



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

June 9, 2023

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

**Re: Docket No. E-34, Subs 54 and 55 – Application of Appalachian State University, d/b/a New River Light and Power Company for Adjustment of General Base Rates and Charges Applicable to Electric Service, and for an Accounting Order to Defer Certain Capital Costs and New Tax Expenses**

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket is the Joint Testimony of Sonja R. Johnson and Iris Morgan.

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

Sincerely,

Electronically submitted  
/s/ William E. H. Creech  
Staff Attorney  
[zeke.creech@psncuc.nc.gov](mailto:zeke.creech@psncuc.nc.gov)

Attachments

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Water/Telephone  
(919) 733-5610



**CERTIFICATE OF SERVICE**

I certify that a copy of the following Joint Testimony has been served on all parties of record or their attorneys, or both, in accordance with Commission Rule R1-39, by United States Mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 6th day June, 2023.

Electronically submitted  
/s/ William E. H. Creech  
Staff Attorney



BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-34, SUB 54	)	
	)	
In the Matter of	)	
Application of Appalachian State	)	
University, d/b/a New River Light and	)	
Power Company for Adjustment of	)	
General Base Rates and Charges	)	<b>JOINT TESTIMONY OF</b>
Applicable to Electric Service	)	<b>SONJA R. JOHNSON</b>
	)	<b>AND IRIS MORGAN</b>
	)	<b>PUBLIC STAFF –</b>
DOCKET NO. E-34, SUB 55	)	<b>NORTH CAROLINA</b>
	)	<b>UTILITIES COMMISSION</b>
In the Matter of	)	
Petition of Appalachian State University,	)	
d/b/a New River Light and Power	)	
Company for an Accounting Order to	)	
Defer Certain Capital Costs and New	)	
Tax Expenses	)	

June 6, 2023

1   **Q.    Ms. Johnson, please state your name, business address, and**  
2       **present position.**

3    A.    My name is Sonja R. Johnson. My business address is 430 North  
4        Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am the  
5        Financial Manager for Natural Gas and Transportation with the  
6        Accounting Division of the Public Staff – North Carolina Utilities  
7        Commission (Public Staff).

8   **Q.    Briefly state your qualifications and duties.**

9    A.    My qualifications and duties are included in Appendix A.

10   **Q.    Ms. Morgan, please state your name, business address, and**  
11       **present position.**

12   A.    My name is Iris Morgan. My business address is 430 North Salisbury  
13        Street, Dobbs Building, Raleigh, North Carolina. I am a Public Utility  
14        Regulatory Analyst with the Accounting Division of the Public Staff.

15   **Q.    Briefly state your qualifications and duties.**

16   A.    My qualifications and duties are included in Appendix B.

17   **Q.    What is the purpose of your testimony?**

18   A.    The purpose of our testimony is to present the accounting and  
19        ratemaking adjustments we are recommending, as well as those  
20        recommended by other Public Staff witnesses, as a result of the

1 Public Staff's investigation of the revenue, expenses, and rate base  
2 presented by Appalachian State University (ASU) d/b/a New River  
3 Light & Power Company (Company or NRLP) in support of its  
4 December 22, 2022 request for \$4,624,749 in additional North  
5 Carolina retail revenue for the test year ended December 31, 2021  
6 (test year), and updated by NRLP's filing on May 2, 2023, to  
7 \$4,671,936. Additionally, we make recommendations regarding  
8 NRLP's petition for an Accounting Order for regulatory purposes,  
9 authorizing NRLP to establish regulatory assets and defer certain  
10 capital-related costs and tax expenses.

11 **Q. What revenue increase is the Public Staff recommending?**

12 A. Based on the level of rate base, revenue, and expenses annualized  
13 on December 31, 2021, with certain updates, the Public Staff is  
14 recommending an increase in annual operating revenue of  
15 \$4,116,670.

16 **Q. Please describe the scope of your investigation into the**  
17 **Company's filing.**

18 A. Our investigation included a review of the application, testimony,  
19 exhibits, and other data filed by NRLP; an examination of the books  
20 and records for the test year; a review of NRLP's accounting, end-  
21 of-period and after-period adjustments to test year revenue,

1 expenses, and rate base. The Public Staff also conducted extensive  
2 discovery in this matter, including the review of numerous responses  
3 provided by NRLP to the Public Staff's data requests.

4 **Q. Please briefly describe the Public Staff's presentation of the**  
5 **issues in this case.**

6 A. Each Public Staff witness will present testimony and exhibits  
7 supporting his or her position(s) and will recommend any appropriate  
8 adjustments to NRLP's proposed capital structure, return on equity,  
9 debt, rate base, and cost of service. Our exhibit reflects and  
10 summarizes these adjustments, as well as the adjustments we  
11 recommend.

