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June 23, 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
Rebuttal Testimony and Exhibits of David Jamison
Docket No. E-34, Subs 54 and 55***

Dear Ms. Dunston:

Attached hereto, on behalf of New River Light and Power Company, is the Rebuttal Testimony and Exhibits of David Jamison 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 and the Exhibits, in native format, will be uploaded to NCUCExhibits@ncuc.net.

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

Sincerely,

A handwritten signature in blue ink that reads 'M. Gray Styers, Jr.'.

M. Gray Styers, Jr.

pbb

Attachments

OFFICIAL COPY

JUN 23 2023



Fox Rothschild ^{LLP}
ATTORNEYS AT LAW

Ms. A. Shonta Dunston
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cc: Parties and Counsel of Record
NC Commission Staff
NC Public Staff
Mr. David T. Drooz
Mr. Randall E. Halley
Mr. David Jamison
Mr. Edmond C. Miller
Mr. David Stark

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JUN 23 2023

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-34, SUB 54
DOCKET NO. E-34, SUB 55

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-34, SUB 54

In the Matter of:
Application for General Rate Case

DOCKET NO. E-34, SUB 55

In the Matter of:
Petition of Appalachian State University
d/b/a New River Light and Power for an
Accounting Order to Defer Certain Capital
Costs and New Tax Expenses

REBUTTAL TESTIMONY OF

DAVID JAMISON

**ON BEHALF OF
NEW RIVER LIGHT & POWER**

June 23, 2023

1 **Q. Please state your name and business address.**

2 A. My name is David Jamison. I am the Interim Associate Vice Chancellor for
3 Finance and Administration and University Controller for Appalachian State
4 University (“ASU” or “University”). My office address at the University is BB
5 Dougherty Administration Building, 438 Academy Street, Boone, NC 28607.

6 **Q. On whose behalf are you appearing in this proceeding?**

7 A. I am appearing on behalf of the Applicant, Appalachian State University (“ASU”)
8 d/b/a New River Light and Power (“NRLP”).

9 **Q. Please describe your professional background and education.**

10 A. I earned my MBA from Appalachian State in 2002. I am a Certified Management
11 Accountant. I have been employed by ASU since 2005, as Director of Accounting
12 from 2009 to 2012 and as University Controller since 2012. This year, my
13 responsibilities include serving as Interim Associate Vice-Chancellor for Finance
14 and Administration for the University. A copy of my resume is provided as
15 Jamison Rebuttal Exhibit No. 1.

16 **Q. What are your responsibilities as University Controller?**

17 A. I am responsible for the oversight of financial operations and accounting for the
18 University, including accounts receivable, accounts payable, e-commerce, cash
19 management, payroll, tax compliance, accounting services, post award contract and
20 grant compliance, and financial reporting. In this position, I lead a team of
21 accounting professionals to produce accurate accounting records and timely
22 financial statements. I also serve as the University’s Internal Control Officer.

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Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony responds to the prefiled testimony of the following witnesses in these dockets:

- Joint Direct Testimony of Public Staff witnesses Sonja R. Johnson and Iris Morgan as it pertains to the UBIT liability deferral.
- Direct Testimony of John R. Hinton as it pertains to return on equity.
- Direct Testimony of Appalachian Voices witness Jason W. Hoyle as it pertains to ASU’s financing strategy and efforts, process and ability to issue debt, return on equity, and public finance principles in general.

Q. Are the financial statements of ASU audited?

A. Yes, every year. As one of the sixteen constituent universities of The University of North Carolina System, we are audited each year by the North Carolina Office of the State Auditor.

Q. Has the State Auditor provided a “clean” audit of ASU for each of the past several years?

A. Yes, those audits reports can be found at <https://controller.appstate.edu/financial-reports> .

UBIT LIABILITY DEFERRAL REQUEST

Q. Does ASU file tax returns with the federal Internal Revenue Service (IRS) and the North Carolina Department of Revenue (NCDOR)?

A. Yes. Although ASU is a governmental entity and a public institution of higher education, which is not subject to Federal or State income tax, we have certain filing

1 requirements with the IRS and NCDOR, including but not limited to the filing of
2 income tax returns for Unrelated Business Income Tax (UBIT).

3 **Q. Does ASU have an external tax compliance advisor or accounting firm on**
4 **which it relies to file its tax returns accurately and in compliance with the**
5 **applicable tax laws?**

6 A. Yes, KPMG has been ASU's long-time accountants and tax compliance advisors.

7 **Q. Explain what steps ASU took after the Tax Cuts and Jobs Act (TCJA) became**
8 **effective in 2018 to verify its obligations for UBIT arising from the net**
9 **revenues of NRLP?**

10 A. We reached out to KPMG for assistance with interpreting and implementing the
11 new requirements of the TCJA and asked KPMG to provide an updated assessment
12 of our exposure to UBIT tax liabilities. We met, explained the basis for our not
13 having paid UBIT on utility revenues in the past (which was based on an earlier
14 analysis performed as part of a UNC System-wide UBIT review), and described the
15 operations of and electric service sales by NRLP. In response to our request,
16 KPMG produced the memo attached to David Stark's testimony as Stark Rebuttal
17 Exhibit No. 2. It concluded that the revenue generated by electricity sold by NRLP
18 to the general public more likely than not was taxable unrelated business income.

