

THE STATE OF SOUTH CAROLINA
In The Supreme Court

APPEAL FROM THE PUBLIC SERVICE COMMISSION

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Docket No. 2011-47-WS

S.C. Supreme Court

Case Tracking No. 2012-208126

Carolina Water Service, Inc., ... Appellant,

v.

South Carolina Office of Regulatory Staff, Forty Love Point Homeowners'
Association, and Midlands Utility, Inc., ... Respondents.

**RECORD ON APPEAL
VOLUME 7 OF 7**

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Carolina Water Service, Inc.
Docket No. 2011-47-WS
Computation of Depreciation and Amortization Expense
For the Test Year Ended September 30, 2010

	Combined Operations \$	Water Operations \$	Sewer Operations \$
<u>Depreciation Adjustment</u>			
Gross Plant @ September 30, 2010	52,220,287	17,252,817	34,967,470
Add/Remove			
Net Plant Additions @ June 2011	1,876,403	1,010,440	865,963
Capitalize Well Project	45,500	45,500	0
Non-Allowable Plant	(508,123)	(398,314)	(109,809)
Capitalized Time from Wage Adjustment	(69,745)	(40,452)	(29,293)
Less:			
Organization @ 9/30/10	(110,429)	(82,784)	(27,645)
Land @ 9/30/10	(268,191)	(178,189)	(90,002)
Vehicles @ 9/30/10	(654,785)	(379,775)	(275,010)
Computers @ 9/30/10	(2,115,498)	(1,227,835)	(887,663)
Net Plant	50,415,419	16,001,408	34,414,011
Plant Depreciation @ 1.5% (66.67 years)	756,231	240,021	516,210
<u>Vehicles @ 9/30/10</u>	289,630	167,985	121,645
Less: Fully Depreciated Vehicles	(35,508)	(20,595)	(14,913)
	254,122	147,390	106,732
Vehicle Depreciation @ 16.67% (6 years)	42,362	24,570	17,792
<u>Computers @ 9/30/10</u>	1,717,855	997,043	720,812
Less: Fully Depreciated Computers	(165,402)	(95,999)	(69,403)
	1,552,453	901,044	651,409
Computer Depreciation @ 12.5% (8 years)	194,057	112,631	81,426
Less: Amortization of Excess Book Value	(29,069)	(16,872)	(12,197)
Total Depreciation	963,581	360,350	603,231
Less: Per Books Depreciation	1,011,086	393,833	617,253
ORS Adjustment	(47,505)	(33,483)	(14,022)
Company's Adjustment	(17,185)	(2,841)	(14,344)
<u>Amortization of CIAC Adjustment</u>			
Gross CIAC @ 9/30/10	(21,678,187)	(7,110,134)	(14,568,053)
CIAC Additions After Test Year	(856,576)	(560,954)	(295,622)
Total CIAC	(22,534,763)	(7,671,088)	(14,863,675)
CIAC Amortization @ 1.5% (66.67 years)	(338,021)	(115,066)	(222,955)
Less: Per Books Amortization of CIAC	(324,831)	(107,375)	(217,456)
ORS Adjustment	(13,190)	(7,691)	(5,499)
Company's Adjustment	(17,617)	(8,696)	(8,921)

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Computation of Income Taxes
For the Test Year Ended September 30, 2010

After Accounting & Pro Forma Adjustments			
	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	7,940,473	2,421,790	5,518,683
Less: Operating Expenses	5,901,733	2,688,271	3,213,462
Net Operating Income Before Taxes	2,038,740	(266,481)	2,305,221
Less: Annualized Interest Expense	776,022	210,036	565,986
Taxable Income - State	1,262,718	(476,517)	1,739,235
State Income Tax %	5.0%	5.0%	5.0%
State Income Taxes	63,136	(23,826)	86,962
Less: State Income Taxes Per Book	21,770	12,635	9,135
Adjustment to State Income Taxes	41,366	(36,461)	77,827
Taxable Income - Federal	1,199,582	(452,691)	1,652,273
Federal Income Taxes %	35.0%	35.0%	35.0%
Federal Income Taxes	419,854	(158,442)	578,296
Less: Federal Income Taxes Per Book	181,510	105,348	76,162
Adjustment to Federal Income Taxes	238,344	(263,790)	502,134
Total Adjustment to Income Taxes	279,710	(300,251)	579,961
After Applicant's Proposed Increase			
	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	10,908,995	4,509,200	6,399,795
Less: Operating Expenses	5,929,965	2,708,123	3,221,842
Net Operating Income Before Taxes	4,979,030	1,801,077	3,177,953
Less: Annualized Interest Expense	776,022	210,036	565,986
Taxable Income - State	4,203,008	1,591,041	2,611,967
State Income Tax %	5.0%	5.0%	5.0%
State Income Taxes	210,150	79,552	130,598
Less: State Income Taxes As Adjusted	63,136	(23,826)	86,962
Adjustment to State Income Taxes	147,014	103,378	43,636
Taxable Income - Federal	3,992,858	1,511,489	2,481,369
Federal Income Taxes %	35.0%	35.0%	35.0%
Federal Income Taxes	1,397,500	529,021	868,479
Less: Federal Income Taxes As Adjusted	419,854	(158,442)	578,296
Adjustment to Federal Income Taxes	977,646	687,463	290,183
Total Adjustment to Income Taxes	1,124,660	790,841	333,819

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Cash Working Capital Allowance
For the Test Year Ended September 30, 2010

	\$	\$	\$
<u>After Accounting & Pro Forma Adjustments</u>	<u>Combined Operations</u>	<u>Water Operations</u>	<u>Sewer Operations</u>
Maintenance Expenses	2,946,438	1,090,641	1,855,797
General Expenses	<u>1,555,355</u>	<u>902,772</u>	<u>652,583</u>
Total Expenses for Computation	4,501,793	1,993,413	2,508,380
Allowable Rate	<u>12.50%</u>	<u>12.50%</u>	<u>12.50%</u>
Computed Cash Working Capital	562,725	249,177	313,548
Cash Working Capital - Application Per Books	<u>683,468</u>	<u>313,458</u>	<u>370,010</u>
Cash Working Capital Adjustment - ORS Accounting & Pro Forma Adjustment	<u>(120,743)</u>	<u>(64,281)</u>	<u>(56,462)</u>
Cash Working Capital Adjustment - CWS	<u>32,176</u>	<u>26,934</u>	<u>5,242</u>

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Return on Equity
Capital Structure at September 30, 2010

Combined Operations

Description	(Note) Capital Structure	Ratio	Application Per Books				After Accounting and Pro forma Adjustments				After Applicant's Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 180,000,000	50.11%	\$ 12,022,108	6.58%	3.30%	\$ 791,055	\$ 11,793,651	6.58%	3.30%	\$ 776,022	\$ 11,793,651	6.58%	3.30%	\$ 776,022
Members' Equity	179,185,409	49.89%	11,967,701	-5.89%	-2.94%	(704,710)	11,740,279	6.76%	3.37%	794,065	11,740,279	22.39%	11.17%	2,628,612
Totals	\$ 359,185,409	100.00%	\$ 23,989,809		0.36%	\$ 86,345	\$ 23,533,930		6.67%	\$ 1,570,087	\$ 23,533,930		14.47%	\$ 3,404,634

Water Operations

Description	Capital Structure	Ratio	Application Per Books				After Accounting and Pro forma Adjustments				After Applicant's Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 180,000,000	50.11%	\$ 3,470,437	6.58%	3.30%	\$ 228,355	\$ 3,192,039	6.58%	3.30%	\$ 210,036	\$ 3,192,039	6.58%	3.30%	\$ 210,036
Members' Equity	179,185,409	49.89%	3,454,731	-43.15%	-21.53%	(1,490,721)	3,177,593	-9.26%	-4.62%	(294,249)	3,177,593	31.37%	15.64%	996,674
Totals	\$ 359,185,409	100.00%	\$ 6,925,168		-18.23%	\$ (1,262,366)	\$ 6,369,632		-1.32%	\$ (84,213)	\$ 6,369,632		18.94%	\$ 1,206,710

Sewer Operations

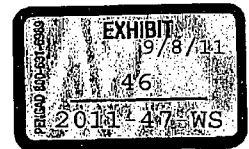
Description	Capital Structure	Ratio	Application Per Books				After Accounting and Pro forma Adjustments				After Applicant's Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 180,000,000	50.11%	\$ 8,551,671	6.58%	3.30%	\$ 562,700	\$ 8,601,612	6.58%	3.30%	\$ 565,986	\$ 8,601,612	6.58%	3.30%	\$ 565,986
Members' Equity	179,185,409	49.89%	8,512,970	9.23%	4.60%	786,011	8,562,686	12.71%	6.34%	1,088,314	8,562,686	19.06%	9.51%	1,631,938
Totals	\$ 359,185,409	100.00%	\$ 17,064,641		7.90%	\$ 1,348,711	\$ 17,164,298		9.64%	\$ 1,654,300	\$ 17,164,298		12.81%	\$ 2,197,924

Note: ORS used the capital structure of Utilities, Inc., the parent company.

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Audit Exhibit SGS-8

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Operating Experience, Rate Base and Rates of Return
For the Test Year Ended September 30, 2010
Combined Operations



<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) Applicant's Proposed Increase \$	(5) After Applicant's Proposed Increase \$
<u>Operating Revenues:</u>					
Service Revenues - Water	2,173,555	260,064 (A)	2,433,619	1,973,636 (S)	4,407,255
Service Revenues - Sewer	5,170,766	155,769 (A)	5,326,535	726,254 (S)	6,052,789
Miscellaneous Revenues	164,957	94,397 (B)	259,354	269,437 (T)	528,791
Uncollectible Accounts	(421,242)	342,207 (C)	(79,035)	(805) (U)	(79,840)
<u>Total Operating Revenues</u>	<u>7,088,036</u>	<u>852,437</u>	<u>7,940,473</u>	<u>2,968,522</u>	<u>10,908,995</u>
<u>Operating Expenses</u>					
Maintenance Expenses	2,749,597	196,911 (D)	2,946,508	0	2,946,508
General Expenses	1,927,393	(318,430) (E)	1,608,963	0	1,608,963
Interest on Customer Deposits	0	1,277 (F)	1,277	0	1,277
Depreciation	1,011,086	(47,505) (G)	963,581	0	963,581
Amortization of CIAC	(324,831)	(12,114) (H)	(336,945)	0	(336,945)
Taxes Other Than Income	790,756	4,691 (I)	795,447	28,232 (V)	823,679
Income Taxes - State & Federal	203,280	256,403 (J)	459,683	1,124,661 (W)	1,584,344
Amortization Investment Tax Credit	(8,852)	0	(8,852)	0	(8,852)
Amortization of Plant Acq. Adj.	(9,862)	0	(9,862)	0	(9,862)
<u>Total Operating Expenses</u>	<u>6,338,567</u>	<u>81,233</u>	<u>6,419,800</u>	<u>1,152,893</u>	<u>7,572,693</u>
<u>Total Operating Income</u>	<u>749,469</u>	<u>771,204</u>	<u>1,520,673</u>	<u>1,815,629</u>	<u>3,336,302</u>
Less: Interest During Construction	9,437	(9,437) (K)	0	0	0
Less: Interest on Debt	653,687	(653,687) (L)	0	0	0
Plus: Customer Growth	0	14,329 (M)	14,329	18,509 (X)	32,838
<u>Net Income for Return</u>	<u>86,345</u>	<u>1,448,657</u>	<u>1,535,002</u>	<u>1,834,138</u>	<u>3,369,140</u>
<u>Original Cost Rate Base:</u>					
Gross Plant in Service	52,220,287	(162,062) (N)	52,058,225	0	52,058,225
Accumulated Depreciation	(8,795,680)	682,310 (O)	(8,113,370)	0	(8,113,370)
Net Plant in Service	43,424,607	520,248	43,944,855	0	43,944,855
Cash Working Capital	683,468	(114,034) (P)	569,434	0	569,434
Contributions in Aid of Construction	(18,096,671)	(772,749) (Q)	(18,869,420)	0	(18,869,420)
Accumulated Deferred Income Taxes	(1,485,214)	0	(1,485,214)	0	(1,485,214)
Customer Deposits	(208,584)	(12,068) (R)	(220,652)	0	(220,652)
Advances in Aid of Construction	(1,600)	0	(1,600)	0	(1,600)
Plant Acquisition Adjustment	(326,197)	0	(326,197)	0	(326,197)
<u>Total Rate Base</u>	<u>23,989,809</u>	<u>(378,603)</u>	<u>23,611,206</u>	<u>0</u>	<u>23,611,206</u>
<u>Return on Rate Base</u>	<u>0.36%</u>		<u>6.50%</u>		<u>14.27%</u>
<u>Operating Margin - Note</u>	<u>-8.00%</u>		<u>9.53%</u>		<u>23.75%</u>
<u>Interest Expense</u>	<u>653,687</u>	<u>124,883</u>	<u>778,570</u>		<u>778,570</u>

Note: Operating Margin is computed using Net Income for Return less Interest Expense and divided by Total Operating Revenues.

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Operating Experience, Rate Base and Rates of Return
For the Test Year Ended September 30, 2010
Water Operations

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) Applicant's Proposed Increase \$	(6) After Applicant's Proposed Increase \$
<u>Operating Revenues:</u>					
Service Revenues - Water	2,173,555	260,064 (A)	2,433,619	1,973,636 (S)	4,407,255
Miscellaneous Revenues	95,741	7,114 (B)	102,855	114,115 (T)	216,970
Uncollectible Accounts	(244,489)	107,316 (C)	(137,173)	(341) (U)	(137,514)
<u>Total Operating Revenues</u>	<u>2,024,807</u>	<u>374,494</u>	<u>2,399,301</u>	<u>2,087,410</u>	<u>4,486,711</u>
<u>Operating Expenses</u>					
Maintenance Expenses	930,053	160,629 (D)	1,090,682	0	1,090,682
General Expenses	1,118,658	(184,793) (E)	933,865	0	933,865
Interest on Customer Deposits	0	741 (F)	741	0	741
Depreciation	393,833	(33,483) (G)	360,350	0	360,350
Amortization of CIAC	(107,375)	(7,691) (H)	(115,066)	0	(115,066)
Taxes Other Than Income	458,955	1,581 (I)	460,536	19,852 (V)	480,388
Income Taxes - State & Federal	117,983	(321,534) (J)	(203,551)	790,841 (W)	587,290
Amortization Investment Tax Credit	(5,138)	0	(5,138)	0	(5,138)
Amortization of Plant Acq. Adj.	(4,673)	0	(4,673)	0	(4,673)
<u>Total Operating Expenses</u>	<u>2,902,296</u>	<u>(384,550)</u>	<u>2,517,746</u>	<u>810,693</u>	<u>3,328,439</u>
<u>Total Operating Income</u>	<u>(877,489)</u>	<u>759,044</u>	<u>(118,445)</u>	<u>1,276,717</u>	<u>1,158,272</u>
Less: Interest During Construction	5,477	(5,477) (K)	0	0	0
Less: Interest on Debt	379,400	(379,400) (L)	0	0	0
Plus: Customer Growth	0	0 (M)	0	13,798 (X)	13,798
<u>Net Income for Return</u>	<u>(1,262,366)</u>	<u>1,143,921</u>	<u>(118,445)</u>	<u>1,290,515</u>	<u>1,172,070</u>
<u>Original Cost Rate Base:</u>					
Gross Plant in Service	17,252,817	(256,965) (N)	16,995,852	0	16,995,852
Accumulated Depreciation	(3,437,523)	319,673 (O)	(3,117,850)	0	(3,117,850)
Net Plant in Service	13,815,294	62,708	13,878,002	0	13,878,002
Cash Working Capital	313,458	(60,390) (P)	253,068	0	253,068
Contributions in Aid of Construction	(6,044,637)	(553,263) (Q)	(6,597,900)	0	(6,597,900)
Accumulated Deferred Income Taxes	(862,018)	0	(862,018)	0	(862,018)
Customer Deposits	(127,325)	(741) (R)	(128,066)	0	(128,066)
Advances in Aid of Construction	(800)	0	(800)	0	(800)
Plant Acquisition Adjustment	(168,804)	0	(168,804)	0	(168,804)
<u>Total Rate Base</u>	<u>6,925,168</u>	<u>(551,686)</u>	<u>6,373,482</u>	<u>0</u>	<u>6,373,482</u>
<u>Return on Rate Base</u>	<u>-18.23%</u>		<u>-1.86%</u>		<u>18.39%</u>
<u>Operating Margin</u>	<u>-81.08%</u>		<u>-13.70%</u>		<u>21.44%</u>
<u>Interest Expense</u>	<u>379,400</u>	<u>(169,237)</u>	<u>210,163</u>		<u>210,163</u>

Note: Operating Margin is computed using Net Income for Return less Interest Expense and divided by Total Operating Revenues.

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Operating Experience, Rate Base and Rates of Return
For the Test Year Ended September 30, 2010
Sewer Operations

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) Applicant's Proposed Increase \$	(6) After Applicant's Proposed Increase \$
<u>Operating Revenues:</u>					
Service Revenues - Sewer	5,170,766	155,769 (A)	5,326,535	726,254 (S)	6,052,789
Miscellaneous Revenues	69,216	87,283 (B)	156,499	155,322 (T)	311,821
Uncollectible Accounts	(176,753)	234,891 (C)	58,138	(464) (U)	57,674
<u>Total Operating Revenues</u>	<u>5,063,229</u>	<u>477,943</u>	<u>5,541,172</u>	<u>881,112</u>	<u>6,422,284</u>
<u>Operating Expenses</u>					
Maintenance Expenses	1,819,544	36,282 (D)	1,855,826	0	1,855,826
General Expenses	808,735	(133,637) (E)	675,098	0	675,098
Interest on Customer Deposits	0	536 (F)	536	0	536
Depreciation	617,253	(14,022) (G)	603,231	0	603,231
Amortization of CIAC	(217,456)	(4,423) (H)	(221,879)	0	(221,879)
Taxes Other Than Income	331,801	3,110 (I)	334,911	8,380 (V)	343,291
Income Taxes - State & Federal	85,297	577,937 (J)	663,234	333,820 (W)	997,054
Amortization Investment Tax Credit	(3,714)	0	(3,714)	0	(3,714)
Amortization of Plant Acq. Adj.	(5,189)	0	(5,189)	0	(5,189)
<u>Total Operating Expenses</u>	<u>3,436,271</u>	<u>465,783</u>	<u>3,902,054</u>	<u>342,200</u>	<u>4,244,254</u>
<u>Total Operating Income</u>	<u>1,626,958</u>	<u>12,160</u>	<u>1,639,118</u>	<u>538,912</u>	<u>2,178,030</u>
Less: Interest During Construction	3,960	(3,960) (K)	0	0	0
Less: Interest on Debt	274,287	(274,287) (L)	0	0	0
Plus: Customer Growth	0	14,329 (M)	14,329	4,711 (X)	19,040
<u>Net Income for Return</u>	<u>1,348,711</u>	<u>304,736</u>	<u>1,653,447</u>	<u>543,623</u>	<u>2,197,070</u>
<u>Original Cost Rate Base:</u>					
Gross Plant in Service	34,967,470	94,903 (N)	35,062,373	0	35,062,373
Accumulated Depreciation	(5,358,157)	362,637 (O)	(4,995,520)	0	(4,995,520)
Net Plant in Service	29,609,313	457,540	30,066,853	0	30,066,853
Cash Working Capital	370,010	(53,644) (P)	316,366	0	316,366
Contributions in Aid of Construction	(12,052,034)	(219,486) (Q)	(12,271,520)	0	(12,271,520)
Accumulated Deferred Income Taxes	(623,196)	0	(623,196)	0	(623,196)
Customer Deposits	(81,259)	(11,327) (R)	(92,586)	0	(92,586)
Advances in Aid of Construction	(800)	0	(800)	0	(800)
Plant Acquisition Adjustment	(157,393)	0	(157,393)	0	(157,393)
<u>Total Rate Base</u>	<u>17,064,641</u>	<u>173,083</u>	<u>17,237,724</u>	<u>0</u>	<u>17,237,724</u>
<u>Return on Rate Base</u>	<u>7.90%</u>		<u>9.59%</u>		<u>12.75%</u>
<u>Operating Margin</u>	<u>21.22%</u>		<u>19.58%</u>		<u>25.36%</u>
<u>Interest Expense</u>	<u>274,287</u>	<u>294,120</u>	<u>568,407</u>		<u>568,407</u>

Note: Operating Margin is computed using Net Income for Return less Interest Expense and divided by Total Operating Revenues.

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2010

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
<u>Accounting and Pro forma Adjustments</u>			
<u>Operating Revenues</u>			
(A) Service Revenues			
1 To adjust service revenues to reflect test year customer billings.			
Per ORS	415,833	260,064	155,769
Per CWS	293,730	250,579	43,151
(B) Miscellaneous Revenues			
2 To adjust miscellaneous revenues to reflect various adjustments of the Water and Wastewater Department.			
Per ORS	94,397	7,114	87,283
Per CWS	0	0	0
(C) Uncollectible Accounts			
3 To adjust uncollectible accounts to reflect actual bad debt.			
Per ORS	342,207	107,316	234,891
Per CWS	(29,661)	(28,186)	(1,475)
<u>(D) Maintenance Expenses</u>			
Salaries & Wages			
4 To annualize operators' salaries for the test year.			
Per ORS	(13,918)	(8,072)	(5,846)
Per CWS	134,377	77,990	56,387
Purchased Sewer & Water			
5 To adjust for purchased sewer and water pass-through costs.			
Per ORS	249,878	210,484	39,394
Per CWS	249,878	210,484	39,394
Maintenance and Repair			
6 To remove water project write-off from operating expenses.			
Per ORS	(45,500)	(45,500)	0
Per CWS	0	0	0

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2010

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Transportation			
7 To adjust for allocated transportation expense including fuel and auto repairs.			
Per ORS	(63,364)	(36,776)	(26,588)
Per CWS	(27,880)	(16,181)	(11,699)
Operating Expenses Charged to Plant			
8 To adjust operating expense charged to plant (capitalized time) for actual salary expenses and associated taxes and benefits.			
Per ORS	69,815	40,493	29,322
Per CWS	48,773	28,313	20,460
Total ORS - Maintenance Expenses	196,911	160,629	36,282
(E) General Expenses			
Salaries & Wages			
9 To annualize office salaries for the test year.			
Per ORS	(27,000)	(15,660)	(11,340)
Per CWS	(28,970)	(16,814)	(12,156)
Office Supplies & Other Office Expense			
10 To remove nonallowable amounts from office supplies and other office expenses.			
Per ORS	(38,947)	(22,605)	(16,342)
Per CSW	(127)	(74)	(53)
Regulatory Commission Expense			
11 To amortize current rate case expenses over a three-year period.			
Per ORS	(207,386)	(120,367)	(87,019)
Per CWS	(199,261)	(115,651)	(83,610)
Pension & Other Benefits			
12 To annualize pension and other benefits associated with the adjusted test year salaries.			
Per ORS	(32,038)	(18,582)	(13,456)
Per CWS	65,675	38,117	27,558

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2010

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Non-Utility Miscellaneous Income and Expenses			
13 To remove non-utility income and expenses.			
Per ORS	(13,059)	(7,579)	(5,480)
Per CWS	0	0	0
Total ORS - General Expenses	(318,430)	(184,793)	(133,637)
(F) Interest on Customer Deposits			
14 To annualize interest on customer deposits.			
Per ORS	1,277	741	536
Per CWS	0	0	0
(G) Depreciation Expense			
15 To annualize depreciation expense for known and measurable plant in service.			
Per ORS	(47,505)	(33,483)	(14,022)
Per CWS	33,938	18,392	15,546
(H) Amortization of Contributions in Aid of Construction (CIAC)			
16 To annualize the amortization of CIAC.			
Per ORS	(12,114)	(7,691)	(4,423)
Per CWS	(17,617)	(8,696)	(8,921)
(I) Taxes Other Than Income			
17 To adjust payroll taxes associated with the adjusted test year salaries.			
Per ORS	(3,416)	(1,981)	(1,435)
Per CWS	12,185	7,072	5,113
18 To adjust gross receipts and utility/commission taxes after the accounting and pro forma adjustments using a factor of .00951022 (.003 for SCDOR and .00651022 for PSC/ORS.)			
Per ORS	8,107	3,562	4,545
Per CWS	294	251	43
Total Per ORS - Taxes Other Than Income	4,691	1,581	3,110

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2010

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
(J) Income Taxes			
19 To adjust state and federal income taxes after accounting and pro forma adjustments. See Audit Exhibit SGS-6.			
Per ORS	256,403	(321,534)	577,937
Per CWS	(160,620)	(507,594)	346,974
(K) Interest During Construction (IDC)			
20 To eliminate IDC for rate making purposes. Construction work in progress was not included in rate base; therefore, IDC is eliminated as an addition to net income.			
Per ORS	(9,437)	(5,477)	(3,960)
Per CWS	(9,437)	(5,477)	(3,960)
(L) Interest on Debt			
21 To eliminate interest expense from operating expenses. Adjusted interest expense will be used to compute an operating margin.			
Per ORS	(653,687)	(379,400)	(274,287)
Per CWS	180,333	(121,130)	301,463
(M) Customer Growth			
22 To adjust for customer growth after accounting and pro forma adjustments. The growth factors of 1.19126% for water and .87421% for wastewater were provided by the Water and Wastewater Department.			
Per ORS	14,329	0	14,329
Per CWS	0	0	0
(N) Gross Plant in Service			
23 To reflect adjusted vehicles allocated to CWS.			
Per ORS	(365,155)	(211,936)	(153,219)
Per CWS	(191,515)	(111,155)	(80,360)
24 To adjust gross plant in service for net additions documented as of June 2011.			
Per ORS	1,876,401	1,010,439	865,962
Per CWS	1,251,683	893,630	358,053

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2010

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
25 To reduce capitalized salaries, taxes, and benefits associated with Operating Expenses Charged to Plant.			
Per ORS	(69,815)	(40,493)	(29,322)
Per CWS	0	0	0
26 To include plant for water project that should be capitalized.			
Per ORS	45,500	45,500	0
Per CWS	0	0	0
27 To adjust for computer allocation updates and removal of a portion of the Customer Care and Billing System.			
Per ORS	(397,643)	(230,792)	(166,851)
Per CWS	0	0	0
28 To remove excess book value according to previous orders.			
Per ORS	(743,227)	(431,369)	(311,858)
Per CWS	0	0	0
29 To remove non-allowable plant.			
Per ORS	(508,123)	(398,314)	(109,809)
Per CWS	0	0	0
Total Per ORS	<u>(162,062)</u>	<u>(256,965)</u>	<u>94,903</u>
(O) Accumulated Depreciation			
30 To adjust for depreciation expense, retirements and nonallowable plant.			
Per ORS	<u>682,310</u>	<u>319,673</u>	<u>362,637</u>
Per CWS	<u>120,359</u>	<u>69,856</u>	<u>50,503</u>
(P) Cash Working Capital			
31 To adjust cash working capital after accounting and pro forma adjustments. See Audit Exhibit SGS-7.			
Per ORS	<u>(114,034)</u>	<u>(60,390)</u>	<u>(53,644)</u>
Per CWS	<u>32,176</u>	<u>26,934</u>	<u>5,242</u>

Carolina Water Service, Inc.

Docket No. 2011-47-WS

Explanation of Accounting and Pro Forma Adjustments

For the Test Year Ended September 30, 2010

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
(Q) Contributions in Aid of Construction (CIAC)			
32 To adjust CIAC to reflect contributions after the test year and remove Non-CIAC included in revenues.			
Per ORS	(784,863)	(560,954)	(223,909)
Per CWS	0	0	0
33 To adjust CIAC to reflect the amortization of CIAC expense as a result of ORS Adjustment 16.			
Per ORS	12,114	7,691	4,423
Per CWS	0	0	0
Total ORS CIAC	(772,749)	(553,263)	(219,486)
(R) Customer Deposits			
34 To adjust for interest on customer deposits as a result of Adjustment #14.			
Per ORS	(1,277)	(741)	(536)
Per CWS	0	0	0
35 To adjust to reflect correct customer deposits balance per books.			
Per ORS	(10,791)	0	(10,791)
Per CWS	0	0	0
Total ORS Customer Deposits	(12,068)	(741)	(11,327)
Proposed Increase^{TA}			
(S)			
36 To adjust water and sewer service revenues for ORS's recalculation of the Company's proposed rate increase.			
Per ORS	2,699,890	1,973,636	726,254
Per CWS	2,470,877	1,966,875	504,002
(T)			
37 To adjust miscellaneous revenues for ORS's recalculation of the Company's proposed rate increase.			
Per ORS	269,437	114,115	155,322
Per CWS	0	0	0

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2010

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
(U)			
38 To adjust for uncollectible accounts associated with the Company's proposed rate increase.			
Per ORS	(805)	(341)	(464)
Per CWS	(238,469)	(221,241)	(17,228)
(V)			
39 To adjust gross receipts and utility/commission taxes associated with the Company's proposed increase using a factor of .00951022 (.003 for SCDOR and .00651022 for PSC/ORS.)			
Per ORS	28,232	19,852	8,380
Per CWS	2,471	1,967	504
(W)			
40 To adjust state and federal income taxes associated with the Company's proposed increase. See Audit Exhibit SGS-6.			
Per ORS	1,124,661	790,841	333,820
Per CWS	852,950	666,952	185,998
(X)			
41 To adjust for customer growth after the proposed increase. The growth factors of 1.19126% for water and .87421% for wastewater were provided by the Water and Wastewater Department.			
Per ORS	18,509	13,798	4,711
Per CWS	0	0	0

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Computation of Depreciation and Amortization Expense
For the Test Year Ended September 30, 2010

	Combined Operations \$	Water Operations \$	Sewer Operations \$
<u>Depreciation Adjustment</u>			
Gross Plant @ September 30, 2010	52,220,287	17,252,817	34,967,470
Add/Remove			
Net Plant Additions @ June 2011	1,876,403	1,010,440	865,963
Capitalize Well Project	45,500	45,500	0
Non-Allowable Plant	(508,123)	(398,314)	(109,809)
Capitalized Time from Wage Adjustment	(69,815)	(40,493)	(29,322)
Less:			
Organization @ 9/30/10	(110,429)	(82,784)	(27,645)
Land @ 9/30/10	(268,191)	(178,189)	(90,002)
Vehicles @ 9/30/10	(654,785)	(379,775)	(275,010)
Computers @ 9/30/10	(2,115,498)	(1,227,835)	(887,663)
Net Plant	50,415,349	16,001,367	34,413,982
Plant Depreciation @ 1.5% (66.67 years)	<u>756,231</u>	<u>240,021</u>	<u>516,210</u>
<u>Vehicles @ 9/30/10</u>	289,630	167,985	121,645
Less: Fully Depreciated Vehicles	(35,508)	(20,595)	(14,913)
	254,122	147,390	106,732
Vehicle Depreciation @ 16.67% (6 years)	<u>42,362</u>	<u>24,570</u>	<u>17,792</u>
<u>Computers @ 9/30/10</u>	1,717,855	997,043	720,812
Less: Fully Depreciated Computers	(165,402)	(95,999)	(69,403)
	1,552,453	901,044	651,409
Computer Depreciation @ 12.5% (8 years)	<u>194,057</u>	<u>112,631</u>	<u>81,426</u>
Less: Amortization of Excess Book Value	(29,069)	(16,872)	(12,197)
Total Depreciation	<u>963,581</u>	<u>360,350</u>	<u>603,231</u>
Less: Per Books Depreciation	1,011,086	393,833	617,253
ORS Adjustment	<u>(47,505)</u>	<u>(33,483)</u>	<u>(14,022)</u>
Company's Adjustment	<u>(17,185)</u>	<u>(2,841)</u>	<u>(14,344)</u>
<u>Amortization of CIAC Adjustment</u>			
Gross CIAC @ 9/30/10	(21,678,187)	(7,110,134)	(14,568,053)
CIAC Additions After Test Year	(856,576)	(560,954)	(295,622)
Remove Non-CIAC Revenue	71,713	0	71,713
Total CIAC	<u>(22,463,050)</u>	<u>(7,671,088)</u>	<u>(14,791,962)</u>
CIAC Amortization @ 1.5% (66.67 years)	(336,945)	(115,066)	(221,879)
Less: Per Books Amortization of CIAC	(324,831)	(107,375)	(217,456)
ORS Adjustment	<u>(12,114)</u>	<u>(7,691)</u>	<u>(4,423)</u>
Company's Adjustment	<u>(17,617)</u>	<u>(8,696)</u>	<u>(8,921)</u>

Surrebuttal Audit Exhibit SGS-6

**Carolina Water Service, Inc.
Docket No. 2011-47-WS
Computation of Income Taxes
For the Test Year Ended September 30, 2010**

After Accounting & Pro Forma Adjustments			
	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	7,940,473	2,399,301	5,541,172
Less: Operating Expenses	5,960,117	2,721,297	3,238,820
Net Operating Income Before Taxes	1,980,356	(321,996)	2,302,352
Less: Annualized Interest Expense	778,570	210,163	568,407
Taxable Income - State	1,201,786	(532,159)	1,733,945
State Income Tax %	5.0%	5.0%	5.0%
State Income Taxes	60,089	(26,608)	86,697
Less: State Income Taxes Per Book	21,770	12,635	9,135
Adjustment to State Income Taxes	38,319	(39,243)	77,562
Taxable Income - Federal	1,141,697	(505,551)	1,647,248
Federal Income Taxes %	35.0%	35.0%	35.0%
Federal Income Taxes	399,594	(176,943)	576,537
Less: Federal Income Taxes Per Book	181,510	105,348	76,162
Adjustment to Federal Income Taxes	218,084	(282,291)	500,375
Total Adjustment to Income Taxes	256,403	(321,534)	577,937
After Applicant's Proposed Increase			
	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	10,908,995	4,486,711	6,422,284
Less: Operating Expenses	5,988,349	2,741,149	3,247,200
Net Operating Income Before Taxes	4,920,646	1,745,562	3,175,084
Less: Annualized Interest Expense	778,570	210,163	568,407
Taxable Income - State	4,142,076	1,535,399	2,606,677
State Income Tax %	5.0%	5.0%	5.0%
State Income Taxes	207,104	76,770	130,334
Less: State Income Taxes As Adjusted	60,089	(26,608)	86,697
Adjustment to State Income Taxes	147,015	103,378	43,637
Taxable Income - Federal	3,934,972	1,458,629	2,476,343
Federal Income Taxes %	35.0%	35.0%	35.0%
Federal Income Taxes	1,377,240	510,520	866,720
Less: Federal Income Taxes As Adjusted	399,594	(176,943)	576,537
Adjustment to Federal Income Taxes	977,646	687,463	290,183
Total Adjustment to Income Taxes	1,124,661	790,841	333,820

Surrebuttal Audit Exhibit SGS-7

**Carolina Water Service, Inc.
Docket No. 2011-47-WS
Cash Working Capital Allowance
For the Test Year Ended September 30, 2010**

<u>After Accounting & Pro Forma Adjustments</u>	<u>\$ Combined Operations</u>	<u>\$ Water Operations</u>	<u>\$ Sewer Operations</u>
Maintenance Expenses	2,946,508	1,090,682	1,855,826
General Expenses	<u>1,608,963</u>	<u>933,865</u>	<u>675,098</u>
Total Expenses for Computation	4,555,471	2,024,547	2,530,924
Allowable Rate	<u>12.50%</u>	<u>12.50%</u>	<u>12.50%</u>
Computed Cash Working Capital	569,434	253,068	316,366
Cash Working Capital - Application Per Books	<u>683,468</u>	<u>313,458</u>	<u>370,010</u>
Cash Working Capital Adjustment - ORS Accounting & Pro Forma Adjustment	<u><u>(114,034)</u></u>	<u><u>(60,390)</u></u>	<u><u>(53,644)</u></u>
Cash Working Capital Adjustment - CWS	<u><u>32,176</u></u>	<u><u>26,934</u></u>	<u><u>5,242</u></u>

Carolina Water Service, Inc.
Docket No. 2011-47-WS
Return on Equity
Capital Structure at September 30, 2010

Combined Operations

Description	(Note) Capital Structure	Ratio	Application Per Books				After Accounting and Pro forma Adjustments				After Applicant's Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 180,000,000	50.11%	\$ 12,022,108	6.58%	3.30%	\$ 791,055	\$ 11,832,377	6.58%	3.30%	\$ 778,570	\$ 11,832,377	6.58%	3.30%	\$ 778,570
Members' Equity	179,185,409	49.89%	11,967,701	-5.89%	-2.94%	(704,710)	11,778,829	6.42%	3.20%	756,432	11,778,829	21.99%	10.97%	2,590,570
Totals	\$ 359,185,409	100.00%	\$ 23,989,809		0.36%	\$ 86,345	\$ 23,611,206		6.50%	\$ 1,535,002	\$ 23,611,206		14.27%	\$ 3,369,140

Water Operations

Description	Capital Structure	Ratio	Application Per Books				After Accounting and Pro forma Adjustments				After Applicant's Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 180,000,000	50.11%	\$ 3,470,437	6.58%	3.30%	\$ 228,355	\$ 3,193,968	6.58%	3.30%	\$ 210,163	\$ 3,193,968	6.58%	3.30%	\$ 210,163
Members' Equity	179,185,409	49.89%	3,454,731	-43.15%	-21.53%	(1,490,721)	3,179,514	-10.34%	-5.16%	(328,608)	3,179,514	30.25%	15.09%	961,907
Totals	\$ 359,185,409	100.00%	\$ 6,925,168		-18.23%	\$ (1,262,366)	\$ 6,373,482		-1.86%	\$ (118,445)	\$ 6,373,482		18.39%	\$ 1,172,070

Sewer Operations

Description	Capital Structure	Ratio	Application Per Books				After Accounting and Pro forma Adjustments				After Applicant's Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 180,000,000	50.11%	\$ 8,551,671	6.58%	3.30%	\$ 562,700	\$ 8,638,409	6.58%	3.30%	\$ 568,407	\$ 8,638,409	6.58%	3.30%	\$ 568,407
Members' Equity	179,185,409	49.89%	8,512,970	9.23%	4.60%	786,011	8,599,315	12.62%	6.29%	1,085,040	8,599,315	18.94%	9.45%	1,628,663
Totals	\$ 359,185,409	100.00%	\$ 17,064,641		7.90%	\$ 1,348,711	\$ 17,237,724		9.59%	\$ 1,653,447	\$ 17,237,724		12.75%	\$ 2,197,070

Note: ORS used the capital structure of Utilities, Inc., the parent company.

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Supplemental Audit Exhibit SGS-8



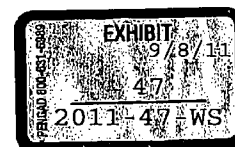
ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 18, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Falcon Ranches Subdivision
Utility Representative: Robert Gilroy
Number of Customers: 98 customers
System Type (distribution, well, etc): Wells, storage, & distribution
Location of System: Falcon Ranches Subdivision - Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, pH adjustment
Permit #: 3250016
Last SC DHEC Compliance Rating: Satisfactory – May 4, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Septic

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	2			X		
2	Pump Houses		2			X		
3	Storage Tank	Pressurized	1		10k gal	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use					X		Soda ash
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments:





ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 18, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Glenn Village/Stonebridge
Utility Representative: Robert Gilroy
Number of Customers: 206 customers and 195 customer from Glenn Village
System Type (distribution, well, etc): I/Cambridge Hills area
Location of System: Wells, distribution
Location of Utility Office: Glenn Village/Stonebridge/Sandy Creek/Cambridge Hills
Treatment Type: Subdivisions, Lexington County
Permit #: 110 Queen Parkway, West Columbia
Last SC DHEC Compliance Rating: Chlorination, pH adjustment, radium removal
Frequency checked by Licensed Operator: 3250058
Wastewater Provider: Satisfactory – May 5, 2010
Wastewater Provider: Carolina Water Service, Inc., septic
Wastewater Provider: Daily

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	6			X		1 well abandoned
2	Pump Houses	wood	6			X		
3	Storage Tank	Pressurized	4		45kgal	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use					X		NaOH, KCL
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments: Glenn Village I (USSC water system), Glenn Village II, & Stonebridge well systems were interconnected in 2008 per DHEC. No application to transfer the customer base associated with Glenn Village I has been filed with the PSC to date. Well #1 in Glenn Village II area of system has radium above MCL and treatment has been added to reduce radium level in water pumped from this well.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 18, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Hidden Valley Country Club
Utility Representative: Robert Gilroy
Number of Customers: 185 customers
System Type (distribution, well, etc): Wells, distribution
Location of System: Hidden Valley Country Club Subdivision, Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, pH adjustment
Permit #: 3250073
Last SC DHEC Compliance Rating: Satisfactory – May 4, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Septic

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	3			X		2 wells on line; 1 with turbidity issues off line
2	Pump Houses	wood	2			X		
3	Storage Tank	Pressurized	1		10k gal	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead	1		75k gal	X		Telemetry system
4	Chlorinator					X		
5	Other Chemicals in use					X		NaOH
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 20, 2011
Inspector Name: Willie Morgan
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Hunter's Glen Subdivision
Utility Representative: Tony Ellinger
Number of Customers: 94 customers
System Type (distribution, well, etc): Well, storage, & distribution
Location of System: Hunter's Glen Subdivision - Aiken County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, pH adjustment
Permit #: 0250005
Last SC DHEC Compliance Rating: Satisfactory – April 14, 2011
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Septic

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	3			X		Well #1 off-line.
2	Pump Houses							
3	Storage Tank	Pressurized	2		10k each	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use					X		
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks						X	See below
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments: Booster pumps used for transmission in looped system. Leak was discovered inside fenced area of well #2. The leak appeared to be coming from the utility service line providing water service to the nearby customers.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 18 & 20, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – I-20
Utility Representative: Robert Gilroy, Tony Ellinger
Number of Customers: 2249 customers
System Type (distribution, well, etc): Distribution, purchase water from City of West Columbia
Location of System: Oak Grove Subdivision & surrounding area, Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: None
Permit #: 3250012
Last SC DHEC Compliance Rating: Satisfactory – May 4, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Carolina Water Service, Inc., & septic

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites							All water is purchased from City of West Columbia
2	Pump Houses							
3	Storage Tank	Pressurized						
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead	1			NA	NA	See comment below
4	Chlorinator							No treatment by CWS
5	Other Chemicals in use							No treatment by CWS
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments: Elevated storage tank not in use by CWS. System is provided with water through three master meters from City of West Columbia.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 18, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Indian Fork/Forty Love Point Subdivisions
Utility Representative: Robert Gilroy
Number of Customers: 204 customers
System Type (distribution, well, etc): Wells, storage, & distribution
Location of System: Indian Fork/Forty Love Point Subdivisions - Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, pH adjustment, softener
Permit #: 3250066
Last SC DHEC Compliance Rating: Satisfactory – May 12, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Town of Chapin, Richland County or Septic

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	8			X		
2	Pump Houses							
3	Storage Tank	Pressurized	4		35k gal	X		2009-2010 Tanks cleaned
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use					X		
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments: There are two 10k gallon tanks and two 6.5k gallon tanks for a total storage capacity of 33k gallons. Filter was installed due to complaints about particles/dirt in water. Quarterly flushing program.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 21, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – River Hills
Utility Representative: Mac Mitchell, Dick Henson (for Forest Oaks & River Hills Area)
Number of Customers: 2903 customers
System Type (distribution, well, etc): Distribution, purchased water from York County (which is purchased from City of Rock Hill)
Location of System: Lake Wylie area (Hwy 49 & 274 area) – York County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: None
Permit #: 4650006
Last SC DHEC Compliance Rating: Satisfactory – May 11, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Carolina Water Service, Inc., & septic

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites							Purchases water from York County
2	Pump Houses							
3	Storage Tank	Pressurized						
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						See comment below
4	Chlorinator							No treatment by CWS
5	Other Chemicals in use							No treatment by CWS
6	Meters					X		See comment below
7	Hydrants					X		Fire protection & flushing
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments: Elevated storage tank is owned by CWS but leased and maintained by York County. ORS witnessed service termination procedures during inspection. Field technician turned service valve into off position, but did not lock the valve to ensure service termination. Each service valve is to be locked to ensure termination of service. This process was confirmed by Regional Manager.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 18, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Mallard Cove
Utility Representative: Robert Gilroy
Number of Customers: 29 customers
System Type (distribution, well, etc): Well, distribution
Location of System: Mallard Cove/Seay Cove Subdivisions, Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, pH adjustment
Permit #: 3250076
Last SC DHEC Compliance Rating: Satisfactory – May 3, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Carolina Water Service, Inc.

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	1			X		
2	Pump Houses	wood	1			X		
3	Storage Tank	Pressurized	1		2k gal	X		Exterior needs to be cleaned
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use					X		
6	Meters					X		
7	Hydrants							None observed
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 26, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Pocalla Subdivision
Utility Representative: Mac Mitchell, Randall Plummer
Number of Customers: 97 customers
System Type (distribution, well, etc): Well system with storage
Location of System: Sumter County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, corrosion inhibitor, pH adjustment
Permit #: 4350007
Last SC DHEC Compliance Rating: Satisfactory – February 2, 2011
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Carolina Water Service, Inc.

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	2			X		
2	Pump Houses		1			X		
3	Storage Tank	Pressurized	1		7.5k gal	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use					X		
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 21, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Heatherwood/Blue Ridge Terrace Subdivisions
Utility Representative: Robert Gilroy
Number of Customers: 158 customers
System Type (distribution, well, etc): Wells, distribution
Location of System: Heatherwood/Blue Ridge Subdivision, Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, pH adjustment
Permit #: 3250015
Last SC DHEC Compliance Rating: Satisfactory – May 4, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: Septic

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	4			X		
2	Pump Houses	wood	2			X		
3	Storage Tank	Pressurized	1		30k gal	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator							N/A
5	Other Chemicals in use							Soda ash
6	Meters					X		
7	Hydrants					X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 26, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Rock Bluff Subdivision
Utility Representative: Mac Mitchell
Number of Customers: 22
System Type (distribution, well, etc): Well system with storage
Location of System: Rock Bluff, Sumter County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Chlorination, corrosion inhibitor, pH adjustment
Permit #: 4550001
Last SC DHEC Compliance Rating: Satisfactory – December 2, 2010
Frequency checked by Licensed Operator: Daily
Wastewater Provider: CWS

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	bored	1			X		
2	Pump Houses	block	1			X		
3	Storage Tank	Pressurized	1		3k gal	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use					X		
6	Meters					X		
7	Hydrants							None present
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		See comment below

Additional Comments: Williamsburg Water & Sewer Authority has installed water taps to most of the premises in the subdivision. Almost all customers of CWS have paid connection charges to be connected to Williamsburg Water & Sewer Authority for water service.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected:	July 18, 2011
Inspector Name:	Willie Morgan, Dawn Hipp
Docket Number:	2011-47-WS
Utility Name:	Carolina Water Service, Inc. – Friarsgate
Utility Representative:	Robert Gilroy
Number of Customers:	3203 customers
System Type (collection, force main, lagoon, etc):	Collection, forced main, aerated lagoon
Location of System:	Friarsgate subdivision & surrounding area, Richland & Lexington Counties
Location of Utility Office:	110 Queen Parkway, West Columbia
Treatment Type:	Biological Treatment using a lined oxidation ditch and return activated sludge process
Permit #:	SC0036137
Last SC DHEC Compliance Rating:	Non-compliance (June 7 – 9, 2010)
Frequency checked by WWTF Operator:	Daily – Ralph Cook
Drinking Water Provider:	City of Columbia, wells, others

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator			None – Ultra Violet disinfection added in 2008-2009
2	Other chemicals in use			None
3	Aerators present	X		Various types of aerators, diffusers
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		Concrete lined oxidation ditch; EQ basin lined with plastic mesh in 2007
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		
11	Grease build-up acceptable	X		
12	Plant free of debris	X		Manual bar screen
13	Effluent Color acceptable	X		
14	Lift Stations present	X		3 lift stations located throughout system
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

Additional Comments: Discharge to unnamed tributary. No odor present outside of fenced area at WWTP at time of inspection. Customer base includes single family dwellings, apartment buildings, and various commercial customers.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 18, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – I-20
Utility Representative: Robert Gilroy
Number of Customers: 2093 customers
System Type (collection, force main, lagoon, etc): Collection, forced main, aerated lagoon
Location of System: Oak Grove Subdivision & surrounding area, Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Biological Treatment using aerated lagoon – 0.80 MGD Plant
Permit #: SC0035564
Last SC DHEC Compliance Rating: Non-compliance (April 27 – 29, 2009)
Frequency checked by WWTF Operator: Daily
Drinking Water Provider: Carolina Water Service, Inc., City of West Columbia, wells, others

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator	X		
2	Other chemicals in use	X		
3	Aerators present	X		Various aerators
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		
11	Grease build-up acceptable	X		
12	Plant free of debris	X		
13	Effluent Color acceptable	X		
14	Lift Stations present	X		Many lift stations located throughout system
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand		X	DHEC moratorium on taps due to continued discussions under the 201/208 plan

Additional Comments: Discharge to Saluda River. Customer base includes single family dwellings, apartment buildings, and various commercial customers which includes Midlands Utility, Inc.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 21, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – River Hills
Utility Representative: Mac Mitchell, Dick Henson (for Forest Oaks & River Hills Area)
Number of Customers: 2548 customers
System Type (collection, force main, lagoon, etc): Collection, forced main
Location of System: River Hills Subdivision & surrounding area, Lexington County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: None – discharged to York County
Permit #: SSS000752
Last SC DHEC Compliance Rating: N/A
Frequency checked by WWTF Operator: Daily
Drinking Water Provider: Carolina Water Service, Inc. & wells

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator			None
2	Other chemicals in use			None
3	Aerators present			None
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition			None
8	Odor, non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable			N/A
11	Grease build-up acceptable			None
12	Plant free of debris	X		Manual bar screen
13	Effluent Color acceptable			N/A
14	Lift Stations present	X		62 lift stations located throughout system
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

Additional Comments: No odors present outside of wastewater transfer location to York County. Sewer system is collection only with discharge to York County. Customer base includes single family dwellings, apartment buildings, and various commercial customers.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 26, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Oakland Plantation
Utility Representative: Mac Mitchell, Randall Plummer
Number of Customers: 243 customers
System Type (collection, force main, lagoon, etc): Collection, forced main, aerated lagoon
Location of System: Oakland Plantation Subdivision, Sumter County
Location of Utility Office: 110 Queen Parkway, West Columbia
Treatment Type: Aerated lagoon/chlorination and dechlorination
Permit #: SC0030678
Last SC DHEC Compliance Rating: Ammonia-Nitrogen permit exceedance (March 23, 2011)
Frequency checked by WWTF Operator: Daily
Drinking Water Provider: Utilities Services of South Carolina, Inc.

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator	X		
2	Other chemicals in use	X		Dechlorination using liquid sodium sulfite; metal scavenger
3	Aerators present	X		3 Aerators operating
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		Concrete lining
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	X		
12	Plant free of debris	X		Manual bar screen
13	Effluent Color acceptable	X		
14	Lift Stations present	X		1 lift station
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

Additional Comments: Discharge to unnamed tributary. Plant components include EQ basin, horizontal clarifier and digester. Customer base includes single family dwellings, apartment buildings, and two restaurants. Area developed in 1960's.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected:	July 26, 2011
Inspector Name:	Willie Morgan, Dawn Hipp
Docket Number:	2011-47-WS
Utility Name:	Carolina Water Service, Inc. – Pocalla
Utility Representative:	Mac Mitchell, Randall Plummer
Number of Customers:	151 customers
System Type (collection, force main, lagoon, etc):	Collection/gravity flow
Location of System:	Pocalla Village/Belk Subdivisions, Sumter County
Location of Utility Office:	110 Queen Parkway, West Columbia
Treatment Type:	Activated sludge
Permit #:	SC0030724
Last SC DHEC Compliance Rating:	Satisfactory (November 3 – 5, 2008)
Frequency checked by WWTF Operator:	Daily
Drinking Water Provider:	Carolina Water Service, Inc.

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator	X		UV Disinfection installed but not permitted to operate
2	Other chemicals in use	X		Sodium sulfite
3	Aerators present	X		
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	X		
12	Plant free of debris	X		
13	Effluent Color acceptable	X		
14	Lift Stations present			All gravity flow
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

Additional Comments: Discharges to tributary of Pocotaligo River.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: July 26, 2011
Inspector Name: Willie Morgan, Dawn Hipp
Docket Number: 2011-47-WS
Utility Name: Carolina Water Service, Inc. – Whites Creek/Lincolnshire
Utility Representative: Mac Mitchell, Randall Plummer
Number of Customers: 244 customers
System Type (collection, force main, lagoon, etc): Collection, forced main, activated sludge process
Location of System: Whites Creek Rd, Georgetown County
Location of Utility Office: West Columbia, SC
Treatment Type: Activated sludge/chlorination and dechlorination
Permit #: SC0030732
Last SC DHEC Compliance Rating: Non-compliance (August 24 – 26, 2009)
Frequency checked by WWTF Operator: Daily
Drinking Water Provider: Georgetown Co. Rural Comm. Water Dist.

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator	X		
2	Other chemicals in use	X		
3	Aerators present	X		Mixers and extended air in tank
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	NA	NA	
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	X		
12	Plant free of debris	X		Manual bar screen
13	Effluent Color acceptable		X	Cloudy with solids. Sludge removal was ordered by CWS.
14	Lift Stations present	X		2 lift stations – 1 w/grinder pump
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		50 taps available

Additional Comments: Discharge to Sand Pit creek. Inflow/Infiltration a large problem in service area due to original construction of system by developer in the 1960's. Plant is severely impacted by rain and storm water run-off on date of inspection. DHEC notified by operator of effluent condition.

CAROLINA WATER SERVICE, INC.
2011-47-WS
REVENUE IMPACT ANALYSIS

EXHIBIT WJM-2

Calculated CWS Test Year Revenue Overview

Bill code	Customer Classification	Consumption In Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues
400PWCOM	1" Purchase Water Comm.	5,896,971	\$2.03	282	\$29.02	\$20,154
400PWCOM	1.5" Purchase Water Comm.	5,439,060	\$2.03	173	\$58.04	\$21,082
400PWCOM	2" Purchase Water Comm.	23,570,727	\$2.03	361	\$92.86	\$81,371
400PWCOM	3" Purchase Water Comm.	8,978,540	\$2.03	110	\$174.12	\$37,380
400PWCOM	3/4" Purchase Water Comm.	882,820	\$2.03	51	\$11.09	\$2,358
400PWCOM	4" Purchase Water Comm.	2,658,330	\$2.03	16	\$290.20	\$10,040
400PWCOM	5/8" Purchase Water Comm.	8,093,710	\$2.03	1,045	\$11.09	\$28,019
400PWRES	1" Purchase Water Residential	5,055,440	\$2.03	1,200	\$11.09	\$23,571
400PWRES	1.5" Purchase Water Residential	1,834,600	\$2.03	612	\$11.09	\$10,511
400PWRES	2" Purchase Water Residential	7,564,200	\$2.03	780	\$11.09	\$24,006
400PWRES	3/4" Purchase Water Residential	74,380	\$2.03	13	\$11.09	\$295
400PWRES	4" Purchase Water Residential	234,000	\$2.03	176	\$11.09	\$2,427
400PWRES	5/8" Purchase Water Residential	186,046,152	\$2.03	33,770	\$11.09	\$752,183
400PWRRH	1" Purchased Water Res. - Riverhills	329,300	\$2.03	32	\$11.09	\$1,023
400PWRRH	2" Purchased Water Res. - Riverhills	13,811,160	\$2.03	5,126	\$11.09	\$84,884
400PWRRH	3" Purchased Water Res. - Riverhills	5,282,100	\$2.03	1,692	\$11.09	\$29,446
400PWRRH	3/4" Purchased Water Res. - Riverhills	3,210,440	\$2.03	708	\$11.09	\$14,369
400PWRRH	5/8" Purchased Water Res. - Riverhills	160,934,878	\$2.03	29,061	\$11.09	\$648,984
400PWRRH	6" Purchased Water Res. - Riverhills	2,629,500	\$2.03	480	\$11.09	\$10,661
400WCOM	1" Commercial	874,670	\$3.55	33	\$29.02	\$4,063
400WCOM	2" Commercial	1,050,500	\$3.55	10	\$92.86	\$4,658
400WCOM	5/8" Commercial	1,151,484	\$3.55	161	\$11.09	\$5,873
400WRES	1" Residential	1,156,090	\$3.55	224	\$11.09	\$6,588
400WRES	3/4" Residential	2,380,970	\$3.55	388	\$11.09	\$12,755
400WRES	5/8" Residential	107,038,333	\$3.55	19,561	\$11.09	\$596,918
	Water Service Total	556,158,355		96,065		\$2,433,619
400WWCOM	1" WW Commercial			12	\$39.00	
400WWCOM	1.5" WW Commercial			36	\$39.00	
400WWCOM	2" WW Commercial			816	\$39.00	
400WWCOM	5/8" WW Commercial			3,708	\$39.00	
	Subtotal WW Commercial			4,572	\$39.00	\$178,308
400WWCRH	1" Purchase WW Comm. - Riverhills			960	\$25.70	
400WWCRH	1.5" Purchase WW Comm. - Riverhills			1,452	\$25.70	
400WWCRH	2" Purchase WW Comm. - Riverhills			4,950	\$25.70	
400WWCRH	3" Purchase WW Comm. - Riverhills			2,052	\$25.70	
400WWCRH	3/4" Purchase WW Comm. - Riverhills			144	\$25.70	
400WWCRH	4" Purchase WW Comm. - Riverhills			1,032	\$25.70	
400WWCRH	5/8" Purchase WW Comm. - Riverhills			1,524	\$25.70	
	Subtotal WW Comm. - Riverhills			12,114	\$25.70	\$311,329
400WWRCR	5/8" Purchase WW Residential - Richland			4,788	\$25.70	\$123,052
400WWRES	1" WW Residential			1,152	\$39.00	
400WWRES	1.5" WW Residential			612	\$39.00	
400WWRES	2" WW Residential			576	\$39.00	
400WWRES	3/4" WW Residential			12	\$39.00	
400WWRES	4" WW Residential			192	\$39.00	
400WWRES	5/8" WW Residential			90,168	\$39.00	
	Subtotal WW Residential			92,712	\$39.00	\$3,615,768
400WWREBJ	Residential Wastewater Service			816	\$25.70	\$20,971
400WWRRH	1" Purchase WW Residential - Riverhills			12	\$25.70	
400WWRRH	2" Purchase WW Residential - Riverhills			1,008	\$25.70	
400WWRRH	3" Purchase WW Residential - Riverhills			1,584	\$25.70	
400WWRRH	3/4" Purchase WW Residential - Riverhills			516	\$25.70	
400WWRRH	5/8" Purchase WW Residential - Riverhills			28,560	\$25.70	
400WWRRH	6" Purchase WW Residential - Riverhills			4,728	\$25.70	
	Subtotal WW Residential - Riverhills			36,408	\$25.70	\$935,686
400WWRTC	5/8" Town of Chapin Purchase WW Residential			1,020	\$25.70	\$26,214
400WWTRL	2" WW Trailer Residential			780	\$27.77	
400WWTRL	5/8" WW Trailer Residential			348	\$27.77	
	Subtotal WW Trailer Residential			1,128	\$27.77	\$31,325
400TRT	Van Arsdale Wastewater Treatment			5,017	\$16.53	\$82,931
400WWRHT	Riverhills Wastewater Treatment			37	\$25.70	\$951
	Sewer Service Total			158,812		\$5,326,535
	Total Water and Sewer Service Revenues	556,158,355		254,877		\$7,760,154
	Miscellaneous Revenues ¹					\$164,960
	Miscellaneous Revenues - Other ²					\$22,681
	Other Wastewater Revenues (Non-CIAC tap fees)					\$71,713
	Miscellaneous Revenue - Meter Fee					\$0
	Miscellaneous Revenue - Disconnection Charge for water and sewer service					\$0
	Miscellaneous Revenue - Tampering Charge					\$0
	Miscellaneous Revenue - Pumping Charge					\$0
	Total Miscellaneous Revenues					\$259,354
	Uncollectible Accounts ³					(\$79,035)
	Total Operating Revenues					\$7,940,473

CAROLINA WATER SERVICE, INC.
2011-17-WS
REVENUE IMPACT ANALYSIS

EXHIBIT WJM-2

Calculated CWS Proposed Revenue Overview

Bill code	Customer Classification	Consumption in Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues	Increase Amount	% Increase
400PWCOM	1" Purchase Water Comm.	5,896,971	\$3.71	282	\$51.99	\$36,539	\$16,385	81.30%
400PWCOM	1.5" Purchase Water Comm.	5,439,060	\$3.71	173	\$103.98	\$38,167	\$17,085	81.04%
400PWCOM	2" Purchase Water Comm.	23,570,727	\$3.71	361	\$166.36	\$147,503	\$66,132	81.27%
400PWCOM	3" Purchase Water Comm.	8,978,540	\$3.71	110	\$311.93	\$67,623	\$30,243	80.91%
400PWCOM	3/4" Purchase Water Comm.	882,820	\$3.71	51	\$19.87	\$4,289	\$1,931	81.89%
400PWCOM	4" Purchase Water Comm.	2,658,330	\$3.71	16	\$519.89	\$18,181	\$8,141	81.09%
400PWCOM	5/8" Purchase Water Comm.	8,093,710	\$3.71	1,045	\$19.87	\$50,792	\$22,773	81.28%
400PWRES	1" Purchase Water Residential	5,055,440	\$3.71	1,200	\$19.87	\$42,600	\$19,029	80.73%
400PWRES	1.5" Purchase Water Residential	1,834,600	\$3.71	612	\$19.87	\$18,987	\$8,456	80.45%
400PWRES	2" Purchase Water Residential	7,564,200	\$3.71	780	\$19.87	\$43,562	\$19,556	81.46%
400PWRES	3/4" Purchase Water Residential	74,390	\$3.71	13	\$19.87	\$534	\$239	81.02%
400PWRES	4" Purchase Water Residential	234,000	\$3.71	176	\$19.87	\$4,365	\$1,938	79.85%
400PWRES	5/8" Purchase Water Residential	186,046,152	\$3.71	33,770	\$19.87	\$1,361,241	\$609,058	80.97%
400PWRRH	1" Purchased Water Res. - Riverhills	329,300	\$3.71	32	\$19.87	\$1,858	\$835	81.62%
400PWRRH	2" Purchased Water Res. - Riverhills	13,811,160	\$3.71	5,126	\$19.87	\$153,093	\$68,209	80.36%
400PWRRH	3" Purchased Water Res. - Riverhills	5,262,100	\$3.71	1,692	\$19.87	\$53,142	\$23,696	80.47%
400PWRRH	3/4" Purchased Water Res. - Riverhills	3,210,440	\$3.71	708	\$19.87	\$25,979	\$11,610	80.80%
400PWRRH	5/8" Purchased Water Res. - Riverhills	160,934,878	\$3.71	29,061	\$19.87	\$1,174,510	\$525,526	80.98%
400PWRRH	6" Purchased Water Res. - Riverhills	2,629,500	\$3.71	480	\$19.87	\$19,293	\$8,632	80.97%
400WCOM	1" Commercial	874,670	\$6.49	33	\$51.99	\$7,392	\$3,329	81.93%
400WCOM	2" Commercial	1,050,500	\$6.49	10	\$166.36	\$8,481	\$3,823	82.07%
400WCOM	5/8" Commercial	1,151,484	\$6.49	161	\$19.87	\$10,672	\$4,799	81.71%
400WRES	1" Residential	1,155,090	\$6.49	224	\$19.87	\$11,954	\$5,366	81.45%
400WRES	3/4" Residential	2,380,970	\$6.49	388	\$19.87	\$23,162	\$10,407	81.59%
400WRES	5/8" Residential	107,038,333	\$6.49	19,561	\$19.87	\$1,063,356	\$486,438	81.49%
Water Service Total		556,158,355		96,065		\$4,407,255	\$1,973,636	81.10%
400WWCOM	1" WW Commercial			12				
400WWCOM	1.5" WW Commercial			36				
400WWCOM	2" WW Commercial			816				
400WWCOM	5/8" WW Commercial			3,708				
Subtotal WW Commercial				4,572	\$44.32	\$202,631	\$24,323	13.64%
400WWCRH	1" Purchase WW Comm. - Riverhills			960				
400WWCRH	1.5" Purchase WW Comm. - Riverhills			1,452				
400WWCRH	2" Purchase WW Comm. - Riverhills			4,950				
400WWCRH	3" Purchase WW Comm. - Riverhills			2,052				
400WWCRH	3/4" Purchase WW Comm. - Riverhills			144				
400WWCRH	4" Purchase WW Comm. - Riverhills			1,032				
400WWCRH	5/8" Purchase WW Comm. - Riverhills			1,524				
Subtotal WW Comm. - Riverhills				12,114	\$29.20	\$353,728	\$42,399	13.62%
400WWRCR	5/8" Purchase WW Residential - Richland			4,788	\$29.20	\$139,810	\$16,758	13.62%
400WWRES	1" WW Residential			1,152				
400WWRES	1.5" WW Residential			612				
400WWRES	2" WW Residential			576				
400WWRES	3/4" WW Residential			12				
400WWRES	4" WW Residential			192				
400WWRES	5/8" WW Residential			90,168				
Subtotal WW Residential				92,712	\$44.32	\$4,108,996	\$493,228	13.64%
400WWBJ	Residential Wastewater Service			816	\$29.20	\$23,827	\$2,856	13.62%
400WRRH	1" Purchase WW Residential - Riverhills			12				
400WRRH	2" Purchase WW Residential - Riverhills			1,008				
400WRRH	3" Purchase WW Residential - Riverhills			1,584				
400WRRH	3/4" Purchase WW Residential - Riverhills			516				
400WRRH	5/8" Purchase WW Residential - Riverhills			28,560				
400WRRH	6" Purchase WW Residential - Riverhills			4,728				
Subtotal WW Residential - Riverhills				36,408	\$29.20	\$1,063,114	\$127,428	13.62%
400WRTC	5/8" Town of Chapin Purchase WW Residential			1,020	\$29.20	\$29,784	\$3,570	13.62%
400WTRL	2" WW Trailer Residential			780				
400WTRL	5/8" WW Trailer Residential			348				
Subtotal WW Trailer Residential				1,128	\$31.56	\$35,600	\$4,275	13.65%
400TRT	Van Arsdale Wastewater Treatment			5,017	\$18.78	\$94,219	\$11,288	13.61%
400WRRHT	Riverhills Wastewater Treatment			37	\$29.20	\$1,080	\$129	13.56%
Sewer Service Total				158,612		\$6,052,789	\$726,254	13.63%
Total Water and Sewer Service Revenues		556,158,355		254,677		\$10,460,044	\$2,699,890	34.79%
Miscellaneous Revenues ¹						\$236,697	\$71,737	43.49%
Miscellaneous Revenues - Other ²						\$22,681	\$0	0.00%
Other Wastewater Revenues (Non-CIAC tap fees)						\$71,713	\$0	0.00%
Miscellaneous Revenue - Meter Fee						\$23,000	\$23,000	
Miscellaneous Revenue - Disconnection Charge for water and sewer service						\$121,000	\$121,000	
Miscellaneous Revenue - Tampering Charge						\$2,950	\$2,950	
Miscellaneous Revenue - Pumping Charge						\$50,750	\$50,750	
Total Miscellaneous Revenues						\$528,791	\$269,437	103.89%
Uncollectible Accounts ³						(\$79,840)	(\$805)	1.02%
Total Operating Revenues						\$10,908,995	\$2,968,522	37.38%

CAROLINA WATER SERVICE, INC.
2011-17-WS
REVENUE IMPACT ANALYSIS

EXHIBIT WJM-2

ORS Calculation Methodology Footnotes:

1. "Miscellaneous Revenues" The late payment charges will increase due to the increase in proposed rates.
2. "Miscellaneous Revenues - Other" is added by ORS to account for CWS' revenue received from a 3rd party vendor, Home Service, for the use of Carolina Water Service customer information to market a product to provide insurance for repairs that may be required on customer-owned piping. ORS allocated "Miscellaneous Revenue Other" based on ERCs.
3. ORS revenue for "Uncollectible Accounts" is set at the 2009 amount due to test year billing data and CWS collections procedure.
4. Consumption and Service Units reflected as reported by CWS during test year and adjusted based on the ORS review. Growth factor not included for comparison purposes.
5. Customer Tap Fees, Deposits and Interest on Deposits are not included in any of the above service revenue calculations.

**Carolina Water Service, Inc.
Docket No. 2011-47-WS
Customer Growth Analysis**

Exhibit WJM-3

Date	Water Customers	Sewer Customers	Total Customers
9/30/2009	7,465	10,772	18,237
9/30/2010	7,645	10,962	18,607
Average	7,555	10,867	18,422

Growth Factor for Water

Date	# of Customers	
9/30/2010	7,645	
Average	7,555	
Growth Factor	0.0119126	1.19126%

Growth Factor for Sewer

Date	# of Customers	
9/30/2010	10,962	
Average	10,867	
Growth Factor	0.0087421	0.87421%

Growth Factor for Combined Operations

Date	# of Customers	
9/30/2010	18,607	
Average	18,422	
Growth Factor	0.0100423	1.00423%

**CAROLINA WATER SERVICE, INC.
2011-47-WS
RATES OVERVIEW**

EXHIBIT WJM-4

WATER

	Current	Proposed
1. Monthly Charges		
<u>Residential</u>		
Basic Facilities Charge	\$11.09 per unit	\$19.87 per unit
Commodity Charge	\$3.55 per 1,000 gallons or 134 cft.	\$6.49 per 1,000 gallons or 134 cft.
<u>Commercial</u>		
Basic Facilities Charge		
by Meter Size		
5/8 " meter	\$11.09	\$19.87
1 " meter	\$29.02	\$51.99
1.5 " meter	\$58.04	\$103.98
2 " meter	\$92.86	\$166.36
3 " meter	\$174.12	\$311.93
4 " meter	\$290.20	\$519.89
Commodity Charge	\$3.55 per 1,000 gallons or 134 cft.	\$6.49 per 1,000 gallons or 134 cft.

Charges for Water Distribution Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Company, the following rates apply:

Residential

Base Facilities Charge per single family house, condominium, mobile home or apartment unit:

	\$11.09 per unit	\$19.87 per unit
Commodity Charge	\$2.03 per 1,000 gallons or 134 cft.	\$3.71 per 1,000 gallons or 134 cft.

Commercial

Basic Facilities Charge
by Meter Size

5/8 " meter	\$11.09	\$19.87
1 " meter	\$29.02	\$51.99
1.5 " meter	\$58.04	\$103.98
2 " meter	\$92.86	\$166.36
3 " meter	\$174.12	\$311.93
4 " meter	\$290.20	\$519.89
Commodity Charge	\$2.03 per 1,000 gallons or 134 cft.	\$3.71 per 1,000 gallons or 134 cft.

