reservoirs	\$2,763	2.00%	55	
27	141264	Reuse Transmission and Dist	\$3,552	2.00%	71	
28	141271	Other Tangible Plant	\$79,334	2.50%	1,983	
29	141272	Other Plant Collection	(\$224)	2.00%	(4)	
30	141273	Other Plant Pump	\$3,442	2.50%	86	
31	141275	Other Plant Reclaim Water Trt	\$15,178	2.50%	379	
32	141299	Utility Plant Clearing	(\$0)	0.00%	0	
33	141303	Office Furniture	\$316	10.00%	32	
34	141305	Stores Equipment	\$2,828	3.33%	94	
35	141306	Lab Equipment	\$6,734	10.00%	673	
36	141308	Tool Shop Equipment	\$23,115	5.00%	1,156	
37	141309	Power Operated Equipment	\$56,854	10.00%	5,685	
38	141310	Communications Equipment	\$80,142	10.00%	8,014	
39	141311	Misc Equipment	\$75,225	3.33%	2,505	
40	141399	Building and Equipment Clearing	\$0	0.00%	0	
41	141401	Vehicles	(\$26)	0.00%	0	
42	141501	Computer Hardware	(\$4)	16.67%	(1)	
43	141502	Desktop/Laptop Computers	(\$83)	0.00%	0	
44	141503	Mainframe Computers	(\$565)	0.00%	0	
45	141504	Mini Comp Wtr	(\$5,283)	0.00%	0	
46	141601	Computer Software	(\$550)	0.00%	0	
47	141602	Comp Systems	(\$16,819)	0.00%	0	
48	141603	Micro Systems	(\$292)	0.00%	0	
49	141699	Computer Clearing	\$0	0.00%	0	
50	141251	Pumping Equip Rcl Wtr Dist	\$0	14.29%	0	
51	141254	Treat/Disp Equip Rclm Wtr	\$0	2.50%	0	
52						
53		Total plant in service (Sum of L1 thru L57)	\$23,076,264		\$593,306	2.57% [4]

[1] Public Staff Settlement Exhibit 1, 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 53.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**ADJUSTMENT TO FRANCHISE TAX & OTHER TAX**  
For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-19(a)

**CWSNC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	FranchiseCalculation Basis per Company	<u>\$56,486</u> [1]	<u>\$62,023</u> [1]	<u>\$64,096</u> [1]
2	Growth Factor per Company	9.80% [1]	3.34% [1]	3.34% [1]
3	Franchiseper Company (L1* (1+L2))	\$62,023 [1]	\$64,096 [1]	\$66,238 [1]
4	FranchiseCalculation Basis per Public Staff	\$56,486 [2]	\$56,486 [2]	\$56,486 [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Franchiseper Public Staff (L4*(1+L5))	<u>56,486</u>	<u>56,486</u>	<u>56,486</u>
7	Adjustment to Franchise(L6 - L3)	<u>(5,537)</u>	<u>(7,610)</u>	<u>(9,753)</u>

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

[2] Per Public Staff Calculation

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO FRANCHISE TAX & OTHER TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-19(b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	FranchiseCalculation Basis per Company	<u>\$48,172</u> [1]	<u>\$52,701</u> [1]	<u>\$54,065</u> [1]
2	Growth Factor per Company	9.40% [1]	2.59% [1]	2.59% [1]
3	Franchiseper Company (L1* (1+L2))	\$52,701 [1]	\$54,065 [1]	\$55,465 [1]
4	FranchiseCalculation Basis per Public Staff	<u>\$48,172</u> [2]	<u>\$48,172</u> [2]	<u>\$48,172</u> [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Franchiseper Public Staff (L4*(1+L5))	<u>48,172</u>	<u>48,172</u>	<u>48,172</u>
7	Adjustment to Franchise(L6 - L3)	<u>(4,529)</u>	<u>(5,893)</u>	<u>(7,293)</u>

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

[2] Per Public Staff Calculation

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO FRANCHISE TAX & OTHER TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-19(c)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	FranchiseCalculation Basis per Company	<u>(\$1,321) [1]</u>	<u>(\$1,450) [1]</u>	<u>(\$1,497) [1]</u>
2	Growth Factor per Company	9.76% [1]	3.26% [1]	3.26% [1]
3	Franchiseper Company (L1* (1+L2))	(1,450) [1]	(1,497) [1]	(1,546) [1]
4	FranchiseCalculation Basis per Public Staff	(1,321) [2]	(1,321) [2]	(1,321) [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Franchiseper Public Staff (L4*(1+L5))	<u>(1,321)</u>	<u>(1,321)</u>	<u>(1,321)</u>
7	Adjustment to Franchise(L6 - L3)	<u>129</u>	<u>176</u>	<u>225</u>

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

[2] Per Public Staff Calculation

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO FRANCHISE TAX & OTHER TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-19(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	FranchiseCalculation Basis per Company	<u>(\$1,352) [1]</u>	<u>(\$1,489) [1]</u>	<u>(\$1,547) [1]</u>
2	Growth Factor per Company	10.10% [1]	3.89% [1]	3.89% [1]
3	Franchiseper Company (L1* (1+L2))	(1,489) [1]	(1,547) [1]	(1,607) [1]
4	FranchiseCalculation Basis per Public Staff	(1,352) [2]	(1,352) [2]	(1,352) [2]
5	Public Staff Growth Factor	0.00% [2]	0.00% [2]	0.00% [2]
6	Franchiseper Public Staff (L4*(1+L5))	<u>(1,352)</u>	<u>(1,352)</u>	<u>(1,352)</u>
7	Adjustment to Franchise(L6 - L3)	<u>137</u>	<u>194</u>	<u>255</u>

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

[2] Per Public Staff Calculation

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PAYROLL TAX**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1

Schedule 3-20

Line No.	Item	Base Year			
		CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)
1	Payroll taxes per Company	<u>\$ 302,217</u> [1]	<u>\$179,305</u> [1]	<u>\$36,311</u> [1]	<u>\$37,168</u> [1]
2	Adjustment to include company 09.19.2022 updates	2,188 [1]	2,305 [1]	262 [1]	269 [1]
3	Payroll taxes adjusted for company updates (L1 + L2)	304,405	181,610	36,573	37,437
4	Adjustments to update payroll taxes through September 30, 2021	<u>(6,480)</u>	<u>(3,866)</u>	<u>(778)</u>	<u>(797)</u>
5	Payroll taxes per Public Staff (L3 + L4)	<u>\$ 297,925</u>	<u>\$ 177,744</u>	<u>\$ 35,795</u>	<u>\$ 36,640</u>

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

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PAYROLL TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-20(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Payroll Tax Calculation Basis per Company	<u>\$ 304,405</u> [1]	<u>\$313,537</u> [1]	<u>\$322,944</u> [1]
2	Growth Factor per Company	3.0% [1]	3.0% [1]	3.0% [1]
3	Payroll Tax per Company (L1* (1+L2))	313,537 [1]	322,944 [1]	332,632 [1]
4	Payroll Tax Calculation Basis per Public Staff	297,925 [2]	306,863 [2]	316,069 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Payroll Tax per Public Staff (L4*(1+L5))	<u>306,863</u>	<u>316,069</u>	<u>325,551</u>
7	Adjustment to Payroll Tax (L6 - L3)	<u>\$ (6,675)</u>	<u>\$ (6,875)</u>	<u>\$ (7,081)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PAYROLL TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-20(b)

