



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

December 11, 2019

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

Re: Docket No. W-354, Sub 364 - Application of Carolina Water Service, Inc.  
of North Carolina (CWSNC) for Authority to Increase Rates for Water and  
Sewer Service  
Public Staff's Late-Filed Exhibits of Windley Henry

Dear Ms. Campbell:

During the December 2, 2019, evidentiary hearing in the above-captioned docket, Presiding Commissioner Brown-Bland requested that Public Staff witness Windley Henry provide the following information as late-filed exhibits:

1. The types and amounts of Hurricane Florence-related impacts included in the Stipulation exhibits (i.e., O&M expenses, recovery of depreciation and carrying costs, and lost revenues). Please refer to the pertinent schedules in Settlement Exhibit I.
2. A schedule supporting the specific dollar amount in dispute in this proceeding related to the AMR meter deferral (i.e., the calculation of the amount of deferred costs and the annual amortization). An amount of \$64,736 was noted by witness Henry at the hearing.
3. The calculation of the 24 basis points impact on Uniform Water Operations discussed at the hearing related to the AMR meter deferral disputed issue.
4. The calculation of the basis point impact on the Company's total ROE related to the AMR meter deferral matter in dispute.
5. The calculation of the amount of normalized storm costs agreed to by the parties in this proceeding.

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Pursuant to Commissioner Brown-Bland's request, please find attached Henry Late-Filed Exhibits 1 -5. The Public Staff requests that the Commission enter the attached late-filed exhibits into evidence in this docket.

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

Sincerely yours,

Electronically submitted  
/s/ Gina C. Holt  
Staff Attorney  
Gina.holt@[psncuc.nc.gov](mailto:psncuc.nc.gov)

GCH/sld

Enclosures

HENRY LATE-FILED EXHIBIT 1

Carolina Water Service, Inc. of North Carolina  
W - 354, Sub 364  
Test Year: March 31, 2019

W1-10  
Schedule 21

Supplement to Schedule B-5a and b, B-20a and b

Deferred Charges - Storm (Hurricane Florence)

Line No.	Item	Total	CWSNC Uniform - Water	CWSNC Uniform - Sewer	BF/FH/TC - Water	BF/FH/TC - Sewer
		[A]	[B]	[C]	[D]	[E]
<b>Per Docket No. W-354, Sub 363, Updated Exhibit 3</b>						
<b>O&amp;M:</b>						
1	Fuel	26,932.91	4,726.68	12,003.09	937.22	9,265.92
2	Maintenance & Repair	88,983.39	20,279.93	61,086.92	5,791.54	1,825.00
3	Labor	46,429.20	8,682.08	13,209.98	-	24,537.14
4	Lodging	5,916.64	-	4,341.31	-	1,575.33
5	Meals	819.18	-	298.78	-	520.40
6	Rentals	5,596.94	2,108.00	2,828.88	-	660.06
7	Office Supplies	1,759.32	35.22	539.44	-	1,184.66
8	Telecom	554.80	-	-	-	554.80
9	<b>Insurance proceed to be removed</b>	<b>(30,220)</b>	<b>(6,119.51)</b>	<b>(16,101.11)</b>	<b>(1,148.35)</b>	<b>(6,850.83)</b>
10	Total Expense	146,772.58	29,712.40	78,207.29	5,580.41	33,272.48

Annual amortization expense - 3 Years under maintenance and repair expense	48,924.19	9,904.13	26,069.10	1,860.14	11,090.83
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Revenue requiriement effect of annual amortization expense for hurricane florence	48,987.88	9,917.03	26,103.03	1,862.56	11,105.26
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For this Hurricane Florence expense incurred, company can recover \$146,772.58 over 3 years under maintenance and repair expense only

W-354 Sub 364 2019 being the first year of recovery

W-354 Sub being the second year of recovery

W-354 Sub being the third year of recovery

HENRY LATE-FILED EXHIBITS 2, 3 & 4

	Connetsee Falls WWTP	Nags Head WWTP	Fairfield AMR Meters	Connetsee AMR Meters	Total
Plant additions	7,177,326	6,876,116	449,560	430,649	14,933,651
Less retirements	(400,000)	(844,571)	(40,075)	(49,665)	(1,334,311)
Net plant additions	6,777,326	6,031,545	409,485	380,984	13,599,340
Less A/D	(169,433)	(150,789)	(13,636)	(12,687)	(346,545)
Less ADIT	(23,758)	(21,144)	(641)	(596)	(46,139)
Rate Base	6,584,135	5,859,612	395,208	367,701	13,206,656
Pre tax rate of return	9.26%	9.26%	9.26%	9.26%	9.26%
Return on plant in service	609,691	542,600	36,596	34,049	1,222,936
Annual depreciation expense	169,433	150,789	13,636	12,687	346,545
Revenue requirement before regulatory fee	779,124	693,389	50,232	46,736	1,569,481
Regulatory fee gross factor	99.86%	99.86%	99.86%	99.86%	99.86%
Annual revenue requirement	780,216	694,361	50,302	46,802	1,571,681
Months to final order (March 2020)	8	10	8	8	
Deferred carrying costs	520,144	578,634	33,535	31,201	1,163,514
Amortization period in years	5	5	5	5	5
Annual amortization	104,029	115,727	6,707	6,240	232,703
Annual customer bills	236,012	236,012	365,400	365,400	
Monthly bill increase	0.44	0.49	0.02	0.02	
Total sewer increase		0.93			
Total water increase		0.04			