19 **Q. Did ASU expect to have UBIT liability for the net revenues of NRLP?**

20 A. No. Even before I arrived at ASU in 2003, University leadership relied on a UNC
21 System-wide UBIT review performed in the 1990s. This analysis (also performed
22 by KPMG) considered the net revenues of NRLP to not be subject to UBIT. Before
23 my tenure as controller, the two previous controllers completed the 990-T filings

1 for the University. They relied on the conclusion provided in the original analysis
2 maintained in the University's records. Similar to many other tax scenarios and
3 analysis, the treatment of revenues for UBIT purposes depends on the specific facts
4 and circumstances of the entity and on the knowledge and judgment of individuals
5 who prepared the 990-T at that time. All of us, myself included, relied on the
6 guidance we had previously received and had on file.

7 To provide more background: when I first became the University
8 Controller, ASU had no dedicated position focused on tax and tax compliance.
9 Those responsibilities were divided among the accounting staff as a part of their
10 other duties. I advocated for and hired the University's first tax accountant, and we
11 now have developed a Tax Compliance Office comprised of three positions who
12 focus on tax issues specific to the University. Since developing this group, we have
13 updated and modified processes for the purpose of reducing the risk of non-
14 compliance. Over time, this group of employees and I have regularly reviewed
15 compliance matters and gained more knowledge in areas like UBIT and its
16 applicability to University activities. Our office continuously strives to improve our
17 professional knowledge and processes. Many of our peers in the UNC System have
18 similarly evolved.

19 **Q. What did ASU do after receipt of that memo for KPMG?**

20 A. After considerable discussion both with KPMG and internally with senior
21 management at ASU, we agreed that this liability was a legal obligation of the
22 University and amended returns should be filed and the unpaid tax liabilities should
23 be satisfied, both going forward and for six years in arrears in accordance with IRS

1 regulations. As a Certified Management Accountant and accounting professional, I
2 am obligated to take corrective action when the facts indicate the possibility of non-
3 compliance is present and creates a significant risk to the University. Ethics are a
4 core tenant in the accounting profession and to disregard the information we had
5 received, and agreed with, during the review process would not meet our ethical
6 standards. We are obligated to protect the interests of the students, University, and
7 the State of North Carolina through compliance with all laws, regulations, and
8 polices the University is required to adhere to.

9 **Q. Has ASU considered challenging KPMG's analysis or otherwise seeking**
10 **additional clarification from the Internal Revenue Service; bringing suit; or**
11 **taking similar actions?**

12 A The University considered its options and consulted with KPMG, but ultimately
13 chose, in its judgement, not to challenge the IRS. After a thorough review of the
14 applicable Federal laws and tax regulations with our accounting firm, leadership
15 made the carefully considered decision not to take further action and has followed
16 the professional tax advice it received. Furthermore, other peer institutions in the
17 UNC System pay UBIT on electric utility revenues and other unrelated business
18 activity. Moreover, I understand that the current cost of a private letter ruling is
19 likely to be over \$30,000, not including other direct and indirect expenses. The
20 process can take several months and can increase in cost based on the length and
21 nature of a challenge. Given our belief that the likelihood of success of any such
22 challenge was small, we did not believe that it was a prudent expenditure of public
23 funds to pursue that challenge and decided to follow the applicable regulations to

1 file amended returns and pay the tax. Even if the university desired to pursue a letter
2 ruling, based on our understanding of the regulations, we would still be obliged to
3 pay the tax liability until a favorable ruling was provided, which was not likely
4 based on the nature of the utility's activity and our understanding of the tax law as
5 explained by KPMG.

6 **Q. The Public Staff criticizes ASU d/b/a NRLP for not seeking a deferral of the**
7 **UBIT liability sooner and claims that the request is not timely; how do you**
8 **respond to this position?**

9 A. First, we thought coordinating this request at the same time as our next rate case
10 was a logical and efficient time at which to focus management attention on the
11 totality of rate issues and expenditure of resources. The Public Staff fails to
12 recognize that NRLP -- unlike the Duke Energy utilities -- is a small system with
13 limited staff and administrative resources. During 2020 and 2021, we were in the
14 process of transitioning our power supply arrangement from Duke Energy
15 Carolinas for the first time in the history of the utility. This transition also involved
16 entering into a new Interconnection Agreement and Wholesale Energy Delivery
17 Services Agreement with BREMCO and upgrading our substations from 44kv to
18 100kv. Second, we are advised that both in-house university counsel and outside
19 regulatory counsel are unaware of any deadline for seeking recovery of unexpected
20 expenses that have a material impact on the finances of the utility. The important
21 regulatory date is when amortization of deferral begins and ends -- a decision made
22 in the rate case -- and not when the deferral petition is filed. And third, these were
23 funds actually paid to the state and federal government as owed taxes. Other utilities

1 are allowed to recover through rates their taxes as a cost of service; so NRLP should
2 be too.

