

**SANFORD LAW OFFICE, PLLC
Jo Anne Sanford, Attorney at Law**

October 10, 2022

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

Via Electronic Delivery

Re: Carolina Water Service, Inc. of North Carolina and Water Resource Management LLC
Docket Nos. W-354, Sub 396 and W-1073, Sub 7
Application for Authority to Transfer the Echota Water Utility System, the Seven Devils Wastewater Utility System, and Public Utility Franchise in Watauga County, North Carolina, and for Approval of Rates
Direct Testimony of Donald H. Denton III

Dear Ms. Dunston:

On April 22, 2022, Carolina Water Service, Inc. of North Carolina (“CWSNC”) and Water Resource Management LLC (“Water Resource”) filed an Application for Transfer of Public Utility Franchise and for Approval of Rates (“Application”) seeking authority to transfer the water and wastewater utility systems and public utility franchise serving all of Water Resource’s service areas in Watauga County, North Carolina, from Water Resource to CWSNC and for approval of rates.

In support of the Application, CWSNC hereby files the Direct Testimony of Donald H. Denton III, the Company’s President.

I hereby certify that I have today served a copy of this filing on the parties to these dockets.

As always, we thank you and your staff for your assistance; please feel free to contact me if there are questions or if additional information is required.

Electronically Submitted

/s/Jo Anne Sanford

North Carolina State Bar No. 6831

Attorney for Carolina Water Service, Inc. of
North Carolina

- c: Lucy Edmondson, Chief Counsel, Public Staff
Gina Holt, Manager, Legal Division, Natural Gas, Water, Sewer,
Telephone, & Transportation Sections, Public Staff
John Little, Staff Attorney, Public Staff
Charles Junis, Director, Water, Sewer & Telephone Division, Public Staff

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-354, SUB 396
DOCKET NO. W-1073, SUB 7

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Carolina Water Service,)
Inc. of North Carolina, 5821 Fairview)
Road, Suite 401, Charlotte, North)
Carolina 28209 and Water Resource) DIRECT TESTIMONY OF
Management LLC, 151 Mr. Bish) DONALD H. DENTON III ON
Boulevard, Boone, North Carolina) BEHALF OF CAROLINA WATER
28607, for Authority to Transfer the) SERVICE, INC. OF NORTH
Echota Water Utility System, the Seven) CAROLINA
Devils Wastewater Utility System and)
Public Utility Franchise in Watauga)
County, North Carolina, and for)
Approval of Rates)

October 10, 2022

Direct Testimony of Donald H. Denton III

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Donald H. Denton III, and my business address is
3 5821 Fairview Rd., Suite 401, Charlotte, North Carolina 28209.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am Senior Vice President, East Operations for Corix Regulated Utilities
6 (“CRU”). I oversee the operations of Carolina Water Service, Inc. of North
7 Carolina (“CWSNC” or “Company”), Blue Granite Water Company
8 (“BGWC”) in South Carolina, and Sunshine Water Services in Florida, all
9 of which are subsidiaries of CRU. In addition, I serve as President of
10 CWSNC and BGWC.

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
12 **BACKGROUND.**

13 A. I hold a Bachelor of Aerospace Engineering from The Georgia Institute of
14 Technology as well as an Executive Masters in Business Administration
15 from Queens University in Charlotte, North Carolina. I have worked in the
16 utility sector for over 24 years in multiple capacities ranging from
17 engineering to strategic planning and major project execution.

18 **Q. WHAT ARE YOUR DUTIES AS PRESIDENT OF CAROLINA WATER**
19 **SERVICE, INC. OF NORTH CAROLINA?**

20 A. I am responsible for the Company’s regulated water and sewer operations
21 in North Carolina, including facility operations, finance, business

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

development, safety, compliance, regulatory affairs, and customer service.

Q. PLEASE DESCRIBE THE WATER AND SEWER OPERATIONS OF CWSNC IN NORTH CAROLINA.

A. CWSNC is an investor-owned public utility pursuant to G.S. 62-3, does business as a regulated water and sewer utility in North Carolina, and is subject to the regulatory oversight of this Commission. The Company presently serves approximately 34,672 water customers and 21,530 sewer customers in North Carolina and operates approximately 93 water systems and 38 sewer systems in the State. The Company's service territory spans 38 counties in North Carolina, from Corolla in Currituck County to Bear Paw in Cherokee County.