**CWSNC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Payroll Tax Calculation Basis per Company	<u>\$ 181,610</u> [1]	<u>\$187,058</u> [1]	<u>\$192,670</u> [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Payroll Tax per Company (L1* (1+L2))	187,058 [1]	192,670 [1]	198,450 [1]
4	Payroll Tax Calculation Basis per Public Staff	177,744 [2]	183,076 [2]	188,569 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Payroll Tax per Public Staff (L4*(1+L5))	<u>183,076</u>	<u>188,569</u>	<u>194,226</u>
7	Adjustment to Payroll Tax (L6 - L3)	<u>\$ (3,982)</u>	<u>\$ (4,101)</u>	<u>\$ (4,224)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PAYROLL TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-20(c)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 1	Rate Year 2	Rate Year 3
		(a)	(b)	(c)
1	Payroll Tax Calculation Basis per Company	<u>\$ 36,573</u> [1]	<u>\$37,671</u> [1]	<u>\$38,801</u> [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Payroll Tax per Company (L1* (1+L2))	37,671 [1]	38,801 [1]	39,965 [1]
4	Payroll Tax Calculation Basis per Public Staff	35,795 [2]	36,869 [2]	37,975 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Payroll Tax per Public Staff (L4*(1+L5))	<u>36,869</u>	<u>37,975</u>	<u>39,114</u>
7	Adjustment to Payroll Tax (L6 - L3)	<u>\$ (802)</u>	<u>\$ (826)</u>	<u>\$ (851)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PAYROLL TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-20(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Payroll Tax Calculation Basis per Company	<u>\$ 37,437</u> [1]	<u>\$38,560</u> [1]	<u>\$39,717</u> [1]
2	Growth Factor per Company	3.00% [1]	3.00% [1]	3.00% [1]
3	Payroll Tax per Company (L1* (1+L2))	38,560 [1]	39,717 [1]	40,908 [1]
4	Payroll Tax Calculation Basis per Public Staff	36,640 [2]	37,739 [2]	38,871 [2]
5	Public Staff Growth Factor	3.00% [2]	3.00% [2]	3.00% [2]
6	Payroll Tax per Public Staff (L4*(1+L5))	<u>37,739</u>	<u>38,871</u>	<u>40,038</u>
7	Adjustment to Payroll Tax (L6 - L3)	<u>\$ (821)</u>	<u>\$ (845)</u>	<u>\$ (870)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PROPERTY TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1

Schedule 3-21(a)

**CWSNC WATER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Property Taxes Calculation Basis per Company	<u>\$135,969</u> [1]	<u>\$145,817</u> [1]	<u>\$155,440</u> [1]
2	Growth Factor per Company	7.2% [1]	6.6% [1]	5.8% [1]
3	Property Taxes per Company (L1* (1+3%))	\$145,817 [1]	\$155,440 [1]	\$164,424 [1]
4	Property Taxes Calculation Basis per Public Staff	\$135,969 [2]	\$135,969 [2]	\$135,969 [2]
5	Public Staff Growth Factor	<u>0.00%</u> [2]	<u>0.00%</u> [2]	<u>0.00%</u> [2]
6	Property Taxes per Public Staff (L4*(1+3%))	<u>135,969</u>	<u>135,969</u>	<u>135,969</u>
7	Adjustment to Property Taxes (L6 - L3)	<u>(\$9,848)</u>	<u>(\$19,471)</u>	<u>(\$28,455)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PROPERTY TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-20(b)

**CWSNC SEWER OPERATIONS**

Line No.	Item	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Property Taxes Calculation Basis per Company	<u>\$105,629</u> [1]	<u>\$113,204</u> [1]	<u>\$125,366</u> [1]
2	Growth Factor per Company	7.17% [1]	10.74% [1]	9.32% [1]
3	Property Taxes per Company (L1* (1+3%))	113,204 [1]	125,366 [1]	137,050 [1]
4	Property Taxes Calculation Basis per Public Staff	<u>\$105,629</u> [2]	<u>\$105,629</u> [2]	<u>\$105,629</u> [2]
5	Public Staff Growth Factor	<u>0.00%</u> [2]	<u>0.00%</u> [2]	<u>0.00%</u> [2]
6	Property Taxes per Public Staff (L4*(1+3%))	<u>105,629</u>	<u>105,629</u>	<u>105,629</u>
7	Adjustment to Property Taxes (L6 - L3)	<u>(\$7,575)</u>	<u>(\$19,736)</u>	<u>(\$31,421)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PROPERTY TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-21(c)

**BF/FH/TC WATER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Property Taxes Calculation Basis per Company	<u>\$7,746</u> [1]	<u>\$9,798</u> [1]	<u>\$11,264</u> [1]
2	Growth Factor per Company	26.5% [1]	15.0% [1]	8.6% [1]
3	Property Taxes per Company (L1* (1+3%))	\$9,798 [1]	\$11,264 [1]	\$12,231 [1]
4	Property Taxes Calculation Basis per Public Staff	\$7,746 [2]	\$7,746 [2]	\$7,746 [2]
5	Public Staff Growth Factor	<u>0.0%</u> [2]	<u>0.0%</u> [2]	<u>0.0%</u> [2]
6	Property Taxes per Public Staff (L4*(1+3%))	<u>7,746</u>	<u>7,746</u>	<u>7,746</u>
7	Adjustment to Property Taxes (L6 - L3)	<u>(\$2,052)</u>	<u>(\$3,518)</u>	<u>(\$4,485)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**ADJUSTMENT TO PROPERTY TAX**

For The Rate Year 1 - Rate Year 3 Ended March 31, 2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-21(d)

**BF/FH/TC SEWER OPERATIONS**

<u>Line No.</u>	<u>Item</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
		(a)	(b)	(c)
1	Property Taxes Calculation Basis per Company	<u>\$9,754</u> [1]	<u>\$10,508</u> [1]	<u>\$13,031</u> [1]
2	Growth Factor per Company	7.74% [1]	24.01% [1]	13.88% [1]
3	Property Taxes per Company (L1* (1+3%))	\$10,508 [1]	\$13,031 [1]	\$14,840 [1]
4	Property Taxes Calculation Basis per Public Staff	\$9,754 [2]	\$9,754 [2]	\$9,754 [2]
5	Public Staff Growth Factor	<u>0.00%</u> [2]	<u>0.00%</u> [2]	<u>0.00%</u> [2]
6	Property Taxes per Public Staff (L4*(1+3%))	<u>9,754</u>	<u>9,754</u>	<u>9,754</u>
7	Adjustment to Property Taxes (L6 - L3)	<u>(\$755)</u>	<u>(\$3,277)</u>	<u>(\$5,087)</u>

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

[2] Per Public Staff calculation.

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

Docket No. W-354, Sub 400

**CALCULATION OF INCOME TAXES**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(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>\$22,304,597</u>	<u>\$23,928,116</u>	<u>\$23,129,165</u>
	Operating revenue deductions:			
2	Maintenance expenses	4,631,909	4,631,909	4,631,909
3	General expenses	9,420,831	9,420,831	9,420,831
4	Depreciation expense	3,581,487	3,581,487	3,581,487
5	Amortization of CIAC	(733,560)	(733,560)	(733,560)
6	Amortization of PAA	(121,579)	(121,579)	(121,579)
7	Amortization of ITC	(265)	(265)	(265)
8	Franchise and other taxes	56,486	56,486	56,486
9	Property taxes	135,969	135,969	135,969
10	Payroll taxes	297,925	297,925	297,925
11	Regulatory fee	31,226	33,499	32,381
12	Gross receipts tax	0	0	0
13	Interest expense	<u>1,647,588</u> [2]	<u>1,647,588</u> [4]	<u>1,647,588</u> [6]
14	Total deductions (Sum of L2 thru L13)	<u>18,948,017</u>	<u>18,950,290</u>	<u>18,949,172</u>
15	Taxable income (L1 - L14)	<u>3,356,580</u>	<u>4,977,826</u>	<u>4,179,993</u>
16	State income tax (L15 x 2.5%)	<u>83,914</u>	<u>124,446</u>	<u>104,500</u>
17	Federal taxable income after state income tax (L15 - L16)	<u>3,272,666</u>	<u>4,853,380</u>	<u>4,075,493</u>
18	Federal income tax (L17 x 21%)	<u>687,260</u>	<u>1,019,210</u>	<u>855,853</u>
19	Excess deferred income tax amortization	<u>(64,882)</u>	<u>(64,882)</u>	<u>(64,882)</u>
20	Net amount (L15 - L16 - L18 - L19)	<u>2,650,288</u>	<u>3,899,052</u>	<u>3,284,522</u>
21	Add: Interest expense	<u>1,647,588</u> [2]	<u>1,647,588</u> [4]	<u>1,647,588</u> [6]
22	Net income for a return (L20 + L21)	<u>\$4,297,876</u>	<u>\$5,546,640</u>	<u>\$4,932,110</u>

[1] Public Staff WSIP Exhibit I, Schedule 3(a), Column (c).

[2] Public Staff WSIP Exhibit I, Schedule 1(a), Column (e), Line 1.

[3] Public Staff WSIP Exhibit I, Schedule 3(a), Column (e).

[4] Public Staff WSIP Exhibit I, Schedule 1(a), Column (e), Line 4.

[5] Public Staff WSIP Exhibit I, Schedule 3(a), Column (g).