3 **Q. On your third point, the Public Staff's accounting testimony states that the**
4 **requested deferral amounts do not accurately reflect NRLP's actual tax**
5 **liability; do you agree?**

6 A. The Public Staff's testimony in this regard was unexpected, and upon receiving it,
7 we immediately verified the amount of tax liability for which recovery is being
8 requested. As a starting point, it may be helpful to explain the process by which
9 ASU calculates UBIT: First, after the year-end closing, our Tax Compliance office
10 runs a separate profit and loss report for each business unit of the University. Then,
11 we make tax adjustments to the P&L because some income is excludable under the
12 IRS regulations, such as interest income, from unrelated business income tax
13 calculations. We work with each unit to gather information that will be used to
14 allocate the revenue and expenses between UBI and non-UBI activities. For NRLP,
15 the allocation is based on the percentage of power usage. Income derived from the
16 University and Town of Boone's utilities consumption is treated as non-UBI, which
17 is exempt from unrelated business income tax. Next, we prepare a Schedule
18 ("Schedule M" for 2018 and 2019, "Schedule A" starting in 2020) for each business
19 unit. The Tax Cuts and Jobs Act of 2017 requires tax-exempt organizations subject
20 to the UBI tax to compute unrelated business taxable income, including any new
21 operating loss deduction, separately for each trade or business (referred to as a
22 "silo"). Finally, schedules with taxable income are consolidated on a Form 990-T

1 Tax Return. The schedules, along with other required forms and supporting
2 documentation, are filed with the tax return.

3 **Q. Using this process, ASU incurred and paid what amounts of UBIT tax liability**
4 **for NRLP for 2019, 2021, and 2022?**

5 A. The amount of UBIT paid, after crediting all year-end true-ups, was \$931,544.59,
6 as shown on Jamison Rebuttal Exhibit No. 2 attached hereto. This is an update and
7 correction to Exhibit REH-8 attached to Randy Halley's testimony, and this revised
8 number has been incorporated in Mr. Halley's calculations attached to his rebuttal
9 testimony.

10 **PUBLIC FINANCING, CAPITAL STRUCTURE, AND RATE OF RETURN**

11 **Q. The prefiled testimony of Jason W. Hoyle on behalf of Appalachian Voices**
12 **“propose[s] that the Commission order NRLP to develop a comprehensive**
13 **financing strategy that optimizes the capital structure for the utility in light of**
14 **its status as an operating unit of ASU; how do you respond to this proposal**
15 **and Mr. Hoyle's testimony in general?”**

16 A. With all due respect to what Mr. Hoyle may know about sustainability issues and
17 energy policy and while I value the concerns expressed by our ASU alumnus and
18 former faculty, his pre-filed testimony reveals a lack of knowledge and
19 understanding of public finance, economics, debt and equity markets, financial risk
20 assessment, and capital structure. This is perhaps understandable given his absence
21 of training or experience in these areas, but I think it is important to preface my
22 rebuttal on this issue with these observations.

23

1 ASU – as a public institution with total assets of over \$1.3 billion and total
2 annual revenue of over \$500 million -- has a very carefully considered financing
3 plan and capital structure. We are acutely aware of our role and duties as stewards
4 of these public funds, and work diligently every day to deploy these resources in a
5 manner that furthers our mission and that benefits all our stakeholders and the State
6 of North Carolina. The university is bound by its Debt Management policy, which
7 has been established to assist the university in managing debt on a long-term
8 portfolio basis and within the bounds of the policies established by the Board of
9 Governors of the University of North Carolina and the State. This policy focuses
10 on strategically managing the University’s debt capacity and was implemented to
11 provide a framework for the University’s Board of Trustees and management staff
12 to meet the following objectives:

- 13 1. identify and prioritize projects eligible for debt financing;
- 14 2. limit and manage risk within the debt portfolio;
- 15 3. establish debt management guidelines and quantitative parameters for evaluating
16 financial health, debt affordability, and debt capacity;
- 17 4. manage and protect the University’s credit profile to maintain a strategically
18 optimized credit rating; and
- 19 5. ensure the University remains in compliance with post-issuance obligations and
20 requirements.