G.S. 62-131(b) requires that every public utility in North Carolina shall provide service to its customers which is "...adequate, efficient, and reasonable..." CWSNC is proud of the quality of service which it consistently provides to its water and sewer customers in this state. In CWSNC's most recently decided rate case in Docket No. W-354, Sub 384, the Commission, consistent with G.S. 62-131(b), described the overall quality of service provided by the Company as "...adequate, reliable, and economical." (See the April 8, 2022 Sub 384 Rate Case Order at pages 6 and 16).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

Another significant indicium of the quality of water and sewer service provided by CWSNC in North Carolina is the fact that, upon recommendation by the Public Staff, the Company has been appointed to serve on multiple occasions as the emergency operator of water and/or sewer systems in this state. In fact, CWSNC is presently serving as the emergency operator of four troubled or defunct public utilities in North Carolina: Harrco Utility Corporation (Docket No. W-796, Sub 12); Cross-State Development Company (Docket No. W-408, Sub 9); Mountain Air Utilities Corporation (Docket No. W-1148, Sub 20); and Outer Banks/Kinnakeet Associates, LLC (Docket Nos. W-1125, Subs 9 and 10).

Furthermore, subsequent to serving as the Commission-appointed emergency operator of two additional troubled utility systems in North Carolina (the Riverbend Estates water system in Macon County [Docket Nos. W-390, Subs 13 and 14 and W-354, Sub 358] and the Silverton water and sewer system in Cabarrus County [Docket Nos. W-354, Sub 361 and W-1046, Sub 5]), CWSNC acquired those systems in system transfer cases by Orders entered on May 16, 2019, and August 6, 2019, respectively.

Thus, CWSNC has a strong history of willingness to assist and acquire troubled water and sewer utility systems in North Carolina.

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

3 A. My testimony explains the object and purposes of this Application and
4 addresses how the public interest is served by the acquisition by CWSNC
5 of the water and sewer utility systems owned by Water Resource
6 Management LLC (“Water Resource”), which are located in Watauga
7 County. James Edward Harrill, II is the Executive Manager for Water
8 Resource.

9 **Q. PLEASE DESCRIBE THE APPLICATION FILED IN THIS DOCKET.**

10 A. On April 22, 2022, CWSNC and Water Resource filed an Application for
11 Transfer of Public Utility Franchise and for Approval of Rates
12 (“Application”) seeking authority to transfer the water and wastewater
13 utility systems and public utility franchise serving all of Water Resource’s
14 service areas in Watauga County, North Carolina, from Water Resource
15 to CWSNC and for approval of rates. CWSNC filed supplemental and
16 additional materials in support of the Application on April 26 and May 11,
17 2022 and has, to date, responded to 9 Data Requests from the Public
18 Staff, many of which include multiple parts and questions.

19 **Q. PLEASE DESCRIBE THE WATER AND SEWER UTILITY SYSTEMS**
20 **WHICH CWSNC SEEKS TO ACQUIRE FROM WATER RESOURCES.**

1 A. Water Resource currently serves 613 monthly flat rate water utility
2 customers and 149 monthly flat rate wastewater utility customers in its
3 service areas in Watauga County, North Carolina. The Water Resource
4 water service areas include Echota Subdivision, Echota on the Ridge
5 Subdivision, Echota East Ridge Subdivision and Phase 4 of Echota
6 Subdivision (collectively, "Echota"). The Water Resource wastewater
7 service areas include the Top of Seven Condominiums, the City Hall for
8 Seven Devils, the Seven Devils Lake Resort Club, one residential
9 customer, the Lakes Community, Hawks Peak Condominiums, and
10 Hawks Peak South Condominiums (collectively, "Seven Devils").

11 **Q. PLEASE DESCRIBE THE UTILITY ASSET PURCHASE AGREEMENT**
12 **ENTERED INTO BY CWSNC AND WATER RESOUCCE.**

13 A. On October 12, 2021, Water Resource and CWSNC entered into a utility
14 asset purchase agreement whereby CWSNC agreed to purchase
15 Water Resource's water and wastewater utility system assets for a
16 purchase price of \$70,000. In addition to the purchase price of \$70,000,
17 CWSNC agreed to make additional payments of \$706 per new customer
18 connection up to 184 connections as an "incentive payment" for future
19 Echota phase IV lots, for which CWSNC requests rate base treatment as
20 those payments are made and new customers are added to the water

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

system. No water or wastewater utility system assets of Water Resource have been excluded from the utility asset purchase agreement.