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

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

Docket No. W-354, Sub 400

**CALCULATION OF INCOME TAXES**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(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	<u>\$17,473,038</u>	<u>\$19,234,218</u>	<u>\$18,600,825</u>
	Operating revenue deductions:			
2	Maintenance expenses	4,556,383	4,556,383	4,556,383
3	General expenses	5,639,474	5,639,474	5,639,474
4	Depreciation expense	3,178,919	3,178,919	3,178,919
5	Amortization of CIAC	(625,462)	(625,462)	(625,462)
6	Amortization of PAA	(17,621)	(17,621)	(17,621)
7	Amortization of ITC	(254)	(254)	(254)
8	Franchise and other taxes	48,172	48,172	48,172
9	Property taxes	105,629	105,629	105,629
10	Payroll taxes	177,744	177,744	177,744
11	Regulatory fee	24,462	26,928	26,041
12	Gross receipts tax	0	0	0
13	Interest expense	1,550,112 [2]	1,550,112 [4]	1,550,112 [6]
14	Total deductions (Sum of L2 thru L13)	<u>14,637,558</u>	<u>14,640,024</u>	<u>14,639,137</u>
15	Taxable income (L1 - L14)	<u>2,835,480</u>	<u>4,594,194</u>	<u>3,961,688</u>
16	State income tax (L15 x 2.5%)	<u>70,887</u>	<u>114,855</u>	<u>99,042</u>
17	Federal taxable income after state income tax (L15 - L16)	<u>2,764,593</u>	<u>4,479,339</u>	<u>3,862,646</u>
18	Federal income tax (L17 x 21%)	<u>580,565</u>	<u>940,661</u>	<u>811,156</u>
19	Excess deferred income tax amortization	<u>(38,709)</u>	<u>(38,709)</u>	<u>(38,709)</u>
20	Net amount (L15 - L16 - L18 - L19)	<u>2,222,737</u>	<u>3,577,387</u>	<u>3,090,199</u>
21	Add: Interest expense	<u>1,550,112 [2]</u>	<u>1,550,112 [4]</u>	<u>1,550,112 [6]</u>
22	Net income for a return (L20 + L21)	<u>\$3,772,849</u>	<u>\$5,127,499</u>	<u>\$4,640,311</u>

[1] Public Staff WSIP Exhibit I, Schedule 3(b), Column (c).

[2] Public Staff WSIP Exhibit I, Schedule 1(b), Column (e), Line 1.

[3] Public Staff WSIP Exhibit I, Schedule 3(b), Column (e).

[4] Public Staff WSIP Exhibit I, Schedule 1(b), Column (e), Line 4.

[5] Public Staff WSIP Exhibit I, Schedule 3(b), Column (g).

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

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

Docket No. W-354, Sub 400

**CALCULATION OF INCOME TAXES**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(c)**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$1,867,840	\$2,101,835	\$2,003,173
	Operating revenue deductions:			
2	Maintenance expenses	417,844	417,844	417,844
3	General expenses	1,118,940	1,118,940	1,118,940
4	Depreciation expense	176,608	176,608	176,608
5	Amortization of CIAC	(57,707)	(57,707)	(57,707)
6	Amortization of PAA	14,457	14,457	14,457
7	Amortization of ITC	0	0	0
8	Franchise and other taxes	(1,321)	(1,321)	(1,321)
9	Property taxes	7,746	7,746	7,746
10	Payroll taxes	35,795	35,795	35,795
11	Regulatory fee	2,615	2,943	2,804
12	Gross receipts tax	0	0	0
13	Interest expense	83,372 [2]	83,372 [4]	83,372 [6]
14	Total deductions (Sum of L2 thru L13)	1,798,349	1,798,677	1,798,538
15	Taxable income (L1 - L14)	69,491	303,158	204,635
16	State income tax (L15 x 2.5%)	1,737	7,579	5,116
17	Federal taxable income after state income tax (L15 - L16)	67,754	295,579	199,519
18	Federal income tax (L17 x 21%)	14,228	62,072	41,899
19	Excess deferred income tax amortization	(8,585)	(8,585)	(8,585)
20	Net amount (L15 - L16 - L18 - L19)	62,111	242,092	166,205
21	Add: Interest expense	83,372 [2]	83,372 [4]	83,372 [6]
22	Net income for a return (L20 + L21)	\$145,483	\$325,464	\$249,577

[1] Public Staff WSIP Exhibit I, Schedule 3(c), Column (c).

[2] Public Staff WSIP Exhibit I, Schedule 1(c), Column (e), Line 1.

[3] Public Staff WSIP Exhibit I, Schedule 3(c), Column (e).

[4] Public Staff WSIP Exhibit I, Schedule 1(c), Column (e), Line 4.

[5] Public Staff WSIP Exhibit I, Schedule 3(c), Column (g).

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

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

Docket No. W-354, Sub 400

**CALCULATION OF INCOME TAXES**

For The Test Year Ended March 31, 2022

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(d)**BF/FH SEWER OPERATIONS**

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	<u>\$2,627,812</u>	<u>\$3,022,178</u>	<u>\$2,781,187</u>
	Operating revenue deductions:			
2	Maintenance expenses	439,310	439,310	439,310
3	General expenses	1,145,310	1,145,310	1,145,310
4	Depreciation expense	450,022	450,022	450,022
5	Amortization of CIAC	(150,635)	(150,635)	(150,635)
6	Amortization of PAA	45,866	45,866	45,866
7	Amortization of ITC	0	0	0
8	Franchise and other taxes	(1,352)	(1,352)	(1,352)
9	Property taxes	9,754	9,754	9,754
10	Payroll taxes	36,640	36,640	36,640
11	Regulatory fee	3,679	4,231	3,894
12	Gross receipts tax	0	0	0
13	Interest expense	<u>226,797</u> [2]	<u>226,797</u> [4]	<u>226,797</u> [6]
14	Total deductions (Sum of L2 thru L13)	<u>2,205,389</u>	<u>2,205,941</u>	<u>2,205,604</u>
15	Taxable income (L1 - L14)	<u>422,423</u>	<u>816,237</u>	<u>575,583</u>
16	State income tax (L15 x 2.5%)	<u>10,561</u>	<u>20,406</u>	<u>14,390</u>
17	Federal taxable income after state income tax (L15 - L16)	<u>411,862</u>	<u>795,831</u>	<u>561,193</u>
18	Federal income tax (L17 x 21%)	<u>86,491</u>	<u>167,124</u>	<u>117,850</u>
19	Excess deferred income tax amortization	<u>(8,786)</u>	<u>(8,786)</u>	<u>(8,786)</u>
20	Net amount (L15 - L16 - L18 - L19)	<u>334,157</u>	<u>637,493</u>	<u>452,129</u>
21	Add: Interest expense	<u>226,797</u> [2]	<u>226,797</u> [4]	<u>226,797</u> [6]
22	Net income for a return (L20 + L21)	<u>\$560,954</u>	<u>\$864,290</u>	<u>\$678,926</u>

[1] Public Staff WSIP Exhibit I, Schedule 3(d), Column (c).

[2] Public Staff WSIP Exhibit I, Schedule 1(d), Column (e), Line 1.

[3] Public Staff WSIP Exhibit I, Schedule 3(d), Column (e).

[4] Public Staff WSIP Exhibit I, Schedule 1(d), Column (e), Line 4.

[5] Public Staff WSIP Exhibit I, Schedule 3(d), Column (g).

[6] Public Staff WSIP Exhibit I, Schedule 1(d), Column (e), Line 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF INCOME TAXES**  
For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(a)(1)