21 In making our decisions, we look not only at current projects, but also
22 consider long-term capital needs, long-term yield curves and trends in financial
23 markets, and a variety of financing options, including their respective risks and

1 costs in the context of our debt capacity as required by our Debt Management
2 policy, among other considerations. We then use our collective best judgment, after
3 both consultation with our Financial Advisors and Bond Counsel and considerable
4 internal deliberation, “to develop a comprehensive financing strategy that optimizes
5 capital structure” to meet capital needs considering relative long-term risks and
6 costs. This decision making and evaluative process is reflected in the University’s
7 capital plans that are submitted to the State and carries over to the individual project
8 level as we file the necessary information with the State for approval. Debt issuance
9 for utility equipment and infrastructure has been delegated to the university’s Board
10 of Trustees by the UNC Board of Governors and the General Assembly; however,
11 debt for NRLP is still a consideration when the university plans capital projects and
12 evaluates institutional level debt capacity.

13 The University is limited in the amount of debt that can be added to its
14 balance sheet without exceeding target metrics defined in our Debt Management
15 policy, which establishes our debt capacity. Furthermore, the University must
16 consider its overall debt affordability. At the institution level down to the project
17 level, responsible financial managers must understand what debt the University can
18 afford and pay with current or future resources and remain within our debt capacity.
19 Clearly, our decisions are neither arbitrary nor haphazardly made.

20 To be more specific -- as it pertains to NRLP in this rate case -- the NRLP
21 management likewise considers themselves as stewards of these public assets in
22 providing safe, reliable, and affordable electric utility service not only to ASU as a
23 customer but also to the off-campus residents and businesses in the Boone area.

1 We use the same care in our financial decisions regarding NRLP as we do for the
2 University as a whole and must follow the same principles and targets established
3 by our Debt Management policy when debt is issued for the utility operations.
4 Finally, I should note that ASU, as a customer, has an interest in keeping NRLP's
5 rates as low as practicable for the benefit of our students and the institution while
6 recognizing the operational needs of the utility.

7 **Q. How would you describe the process for ASU's decisions regarding the**
8 **issuance of debt?**

9 A. Issuing debt for the University can generally be a lengthy process beginning with
10 the approval of a capital project. The University has some limited delegated
11 authority to pursue capital projects up to \$750,000. These are called "informal
12 projects" and the University would rarely if ever use debt financing on projects of
13 this size; thus, those projects would be paid from existing fund balances. Projects
14 above \$750,000 are subject to an approval process administered by the UNC
15 System Office and the Office of State Budget and Management (OSBM). Debt
16 financing for these projects primarily depends on the source of funds available and
17 the size of the project. Most of these smaller projects, less than \$2 to \$3 million,
18 are funded by carryforward receipts or repair and renovation appropriations
19 allocated by the General Assembly. Auxiliary (self-supporting) units (like NRLP)
20 may fund these projects through reserves and available funds. The finance and
21 budget staff work with the University's Design and Construction group on a
22 continuous basis to review and prioritize the sources of funds available for projects
23 based on the most immediate needs to support the goals and strategic direction

1 outlined by University leadership's capital plan. Other projects may be identified
2 through an immediate need or emergency situation and may require immediate
3 prioritization but are still subject to the same approval requirements.

4 Capital projects above the University's delegated authority are also
5 submitted to the Board of Trustees and the Board of Governors for approval. When
6 a project's scope and cost reach a level that is unable to be funded with existing
7 resources or that may not be eligible to receive capital appropriations, management
8 begins to evaluate various financing options legally available for the project. Once
9 the need to issue debt is identified, the University must pursue approval through
10 established processes. First the debt is approved through a borrowing resolution by
11 the University's Board of Trustees. Next the proposed debt financing is reviewed
12 and approved by the UNC Board of Governors. The board analyzes each project
13 individually on a standalone basis. If an institution is unable to demonstrate that
14 existing or future revenues associated with a project are not sufficient, the project
15 will not be approved. After Board of Governors approval, the proposed debt is
16 approved by the General Assembly and the Director of the Budget.

17 In the case of debt related to utility operations, the State and Board of
18 Governors has delegated authority to the University Boards of Trustees to issue
19 debt for equipment and infrastructure, *provided* that the utility supports the debt
20 service solely from revenues generated by the utility so that it does not encumber
21 or burden the Institution or the State. This means that the University, in consultation
22 with its financial advisors and bond counsel, takes the same steps in analyzing the
23 ability for a project undertaken by NRLP to service the debt from its available

1 funds. As an independent operation, NRLP must maintain an appropriate level of
2 cash and equity to be able to support its debt service obligations and maintain its
3 fixed operating costs in instances when revenue streams may unexpectedly decline.
4 (The unexpected increase in natural gas prices in December followed by the recent
5 unseasonably warm winter is such an example, as discussed more below.)

6 Lastly, I will note that a Debt Capacity Study must be produced each year
7 as required by statute that projects capacity over a 5-year period for the entire UNC
8 System and Appalachian State University. The study is presented to UNC Board of
9 Governors as required. It also outlines the debt ratios the University is required to
10 set targets for in its Debt Management Policy.