12 **Q. Please describe the organization of your exhibit.**

13 A. Schedule 1 of Accounting Exhibit 1 presents a reconciliation of the  
14 difference between NRLP's requested increase of \$4,671,936 as  
15 updated on May 2, 2023, and the Public Staff's recommended  
16 increase of \$4,116,670.

17 Schedule 2 presents the Public Staff's adjusted original cost rate  
18 base. The adjustments made to NRLP's proposed level of rate base  
19 are summarized on Schedule 2-1, which are supported by backup  
20 schedules to Schedule 2-1.



1 Schedule 3 presents a statement of net operating income for return  
2 under present rates as adjusted by the Public Staff. Schedule 3-1  
3 summarizes the Public Staff's adjustments, which are supported by  
4 backup schedules to Schedule 3-1.

5 Schedule 4 presents the calculation of required net operating  
6 income, based on the rate base and cost of capital recommended by  
7 the Public Staff.

8 Schedule 5 presents the calculation of the required increase in  
9 operating revenue necessary to achieve the required net operating  
10 income. This revenue increase is equal to the Public Staff's  
11 recommended increase shown at the bottom of Schedule 1.

12 **Q. What adjustments to the Company's cost of service do you**  
13 **recommend?**

14 A. We recommend adjustments in the following areas:

- 15 1. Accumulated depreciation and depreciation expense
- 16 2. Materials and supplies
- 17 3. Prepaid expenses
- 18 4. Allowance for funds used during construction (AFUDC)
- 19 5. Working capital
- 20 6. Non-utility expenses
- 21 7. Inflation

- 1                   8. Regulatory fee and uncollectible expenses  
2                   9. Campus substation deferral  
3                   10. Unrelated Business Income Tax (UBIT) deferral

4   **Q.   What adjustments recommended by other Public Staff**  
5       **witnesses does your exhibit incorporate?**

6   A.   Our exhibit reflects the following adjustments recommended by other  
7       Public Staff witnesses:

- 8           1)   The recommendations of Public Staff witness Hinton  
9               regarding the rate of return, capital structure, long-term debt,  
10              and customer growth and usage.  
11          2)   The recommendation of Public Staff witness Floyd regarding  
12               revenue apportionment and changes to NRLP's service  
13               regulations and rate schedules.

14   **Q.   Please describe your recommended adjustments.**

15   A.   Our adjustments are described below.

16                   **Accumulated Depreciation and Depreciation Expense**

17   **Q.   Did the Public Staff annualize depreciation expense and**  
18       **accumulated depreciation?**

19   A.   The Public Staff has annualized overall depreciation expense at an  
20       end-of-period level. The Public Staff made corresponding

1 adjustments to accumulated depreciation to annualize it and updated  
2 the per books accumulated depreciation. These updates and  
3 adjustments lead to a reduction (additional credit) in accumulated  
4 depreciation.

5 **Materials and Supplies**

6 **Q. Please explain the Public Staff's adjustment to materials and**  
7 **supplies.**

8 A. The Public Staff made an adjustment to reduce materials and  
9 supplies in rate base. The Public Staff utilized a thirteen-month  
10 average to calculate the prepaid expenses. This methodology is  
11 allowed by the Commission to reduce the variability of actual  
12 expenses throughout the course of a year. NRLP used actual  
13 expenses which resulted in an adjustment to rate base.

14 **Prepaid Expenses**

15 **Q. Did the Public Staff make an adjustment to prepaid expenses?**

16 A. Yes, the Public Staff utilized a thirteen-month average to calculate  
17 the prepaid expenses. This methodology is allowed by the  
18 Commission to reduce the variability of actual expenses throughout  
19 the course of a year. NRLP used actual expenses which resulted in  
20 an adjustment to rate base.

1                    **Allowance for Funds Used During Construction**

2    **Q.    Please explain the Public Staff's adjustments to AFUDC for**  
3           **Substation, Laydown Yard, Supervisory Control and Data**  
4           **Acquisition (SCADA), Underground Conversion, and**  
5           **Warehouse expenditures.**

6    **A.    The Public Staff adjusted the AFUDC calculation for Substation,**  
7           **Laydown Yard, SCADA, Underground Conversion, and Warehouse**  
8           **expenditures by using the Public Staff's recommended rate of return**  
9           **instead of the currently approved rate of return as NRLP has done.**