CWS will also charge for the cost of water purchased from the bulk water provider. The charges imposed by the bulk water provider will be charged to the Utility's affected customers on a pro rata basis without markup.

CAROLINA WATER SERVICE, INC.
2011-47-WS
RATES OVERVIEW

EXHIBIT WJM-4

WATER (continued)

2. Nonrecurring Charges

A) Water Service Connection (New connections only)	\$300 per SFE*	\$300 per SFE*
B) Plant Impact Fee (New connections only)	\$400 per SFE*	\$400 per SFE*
C) Water Meter		
5/8 " meter	N/A	\$100 in addition to installing meter
all others meter	N/A	actual cost of installation

3. Account Set-Up, Reconnection Charges, Disconnection Charges and Tampering Charges

A) Customer Account Charge - for new customers only.		
B) All Areas	\$13.50	\$30.00

C) Reconnection Charges: In addition to any other charges that may be due, areconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been been disconnected at the request of the customer.

D) Disconnection Charge:	N/A	actual cost of disconnection
E) Tampering Charge:	N/A	actual cost to repair

**CAROLINA WATER SERVICE, INC.
2011-47-WS
RATES OVERVIEW**

EXHIBIT WJM-4

SEWER		Current	Proposed
1. Monthly Charges			
Residential - charge per single-family house, condominium, villa, or apartment unit:		\$39.00 per unit	\$44.32 per unit
Mobile Homes:		\$27.77 per unit	\$31.56 per unit
Commercial:		\$39.00 per SFE*	\$44.32 per SFE*
Charge for Sewer Collection Only			
Residential - per single-family house, condominium, or apartment unit		\$25.70 per unit	\$29.20 per unit
Commercial - per single-family equivalent		\$25.70 per SFE*	\$29.20 per SFE*
Charge for Wholesale Service (Midlands Utility)		\$16.53 per SFE*	\$29.20 per SFE*
CWS will also charge for the cost of sewer treatment services by third-party. The charges imposed by the sewer treatment provider will be charged to the Utility's affected customers on a pro rata basis without markup.			
<u>Solids Interceptor Tanks</u>			
<u>A. Pumping Charge (per pumping episode)</u>		\$150.00	\$150.00 plus any additional cost
<u>B. Pump Repair or Replacement Charge</u>		varies	varies
2. Nonrecurring Charges			
A) Sewer Service Connection (New connections only)		\$300 per SFE*	\$300 per SFE*
B) Plant Impact Fee (New connections only)		\$400 per SFE*	\$400 per SFE*
3. Notification, Account Set-Up, Reconnection Charges, Disconnection Charges and Tampering Charges			
A) Notification Fee			
Service discontinuation notice		\$4.00	\$15.00
B) Customer Account Charge - for new customers only.			
All Areas		\$13.50	\$30.00
The charge will be waived if the customer also takes water service.			
C) Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.			

CAROLINA WATER SERVICE, INC.
2011-47-WS
RATES OVERVIEW

EXHIBIT WJM-4

D) Disconnection Charge:	N/A	actual cost of disconnection
E) Tampering Charge:	N/A	actual cost to repair
* Single Family Equivalent		

AUDIT REQUEST # 11

ORS AUDIT REQUEST FORM

DATE: July 6, 2011
TO: Kirsten Weeks
FROM: Ivana Gearheart
UTILITY: Carolina Water Service, Inc. – Docket No. 2011-47-WS
AUDIT PURPOSE: Plant Additions

REQUEST THE FOLLOWING ITEMS BE PROVIDED BY: July 11, 2011 or as soon as possible.

Item Description:

Please provide invoices or supporting documentation for the attached sample selection for the years 2008, 2009 and 2010. See attachment Plant Add. and Ret. – Sample.

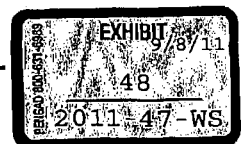
Thank you,

Ivana

Response:

Please refer to the attached file "CWS Plant Add. and Ret. sample References.xlsx" which references the following supporting documents attached to this response:

- Project 2002052 GL.xlsx
- Project 2004805 GL.xlsx
- Project 2004888 GL.xlsx
- Project 2007045 GL.xlsx
- Project 2009928 GL.xlsx
- Project 2009947 GL.xlsx
- Project 2010038 GL.xlsx
- Project 2002052 Invoices.pdf
- Project 2004805 Invoices.pdf
- Project 2004888 Invoices.pdf
- Project 2007045 Invoices.pdf
- Project 2009928 Invoices.pdf
- Project 2010038 Invoices.pdf
- AR #11 Misc. Plant Invoices.pdf
- Heron Cove Ph V & VI CIAC.pdf
- Mill Creek CIAC
- WSC Account 1205 Allocation 2008.09.30.xlsx

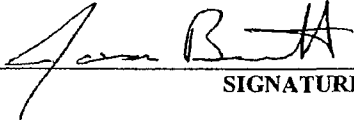


TO: Ivan Gearheart

DATE: 7/15/11

THE REQUESTED RECORD OR DOCUMENTATION:

- 1) ☒ HAS BEEN PROVIDED TODAY;
- 2) ☐ CANNOT BE PROVIDED BY THE REQUESTED DATE, BUT WILL BE
MADE AVAILABLE BY _____;
- 3) ☐ ITEM(S) _____ IS (ARE)
PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION;
- 4) ☐ THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM).

 Regulatory Accountant II
SIGNATURE & TITLE OF RESPONDENT

C46189

6/3
7/3

C/R

6

ENTERED
APR 05 2007

INVOICE

INVOICE NO: 11821
DATE: 1/1/2007

Robert G. Burgin, Jr., Inc.
PO Box 1804
Irmo, SC 29063

To: Gloria
Carolina Water Service of SC
Po Box 4509
West Columbia, SC 29063

Project: Whites Creek/Lincolnshire WWTP Upgr

Description	Amount
Consulting Time	160.00
Expenses	0.00
Travel	0.00
Tax	0.00
Total Current Charges:	\$ 160.00

Terms: 30 Days

Make all checks payable to: Robert G. Burgin, Jr., Inc.
If you have any questions concerning this invoice, call: Robert G. Burgin, Jr., 803-781-2965

See Detail and Description Attached

PROJECT
ID#

7045

SUB#

0404 WATER SEWER OR BOTH CIRCLE

SUB NAME

RETIREMENT INFO

CROSS REF. INVOICES

APPROVAL

DATE

DATE RECEIVED

Time Report

Page 1

Printed on 1/1/2007 6:07:02 PM

Time Record Details

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Reviewed proposals w/ Jim	12/6/2006	2:00 PM	3:00 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Talked to surveyors about requirements	12/11/2006	1:30 PM	2:30 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00

Summary Information

Number of Records:	2
Total Duration:	2.00 Hours
Total Mileage:	0.00
Total Time Fee:	\$160.00
Total Expense:	\$0.00
Total Travel Fee:	\$0.00
Total Tax:	\$0.00
Total Fee:	\$160.00
Total Internal Fee:	\$0.00
Hours Breakdown:	2.00 Hours at \$80.00/Hour

INVOICE

INVOICE NO: 11869
DATE: 3/2/2007



Robert G. Burgin, Jr., Inc.
PO Box 1804
Irmo, SC 29063

To: Ms Gloria Stratakos
Carolina Water Service of SC
Po Box 4509
West Columbia, SC 29063

Project: Whites Creek/Lincolnshire WWTP Upgr

Description	Amount
Consulting Time	\$ 646.75
Expenses	9.00
Travel	0.00
Tax	0.00
Total Current Charges:	\$ 655.75

Terms: 30 Days

Make all checks payable to: Robert G. Burgin, Jr., Inc.

**PROJECT
ID#**

7045

SUB#

0404

WATER SEWER OR BOTH CIRCLE

SUB NAME

RETIREMENT INFO

CROSS REF. INVOICES

APPROVAL

DATE RECEIVED

(BTP)

DATE

RECEIVED MAR - 5 2007

Time Report

Printed on 3/2/2007 8:28:48 AM

Time Record Details

Page 1

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Reviewed proposal w/ Jim Stanton; requested shop dwg for design	2/13/2007	1:00 PM	1:30 PM	0.50 Hours	80.00	40.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on calculations and base drawings	2/14/2007	12:13 PM	6:50 PM	6.62 Hours	90.00	595.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Plot 2 dwgs fr Jim Stanton for Rick B.	2/21/2007	3:15 PM	3:30 PM	0.25 Hours	45.00	11.25	9.00	0.00	0.00

Summary Information

Number of Records:	3
Total Duration:	7.37 Hours
Total Mileage:	0.00
Total Time Fee:	\$646.75
Total Expense:	\$9.00
Total Travel Fee:	\$0.00
Total Tax:	\$0.00
Total Fee:	\$655.75
Total Internal Fee:	\$0.00
Hours Breakdown:	0.25 Hours at \$45.00/Hour 0.50 Hours at \$80.00/Hour 6.62 Hours at \$90.00/Hour

046835

46835

Q/P

ENTERED
APR 13 2007

INVOICE
INVOICE NO: 11895
DATE: 4/1/2007

Robert G. Burgin, Jr., Inc.
 PO Box 1804
 Irmo, SC 29063

To: Ms Gloria Stratakos
 Carolina Water Service of SC
 Po Box 4509
 West Columbia, SC 29063

Project: Whites Creek/Lincolnshire WWTP Upgrade

<u>Description</u>	<u>Amount</u>
Consulting Time	160.00
Expenses	750.00
Travel	0.00
Tax	0.00
Total Current Charges:	910.00

PROJECT
ID#

7045

Terms: 30 Days

 Make all checks payable to: Robert G. Burgin, Jr., Inc.
 If you have any questions concerning this invoice, call: Robert G. Burgin, Jr., 803-781-2965

See Detail and Description Attached

 SUB# 0404 WATER (SEWER) OR BOTH CIRCLE
 SUB NAME _____
 RETIREMENT INFO _____
 CROSS REF. INVOICES _____
 APPROVAL TEN (BR) DATE _____
 DATE RECEIVED REC-4 4/1/07

Time Report

Printed on 4/1/2007 6:48:00 PM

Time Record Details

Page 1

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fe
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Payment of surveyors fee	3/6/2007	10:05 AM	10:05 AM	0.00 Hours	75.00	0.00	750.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Reviewed survey; called contractors for quotes	3/12/2007	2:30 PM	3:30 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Looked up construction data for Tom	3/22/2007	1:00 PM	2:00 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00

Summary Information

Number of Records:	3
Total Duration:	2.00 Hours
Total Mileage:	0.00
Total Time Fee:	\$160.00
Total Expense:	\$750.00
Total Travel Fee:	\$0.00
Total Tax:	\$0.00
Total Fee:	\$910.00
Total Internal Fee:	\$0.00
Hours Breakdown:	2.00 Hours at \$80.00/Hour

R - 3053
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Surrebutal Exhibit WJM-1

52330

52330

ENTERED
JUN 15 2007

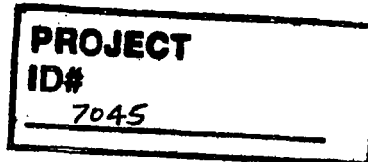
INVOICE



Robert G. Burgin, Jr., Inc.
PO Box 1804
Irmo, SC 29063

INVOICE NO: 11941
DATE: 6/2/2007

To: Ms Gloria Stratakos
 Carolina Water Service of SC
 Po Box 4509
 West Columbia, SC 29063



Project: Whites Creek/Lincolnshire WWTP Upgrade

Description	Amount
Consulting Time	\$ 17,303.50
Expenses	5.10
Travel	229.04
Tax	0.00
Total Current Charges: 070 0000 0000 0000	\$ 17,537.64

Terms: 30 Days

Make all checks payable to: Robert G. Burgin, Jr., Inc.

SUB#

0404 WATER SEWER OR BOTH CIRCLE

SUB NAME

RETIREMENT INFO

CROSS REF INVOICES

APPROVAL

TEN *[Signature]* DATE

DATE RECEIVED

[Signature]

Time Report

Printed on 6/2/2007 11:11:51 AM

Time Record Details

Page 1

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings and calculations	5/4/2007	12:04 PM	6:45 PM	6.68 Hours	90.00	601.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	5/5/2007	8:02 AM	1:36 PM	5.57 Hours	90.00	501.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	5/8/2007	2:45 PM	6:45 PM	4.00 Hours	90.00	360.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on specs w/ Jim S.	5/8/2007	3:00 PM	5:00 PM	2.00 Hours	80.00	160.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	5/8/2007	7:47 PM	10:44 PM	2.95 Hours	90.00	265.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	5/9/2007	1:58 PM	6:45 PM	4.78 Hours	90.00	430.50	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Revised clean-out cost for Dana	5/11/2007	12:00 PM	1:00 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	5/12/2007	12:35 PM	6:58 PM	6.38 Hours	90.00	574.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr drawings	5/14/2007	6:08 AM	1:48 PM	7.67 Hours	90.00	690.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/15/2007	12:15 PM	5:36 PM	5.35 Hours	90.00	481.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/16/2007	7:16 PM	10:01 PM	2.75 Hours	90.00	247.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Review drawings and work on calculations	5/17/2007	11:45 AM	1:02 PM	1.28 Hours	90.00	115.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/19/2007	2:46 PM	8:13 PM	5.45 Hours	90.00	490.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Site drawings	5/21/2007	10:58 AM	5:50 PM	6.87 Hours	90.00	618.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/22/2007	6:29 AM	12:55 PM	6.43 Hours	90.00	579.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on design	5/23/2007	7:01 AM	2:01 PM	7.00 Hours	90.00	630.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/24/2007	6:35 PM	10:05 PM	3.50 Hours	90.00	315.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Copied & forwarded quotes to Tom as requested	5/24/2007	12:00 PM	2:00 PM	2.00 Hours	80.00	160.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/26/2007	7:32 AM	2:49 PM	7.28 Hours	90.00	655.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/27/2007	12:03 PM	7:58 PM	7.92 Hours	90.00	712.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings and layout	5/28/2007	6:08 AM	12:08 PM	6.00 Hours	90.00	540.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Calculations and drawings	5/28/2007	1:11 PM	9:28 PM	8.28 Hours	90.00	745.50	0.00	0.00	0.00

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Surrebutal Exhibit WJM-1

Time Report

Printed on 6/2/2007 11:11:53 AM

Time Record Details

Page 2

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/29/2007	5:16 PM	9:06 PM	3.83 Hours	90.00	345.00	0.00	0.00	0.00
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Meet w/ Rob & Dicky re: upgrade; start on dwgs; meet w/ Rob/Sam/Rick & Dicky re: planning for submittal; travel to job site w/ Rick for survey	5/29/2007	9:00 AM	7:00 PM	10.00 Hours	69.00	690.00	0.00	85.00	47.60
No	Heyward Bouknig	Whites Creek/Lincolnshire WWTP Upgr Meeting w/ Rob on UV & checking UV system	5/29/2007	7:00 AM	12:00 PM	5.00 Hours	90.00	450.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	5/29/2007	9:15 AM	5:00 PM	7.75 Hours	69.00	534.75	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on specs; searching for EQ pump info	5/29/2007	2:15 PM	3:15 PM	1.00 Hours	45.00	45.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on design; travel to plant to survey elevations	5/29/2007	7:00 AM	4:00 PM	9.00 Hours	80.00	720.00	0.00	283.00	158.48
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Meeting with staff on submittal and drawings	5/29/2007	7:15 AM	11:57 AM	4.70 Hours	90.00	423.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings and meeting with staff and suppliers	5/30/2007	6:10 AM	11:48 AM	5.83 Hours	90.00	507.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on design w/ Rob; met w/ Jim Stanton on specs; talked to Bruce about filters	5/30/2007	9:00 AM	2:00 PM	5.00 Hours	80.00	400.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	5/30/2007	8:30 AM	2:00 PM	5.50 Hours	69.00	379.50	0.00	0.00	0.00
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Survey to autoCAD; help Rob w/ dwgs (lunch @ office \$3.10)	5/30/2007	7:00 AM	11:30 AM	4.50 Hours	69.00	310.50	3.10	21.00	11.76
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	5/30/2007	2:58 PM	9:48 PM	6.83 Hours	90.00	615.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Print photos for CHRIS; work on specs; Google site location for Chris (copies \$2.00)	5/30/2007	8:00 AM	9:00 AM	1.00 Hours	45.00	45.00	2.00	0.00	0.00
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Help Rob w/ Parshall flume & travelling bridge filter to be re-used f/ Arrowood WWTP in LA	5/31/2007	2:30 PM	4:00 PM	1.50 Hours	69.00	103.50	0.00	20.00	11.20
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	5/31/2007	10:00 AM	4:15 PM	6.25 Hours	69.00	431.25	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on application, site map & specs	5/31/2007	2:00 PM	3:30 PM	1.50 Hours	45.00	67.50	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on design w/ Rob; checked on setback order	5/31/2007	8:00 AM	12:00 PM	4.00 Hours	80.00	320.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	5/31/2007	5:38 AM	2:50 PM	9.20 Hours	90.00	828.00	0.00	0.00	0.00
No	Heyward Bouknig	Whites Creek/Lincolnshire WWTP Upgr Layout @ site	5/31/2007	9:00 AM	10:00 AM	1.00 Hours	90.00	90.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on specs/submittal	5/31/2007	9:30 AM	10:30 AM	1.00 Hours	45.00	45.00	0.00	0.00	0.00

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Surrebutal Exhibit WJM-1

Time Report

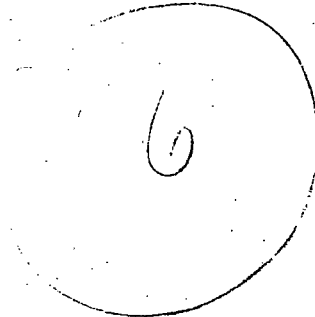
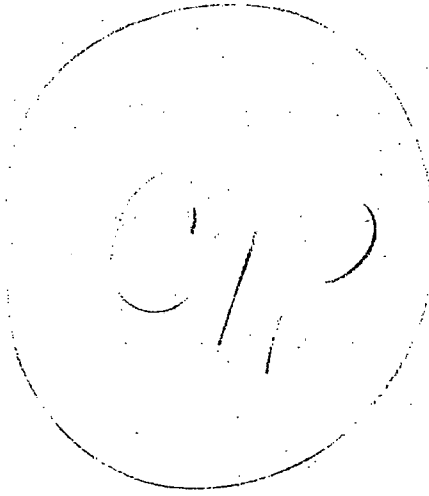
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Summary Information

Page 3

Number of Records:	42
Total Duration:	205.35 Hours
Total Mileage:	409.00
Total Time Fee:	\$17,303.50
Total Expense:	\$5.10
Total Travel Fee:	\$229.04
Total Tax:	\$0.00
Total Fee:	\$17,537.64
Total Internal Fee:	\$0.00
Hours Breakdown:	4.50 Hours at \$45.00/Hour
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	142.35 Hours at \$90.00/Hour

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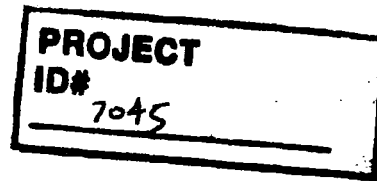
ENTERED
JUL 13 2007

INVOICE

INVOICE NO: 11962
DATE: 6/30/2007

Robert G. Burgin, Jr., Inc.
PO Box 1804
Irmo, SC 29063

To: Ms Gloria Stratakos
Carolina Water Service of SC
Po Box 4509
West Columbia, SC 29063



Project: Whites Creek/Lincolnshire WWTP Upgrade

Description	Amount
Consulting Time	\$ 11,808.75
Expenses	1,175.84
Travel	12.32
Tax	0.00
Total Current Charges:	\$ 12,996.91

Terms: 30 Days

Make all checks payable to: Robert G. Burgin, Jr., Inc.

SUB#

0404

WATER SEWER OR BOTH CIRC.

SUB NAME

ATTENTION INFO

CROSS REF INVOICES

APPROVAL

TW BTR

DATE

DATE RECEIVED

Time Report

Printed on 6/30/2007 1:08:32 PM

Time Record Details

Page 1

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on design w/ Rob	6/1/2007	2:30 PM	4:30 PM	2.00 Hours	80.00	160.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Typing project description & work on application	6/1/2007	9:00 AM	9:30 AM	0.50 Hours	45.00	22.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on Fluidyne Spec	6/1/2007	1:45 PM	2:00 PM	0.25 Hours	45.00	11.25	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/3/2007	9:15 AM	10:15 AM	1.00 Hours	69.00	69.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/4/2007	7:30 AM	10:00 AM	2.50 Hours	69.00	172.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on specs/submittal	6/4/2007	12:00 PM	4:00 PM	4.00 Hours	45.00	180.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/5/2007	10:45 AM	12:00 PM	1.25 Hours	69.00	86.25	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on submittal/specs	6/5/2007	12:15 PM	3:30 PM	3.25 Hours	45.00	146.25	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on specs; email to/fr Hydromatic re: pump spec	6/6/2007	7:30 AM	9:45 AM	2.25 Hours	45.00	101.25	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Copy draft submittal; 12 dwgs \$54; Copies \$93.00; Office supplies \$24.97	6/6/2007	10:45 AM	11:30 AM	0.75 Hours	45.00	33.75	171.97	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/6/2007	7:00 AM	10:00 AM	3.00 Hours	69.00	207.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on project	6/7/2007	8:15 AM	8:30 AM	0.25 Hours	45.00	11.25	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Update influent pump spec	6/7/2007	11:45 AM	12:00 PM	0.25 Hours	45.00	11.25	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/8/2007	10:00 AM	11:00 AM	1.00 Hours	69.00	69.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Dwgs for Tom Nix	6/8/2007	1:45 PM	1:45 PM	0.00 Hours	45.00	0.00	9.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Traveled to CWS to discuss proposal/design; given modifications for submittal	6/11/2007	12:00 PM	6:00 PM	6.00 Hours	80.00	480.00	0.00	22.00	12.32
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/12/2007	8:00 AM	9:00 AM	1.00 Hours	69.00	69.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on pump spec	6/13/2007	11:00 AM	12:00 PM	1.00 Hours	45.00	45.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on filter info & punch list from meeting	6/13/2007	5:30 PM	6:30 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/19/2007	8:15 AM	9:15 AM	1.00 Hours	69.00	69.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/26/2007	4:00 PM	5:00 PM	1.00 Hours	69.00	69.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on submittal; collate	6/27/2007	11:00 AM	12:00 PM	1.00 Hours	45.00	45.00	0.00	0.00	0.00

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Surrebutal Exhibit WJM-1

Time Report

Printed on 6/30/2007 1:08:34 PM

Time Record Details

Page 2

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/27/2007	9:00 AM	9:30 AM	0.50 Hours	69.00	34.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/27/2007	6:45 AM	8:15 AM	1.50 Hours	45.00	67.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Finish collating dwgs for DHEC; work on project; dwgs \$324.00 + copies \$245.00 + office supplies \$13.46 - FedEx to Tom \$12.41	6/29/2007	1:15 PM	2:15 PM	1.00 Hours	45.00	45.00	594.87	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on collating dwgs; copying traveling bridge filter spec, etc.	6/29/2007	6:00 AM	6:45 AM	0.75 Hours	45.00	33.75	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Converting legends to AutoCAD 2004 for ROB	6/29/2007	9:45 AM	10:00 AM	0.25 Hours	45.00	11.25	0.00	0.00	0.00

Summary Information

Number of Records:	27
Total Duration:	38.25 Hours
Total Mileage:	22.00
Total Time Fee:	\$2,330.25
Total Expense:	\$775.84
Total Travel Fee:	\$12.32
Total Tax:	\$0.00
Total Fee:	\$3,118.41
Total Internal Fee:	\$0.00
Hours Breakdown:	17.00 Hours at \$45.00/Hour
	12.25 Hours at \$69.00/Hour
	9.00 Hours at \$80.00/Hour

Time Report

Printed on 6/30/2007 1:39:29 PM

Time Record Details

Page 1

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings and design	6/1/2007	2:43 PM	9:31 PM	6.80 Hours	90.00	612.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	6/1/2007	6:05 AM	9:13 AM	3.13 Hours	90.00	282.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	6/2/2007	12:50 PM	7:58 PM	7.13 Hours	90.00	642.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	6/4/2007	6:35 AM	9:50 AM	3.25 Hours	90.00	292.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings and calculations	6/4/2007	11:13 AM	2:31 PM	3.30 Hours	90.00	297.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	6/4/2007	4:04 PM	8:54 PM	4.83 Hours	90.00	435.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	6/5/2007	2:58 PM	9:23 PM	6.42 Hours	90.00	577.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	6/6/2007	6:18 AM	8:41 AM	2.38 Hours	90.00	214.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	6/6/2007	6:43 PM	9:33 PM	2.83 Hours	90.00	255.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	6/7/2007	1:25 PM	3:47 PM	2.37 Hours	90.00	213.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Traveling Bridge Drawings	6/8/2007	11:55 AM	3:38 PM	3.72 Hours	90.00	334.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Revise Drawings	6/12/2007	1:11 PM	8:56 PM	7.75 Hours	90.00	697.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Revision for submittal	6/16/2007	3:17 PM	8:03 PM	4.77 Hours	90.00	429.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Revised drawings	6/18/2007	6:20 AM	9:55 AM	3.58 Hours	90.00	322.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on revisions for submittal	6/18/2007	4:07 PM	8:41 PM	4.57 Hours	90.00	411.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on revised submittal drawings	6/19/2007	11:26 AM	5:16 PM	5.83 Hours	90.00	525.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on drawings	6/20/2007	6:25 AM	1:50 PM	7.42 Hours	90.00	667.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on revisions	6/25/2007	9:31 AM	12:52 PM	3.35 Hours	90.00	301.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/27/2007	3:28 PM	8:46 PM	5.30 Hours	90.00	477.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on revised drawings. (SCDHEC Application Fee)	6/28/2007	11:13 AM	6:43 PM	7.50 Hours	90.00	675.00	400.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on submittal	6/29/2007	6:32 AM	3:37 PM	9.08 Hours	90.00	817.50	0.00	0.00	0.00

R - 3063

Page 20 of 46

Surrebutal Exhibit WJM-1

Time Report

Printed on 6/30/2007 1:39:30 PM

Summary Information

Page 2

Number of Records:	21
Total Duration:	105.32 Hours
Total Mileage:	0.00
Total Time Fee:	\$9,478.50
Total Expense:	\$400.00
Total Travel Fee:	\$0.00
Total Tax:	\$0.00
Total Fee:	\$9,878.50
Total Internal Fee:	\$0.00
Hours Breakdown:	105.32 Hours at \$90.00/Hour

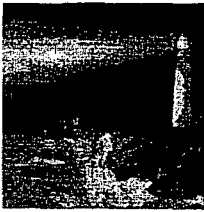
43

C/P

4

ENTERED
SEP 06 2007

INVOICE



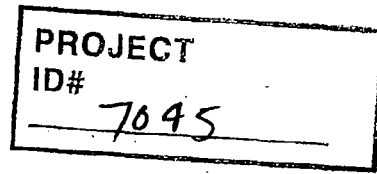
Robert G. Burgin, Jr., Inc.
PO Box 1804
Irmo, SC 29063

INVOICE NO: 11977
DATE: 8/2/2007

To: Mr. Bruce Haas
 Carolina Water Service of SC
 Po Box 4509
 West Columbia, SC 29063

Project: Whites Creek/Lincolnshire WWTP Upgr

Description	Amount
Consulting Time	\$ 9,161.00
Expenses	108.80
Travel	170.80
Tax	0.00
Total Current Charges:	\$ 9,440.60



Terms: 30 Days

Make all checks payable to: Robert G. Burgin, Jr., Inc.

SUB# 0404 WATER ☒ SEWER ☐ OR BOTH CIRCLE

SUB NAME _____

RETIREMENT INFO _____

CROSS REF INVOICES _____

APPROVAL TBN MM DATE _____

DATE RECEIVED _____

Time Report

Printed on 8/2/2007 8:47:21 AM

Time Record Details

Page 1

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Researched info on Arrowood TBF for transport; worked on bids	7/11/2007	4:00 PM	7:00 PM	3.00 Hours	80.00	240.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Find & plot set of dwgs for Cecil per his request; Fedex \$15.88; Dwgs \$40.50; copies \$.50	7/11/2007	10:30 AM	11:15 AM	0.75 Hours	45.00	33.75	56.88	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Copies of dwgs @ Staples	7/12/2007	9:15 AM	9:45 AM	0.50 Hours	45.00	22.50	6.42	5.00	2.80
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on revisions	7/13/2007	6:35 PM	8:58 PM	2.38 Hours	90.00	214.50	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Calls with DHEC and revisions to plans	7/16/2007	11:57 AM	2:32 PM	2.58 Hours	90.00	232.50	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Rec'd DHEC email re: E&S Plan; work on E&S; email to Tom	7/16/2007	4:30 PM	5:00 PM	0.50 Hours	75.00	37.50	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Met on SWMP Req.; email CWS	7/16/2007	2:00 PM	3:00 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on equipment bids	7/18/2007	1:00 PM	4:00 PM	3.00 Hours	80.00	240.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on alternate equipment specs for bid purposes	7/18/2007	4:06 PM	5:36 PM	1.50 Hours	90.00	135.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Prepared bid request for equipment	7/19/2007	8:00 AM	11:00 AM	3.00 Hours	80.00	240.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on additional drawings for bidding.	7/19/2007	6:21 PM	9:39 PM	3.30 Hours	90.00	297.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr 2 dwgs for Chris	7/19/2007	10:00 AM	10:00 AM	0.00 Hours	45.00	0.00	9.00	0.00	0.00
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Plot dwgs	7/19/2007	7:30 PM	8:30 PM	1.00 Hours	75.00	75.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on bid questions	7/20/2007	11:00 AM	1:00 PM	2.00 Hours	80.00	160.00	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Worked on mechanical equip. bids spreadsheet	7/24/2007	1:00 PM	5:30 PM	4.50 Hours	75.00	337.50	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Called subcontractors for quotes; reviewed plans on project	7/25/2007	7:30 AM	4:30 PM	9.00 Hours	75.00	675.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on equip. bids w/ Tim; talked to Tom N.; lunch w/ contractors on bids	7/25/2007	10:30 AM	2:30 PM	4.00 Hours	80.00	320.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Review stormwater application requirements	7/26/2007	9:00 AM	10:00 AM	1.00 Hours	75.00	75.00	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Set up appointments in Georgetown for Wednesday	7/26/2007	7:30 AM	3:30 PM	8.00 Hours	75.00	600.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on equipment bids	7/26/2007	8:00 AM	10:00 AM	2.00 Hours	80.00	160.00	0.00	0.00	0.00
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Review platform & stairs w/ Rick; start on the 3D model	7/26/2007	9:00 AM	5:00 PM	8.00 Hours	75.00	600.00	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Confirmed appointments; doing research	7/27/2007	7:30 AM	12:00 PM	4.50 Hours	75.00	337.50	0.00	0.00	0.00

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Supplemental Exhibit WJM-1

Time Report

Printed on 8/2/2007 8:47:22 AM

Time Record Details

Page 2

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Work on 3D platform, stairways, splitter box & static screen	7/27/2007	6:00 AM	4:00 PM	10.00 Hours	75.00	750.00	0.00	0.00	0.00
No	Heyward Bouknig	Whites Creek/Lincolnshire WWTP Upgr Visit site for land disturbance evaluation	7/27/2007	8:00 AM	4:00 PM	8.00 Hours	90.00	720.00	0.00	300.00	168.00
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Working on 3D model	7/28/2007	4:00 PM	6:00 PM	2.00 Hours	75.00	150.00	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Work on mechanical equip bids	7/30/2007	7:30 AM	2:30 PM	7.00 Hours	75.00	525.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Drawings	7/30/2007	2:58 PM	7:41 PM	4.72 Hours	90.00	424.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Copies for Tim	7/30/2007	4:30 PM	4:30 PM	0.00 Hours	45.00	0.00	0.50	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on equipment bids & elect. eng.; revised timeline	7/31/2007	9:00 AM	1:00 PM	4.00 Hours	80.00	320.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Plotting dwgs (8) for bidding purposes per Tim's request	7/31/2007	9:00 AM	9:45 AM	0.75 Hours	45.00	33.75	36.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Work on mechanical equip bids; printed site map	7/31/2007	9:30 AM	4:30 PM	7.00 Hours	75.00	525.00	0.00	0.00	0.00
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Modeling & making dwgs	7/31/2007	8:00 AM	4:00 PM	8.00 Hours	75.00	600.00	0.00	0.00	0.00

Summary Information

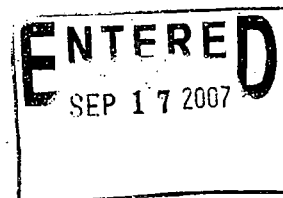
Number of Records:	32
Total Duration:	116.98 Hours
Total Mileage:	305.00
Total Time Fee:	\$9,161.00
Total Expense:	\$108.80
Total Travel Fee:	\$170.80
Total Tax:	\$0.00
Total Fee:	\$9,440.60
Total Internal Fee:	\$0.00
Hours Breakdown:	2.00 Hours at \$45.00/Hour 70.50 Hours at \$75.00/Hour 22.00 Hours at \$80.00/Hour 22.48 Hours at \$90.00/Hour

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R 3868

Surrebutal Exhibit WJM-1

Surrebuttal Exhibit WJM-1
060181

CP
2



INVOICE



Robert G. Burgin, Jr., Inc.
PO Box 1804
Irmo, SC 29063

INVOICE NO: 12003
DATE: 9/1/2007

To: Ms Gloria Stratakos
 Carolina Water Service of SC
 Po Box 4509
 West Columbia, SC 29063

Project: Whites Creek/Lincolnshire WWTP Upgr

Description**PROJECT****ID#****7045****Amount**

Consulting Time

\$ 11,167.00

Expenses

107.68

Travel

311.36

Tax

0.00

Total Current Charges:

\$ 11,586.04

Terms: 30 Days

Make all checks payable to: Robert G. Burgin, Jr., Inc.

SUB#

0404

WATER SEWER OR BOTH CIRCLE

SUB NAME

RETIREMENT INFO

CROSS REF INVOICES

APPROVAL

DATE RECEIVED

TEN (BTP)

DATE

Time Report

Printed on 9/1/2007 3:39:33 PM

Time Record Details

Page 2

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Work on model & dwgs	8/7/2007	6:00 AM	2:00 PM	8.00 Hours	75.00	600.00	0.00	41.00	22.96
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Tank weight; specs; bid pkg	8/7/2007	2:00 PM	5:00 PM	3.00 Hours	75.00	225.00	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on electrical issues and storm water issues	8/7/2007	12:01 PM	1:29 PM	1.47 Hours	90.00	132.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Discuss bid pkgs w/ Rick; cork on cover letter to contractors; burn CDs; prepare mailings; travel to Staples for supplies; work on project (fixed expenses: postage \$26.46 + copies \$15.50 + office supplies \$26.68)	8/8/2007	8:45 AM	1:15 PM	4.50 Hours	45.00	202.50	68.64	8.00	4.48
No	Chris Kemp	Whites Creek/Lincolnshire WWTP Upgr Work on model & dwgs; plot, review & correct	8/8/2007	6:00 AM	12:00 PM	6.00 Hours	75.00	450.00	0.00	41.00	22.96
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on clarifying equipment bids	8/9/2007	1:00 PM	2:00 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Specified travelling bridges; took photos; traveled to S&S	8/9/2007	12:30 PM	6:30 PM	6.00 Hours	75.00	450.00	0.00	42.00	23.52
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on revisions	8/9/2007	11:46 AM	3:01 PM	3.25 Hours	90.00	292.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Pkg to Jim H. for electrical design - copies \$ 1.00 + dwg \$4.50 + FedEx \$14.77	8/10/2007	1:01 PM	1:01 PM	0.00 Hours	45.00	0.00	20.27	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Uploaded photos & spreadsheets	8/10/2007	7:30 AM	11:00 AM	3.50 Hours	75.00	262.50	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Forward pkg to Jim H. for electrical design	8/10/2007	2:00 PM	4:00 PM	2.00 Hours	80.00	160.00	5.00	0.00	0.00
No	Jim Sansonetti	Whites Creek/Lincolnshire WWTP Upgr Ship dwgs to Jim Henderson	8/10/2007	12:45 PM	1:00 PM	0.25 Hours	40.00	10.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Traveled to S&S welding met with them on bid request and actions needed	8/15/2007	1:00 PM	3:00 PM	2.00 Hours	80.00	160.00	0.00	44.00	24.64
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Work on project	8/15/2007	1:30 PM	4:00 PM	2.50 Hours	75.00	187.50	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr P. call to DHEC re: OCRM Permit; work on applications	8/23/2007	3:00 PM	4:00 PM	1.00 Hours	75.00	75.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on OCRM Stormwater Application	8/24/2007	8:00 AM	8:45 AM	0.75 Hours	75.00	56.25	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Equipment quotes	8/24/2007	12:00 PM	5:00 PM	5.00 Hours	75.00	375.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on bid pkg for Gopher Utility & FedEx to them (office supplies = \$8.85 + Fed Ex \$11.92)	8/27/2007	10:30 AM	11:15 AM	0.75 Hours	45.00	33.75	12.77	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Delivered plans to Tom N.	8/27/2007	9:30 AM	11:30 AM	2.00 Hours	75.00	150.00	0.00	38.00	21.28
No	Heyward Bouknig	Whites Creek/Lincolnshire WWTP Upgr Reading requirements for site permit	8/30/2007	4:00 PM	5:00 PM	1.00 Hours	90.00	90.00	0.00	0.00	0.00
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on OCRM stormwater applic.	8/30/2007	4:00 PM	5:15 PM	1.25 Hours	75.00	93.75	0.00	0.00	0.00

Surrebuttal Exhibit WJM-1

Time Report

Printed on 9/1/2007 3:39:34 PM

Time Record Details

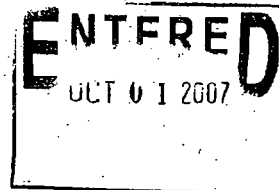
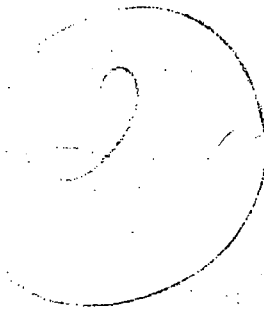
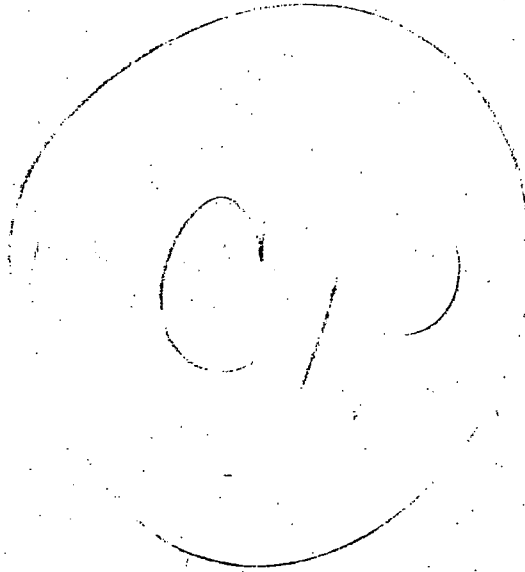
Page 3

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on OCRM applic.	8/31/2007	11:00 AM	12:30 PM	1.50 Hours	75.00	112.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on OCRM applic	8/31/2007	6:30 AM	7:15 AM	0.75 Hours	45.00	33.75	0.00	0.00	0.00

Summary Information

Number of Records:	45
Total Duration:	149.55 Hours
Total Mileage:	556.00
Total Time Fee:	\$11,167.00
Total Expense:	\$107.68
Total Travel Fee:	\$311.36
Total Tax:	\$0.00
Total Fee:	\$11,586.04
Total Internal Fee:	\$0.00
Hours Breakdown:	1.25 Hours at \$40.00/Hour 10.25 Hours at \$45.00/Hour 106.25 Hours at \$75.00/Hour 17.50 Hours at \$80.00/Hour 14.30 Hours at \$90.00/Hour

061378

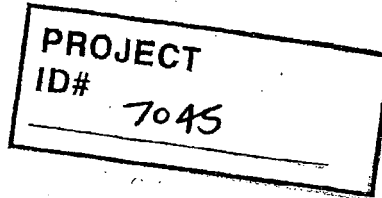


INVOICE

INVOICE NO: 12020
DATE: 9/15/2007



Robert G. Burgin, Jr., Inc.
PO Box 1804
Irmo, SC 29063



To: Ms Gloria Stratakos
Carolina Water Service of SC
Po Box 4509
West Columbia, SC 29063

Project: Whites Creek/Lincolnshire WWTP Upgr

Description	Amount
Consulting Time	\$ 1,604.75
Expenses	276.80
Travel	3.36
Tax	0.00
Total Current Charges:	\$ 1,884.91

Terms: 30 Days

Make all checks payable to: Robert G. Burgin, Jr., Inc.

SUB# 0404 WATER SEWER OR BOTH CIRCLE
SUB NAME _____
RETIREMENT INFO _____
CROSS REF. INVOICES _____
APPROVAL TBN (BTW) DATE _____
DATE RECEIVED _____

Time Report

Printed on 9/15/2007 11:53:55 AM

Time Record Details

Page 1

Billed	Person	Project	Start Date	Start Time	End Time	Duration	Rate	Time Fee	Expense	Mileage	Travel Fee
No	Jim Sansonetti	Whites Creek/Lincolnshire WWTP Upgr Copy 5 sets of dwgs & info @ Staples for Tom Nix (Staples \$240.80)	9/4/2007	10:00 AM	12:00 PM	2.00 Hours	40.00	80.00	240.80	6.00	3.36
No	Sam Davis	Whites Creek/Lincolnshire WWTP Upgr Work on OCRM application	9/4/2007	8:30 AM	9:30 AM	1.00 Hours	75.00	75.00	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Plot dwgs for David White to pick up (8 dwgs \$36.00)	9/4/2007	1:30 PM	2:15 PM	0.75 Hours	45.00	33.75	36.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Convert 3 specs to PDF format & email to David White	9/5/2007	10:15 AM	10:30 AM	0.25 Hours	45.00	11.25	0.00	0.00	0.00
No	Robert Burgin	Whites Creek/Lincolnshire WWTP Upgr Work on revised plans	9/6/2007	1:31 PM	8:05 PM	6.57 Hours	90.00	591.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Talked w/ Tom & Rob on contractor's bids	9/6/2007	3:00 PM	4:00 PM	1.00 Hours	80.00	80.00	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Called bidders to get bids; organized in worksheet	9/6/2007	7:30 AM	11:30 AM	4.00 Hours	75.00	300.00	0.00	0.00	0.00
No	Rick Bryan	Whites Creek/Lincolnshire WWTP Upgr Worked on bids; talked to Tom, called elect. engineer	9/7/2007	1:30 PM	3:30 PM	2.00 Hours	80.00	160.00	0.00	0.00	0.00
No	Tim Gregory	Whites Creek/Lincolnshire WWTP Upgr Fielded emails; research moving electrical svc & upgrading	9/11/2007	8:00 AM	11:30 AM	3.50 Hours	75.00	262.50	0.00	0.00	0.00
No	Lisa Algarin	Whites Creek/Lincolnshire WWTP Upgr Work on bid from ET services	9/11/2007	7:45 AM	8:00 AM	0.25 Hours	45.00	11.25	0.00	0.00	0.00

Summary Information

Number of Records:	10
Total Duration:	21.32 Hours
Total Mileage:	6.00
Total Time Fee:	\$1,604.75
Total Expense:	\$276.80
Total Travel Fee:	\$3.36
Total Tax:	\$0.00
Total Fee:	\$1,884.91
Total Internal Fee:	\$0.00
Hours Breakdown:	2.00 Hours at \$40.00/Hour 1.25 Hours at \$45.00/Hour 8.50 Hours at \$75.00/Hour 3.00 Hours at \$80.00/Hour 6.57 Hours at \$90.00/Hour

K - 3075
Page 32 of 46

Surrebutal Exhibit WJM-1

C/P

3

Burgin Engineering Inc.
PO Box 1804
Immo, SC 29063

Phone # 803-781-2965

Burgin Engineering Inc.

Bill To

Carolina Water Service, Inc. of SC
Gloria Stratakos
PO Box 4509
West Columbia, SC 29171

Invoice

Invoice # 7-10010

Date 9/30/2007

Terms Net 30

PROJECT

ID# 7045

P.O. No.	
Project:	Whites Creek Lincolnshire WWTP

Date	Description	Qty	Rate	Amount
	Copies	11	0.25	2.75
	Reimbursed Office Supplies	1	10.07	10.07
	Postage & Shipping		11.02	11.02
	Reimbursed Office Supplies		0.35	0.35
	Reimbursed Office Supplies		0.35	0.35
	Federal Express		11.98	11.98
	Copies	12	0.25	3.00
9/17/2007	Work on trying to update bid pkg; p/c to Chris re: updated dwgs	0.5	50.00	25.00
9/17/2007	Find dwgs on NAS & explain how most recent chgs/mods were done by me	0.5	80.00	40.00
9/17/2007	Sending adjusted bid pkg	3	70.00	210.00
9/18/2007	Plotting dwgs for Rick to review for bid pkgs; sending info to contractors	1	50.00	50.00
9/18/2007	Burning CDs; mailings to contractors	1.75	50.00	87.50
9/20/2007	Burn CD of specs for Lee Clippard w/ Sims Electrical Group	0.25	50.00	12.50
9/20/2007	Bids	8.5	70.00	595.00
9/24/2007	Discuss project w/ Rob/Rick/Sam/Dicky; FedEx CD of dwgs & specs to Lee Clippard	0.25	50.00	12.50
9/24/2007	Status update for Tom N.	1	89.00	89.00
9/24/2007	Amended bid pkg; Work on construction spreadsheets	5	70.00	350.00
9/25/2007	Work on OCRM Stormwater applic.	1.75	80.00	140.00
9/26/2007	Called bidders for quotes	2	70.00	140.00
9/26/2007	Met w/ Lee C. on electr. engineering	1.5	89.00	133.50
9/27/2007	Discuss project w/ Rob/Rick/Sam/Dicky; FedEx CD of dwgs & specs to Lee Clippard	1.5	50.00	75.00
9/28/2007	Work on OCRM Stormwater applic.	3	80.00	240.00
9/28/2007	Amended bid pkg; Work on construction spreadsheets	9.5	70.00	665.00
9/30/2007	Work on quotes	0.25	50.00	12.50
Total				\$2,917.02

SUB#

SUB NAME

RETIREMENT INFO

CROSS REF. INVOICES

APPROVAL

DATE RECEIVED

4404 WATER SEWER OR BOTH CIRCLE

Balance Due

\$2,917.02

062790

CP

2

ENTERED
OCT 15 2007

V19783

simS group

Post Office Box 31178
Greenville, SC 29608
(864) 232-5980
(864) 232-5981 (fax)

Invoice

Date	Invoice #
9/30/2007	82764

Bill To
Carolina Water Service, Inc. 110 Queen Parkway West Columbia, SC 29169

PROJECT ID# 7045

Project Number	Terms	Project Name
G7050.3	Due on receipt	Georgetown

Item	Description	Qty	Rate	Amount
	Per Sims Group Proposal No. PG7077, dated 8/15/07			
CAD Services	Progress Invoice	4.5	50.00	225.00
Registered Engineer	CAD Services	10.5	85.00	892.50
	Registered Engineer			
Admin	Out-of-Pocket Expenses			
	Mileage, 9.26.07 Meeting at Burgess Engineering	90	0.445	40.05

070-0404-1160005-20105

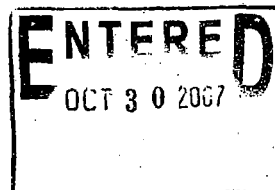
SUB# 0404 WATER ☒ SEWER ☐ OR BOTH ☐	Total \$1,157.55
SUB NAME	Payments/Credits \$0.00
APPROVAL	Balance Due \$1,157.55

DATE RECEIVED

DATE

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4



Burgin Engineering, Inc.
PO Box 1804
Irmo, SC 29063

Phone # 803-781-2965



Burgin Engineering Inc.

Bill To

Carolina Water Service, Inc. of SC
Gloria Stratakos
PO Box 4509
West Columbia, SC 29171

Invoice

Invoice # 7-10060

Date 10/15/2007

Terms Net 30

P.O. No.	
Project:	Whites Creek Lincolnshire WWTP

Date	Description	Qty	Rate	Amount
10/1/2007	Construction Management Created bid spreadsheet & forwarded to Tom for review	2	89.00	178.00
10/8/2007	Construction Management Responded to Tom's questions on '07 expenses; talked w/ Sims Group	2	89.00	178.00
10/8/2007	Discuss scheduling of project with Dana & Tom; work on project; receive & review comments fr DHEC; work on OCRM application	1	80.00	80.00
10/8/2007	Work on project	5	70.00	350.00
10/10/2007	Consulting Engineer Erosion control plan	1	98.00	98.00
10/12/2007	Discuss scheduling of project with Dana & Tom; work on project; receive & review comments fr DHEC; work on OCRM application	1.75	80.00	140.00
10/15/2007	Work on repsonse letter to Koppa @ DHEC & quote fr DI Wilson Company	0.25	50.00	12.50
PROJECT ID# 7045				
0404 WATER SEWER OR BOTH CIRCLE				
NAME _____		Total \$1,036.50		
REMENT INFO _____		Balance Due \$1,036.50		
SS REF. INVOICES _____				

065303

C/P

2

ENTERED
NOV 12 2007

sims group

Post Office Box 31178
 Greenville, SC 29608
 (864) 232-5980
 (864) 232-5981 (fax)

Invoice

Date	Invoice #
10/31/2007	82777

Bill To

Carolina Water Service, Inc.
 110 Queen Parkway
 West Columbia, SC 29169

Project Number	Terms	Project Name
G7050.3	Due on receipt	Whites Creek - Georgetown

Item	Description	Qty	Rate	Amount
	Per Sims Group Proposal No. PG7077, dated 8/15/07 Progress Invoice			
Registered Engineer		2	85.00	170.00
Engineer		3	75.00	225.00
Registered Engineer		2	85.00	170.00
Engineer		6	75.00	450.00
Registered Engineer		1	85.00	85.00
Engineer		9	75.00	675.00
Engineer		5	75.00	375.00
Engineer		1.33	75.00	99.75
Registered Engineer		1	85.00	85.00
Engineer		4	75.00	300.00
Engineer		2	75.00	150.00
Engineer		9	75.00	675.00
Registered Engineer		2	85.00	170.00
Registered Engineer		1	85.00	85.00

PROJECT
ID# 7045

070-0404-1160605-20105

Total 2 \$3,714.75

Payments/Credits \$0.00

Balance Due \$3,714.75

SUB# 0404 WATER SEWER OR BOTH CIRCLE

SUB NAME _____

RETIREMENT INFO _____

CROSS REF. INVOICES _____

APPROVAL BN BRD DATE _____

DATE RECEIVED _____

065305

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5

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NOV 12 2007

Burgin Engineering, Inc.
PO Box 1804
Irmo, SC 29063

Phone # 803-781-2965



Burgin Engineering Inc.

Bill To

Carolina Water Service, Inc. of SC
Gloria Stratakos
PO Box 4509
West Columbia, SC 29171

Invoice

Invoice # 7-10076

Date 10/31/2007

Terms Net 30

PROJECT

ID#

7045

P.O. No.

Project:

Whites Creek Lincolnshire WWTP

Date	Description	Qty	Rate	Amount
10/29/2007	Travel to S&S to look at travelling bridge filter for mods & rehab	2	89.00	178.00
10/30/2007	Meeting on constuction and wetland.	1.2	98.00	117.60
10/30/2007	Work on OCRM	2.5	80.00	200.00
10/31/2007	Checking on survey & erosion control	1.5	98.00	147.00
10/24/2007	Reimbursed Mileage	28	0.56	15.68
10/31/2007	Reimbursed Mileage	38	0.56	21.28
10/31/2007	Reimbursed Mileage	289	0.56	161.84
10/31/2007	Reimburse Mileage	43	0.56	24.08

170-0704 1160035-20105

SUB#

SUB NAME

RETIREMENT INFO

CROSS REF. INVOICES

APPROVAL

DATE RECEIVED

0404

WATER SEWER OR BOTH CIRCLE

Total

\$5,708.78

Balance Due

\$5,708.78

DATE

Page 2

Burgin Engineering, Inc.
PO Box 1804
Irmo, SC 29063

Phone # 803-781-2965



Burgin Engineering Inc.

Bill To

Carolina Water Service, Inc. of SC
Gloria Stratakos
PO Box 4509
West Columbia, SC 29171

Invoice

Invoice # 7-10076

Date 10/31/2007

Terms Net 30

P.O. No.	
Project:	Whites Creek Lincolnshire WWTP

Date	Description	Qty	Rate	Amount
10/26/2007	Drawings	20	4.50	90.00
10/26/2007	Copies	95	0.25	23.75
10/29/2007	Drawings	12	4.50	54.00
10/29/2007	Copies	201	0.25	50.25
10/29/2007	Federal Express - to electrical contractors		66.36	66.36
10/29/2007	USPS Postage to electrical contractors		5.68	5.68
10/25/2007	Associated Job Costs - Imaging Technologies		15.96	15.96
10/19/2007	Flow Sequence drawing	3.1	98.00	303.80
10/20/2007	Flow drawing for SCDHEC	6.8	98.00	666.40
10/22/2007	Coordinating w/ surveyor	1	98.00	98.00
10/22/2007	Worked on equipment orders & invoicing; worked on starting prelim work	0.5	89.00	44.50
10/25/2007	Schematic for SCDHEC	2.2	98.00	215.60
10/25/2007	Worked on equipment orders & invoicing; worked on starting prelim work	1	89.00	89.00
10/25/2007	Work on OCRM stormwater application; mtg w/ Tom to discuss project	4	80.00	320.00
10/25/2007	Dwgs to Imaging Tech for scanning; scan specs; plotting electrical & copying specs for contractor pkgs	1.75	50.00	87.50
10/25/2007	Work on project re: electrical bids; travel to S&S to inspect traveling bridge filters	5	70.00	350.00
10/26/2007	Work on OCRM stormwater application; mtg w/ Tom to discuss project	5	80.00	400.00
10/26/2007	Work on project re: electrical bids; travel to S&S to inspect traveling bridge filters	10	70.00	700.00
10/26/2007	Dwgs to Imaging Tech for scanning; scan specs; plotting electrical & copying specs for contractor pkgs	1	50.00	50.00
10/28/2007	Work on OCRM stormwater application; mtg w/ Tom to discuss project	1	80.00	80.00
10/29/2007	Work on getting pkgs out to contractors for electrical upgrade; Fedex pkgs to 8 contractors	4.25	50.00	212.50
10/29/2007	Work on OCRM	1	80.00	80.00
10/29/2007	Travel to job site to meet w/ contractors	12	70.00	840.00
			Total	
			Balance Due	

Surrebuttal Exhibit WJM-1
066737

C/P

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NOV 26 2007

2

Burgin Engineering, Inc.
PO Box 1804
Irmo, SC 29063

Phone # 803-781-2965

Burgin Engineering Inc.

Invoice

Bill To

Carolina Water Service, Inc. of SC
Gloria Stratakos
PO Box 4509
West Columbia, SC 29171

Invoice # 7-10099

Date 11/15/2007

Terms Net 30

P.O. No.	
Project:	Whites Creek Lincolnshire WWTP

Date	Description	Qty	Rate	Amount
11/12/2007	Drawings for SCDHEC	4.9	98.00	480.20
11/12/2007	Work on OCRM application	0.5	80.00	40.00
11/14/2007	Entering plat boundary & put on state plane coordinate system	2	50.00	100.00
11/14/2007	Ordering blowers; research anthracite; fielding emails	2	70.00	140.00
11/15/2007	Phone calls/faxes trying to straighten out USA BlueBook quote	0.5	50.00	25.00
11/15/2007	Ordering blowers; research anthracite; fielding emails	2	70.00	140.00
11/2/2007	Filing Fees	1	175.00	175.00
11/15/2007	Wetlands Delineation	1	1,000.00	1,000.00
11/15/2007	Reimbursed Mileage	55	0.56	30.80
11/15/2007	Surveying	1	750.00	750.00

PROJECT

ID#

7045

D70-0404-11000612-2005

Total \$6,656.40

Balance Due \$6,656.40

SUB#

SUB NAME

RETIREMENT INFO

CROSS RES. INFO

APPROVAL

DATE RECEIVED

0404 WATER/SEWER/OR BOTH CIRCLE

Page 2

DATE

Burgin Engineering, Inc.
PO Box 1804
Irmo, SC 29063

Phone # 803-781-2965



Burgin Engineering Inc.

Bill To

Carolina Water Service, Inc. of SC
Gloria Stratakos
PO Box 4509
West Columbia, SC 29171

Invoice

Invoice # 7-10099

Date 11/15/2007

Terms Net 30

P.O. No.	
Project:	Whites Creek Lincolnshire WWTP

Date	Description	Qty	Rate	Amount
11/12/2007	Drawings	7	4.50	31.50
11/1/2007	Flow chart for SCDHEC	5.1	98.00	499.80
11/1/2007	Work on OCRM application	2.5	80.00	200.00
11/1/2007	Erosion control dwg; drainage narrative	7	98.00	686.00
11/2/2007	Work on stormwater applic. submittal	0.25	50.00	12.50
11/2/2007	Phone call & trip to S&S to go over construction of the splitter box; take pics	2	80.00	160.00
11/2/2007	Erosion control dwg; drainage narrative	4	98.00	392.00
11/3/2007	Work on OCRM application	1	80.00	80.00
11/5/2007	Worked on project construction & equipment orders; met w/ Tim on construction task scheduling; work on electrical bids	1	89.00	89.00
11/6/2007	Coordinating w/ Surveyor; wetlands review; erosion control & wetlands	0.5	98.00	49.00
11/6/2007	Worked on project construction & equipment orders; met w/ Tim on construction task scheduling; work on electrical bids	1	89.00	89.00
11/6/2007	Work on OCRM application	0.5	80.00	40.00
11/6/2007	Phone call fr S&S needing dwgs of platforms; emails to S&S; work on dwg files; discuss providing stair details to S&S w/ Rob/Rick	0.5	50.00	25.00
11/7/2007	Work on OCRM application	1.75	80.00	140.00
11/7/2007	Phone call fr S&S needing dwgs of platforms; emails to S&S; work on dwg files; discuss providing stair details to S&S w/ Rob/Rick	1	50.00	50.00
11/7/2007	Coordinating w/ Surveyor; wetlands review; erosion control & wetlands	2	98.00	196.00
11/8/2007	Meeting on wetlands issues	0.6	98.00	58.80
11/8/2007	Coordinating w/ Surveyor; wetlands review; erosion control & wetlands	1	98.00	98.00
11/8/2007	Phone call fr S&S needing dwgs of platforms; emails to S&S; work on dwg files; discuss providing stair details to S&S w/ Rob/Rick	1	50.00	50.00
11/8/2007	Work on OCRM application	2	80.00	160.00
11/8/2007	Worked on project construction & equipment orders; met w/ Tim on construction task scheduling; work on electrical bids	3	89.00	267.00
11/9/2007	Work on flow chart	3.1	98.00	303.80
11/9/2007	Coordinating w/ Surveyor; wetlands review; erosion control & wetlands	1	98.00	98.00
			Total	
			Balance Due	

The Global Economic Situation

The European Community, the United States, Japan and China produce nearly three-fifths of the world's Gross Domestic Product ("GDP"). Each of these economies is currently experiencing great uncertainty right now.

The consistent government deficits and mounting debt of Greece, Portugal and Italy, the greatly overbuilt housing of Ireland and Spain, unrecognized bank liabilities, implicit government liabilities and dire economic problems plague Europe. All of these concerns also threaten United States banks with exposure to these problems. Greece's debt is about 143% of its GDP and European leaders agreed upon a \$157 billion rescue plan, but the crisis does not show signs of abating.¹ Doubts about Portugal, Ireland, Italy and Spain (the "PIIGS") have led investors to require large percentage spreads for those countries' bonds compared to German bonds, as shown on Page 3 of this exhibit.

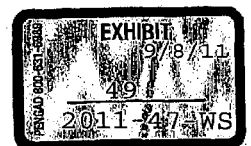
The overbuilt housing, lack of creditworthiness and transparency of derivative instruments led to the now well-known bankruptcies and recession in the United States. Massive fiscal and monetary intervention by the U.S. Government followed, with latter now being maintained at a reduction in specific credit facilities and a plateau of its intervention in government securities.²

The recent earthquakes, tsunami and disastrous nuclear power station failures in Japan, together with its on-going economic stagnation have made Japan such an uninviting investment that, when the disasters hit, money flooded back into the country because companies and individuals had invested abroad for better returns and now needed to repatriate their earnings in order to pay for rebuilding.³ At

¹ New York Times:
<http://topics.nytimes.com/top/news/international/countriesandterritories/greece/index.html>, updated June 6, 2011.

² In the Federal Reserve Open Market Committee's press release on August 9, 2011 stated that, "The Committee also will maintain its existing policy of reinvesting principal payments from its securities holdings.

³ "Yen Strengthens After Earthquake, Tsunami Warning Spur Carry Trade Unwind," by Allison Bennett and Catarina Saraiva – Apr 7, 2011 in Bloomberg at:



least one Japanese executive, nonetheless, is even predicting that the Japanese financial system is headed for a currency collapse, saying, "The Japanese yen is now being chosen as a safe haven. But the currency is about as safe as standing under a cliff in the way of a landslide in the pouring rain."⁴

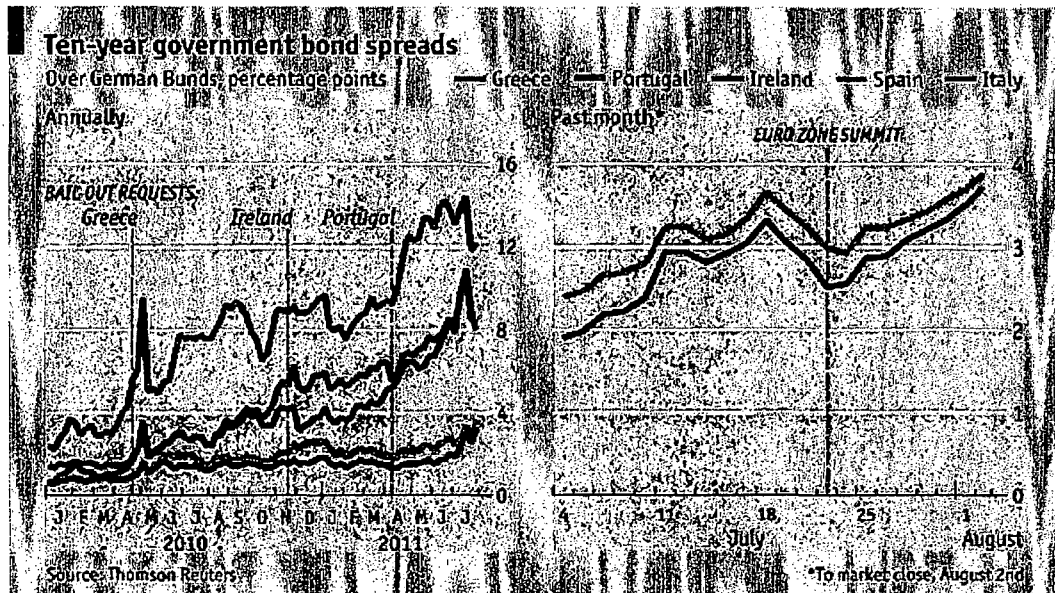
China has long been thought of as an unstoppable economic juggernaut with a very high GDP growth for 15 years and an accumulated \$3 trillion in foreign-exchange reserves. Its very strength as an export-driven economy threatens to undo China as it attempts to sterilize the oversupply of money to prevent inflation. This ample supply of money has led to investments whose value is questionable. Moreover, China's debt-to-GDP ratio is greatly understated and may be higher than the United States' is projected to be in 2015; China's local government debt may be understated by half a trillion Dollars as China's central bank alone holds over a trillion Dollars' worth of debt, with credit in the system allowed at 200% of GDP.⁵ Even if China tried to go on a "shopping spree" to reduce its reserves, it could buy Apple, IBM, Microsoft and Google and still have \$2 trillion left over, while finding that anything it sought to buy would increase dramatically in price due to its very purchases.

<http://www.bloomberg.com/news/2011-04-07/yen-strengthens-after-earthquake-tsunami-warning-spur-carry-trade-unwind.html>

⁴ BBC New, August 4, 2011. "Viewpoint: Yen is heading for a currency collapse by Takeshi Fujimaki, Chief Executive, Fujimaki Japan; <http://www.bbc.co.uk/news/>

⁵ "China's Debt Situation Worse than Portugal," Elizabeth McDonald, August 7, 2011, FoxBusiness at: <http://www.foxbusiness.com/topics/elizabeth-macdonald.htm>

European bond spreads as cited in "The single currency's medical chart," August 3, 2011, by The Economist online:



DCF SUMMARY OF RESULTS

	<u>Earnings per</u> <u>Share</u>	<u>Dividends per</u> <u>Share</u>	<u>Sales/</u> <u>Revenue</u>	<u>Book Value</u> <u>per Share</u>
10-year	4.09%	2.48%	7.28%	5.16%
5-Year	4.84%	3.70%	7.46%	5.60%
3-Year	5.36%	2.92%	6.60%	3.88%
Average	4.76%	3.03%	7.11%	4.88%
Estimates	7.33%	6.23%	7.09%	4.85%
Growth	6.05%	4.63%	7.10%	4.86%
Overall Growth				5.66%
Dividend Yield				3.27%
Yield Adjustment				<u>0.09%</u>
Cost of Equity				<u>9.02%</u>

Source: Exhibits DHC-3, -4, -5, -6, & -8

Earnings Per Share ("EPS")

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	\$1.19	\$1.28	\$1.35	\$1.34	\$0.78	\$1.05	\$1.32	\$1.33	\$1.62	\$1.55	\$1.62	\$2.22
American Water Works										\$1.10	\$1.25	\$1.53
Aqua America	\$0.42	\$0.47	\$0.51	\$0.54	\$0.57	\$0.64	\$0.71	\$0.70	\$0.71	\$0.73	\$0.77	\$0.90
Artesian Resources*				\$0.76	\$0.64	\$0.72	\$0.81	\$0.97	\$0.90	\$0.86	\$0.97	\$1.00
California Water	\$0.77	\$0.66	\$0.47	\$0.63	\$0.61	\$0.73	\$0.74	\$0.67	\$0.75	\$0.95	\$0.98	\$0.91
Connecticut Water Service	\$1.03	\$1.09	\$1.13	\$1.12	\$1.15	\$1.16	\$0.88	\$0.81	\$1.05	\$1.11	\$1.19	\$1.13
Middlesex Water	\$0.76	\$0.51	\$0.66	\$0.73	\$0.61	\$0.73	\$0.71	\$0.82	\$0.87	\$0.89	\$0.72	\$0.96
SJW Corp.	\$0.87	\$0.58	\$0.77	\$0.78	\$0.91	\$0.87	\$1.12	\$1.19	\$1.04	\$1.08	\$0.81	\$0.84
York Water Co.			\$0.43	\$0.40	\$0.47	\$0.49	\$0.56	\$0.58	\$0.57	\$0.57	\$0.64	\$0.71

Year over Year Change Ratios for EPS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	1.08	1.05	0.99	0.58	1.35	1.26	1.01	1.22	0.96	1.05	1.37
American Water Works										1.14	1.22
Aqua America	1.12	1.09	1.06	1.06	1.12	1.11	0.99	1.01	1.03	1.05	1.17
Artesian Resources				0.84	1.13	1.13	1.20	0.93	0.96	1.13	1.03
California Water	0.86	0.71	1.34	0.97	1.20	1.01	0.91	1.12	1.27	1.03	0.93
Connecticut Water Service	1.06	1.04	0.99	1.03	1.01	0.76	0.92	1.30	1.06	1.07	0.95
Middlesex Water	0.67	1.29	1.11	0.84	1.20	0.97	1.15	1.06	1.02	0.81	1.33
SJW Corp.	0.67	1.33	1.01	1.17	0.96	1.29	1.06	0.87	1.04	0.75	1.04
York Water Co.			0.92	1.18	1.04	1.14	1.04	0.98	1.00	1.12	1.11

Source: Exhibit DHC-7

EPS Historical Summary

American States Water
American Water Works
Aqua America
Artesian Resources
California Water
Connecticut Water Service
Middlesex Water
SJW Corp.
York Water Co.