11 **Q. What are some of the considerations or factors that are considered regarding**
12 **whether, and at what terms, to issue public debt?**

13 A. When evaluating financing options, there are numerous factors that are taken into
14 consideration. These include the size of the project and total cost, the term of the
15 borrowing, the availability of existing or projected revenues to service the debt, the
16 current interest rate environment, and the size of other offerings in the market, in
17 addition to the overall outlook of the public higher education environment.

18 General Revenue bonds are serviced from unrestricted available funds,
19 which differs from utility system debt that must be serviced exclusively from
20 revenues generated by the utility system. As a prudent measure the university
21 targets a coverage ratio between 1.25x and 1.3x. The General Trust Indenture for
22 Utility system bonds requires a ratio of *at least* 1.25x coverage. Again, as a prudent
23 measure, management may budget a higher target to allow for fluctuations in

1 revenues and ensure that sufficient capital and cash are maintained to service the
2 debt and for contingencies.

3 **Q. Why is it important to retain and hold certain levels of capital and operating**
4 **cash reserves?**

5 A. As already mentioned, first, one reason is to ensure funds are available to service
6 the debt and minimize the risk of default. Second, from NRLP's perspective --
7 where most of the financing is from retained earnings because additional debt is not
8 easily and quickly available for the reasons I explain in this testimony -- available
9 capital is essential for contingency and emergency purposes. As a small utility with
10 only five substations, NRLP does not have a lot of lot of redundancy, and funds for
11 contingencies and emergency repairs/replacements need to be available. Third,
12 operating cash reserves must be sufficient to manage cost volatility, especially in
13 the cost of purchased power. Natural gas price spikes, coupled with the regulatory
14 lag time of cost recovery, can create serious cash flow problems for NRLP. For
15 example, this past winter NRLP did not have sufficient cash reserves to pay for its
16 purchased power and had to rely on short-term emergency borrowing and seek from
17 the Commission an interim PPA – measures we try to avoid. Finally, I'll note that
18 rates cases are becoming increasingly expensive and occupy considerable
19 management attention and resources– especially for a small utility like NRLP – so
20 regulatory lag time is also a very real issue. At a minimum, I believe NRLP should
21 maintain at least three- to six-months operating cash reserves, ranging from \$4
22 million to \$8 million, depending upon the time of year.

1 **Q. Given those factors, is Mr. Hoyle correct in his assertion that NRLP capital**
2 **needs can simply be met with more debt and less dependence on retained**
3 **earnings?**

4 A. No. In considering the request in this rate case, it is important to recognize that
5 while NRLP is a component of Appalachian State, the utility does not fully realize
6 the benefits of the University's resources and available funds, particularly as related
7 to debt. Under the delegated authority, as mentioned before, NRLP debt must be
8 serviced exclusively from utility revenues. This means that even though NRLP may
9 have access to favorable interest rates, it also needs to maintain the appropriate
10 levels of cash reserves to meet operating, capital, and debt service obligations and
11 to maintain the required ratio as outlined in the General Trust Indenture and as I
12 have previously explained.

13 **Q. Should these same factors be considered in the context of determining the rate**
14 **of return NRLP should be given an opportunity to earn?**

15 A. Yes. Because rates have been kept low and not increased on a frequent basis,
16 NRLP reserves have been depleted to the point where there is increased risk that it
17 would not be able to recover from a disruption in operations or be able to adjust to
18 changes in the economic environment and cannot rely on the University to cover
19 shortfalls. NRLP, through the ratemaking process, needs to be able to re-establish
20 and strengthen those reserves rather than maintaining the status quo. I am not a
21 utility economist, but I have read and agree with Mr. Halley's rebuttal testimony;
22 it appears that the Public Staff's recommended ROE is below what the financial
23 markets expect and what other utilities are allowed to earn. In my opinion,

1 requiring a return on equity below what other distribution-only utilities can earn is
2 not a fiscally responsible stance to take for reasons previously explained.
3 Moreover, assuming NRLP would encounter no issues if it were limited to an ROE
4 less than other regulated utilities ignores basic economic realities of how capital is
5 deployed on a risk/return-adjusted basis.

6 **Q. Doesn't NRLP provide some of its net earnings to the University Endowment**
7 **Fund?**

8 **A.** Yes; however, that does not mean it is appropriate to stop most or all of its payments
9 to the Endowment and instead use net earnings solely to finance capital projects or
10 operating cash needs. First, the payment of earnings into the endowment fund is
11 required by N.C.G.S. § 116-35, which provides, "Any net profits derived from the
12 operation, or any proceeds derived from the lease or sale, of such power plants and
13 distribution systems are appropriated and shall be paid into the permanent
14 endowment fund held for the institution as provided for in G.S. 116-36." The North
15 Carolina General Assembly clearly intended for university utility operations to be
16 a source of funding for university endowments. It is analogous to paying dividends
17 to stockholders – there is no guarantee or contractual right of the endowment to
18 receive a certain level of payments from the utility's earnings, but any amount
19 above the utility's long-term internal capital and operating needs must go to the
20 endowment. In this respect, NRLP should not be treated differently from an
21 investor-financed utility.