10                   **Working Capital**

11   **Q.    Please explain the Public Staff's adjustment to working capital.**

12   **A.    The Public Staff calculated the working capital amount using lead-**  
13           **lag principles that take into account the difference between the**  
14           **estimated revenue and expense collection and payment lags,**  
15           **respectively. In our calculation, we have included: (1) 1/8 of total**  
16           **Operating and Maintenance (O&M) expense, less Purchased Power**  
17           **expense; and (2) the calculated working capital related to purchased**  
18           **power by multiplying the purchased power expense by estimated**  
19           **revenue lag days less estimated purchased-power-expense lag**  
20           **days. Subtracting the two calculations from NRLP's working capital**  
21           **resulted in an adjustment to rate base.**

1 **Non-Utility Expenses**

2 **Q. Please explain the Public Staff's adjustment to non-utility**  
3 **expenses.**

4 A. The Public Staff included an adjustment to remove jobbing and  
5 contracting revenues and expenses, miscellaneous non-operating  
6 income, and other interest income, since these items are not part of  
7 providing electric utility service to customers.

8 **Inflation**

9 **Q. Please explain the Public Staff's adjustment to inflation.**

10 A. The Public Staff has inflated O&M expenses, not elsewhere set at an  
11 end-of-period cost rate, by one-half of a year, based on the CPI-U  
12 index.

13 **Regulatory Fee and Uncollectibles**

14 **Q. Please explain your adjustment to regulatory fee and**  
15 **uncollectibles.**

16 A. NRLP calculated the uncollectible and regulatory fee expenses as  
17 products of the total NRLP proposed revenue requirements and the  
18 percentage rate of the public utility regulatory fee. The Public Staff  
19 applied the same percentages to NRLP's total pro forma revenue  
20 under current rates and provided for uncollectible expenses and the  
21 regulatory fee on each of our pro forma adjustments to sales

1 revenue. We also provided for uncollectible expenses and the  
2 regulatory fee on the recommended increase using the  
3 Commission's traditional "gross-up" method. The different  
4 methodologies used by NRLP and the Public Staff resulted in an  
5 adjustment to the regulatory fee and uncollectible expenses.

6 **Campus Substation and UBIT deferrals**

7 **Q. Please explain the scope of the deferrals requested by the**  
8 **Company.**

9 A. NRLP petitioned the Commission to issue an accounting order for  
10 regulatory accounting purposes, authorizing NRLP to establish a  
11 regulatory asset for the following:

- 12 1. The financing costs and incremental post-in-service  
13 depreciation expenses associated with a new campus  
14 substation that went into service in June 2022, as well as the  
15 undepreciated balance of the old campus substation that was  
16 retired from service.
- 17 2. Unrelated Business Income Tax (UBIT) expense resulting  
18 from revenue generated by electricity sold to the general  
19 public after June 2019.

1     **Q.     What are the total deferral amounts requested by the Company**  
2           **for each deferral request?**

3     A.     NRLP requested a regulatory asset in the amount of \$443,904 for  
4           the campus substation, of which \$323,378 is related to the new  
5           substation and \$120,526 is related to the old substation. Additionally,  
6           NRLP requested \$1,027,795 for UBIT deferral.

7     **Q.     Please explain the Public Staff's adjustment to the Company's**  
8           **campus substation deferral.**

9     A.     NRLP has two requests regarding the campus substation. First,  
10          NRLP requested amortization of the net book value as of October  
11          27, 2021, of the old campus substation over a period of three years.  
12          NRLP also requested the depreciation and return for the new  
13          substation for the period from July 1, 2022, to July 31, 2023.

14          We have adjusted NRLP's request regarding the old campus  
15          substation to reflect the net book value as of July 31, 2023, since the  
16          depreciation expense for the plant was included in NRLP's rates, and  
17          therefore NRLP has recovered those costs until such time as new  
18          rates are approved on or about August 1, 2023. We have amortized  
19          the net book value of the old substation over a period of three years.

20          For the new substation, the Public Staff has calculated depreciation  
21          expense and return for a period of seven months and recommends

1           amortizing the amount over the remaining useful life of the plant. We  
2           recommend a seven-month period to reflect the amount of  
3           depreciation and return NRLP would have been eligible to earn had  
4           NRLP filed its rate case in May 2023, as the 30-day notice filed in  
5           April 2023 indicated, with rates assumed to be effective February 1,  
6           2023. The Public Staff believes ratepayers should not be held  
7           responsible for management's decisions regarding the significantly  
8           delayed filing of the rate case.

9       **Q.     Please explain the Public Staff's adjustment to UBIT deferral**  
10       **requested by the Company.**

11      A.     Although NRLP characterizes the tax liability for UBIT from past  
12           years as "unexpected," the Public Staff does not believe the liability  
13           was unexpected. ASU relied on initial advice that was not in line with  
14           the expectations of the IRS, which made the taxes a known issue to  
15           NRLP.