# HENRY LATE-FILED EXHIBITS 2, 3 & 4

Per Sub 360 Final Order - Uniform Water						
Item	Capiture Structure	Rate Base	Embedded Cost	Overall Cost Rate	Net Operating Income	Pre Tax Rate of Return
Long term debt	49.09%	29,907,453	5.68%	2.79%	1,698,743	2.79%
Common equity	50.91%	31,016,264	9.75%	4.96%	3,024,086	6.47%
Total	100.00%	60,923,717		7.75%	4,722,829	9.26%

Deferral Accounting Additions - Uniform Water						
Item	Capiture Structure	Rate Base	Embedded Cost	Overall Cost Rate	Net Operating Income	Pre Tax Rate of Return
Long term debt	49.09%	374,512	5.68%	2.79%	21,272	2.79%
Common equity	50.91%	388,397	9.75%	4.96%	37,869	6.47%
Total	100.00%	762,909		7.75%	59,141	9.26%

Per Sub 360 Final Order Plus Deferral Accounting Additions - Uniform Water						
Item	Capiture Structure	Rate Base	Embedded Cost	Overall Cost Rate	Net Operating Income	Pre Tax Rate of Return
Long term debt	49.09%	30,281,965	5.68%	2.79%	1,720,016	2.79%
Common equity	50.91%	31,404,661	9.51%	4.84%	2,986,217	4.84%
Total	100.00%	61,686,626		7.63%	4,706,233	7.63%
			0.24%		(16,596)	

## HENRY LATE-FILED EXHIBITS 2, 3 &amp; 4

PUBLIC STAFF CALCULATION OF FINANCIAL IMPACT OF DEFERRED ACCOUNTING CARRYING COSTS

	Fairfield AMR Meters	Connetsee AMR Meters	Combined Water	Total Company
1 Deferred carrying costs	\$33,535	\$31,201	\$64,736	\$64,736
2 Amortization period in years	5	5	5	5
3 Annual amortization	\$6,707	\$6,240	\$12,947	\$12,947
4 Annual amortization	\$6,707	\$6,240	\$12,947	\$12,947
5 Retention factor	0.99860	0.99860	0.99860	0.99860
6 Revenue requirement	\$6,716	\$6,249	\$12,965	\$12,965
7 Return on common equity Sub 360 rate case			9.75%	9.75%
8 Deferral accounting return on common equity			9.51%	9.62%
9 Decrease in return on common equity			-0.24%	-0.13%
10 Return on rate base Sub 360 rate case			7.75%	7.75%
11 Deferral accounting return on rate base			7.63%	7.69%
12 Decrease in return on rate base			-0.12%	-0.06%
13 Sub 360 net operating income			\$4,722,829	\$8,925,656
14 Deferred accounting net operating income			4,706,233	8,909,061
15 Decrease in net operating income			(\$16,596)	(\$16,595)
16 Percentage decrease in net operating income			-0.35%	-0.19%
17 Decrease in net operating income			(\$16,596)	(\$16,595)
18 Retention factor			0.7652272	0.7652272
19 Revenue requirement decrease			(\$21,688)	(\$21,686)
20 Revenue requirement decrease			(\$21,688)	(\$21,686)
21 Sub 360 service revenues			17,421,890	33,864,637
22 Percentage decrease in service revenues			-0.12%	-0.06%

HENRY LATE-FILED EXHIBIT 5

Carolina Water Service, Inc. of North Carolina  
W - 354, Sub 364  
Storm Cost - Book and Pro-Forma Adjustments  
Supplement to Schedules B-8a and b, and B-13a and b  
Test Year: March 31, 2019

W-10

Schedule 24

Line No.	Account #	Description	Per Books Adjusted	Pro-Forma Adjustment	CWSNC Uniform Allocation - Water	CWSNC Uniform Allocation - Sewer	BF/FH/TC - Water	BF/FH/TC - Sewer
			[G]	[B]	[C]	[D]	[E]	[F]
4	6390	Storm Costs amount per company application	-	47,592.70	25,748.74	15,558.31	3,074.47	3,211.18
		average 10 years storm cost expense:		34,566.60	18,701.32	11,300.01	2,232.99	2,332.28

HENRY LATE-FILED EXHIBIT 5

Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fuel		10,678.33	16,441.43	12,365.08	19,136.38	19,102.73	5,674.23	10,058.14	12,266.62	12,244.42
Maint & Repair	4,592.22	11,959.07	34,175.98	21,617.86	18,181.15	15,547.63	6,842.01	46,544.71	30,069.02	21,333.02
Meals			232.89					122.98		
Office Supplies		574.84		263.67	194.12		187.17			
Rental			3,344.91		50.13	16.05			511.36	12.84
Sludge Hauling				1,710.00				9,140.00		
Testing								475.00		
Total	4,592.22	23,212.24	54,195.21	35,956.61	37,561.78	34,666.41	12,703.41	66,340.83	42,847.00	33,590.28

4,592.22  
23,212.24  
54,195.21  
35,956.61  
37,561.78  
34,666.41  
12,703.41  
66,340.83  
42,847.00  
33,590.28

47,592.70 average 3 years per company

average for 10 years 34,566.60