1 **Q. Shouldn't NRLP just stop making payments to the Endowment and accept a**
2 **lower overall rate of return?**

3 **A.** As a general proposition, capital for infrastructure is deployed based upon a risk-
4 adjusted return on that investment, regardless of the source of that capital, or, said
5 another way, rate of return should be commensurate with that of other investment
6 opportunities with similar risks. The Endowment contributions should not affect
7 this analysis Operating a utility utilizes the University's resources (for which there
8 are opportunity costs in the deployment of those resources), imposes service
9 obligations and risks of necessarily recovering from service interruptions, and
10 creates financial risks from the regulatory lag on recovery of its utility costs and/or
11 a potential shortfall in cash flow. The University, like any utility owner, should
12 receive a reasonable return for those risks. It is worth understanding the possible
13 consequences of cutting the overall rate of return to the 6.07% recommended by
14 Mr. Hinton in this case. Public Staff Accounting Exhibit 1, Schedule 1, shows that
15 the reduction in return on capital recommended by witness Hinton would reduce
16 NRLP's revenue by almost \$400,000 per year, which would be a significant impact
17 on the endowment and NRLP's ongoing capital and cash flow needs.

18 **Q. DOES THIS CONCLUDE YOUR PREFILED REBUTTAL TESTIMONY?**

19 **A.** Yes.
20

291 Chestnut Drive
Boone, NC 28607
Phone: (828) 262-6403
Email: jamisondt@appstate.edu

Professional Experience

Appalachian State University

Boone, NC

Interim Associate Vice Chancellor for Finance and Administrative and University Controller, Jan 2023 to Present

- In addition to the responsibilities as Controller this interim appointment is responsible for providing leadership and support to the University's Materials Management/ Purchasing Department, the Budget Office, and Business Systems.

University Controller, May 2012 to Present

- Responsible for the oversight of financial operations and accounting to include accounts receivable, accounts payable, e-commerce, cash management, payroll, tax compliance, accounting services, post award contract and grant compliance, and financial reporting.
- Provide leadership for a team of accounting professionals to produce accurate accounting records and timely financial statements.
- Serve as the University's Internal Control Officer.

Director of Accounting, April 2009 to May 2012

- Supervised and directed the Accounting, Data Control, and Accounts payable groups.
- Managed cash for all disbursements and transfers and approved cash disbursements.
- Reconciled state appropriated funds with the North Carolina Accounting System.
- Assisted with year-end cash close out and accrual period accounting for financial reporting.

Business System Analyst, July 2007 to April 2009

- Reconciled State, Trust, Payroll disbursing accounts and external bank accounts.
- Managed capital asset accounting and reporting functions.
- Prepared financial statement notes for capital assets, and prepared journal entries for posting.
- Performed risk and internal control assessments for the State Controller's Office EAGLE program.

University Bookstore, Assistant Director Accounting and Operations, April 2006 to July 2007

- Supervised accounts receivable, accounts payable, and warehouse operations
- Prepared, analyzed, and monitored financial and budget reports.
- System administrator for inventory control and point of sale systems.

Holmes Convocation Center Business Manager, February 2005 to April 2006

- Managed accounting, payroll, and budgeting processes for state appropriated funds and trust funds,
- Supervised box office and concessions operations

RBC Centura Bank

Boone, NC

Account Manager Personal & Business Banking, January 2005 to February 2005

- Maintained existing and developed new personal and business banking relationships.
- Provided construction lending, consumer lending, small business lending, and financial advising.

Manager of Personal & Business Banking, July 2003 to January 2005

- Supervised, coached, motivated, and developed bank staff to achieve sales goals.
- Oversaw operations and legal compliance for the branch.
- Maintained existing and developed new banking relationships.
- Provided small business lending, consumer lending, and financial advising.
- Transitioned to Account Manager when Boone branches were consolidated under a market executive.

Professional Experience Continued

Mast General Store

Valle Crucis, NC

Merchandise Buyer, February 2002 to July 2003

- Provided inventory management and assortment planning outdoor recreation products.
- Monitored inventory budgets and stock levels with an open to buy system.
- Maintained and developed business relationships with vendors.
- Provided product training and support for sales associates.
- Assisted in special event planning and marketing promotions.

Area Manager, Boone, NC Store, Aug 1999 to February 2002

- Managed the daily operations of the outdoors and shoes department, and
- Assisted the general manager with daily store operations.