16           In addition to the request not meeting the first prong of the two-prong  
17           test for deferrals, NRLP knew the amount of the tax in 2019, but did  
18           not make a request for deferral until 2022. A deferral mechanism  
19           request by NRLP now, for a UBIT tax expense burden which was  
20           known in 2019, is not timely and should not be the burden of the  
21           ratepayer.



1 Finally, in its deferral request, NRLP included quarterly estimated  
2 taxes it had calculated and paid. When the utility files its annual tax  
3 returns, they would true up the additional tax liability or receive a  
4 refund from the IRS for the overage. Our detailed review of the data  
5 request and teleconference call responses provided by NRLP  
6 indicates that ASU (including NRLP and other ASU entities, such as  
7 the bookstore) experienced net losses in the fiscal years of 2021 and  
8 2022, resulting in a zero UBIT tax liability for 2021 and 2022, which  
9 is not reflected in the deferral schedule included in NRLP's  
10 application. Therefore, the estimated costs included in NRLP's  
11 request do not present an accurate amount of NRLP's actual tax  
12 liability. Since the requested deferral amounts have not been  
13 updated for the actual tax liability that NRLP has experienced, the  
14 deferral amount requested by NRLP is not accurate.

15 Based upon all of the above, the Public Staff recommends the  
16 deferral request for UBIT not be approved, and we removed the  
17 associated impacts to rate base and operating expenses.

18 **Q. Does this conclude your testimony?**

19 **A.** Yes, it does.



## QUALIFICATIONS AND EXPERIENCE

SONJA R. JOHNSON

I am a graduate of North Carolina State University with a Bachelor of Science and Master of Science degree in Accounting. I was initially an employee of the Public Staff from December 2002 until May 2004 and rejoined the Public Staff in January 2006. I became the Accounting Division's Manager for Natural Gas and Transportation in May 2022.

As an Accounting Manager, I am responsible for the performance and supervision of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

Since initially joining the Public Staff in December 2002, I have filed testimony or affidavits in several water and sewer general rate cases. I have also filed testimony in applications for certificates of public convenience and

necessity to construct water and sewer systems and noncontiguous extension of existing systems. My experience also includes filing affidavits in several fuel clause rate cases and Renewable Energy and Energy Efficiency Portfolio Standard (REPS) cost recovery cases for the utilities currently organized as Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, and Virginia Electric and Power Company d/b/a Dominion North Carolina Power.

While away from the Public Staff, I was employed by Clifton Gunderson, LLP. My duties included the performance of cost report audits of nursing homes, hospitals, federally qualified health centers, intermediate care facilities for the mentally handicapped, residential treatment centers and health centers.



## APPENDIX B

**QUALIFICATIONS AND EXPERIENCE**

IRIS MORGAN

I graduated from North Carolina Wesleyan College with a Bachelor of Science Degree in Accounting and Business Administration in 2007. In addition, I graduated from the Keller Graduate School of Management with a Master of Accounting and Financial Management (2011), a Master of Business Administration (2013), and a Master of Public Administration (2014).

Prior to joining the Public Staff, I was employed by WorldCom, Inc., as a CORE Analyst. My duties included providing customer service support and addressing customer billing and reporting requirements. I joined the Public Staff in September 2002 as an Administrative Assistant.

In 2006, I was promoted to the position of Consumer Services Complaint Analyst, where I resolved numerous consumer complaints and performed utility reporting analysis. After completion of my accounting degree, I was promoted to the position of Public Staff Accountant in December 2008.

I have performed audits and filed testimony and exhibits in several water rate cases and assisted in investigations addressing a wide range of topics and issues related to the water, electric, and gas industries.



**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**RECONCILIATION OF COMPANY &**  
**PUBLIC STAFF PROPOSED GROSS REVENUE INCREASE**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 1**

Line No.	Item	Revenue Effect	
1.	<b>Company's proposed increase</b>	<b>\$ 4,671,936</b>	<b>[1]</b>
2.	<b>Public Staff adjustments: [2]</b>		
3.	Gross up Company proposed increase to revenue requirement level	1,418,918	
4.	Impact of reducing rate of return from 7.007% to 6.07%	(399,230)	
5.	Adjustment to Campus Substation deferral	(156,253)	
6.	Remove UBIT deferral	(497,518)	
7.	Removal of non-utility items	5,508	
8.	Include materials and supplies inventory	(4,780)	
9.	Adjust prepaid expenses	(592)	
10.	Adjustment to reduce AFUDC	(1,585)	
11.	Adjustment to working capital	(22,760)	
12.	Customer growth and usage	(881,901)	
13.	Test year inflation	(224,685)	
14.	Adjustment to regulatory fee	(12,549)	
15.	Adjustment to depreciation expense	173,548	
16.	Rounding	48,613	
17.	<b>Total Public Staff adjustments (Sum of Lines 3-16)</b>	<b>(555,266)</b>	
18.	<b>Public Staff recommended increase (L1 + L17)</b>	<b>\$ 4,116,670</b>	<b>[3]</b>

[1] Per Company Exhibit REH-13.