CWSNC is also incurring due diligence costs in conjunction with this application which are currently estimated to be approximately \$45,000, which the Company requests be authorized for inclusion in rate base in this proceeding in addition to the purchase price of \$70,000.

Attached as Exhibit 1 is support for Water Resource’s net investment in its water and sewer systems, which CWSNC notes is approximately \$120,000. The Company reviewed Water Resource’s books over the last several years and has noted several items that appear to have been incorrectly coded as expenses on Water Resource’s books instead of recorded as plant in service. In addition, CWSNC has recalculated the net book value at CWSNC’s current depreciation rates.

Q. PLEASE DESCRIBE THE RATES CURRENTLY BEING CHARGED BY WATER RESOUC FOR WATER AND SEWER UTILITY SERVICE TO ITS CUSTOMERS IN WATAUGA COUNTY AND THE RATES WHICH CWSNC PROPOSES TO CHARGE IF THIS TRANSFER APPLICATION IS APPROVED BY THE COMMISSION.

A. The present water utility rates for the Echota service area were approved in Docket No. W-1073, Sub 4, on December 16, 2015, and Docket No. W-1073, Sub 6, on March 26, 2021. The present wastewater utility rates

Docket No. W-354, Sub 396
Docket No. W-1073, Sub 7

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

for the Seven Devils service area were approved in Docket Nos. W-1073, Sub 5, and M-100, Sub 138, and have been in effect since February 13, 2015. Based upon a review of the Commission’s electronic docket system, Water Resource does not appear to have ever filed a general rate case for its water and sewer systems, and it is clear that the current rates are, as a result, very low. Upon acquisition of the system, CWSNC proposes to initially charge the Company’s Sub 384 Commission-approved Uniform Rates for flat rate residential service for both water and wastewater utility service. The Sub 384 rates were approved by the Commission on April 8, 2022. The present and proposed rates for Echota and Seven Devils are as follows:

<u>Monthly Flat Rate Service</u>	<u>Present</u>	<u>Proposed</u>
Water (Echota)	\$20.00	\$68.71
Wastewater (Seven Devils)	\$28.20	\$85.12

At present, the Echota service area customers are not metered. Upon acquisition, CWSNC plans to install digital water meters and provide metered service within the Echota water utility system. Once meters are installed, CWSNC proposes to charge the metered water customers the CWSNC Uniform Rates for monthly metered water service (residential and commercial) approved by the Commission on April 8, 2022, in Docket No. 354, Sub 384. Assuming the size of each installed meter will be less than one inch and the average monthly usage is 3,837 gallons, then the

1 proposed monthly metered water bill will be \$69.46. This would include a
2 base facility charge of \$24.53 and a usage charge of \$11.71 per
3 1,000 gallons of treated water.

4 **Q. HOW WILL THE PUBLIC INTEREST AND PUBLIC CONVENIENCE**
5 **AND NECESSITY BE SERVED BY APPROVAL OF THE**
6 **CWSNC/WATER RESOURCE TRANSFER APPLICATION?**

7 The purpose of this Application is to facilitate the transfer of the water and
8 sewer systems owned by Water Resource to CWSNC at a price which is
9 fair and reasonable to both the seller and the buyer and on terms which
10 are beneficial and certainly not detrimental to the current customers of
11 CWSNC or those of Water Resource. In this instance, the water and
12 sewer systems currently owned by Water Resource, while not yet
13 operationally troubled to the extent that there is a need for appointment of
14 an emergency operator, is in financial and operational difficulty.
15 Mr. Harrell, a developer and not a professional utility operator, has made
16 it clear to CWSNC and to the Public Staff that Water Resource needs to
17 sell this system and CWSNC will continue to identify infrastructure matters
18 that must be addressed, at costs we continue to try to calculate. The
19 system will unquestionably benefit from the significant financial and local
20 operational resources and expertise which CWSNC will provide upon
21 approval of the transfer application.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

In addition, CWSNC was retained by Water Resource beginning on September 16, 2021, to serve as the contract operator of the water and sewer systems which the Company now seeks to purchase. Based upon the Company's current operational oversight and expertise, the customers served by Water Resource have already benefitted from CWSNC's involvement in their service.