Retail Sales Associate, Boone, NC Store, May 1999 to Aug 1999

- Provided customer service and sales for the outdoors and shoes department.
- Closed out registers and prepared daily deposits.

Education and Degrees Earned

Appalachian State University

Boone, NC

- *Master of Business Administration, 2002*
 - Beta Gamma Sigma College of Business Honor Society
- *Bachelor of Science, Criminal Justice, 1997*
 - Pi Gamma Mu Social Science Honor Society
 - Chancellor's List: 1996, 1997 and Dean's List: 1993, 1995, 1996, 1997

Certifications

- Certified Management Accountant, CMA
 - Institute of Management Accountants
 - Certification Date: 4-14-2015. Certification Number: 45469
- Outdoor Emergency Care Technician
 - National Ski Patrol
 - Certification Date: 1-1-1989. NSP Number: 152130

Community Involvement

- Member of the National Ski Patrol, Senior Level Patroller, Ski and Toboggan Evaluator
- Outdoor Emergency Care and Outdoor Emergency Transportation instructor.
- Member of Boone Area Cyclists

Jamison, David T.

**Jamison Rebuttal Exhibit No. 1
NCUC Docket E-34, Subs 54 and 55**

- Member of Northwest Alliance, local IMBA chapter
- Completed Boone Area Chamber of Commerce's "Watauga Leadership" program