[2] Calculated based on Public Staff Accounting Exhibit I, Schedules 2, 3, 4, 5 and back up schedules.

[3] Public Staff Accounting Exhibit 1, Schedule 5, Line 5.

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**NEW RIVER LIGHT AND POWER COMPANY**

Docket Nos. E-34, Sub 54 and Sub 55  
INDEX TO PUBLIC STAFF ACCOUNTING EXHIBIT I  
For the Test Year Ended December 31, 2021

<u>LINE NO.</u>	<u>TITLE</u>	<u>Schedule Number</u>
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7.	ADJUSTMENT TO OLD CAMPUS SUBSTATION DEFERRAL COSTS	2-1(a)(2)
8.	ADJUSTMENT TO UBIT DEFERRAL COSTS	2-1(b)
9.	CALCULATION OF MATERIALS AND SUPPLIES	2-1(c)
10.	CALCULATION OF PREPAYMENTS	2-1(d)
11.	ADJUSTMENT TO REDUCE AFUDC TO REFLECT ACTUAL IN-SERVICE DATES AND RECOMMENDED ROR	2-1(e)
12.	ADJUSTMENT TO AFUDC RATE	2-1(e)(1)
13.	ADJUSTMENT TO ACCUMULATED DEPRECIATION	2-1(f)
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15.	NET OPERATING INCOME FOR RETURN - PRESENT RATES	3
16.	SUMMARY OF PUBLIC STAFF NET OPERATING INCOME ADJUSTMENTS	3-1
17.	ADJUSTMENT TO REMOVE NON-UTILITY ITEMS	3-1(a)
18.	ADJUSTMENT TO CUSTOMER GROWTH, USAGE, AND WEATHER	3-1(b)
19.	ADJUSTMENT TO CUSTOMER GROWTH, USAGE, AND WEATHER	3-1(b)(1)
20.	ADJUSTMENT TO INFLATION	3-1(c)
21.	ADJUSTMENT TO UNCOLLECTIBLES EXPENSE AND REGULATORY FEE	3-1(d)
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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**CALCULATION OF GROSS REVENUE EFFECT FACTORS**

**Public Staff Accounting Exhibit I**  
**Schedule 1-1**

Line No.	Item	Capital Structure [1] (a)	Cost Rates [2] (b)	Retention Factor (c)	Gross Revenue Effect [5] (d)
1.	<b>Rate Base Factor</b>				
2.	Long-term debt	50.00%	3.23%	0.9958339 [3]	0.0162200
3.	Common equity	50.00%	8.90%	0.7670411 [4]	0.0580200
4.	Total (Sum of Lines 1-3)	<u>100.00%</u>			<u>0.0742400</u>
5.	<b>Net Income Factor</b>				
6.	Total revenue		1.0000000		
7.	Gross receipts tax		- [6]		
8.	Uncollectible rate		<u>0.277%</u> [7]		
9.	Balance		0.9972300		
10.	Regulatory fee (L6 x 0.0014)		<u>0.0013961</u> [6]		
11.	Balance (L9 - L10)		0.9958339		
12.	N.C. state income tax (2.5%)		0.0248958 [6]		
13.	Balance (L10-L12)		0.9709381		
14.	Federal income tax (21%)		<u>0.2038970</u> [6]		
15.	Retention factor (L13-L14)		<u>0.7670411</u>		

[1] Per Public Staff witness Hinton.

[2] Per Public Staff witness Hinton.

[3] Line 13.

[4] Line 15.

[5] Column (a) x Column (b), divided by Column (c).

[6] Statutory rate.