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating revenue	\$23,928,116	\$26,085,554	\$24,686,776	\$26,085,554	\$27,218,313	\$26,036,469	\$27,218,313	\$28,356,033	\$26,567,549
	Operating revenue deductions:									
2	Maintenance expenses	4,698,317	4,698,317	4,698,317	4,943,795	4,943,795	4,943,795	4,873,821	4,873,821	4,873,821
3	General expenses	9,720,657	9,720,657	9,720,657	9,976,295	9,976,295	9,976,295	10,238,961	10,238,961	10,238,961
4	Depreciation expense	3,949,676	3,949,676	3,949,676	4,173,576	4,173,576	4,173,576	4,311,568	4,311,568	4,311,568
5	Amortization of CIAC	(733,560)	(733,560)	(733,560)	(733,560)	(733,560)	(733,560)	(733,560)	(733,560)	(733,560)
6	Amortization of PAA	(122,002)	(122,002)	(122,002)	(120,313)	(120,313)	(120,313)	(119,891)	(119,891)	(119,891)
7	Amortization of ITC	(265)	(265)	(265)	(265)	(265)	(265)	(265)	(265)	(265)
8	Franchise and other taxes	56,486	56,486	56,486	56,486	56,486	56,486	56,486	56,486	56,486
9	Property taxes	135,969	135,969	135,969	135,969	135,969	135,969	135,969	135,969	135,969
10	Payroll taxes	306,863	306,863	306,863	316,069	316,069	316,069	325,551	325,551	325,551
11	Regulatory fee	33,499	36,520	34,561	36,520	38,106	36,451	38,106	39,698	37,195
12	Gross receipts tax	0	0	0	0	0	0	0	0	0
13	Interest expense	1,874,025 [2]	1,874,025 [4]	1,874,025 [6]	2,044,556 [2]	2,044,556 [4]	2,044,556 [6]	2,097,437 [2]	2,097,437 [4]	2,097,437 [6]
14	Total deductions (Sum of L2 thru L13)	19,919,665	19,922,686	19,920,727	20,829,128	20,830,714	20,829,059	21,224,183	21,225,775	21,223,272
15	Taxable income (L1 - L14)	4,008,451	6,162,868	4,766,049	5,256,426	6,387,600	5,207,410	5,994,130	7,130,258	5,344,277
16	State income tax (L15 x 2.5%)	100,211	154,072	119,151	131,411	159,690	130,185	149,853	178,256	133,607
17	Federal taxable income after state income tax (L15 - L16)	3,908,240	6,008,796	4,646,898	5,125,016	6,227,910	5,077,225	5,844,277	6,952,002	5,210,670
18	Federal income tax (L17 x 21%)	820,730	1,261,847	975,849	1,076,253	1,307,861	1,066,217	1,227,298	1,459,920	1,094,241
19	Excess deferred income tax amortization	(64,882)	(64,882)	(64,882)	(64,882)	(64,882)	(64,882)	(64,882)	(64,882)	(64,882)
20	Net amount (L15 - L16 - L18 - L19)	3,152,391	4,811,831	3,735,931	4,113,644	4,984,931	4,075,890	4,681,861	5,556,963	4,181,312
21	Add: Interest expense	1,874,025 [2]	1,874,025 [4]	1,874,025 [6]	2,044,556 [2]	2,044,556 [4]	2,044,556 [6]	2,097,437 [2]	2,097,437 [4]	2,097,437 [6]
22	Net income for a return (L20 + L21)	\$5,026,416	\$6,685,856	\$5,609,956	\$6,158,200	\$7,029,487	\$6,120,446	\$6,779,298	\$7,654,400	\$6,278,749

[1] Public Staff WS P Exhibit 1, Schedule 3(a)(1), Column (c).  
[2] Public Staff WS P Exhibit 1, Schedule 1(a), Column (e), Line 1.  
[3] Public Staff WS P Exhibit 1, Schedule 3(a)(1), Column (e).  
[4] Public Staff WS P Exhibit 1, Schedule 1(a), Column (e), Line 4.  
[5] Public Staff WS P Exhibit 1, Schedule 3(a)(1), Column (g).  
[6] Public Staff WS P Exhibit 1, Schedule 1(a), Column (e), Line 7.

[1] Public Staff WS P Exhibit 1, Schedule 3(a)(2), Column (c).  
[2] Public Staff WS P Exhibit 1, Schedule 1(a), Column (e), Line 1.  
[3] Public Staff WS P Exhibit 1, Schedule 3(a)(2), Column (e).  
[4] Public Staff WS P Exhibit 1, Schedule 1(a), Column (e), Line 4.  
[5] Public Staff WS P Exhibit 1, Schedule 3(a)(2), Column (g).  
[6] Public Staff WS P Exhibit 1, Schedule 1(a), Column (e), Line 7.

[1] Public Staff WSIP Exhibit 1, Schedule 3(a)(3), Column (c).  
[2] Public Staff WSIP Exhibit 1, Schedule 1(a), Column (e), Line 1.  
[3] Public Staff WSIP Exhibit 1, Schedule 3(a)(3), Column (e).  
[4] Public Staff WSIP Exhibit 1, Schedule 1(a), Column (e), Line 4.  
[5] Public Staff WSIP Exhibit 1, Schedule 3(a)(3), Column (g).  
[6] Public Staff WSIP Exhibit 1, Schedule 1(a), Column (e), Line 7.

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

Docket No. W-354, Sub 400

**CALCULATION OF INCOME TAXES**

For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(b)(2)

**CWSNC SEWER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating revenue	\$19,234,219	\$21,435,861	\$20,487,250	\$21,435,861	\$22,712,351	\$21,067,108	\$22,712,351	\$24,093,673	\$22,908,523
	Operating revenue deductions:									
2	Maintenance expenses	4,637,852	4,637,852	4,637,852	4,671,898	4,671,898	4,671,898	4,512,948	4,512,948	4,512,948
3	General expenses	5,818,996	5,818,996	5,818,996	5,971,983	5,971,983	5,971,983	6,129,172	6,129,172	6,129,172
4	Depreciation expense	3,557,702	3,557,702	3,557,702	3,692,147	3,692,147	3,692,147	4,133,288	4,133,288	4,133,288
5	Amortization of CIAC	(625,462)	(625,462)	(625,462)	(625,462)	(625,462)	(625,462)	(625,462)	(625,462)	(625,462)
6	Amortization of PAA	(17,244)	(17,244)	(17,244)	(17,182)	(17,182)	(17,182)	(17,056)	(17,056)	(17,056)
7	Amortization of ITC	(254)	(254)	(254)	(254)	(254)	(254)	(254)	(254)	(254)
8	Franchise and other taxes	48,172	48,172	48,172	48,172	48,172	48,172	48,172	48,172	48,172
9	Property taxes	105,629	105,629	105,629	105,629	105,629	105,629	105,629	105,629	105,629
10	Payroll taxes	183,076	183,076	183,076	188,569	188,569	188,569	194,226	194,226	194,226
11	Regulatory fee	26,928	30,010	28,682	30,010	31,797	29,494	31,797	33,731	32,072
12	Gross receipts tax	0	0	0	0	0	0	0	0	0
13	Interest expense	1,895,219	1,895,219	1,895,219	1,965,453	1,965,453	1,965,453	2,353,862	2,353,862	2,353,862
14	Total deductions (Sum of L2 thru L13)	15,630,614	15,633,696	15,632,368	16,030,964	16,032,751	16,030,448	16,866,322	16,868,256	16,866,597
15	Taxable income (L1 - L14)	3,603,605	5,802,165	4,854,882	5,404,897	6,679,600	5,036,660	5,846,029	7,225,417	6,041,927
16	State income tax (L15 x 2.5%)	90,090	145,054	121,372	135,122	166,990	125,917	146,151	180,635	151,048
17	Federal taxable income after state income tax (L15 - L16)	3,513,515	5,657,111	4,733,510	5,269,775	6,512,610	4,910,744	5,699,878	7,044,781	5,890,878
18	Federal income tax (L17 x 21%)	737,838	1,187,993	994,037	1,106,653	1,367,648	1,031,256	1,196,974	1,479,404	1,237,084
19	Excess deferred income tax amortization	(38,709)	(38,709)	(38,709)	(38,709)	(38,709)	(38,709)	(38,709)	(38,709)	(38,709)
20	Net amount (L15 - L16 - L18 - L19)	2,814,386	4,507,827	3,778,182	4,201,831	5,183,671	3,918,197	4,541,613	5,604,086	4,692,503
21	Add: Interest expense	1,895,219	1,895,219	1,895,219	1,965,453	1,965,453	1,965,453	2,353,862	2,353,862	2,353,862
22	Net income for a return (L20 + L21)	\$4,709,605	\$6,403,046	\$5,673,401	\$6,167,284	\$7,149,124	\$5,883,650	\$6,895,475	\$7,957,948	\$7,046,365

[1] Public Staff WS P Exhibit I, Schedule 3(b), Column (c).  
 [2] Public Staff WS P Exhibit I, Schedule 1(b), Column (e), Line 1.  
 [3] Public Staff WS P Exhibit I, Schedule 3(b), Column (e).  
 [4] Public Staff WS P Exhibit I, Schedule 1(b), Column (e), Line 4.  
 [5] Public Staff WS P Exhibit I, Schedule 3(b), Column (g).  
 [6] Public Staff WS P Exhibit I, Schedule 1(b), Column (e), Line 7.