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GL By Account

**JAMISON REBUTTAL EXHIBIT NO. 2
E-34 SUBS 54 AND 55**

Glnumber:1260000

Miscellaneous Deferred Debits - Income Tax Payments

Key	Gltransno	Source	Amount	Date Paid	Year (NRLP) Deferred	Description	Total Deferred Tax By Year
9841	944329	MJE	(214,480.09)	03/19/20	2019	FY19 Tot UBI Fed Est Tax Pmt NRLP (Accrued into NRLP calendar year 2019)	
9842	944337	MJE	(30,640.00)	03/19/20	2019	FY19 Tot UBI NC Est Tax Pmt NRLP (Accrued into NRLP calendar year 2019)	
9843	944345	MJE	(53,620.02)	03/19/20	2019	FY20 1st Fed Est Tax Pmt NRLP (Accrued into NRLP calendar year 2019)	
9844	944361	MJE	(8,511.11)	03/19/20	2019	FY20 2nd NC Est Tax Pmt NRLP (Accrued into NRLP calendar year 2019)	
9845	944353	MJE	(53,620.02)	03/19/20	2019	FY20 2nd Fed Est Tax Pmt NRLP (Accrued into NRLP calendar year 2019)	(360,871.24)
9846	944369	MJE	(8,511.11)	03/19/20	2020	FY20 3rd NC Est Tax Pmt NRLP	
9847	944372	MJE	(53,620.02)	03/19/20	2020	FY20 3rd Fed Est Tax Pmt NRLP	
10028	961725	MJE	(39,116.59)	06/30/20	2020	FY19 NRLP UBI Fed Tax Bal Due	
10029	961728	MJE	(4,011.00)	06/30/20	2020	FY19 NRLP UBI State Tax Bal Due	
10084	965519	MJE	(53,620.02)	06/30/20	2020	FY20 4th Qtr State Est Tax Pmt NRLP	
10085	965522	MJE	(8,511.32)	06/30/20	2020	FY20 4th Qtr State Est Tax Pmt NRLP	
10551	1000082	MJE	(10,802.35)	03/29/21	2020	FY21 1st Qtr FED Est Tax Pmt NRLP (Accrued into NRLP calendar year 2020)	
10552	1000079	MJE	(63,425.42)	03/29/21	2020	FY21 2nd Qtr FED Est Tax Pmt NRLP (Accrued into NRLP calendar year 2020)	
10553	1000076	MJE	(1,285.99)	03/29/21	2020	FY21 1st Qtr NC Est Tax Pmt NRLP (Accrued into NRLP calendar year 2020)	
10554	1000067	MJE	(7,550.65)	03/29/21	2020	FY21 2nd Qtr NC Est Tax Pmt NRLP (Accrued into NRLP calendar year 2020)	
10561	1000187	MJE	214,480.08	03/30/21	2020	FY20 NRLP Fed UBI Tax Refund (Accrued into NRLP calendar year 2020)	
10562	1000190	MJE	25,533.54	03/30/21	2020	FY20 NRLP NC UBI Tax Refund (Accrued into NRLP calendar year 2020)	(10,440.85)
10555	1000070	MJE	(63,425.42)	03/29/21	2021	FY21 3rd Qtr FED Est Tax Pmt NRLP	
10556	1000073	MJE	(7,550.65)	03/29/21	2021	FY21 3rd Qtr NC Est Tax Pmt NRLP	
10777	1033376	MJE	(1,661.46)	06/30/21	2021	FY21 2nd Qtr NC Est Tax Pmt NRLP	
10778	1033379	MJE	(1,661.46)	06/30/21	2021	FY21 3rd Qtr NC Est Tax Pmt NRLP	
10779	1033382	MJE	(9,212.11)	06/30/21	2021	FY21 4th Qtr NC Est Tax Pmt NRLP	
10780	1033385	MJE	(13,958.71)	06/30/21	2021	FY21 2nd Qtr FED Est Tax Pmt NRLP	
10781	1033388	MJE	(13,958.71)	06/30/21	2021	FY21 3rd Qtr FED Est Tax Pmt NRLP	
10782	1033391	MJE	(77,384.13)	06/30/21	2021	FY21 4th Qtr FED Est Tax Pmt NRLP	
10912	1036667	MJE	(2,791.08)	09/09/21	2021	FY19 Fed Penalties & Int NRLP	
10953	1038239	MJE	(16,577.00)	10/05/21	2021	FY22 1st Qtr NC Est Tax Pmt NRLP	
10977	1042957	MJE	(139,242.85)	10/15/21	2021	FY22 1st Qtr Est Tax Pmt NRLP	
11047	1049571	MJE	(3,752.00)	11/10/21	2021	FY21 Additional NC Tax Pmt	
11048	1049574	MJE	(50,028.23)	11/12/21	2021	FY21 Additional FED Tax Pmt (Extension)	
11049	1049577	MJE	(10,990.00)	11/12/21	2021	FY21 Additional NC Tax Pmt (Extension)	
11050	1049580	MJE	(31,350.87)	11/15/21	2021	FY21 Additional FED Tax Pmt (Extension)	
11111	1055422	MJE	(7,602.00)	12/14/21	2021	FY22 2nd Qtr NC Est Tax Pmt	
11112	1055425	MJE	(63,853.50)	12/14/21	2021	FY22 2nd Qtr FED Est Tax Pmt	(515,000.18)
11312	1063601	MJE	(7,602.00)	03/11/22	2022	FY22 3rd Qtr NC Est Tax Pmt	
11311	1063598	MJE	(63,853.50)	03/14/22	2022	FY22 3rd Qtr FED Est Tax Pmt	
11388	1069716	MJE	(2,064.37)	04/05/22	2022	Adj FY19 NC Taxes Paid	
11491	1090268	MJE	(7,601.91)	06/09/22	2022	FY22 4th Qtr NC Est Tax Pmt	
11493	1090274	MJE	(63,853.50)	06/14/22	2022	FY22 4th Qtr FED Est Tax Pmt	
11513	1093528	MJE	90,605.98	06/27/22	2022	FY19 Federal Tax True-Up	
11514	1093530	MJE	(84.94)	06/27/22	2022	FY21 Federal Tax True-Up	
11525	1093987	MJE	383.02	06/29/22	2022	FY19 NC Tax True-Up	
11524	1093990	MJE	3,299.32	06/29/22	2022	FY21 NC Tax True-Up	
11733	1111620	MJE	(9,650.17)	10/04/22	2022	FY23 1st Qtr NC Est Tax Pmt NRLP	
11743	1112136	MJE	(81,060.52)	10/17/22	2022	FY23 1st Qtr Est Tax Pmt NRLP	
11847	1121272	MJE	(8,780.03)	12/08/22	2022	FY23 2nd Qtr NC Est Tax Pmt	
11873	1121451	MJE	(73,750.97)	12/14/22	2022	FY23 2nd Qtr FED Est Tax Pmt	(224,013.59)
12077	1130187	MJE	(73,598.17)	03/09/23	2023	FY23 2nd Qtr FED Est Tax Pmt	
12076	1130184	MJE	(9,659.41)	03/14/23	2023	FY23 3rd Qtr NC Est Tax Pmt	
12196	1138774	MJE	39,382.91	05/16/23	2023	FY22 NRLP NC UBI Tax Refund (Accrued into NRLP calendar year 2023)	
12197	1138771	MJE	330,803.35	05/16/23	2023	FY22 NRLP Fed UBI Tax Refund (Accrued into NRLP calendar year 2023)	
12249	1148815	MJE	(95,832.42)	06/14/23	2023	FY23 4th Qtr FED Est Tax Pmt	
12250	1148818	MJE	(12,314.99)	06/14/23	2023	FY23 4th Qtr FED Est Tax Pmt	178,781.27
Total Deferred Tax Payments			(931,544.59)				(931,544.59)

Date paid represents when NRLP reimbursed Appalachian State State - 1861005 Federal - 1861010	Total Deferred Income Tax 2019	(360,871.24)
	Total Deferred Income Tax 2020	(10,440.85)
	Total Deferred Income Tax 2021	(515,000.18)
	Total Deferred Income Tax 2022 Thru 31-Oct-2022	(224,013.59)
	Total Deferred Income Tax 2023 Thru 16-Jun-2023	178,781.27
	Grand Total	(931,544.59)