

**SANFORD LAW OFFICE, PLLC**

Jo Anne Sanford, Attorney at Law

January 22, 2018

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Carolina Water Service, Inc. of North Carolina (Emergency Operator  
of Riverbend Estates Water System)  
Docket No. W-390, Sub 13  
Filing of Quarterly Financial Reports (October - December 2017  
Calendar Quarter)

Dear Ms. Jarvis:

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

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

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford  
Attorney for Carolina Water Service,  
Inc. of North Carolina (Emergency  
Operator)

cc: Parties of Record

**Riverbend Estates Water System**  
 Carolina Water Service, Inc. of NC as EO  
 Docket No. W-390, Sub 13  
 Revenues, Expenses, and Reserve Balances  
 For Q4 2017

Schedule 1

Line No.	<u>Item</u>	<u>Riverbend Estates</u> (a)
1	Revenues	33,680.11 [1]
2	Expenses for a return	25,724.36 [2]
3	Regulatory fee (L1 x 0.14%)	47.15
4	Gross receipts tax (L1 x 0%)	0.00
5	Pre-tax return on expenses	3,150.25 [3]
6	Total expenses and return (Sum of L2 thru L5)	28,921.76
7	Net activity for the month (L1 - L6)	\$4,758.35
8	Reserve balance prior month	\$11,615.86 [4]
9	Net activity for the month (L7)	4,758.35
10	Current Reserve balance (L8 + L9)	\$16,374.21

- [1] Total revenues from Schedule 2.  
 [2] Total expenses for return from Schedule 2.  
 [3] Schedule 1(a), Line 5.  
 [4] Ending balance from prior period report.  
 [5] Sum of Columns (a) through (c).

**Riverbend Estates Water System**

Carolina Water Service, Inc. of NC as EO  
Docket No. W-390, Sub 13  
Calculation of Pre-Tax Return  
For Q4 2017

Schedule 1(a)

Line		
<u>No.</u>	<u>Item</u>	Riverbend Estates <u>(a)</u>
<u>Calculation of Pre-Tax Return</u>		
1	Expenses for return	\$25,724.36 [1]
2	Overall rate of return	7.84% [2]
3	Return on expenses (L1 x L2)	2,016.79
4	Retention factor for income taxes (L10)	0.640200
5	Pre-tax return on expenses (L3 / L4)	<u>\$3,150.25</u>
<u>Calculation of Retention Factor</u>		
6	Revenues	1.000000
7	Less: State income tax at 3.0%	0.030000
8	Federal taxable income	0.970000
9	Less: Federal income tax at 34%	0.329800
10	Retention factor for income taxes	<u>0.640200</u>

[1] Schedule 1, Line 2.

[2] Overall return authorized by Commission for CWSNC on November 8, 2017 in Docket No. W-354, Sub 356.

**Riverbend Estates Water System**  
 Carolina Water Service, Inc. of NC as EO  
 Docket No. W-390, Sub 13  
 Revenues and Expenses for Q4 2017

Schedule 2

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
5025	WATER REVENUE-RESIDENTIAL	(32,510.87)
5030	WATER REVENUE-ACCRUALS	(970.34)
5265	FORFEITED DISCOUNTS	(198.90)
5270	MISC SERVICE REVENUE	-
5285	OTHER W/S REVENUES	-
5405	REV FROM MGMT SERVICES	-
<b>Total Revenues</b>		<b><u>(33,680.11)</u></b>
5435	PURCHASED WATER-WATER S	14,443.34
5465	ELEC PWR - WATER SYSTEM	-
5495	METER READING	-
5505	AGENCY EXPENSE	1.41
5510	UNCOLLECTIBLE ACCOUNTS	-
5515	UNCOLL ACCOUNTS ACCRUAL	428.00
5525	BILL STOCK	3.51
5535	BILLING ENVELOPES	5.78
5540	BILLING POSTAGE	94.67
5545	CUSTOMER SERVICE PRINTING	9.03
5625	401K/ESOP CONTRIBUTIONS	114.55
5630	HEALTH & DENTAL PREMIUMS	109.15
5635	DENTAL INS REIMBURSEMENTS	19.20
5645	EMPLOYEE INS DEDUCTIONS	(154.70)
5650	HEALTH COSTS & OTHER	0.09
5655	HEALTH INS REIMBURSEMENTS	682.31
5660	OTHER EMP PENSION/BENEFITS	11.15
5665	PENSION CONTRIBUTIONS	81.50
5670	TERM LIFE INS	23.67
5675	TERM LIFE INS-OPT	(1.88)
5680	DEPEND LIFE INS-OPT	(6.27)
5690	TUITION	-
5705	INSURANCE-GEN LIAB	302.08
5715	INSURANCE-OTHER	106.56
5735	COMPUTER MAINTENANCE	135.53
5740	COMPUTER SUPPLIES	0.03
5745	COMPUTER AMORT & PROG COST	-
5750	INTERNET SUPPLIER	17.10
5785	ADVERTISING/MARKETING	1.61
5790	BANK SERVICE CHARGE	20.34
5805	LICENSE FEES	1.58
5810	MEMBERSHIPS	16.42
5820	TRAINING EXPENSE	18.15
5825	OTHER MISC EXPENSE	(12.86)
5855	ANSWERING SERVICE	9.99
5860	CLEANING SUPPLIES	0.69
5865	COPY MACHINE	1.63