Geometric Means, a.k.a. Compound Annual Growth Rates

10-yr '00-'10	5-yr '05-'10	3-yr '07-'10
5.83%	10.96%	11.07%
7.17%	4.86%	8.23%
	4.30%	3.57%
1.53%	4.22%	6.66%
0.85%	5.13%	2.48%
2.15%	6.22%	3.34%
-0.32%	-5.59%	-6.87%
	4.86%	7.60%

mean
median

2.87%	4.37%	4.51%	average of all means & medians:
1.84%	4.86%	5.12%	3.93%

Arithmetic Means, a.k.a. Simple Averages

10-yr '00-'10	5-yr '05-'10	3-yr '07-'10
8.31%	11.96%	12.41%
6.84%	5.04%	8.39%
	4.80%	3.81%
4.83%	5.03%	7.56%
1.17%	5.91%	2.63%
7.86%	7.62%	5.51%
5.13%	-4.76%	-5.82%
	5.01%	7.74%

mean
median

5.69%	5.08%	5.28%	average of all means & medians:
5.98%	5.04%	6.54%	5.60%

Average of the historical averages

4.76%

Analysts' EPS Estimates*

	Value Line (7/20/11)		Yahoo! Finance (7/25/11)		Zacks (7/28/11)
	2012-13†	2014-2016 ‡	2012 †	next 5 years	‡
American States Water		3.45%	9.30%	5.50%	4.88%
American Water Works		9.47%	8.65%	8.70%	8.69%
Aqua America		13.46%	7.03%	6.00%	6.50%
Artesian Resources	6.30%	3.60%	12.47%	4.53%	3.60%
California Water		11.93%	14.62%	9.00%	10.13%
Conn. Water Service	10.11%	4.00%	6.36%	3.00%	4.00%
Middlesex Water	4.08%	3.00%	16.17%	3.00%	3.00%
SJW Corp.		12.03%	9.30%	14.00%	14.60%
York Water Co.	6.15%	6.00%	5.37%	6.00%	6.00%

*estimates are for the longest period estimated by analysts or are derived from available numeric estimates for such periods

†2012-13 & 2014-2016 are averaged

‡ American States Water, California Water and SJW are through the end of 2012; all others are for the next 5 years, to 2016

	Value Line	Yahoo!	Zacks
mean	7.99%	8.28%	6.82%
median	7.05%	7.84%	6.00%
average of mean & median	7.52%	8.06%	6.41%
average of short- and long-term	7.52%	8.06%	6.41%

Average of the averages of estimates 7.33%

Average of historical and estimated averages **6.05%**

Dividends Per Share ("DPS")

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	\$0.85	\$0.86	\$0.87	\$0.87	\$0.88	\$0.89	\$0.90	\$0.91	\$0.96	\$1.00	\$1.01	\$1.04
American Water Works										\$0.40	\$0.82	\$0.86
Aqua America	\$0.27	\$0.28	\$0.30	\$0.32	\$0.35	\$0.37	\$0.40	\$0.44	\$0.48	\$0.51	\$0.55	\$0.59
Artesian Resources			\$0.49	\$0.52	\$0.53	\$0.55	\$0.58	\$0.61	\$0.66	\$0.71	\$0.72	\$0.75
California Water	\$0.54	\$0.55	\$0.56	\$0.56	\$0.57	\$0.57	\$0.58	\$0.58	\$0.59	\$0.59	\$0.59	\$0.60
Conn. Water Service	\$0.79	\$0.79	\$0.80	\$0.81	\$0.83	\$0.84	\$0.85	\$0.86	\$0.87	\$0.88	\$0.90	\$0.92
Middlesex Water	\$0.60	\$0.61	\$0.62	\$0.63	\$0.65	\$0.66	\$0.67	\$0.68	\$0.69	\$0.70	\$0.71	\$0.72
SJW Corp.	\$0.40	\$0.41	\$0.43	\$0.46	\$0.49	\$0.51	\$0.53	\$0.57	\$0.61	\$0.65	\$0.66	\$0.68
York Water Co.			\$0.34	\$0.35	\$0.37	\$0.39	\$0.42	\$0.45	\$0.48	\$0.49	\$0.51	\$0.52

Year over Year Change Ratios for DPS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	1.01	1.01	1.00	1.01	1.01	1.01	1.01	1.05	1.04	1.01	1.03
American Water Works										2.05	1.05
Aqua America	1.04	1.07	1.07	1.09	1.06	1.08	1.10	1.09	1.06	1.08	1.07
Artesian Resources				1.03	1.04	1.05	1.05	1.08	1.08	1.01	1.04
California Water	1.02	1.02	1.00	1.00	1.02	1.00	1.02	1.00	1.02	1.00	1.02
Conn. Water Service	1.00	1.01	1.01	1.02	1.01	1.01	1.01	1.01	1.01	1.02	1.02
Middlesex Water	1.02	1.02	1.02	1.03	1.02	1.02	1.01	1.01	1.01	1.01	1.01
SJW Corp.	1.03	1.05	1.07	1.07	1.04	1.04	1.08	1.07	1.07	1.02	1.03
York Water Co.			1.03	1.06	1.05	1.08	1.07	1.07	1.02	1.04	1.02

Source: Exhibit DHC-7

DPS Historical Summary

Geometric Means or Compound Annual Growth Rates

	10-yr '00-'10	5-yr '05-'10	3-yr '07-'10	
American States Water	1.92%	2.93%	2.70%	
American Water Works				
Aqua America	7.74%	8.08%	7.12%	
Artesian Resources		5.28%	4.35%	
California Water	0.87%	1.03%	1.14%	
Connecticut Water Service	1.54%	1.60%	1.88%	
Middlesex Water	1.67%	1.45%	1.43%	
SJW Corp.	5.19%	5.11%	3.69%	
York Water Co.		4.36%	2.70%	
mean	3.15%	3.73%	3.13%	average of all means & medians:
median	1.80%	3.65%	2.70%	3.03%

Arithmetic Means or Simple Averages

	10-yr '00-'10	5-yr '05-'10	3-yr '07-'10	
American States Water	1.93%	2.95%	2.71%	
American Water Works				
Aqua America	7.75%	8.09%	7.12%	
Artesian Resources		5.30%	4.38%	
California Water	0.88%	1.03%	1.14%	
Connecticut Water Service	1.54%	1.60%	1.88%	
Middlesex Water	1.67%	1.45%	1.43%	
SJW Corp.	5.21%	5.14%	3.71%	
York Water Co.		4.39%	2.71%	
mean	3.16%	3.74%	3.14%	average of all means & medians:
median	1.80%	3.67%	2.71%	3.04%

"arithmean" = arithmetic mean

Average of the historical averages **3.03%**

Analysts' DPS Estimates

American States Water
American Water Works
Aqua America
Artesian Resources
California Water
Connecticut Water Service
Middlesex Water
SJW Corp.
York Water Co.

Value Line
2014-2016
6.11%
7.29%
8.30%
none
4.50%
none
none
5.49%
none

mean	6.34%
median	6.11%

6.23% average of mean & median

Average of historical & estimates averages

4.63%

Sales/Revenues

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	\$173.40	\$184.00	\$197.50	\$209.20	\$212.70	\$228.00	\$236.20	\$268.60	\$301.40	\$318.70	\$361.00	\$398.90
American Water Works										\$2,336.90	\$2,440.70	\$2,710.00
Aqua America	\$257.30	\$275.50	\$307.30	\$322.00	\$367.20	\$442.00	\$496.80	\$533.50	\$602.50	\$627.00	\$670.50	\$726.10
Artesian Resources	\$26.80	\$27.60	\$32.00	\$34.60	\$36.30	\$39.60	\$45.30	\$47.30	\$52.50	\$56.20	\$60.90	\$64.90
California Water	\$206.40	\$244.80	\$246.80	\$263.20	\$277.10	\$315.60	\$320.70	\$334.70	\$367.10	\$410.30	\$449.50	\$460.40
Connecticut Water Service	\$42.60	\$41.50	\$45.40	\$45.80	\$47.10	\$48.50	\$47.50	\$46.90	\$59.00	\$61.30	\$59.40	\$66.40
Middlesex Water	\$53.50	\$54.50	\$59.60	\$61.90	\$64.10	\$71.00	\$74.60	\$81.10	\$86.10	\$91.00	\$91.20	\$102.70
SJW Corp.	\$117.00	\$123.20	\$136.10	\$145.70	\$149.70	\$166.90	\$180.10	\$189.20	\$206.60	\$220.30	\$216.10	\$215.60
York Water Co.		\$18.50	\$19.40	\$19.60	\$20.90	\$22.50	\$26.80	\$28.70	\$31.40	\$32.80	\$37.00	\$39.00

Year over Year Change Ratios for Sales/Revenues

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	1.06	1.07	1.06	1.02	1.07	1.04	1.14	1.12	1.06	1.13	1.10
American Water Works										1.04	1.11
Aqua America	1.07	1.12	1.05	1.14	1.20	1.12	1.07	1.13	1.04	1.07	1.08
Artesian Resources	1.03	1.16	1.08	1.05	1.09	1.14	1.04	1.11	1.07	1.08	1.07
California Water	1.19	1.01	1.07	1.05	1.14	1.02	1.04	1.10	1.12	1.10	1.02
Connecticut Water Service	0.97	1.09	1.01	1.03	1.03	0.98	0.99	1.26	1.04	0.97	1.12
Middlesex Water	1.02	1.09	1.04	1.04	1.11	1.05	1.09	1.06	1.06	1.00	1.13
SJW Corp.	1.05	1.10	1.07	1.03	1.11	1.08	1.05	1.09	1.07	0.98	1.00
York Water Co.		1.05	1.01	1.07	1.08	1.19	1.07	1.09	1.04	1.13	1.05

Source: Exhibit DHC-7

Sales/Revenue Historical Summary

Geometric Means or Compound Annual Growth Rates

American States Water
American Water Works
Aqua America
Artesian Resources
California Water
Connecticut Water Service
Middlesex Water
SJW Corp.
York Water Co.

10-yr '00-'10	5-yr '05-'10	3-yr '07-'10	
8.04%	11.05%	9.79%	
10.18%	7.89%	6.42%	
8.93%	7.46%	7.32%	
6.52%	7.50%	7.84%	
4.81%	6.93%	4.02%	
6.54%	6.60%	6.05%	
5.76%	3.66%	1.43%	
7.74%	7.79%	7.49%	
			average of all means & medians:
7.32%	7.36%	6.30%	7.08%
7.14%	7.48%	6.87%	

Arithmetic Means or Simple Averages

American States Water
American Water Works
Aqua America
Artesian Resources
California Water
Connecticut Water Service
Middlesex Water
SJW Corp.
York Water Co.

10-yr '00-'10	5-yr '05-'10	3-yr '07-'10	
8.12%	11.09%	9.84%	
10.27%	7.92%	6.43%	
8.99%	7.48%	7.33%	
6.60%	7.56%	7.92%	
5.11%	7.42%	4.19%	
6.60%	6.68%	6.17%	
5.84%	3.75%	1.50%	
7.85%	7.83%	7.56%	
			average of all means & medians:
7.42%	7.47%	6.37%	7.15%
7.23%	7.52%	6.88%	
			Average of the historical averages
			7.11%

Analysts' Sales/Revenue Estimates*

	<u>Value Line</u> <u>2014-2016</u>	<u>Zacks</u>	<u>Yahoo! Finance</u> <u>2012</u>
American States Water	8.16%	10.58%	4.40%
American Water Works	7.58%		5.20%
Aqua America	8.63%	7.56%	6.30%
Artesian Resources		7.50%	6.10%
California Water	10.36%	8.84%	4.20%
Connecticut Water Service		8.07%	4.20%
Middlesex Water		5.36%	4.70%
SJW Corp.	9.90%	3.22%	6.20%
York Water Co.		8.17%	4.20%

mean 8.93% 7.41% 5.06%

median 8.63% 7.82% 4.70%

average of the mean and median 8.78% 7.61% 4.88%

average of all estimates 7.09%

*information downloaded on same dates as EPS data, Exhibit DHC-3

Average of the historical and estimates average 7.10%

Book Value Per Share ("BVPS")

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	\$11.82	\$12.74	\$13.22	\$14.05	\$13.97	\$15.01	\$15.72	\$16.64	\$17.53	\$17.95	\$19.39	\$20.26
American Water Works										\$25.64	\$22.91	\$23.59
Aqua America	\$3.42	\$3.85	\$4.15	\$4.36	\$5.34	\$5.89	\$6.30	\$6.96	\$7.32	\$7.82	\$8.12	\$8.51
Artesian Resources				\$9.65	\$9.01	\$9.26	\$9.60	\$10.15	\$11.66	\$11.86	\$12.15	\$12.44
California Water	\$6.71	\$6.45	\$6.48	\$6.56	\$7.22	\$7.83	\$7.90	\$9.07	\$9.25	\$9.72	\$10.13	\$10.45
Connecticut Water Service	\$8.61	\$8.92	\$9.25	\$10.06	\$10.46	\$10.94	\$11.52	\$11.60	\$11.95	\$12.23	\$12.67	\$13.05
Middlesex Water	\$6.95	\$6.98	\$7.11	\$7.39	\$7.60	\$8.02	\$8.26	\$9.52	\$10.05	\$10.03	\$10.33	\$11.13
SJW Corp.	\$7.88	\$7.90	\$8.17	\$8.40	\$9.11	\$10.11	\$10.72	\$12.48	\$12.90	\$13.99	\$13.66	\$13.75
York Water Co.			\$3.79	\$3.90	\$4.06	\$4.65	\$4.85	\$5.84	\$5.97	\$6.14	\$6.92	\$7.19

Year over Year Change Ratios for BVPS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
American States Water	1.08	1.04	1.06	0.99	1.07	1.05	1.06	1.05	1.02	1.08	1.04
American Water Works										0.89	1.03
Aqua America	1.13	1.08	1.05	1.22	1.10	1.07	1.10	1.05	1.07	1.04	1.05
Artesian Resources				0.93	1.03	1.04	1.06	1.15	1.02	1.02	1.02
California Water	0.96	1.00	1.01	1.10	1.08	1.01	1.15	1.02	1.05	1.04	1.03
Connecticut Water Service	1.04	1.04	1.09	1.04	1.05	1.05	1.01	1.03	1.02	1.04	1.03
Middlesex Water	1.00	1.02	1.04	1.03	1.06	1.03	1.15	1.06	1.00	1.03	1.08
SJW Corp.	1.00	1.03	1.03	1.08	1.11	1.06	1.16	1.03	1.08	0.98	1.01
York Water Co.			1.03	1.04	1.15	1.04	1.20	1.02	1.03	1.13	1.04

Source: Exhibit DHC-7

BVPS Historical Summary

American States Water
American Water Works
Aqua America
Artesian Resources*
California Water
Conn. Water Service
Middlesex Water
SJW Corp.
York Water Co.

Geometric Means, a.k.a. Compound Annual Growth Rates

10-yr '00-'10	5-yr '05-'10	3-yr '07-'10
4.75%	5.21%	4.94%
8.25%	6.20%	5.15%
	5.32%	2.18%
4.94%	5.75%	4.15%
3.88%	2.53%	2.98%
4.78%	6.15%	3.46%
5.70%	5.10%	2.15%
	8.19%	6.39%

average of all means & medians:

mean	5.38%	5.56%	3.93%
median	4.86%	5.54%	3.81%

4.84%

Arithmetic Means, a.k.a. Simple Averages

10-yr '00-'10	5-yr '05-'10	3-yr '07-'10
4.78%	5.22%	4.97%
8.37%	6.22%	5.16%
	5.43%	2.18%
5.04%	5.85%	4.15%
3.90%	2.53%	2.98%
4.85%	6.27%	3.51%
5.82%	5.31%	2.25%
	8.42%	6.48%

average of all means & medians:

mean	5.46%	5.66%	3.96%
median	4.94%	5.64%	3.83%

4.92%

Average of the historical averages 4.88%

Analysts' BVPS Estimates

American States Water
American Water Works
Aqua America
Artesian Resources
California Water
Connecticut Water Service
Middlesex Water
SJW Corp.
York Water Co.

Value Line 2014-2016	
	2.05%
	0.01%
	7.75%
	none
	4.89%
	none
	none
	9.35%
	none

mean
median

	4.81%
	4.89%
	4.85%

Average of mean and median

Average of the historical and estimates averages

	4.88%

AMER. STATES WATER NYSE:AWR					RECENT PRICE	35.05	P/E RATIO	17.5 (Trailing: 16.5 Median: 22.0)	RELATIVE P/E RATIO	1.09	DIV'D YLD	3.2%	VALUE LINE							
TIMELINESS	3	Raised 11/19/10	High: 25.3	28.4	29.0	29.0	28.8	34.8	43.8	46.1	42.0	38.8	39.8	36.4						
SAFETY	3	New 2/4/00	Low: 15.7	19.0	20.3	21.6	20.8	24.3	30.3	33.6	27.0	29.8	31.2	32.7						
TECHNICAL	3	Lowered 7/22/11	LEGENDS 1.25 X Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 6/02 Options: No Shaded areas indicate recessions																	
BETA	.75	(1.00 = Market)																		
2014-15 PROJECTIONS																				
Price		Gain	Return																	
High	55	(+55%)	14%																	
Low	40	(+13%)	7%																	
Insider Decisions																				
A S O N D J F M A																				
to Buy	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Options	0	0	1	2	1	0	0	0	0	0	0	0	0	0	0					
to Sell	0	1	1	2	0	0	0	0	0	0	0	0	0	0	0					
Institutional Decisions																				
3Q10		4Q10	1Q11	2Q11																
to Buy	53	59	51	51																
to Sell	47	51	48	48																
Net Buy	6	8	3	3																
Percent shares traded																				
12																				
8																				
4																				
11995		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% TOT. RETURN 6/11	
11995		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1 YR. 7.8 35.8	
11995		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	5 YR. 8.4 51.3	
11995		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	10 YR. 11.8 50.6	
11995		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	VALUE LINE PUB. LLC 14-16	
11.03	11.37	11.44	11.02	12.31	12.17	13.05	13.78	13.98	13.61	14.05	15.76	17.49	18.42	19.48	21.41	21.85	22.55	Revenues per sh	25.95	
1.75	1.75	1.85	2.04	2.26	2.20	2.53	2.54	2.08	2.23	2.64	2.89	3.31	3.37	3.40	4.23	4.10	4.30	"Cash Flow" per sh	4.89	
1.03	1.13	1.04	1.08	1.19	1.28	1.35	1.34	.78	1.05	1.32	1.33	1.62	1.55	1.62	2.22	2.00	2.15	Earnings per sh A	2.50	
.81	.82	.83	.84	.85	.88	.87	.87	.88	.89	.90	.91	.96	1.00	1.01	1.04	1.10	1.16	Div'd Decl'd per sh B	1.28	
2.19	2.40	2.58	3.11	4.30	3.03	3.18	2.68	3.76	5.03	4.24	3.91	2.89	4.45	4.18	4.24	4.10	4.10	Cap'l Spending per sh	4.75	
10.29	11.01	11.24	11.48	11.82	12.74	13.22	14.05	13.97	15.01	15.72	16.64	17.53	17.95	19.39	20.26	20.00	20.50	Book Value per sh	21.75	
11.77	13.33	13.44	13.44	13.44	15.12	15.12	15.18	15.21	16.75	16.80	17.05	17.23	17.30	18.53	18.63	19.00	19.50	Common Shs Outstg C	20.25	
11.6	12.6	14.5	15.5	17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	24.0	22.6	21.2	15.7	15.7	15.7	Avg Ann'l P/E Ratio	19.0	
.78	.79	.84	.81	.97	1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.36	1.41	1.01	1.01	1.01	Relative P/E Ratio	1.25	
6.7%	5.8%	5.5%	5.0%	4.2%	4.2%	3.9%	3.5%	3.5%	3.6%	3.1%	2.5%	2.5%	2.9%	2.9%	3.0%	3.0%	3.0%	Avg Ann'l Div'd Yield	2.7%	
CAPITAL STRUCTURE as of 3/31/11					197.5	209.2	212.7	228.0	236.2	268.6	301.4	318.7	361.0	398.9	415	440	Revenues (\$mil)	525		
Total Debt \$361.1 mil. Due in 5 Yrs \$296.8 mil.					20.4	20.3	11.9	16.5	22.5	23.1	28.0	26.8	29.5	41.4	38.0	42.0	Net Profit (\$mil)	50.0		
LT Debt \$296.8 mil. LT Interest \$23.0 mil.					43.0%	38.9%	43.5%	37.4%	47.0%	40.5%	42.6%	37.8%	38.9%	43.2%	43.0%	42.0%	Income Tax Rate	40.0%		
(LT Interest earned: 4.6x total interest coverage: 4.1x)					54.9%	52.0%	52.0%	47.7%	50.4%	48.9%	46.9%	46.2%	45.9%	44.3%	45.0%	44.0%	AFUDC % to Net Profit	5.0%		
(44% of Cap'l)					44.7%	48.0%	48.0%	52.3%	49.6%	51.4%	53.1%	53.8%	54.1%	55.7%	55.0%	56.0%	Long-Term Debt Ratio	44.0%		
Leases, Uncapitalized: Annual rentals \$3.3 mil.					447.8	444.4	442.3	480.4	532.5	551.6	569.4	577.0	665.0	677.4	690	715	Common Equity Ratio	56.0%		
Pension Assets-12/10 \$90.2 mil.					539.8	563.3	602.3	664.2	713.2	750.6	778.4	825.3	866.4	855.0	900	940	Total Capital (\$mil)	785		
Oblig. \$118.8 mil.					6.1%	6.5%	4.5%	5.2%	5.4%	6.0%	6.7%	6.4%	5.9%	7.6%	7.0%	7.5%	Net Plant (\$mil)	1075		
Pfd Stock None.					10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	8.2%	11.0%	10.0%	10.5%	Return on Total Cap'l	8.0%		
Common Stock 18,662,115 shs.					10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	8.2%	11.0%	10.0%	10.5%	Return on Shr. Equity	11.5%		
as of 5/4/11					3.6%	3.3%	NMF	1.0%	2.8%	2.7%	3.5%	3.1%	3.2%	5.8%	4.5%	5.5%	Return on Com Equity	11.5%		
MARKET CAP: \$650 million (Small Cap)					65%	65%	113%	.84%	67%	67%	58%	64%	61%	47%	55%	53%	Retained to Com Eq	5.5%		
All Div'ds to Net Prof					52%															
CURRENT POSITION					2009	2010	3/31/11													
(MILL)					Cash Assets	1.7	4.2	2.4												
					Other	94.3	200.8	201.8												
					Current Assets	96.0	205.0	204.2												
					Accts Payable	33.9	36.2	42.9												
					Debt Due	18.1	51.4	61.3												
					Other	47.7	81.2	91.8												
					Current Liab.	99.7	178.8	196.0												
					Fix. Chg. Cov.	352%	441%	400%												
ANNUAL RATES					Past 10 Yrs	Past 5 Yrs	Est'd '08-'10													
					of change (per sh)	10 Yrs	5 Yrs	to '14-'16												
					Revenues	5.0%	7.5%	4.5%												
					"Cash Flow"	5.5%	9.5%	4.5%												
					Earnings	4.5%	11.5%	5.5%												
					Dividends	2.0%	2.5%	4.0%												
					Book Value	5.0%	5.0%	2.0%												
QUARTERLY REVENUES (\$ mil.)					Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year										
					2008	68.9	80.3	85.3	84.2	318.7										
					2009	79.6	93.6	101.5	86.3	361.0										
					2010	88.4	95.5	111.3	103.7	398.9										
					2011	94.3	103.7	120	97.0	415										
					2012	98.0	112	125	105	440										
EARNINGS PER SHARE A					Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year										
					2008	30	33	26	43	1.55										
					2009	28	64	52	18	1.62										
					2010	45	47	62	71	2.25										
					2011	37	55	69	39	2.00										
					2012	42	58	73	42	2.15										
QUARTERLY DIVIDENDS PAID B					Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year										
					2007	235	235	235	250	.98										
					2008	250	250	250	250	1.00										
					2009	250	250	250	260	1.01										
					2010	260	260	260	260	1.04										
					2011	260	260													

After its disappointing first-quarter showing, we have tempered our full-year earnings forecast for American States Water. The company posted an 18% earnings decline in the March period, despite registering a solid 7% top-line advance. The reason is increased operating costs, specifically those associated with the build out of its military business (ASUS). Such expenses are likely to remain high, and we've thus trimmed our 2011 earnings by a dime, to \$2.00 a share, representing an 11% dip from the prior year's tally. The aforementioned initiative ought to help better position the company longer term. Although American has been on the receiving end of favorable decisions of late, that has not always been the case and the climate could change at the drop of a hat. ASUS is far less regulated than the company's traditional businesses and offers healthy upside in our opinion. Military contracts could be a much-needed catalyst for earnings growth going forward. That said, the core of the company will undoubtedly be heavily regulated, so potential investors are advised to stay abreast of the developments surrounding the recently filed general rate case for all three water regions. A decision is expected to be handed down by the end of 2012.

But there are still some significant hurdles ahead. The water utility industry is capital-intensive, and American is cash strapped. Infrastructure costs are on the rise and not likely to subside, given the age and condition of many water systems. American recently sold its Chaparral City subsidiary for \$29 million, but the proceeds are just a drop in the bucket. It will need to go out on the open market and issue stock and/or debt to foot the bill. Unfortunately, such activities come at a price, and will dilute any potential gains. We recommend that most investors look elsewhere. AWR lacks price appreciation potential for the coming six to 12 months as well as the next 3- to 5-year pull, given the company's capital restraints. Likewise, we believe that the income component may lose some of its luster longer term, when compared to other utility offerings, although American recently upped its quarterly payout.

Andre J. Costanza

July 22, 2011

AMERICAN WATER NYSE:AWK										RECENT PRICE	29.56	P/E RATIO	17.4	(Trailing: 18.5) (Median: NMF)	RELATIVE P/E RATIO	1.09	DIVID YLD	3.1%	VALUE LINE	Target Price Range														
TIMELINESS	1	New 10/22/10																																
SAFETY	3	New 7/25/08																																
TECHNICAL	3	Raised 7/15/11																																
BETA	.65	(1.00 = Market)																																
2014-16 PROJECTIONS																																		
LEGENDS																																		
..... Relative Price Strength																																		
Options: Yes																																		
Shaded areas indicate recessions																																		
Price Gain Ann'l Total																																		
High 50 (+70%) 16%																																		
Low 35 (+20%) 7%																																		
Insider Decisions																																		
A S O N D J F M A																																		
to Buy 0 0 0 0 0 0 1 0 0																																		
to Sell 0 0 0 0 0 0 1 1 0																																		
Institutional Decisions																																		
to Buy 146 146 168																																		
to Sell 93 119 117																																		
to Buy 149349 145430 145932																																		
Percent shares traded																																		
21 14 7																																		
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012																																		
CAPITAL STRUCTURE as of 3/31/11																																		
Total Debt \$5698.0 mill. Due in 5 Yrs \$201.9 mill.																																		
LT Debt \$5362.3 mill. LT Interest \$280.0 mill.																																		
(Total Interest coverage: 1.9x) (56% of Cap'l)																																		
Leases, Uncapitalized: Annual rentals \$25.7 mill.																																		
Pension Assets-12/10 \$861.0 mill																																		
Obliq. \$1285.5 mill.																																		
Pfd Stock \$27.8 mill. Pfd Div'd NMF																																		
Common Stock 175,356,140 shs. as of 4/28/11																																		
MARKET CAP: \$5.2 billion (Mid Cap)																																		
CURRENT POSITION (MILL)																																		
Cash Assets 22.3 13.1 13.5																																		
Other 476.8 521.2 1292.0																																		
Current Assets 499.1 534.3 1305.5																																		
Accts Payable 138.6 199.2 132.7																																		
Debt Due 173.6 44.8 335.7																																		
Other 295.2 530.5 666.5																																		
Current Liab. 607.4 774.5 1134.9																																		
Flx. Chg. Cov. 210% 237% 250%																																		
ANNUAL RATES of change (per sh)																																		
Past 10 Yrs. Past 5 Yrs. Est'd '08-'10																																		
Revenues -- -- 3.5%																																		
"Cash Flow" -- -- 5.0%																																		
Earnings -- -- 8.5%																																		
Dividends -- -- 8.0%																																		
Book Value -- -- -5%																																		
QUARTERLY REVENUES (\$ mill)																																		
Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year																																		
2008 506.8 589.4 672.2 568.5 2336.9																																		
2009 550.2 612.7 680.0 597.8 2440.7																																		
2010 588.1 671.2 786.9 664.5 2710.7																																		
2011 610.9 705 810 724.1 2850																																		
2012 650 750 865 760 3025																																		
EARNINGS PER SHARE ^																																		
Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year																																		
2008 .04 .28 .55 .23 1.10																																		
2009 .19 .32 .52 .21 1.25																																		
2010 .18 .42 .71 .23 1.53																																		
2011 .24 .45 .75 .26 1.70																																		
2012 .24 .49 .79 .28 1.80																																		
QUARTERLY DIVIDENDS PAID ^																																		
Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year																																		
2007 -- -- -- -- --																																		
2008 -- -- .20 .20 .40																																		
2009 .20 .20 .21 .21 .82																																		
2010 .21 .21 .22 .22 .86																																		
2011 .22 .23 -- -- --																																		
BUSINESS: American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to over 15 million people in over 30 states and Canada. Its nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up over 89% of 2010 revenues. New Jersey is its biggest																																		
American Water Works continues to execute a portfolio optimization strategy for its regulated business. This includes the recent acquisition of 11 regulated water systems and 59 wastewater systems in Missouri. The company also announced the sale of its Texas subsidiary's assets, and the divestiture of the regulated water and wastewater operations in Arizona and New Mexico. Meanwhile, American agreed to swap its regulated operations in Ohio for Aqua America's regulated business in New York.																																		
We believe that these moves, on balance, should yield some much-needed cash. The value of aforementioned divestitures is roughly \$470 million, and that excludes the agreement to swap its regulated business in Ohio (this deal should net about \$50 million for American Water). The added cash ought to support infrastructure expenditures and more strategic expansion in the coming years.																																		
Profit growth ought to persist at a healthy clip for the utility. American earned \$0.24 a share during the first quarter (excluding discontinued operations), driven by a one-percentage-point																																		
decline in the operating efficiency ratio (maintenance expenses to revenues). We look for profitability to improve in conjunction with more rate hikes on the horizon. During the March quarter, the company was granted \$10.9 million in annualized rate increases, assuming constant sales volume. It also received awards in West Virginia and Texas during the June interim. All told, earnings ought to advance at an over 10% pace this year, and at a mid-single-digit clip in 2012, with the better regulatory climate offsetting financing costs.																																		
American Water remains in good shape for the long haul. A reshuffling of the company's operations ought to improve its bottom-line prospects over the pull to 2014-2016. Declines in residential water usage should slow, and we look for more growth of the company's commercial and industrial water segments.																																		
The stock is a timely sale opportunity, but does not stand out for price appreciation potential out to 2014-2016. It should be noted, however, that our projections do not account for a divestiture yet.																																		
Andre J. Costanza																																		
July 22, 2011																																		

TIMELINESS 3 Lowered 12/1/11

SAFETY 3 Lowered 8/1/03

TECHNICAL 3 Raised 6/10/11

BETA .65 (1.00 = Market)

2014-16 PROJECTIONS

	Price	Gain	Apr'16 Total Return
High	35	+55%	14%
Low	25	+10%	6%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	1	0	0	0	0	0	0	0
Options	0	2	1	0	1	0	1	0	0
to Sell	0	2	1	1	0	0	0	0	1

Institutional Decisions

	3Q2011	4Q2010	1Q2011
to Buy	90	101	81
to Sell	101	94	112
Net Buy	507	554	57

LEGENDS

- 1.60 x Dividends p.sh. divided by Interest Rate
- Relative Price Strength
- 5-for-4 split 12/00
- 5-for-4 split 12/01
- 5-for-4 split 12/03
- 5-for-3 split 12/05
- Options Yes
- Options No
- Shaded areas indicate recessions

Target Price Range	2014	2015	2016
64			
48			
40			
32			
24			
16			
8			
6			

	THIS STOCK	S&P 500 INDEX
1yr.	27.5	35.8
3yr.	50.5	51.3
5yr.	10.3	50.6

1993	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC		14-15
1.84	1.85	2.02	2.09	2.41	2.46	2.70	2.85	2.97	3.48	3.85	4.03	4.52	4.53	4.91	5.26	5.55	5.85	Revenues per sh	6.80	
.47	.50	.58	.61	.72	.76	.86	.86	.96	1.09	1.21	1.26	1.37	1.42	1.61	1.78	1.95	2.05	"Cash Flow" per sh	2.40	
.29	.30	.34	.40	.42	.47	.51	.54	.57	.64	.71	.70	.71	.73	.77	.90	1.05	1.11	Earnings per sh A	1.40	
.22	.23	.24	.26	.27	.28	.30	.32	.35	.37	.40	.44	.48	.51	.55	.59	.62	.66	Div'd Dec'd per sh B=	.78	
.52	.48	.58	.82	.90	1.16	1.09	1.20	1.32	1.54	1.84	2.05	1.79	1.98	2.08	2.37	2.39	2.33	Cap'l Spending per sh	2.50	
2.46	2.69	2.84	3.21	3.42	3.85	4.15	4.38	5.34	5.89	6.30	6.86	7.32	7.82	8.12	8.51	8.95	9.40	Book Value per sh	11.05	
63.74	65.75	67.47	72.20	106.80	111.82	113.97	113.19	123.45	127.18	128.97	132.33	133.40	135.37	136.49	137.97	138.99	139.90	Common Shs Outstg ^C	142.90	
12.0	15.6	17.8	22.5	21.2	18.2	23.6	23.6	24.5	25.1	31.8	34.7	32.0	24.9	23.1	21.1	18.9	18.9	Avg Ann'l PIE Ratio	21.0	
.80	.98	1.03	1.17	1.21	1.18	1.21	1.29	1.40	1.33	1.69	1.87	1.70	1.50	1.54	1.36	1.36	1.36	Relative PIE Ratio	1.40	
6.2%	4.9%	3.9%	2.9%	3.0%	3.3%	2.5%	2.6%	2.5%	2.3%	1.8%	1.5%	2.1%	2.8%	3.1%	3.1%	3.1%	3.1%	Avg Ann'l Div'd Yield	2.5%	
CAPITAL STRUCTURE as of 3/31/11						307.3	322.0	357.2	442.0	495.8	533.5	602.5	627.0	670.5	726.1	778	820	Revenues (\$mill)	976	
Total Debt \$1558.5 mill. Due in 5 Yrs \$310 mill.						58.5	62.7	67.3	80.0	91.2	92.0	95.0	97.9	104.4	124.0	145	155	Net Profit (\$mill)	208	
LT Debt \$1530.1 mill. LT Interest \$58.9 mill.						39.3%	38.5%	39.3%	39.4%	38.4%	35.6%	38.9%	39.7%	39.4%	39.2%	40.0%	40.5%	Income Tax Rate	40.0%	
(LT Interest earned: 4.5x; total interest coverage: 4.5x)						--	--	--	--	--	--	--	--	--	29.9%	3.1%	2.5%	2.5%	AFUDC % to Net Profit	1.5%
						52.2%	54.2%	51.4%	50.0%	52.0%	51.6%	55.4%	54.1%	56.5%	56.6%	55.0%	53.0%	Long-Term Debt Ratio	47.0%	
Pension Assets Net \$159.2 mill.						47.7%	45.8%	48.6%	50.0%	48.0%	48.4%	44.6%	45.9%	44.4%	43.4%	45.5%	47.0%	Common Equity Ratio	53.0%	
Oblig. \$234.9 mill.						980.4	1078.2	1355.7	1497.3	1690.4	1904.4	2191.4	2306.5	2455.5	2706.2	2765	2810	Total Capital (\$mill)	3900	
Pfd Stock None						1368.1	1490.8	1824.3	2069.8	2280.0	2506.0	2792.8	2997.4	3227.3	3469.3	3630	3800	Net Plant (\$mill)	4320	
Common Stock 138,217,191 shares as of 4/27/11						7.8%	7.6%	6.4%	6.7%	6.9%	6.4%	5.9%	5.7%	5.6%	5.5%	5.3%	5.0%	Return on Total Cap'l	8.0%	
MARKET CAP: \$3.1 billion (Mid Cap)						12.3%	12.7%	10.2%	10.7%	11.2%	10.0%	9.7%	9.3%	9.4%	10.6%	11.5%	11.5%	Return on Shr. Equity	12.5%	
						12.4%	12.7%	10.2%	10.7%	11.2%				9.4%	10.6%	11.5%	11.5%	Return on Com Equity	12.5%	
CURRENT POSITION (\$MILL.)						5.1%	5.2%	4.2%	4.6%	4.3%	3.7%	3.2%	2.8%	2.7%	3.7%	5.0%	4.5%	Retained to Com Eq	5.5%	
Cash Assets						59%	59%	59%	57%	56%	63%	67%	70%	72%	65%	59%	60%	All Div's to Net Prof	56%	
Receivables																				
Inventory (AvgCst)																				
Other																				
Current Assets						121.6	145.4	156.9												
Accts Payable						57.9	45.3	29.5												
Debt Due						87.0	28.5	28.4												
Other						56.1	149.9	151.4												
Current Liab.						201.0	223.7	209.3												
Fbx. Chg. Cov.						346%	290%	306%												
BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Divested three of four non-water businesses in '91; telemarketing group in '93; and others. Acquired AquaSource, 7/03; Consumers Water, 4/99; and																			others. Water supply revenues 10% residential, 59.4%; commercial, 14.5%; industrial & other, 26.0%. Officers and directors own 2.0% of the common stock (4/11 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.	
Aqua America should continue its																			lifting the bottom line. The company is	

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16	
of charge (per sh)					
Revenues		8.0%	7.5%	6.5%	
"Cash Flow"		8.5%	8.0%	8.0%	
Earnings		8.5%	4.5%	10.5%	
Dividends		7.5%	8.0%	5.5%	
Book Value		9.0%	7.0%	6.0%	

Cal- endar	QUARTERLY REVENUES (\$ mil.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	139.3	151.0	177.1	158.6	627.0
2009	154.5	167.3	180.8	167.9	670.5
2010	160.5	178.5	207.8	179.3	726.1
2011	171.3	190	220	168.7	770
2012	190	200	230	200	820

Cal- endar	EARNINGS PER SHARE ^				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.11	.17	.26	.19	.73
2009	.14	.19	.25	.19	.77
2010	.16	.22	.32	.20	.90
2011	.19	.24	.34	.28	1.05
2012	.20	.25	.37	.28	1.10

Cal- endar	QUARTERLY DIVIDENDS PAID ^				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007	.115	.115	.125	.125	.48
2008	.125	.125	.125	.135	.51
2009	.135	.135	.135	.145	.55
2010	.145	.145	.145	.155	.59
2011	.155	.155			

(A) Diluted eggs. Excl. nonrec. gains (losses): '99, 11(6); '00, 2(4); '01, 2(4); '02, 5(4); '03, 4(4). Excl. gain from disc. operations: '96, 2(4). Earnings may not add due to rounding. Next earnings report due late July. (B) Dividends historically paid in early March, June, Sept. & Dec. = Div'd. reinvestment plan available (5% discount). © 2011, Value Line Publishing LLC. All rights reserved. Full material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.	(C) In millions, adjusted for stock splits.	Company's Financial Strength Stock's Price Stability Price/Growth Persistence Earnings Predictability	B+ 70 100 100
To subscribe call 1-800-833-0046			

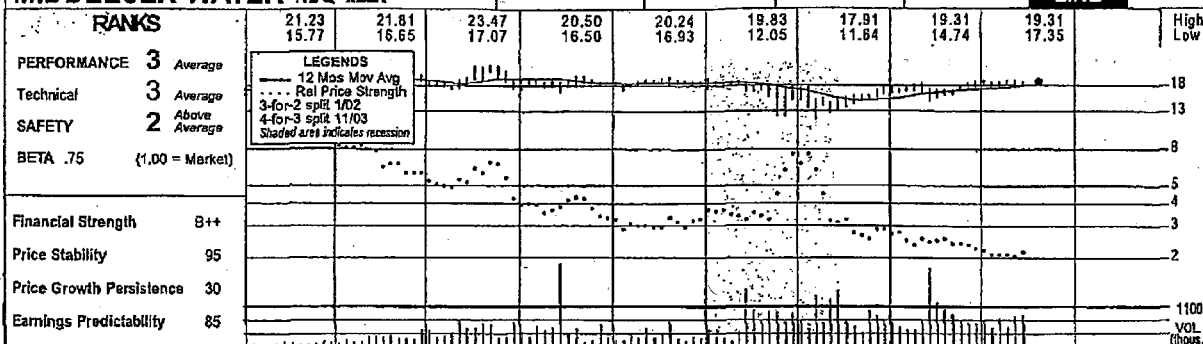
ARTESIAN RES. CORP. NDQ-ARTNA				RECENT PRICE	19.06	TRAILING P/E RATIO	20.9	RELATIVE P/E RATIO	1.19	DIVID YLD	4.0%	VALUE LINE		
RANKS				19.83 13.08	20.04 15.18	22.62 17.20	22.33 17.90	20.67 18.26	19.31 13.00	18.73 12.81	19.69 18.43	19.99 17.69	High Low	
PERFORMANCE	3	Average	LEGENDS — 12 Mos. Mav Avg ... Rel Price Strength 3-for-2 split 7/03 3-for-2 split 7/06 Shaded area indicates recession											18
Technical	3	Average												13
SAFETY	2	Above Average												8
BETA .60		(1.00 = Market)												5
Financial Strength	B+												4	
Price Stability	100												3	
Price Growth Persistence	45												2	
Earnings Predictability	80												350 VOL (thous.)	
© VALUE LINE PUBLISHING LLC				2003	2004	2005	2006	2007	2008	2009	2010	2011	2012/2013	
SALES PER SH				6.20	6.67	7.52	7.77	7.20	7.59	8.11	8.48	—	—	
CASH FLOW PER SH				1.28	1.42	1.56	1.75	1.57	1.65	1.84	1.92	—	—	
EARNINGS PER SH				.64	.72	.81	.97	.90	.86	.97	1.00	1.00 ^{A,B}	1.13 ^C /NA	
DIVD'S DECL'D PER SH				.53	.55	.58	.61	.66	.71	.72	.75	—	—	
CAP'L SPENDING PER SH				4.20	4.82	3.35	5.08	3.66	6.09	2.32	2.57	—	—	
BOOK VALUE PER SH				9.01	9.26	9.60	10.15	11.66	11.86	12.15	12.44	—	—	
COMMON SHS OUTST'G (MILL)				5.85	5.93	6.02	6.09	7.30	7.40	7.51	7.65	—	—	
AVG ANN'L P/E RATIO				24.7	25.4	24.2	20.3	21.5	20.1	18.4	18.2	19.1	16.9/NA	
RELATIVE P/E RATIO				1.41	1.34	1.28	1.10	1.14	1.21	1.09	1.16	—	—	
AVG ANN'L DIV'D YIELD				3.4%	3.0%	2.9%	3.1%	3.4%	4.1%	4.5%	4.1%	—	—	
SALES (\$MILL)				36.3	39.8	45.3	47.3	52.5	56.2	60.9	64.9	—	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.	
OPERATING MARGIN				—	—	100.0%	45.6%	45.6%	45.1%	46.9%	46.5%	—		
DEPRECIATION (\$MILL)				3.6	4.0	4.4	4.6	5.2	5.8	6.6	7.0	—		
NET PROFIT (\$MILL)				3.9	4.4	5.0	6.1	6.3	6.4	7.3	7.6	—		
INCOME TAX RATE				37.9%	39.6%	39.8%	39.0%	39.8%	40.8%	40.1%	40.0%	—		
NET PROFIT MARGIN				10.8%	11.1%	11.1%	12.8%	11.9%	11.4%	11.9%	11.7%	—		
WORKING CAP'L (\$MILL)				d10.5	d8.7	d1.8	d8.8	2.5	d20.9	d23.3	d27.9	—		
LONG-TERM DEBT (\$MILL)				80.6	82.4	92.4	92.1	91.8	107.6	106.0	105.1	—		
SHR. EQUITY (\$MILL)				52.7	54.9	57.8	61.8	85.1	87.8	91.2	95.1	—		
RETURN ON TOTAL CAP'L				4.5%	5.1%	5.3%	5.8%	5.3%	4.7%	5.2%	5.6%	—		
RETURN ON SHR. EQUITY				7.4%	8.0%	8.7%	9.8%	7.4%	7.3%	8.0%	8.0%	—		
RETAINED TO COM EQ				1.4%	2.1%	2.7%	3.8%	2.1%	1.4%	2.1%	2.0%	—		
ALL DIVD'S TO NET PROF				81%	74%	69%	61%	71%	81%	74%	75%	—		
*No. of analysts changing earn. est. in last 9 days: 0 up, 0 down, consensus 5-year earnings growth 3.6% per year. ^A Based upon 4 analysts' estimates. ^B Based upon 4 analysts' estimates. ^C Based upon 4 analysts' estimates.														
ANNUAL RATES				ASSETS (\$mill.)				2009	2010	3/31/11	INDUSTRY: Water Utility			
of change (per share)				Cash Assets				.5	.2	.3	BUSINESS: Artesian Resources Corporation, through its subsidiaries, provides water, wastewater and other services on the Delmarva Peninsula. The company distributes and sells water, including water for public and private fire protection, to residential, commercial, industrial, municipal and utility customers throughout the states of Delaware, Maryland and Pennsylvania. It also provides wastewater services to customers in Delaware and has entered into purchase agreements to provide wastewater services in the state of Maryland. In addition, Artesian provides contract water and wastewater operations, water and sewer service line protection plans, wastewater management services, and design, construction and engineering services. Artesian Resources is the parent holding company of Artesian Water Company, Inc., Artesian Water Pennsylvania, Inc., Artesian Water Maryland, Inc., Artesian Wastewater Management, Inc., Artesian Wastewater Maryland, Inc. and three other entities. Has 238 employees. Chairman, C.E.O. & President: Dian C. Taylor. Address: 664 Churchmans Rd., Newark, DE 19702. Tel.: 302 453-6900. Internet: http://www.artesianwater.com . <i>W.T.</i>			
Sales				Receivables				9.0	5.1	8.2				
"Cash Flow"				Inventory				1.2	1.2	1.3				
Earnings				Other				2.5	7.5	2.0				
Dividends				Current Assets				13.2	14.0	11.8				
Book Value				Property, Plant & Equip, at cost				403.0	414.6	—				
				Accum Depreciation				64.9	69.2	—				
				Net Property				338.1	345.4	350.7				
				Other				7.6	12.1	7.8				
				Total Assets				358.9	371.5	370.3				
				LIABILITIES (\$mill.)				3.7	3.4	3.6				
				Accts Payable				27.7	30.6	27.6				
				Debt Due				5.1	7.9	7.0				
				Other				36.5	41.9	38.2				
				Current Liab				—	—	—				
				LONG-TERM DEBT AND EQUITY as of 3/31/11				—	—	—				
				Total Debt \$134.5 mill.				—	—	—				
				LT Debt \$106.9 mill.				—	—	—				
				Including Cap. Leases NA				—	—	—				
				(53% of Cap'l)				—	—	—				
				Leases, Uncapitalized Annual rentals NA				—	—	—				
				Pension Liability \$.5 mill. in '10 vs. \$.7 mill. in '09				—	—	—				
				Pfd Stock None				—	—	—				
				Pfd Div'd Paid None				—	—	—				
				Common Stock 7,665,000 shares				—	—	—				
				(47% of Cap'l)				—	—	—				
INSTITUTIONAL DECISIONS				TOTAL SHAREHOLDER RETURN				Dividends plus appreciation as of 6/30/2011						
								3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.		
to Buy								-6.62%	-3.02%	1.56%	11.47%	12.77%		
to Sell								—	—	—	—	—		
Hld's(000)								—	—	—	—	—		
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CALIFORNIA WATER NYSE-CWT										RECENT PRICE	18.73	P/E RATIO	18.7 (Trailing: 21.3 Median: 22.0)	RELATIVE P/E RATIO	1.17	DIVID YLD	3.3%	VALUE LINE	Target Price Range												
TIMELINESS	3	Raised 7/22/11	High: 15.7	14.3	13.4	15.7	19.0	21.1	22.9	22.7	23.3	24.1	18.8	19.2	17.3				2014	2015	2016										
SAFETY	3	Lowered 7/27/07	Low: 10.8	11.4	10.2	11.8	13.0	15.6	16.4	17.1	13.8	16.7	18.9																		
TECHNICAL	3	Lowered 11/12/10	LEGENDS 1.33 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 1988 2-for-1 split 6/11 Options: Yes Shaded areas indicate recessions																												
BETA	.70	(1.00 = Market)																													
2014-16 PROJECTIONS																															
Ann'l Total																															
Price	Gain	Return																													
High	30	(+60%)	14%																												
Low	20	(+5%)	5%																												
Insider Decisions																															
A	S	O	N	D	J	F	M	A																							
to Buy	1	0	0	0	0	0	0	0																							
Options	0	2	0	1	0	0	0	0																							
to Sell	0	0	0	1	0	0	0	0																							
Institutional Decisions																															
3Q2010	4Q2010	1Q2011																													
to Buy	53	62	58																												
to Sell	53	48	49																												
Shares	19412	20250	21158																												
Percent	18																														
shares	12																														
traded	8																														
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	VALUE LINE PUB. LLC 14-16													
6.58	7.24	7.74	7.38	7.98	8.08	8.13	8.67	8.18	8.59	8.72	8.10	8.88	9.90	10.82	11.05	11.35	11.80	Revenues per sh	13.40												
1.04	1.25	1.46	1.30	1.37	1.26	1.10	1.32	1.26	1.42	1.52	1.36	1.56	1.86	1.93	1.93	2.25	2.35	"Cash Flow" per sh	2.45												
.58	.75	.92	.73	.77	.69	.47	.63	.61	.73	.74	.57	.75	.95	.98	.91	1.00	1.10	Earnings per sh	1.30												
.51	.52	.53	.54	.54	.55	.56	.58	.59	.57	.57	.58	.58	.59	.59	.60	.62	.64	Div'd Decl'd per sh	1.75												
1.09	1.41	1.30	1.37	1.72	1.23	2.04	2.91	2.19	1.87	2.01	2.14	1.84	2.41	2.86	2.97	3.05	3.00	Cap'l Spending per sh	3.10												
5.85	6.11	6.50	6.69	6.71	6.45	6.48	6.56	7.22	7.83	7.90	9.07	9.25	9.72	10.13	10.45	10.60	10.95	Book Value per sh	12.35												
25.08	25.24	25.24	25.24	25.67	30.29	30.36	30.36	33.86	36.73	36.78	41.31	41.33	41.45	41.53	41.67	44.00	45.00	Common Shs Outstg	48.50												
13.7	11.9	12.6	17.8	17.8	19.6	27.1	19.8	22.1	20.1	24.9	29.2	26.1	19.8	19.7	20.3	20.3	20.0	Avg Ann'l P/E Ratio	20.0												
.92	.75	.73	.93	1.01	1.27	1.39	1.08	1.26	1.05	1.33	1.59	1.39	1.19	1.31	1.30	1.30	1.35	Relative P/E Ratio	1.35												
6.4%	5.8%	4.6%	4.2%	4.0%	4.3%	4.4%	4.5%	4.2%	3.9%	3.1%	2.9%	3.0%	3.1%	3.1%	3.2%	3.2%	2.8%	Avg Ann'l Div'd Yield	2.8%												
CAPITAL STRUCTURE as of 3/31/11						249.8	263.2	277.1	315.6	320.7	334.7	367.1	410.3	449.4	460.4	500	530	Revenues (\$mil) E	550												
Total Debt \$510.2 mil. Due in 5 Yrs \$48.8 mil.						14.4	19.1	19.4	28.0	27.2	25.6	31.2	39.8	40.6	37.7	47.0	52.0	Net Profit (\$mil)	63.0												
LT Debt \$479.0 mil. LT Interest \$31.9 mil.						39.4%	39.7%	39.5%	39.6%	42.4%	37.4%	39.9%	37.7%	40.3%	39.5%	35.0%	36.5%	Income Tax Rate	39.0%												
(LT Interest earned: 2.3x total int. cov.: 2.2x)						--	--	10.3%	3.2%	3.3%	10.6%	8.3%	8.5%	7.6%	4.2%	10.0%	10.0%	AFUDC % to Net Profit	10.0%												
(53% of Cap'l)						50.3%	55.3%	50.2%	48.6%	48.3%	43.5%	42.9%	41.6%	47.1%	52.4%	50.5%	51.5%	Long-Term Debt Ratio	50.5%												
Pension Assets-12/10 \$139.0 mil.						48.8%	44.0%	49.1%	50.8%	51.1%	55.9%	58.6%	58.4%	52.9%	47.6%	49.5%	48.5%	Common Equity Ratio	49.5%												
Obliq. \$269.9 mil.						402.7	453.1	498.4	565.9	568.1	670.1	674.9	690.4	794.9	914.7	945	1020	Total Capital (\$mil)	1210												
Pfd Stock None						624.3	697.0	759.5	800.3	862.7	941.5	1010.2	1112.4	1198.1	1294.3	1360	1440	Net Plant (\$mil)	1700												
Common Stock 41,752,032 shs.						5.3%	5.9%	5.5%	6.1%	6.3%	5.2%	5.9%	7.1%	6.5%	5.5%	7.0%	5.5%	Return on Total Cap'l	7.0%												
(adj. for 2-for-1 split, paid 6/13/11)						7.2%	9.4%	7.8%	8.9%	9.3%	6.8%	8.1%	9.9%	9.8%	8.6%	10.0%	10.0%	Return on Shr. Equity	10.5%												
MARKET CAP: \$775 million (Small Cap)						7.2%	9.5%	7.5%	9.0%	9.3%	6.8%	8.1%	9.9%	9.6%	8.6%	10.0%	10.0%	Return on Com Equity	10.5%												
CURRENT POSITION (Small)						NMF	1.0%	.7%	2.1%	2.1%	1.0%	1.8%	3.8%	3.8%	3.0%	4.0%	4.5%	Retained to Com Eq	5.5%												
						119%	90%	91%	77%	78%	86%	77%	61%	60%	65%	58%	55%	All Div'ds to Net Prof	54%												
Cash Assets						9.9	42.3	40.9																							
Other						82.3	33.9	88.2																							
Current Assets						82.2	126.2	129.1																							
Accs Payable						43.7	39.5	36.1																							
Debt Due						25.0	26.1	31.2																							
Other						41.7	41.7	50.2																							
Current Liab.						110.4	107.3	117.5																							
Fix. Chg. Cov.						430%	390%	275%																							
ANNUAL RATES						Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10																							
of change (per sh)						3.0%	4.5%	4.0%																							
Revenues						4.0%	6.5%	4.0%																							
"Cash Flow"						3.0%	6.5%	6.0%																							
Earnings						1.0%	1.0%	3.0%																							
Dividends						4.5%	5.5%	3.5%																							
Book Value																															
QUARTERLY REVENUES (\$ mil) E						Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																				
2008						72.9	105.6	131.7	100.1	410.3																					
2009						85.6	118.7	139.2	106.9	449.4																					
2010						90.3	118.3	148.3	105.5	460.4																					
2011						98.1	126.9	160	115	500																					
2012						103	132	170	125	530																					
EARNINGS PER SHARE ^						Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																				
2008						.01	.24	.53	.17	.95																					
2009						.06	.29	.47	.16	.98																					
2010						.05	.25	.49	.12	.91																					
2011						.05	.26	.54	.15	1.00																					
2012						.08	.27	.58	.17	1.10																					
QUARTERLY DIVIDENDS PAID ^						Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																				
2007						.145	.145	.145	.145	.58																					
2008						.147	.147	.147	.147	.59																					
2009						.148	.148	.148	.148	.59																					
2010						.149	.149	.149	.149	.60																					
2011						.154	.154																								
(A) Basic EPS. Excl. nonrecurring gain (loss). Qd. 7/1; 10, 4/6; '02, 8/4. Next earnings report due July 29th. (B) Dividends historically paid in early Feb., May, Aug., and Nov. = Div'd reinvestment plan available. (C) Incl. deferred charges. In '10: \$2.2 mil., \$0.11/sh. (D) In millions, adjusted for split. (E) Excludes non-rec. rev.																															
BUSINESS: California Water Service Group provides regulated and nonregulated water service to roughly 470,200 customers in 83 communities in California, Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '10: residential, 72%; business, 20%; public authorities, 4%; industrial, 4%. '10 reported depreciation rate: 2.3%. Has roughly 1,127 employees. Chairman: Robert W. Foy. President & CEO: Peter C. Nelson (4/11 Proxy). Inc.: Delawara. Address: 1720 North First Street, San Jose, California 95112-4598. Telephone: 408-367-8200. Internet: www.cawatergroup.com.																		Company's Financial Strength			8+										
and in need of significant repair, if not overall replacing. The company's cash coffers are light, however, and it will probably need to look to outside financiers in the near future to meet the costs of doing business. It has already extended its line of credit to \$400 million and received authorization to issue another 15 million or so shares from the board of directors in case it needs to increase appropriations going forward. Most investors will want to look elsewhere. CWT shares are neutrally ranked for the year ahead, and do not stand out for 3- to 5-year price appreciation potential, either as we do not think that earnings growth will be able to keep pace with the accelerating costs of doing business. Although the income component is attractive at first blush, the capital requirements we envision persisting will likely bring the dividend yield back to a more reasonable level further out. Therefore, we believe that there are much better income-producing offerings to choose from in the Electric utility segment, especially on a risk-adjusted basis.																		Stock's Price Stability			90										
Andre J. Costanza																		Price Growth Persistence			95										
July 22, 2011																		Earnings Predictability			85										

CONN. WATER SERVICES				NDQ-CTWS		RECENT PRICE	25.66	TRAILING P/E RATIO	20.2	RELATIVE P/E RATIO	1.14	DIV'D YLD	3.6%	VALUE LINE	
RANKS				30.41	29.76	28.17	27.71	25.61	28.95	26.44	27.90	28.27			High
PERFORMANCE 3				24.00	23.83	21.91	20.29	22.40	19.26	17.31	20.00	23.27			Low
Technical 4				LEGENDS											45
SAFETY 2				12 Mos Mov Avg											30
BETA .80				Rel Price Strength											22.5
(1.00 = Market)				Shaded area indicates recession											13
Financial Strength B+															9
Price Stability 95															6
Price Growth Persistence 25															4
Earnings Predictability 80															3
															550
															VOL
															(thous.)
© VALUE LINE PUBLISHING LLC				2003	2004	2005	2006	2007	2008	2009	2010	2011	2012/2013		
SALES PER SH				5.91	6.04	5.81	5.88	7.05	7.24	6.93	7.65	-			
"CASH FLOW" PER SH				1.89	1.91	1.62	1.52	1.90	1.95	1.93	2.04	-			
EARNINGS PER SH				1.15	1.16	.88	.81	1.05	1.11	1.19	1.13	1.34 ^{A,B}	1.37 ^C /NA		
DIV'DS DECL'D PER SH				.83	.84	.85	.85	.87	.88	.90	.92	-			
CAP'L SPENDING PER SH				1.49	1.58	1.96	1.98	2.24	2.44	3.28	3.06	-			
BOOK VALUE PER SH				10.48	10.94	11.52	11.60	11.95	12.23	12.67	13.05	-			
COMMON SHS OUTST'G (MILL)				7.97	8.04	8.17	8.27	8.38	8.46	8.57	8.68	-			
AVG ANN'L P/E RATIO				23.5	22.9	28.6	29.0	23.0	22.2	18.4	20.7	19.1	18.7/NA		
RELATIVE P/E RATIO				1.34	1.21	1.51	1.57	1.22	1.34	1.22	1.32	-			
AVG ANN'L DIV'D YIELD				3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	4.1%	3.9%	-			
SALES (\$MILL)				47.1	48.5	47.5	46.9	59.0	61.3	59.4	66.4	-			
OPERATING MARGIN				52.1%	51.0%	48.3%	43.7%	40.8%	49.0%	35.8%	40.7%	-			
DEPRECIATION (\$MILL)				5.9	6.0	6.1	5.9	7.2	7.1	6.4	7.9	-			
NET PROFIT (\$MILL)				9.2	9.4	7.2	6.7	8.8	9.4	10.2	9.8	-			
INCOME TAX RATE				17.9%	22.9%	-	23.5%	32.4%	27.2%	19.5%	35.2%	-			
NET PROFIT MARGIN				19.5%	19.4%	15.1%	14.3%	14.9%	15.4%	17.2%	14.8%	-			
WORKING CAP'L (\$MILL)				d3.9	d.7	13.0	1.2	8.1	d3.3	d13.1	d14.7	-			
LONG-TERM DEBT (\$MILL)				64.8	66.4	77.4	77.3	92.3	92.2	112.0	111.7	-			
SHR. EQUITY (\$MILL)				84.2	88.7	94.9	96.7	100.9	104.2	109.3	114.0	-			
RETURN ON TOTAL CAP'L				7.5%	7.0%	5.0%	4.9%	5.5%	5.9%	5.5%	5.4%	-			
RETURN ON SHR. EQUITY				10.9%	10.5%	7.5%	6.9%	8.7%	9.0%	9.3%	8.6%	-			
RETAINED TO COM EQ				3.2%	3.1%	.3%	NMF	1.5%	1.9%	2.3%	1.6%	-			
ALL DIV'DS TO NET PROF				71%	71%	95%	105%	82%	79%	76%	81%	-			
*No. of analysts changing earn. est. in last 9 days: 0 up, 0 down, consensus 5-year earnings growth 4.0% per year. ^B Based upon 6 analysts' estimates. ^C Based upon 6 analysts' estimates.															
ANNUAL RATES										INDUSTRY: Water Utility					
of change (per share)										BUSINESS: Connecticut Water Service, Inc. primarily operates as a water utility provider. The company operates through three segments: Water Activities, Real Estate Transactions, and Services and Rentals. The Water Activities segment supplies public drinking water to its customers. Its Real Estate Transactions segment involves in the sale of its limited excess real estate holdings. The Services and Rentals segment provides contracted services to water and wastewater utilities and other clients, as well as leases certain properties to third parties. This segment's services include contract operations of water and wastewater facilities; Linebacker, its service line protection plan for public drinking water customers; and provision of bulk deliveries of emergency drinking water to businesses and residences via tanker truck. In April, Connecticut Water Service completed the acquisition of the Green Springs Water Company in Madison, Connecticut. Has 204 employees. Chairman, C.E.O. & President: Eric W. Thornburg, Inc.: CT. Address: 93 West Main Street, Clinton, CT 06413. Tel.: (860) 669-8636. Internet: http://www.ctwater.com .					
5 Yrs.															
1 Yr.															
Sales															
"Cash Flow"															
Earnings															
Dividends															
Book Value															
Fiscal Year															
QUARTERLY SALES (\$MILL)															
1Q 2Q 3Q 4Q															
12/31/09															
12/31/10															
12/31/11															
12/31/12															
Fiscal Year															
EARNINGS PER SHARE															
1Q 2Q 3Q 4Q															
12/31/08															
12/31/09															
12/31/10															
12/31/11															
12/31/12															
Cal-endar															
QUARTERLY DIVIDENDS PAID															
1Q 2Q 3Q 4Q															
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MIDDLESEX WATER NDQ-MSEX

RECENT PRICE **18.82** TRAILING P/E RATIO **18.5** RELATIVE P/E RATIO **1.05** DIV'D YLD **3.9%** VALUE LINE



6 VALUE LINE PUBLISHING LLC	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012/2013
SALES PER SH	6.12	6.25	6.44	6.16	6.50	6.79	6.75	6.60	--	
"CASH FLOW" PER SH	1.15	1.28	1.33	1.33	1.49	1.53	1.40	1.55	--	
EARNINGS PER SH	.61	.73	.71	.82	.87	.89	.72	.96	.98 ^{A,B}	1.04 ^C /NA
DIV'D DECL'D PER SH	.65	.66	.67	.68	.69	.70	.71	.72	--	
CAP'L SPENDING PER SH	1.87	2.54	2.18	2.31	1.68	2.12	1.49	1.90	--	
BOOK VALUE PER SH	7.60	8.02	8.26	9.52	10.05	10.03	10.33	11.13	--	
COMMON SHS OUTST'G (MILL)	10.48	11.36	11.58	13.17	13.25	13.40	13.52	15.57	--	
AVG ANN'L P/E RATIO	30.0	28.4	27.4	22.7	21.6	19.8	21.0	17.8	19.2	18.1/NA
RELATIVE P/E RATIO	1.71	1.39	1.45	1.23	1.15	1.19	1.40	1.14	--	
AVG ANN'L DIV'D YIELD	3.5%	3.4%	3.5%	3.7%	3.7%	4.0%	4.7%	4.2%	--	
SALES (\$MILL)	64.1	71.0	74.6	81.1	86.1	91.0	91.2	102.7	--	
OPERATING MARGIN	44.0%	44.4%	44.4%	47.4%	47.0%	48.9%	42.6%	45.7%	--	
DEPRECIATION (\$MILL)	5.6	6.4	7.2	7.8	8.2	8.5	9.2	10.0	--	
NET PROFIT (\$MILL)	6.6	8.4	8.5	10.0	11.8	12.2	10.0	14.3	--	
INCOME TAX RATE	32.8%	31.1%	27.6%	33.4%	32.6%	33.2%	34.1%	32.1%	--	
NET PROFIT MARGIN	10.3%	11.8%	11.4%	12.4%	13.6%	13.4%	10.9%	13.9%	--	
WORKING CAP'L (\$MILL)	d13.3	d11.8	d4.5	2.8	d9.6	d40.9	d38.6	d17.9	--	
LONG-TERM DEBT (\$MILL)	97.4	115.3	128.2	130.7	131.6	118.2	124.9	133.8	--	
SHR. EQUITY (\$MILL)	83.7	99.2	103.6	133.3	137.1	141.2	143.0	176.6	--	
RETURN ON TOTAL CAP'L	5.0%	5.1%	5.0%	5.1%	5.6%	5.8%	5.0%	5.7%	--	
RETURN ON SHR. EQUITY	7.9%	8.5%	8.2%	7.5%	8.6%	8.6%	7.0%	8.1%	--	
RETAINED TO COM EQ	NMF	.9%	.6%	1.3%	1.8%	2.0%	.1%	2.1%	--	
ALL DIV'DS TO NET PROF	106%	90%	94%	84%	79%	78%	88%	75%	--	

^ANo. of analysts changing earn. est. in last 9 days: 0 up, 0 down, consensus 5-year earnings growth 3.0% per year. ^BBased upon 3 analysts' estimates. ^CBased upon 3 analysts' estimates.