Although the subject water and sewer systems are not under an emergency operatorship, CWSNC is aware of the following two significant operational problems which Water Resource experienced with its water and sewer systems in the recent past. First, in early-2021, the Echota water system was under duress and was unable to keep up with customer demand. Water Resource discovered a significant leak in one of its major supply lines that had apparently been leaking for years. The utility had to truck in water to meet system demand at a cost of approximately \$230,000. This situation also caused the wells in the system to over-pump and draw air.

Second, after CWSNC became the contract operator, its Geographic System Information Mapping ("GIS") personnel created a map of the Seven Devils sewer system, since no maps existed prior to the Company taking over operations. Upon mapping, CWSNC found a sewer manhole

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

that was overflowing, and which appeared to have been overflowing for some time. This situation was also corrected.

To the best of CWSNC’s knowledge, there have been no major operational issues affecting the Water Resource water and sewer systems since the Company assumed operational responsibility in September 2021.

Over the six months since the transfer application was filed, CWSNC has identified additional capital needs at both the Echota water system and Seven Devils sewer system. In the two years following approval of the acquisition, CWSNC plans to install Advanced Metering Infrastructure (“AMI”) water meters. Currently the Echota water system does not have meter boxes or risers installed. Rather, the residents’ service lines are straight-piped from the water mains to the premises. The implications of this are that additional costs beyond a standard meter change will be incurred in getting the Echota customers to metered rates. The Company is assessing the costs for installing meters and the current estimate is approximately \$400,000 - \$500,000.

The Company also intends to invest approximately \$175,000 in sewer system improvements, including fence replacement (\$20,000); installation of safety rails/steps (\$50,000); painting (\$20,000); replacement of blowers (\$50,000); installation of bar screen influent line supports (\$15,000);

1 installation of mission units on lift stations (\$10,000); and installation of
2 shed/eye wash station for the safety of operators working at the treatment
3 plant (\$10,000).

4 These water and sewer system capital investments and improvements by
5 CWSNC will provide clear benefits to the current Water Resource
6 customers in terms of system reliability, safety, and environmental impact
7 once they are complete and in service.

8 **Q. PLEASE DESCRIBE THE IMPACTS THAT THE WATER AND SEWER**
9 **RATES CURRENTLY BEING CHARGED BY WATER RESOURCE AND**
10 **THE NEW RATES PROPOSED BY CWSNC HAVE ON CUSTOMERS**
11 **AS THEY PERTAIN TO THE PUBLIC INTEREST ISSUE.**

12 A. The water and sewer rates currently being charged by Water Resource to
13 its customers are exceptionally low and do not generate sufficient revenue
14 to ensure adequate and timely capital investments in the systems or to
15 support essential operational and maintenance activities. The transfer
16 application at page 4 shows that for calendar year 2021 (based on the
17 Annual Report filed with the Commission), Water Resource's water
18 system operations incurred a loss of approximately \$450,000 and its
19 sewer system operations showed only a slight profit of approximately
20 \$9,500. This significant loss followed a loss of \$264,997 by Water
21 Resource from operations of its water and sewer systems during calendar

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

year 2020, and a loss of \$81,569 in calendar year 2019 (based on the Annual Reports filed with the Commission).

Although the water and sewer customers currently being served at the Water Resource rates will incur significant rate increases under CWSNC's currently-approved rates, it is fair and imperative to consider the fact that the existing rates being charged by Water Resource have historically been and continue to be very low, and that the resulting low utility revenues are logically to be considered as reasons for the declining operational structure, the financial instability that obviously has beset this company, and the impact on and the need for the incumbent owner to exit the business.

If the requested transfer is approved, the Water Resource customers will clearly receive substantial benefit in two essential ways: first, from the operational expertise and service improvements which will be timely and prudently provided by the Company; and, secondly, from the financial integrity offered by CWSNC as a well-run and well capitalized public utility able to provide consistently safe, reliable, and compliant service. It is not reasonable, efficient, prudent, or good business practice to expect either CWSNC's shareholders or its current customers to subsidize the Water Resource customers. This is true under existing legacy ratemaking principles, and it would particularly be true over the span of a multi-year

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

rate plan, should the Company's proposed rate plan (currently under consideration in Docket No. W-354, Sub 400) be approved.