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

Docket No. W-354, Sub 400

**CALCULATION OF INCOME TAXES**

For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(c)(3)

**BF/FH/TC WATER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating revenue	\$2 101 834	\$2 492 230	\$2 300 884	\$2 492 230	\$2 640 928	\$2 449 323	\$2 640 928	\$2 751 714	\$2 498 199
	Operating revenue deductions:									
2	Maintenance expenses	\$431,501	\$431,501	\$431,501	\$441,503	\$441,503	\$441,503	\$450,701	\$450,701	\$450,701
3	General expenses	\$1,154,478	\$1,154,478	\$1,154,478	\$1,184,839	\$1,184,839	\$1,184,839	\$1,216,033	\$1,216,033	\$1,216,033
4	Depreciation expense	\$232,672	\$232,672	\$232,672	\$261,522	\$261,522	\$261,522	\$268,698	\$268,698	\$268,698
5	Amortization of CIAC	(\$57,707)	(\$57,707)	(\$57,707)	(\$57,707)	(\$57,707)	(\$57,707)	(\$57,707)	(\$57,707)	(\$57,707)
6	Amortization of PAA	\$14,153	\$14,153	\$14,153	\$14,639	\$14,639	\$14,639	\$14,518	\$14,518	\$14,518
7	Amortization of ITC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Franchise and other taxes	(\$1,321)	(\$1,321)	(\$1,321)	(\$1,321)	(\$1,321)	(\$1,321)	(\$1,321)	(\$1,321)	(\$1,321)
9	Property taxes	\$7,746	\$7,746	\$7,746	\$7,746	\$7,746	\$7,746	\$7,746	\$7,746	\$7,746
10	Payroll taxes	\$36,869	\$36,869	\$36,869	\$37,975	\$37,975	\$37,975	\$39,114	\$39,114	\$39,114
11	Regulatory fee	\$2,943	\$3,489	\$3,221	\$3,489	\$3,697	\$3,429	\$3,697	\$3,852	\$3,497
12	Gross receipts tax	0	0	0	0	0	0	0	0	0
13	Interest expense	136 676 [2]	136 676 [4]	136 676 [6]	158 254 [2]	158 254 [4]	158 254 [6]	158 316 [2]	158 316 [4]	158 316 [6]
14	Total deductions (Sum of L2 thru L13)	1 958 010	1 958 556	1 958 288	2 050 939	2 051 147	2 050 879	2 099 795	2 099 950	2 099 595
15	Taxable income (L1 - L14)	143 825	533 674	342 597	441 290	589 781	398 443	541 133	651 764	398 604
16	State income tax (L15 x 2.5%)	3,596	13,342	8,565	11,032	14,745	9,961	13,528	16,294	9,965
17	Federal taxable income after state income tax (L15 - L16)	140,229	520,333	334,032	430,258	575,036	388,482	527,605	635,470	388,639
18	Federal income tax (L17 x 21%)	29,448	109,270	70,147	90,354	120,758	81,581	110,797	133,449	81,614
19	Excess deferred income tax amortization	(8 585)	(8 585)	(8 585)	(8 585)	(8 585)	(8 585)	(8 585)	(8 585)	(8 585)
20	Net amount (L15 - L16 - L18 - L19)	119,366	419,648	272,470	348,489	462,864	315,486	425,393	510,606	315,610
21	Add: Interest expense	136 676 [2]	136 676 [4]	136 676 [6]	158 254 [2]	158 254 [4]	158 254	158 316 [2]	158 316 [4]	158 316 [6]
22	Net income for a return (L20 + L21)	\$256 042	\$556 324	\$409 146	\$506 743	\$621 118	\$473 740	\$583 709	\$668 922	\$473 926

[1] Public Staff WS P Exhibit I, Schedule 3(c), Column (c).  
 [2] Public Staff WS P Exhibit I, Schedule 1(c), Column (e), Line 1.  
 [3] Public Staff WS P Exhibit I, Schedule 3(c), Column (e).  
 [4] Public Staff WS P Exhibit I, Schedule 1(c), Column (e), Line 4.  
 [5] Public Staff WS P Exhibit I, Schedule 3(c), Column (g).  
 [6] Public Staff WS P Exhibit I, Schedule 1(c), Column (e), Line 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF INCOME TAXES**  
For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-22(d)(4)

**BF/FH SEWER OPERATIONS**

Line No.	Item	Rate Year 1			Rate Year 2			Rate Year 3		
		Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates	Present Rates	Company Proposed Rates	Public Staff Recommended Rates
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating revenue	\$3 022 178	\$3 147 751	\$2 955 206	\$3 146 948	\$3 398 127	\$3 673 074	\$3 398 127	\$3 537 028	\$3 749 537
	Operating revenue deductions:									
2	Maintenance expenses	474,145	474,145	474,145	484,224	484,224	484,224	494,670	494,670	494,670
3	General expenses	1,181,687	1,181,687	1,181,687	1,212,759	1,212,759	1,212,759	1,244,691	1,244,691	1,244,691
4	Depreciation expense	465,568	465,568	465,568	610,855	610,855	610,855	621,220	621,220	621,220
5	Amortization of CIAC	(150,635)	(150,635)	(150,635)	(150,635)	(150,635)	(150,635)	(150,635)	(150,635)	(150,635)
6	Amortization of PAA	44,354	44,354	44,354	43,514	43,514	43,514	43,178	43,178	43,178
7	Amortization of ITC	0	0	0	0	0	0	0	0	0
8	Franchise and other taxes	(1,352)	(1,352)	(1,352)	(1,352)	(1,352)	(1,352)	(1,352)	(1,352)	(1,352)
9	Property taxes	9,754	9,754	9,754	9,754	9,754	9,754	9,754	9,754	9,754
10	Payroll taxes	37,739	37,739	37,739	38,871	38,871	38,871	40,038	40,038	40,038
11	Regulatory fee	4,231	4,407	4,137	4,406	4,757	5,142	4,757	4,952	5,249
12	Gross receipts tax	0	0	0	0	0	0	0	0	0
13	Interest expense	251 163 [2]	251 163 [4]	251 163 [6]	398 909 [2]	398 909 [4]	398 909 [6]	405 258 [2]	405 258 [4]	405 258 [6]
14	Total deductions (Sum of L2 thru L13)	2 316 654	2 316 830	2 316 560	2 651 304	2 651 655	2 652 040	2 711 577	2 711 772	2 712 069
15	Taxable income (L1 - L14)	705 524	830 922	638 646	495 644	746 471	1 021 034	686 549	825 256	1 037 467
16	State income tax (L15 x 2.5%)	17,638	20,773	15,966	12,391	18,662	25,526	17,164	20,631	25,937
17	Federal taxable income after state income tax (L15 - L16)	687,886	810,149	622,680	483,253	727,810	995,508	669,386	804,625	1,011,530
18	Federal income tax (L17 x 21%)	144,456	170,131	130,763	101,483	152,840	209,057	140,571	168,971	212,421
19	Excess deferred income tax amortization	(8 786)	(8 786)	(8 786)	(8 786)	(8 786)	(8 786)	(8 786)	(8 786)	(8 786)
20	Net amount (L15 - L16 - L18 - L19)	552,216	648,803	500,703	390,556	583,756	795,237	537,601	644,439	807,895
21	Add: Interest expense	251 163 [2]	251 163 [4]	251 163 [6]	398 909 [2]	398 909 [4]	398 909	405 258 [2]	405 258 [4]	405 258 [6]
22	Net income for a return (L20 + L21)	\$803,379	\$899,966	\$751,866	\$789,465	\$982,665	\$1,194,146	\$942,859	\$1,049,697	\$1,213,153

[1] Public Staff W S P Exhibit I, Schedule 3(d), Column (c).  
[2] Public Staff W S P Exhibit I, Schedule 1(d), Column (e), Line 1.  
[3] Public Staff W S P Exhibit I, Schedule 3(d), Column (e).  
[4] Public Staff W S P Exhibit I, Schedule 1(d), Column (e), Line 4.  
[5] Public Staff W S P Exhibit I, Schedule 3(d), Column (g).  
[6] Public Staff W S P Exhibit I, Schedule 1(d), Column (e), Line 7.