ANNUAL RATES					INDUSTRY: Water Utility				
of change (per share)	5 Yrs.	1 Yr.			ASSETS (\$mill.)	2009	2010	3/31/11	
Sales	1.5%	-2.0%			Cash Assets	4.3	2.5	3.8	
"Cash Flow"	3.5%	10.0%			Receivables	10.8	16.7	14.8	
Earnings	4.5%	33.5%			Inventory (Avg cost)	1.6	2.2	1.5	
Dividends	1.5%	1.5%			Other	5.5	1.4	1.5	
Book Value	5.5%	8.0%			Current Assets	22.0	22.8	21.4	
Fiscal Year	QUARTERLY SALES (\$mill.)	Full Year			Property, Plant & Equip, at cost	453.6	490.6	--	
12/31/09	20.6 23.1 25.5 22.0	91.2			Accum Depreciation	77.1	84.7	--	
12/31/10	21.6 28.5 29.6 25.0	102.7			Net Property	376.5	405.9	409.7	
12/31/11	24.0				Other	59.6	60.5	58.9	
12/31/12					Total Assets	458.1	489.2	490.0	
Fiscal Year	EARNINGS PER SHARE	Full Year			LIABILITIES (\$mill.)				
12/31/08	.15 .28 .35 .13	.89			Accts Payable	4.3	6.4	5.2	
12/31/09	.10 .21 .29 .12	.72			Debt Due	46.6	21.4	22.2	
12/31/10	.11 .31 .37 .17	.96			Other	9.8	12.9	14.3	
12/31/11	.17 .28 .36 .18				Current Liab	60.7	40.7	41.7	
12/31/12					LONG-TERM DEBT AND EQUITY as of 3/31/11				
Cal-endar	QUARTERLY DIVIDENDS PAID	Full Year			Total Debt \$155.3 mill.				
2008	.175 .175 .175 .178	.70			LT Debt \$133.0 mill.				
2009	.178 .178 .178 .18	.71			Including Cap. Leases NA				
2010	.18 .18 .18 .183	.72			Leases, Uncapitalized Annual rentals NA				
2011	.183				Pension Liability \$28.6 mill. in '10 vs. \$25.7 mill. in '09				
	INSTITUTIONAL DECISIONS				Pfd Stock \$3.4 mill.				
	3Q'10 4Q'10 1Q'11				Pfd Div'd Paid \$2 mill. (1% of Cap'l)				
to Buy	30 39 25				Common Stock 15,587,000 shares (56% of Cap'l)				
to Sell	24 21 25								
Hld's(000)	5930 6031 6200								

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YORK WATER CO				NDQ--YCRW		RECENT PRICE	17.36	TRAILING P/E RATIO	23.8	RELATIVE P/E RATIO	1.35	DIV'D YLD	3.0%	VALUE LINE									
RANKS				13.49	9.33	14.03	11.00	17.87	11.67	20.98	15.33	18.55	15.45	16.50	6.23	17.95	9.74	18.00	12.83	17.72	15.81	High	Low
PERFORMANCE	3	Average	LEGENDS 12 Mos Mov Avg Rel Price Strength 2-for-1 split 5/02 3-for-2 split 9/06 Shaded area indicates recession																			18	
Technical	3	Average																				13	
SAFETY	2	Average																				8	
BETA	.70	(1.00 = Market)																				5	
Financial Strength	B++																				4		
Price Stability	90																				3		
Price Growth Persistence	60																				2		
Earnings Predictability	100																				650	VOL (thous.)	
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AVG ANN'L P/E RATIO																							
RELATIVE P/E RATIO																							
AVG ANN'L DIV'D YIELD																							
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RETAINED TO COM EQ																							
ALL DIV'DS TO NET PROF																							
No. of analysts changing earn. est. in last 9 days: 0 up, 0 down, consensus 5-year earnings growth 6.0% per year. ^a Based upon 4 analysts' estimates. ^b Based upon 4 analysts' estimates.																							
ANNUAL RATES												INDUSTRY: Water Utility											
of change (per share)												BUSINESS: The York Water Company engages in the impounding, purification, and distribution of water in York County and Adams County, Pennsylvania. The company supplies water for residential, commercial, industrial, and other customers. It has two reservoirs, Lake Williams which is 700 feet long and 58 feet high, and creates a reservoir covering approximately 165 acres containing about 870 million gallons of water; and Lake Redman, which is 1,000 feet long and 52 feet high and creates a reservoir covering approximately 290 acres containing about 1.3 billion gallons of water. In addition, it possesses a 15-mile pipeline from the Susquehanna River to Lake Redman that provides access to an additional supply of water. As of December 31, 2010, York Water served approximately 182,000 residential, commercial, industrial, and other customers in 39 municipalities in York County and seven municipalities in Adams County. Has 110 employees. C.E.O. & President: Jeffrey R. Hines, Inc.: PA. Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: http://www.yorkwater.com.											
5 Yrs.												W.T.											
Revenues																							
"Cash Flow"																							
Earnings																							
Dividends																							
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DIVIDEND YIELDS

	American States	American Water Works	Aqua America	Artesian Resources	California Water	Connecticut Water Services	Middlesex Water	SJW	York Water	Average
Spot	3.22%	2.59%	2.83%	4.13%	3.23%	3.58%	3.86%	2.85%	2.96%	3.25%
Jan-June	3.16%	2.71%	2.76%	3.94%	3.35%	3.70%	4.00%	2.93%	3.11%	3.30%
										3.27%

Source: Yahoo! Finance

CAP-M ANALYSIS

Summary of β

Company	Ticker	β
Amer. States Water	AWR	0.75
Amer. Water Works	AWK	0.65
Aqua America	WTR	0.65
Artesian Res Corp	ARTNA	0.60
California Water	CWT	0.70
Conn. Water Services	CTWS	0.80
Middlesex Water	MSEX	0.75
SJW Corp.	SJW	0.90
York Water Co	YORW	0.70
	Maximum	0.90
	Minimum	0.60
	Average	0.72

Calculation of Long-Run Average Return

<u>Decile</u>	<u>Growth Rate</u>
1	9.1
2	10.5
3	10.9
4	10.8
5	11.4
6	11.4
7	11.4
8	11.6
9	11.7
10	13.3
Average	11.2

CAP-M ANALYSIS

Calculation of CAP-M Cost of Equity

β	0.7222
R_m	0.1120
R_f	0.0500
$R_m - R_f$	0.0620
$(R_m - R_f)\beta$	0.0448
$R_f + [(R_m - R_f)\beta]$	0.0948
	9.48%

Sources:

β
Exhibit DHC-7

R_m
Ibbotson SBBI 2011 Classic Yearbook: Market Results for
Stock, Bonds, Bills, and Inflation, 1926-2010

R_f
Exhibit DHC-12

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

Company	Industry Name	Beta	Proj 3-5 Yr		Proj Book		Proj		Proj Sales		Book Value	
			Dividend	Proj EPS	Value	Dividend	Growth	Growth	Growth	Beta 5-	Growth 10-	EPS Growth
			Yield	Rate	Rate	Rate	Rate	Rate	Rate	Year	Year	10-Year
Buckeye Partners L.P.	Pipeline MLPs	0.85	6.5	7.5	6.0	4.5	6.5	0.25	6.5	3.0		
Chemed Corp.	Diversified Co.	0.80	1.0	11.5	11.0	16.0	9.5	0.26	6.5	12.5		
Archer Daniels Midl'd	Food Processing	0.90	1.1	8.0	10.5	7.0	4.0	0.28	8.5	19.5		
Abbott Labs.	Drug	0.60	2.3	8.5	7.0	5.5	6.5	0.31	11.0	8.0		
Kinder Morgan Energy	Pipeline MLPs	0.75	7.2	8.0	4.5	5.0	3.5	0.32	4.0	3.0		
Bard (C.R.)	Med Supp Invasive	0.60	0.6	9.0	11.5	5.5	6.5	0.33	13.5	16.5		
Wal-Mart Stores	Retail Store	0.60	2.6	8.5	5.0	13.0	9.0	0.33	12.0	12.0		
Hershey Co.	Food Processing	0.65	2.6	10.5	26.0	5.0	5.5	0.33	-3.5	7.0		
Annaly Capital Mgmt.	R.E.I.T.	0.70	11.1	-3.5	0.5	-3.0	n/a	0.34	5.0	8.0		
Newmont Mining	Precious Metals	0.85	1.8	-3.5	11.0	15.0	1.5	0.35	9.5	28.0		
Village Super Market	Retail/Wholesale Food	0.75	1.5	1.0	8.0	-12.0	3.0	0.36	9.5	14.0		
Kroger Co.	Retail/Wholesale Food	0.60	1.6	8.0	9.5	11.0	7.0	0.38	14.5	4.5		
Hot Topic, Inc.	Retail (Softlines)	0.75	2.7	18.5	-3.0	20.0	2.0	0.38	13.5	-5.0		
Lancaster Colony	Household Products	0.75	2.6	9.0	12.0	8.0	6.0	0.40	3.5	2.5		
Shenandoah Telecom.	Telecom. Services	0.80	1.5	7.0	7.5	6.0	9.5	0.40	10.0	9.0		
Church & Dwight	Household Products	0.60	1.4	10.5	9.5	20.5	4.0	0.42	19.5	17.5		
Hormel Foods	Food Processing	0.60	2.0	10.0	10.5	12.5	4.5	0.43	10.5	9.5		
McCormick & Co.	Food Processing	0.60	1.6	11.0	15.0	7.0	6.0	0.43	14.0	11.0		
Plains All Amer. Pipe.	Pipeline MLPs	0.85	6.8	4.0	4.5	3.5	2.0	0.43	17.5			
Owens & Minor	Med Supp Non-Invasive	0.65	2.5	11.0	8.5	12.0	5.0	0.44	12.5	12.5		
Suburban Propane	Pipeline MLPs	0.75	6.5	1.0	10.5	2.5	-1.5	0.46	7.0	12.0		
McDonald's Corp.	Restaurant	0.65	3.1	8.0	5.0	8.5	7.0	0.48	6.5	11.5		
Exxon Mobil Corp.	Petroleum (Integrated)	0.75	2.0	9.5	13.5	8.0	10.0	0.49	10.5	14.5		
Rollins, Inc.	Industrial Services	0.80	1.5	14.5	11.5	14.5	8.0	0.49	13.5	28.5		
Advance Auto Parts	Retail Automotive	0.85	0.5	14.5	15.0	16.5	9.0	0.49	21.0	32.5		

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

Company	Industry Name	Beta	Proj 3-5 Yr		Proj Book	Proj	Proj Sales		Book Value	
			Dividend	Growth	Value	Dividend	Growth	Growth	Beta 5-	Growth 10-
			Yield	Rate	Rate	Rate	Rate	Rate	Year	Year
Sanderson Farms	Food Processing	0.70	1.3	18.5	11.0	7.5	5.0	0.50	14.0	23.5
DeVry Inc.	Educational Services	0.60	0.3	16.5	16.5	14.5	13.5	0.51	18.0	16.5
Strayer Education	Educational Services	0.60	1.4	9.0	8.5	13.0	10.5	0.51	9.0	20.0
Quest Diagnostics	Medical Services	0.70	0.6	9.0	12.0	8.0	6.5	0.51	15.5	26.5
Procter & Gamble	Household Products	0.60	3.0	8.0	6.0	10.5	6.0	0.52	18.5	10.0
Baxter Int'l Inc.	Med Supp Invasive	0.65	1.9	9.5	13.5	7.0	8.0	0.53	8.0	10.5
Snyder's-Lance	Food Processing	0.65	2.7	14.0	11.0	4.0	4.0	0.54	4.5	1.0
PepsiCo, Inc.	Beverage	0.60	1.9	10.0	17.0	6.0	9.5	0.55	8.5	11.0
Casey's Gen'l Stores	Retail/Wholesale Food	0.70	1.2	14.5	9.5	16.5	15.0	0.55	10.0	10.5
Enterprise Products	Pipeline MLPs	0.85	5.3	9.5	5.0	8.0	5.0	0.55	10.5	8.0
Pharmac. Product	Drug	0.85	2.2	12.5	6.0	7.0	5.0	0.56	18.5	17.0
Becton, Dickinson	Med Supp Invasive	0.65	2.1	8.0	9.0	11.5	7.5	0.57	12.0	13.0
Kraft Foods	Food Processing	0.65	2.9	8.5	9.5	6.0	3.0	0.59	6.5	5.0
Nash Finch Co.	Retail/Wholesale Food	0.70	2.1	7.0	9.5	8.0	2.5	0.59	6.5	12.5
Coca-Cola	Beverage	0.60	2.4	10.0	11.0	9.5	10.5	0.60	11.5	8.5
Johnson & Johnson	Med Supp Non-Invasive	0.65	3.0	5.0	12.0	7.0	3.5	0.60	12.0	12.0
Matthews Int'l	Funeral Services	0.85	0.7	7.5	10.5	9.0	5.0	0.60	16.0	11.5
TJX Companies	Retail (Softlines)	0.80	1.1	14.0	13.5	12.0	9.5	0.61	13.0	13.0
Knight Transportation	Trucking	0.85	1.3	14.5	7.0	14.5	8.0	0.61	18.0	12.5
Werner Enterprises	Trucking	0.90	0.8	17.0	9.5	6.0	6.5	0.61	4.5	3.0
Heartland Express	Trucking	0.80	0.7	14.0	10.5	14.5	8.5	0.62	8.0	8.5
Lincare Holdings	Medical Services	0.65	1.7	12.0	8.0	35.0	9.0	0.63	11.5	11.5
Bristol-Myers Squibb	Drug	0.75	4.4	8.0	6.5	3.5	4.5	0.63	6.5	-1.5
Healthcare Svcs.	Industrial Services	0.75	3.6	14.0	2.5	7.0	9.5	0.63	8.0	14.5
Waste Management	Environmental	0.80	3.4	7.0	4.0	6.5	5.5	0.63	5.5	2.5

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

Company	Industry Name	Beta	Proj 3-5 Yr	Proj EPS	Proj Book	Proj	Proj Sales	Beta 5-	Book Value	EPS Growth
			Dividend	Growth	Value	Dividend	Growth		Growth 10-	
			Yield	Rate	Rate	Rate	Rate	Year	Year	10-Year
Sherwin-Williams	Retail Building Supply	0.70	2.0	11.0	15.0	7.5	8.0	0.64	3.5	8.5
Tootsie Roll Ind.	Food Processing	0.70	1.1	5.0	4.5	1.0	3.5	0.64	6.0	-2.5
Verizon Commun.	Telecom. Services	0.70	3.7	5.5	5.0	2.0	3.0	0.64	3.0	-2.0
Waste Connections	Environmental	0.75	1.6	15.0	6.0	74.5	13.0	0.64	14.5	17.0
Automatic Data Proc.	IT Services	0.75	2.0	7.5	11.5	5.5	6.0	0.66	5.0	7.5
WD-40 Co.	Household Products	0.75	2.5	9.5	10.0	4.0	6.0	0.66	11.5	2.0
Meridian Bioscience	Med Supp Non-Invasive	0.85	3.4	10.5	5.0	7.5	9.5	0.67	12.0	15.0
Raytheon Co.	Aerospace/Defense	0.70	3.1	5.5	8.5	11.5	5.5	0.68	-2.5	8.5
Smucker (J.M.)	Food Processing	0.70	2.0	9.5	6.5	7.0	9.0	0.68	15.0	13.0
Weis Markets	Retail/Wholesale Food	0.65	2.6	6.5	5.5	2.0	3.0	0.69	1.5	2.0
Pfizer, Inc.	Drug	0.75	4.1	10.5	1.5	3.0	3.5	0.70	15.5	3.0
Technic Corp.	Biotechnology	0.75	1.1	7.5	10.0	13.0	9.5	0.70	18.0	19.5
Ecolab Inc.	Chemical (Specialty)	0.80	1.3	12.5	9.5	9.0	7.0	0.70	11.0	12.0
MAXIMUS Inc.	Industrial Services	0.80	0.9	18.0	3.5	15.5	13.0	0.70	8.5	8.0
AmerisourceBergen	Med Supp Non-Invasive	0.70	0.7	10.5	13.0	15.5	4.5	0.71	27.5	16.0
Henry (Jack) & Assoc.	IT Services	0.85	1.3	12.5	14.0	10.5	11.5	0.71	18.5	13.0
Brown-Forman 'B'	Beverage	0.70	1.9	8.0	11.5	5.0	6.0	0.72	8.0	9.5
Sysco Corp.	Retail/Wholesale Food	0.75	3.0	7.5	10.5	4.5	7.0	0.72	10.0	12.5
Ross Stores	Retail (Softlines)	0.80	1.4	18.0	16.5	19.0	13.5	0.72	14.0	15.5
STERIS Corp.	Med Supp Invasive	0.90	1.3	6.5	6.5	13.0	3.5	0.72	7.5	8.0
ConAgra Foods	Food Processing	0.65	3.1	9.5	6.0	6.0	5.0	0.73	6.0	-0.5
Ruddick Corp.	Retail/Wholesale Food	0.65	1.4	8.5	9.5	4.0	6.5	0.73	6.0	7.0
Int'l Business Mach.	Computers/Peripherals	0.85	1.8	12.0	18.5	12.5	9.0	0.73	3.5	10.5
Costco Wholesale	Retail Store	0.75	1.1	9.0	6.5	8.0	9.0	0.75	11.0	9.0
McKesson Corp.	Med Supp Non-Invasive	0.75	1.2	8.0	12.0	13.5	4.5	0.75	9.0	15.5

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

Company	Industry Name	Beta	Proj 3-5 Yr	Proj EPS	Proj Book	Proj	Proj Sales	Beta 5-	Book Value	EPS Growth
			Dividend	Growth	Value	Dividend	Growth		Growth 10-	
			Yield	Rate	Rate	Rate	Rate	Year	Year	10-Year
Chevron Corp.	Petroleum (Integrated)	0.90	2.4	10.0	8.0	4.0	8.5	0.75	13.0	15.0
J&J Snack Foods	Food Processing	0.70	1.0	10.5	8.0	8.5	5.5	0.76	10.0	12.5
Bemis Co.	Packaging & Container	0.90	2.0	14.0	8.5	3.0	8.0	0.76	8.5	4.0
Genuine Parts	Auto Parts	0.80	3.4	9.5	7.5	8.5	6.0	0.77	3.0	3.0
PetSmart, Inc.	Retail (Hardlines)	0.80	1.2	12.0	11.0	12.5	7.0	0.78	13.0	67.0
Telephone & Data	Telecom. Services	0.85	0.8	10.0	2.5	3.5	1.5	0.78	4.0	9.0
Home Depot	Retail Building Supply	0.90	2.5	9.5	8.0	5.5	5.0	0.78	8.0	7.0
CVS Caremark Corp.	Pharmacy Services	0.80	1.5	8.0	7.5	22.0	7.5	0.79	19.5	13.0
C.H. Robinson	Industrial Services	0.90	1.5	10.5	9.5	8.0	12.0	0.79	17.0	20.5
United Parcel Serv.	Air Transport	0.85	1.9	11.0	17.5	3.5	5.0	0.81	5.0	8.5
3M Company	Diversified Co.	0.80	2.5	12.0	16.5	10.0	10.5	0.82	8.5	9.0
West Pharmac. Svcs.	Med Supp Non-Invasive	0.80	1.3	12.5	12.0	4.5	8.0	0.82	8.5	8.5
Fred's Inc. 'A'	Retail Store	0.85	1.6	18.0	7.0	23.0	6.0	0.83	9.0	5.0
Wiley (John) & Sons	Publishing	0.90	0.8	12.0	16.0	7.0	4.0	0.83	15.5	14.0
Perrigo Co.	Drug	0.70	0.3	17.5	13.5	10.0	9.5	0.84	8.5	22.5
Sara Lee Corp.	Food Processing	0.80	2.8	7.5	-30.5	5.5	2.0	0.85	8.5	-2.5
Teleflex Inc.	Diversified Co.	0.80	1.7	8.5	10.0	5.0	1.0	0.86	9.0	4.5
Paychex, Inc.	IT Services	0.85	2.7	4.5	9.0	1.5	4.5	0.86	12.0	14.0
Sensient Techn.	Food Processing	0.85	1.8	11.0	9.5	4.5	8.5	0.88	8.5	3.0
AptarGroup	Packaging & Container	0.90	1.1	10.5	10.0	4.5	7.5	0.88	12.0	10.0
CLARCOR Inc.	Packaging & Container	0.90	0.8	12.5	11.5	5.5	8.0	0.89	12.5	10.0
Hasbro, Inc.	Recreation	0.75	2.1	8.5	5.0	8.5	5.5	0.90	2.0	12.0
Corporate Executive	Information Services	0.90	2.3	14.0	34.5	0.5	8.5	0.90	9.5	13.5

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

Company	Industry Name	Beta	Proj 3-5 Yr	Proj EPS	Proj Book	Proj	Proj Sales	Book Value		
			Dividend Yield	Growth Rate	Value Rate	Dividend Rate	Growth Rate	Beta 5- Year	Growth 10- Year	EPS Growth 10-Year
L-3 Communic.	Aerospace/Defense	0.90	1.9	6.5	11.5	11.0	5.5	0.90	21.0	23.5
Patterson Cos.	Med Supp Non-Invasive	0.90	1.7	9.0	9.0	57.5	7.0	0.90	17.5	16.0
	Averages	0.757	2.198	9.930	9.285	9.760	6.631	0.621	10.380	11.343

100 =number of companies

Averages by β Ranges

.59> β <.7	0.625	2.113	9.583	10.438	9.854	6.688	0.508	10.167	9.896
.69> β <.8	0.727	2.623	9.048	8.242	9.081	6.150	0.611	9.323	10.290
.79> β <.91	0.847	1.951	10.722	9.389	10.178	6.922	0.687	11.222	12.875
Average of β Groups	0.733	2.229	9.785	9.356	9.704	6.587	0.602	10.237	11.020

Weightings by β Ranges

.59> β <.7 Companies * 0.3333	0.208	0.704	3.194	3.479	3.285	2.229	0.169	3.389	3.299
.69> β <.8 Companies * .4445	0.323	1.166	4.022	3.664	4.036	2.734	0.272	4.144	4.574
.79> β <.91 Companies * .2222	0.188	0.434	2.383	2.086	2.262	1.538	0.153	2.494	2.861
Average, Weighted by β Proportions of Proxy Group	0.720	2.303	9.599	9.229	9.583	6.501	0.594	10.027	10.734

Source: ValueLine screener

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

Company	Industry Name	Beta	Proj 3-5 Yr	Proj EPS	Proj Book	Proj	Proj Sales	Beta 5-	Book Value	EPS Growth
			Dividend Yield	Growth Rate	Value Growth Rate	Dividend Growth Rate	Growth Rate	Year	Growth 10- Year	10-Year
Allergan, Inc.	Drug	0.90	0.3	11.5	13	7	6	0.91	18.5	15.0
AVX Corp.	Electronics	0.90	1.4	12.5	9.5	6.5	5.5	0.91	7.5	2.0
Cintas Corp.	Industrial Services	0.90	1.3	6.5	8	3.5	5.5	0.91	11.5	6.5
Xilinx Inc.	Semiconductor	0.90	1.9	12.5	9.5	9	9.5	0.91	7	9.5
Int'l Flavors & Frag.	Chemical (Specialty)	0.80	1.5	9	12.5	4.5	4	0.92	2	5.5
Stryker Corp.	Med Supp Invasive	0.80	0.7	11.5	11	13	8.5	0.92	24	21.0
Medtronic, Inc.	Med Supp Invasive	0.85	1.7	6.5	13.5	10.5	5	0.92	14.5	14.0
NIKE, Inc. 'B'	Shoe	0.85	1.4	12.5	10	8	8.5	0.92	12.5	15.0
EarthLink, Inc.	Internet	0.65	1	-3.5	9	-6.5	10.5	0.93	7	[1]
NTELOS Hldgs.	Telecom. Services	0.85	4.8	8.5	3.5	6	6	0.93	[2]	[2]
Aaron's Inc.	Retail Store	0.85	0.3	9.5	8.5	11.5	5.5	0.94	14	12.5
Qualcomm Inc.	Telecom. Equipment	0.85	1.3	12	13.5	7	10.5	0.95	18	20.0
CA, Inc.	Computer Software	0.90	0.6	8.5	13	6	5	0.95	1.5	-6.5
Washington Post	Newspaper	0.80	1.2	12	7	4	6	0.96	7.5	1.0
Universal Corp.	Tobacco	0.85	3.3	2.5	9	1.5	3.5	0.96	8.5	3.0
W.P. Carey & Co. LLC	Property Management	0.85	5.5	8.5	3	3	8.5	0.96	-1.5	4.0
Lockheed Martin	Aerospace/Defense	0.80	3.8	6.5	19	12.5	6.5	0.97	-5	15.0
Mattel, Inc.	Recreation	0.85	2.5	10	9	5	4.5	0.98	4	6.5
MTS Systems	Precision Instrument	0.90	1.7	12.5	10.5	6.5	7.5	0.98	4.5	10.0
Walgreen Co.	Pharmacy Services	0.75	2.1	11.5	6	20.5	9	0.99	16	15.0
Diebold, Inc.	Office Equip/Supplies	0.85	2.6	8	5	4.5	4.5	0.99	2.5	1.5
Analog Devices	Semiconductor	0.90	1.6	14	11.5	7	9	1.03	6.5	7.5
Microsoft Corp.	Computer Software	0.80	2.5	12.5	16.5	16.5	11	1.04	5	11.0

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

<u>Company</u>	<u>Industry Name</u>	<u>Beta</u>	<u>Proj 3-5 Yr</u>	<u>Proj EPS</u>	<u>Proj Book</u>	<u>Proj</u>	<u>Proj Sales</u>	<u>Book Value</u>		
			<u>Dividend</u>	<u>Growth</u>	<u>Value</u>	<u>Dividend</u>	<u>Growth</u>	<u>Beta 5-</u>	<u>Growth 10-</u>	<u>EPS Growth</u>
			<u>Yield</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Year</u>	<u>Year</u>	<u>10-Year</u>
Dentsply Int'l	Med Supp Invasive	0.90	0.5	7	10	7.5	6.5	1.04	15	12.5
Wolverine World Wide	Shoe	0.85	1.4	12	15.5	10	9	1.06	6.5	11.5
Northrop Grumman	Aerospace/Defense	0.80	2.1	8	10.5	6.5	3	1.07	5.5	4.5
G&K Services 'A'	Industrial Services	0.85	1.2	7.5	4.5	11.5	4	1.07	8.5	0.5
Equifax, Inc.	Information Services	0.90	0.9	9	14	23	6	1.07	18	4.5
Texas Instruments	Semiconductor	0.90	1.1	11	17	6.5	7.5	1.07	3.5	7.5
Int'l Speedway 'A'	Recreation	0.90	0.4	3.5	6	8	1.5	1.08	8.5	9.5
Universal Health Sv. 'B'	Medical Services	0.85	0.5	16.5	14.5	16.5	9.5	1.1	13	13.0
Cooper Cos.	Med Supp Non-Invasive	0.90	0.1	20	8.5	12	9.5	1.11	19	6.0
UniFirst Corp.	Industrial Services	0.85	0.4	6	9	9	3.5	1.14	9.5	10.5
ADTRAN, Inc.	Telecom. Equipment	0.85	0.7	15.5	18	3.5	12.5	1.15	6	7.5
SUPERVALU INC.	Retail/Wholesale Food	0.85	1.9	5.5	3.5	-5	[4]	1.18	-1.5	-0.5
National Instruments	Precision Instrument	0.90	1.3	16	6.5	8.5	9.5	1.18	10	5.5
ABM Industries Inc.	Industrial Services	0.90	1.4	12	7.5	3.5	6	1.19	8	4.5
Imation Corp.	Computers/Peripherals	0.90	1	10	-1.5	-10	-3	1.28	2	-11.0

COMPARABLE EARNINGS METHOD: COMPANIES WITH β 's IN THE SAME RANGE AS PROXY GROUP'S

Company	Industry Name	Beta	Proj 3-5 Yr	Proj EPS	Proj Book	Proj	Proj Sales	Beta 5-	Book Value	EPS Growth
			Dividend	Growth	Value	Dividend	Growth		Growth 10-	
			Yield	Rate	Rate	Rate	Rate	Year	Year	10-Year
Sealed Air	Packaging & Container	0.85	1.7	13	10	5	4.5	1.39	15	3.5
Arbitron Inc.	Information Services	0.90	0.8	16	51	6	7	1.59	[3]	-0.5
Averages:		0.86	1.56	10.10	10.888	7.23	6.58	1.04	8.750	7.34

40 =number of companies

Averages by β Ranges

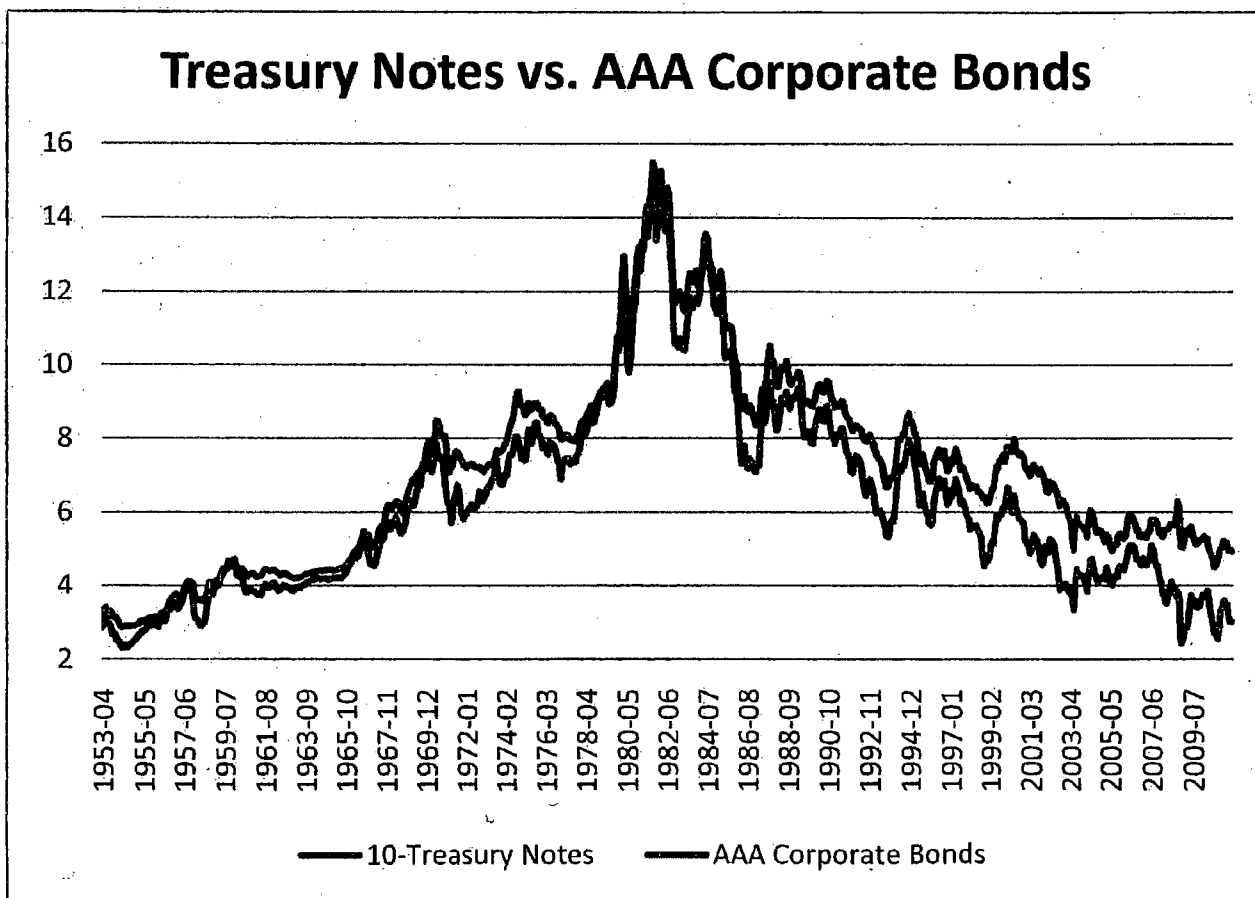
.59> β <.7	0.650	1.000	-3.500	9.000	-6.500	10.500	0.930	7.000	0.000
.69> β <.8	0.727	2.623	9.048	8.242	9.081	6.150	0.611	9.323	10.290
.79> β <.91	0.847	1.951	10.722	9.389	10.178	6.922	0.687	11.222	12.875
Average of β Groups	0.741	1.858	5.424	8.877	4.253	7.857	0.743	9.182	7.722

Weightings by β Ranges

.59> β <.7 Companies * 0.3333	0.217	0.333	-1.167	3.000	-2.167	3.500	0.310	2.333	0.000
.69> β <.8 Companies * .4445	0.323	1.166	4.022	3.664	4.036	2.734	0.272	4.144	4.574
.79> β <.91 Companies * .2222	0.188	0.434	2.383	2.086	2.262	1.538	0.153	2.494	2.861
Average, Weighted by β Proportions of Proxy Group	0.728	1.933	5.238	8.750	4.131	7.772	0.734	8.971	7.435

Notes:

- [1] Earthlink was not formed until 2000, so 10-yr EPS not available; also some years negative
- [2] NTELOS' IPS not until 2006
- [3] Arbitron not in its present form until spin-off of ComData, in 2001
- [4] No explanation for omission of sales data; C.A.G.R. computed for 2010 to 2015 is 1.78%



Federal Reserve Statistical Release H. 15

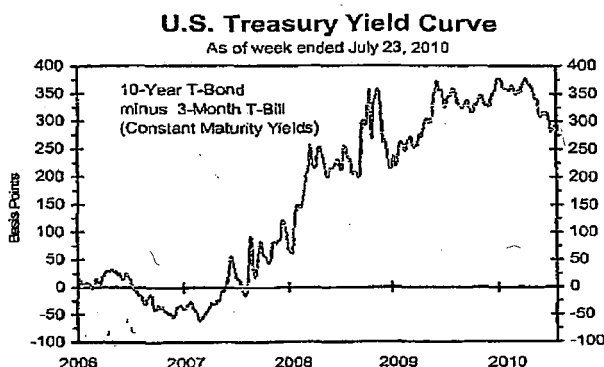
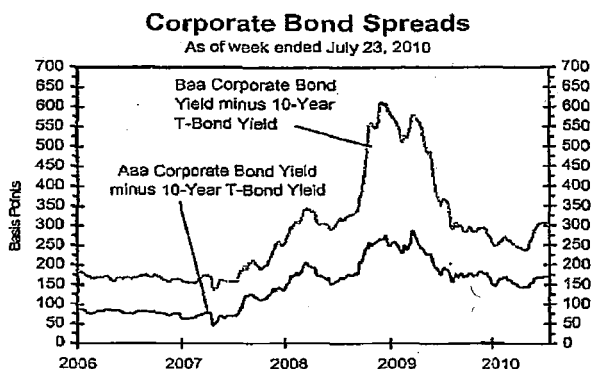
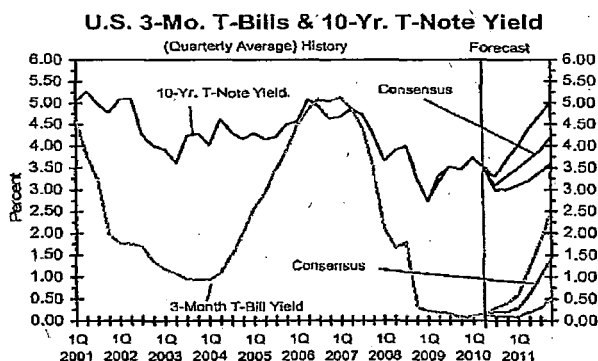
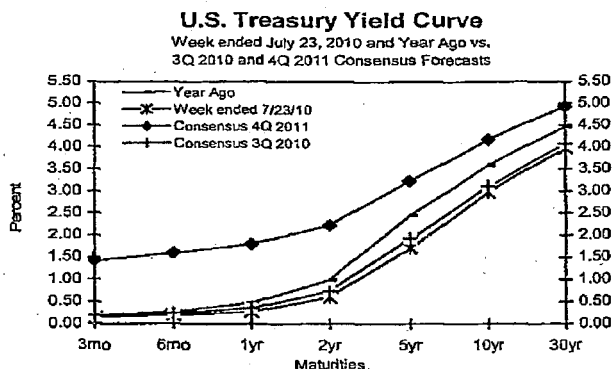
2 ■ BLUE CHIP FINANCIAL FORECASTS ■ AUGUST 1, 2011

Consensus Forecasts Of U.S. Interest Rates And Key Assumptions¹

Interest Rates	History								Consensus Forecasts-Quarterly Avg.							
	Average For Week Ending				Average For Month				Latest Q	3Q	4Q	1Q	2Q	3Q	4Q	2Q
	July 22	July 15	July 8	July 1	Jun	May	Apr.	2Q 2011		2011	2011	2012	2012	2012	2012	2012
Federal Funds Rate	0.06	0.07	0.08	0.08	0.09	0.09	0.10	0.09		0.1	0.2	0.3	0.4	0.7	1.1	
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25		3.3	3.3	3.3	3.4	3.8	4.1	
LIBOR, 3-mo.	0.25	0.25	0.25	0.25	0.29	0.26	0.28	0.28		0.3	0.4	0.5	0.7	1.0	1.3	
Commercial Paper, 1-mo.	0.09	0.09	0.10	0.08	0.11	0.11	0.14	0.12		0.2	0.2	0.3	0.5	0.9	1.2	
Treasury bill, 3-mo.	0.02	0.02	0.02	0.02	0.04	0.04	0.06	0.05		0.1	0.1	0.3	0.4	0.8	1.1	
Treasury bill, 6-mo.	0.06	0.06	0.07	0.10	0.10	0.09	0.12	0.10		0.1	0.2	0.4	0.6	0.9	1.3	
Treasury bill, 1 yr.	0.16	0.16	0.19	0.19	0.18	0.19	0.25	0.21		0.2	0.4	0.5	0.8	1.1	1.5	
Treasury note, 2 yr.	0.38	0.37	0.44	0.46	0.41	0.56	0.73	0.57		0.5	0.7	1.0	1.3	1.6	2.0	
Treasury note, 5 yr.	1.47	1.48	1.67	1.67	1.58	1.84	2.17	1.86		1.7	2.0	2.2	2.4	2.7	2.9	
Treasury note, 10 yr.	2.95	2.94	3.12	3.11	3.00	3.17	3.46	3.21		3.1	3.3	3.5	3.7	3.9	4.1	
Treasury note, 30 yr.	4.25	4.21	4.35	4.36	4.23	4.29	4.50	4.34		4.3	4.5	4.6	4.7	4.9	5.0	
Corporate Aaa bond	4.91	4.89	5.07	5.11	4.99	4.96	5.16	5.04		5.0	5.1	5.2	5.3	5.5	5.6	
Corporate Baa bond	5.74	5.71	5.84	5.88	5.75	5.78	6.02	5.85		5.8	5.9	6.1	6.2	6.3	6.5	
State & Local bonds	4.46	4.51	4.65	4.59	4.51	4.59	4.99	4.70		4.6	4.7	4.8	5.0	5.1	5.2	
Home mortgage rate	4.52	4.51	4.60	4.51	4.51	4.64	4.84	4.66		4.6	4.8	5.0	5.2	5.4	5.6	

Key Assumptions	History								Consensus Forecasts-Quarterly							
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q*	3Q	4Q	1Q	2Q	3Q	4Q	2Q	2Q
	2009	2009	2010	2010	2010	2011	2011	2011	2011	2011	2012	2012	2012	2012	2012	2012
Major Currency Index	76.4	72.8	74.8	77.6	75.9	73.0	71.9	69.8		69.8	70.0	70.4	70.9	71.3	71.5	
Real GDP	1.6	5.0	3.7	1.7	2.6	3.1	1.9	1.8		2.9	3.1	2.8	3.0	3.1	3.2	
GDP Price Index	0.7	-0.2	1.0	1.9	2.1	0.4	2.0	2.3		1.9	1.7	2.0	2.0	2.0	2.0	
Consumer Price Index	3.7	2.7	1.3	-0.5	1.4	2.6	5.2	4.1		2.1	2.1	2.3	2.2	2.3	2.3	

Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Interest rate definitions are the same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the Fed's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS). Figures for 2Q 2011 Real GDP and the GDP Chained Price Index are based on a special question asked of the panelists this month (see page 14).



GEOMETRIC MEAN OF HISTORICAL STOCK RETURNS

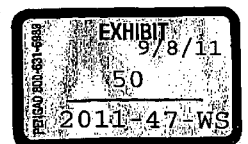
<u>Decile</u>	<u>Geometric</u> <u>Mean</u>	<u>Arithmetic</u> <u>Mean</u>	<u>Standard</u> <u>Deviation</u>
1	9.1	10.9	19.3
2	10.5	12.9	22.3
3	10.9	13.6	23.8
4	10.8	13.9	26.0
5	11.4	14.8	26.8
6	11.4	15.0	27.5
7	11.4	15.4	29.7
8	11.6	16.5	34.3
9	11.7	17.2	36.5
10	13.3	21.0	44.9
Average	11.21	15.12	
Median	11.40	14.90	

Source:

Ibbotson SBBI 2011 Classic Yearbook: Market

10 Results for Stock, Bonds, Bills, and Inflation, 1926-2010,

p. 94.



**ANALYSIS OF MS.
AHERN'S CEM SCREENING**

Company	Ticker	Beta: 0.65-0.80	Proj 3-5 Yr Dividend Yield	Proj EPS Growth Rate	Proj Book Value Growth Rate
3M Company	MMM	0.80	2.5	12.0	16.5
99(Cents) Only Stores	NDN	0.65	1.0	16.0	11.0
Activision Blizzard	ATVI	0.75	1.2	29.5	5.5
AeroVironment	AVAV	0.70		13.0	11.5
AGL Resources	AGL	0.75	3.5	4.5	6.0
Alexion Pharmac.	ALXN	0.80		31.5	20.0
Alleghany Corp.	Y	0.80		13.5	6.5
Allegiant Travel	ALGT	0.80		11.0	18.5
ALLETE	ALE	0.70	4.8	4.5	3.0
Alliant Energy	LNT	0.70	4.5	7.0	3.0
Alliant Techsystems	ATK	0.80	1.1	5.0	19.0
Amer. Elec. Power	AEP	0.70	4.5	4.5	4.5
Amer. States Water	AWR	0.75	2.7	5.5	2.0
Amer. Water Works	AWK	0.65	2.8	8.5	-0.5
Ameren Corp.	AEE	0.80	5.0	-2.0	1.5
AmerisourceBergen	ABC	0.70	0.5	12.0	11.5
Amgen	AMGN	0.65	1.4	8.0	12.5
Analogic Corp.	ALOG	0.80	0.6	18.5	5.0
AngioDynamics	ANGO	0.80		7.5	3.0
Annaly Capital Mgmt.	NLY	0.70	11.1	-3.5	0.5
Aon Corp.	AON	0.70	0.9	11.5	10.0
Aqua America	WTR	0.65	2.5	10.0	5.0
AT&T Inc.	T	0.75	4.3	7.5	6.5
Atmos Energy	ATO	0.70	4.1	5.0	4.5
Automatic Data Proc.	ADP	0.75	2.0	7.5	11.5
Avista Corp.	AVA	0.70	4.8	4.5	3.0
Baxter Int'l Inc.	BAX	0.65	1.9	9.5	10.0
Becton, Dickinson	BDX	0.65	2.0	9.0	9.5
Berkley (W.R.)	WRB	0.70	0.8	11.5	8.5
Biogen Idec Inc.	BIIB	0.75		10.0	5.0
BJ's Wholesale Club	BJ	0.70		9.0	9.0
Boston Beer 'A'	SAM	0.75		13.5	18.0
Bristol-Myers Squibb	BMJ	0.75	4.4	8.0	6.5
Brown & Brown	BRO	0.70	1.2	9.0	9.0
Brown-Forman 'B'	BF/B	0.70	1.9	8.0	11.5
Buckeye Partners L.P.	BPL	0.80	6.5	7.5	6.0

**ANALYSIS OF MS.
AHERN'S CEM SCREENING**

Company	Ticker	Beta: 0.65-0.80	Proj 3-5 Yr Dividend Yield	Proj EPS Growth Rate	Proj Book Value Growth Rate
CACI Int'l	CACI	0.80		15.0	10.5
California Water	CWT	0.70	2.8	6.0	3.5
Capitol Fed. Fin'l	CFFN	0.65	2.1	8.0	19.5
Cardinal Health	CAH	0.80	2.2	5.5	3.0
Career Education	CECO	0.80		13.0	6.0
Casey's Gen'l Stores	CASY	0.70	1.2	14.5	9.5
Catalyst Health Solns	CHSI	0.70		17.5	19.5
Celgene Corp.	CELG	0.75		20.5	22.5
Gen. Vermont Pub. Serv.	CV	0.75	3.4	2.0	3.0
CenterPoint Energy	CNP	0.80	4.8	3.0	10.0
CenturyLink Inc.	CTL	0.75	7.6	-1.0	2.0
Cephalon Inc.	CEPH	0.70		13.5	17.5
Cerner Corp.	CERN	0.80		16.5	17.5
CH Energy Group	CHG	0.65	4.1	4.0	2.0
Chemed Corp.	CHE	0.80	1.0	11.5	11.0
Clean Harbors	CLH	0.75		14.0	15.0
Cleco Corp.	CNL	0.65	4.7	6.0	6.5
CMS Energy Corp.	CMS	0.75	4.9	7.0	5.0
Coca-Cola Bottling	COKE	0.70	1.0	11.5	22.5
Commerce Bancshs.	CBSH	0.80	2.6	7.0	8.0
Computer Prog. & Sys.	CPSI	0.75	1.7	13.5	17.5
Comtech Telecom.	CMTL	0.70	3.8	2.0	9.5
ConAgra Foods	CAG	0.65	3.1	9.5	6.0
Consol. Edison	ED	0.65	4.7	3.0	2.5
Constellation Energy	CEG	0.80	2.5	18.0	6.5
Costco Wholesale	COST	0.75	1.1	9.0	6.5
CSG Systems Int'l	CSGS	0.75		4.0	18.0
Cubist Pharm.	CBST	0.75		10.0	15.0
CVS Caremark Corp.	CVS	0.80	1.5	8.0	7.5
Dean Foods	DF	0.70		6.5	10.0
DeVry Inc.	DV	0.65	0.3	16.5	16.5
Diamond Foods	DMND	0.65	0.2	21.0	18.5
Dominion Resources	D	0.70	4.7	4.5	6.0
Dr Pepper Snapple	DPS	0.75	2.8	9.0	8.0
DTE Energy	DTE	0.75	4.7	4.5	3.0
Duke Energy	DUK	0.65	5.2	5.5	2.5
EarthLink, Inc.	ELNK	0.65	1.2	-7.0	7.5
Ecolab Inc.	ECL	0.80	1.3	12.5	9.5

**ANALYSIS OF MS.
AHERN'S CEM SCREENING**

Company	Ticker	Beta: 0.65-0.80	Proj 3-5 Yr Dividend Yield	Proj EPS Growth Rate	Proj Book Value Growth Rate
Edison Int'l	EIX	0.80	3.5	-1.0	5.0
Edwards Lifesciences	EW	0.65		17.0	14.0
El Paso Electric	EE	0.75	3.3	7.5	7.0
El Paso Pipeline	EPB	0.75	4.4	15.0	19.5
Empire Dist. Elec.	EDE	0.70	5.5	7.0	2.0
Endo Pharmac. Hldgs.	ENDP	0.70		8.0	11.5
Energy Transfer	ETP	0.80	7.3		1.0
Entergy Corp.	ETR	0.70	4.2	1.5	6.0
Erie Indemnity Co.	ERIE	0.70	3.6	10.5	3.5
Everest Re Group Ltd.	RE	0.75	1.7	3.5	10.0
Exxon Mobil Corp.	XOM	0.80	2.0	9.5	13.5
FirstEnergy Corp.	FE	0.80	4.7	0.5	4.5
Forest Labs.	FRX	0.80		-8.0	7.0
Forrester Research	FORR	0.80		13.0	6.5
FTI Consulting	FCN	0.65		13.5	9.5
Gallagher (Arthur J.)	AJG	0.70	4.2	8.5	11.0
Gen-Probe	GPRO	0.80		11.0	9.5
Genuine Parts	GPC	0.80	3.4	9.5	7.5
Gilead Sciences	GILD	0.65		7.5	9.0
Greatbatch, Inc.	GB	0.75		8.0	8.5
G't Plains Energy	GXP	0.75	5.5	6.0	1.5
Hanover Insurance	THG	0.80	1.9	10.5	7.5
Hansen Natural Corp.	HANS	0.80		15.5	23.0
Hasbro, Inc.	HAS	0.75	2.0	9.0	4.5
Hawaiian Elec.	HE	0.70	5.5	11.0	3.0
HCC Insurance Hldgs.	HCC	0.80	1.4	6.5	7.5
Healthcare Svcs.	HCSG	0.75	3.6	14.0	2.5
Heartland Express	HTLD	0.80	0.7	14.0	10.5
Heinz (H.J.)	HNZ	0.65	3.6	6.5	18.5
Hershey Co.	HSY	0.65	2.6	10.5	26.0
Hospira Inc.	HSP	0.70		11.5	10.5
Hot Topic, Inc.	HOTT	0.75	2.7	18.5	-3.0
Hudson City Bancorp	HCBK	0.80	2.9	3.5	2.5
Huron Consulting	HURN	0.70		28.5	9.5
IAC/InterActiveCorp	IACI	0.70		31.0	5.0
ICU Medical	ICUI	0.65		12.0	13.0
IDACORP, Inc.	IDA	0.70	3.6	4.0	5.0
Int'l Flavors & Frag.	IFF	0.80	1.5	9.0	12.5

**ANALYSIS OF MS.
AHERN'S CEM SCREENING**

Company	Ticker	Beta: 0.65-0.80	Proj 3-5 Yr Dividend Yield	Proj EPS Growth Rate	Proj Book Value Growth Rate
Invacare Corp.	IVC	0.75	0.2	12.5	9.0
Investors Bancorp	ISBC	0.75		79.5	5.5
ITC Holdings	ITC	0.80	1.8	14.0	10.0
ITT Educational	ESI	0.65		4.5	20.0
J&J Snack Foods	JJSF	0.70	1.0	10.5	8.0
Johnson & Johnson	JNJ	0.65	3.0	5.0	12.0
Kinder Morgan Energy	KMP	0.75	7.2	8.0	4.5
Kraft Foods	KFT	0.65	2.9	8.5	9.5
Laboratory Corp.	LH	0.65		10.5	18.5
Lancaster Colony	LANC	0.75	2.6	9.0	12.0
Lilly (Eli)	LLY	0.80	5.0	-6.0	13.5
Lincare Holdings	LNCR	0.70	1.7	12.0	8.0
Lockheed Martin	LMT	0.80	3.8	6.5	19.0
LoopNet, Inc.	LOOP	0.80		3.5	12.5
ManTech Int'l 'A'	MANT	0.75		8.0	11.0
Marsh & McLennan	MMC	0.75	2.4	28.5	5.0
MAXIMUS Inc.	MMS	0.80	1.1	18.5	7.0
McDonald's Corp.	MCD	0.65	3.0	9.0	6.0
McKesson Corp.	MCK	0.75	1.2	9.5	11.5
MedAssets	MDAS	0.70		29.5	3.0
Medco Health Solutions	MHS	0.70		15.5	12.5
Merck & Co.	MRK	0.80	3.3	1.0	4.0
Mercury General	MCY	0.70	4.4	9.0	3.5
Myriad Genetics	MYGN	0.75		9.0	17.0
Nash Finch Co.	NAFC	0.70	2.1	7.0	9.5
Navigant Consulting	NCI	0.80		11.0	8.5
New Jersey Resources	NJR	0.65	3.6	4.0	6.0
Newmont Mining	NEM	0.80	1.8	-3.5	11.0
NextEra Energy	NEE	0.75	3.5	3.5	7.0
Nicor Inc.	GAS	0.75	4.1	-0.5	3.5
Northeast Utilities	NU	0.70	3.6	7.5	6.0
Northwest Bancshares	NWBI	0.75	2.9	15.5	6.5
NSTAR	NST	0.65	4.5	7.0	5.5
OGE Energy	OGE	0.75	3.4	6.5	7.5
O'Reilly Automotive	ORLY	0.80		13.5	14.0
OSI Systems	OSIS	0.80		21.5	10.0
Owens & Minor	OMI	0.65	2.5	10.0	10.5
Peet's Coffee & Tea	PEET	0.75		21.0	12.5

**ANALYSIS OF MS.
AHERN'S CEM SCREENING**

Company	Ticker	Beta: 0.65-0.80	Proj 3-5 Yr Dividend Yield	Proj EPS Growth Rate	Proj Book Value Growth Rate
People's United Fin'l	PBCT	0.65	2.7	21.0	3.5
Pepco Holdings	POM	0.80	5.0	2.5	2.0
Perrigo Co.	PRGO	0.70	0.3	17.5	13.5
PetSmart, Inc.	PETM	0.80	1.2	12.0	11.0
Pfizer, Inc.	PFE	0.75	4.1	10.5	1.5
PharMerica Corp.	PMC	0.75		6.0	7.5
Philip Morris Int'l	PM	0.75	4.2	8.0	11.0
Piedmont Natural Gas	PNY	0.65	3.7	3.0	3.0
Pinnacle West Capital	PNW	0.70	5.5	6.0	2.5
Portland General	POR	0.75	4.8	7.5	3.5
PPL Corp.	PPL	0.65	4.5	7.0	9.0
Public Serv. Enterprise	PEG	0.75	3.7	1.0	7.5
Quest Diagnostics	DGX	0.70	0.6	9.0	12.0
Raytheon Co.	RTN	0.70	3.1	5.5	8.5
ResMed Inc.	RMD	0.75		17.0	15.5
RLI Corp.	RLI	0.80	1.9	3.0	10.0
Rollins, Inc.	ROL	0.80	1.5	13.5	12.0
Ross Stores	ROST	0.80	1.4	18.0	16.5
Rovi Corp.	ROVI	0.80		37.0	13.5
Ruddick Corp.	RDK	0.65	1.4	8.5	9.5
Safeway Inc.	SWY	0.70	2.3	7.0	2.5
Sanderson Farms	SAFM	0.70	1.3	18.5	11.0
Sara Lee Corp.	SLE	0.80	2.8	7.5	-30.5
SCANA Corp.	SCG	0.65	4.5	3.0	5.0
Schein (Henry)	HSIC	0.80		8.5	13.0
Sempra Energy	SRE	0.80	3.5	3.5	6.0
Sherwin-Williams	SHW	0.70	2.0	11.0	15.0
Silgan Holdings	SLGN	0.80	1.4	11.5	18.0
Smart Balance	SMBL	0.75		72.0	2.5
Smucker (J.M.)	SJM	0.70	2.0	9.5	6.5
Solera Hldgs.	SLH	0.80	0.7	21.5	9.0
SonoSite, Inc.	SONO	0.80		25.5	5.5
South Jersey Inds.	SJI	0.65	3.5	9.0	6.5
Southwest Gas	SWX	0.75	2.8	8.0	5.5
Spartan Stores	SPTN	0.75	0.9	4.5	10.0
Stericycle Inc.	SRCL	0.70		13.0	19.0
StoneMor Partners L.P.	STON	0.80	7.6	33.0	-22.0
Strayer Education	STRA	0.65	1.4	9.0	8.5

**ANALYSIS OF MS.
AHERN'S CEM SCREENING**

Company	Ticker	Beta: 0.65-0.80	Proj 3-5 Yr Dividend Yield	Proj EPS Growth Rate	Proj Book Value Growth Rate
Stryker Corp.	SYK	0.80	0.8	9.5	11.5
Sturm, Ruger & Co.	RGR	0.75	0.9	8.5	16.0
Suburban Propane	SPH	0.75	6.5	1.0	10.5
Sysco Corp.	SY	0.75	3.0	7.5	10.5
Techne Corp.	TECH	0.75	1.1	7.5	10.0
Teleflex Inc.	TFX	0.80	1.7	8.5	10.0
TJX Companies	TJX	0.80	1.1	14.0	13.5
Tootsie Roll Ind.	TR	0.70	1.1	5.0	4.5
UGI Corp.	UGI	0.70	2.7	3.0	8.5
UIL Holdings	UIL	0.70	4.6	3.0	5.5
UniSource Energy	UNS	0.75	3.3	9.5	5.0
United Natural Foods	UNFI	0.80		10.0	11.0
Varian Medical Sys.	VAR	0.80		13.0	14.5
Vectren Corp.	VVC	0.70	4.7	5.0	4.0
Verizon Communic.	VZ	0.70	3.7	5.5	5.0
Village Super Market	VLGEA	0.75	1.5	1.0	8.0
Walgreen Co.	WAG	0.75	2.1	11.5	6.0
Washington Post	WPO	0.80	1.2	12.5	7.5
Waste Connections	WCN	0.75	1.4	15.0	6.0
Waste Management	WM	0.80	3.4	7.0	4.0
Watson Pharmac.	WPI	0.75		11.5	9.5
WD-40 Co.	WDFC	0.75	2.5	9.5	10.0
WebMD Health	WBMD	0.80		22.5	11.5
Weis Markets	WMK	0.65	2.6	6.5	5.5
West Pharmac. Svcs.	WST	0.80	1.4	10.5	9.0
Westar Energy	WR	0.75	4.8	8.5	2.5
WGL Holdings Inc.	WGL	0.65	4.2	1.5	3.5
Winn-Dixie Stores	WINN	0.80		5.5	1.0
Wisconsin Energy	WEC	0.65	4.0	8.5	4.0
World Wrestling Ent.	WWE	0.80	4.0	5.0	3.5
Xcel Energy Inc.	XEL	0.65	4.8	5.0	5.0

Averages¹	2.97	10.26	8.52

Averages, if Projected Dividend Yield > 0	2.97	8.34	7.42

**ANALYSIS OF MS.
AHERN'S CEM SCREENING**

Company	Ticker	Beta: 0.65-0.80	Proj 3-5 Yr Dividend Yield	Proj EPS Growth Rate	Proj Book Value Growth Rate
Averages for Ms. Ahern's Group, if Div. Y. > 0			2.33	9.78	7.90

Footnote 1: one company with no projected book value, AutoZone was omitted because it had no projected book value growth or dividend yield; if it was included the Projected EPS Growth Rate would be 10.28

Source: Value Line© screener

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ANALYSIS OF MS. AHERN'S CEM GROUP

COMPANY NAME	TICKER	CURRENT DIVIDEND YIELD	EARNINGS PER SHARE GROWTH (%)			SALES GROWTH (%)	
			LAST 5 YRS. PER ANNUM	CURRENT YEAR	NEXT 5 YEARS PER ANNUM	THIS YEAR	NEXT YEAR
Arthur J Gallagher & Co	AJG	4.70%	-2.58%	-13.50%	9.33%	11.20%	9.10%
AutoZone Inc	AZO	N/A	19.23%	28.40%	15.28%	8.90%	5.20%
Baxter International Inc	BAX	2.20%	13.32%	8.30%	9.54%	5.70%	4.60%
Bristol-Myers Squibb Company	BMJ	4.50%	17.08%	5.10%	0.13%	8.00%	-13.40%
Brown & Brown Inc	BRO	1.50%	-4.32%	0.00%	10.75%	3.30%	7.40%
Capitol Federal Financial Inc	CFFN	2.80%	16.89%	-2.40%	3.00%	0.00%	8.00%
CenturyLink Inc	CTL	8.20%	3.17%	-52.20%	21.10%	164.50%	-2.20%
Quest Diagnostics Inc	DGX	0.80%	8.96%	4.70%	11.21%	1.60%	2.90%
Edwards Lifesciences Corp	EW	N/A	17.04%	11.40%	26.27%	17.60%	19.40%
Forest Laboratories Inc	FRX	N/A	9.02%	-15.20%	-5.10%	1.80%	-25.50%
Gilead Sciences Inc	GILD	N/A	28.47%	6.80%	15.25%	5.30%	8.40%
Gen-Probe Inc	GPRO	N/A	12.93%	5.90%	12.49%	6.60%	11.90%
Hasbro Inc	HAS	3.20%	7.94%	15.60%	15.50%	11.60%	4.90%
Hudson City Bancorp Inc	HCBK	5.20%	18.61%	-150.50%	5.00%	-10.40%	0.00%
Hospira Inc	HSP	N/A	17.14%	19.00%	10.08%	8.40%	6.00%
IAC/InterActiveCorp	IACI	N/A	-18.96%	143.40%	38.00%	19.30%	10.70%
Investors Bancorp Inc	ISBC	N/A	37.22%	30.40%	15.00%	22.30%	7.90%
J&J Snack Foods Corp	JJSF	0.90%	14.00%	0.00%	N/A	6.30%	6.80%
Lancaster Colony Corporation	LANC	2.20%	20.25%	-11.80%	10.00%	3.80%	4.00%
McKesson Corporation	MCK	1.00%	15.12%	24.60%	13.20%	6.40%	1.90%
Marsh & McLennan Companies Inc	MMC	3.00%	7.14%	11.60%	10.44%	8.90%	6.00%
MAXIMUS Inc	MMS	1.00%	52.07%	21.50%	10.00%	11.50%	10.30%
Owens & Minor Inc	OMI	2.70%	18.13%	1.50%	9.77%	5.50%	4.40%
Rollins Inc	ROL	1.40%	11.71%	19.60%	10.00%	6.20%	4.70%
The Sherwin-Williams Company	SHW	1.90%	-2.92%	8.80%	10.70%	11.30%	7.00%
The J. M. Smucker Company	SJM	2.70%	13.72%	6.70%	7.08%	18.60%	0.60%
Sara Lee Corp	SLE	2.50%	-4.76%	17.90%	10.42%	7.90%	4.10%
Silgan Holdings Inc	SLGN	1.20%	7.44%	21.00%	6.03%	14.60%	3.80%
Suburban Propane Partners LP	SPH	7.20%	31.85%	-1.80%	2.50%	4.20%	-2.00%
Stericycle Inc	SRCL	N/A	20.28%	11.50%	18.00%	13.80%	8.40%
Safeway Inc	SWY	3.20%	-5.39%	11.00%	9.98%	4.80%	1.90%
Stryker Corp	SYK	1.50%	12.26%	11.40%	10.76%	14.00%	6.80%
The TJX Companies Inc	TJX	1.40%	21.62%	12.90%	13.23%	6.70%	6.70%
Walgreen Co	WAG	2.50%	6.40%	21.20%	14.60%	6.90%	4.90%
WD-40 Company	WDFC	2.60%	5.09%	-3.70%	12.00%	3.70%	6.10%
Weis Markets Inc	WMK	3.00%	-2.25%	N/A	N/A	N/A	3.50%
Watson Pharmaceuticals Inc	WPI	N/A	32.16%	29.80%	12.36%	25.40%	17.00%
W.R. Berkley Corporation	WRB	1.00%	-9.88%	-11.50%	9.50%	4.90%	5.80%
West Pharmaceutical Services Inc	WST	1.70%	0.48%	12.40%	15.00%	7.20%	4.60%
Averages		2.68%	11.94%	6.84%	11.58%	12.59%	4.68%
Averages, If Dividend Yield>0			10.04%	-0.41%	10.03%	12.46%	3.90%

Source: Yahoo! Finance; not intended as investment advice by Yahoo!

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2010-¹⁴⁶___-WS

IN RE:	Petition of the Office of Regulatory Staff for) Commission to Order a Rule to Show Cause) As to why Carolina Water Service, Inc.) Should not be found in violation of) Commission Regulations and for Issuance) Of Order to Provide Adequate and Proper) <u>Service</u>)	PETITION FOR A RULE TO SHOW CAUSE

Pursuant to 26 S.C. Code Ann. Regs 103-825 of the Regulations of the Public Service Commission of South Carolina ("Commission"), the Office of Regulatory Staff ("ORS") hereby submits this Petition to Show Cause why Carolina Water Service, Inc., ("CWS"), should not be found to be in violation of Commission regulations as described in more detail below and to show cause why CWS should not be required to take necessary corrective action to provide adequate and proper service to its customers pursuant to S.C. Code Ann. § 58-5-710 (Supp. 2009). ORS by filing this Petition would respectfully show and request of the Public Service Commission of South Carolina:

1. That the Commission is a state agency constituted pursuant to the laws of the State of South Carolina with its business offices located in Columbia, South Carolina vested with the responsibility for the regulation of water and sewerage utilities operating for compensation as set forth in S. C. Code Ann. §58-5-10 et seq. (Supp. 2009).

2. That the ORS is charged by law with the duty to represent the public interest of South Carolina in matters before the South Carolina Public Service Commission pursuant to S.C.

Code Ann. §58-4-10 et seq. (Supp. 2009). As contained in Title 58, Chapter 4 regarding the ORS, "public interest" means

.... a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
 - (2) economic development and job attraction and retention in South Carolina; and
 - (3) preservation of the financial integrity of the state's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.
- S.C. Code Ann. §58-4-10(B) (1) through (3) (Supp. 2009).

3. That Carolina Water Service, Inc. ("CWS") is a public utility, as defined by S.C. Code Ann. §58-5-10(4) (Supp. 2009), providing water and sewer service to the public for compensation in certain areas of South Carolina pursuant to rates approved by the Commission in Docket No. 2006-92-WS for water and sewer service and is therefore a public utility subject to the jurisdiction of the Commission.

4. That, upon information and belief, CWS has violated 26 S.C. Code Ann. Regs. 103-732 by failing to "bill each customer as promptly as possible following the reading of his meter"; CWS has violated 103-732.2 by failing to comply with the customer bill form; and CWS violated Reg. 103-732.3 by failing to properly apply late payment charges. ORS is aware through customer complaints received by its office that CWS has failed to render bills; in some cases customers have not received bills since December of 2009. ORS is aware through customer complaints received by its office that CWS has improperly charged late payment charges.

5. That, upon information and belief, CWS has violated 26 S.C. Code Ann. Regs. 103-703 by failing to follow the Commission approved rate schedule. The Company has instituted a process of pro-rating the base facilities charge which has not been authorized by this Commission, and as a result, the Company has failed to render an accurate bill. Rather than

rendering two separate bills, the Company is rendering bills in such a manner that the customer is overcharged, and, upon information and belief, the overcharge has not been refunded or credited to the customer.

6. That, upon information and belief, CWS has violated 26 S.C. Code Ann. Regs. 103-735 and 735.1 by failing to properly notice customers of termination of service and for improper water service termination. ORS is aware through customer complaints received by its office that CWS disconnected water service to a customer two days after he made payment via telephone. ORS is aware through customer complaints received by its office that CWS disconnected water service to customers who did not receive a monthly bill or were not billed. Furthermore, upon information and belief, the Company did not provide the required notice prior to termination.

7. That, upon information and belief, CWS has not resolved customer complaints promptly.

8. Attached as Exhibit A to this Petition are sample complaints that ORS has recently received regarding CWS and support the allegations contained in Paragraphs 4, 5, 6 and 7.

9. S.C. Code Ann. §58-5-210 (1976) vests the Commission with the "power and jurisdiction to supervise and regulate the rates and service of every public utility in this State ..."

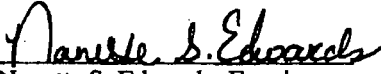
10. That by violating the above referenced Commission regulations, CWS has failed to provide adequate and proper service and pursuant to Section 58-5-710 that CWS should be required to take those steps that are necessary to provide adequate and proper service to its customers such as rendering an accurate bill in a timely manner and refraining from improper water service termination.

11. Given the nature of the allegations and because ORS is unable to identify all CWS customers who may have been affected by the Company's actions, ORS respectfully requests that the Commission require CWS to notify all customers of this proceeding in order that CWS customers may intervene as a party in this docket.

WHEREFORE, ORS prays that the Honorable Commission:

1. Provide to ORS and other interested parties an opportunity to submit evidence regarding CWS's practices of failing to promptly render a bill, failing to render an accurate bill, failing to follow the proper bill form, failing to follow the Commission approved rate schedule such that customers are overbilled, failing to properly notice customers of termination of water service and improper water service termination, and failing to properly apply late payment charges;
2. Issue an order requiring CWS to take those steps that the Commission determines are necessary for the provision of adequate and proper service and establish a reasonable period of time for CWS to complete such steps;
3. Require CWS to directly notify all affected customers of this pending action and the deadlines contained in the Notice of Filing and provide Proof of Mailing to the Commission;
4. Require CWS to submit an answer to this Petition within the deadlines prescribed by the Commission's rules and regulations;
5. Require CWS to adjust its customers' bills to conform to 26 SC Code Ann. Regs. 103-733;
6. Require CWS to cease and desist from terminating service to water customers of CWS where the Company has failed to properly render bills; and

7. Require any additional action or relief which the Commission may deem necessary.


Nanette S. Edwards, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
Phone: (803) 737-0800
Facsimile: (803) 737-0895
nsedwar@regstaff.sc.gov

April 13, 2010

EXHIBIT A

(Redacted)

Lexington, SC 29072

February 12, 2010

Lisa Sparrow
President, Utilities Inc.
2335 Sanders Road
Northbrook, IL 60062-6108

Dear Ms Sparrow:

First let me congratulate you on your recent promotion to president of Utilities Inc., unfortunately the purpose of this letter is lodge a formal complaint about the abysmal lack of service provided by the local branch of Utilities Inc. Water Service for Lexington, SC. My husband and I have been residents of the Sasy Cove community in Lexington County on Lake Murray for 10 years. The water service management to our home was changed in 2008 to Utilities Inc. accompanied by incredibly poor business management and billing.

Not long after the initial change and after not receiving a water bill for over 6 weeks in the summer of 2008, I called Utilities Inc. and was told the billing process had become more complex than expected after they assumed management and was taking a while to sort out - hence the bill would be late. We subsequently received a bill for service from May 25 - June 25 on September 5th for \$152.77 followed by an additional bill on September 12th, 2008 for \$ 338.49 (please see enclosed copies for documentation). Subsequent billing dates have continued to vary at intervals with some months receiving 2 bills (April 6, 2009 and again on April 30, 2009), but with an ongoing unpredictable billing schedule.

In January of 2010 I did not receive a bill by mid-month, but this did not alarm me as it had happened before. However, on February 11, 2009 my husband reported the water had been cut off - again this did not initially alarm me as the water has been interrupted in the past to accommodate work being done with construction and/or maintenance in our vicinity. By 5:15 PM when the water remained off, I checked with a neighbor to see if their water was off too and learned the problem was limited to my home. My husband looked under the house (to make sure there were no frozen pipes, etc.) while I called the Utilities Inc. phone number (356-0490) provided by the local operator only to get the *loud ringing of a fax machine* in return. We subsequently called the Lexington County water service and were told they did not cover our water service (the gentleman on call for their water division was even kind enough to make the trip out to our neighborhood to insure they were not responsible for the interruption in service). Finally, while walking in our side yard, still trying to determine why the water was off, my husband found a

Lisa Sparrow
February 12, 2010
Page 2

notice in the pine straw notifying us our water had been cut off for non-payment of a bill.

We were both dumbfounded to see this notice as at 57 and 65 years of age and both professional people (I am a nurse practitioner with the USC School of Medicine and my husband a tax attorney in private practice) we have NEVER not paid a water bill and NEVER even been threatened with disconnection of a service much less experienced someone turning off a key service without prior notification. We called the number provided on the notice three times before the representative on call, Rene, returned the call and announced that our bill was overdue, that a letter had been sent notifying us on January 25th, and the water WOULD NOT be turned back on until the bill was paid and no sooner than the following day at the earliest. We then were forced to pack our bags, move my 89 yr. old Mother to a neighbor's house and arrange for overnight lodging at a local motel.

I NEVER received a Utilities Inc. bill for January 2010, NEVER received a letter notifying us that our service was being disconnected and am appalled at the lack of concern and service provided by Utilities Inc. The check for my December bill was mailed December 26th and cleared my bank on December 30th, 2009 - hence my January bill should have been due around the last week of January 2010. At worst I would have been 2 to 3 weeks late with the January payment when my water service was interrupted without notice on February 11th. It is outrageous that a key service would be disconnected without assuring that the parties, who had a documented satisfactory payment record, had been notified and outrageous that service disconnection would even be considered over our bill being a few weeks late period!!! One look at our payment record should have caused one to pause when making that sort of decision. Utilities Inc. at the very least should reimburse us for a needless night in a motel while our water service was interrupted.

My husband and I would appreciate any help you can provide in looking into this problem and making sure that another Lexington resident does not suffer at the hands of this completely irresponsible local branch of your company.

Sincerely,

Lexington, SC 29072



PERSONAL (SUN) 801-4314
Collections: (800) 387-4314
Customer Service: (800) 387-4314
www.uwater.com

03/18/2010	4/8/2010	\$ 19,228.48
Name: [REDACTED] Primary Telephone: [REDACTED]		
Activity Since Last Bill		
Previous Balance		\$8,580.29
Payments received as of 03/18/2010		90.00
Balance as of 03/18/2010		\$8,580.29
Adjustments		
Late Payment Charge on 12/23/2009		\$144.78
Current Charges		\$9,433.42
Total Amount Due		\$19,228.48

Received
3/26/10

A fee of 1.8% per month will be added if unpaid by the due date.
Make check payable to: Carolina Water Service Inc of SC

Messages

Our records indicate the prior balance remains unpaid and your account may be subject to disconnection. Please note the due date on this bill refers to the current bill amount and does not extend the time allowed for payment of the prior balance.