If rates are properly set and rate base is correctly determined for the Echota and Seven Devils systems, then CWSNC's existing customer base will also benefit from the Company's customer growth as a result of this proposed acquisition and the resulting economies of scale. The additional customers gained by this transfer will provide economies of scale by spreading existing fixed costs over a larger customer base. Both sets of customers will also experience the advantages of operating within a uniform group of ratepayers which includes smoother rate adjustments, regulatory and operational cost efficiencies, and shared access to support for vital capital needs. CWSNC sees no obvious detriment to its current customer base which will result from approval of the pending transfer application. To the contrary, we firmly believe that customer growth is demonstrably good for the Company and its customers.

Q. WHY DO YOU THINK THE MOVE TO UNIFORM RATES IS REASONABLE AND FAIR?

A. We obviously recognize that this transfer, if approved, will result in significant rate increases to the Echota and Seven Devils customers. That said, I submit that the reality of this situation supports immediate inclusion of these customers at our uniform Sub 384 rates and the Company

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

believes that the facts clearly support that outcome. First, the fact that the current Echota and Seven Devils rates are low does not mean the associated costs are low. One could logically assume that there is a relationship between these low rates, the growing operational concerns for these systems, and the current owner's financial distress with respect to this enterprise.¹ Rates that are inadequate, over time, have inevitable consequences in terms of system decline and/or unwarranted subsidization by utility owners or other customers.

Second, significant warning signals have been emanating from this system, as demonstrated by way of: the evident operational and financial problems being experienced by Water Resource; Mr. Harrill's increasingly urgent efforts to place the system into the hands of a professional, experienced utilities provider; and by even a cursory review of the Annual Reports heretofore filed by Water Resource. The Water Resource operational financial losses have not been a secret and, unsurprisingly, CWSNC continues to discover and evaluate additional system needs as it has conducted its due diligence and as it has served as contract operator.

¹ Mr. Harrill is a developer; not a professional utilities operator. Due to increasing complexities combined with aging systems, the management of these water and wastewater systems is increasingly shown to be best accomplished by a regulated public utility, such as CWSNC, which specializes in and demonstrates the ability to consistently provide adequate, efficient, and reasonable water and wastewater service.

1 Third, the very existence of the disparity between existing rates and the
2 CWSNC Commission-approved uniform rates is, I think, some measure
3 of the sharp inadequacy of Water Resource's current water and sewer
4 rates. It is worth noting that CWSNC's uniform rates are constructed from
5 system costs that are both under and over the average. Uniform rates by
6 their nature include many benefits to customers, including lower
7 administrative costs for the utility, justification of capital investment, and
8 improved service quality for smaller systems.

9 **Q. ARE THERE ADDITIONAL COMMENTS THAT YOU WISH TO OFFER**
10 **REGARDING PUBLIC INTEREST AND RATEMAKING**
11 **CONSIDERATIONS?**

12 A. Yes. Clearly, the public interest will be served by approval of this pending
13 transfer application. Furthermore, even recognizing the necessary
14 significant realignment of the unsupportable current rates, no compelling
15 detriment to CWSNC's customers (existing or those to be acquired) is
16 evident or reasonably expected to result from approval of the transfer.
17 CWSNC has the technical, managerial, operational, and financial capacity
18 to provide adequate, safe, efficient, and reasonable water and sewer utility
19 service on an ongoing basis to existing customers as well as customers
20 in the current Water Resource service area.