**CAROLINA WATER SERVICE, INC., OF NC**  
Docket No. W-354, Sub 400  
**STATUTORY REVENUE CAP ADJUSTMENT**  
For The Rate Year 1 - Rate Year 3 Ended March 31,  
2024 -2026

Updated Public Staff Settlement Exhibit 1  
Schedule 3-23

**CWSNC OPERATIONS**

Line No.	Item	Rate Year 1 (a)	Rate Year 2 (b)	Rate Year 3 (c)
<b><u>Uniform Water</u></b>				
1	Annual Service Revenue Percentage Increase	6.77%	5.49%	2.05%
2	Statutory Cap	N/A	5.00%	5.00%
3	Public Staff Calculated Service Revenue	24,693,175	26,049,192	26,582,761
4	Service Revenue Allowed at Statutory Cap	24,693,175	25,927,834 [1]	27,224,225 [2]
5	Adjustment to Statutory Cap (L4 - L3)	0	(121,358)	0
<b><u>Uniform Sewer</u></b>				
6	Annual Service Revenue Percentage Increase	10.19%	2.84%	8.78%
7	Statutory Cap	N/A	5.00%	5.00%
8	Public Staff Calculated Service Revenue	20,501,577	21,084,244	22,934,579
9	Service Revenue Allowed at Statutory Cap	20,501,577	21,526,656 [1]	22,138,456 [2]
10	Adjustment to Statutory Cap (L9 - L8)	0	0	(796,123)
<b><u>BFHTC Water</u></b>				
11	Annual Service Revenue Percentage Increase	14.93%	6.48%	2.00%
12	Statutory Cap	N/A	5.00%	5.00%
13	Public Staff Calculated Service Revenue	2,317,299	2,467,386	2,516,805
14	Service Revenue Allowed at Statutory Cap	2,317,299	2,433,164 [1]	2,554,822 [2]
15	Adjustment to Statutory Cap (L14 - L13)	0	(34,222)	0
<b><u>BFHTC Sewer</u></b>				
16	Annual Service Revenue Percentage Increase	6.29%	24.40%	2.09%
17	Statutory Cap	N/A	5.00%	5.00%
18	Public Staff Calculated Service Revenue	2,974,592	3,700,530	3,777,852
19	Service Revenue Allowed at Statutory Cap	2,974,592	3,123,322 [1]	3,279,488 [3]
20	Adjustment to Statutory Cap (L19 - L18)	0	(577,208)	(498,364)

[1] Rate Year 1 plus Rate Year 1 times 5%  
[1] Rate Year 2 plus Rate Year 2 times 5%  
[3] Statutory limit at 5% Rate Year 2 cap

CAROLINA WATER SERVICE, INC. OF NC		Updated Public Staff Settlement Exhibit 1				
Docket No. W-354, Sub 400		Schedule BY				
CALCULATION OF GROSS REVENUE						
IMPACT OF PUBLIC STAFF ADJUSTMENTS		Base Year				
For The Test Year Ended March 31, 2022						
Line No.	Item	CW/SNC Water (a)	CW/SNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Total
1	Increase/(decrease) in total revenue per Company application	\$ 1,651,225	\$ 1,747,307	\$ 233,033	\$ 390,704	\$ 4,022,268
2	Company 09.19.2022 updates	403,404	319,362	(18,202)	(51,783)	652,781
3	Increase/(decrease) in total revenue per Company updates	2,054,629	2,066,669	214,830	338,921	4,675,049
4	Difference in calculation of revenue requirement based on Company amounts	0	0	(1)	1	0
5	Adjust capital structure to 50% debt and 50% equity	0	0	0	0	0
6	Adjust return on equity from 10.45% to 9.25%	(564,589)	(531,090)	(28,458)	(76,609)	(1,200,746)
7	Adjust debt cost rate from 4.64% to 4.64%	0	0	0	0	0
8	Adjustment to uncollectibles	(55,646)	(40,500)	(3,604)	(4,876)	(104,626)
9	Adjustment to forfeited discounts	(63,248)	(46,814)	(5,289)	(7,094)	(122,445)
10	Adjustment to miscellaneous revenues	(18,372)	(10,961)	(1,183)	(1,210)	(31,725)
11	Update revenues to 8/31/2022	516,339	87,187	1,668	(9,864)	595,330
12	Adjustment to reclassify utility accounts	(1,980)	1,980	0	0	0
13	Adjustment to remove pro forma estimates	0	0	0	0	0
14	Adjustment to over booked AFUDC	(269)	(254)	0	(7)	(530)
15	Adjustment to customer deposits	0	0	0	0	0
16	Adjustment to inventory	0	0	0	0	0
17	Adjustment to average tax accruals	(12,395)	(9,640)	(735)	(939)	(23,709)
18	Adjustment to remove Company proposed additions to add PS post TY a	(295,880)	(241,434)	(12,322)	21,436	(528,200)
19	Adjustment to add back ERC book adjustment	(3,622)	(2,161)	(435)	(446)	(6,664)
20	Adjustment to gain on sale	0	0	0	0	0
21	Adjustment to include actual post TY GL additions	252,754	163,962	13,436	20,666	450,818
22	Adjustment to reclassify wrongly booked gross up tax to CIAC	0	0	0	0	0
23	Adjustment to allocated cost GL adjustments	0	0	0	0	0
24	Adjustment to reflect annual level of depreciation	(14,635)	(8,959)	(1,553)	(3,516)	(28,663)
25	Adjustment to cash working capital	(3,999)	408	39	(449)	(4,001)
26	Adjustment to ADIT	(11,824)	(4,169)	(1,366)	1,998	(15,361)
27	Adjustment for excess deferred taxes	(84,353)	(50,326)	(11,161)	(11,423)	(157,263)
28	Adjustment to deferred charges	(5,946)	(4,171)	(675)	(607)	(11,399)
29	Adjustment to purchased power	(1,969)	(13,503)	0	0	(15,472)
30	Adjustment to maintenance and repair	(6,061)	143,864	12,774	(28,090)	121,487
31	Adjustment to maintenance testing	0	0	0	0	0
32	Adjustment to chemicals	(58,837)	13,776	(32)	(4,839)	(49,932)
33	Adjustment to office utility	0	0	0	0	0
34	Adjustment to amortization expense - CIAC	0	0	0	0	0
35	Adjustment to regulatory commission expense	(93,329)	(55,679)	(11,209)	(11,477)	(171,694)
36	Adjustment to pension and benefits	(39,758)	(23,719)	(4,777)	(4,890)	(73,144)
37	Adjustment to amortization expense - PAA	(4,227)	(189)	(1,399)	2,019	(3,796)
38	Adjustment to meter reading	(6,733)	0	0	0	(6,733)
39	Adjustment to property tax	0	0	0	0	0
40	Adjustment to general salaries and wages	(77,996)	(46,533)	(9,371)	(9,592)	(143,492)
41	Adjustment to payroll tax	(6,489)	(3,871)	(780)	(798)	(11,938)
42	Adjustment to depreciation expense	(454,213)	(277,739)	(28,649)	(28,058)	(789,659)
43	Adjustment to office supplies and other office exp.	0	0	0	0	0
44	Adjustment to capitalized time	(4,293)	(2,562)	(516)	(528)	(7,899)
45	Adjustment to rent	0	0	0	0	0
46	Adjustment to insurance	90,894	54,227	10,920	11,177	167,218
47	Adjustment to miscellaneous	(181,444)	(27,844)	8,327	8,521	(192,440)
48	Adjustment to purchased water/sewer	0	0	0	0	0
49	Rounding	0	0	0	0	0
50	Revenue impact of Public Staff adjustments (Sum of L4 thru L49)	(1,230,062)	(938,884)	(79,498)	(185,548)	(2,433,992)
51	Increase/(decrease) per Public Staff (L3 + L50)	\$ 824,567	\$ 1,127,785	\$ 135,332	\$ 153,373	\$ 2,241,057

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Rate Year Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule RY 1