[7] Per Company.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ORIGINAL COST RATE BASE**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2**

Line No.	Item	Per Application [1] (a)	Public Staff Adjustments [2] (b)	After Public Staff Adjustments [3] (c)
1.	Electric plant in service	\$ 39,112,701	\$ (21,353)	\$ 39,091,348
2.	Accumulated depreciation	(16,780,786)	(1,081,182)	(17,861,968)
3.	Net plant in service (L1 + L2)	22,331,916	(1,102,535)	21,229,380
4.	Investment in capital credits	6,851,122	-	6,851,122
5.	Regulatory assets and liabilities	1,368,623	(771,793)	596,830
6.	Materials and supplies	644,819	(64,390)	580,428
7.	Prepaid expenses	100,931	(7,970)	92,961
8.	Customer Deposits	(229,105)	-	(229,105)
9.	Cash working capital on purchasd power expense	868,192	(268,672)	599,520
10.	Cash working capital for other O&M expenses	571,541	(37,904)	533,637
11.	Total original cost rate base (Sum of Lines 3-12)	<u>\$ 32,508,038</u>	<u>\$ (2,253,264)</u>	<u>\$ 30,254,773</u>

[1] Per Company Exhibit REH-13

[2] Public Staff Accounting Exhibit I, Schedule 2-1.

[3] Column (a) plus Column (b).

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**SUMMARY OF PUBLIC STAFF**  
**RATE BASE ADJUSTMENTS**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1**

Line No.	Item	Adjust Old and New Campus Substation Deferrals [1] (a)	Remove UBIT Deferral [2] (b)	Include Materials and Supplies [3] (c)	Adjust Prepaid Expenses [4] (d)	Adjustment To Reduce AFUDC [6] (e)	Adjustment to Accumulated Depreciation [7] (f)	Working Capital [8] (g)	Total Rate Base Adjustment [10] (i)
1.	Electric plant in service (net of cost-free capital)	\$ -				\$ (21,353)			\$ (21,353)
2.	Accumulated depreciation						\$ (1,081,182)		(1,081,182)
3.	Net plant in service (L1 + L2)	-	-	-	-	(21,353)	(1,081,182)	-	(1,102,535)
4.	Construction work in progress								-
5.	Investment in capital credits								-
6.	Regulatory assets and liabilities	(86,596)	(685,197)						(771,793)
7.	Materials and supplies			(64,390)					(64,390)
8.	Prepaid expenses				(7,970)				(7,970)
9.	Customer Deposits								-
10.	Accounts payable - plant in service								-
11.	Cash working capital on purchased power expense							(268,672)	(268,672)
12.	Cash working capital for other O&M expenses							(37,904)	(37,904)
13.	Total original cost rate base (Sum of Lines 3-12)	<u>\$ (86,596)</u>	<u>\$ (685,197)</u>	<u>\$ (64,390)</u>	<u>\$ (7,970)</u>	<u>\$ (21,353)</u>	<u>\$ (1,081,182)</u>	<u>\$ (306,576)</u>	<u>\$ (2,253,264)</u>
14.	Revenue requirement impact	<u>\$ (6,429)</u>	<u>\$ (50,869)</u>	<u>\$ (4,780)</u>	<u>\$ (592)</u>	<u>\$ (1,585)</u>	<u>\$ (80,267)</u>	<u>\$ (22,760)</u>	<u>\$ (167,282)</u>

- [1] Public Staff Accounting Exhibit I, Schedules 2-1(a)(1) and (2).  
[2] Public Staff Accounting Exhibit I, Schedule 2-1(b).  
[3] Public Staff Accounting Exhibit I, Schedule 2-1(c).  
[4] Public Staff Accounting Exhibit I, Schedule 2-1(d).  
[5] Public Staff Accounting Exhibit I, Schedule 2-1(e).  
[6] Public Staff Accounting Exhibit I, Schedule 2-1(f).  
[7] Public Staff Accounting Exhibit I, Schedule 2-1(g).  
[8] Public Staff Accounting Exhibit I, Schedule 2-1(h).  
[9] Public Staff Accounting Exhibit I, Schedule 2-1(i).  
[10] Sum of columns (a) - (i).

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**Adjustment to New Campus Substation Deferral**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(a)(1)**

