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July 7, 2023

Ms. A. Shonta Dunston
Chief Clerk
N.C. Utilities Commission
430 N. Salisbury Street, Room 5063
Raleigh, NC 27603

Re: *New River Light and Power Company*
Summary of Direct Testimony of Randall E. Halley
Docket No. E-34, Subs 54 and 55

Dear Ms. Dunston:

Attached hereto, on behalf of New River Light and Power Company, is the Summary of Direct Testimony of Randall E. Halley to be filed in the above-referenced dockets.

Twelve paper copies of same will be delivered to the Clerk's Office within 24 business hours of the electronic filing.

If you have any questions concerning this filing, or exhibits thereto, please do not hesitate to contact me.

Sincerely,

/s/ David T. Drooz
David T. Drooz

pbb

Attachments



Fox Rothschild ^{LLP}
ATTORNEYS AT LAW

Ms. Shonta A. Dunston
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cc: Parties and Counsel of Record
NC Commission Staff
NC Public Staff
Mr. Randall E. Halley
Mr. Edmond C. Miller
Mr. M. Gray Styers, Jr.

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Jul 07 2023

SUMMARY OF DIRECT TESTIMONY OF RANDALL HALLEY

ON BEHALF OF NEW RIVER LIGHT & POWER

DOCKET NO. E-34, SUBS 54 & 55

JULY 10, 2023

My direct testimony reflects the position of New River Light & Power prior to settlement with the Public Staff, so the following summary has to some extent been superseded.

I recommended that the rate of return for New River be set at 7.007%. This return is based on an imputed capital structure of 52% equity and 48% long term debt, an imputed debt cost of 4.20%, and a rate of return on common equity of 9.60%. These debt and equity costs rates were derived from the two most recent Commission decisions for distribution utilities in North Carolina.

The requested increase in annual revenue requirement in base rates was \$4,624,749. When netted with a proposed decrease in the Purchased Power Adjustment Clause revenues from a reallocation of purchased power costs, the net proposed increase in base rates was \$2,598,393. This request was the result of the revenue requirement for the calendar 2021 test year with pro forma adjustments listed in my testimony that increased the revenue requirement.

An allocated cost of service study was conducted to inform the rate design. An important part of rate design is to have rates for each customer class that reflect the costs to provide service to each customer class. Some classes overpay their costs, and some underpay their costs, so the proposed rates are meant to move the customer classes closer to paying their fair share.

New River is proposing a new Net Billing Rider for customers who have photovoltaic renewable energy generation connected to the New River grid and would like the ability to use this renewable energy. The Net Billing Rider is designed to avoid cross subsidies from non-participating customers. New River proposes a second option for customers to sell all their photovoltaic renewable energy to New River through a new Schedule PPR for Purchased Power from Renewable Energy Facilities. New River also proposes an Interruptible Rider for customers who curtail usage during the coincident peak times of New River's wholesale power provided.