Type	Description	Original Cost	In Service Date	NARUC FusionA	ccount	UT	Account Description	Annual Depreciation Rate	Useful Life (In Months)	Monthly Depreciation Rate	Months In Service as of 12/31/2022	Accumulated Depreciation as of 12/31/2022	Net Book Value as of 12/31/2022	Annual Depreciation Expense
Echota														
Water	Well #4 Pump	27,653.84	11/30/2015	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	85	27,653.84	-	-
Water	Pump House Control System	2,925.60	11/30/2015	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	85	2,925.60	-	-
Water	30 HP submersible Pump	22,615.95	8/8/2019	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	40	10,772.73	11,843.22	3,231.82
Water	5 Submonitor Kits (Water	6,220.86	5/23/2019	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	43	3,185.44	3,035.42	888.96
Reclassified Water Transactions after reviewing WRM's books														
Water	Well #6 SubMonitor installation	1,579.85	1/30/2020	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	35	658.47	921.38	225.76
Water	Fire Hydrant - Ridge	498.00	3/13/2020	335.4	141236		10 Hydrants	2.50%	480.00	0.21%	33	34.24	463.76	12.45
Water	Chlorinator Pump Well #4	443.49	4/23/2020	311.3	141228		10 Electric Pump Equip WTP	3.33%	360.36	0.28%	32	39.38	404.11	14.77
Water	Well #5 SubMonitor Installation	1,374.98	6/25/2020	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	30	491.21	883.77	196.48
Water	Echota - Well Abandoned	29,648.81	10/22/2020	307.2	141223		10 Wells and Springs	2.00%	600.00	0.17%	26	1,284.78	28,364.03	592.98
Water	Well #6 New Pump	3,182.62	2/25/2021	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	22	833.79	2,348.83	454.80
Water	Inv 4155, WO 3023 Ridge Booster Pump repairs (1/21/2021)	6,280.32	4/21/2021	311.4	141229		10 Electric Pump Equip Trans Dist	14.29%	83.97	1.19%	20	1,495.76	4,784.56	897.46
Water	Well #3 SubMonitor Installation	2,653.30	6/9/2021	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	18	568.73	2,084.57	379.16
Water	Well #4 Pump replacement	1,608.75	7/15/2021	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	17	325.68	1,283.07	229.89
Water	Well #4 Pump replacement	26,542.99	7/22/2021	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	17	5,373.41	21,169.58	3,792.99
Water	Ridge Telemetry System	7,013.05	12/28/2021	320.3	141230		10 Water Treatment Equipment	2.50%	480.00	0.21%	12	175.33	6,837.72	175.33
Water	Well #6 piping repair	1,634.58	6/21/2021	311.3	141228		10 Electric Pump Equip WTP	3.33%	360.36	0.28%	18	81.65	1,552.93	54.43
Water	Kit base, carry rod	10,344.46	2/2/2021	320.3	141230		10 Water Treatment Equipment	2.50%	480.00	0.21%	22	474.12	9,870.34	258.61
Water	Pump pipe, pump wire	2,678.08	8/2/2021	311.2	141227		10 Electric Pump Equip Src Pump	14.29%	83.97	1.19%	16	510.26	2,167.82	382.70
Seven Devils														
Sewer	Physical Plant	7,577.00	6/1/1995	354.2	141207		15 Struct and Improv Collect Plant	2.00%	600.00	0.17%	330	4,167.35	3,409.65	151.54
Sewer	Pump Relay Station	1,659.04	8/31/1999	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	280	1,659.04	-	-
Sewer	Pump Relay Station - HP South	876.95	2/1/2001	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	262	876.95	-	-
Sewer	Pump Relay Station Phase II Ext	861.05	2/1/2001	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	262	861.05	-	-
Sewer	Pump Relay Stations	3,033.77	2/2/2001	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	262	3,033.77	-	-
Sewer	HP Lift Station	3,185.09	2/1/2002	354.2	141207		15 Struct and Improv Collect Plant	2.00%	600.00	0.17%	250	1,327.12	1,857.97	63.70
Sewer	Plant Upgrade	6,289.74	5/18/2006	354.2	141207		15 Struct and Improv Collect Plant	2.00%	600.00	0.17%	199	2,086.10	4,203.64	125.79
Sewer	Lift Station Grinder Pumps	5,154.41	12/31/2008	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	168	5,154.41	-	-
Sewer	Grinder Pump Fittings	101.05	12/31/2008	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	168	101.05	-	-
Sewer	Sewer Plant Gates	3,827.50	2/28/2019	354.2	141207		15 Struct and Improv Collect Plant	2.00%	600.00	0.17%	46	293.44	3,534.06	76.55
Sewer	Sewer Plant Gates	3,827.50	5/23/2019	354.2	141207		15 Struct and Improv Collect Plant	2.00%	600.00	0.17%	43	274.30	3,553.20	76.55
Reclassified Sewer Transactions after reviewing WRM's books														
Sewer	Grinder	6,532.62	1/9/2020	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	35	2,722.74	3,809.88	933.51
Sewer	Inv 47398 Grinder Pump Purchase	1,976.94	4/23/2020	371.3	141249		15 Power Gen Equip Pump Plt	14.29%	83.97	1.19%	32	753.35	1,223.59	282.50
Total		199,802.19										80,195.10	119,607.09	13,498.73

Net Book Value using CWSNC's Depreciation Rates Approved in Sub 384 as of 12/31/2022

Plant Balance	199,802.19
Accumulated Depreciation	(80,195.10)
Net Book Value	119,607.09
Annual Depreciation Expense	13,498.73