Line No	Description	Depreciation Rate	Amount
1	Plant amount when in service on June 2022		\$ 2,952,679 [1]
2	Depreciation expense through December 31, 2022	2.50%	36,908 [2]
3	<b>Public Staff net plant in service as of December 31, 2022 (L1 - L2)</b>		<u>2,915,770</u>
4	Depreciation expense through July 31, 2023	2.50%	43,060 [3]
5	<b>Public Staff net plant in service as of July 31, 2023 (L3 - L4)</b>		<u>2,872,710</u>
6	Average balance for cost of capital calculation $[(L3 + L5)/2]$		\$ 2,894,240
7	Approved rate of return in last rate case		6.525% [1]
8	Public Staff calculated 7 months cost of capital to be deferred $[(L6 \times L7)/12 \times 7]$		<u>\$ 110,162</u>
<b>Income Statement Impact:</b>			
9	Public Staff allowed deferred depreciation expense with return $(L4 \times L7/12 \times 7)$		\$ 44,699
10	Public Staff allowed deferred cost of capital (L8)		<u>110,162</u>
11	Total allowed deferred amount on new campus substation $(L9 + L10)$		154,861
12	Amortization period per Public Staff		<u>40</u> [4]
13	Annual amortization per Public Staff $(L11/L12)$		\$ 3,872
14	Annual amortization per Company		<u>107,793</u> [1]
15	Public Staff adjustment to annual amortization $(L13 - L14)$		<u>\$ (103,921)</u>
<b>Rate Base Impact:</b>			
16	Public Staff calculated deferred amount (L11)		\$ 154,861
17	One year of amortization (L13)		<u>(3,872)</u>
18	Public Staff unamortized Balance to be included in Rate Base $(L15 + L16)$		150,989
19	Company unamortized Balance to be included in Rate Base		<u>215,585</u> [1]
20	Public Staff Adjustment to unamortized balance $(L17 - L18)$		<u>\$ (64,596)</u>

[1] Per Company.

[2] Line 1 multiplies annual depreciation rate of 2.50% provided by Company, then divided by 12 and multiplied by 6.

[3] Line 3 multiplies annual depreciation rate of 2.50% provided by Company, then divided by 12 and multiplied by 7.

[4] Per Public Staff engineer Floyd.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**Adjustment to Old Campus Substation Deferral**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(a)(2)**

<b>Line No</b>	<b>Description</b>	<b>Amount</b>
	<b>Income Statement Impact:</b>	
1	Public Staff net plant in service as of July 31, 2023	\$ 87,526 [1]
2	Amortization Period (Years)	3 [1]
3	Annual Amotization Amount per Public Staff	29,175
4	Annual Amotization Amount per Company	40,175 [2]
5	Public Staff adjustment to annual amortization (L3 - L4)	<u>\$ (11,000)</u>
	<b>Rate Base Impact:</b>	
6	Amount per Public Staff as of July 31, 2023 (Line 1)	\$ 87,526
7	One year of amortization (Line 3)	(29,175)
8	Public Staff unamortized Balance to be included in Rate Base (L6 - L7)	58,351
9	Company unamortized Balance to be included in Rate Base	80,351 [2]
10	Public Staff Adjustment to unamortized balance (L8 - L9)	<u>\$ (22,000)</u>

[1] Per Public Staff.

[2] Per Company.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**Adjustment to Unrelated Business Income Tax Deferral**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(b)**

Line No	Description	Amount
	<b>Income Statement Impact:</b>	
1	Annual amortization per Company	\$ 342,598 [1]
2	Annual Amotization Amount per Public Staff	-
3	Public Staff adjustment amortization expense (L2 - L1)	<u>\$ (342,598)</u>
	<b>Rate Base Impact:</b>	
4	Deferred amount per Company	\$ 685,197 [1]
5	Deferred amount per Public Staff	-
6	Public Staff adjustment to rate base (L7 - L6)	<u>\$ (685,197)</u>

[1] Per Company.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**CALCULATION OF MATERIALS AND SUPPLIES**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(c)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u> [1]
1.	December 2020	\$ 459,836
2.	January 2021	454,784
3.	February	442,216
4.	March	473,478
5.	April	482,343
6.	May	490,969
7.	June	521,090
8.	July	578,349
9.	August	550,460
10.	September	570,819
11.	October	580,114
12.	November	595,712
13.	December 2021	<u>586,437</u>
14.	Total Sum of (L1 thru L13)	<u>6,786,609</u>
15.	Thirteen month average (L14 / 13 months)	522,047
16.	Amount included by Company	<u>586,437</u>
17.	Public Staff adjustment (L15 - L16)	<u><u>\$ (64,390)</u></u>

[1] Per examination of E-1, Item 3.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**CALCULATION OF PREPAYMENTS**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(d)**

Line No.	Item	Prepaid Insurance (a)	[1] Other Prepayments (b)	Total Prepayments [2] (c)
1.	December 2020	\$ -	\$ 67,234	\$ 67,234
2.	January 2021	(5,020)	79,330	74,310
3.	February	13,638	76,705	90,343
4.	March	11,772	66,149	77,921
5.	April	9,906	55,273	65,179
6.	May	8,040	71,101	79,141
7.	June	6,175	80,418	86,593
8.	July	5,146	77,016	82,161
9.	August	4,116	66,228	70,344
10.	September	3,087	55,930	59,017
11.	October	2,058	59,662	61,720
12.	November	1,029	64,522	65,551
13.	December 2021	-	77,593	77,593
14.	Total Sum of (L1 thru L13)	59,948	897,160	957,108
15.	Thirteen month average (L14 / 13 months)	\$ 4,611	\$ 69,012	73,623
16.	Amount included by Company			81,593 [3]
17.	Public Staff adjustment (L15 - L16)			<u>\$ (7,970)</u>

[1] Per examination of E-1, Item 3, Account 165.