PO Box 4509
West Columbia SC 29171-4509



Account Number: [REDACTED] Amount Paid

Due Date: 4/8/2010

Please Pay: \$ 19,228.48

WEST COLUMBIA SC 29188

Carolina Water Service Inc of SC
PO Box 11025
Lewiston ME 04243-9476



☐ Address correction requested on back



Bill Date	Account Number	Due Date
03/18/2010	[REDACTED]	4/8/2010

Name [REDACTED] Primary Telephone # [REDACTED]

Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water - 08/23/2009 to 08/24/2009
Water Distribution Base Charge \$44.36
Distribution Usage of 8,370 gallons at \$2.03 per 1,000 gallons \$16.99
Water Supply Charge of 8,370 gallons at \$0.0103212 per gallon \$86.39
SC DHEC Fee \$3.32
Total Residential Purchased Water \$151.06

Residential Wastewater Service - 08/23/2009 to 08/24/2009
Wastewater Service \$158.00
Total Residential Wastewater Service \$158.00

Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water - 08/23/2009 to 08/24/2009
Water Distribution Base Charge \$44.36
Distribution Usage of 7,750 gallons at \$2.03 per 1,000 gallons \$15.73
Water Supply Charge of 7,750 gallons at \$0.0103212 per gallon \$79.99
SC DHEC Fee \$3.32
Total Residential Purchased Water \$143.40

Residential Wastewater Service - 08/23/2009 to 08/24/2009
Wastewater Service \$158.00
Total Residential Wastewater Service \$158.00

Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water - 08/23/2009 to 08/24/2009
Water Distribution Base Charge \$44.36
Distribution Usage of 15,100 gallons at \$2.03 per 1,000 gallons \$30.65
Water Supply Charge of 15,100 gallons at \$0.0103212 per gallon \$155.85
SC DHEC Fee \$3.32
Total Residential Purchased Water \$234.18

Residential Wastewater Service - 08/23/2009 to 08/24/2009
Wastewater Service \$158.00
Total Residential Wastewater Service \$158.00

Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water - 08/23/2009 to 08/24/2009
Water Distribution Base Charge \$44.36
Distribution Usage of 27,850 gallons at \$2.03 per 1,000 gallons \$56.74
Water Supply Charge of 27,850 gallons at \$0.0103212 per gallon \$288.48
SC DHEC Fee \$3.32
Total Residential Purchased Water \$392.90

Residential Wastewater Service - 08/23/2009 to 08/24/2009
Wastewater Service \$158.00
Total Residential Wastewater Service \$158.00

Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water - 08/23/2009 to 08/24/2009
Water Distribution Base Charge \$44.36
Distribution Usage of 21,840 gallons at \$2.03 per 1,000 gallons \$44.54
Water Supply Charge of 21,840 gallons at \$0.0103212 per gallon \$228.45
SC DHEC Fee \$3.32
Total Residential Purchased Water \$318.67

Residential Wastewater Service - 08/23/2009 to 08/24/2009
Wastewater Service \$158.00
Total Residential Wastewater Service \$158.00

Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water - 08/23/2009 to 08/24/2009
Water Distribution Base Charge \$44.36
Distribution Usage of 7,010 gallons at \$2.03 per 1,000 gallons \$14.23

Total Residential Purchased Water		\$134.28
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$156.00	
Total Residential Wastewater Service		\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2008 to 08/24/2008		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 12,680 gallons at \$2.03 per 1,000 gallons	\$25.68	
Water Supply Charge of 12,680 gallons at \$0.0103212 per gallon	\$130.68	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$203.82
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$156.00	
Total Residential Wastewater Service		\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2008 to 08/24/2008		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 14,070 gallons at \$2.03 per 1,000 gallons	\$28.56	
Water Supply Charge of 14,070 gallons at \$0.0103212 per gallon	\$145.22	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$221.46
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$156.00	
Total Residential Wastewater Service		\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2008 to 08/24/2008		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 10,000 gallons at \$2.03 per 1,000 gallons	\$20.30	
Water Supply Charge of 10,000 gallons at \$0.0103212 per gallon	\$103.21	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$171.19
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$156.00	
Total Residential Wastewater Service		\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2008 to 08/24/2008		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 8,850 gallons at \$2.03 per 1,000 gallons	\$17.97	
Water Supply Charge of 8,850 gallons at \$0.0103212 per gallon	\$91.34	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$156.99
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$156.00	
Total Residential Wastewater Service		\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2008 to 08/24/2008		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 12,690 gallons at \$2.03 per 1,000 gallons	\$25.76	
Water Supply Charge of 12,690 gallons at \$0.0103212 per gallon	\$130.98	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$204.42
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$156.00	
Total Residential Wastewater Service		\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2008 to 08/24/2008		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 20,900 gallons at \$2.03 per 1,000 gallons	\$42.43	
Water Supply Charge of 20,900 gallons at \$0.0103212 per gallon	\$215.71	
SC DHEC Fee	\$3.32	

Wastewater Service	\$155.00	
Total Residential Wastewater Service		\$155.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2009 to 09/24/2009		
Water Distribution Base Charge	\$44.36	
Distribution Usage of 6,400 gallons at \$2.03 per 1,000 gallons	\$19.08	
Water Supply Charge of 6,400 gallons at \$0.0103212 per gallon	\$67.02	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$163.78
Residential Wastewater Service - 08/23/2009 to 09/24/2009		
Wastewater Service	\$155.00	
Total Residential Wastewater Service		\$155.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2009 to 09/24/2009		
Water Distribution Base Charge	\$44.36	
Distribution Usage of 17,360 gallons at \$2.03 per 1,000 gallons	\$35.24	
Water Supply Charge of 17,360 gallons at \$0.0103212 per gallon	\$179.18	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$262.10
Residential Wastewater Service - 08/23/2009 to 09/24/2009		
Wastewater Service	\$155.00	
Total Residential Wastewater Service		\$155.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2009 to 09/24/2009		
Water Distribution Base Charge	\$44.36	
Distribution Usage of 14,140 gallons at \$2.03 per 1,000 gallons	\$29.70	
Water Supply Charge of 14,140 gallons at \$0.0103212 per gallon	\$145.84	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$222.32
Residential Wastewater Service - 08/23/2009 to 09/24/2009		
Wastewater Service	\$155.00	
Total Residential Wastewater Service		\$155.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2009 to 09/24/2009		
Water Distribution Base Charge	\$44.36	
Distribution Usage of 38,220 gallons at \$2.03 per 1,000 gallons	\$77.59	
Water Supply Charge of 38,220 gallons at \$0.0103212 per gallon	\$394.48	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$519.75
Residential Wastewater Service - 08/23/2009 to 09/24/2009		
Wastewater Service	\$155.00	
Total Residential Wastewater Service		\$155.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2009 to 09/24/2009		
Water Distribution Base Charge	\$44.36	
Distribution Usage of 14,360 gallons at \$2.03 per 1,000 gallons	\$29.13	
Water Supply Charge of 14,360 gallons at \$0.0103212 per gallon	\$148.11	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$224.92
Residential Wastewater Service - 08/23/2009 to 09/24/2009		
Wastewater Service	\$155.00	
Total Residential Wastewater Service		\$155.00
Service Address [REDACTED] LEXINGTON, SC, 29072		
Residential Purchased Water - 08/23/2009 to 09/24/2009		
Water Distribution Base Charge	\$44.36	
Distribution Usage of 12,610 gallons at \$2.03 per 1,000 gallons	\$25.40	
Water Supply Charge of 12,610 gallons at \$0.0103212 per gallon	\$129.12	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$202.20
Residential Wastewater Service - 08/23/2009 to 09/24/2009		

Service Address [REDACTED] LEXINGTON, SC, 29072	
Residential Purchased Water - 08/23/2009 to 09/24/2009	
Water Distribution Base Charge	\$44.36
Distribution Usage of 17,630 gallons at \$2.03 per 1,000 gallons	\$35.79
Water Supply Charge of 17,630 gallons at \$0.0103212 per gallon	\$181.98
SC DHEC Fee	\$3.32
Total Residential Purchased Water	\$265.43
Residential Wastewater Service - 08/23/2009 to 09/24/2009	
Wastewater Service	\$156.00
Total Residential Wastewater Service	\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072	
Residential Purchased Water - 08/23/2009 to 09/24/2009	
Water Distribution Base Charge	\$44.36
Distribution Usage of 6,820 gallons at \$2.03 per 1,000 gallons	\$13.84
Water Supply Charge of 6,820 gallons at \$0.0103212 per gallon	\$70.39
SC DHEC Fee	\$3.32
Total Residential Purchased Water	\$131.91
Residential Wastewater Service - 08/23/2009 to 09/24/2009	
Wastewater Service	\$156.00
Total Residential Wastewater Service	\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072	
Residential Purchased Water - 08/23/2009 to 09/24/2009	
Water Distribution Base Charge	\$44.36
Distribution Usage of 10,680 gallons at \$2.03 per 1,000 gallons	\$21.68
Water Supply Charge of 10,680 gallons at \$0.0103212 per gallon	\$110.23
SC DHEC Fee	\$3.32
Total Residential Purchased Water	\$179.59
Residential Wastewater Service - 08/23/2009 to 09/24/2009	
Wastewater Service	\$156.00
Total Residential Wastewater Service	\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072	
Commercial Purchased Water - 08/23/2009 to 09/24/2009	
Water Distribution Base Charge	\$11.09
Distribution Usage of 9,480 gallons at \$2.03 per 1,000 gallons	\$19.24
Water Supply Charge of 9,480 gallons at \$0.0103212 per gallon	\$97.84
SC DHEC Fee	\$0.83
Total Commercial Purchased Water	\$129.00
Commercial Wastewater Service - 08/23/2009 to 09/24/2009	
Wastewater Service	\$39.00
Total Commercial Wastewater Service	\$39.00
Service Address [REDACTED] LEXINGTON, SC, 29072	
Commercial Purchased Water - 08/23/2009 to 09/24/2009	
Water Distribution Base Charge	\$11.09
Distribution Usage of 2,040 gallons at \$2.03 per 1,000 gallons	\$4.14
Water Supply Charge of 2,040 gallons at \$0.0103212 per gallon	\$21.06
SC DHEC Fee	\$0.83
Total Commercial Purchased Water	\$37.12
Service Address [REDACTED] LEXINGTON, SC, 29072	
Residential Purchased Water - 08/23/2009 to 09/24/2009	
Water Distribution Base Charge	\$44.36
Distribution Usage of 11,100 gallons at \$2.03 per 1,000 gallons	\$22.53
Water Supply Charge of 11,100 gallons at \$0.0103212 per gallon	\$114.57
SC DHEC Fee	\$3.32
Total Residential Purchased Water	\$184.78
Residential Wastewater Service - 08/23/2009 to 09/24/2009	
Wastewater Service	\$156.00
Total Residential Wastewater Service	\$156.00
Service Address [REDACTED] LEXINGTON, SC, 29072	
Residential Purchased Water - 08/23/2009 to 09/24/2009	
Water Distribution Base Charge	\$44.36

SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$285.20
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$158.00	
Total Residential Wastewater Service		\$158.00
Service Address		DIXINGTON, SC, 29072
Residential Purchased Water - 08/23/2008 to 08/24/2008		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 12,580 gallons at \$2.03 per 1,000 gallons	\$25.70	
Water Supply Charge of 12,580 gallons at \$0.0103212 per gallon	\$130.67	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water		\$204.05
Residential Wastewater Service - 08/23/2008 to 08/24/2008		
Wastewater Service	\$166.00	
Total Residential Wastewater Service		\$166.00
Current Charges		\$9,433.42



Bill Date	Account Number	Due Date	Please Pay:
12/01/2009	[REDACTED]	12/22/2009	\$9,650.29

Name [REDACTED] Primary Telephone # [REDACTED]

Activity Since Last Bill

Previous Balance	\$3,625.97
Payments received as of 12/01/2009	\$-3,625.97
Balance as of 12/01/2009	\$0.00
Current Charges	\$9,650.29
Total Amount Due	\$9,650.29

Phone: (800) 367-4314
Collections: (800) 367-4314
Customer Service: (800) 367-4314
www.lfwater.com

Summary of Service

Number of Days: 31
Average Daily Cost: \$309.67

Usage History



A fee of 1.5% per month will be added if unpaid by the due date.
Make check payable to Carolina Water Service Inc of SC

Message

We apologize for the delay in processing your bill. You will receive future bills on time. If you have any questions, please contact your local customer service office.



PO Box 4509
West Columbia SC 29171-4509



WEST COLUMBIA SC 29169



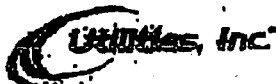
Account Number: [REDACTED] Amount Paid

Due Date: 12/22/2009

Please Pay: \$9,650.29

Carolina Water Service Inc of SC
PO Box 11025
Lewiston ME 04243-8478
[Barcode]

☐ Address correction requested on back



Bill Date	Account Number	Due Date
12/01/2009	[REDACTED]	12/02/2009

Name [REDACTED] Primary Telephone # (803) 406-3808

Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 7,438 gallons at \$2.00 per 1,000 gallons	\$14.88	
Water Supply Charge of 7,438 gallons at \$0.0103212 per gallon	\$76.89	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water	\$139.47	
Residential Wastewater Service	\$158.00	
Wastewater Service		\$158.00
Total Residential Wastewater Service		

Meter Reading Meter # 0001083
Current 100000 06/23/2009
Previous 163490 07/22/2009
Usage 7438 Gallons
Number of Days: 32



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 13,800 gallons at \$2.00 per 1,000 gallons	\$27.60	
Water Supply Charge of 13,800 gallons at \$0.0103212 per gallon	\$143.48	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water	\$218.78	
Residential Wastewater Service	\$158.00	
Wastewater Service		\$158.00
Total Residential Wastewater Service		

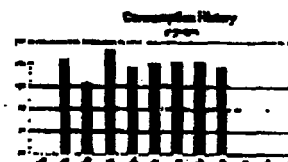
Meter Reading Meter # 07013920
Current 237438 06/23/2009
Previous 200000 07/22/2009
Usage 18938 Gallons
Number of Days: 32



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 15,180 gallons at \$2.00 per 1,000 gallons	\$30.36	
Water Supply Charge of 15,180 gallons at \$0.0103212 per gallon	\$156.18	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water	\$234.24	
Residential Wastewater Service	\$158.00	
Wastewater Service		\$158.00
Total Residential Wastewater Service		

Meter Reading Meter # 0700830
Current 201030 06/23/2009
Previous 200000 07/22/2009
Usage 1030 Gallons
Number of Days: 32



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water		
Water Distribution Base Charge	\$44.38	
Distribution Usage of 27,210 gallons at \$2.00 per 1,000 gallons	\$54.42	
Water Supply Charge of 27,210 gallons at \$0.0103212 per gallon	\$280.94	
SC DHEC Fee	\$3.32	
Total Residential Purchased Water	\$383.06	
Residential Wastewater Service	\$158.00	
Wastewater Service		\$158.00
Total Residential Wastewater Service		

Meter Reading Meter # 1700001
Current 280700 06/23/2009
Previous 280000 07/22/2009
Usage 700 Gallons
Number of Days: 32



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.55
 Distribution Usage of 24,000 gallons at \$2.00 per 1,000 gallons \$48.75
 Water Supply Charge of 24,000 gallons at \$0.0102212 per gallon \$247.71
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$344.33
 Residential Wastewater Service \$158.00
 Wastewater Service
 Total Residential Wastewater Service

Meter Reading Meter # 17925946
 Current 2891940 08/23/2008
 Previous 2837940 07/23/2008
 Usage 5400 Gallons
 Number of Days: 32

\$344.33

\$158.00



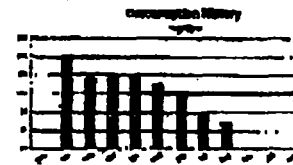
Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.55
 Distribution Usage of 5,430 gallons at \$2.00 per 1,000 gallons \$11.02
 Water Supply Charge of 5,430 gallons at \$0.0102212 per gallon \$56.04
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$114.93
 Residential Wastewater Service \$158.00
 Wastewater Service
 Total Residential Wastewater Service

Meter Reading Meter # 17925947
 Current 2811830 08/23/2008
 Previous 2760830 07/23/2008
 Usage 5100 Gallons
 Number of Days: 32

\$114.93

\$158.00



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.55
 Distribution Usage of 22,800 gallons at \$2.00 per 1,000 gallons \$45.60
 Water Supply Charge of 22,800 gallons at \$0.0102212 per gallon \$233.10
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$326.57
 Residential Wastewater Service \$158.00
 Wastewater Service
 Total Residential Wastewater Service

Meter Reading Meter # 17925948
 Current 1131270 08/23/2008
 Previous 1080270 07/23/2008
 Usage 5100 Gallons
 Number of Days: 32

\$326.57

\$158.00



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.55
 Distribution Usage of 12,740 gallons at \$2.00 per 1,000 gallons \$25.48
 Water Supply Charge of 12,740 gallons at \$0.0102212 per gallon \$130.11
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$183.46
 Residential Wastewater Service \$158.00
 Wastewater Service
 Total Residential Wastewater Service

Meter Reading Meter # 17925949
 Current 2001430 08/23/2008
 Previous 1987690 07/23/2008
 Usage 13740 Gallons
 Number of Days: 32

\$183.46

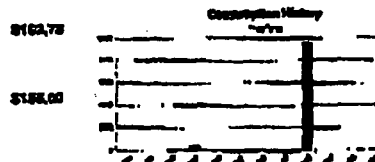
\$158.00



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.38
 Distribution Usage of 8,400 gallons at \$2.63 per 1,000 gallons \$18.63
 Water Supply Charge of 8,400 gallons at \$0.010312 per gallon \$87.22
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$153.55
 Residential Wastewater Service
 Wastewater Service \$135.00
 Total Residential Wastewater Service

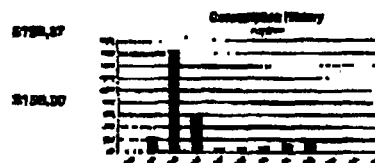
Water Reading Meter# 1786887
 Current 728000 08/23/2008
 Previous 728000 07/23/2008
 Usage 9400 Gallons
 Number of Days: 32



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.38
 Distribution Usage of 12,200 gallons at \$2.63 per 1,000 gallons \$32.17
 Water Supply Charge of 12,200 gallons at \$0.010312 per gallon \$125.88
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$195.57
 Residential Wastewater Service
 Wastewater Service \$135.00
 Total Residential Wastewater Service

Water Reading Meter# 1786890
 Current 328000 08/23/2008
 Previous 328000 07/23/2008
 Usage 12200 Gallons
 Number of Days: 32



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.38
 Distribution Usage of 11,870 gallons at \$2.63 per 1,000 gallons \$31.10
 Water Supply Charge of 11,870 gallons at \$0.010312 per gallon \$122.51
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$199.31
 Residential Wastewater Service
 Wastewater Service \$135.00
 Total Residential Wastewater Service

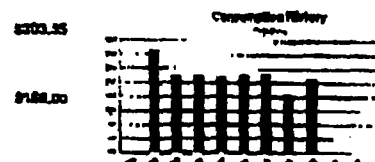
Water Reading Meter# 1786893
 Current 142800 08/23/2008
 Previous 144170 07/23/2008
 Usage 11870 Gallons
 Number of Days: 32



Service Address [REDACTED] LEXINGTON, SC, 29072

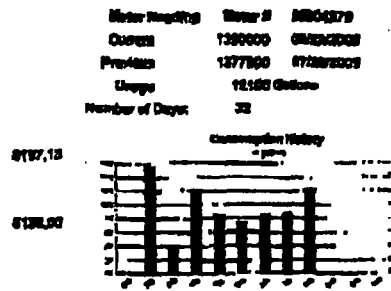
Residential Purchased Water
 Water Distribution Base Charge \$44.38
 Distribution Usage of 20,700 gallons at \$2.63 per 1,000 gallons \$54.32
 Water Supply Charge of 20,700 gallons at \$0.010312 per gallon \$213.55
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$303.35
 Residential Wastewater Service
 Wastewater Service \$135.00
 Total Residential Wastewater Service

Water Reading Meter# 1786891
 Current 436720 08/23/2008
 Previous 424620 07/23/2008
 Usage 20700 Gallons
 Number of Days: 32



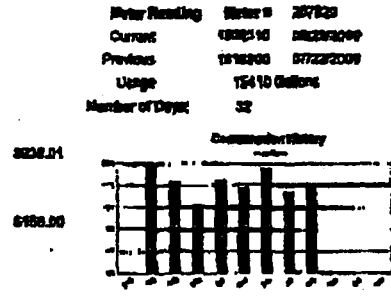
Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.88
 Distribution Usage of 12,100 gallons at \$2.00 per 1,000 gallons \$24.80
 Water Supply Charge of 12,100 gallons at \$0.010312 per gallon \$124.88
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$197.88
 Residential Wastewater Service
 Wastewater Service \$158.00
 Total Residential Wastewater Service



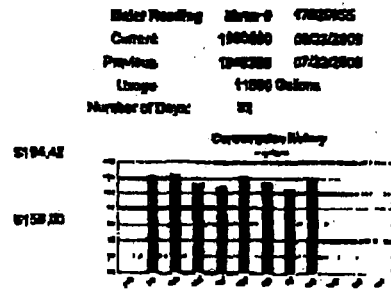
Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.88
 Distribution Usage of 12,410 gallons at \$2.00 per 1,000 gallons \$24.82
 Water Supply Charge of 12,410 gallons at \$0.010312 per gallon \$128.05
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$201.07
 Residential Wastewater Service
 Wastewater Service \$158.00
 Total Residential Wastewater Service



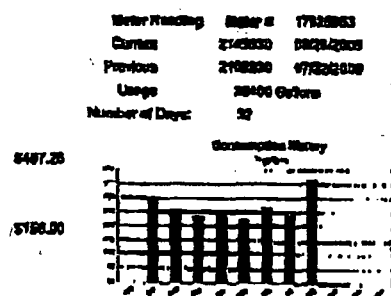
Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.88
 Distribution Usage of 11,890 gallons at \$2.00 per 1,000 gallons \$23.78
 Water Supply Charge of 11,890 gallons at \$0.010312 per gallon \$122.52
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$194.50
 Residential Wastewater Service
 Wastewater Service \$158.00
 Total Residential Wastewater Service



Service Address [REDACTED] FORTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge \$44.88
 Distribution Usage of 38,400 gallons at \$2.00 per 1,000 gallons \$76.80
 Water Supply Charge of 38,400 gallons at \$0.010312 per gallon \$395.68
 SC DHEC Fee \$3.32
 Total Residential Purchased Water \$480.68
 Residential Wastewater Service
 Wastewater Service \$158.00
 Total Residential Wastewater Service

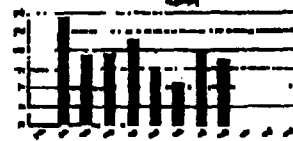


Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge 344.38
 Distribution Usage of 13,700 gallons at \$2.00 per 1,000 gallons 277.87
 Water Supply Charge of 13,700 gallons at \$0.0102218 per gallon \$142.23
 SC DHEC Fee 33.32
 Total Residential Purchased Water \$817.80
 Residential Wastewater Service
 Wastewater Service \$150.00
 Total Residential Wastewater Service \$150.00

Water Reading Meter # 17823943
 Current 2374370 08230200
 Previous 2309860 07220200
 Usage 13700 Gallons
 Number of Days 31

Consumption History

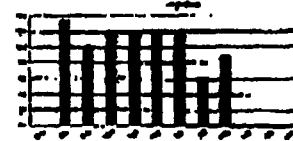


Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge 344.38
 Distribution Usage of 8,830 gallons at \$2.00 per 1,000 gallons \$177.32
 Water Supply Charge of 8,830 gallons at \$0.0102218 per gallon \$90.67
 SC DHEC Fee 33.32
 Total Residential Purchased Water \$615.67
 Residential Wastewater Service
 Wastewater Service \$150.00
 Total Residential Wastewater Service \$150.00

Water Reading Meter # 17823943
 Current 1427910 08230200
 Previous 1417880 07220200
 Usage 8830 Gallons
 Number of Days 32

Consumption History



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge 344.38
 Distribution Usage of 16,740 gallons at \$2.00 per 1,000 gallons \$334.80
 Water Supply Charge of 16,740 gallons at \$0.0102218 per gallon \$172.79
 SC DHEC Fee 33.32
 Total Residential Purchased Water \$854.44
 Residential Wastewater Service
 Wastewater Service \$150.00
 Total Residential Wastewater Service \$150.00

Water Reading Meter # 17823943
 Current 1728020 08230200
 Previous 1712280 07220200
 Usage 15740 Gallons
 Number of Days 32

Consumption History

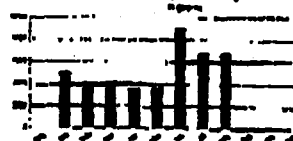


Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
 Water Distribution Base Charge 344.38
 Distribution Usage of 6,840 gallons at \$2.00 per 1,000 gallons \$136.80
 Water Supply Charge of 6,840 gallons at \$0.0102218 per gallon \$69.83
 SC DHEC Fee 33.32
 Total Residential Purchased Water \$554.44
 Residential Wastewater Service
 Wastewater Service \$150.00
 Total Residential Wastewater Service \$150.00

Water Reading Meter # 17823943
 Current 1386230 08230200
 Previous 1381580 07220200
 Usage 4640 Gallons
 Number of Days 32

Consumption History



Residential Purchased Water
 Water Distribution Base Charge
 Distribution Usage of 12,388 gallons at \$2.08 per 1,000 gallons
 Water Supply Charge of 12,388 gallons at \$0.0103212 per gallon
 SC DHEC Fee
 Total Residential Purchased Water
 Residential Wastewater Service
 Wastewater Service
 Total Residential Wastewater Service

\$44.36
 \$25.14
 \$127.88
 \$0.32

\$298.71

\$158.00

\$158.00

Water Reading Meter # 1782844
 Current 1914850 08/22/2009
 Previous 1871850 07/22/2009
 Usage 43000 Gallons
 Number of Days: 32

Consumption History



Service Address [REDACTED] LEXINGTON, SC, 29072
 Commercial Purchased Water
 Water Distribution Base Charge
 Distribution Usage of 8,700 gallons at \$2.08 per 1,000 gallons
 Water Supply Charge of 8,700 gallons at \$0.0103212 per gallon
 SC DHEC Fee
 Total Commercial Purchased Water
 Commercial Wastewater Service
 Wastewater Service
 Total Commercial Wastewater Service

\$11.08
 \$17.08
 \$89.79
 \$0.32

\$119.37

\$39.00

\$39.00

Water Reading Meter # 1888014
 Current 189980 08/22/2009
 Previous 180180 07/22/2009
 Usage 9800 Gallons
 Number of Days: 32

Consumption History



Service Address [REDACTED] LEXINGTON, SC, 29072
 Commercial Purchased Water
 Water Distribution Base Charge
 Distribution Usage of 11,900 gallons at \$2.08 per 1,000 gallons
 Water Supply Charge of 11,900 gallons at \$0.0103212 per gallon
 SC DHEC Fee
 Total Commercial Purchased Water

\$11.08
 \$24.18
 \$122.82
 \$0.32

\$158.30

Water Reading Meter # 27878171
 Current 142430 08/22/2009
 Previous 1412140 07/22/2009
 Usage 11900 Gallons
 Number of Days: 32

Consumption History



Service Address [REDACTED] LEXINGTON, SC, 29072
 Residential Purchased Water
 Water Distribution Base Charge
 Distribution Usage of 8,540 gallons at \$2.08 per 1,000 gallons
 Water Supply Charge of 8,540 gallons at \$0.0103212 per gallon
 SC DHEC Fee
 Total Residential Purchased Water
 Residential Wastewater Service
 Wastewater Service
 Total Residential Wastewater Service

\$44.36
 \$19.37
 \$88.40
 \$0.32

\$183.51

\$158.00

\$158.00

Water Reading Meter # 1782800
 Current 188280 08/22/2009
 Previous 1873410 07/22/2009
 Usage 8640 Gallons
 Number of Days: 32

Consumption History



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
Water Distribution Base Charge
Distribution Usage of 17,540 gallons at \$2.00 per 1,000 gallons
Water Supply Charge of 17,540 gallons at \$0.0100212 per gallon
SC DHEC Fee
Total Residential Purchased Water
Residential Wastewater Service
Wastewater Service
Total Residential Wastewater Service

\$14.00
\$35.91
\$185.07
\$5.22

\$235.96

\$185.00

\$185.00

Meter Reading Meter# 17523533
Current 1475480 08/22/2008
Previous 1457880 07/22/2008
Usage 17540 Gallons
Number of Days: 32

Consumption History



Service Address [REDACTED] LEXINGTON, SC, 29072

Residential Purchased Water
Water Distribution Base Charge
Distribution Usage of 18,010 gallons at \$2.00 per 1,000 gallons
Water Supply Charge of 18,010 gallons at \$0.0100212 per gallon
SC DHEC Fee
Total Residential Purchased Water
Residential Wastewater Service
Wastewater Service
Total Residential Wastewater Service

\$14.00
\$36.07
\$184.82
\$5.22

\$235.07

\$185.00

\$185.00

Meter Reading Meter# H057013883
Current 1471750 08/22/2008
Previous 1458750 07/22/2008
Usage 13010 Gallons
Number of Days: 32

Consumption History



Current Charges

\$3,580.20



Bill Date	Account Number	Due Date	Please Pay:
03/01/2010	[REDACTED]	3/22/2010	\$174.41

Name: [REDACTED]
Service Address: [REDACTED] LEXINGTON, SC 29073

Primary Telephone #: [REDACTED]

Activity Since Last Bill

Previous Balance	\$78.15
Payments received as of 03/01/2010	\$-80.00
Balance as of 03/01/2010	\$-0.85

Residential Purchased Water

Water Distribution Base Charge	\$22.92
Distribution Usage of 12,500 gallons at \$2.03 per 1,000 gallons	\$25.38
Water Supply Charge of 12,500 gallons at \$0.0035771 per gallon	\$44.71
SC DHEC Fee	\$1.18
SC DHEC Fee	\$0.49
Total Residential Purchased Water	\$94.68

Residential Wastewater Service

Wastewater Service	\$80.60
Total Residential Wastewater Service	\$80.60

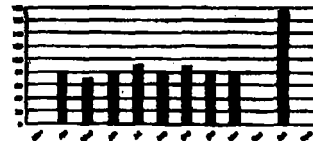
Total Amount Due \$174.41

Carolina Water Service Inc of SC
Collection: (800) 367-4314
Phone: (800) 367-4314
Customer Service: (800) 367-4314
www.cwsiwater.com

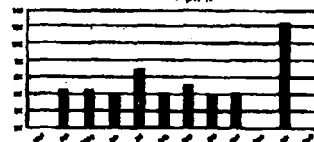
Summary of Service

Meter Reading	Meter #	NOMETER#
Current	1180480	01/20/2010
Previous	1147980	11/19/2009
Usage	12,500 Gallons	
Number of Days:	62	
Average Daily Use:	202 Gallons	
Average Daily Cost:	\$2.83	

Billing History



Consumption History



A fee of 1.5% per month will be added if unpaid by the due date.
Make check payable to: Carolina Water Service Inc of SC

Messages



PO Box 4509
West Columbia SC 29171-4509

LEXINGTON SC 29073



Account Number: [REDACTED] Amount Paid
Due Date: 3/22/2010
Please Pay: \$174.41

Carolina Water Service Inc of SC

PO Box 11025
Lawiston ME 04243-9478



☐ Address correction requested on back



Carolina Water Service Inc of SC
Collections: (800) 367-4314
Phone: (803) 367-4314
Customer Service: (800) 367-4314
www.cwsc.com

03/30/2010	4/20/2010	\$-85.42
Name: [REDACTED] Primary Telephone: [REDACTED]		
Service Address: [REDACTED] IOTON, SC, 29072		
Activity Since Last Bill		
Previous Balance	853.37	
Payments received as of 03/30/2010	\$-128.74	
Balance as of 03/30/2010		\$-63.37
Adjustments		
Late Payment Charge on 02/21/2010	\$0.06	
Miscellaneous Adjustment - Water	\$-3.00	
Total Amount Due		\$-85.42

ATT: DAWN HIPP

A fee of 1.5% per month will be added if unpaid by the due date.
Make check payable to Carolina Water Service Inc of SC

Messages



PO Box 4509
West Columbia SC 29171-4509

[REDACTED]
LEXINGTON SC 29072



Account Number:	[REDACTED]	Amount Paid
Due Date:	4/20/2010	
Credit Balance	\$-85.42	
Do Not Pay		

Carolina Water Service Inc of SC
PO Box 11025
Lewiston ME 04243-0478
[Barcode]

100*4 52908

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Carolina Water Service Inc of SC
Collections: (800) 387-4314
Phone: (800) 387-4314
Customer Service: (800) 387-4314
www.cwwater.com

Bill Cycle: 03/30/2010	Due Date: 4/20/2010	Please Pay: \$ 0.94
Name: [REDACTED] Primary Telephone: [REDACTED]		
Service Address: [REDACTED] LEXINGTON, SC, 29072		
Activity Since Last Bill		
Previous Balance	\$83.16	
Payments received as of 03/30/2010	\$83.16	
Balance as of 03/30/2010	\$0.00	
Adjustments		
Late Payment Charge on 02/21/2010	\$0.94	
Total Amount Due	\$0.94	

Period	Number of Days:	Average Daily Cost:
Billing History		

Called
4/9/10
Brad Kirby
1-800-922-1531
Ext 75206
Jax 737 4750

A fee of 1.5% per month will be added if unpaid by the due date.
Make check payable to: Carolina Water Service Inc of SC

Messages



PO Box 4509
West Columbia SC 29171-4509

LEXINGTON SC 29072

Account Number: [REDACTED] Amount Paid: [REDACTED]
Due Date: 4/20/2010
Please Pay: \$ 0.94

Carolina Water Service Inc of SC
PO Box 11026
Lewiston ME 04243-0476
|||

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010-146-WS

IN RE:

Petition of the Office of Regulatory Staff
for Commission to Order a Rule to Show
Cause as to Why Carolina Water
Service, Inc. should not be found in
violation of Commission Regulations and
for Issuance of Order to Provide
Adequate and Proper Service

ANSWER

Pursuant to 26 S.C. Code Ann. Regs. 103-826 and 103-830, and in compliance with the Notice issued by the Commission's Chief Clerk and Administrator dated April 19, 2010, and the Commission's Order in this matter dated May 20, 2010, and reserving all defenses which may hereafter be raised by motion, Carolina Water Service, ("CWS") answers the Petition for Rule to Show Cause ("Petition") of the Office of Regulatory Staff ("ORS") as follows:

FOR A FIRST DEFENSE

1. CWS denies each and every allegation of the Petition except as hereinafter admitted, modified or qualified.

FOR A SECOND DEFENSE

2. CWS admits the allegations of paragraphs 1, 2 and 3 of the Petition.
3. Answering the allegations of paragraph 4 of the Petition, CWS states as follows:

- a. CWS admits that it has not billed some customers in accordance with R. 103-732. Further responding to this allegation of the Petition, CWS states that it has experienced recent issues with delayed billing in areas where customers received distribution only water service (or are billed in the same billing cycle as customers receiving distribution only water service). Delays in receipt of purchased water invoices from bulk water suppliers, which are passed through to customers on a *pro rata* basis without markup under CWS's currently approved rate schedule, contributed to delayed billings to water distribution only customers. CWS has determined that another cause of these delayed billings was a breakdown in its internal processes pertaining to the proper billing of distribution only water service and the failure of certain personnel to properly manage this process. As a result, CWS has made certain personnel changes, consolidated its customer service operations up to the Officer level of the company, and adopted key performance indicators to bring more expertise and accountability to the billing process to ensure that it is aligned with other processes and that responsible personnel adhere to same. CWS further states that it has also recently experienced circumstances in which its billing system reflects that bills have been issued, but certain customers have asserted that no bills have been received. CWS has heretofore experienced issues with issued bills not being delivered as a result of problems with an outside contractor providing mail pre-sorting services and terminated its agreement with that contractor. CWS has investigated the current circumstance where some customers have not received bills and has

determined that its current pre-sorting contractor is not at fault. Accordingly, CWS has initiated a contact with the United States Postal Service to investigate the circumstances in which customers have not received bills which have been issued. CWS is working diligently, in cooperation with ORS, to address the cause of such delayed or undelivered billings and to rectify the situation. CWS submits that any delayed or undelivered billings are not the result of any intentional actions on its part as same are clearly detrimental to CWS as well as customers and that CWS is committed to complying with R. 103-732.

- b. CWS admits that it issued bills to customers in the Lake Murray and Harborside¹ service areas which omitted information required under R. 103-732.2, specifically including meter reading information, registration indices, number of days billed, and bill consumption graphs. Further responding, CWS states that these omissions were inadvertent and were caused by several factors. First, in both service areas, bills issued in March 2010 were cancelled in order to issue the catch-up bill provided for in Order No. 2010-11. Second, in both instances, personnel failed to update bill cycles and meter read tables properly in the billing system, which caused the billing system to issue bills without bill segments. Thus, certain of the information required by the regulation was not available to the billing systems to be populated on the bill. This error should have been reflected on the master bill report issued by the

¹ Harborside is a property regime consisting of multiple dwellings and receives a single bill for service provided to its inhabitants.

billing system, but was not. CWS has issued corrected bills on these accounts for each service period affected, included therewith a bill insert explaining the error and stating the reason multiple bills have been issued, and offering any affected customer a deferred payment plan to alleviate any hardship. CWS is working with the billing system developer to identify the reason why the system failed to produce the required information about this billing error on the master bill report. In addition, all late payment charges on Lake Murray and Harborside accounts for the months of January, February and March, 2010, have been waived by CWS. Letters have been sent to the customers in these service areas reflecting CWS's actions to correct this error, copies of which are attached as Exhibits 1 and 2, respectively. Finally, CWS has made personnel changes as a result of this error. CWS submits that the omission of required information on customer billings is not the result of any intentional actions on its part as same are clearly detrimental to CWS as well as customers and that CWS is committed to complying with R. 103-732.2.

- c. CWS is unaware of any instance in which it has failed to render a bill. However, CWS acknowledges that circumstances exist in which customers have advised ORS that no bill has been received. See, e.g., the February 12, 2010, letter to Lisa Sparrow, President and Chief Executive Officer of Utilities, Inc., which is attached to the Petition as part of its Exhibit A. CWS investigated this complaint and responded to the customer by letter dated March 1, 2010, addressed to the customer service address, a redacted copy of which is attached as Exhibit 3 to this Answer. As this document reflects,

CWS's investigation found that a bill was issued to the customer in a timely manner and that subsequent late-payment and termination notices were issued to the customer service address, none of which were returned to CWS by the postal service as being undelivered or undeliverable. Notwithstanding this, CWS waived both the reconnection and late payment charges on the account. Subsequent to the filing of the ORS petition in this matter, CWS has learned that this customer has advised ORS that the company's March 1, 2010, correspondence to her was also not received at her residence. CWS has investigated the issue with its mail pre-sorting contractor and has been unable to substantiate the existence of any mail delivery problem with respect to the services of this contractor. Accordingly, CWS has contacted the United States Postal Service to investigate the matter further. CWS submits that any undelivered billings, notices or other customer correspondence are not the result of any intentional actions on its part as same are clearly detrimental to CWS as well as customers and that CWS is committed to complying with R. 103-732 and 103-735.1. See also paragraph 5, below.

- d. CWS denies that it has violated R. 103-732.3. The March 30, 2010, bill included in Petition Exhibit A does reflect imposition of a \$0.94 late payment charge on an account that did not show an unpaid balance. However, this late payment charge was correctly included on the bill in question because it applied to a \$63.15 balance on the January 28, 2010, bill for this account that was due and payable on February 18, 2010, but for which payment was not received until March 8, 2010. Because of the error in the March 30, 2010, bill

itself (see paragraph 3(b) above), CWS waived the late payment charge on this account. Further responding, CWS submits that it has only imposed late charges in the percentage amount permitted under this regulation in the circumstances authorized, i.e., where an issued bill has gone unpaid within 25 days of the billing date. Notwithstanding this fact, CWS has waived all late charges for the Lake Murray and Harborside accounts due to the issues with the bill content described in paragraph 3.b above. CWS further commits that, should it be determined that customer bills were not received as a result of an error by CWS, it will likewise waive late payment charges for such customers.

4. Answering the allegations of paragraph 5 of the Petition, CWS admits that customers have been overcharged as a result of a pro ration of base facilities charges. These overcharges arose out of the Company's efforts to engage in the catch-up billing. This catch-up billing was necessitated by the delayed bills associated with the receipt of bulk water invoices in arrears and the manual process associated with proper pro rating of purchased water costs. See Order No. 2010-11. To correct this error, CWS has issued credit adjustments in accordance with R. 103-733.2(a) to all affected customers with a notation on their bill reflecting "Base Charge Adjustment for Pro-Rated Bill." CWS states that overcharges resulting from this pro ration of base facility charges were inadvertent and that CWS is committed to complying with R. 103-703. Further answering the allegations of this paragraph of the Petition, to the extent that it asserts that CWS is precluded by the terms of its rate schedule from pro-rating base facility charges and that it is required to issue two separate bills in all circumstances, CWS respectfully disagrees with ORS and would therefore deny same. CWS submits that circumstances may exist where it is appropriate to render a single bill for a period beyond a monthly billing period such as

where a customer moves into served premises and establishes an account with the Company at or near the end of a billing cycle. In this circumstance, a pro rated base facility charge would be appropriate. CWS notes that it is required to bill customers "as promptly as possible following the reading of [their] meters." See R. 103-732. Pursuant to R. 103-732.1, CWS is required to read a customer meter at the initiation of service (and termination) of service and to base its billings thereon. Under R. 103-732.2(a) it is contemplated that a bill shall be based upon meter readings "at the end and beginning of the period for which a bill is rendered." CWS submits that bill issuance is, thus, a function of meter reading under these regulations. CWS further submits that a requirement that it never pro-rate base facility charges and always issue separate bills for every monthly billing period would, in the circumstances where a customer establishes service at the end of a bill period, require an additional meter read and the issuance of an additional customer bill and thereby unnecessarily increase the cost of providing service and obligate customers to pay two separate bills where one bill is sufficient.

5. Responding to paragraph 6 of the Petition, CWS denies that it has violated R. 103-735. Further responding to the allegations of this paragraph, CWS submits that it has not disconnected water service for non-payment on any account in circumstances where bills and disconnection notices were not issued to the customer. See R. 103-735.1(A). CWS acknowledges that in March of 2010, it received multiple complaints from customers in the Lake Murray and Watergate service areas whose service was scheduled for disconnection regarding the lack of a bill for January 2010, service and/or the absence of a subsequent disconnection notice. CWS received no returned mail indicating that such bills and notices were not received by these customers, but thereafter began an investigation to ascertain the source of the problem. However, in view of the customer complaints, CWS notified all customers in these areas via

VoiceReach message on April 9, 2010, that disconnection activities were being halted and that all late payment charges and reconnection charges incurred on accounts associated with any disconnections for the months of January through March, 2010, were being waived. The waiver of such charges was reflected on all affected customer accounts on April 12, 2010. CWS has not been able, as of this time, to identify a cause for any failure of delivery of the issued bills and notices described herein. However, as of April 14, 2010, CWS has halted all disconnection activities in South Carolina pending the results of additional investigation into this issue. As noted above, CWS has contacted the United States Postal Service to seek its assistance in this investigation. CWS admits that it inadvertently disconnected service to a customer two days after payment on the customer account was effected via telephone. CWS has corrected its inadvertent error by reconnecting service without imposition of a reconnection charge and a bill credit for the late payment charges that were properly assessed. CWS submits that any undelivered bills and notices are not the result of any intentional actions on its part as same are clearly detrimental to CWS as well as customers and that CWS is committed to complying with R. 103-735.1.

6. Responding to the allegations of paragraph 7 of the Petition, CWS submits that its obligation is to **investigate** customer complaints promptly and thoroughly. See R. 103-738. Some customer complaints cannot be resolved by the utility. *Cf.* S.C. Code Ann. § 58-5-270 (Supp. 2009) and R. 103-730.F. Further responding to the allegations of this paragraph, CWS submits that it did act promptly to investigate the customer complaint set forth in the redacted letter to Company President and CEO Lisa Sparrow which is attached to the Petition as a part of Exhibit A and to communicate the results of its investigation to that customer. Moreover, CWS attempted to effect a resolution of the complaint by a waiver of reconnection charges and late

payment charges. Further responding to the allegations of this paragraph of the Petition, CWS incorporates herein by reference paragraph 3.c of its answer hereinabove. Because there are no other instances reflected in the Petition which describe a customer complaint that was not resolved promptly, CWS must deny the remaining allegations. Notwithstanding this denial, CWS states that it is committed to promptly and thoroughly investigating any customer complaint as required by R. 103-738, to work with ORS to establish acceptable time parameters for addressing with ORS any customer complaints which have not been previously investigated or resolved by CWS, and to make every reasonable effort to resolve any un-resolved customer complaints.

7. Answering paragraph 8 of the Petition, with the exception of the February 12, 2010, letter to Company President and CEO Lisa Sparrow, CWS denies that any of the documents attached to the Petition as Exhibit A constitute "sample complaints." CWS admits that the documents attached to the Petition as Exhibit A support the allegations of Paragraphs 4, 5, 6 and 7 except to the extent that the allegations of such paragraphs have been denied, or the meaning, import, accuracy or effect of such documents have been disputed, hereinabove.

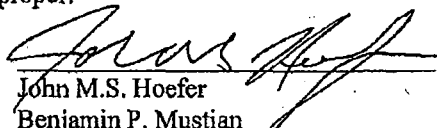
8. CWS admits the allegations of paragraph 9 of the Petition.

9. CWS denies the allegation of paragraph 10 of the Petition that CWS has failed to provide proper and adequate service within the ambit of S.C. Code Ann. § 58-5-710. Further responding to this paragraph of the Petition, CWS submits that none of the regulations cited in the Petition pertain to the provision of utility service and there is no allegation that any customer has not received utility service or that CWS's utility service has not been proper or adequate. *Cf.* RR.103-770 through 103-774. To the contrary, each of the regulations cited in the Petition pertains either to CWS's relations with its water customers or bills to its water customers – not

the propriety or adequacy of its service to water customers. Notwithstanding these denials, CWS states that it is committed to complying with all Commission regulations (including those listed specifically in the Petition), to render an accurate bill to its customers in a timely manner, and to refrain from improper disconnection of water service.

10. Paragraph 11 of the Petition alleges no fact or matter as to CWS and therefore no response is required. However, CWS has not opposed the request made therein by ORS, notes that this relief sought therein has already been granted, and that this paragraph of the Petition is now moot.

WHEREFORE, having fully set forth its Answer, CWS requests that the Commission issue an order consistent herewith, giving effect to CWS's defenses stated therein and recognizing CWS's actions to address admitted violations of the regulations cited in the Petition, provide CWS an opportunity to satisfy its obligations under law, rule or regulation, and grant such other and further relief to CWS as is just and proper.


John M.S. Hoefer
Benjamin P. Mustian
WILLOUGHBY & HOEFER, P.A.
Post Office Box 8416
Columbia, South Carolina 29202-8416
803-252-3300

Attorneys for Carolina Water Service, Inc.

Columbia, South Carolina
This 2nd of June, 2010



April 22, 2010

Dear Valued Customer,

Carolina Water Service, Inc. acknowledges there have been recent issues with the billing in our purchased service systems resulting in bill delays to your community. We are dedicated to providing a high level of customer service and are working diligently to fix any and all problems.

The water service provided to your residence by Carolina Water Service, Inc. is purchased through a bulk provider and the costs passed through to you, without mark-up, on a "pro-rata" basis. The rate for this pass-through amount fluctuates each month and is based upon the total amount of bulk water purchased from the provider divided proportionately among the customers in the service area and based on your actual consumption during that same service period.

Due to issues related to the timely receipt of the bulk provider invoice, the company issued a 2-month catch up billing in March 2010 in an attempt to bring your service period as close to the current bill date as possible. Inadvertently, an incorrect service period was entered in the billing system causing the system to produce bills with only a prior balance, line item adjustments and any payment activity since the prior bill was issued.

To correct this issue, we have generated separate monthly bills for the Lake Murray area through the service period ending February 2010 to bring it in line with other pro-rata share areas. We realize this situation may create some financial difficulties and can offer a deferred payment arrangement where-by these billings can be spread over an additional 12-months without incurring any additional fees.

We sincerely apologize for the inconvenience this has caused and are working to restore the high level of service you should expect from Carolina Water Service. Should you have any questions, to request payment arrangements or if we can provide additional information regarding your water utility service, please feel free to contact us at (800) 272-1919, or you can email us at CustomerService@uiwater.com.

Sincerely,

Carolina Water Service, Inc.

a Utilities, Inc. company Carolina Water Service, Inc.

P.O. Box 4509 • West Columbia, SC 29171 • P: 803-796-9545 • F: 803-791-8643
110 Queen Parkway • West Columbia, SC 29169 • www.uiwater.com



April 22, 2010

Ms. Ricki Thurmond
Harborside Regime Office, Southern Development
1403 Jaret Court
West Columbia, SC 29169

Dear Ms. Thurmond,

Carolina Water Service, Inc. acknowledges there have been recent issues with the billing in our purchased service systems resulting in bill delays on your account. We are dedicated to providing a high level of customer service and are working diligently to fix any and all problems.

The water service provided to Harborside by Carolina Water Service, Inc. is purchased through a bulk provider and the costs passed through to you, without mark-up, on a "pro-rata" basis. The rate for this pass-through amount fluctuates each month and is based upon the total amount of bulk water purchased from the provider divided proportionately among the customers in the service area and based on your actual consumption during that same service period.

On the December 1, 2009 bill, the master account for Harborside was billed for service through August 23, 2009 due to office personnel not properly working their billing exceptions and ensuring the account was billed through the correct service period. After discovering this error, a bill was generated on March 18, 2010 in order to bill the appropriate period of time and bring the account current through the February 2010 service period. Inadvertently, an incorrect service period was entered in the billing system causing the system to produce a bill with no meter or usage information.

To correct this issue, we have generated separate monthly bills for the Lake Murray area through the service period ending February 2010 to bring it in line with other pro-rata share areas. We realize this situation may create some financial difficulties and can offer a deferred payment arrangement where-by these billings can be spread over an additional 12-months without incurring any additional fees.

We sincerely apologize for the inconvenience this has caused and are working to restore the high level of service you should expect from Carolina Water Service. Should you have any questions, to request payment arrangements or if we can provide additional information regarding your water utility service, please feel free to contact us at (800) 272-1919, or you can email us at CustomerService@uiwater.com.

Sincerely,

Karen Sasic
Manager, Customer Service

a Utilities, Inc. company Carolina Water Service, Inc.

P.O. Box 4509 • West Columbia, SC 29171 • P: 803-796-9545 • F: 803-791-8643
110 Queen Parkway • West Columbia, SC 29169 • www.uiwater.com



FILE

March 1, 2010

[REDACTED]
Lexington, SC 29072

Re: Account [REDACTED]

Dear [REDACTED]

I am in receipt of your letter to Ms. Sparrow in regard to the billing issues and interruption of water service at your home. It is our goal to provide our customers with the best possible service always. Upon receipt of your letter, it is obvious that we have failed to meet that goal and your expectations.

In regard to the fluctuations in bill dates that you have experienced since the transition to our new Customer Care and Billing System (CC&B), we apologize this has occurred as some service areas have experienced a delay in receiving a monthly bill as the billing schedules have been established in the new system. Additionally, we have experienced delays related to the timely receipt of the bulk provider invoice that is needed to calculate bills in your service area before they can be issued. We are working to stabilize the billing dates over the next several months so these fluctuations do not occur in the future.

I have researched your account in regard to the concerns you have expressed about not receiving your January 2010 bill and the subsequent disconnection that occurred in February. I have attached copies of your December 31, 2009 bill, January 26, 2010 collection letter and January 28, 2010 bill.

The December 31, 2009 bill for \$71.97 became due as of January 21, 2010. On January 26, 2010, the attached collection letter was mailed advising we had not yet received payment of the past due balance and the service was subject to disconnection if payment was not received within 10 days. The January 28, 2010 invoice advised of the past due balance and new charges on the account.

All of the above items were mailed to the address on record of [REDACTED]. To date, we have not received any returned mail back from the post office to indicate the mail was undeliverable at your address. There was no indication to the company of a mail delivery issue at your residence; therefore, service was interrupted due to non-payment in accordance with the rules and regulations of the South Carolina Public Service Commission.

I apologize for the inconvenience this has caused you. Due to the concerns raised in your letter, I have waived the reconnection charge of \$35.00 and the late payment charge incurred on your account in January.

If you have any further questions, please contact me at 800-272-1919 ext. 1368.

Sincerely,

Karen Sasic
Manager, Customer Service

a utility company Carolina Water Service, Inc.

200 Wathersfield Ave. • Altamonte Springs, FL 32714-4027 • P 800-272-1919 • F 407-869-0951 • www.cwwater.com



Bill Date	Account Number	Due Date	Please Pay:
12/31/2009	[REDACTED]	1/21/2010	\$71.97

Name [REDACTED] Primary Telephone # (803) 688-8747

Service Address [REDACTED] LEXINGTON, SC, 29072

Activity Since Last Bill

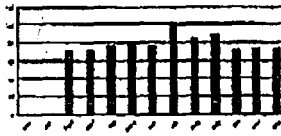
Previous Balance	\$28.68	
Payments received as of 12/31/2009	\$-28.68	
Balance as of 12/31/2009		\$0.00
Residential Water Service		
Water Base Charge	\$11.09	
6,930 gallons at \$3.55 per 1,000 gallons	\$21.65	
SC DHEC Fee	\$0.83	
Total Residential Water Service		\$32.97
Residential Wastewater Service		
Wastewater Service	\$39.00	
Total Residential Wastewater Service		\$39.00
Total Amount Due		\$71.97

Carolina Water Service Inc of SC
Collections: (800) 367-4314
Phone: (800) 367-4314
Customer Service: (800) 367-4314
www.cwwater.com

Summary of Service

Meter Reading	Meter #	99109166
Current	776730	10/25/2009
Previous	770900	09/24/2009
Usage		8,930 Gallons
Number of Days:		31
Average Daily Use:		191 Gallons
Average Daily Cost		\$2.32

Billing History



Consumption History



A fee of 1.5% per month will be added if unpaid by the due date.
Make check payable to: Carolina Water Service Inc of SC

Messages



PO Box 4509
West Columbia SC 29171-4509

#BWBCGPK

LEXINGTON SC 29072



Account Number:	[REDACTED]	Amount Paid
Due Date:	1/21/2010	
Please Pay:	\$71.97	

Carolina Water Service Inc of SC
PO Box 11025
Lowiston ME 04243-9476
[Barcode]

☐ Address correction requested on back

372



01/26/2010

LEXINGTON, SC, 29072

Account Number [REDACTED]

Dear [REDACTED]

Our records indicate that there is an outstanding balance of \$71.97 on your water and/or wastewater account. If you have already mailed your payment, we apologize for any inconvenience and thank you for your payment.

If your payment has not been mailed, please send in the full outstanding balance today. If we do not hear from you within 10 days of the date on this letter, your service may be severed without additional notification. For your service to be reinstated, the outstanding balance and all applicable fees must be paid in full.

For your convenience, charge/debit card or electronic check payments may be made through <https://payments.utilitiesinc.billmatrix.com> or by calling CheckFree at 877-527-7852. There is a convenience fee for this service. You may also visit our website at www.uwater.com for more information. Returned payments will be subject to the maximum fees allowed by your state.

We thank you for your prompt attention to this matter.

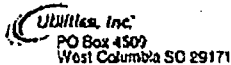
Collections Department
Utilities, Inc.

REG DISCON

A Utilities Inc Company: Carolina Water Service Inc of SC

PO Box 4509 West Columbia, SC 29171 P:(800) 387-4314 www.uwater.com

04140000000000071978



Account Number: [REDACTED]

Amount Paid

Please Pay: \$ 71.97

#BWBCGPK

LEXINGTON, SC, 29072

Carolina Water Service Inc of SC
PO Box 11025
Lewiston ME 04243-9476



Bill Date	Account Number	Due Date	Please Pay:
01/28/2010	[REDACTED]	2/18/2010	\$146.05

Name: [REDACTED] Primary Telephone #: (603) 894-8747

Service Address: [REDACTED] LEXINGTON, SC, 29072

Activity Since Last Bill

Previous Balance	\$71.97
Payments received as of 01/28/2010	\$0.00
Balance as of 01/28/2010	\$71.97

Adjustments

Late Payment Charge on 01/24/2010	\$1.08

Residential Water Service

Water Base Charge	\$11.09
6,320 gallons at \$3.55 per 1,000 gallons	\$22.08
SC DHEC Fee	\$0.83
Total Residential Water Service	\$34.00

Residential Wastewater Service

Wastewater Service	\$39.00
Total Residential Wastewater Service	\$39.00

Total Amount Due: \$146.05

Carolina Water Service Inc of SC
Collections: (800) 367-4314
Phone: (800) 367-4314
Customer Service: (800) 367-4314
www.uhwater.com

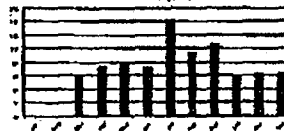
Summary of Service

Meter Reading	Meter #	99108168
Current	782950	11/23/2009
Previous	778730	10/25/2009
Usage	6,220 Gallons	
Number of Days:	29	
Average Daily Use:	214 Gallons	
Average Daily Cost	\$2.52	

Billing History



Consumption History



A fee of 1.5% per month will be added if unpaid by the due date.
Make check payable to: Carolina Water Service Inc of SC

Messages

Our records indicate the prior balance remains unpaid and your account may be subject to disconnection. Please note the due date on this bill refers to the current bill amount and does not extend the time allowed for payment of the prior balance.



PO Box 4509
West Columbia SC 29171-4509

PBWBCGPK

LEXINGTON SC 29072



Account Number: [REDACTED] Amount Paid: [REDACTED]

Due Date: 2/18/2010

Please Pay: \$146.05

Carolina Water Service Inc of SC
PO Box 11025
Lowiston ME 04243-9476
|||

☐ Address correction requested on back

372

record in the application proceeding. No other person or entity intervened or was otherwise recognized as a party of record.

CWS and ORS arrived at a settlement, which was submitted to the Commission on August 30, 2006 ("Settlement Agreement"). A hearing was held on Thursday, September 7, 2006, during which the parties presented the Settlement Agreement and the Commission posed certain questions regarding the Company's operations and customer service. Citing the parties' failure to answer its questions or otherwise address its concerns, the Commission rejected the parties' Settlement Agreement and issued Order No. 2006-543 to that effect and denied the application for rate relief on October 2, 2006. CWS and ORS filed petitions for rehearing of this order pursuant to S.C. Code Ann. § 58-5-330 (Supp. 2006). On May 9, 2007, the Company filed a surety bond which the Commission approved in Order No. 2007-230 dated April 5, 2007, as required by S.C. Code Ann. § 58-5-240(D). Further, pursuant to the terms of that statute, the Company placed the full amount of the rates set forth in the Settlement Agreement into effect under bond, pending the outcome of its appeal. The Commission voted to deny both of the petitions for rehearing, and on November 19, 2007, issued Order No. 2007-140 denying the parties' petitions for reconsideration.¹ The Commission's decisions were thereafter appealed to the Court.

On June 27, 2008, the Court granted the ORS's motion to withdraw its appeal. On September 3, 2008, the Court granted CWS's and the ORS's joint motion to hold the appeal of CWS in abeyance and remanded this matter so that the Commission could hold

¹ A more detailed procedural history of this case is set forth in the Commission's Order No. 2007-140 of November 19, 2007.

such additional hearings as it deemed necessary and reconsider its determination to reject the August 30, 2006 Settlement Agreement. The Court's order provided that if the Commission were to approve the Settlement Agreement, the appeal would be mooted, and if the Commission were to reject the Settlement Agreement or fail to rule on the matter by December 31, 2008, CWS's appeal would be reinstated.

The Commission held a hearing on October 1, 2008, at the Commission's offices located at 101 Executive Center Drive, Columbia, South Carolina. CWS was represented by Mitchell Willoughby, Esquire, and John M.S. Hoefer, Esquire. ORS was represented by Nanette S. Edwards, Esquire, and Shannon Bowyer Hudson, Esquire. CWS presented the testimony of Steven M. Lubertozzi and Bruce T. Haas and ORS presented the testimony of Dawn M. Hipp and Sharon G. Scott as remand witnesses. The Commission also received testimony and information from two public witnesses: Representative Carl L. Gullick, and Donald G. Long, a member of the River Hills Community in York County, South Carolina.

At the October 1st hearing, the Company and the ORS presented witnesses who addressed each of the concerns cited by this Commission when we previously declined to approve the settlement. We also take note of the Company's stated willingness to continue providing this type of information in future proceedings. The witnesses addressed: 1) the finances of the Company's subsystems, and specifically of the River Hills subdivision, 2) the incidence of sewer backups, and the company's response to them, 3) the fairness of the Company's flat rate billing for sewerage services, 4) the

appropriateness of the Company's rate case expenses, and 5) the Company's DHEC compliance record.

The Commission had asked the Company to provide specific financial information regarding its subsystems, or to explain why such information could not be provided. This inquiry was prompted by the complaints of several customers, principally in the River Hills subdivision in York County, that they were paying unreasonably high rates in order to justify other less profitable subsystems operated by CWS. After considering the testimony on remand of Steven Lubertozi, the Company's Chief Financial Officer, the Commission is convinced that the Company is presently unable to compile financial information at a subsystem level without incurring significant expenses which would eventually be borne by its customers. We examined a letter from CWS to the ORS providing certain estimates regarding the finances of its River Hills operations, which was submitted by Mr. Long, a customer of River Hills, and an exhibit in which Mr. Long analyzed the Company's estimates. We also considered written testimony of Mr. Lubertozi that the Company submitted in response to Mr. Long's analysis. We find that the letter, which was written by the Company on the basis of estimated data, does not provide sufficiently accurate information on which we can base a decision. In light of this conclusion, we need not rule on the Company's objection to our consideration of Mr. Long's analysis, which was derived from the same unreliable data.

Mr. Lubertozi also testified about the hilly terrain of the River Hills service area, and how these features make the area particularly costly to serve. Lubertozi testified that 50 of the Company's 104 lift stations across the state are in River Hills. Mr.

Lubertozi's testimony suggests that customers in the River Hills would not necessarily benefit -- as some clearly believe they would -- if rates were set on a subdivision basis.

Ultimately, the Commission does not have a sufficient basis on which to conclude that customers in River Hills, or in other subdivisions served by CWS, are being treated inequitably under the Company's uniform rate structure. While the Commission does not believe that it is compelled to impose a uniform rate structure on the customers of CWS, it is not convinced that departing from a uniform rate structure is in their best interest at this time.

Sewerage backups, and the Company's response to them, were a source of concern of some customers in this case, and have been a concern in other proceedings involving water and sewerage utilities. The Commission is determined to see that regulated utilities are taking adequate measures to minimize the occurrence of these incidents and that they are adequately responding when they do occur. At the hearing on October 1st, Bruce Haas, the Company's Regional Director of Operations, provided us with details about the number of complaints of sewerage backups received by the Company during the test period and the Company's response to them. He also testified about the Company's prevention and response measures, such as periodic pressure cleaning, TV camera inspections, and smoke testing, of the Company's lines. We do not believe that there were a sufficient number of sewerage backups during the test year (41 out of 74 were determined to be the Company's responsibility) to justify denying the Settlement Agreement. We are also encouraged by the Company's continued efforts to improve its responses to sewerage backups.

At the public hearings, several of the Company's sewerage customers questioned the fairness of its flat rate billing. After considering the testimony of Mr. Lubertozi, the Commission is satisfied that it is not feasible to depart from the Company's flat rate billing method for sewerage only services at this time, because of the difficulty involved in obtaining timely and accurate data on which to base a volumetric charge. This is especially the case, since departing from the flat rate tariff would necessarily result in increased charges for some of the Company's customers. Such a change would have to be made carefully, in order to avoid unintended consequences, and even greater potential inequities than those which some customers perceive in the current flat rate structure.

The Commission previously expressed concerns that it did not have sufficient information to assess the propriety of the rate case expenses which the Company would have recovered pursuant to the Settlement Agreement. At the remand hearing, Sharon Scott, an Audit Manager with the Office of Regulatory Staff, provided a detailed accounting of the Company's rate case expenses. Specifically, she testified that no expenses were sought for the defense of an appeal that was pending at the time of the rate case, the Commission's principal concern in this matter. Based on Ms. Scott's testimony, the Commission is now satisfied that the agreed upon rate case expenses are reasonable.

The incidence and nature of a utility's DHEC violations have been viewed by the Commission as a possible indication of the quality of a company's customer service, and therefore an appropriate area of inquiry in rate cases. Dawn Hipp, the Director of the ORS's Water and Wastewater Department, provided the Commission with a detailed explanation of CWS's DHEC violations during the test year and the corrective measures

that were taken with regard to each incident. Based on Ms. Hipp's testimony, the Commission is satisfied that the Company's DHEC violations did not have an unduly negative effect on its service, especially in light of the corrective action taken.

The proposed rates and charges contained in the Settlement Agreement were explained at the hearing held on September 7, 2006. The parties of record explained that the Settlement Agreement, attached hereto as Order Exhibit 1, provides a schedule of proposed rates, terms, and conditions which they considered just and reasonable to both the Company and its customers. The Settlement Agreement specifies an agreed upon increase in annual net revenues of \$474,117 derived from a stipulated return on equity of 9.40% and a return on rate base of 7.64%, with a resultant operating margin of 9.86%. Based upon the results of the ORS's detailed audit of CWS, the record supporting the need of CWS for the rate relief, and the testimony heard at the Commission's hearing on remand on October 1, 2008, it now appears to the Commission that the Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable.

Based upon the evidence of record in this proceeding, and giving full consideration to the additional testimony and other evidence provided during the hearing on remand, we now find that the rates agreed to by the parties, as specified in the Settlement Agreement and Exhibit G to Order Exhibit 1, are just and reasonable. Such rates should also allow CWS to continue to provide its customers with adequate water and sewer service. The Commission finds that the witnesses offered by the parties provided satisfactory explanations and evidence regarding issues which were of concern

to the Commission and either provided the requested information or explained to the Commission why the information was unavailable.

After review and careful reconsideration by this Commission of the Settlement Agreement, the evidence contained in the record of this case, and the testimony of all witnesses, the Commission concludes as a matter of law that the Settlement Agreement results in just and reasonable rates, charges and fees for water and sewer. Based on the operating revenues, income, and expenses agreed upon by the parties and as confirmed by ORS's audit, the resulting allowable operating margin for the Company is 9.86%. See S.C. Code Ann. § 58-5-240(H). Further, the revenues received by CWS from the increased rates placed into effect under bond pursuant to S.C. Code Ann. § 58-5-240(D) (Supp.2006) and Order No. 2007-230 do not exceed the revenues authorized by the Commission herein and CWS is therefore not required to issue a refund pursuant to S.C. Code Ann. § 58-5-240(D). Accordingly, CWS is released from its obligation to maintain the bond and is authorized to cancel the bond. Moreover, the surety shall be released from any and all liability in this matter.

IT IS THEREFORE ORDERED THAT:

1. The proposed rates contained in the Settlement Agreement have been entered into the record of this case without objection. We find that the schedule of rates and charges and terms and conditions of the Settlement Agreement attached hereto as Exhibit G to Order Exhibit 1, and incorporated herein by reference, are just and reasonable and will allow the Company to continue to provide its customers with adequate water and sewer services.

2. The schedule of rates and charges attached hereto as Exhibit G to Order Exhibit 1 is hereby approved.

3. A 9.40% rate of return on equity, a 7.64% return on rate base, and an operating margin of 9.86% are approved for CWS.

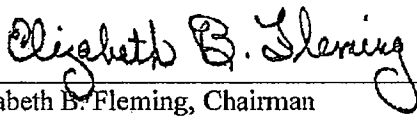
4. Because the rates and charges placed into effect under bond are consistent with the rates and charges approved herein, the revenues received from the increased rates charged pursuant to bond do not exceed the revenues allowed by the Settlement Agreement which is approved herein. Therefore, no refunds are required to be made by the Company. See S.C. Code Ann. § 58-5-240(D).

5. The surety bond heretofore filed by CWS in accordance with S.C. Code Ann. § 58-5-240(D) (Supp. 2006) and approved by the Commission in Order No. 2007-230 is no longer needed. Therefore, CWS is hereby released from its obligation to maintain the bond authorized in Order No. 2007-230 and is hereby authorized to cancel the surety bond.

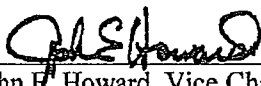
6. The surety for the bond is hereby released from any and all liability in connection with the issuance of the surety bond.

7. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Elizabeth B. Fleming, Chairman

ATTEST:


John H. Howard, Vice Chairman

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-92-WS

August ~~30~~³¹, 2006

Application of Carolina Water Service,)
Inc. for adjustment of rates and charges)
for the provision of water and sewer service.)

SETTLEMENT AGREEMENT

This Settlement Agreement is made by and between the Office of Regulatory Staff ("ORS") and Carolina Water Service, Inc. ("CWS" or "the Company") (together referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, the Company has prepared and filed an Application seeking an adjustment of its rates and charges and modifications to certain terms and conditions set out in its rate schedule for the provision of its water and sewer service;

WHEREAS, the above-captioned proceeding has been established by the South Carolina Public Service Commission ("Commission") pursuant to the procedure established in S.C. Code Ann. § 58-5-240 (Supp. 2005), and the Parties to this Settlement Agreement are the only parties of record in the above-captioned docket;

WHEREAS, since the filing of the Application, ORS has propounded numerous data requests to CWS and the Company has provided those responses to ORS;

WHEREAS, ORS has audited the books and records of the Company relative to the matters raised in the Application and, in connection therewith, has requested of and received from the Company additional documentation;

WHEREAS, the Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of the issues would be in their best interests and in the case of ORS, in the public interest; and

WHEREAS, following those discussions the Company has determined that its interests and ORS has determined that the public interest would be best served by stipulating to a comprehensive settlement of all issues pending in the above-captioned case under the terms and conditions set forth herein;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and terms and conditions of water and sewer service which are adequate, just, reasonable, nondiscriminatory, and supported by the evidence of record of this proceeding, and which will allow the Company the opportunity to earn a reasonable rate of return.

1. The Parties agree that no documentary evidence will be offered in the proceeding by the Parties other than: (1) the Application filed by the Company, (2) the exhibits to the testimony referenced in paragraph 2 below, and (3) this Settlement Agreement with Exhibits "A"- "G" attached hereto.

2. The Parties stipulate and agree to include in the hearing record of this case the pre-filed direct testimonies of Steven M. Lubertozzi and Bruce T. Haas, the direct testimonies of Sharon G. Scott and Dawn Hipp attached hereto as Exhibits "A" and "B", respectively, and the rebuttal testimonies of Bruce T. Haas and Steven M. Lubertozzi attached as Exhibits "C" and "D", respectively, including all exhibits attached to said testimonies, without objection, change, amendment, or cross-examination. Further, the parties agree to include in the hearing record of this case without objection, change, amendment, or cross examination the testimony of witnesses

B. R. Skelton, PhD. and Converse A. Chellis, III, CPA, attached hereto and incorporated herein by this reference as Exhibits "E" and "F", respectively.

3. The Parties stipulate and agree that the accounting exhibits prepared by ORS and attached to the testimony of Sharon G. Scott (filed herewith as Exhibit "A") fairly and reasonably set forth the Company's operating expenses, pro forma adjustments, depreciation rates, rate base, return on equity at an agreed upon rate of 9.40%, revenue requirement, and rate of return on rate base.

4. The Parties stipulate and agree that the rate schedule attached hereto as Exhibit "G", including the rates and charges and terms and conditions of service, are fair, just, and reasonable. The Parties further stipulate and agree that the rates contained in said rate schedule are reasonably designed to allow the Company to provide service to its water and sewer customers at rates and terms and conditions of service that are fair, just and reasonable and the opportunity to recover the revenue required to earn a fair return on its investment.

5. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the agreement reached between the Parties serves the public interest as defined above. The terms of this Settlement Agreement balance the concerns of the using public

while preserving the financial integrity of the Company. ORS also believes the Settlement Agreement promotes economic development within the State of South Carolina. The Parties stipulate and agree to these findings.

6. In its Application, the Company requested an increase in annual net revenues of \$957,980. As a compromise to their respective positions, the Parties stipulate and agree to an increase in annual net revenues of \$474,117, said increase to be based upon the accounting adjustments reflected in the attachments to the testimony of Sharon Scott (filed herewith as Exhibit "A") and the return on equity stipulated to by the Parties in Paragraph 7 below.

7. The Company and ORS recognize the value of resolving this proceeding by settlement rather than by litigation and, therefore stipulate and agree for purposes of settlement in this case that a return on equity of 9.40% is just and reasonable under the specific circumstances of this case in the context of a comprehensive settlement.

8. The Parties further stipulate and agree that the stipulated testimony of record, the Application, and this Settlement Agreement conclusively demonstrate the following: (i) the proposed accounting and pro forma adjustments and depreciation rates shown on the attachments to the testimony of Sharon G. Scott (Exhibit "A" hereto) are fair and reasonable and should be adopted by the Commission for ratemaking and reporting purposes; (ii) a return on equity of 9.40%, which yields a fair rate of return on rate base for the Company of 7.64%, an operating margin of 9.86%, and an annual increase in revenues of approximately \$474,117, is fair, just, and reasonable when considered as a part of this stipulation and settlement agreement in its entirety; (iii) CWS's services are adequate and being provided in accordance with the requirements set out in the Commission's rules and regulations pertaining to the provision of water service and sewer service, and (iv) CWS's rates as proposed in this Settlement Agreement are fairly designed to

equitably and reasonably recover the revenue requirement and are just and reasonable and should be adopted by the Commission for service rendered by the Company on and after September 27, 2006.

9. The Parties further agree and stipulate that the rate schedule attached hereto as Exhibit "G", including the rates and charges and the terms and conditions set forth therein, are just and reasonable, reasonably designed, and should be approved and adopted by the Commission.

10. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

11. The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair, or prejudice their arguments made or positions held in other proceedings. If the Commission should decline to approve the agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty or obligation.