Rate Year 1

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Total
1	Increase/(decrease) in total revenue per Company application	\$ 3,635,456	\$ 3,881,523	\$ 603,728	\$ 630,021	\$ 8,750,728
2	Company 09.19.2022 updates	334,720	(174,594)	(34,117)	(37,930)	88,079
3	Increase/(decrease) in total revenue per Company updates	<u>3,970,177</u>	<u>3,706,929</u>	<u>569,611</u>	<u>592,091</u>	<u>8,838,807</u>
4	Difference in calculation of revenue requirement based on Company amounts	0	(0)	1	(1)	(0)
5	Adjust capital structure to 50% debt and 50% equity	0	0	0	0	0
6	Adjust return on equity from 10.70% to 9.25%	(759,799)	(712,062)	(52,831)	(103,122)	(1,627,814)
7	Adjust debt cost rate from 4.64% to 4.64%	0	0	0	0	0
8	Adjustment to uncollectibles	(43,413)	(27,228)	(339)	627	(70,352)
9	Adjustment to forfeited discounts	(67,875)	(51,556)	(5,955)	(8,164)	(133,549)
10	Adjustment to miscellaneous revenues	(18,373)	(10,961)	(1,183)	(1,210)	(31,726)
11	Update revenues to 8/31/2022	(1,114,786)	(1,682,524)	(234,926)	(408,663)	(3,440,899)
12	Adjustment to plant in service	132,169	574,322	47,113	(4,508)	749,096
13	Adjustment to accumulated depreciation	(132,964)	(60,309)	(18,437)	(13,161)	(224,870)
14	Adjustment to cash working capital	(13,697)	(3,205)	112	(862)	(17,652)
15	Adjustment to deferred charges	(6,947)	(12,598)	(1,041)	1,711	(18,876)
16	Adjustment to average tax accruals	(12,886)	(10,033)	(833)	(31)	(23,783)
17	Adjustment to PAA	11,454	548	(1,184)	(4,552)	6,266
18	Adjustment to CIAC	32,668	25,762	3,802	6,743	68,975
19	Adjustment to ADIT	4,194	(2,154)	(5,660)	5,118	1,498
20	Adjustment to EDIT	(84,353)	(50,326)	(11,161)	(11,423)	(157,263)
21	Adjustment to purchased power	(35,855)	(45,555)	(4,158)	(9,429)	(94,997)
22	Adjustment to purchased water/sewer	0	0	0	0	0
23	Adjustment to maintenance and repair	(68,300)	24,919	(5,878)	(21,999)	(71,258)
24	Adjustment to maintenance testing	(8,218)	(12,851)	(429)	(1,017)	(22,515)
25	Adjustment to meter reading	(21,667)	(182)	(3,032)	(70)	(24,951)
26	Adjustment to chemicals	(73,911)	(7,787)	(3,258)	(7,591)	(92,548)
27	Adjustment to transportation	(21,051)	(11,886)	(6,179)	(6,456)	(45,572)
28	Adjustment to capitalized time	(4,422)	(2,638)	(531)	(544)	(8,135)
29	Adjustment to outside services - other	(19,604)	(11,398)	(1,576)	(1,698)	(34,275)
30	Adjustment to general salaries and wages	(80,336)	(47,929)	(9,652)	(9,880)	(147,796)

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 400  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Rate Year Ended March 31, 2024

Updated Public Staff Settlement Exhibit 1  
Schedule RY 1

Rate Year 1

Line No.	Item	CWSNC Water	CWSNC Sewer	BF/FH/TC Water	BF/FH/TC Sewer	Total
		(a)	(b)	(c)	(d)	
31	Adjustment to office supplies and other office exp.	(14,530)	(8,548)	(1,575)	(1,622)	(26,275)
32	Adjustment to regulatory commission expense	(102,308)	(60,816)	(12,415)	(12,755)	(188,294)
33	Adjustment to pension and benefits	(85,916)	(51,258)	(10,323)	(10,567)	(158,063)
34	Adjustment to rent	(8,908)	(5,314)	(1,070)	(1,096)	(16,388)
35	Adjustment to insurance	74,405	44,540	808	8,939	128,691
36	Adjustment to office utility	(11,585)	(6,421)	(1,106)	(1,192)	(20,304)
37	Adjustment to miscellaneous	(322,585)	(104,847)	(5,672)	(5,840)	(438,944)
38	Adjustment to depreciation expense	(308,040)	(109,797)	(17,803)	(34,135)	(469,775)
39	Adjustment to amortization expense - CIAC	0	0	0	(0)	0
40	Adjustment to amortization expense - PAA	(4,651)	188	(1,703)	505	(5,661)
41	Adjustment to franchise tax	(5,545)	(4,535)	129	137	(9,814)
42	Adjustment to property tax	(9,861)	(7,585)	(2,055)	(756)	(20,258)
43	Adjustment to payroll tax	(6,684)	(3,988)	(803)	(822)	(12,296)
44	Adjustment to reflect reg rate change impact on oper deduction	1,921	1,418	191	219	3,749
45	Adjustment to reflect regulatory rate change impact on rate base	742	695	51	102	1,590
46	Rounding	0	0	0	0	0
48	Revenue impact of Public Staff adjustments (Sum of L4 thru L47)	<u>(3,211,516)</u>	<u>(2,453,899)</u>	<u>(370,562)</u>	<u>(659,064)</u>	<u>(6,695,040)</u>
49	Increase/(decrease) per Public Staff (L3 + L48)	<u>\$ 758,661</u>	<u>\$ 1,253,030</u>	<u>\$ 199,049</u>	<u>\$ (66,973)</u>	<u>\$ 2,143,767</u>

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

Docket No. W-354, Sub 384

**CALCULATION OF GROSS REVENUE  
IMPACT OF PUBLIC STAFF ADJUSTMENTS  
For The Rate Year Ended March 31, 2025**

Updated Public Staff Settlement Exhibit 1  
Schedule RY 2

Rate Year 2

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Total
1	Increase/(decrease) in total revenue per Company application	\$ 1,044,932	\$ 1,403,608	\$ 140,204	\$ 248,864	\$ 2,837,608
2	Company 9.19.22 updates	461,631	460,651	95,249	381,917	1,399,448
3	Increase/(decrease) in total revenue per Company updates	1,506,563	1,864,259	235,453	630,781	4,237,056
4	Difference in calculation of revenue requirement based on Company amounts	(0)	(0)	(0)	0	(0)
5	Adjust capital structure to 50% debt and 50% equity	0	0	0	0	0
6	Adjust return on equity from 10.70% to 9.25%	(841,290)	(838,545)	(67,705)	(148,019)	(1,895,559)
7	Adjust debt cost rate from 4.64% to 4.64%	0	0	0	0	0
8	Adjustment to uncollectibles	(65,504)	(46,701)	(3,867)	(6,942)	(123,014)
9	Adjustment to forfeited discounts	9,144	(6,267)	(75)	141	2,943
10	Adjustment to miscellaneous revenues	(18,373)	(10,961)	(1,182)	(1,210)	(31,726)
11	Update revenues to 8/31/2022	643,025	(203,053)	(58,062)	57,922	439,832
12	Adjustment to plant in service	188,081	(122,259)	7,564	128,483	201,869
13	Adjustment to accumulated depreciation	(286,006)	(241,322)	(31,610)	7,625	(551,313)
14	Adjustment to cash working capital	(12,502)	(4,039)	4	(1,175)	(17,712)
15	Adjustment to deferred charges	(20,359)	(17,099)	(3,495)	(3,655)	(44,607)
16	Adjustment to average tax accruals	(13,370)	(10,632)	(909)	(147)	(25,057)
17	Adjustment to PAA	11,700	527	(1,083)	(4,524)	6,620
18	Adjustment to CIAC	32,668	25,762	3,802	6,743	68,975
19	Adjustment to ADIT	5,807	15,129	(4,429)	(9,087)	7,420
20	Adjustment to EDIT	(84,353)	(50,326)	(11,161)	(11,423)	(157,263)
21	Adjustment to purchased power	(36,827)	(44,754)	(4,612)	(11,546)	(97,739)
22	Adjustment to purchased water/sewer	0	0	0	0	0
23	Adjustment to maintenance and repair	103,178	(23,437)	(3,717)	(26,367)	49,657