**Riverbend Estates Water System**  
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 Revenues and Expenses for Q4 2017

Schedule 2

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
5875	KITCHEN SUPPLIES	0.64
5880	OFFICE SUPPLY STORES	3.24
5885	PRINTING/BLEUPRINTS	12.00
5890	PUBL SUBSCRIPTIONS/TAPES	0.57
5895	SHIPPING CHARGES	11.80
5900	OTHER OFFICE EXPENSES	4.22
5930	OFFICE ELECTRIC	(2.04)
5935	OFFICE GAS	0.47
5940	OFFICE WATER	0.16
5945	OFFICE TELECOM	167.26
5950	OFFICE GARBAGE REMOVAL	1.24
5955	OFFICE LANDSCAPE / MOW / PLOW	6.13
5960	OFFICE ALARM SYS PHONE EXP	1.49
5965	OFFICE MAINTENANCE	2.36
5970	OFFICE CLEANING SERVICE	3.50
5975	OFFICE MACHINE/HEAT&COOL	3.27
5980	OTHER OFFICE UTILITIES	0.01
5985	TELEMETERING PHONE EXPENSE	-
6010	AUDIT FEES	45.08
6015	EMPLOY FINDER FEES	0.67
6020	ENGINEERING FEES	-
6025	LEGAL FEES	5,809.74
6035	PAYROLL SERVICES	13.42
6040	TAX RETURN REVIEW	46.35
6045	TEMP EMPLOY - CLERICAL	0.77
6050	OTHER OUTSIDE SERVICES	484.09
6070	MISC REG MATTERS COMM EXP	42.93
6090	RENT	105.09
6110	SALARIES-ACCTG/FINANCE	126.32
6115	SALARIES-ADMIN	27.50
6120	SALARIES-OFFICERS/STKHLDR	159.88
6125	SALARIES-HR	32.07
6130	SALARIES-MIS	64.04
6135	SALARIES-LEADERSHIP OPS	530.47
6140	SALARIES-REGULATORY	49.90
6145	SALARIES-CUSTOMER SERVICE	149.22
6146	SALARIES-BILLING	60.33
6150	SALARIES-OPERATIONS FIELD	44.05
6155	SALARIES-OPERATIONS OFFICE	66.11
6165	CAPITALIZED TIME ADJUSTMENT	(27.96)
6185	TRAVEL LODGING	465.38
6190	TRAVEL AIRFARE	6.73
6195	TRAVEL TRANSPORTATION	3.95
6200	TRAVEL MEALS	91.49
6205	TRAVEL ENTERTAINMENT	0.83
6207	TRAVEL OTHER	5.44

**Riverbend Estates Water System**  
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 Revenues and Expenses for Q4 2017

Schedule 2

<u>Account Number</u>	<u>Account Description</u>	<u>Riverbend Estates (BU 196100)</u> (a)
6215	FUEL	244.56
6220	AUTO REPAIR/TIRES	81.27
6225	AUTO LICENSES	3.61
6230	OTHER TRANS EXPENSES	16.08
6255	TEST-WATER	367.22
6260	TEST-EQUIP/CHEMICAL	-
6285	WATER-MAINT SUPPLIES	-
6290	WATER-MAINT REPAIRS	-
6300	WATER-ELEC EQUIPT REPAIR	-
6305	WATER-PERMITS	-
6310	WATER-OTHER MAINT EXP	-
6355	DEFERRED MAINT EXPENSE	-
6360	COMMUNICATION EXPENSE	2.00
6370	OPER CONTRACTED WORKERS	-
6385	UNIFORMS	67.52
6390	WEATHER/HURRICANE COSTS	(5.08)
6510	DEPREC-ELEC PUMP EQP WTP	-
6525	DEPREC-DIST RESV & STANDPIPES	-
6580	DEPREC-OFFICE STRUCTURE	9.27
6585	DEPREC-OFFICE FURN/EQPT	4.98
6595	DEPREC-TOOL SHOP & MISC EQPT	0.06
6605	DEPREC-POWER OPERATED EQUIP	-
6610	DEPREC-COMMUNICATION EQPT	6.99
6905	DEPREC-AUTO TRANS	259.81
6920	DEPREC-COMPUTER	132.34
7165	AMORT-WATER-TAP	(11.25)
7510	FICA EXPENSE	264.97
7515	FEDERAL UNEMPLOYMENT TAX	0.44
7520	STATE UNEMPLOYMENT TAX	7.19
7545	PERSONAL PROPERTY/ICT TAX	6.37
7550	PROPERTY/OTHER GENERAL TAX	(841.29)
7555	REAL ESTATE TAX	1.42
7735	S/T INT EXP BANK ONE	2.31
		<u>25,724.36</u>
	<b>Operating Income</b>	<b>(7,955.75)</b>

## CERTIFICATE OF SERVICE

On behalf of Carolina Water Service, Inc. of North Carolina (Emergency Operator of Riverbend Estates Water System), I hereby certify that I have served a copy of the foregoing Quarterly Financial Reports for the Riverbend Estates Water System (October - December 2017 Calendar Quarter) in Docket No. W-390, Sub 13 on all parties of record in this proceeding, in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 22nd day of January, 2018.

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

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