12. This Settlement Agreement shall be interpreted according to South Carolina law.

13. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation

that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

Representing the South Carolina Office of Regulatory Staff

Shannon Bowyer Hudson

Nanette S. Edwards, Esquire

C. Lessie Hammonds, Esquire

Shannon Bowyer Hudson, Esquire

South Carolina Office of Regulatory Staff

Post Office Box 11263

1441 Main Street (Suite 300)

Columbia, SC 29211

Phone: (803) 737-0575

(803) 737-0803

(803) 737-0889

Fax: (803) 737-0895

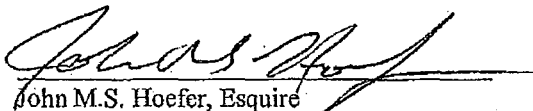
E-mail: nsedwar@regstaff.sc.gov

lhammonds@regstaff.sc.gov

shudson@regstaff.sc.gov

WE AGREE:

Representing Carolina Water Service, Inc.



John M.S. Hoefer, Esquire

Willoughby & Hoefer, P.A.

Post Office Box 8416

1022 Calhoun Street, Suite 302

Columbia, SC 29202-8416

Phone: (803) 252-3300

Fax: (803) 256-8062

E-mail: jhoefer@willoughbyhoefer.com

**THE OFFICE OF REGULATORY STAFF
DIRECT TESTIMONY AND EXHIBITS
OF
SHARON G. SCOTT**



DOCKET NO. 2006-92-W/S

**APPLICATION OF
CAROLINA WATER SERVICE, INC.
FOR ADJUSTMENT OF RATES AND CHARGES**

1

2

TESTIMONY OF SHARON G. SCOTT

3

FOR

4

THE OFFICE OF REGULATORY STAFF

5

DOCKET NO. 2006-92-W/S

6

IN RE: CAROLINA WATER SERVICE, INC.

7

8 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

9 **A.** My name is Sharon G. Scott. My business address is 1441 Main Street, Suite 300,
10 Columbia, South Carolina, 29201. I am employed by the South Carolina Office of
11 Regulatory Staff ("ORS") as an Auditor.

12 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND YOUR**
13 **BUSINESS EXPERIENCE.**

14 **A.** I received a B.S. Degree in Business Administration, with a major in Accounting
15 from the University of South Carolina in May 1983 and a MBA degree from Webster
16 University in May 2000. I was employed by the South Carolina Public Service
17 Commission in July 1983 and have participated in cases involving gas, electric,
18 telephone, water and wastewater utilities. In January 2005, I began my employment
19 with ORS. I have over 22 years of experience auditing utility companies.

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY INVOLVING**
21 **CAROLINA WATER SERVICE, INC?**

THE OFFICE OF REGULATORY STAFF
1441 Main Street, Suite 300, Columbia, SC 29201
Post Office Box 11263, Columbia, SC 29211

1 A. The purpose of my testimony is to set forth the adjustments agreed upon in the
2 settlement agreement ("settlement agreement") by ORS and Carolina Water Service,
3 Inc. ("CWS" or "the Company") in this docket.

4 **Q. PLEASE IDENTIFY THE EXHIBITS ATTACHED TO YOUR PREFILED**
5 **TESTIMONY.**

6 A. I have attached the Report of the Audit Department ("Audit Report") related to
7 CWS's Application for a Rate Increase, Docket No. 2006-92-W/S. The contents of
8 the Audit Report were either prepared by me or were prepared under my direction
9 and supervision in accordance with the settlement agreement between ORS and
10 CWS. The contents are also in compliance with recognized accounting and
11 regulatory procedures for Water and Wastewater utility rate cases. The Audit Report
12 and attached exhibits reflect a return on equity ("ROE") of 9.40% and a return on
13 rate base of 7.64%. As a part of the settlement, CWS agreed to accept ORS's
14 adjustments as reflected in Audit Exhibits SGS - 1 through SGS - 11.

15 **Q. WHAT IS THE PERCENTAGE DECREASE FROM THE PROPOSED**
16 **REVENUE IN THE SETTLEMENT AGREEMENT?**

17 A. The Company requested an increase in annual net revenues of \$957,980. As a
18 compromise, ORS and the Company agree to an increase in annual net revenues of
19 \$474,117. This amount is approximately 50.51% less than the Company's requested
20 increase in its application.

THE OFFICE OF REGULATORY STAFF
1441 Main Street, Suite 300, Columbia, SC 29201
Post Office Box 11263, Columbia, SC 29211

1 Q. HAS CWS PETITIONED THE COMMISSION TO TRANSFER THE KING'S
2 GRANT, PLANTATION RIDGE AND TEAL ON THE ASHLEY WATER
3 AND WASTEWATER SYSTEMS?

4 A. Yes. Under Docket No. 2006-171-W/S, CWS filed an application to transfer the
5 water and wastewater systems and service territory serving King's Grant, Plantation
6 Ridge and Teal on the Ashley subdivisions to the County of Dorchester. If this
7 transfer is approved by the Commission, CWS will no longer serve any customers in
8 Dorchester County.

9 Q. DOES ORS INCLUDE INFORMATION IN ITS DIRECT TESTIMONY FOR
10 KING'S GRANT, PLANTATION RIDGE AND TEAL ON THE ASHLEY
11 CUSTOMERS?

12 A. Yes. While ORS continues to review the CWS petition to transfer the Dorchester
13 water and wastewater systems and service territory, we have normalized test year
14 operations to reflect the elimination of the King's Grant, Plantation Ridge and Teal
15 on the Ashley subdivisions.

16 Q. PLEASE EXPLAIN THE CONTENTS OF THE AUDIT REPORT.

17 A. As outlined in the Index of the Audit Report, pages 1-6 contain the analysis of CWS
18 and its application as well as the settlement agreement. The remaining pages consist
19 of exhibits which were prepared to show various aspects of CWS's operations and
20 financial position. The majority of my testimony will refer to Audit Exhibit SGS-1 -
21 Operating Experience, Rate Base and Rates of Return - Combined Operations as
22 shown on page 7 of the Audit Report.

THE OFFICE OF REGULATORY STAFF
1441 Main Street, Suite 300, Columbia, SC 29201
Post Office Box 11263, Columbia, SC 29211

- 1 Q. PLEASE DESCRIBE THE FORMAT OF AUDIT EXHIBIT SGS-1.
- 2 A. Column (1) shows per book balances for CWS as of September 30, 2005. The per
- 3 book balances were verified to the books and records of CWS.
- 4 Column (2) shows accounting adjustments for revenue and other adjustments related
- 5 to Docket No. 2004-357-W/S that affect the per book numbers.
- 6 Column (3) shows the adjusted per books after various adjustments concerning
- 7 Docket No. 2004-357-W/S.
- 8 Column (4) shows accounting and pro forma adjustments designed to normalize
- 9 CWS's adjusted per book operations.
- 10 Column (5) shows the operations after the accounting and pro forma adjustments.
- 11 Column (6) reflects the removal of the revenue, expenses, and rate base amounts
- 12 associated with the proposed Dorchester County transfer.
- 13 Column (7) shows the computation of CWS's normalized test year after the
- 14 Dorchester County transfer and prior to implementing the proposed increase.
- 15 Column (8) shows the adjustments for the proposed increase and associated
- 16 adjustments in accordance with the settlement agreement between ORS and CWS.
- 17 Column (9) shows our computation of the normalized test year after accounting and
- 18 pro forma adjustments, the proposed Dorchester County transfer, and the proposed
- 19 increase and associated adjustments in accordance with the settlement agreement
- 20 between ORS and CWS.

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1 Q. PLEASE ELABORATE ON THE CALCULATIONS IN AUDIT EXHIBIT
2 SGS-1 - OPERATING EXPERIENCE, RATE BASE AND RATES OF
3 RETURN - COMBINED.

4 A. Column (1) shows the per books operating experience of CWS which reflects Total
5 Operating Revenues of \$6,047,725, Total Operating Expenses of \$5,601,421, and
6 Net Income for Return of \$452,928. Per Book Total Rate Base amounted to
7 \$16,503,928. The resultant per book Return on Rate Base was 2.74%.

8 Column (2) relates to Additional Adjustments from Docket No. 2004-357-W/S and
9 shows revenue adjustments of \$687,260, expense adjustments of \$212,500 resulting
10 in an adjustment to Net Income for Return of \$474,760. Net rate base adjustments
11 amounted to (\$1,164,045) and Interest Expense is adjusted by (\$582,457).

12 In column (3), the As Adjusted Per Book Revenues amounted to \$6,734,985, Total
13 Operating Expenses were \$5,813,921, Net Income for Return was \$927,688 and
14 Total Rate Base was \$15,339,883. The resultant computations produced a Return on
15 Rate Base of 6.05%.

16 Column (4) reflects our accounting and pro forma adjustments recorded to normalize
17 CWS's test year operations. A description of each adjustment is contained in Audit
18 Exhibit SGS- 4.

19 Column (5) show the results of the accounting and pro forma adjustments as adjusted
20 by ORS.

21 Column (6) reflects the adjustments associated with the proposed Dorchester County
22 transfer which includes King's Grant, Teal on the Ashley, and Plantation Ridge

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1 subdivisions. Total Operating Revenues were reduced by (\$339,332), Total
2 Expenses by (\$259,502), and Rate Base by (\$706,152).
3 Column (7) reflects the As Adjusted Present or normalized amounts after the
4 accounting and pro forma adjustments and the removal of the Dorchester County
5 subdivisions. These adjustments produced Total Revenues of \$6,378,480, Total
6 Operating Expenses of \$5,329,474, Net Income for Return of \$1,052,540 and Total
7 As Adjusted Present Rate Base of \$17,582,544. A Return on Rate Base of 5.99%
8 was computed using the above amounts.
9 Column (8) reflects the proposed increase and its related effects on expenses in
10 accordance with the settlement agreement between ORS and CWS. These
11 adjustments are detailed in Audit Exhibit SGS - 4.
12 Column (9) shows per book operations, adjusted for accounting and pro forma
13 adjustments, the proposed Dorchester County transfer, and the requested increase and
14 expenses in accordance with the settlement agreement between ORS and CWS.
15 Using Total Operating Revenues of \$6,852,597 less Total Operating Expenses of
16 \$5,514,147 and adding Customer Growth of \$4,511, Net Income for Return of
17 \$1,342,961 was computed. Total Rate Base amounted to \$17,582,544 producing a
18 Return on Rate Base of 7.64%.
19 Q. PLEASE EXPLAIN THE ADJUSTMENTS IN AUDIT EXHIBIT SGS - 4.
20 A. The adjustments are as follows:
21 Adjustments Nos. 1 - 10 - These adjustments were recorded to reflect additional
22 revenues realized as a result of Docket No. 2004-357-W/S, and other adjustments

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1 from previous CWS rate cases which affect the per book numbers. The revenue
2 adjustments were computed by ORS's Water and Wastewater Department. Other
3 adjustments were made for the removal of wells in the previous rate cases, excess
4 book value, and interest expense to reflect items from Docket No. 2004-357-W/S.

5 Adjustment No. 11 -- Operating Revenues

6 The Water/Wastewater Department proposes to adjust revenues using billing
7 information for the test year ended September 30, 2005. The water revenues after the
8 accounting and pro forma adjustments as computed by the Water/Wastewater
9 Department totaled \$1,939,791 less the adjusted per book amount of \$1,922,393, for
10 an adjustment of \$17,398. The sewer revenues after the accounting and pro forma
11 adjustments as computed by the Water/Wastewater Department totaled \$4,720,287
12 less the adjusted per book amount of \$4,755,009, for an adjustment of (\$34,722).
13 The total adjustment amounted to (\$17,324). Details of these adjustments are shown
14 on Exhibit DMH-5 of ORS Water/Wastewater Program Specialist, Dawn Hipp.

15 Adjustment No. 12 -- Uncollectible Revenue

16 ORS and CWS propose to adjust for uncollectible revenue associated with the pro
17 forma revenue adjustments. ORS and CWS used the uncollectible rate of .85% for
18 water and .86% for sewer. ORS's adjustment amounted to (\$148) for water, \$299 for
19 sewer, and \$151 for combined operations. ORS's Water/Wastewater Department
20 verified that the factors were reasonable based on their examination of the billing
21 records.

22 Adjustment No. 13 -- Operators' Salaries and Wages

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1 ORS and CWS propose to adjust operators' salaries. ORS annualized wages using
2 wage rates in effect as of May 2006 and the latest available wage allocations as of
3 September 30, 2005. ORS computed annualized wages of \$777,898 less per book
4 wages of \$709,832 for an adjustment of \$68,066. ORS did not include a 4% cost of
5 living increase proposed by CWS since supporting documentation was not received
6 in sufficient time to allow for its audit. CWS included a 4% wage increase.

7 Adjustment No. 14 -- Operating Expense Charged to Plant

8 ORS and CWS propose to charge a portion of operators' salaries and wages to plant
9 for time operators spent on capital projects. ORS computed an amount of \$34,400
10 using a ratio of 39.30%. ORS computed the ratio using actual test year Operating
11 Expenses Charged to Plant divided by operators' test year Salaries and Wages, FICA,
12 FUTA, SUTA, Pension, 401K, Health Insurance, and Other for operators (\$346,115 /
13 \$880,711). CWS used a capitalization ratio of 35.16% which was computed using
14 annualized salaries, taxes, and benefits.

15 Adjustment No. 15 - Office Salaries -- ORS and CWS propose to adjust Office
16 Salaries. ORS annualized wages using rates as of May 2006 and the latest
17 available wage allocations as of September 30, 2005. ORS did not include the 4%
18 cost of living increase, since supporting documentation was not received in
19 sufficient time to allow for its audit. ORS computed Office Salaries of \$337,924
20 less the per book amount of \$297,172 for an adjustment of \$40,752. The office
21 salaries included the South Carolina office, and allocations from the corporate and
22 North Carolina offices. CWS's wage adjustment included a 4% wage increase.

1 Adjustment No. 16 -- Rate Case Expenses - ORS and CWS propose to amortize
2 rate case expenses over a three-year period. ORS adjusted for current rate case
3 expenses of \$318,349, unamortized rate case expenses from Docket No. 2004-357-
4 WS of \$100,277, and additional rate case expenses from Docket No. 2004-357-
5 W/S of \$67,148, for total rate case expenses to be amortized of \$485,774. This
6 amount was amortized over three years for the test year amount of \$161,925.
7 From this amount, ORS subtracted the per book rate case expenses of \$23,117 for a
8 net adjustment of \$138,808. The current rate case expenses include CWS's portion
9 of the cost of the Utilities, Inc. management audit approved by the PSC in Docket
10 No. 2004-357-W/S. Other expenses are for legal and consulting fees, postage,
11 printing, and direct time spent on the case by the corporate office staff.

12 Adjustment No. 17 -- Annualize Pension and Other Benefits -- ORS and CWS
13 propose to annualize pension and other benefits associated with the wage adjustment
14 for Operators and Office Employees. ORS did not include pension and benefits for
15 part-time employees as CWS does not pay benefits to these employees. The total
16 ORS adjustment was \$193,367 less the per book amount of \$179,479 resulting in an
17 adjustment of \$13,888. ORS capitalized a portion of these costs for operators in
18 expenses charged to plant in adjustment #14. CWS computed an adjustment of
19 \$16,298 using its computed annualized wages.

20 Adjustment No. 18 -- Nonallowable Expenses - ORS and CWS proposes to remove
21 DHEC fines of \$13,600 from the test year expenses. ORS also proposes to remove
22 lobbying expenses of \$33,375. Total expenses removed amounted to (\$46,975).

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1 Adjustment No. 19 – Interest on Customer Deposits

2 ORS proposes to annualize interest on customer deposits using the year end balance
3 of \$205,402 and the approved interest rate of 3.50% for annualized interest of \$7,189
4 less the per book amount of \$6,523, resulting in an adjustment of \$666.

5 Adjustment No. 20 Depreciation Expense – ORS and CWS propose to annualize

6 Depreciation Expense. ORS used gross plant for the test year of \$39,009,799 and
7 additional general ledger additions as of June 2006 of \$1,616,142, completed projects
8 of \$1,095,915, a water retirement of (\$41,680) and capitalized time of \$34,400
9 totaling net plant additions of \$2,704,777. ORS adjusted this amount by removing
10 Organization Expense, Land, Vehicles, and Computers, resulting in net plant,
11 depreciated at 1.50% or 66.67 years. ORS depreciated net vehicles and computers at
12 25% or 4 years and included adjustments for the WSC Rate Base Depreciation,
13 Regional Office Allocation Depreciation, and the amortization of Excess Book value.
14 ORS's total depreciation expense amounted to \$697,931 less the per book amount of
15 \$652,759 for a total adjustment of \$45,172. CWS computed depreciation expense
16 using gross plant for the test year and estimated pro forma projects (net of
17 retirements), general ledger additions, and capitalized time additions. CWS's
18 adjustment amounted to \$104,609. See Audit Exhibit SGS – 5 for details of the
19 Depreciation Expense Adjustment.

20 Adjustment No. 21 – Payroll Taxes – ORS and CWS propose to adjust for payroll

21 taxes associated with the wage adjustment. The payroll taxes include FICA, SUTA,
22 and FUTA taxes. ORS computed taxes of \$86,934 less the per book amount of

1 \$81,313, resulting in an adjustment of \$5,621. Of this amount, 39.30% is capitalized
2 in adjustment #14.

3 Adjustment No. 22 -- Utility/Commission and Gross Receipts Taxes -- ORS and
4 CWS propose to adjust utility/commission taxes and gross receipts taxes associated
5 with the revenue after accounting and pro forma adjustments. ORS used a factor of
6 .0112524 which is comprised of the Public Service Commission and Office of
7 Regulatory Staff's factor of .0082524 and the Department of Revenue's factor of
8 .003. ORS's total adjustment is (\$195).

9 Adjustment No. 23 -- Property Taxes -- ORS and CWS propose to remove an accrual
10 of (\$513,569) for property taxes to reflect the proper level for the test year.

11 Adjustment No. 24 -- Income Taxes -- ORS proposes an adjustment of \$59,341 to
12 income taxes for the effects of the accounting and pro forma adjustments. ORS and
13 CWS used a 5% rate for state income taxes and 35% rate for federal income taxes.
14 See Audit Exhibit SGS -- 6. CWS's income taxes were based on company's
15 calculated taxable income.

16 Adjustment No. 25 -- Contributions in Aid of Construction (CIAC) -- ORS and CWS
17 propose to adjust the amortization of CIAC using a 1.5% depreciation rate. ORS used
18 the gross per book Contributions in Aid of Construction of (\$17,462,862) at 1.50%
19 for an amortization amount of (\$261,943) less the per book amount of (\$259,823),
20 for an adjustment of (\$2,120). CWS's adjustment amounted to \$22,519.

21 Adjustment No. 26 -- Interest During Construction (IDC) -- Both ORS and CWS
22 propose to remove the income associated with capitalized interest for projects under

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1 construction. CWS does not propose to include Construction Work In Progress and
2 therefore, the income associated with CWIP is not included as an offset to expenses.
3 The adjustment amounted to (\$6,624).

4 Adjustment No. 27 - Customer Growth - ORS proposes to adjust for customer
5 growth using the latest available customers as of May 2006. Customers are updated
6 since plant additions are included through June 2006. ORS proposes an adjustment
7 of \$3,783. See Audit Exhibit SGS -7.

8 Adjustment No. 28 - Plant Additions - ORS and CWS propose to adjust for plant
9 additions. ORS adjusted for total verified plant additions and retirements of
10 \$2,670,377 as of June 2006. This amount includes general ledger additions as of
11 June 2006 of \$1,616,142, completed projects of \$1,095,915, and a water retirement
12 of (\$41,680). This plant is known and measurable and providing service to present
13 customers. CWS proposes to adjust for estimated general ledger additions,
14 capitalized time additions, and pro forma plant and retirements, totaling \$3,363,037.

15 Adjustment No. 29 - Capitalized Wages - ORS proposes to book to plant the portion
16 of operators' wages, taxes, and benefits associated with capital projects in accordance
17 with ORS's computed capitalization ratio of 39.30%. ORS capitalized wage
18 adjustment amounted to \$34,400 as shown in adjustment #14.

19 Adjustment No. 30 - Accumulated Depreciation - ORS proposes to adjust
20 accumulated depreciation for the annualized depreciation expense of (\$45,172) and
21 retired plant of \$265,153 (general ledger retirements of \$223,473 and a water
22 retirement of \$41,680) for a total adjustment of \$219,981. CWS proposes to adjust

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1 accumulated depreciation for estimated general ledger additions, actual and estimated
2 capitalized time additions, and actual and estimated pro forma plant additions and
3 retirements for an adjustment of \$225,514.

4 Adjustment No. 31 – Cash Working Capital – ORS proposes an adjustment of
5 \$22,601 to adjust Cash Working Capital after accounting and pro forma adjustments.
6 CWS proposes an adjustment of \$35,480. This adjustment reflects the working
7 capital needed prospectively. See Audit Exhibit SGS-8.

8 Adjustment No. 32 – Contributions in Aid of Construction (CIAC) – ORS proposes
9 to adjust rate base for amortization of CIAC of \$2,120 as shown in Adjustment #25.

10 Adjustment No. 33 – Customer Deposits – ORS proposes to adjust rate base for the
11 interest on customer deposits of (\$666) as shown in adjustment #19.

12 Adjustment No. 34 – Interest Expense – ORS and CWS propose to adjust allowable
13 Interest Expense to reflect the Rate Base after accounting and pro forma adjustments
14 using the capitalization ratios of 59.10% for debt, 40.90% for equity and a cost of
15 debt of 6.42%. ORS's adjustment is for \$111,976, resulting in allowable interest
16 expense of \$693,913. CWS used its pro forma Rate Base to compute an adjustment
17 to Interest Expense of \$137,482. See Audit Exhibit SGS – 9 for ORS's computed
18 Interest Expense.

19 Adjustments No. 35 – 61 – Dorchester County Transfer – ORS shows the effects
20 of the proposed Dorchester County transfer which includes King's Grant, Teal on the
21 Ashley, and Plantation Ridge subdivisions. ORS verified the amounts to CWS's
22 books and records and recomputed corresponding adjustments such as gross receipts

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1 taxes, income taxes, depreciation expense and interest expense. ORS adjustments are
2 as follows:

3 Adjustment No. 35 - Service Revenues -- The ORS Water and Wastewater
4 Department proposes to remove service revenues of (\$331,417) based on customer
5 billings for the test year ended September 30, 2005 to reflect the proposed Dorchester
6 County transfer. Details of these adjustments are shown on Exhibit DMH-5 of ORS
7 Water/Wastewater Program Specialist, Dawn Hipp.

8 Adjustment No. 36 -- Miscellaneous Revenue - The ORS Water and Wastewater
9 Department proposes to remove miscellaneous revenues of (\$10,764) to reflect the
10 proposed Dorchester County transfer. Details of these adjustments are shown on
11 Exhibit DMH-5 of ORS Water/Wastewater Program Specialist, Dawn Hipp.

12 Adjustment No. 37 - Uncollectible Accounts -- ORS proposes to adjust for
13 uncollectible accounts to reflect the proposed Dorchester County transfer. ORS used
14 a rate of .85% applied to water revenue of \$12,269 (\$104) and a rate of .86% applied
15 to sewer revenue of \$319,148 (\$2,745) for a total adjustment of \$2,849.

16 Adjustment No. 38 - Maintenance Expenses -- ORS proposes to remove per book
17 maintenance expenses of (\$123,130).

18 Adjustment No. 39 -- Operator's Salaries - ORS proposes to remove a total of
19 (\$40,451) for per book operators' salaries and the wage adjustment. ORS computed
20 this amount using the total annualized operators' payroll of \$777,898 and 5.20%.
21 The factor was computed using customer equivalents as of September 30, 2005 of

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1 757 for the transferred subdivisions divided by total CWS customer equivalents of
2 14,559.

3 Adjustment No. 40 – Expenses Charged to Plant - ORS proposes to remove
4 Expenses Charged to Plant, computed using the adjustment amount of \$34,400 (Adj.
5 No. 14) and the customer equivalent factor of 5.20% for an adjustment of \$1,789.

6 Adjustment No. 41 – General Expenses - ORS proposes to remove per book general
7 expenses of (\$3,242).

8 Adjustment No. 42 – Office Salaries - ORS proposes to remove a total amount of
9 (\$7,939) for office salaries.

10 Adjustment No. 43 – Pension and Benefits - ORS proposes to remove (\$8,537) for
11 benefits for operators and office employees.

12 Adjustment No. 44 – WSC Expenses - ORS proposes to remove a total amount of
13 (\$18,750) for WSC corporate office expenses.

14 Adjustment No. 45 – Depreciation Expense - ORS proposes to remove depreciation
15 expense associated with plant as of June 2006 for the transferred subdivisions. ORS
16 used the total transferred plant amount of \$1,554,861 (plant of \$1,553,072 and
17 capitalized wages of \$1,789) and a 1.50% depreciation rate for a total adjustment of
18 (\$23,323).

19 Adjustment No. 46 – Taxes Other Than Income - ORS proposes to remove per book
20 property taxes of (\$7,165).

21 Adjustment No. 47 – Payroll Taxes - ORS proposes to remove payroll taxes
22 associated with the transfer of (\$4,095).

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1 Adjustment No. 48 - Gross Receipts Taxes -- ORS proposes to remove gross receipts
2 taxes of (\$3,850) which was computed using the gross revenues of \$342,181 and
3 .0112524.

4 Adjustment No. 49 -- Income Taxes -- ORS proposes to adjust State and Federal
5 Income Taxes for (\$32,854) to reflect the impact of the Dorchester County transfer.
6 See Audit Exhibit SGS-6.

7 Adjustment No. 50 -- Amortization of Purchase Acquisition Adjustment (PAA) --
8 ORS proposes to remove the per book amount for the amortization of the purchase
9 acquisition adjustment of \$2,441.

10 Adjustment No. 51 -- Amortization of Contribution in Aid of Construction (CIAC) --
11 ORS proposes to remove the per book amount for the amortization of contributions
12 in aid of construction of \$9,604.

13 Adjustment No. 52 -- Customer Growth -- ORS proposes to reduce Net Operating
14 Income by (\$249) for the customer growth adjustment related to the proposed
15 Dorchester County transfer. See Audit Exhibit SGS -- 7.

16 Adjustment No. 53 -- Plant In Service -- ORS proposes to remove plant as of June
17 2006 of (\$1,554,861) which includes plant in service of (\$1,553,072) and capitalized
18 wages of (\$1,789).

19 Adjustment No. 54 - Accumulated Depreciation - ORS proposes to remove
20 accumulated depreciation of \$181,531 as of June 2006.

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1 Adjustment No. 55 - Cash Working Capital -- ORS proposes an adjustment of
2 (\$25,033) to cash working capital for the effects of the proposed Dorchester County
3 transfer. See Audit Exhibit SGS -8.

4 Adjustment No. 56 - Water Service Corporation (WSC) -- ORS recomputed the
5 factor used for the allocation of the WSC rate base after removal of the customer
6 equivalents associated with the Dorchester County transfer. ORS used customer
7 equivalents as of September 30, 2005. A factor of .059056, which excludes customer
8 equivalents for the transferred subdivisions, was applied to the WSC rate base of
9 \$1,704,694 for an amount of \$100,673 less the per book amount of \$105,057 for an
10 adjustment of (\$4,384).

11 Adjustment No. 57 - Contributions in Aid of Construction -- CIAC -- ORS proposes
12 to remove per book net CIAC of \$540,237 as of September 2005.

13 Adjustment No. 58 - Plant Acquisition Adjustment -- PAA -- ORS proposes to
14 remove the per book net Purchase Acquisition Adjustment of \$91,817 as of
15 September 2005.

16 Adjustment No. 59 - Accumulated Deferred Income Taxes (ADIT) -- ORS proposes
17 to remove per book Accumulated Deferred Income Taxes of \$63,333 as of
18 September 2005.

19 Adjustment No. 60 - Customer Deposits -- ORS proposes to remove per book
20 customer deposits of \$1,208.

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1 Adjustment No. 61 -- Interest Expense -- ORS proposes to synchronize interest
2 expense to reflect the proposed Dorchester County transfer. ORS proposes an
3 adjustment of (\$26,793).

4 Adjustment No. 62 -- Operating Revenues - Proposed Increase -- In accordance with
5 the settlement agreement, ORS and CWS agreed upon an increase in annual revenues
6 of \$478,215. Details of these adjustments are shown on Exhibit DMH-5 of ORS
7 Water/Wastewater Program Specialist, Dawn Hipp.

8 Adjustment No. 63-- Uncollectible Accounts -- Proposed Increase - ORS and CWS
9 propose to adjust for uncollectible revenue associated with the proposed revenue
10 using the uncollectible factors for the test year of .85% for water and .86% for sewer.
11 ORS removed total uncollectible accounts of (\$4,098). ORS's Water/Wastewater
12 Department verified that the factors were reasonable based on their examination of
13 the billing records. CWS proposed an adjustment of (\$8,285).

14 Adjustment No. 64 -- Taxes Other Than Income -- Proposed Increase -- ORS and
15 CWS propose to adjust utility/commission taxes and gross receipts taxes associated
16 with the proposed revenue. ORS used a factor of .0112524 which is comprised of
17 the Public Service Commission and Office of Regulatory Staff's factor of .0082524
18 and the Department of Revenue's factor of .003. ORS's total adjustment amounted
19 to \$5,381 and CWS's adjustment was \$10,854.

20 Adjustment No. 65 -- Income Taxes -- Proposed Increase -- ORS proposes to adjust
21 Income Taxes by \$179,292 for the effects of the Proposed Increase. Both ORS and
22 CWS used a 5% rate for state income taxes and a composite rate of 35% for federal

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1 income taxes. See Audit Exhibit SGS -- 6 for details. CWS's computation is based
2 on the company's computed taxable income.

3 Adjustment No. 66 -- Customer Growth -- ORS proposes an adjustment of \$977 to
4 reflect customer growth after the proposed increase using customers updated to latest
5 available data as of May 31, 2006. Customers are updated since plant additions have
6 been included to June 2006. See Audit Exhibit SGS -7 for details. ORS used the
7 number of customers excluding the customers from the proposed Dorchester County
8 transfer.

9 **Q. PLEASE DESCRIBE THE REMAINING AUDIT EXHIBITS.**

10 A. Audit Exhibit SGS-5 shows the Depreciation and Amortization Expense Adjustment.
11 Audit Exhibit SGS-6 shows the Computation of Income Taxes. Audit Exhibit SGS-7
12 shows the Customer Growth Computation. Audit Exhibit SGS - 8 shows the Cash
13 Working Capital Allowance. Audit Exhibit SGS - 9 shows the Return on Common
14 Equity. Audit Exhibit SGS - 10 shows the Income Statement for the Test Year
15 Ended September 30, 2005. Audit Exhibit SGS - 11 shows the Balance Sheet at Test
16 Year Ended September 30, 2005.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes, it does.

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REPORT OF THE AUDIT DEPARTMENT

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2006-92-W/S

CAROLINA WATER SERVICE, INC.

REPORT OF THE AUDIT DEPARTMENT

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2006-92-W/S

CAROLINA WATER SERVICE, INC.

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REPORT OF THE AUDIT DEPARTMENT

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2006-92-W/S

CAROLINA WATER SERVICE, INC.

SYNOPSIS

	<u>Per Application</u>	<u>Per Settlement Agreement</u>
Amount Requested - Water-----	\$196,713*	\$146,129*
- Sewer-----	\$769,552*	\$332,086*
- Uncollectibles-----	(\$ 8,285)*	(\$4,098)*
- Combined-----	<u>\$957,980*</u>	<u>\$474,117*</u>

<u>Return on Rate Base:</u>	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Per Books -----	2.74%	5.01%	1.86%
Adjusted Per Books -----	6.05%	5.44%	6.26%
After Accounting and Pro Forma Adjs.-----	6.19%	7.12%	5.89%
As Adjusted Present-----	5.99%	7.17%	5.59%
After Proposed Settlement Agreement Increase -----	7.64%	9.19%	7.12%

<u>Return on Common Equity:</u>	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
After Accounting and Pro Forma Adjs.-----	5.86%	8.13%	5.14%
As Adjusted Present-----	5.36%	8.26%	4.39%
After Proposed Settlement Agreement Increase-----	9.40%	13.20%	8.13%

* Excludes Proposed Dorchester County Transfer

REPORT OF THE AUDIT DEPARTMENT

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2006-92-W/S

CAROLINA WATER SERVICE, INC.

ANALYSIS

ORS has performed a review of the Application of Carolina Water Service, Inc. (hereinafter referred to as "CWS") along with certain CWS accounting records, relative to its application for authority to increase certain rates and charges in Docket No. 2006-92-W/S.

CWS is a water and wastewater utility operating in the state of South Carolina. CWS furnishes both water and sewer service to residential and commercial customers in the counties of Aiken, Beaufort, Dorchester, Georgetown, Lexington, Orangeburg, Richland, Sumter, Williamsburg, and York. CWS's home office is located at 2335 Sanders Road, Northbrook, Illinois, 60062. Its regional office is located at 110 Queens Parkway, West Columbia, South Carolina 29169. CWS is a wholly-owned subsidiary of Utilities, Inc., which is also located at the same address in Northbrook, Illinois.

ORS respectfully submits the results of its review as follows:

1. CWS filed an application on March 27, 2006 for approval of an increase in rates and charges for water and sewer services provided to its residential and commercial customers.
2. This matter is set for public hearing beginning Thursday, September 7, 2006 at 10:30 a.m.

3. CWS's application uses a test year ending September 30, 2005.
4. The following is a summary of CWS's most recent rate case filings:

Date of Order	Effective Date	Docket Number	Amount Requested	Amount Granted	Return on Rate Base	Operating Margin
06/22/05	06/22/05	2004-357-W/S	\$1,815,528	\$1,146,000	8.02%	8.13%
(Appeal Pending)						
08/27/01	08/27/01	2000-207-W/S	\$685,063	\$406,246	10.06%	12.01%
05/31/94	05/31/94	93-738-W/S	\$804,492	\$664,542	-	13.86%
05/11/93	05/11/93	91-641-W/S	\$863,690	\$175,405	-	7.52%
08/01/90	08/01/90	89-610-W/S	\$967,706	\$845,976	-	10.42%
06/05/89	06/05/89	88-241-W/S	\$412,167	\$ 20,460	-	10.27%
12/01/86	12/01/86	86-220-W/S	\$414,936	\$287,875	-	11.38%

ORS's exhibits related to CWS's proposed increase are as follows:

AUDIT EXHIBIT SGS-1: OPERATING EXPERIENCE, RATE BASE, AND RATES OF RETURN-COMBINED

Shown in this exhibit is CWS's Operating Experience, Rate Base, and Rates of Return for the test year ended September 30, 2005. The exhibit's format is designed to reflect per book information, per books adjusted for Revenue and other adjustments generated from Docket No. 2004-357-W/S, and applicable accounting and pro forma adjustments necessary to correct or normalize the results of CWS's test year operations.

ORS verified the per book balances to the books and records of CWS. The book figures reflect that Operating Revenues for CWS totaled \$6,047,725 and Total Operating Income totaled \$446,304 plus Interest During Construction of \$6,624, for Net Income For Return of \$452,928. CWS's per book Total Rate Base was \$16,503,928. A per book Return on Rate Base of 2.74% was computed using Net Operating Income of \$452,928 and a rate base of \$16,503,928. The per book numbers were adjusted to reflect additional revenue and other adjustments from Docket No. 2004-357-W/S. As a result of these adjustments, total operating revenues amounted to \$6,734,985, Net Income

for Return of \$927,688 and Total Rate Base of \$15,339,883. The resultant return on rate base was 6.05% on adjusted per book operations. ORS's accounting and pro forma adjustments were added to adjusted per book operations. The net effect of these adjustments produced Total Operating Revenues of \$6,717,812, Net Income for Return of \$1,132,619 and a Total Rate Base of \$18,288,696. Using the Net Income for Return and Total Rate Base, ORS computed a Rate of Return on Rate Base of 6.19% after accounting and pro forma adjustments.

ORS has included the effects of the proposed Dorchester County transfer which includes King's Grant, Teal on the Ashley, and Plantation Ridge subdivisions. ORS verified the amounts to CWS books and records and recomputed corresponding adjustments. ORS removed (\$339,332) from Revenue, (\$259,502) from expenses and (\$706,152) from rate base. After the effects of the Dorchester County transfer, Total Operating Revenues were \$6,378,480, Total Operating Expenses were \$5,329,474, and Net Income for Return was \$1,052,540. ORS computed Total Rate Base of \$17,582,544 and a Return on Rate Base of 5.99%.

CWS has requested an increase in rates which would produce additional net annual revenues of \$903,922, comprised of a water increase of \$194,411, a sewer increase of \$717,332, and uncollectible revenue of (\$7,821). As a compromise ORS and CWS agree to a net increase in annual revenues of \$474,117. ORS adjusted for utility/commission gross receipts taxes and income taxes associated with the proposed increase.

After the proposed increase, Total Operating Revenues were \$6,852,597 and Net Income for Return of was \$1,342,961. Total Rate Base after the proposed increase was \$17,582,544. Using Net Income for Return and Total Rate Base after the proposed increase, ORS computed a Return on Rate Base of 7.64%.

AUDIT EXHIBIT SGS-2: OPERATING EXPERIENCE, RATE BASE AND RATES OF RETURN- WATER

Shown in this ORS exhibit is the Operating Experience, Rate Base, and Rates of Return for CWS's Water Operations.

AUDIT EXHIBIT SGS-3: OPERATING EXPERIENCE, RATE BASE, AND RATES OF RETURN-SEWER

Shown in this ORS exhibit is the Operating Experience, Rate Base, and Rates of Return for CWS's Sewer Operations.

AUDIT EXHIBIT SGS-4: EXPLANATION OF ACCOUNTING AND PRO FORMA ADJUSTMENTS- WATER, SEWER, AND COMBINED

Shown in this exhibit are the details of accounting and pro forma adjustments made to correct or normalize CWS's water and sewer operations and to reflect the proposed increase. For comparative purposes, ORS and CWS's adjustments are both presented in this exhibit.

AUDIT EXHIBIT SGS-5: DEPRECIATION AND AMORTIZATION EXPENSE ADJUSTMENT

Shown in this exhibit are ORS's computations of the adjustments to Depreciation Expense and the amortization of Contributions in Aid of Construction (CIAC). The Depreciation rate of 1.50% (66.67 years) was used for plant in service and 25.00% (4 years) was used for vehicles and computers as recommended by ORS's Water/Wastewater Department.

AUDIT EXHIBIT SGS-6: COMPUTATION OF INCOME TAXES

Shown in this exhibit is ORS's computation of State and Federal Income Taxes based on taxable income, adjusted per books, after accounting and pro forma adjustments, as adjusted present, and after the effect of the requested increase. ORS and CWS used the state income tax rate

of 5% and composite federal income tax rate of 35%.

AUDIT EXHIBIT SGS-7: CUSTOMER GROWTH COMPUTATION

Shown in this exhibit is the computation of CWS's customer growth. ORS used the number of customers at 10/01/2004 and 5/31/2006 to compute the growth factor. Since ORS proposes to include plant additions as of 6/2006, the latest available number of customers is used to compute the growth factors. ORS computed a growth factor of .40 % for water operations and a growth factor of .31% for sewer operations. Combined customer growth was computed by adding water customer growth and sewer customer growth.

AUDIT EXHIBIT SGS-8: CASH WORKING CAPITAL ALLOWANCE

Shown in ORS's exhibit is the calculation of cash working capital after accounting and pro forma adjustments and as adjusted present operations at September 30, 2005. ORS uses a forty-five day cash working capital allowance since CWS bills in arrears.

AUDIT EXHIBIT SGS-9: RETURN ON COMMON EQUITY - WATER, SEWER, AND COMBINED

CWS's return on common equity is computed both before and after the requested increase. The rate base, as shown on Audit Exhibit SGS-1, is allocated among the various classes of debt and equity according to the respective ratios as computed using CWS's parent company's capital structure as of September 30, 2005.

ORS computed the amount of total income for return necessary to cover an embedded cost rate of 6.42% on long-term debt. The remainder of total income for return for combined operations produces a return of 5.86% to common equity after accounting and pro forma adjustments. The overall cost of capital was 6.20%. Such overall cost equals the rate of return on rate base shown on Audit Exhibit SGS-1.

As Adjusted Present income available to common equity amounts to \$385,420 and the return on common equity amounts to 5.36%. Overall cost of capital as shown in this exhibit equals 5.98%. Such overall cost of capital equals the rate of return on rate base on Audit Exhibit SGS-1.

As a compromise, ORS and CWS agree to additional net revenues of \$474,117. Income available to common equity increases to \$675,841 and return on common equity increases to 9.40% as agreed in the settlement agreement between ORS and CWS. The overall cost of capital as shown in this exhibit equals 7.64%. Such overall cost of capital equals the rate of return on rate base on Audit Exhibit SGS-1.

Included in this exhibit is the Return on Common Equity as allocated to CWS's water and sewer operations.

AUDIT EXHIBIT SGS-10: INCOME STATEMENT

CWS's Income Statement for the test year ending September 30, 2005 is reflected in this exhibit. ORS verified the income statement to the books and records of CWS.

AUDIT EXHIBIT SGS-11: BALANCE SHEET

Shown in this exhibit is the Balance Sheet of CWS as of September 30, 2005. ORS verified the balances contained in this statement to the books and records of CWS.

Carolina Water Service, Inc.
Operating Experience, Rate Base and Rates of Return
For the Test Year Ended September 30, 2005
Combined Operations

(1) Description	(2) For Company Books \$	(3) Additional Adjustments Docket No. 2004-357-W/S \$	(4) Adjusted Per Books \$	(5) Accounting and Pro Forma Adjustments \$	(6) After Acct. and Pro Forma Adjustments \$	(7) Dorchester County Transfer \$	(8) As Adjusted Present \$	(9) Proposed Increase \$	(10) After Proposed Increase \$
Operating Revenues:									
Service Revenue - Water	1,887,158	35,235 (A)	1,822,393	17,398 (I)	1,939,791	(12,269)	1,927,522	146,129 (Z)	2,073,651
Service Revenue - Sewer	4,098,970	658,039 (A)	4,755,009	(34,722) (I)	4,720,287	(319,148)	4,401,139	332,086 (Z)	4,733,225
Miscellaneous Revenues	114,816	0	114,816	0	114,816	(10,764)	104,052	0	104,052
Uncollectible Accounts	(51,219)	(8,014) (B)	(57,233)	151 (J)	(57,082)	2,849	(54,233)	(4,098) (AA)	(58,331)
Total Operating Revenues	6,047,725	887,260	6,734,985	(17,173)	6,717,812	(339,332) (Y1)	6,378,480	474,117	6,852,597
Operating Expenses:									
Maintenance Expenses	2,961,470	0	2,961,476	33,868 (K)	2,995,142	(181,792) (Y2)	2,833,350	0	2,833,350
General Expenses	982,287	0	982,287	147,139 (L)	1,109,406	(38,488) (Y3)	1,070,938	0	1,070,938
Depreciation Expense	652,759	0	652,759	45,172 (M)	697,931	(23,323) (Y4)	674,608	0	674,608
Extraordinary Retirement	0	22,356 (C)	22,356	0	22,356	0	22,356	0	22,356
Taxes Other Than Income	1,286,732	(768) (D)	1,285,974	(508,143) (N)	777,831	(15,110) (Y5)	762,721	5,381 (AB)	768,102
Income Taxes	19,164	180,802 (E)	210,086	89,341 (O)	269,407	(32,654) (Y6)	236,753	179,292 (AC)	415,845
Amortization of Investment Tax Credit	(8,852)	0	(8,852)	0	(8,852)	0	(8,852)	0	(8,852)
Amortization of PAA	(12,302)	0	(12,302)	0	(12,302)	2,441 (Y7)	(9,861)	0	(9,861)
Amortization of CIAC	(259,823)	0	(259,823)	(2,120) (P)	(261,943)	9,604 (Y8)	(252,339)	0	(252,339)
Total Operating Expenses	5,801,421	212,500	5,813,921	(224,945)	5,588,976	(259,502)	5,329,474	184,673	5,514,147
Total Operating Income	446,304	474,760	921,064	207,772	1,128,836	(79,830)	1,049,006	289,444	1,338,450
Interest During Construction	6,624	0	6,624	(6,624) (Q)	0	0	0	0	0
Customer Growth	0	0	0	3,783 (R)	3,783	(249) (Y9)	3,534	877 (AD)	4,511
Net Income for Return	452,928	474,760	927,688	204,831	1,132,619	(80,078)	1,052,540	290,421	1,342,961
Original Cost Rate Base:									
Gross Plant in Service	39,008,789	(1,198,763) (F)	37,810,036	2,704,777 (S)	40,517,813	(1,554,861) (Y10)	38,962,952	0	38,962,952
Accumulated Depreciation	(5,210,472)	32,718 (G)	(5,177,754)	219,981 (T)	(4,957,773)	181,531 (Y11)	(4,776,242)	0	(4,776,242)
Net Plant in Service	33,798,327	(1,164,045)	32,635,282	2,924,758	35,560,040	(1,373,330)	34,186,710	0	34,186,710
Cash Working Capital	490,488	0	490,488	22,801 (U)	513,089	(25,033) (Y12)	488,036	0	488,036
Water Service Corporation - Rate Base	105,057	0	105,057	0	105,057	(4,384) (Y13)	100,673	0	100,673
Advances in Aid of Construction	(1,600)	0	(1,600)	0	(1,600)	0	(1,600)	0	(1,600)
Contributions in Aid of Construction	(15,211,431)	0	(15,211,431)	2,120 (V)	(15,209,311)	540,237 (Y14)	(14,669,074)	0	(14,669,074)
Plant Acquisition Adjustment	(467,341)	0	(467,341)	0	(467,341)	91,817 (Y15)	(375,524)	0	(375,524)
Accumulated Deferred Income Taxes	(1,753,698)	0	(1,753,698)	0	(1,753,698)	63,333 (Y16)	(1,690,365)	0	(1,690,365)
Customer Deposits	(456,854)	0	(456,854)	(868) (W)	(457,520)	1,208 (Y17)	(456,312)	0	(456,312)
Total Rate Base	16,503,928	(1,164,045)	15,339,883	2,948,813	18,288,698	(706,152)	17,582,544	0	17,582,544
Return on Rate Base	2.74%		6.05%		6.18%		5.99%	0	7.84%
Interest Expense	1,164,394	(582,457) (H)	581,937	111,978 (X)	693,913	(28,783) (Y18)	667,120	0	667,120

Carolina Water Service, Inc.
Operating Experience, Rate Base and Rates of Return
For the Test Year Ended September 30, 2005
Water Operations

Description	(1) Per Company Books \$	(2) Additional Adjustments Docket No. 2004-357-W/S \$	(3) Adjusted Per Books \$	(4) Accounting and Pro Forma Adjustments \$	(5) After Acct. and Pro Forma Adjustments \$	(6) Dorchester County Transfer \$	(7) As Adjusted Present \$	(8) Proposed Increase \$	(9) After Proposed Increase \$
Operating Revenues:									
Service Revenue - Water	1,887,158	35,235 (A)	1,922,393	17,358 (I)	1,939,751	(12,269)	1,927,522	148,129 (Z)	2,073,851
Miscellaneous Revenues	33,573	0	33,573	0	33,573	(474)	33,099	0	33,099
Uncollectible Accounts	(15,880)	(360) (B)	(16,240)	(148) (J)	(16,488)	104	(16,384)	(1,242) (AA)	(17,626)
Total Operating Revenues	1,904,751	34,875	1,939,626	17,250	1,956,878	(12,639) (Y1)	1,944,237	144,887	2,089,124
Operating Expenses:									
Maintenance Expenses	876,829	0	876,829	12,894 (K)	889,723	(8,827) (Y2)	882,896	0	882,896
General Expenses	368,548	0	368,548	58,353 (L)	424,901	(1,560) (Y3)	423,341	0	423,341
Depreciation Expense	219,525	0	219,525	(9,852) (M)	212,673	(1,290) (Y4)	211,383	0	211,383
Extraordinary Retirement	0	22,356 (C)	22,356	0	22,356	0	22,356	0	22,356
Taxes Other Than Income	488,238	(8,163) (D)	480,073	(194,348) (N)	285,725	(2,258) (Y5)	283,469	1,844 (AB)	285,113
Income Taxes	5,879	33,912 (E)	39,891	51,021 (O)	90,912	305 (Y6)	91,217	54,790 (AC)	146,007
Amortization of Investment Tax Credit	(2,644)	0	(2,644)	0	(2,644)	0	(2,644)	0	(2,644)
Amortization of PAA	(5,188)	0	(5,188)	0	(5,188)	516 (Y7)	(4,672)	0	(4,672)
Amortization of CIAC	(78,851)	0	(78,851)	(329) (P)	(77,180)	23 (Y8)	(77,157)	0	(77,157)
Total Operating Expenses	1,874,434	48,105	1,722,639	(81,261)	1,641,278	(11,039)	1,630,189	58,434	1,688,623
Total Operating Income	230,317	(13,230)	217,087	98,511	315,598	(1,550)	314,048	88,453	402,501
Interest During Construction	1,978	0	1,978	(1,879) (Q)	0	0	0	0	0
Customer Growth	0	0	0	1,262 (R)	1,262	(8) (Y9)	1,256	354 (AD)	1,610
Net Income for Return	232,296	(13,230)	219,066	97,794	316,860	(1,558)	315,304	88,807	404,111
Original Cost Rate Base:									
Gross Plant in Service	12,144,582	(542,960) (F)	11,601,572	298,493 (S)	11,800,065	(86,008) (Y10)	11,714,056	0	11,714,056
Accumulated Depreciation	(2,048,443)	31,767 (G)	(2,016,676)	117,989 (T)	(1,898,687)	8,395 (Y11)	(1,890,292)	0	(1,890,292)
Net Plant in Service	10,096,119	(511,223)	9,484,896	416,482	9,901,378	(77,614)	9,823,764	0	9,823,764
Cash Working Capital	130,672	0	130,672	8,656 (U)	139,328	(1,048) (Y12)	138,280	0	138,280
Water Service Corporation - Rate Base	40,232	0	40,232	0	40,232	(1,879) (Y13)	38,553	0	38,553
Advances in Aid of Construction	(800)	0	(800)	0	(800)	0	(800)	0	(800)
Contributions in Aid of Construction	(4,535,743)	0	(4,535,743)	329 (V)	(4,535,414)	1,958 (Y14)	(4,533,456)	0	(4,533,456)
Plant Acquisition Adjustment	(210,851)	0	(210,851)	0	(210,851)	18,683 (Y15)	(192,168)	0	(192,168)
Accumulated Deferred Income Taxes	(708,823)	0	(708,823)	0	(708,823)	4,725 (Y16)	(704,188)	0	(704,188)
Customer Deposits	(174,975)	0	(174,975)	(255) (W)	(175,230)	1,208 (Y17)	(174,022)	0	(174,022)
Total Rate Base	4,836,731	(811,223)	4,024,508	425,212	4,449,720	(53,787)	4,395,933	0	4,395,933
Return on Rate Base	5.01%		5.44%		7.12%		7.17%		9.18%
Interest Expense	347,633	(194,945) (H)	152,688	18,144 (X)	168,832	(2,041) (Y18)	166,791	0	166,791

Carolina Water Service, Inc.
Operating Experience, Rate Base and Rates of Return
For the Test Year Ended September 30, 2005
Sewer Operations

Description	(1) Per Company Books \$	(2) Additional Adjustments Docket No. 2004-357-W/S \$	(3) Adjusted Per Books \$	(4) Accounting and Pro Forma Adjustments \$	(5) After Acct. and Pro Forma Adjustments \$	(6) Dorchester County Transfer \$	(7) As Adjusted Present \$	(8) Proposed Increase \$	(9) After Proposed Increase \$
Operating Revenues:									
Service Revenue - Sewer	4,096,870	658,038 (A)	4,755,009	(34,722) (I)	4,720,287	(318,148)	4,401,139	332,086 (Z)	4,733,225
Miscellaneous Revenues	81,243	0	81,243	0	81,243	(10,290)	70,953	0	70,953
Uncollectible Accounts	(35,238)	(5,654) (B)	(40,893)	299 (J)	(40,594)	2,745	(37,849)	(2,858) (AA)	(40,705)
Total Operating Revenues	4,142,874	652,385	4,795,359	(34,423)	4,760,938	(326,693) (Y1)	4,434,243	329,230	4,763,473
Operating Expenses:									
Maintenance Expenses	2,284,847	0	2,284,847	20,772 (K)	2,305,619	(154,965) (Y2)	2,150,654	0	2,150,654
General Expenses	593,719	0	593,719	90,786 (L)	684,505	(38,808) (Y3)	647,597	0	647,597
Depreciation Expense	433,234	0	433,234	52,024 (M)	485,258	(22,033) (Y4)	463,225	0	463,225
Extraordinary Retirement	0	0 (C)	0	0	0	0	0	0	0
Taxes Other Than Income	798,498	7,405 (D)	805,901	(313,785) (N)	492,106	(12,854) (Y5)	479,252	3,737 (AB)	482,989
Income Taxes	13,185	158,990 (E)	170,175	8,320 (O)	178,495	(33,159) (Y6)	145,336	124,502 (AC)	269,838
Amortization of Investment Tax Credit	(8,208)	0	(8,208)	0	(8,208)	0	(8,208)	0	(8,208)
Amortization of PAA	(7,114)	0	(7,114)	0	(7,114)	1,925 (Y7)	(5,189)	0	(5,189)
Amortization of CIAC	(182,972)	0	(182,972)	(1,791) (P)	(184,763)	9,581 (Y8)	(175,182)	0	(175,182)
Total Operating Expenses	3,028,987	164,385	4,091,362	(143,884)	3,947,598	(243,413)	3,699,265	128,239	3,827,524
Total Operating Income	215,987	487,990	703,977	109,281	813,238	(78,280)	734,958	200,991	935,949
Interest During Construction	4,845	0	4,845	(4,845) (Q)	0	0	0	0	0
Customer Growth	0	0	0	2,521 (R)	2,521	(243) (Y9)	2,278	623 (AD)	2,501
Net Income for Return	220,832	487,990	708,822	107,137	815,759	(78,523)	737,238	201,614	938,850
Original Cost Rate Base:									
Gross Plant in Service	26,865,237	(553,773) (F)	26,311,464	2,406,284 (S)	28,717,748	(1,468,852) (Y10)	27,248,896	0	27,248,896
Accumulated Depreciation	(3,182,029)	951 (G)	(3,181,078)	101,982 (T)	(3,059,086)	173,136 (Y11)	(2,885,950)	0	(2,885,950)
Net Plant in Service	23,703,208	(552,822)	23,150,386	2,508,276	25,658,662	(1,295,716)	24,362,946	0	24,362,946
Cash Working Capital	359,796	0	359,796	13,945 (U)	373,741	(23,985) (Y12)	349,756	0	349,756
Water Service Corporation - Rate Base	64,825	0	64,825	0	64,825	(2,705) (Y13)	62,120	0	62,120
Advances in Aid of Construction	(800)	0	(800)	0	(800)	0	(800)	0	(800)
Contributions in Aid of Construction	(10,875,698)	0	(10,875,698)	1,791 (V)	(10,873,897)	538,278 (Y14)	(10,135,618)	0	(10,135,618)
Plant Acquisition Adjustment	(258,490)	0	(258,490)	0	(258,490)	73,154 (Y15)	(183,336)	0	(183,336)
Accumulated Deferred Income Taxes	(1,044,775)	0	(1,044,775)	0	(1,044,775)	58,008 (Y16)	(986,167)	0	(986,167)
Customer Deposits	(281,879)	0	(281,879)	(411) (W)	(282,290)	0 (Y17)	(282,290)	0	(282,290)
Total Rate Base	11,886,197	(552,822)	11,315,375	2,623,801	13,938,976	(652,365)	13,186,611	0	13,186,611
Return on Rate Base	1.88%		6.26%		5.89%		5.59%		7.12%
Interest Expense	819,781	(387,512) (H)	429,249	95,832 (X)	525,081	(24,762) (Y18)	500,329	0	500,329

Audit Exhibit SGS-4

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

Description	Combined \$	Water \$	Sewer \$
Additional Adjustments From Docket No. 2004-357-W/S			
(A) Revenue			
1 ORS and CWS propose to adjust revenues to reflect an entire year of consumption and billing units at present rates ordered in Docket No. 2005-357-W/S.			
Per ORS	693,274	35,235	658,039
Per CWS	693,278	35,235	658,043
(B) Uncollectible Accounts			
2 ORS proposes to adjust for uncollectible accounts associated with the additional revenues from Docket No. 2004-357-W/S using an uncollectible rate of .85% for total water revenue of \$1,922,393 and .86% for total sewer revenue of \$4,765,009. ORS computed a total uncollectible amount of (\$57,233) less the per book amount of (\$51,219) for an adjustment of (\$6,014). CWS used the same uncollectible rates applied to additional water and sewer revenue from Docket No. 2004-357-W/S.			
Per ORS	(6,014)	(360)	(5,654)
Per CWS	(5,958)	(298)	(5,660)
(C) Depreciation & Extraordinary Retirement			
3 ORS proposes to adjust for the extraordinary retirement of wells of \$29,924 and removal of depreciation expense (\$7,568) as approved in previous CWS rate cases. CWS inadvertently left these amounts off the schedules.			
Per ORS	22,856	22,358	0
Per CWS	0	0	0
(D) Taxes Other Than Income			
4 ORS and CWS propose to adjust for Utility/Commission and Gross Receipts taxes associated with the additional revenues from Docket No. 2004-357-W/S.			
Per ORS	7,801	399	7,405
Per CWS	17	1	16
5 ORS proposes to remove property taxes associated with the retired wells as approved in previous CWS rate cases.			
Per ORS	(8,659)	(8,659)	0
Per CWS	0	0	0
Total Taxes Other Than Income - Per ORS	(758)	(8,163)	7,405
(E) Income Taxes			
6 ORS and CWS propose to adjust for federal and state income taxes associated with the additional revenues and other adjustments from Docket No. 2004-357-W/S.			
Per ORS	190,902	33,912	156,990
Per CWS	199,180	39,364	159,816

Caroline Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

<u>Description</u>	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>(F) Gross Plant In Service</u>			
7 ORS and CWS propose to adjust for removal of wells (\$289,237) and plant sample items (\$8,957) as approved in previous CWS rate cases			
Per ORS	(308,194)	(302,688)	(5,526)
Per CWS	(308,194)	(302,688)	(5,526)
8 ORS and CWS propose to adjust for excess book value carried forward from the last rate case to the end of the test year			
Per ORS	(888,569)	(840,322)	(548,247)
Per CWS	(888,569)	(840,322)	(548,247)
Total Gross Plant In Service - Per ORS	(1,196,763)	(842,990)	(553,773)
<u>(G) Accumulated Depreciation</u>			
9 ORS and CWS propose to adjust accumulated depreciation for the removal of wells (\$31,767) and plant sample item (\$951) as adjusted in the last rate case to the end of the test year			
Per ORS	32,718	31,767	951
Per CWS	32,718	31,767	951
<u>(H) Interest Expense</u>			
10 ORS and CWS propose to adjust for interest expense associated with the previous adjustments related to Docket No. 2004-S57-W/S using the long-term debt ratio of 59.10% and the embedded cost of debt of 6.42%.			
Per ORS	(582,457)	(194,945)	(387,512)
Per CWS	(582,457)	(194,945)	(387,512)
<u>Accounting and Pro Forma Adjustments</u>			
<u>(I) Operating Revenues</u>			
11 ORS and CWS propose to adjust operating revenues to reflect current customers at current rates as computed by ORS's water and wastewater department.			
Per ORS	(17,324)	17,398	(34,722)
Per CWS	(17,310)	17,394	(34,704)
<u>(J) Uncollectible Accounts</u>			
12 ORS and CWS propose to adjust uncollectible accounts for the effect of the pro forma revenue adjustments. ORS and CWS used uncollectible rates of .85% for water and .86% for sewer.			
Per ORS	151	(148)	299
Per CWS	151	(147)	298

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

Description	Combined	Water	Sewer
	\$	\$	\$
(K) Maintenance Expenses			
13 ORS and CWS propose to adjust operators' salaries. ORS proposes to annualize operators' salary expenses using wage rates as of May 2006 and wage allocation factors as of September 2005. ORS did not include a 4% cost of living increase, since supporting documentation was not received in sufficient time to allow for its audit. CWS included a 4% cost of living increase.			
Per ORS	68,068	26,069	41,997
Per CWS	101,662	38,898	62,764
14 ORS and CWS propose to adjust Operating Expense Charged to Plant to reflect the proposed increase in the wage adjustment. ORS computed a factor of 39.30% using actual test year data. CWS used a capitalization factor of 35.16% which was based on annualized wages.			
Per ORS	(34,400)	(13,175)	(21,225)
Per CWS	(7,219)	(2,765)	(4,454)
Total Maintenance Expenses - Per ORS	33,668	12,894	20,772
(L) General Expenses			
15 CWS and ORS propose to adjust office salary expenses. ORS annualized salaries using wage rates as of May 2006 and wage allocations as of September 2005. ORS did not include a 4% cost of living increase, since supporting documentation was not received in sufficient time to allow for its audit.			
Per ORS	40,752	15,608	25,144
Per CWS	78,851	30,565	48,286
16 ORS proposes to include current rate case expenses, unamortized rate case expenses, other expenses from Docket No. 2004-357-W/S, and CWS's portion of the Utilities Management Audit costs, all totaling \$485,774. This amount is amortized over a three-year period for an amount of \$161,926 less the per book amount of \$23,117 for an adjustment of \$138,808. ORS adjusted for actual expenses incurred at the end of the audit.			
Per ORS	138,808	63,163	85,645
Per CWS	108,849	40,923	65,926
17 ORS and CWS propose to adjust for pension and other benefits associated with the wage increase.			
Per ORS	13,868	5,319	8,569
Per CWS	16,298	6,233	10,065

Audit Exhibit SGS-4

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

Description	Combined \$	Water \$	Sewer \$
18 ORS and CWS propose to remove DHEC fines of (\$13,800). ORS also proposes to remove other legal fees associated with lobbying of (\$33,375).			
Per ORS	(46,875)	(17,992)	(28,883)
Per CWS	(13,600)	(5,209)	(8,391)
19 ORS proposes to annualize interest on customer deposits using the test year ending balance and the approved interest rate of 3.50%.			
Per ORS	666	255	411
Per CWS	0	0	0
Total General Expenses - Per ORS	147,139	56,353	90,769
(M) Depreciation Expense			
20 CWS proposes to annualize depreciation expense using estimated plant additions. ORS proposes to annualize depreciation expense as of June 2006 for known and measurable net plant in service. See Audit Exhibit SGS-5 for details.			
Per ORS	45,172	(6,852)	52,024
Per CWS	104,609	15,248	89,361
(N) Taxes Other Than Income			
21 CWS and ORS propose to adjust for payroll taxes associated with the wage adjustment.			
Per ORS	6,621	2,153	3,468
Per CWS	8,689	3,324	5,365
22 ORS proposes to adjust for Utility/Commission and gross receipts taxes after accounting and pro forma adjustments.			
Per ORS	(195)	196	(391)
Per CWS	0	1	0
23 ORS and CWS propose to remove a tax accrual for property taxes to reflect actual test year expense.			
Per ORS	(513,569)	(196,697)	(316,872)
Per CWS	(513,569)	(196,697)	(316,872)
Total Taxes Other Than Income - Per ORS	(508,143)	(104,348)	(313,795)
(O) Income Taxes - As Adjusted			
24 ORS and CWS propose to adjust income taxes after accounting and pro forma adjustments. See Audit Exhibit SGS-6.			
Per ORS	59,341	51,021	8,320
Per CWS	195,114	64,138	130,976

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

<u>Description</u>	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
(P) Amortization of Contributions In Aid of Construction			
26 ORS and CWS proposes to annualize amortization of CIAC as of September 30, 2005. The purpose of this adjustment is to properly calculate amortization expense associated with CIAC. ORS and CWS amortized CIAC using a 1.5% rate.			
Per ORS	(2,120)	(329)	(1,791)
Per CWS	22,519	12,205	10,314
(Q) Interest During Construction (IDC)			
26 ORS and CWS propose to eliminate Interest During Construction (IDC) for rate making purposes. ORS and CWS did not include Construction Work in Progress in rate base and therefore IDC is eliminated as an addition to net income.			
Per ORS	(6,824)	(1,979)	(4,845)
Per CWS	(6,824)	(1,979)	(4,845)
(R) Customer Growth			
27 ORS proposes to adjust for customer growth after accounting and pro forma adjustments. ORS used the latest available number of customers as of May 31, 2008. Plant additions have been included to June 2008. See Audit Exhibit SGS -7.			
Per ORS	3,783	1,262	2,521
Per CWS	0	0	0
(S) Gross Plant In Service			
28 ORS and CWS propose to adjust for pro forma plant additions and retirements. ORS's adjustment is based on known and measurable plant in service including general ledger additions, capitalized time and pro forma plant additions and retirements as of June 2008. CWS's adjustment is based on estimated amounts.			
Per ORS	2,670,377	285,318	2,385,059
Per CWS	3,363,037	508,328	2,858,709
29 ORS proposes to capitalize wages, taxes, and benefits as a result of the payroll adjustment. ORS capitalized 39.30% of the wage adjustment			
Per ORS	34,400	13,175	21,225
Per CWS	0	0	0
Total Gross Plant In Service - Per ORS	2,704,777	298,493	2,406,284

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

<u>Description</u>	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
(M) Accumulated Depreciation			
30 CWS proposes to adjust accumulated depreciation using estimated plant additions and retirements. ORS proposes to adjust accumulated depreciation for the depreciation expense adjustment of (\$45,172) and retirements from October 1, 2005 - June 2006 for \$265,153 which includes \$223,473 for general ledger retirements and \$41,680 for retirement of a water project.			
Per ORS	218,951	117,989	101,992
Per CWS	226,514	149,168	76,346
(N) Cash Working Capital			
31 CWS and ORS propose to adjust Cash Working Capital after accounting and pro forma adjustments. See Audit Exhibit SGS - 8.			
Per ORS	22,901	8,659	13,945
Per CWS	35,480	13,581	21,899
(O) Contributions In Aid of Construction			
32 ORS proposes to adjust the CIAC to reflect the amortization at September 30, 2005.			
Per ORS	2,120	329	1,791
Per CWS	0	0	0
(W) Customer Deposits			
33 ORS proposes to adjust interest on Customer Deposits using the balance at September 30, 2005.			
Per ORS	(666)	(255)	(411)
Per CWS	0	0	0
(X) Interest Expenses			
34 ORS and CWS propose to adjust interest on debt using a 69.10% / 40.90% debt / equity ratio and a 6.42% cost of debt. ORS proposes to compute allowable interest expense after accounting and pro forma adjustments. See Audit Exhibit SGS - 8.			
Per ORS	111,976	18,144	95,832
Per CWS	137,482	26,382	112,100
<u>Dorchester County Transfer - King's Grant, Teal on the Ashley, and Plantation Ridge Subdivisions</u>			
(Y1) Revenue			
35 ORS proposes to remove service revenues			
Per ORS	(331,417)	(12,269)	(319,148)
Per CWS	0	0	0
36 ORS proposes to remove miscellaneous revenues.			
Per ORS	(10,784)	(474)	(10,260)
Per CWS	0	0	0

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

Description	Combined \$	Water \$	Sewer \$
37 ORS proposes to adjust uncollectible revenue to reflect the removal of revenues.			
Per ORS	2,849	104	2,745
Per CWS	0	0	0
Total Operating Revenues (Y1) - Per ORS	(339,332)	(12,639)	(326,693)
(Y2) Maintenance Expenses			
38 ORS proposes to remove per book maintenance expenses			
Per ORS	(123,130)	(5,128)	(118,004)
Per CWS	0	0	0
39 ORS proposes to remove Operator's salaries.			
Per ORS	(40,451)	(1,780)	(38,671)
Per CWS	0	0	0
40 ORS proposes to remove Expenses Charged to Plant for Operator's salaries.			
Per ORS	1,789	79	1,710
Per CWS	0	0	0
Total Maintenance Expenses (Y2) - Per ORS	(161,792)	(6,827)	(154,965)
(Y3) General Expenses			
41 ORS proposes to remove per book general expenses			
Per ORS	(3,242)	(10)	(3,232)
Per CWS	0	0	0
42 ORS proposes to remove Office salaries			
Per ORS	(7,939)	(349)	(7,590)
Per CWS	0	0	0
43 ORS proposes to remove pensions and benefits for operators and office employees			
Per ORS	(8,537)	(376)	(8,161)
Per CWS	0	0	0
44 ORS proposes to remove WSC expenses allocated from the corporate office.			
Per ORS	(18,750)	(825)	(17,925)
Per CWS	0	0	0
Total General Expenses - (Y3) - Per ORS	(38,468)	(1,560)	(36,908)
(Y4) Depreciation Expenses			
45 ORS proposes to remove depreciation expense			
Per ORS	(23,323)	(1,290)	(22,033)
Per CWS	0	0	0

Audit Exhibit SGS-4

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

Description	Combined \$	Water \$	Sewer \$
(Y5) Taxes Other Than Income			
46 ORS proposes to remove per book property taxes.			
Per ORS	(7,185)	(1,933)	(5,232)
Per CWS	0	0	0
47 ORS proposes to remove payroll taxes for the wages associated operators and office employees.			
Per ORS	(4,085)	(180)	(3,915)
Per CWS	0	0	0
48 ORS proposes to remove gross receipts taxes			
Per ORS	(3,850)	(143)	(3,707)
Per CWS	0	0	0
Total Taxes Other Than Income (Y5) - Per ORS	(15,110)	(2,256)	(12,854)
(Y6) Income Taxes			
49 ORS proposes to show the income tax effects of the proposed transfer.			
Per ORS	(32,854)	305	(33,159)
Per CWS	0	0	0
(Y7) Amortization of Purchase Acquisition Adjustment			
50 ORS proposes to remove the amortization for the per book purchase acquisition adjustment			
Per ORS	2,441	516	1,925
Per CWS	0	0	0
(Y8) Amort. of Contributions in Aid of Const. (CIAC)			
51 ORS proposes to remove the per book amortization of CIAC.			
Per ORS	9,604	23	9,581
Per CWS	0	0	0
(Y9) Customer Growth			
52 ORS proposes to remove the customer growth component associated with the proposed transfer. The computation is shown in Audit Exhibit SGS - 7			
Per ORS	(249)	(6)	(243)
Per CWS	0	0	0