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

Docket No. W-354, Sub 384

**CALCULATION OF GROSS REVENUE  
IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Rate Year Ended March 31, 2025

Updated Public Staff Settlement Exhibit 1  
Schedule RY 2

Rate Year 2

Line No.	Item	CWSNC	CWSNC	BF/FH/TC	BF/FH/TC	Total
		Water	Sewer	Water	Sewer	
		(a)	(b)	(c)	(d)	
24	Adjustment to maintenance testing	(10,399)	(13,782)	(534)	(1,430)	(26,146)
25	Adjustment to meter reading	(24,564)	(192)	(3,557)	(89)	(28,402)
26	Adjustment to chemicals	(76,311)	(6,546)	(2,853)	(8,620)	(94,329)
27	Adjustment to transportation	(31,364)	(16,634)	(7,563)	(8,151)	(63,712)
28	Adjustment to capitalized time	(4,554)	(2,718)	(547)	(560)	(8,379)
29	Adjustment to outside services - other	(21,363)	(11,825)	(1,848)	(2,156)	(37,192)
30	Adjustment to general salaries and wages	(82,746)	(49,367)	(9,942)	(10,176)	(152,230)
31	Adjustment to office supplies and other office exp.	(18,130)	(9,142)	(1,949)	(2,256)	(31,478)
32	Adjustment to regulatory commission expense	(105,669)	(62,364)	(12,858)	(13,297)	(194,188)
33	Adjustment to pension and benefits	(92,095)	(50,216)	(10,965)	(12,040)	(165,316)
34	Adjustment to rent	(9,122)	(5,442)	(1,333)	(1,541)	(17,437)
35	Adjustment to insurance	56,666	26,415	(6,285)	(1,634)	75,162
36	Adjustment to office utility	(13,735)	(6,797)	(1,297)	(1,513)	(23,343)
37	Adjustment to miscellaneous	(361,511)	(111,313)	(9,065)	(11,591)	(493,480)
38	Adjustment to depreciation expense	(341,619)	(307,889)	(22,102)	(2,532)	(674,141)
39	Adjustment to amortization expense - CIAC	0	0	0	(0)	0
40	Adjustment to amortization expense - PAA	(2,959)	251	(1,217)	(336)	(4,261)
41	Adjustment to franchise tax	(7,621)	(5,901)	177	195	(13,151)
42	Adjustment to property tax	(19,499)	(19,764)	(3,522)	(3,282)	(46,067)
43	Adjustment to payroll tax	(6,885)	(4,107)	(827)	(846)	(12,665)
44	Adjustment to reflect reg rate change impact on oper deduction	1,991	1,480	200	237	3,908
45	Adjustment to reflect regulatory rate change impact on rate base	821	818	66	145	1,850
46	Rounding	0	0	0	0	0
47	Revenue impact of Public Staff adjustments (Sum of L4 thru L47)	<u>(1 555 648)</u>	<u>(2 233 011)</u>	<u>(278 359)</u>	<u>(104 654)</u>	<u>(4 171 672)</u>
48	Increase/(decrease) per Public Staff before revenue cap (L3 + L47)	<u>\$ (49,085)</u>	<u>\$ (368,752)</u>	<u>\$ (42,906)</u>	<u>\$ 526,127</u>	<u>\$ 65,384</u>
49	Adjustment to Statutory Cap Limited	<u>(121,358)</u>	<u>0</u>	<u>\$ (34,222)</u>	<u>\$ (577,208)</u>	<u>\$ (732,789)</u>
50	Increase/(decrease) to Revenue Requirement (L48+L49)	<u>\$ (170,443)</u>	<u>\$ (368,752)</u>	<u>\$ (77,128)</u>	<u>\$ (51,082)</u>	<u>\$ (667,405)</u>

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 384  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Rate Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule RY 3

Rate Year 3

Line No.	<u>Item</u>	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Total
1	Increase/(decrease) in total revenue per Company application	\$ 1,041,973	\$ 1,131,288	\$ 101,601	\$ 133,312	\$ 2,408,174
2	Company 9.19.22 updates	241,443	430,518	75,692	291,888	1,039,541
3	Increase/(decrease) in total revenue per Company updates	1,283,416	1,561,806	177,293	425,200	3,447,715
	Difference in calculation of revenue requirement					
4	based on Company amounts	(1)	1	(1)	(0)	(2)
5	Adjust capital structure to 50% debt and 50% equity	0	0	0	0	0
6	Adjust return on equity from 10.70% to 9.25%	(905,554)	(953,317)	(77,553)	(177,150)	(2,113,574)
7	Adjust debt cost rate from 4.64% to 4.64%	0	0	0	0	0
8	Adjustment to uncollectibles	(71,785)	(55,428)	(5,538)	(13,487)	(146,238)
9	Adjustment to forfeited discounts	10,633	(5,177)	181	211	5,848
10	Adjustment to miscellaneous revenues	(18,373)	(10,961)	(1,182)	(1,210)	(31,726)
11	Update revenues to 8/31/2022	1,021,621	392,354	30,107	443,998	1,888,080
12	Adjustment to plant in service	(105,980)	245,912	(39,403)	(75,996)	24,533
13	Adjustment to accumulated depreciation	(374,415)	(204,630)	(72,679)	(25,616)	(677,340)
14	Adjustment to cash working capital	(14,601)	(4,799)	(103)	(1,467)	(20,970)
15	Adjustment to deferred charges	(33,741)	(21,618)	(4,435)	(4,752)	(64,546)
16	Adjustment to average tax accruals	(13,799)	(11,183)	(956)	(226)	(26,164)
17	Adjustment to PAA	11,911	496	(971)	(4,468)	6,968
18	Adjustment to CIAC	32,668	25,762	3,802	6,743	68,975
19	Adjustment to ADIT	25,634	(3,296)	(2,278)	(4,790)	15,270
20	Adjustment to EDIT	(84,353)	(50,326)	(11,161)	(11,423)	(157,263)
21	Adjustment to purchased power	(37,587)	(43,696)	(5,073)	(13,711)	(100,068)
22	Adjustment to purchased water/sewer	0	0	0	0	0
23	Adjustment to maintenance and repair	(41,731)	(65,826)	(3,039)	(30,977)	(141,573)
24	Adjustment to maintenance testing	(12,699)	(14,751)	(645)	(1,869)	(29,964)
25	Adjustment to meter reading	(27,609)	(203)	(4,109)	(109)	(32,030)
26	Adjustment to chemicals	(78,713)	(5,099)	(3,331)	(9,675)	(96,818)
27	Adjustment to transportation	(42,021)	(21,506)	(8,991)	(9,912)	(82,431)
28	Adjustment to capitalized time	(4,691)	(2,799)	(564)	(577)	(8,630)
29	Adjustment to outside services - other	(23,208)	(12,266)	(2,135)	(2,641)	(40,250)
30	Adjustment to general salaries and wages	(85,228)	(50,848)	(10,240)	(10,482)	(156,797)

**CAROLINA WATER SERVICE, INC. OF NC**  
Docket No. W-354, Sub 384  
**CALCULATION OF GROSS REVENUE**  
**IMPACT OF PUBLIC STAFF ADJUSTMENTS**  
For The Rate Year Ended March 31, 2026

Updated Public Staff Settlement Exhibit 1  
Schedule RY 3

Rate Year 3

Line No.	Item	CWSNC Water (a)	CWSNC Sewer (b)	BF/FH/TC Water (c)	BF/FH/TC Sewer (d)	Total
31	Adjustment to office supplies and other office exp.	(21,926)	(9,761)	(2,344)	(2,929)	(36,959)
32	Adjustment to regulatory commission expense	(109,143)	(63,952)	(13,316)	(13,861)	(200,271)
33	Adjustment to pension and benefits	(98,579)	(49,077)	(11,639)	(13,602)	(172,897)
34	Adjustment to rent	(9,341)	(5,573)	(1,609)	(2,014)	(18,536)
35	Adjustment to insurance	40,632	9,368	(10,659)	(9,053)	30,289
36	Adjustment to office utility	(15,999)	(7,187)	(1,499)	(1,854)	(26,539)
37	Adjustment to miscellaneous	(402,374)	(118,023)	(12,639)	(17,690)	(550,727)
38	Adjustment to depreciation expense	(398,878)	(208,056)	(39,851)	(57,245)	(704,029)
39	Adjustment to amortization expense - CIAC	0	0	0	(0)	0
40	Adjustment to amortization expense - PAA	(2,537)	377	(1,338)	(673)	(4,171)
41	Adjustment to franchise tax	(9,766)	(7,303)	225	255	(16,589)
42	Adjustment to property tax	(28,495)	(31,465)	(4,491)	(5,094)	(69,545)
43	Adjustment to payroll tax	(7,091)	(4,230)	(852)	(872)	(13,045)
44	Adjustment to reflect reg rate change impact on oper deduction	2,056	1,523	208	251	4,038
45	Adjustment to reflect regulatory rate change impact on rate base	884	931	77	172	2,064
46	Rounding	0	0	0	0	0
47	Revenue impact of Public Staff adjustments (Sum of L4 thru L47)	<u>(1,934,180)</u>	<u>(1,365,633)</u>	<u>(320,022)</u>	<u>(73,791)</u>	<u>(3,693,625)</u>
48	Increase/(decrease) per Public Staff before revenue cap (L3 + L47)	<u>\$ (650,764)</u>	<u>\$ 196,173</u>	<u>\$ (142,729)</u>	<u>\$ 351,409</u>	<u>\$ (245,910)</u>
49	Adjustment to Statutory Cap Limited	0	(796,123)	0	(498,364)	\$ (1,294,487)
50	Increase/(decrease) to Revenue Requirement (L48+L49)	<u>\$ (650,764)</u>	<u>\$ (599,950)</u>	<u>\$ (142,729)</u>	<u>\$ (146,955)</u>	<u>\$ (1,540,397)</u>