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

<u>Description</u>	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
(Y10) Plant in Service			
53 ORS proposes to remove plant in service as of June 2006.			
Per ORS	(1,554,881)	(88,008)	(1,468,852)
Per CWS	0	0	0
(Y11) Accumulated Depreciation			
54 ORS proposes to remove accumulated depreciation as of June 2006.			
Per ORS	181,631	8,385	173,138
Per CWS	0	0	0
(Y12) Cash Working Capital			
55 ORS proposes to remove cash working capital associated with the proposed transfer. See Audit Exhibit SGS - 8			
Per ORS	(25,033)	(1,048)	(23,985)
Per CWS	0	0	0
(Y13) Water Service Corporation (WSC) - Rate Base			
56 ORS proposes to remove the WSC rate base associated with the proposed transfer.			
Per ORS	(4,384)	(1,078)	(2,705)
Per CWS	0	0	0
(Y14) Contributions in Aid of Construction (CIAC)			
57 ORS proposes to remove the per book net CIAC associated with the proposed transfer.			
Per ORS	540,237	1,958	538,279
Per CWS	0	0	0
(Y15) Plant Acquisition Adjustment (PAA)			
58 ORS proposes to remove the per book net PAA associated with the proposed transfer.			
Per ORS	91,817	18,663	73,154
Per CWS	0	0	0
(Y16) Accumulated Deferred Income Taxes			
59 ORS proposes to remove the per book Accumulated Deferred Income Taxes as of September 30, 2005 associated with the proposed transfer.			
Per ORS	63,333	4,726	58,608
Per CWS	0	0	0
(Y17) Customer Deposits			
60 ORS proposes to remove the per book Customer Deposits associated with the proposed transfer			
Per ORS	1,208	1,208	0
Per CWS	0	0	0

Audit Exhibit SGS-4

Carolina Water Service, Inc.
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended September 30, 2005

Description	Combined	Water	Sewer
	\$	\$	\$
(Y18) Interest Expense			
61 ORS proposes to adjust interest expense for the effects of the proposed transfer.			
Per ORS	(26,783)	(2,041)	(24,762)
Per CWS	0	0	0
(Z) Operating Revenues - Proposed Increase			
62 ORS and CWS propose to adjust operating revenues for the proposed increase per the settlement agreement between ORS and CWS			
Per Settlement Agreement	478,215	146,129	332,086
Per CWS	808,265	199,713	789,552
(AA) Uncollectible Accounts - Proposed Increase			
63 ORS and CWS propose to adjust Uncollectible Accounts expense for the proposed revenue using an uncollectible rate of .65% for water and .88% for sewer			
Per Settlement Agreement	(4,098)	(1,242)	(2,856)
Per CWS	(8,285)	(1,666)	(6,619)
(AB) Taxes Other Than Income - Proposed Increase			
64 ORS and CWS propose to adjust utility/commission tax and gross receipts taxes for the proposed revenue using a factor of .011254 (.0082524 for utility/commission and .003 department) for revenue gross receipts			
Per Settlement Agreement	5,381	1,644	3,737
Per CWS	10,854	2,210	8,644
(AC) Income Taxes - Proposed Increase			
65 CWS records income taxes using current tax rates on calculated taxable income. ORS proposes to compute income taxes after the proposed increase.			
Per Settlement Agreement	179,292	54,790	124,502
Per CWS	557,390	137,689	419,491
(AD) Customer Growth			
66 ORS proposes to adjust customer growth for the effect of the proposed increase. ORS used the latest customers numbers as of May 2006. Plant additions have been included through June 2006. See Audit Exhibit SGS-7			
Per Settlement Agreement	977	354	623
Per CWS	0	0	0

AUDIT EXHIBIT SGS-5

Carolina Water Service, Inc.
Depreciation and Amortization Expense Adjustment
Test Year Ended September 30, 2005

	<u>Combined</u> \$	<u>Water</u> \$	<u>Sewer</u> \$
<u>Gross Plant @ September 30, 2005</u>	39,009,799	12,144,562	26,865,237
ADD:			
Pro Forma Projects, Capitalized Time, and General Ledger Additions and Retirements	2,704,777	288,493	2,406,284
LESS:			
Organization Expense @ June 2006	111,594	82,784	28,810
Land @ June 2006	291,237	180,189	111,048
Vehicles @ June 2006	457,531	175,234	282,297
Computers @ June 2006	62,602	23,977	38,625
Depreciable Utility Plant	40,791,612	11,980,871	28,810,741
Utility Plant Depreciation @ 1.5% (66.67 years)	611,874	179,713	432,161
Vehicles @ June 2006	457,531	175,234	282,297
Less: Fully Depreciated Vehicles	(80,897)	(30,984)	(40,913)
Depreciable Vehicles	376,634	144,250	232,384
Vehicle Depreciation @ 25% (4 years)	94,159	36,063	58,096
Computers @ June 2006	62,602	23,977	38,625
Less: Fully Depreciated Computers	(37,085)	(14,204)	(22,881)
Depreciable Computers	25,517	9,773	15,744
Computers Depreciation @ 25% (4 years)	6,379	2,443	3,936
WSC Allocated Depreciation	15,928	6,100	9,828
Regional Office Allocation Depreciation	(1,340)	(513)	(827)
Amortization of Excess Book Value	(29,069)	(11,133)	(17,936)
Total Depreciation	697,931	212,673	485,258
Less: Per Books Depreciation	652,759	219,525	433,234
ORS Adjustment	45,172	(6,852)	52,024
Company's Adjustment	104,609	15,248	89,361
Contributions in Aid of Construction			
CIAC @ 9-30-2005	(17,462,862)	(5,145,343)	(12,317,519)
Amortization %	1.50%	1.50%	1.50%
Amortization Amount	(261,943)	(77,180)	(184,763)
Per Book Amount	(259,823)	(76,851)	(182,972)
ORS Adjustment	(2,120)	(329)	(1,791)
Company's Adjustment	22,519	12,205	10,314
	-20-		

Carolina Water Service, Inc.
Computation of Income Taxes
For the Test Year Ended September 30, 2005

	As Adjusted - Present		
	Combined Operations	Water Operations	Sewer Operations
	\$	\$	\$
Operating Revenue As Adjusted	6,378,480	1,944,237	4,434,243
Operating Expenses As Adjusted	5,092,921	1,538,972	3,553,949
Net Operating Income Before Taxes	1,285,559	405,265	880,294
Less: Annualized Interest Expense	667,120	166,791	500,329
Taxable Income - State	618,439	238,474	379,965
State Income Taxes @ 5%	30,922	11,924	18,998
Taxable Income - Federal	587,517	226,550	360,967
Federal Income Taxes @ 35%	205,631	79,293	126,338
Total State and Federal Income Taxes	236,553	91,217	145,336
Less: Income Taxes After Acct. & Pro Forma Adjs.	269,407	90,912	178,495
Adjustment	(32,854)	305	(33,159)

	After Proposed Increase		
	Combined Operations	Water Operations	Sewer Operations
	\$	\$	\$
Operating Revenue After Proposed Increase	6,852,597	2,089,124	4,763,473
Operating Expenses After Proposed Increase	5,098,302	1,540,616	3,557,686
Net Operating Income Before Taxes	1,754,295	548,508	1,205,787
Less: Annualized Interest Expense	667,120	166,791	500,329
Taxable Income - State	1,087,175	381,717	705,458
State Income Taxes @ 5%	54,359	19,086	35,273
Taxable Income - Federal	1,032,816	362,631	670,185
Federal Taxes @ 35%	361,486	126,921	234,565
Total State and Federal Income Taxes	415,845	146,007	269,838
Less: Income Taxes As Adjusted -Present	236,553	91,217	145,336
Adjustment	179,292	54,790	124,502

Audit Exhibit SGS-7

**Carolina Water Service, Inc.
Customer Growth Computation
Test Year Ended September 30, 2005**

	(1)	(2)	(3)	(4)	(5)
	After		As	Effect of	
<u>Combined Operations:</u>	Accounting & Pro Forma Adjustments	Dorchester County Transfer	Adjusted Present	Proposed Increase	After Increase
Description	\$	\$	\$	\$	\$
Water Customer Growth	1,262	(6)	1,256	354	1,610
Sewer Customer Growth	2,521	(243)	2,278	623	2,901
Combined Customer Growth	3,783	(249)	3,534	977	4,511

Number of Customers:

Beginning	19,026	Formula:			
Ending	19,158	Ending - Average	=	66	= 0.35%
Average	19,092	Average		19,092	

Water Operations:

Net Operating Income	315,598	(1,550)	314,048	88,453	402,501
Growth Factor	0.40%	0.40%	0.40%	0.40%	0.40%
Customer Growth	1,262	(6)	1,256	354	1,610

Number of Customers:

Beginning	7,226	Formula:			
Ending	7,284	Ending - Average	=	29	= 0.40%
Average	7,255	Average		7,255	

Sewer Operations:

Net Operating Income	813,238	(78,280)	734,958	200,991	935,949
Growth Factor	0.31%	0.31%	0.31%	0.31%	0.31%
Customer Growth	2,521	(243)	2,278	623	2,901

Number of Customers:

Beginning	11,800	Formula:			
Ending	11,874	Ending - Average	=	37	= 0.31%
Average	11,837	Average		11,837	

Note: Combined Customer Growth equals Water plus Sewer Customer Growth
Beginning Customers @ 10/01/2004
Ending Customers @ 5/31/2006

Audit Exhibit SGS-8

**Carolina Water Service, Inc.
Cash Working Capital Allowance
For the Test Year Ended September 30, 2005**

<u>After Accounting and Pro Forma Adjustments</u>			
	<u>Combined Operations</u>	<u>Water Operations</u>	<u>Sewer Operations</u>
	\$	\$	\$
Maintenance - After Accounting and Pro Forma Adjs.	2,995,142	689,723	2,305,419
General - After Accounting and Pro Forma Adjs.	1,109,406	424,901	684,505
Total Expenses for Computation	4,104,548	1,114,624	2,989,924
Allowable Rate	12.50%	12.50%	12.50%
Computed Cash Working Capital - After Accounting and Pro Forma Adjs.	513,069	139,328	373,741
Cash Working Capital - Per Books	490,468	130,672	359,796
Cash Working Capital Adjustment - ORS	22,601	8,656	13,945
Cash Working Capital Adjustment - CWS	35,480	13,581	21,899

<u>As Adjusted - Present</u>			
	<u>\$ Combined Operations</u>	<u>\$ Water Operations</u>	<u>\$ Sewer Operations</u>
Maintenance - As Adjusted Present	2,833,350	682,896	2,150,454
General - As Adjusted Present	1,070,938	423,341	647,597
Total Expenses for Computation	3,904,288	1,106,237	2,798,051
Allowable Rate	12.50%	12.50%	12.50%
Computed Cash Working Capital - As Adj. Present	488,036	138,280	349,756
Computed Cash Working Capital - As Adjusted	513,069	139,328	373,741
Cash Working Capital Adjustment - ORS	(25,033)	(1,048)	(23,985)

Carolina Water Service, Inc.
Return On Common Equity
Capital Structure at September 30, 2005

Description	Capital Structure	Ratio	Combined After Accounting & Pro Forma Adjustments				Combined As Adjusted—Present				Combined After Proposed Increase			
			Rate	Embedded	Overall	Income	Rate	Embedded	Overall	Income	Rate	Embedded	Overall	Income
			Base	Cost/Return	Cost/Return	For Return	Base	Cost/Return	Cost/Return	For Return	Base	Cost/Return	Cost/Return	For Return
	\$	%	\$	%	%	\$	\$	%	%	\$	\$	%	%	\$
Long-Term Debt	136,789,585	59.10%	10,808,619	6.42%	3.79%	593,913	10,391,284	6.42%	3.79%	667,120	10,391,284	6.42%	3.79%	667,120
Common Equity	94,651,855	40.90%	7,480,077	5.88%	2.41%	438,708	7,191,260	5.38%	2.19%	385,420	7,191,260	9.40%	3.85%	675,841
Totals	231,441,440	100.00%	18,288,696		6.20%	1,132,619	17,582,544		5.98%	1,052,540	17,582,544		7.64%	1,342,961

Description	Capital Structure	Ratio	Water After Accounting & Pro Forma Adjustments				Water As Adjusted—Present				Water After Proposed Increase			
			Rate	Embedded	Overall	Income	Rate	Embedded	Overall	Income	Rate	Embedded	Overall	Income
			Base	Cost/Return	Cost/Return	For Return	Base	Cost/Return	Cost/Return	For Return	Base	Cost/Return	Cost/Return	For Return
	\$	%	\$	%	%	\$	\$	%	%	\$	\$	%	%	\$
Long-Term Debt	136,789,585	59.10%	2,629,785	6.42%	3.79%	168,832	2,597,996	6.42%	3.79%	168,791	2,597,996	6.42%	3.79%	168,791
Common Equity	94,651,855	40.90%	1,819,935	8.13%	3.34%	148,028	1,797,937	8.26%	3.38%	148,513	1,787,937	13.20%	5.40%	237,320
Totals	231,441,440	100.00%	4,449,720		7.13%	316,860	4,395,933		7.17%	315,304	4,385,933		9.19%	404,111

Description	Capital Structure	Ratio	Sewer After Accounting & Pro Forma Adjustments				Sewer As Adjusted—Present				Sewer After Proposed Increase			
			Rate	Embedded	Overall	Income	Rate	Embedded	Overall	Income	Rate	Embedded	Overall	Income
			Base	Cost/Return	Cost/Return	For Return	Base	Cost/Return	Cost/Return	For Return	Base	Cost/Return	Cost/Return	For Return
	\$	%	\$	%	%	\$	\$	%	%	\$	\$	%	%	\$
Long-Term Debt	136,789,585	59.10%	8,178,835	6.42%	3.79%	525,081	7,793,287	6.42%	3.79%	500,329	7,793,287	6.42%	3.79%	500,329
Common Equity	94,651,855	40.90%	5,680,141	5.14%	2.11%	280,678	5,383,324	4.38%	1.80%	236,907	5,383,324	8.13%	3.34%	438,521
Totals	231,441,440	100.00%	13,858,976		5.90%	815,759	13,186,611		5.59%	737,236	13,186,611		7.13%	938,850

Used Capital Structure of Parent Company @ 9/30/2005

R - 3242

Audit Exhibit SGS-9

Audit Exhibit SGS-10

Carolina Water Service, Inc.
Income Statement
Test Year Ended September 30, 2005

	Combined \$	Water \$	Sewer \$
<u>Operating Revenues</u>			
Service Revenues - Water	1,887,158	1,887,158	0
Service Revenues - Sewer	4,096,970	0	4,096,970
Miscellaneous Revenues	114,816	33,573	81,243
Uncollectible Accounts	(51,218)	(15,980)	(35,239)
Total Operating Revenues	6,047,725	1,904,751	4,142,974
<u>Maintenance Expenses</u>			
Salaries and Wages	709,832	271,868	437,966
Purchased Power	440,585	77,685	362,910
Purchased Sewer & Water	208,583	85,297	123,286
Maintenance and Repair	1,398,123	144,667	1,253,456
Maintenance Testing	55,340	11,455	43,891
Meter Reading	46,667	46,667	0
Chemicals	241,020	92,311	148,709
Transportation	80,815	30,952	49,863
Operating Exp. Charged to Plant	(346,115)	(132,662)	(213,653)
Outside Services - Other	126,608	48,491	78,117
Total	2,981,474	676,829	2,284,645
<u>General Expenses</u>			
Salaries and Wages	297,172	113,817	183,355
Office Supplies & Other Office Exp.	186,720	71,514	115,206
Regulatory Commission Exp.	23,117	8,854	14,263
Pension & Other Benefits	179,479	68,740	110,739
Rent	4,567	1,749	2,818
Insurance	156,268	59,851	96,417
Office Utilities	69,065	26,452	42,613
Miscellaneous	45,880	17,572	28,308
Total	962,268	368,549	593,719
Depreciation	652,759	219,525	433,234
Taxes Other Than Income	1,286,732	488,236	798,496
Income Taxes - Federal	46,978	14,657	32,321
Income Taxes - State	(27,814)	(8,878)	(19,136)
Amortization of ITC	(8,852)	(2,644)	(6,208)
Amortization of PAA	(12,302)	(5,188)	(7,114)
Amortization of CIAC	(259,823)	(76,851)	(182,972)
Total	1,677,878	629,057	1,048,621
Total Operating Expenses	5,801,420	1,674,435	3,926,985
Net Operating Income	446,305	230,316	215,989
Interest During Construction	(6,624)	(1,979)	(4,645)
Interest on Debt	1,164,394	347,633	816,761
Net Income	(711,465)	(115,338)	(596,127)

Audit Exhibit SGS-11

Carolina Water Service, Inc.
Balance Sheet
September 30, 2005

<u>Assets</u>	\$	\$	\$
Plant in Service			
Water	12,144,562		
Sewer	26,865,237		
Total		39,009,799	
Accumulated Depreciation - Water	(2,046,443)		
Accumulated Depreciation - Sewer	(3,162,029)		
Total		(5,210,472)	
Net Utility Plant			33,799,327
Plant Acquisition Adjustment - Water	(210,851)		
Plant Acquisition Adjustment - Sewer	(256,480)		
Total			(467,341)
Construction Work in Process - Water	54,597		
Construction Work in Process - Sewer	864,675		
Total			919,272
Current Assets			
Cash	856,646		
Accounts Receivable - Net	1,006,336		
Other Current Assets	33,801		
Total			1,996,682
Deferred Charges			384,427
	<u>Total Assets</u>		<u>36,612,367</u>
<u>Liabilities and Other Credits</u>			
Capital Stock and Retained Earnings			
Common Stock and Paid in Capital		6,841,994	
Retained Earnings		6,565,013	
Total			13,407,007
Current and Accrued Liabilities			
Accounts Payable - Trade		181,215	
Taxes Accrued		565,445	
Customer Deposits		205,402	
Customer Deposits - Interest		251,453	
A/P - Associated Companies		4,754,256	
Total			5,957,771
Advances in Aid of Construction			
Water		800	
Sewer		800	
Total			1,600
Contributions in Aid of Construction			
Water		4,535,743	
Sewer		10,675,688	
Total			15,211,431
Accumulated Deferred Income Tax			
Unamortized ITC		280,860	
Deferred Tax - Federal		1,848,128	
Deferred Tax - State		(92,428)	
Total			2,034,558
	<u>Total Liabilities and Other Credits</u>		<u>36,612,367</u>

**THE OFFICE OF REGULATORY STAFF
DIRECT TESTIMONY AND EXHIBITS
OF
DAWN M. HIPPI**



DOCKET NO. 2006-92-WS

**Application of Carolina Water Service, Inc.
for Adjustment of Rates and Charges for the
Provision of Water and Sewer Service**

1 **TESTIMONY OF DAWN M. HIPPI**
2 **FOR**
3 **THE OFFICE OF REGULATORY STAFF**
4 **DOCKET NO. 2006-92-WS**
5 **IN RE: CAROLINA WATER SERVICE, INC.**
6
7
8

9 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**
10 **OCCUPATION.**

11 **A. My name is Dawn M. Hipp. My business address is 1441 Main Street, Suite 300,**
12 **Columbia, South Carolina 29201, I am employed by the state of South Carolina as**
13 **a Program Specialist in the Water/Wastewater Department for the Office of**
14 **Regulatory Staff ("ORS").**

15 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**
16 **EXPERIENCE.**

17 **A. I am a 1992 graduate of Moorhead State University where I earned a B.S. in**
18 **Political Science. I have over eight years of experience in hazardous waste**
19 **regulation. From 1996 to 1999, I worked for Laidlaw Environment Services in**
20 **Saukville, Wisconsin, as an accounts receivable supervisor and then as a facility**
21 **accounting supervisor for Laidlaw's Government Services Division. In this role, I**
22 **facilitated electronic commerce including EDI transfer of orders and EFT**
23 **payments with customers. I also developed, implemented, and enhanced**

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1 government billing and waste tracking systems. From 1999-2003, I worked for
2 Safety-Kleen Corporation and Clean Harbors Environmental Services, Inc. in
3 Columbia, SC as an operations manager in the Government Services Division. In
4 this role, I managed the financial, operations and all regulatory aspects of field
5 offices nationwide serving Department of Defense hazardous waste removal
6 contracts. I was accountable for the viability of 14 government contracts yielding
7 \$12 million in revenue annually.

8 In September 2004, I joined ORS as the Program Specialist for the Water and
9 Wastewater Department. I am a member of the American Water Works
10 Association ("AWWA") and the South Carolina Section of the American Water
11 Works Association ("SC-AWWA"). In addition, I have completed the Eastern
12 National Association Regulatory Utility Commissioners ("NARUC") Utility Rate
13 School: Basics of Ratesetting and New Mexico State University's Center for
14 Public Utilities Workshop: Regulating Small Water Utilities.

15 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
16 PROCEEDING?

17 A. The purpose of my testimony is to set forth the ORS staff findings relative to my
18 review of the rate increase application submitted by Carolina Water Service, Inc.
19 ("CWS"). Specifically, I will focus on CWS's compliance with the Public
20 Service Commission ("Commission") rules and regulations, ORS's audit of
21 various CWS water and wastewater facilities, test-year revenue and proposed
22 revenue adjustments, and CWS customer complaints.

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1 Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS
2 TESTIMONY AND ACCOMPANYING EXHIBITS?

3 A. Yes, my testimony and the attached exhibits detail ORS's findings and
4 recommendations.

5 Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR
6 TESTIMONY AND EXHIBITS.

7 A. I used ORS revenue audit results, facility site inspection findings and information
8 provided by CWS in its Application and Data Request responses. I also reviewed
9 CWS's financial statements and performance bond documents submitted to the
10 Commission.

11 Q. PLEASE PROVIDE AN OVERVIEW OF THE LOCATIONS, SERVICE
12 TYPES AND CUSTOMER BASE SERVICED BY CWS.

13 A. CWS is a public utility providing water distribution/supply services and
14 wastewater collection/treatment services. As a subsidiary of Utilities, Inc., CWS
15 is one of four NARUC Class A water and wastewater utilities in South Carolina.
16 The Commission approved service area for CWS includes portions of Aiken,
17 Beaufort, Dorchester, Georgetown, Lexington, Orangeburg, Richland, Sumter,
18 Williamsburg and York counties. According to CWS's customer records for the
19 test year ending September 30, 2005, water services, including distribution, were
20 provided to 7,431 residential and commercial single family equivalents.
21 Likewise, wastewater collection and treatment services were provided to 11,973
22 residential and commercial single family equivalents. Exhibit DMH-1 provides a
23 customer overview of current CWS customers by location and service type.

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1 Exhibit DMH-2 provides a detail of test-year customers by classification,
2 subdivision, location and service type.

3 Q. HAS CWS PETITIONED THE COMMISSION TO TRANSFER THE
4 KING'S GRANT, PLANTATION RIDGE AND TEAL ON THE ASHLEY
5 WATER AND WASTEWATER SYSTEMS?

6 A. Yes. Under Docket No. 2006-171-WS, CWS filed an application to transfer the
7 water/wastewater systems and service territory serving King's Grant, Plantation
8 Ridge and Teal on the Ashley subdivisions to Dorchester County. If this transfer
9 is approved by the Commission, CWS will no longer serve any customers in
10 Dorchester County.

11 Q. DOES ORS INCLUDE INFORMATION IN ITS DIRECT TESTIMONY
12 FOR KING'S GRANT, PLANTATION RIDGE AND TEAL ON THE
13 ASHLEY CUSTOMERS?

14 A. Yes. While ORS continues to review the CWS petition to transfer the Dorchester
15 water and wastewater systems and service territory, we have normalized test year
16 revenues to reflect the elimination of the King's Grant, Plantation Ridge and Teal
17 on the Ashley subdivisions.

18 Q. PLEASE EXPLAIN EXHIBIT DMH-3 OF YOUR REPORT.

19 A. Exhibit DMH-3, consisting of three pages, provides a summary of the services
20 provided by CWS based on the Business Office Compliance Review completed
21 by ORS. The Business Office Compliance Review consists of a review of CWS's
22 office records to determine compliance with PSC rules and regulations.

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1 As expected of a Class A water utility, CWS utilizes a customized computer
2 database to capture all customer account transactions. The system tracks all
3 customer complaints received by the Northbrook, IL, office and the West
4 Columbia, SC, office. Each complaint is reflected in the specific customer
5 account as a service order and complaint resolution data is clearly provided by
6 date and responsible party. CWS's customer bill, disconnect notices, payment
7 plans and deposit receipts contain all required information and are issued to
8 customers in a timely manner. Invoice adjustments, deposit refunds, late payment
9 penalties and reconnection notices are automated, accurate and timely. Overall,
10 CWS's business systems are well-suited to ensure compliance with the
11 administrative aspects of 26 S.C. Code Regs. 103 Articles 5 and 7. CWS is in
12 compliance with the Annual Report and Gross Receipts requirements as well.

13 Q. PLEASE EXPLAIN EXHIBIT DMH-4 OF YOUR REPORT.

14 A. Exhibit DMH-4, consisting of 21 pages, is a summary of the water
15 distribution/supply and wastewater collection and treatment services inspected by
16 ORS in May and June 2006.

17 Water Distribution and Supply

18 CWS currently provides adequate water distribution and supply services to its
19 residential and commercial customers. Water is provided to customers by CWS
20 operated wells or by an outside bulk water provider. In some cases, CWS
21 purchases water to serve customers from municipalities such as the City of West
22 Columbia, Town of Lexington, Lexington Joint Municipal Water and Sewer
23 Commission, and York County. CWS has completed infrastructure

1 improvements to repair and replace pump houses, storage tanks and operating
2 wells. Safe drinking water standards were being met according to recent DHEC
3 sanitary survey reports and required certified operator logs were in compliance at
4 all ORS audited facilities. General housekeeping items including treatment
5 chemical labeling, facility fencing, access roads and signage are satisfactory.
6 Potable water and irrigation consumption is metered to all customers. CWS does
7 not provide fire protection services to its customers and is not required to provide
8 this service.

9 Wastewater Collection and Treatment Systems

10 CWS provides wastewater treatment under NPDES permits. During the ORS
11 inspection, all wastewater collection and treatment systems were operating
12 adequately and in accordance with DHEC rules and regulations. CWS has
13 recently completed a major wastewater treatment plant upgrade in Sumter
14 County. An aged aerated lagoon which struggled to meet the NPDES discharge
15 limits has been replaced by an activated sludge plant.

16 Q. DO YOU HAVE ANY COMMENTS REGARDING CWS'S ABILITY TO
17 RESOLVE CUSTOMER BILLING COMPLAINT ISSUES ARISING
18 FROM WATER LEAKS?

19 A. Yes. During the test year, ORS received several customer complaints related to
20 high bills when a water leak occurred on the customer service line. In
21 subdivisions where CWS purchases water supply and sewer treatment services
22 from a third party, a water leak on the customer line will increase both the water
23 and the sewer components of the customer's bill since sewer service is comprised

1 of a base facilities charge ("BFC") and a per 1,000 gallon charge based on water
2 consumption. If the water leak occurs and is absorbed into the ground, a customer
3 will still pay sewer charges based on that water usage even when it can be
4 documented that the water leak did not flow into the sewer collection system.
5 While ORS recognizes that CWS's contracts with third parties do not allow for
6 courtesy adjustments to sewer usage charges in this type of situation because the
7 third party charges are calculated based on water usage and that CWS is not
8 obligated to make such adjustments under 26 S.C. Code Regs. 103-533 and 103-
9 733, ORS encourages CWS to explore opportunities to negotiate future contracts
10 to include a suitable remedy for the customer.

11 **Q. IS CWS RESPONSIBLE FOR LEAKS OR BLOCKAGES ON THE**
12 **CUSTOMER'S SERVICE LINE?**

13 **A.** No. ORS often receives customer inquiries regarding service line maintenance
14 responsibility. CWS is not obligated to correct leaks or blockages on service lines
15 past the point of delivery identified by 26 S.C. Code Regs. 103-540 and 103-740.
16 Maintenance responsibility is defined in 26 S.C. Code Regs. 103-555.A which
17 states "the utility shall install and maintain that portion of the service pipe from
18 the main to the boundary line of the property being served..." Likewise, 26 S.C.
19 Code Regs. 103-702.7, identifies the utility water service line as "the portion of
20 the distribution line that transports water from the main to the meter, or if there is
21 no meter, up to and including the curb stop."

22 **Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE TEST YEAR**
23 **SERVICE REVENUES OF CWS?**

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1 A. ORS completed a thorough review of CWS's customer water consumption and
2 BFC revenue calculations for the test year. Based on this review, ORS does not
3 oppose CWS's minor adjustments to test year water and sewer service revenue.
4 In addition, ORS proposes several minor adjustments to test year service revenue
5 as calculated based on CWS's customer billing records. It should be noted that
6 these calculated adjustments were under \$100 and could be deemed de minimus.
7 CWS bills all customers in accordance with the rate structure approved by the
8 Commission. Customer's water or wastewater treatment provided by a
9 government entity is invoiced in accordance with the pass-through language in
10 CWS's tariff. In addition, ORS proposes no adjustment to CWS's Miscellaneous
11 Revenues or Uncollectible Accounts. CWS currently has an uncollectible
12 percentage of less than 1% which ORS finds to be acceptable.

13 Q. PLEASE EXPLAIN EXHIBIT DMH-5 OF YOUR REPORT.

14 A. Exhibit DMH-5 provides an overview of the rates proposed pursuant to the
15 settlement agreement and their impact on water and wastewater revenues. ORS
16 used consumption data provided by CWS and verified during the audit. In
17 addition, ORS used CWS's current rates for these calculations. It is important to
18 note that during the test year period CWS converted from one rate schedule to
19 another which was approved by the Commission under Docket 2005-357-WS.
20 Therefore, revenues for the test year were normalized for ratemaking purposes to
21 reflect a full year of customer consumption and BFC at recently approved rates. In
22 addition, ORS normalized test year revenues to reflect the pending transfer of
23 water and wastewater systems and service territory in Dorchester County per

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1 Docket No. 2006-171-WS. In summary, ORS calculated CWS's test year service
2 revenue for water operations, as adjusted, of \$1,927,522. ORS calculated CWS's
3 test year service revenue for wastewater operations, as adjusted, of \$4,401,139.
4 ORS calculated test year revenues for combined operations, as adjusted, of
5 \$6,328,661 (Exhibit DMH-5 page 1). For the purposes of settlement agreement,
6 ORS calculated CWS's proposed water service revenues, as adjusted, of
7 \$2,073,651 and proposed wastewater service revenues, as adjusted, of \$4,733,225.
8 Under the proposed settlement, combined operations revenue, as adjusted, would
9 total \$6,806,876 (Exhibit DMH-5 page 1). ORS did not factor customer growth
10 into these revenue comparisons; however, Ms. Sharon Scott has provided
11 testimony regarding the ORS customer growth calculation.

12 Q. PLEASE EXPLAIN EXHIBIT DMH-6 OF YOUR REPORT.

13 A. Exhibit DMH-6 is a summary of the current PSC approved rates for CWS and
14 rates proposed as part of the settlement agreement.

15 Q. ON WHAT BASIS DOES ORS MAKE DEPRECIABLE SERVICE LIFE
16 RECOMMENDATIONS?

17 A. ORS recommendations are based on the conclusions outlined in the Florida Public
18 Service Commission Water and Wastewater System Regulatory Law as
19 recommended by the NARUC staff. ORS's approach and conclusions made
20 concerning depreciation are consistent with the Public Utility Depreciation
21 Practices manual as published by NARUC in 1996.

22 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

23 A. Yes it does.

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THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2006-92-WS

**Application of Carolina Water Service, Inc. for Adjustment of Rates and Charges
for the Provision of Water and Sewer Service**

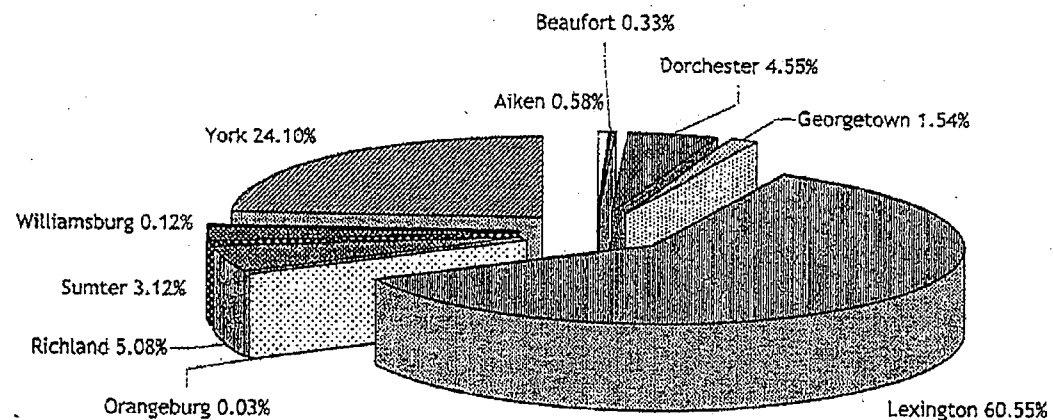
DAWN M. HIPPI TESTIMONY

EXHIBIT INDEX

<u>EXHIBIT NO.</u>	<u>EXHIBIT TYPE</u>	<u>PREPARED BY</u>
DMH-1	CWS Customer Overview by County and Service	ORS
DMH-2	CWS Customer Detail	ORS
DMH-3	ORS Business Office Compliance Review	ORS
DMH-4	ORS Facility Inspection Report	ORS
DMH-5	Service Revenue Impact	ORS
DMH-6	CWS Proposed Rate Overview	ORS

Exhibit DMH-1

Carolina Water Service, Inc.
2006-92-WS
Number of Customers by County
Test Year Ending 09/30/05



R - 3257

Carolina Water Service, Inc.
2006-92-WS
Customer Classification
for Test Year ending September 30, 2005

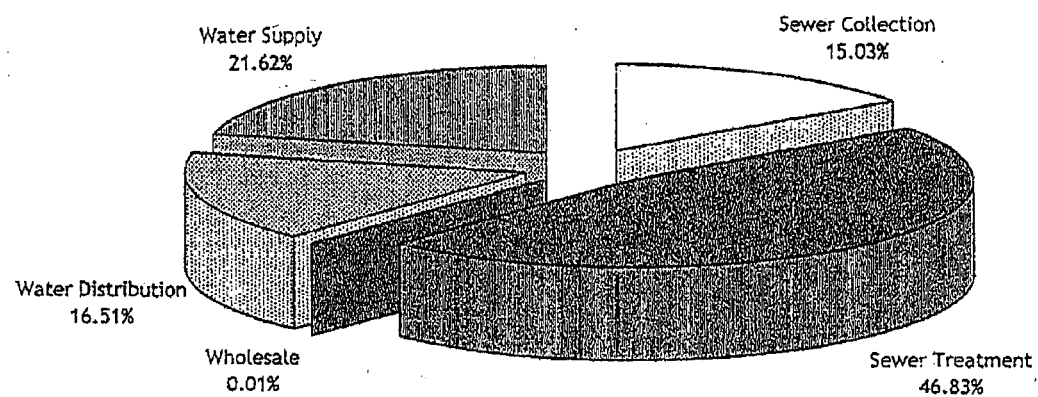


Exhibit DMH-2

Carolina Water Service, Inc.
2006-92-WS
Customer Detail by Service Area and Service Type

Exhibit DMH-2
1

Subdivision	Customer Count 10/01/04	Customer Count 09/30/05	Service Description	Bulk Water/Sewer Provider
Aiken County				
Hunter's Glen	92	94	Residential Water	CWS
	1	1	Commercial Water	CWS
Total	93	95		
Beaufort County				
Palmetto Apt	54	54	Residential Sewer Collection	BJWSA
Total	54	54		
Dorchester County				
King's Grant/Plantation Ridge	676	676	Residential Sewer	CWS
	4	4	Commercial Sewer	CWS
Teal on the Ashley	32	32	Residential Water	CWS
	32	32	Residential Sewer	CWS
Total	744	744		
Georgetown County				
Lincolnshire/White Oak	252	252	Residential Sewer	CWS
Total	252	252		
Lexington County				
Blue Ridge	54	55	Residential Water	CWS
Brighton Forest	138	138	Residential Water Distribution	West Columbia
	145	145	Residential Sewer	CWS
	2	2	Commercial Sewer	CWS
Calvin Acres	2	2	Commercial Water	CWS
	19	19	Residential Sewer	CWS
Falcon Ranches	95	96	Residential Water	CWS
	2	2	Commercial Water	CWS
Friarsgate	2777	2778	Residential Sewer	CWS
	59	59	Commercial Sewer	CWS
Glenn Village/Stonebridge	204	204	Residential Water	CWS
	179	187	Residential Sewer	CWS
Golden Pond	356	356	Residential Water Distribution	West Columbia
	347	347	Residential Sewer	CWS
Governor's Grant	314	320	Residential Sewer	CWS
	1	1	Commercial Sewer	CWS
Harborside	2	2	Commercial Water Distribution	LCJHWS
	1	1	Commercial Sewer	CWS
	24	24	Residential Sewer	CWS
	24	24	Residential Water	LCJHWS
Heatherwood	100	100	Residential Water	CWS
	1	1	Commercial Water	CWS
Hidden Valley Country Club	187	190	Residential Water	CWS
Vanatsdale	1	1	Wholesale Sewer Treatment	CWS
Hidden Valley/Mineral Springs	2	2	Mobile Home Sewer	CWS
	1	1	Residential Water Distribution	West Columbia
Idlewood	50	50	Residential Water Distribution	West Columbia
	3	3	Commercial Water Distribution	West Columbia
Indian Pines	17	17	Residential Water	CWS
Lake Murray/Lands End/Watergate/Spence Point/The Docks/Windward Point/Harbor Place/Mallard Cove/Seay Cove	331	334	Residential Water Distribution	LCJHWS
	4	4	Commercial Water Distribution	LCJHWS
	247	247	Residential Sewer	LCJHWS
	1	1	Commercial Sewer	LCJHWS
Laurel Meadows/Savannah Point	275	275	Residential Water Distribution	West Columbia
	2	2	Commercial Water Distribution	West Columbia
	269	269	Residential Sewer	CWS
	1	1	Commercial Sewer	CWS
Oak Grove Estates	126	126	Residential Water Distribution	West Columbia
	6	6	Commercial Water Distribution	West Columbia
	128	128	Residential Sewer	CWS
	1	1	Mobile Home Sewer	CWS
	6	6	Commercial Sewer	CWS
Oakwood	27	27	Residential Water Distribution	West Columbia
	8	8	Commercial Water Distribution	West Columbia
	2	2	Commercial Sewer	CWS
Peachtree Acres	46	46	Residential Water	CWS
	1	1	Commercial Water	CWS

Carolina Water Service, Inc.
2006-92-WS
Customer Detail by Service Area and Service Type

Exhibit DMH-2
2

Subdivision	Customer Count 10/01/04	Customer Count 09/30/05	Service Description	Bulk Water/Sewer Provider
Lexington County continued				
Planter's Station	163	163	Residential Water Distribution	West Columbia
	1	1	Commercial Water Distribution	West Columbia
	162	162	Residential Sewer	CWS
Rollingwood/Silver Creek	184	184	Residential Water Distribution	LCJHWS
	1	1	Commercial Water Distribution	LCJHWS
	101	101	Residential Sewer	CWS
Salem Church Road	120	141	Residential Sewer	CWS
	8	10	Commercial Sewer	CWS
Secret Cove	87	87	Residential Sewer	CWS
Smallwood Estates	87	98	Residential Water	CWS
	1	1	Commercial Water	CWS
	86	97	Residential Sewer	CWS
Spring Hill/Oakcrest/Meadowood/Maple Grove/Timberlake	406	408	Residential Water Distribution	West Columbia
	5	5	Commercial Water Distribution	West Columbia
	408	419	Residential Sewer	CWS
	3	3	Commercial Sewer	CWS
Spring Lake/Dutchwood	120	120	Residential Water Distribution	West Columbia
	120	120	Residential Sewer	CWS
Sycamore Acres	75	75	Residential Water Distribution	West Columbia
	3	3	Commercial Water Distribution	West Columbia
The Landings	158	159	Residential Water Distribution	LCJHWS
	160	161	Residential Sewer	CWS
Universal/Greyland Forest/Woodcastle	311	311	Residential Water Distribution	West Columbia
	2	2	Commercial Water Distribution	West Columbia
	307	307	Residential Sewer	CWS
	1	1	Commercial Sewer	CWS
Westside Terrace	61	61	Residential Water Distribution	Lexington
	3	3	Commercial Water Distribution	Lexington
Woodsen	88	88	Residential Sewer	CWS
Total	9820	9903		
Orangeburg County				
Roosevelt Gardens	2	2	Residential Sewer	CWS
	3	3	Commercial Sewer	CWS
Total	5	5		
Richland County				
Ballentine Cove	90	90	Residential Sewer	CWS
Forty Love	87	96	Residential Water	CWS
	86	95	Residential Sewer Collection	Richland County
Indian Fork	73	74	Residential Water	CWS
	82	83	Residential Sewer Collection	Chapin
North Pines/Stonegate	127	127	Residential Water	CWS
	128	128	Residential Sewer Collection	CWS
North Shore Point	24	24	Residential Sewer Collection	Richland County
Shadowood Cove	109	111	Residential Sewer Collection	Richland County
	2	2	Commercial Sewer Collection	Richland County
Total	808	830		
Sumter County				
Oakland Plantation	245	245	Residential Sewer	CWS
	4	4	Commercial Sewer	CWS
Pocahontas	99	99	Residential Water	CWS
	162	162	Residential Sewer	CWS
Total	510	510		
Williamsburg County				
Rock Bluff	20	20	Residential Water	CWS
Total	20	20		
York County				
River Hills/Commodore/Forest Oak/Lake Wylie/Landings/Palmella	1734	1923	Residential Water Distribution	York County
Dev/Crescent Land	119	122	Commercial Water Distribution	York County
	1652	1801	Residential Sewer Collection	York County
	94	95	Residential Sewer Collection	York County
Total	3599	3941		

Exhibit DMH-3

**REVIEW OF WATER AND WASTEWATER SERVICES
CAROLINA WATER SERVICE, INC.
DOCKET: 2006-92-WS**

The Office of Regulatory Staff ("ORS") of South Carolina performed a Business Compliance audit of the revenue, customer complaint, and customer deposit records of Carolina Water Service, Inc. ("CWS") in preparation for this rate case. CWS currently provides water, water distribution, wastewater collection and treatment services to commercial and residential customers in portions of Aiken, Beaufort, Dorchester, Georgetown, Lexington, Orangeburg, Richland, Sumter, Williamsburg and York counties. As of April 1, 2006, CWS provides water services to 7,362 single family equivalents and wastewater services to 11,830 single family equivalents.

The ORS Consumer Services Department received 52 consumer complaints regarding CWS during the test year. Consumers contacted ORS to resolve the following issues: billing disputes, service disconnections, complaints regarding rates implemented under PSC Order 2005-328, and service complaints. Since the Notice of Filing was mailed to CWS's customers, the Public Service Commission has received no Petitions to Intervene and 10 Letters of Protest.

ORS determined CWS provides adequate water provision/distribution service and wastewater collection/treatment service. CWS is currently operating all water and wastewater systems in compliance with all DHEC rules, regulations and consent orders.

The following 2 pages provide a summary of the ORS Business Compliance Audit results.

Audit Exhibit SGS-6

1 of 2

Carolina Water Service, Inc.
Computation of Income Taxes
For the Test Year Ended September 30, 2005

	As Adjusted - Per Books		
	Combined Operations	Water Operations	Sewer Operations
	\$	\$	\$
Operating Revenues As Adjusted	6,734,985	1,939,626	4,795,359
Operating Expenses As Adjusted	5,603,855	1,682,648	3,921,207
Net Operating Income Before Taxes	1,131,130	256,978	874,152
Less: Annualized Interest Expense	581,937	152,688	429,249
Taxable Income - State	549,193	104,290	444,903
State Income Taxes @ 5%	27,460	5,215	22,245
Taxable Income - Federal	521,733	99,075	422,658
Federal Income Taxes @ 35%	182,606	34,676	147,930
Total State and Federal Income Taxes	210,066	39,891	170,175
Less: Income Taxes Per Book	19,164	5,979	13,185
Adjustment	190,902	33,912	156,990

	After Accounting and Pro Forma Adjustments		
	Combined Operations	Water Operations	Sewer Operations
	\$	\$	\$
Operating Revenue As Adjusted	6,717,812	1,956,876	4,760,936
Operating Expenses As Adjusted	5,319,569	1,550,366	3,769,203
Net Operating Income Before Taxes	1,398,243	406,510	991,733
Less: Annualized Interest Expense	693,913	168,832	525,081
Taxable Income - State	704,330	237,678	466,652
State Income Taxes @ 5%	35,217	11,884	23,333
Taxable Income - Federal	669,113	225,794	443,319
Federal Income Taxes @ 35%	234,190	79,028	155,162
Total State and Federal Income Taxes	269,407	90,912	178,495
Less: Income Taxes Adjusted Per Book	210,066	39,891	170,175
Adjustment	59,341	51,021	8,320



ORS BUSINESS OFFICE COMPLIANCE REVIEW

Utility: Carolina Water Service, Inc.
 Inspector: Dawn Hpp
 Office: Corporate: 2335 Saunders Road, Northbrook, IL 60062; Local Office: 110 Queen Parkway, West Columbia
 Utility Type: Water and Wastewater Utility
 Date: 05/16-06/06/06
 Company Representative: Kirsten Weeks/Mac Mitchell

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with R.103-510 and R. 103-710.	X		Customers can contact West Columbia office to receive copies of records.
2	Complaint records maintained in accordance with R.103-516 and R. 103-716.	X		All customer complaints are input into CWS database which tracks service orders, complaint types and related resolutions. Customer complaint detail received per PSC Order 2005-328.
3	Utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-530 and R.103-730.	X		All documents including plans and maps are available in the West Columbia office.
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the Public Service Commission of SC and that the customer has the right to register the complaint in accordance with R.103-530 and R. 103-730.	X		CWS new customer package provides adequate reference to PSC jurisdiction. Customer bills also refer to PSC regulation.
5	Deposits charged within the limits established by R.103-531 and R. 103-731.	X		Deposits are charged and receipted in compliance. CWS automated billing system credits deposits w/ interest at appropriate intervals. Accrued deposits remain in separate account from other revenues. Interest is reflected at proper rate authorized by PSC.
6	Timely and accurate bills being rendered to customers in accordance with R.103-532 and R.103-732.	X		Invoices issued in 2 staggered billing cycles approximately 10 days after meters are read. CWS bills in arrears for services.
7	Bill forms in accordance with R.103-532 and R.103-732.	X		Bill form is clear with adequate after-hours emergency contact information.
8	Adjustments of bills handled in accordance with R.103-533 and 103-733.	X		Invoice adjustments are compliant with R.103-533 and 103-733.

EXHIBIT DMH-3

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
9	Policy for customer denial or discontinuance of service in accordance with R.103-535 and 103-735.	X		Deferred payment plan and payment extension agreement available to all customers.
10	Notices sent to customers prior to termination in accordance with R.103-535 and 103-735.	X		Proper notice procedure is followed. Disconnect notices are received by ORS monthly.
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-514-C and 103-714-C.	X		
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-530 and 103-730.	X		
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-514 and 103-714.	X		
14	Utility advised the Commission, in accordance with Rule 103-512 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, emergencies during non-office hours.	X		Authorized Utility Representative Form received.
15	Company verified the maps on file with the Commission include all the service area of the company.	X		
16	Number of customers the company has at present time.	NA	NA	As of 04/01/06, CWS provides service to 7,362 water SFEs and 11,830 sewer SFEs.
17	Company has a current performance bond on file with the Commission. Amount of bond: \$700,000.00	X		CWS currently has a \$700,000 irrevocable letter of credit (ILC) on file with the PSC/ORS dated 07/29/05.
18	Company has a current annual report on file with the Office of Regulatory Staff.	X		Filed 04/26/06
19	Company has paid annual Gross Receipts assessment.	X		Current filing and payment made.

Exhibit DMH-4



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Blue Ridge Terrace/Heatherwood

Date Inspected: 05/17/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell/Tony Ellinger
 Number of Customers: 204
 System Type (distribution, well, etc): Well system with storage
 Location of System: Hwy. 302, Lexington County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 3250015
 Last SC DHEC Compliance Rating: Needs Improvement - Capacity
 Frequency checked by Licensed Operator: Daily - Operator Name:
 Wastewater Provider: Septic Tank

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	4			X		2 wells off-line; PER pending for new well
2	Pump Houses	Varied				X		Housekeeping good
3	Storage Tank	Pressurized	2		11,000 20,000	X		
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Soda ash
6	Meters	Yes				X		
7	Fire Hydrants	No				X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks					X		
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		

Inspection Testing Results

	Water Quality Test Type	Result		Comments
		Well #1	Well #2	
TR1	Turbidity	0 JTU	1 JTU	Sample site after treatment
TR2	Color	7	0	No visible color

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Falcon Ranches

Date Inspected: 05/17/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell/Tony Ellinger
 Number of Customers: 107
 System Type (distribution, well, etc): Well system with storage
 Location of System: Hwy 302, Lexington County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 3250016
 Last SC DHEC Compliance Rating: Satisfactory
 Frequency checked by Licensed Operator: Daily - Operator Name: Charlie Gunter
 Wastewater Provider: Septic tank

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	2	45		X		
2	Pump Houses	Varied	2			X		
3	Storage Tank	Pressurized	1		6500	X		2 bladder tanks @ Well #2. Tank in the process of being replaced.
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Soda ash
6	Meters	Yes				X		
7	Fire Hydrants	No				X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks					X		
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		

Inspection Testing Results

	Water Quality Test Type	Result		Comments
		Well #1	Well #2	
TR1	Turbidity	8 JTU	0 JTU	Sampling point after treatment for both wells
TR2	Color	32	8	Water appeared clear with no air bubbles

Additional Comments:



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: Friarsgate

Date Inspected:	05/17/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	M. Mitchell
Number of Customers:	
System Type (collection, force main, lagoon, etc):	Collection, forced main, lagoon
Location of System:	Hwy 6, Lexington County
Location of Utility Office:	West Columbia, SC
Treatment Type:	Biological Treatment using oxidation ditch and return activated sludge process
Permit #:	SC0036137
Last SC DHEC Compliance Rating:	Satisfactory (10/05/05)
Frequency checked by WWTF Operator:	Daily - Operator Name: Ralph Cook
Drinking Water Provider:	Varied

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Chlorine gas
2	Other chemicals in use	X		Sodium thiosulfate
3	Aerators present	X		Various types of aerators, diffusers
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		Cement dikes on oxidation ditch
8	Odor non-existent or limited	X		Odor abatement operating
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		None and limited foam
11	Grease build-up acceptable	X		Normal appearance
12	Plant free of debris	X		Static bar screen process. Plant housekeeping good.
13	Effluent Color acceptable	X		Clear
14	Lift Stations present	X		Many lift stations located throughout system
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

Additional Comments:

Odor abatement systems installed in 2005 - no odor present at time of inspection.
Permitted to process 1M gpd



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Glenn Village II

Date Inspected: 05/17/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell; T. Ellinger
 Number of Customers: 221
 System Type (distribution, well, etc): Well system with storage
 Location of System: Lexington County (Fish Hatchery Rd & Glenn Rd)
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 3250058
 Last SC DHEC Compliance Rating: Satisfactory (08/269/05)
 Frequency checked by Licensed Operator: Dally: Michael Zeise
 Wastewater Provider: CWS

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Sand	2	50	-	X		#1 has RAD above MCL. CWS reviewing eng. plans for filter
2	Pump Houses	Masonite	2			X		Housekeeping good
3	Storage Tank	Pressurized	1		15K	X		
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Sodium carbonate and phosphates
6	Meters	Yes				X		All connections metered
7	Fire Hydrants	Flushing only				X		Hydrants for flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks					X		
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		Some development possible

Inspection Testing Results

	Water Quality Test Type	Result		Comments
		Well #1	213 Oak Top Court	
TR1	Turbidity	3 JTU	2 JTU	Water tested at residence
TR2	Color	29	13	Color at Well #1 slightly yellow

Additional Comments:

RAD Notice mailed to customers on 05/09/06. CWS investigating engineering options for treatment of RAD. Consumer, Charles Lucas, 213 Oak Top Court 739-2773, contact ORS to meet and have water tested.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: Glenn Village

Date Inspected:	05/17/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-W5
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	Mac Mitchell/Tony Ellinger
Number of Customers:	221
System Type (collection, force main, lagoon, etc):	Collection, Forced Main, Activated Sludge Plant
Location of System:	Lexington County
Location of Utility Office:	West Columbia, SC
Treatment Type:	Activated Sludge process
Permit #:	SC0030651
Last SC DHEC Compliance Rating:	Satisfactory
Frequency checked by WWTF Operator:	Daily - Operator Name: Mike Zeise
Drinking Water Provider:	Carolina Water Service, Inc.

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Injection
2	Other chemicals in use	X		Sodium thiosulfate
3	Aerators present	X		Various sizes and diffusers
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	NA	NA	
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	X		Normal appearance
12	Plant free of debris	X		Static screen process. Plant housekeeping good.
13	Effluent Color acceptable	X		Clear
14	Lift Stations present	X		2 Lift Stations
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		Limited expansion potential

Additional Comments:

Recently installed new inflow pumps
 Discharges to tributary
 System built in 1970's



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Hunter's Glen

Date Inspected: 05/18/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: Tony Ellinger
 Number of Customers: 93
 System Type (distribution, well, etc): Well system with storage
 Location of System: Ramblewood Road, Aiken County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 0250005
 Last SC DHEC Compliance Rating: Needs Improvement (04/13/05) - Cross Connection Control and Certified Operator
 Frequency checked by Licensed Operator: Daily: Charlie Gunter
 Wastewater Provider: Septic

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	3	50	30 gpm/130 gpm	X		Well #1 is off-line. Booster pumps use for transmission in looped system.
2	Pump Houses	Varied	2			X		Housekeeping good
3	Storage Tank	Pressurized	2		10K	X		1 tank offline
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Soda ash and phosphates
6	Meters	Yes				X		All connections metered
7	Fire Hydrants	Flushing only				X		Hydrants for flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		None observed
11	Water free of sand					X		None observed
12	Water clarity					X		None observed
13	System free of leaks					X		None observed
14	Water free of observed odor					X		None observed
15	Access road adequate					X		
16	Ability for service area to expand					X		Some development possible

Inspection Testing Results

	Water Quality Test Type	Result		Comments
TR1	Turbidity	NA	NA	Site not selected for testing
TR2	Color	NA	NA	Site not selected for testing

Additional Comments:

Customer base includes residential and church/school.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: I-20 Plant-Laurel Meadows EQ and DeVega Rd. Sites

Date Inspected:	05/17/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	M. Mitchell
Number of Customers:	
System Type (collection, force main, lagoon, etc):	Collection, forced main, lagoon
Location of System:	Hwy 378, Lexington County
Location of Utility Office:	West Columbia, SC
Treatment Type:	Biological Treatment using aerated lagoon
Permit #:	SC0035564
Last SC DHEC Compliance Rating:	Unsatisfactory (02/01/06)
Frequency checked by WWTF Operator:	Daily - Operator Name: Charlie Gunter
Drinking Water Provider:	CWS

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Chlorine gas
2	Other chemicals in use	X		Sodium thiosulfate
3	Aerators present	X		17 operate on timer (4 aerators not operating)
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		Back pond is closed to WW - storm water only
11	Grease build-up acceptable	X		Normal appearance
12	Plant free of debris	X		Manual bar screen process. Plant housekeeping good.
13	Effluent Color acceptable	X		Clear
14	Lift Stations present	X		30+lift stations located throughout system
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand		X	DHEC moratorium on taps due to continued discussions under the 201/208 plan

Additional Comments:

**Note: Evaluation complete for Laurel Meadows EQ facility and DeVega Road contact chamber only.
 Outfall on Saluda River.
 Permitted for 800 gpd



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Indian Fork/Forty Love

Date Inspected: 05/17/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell/Harry Elkins
 Number of Customers: 170
 System Type (distribution, well, etc): Well system with storage
 Location of System: Lexington County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination/pH adjustment/softener
 Permit #: 3250066
 Last SC DHEC Compliance Rating: Satisfactory
 Frequency checked by Licensed Operator: Daily - Operator Name: Harry Elkins
 Wastewater Provider: Town of Chapin/Richland County

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	4	50	Well #1 42 gpm	X		8 wells/3 operating Inspection on Wells #1, 2, 3
2	Pump Houses	Varied	4			X		House keeping good
3	Storage Tank	Pressurized	4			X		1-10K online and 15K tank off line
3a	Storage Tank	Non- Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		All wells looped to 1 treatment area on Hiller Road
5	Other Chemicals in use					X		Soda ash, potassium
6	Meters	Yes				X		
7	Fire Hydrants	No				X		Flushing hydrants
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		Slight air at sample point
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks					X		
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		New house construction present.

Inspection Testing Results

	Water Quality Test Type	Result	Comments
TR1	Turbidity	1 JTU	Sample point after treatment at Hiller Road. All wells looped and treatment applied at 1 location.
TR2	Color	27 units	Air bubbles present in sample.

EXHIBIT DMH-4

Additional Comments:

- 1) Wells are looped to maintain sufficient capacity and pressure on system. Treatment for all water done at Hiller Rd. site.
- 2) Housekeeping was good.
- 3) 2 wastewater lift stations owned/operated by CWS



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Indian Pines

Date Inspected: 05/19/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: Tony Ellinger
 Number of Customers: 17
 System Type (distribution, well, etc): Well system with storage
 Location of System: St. David's Church Rd, Lexington County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 3250051
 Last SC DHEC Compliance Rating: Satisfactory (01/09/06)
 Frequency checked by Licensed Operator: Daily: Von Bowen
 Wastewater Provider: Septic

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Sand	2	45	16 gpm/6 gpm	X		Wells blended before treatment to keep RAD within limits
2	Pump Houses	Varied	2			X		Housekeeping good
3	Storage Tank	Pressurized	1		6000	X		Tank condition good. Painted in 2005. Tank is pressure checked each year.
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Soda ash and phosphates
6	Meters	Yes				X		All connections metered
7	Fire Hydrants	Flushing only				X		Hydrants for flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		None observed
11	Water free of sand					X		None observed
12	Water clarity					X		None observed
13	System free of leaks					X		None observed
14	Water free of observed odor					X		None observed
15	Access road adequate					X		
16	Ability for service area to expand					X		Some development possible

Inspection Testing Results

	Water Quality Test Type	Result		Comments
TR1	Turbidity	NA	NA	Site not selected for testing
TR2	Color	NA	NA	Site not selected for testing

Additional Comments:



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: Oakland Plantation

Date Inspected:	05/17/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	M. Mitchell, R. Plummer
Number of Customers:	397
System Type (collection, force main, lagoon, etc):	Collection/Aerated lagoon
Location of System:	Sumter County (behind Shaw AFB)
Location of Utility Office:	West Columbia, SC
Treatment Type:	Gravity flow to aerated lagoon/Chlorination and dechlorination
Permit #:	SC0030678
Last SC DHEC Compliance Rating:	Satisfactory (03/14/05)
Frequency checked by WWTF Operator:	Daily - Operator Name: Randall Plummer
Drinking Water Provider:	Utilities Services of SC, Inc.

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Liquid injection
2	Other chemicals in use	X		Dechlorination using sodium thiosulfate
3	Aerators present	X		2 Mixers and 3 Aerators operating using timers
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		Cement collar/lining
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		Foam and solids in EQ basin
11	Grease build-up acceptable	X		Foam build-up
12	Plant free of debris	X		
13	Effluent Color acceptable	X		Clear
14	Lift Stations present	X		1 lift station in Oakland Plantation
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		23 taps available

Additional Comments:

Plant components include EQ basin, horizontal clarifier and digester.
 Sludge wasting each week per Randall.
 Repairs include replacement of lines with PVC piping, man hole covers.
 Customer base includes apartment buildings.
 System built in 1960's.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Peachtree Acres

Date Inspected: 05/17/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell/Tony Ellinger
 Number of Customers: 49
 System Type (distribution, well, etc): Well system with storage
 Location of System: Hwy #7, Lexington County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 3250045
 Last SC DHEC Compliance Rating: Satisfactory
 Frequency checked by Licensed Operator: Daily - Operator Name: Von Bowen
 Wastewater Provider: Septic Tanks

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	2	25	65 gpm	X		
2	Pump Houses	Varied	2			X		Housekeeping good
3	Storage Tank	Pressurized	1	64	6,000	X		Tank to be replaced in next year
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Soda ash
6	Meters	Yes				X		
7	Fire Hydrants	No				X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks					X		
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		

Inspection Testing Results

	Water Quality Test Type	Result		Comments
		Well #2	Well #1	
TR1	Turbidity	0 JTU	1 JTU	
TR2	Color	0	3	

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Pocalla

Date Inspected: 05/17/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell/R. Plummer
 Number of Customers: 103
 System Type (distribution, well, etc): Well system with storage
 Location of System: Sumter County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination, corrosion inhibitor, pH adjustment
 Permit #: 4350007
 Last SC DHEC Compliance Rating: Satisfactory (01/19/05)
 Frequency checked by Licensed Operator: Daily - Operator Name: Randall Plummer
 Wastewater Provider: CWS

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	2	50	150 gpm	X		Wells mix prior to treatment
2	Pump Houses	Brick	2			X		Good condition
3	Storage Tank	Pressurized	1		7500	X		
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Phosphates, soda ash
6	Meters	Yes				X		All customers metered
7	Fire Hydrants	Flushing				X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks					X		
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		Few taps remain

Inspection Testing Results

	Water Quality Test Type	Result	Comments
TR1	Turbidity	2 JTU	Sample drawn post treatment
TR2	Color	16	Sample drawn post treatment. No observed color.

Additional Comments:



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: Pocolia

Date Inspected:	05/17/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	M. Mitchell/R. Plummer
Number of Customers:	103
System Type (collection, force main, lagoon, etc):	Collection/gravity flow/plant
Location of System:	Sumter County (Hwy 15)
Location of Utility Office:	West Columbia, SC
Treatment Type:	Activated sludge
Permit #:	SC0030724
Last SC DHEC Compliance Rating:	Satisfactory (03/14/05)
Frequency checked by WWTF Operator:	Daily - Operator Name: Randall Plummer
Drinking Water Provider:	CWS

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Liquid
2	Other chemicals in use	X		Dechlorination: sodium thiosulfate
3	Aerators present	X		Aerators and diffusers throughout plant
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	X		Concrete apron around the equalization basin
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	None observed
11	Grease build-up acceptable	X		
12	Plant free of debris	X		
13	Effluent Color acceptable	X		Slight greenish color due to new plant being brought on-line
14	Lift Stations present		X	All gravity flow
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

Additional Comments:

Upgrade of entire plant completed in April 2006.
 Closure of lagoon in process.
 Clarifier is traveling bridge system
 Sand filter to reduce TSS



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: River Hills

Date Inspected: 06/01/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell
 Number of Customers: Approx. 3197
 System Type (distribution, well, etc): Distribution, purchased water from York County (which is purchased from Rock Hill)
 Location of System: Hwy. 49, York County
 Location of Utility Office: West Columbia
 Treatment Type: NA
 Permit #: 4650006
 Last SC DHEC Compliance Rating: Satisfactory (09/29/05)
 Frequency checked by Licensed Operator: Daily: Dick Hinson
 Wastewater Provider: CWS

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		0			NA	NA	Purchased from York County
2	Pump Houses					NA	NA	
3	Storage Tank	Pressurized				NA	NA	
3a	Storage Tank	Non-Pressurized				NA	NA	
3b	Storage Tank	Overhead				NA	NA	Elevated tank owned by CWS but leased to York County
4	Chlorinator					NA	NA	
5	Other Chemicals in use					NA	NA	
6	Meters	Yes				X		All connections metered
7	Fire Hydrants	Flushing only				X		Hydrants for flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		None observed
11	Water free of sand					X		None observed
12	Water clarity					X		None observed
13	System free of leaks					X		None observed
14	Water free of observed odor					X		None observed
15	Access road adequate					X		
16	Ability for service area to expand					X		Some development possible

Inspection Testing Results

	Water Quality Test Type	Result		Comments
TR1	Turbidity	NA	NA	Site not selected for testing
TR2	Color	NA	NA	Site not selected for testing

Additional Comments:

System is distribution only. Purchased water from York County.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: River Hills

Date Inspected:	06/01/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	M. Mitchell
Number of Customers:	
System Type (collection, force main, lagoon, etc):	Lift stations
Location of System:	York County
Location of Utility Office:	West Columbia, SC
Treatment Type:	Purchased Treatment from York County
Permit #:	NA
Last SC DHEC Compliance Rating:	NA
Frequency checked by WWTF Operator:	NA
Drinking Water Provider:	CWS (purchased water)

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	NA	NA	
2	Other chemicals in use	NA	NA	
3	Aerators present	NA	NA	
4	Plant fenced and locked	X		Lift Station site evaluated
5	Warning Signs Visible	X		Lift Station site evaluated
6	Fence in good condition	X		Lift Station site evaluated
7	Dikes in good condition	NA	NA	
8	Odor non-existent or limited	X		None observed at lift station
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	NA	NA	
12	Plant free of debris	X		
13	Effluent Color acceptable	NA	NA	
14	Lift Stations present	X		36 Lift stations in River Hills
15	Failure Warning System adequate	X		Mission system
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

Additional Comments:

Sewer treatment purchased from York County.
 CWS leases EQ basin to York County.
 Collection system improvements include manhole repair/re-lining.
 Customers billed sewer service based on water consumption.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Rock Bluff

Date Inspected: 05/19/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: Larry Carnish
 Number of Customers: 21
 System Type (distribution, well, etc): Well system with storage
 Location of System: Williamsburg County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 4550001
 Last SC DHEC Compliance Rating: Satisfactory (8/03/05)
 Frequency checked by Licensed Operator: Daily: G. Randall Plummer
 Wastewater Provider: Septic

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	1	45	40gpm	X		
2	Pump Houses	Brick	1			X		Housekeeping good
3	Storage Tank	Pressurized	1	55	3000	X		Tank condition good.
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					NA	NA	
6	Meters	Yes				X		All connections metered
7	Fire Hydrants	Flushing only				X		Hydrants for flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		None observed
11	Water free of sand					X		None observed
12	Water clarity					X		Clear
13	System free of leaks					X		None observed
14	Water free of observed odor					X		None observed
15	Access road adequate					X		
16	Ability for service area to expand					X		Some development possible. 30 taps left

Inspection Testing Results

	Water Quality Test Type	Result		Comments
TR1	Turbidity	NA	NA	Site not selected for testing
TR2	Color	NA	NA	Site not selected for testing

Additional Comments:

System has telemetry monitoring system.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: Roosevelt Gardens

Date Inspected:	05/18/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	Tony Ellinger
Number of Customers:	
System Type (collection, force main, lagoon, etc):	Collection, Package Plant
Location of System:	Hwy 601, Orangeburg County
Location of Utility Office:	West Columbia, SC
Treatment Type:	Biological Treatment
Permit #:	SC0029645
Last SC DHEC Compliance Rating:	Satisfactory
Frequency checked by WWTF Operator:	Daily - Operator Name: J. Russell Wright
Drinking Water Provider:	Orangeburg DPU

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Liquid Injection
2	Other chemicals in use	X		Sodium thiosulfate
3	Aerators present	X		Various sizes, diffusers, mixers
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	NA	NA	
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	X		Normal appearance
12	Plant free of debris	X		Manual bar screen process. Plant housekeeping good.
13	Effluent Color acceptable	X		Clear
14	Lift Stations present	NA	NA	No lift stations on system
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		Limited expansion potential. Service area includes apartments and medical center.

Additional Comments:

System was built in 1970's
Piping is ductile iron
Apartment Complex, owned by HUD, owns and maintains the collection system extending past the CWS fenced area serving the customers.
Grease build-up in system continues to be a problem. CWS routinely TV and jets mains.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview: Stonegate

Date Inspected: 05/17/06
 Inspector Name: Dawn Hipp
 Docket Number: 2006-92-WS
 Utility Name: Carolina Water Service, Inc.
 Utility Representative: M. Mitchell/H. Elkins
 Number of Customers: 131
 System Type (distribution, well, etc): Well system with storage
 Location of System: Richland County
 Location of Utility Office: West Columbia
 Treatment Type: Chlorination
 Permit #: 4050014
 Last SC DHEC Compliance Rating: Satisfactory
 Frequency checked by Licensed Operator: Daily - Operator Name: Harry Elkins
 Wastewater Provider: Richland County

Inspection Overview

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites	Bored	3	45	63 gpm	X		3 wells, 1 inactive
2	Pump Houses	Varied	3			X		Housekeeping good
3	Storage Tank	Pressurized	1			X		1 10K tank. Tank to be painted.
3a	Storage Tank	Non-Pressurized	0			NA	NA	
3b	Storage Tank	Overhead	0			NA	NA	
4	Chlorinator					X		
5	Other Chemicals in use					X		Potassium, softeners
6	Meters	Yes				X		
7	Fire Hydrants	No				X		Flushing only
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks					X		
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		

Inspection Testing Results

	Water Quality Test Type	Result		Comments
		Well #3	Well #2	
TR1	Turbidity	1 JTU	1 JTU	
TR2	Color	3	0	

Additional Comments:



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: Watergate/Landings

Date Inspected:	05/23/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	Tony Ellinger
Number of Customers:	
System Type (collection, force main, lagoon, etc):	Collection, forced main, activated sludge process
Location of System:	Hwy 6, Lexington County
Location of Utility Office:	West Columbia, SC
Treatment Type:	Activated Sludge/Chlorination and dechlorination
Permit #:	SC0027162
Last SC DHEC Compliance Rating:	Unsatisfactory (03/29/05)
Frequency checked by WWTF Operator:	Daily - Operator Name: Mike Taylor
Drinking Water Provider:	CWS (purchased water)

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Chlorine gas
2	Other chemicals in use	X		Sodium thiosulfate, pH and metal scavenger
3	Aerators present	X		Mixer and extended air
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	NA	NA	
8	Odor non-existent or limited	X		None observed
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	X		None
12	Plant free of debris	X		Static screen
13	Effluent Color acceptable	X		No color even though plant upset with red worm problem
14	Lift Stations present	X		15 lift stations. The Landings collection system has Letts tanks
15	Failure Warning System adequate	X		System has mission system.
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		Overflow in 2004 resulting in Consent Order 05-095-W. Fine paid.
19	Access road adequate	X		
20	Ability for service area to expand	X		DHEC moratorium on taps within subdivision

Additional Comments:

EQ basin covered with floating tarp to eliminate odor.
 Activated sludge plant with air scrubbers and odor abatement system.
 Line repairs in Rollingwood subdivision due to Inflow/Infiltration issues
 Variable speed pumps



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview: White's Creek/Lincolnshire

Date Inspected:	05/19/06
Inspector Name:	Dawn Hipp
Docket Number:	2006-92-WS
Utility Name:	Carolina Water Service, Inc.
Utility Representative:	Larry Carnish
Number of Customers:	265
System Type (collection, force main, lagoon, etc):	Collection, forced main, activated sludge process
Location of System:	Waccamaw Rd, Georgetown County
Location of Utility Office:	West Columbia, SC
Treatment Type:	Activated Sludge/Chlorination and dechlorination
Permit #:	SC0030732
Last SC DHEC Compliance Rating:	Unsatisfactory (02/08/05)
Frequency checked by WWTF Operator:	Daily - Operator Name: Larry Carnish
Drinking Water Provider:	Georgetown Co. Rural Comm. Water Dist.

Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator	X		Chlorine gas
2	Other chemicals in use		X	
3	Aerators present	X		Mixers and extended air in tank
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition	NA	NA	
8	Odor non-existent or limited	X		Slight odor prior to chlorination
9	Grass mowed	X		
10	Duckweed/Algae acceptable	NA	NA	
11	Grease build-up acceptable	X		Slight grease cause by plant upset after rain event
12	Plant free of debris	X		Manual bar screen
13	Effluent Color acceptable	X		Slightly cloudy caused by rain event and delay in sludge removal.
14	Lift Stations present	X		2 lift stations - 1 w/grinder pump
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		50 taps available

Additional Comments:

Discharges to Sand Pit creek

Plant was 1 week overdue on its sludge removal. Average of 8600g of sludge removed/month.

Plant upset evident due to rain and sludge level.

CWS is planning a \$1.2 M upgrade if interconnection to Georgetown County fails

Inflow/Infiltration a large problem in service area due to original construction of system by developer in the 1960's.

CWS progresses on the I/I study and replacement of problem sections of main. Plant is severely impacted by rain and storm water run-off.

Exhibit DMH-5

Carolina Water Service, Inc.
2006-92-WS
Service Revenue Impact Summary
for the Test Year ending September 30, 2005

EXHIBIT DMH - 5

Test Year Service Revenue (all customers)

Revenue Type	Per CWS Books	Adjustments to Normalize rates under 2004-357-WS	Adjusted CWS Books	Accounting and Proforma Adjustments	As Adjusted Present	Application Proposed Increase	After Application Proposed Increase
Service Revenue - Water	\$1,887,158	\$35,235	\$1,922,393	\$17,398	\$1,939,791	\$195,519	\$2,135,310
Service Revenue - Sewer	\$4,096,970	\$658,039	\$4,755,009	(\$34,722)	\$4,720,287	\$769,301	\$5,489,588
Miscellaneous Revenue	\$114,816	\$0	\$114,816	\$0	\$114,816	\$0	\$114,816
Total	\$6,098,944	\$693,274	\$6,792,218	(\$17,324)	\$6,774,894	\$964,820	\$7,739,714

Revenue Summary for King's Grant, Plantation Ridge and Teal on the Ashley

Revenue Type	Per CWS Books	Adjustments to Normalize rates under 2004-357-WS	Adjusted CWS Books	Accounting and Proforma Adjustments	As Adjusted Present	Application Proposed Increase	After Application Proposed Increase
Service Revenue - Water	\$12,067	\$223	\$12,290	(\$21)	\$12,269	\$1,108	\$13,377
Service Revenue - Sewer	\$263,382	\$49,984	\$313,366	\$5,782	\$319,148	\$51,969	\$371,117
Miscellaneous Revenue	\$10,764	\$0	\$10,764	\$0	\$10,764	\$0	\$10,764
Total	\$286,214	\$50,207	\$336,421	\$5,761	\$342,182	\$53,077	\$395,259

2006-92-WS: Total Revenue Adjustments

Revenue Type	Per CWS Books	Adjustments to Normalize rates under 2004-357-WS	Adjusted CWS Books	Accounting and Proforma Adjustments	After Accounting and Proforma Adjustments	Adjustment for Dorchester County Transfer	As Adjusted Present	Settlement Agreement Proposed Increase	After Settlement Proposed Increase
Service Revenue - Water	\$1,887,158	\$35,235	\$1,922,393	\$17,398	\$1,939,791	(\$12,269)	\$1,927,522	\$146,129	\$2,073,651
Service Revenue - Sewer	\$4,096,970	\$658,039	\$4,755,009	(\$34,722)	\$4,720,287	(\$319,148)	\$4,401,139	\$332,086	\$4,733,225
Miscellaneous Revenue	\$114,816	\$0	\$114,816	\$0	\$114,816	(\$10,764)	\$104,052	\$0	\$104,052
Total	\$6,098,944	\$693,274	\$6,792,218	(\$17,324)	\$6,774,894	(\$342,181)	\$6,432,713	\$478,215	\$6,910,928

Carolina Water Service, Inc.
Service Revenue Impact
for the Test Year ending September 30, 2005

EXHIBIT DMH-5

Test Year Service Revenue Summary (10/01/04-09/30/05)

Service Type	Rate Structure	Effective Period	Total Consumption in Gallons	Total Service Units	Test Year Calculated Revenues	Normalizing Adjustment	Total Revenue
Water	2000-207-WS	10/01/04-06/30/05	336,041,922	62,132	\$1,372,490	\$35,235	\$1,407,725
Water	2004-357-WS	07/01/05-09/30/05	139,182,669	21,202	\$532,066	\$0	\$532,066
Total Water Service Revenue			475,224,591	83,334	\$1,904,556	\$35,235	\$1,939,791
Adjustment for Dorchester			(2,489,500)	(391)	(\$12,046)	(\$223)	(\$12,269)
Test Year Totals			472,735,091	82,943	1,892,510	35,012	\$1,927,522
Sewer	2000-207-WS	10/01/04-06/30/05	0	109,366	\$2,868,721	\$658,039	\$3,526,760
Sewer	2004-357-WS	07/01/05-09/30/05	0	37,250	\$1,193,528	\$0	\$1,193,528
Total Sewer Service Revenue			0	146,616	\$4,062,248	\$658,039	\$4,720,287
Adjustment for Dorchester			0	(8,753)	(\$269,164)	(\$49,984)	(\$319,148)
Test Year Totals			0	137,863	3,793,084	608,055	\$4,401,140

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Carolina Water Service, Inc.
Service Revenue Impact
for the Test Year ending September 30, 2005

EXHIBIT DMH-5

Test Year Water Revenue Overview for October 1, 2004 - June 30, 2005: Rates in Effect under Docket 2000-207-WS

Bill Pro	Customer Classification	Rate Structure	Effective Period	Consumption in Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues	Normalizing Adjustment	Service Revenue Adjustment for Dorchester County Transfer	Normalizing Adj for Dorchester Cty	Total Revenue less Dorchester Cty Transfer
30001	5/8" Res Water	2000-207-WS	10/01/04-06/30/05	88,786,963	\$3.24	12,386	\$10.00	\$348,730	\$8,589	(\$8,685)	(\$223)	\$346,121
30002	5/8" Res Water Dist	2000-207-WS	10/01/04-06/30/05	126,519,448	\$1.85	24,083	\$10.00	\$474,891	\$12,347	\$0	\$0	\$487,238
30003	5/8" Res Under Const	2000-207-WS	10/01/04-06/30/05	44,820	\$3.24	4	\$10.00	\$186	\$5	\$0	\$0	\$190
30005	5/8" Res/Unit	2000-207-WS	10/01/04-06/30/05	0	\$3.24	0	\$10.00	\$0	\$0	\$0	\$0	\$0
30008	5/8" Res Water Dist	2000-207-WS	10/01/04-06/30/05	3,180,050	\$1.85	833	\$10.00	\$12,213	\$317	\$0	\$0	\$12,530
30008	5/8" Com Water Dist	2000-207-WS	10/01/04-06/30/05	1,685,979	\$1.85	232	\$10.00	\$6,439	\$142	\$0	\$0	\$5,581
30009	5/8" Com Water	2000-207-WS	10/01/04-06/30/05	660,820	\$3.24	81	\$10.00	\$2,951	\$73	\$0	\$0	\$3,024
30010	1" Com Water	2000-207-WS	10/01/04-06/30/05	9,000	\$3.24	9	\$25.00	\$254	\$8	\$0	\$0	\$260
30011	1" Com Water Dist	2000-207-WS	10/01/04-06/30/05	1,210,110	\$1.85	37	\$25.00	\$3,184	\$83	\$0	\$0	\$3,247
30012	1 1/2" Com Water	2000-207-WS	10/01/04-06/30/05	0	\$3.24	0	\$10.00	\$0	\$0	\$0	\$0	\$0
30013	2" Com Water	2000-207-WS	10/01/04-06/30/05	0	\$3.24	0	\$10.00	\$0	\$0	\$0	\$0	\$0
30014	3" Com Water	2000-207-WS	10/01/04-06/30/05	0	\$3.24	0	\$10.00	\$0	\$0	\$0	\$0	\$0
30016	4" Com Water	2000-207-WS	10/01/04-06/30/05	0	\$3.24	0	\$10.00	\$0	\$0	\$0	\$0	\$0
30016	2" Com Dist	2000-207-WS	10/01/04-06/30/05	4,033,790	\$1.85	62	\$80.00	\$12,423	\$326	\$0	\$0	\$12,746
30017	3" Com Dist	2000-207-WS	10/01/04-06/30/05	1,159,900	\$1.85	9	\$160.00	\$3,586	\$94	\$0	\$0	\$3,680
30020	3/4" Res Water	2000-207-WS	10/01/04-06/30/05	774,210	\$3.24	186	\$10.00	\$4,388	\$108	\$0	\$0	\$4,477
30046	2" Res Water	2000-207-WS	10/01/04-06/30/05	0	\$3.24	0	\$10.00	\$0	\$0	\$0	\$0	\$0
30047	3/4" Res Water Dist	2000-207-WS	10/01/04-06/30/05	35,530	\$1.85	8	\$10.00	\$120	\$3	\$0	\$0	\$129
30048	1" Res Water Dist	2000-207-WS	10/01/04-06/30/05	4,860	\$1.85	1	\$10.00	\$16	\$0	\$0	\$0	\$19
30049	2" Res Water Dist	2000-207-WS	10/01/04-06/30/05	1,500	\$1.85	2	\$10.00	\$23	\$1	\$0	\$0	\$23
30081	1" Res Water Dist	2000-207-WS	10/01/04-06/30/05	2,984,050	\$1.85	578	\$10.00	\$11,280	\$293	\$0	\$0	\$11,574
30085	1" Res Water	2000-207-WS	10/01/04-06/30/05	842,680	\$3.24	109	\$10.00	\$2,818	\$70	\$0	\$0	\$2,888
30086	2" Res Water Dist	2000-207-WS	10/01/04-06/30/05	3,123,100	\$1.85	612	\$10.00	\$11,898	\$309	\$0	\$0	\$12,207
30087	4" Res Water Dist	2000-207-WS	10/01/04-06/30/05	175,000	\$1.85	98	\$10.00	\$1,288	\$33	\$0	\$0	\$1,318
30088	1 1/2" Res Water Dist	2000-207-WS	10/01/04-06/30/05	1,102,300	\$1.85	308	\$10.00	\$5,099	\$132	\$0	\$0	\$5,231
46001	5/8" Res Water Dist	2000-207-WS	10/01/04-06/30/05	77,524,727	\$1.85	15,808	\$10.00	\$299,501	\$7,778	\$0	\$0	\$307,279
46003	5/8" Res Under Const	2000-207-WS	10/01/04-06/30/05	0	\$1.85	0	\$10.00	\$0	\$0	\$0	\$0	\$0
46009	2" Res Water Dist	2000-207-WS	10/01/04-06/30/05	13,802,520	\$1.85	4,700	\$10.00	\$72,165	\$1,855	\$0	\$0	\$74,020
46008	5/8" Res Water	2000-207-WS	10/01/04-06/30/05	0	\$0.00	0	\$10.00	\$90	\$2	\$0	\$0	\$92
48007	3/4" Res Water Dist	2000-207-WS	10/01/04-06/30/05	1,370,940	\$1.85	333	\$10.00	\$5,866	\$152	\$0	\$0	\$6,018
46008	1" Res Water Dist	2000-207-WS	10/01/04-06/30/05	37,800.00	\$1.85	5	\$10.00	\$120	\$3	\$0	\$0	\$123
46008	5/8" Com Water Dist	2000-207-WS	10/01/04-06/30/05	4,635,840.00	\$1.85	494	\$10.00	\$13,518	\$355	\$0	\$0	\$13,872
46010	1" Com Water Dist	2000-207-WS	10/01/04-06/30/05	2,837,925.00	\$1.85	157	\$25.00	\$8,805	\$229	\$0	\$0	\$9,034
46012	1 1/2" Com Water Dist	2000-207-WS	10/01/04-06/30/05	3,686,000.00	\$1.85	108	\$80.00	\$12,034	\$314	\$0	\$0	\$12,348
46013	2" Com Water Dist	2000-207-WS	10/01/04-06/30/05	9,167,010.00	\$1.85	180	\$80.00	\$31,359	\$818	\$0	\$0	\$32,177
46014	3" Com Water Dist	2000-207-WS	10/01/04-06/30/05	3,269,840.00	\$1.85	38	\$180.00	\$11,808	\$307	\$0	\$0	\$12,116
46015	3" Res Water Dist	2000-207-WS	10/01/04-06/30/05	2,907,380.00	\$1.85	660	\$10.00	\$11,879	\$310	\$0	\$0	\$12,289
46016	6" Res Water Dist	2000-207-WS	10/01/04-06/30/05	1,202,500.00	\$1.85	400	\$10.00	\$6,225	\$160	\$0	\$0	\$6,385
46019	3/4" Com Water Dist	2000-207-WS	10/01/04-06/30/05	64,630.00	\$1.85	15	\$10.00	\$270	\$7	\$0	\$0	\$277
Total Water Service				336,041,922		62,132		\$1,372,490	\$35,235	(\$8,985)	(\$223)	\$1,398,518

Carolina Water Service, Inc.
Service Revenue Impact
for the Test Year ending September 30, 2005

EXHIBIT DMH-5

Test Year Sewer Revenue Overview for October 1, 2004 - June 30, 2005: Rates in Effect under Docket 2000-207-WS

Bill Pro	Customer Classification	Rate Structure	Effective Period	Consumption In Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues	Normalizing Adjustment	Service Revenue Adjustment for Dorchester County Transfer	Normalizing Adj for Dorchester Cty	Total Revenue less Dorchester Cty Transfer
28521	Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	1,005	\$30.33	\$30,482	\$8,181	\$0	\$0	\$38,663
28522	Com Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	278	\$30.33	\$8,432	\$1,704	\$0	\$0	\$10,136
30021	5/8" Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	35,823	\$30.33	\$1,080,446	\$218,389	\$0	\$0	\$1,298,835
30022	Mobile Home Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	0	\$22.75	\$0	\$0	\$0	\$0	\$0
30023	2" Com Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	1,668	\$30.33	\$50,590	\$10,225	\$0	\$0	\$60,815
30024	5/8" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	4,709	\$19.38	\$91,260	\$19,260	\$0	\$0	\$110,520
30028	5/8" Com Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	37	\$19.38	\$717	\$151	\$0	\$0	\$868
30029	Varadale/Midlands	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	3,744	\$11.00	\$41,184	\$14,976	\$0	\$0	\$56,160
30041	5/8" Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	35,365	\$28.88	\$1,020,634	\$288,774	(\$187,714)	(\$49,433)	\$1,052,281
30042	5/8" Mobile Home	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	279	\$21.64	\$6,038	\$1,272	\$0	\$0	\$7,310
30043	5/8" Com Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	727	\$28.88	\$20,981	\$5,525	(\$2,078)	(\$551)	\$23,877
30050	3/4" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	18	\$19.38	\$348	\$74	\$0	\$0	\$422
30054	1" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	6	\$19.38	\$116	\$25	\$0	\$0	\$141
30055	3/4" Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	6	\$28.88	\$173	\$48	\$0	\$0	\$221
30056	1" Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	676	\$28.88	\$19,823	\$4,378	\$0	\$0	\$24,201
30057	1 1/2" Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	306	\$28.88	\$8,831	\$2,328	\$0	\$0	\$11,157
30058	2" Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	290	\$28.88	\$8,369	\$2,204	\$0	\$0	\$10,573
30059	2" Res Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	98	\$28.88	\$2,771	\$730	\$0	\$0	\$3,500
30060	2" Mobile Home	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	390	\$21.64	\$8,440	\$1,778	\$0	\$0	\$10,218
30069	2" Com Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	241	\$28.88	\$6,955	\$1,832	\$0	\$0	\$8,787
30070	1 1/2" Com Sewer	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	18	\$28.88	\$519	\$137	\$0	\$0	\$656
46021	5/8" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	17,408	\$19.38	\$337,367	\$71,199	\$0	\$0	\$408,566
46022	County Treatment	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	27	\$19.38	\$523	\$110	\$0	\$0	\$633
46023	5/8" Com Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	876	\$19.38	\$16,958	\$3,579	\$0	\$0	\$20,537
46028	3/4" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	208	\$19.38	\$4,050	\$855	\$0	\$0	\$4,905
46031	1" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	10	\$19.38	\$194	\$41	\$0	\$0	\$235
46032	2" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	2,140	\$19.38	\$41,473	\$9,753	\$0	\$0	\$51,226
46033	3" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	660	\$19.38	\$12,791	\$2,699	\$0	\$0	\$15,490
46034	3/4" Res Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	20	\$19.38	\$388	\$82	\$0	\$0	\$469
46035	1" Com Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	235	\$19.38	\$4,554	\$981	\$0	\$0	\$5,535
46036	1 1/2" Com Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	440	\$19.38	\$8,527	\$1,800	\$0	\$0	\$10,327
46037	2" Com Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	900	\$19.38	\$17,442	\$3,881	\$0	\$0	\$21,323
46038	3" Com Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	680	\$19.38	\$13,291	\$2,699	\$0	\$0	\$15,990
46039	5" Com Sewer Col	2000-207-WS	10/01/04-09/30/05	0.00	\$0.00	400	\$19.38	\$7,752	\$1,636	\$0	\$0	\$9,388
Total Sewer Service				0		109,366		\$2,868,721	\$658,039	(\$189,792)	(\$49,984)	\$3,286,984
Combined Operations				336,041,922.00		171,498.00		\$4,241,211	\$893,274	(\$198,777)	(\$50,206)	\$4,885,502

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Carolina Water Service, Inc.
Service Revenue Impact
for the Test Year ending September 30, 2005

EXHIBIT DMH-5

Test Year Water Revenue Overview for July 1, 2005 - September 30, 2005: Rates in Effect under Docket 2004-357-WS

Bill Pro	Customer Classification	Rate Structure	Effective Period	Consumption in Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues	Service Revenue Adjustment for Dorchester County Transfer	Total Revenue less Dorchester Cty Transfer
30001	5/8" Res Water	2004-357-WS	07/01/05-09/30/05	28,602,183	\$3.32	4,150	\$10.25	\$130,857	(\$3,061)	\$127,796
30002	5/8" Res Water Dist	2004-357-WS	07/01/05-09/30/05	51,214,387	\$1.80	7,895	\$10.25	\$178,258	\$0	\$178,258
30003	5/8" Res Under Const	2004-357-WS	07/01/05-09/30/05	0	\$3.32	0	\$10.25	\$0	\$0	\$0
30005	5/8" Res/Unit	2004-357-WS	07/01/05-09/30/05	0	\$3.32	0	\$10.25	\$0	\$0	\$0
30006	5/8" Res Water Dist	2004-357-WS	07/01/05-09/30/05	0	\$1.80	0	\$10.25	\$0	\$0	\$0
30008	5/8" Com Water Dist	2004-357-WS	07/01/05-09/30/05	835,140	\$1.00	77	\$10.25	\$1,898	\$0	\$1,898
30009	5/8" Com Water	2004-357-WS	07/01/05-09/30/05	299,810	\$3.32	27	\$10.25	\$1,252	\$0	\$1,252
30010	1" Com Water	2004-357-WS	07/01/05-09/30/05	4,170	\$3.32	3	\$25.62	\$91	\$0	\$91
30011	1" Com Water Dist	2004-357-WS	07/01/05-09/30/05	563,000	\$1.80	15	\$25.62	\$1,454	\$0	\$1,454
30012	1 1/2" Com Water	2004-357-WS	07/01/05-09/30/05	0	\$3.32	0	\$10.25	\$0	\$0	\$0
30013	2" Com Water	2004-357-WS	07/01/05-09/30/05	0	\$3.32	0	\$10.25	\$0	\$0	\$0
30014	5" Com Water	2004-357-WS	07/01/05-09/30/05	0	\$3.32	0	\$10.25	\$0	\$0	\$0
30015	4" Com Water	2004-357-WS	07/01/05-09/30/05	0	\$3.32	0	\$10.25	\$0	\$0	\$0
30016	2" Com Dist	2004-357-WS	07/01/05-09/30/05	1,095,300	\$1.80	27	\$82.00	\$4,295	\$0	\$4,295
30017	3" Com Dist	2004-357-WS	07/01/05-09/30/05	474,800	\$1.80	3	\$164.00	\$1,394	\$0	\$1,394
30020	3/4" Res Water	2004-357-WS	07/01/05-09/30/05	492,380	\$3.32	93	\$10.25	\$2,389	\$0	\$2,389
30048	2" Res Water	2004-357-WS	07/01/05-09/30/05	0	\$3.32	0	\$10.25	\$0	\$0	\$0
30047	3/4" Res Water Dist	2004-357-WS	07/01/05-09/30/05	23,470	\$1.80	3	\$10.25	\$75	\$0	\$75
30048	1" Res Water Dist	2004-357-WS	07/01/05-09/30/05	0	\$1.80	0	\$10.25	\$0	\$0	\$0
30049	2" Res Water Dist	2004-357-WS	07/01/05-09/30/05	0	\$1.80	0	\$10.25	\$0	\$0	\$0
30081	1" Res Water Dist	2004-357-WS	07/01/05-09/30/05	1,832,910	\$1.80	288	\$10.25	\$8,055	\$0	\$8,055
30085	1" Res Water	2004-357-WS	07/01/05-09/30/05	249,960	\$3.32	50	\$10.25	\$1,342	\$0	\$1,342
30085	2" Res Water Dist	2004-357-WS	07/01/05-09/30/05	1,737,800	\$1.80	340	\$10.25	\$6,787	\$0	\$6,787
30087	4" Res Water Dist	2004-357-WS	07/01/05-09/30/05	114,000	\$1.80	48	\$10.25	\$709	\$0	\$709
30098	1 1/2" Res Water Dist	2004-357-WS	07/01/05-09/30/05	787,300	\$1.80	153	\$10.25	\$3,064	\$0	\$3,064
48001	5/8" Res Water Dist	2004-357-WS	07/01/05-09/30/05	35,638,040	\$1.80	5,456	\$10.25	\$123,838	\$0	\$123,838
48003	5/8" Res Under Const	2004-357-WS	07/01/05-09/30/05	0	\$1.80	0	\$10.25	\$0	\$0	\$0
48005	2" Res Water Dist	2004-357-WS	07/01/05-09/30/05	3,546,600	\$1.80	1,284	\$10.25	\$19,900	\$0	\$19,900
48006	5/8" Res Water	2004-357-WS	07/01/05-09/30/05	0	\$0.00	3	\$10.25	\$31	\$0	\$31
48007	3/4" Res Water Dist	2004-357-WS	07/01/05-09/30/05	1,382,580	\$1.80	205	\$10.25	\$4,728	\$0	\$4,728
48008	1" Res Water Dist	2004-357-WS	07/01/05-09/30/05	27,100.00	\$1.80	3	\$10.25	\$82	\$0	\$82
48009	5/8" Com Water Dist	2004-357-WS	07/01/05-09/30/05	1,578,170.00	\$1.80	172	\$10.25	\$4,758	\$0	\$4,758
48010	1" Com Water Dist	2004-357-WS	07/01/05-09/30/05	1,447,287.00	\$1.80	54	\$25.62	\$4,133	\$0	\$4,133
48012	1 1/2" Com Water Dist	2004-357-WS	07/01/05-09/30/05	1,269,133.00	\$1.80	38	\$51.25	\$4,256	\$0	\$4,256
48013	2" Com Water Dist	2004-357-WS	07/01/05-09/30/05	4,488,859.00	\$1.80	80	\$82.00	\$13,448	\$0	\$13,448
48014	3" Com Water Dist	2004-357-WS	07/01/05-09/30/05	1,323,720.00	\$1.80	12	\$164.00	\$4,483	\$0	\$4,483
48015	3" Res Water Dist	2004-357-WS	07/01/05-09/30/05	1,813,030.00	\$1.80	386	\$10.25	\$7,504	\$0	\$7,504
48016	8" Res Water Dist	2004-357-WS	07/01/05-09/30/05	747,500.00	\$1.80	240	\$10.25	\$3,880	\$0	\$3,880
48019	3/4" Com Water Dist	2004-357-WS	07/01/05-09/30/05	62,770.00	\$1.80	9	\$10.25	\$212	\$0	\$212
Total Water Service				139,182,669		21,202		\$532,666	(\$3,061)	\$529,605

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Carolina Water Service, Inc.
Service Revenue Impact
for the Test Year ending September 30, 2005

EXHIBIT DMH-5

Test Year Sewer Revenue Overview for July 1, 2005 - September 30, 2005: Rates in Effect under Docket 2004-357-WS

Bill Pro	Customer Classification	Rate Structure	Effective Period	Consumption in Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues	Service Revenue Adjustment for Dorchester County Transfer	Total Revenue less Dorchester Cty Transfer
28521	Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	341	\$36.46	\$12,433	\$0	\$12,433
28522	Com Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	138	\$36.46	\$5,031	\$0	\$5,031
30021	5/8" Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	11,776	\$36.46	\$429,353	\$0	\$429,353
30022	Mobile Home Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	0	\$26.20	\$0	\$0	\$0
30023	2" Com Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	521	\$36.46	\$18,986	\$0	\$18,986
30024	5/8" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	1,576	\$23.47	\$36,989	\$0	\$36,989
30028	5/8" Com Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	21	\$23.47	\$493	\$0	\$493
30029	Vanarsdale/Midlands	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	1,248	\$15.00	\$18,720	\$0	\$18,720
30041	5/8" Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	11,578	\$36.46	\$422,134	(\$78,488)	\$343,646
30042	5/8" Mobile Home	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	90	\$26.20	\$2,358	\$0	\$2,358
30043	5/8" Com Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	247	\$36.46	\$9,008	(\$2894)	\$6,114
30050	3/4" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	9	\$23.47	\$211	\$0	\$211
30054	1" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	2	\$23.47	\$47	\$0	\$47
30055	3/4" Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	3	\$36.46	\$109	\$0	\$109
30056	1" Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	288	\$36.46	\$10,500	\$0	\$10,500
30057	1 1/2" Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	153	\$36.46	\$5,578	\$0	\$5,578
30058	2" Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	144	\$36.46	\$5,250	\$0	\$5,250
30059	4" Res Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	48	\$36.46	\$1,750	\$0	\$1,750
30060	2" Mobile Home	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	195	\$26.20	\$5,109	\$0	\$5,109
30068	2" Com Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	98	\$36.46	\$3,208	\$0	\$3,208
30070	1 1/2" Com Sewer	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	7	\$36.46	\$255	\$0	\$255
48021	5/8" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	5,125	\$23.47	\$120,284	\$0	\$120,284
48022	County Treatment	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	9	\$23.47	\$211	\$0	\$211
48023	5/8" Com Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	243	\$23.47	\$5,703	\$0	\$5,703
48029	3/4" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	131	\$23.47	\$3,075	\$0	\$3,075
48031	1" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	6	\$23.47	\$141	\$0	\$141
48032	2" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	1,284	\$23.47	\$30,135	\$0	\$30,135
48033	3" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	398	\$23.47	\$9,294	\$0	\$9,294
48034	3/4" Res Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	12	\$23.47	\$282	\$0	\$282
48035	1" Com Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	141	\$23.47	\$3,309	\$0	\$3,309
48038	1 1/2" Com Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	284	\$23.47	\$6,196	\$0	\$6,196
48037	2" Com Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	540	\$23.47	\$12,674	\$0	\$12,674
48038	3" Com Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	388	\$23.47	\$9,059	\$0	\$9,059
48039	6" Com Sewer Col	2004-357-WS	07/01/05-09/30/05	0.00	\$0.00	240	\$23.47	\$5,633	\$0	\$5,633
Total Sewer Service				0		37,250		\$1,193,528	(\$78,372)	\$1,115,156
Total for Combined Operations				139,182,668.00		58,452.00		\$1,725,593	(\$82,433)	\$1,643,160

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Carolina Water Service, Inc.
Service Revenue Impact
for the Test Year ending September 30, 2005

EXHIBIT DMH-5

Settlement Agreement Proposed Rates: Water and Sewer Revenue Overview for Test Year Ending

Customer Classification	Consumption in Gallons	Service Units	Settlement Usage Charge per 1,000 gallons	Basin Facility Charge (BFC)	Settlement Calculated Revenues	Test Year Revenue Summary	Increase Amount	% Increase from Present Rate
Residential Water	85,898,138	18,704	\$3.5500	\$11.09	\$525,686			
Residential Water Dist	341,097,831	65,431	\$2.0300	\$11.09	\$1,418,058			
1" Com Water	33,170	12	\$3.5500	\$29.02	\$395			
1" Com Water Dist	5,858,302	253	\$2.0300	\$29.02	\$19,525			
1 1/2" Com Water	0	0	\$3.5500	\$0.00	\$0			
1 1/2 Com Water Dist	4,855,133	144	\$2.0300	\$59.04	\$18,214			
2" Com Water Dist	18,784,659	329	\$2.0300	\$82.88	\$88,684			
3" Com Water	0	0	\$3.5500	\$0.00	\$0			
3" Com Water Dist	6,227,860	60	\$2.0300	\$174.12	\$23,090			
4" Com Water	0	0	\$3.5500	\$280.20	\$0			
Total Water Service Revenue at Proposed Rates	472,735,091	82,943			\$2,073,651	\$1,927,522	\$146,129	7.58%
Ras Sewer	0	92,778	\$0.0000	\$39.00	\$3,618,342			
Mobile Home Sewer	0	954	\$0.0000	\$27.77	\$26,493			
Vanarsdale/Midlands	0	4,992	\$0.0000	\$16.53	\$82,518			
Ras Sewer Col	0	39,139	\$0.0000	\$25.70	\$1,005,872			
Total Sewer Service Revenue at Proposed Rates	0	137,863			\$4,733,225	\$4,401,139	\$332,086	7.55%
Total Water & Sewer Service Revenue at Proposed Rates	472,735,091	220,806			\$6,806,876	\$6,328,661	\$478,215	7.56%

Exhibit DMH-6

Carolina Water Service, Inc.
2006-92-WS
Rate Comparison

EXHIBIT DMH - 6

Water							
Customer Classification	Description	Unit of Measure	Present Charge	Settlement Proposed Charge	Change from Present Rates	% Change	
Residential Water	Base Facilities Charge for single family house, condo, mobile home, apartment unit	per unit	\$10.25	\$11.09	\$0.84	8.20%	
Commodity Charge	Commodity Charge for all customer classes provided water from CWS	per 1,000 gal	\$3.32	\$3.55	\$0.23	6.93%	
5/8" Commercial Water	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$10.25	\$11.09	\$0.84	8.20%	
1" Commercial Water	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$25.62	\$29.02	\$3.40	13.27%	
1 1/2" Commercial Water	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$51.25	\$58.04	\$6.79	13.25%	
2" Commercial Water	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$82.00	\$92.86	\$10.86	13.24%	
3" Commercial Water	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$164.00	\$174.12	\$10.12	6.17%	
4" Commercial Water	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$256.25	\$290.20	\$33.95	13.25%	
Residential Water - Distribution	Base Facilities Charge for single family house, condo, mobile home, apartment unit	per unit	\$10.25	\$11.09	\$0.84	8.20%	
Commodity Charge - Distribution	Commodity Charge for all customer classes provided water distribution from CWS	per 1,000 gal	\$1.90	\$2.03	\$0.13	6.84%	
Pass-Through Water Supply Charge	Water Supply Charge from third party provider	per 1,000 gal	Varies	Varies	Varies	Varies	
5/8" Commercial Water - Distribution	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$10.25	\$11.09	\$0.84	8.20%	
1" Commercial Water - Distribution	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$25.62	\$29.02	\$3.40	13.27%	
1 1/2" Commercial Water - Distribution	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$51.25	\$58.04	\$6.79	13.25%	
2" Commercial Water - Distribution	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$82.00	\$92.86	\$10.86	13.24%	
3" Commercial Water - Distribution	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$164.00	\$174.12	\$10.12	6.17%	
4" Commercial Water - Distribution	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per unit	\$256.25	\$290.20	\$33.95	13.25%	
Residential/Commercial	Water Service Connection Fee	Per SFE	\$300.00	\$300.00	\$0.00	0.00%	
Residential/Commercial	Plant Impact Fee	Per SFE	\$400.00	\$400.00	\$0.00	0.00%	
Residential/Commercial	Account Set-up Fee	Per Customer	\$13.50	\$13.50	\$0.00	0.00%	
Residential/Commercial	Reconnection Fee	Per Occurance	\$35.00	\$35.00	\$0.00	0.00%	

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Carolina Water Service, Inc.
2006-92-WS
Rate Comparison

EXHIBIT DMH - 6

Sewer							
Customer Classification	Description	Unit of Measure	Present Charge	Settlement Proposed Charge	Change from Present Rates	% Change	
Residential Sewer	Base Facilities Charge for single family house, condo, villa, apartment unit	per unit	\$36.46	\$39.00	\$2.54	6.97%	
Mobile Home Sewer	Base Facilities Charge for mobile homes	per unit	\$26.20	\$27.77	\$1.57	5.99%	
Commercial Sewer	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per SFE	\$36.46	\$39.00	\$2.54	6.97%	
Residential Sewer - Collection	Base Facilities Charge for single family house, condo, villa, apartment unit	per unit	\$23.47	\$25.70	\$2.23	9.50%	
Commercial Sewer - Collection	Base Facilities Charge for hotels, stores, restaurants, offices, industry	per SFE	\$23.47	\$25.70	\$2.23	9.50%	
Wholesale Sewer - Midland's Utility, Inc.	Wholesale sewer treatment for Midland's Utility, Inc. Vanarsdale subdivision	per SFE	\$15.00	\$16.53	\$1.53	10.20%	
Pass-Through Sewer Treatment Charge	Sewer Treatment Charge from third party provider	per 1,000 gal	Varies	Varies	Varies	Varies	
Residential/Commercial	Sewer Service Connection Fee	Per SFE*	\$300.00	\$300.00	\$0.00	0.00%	
Residential/Commercial	Plant Impact Fee	Per SFE*	\$400.00	\$400.00	\$0.00	0.00%	
Residential/Commercial	Account Set-up Fee	Per Customer	\$13.50	\$13.50	\$0.00	0.00%	
Residential/Commercial	Reconnection w/o elder valve	Per Occurance	\$250.00	\$250.00	\$0.00	0.00%	
Residential/Commercial	Reconnection w/ elder valve	Per Occurance	\$35.00	\$35.00	\$0.00	0.00%	
Residential/Commercial	Notification fee for service disconnection	Per Occurance	\$4.00	\$4.00	\$0.00	0.00%	

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-92-W/S**

IN RE:

Application of Carolina Water Service,
Inc. for adjustment of rates and charges
for the provision of water and
sewer service.

**REBUTTAL TESTIMONY
OF BRUCE T. HAAS**

1 **Q. ARE YOU THE SAME BRUCE T. HAAS THAT HAS PREFILED DIRECT**
2 **TESTIMONY IN THIS CASE?**

3 **A. Yes, I am.**
4

5 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
6 **PROCEEDING, MR. HAAS?**

7 **A. The purpose of my rebuttal testimony is to address the comments our customers**
8 **made during the night hearings in this matter.**
9

10 **Q. DO YOU HAVE ANY COMMENTS CONCERNING CUSTOMER TESTIMONY**
11 **THAT CWS DOES NOT PROVIDE ADJUSTMENTS FOR WATER LEAKS AT**
12 **CUSTOMER PREMESIS?**

13 **A. Yes. A few customers at the night hearings stated that they were unable to obtain**
14 **an adjustment on their water bills from the Company when they experienced higher than**

1 average water usage because of a leak or other unintended water loss. In the situations
2 that were described, CWS provided these customers with water it purchased from bulk
3 suppliers. By contract, CWS is required to pay for the water it receives from these
4 suppliers. While CWS does work with customers to assist in detecting leaks and advising
5 customers how to be aware of unintended water usage, CWS is not able to provide such
6 customers adjustments in situations of this type. If it were to do so, CWS would be
7 required to spread the cost of the purchased water that such customers cause to all of our
8 other customers. For instance, at the York County hearing, Mr. Robert Stuck testified that
9 he experienced a leak in his decorative pool. Mr. Stuck's bill during the relevant period
10 of time reflects that 262,900 gallons of water were metered at his premises during that
11 month. If the Company had allowed an adjustment to his bill, the approximate cost of
12 \$857 to purchase that water from York County would have to be absorbed by the
13 Company. Therefore, the entire customer base would be forced to finance the cost
14 associated with an individual customer's leak or other unintended water usage. As I
15 understand it, Commission Regulation 103-742 places on customers the burden of
16 maintaining their service lines and plumbing so that any loss of water through leakage is
17 kept to a reasonably small amount. The Company's policy of not giving leak adjustments
18 is consistent with the Commission's regulation and recognizes the fact that "courtesy
19 adjustments" by the Company itself would result in water costs going unrecovered.

20
21 **Q. DO YOU HAVE ANY COMMENTS CONCERNING THE AESTHETIC**
22 **QUALITY OF THE WATER PROVIDED BY CWS?**

1 **A.** Yes. First, let me say that many of the customers that complained about water
2 quality live in subdivisions where CWS purchases water from a bulk water supplier. One
3 of the reasons the Commission found to support bulk water arrangements in its Order No.
4 93-402 in Docket No. 91-641-W/S, which was a CWS rate case, was that elimination of
5 ground water would reduce aesthetic water quality complaints. I believe that the number
6 of aesthetic water quality complaints has been reduced where we have bulk service
7 arrangements. In situations where the Company uses purchased water, CWS maintains
8 and operates the distribution system, and purchases the water from the bulk supplier.
9 CWS does not treat or filter the bulk water in these cases and, therefore, any quality
10 issues would originate with the bulk supplier. When the Company does receive quality
11 complaints in these situations, CWS contacts the supplier in an effort to remedy the
12 problem.

13 In other circumstances, the customers' water is supplied from wells. As the
14 Commission is well aware, groundwater taken from wells can have mineral content
15 characteristics that often cause the water to be discolored and can result in deposits on
16 plumbing fixtures and appliances. Discoloration can lead to staining of clothes, plumbing
17 fixtures and appliances. Filtration at the well and at the customer premises may alleviate
18 the problem, but these are high cost and high maintenance solutions for both the utility
19 and the customer.

20

21 **Q.** **DO YOU HAVE ANY COMMENTS REGARDING COMMENTS MADE AT THE**
22 **HEARING HELD IN IRMO, SOUTH CAROLINA?**

1 A. Yes, I do. One of our customers at this night hearing, Ms. Yvonne Ross, stated that there
2 was a sewage tank at the front entrance to the Stonegate subdivision, which contains
3 waste and "has at times an unbearable odor." While CWS does provide sewer collection
4 service for this area, Richland County is the bulk sewer provider for that subdivision and
5 the tank Ms. Ross referred to, is in fact owned and operated by Richland County.
6 Therefore, CWS does not have control over the tank in question.

7

8 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

9 A. Yes, it does.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-92-WS

IN RE:

Application of Carolina Water Service,
Inc. for adjustment of rates and charges
for the provision of water and
sewer service.

REBUTTAL TESTIMONY
OF
STEVEN M. LUBERTOZZI

1 Q. ARE YOU THE SAME STEVEN M. LUBERTOZZI WHO HAS CAUSED TO BE
2 PRE-FILED DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF
3 THE APPLICANT, CAROLINA WATER SERVICE, INC.?

4 A. Yes, I am.

5
6 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

7 A. The purpose of my rebuttal testimony is to address certain comments our customers made
8 during the night hearings in this matter.

9
10 Q. MR. LUBERTOZZI, WHAT IS THE COMPANY'S RESPONSE TO THE
11 ASSERTION BY RIVER HILLS CUSTOMERS THAT THEIR RATES ARE
12 CURRENTLY "EXCESSIVE" AND THAT THE REQUEST FOR RATE RELIEF
13 SHOULD BE DENIED FOR THAT REASON?

14 A. The Commission should view this assertion in its proper context. The River Hills
15 Community Association complained for many years about the quality of the well water

1 that had been supplied since the inception of the system by the developer in 1977. As the
2 Commission is aware, groundwater taken from wells can have mineral content
3 characteristics that often cause the water to be discolored. This was the case in River
4 Hills, and, as a result, the customers and the River Hills Community Association began to
5 request that we obtain bulk water from a surface treatment source. The customers also
6 expressed a desire for the Company to eliminate the wastewater discharge into Lake
7 Wylie from our wastewater treatment plant in River Hills. At the time, York County had
8 not yet commenced construction of a county-wide system, but was willing to include bulk
9 service lines and mains to serve River Hills in its plans only if the Company would
10 purchase both bulk water and sewer. Therefore, in 1992, and at the urging of the River
11 Hills Community Association, the Company entered into an agreement to purchase bulk
12 water and sewer service from York County when it completed construction of its county-
13 wide water and sewer systems. This agreement was approved by the Commission on
14 July 10, 1992 in its Order Number 92-537 in Docket Number 92-123-W/S. In fact, the
15 Commission has directed CWS to implement bulk water arrangements whenever
16 possible. In its Order No. 93-402, dated May 11, 1993, in Docket No. 91-641-W/S, the
17 Commission directed the Company "to take all necessary steps to enter into bulk water
18 arrangements", finding that it "anticipates that there will be no complaints about water
19 quality at future proceedings where a supply of water is available."

20
21 **Q. HAS THE RIVER HILLS COMMUNITY ASSOCIATION SUPPORTED THE**
22 **ARRANGEMENT WITH YORK COUNTY SINCE THAT TIME?**

1 A. Not on a consistent basis. After the interconnection was completed, the Company
2 applied to the Commission to put into effect in River Hills our previously approved tariff
3 provisions under which we reduce our rates, but add on and pass through, without
4 markup to our customers, the bulk charges imposed by governmental utility service
5 providers. Even though it had urged the Company to interconnect with York County and
6 supported the agreement approved by the Commission in 1992, the River Hills
7 Community Association actually intervened in the 1996 proceeding when we sought to
8 implement the pass-through rate structure with respect to York County's bulk service
9 charges. When it became clear that the Company could be relieved of its obligations to
10 purchase surface treated water from York County if the Commission were to not approve
11 the pass-through rate structure in River Hills, and knowing what the rates would be if the
12 Company interconnected with York County yet desiring an interconnection for surface
13 water from York County, the River Hills Community Association, YMCA Camp
14 Thunderbird, and other customers withdrew their opposition. The application was
15 approved by the Commission in its Order Number 96-590, which was issued on August
16 26, 1996 in Docket Number 96-040-W/S. In its motion to withdraw its intervention, in
17 that docket, the River Hills Community Association acknowledged that the effect of the
18 York County pass-through would be a higher overall service bill, but indicated that it
19 preferred to have the bulk water service that the agreement between the Company and
20 York County insured.

21

1 **Q. DID THAT RESOLVE THE MATTER WITH THE RIVER HILLS**
2 **COMMUNITY ASSOCIATION?**

3 **A.** Unfortunately, no. In 1997, the River Hills Community Association and other
4 customers filed a complaint with the Commission seeking to have our rates reduced. We
5 defended against the complaint, in part on the grounds that the complainants had all been
6 well aware of the rate structure when the Company's agreement with York County was
7 approved by the Commission in 1992 and when the rate structure was implemented in
8 1996. The Commission issued two orders in the 1997 complaint case in which it did not
9 find that our rates were unjust or unreasonable. The Commission did, however, direct us
10 to cap sewer charges for residential customers in River Hills at 10,500 gallons of water
11 consumed on a monthly basis. The Commission found, based upon the arguments
12 advanced by the customers, that much of the water that they consumed was not returned
13 to the wastewater treatment system but was dispersed in the course of various outdoor
14 activities – primarily landscaping irrigation.

15 **Q. WHAT HAPPENED AFTER THAT?**

16 **A.** We appealed the Commission's orders to the Circuit Court and continued to
17 charge the previously approved rates under bond. The case was ultimately settled while
18 on appeal. In its Order Number 1999-245 in Docket Number 97-464-W/S dated April 2,
19 1999, the Commission rescinded its prior two orders requiring a sewer rate cap. In
20 exchange, the Company agreed to permanently waive plant impact and connection fees
21 totaling \$500 for any residential customer in River Hills Subdivision that desired to
22 install an irrigation meter. We also agreed to provide the irrigation meter to the customer

1 at no charge and to provide a meter box at our cost. Under the terms of this settlement,
2 customers are responsible for installation of the meters.
3

4 **Q. IN ADDITION TO THE SAVINGS THAT CUSTOMERS REALIZE FROM NOT**
5 **HAVING TO PAY THE PLANT IMPACT FEE, THE CONNECTION FEE, AND**
6 **THE COST OF A METER, DID THE CUSTOMERS IN RIVER HILLS REALIZE**
7 **ANY OTHER BENEFITS FROM THIS SETTLEMENT?**

8 **A.** Yes. As the Commission pointed out in its order, the settlement provided
9 customers an opportunity to reduce their sewerage charges by reducing water
10 consumption through their regular residential meter. In addition to these benefits, under
11 the terms of the 1992 bulk service agreement between the Company and York County, a
12 tap fee cannot be charged by York County for installation of an irrigation meter in River
13 Hills. So, in effect, for the cost of having a meter installed, the customers in River Hills
14 can greatly reduce their sewer bills.
15

16 **Q. WAS RIVER HILLS COMMUNITY ASSOCIATION ALLOWED TO HAVE**
17 **INPUT INTO THE TERMS OF THIS SETTLEMENT?**

18 **A.** Absolutely. It was represented by counsel and the settlement was submitted to the
19 Association for its review – even though it was not a party to the appeal. In fact, Mr. Bob
20 Harrington, who was then the Director of Utilities for River Hills Community
21 Association, submitted comments to the Commission regarding the terms of the
22 settlement which were incorporated therein.

1

2 Q. GIVEN THIS EXTENSIVE HISTORY, IN YOUR OPINION, SHOULD THE
3 COMMISSION TAKE INTO ACCOUNT THE CUSTOMERS' COMPLAINTS
4 THAT RATES ARE TOO HIGH?

5 A. In the complaint proceedings I mentioned earlier, a number of organizations we serve in
6 York County, including RHCA, complained that our service rates were too high and
7 should be reduced by the Commission. In fact, the Commission, in Order Number 98-
8 384, acknowledged the Staff's testimony that the increase in service rates was attributable
9 to York County's increase in bulk rates. The Commission effectively rejected RHCA's
10 claim in that regard since it never ordered any change in our service rates in any of the
11 orders in that docket. In the 2000 rate case and again in our last rate case, RHCA and
12 individual River Hills customers again asserted that the Company's rates were "too high"
13 to justify an increase and the Commission, again, did not accept that argument. It should
14 reject that argument again. There is no basis for denying rate relief simply because
15 customers think rates are too high. And, given the impact of York County bulk rates,
16 reliance upon subjective customer comments to determine the Commission's decision
17 would not result in a determination of just and reasonable rates.

18

19 Q. SEVERAL CUSTOMERS STATED TO THE COMMISSION THAT THE
20 COMPANY'S RATES ARE OUT OF PROPORTION TO RATES THAT THEY
21 ARE CHARGED IN OTHER JURISDICTIONS; WOULD YOU PLEASE
22 COMMENT ON THAT?

1 A. Yes. We do not believe that it would be appropriate for the Commission to set
2 our rates based upon what some other entity may have charged to a customer. Even were
3 it appropriate, the Commission has no real basis upon which to make the necessary
4 comparison in this case. For example, many of the customers commenting failed to state
5 whether the other entities from whom they had purchased utility services were
6 governmental or private in nature. This makes a tremendous difference since
7 governmental entities have the ability to raise "cost-free" revenue by way of property
8 taxes. And, to the extent that they have to borrow money, most governmental entities
9 having bonding capacity which allows them to acquire debt capital at a much lower cost
10 than that which a private entity incurs in commercial capital markets. Also,
11 governmental entities have no obligation to their shareholders to make a profit, nor do
12 they pay any taxes. So, rates charged by governmental entities should be lower than
13 those of a private entity. Also, the Commission has no frame of reference regarding the
14 customer's usage patterns in other locations or the proximity of service sources to the
15 customers. Some of these customers may have been served by a governmental entity
16 whose facilities were in close proximity to the customer base.

17
18 **Q. WHY DOES THE PROXIMITY OF THE SERVING FACILITIES TO THE**
19 **CUSTOMER BASE HAVE A BEARING?**

20 A. If you can reduce the distance between the service point and the service source,
21 the underlying capital costs associated with transportation of water and sewer are
22 lowered. You can see the cause and effect component of this in the current bulk service

1 arrangement that the Company has with York County. York County gets its water from
2 the City of Rock Hill facilities and gets its sewer treatment from the City of Rock Hill
3 facility. The Company in turn gets its bulk service from York County for both water and
4 sewer. So, both the incoming water and the outgoing sewer have to travel quite a
5 distance. This is one of the reasons that York County's bulk rates to the Company are as
6 high as they are.

7
8 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. DON LONG'S**
9 **ASSERTION THAT THE RATES CHARGED TO THE RIVER HILLS**
10 **CUSTOMERS ARE "SUBSIDIZING THE REMAINDER OF THE [CWS]**
11 **WATER AND SEWER SYSTEMS ACROSS SOUTH CAROLINA"?**

12 **A.** Yes, I do. This is simply an inaccurate statement. In 1997, the River Hills Community
13 Association and others filed a complaint case in which one of the primary points that the
14 Company made was that the River Hills system was part of a statewide system. In fact,
15 in his testimony in that proceeding, then Commission Deputy Executive Director Walsh
16 agreed with the Company and stated that the Company's system is a statewide system.
17 Moreover, the Commission's regulations adopting the Uniform System of Accounts for
18 water and sewer utilities, which are R. 103.517 and R. 103-719, do not provide for
19 accounting of systems on a subdivision or county franchise area basis. The Company has
20 never accounted for the River Hills system except as part of our statewide system.

21
22 **Q. MR. LUBERTOZZI, WHAT WOULD HAPPEN IF THE COMMISSION WERE**

1 **TO REGULATE THE COMPANY AND SET RATES ON A SUBDIVISION OR**
2 **GEOGRAPHIC BASIS?**

3 A. To do so would mean that uniform rates would have to be abandoned. This, in turn,
4 would lead to chaos for the Commission, ORS, the customers and the Company. If each
5 subdivision or other geographic area served by the Company had to be accounted for and
6 have its rates set based solely upon facilities serving that area, rate base would have to be
7 established in each such subdivision or area, which would be a monumental and
8 expensive task.

9
10 Even assuming that ORS could obtain such original cost information for the facilities
11 serving distinct subdivisions or geographical areas, it would then have to determine what
12 rates would be charged to the customer groups served by these facilities. This would be a
13 Herculean effort that would lead to wildly disparate rates among various groups of
14 customers and different rates in just about every area. For those customers served by
15 newer facilities, the rates would increase dramatically, while customers served by older
16 facilities would see much lower rates. In addition to the significant dissatisfaction that
17 would be expressed by customers in the areas in which rates would increase, the time and
18 effort demanded of the Commission and ORS to administer rate structures that would be
19 different for each such area would increase significantly. It is likely that the Company
20 would also have to employ additional personnel to deal with differing rate structures for
21 each such area. The Commission, ORS and the Company would constantly be subjected
22 to customer demands that the rates in higher cost areas be adjusted to the levels of the

1 Company's customers in lower cost areas.

2

3 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. LONG'S REQUEST FOR**
4 **FINANCIAL DATA ON A SUBDIVISION BASIS?**

5 **A.** Yes, I do. ORS transmitted to the Company a request from third parties for
6 financial data regarding only the River Hills subdivision in late 2005, some three months
7 before any rate case was filed. However, the Company was not aware of any request for
8 financial data for each subdivision served by the Company until approximately May 8,
9 2006, when the Company received a copy of the petition of the York County delegation.

10 Additionally, I respectfully submit that the Company is under no obligation to
11 provide such documentation in this matter. The parties of record in this case have not
12 presented, nor sought to present, evidence pertaining to the establishment of rates by
13 subdivision as discussed by Mr. Long and others. Although certain customers and third
14 parties have asserted that, prior to the rate case, they requested information from CWS
15 regarding the Company's return on rate base for the Riverhills System through ORS,
16 those customers and the third parties are not parties of record in this case. As the
17 Commission is aware, some of these customers and third parties also erroneously asserted
18 at a night hearing in this matter that the information they sought prior to the rate case
19 filing was requested through the Commission and those customers and third parties
20 unfairly and improperly criticized and threatened the Commission in connection with that
21 assertion.

1 Moreover, I would note that the Company does not have in its possession
2 documents which would provide the information in the format requested by the Riverhills
3 customers. Because CWS applies its rate revenues to its statewide facilities that are used
4 and useful in providing water and sewer service in some ten (10) different counties and
5 ninety six (96) residential subdivisions, CWS maintains records on a statewide basis.
6 This manner and method of accounting for our systems is in compliance with the South
7 Carolina Supreme Court's decision in August Kohn and Co., Inc. v. Public Service
8 Commission and Carolina Water Service, Inc. Nor is CWS aware of any regulation of
9 the Commission which requires that it maintain records in a manner which would require
10 recordation of the information sought by the Riverhills customers.

11
12 **Q. WHAT IS YOUR OPINION OF MR. LONG'S FINANCIAL ASSESSMENT OF**
13 **THE SYSTEM SERVING THE RIVER HILLS SUBDIVISION?**

14 **A.** Mr. Long stated at the night hearing that he developed what he believed was a
15 "reasonable and supportable set of conclusions about the status of water and sewer
16 service in the Lake Wylie Franchise district, including what appears to be the proposed
17 rate base rate of return for CWS within this District." He states the data sources he used
18 are the CWS application in this docket, CWS's York County property tax bill, the map of
19 Lake Wylie Franchise District boundaries, counts of the number of homes in subdivisions
20 served by CWS, water and sewer schedules from other water and sewer providers, and a
21 sampling of bills for CWS's water and sewer service in this district. As a result of that
22 analysis, Mr. Long states that CWS is earning a rate of return on rate base of

1 approximately 39% for the Lake Wylie Franchise District. Simply put, the assessment is
2 wholly inaccurate.

3
4 **Q. WHY DO YOU BELIEVE HIS ANALYSIS IS INACCURATE?**

5 **A.** First, Mr. Long states that he utilized the CWS application in formulating this
6 assessment. As I discussed earlier, CWS is not required, it is not feasible, and the
7 Commission has declined to require the Company to maintain its financial records on a
8 subdivision basis. Simply using the information included in the application cannot
9 account for the difference in assets and expenses for each system. As well, Mr. Long, in
10 his own testimony, stated that he utilized the South Carolina Department of Revenue's
11 property tax valuation. The depreciated plant in service shown on that form reflects tax
12 depreciation and, it should be readily apparent that the calculated depreciation for tax
13 purposes is much greater than regulatory depreciation. Therefore, Mr. Long's
14 calculations significantly undervalue the plant serving the River Hills subdivision, in
15 turn, directly inflating his assessment of the relative earnings of that system. Such
16 inaccurate estimations cannot be seriously considered for regulatory rate making
17 purposes and should be dismissed by the Commission.

18
19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

20 **A.** Yes, it does.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-92-WS

IN RE:)

Application of Carolina Water Service,)
Inc. for adjustment of rates and charges)
for the provision of water and)
sewer service.)

SETTLEMENT TESTIMONY
OF CONVERSE A. CHELLIS, III

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

2 A. My name is Converse A. Chellis, III. I am a Certified Public Accountant ("CPA")
3 and a principal in and the Director of Litigation Services and Property Tax Services for
4 Gamble Givens & Moody, LLC, a public accounting firm with offices in Charleston, Kiawah
5 Island, and Summerville, South Carolina. My office is located at 133 East First North Street,
6 Suite 9, Summerville, South Carolina 29483.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

8 A. In 1965, I graduated from The Citadel, The Military College of South Carolina with a
9 bachelor's degree in business administration. I also have completed graduate level courses in
10 accounting at the University of Georgia. In addition, I have had a minimum of forty (40)
11 hours of continuing professional education ("CPE") each year since 1969, for a total of at
12 least 1,440 total CPE hours.

1 Q. PLEASE DESCRIBE YOUR WORK HISTORY AND PROFESSIONAL
2 EXPERIENCE PRIOR TO YOUR CURRENT POSITION.

3 A. Upon graduation from The Citadel in 1966, I served in the United States Air Force
4 and was assigned to the Auditor General's staff. In 1969, I joined Touche Ross (now
5 Deloitte and Touche) and was a senior accountant. I formed Chellis and Chellis in 1972, and
6 have been a name partner and managing partner in several accounting firms until 1998. In
7 1999, I merged my firm with Gamble Givens & Moody, where I am a principal and Director
8 of Litigation Services.

9 Q. ARE YOU A MEMBER OF ANY PROFESSIONAL ASSOCIATIONS?

10 A. Yes. I am a member of the American Institute of Certified Public Accountants
11 ("AICPA"). From 1983-1985, I served on AICPA's continuing education executive
12 committee, and in 1985 I served on the AICPA council.

13 I am also a member of the South Carolina Association of Certified Public
14 Accountants ("SCACPA"). I served as Vice-President of the SCACPA's Coastal Chapter in
15 1977-78 and as President in 1978-79. In 1985 I served as the State President of the
16 SCACPA, having previously served on the state level as Vice-President, Secretary/Treasurer,
17 and Director. I have also been Chairman of the SCACPA's Committee on Continuing
18 Professional Education, Chairman and trustee for the SCACPA's educational fund, and
19 Chairman of the SCACPA's Committee on Cooperation with Governmental Agencies.

20 From 1986-1994, I was a member of the State Board of Accountancy, where I served
21 as Secretary/Treasurer from 1988-1990 and Chairman from 1990-1993.

1 From 1982-1998, I was a member of Accounting Firms Associates, Inc. I am also a
2 past member of the American Society of Appraisers and a current member of the American
3 College of Forensic Examiners. In addition, I am a past associate in the Municipal Finance
4 Officers Association, and I have held various offices in the National Association of
5 Accountants. I am also active in the peer review process, which involves examination of the
6 work of other accountants and accounting firms to assure that quality controls are being
7 applied in conformance with the Quality Control Standards adopted by the AICPA.

8 **Q. HAVE YOU EVER GIVEN ANY PRESENTATIONS TO OTHER ACCOUNTANTS**
9 **OR AUDITORS?**

10 A. Yes. I have been a speaker and an instructor for the accounting profession on a
11 number of accounting topics, including topics related to generally accepted accounting
12 principles ("GAAP").

13 **Q. HAVE YOU EVER BEEN QUALIFIED AS AN EXPERT WITNESS IN A SOUTH**
14 **CAROLINA COURT?**

15 A. Yes. I have been qualified as an expert witness in both the circuit and family courts
16 of South Carolina. I have also given testimony before this Commission and other
17 administrative agencies.

18 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

19 A. The purpose of my settlement testimony is to support the adoption of the Settlement
20 Agreement reached between Carolina Water Service, Inc., or "CWS", and the South Carolina
21 Office of Regulatory Staff, or "ORS", in this case.

1 **Q. IN YOUR OPINION, IS THE SETTLEMENT AGREEMENT A REASONABLE**
2 **MEANS OF RESOLVING THE ISSUES IN THIS CASE?**

3 **A. Yes, it is.**

4 **Q. WHAT IS THE BASIS FOR YOUR OPINION IN THIS REGARD?**

5 **A. I have several reasons for believing that the Settlement Agreement is a reasonable**
6 means by which to resolve the disputed issues in this case. First, one of the statutory duties
7 of ORS is to facilitate the resolution of disputed issues involving matters within the
8 jurisdiction of the Commission. I think it incumbent upon the other parties in cases before
9 the Commission, which in this proceeding is only CWS, to work with ORS in good faith in
10 an attempt to reach a settlement. I believe that the Settlement Agreement reflects a good
11 faith effort on the part of ORS and CWS to meet their respective obligations in that regard.

12 Second, and as Dr. Skelton mentions in his testimony in support of the Settlement
13 Agreement, capital markets recognize the value of settlements in ratemaking cases.
14 Additional investment resulting from favorable capital markets would be an enhancement to
15 economic development in South Carolina which is consistent with the public interest.

16 Third, a settlement brings the matter to an end without delay and the uncertainty of
17 further proceedings; this in turn permits ORS to focus its talents and resources on other
18 matters within its area of responsibility and permits the Company to focus upon the
19 continued improvement and expansion of its facilities and services for the benefit of its
20 customers.

1 In summary, the comprehensive settlement proposed by the parties in my opinion
2 fairly balances the interest of the customers and the Company. I therefore respectfully urge
3 that the Commission approve the Settlement Agreement.

4 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

5 **A. Yes it does.**

6

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-92-WS

IN RE:

Application of Carolina Water Service,
Inc. for adjustment of rates and charges
for the provision of water and
sewer service.

**SETTLEMENT TESTIMONY
OF B. R. SKELTON, PhD.**

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

2 **A.** My name is B. R. Skelton and my business address is 2962 Walhalla Highway, Six
3 Mile, South Carolina 29682. I am Professor *Emeritus* of Economics at Clemson University
4 and am engaged in a variety of private business endeavors, including real estate brokerage
5 and residential construction. I also act as a mediator and arbitrator. Since 1974, I have
6 mediated 190+ disputes and written decisions in over 1000 arbitration cases, mostly union-
7 management grievances. I have also arbitrated deferrals from the courts and the NLRB.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
9 **PROFESSIONAL EXPERIENCE.**

10 **A.** I received my B.S. degree in Arts & Sciences (History & Economics) from Clemson
11 University in 1956. In 1958, I received a Masters of Science degree in Agricultural
12 Economics from Clemson University. I received my Ph.D. in Economics from Duke
13 University in 1964.

1 From 1959 to 1987, I was a professor of Economics at Clemson except for 1961-63
2 when I was in graduate school at Duke University. In addition to teaching standard economic
3 theory, my academic background includes writing, lecturing and research in the areas of labor
4 economics, economic development and arbitration. While at Clemson, I was a member of
5 the Southern Economics Association and American Economic Association. I was also a
6 member of the Arbitration Panel of the Federal Mediation and Conciliation Service and the
7 American Arbitration Association. I retired from Clemson in 1987.

8 **Q. PLEASE DESCRIBE YOUR WORK IN THE REAL ESTATE FIELD.**

9 **A.**Over time I have developed subdivisions, commercial property, apartments and
10 bought and sold real estate of all types.

11 **Q. DO YOU PROVIDE ANY CONSULTING SERVICES?**

12 **A.**I have served as a consultant to various individuals and companies, mostly wrongful
13 death and injury, divorce, product liability and valuation of business losses. I was President
14 of Economic Research and Consulting Associates prior to 1980, the business that provided
15 this analysis. I have testified before the PSC in one case involving a water company in
16 Oconee County.

17 **Q. DO YOU HOLD ANY OTHER PROFESSIONAL DESIGNATIONS?**

18 **A.**Yes. I am a mediator and arbitrator and am licensed by the State of South Carolina as
19 both a real estate broker and residential contractor. I am also an elected member of the
20 National Academy of Arbitrators and have been a member since 1981.

21 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

22 **A.**The purpose of my testimony is to provide support for the Settlement Agreement
23 entered into by the parties in the proceeding on August 30, 2006. Specifically, I will be

1 testifying as to the reasons why the 9.40% Return on Equity ("ROE") agreed to by the parties
2 is a reasonable ROE for the Company in the context of a comprehensive settlement of this
3 specific case and why the Commission should approve the proposed settlement.

4 **Q. WHY, IN YOUR OPINION, IS THE SETTLEMENT ROE OF 9.40%**
5 **SUPPORTABLE AS A REASONABLE ROE FOR THE COMPANY IN THE**
6 **CONTEXT OF A COMPREHENSIVE SETTLEMENT AGREEMENT?**

7 **A.** In the context of the present settlement agreement, which disposes of all issues in the
8 case, rates set based upon a 9.40% ROE can provide investors the opportunity to earn a
9 reasonable return on the Company's capital investment. Based on my knowledge of the
10 capital market, and my understanding of its expectations related to regulated and non-
11 regulated returns in the present economic context, I believe that 9.40% is a sufficient return
12 which the capital market would expect in the context of a comprehensive settlement.

13 **Q. WHY IS A SETTLEMENT IMPORANT TO CAPITAL MARKETS?**

14 **A.** I believe that investors place great importance on the settlement of litigation disputes
15 involving any industry. I am aware from my experience in mediating and arbitrating labor
16 disputes that the capital markets in general react favorably to the settlement of wage/benefit
17 issues which comprise only one aspect of the overall financial picture for non-regulated
18 industries. Whether utility rate cases are settled or litigated is even more important to
19 investors in the utility industry as these cases involve every aspect of the financial picture of
20 a utility and therefore figure prominently in analysts' reports and evaluations of these cases.
21 The settlement of a rate case is therefore a factor that strongly influences the capital market's
22 assessment of the regulatory climate a utility operates in. The capital market sees settlements
23 as an indication of a cooperative relationship between a utility and its regulators and the other

1 participants in the regulatory process. Given this, I believe that this settlement should be
2 approved.

3 **Q. IN YOUR OPINION, ARE THERE OTHER REASONS WHY THE COMMISSION**
4 **SHOULD APPROVE THE SETTLEMENT PROPOSED BY THE PARTIES IN THIS**
5 **CASE?**

6 A. Yes. I believe that administrative economy supports Commission approval of the
7 proposed settlement and that settlements should be favored since they reflect a solution
8 devised by the parties which is more likely to address their needs.

9 **Q. WOULD YOU ELABORATE ON THAT STATEMENT?**

10 A. Yes. The Commission has scarce resources available to be used in the discharge of its
11 duties. These are important duties which have been delegated to the Commission by the
12 legislature. Settlement of this case will permit the Commission to focus its resources on other
13 matters within its purview. Further, in my experience as a mediator and arbitrator, I have
14 come to understand that part of the value of settling disputed matters is that it results in a
15 resolution more likely to fit the needs and circumstances of the parties than does an imposed
16 resolution. I believe that to be the case here.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes, it does.
19

EXHIBIT "G" TO SETTLEMENT AGREEMENT
DOCKET NO. 2006-92-WS
PROPOSED RATE SCHEDULE

CAROLINA WATER SERVICE, INC.

SCHEDULE OF RATES AND CHARGES
WATER

1. Monthly Charges

Residential

Base Facilities Charge per single family house, condominium, mobile home or apartment unit: \$ 11.09 per unit

Commodity Charge: \$3.55 per 1,000 gallons or 134 cft

Commercial

Base Facilities Charge by meter size:

5/8" meter	\$ 11.09
1"	\$ 29.02
1.5"	\$ 58.04
2"	\$ 92.86
3"	\$174.12
4"	\$290.20

Commodity Charge: \$ 3.55 per 1,000 gallons or 134 cft

Charges for Water Distribution Only

Where water is purchased from a government body or agency or other entity for distribution and resale by the Company, the following rates apply:

Residential

Base Facilities Charge per single family house, condominium, mobile home or apartment unit: \$11.09 per unit

Commodity charge: \$2.03 per 1,000

EXHIBIT "A"

Page 2

		gallons or 134 cft
Commercial		
Base Facilities Charge		
by meter size:		
	5/8" meter	\$ 11.09
	1"	\$ 29.02
	1.5"	\$ 58.04
	2"	\$ 92.86
	3"	\$174.12
	4"	\$290.20
Commodity charge:		\$2.03 per 1,000 gallons or 134 cft

The Utility will also charge for the cost of water purchased from the government body or agency, or other entity. The charges imposed or charged by the government body or agency, or other entity providing the water supply will be charged to the Utility's affected customers on a pro rata basis without markup. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

EXHIBIT "A"

Page 3

2. Nonrecurring Charges

A) Water Service Connection (New connections only) \$300 per SFE*

B) Plant Impact Fee (New connections only) \$400 per SFE*

3. Account Set-Up and Reconnection Charges

a. Customer Account Charge - for new customers only.

b. All Areas \$ 13.50

b. Reconnection Charges: In addition to any other charges that may be due, a reconnection-fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service, unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

6. Cross Connection Inspection Fee

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water

system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2 (Supp. 2005), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61—58.7.F.8 (Supp. 2005), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2005), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

SCHEDULE OF RATES AND CHARGES

SEWER

1. Monthly Charges

Residential - charge per
single-family house, condominium,
villa, or apartment unit:

\$39.00 per unit

Mobile Homes:

\$27.77 per unit

Commercial:

\$39.00 per SFE*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

Charge for Sewer Collection Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity, for treatment, the Utility's rates are as follows:

Residential - per single-family house,
condominium, or apartment unit

\$25.70 per unit

Commercial - per single-family
equivalent

\$25.70 per SFE*

Charge for Wholesale Service (Midlands Utility)

\$16.53 per SFE*

The Utility will also charge for treatment services provided by the government body or agency, or other entity. The rates imposed or charged by the government body or agency, or other, entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of a 201/208 Plan, or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

At such time as the Utility determines through its inspection that excessive solids have accumulated in the interceptor tank, the Utility will arrange for pumping the tank and will include \$150.00 as a separate item in the next regular billing to the customer.

B. Pump Repair or Replacement Charge

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement and may be paid for over a one year period.

C. Visual Inspection Port

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such a visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

2. Nonrecurring Charges

A)	Sewer Service Connection (New connections only)	\$300 per SFE*
B)	Plant Impact Fee (New connections only)	\$400 per SFE*

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating of a non residential customer is greater

than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

a. Notification Fee

A fee of four dollars (\$4.00) shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

b. Customer Account Charge - for new customers only.

All Areas	\$ 13.50

A one-time fee to defray the costs of Initiating service. This charge will be waived if the customer also takes water service.

c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly service charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly, in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's

minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

6. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system.

In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

- * A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities --25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2005), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

THE STATE OF SOUTH CAROLINA
In The Supreme Court

APPEAL FROM THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

Docket No. 2011-47-W/S

Case Tracking Number 2012-208126

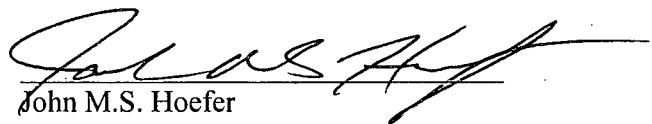
Carolina Water Service, Inc., ...Appellant,

v.

The South Carolina Office of Regulatory Staff, Forty Love Homeowners' Association,
and Midlands Utility, Incorporated, ... Respondents.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Record on Appeal contains all material
proposed to be included by any of the parties and not any other material.



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