[2] Column (a) plus Column (b).

[3] Per Company Exhibit REH-13.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ADJUSTMENT TO REDUCE AFUDC TO REFLECT**  
**ACTUAL IN-SERVICE DATES AND RECOMMENDED ROR**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(f)**

Line No.	Month	Substation Expenditures (a)	AFUDC on Substation Expenditures [1] (b)	Laydown Yard Expenditures [3]	AFUDC on Laydown Yard Expenditures [2]	SCADA Expenditures [4]	AFUDC on SCADA Expenditures [2]	Underground Conversion Expenditures [5]	AFUDC on Underground Conversion Expenditures [2]	Warehouse Expenditures [6] (c)	AFUDC on Warehouse Expenditures [2] (d)
1	Aug-20	-	-	-	-	-	-	-	-	-	-
2	Sep-20	-	-	-	-	-	-	-	-	-	-
3	Oct-20	-	-	-	-	-	-	-	-	-	-
4	Nov-20	12,800	1,270	-	-	-	-	122	11	-	-
5	Dec-20	41,720	3,912	-	-	4,594	381	1,412	125	33,404	2,951
6	Jan-21	(2,514)	(222)	-	-	(2,067)	(160)	(3,079)	(255)	(7,945)	(659)
7	Feb-21	8,000	663	1,365	106	4,202	303	1,286	100	1,330	103
8	Mar-21	7,000	543	12,776	922	1,415	95	-	-	-	-
9	Apr-21	9,000	650	1,540	103	1,728	106	-	-	-	-
10	May-21	6,000	401	24,750	1,524	4,337	244	-	-	29,163	1,796
11	Jun-21	101,492	6,249	1,757	99	4,076	208	-	-	7,678	432
12	Jul-21	-	-	-	-	-	-	-	-	17,081	872
13	Aug-21	86,615	4,422	7,841	359	-	-	178,923	8,200	20,381	934
14	Sep-21	339,013	15,537	370	15	72	3	140,269	5,700	66,714	2,711
15	Oct-21	48,586	1,974	3,939	140	-	-	244,589	8,675	142,675	5,060
16	Nov-21	122,564	4,347	217,440	6,594	85,754	2,162	49,509	1,501	119,789	3,633
17	Dec-21	1,226,599	37,197	306,541	7,727	44,653	898	374,560	9,442	225,840	5,693
18	Jan-22	(71,756)	(1,809)	-	-	(87)	(1)	(1,291)	(26)	(1,320)	(27)
19	Feb-22	91,763	1,846	840	13	575	6	38,894	585	77,817	1,171
20	Mar-22	558,860	8,410	7,236	72	55,168	275	44,597	446	116,940	1,170
19	Apr-22	41,875	419	6,160	31	1,439	-	49,388	247	27,241	136
20	May-22	190,281	2,864	253	3	1,079	5	58,035	581	180,075	1,802
21	Jun-22	40,125	N/A	2,850	14	-	N/A	85,792	428	16,951	85
22	Jul-22	N/A	N/A	N/A	N/A	-	N/A	1,178	N/A	N/A	-
	Aug-22	N/A		N/A	N/A						
	Sep-22			134,438	14,818						
	Oct-22			231,875	25,558						
	Nov-22			11,103	1,224						
	Dec-22			37,771	4,163						
23	Total	<u>\$ 2,858,022</u>	<u>88,674</u>	<u>\$ 1,010,845</u>	<u>\$ 63,485</u>	<u>\$ 206,939</u>	<u>4,525</u>	<u>\$ 1,264,185</u>	<u>35,760</u>	<u>\$ 1,073,813</u>	<u>27,863</u>
24	AFUDC per Company		<u>94,656</u>		<u>47,882</u>		<u>7,234</u>		<u>51,623</u>		<u>40,265</u>
25	Public Staff adjustments		<u>\$ (5,983)</u>		<u>\$ 15,603</u>		<u>\$ (2,709)</u>		<u>\$ (15,863)</u>		<u>\$ (12,402)</u>
26	Total Public Staff adjustment										<u>\$ (21,353)</u>

- [1] Per Company Exhibit REH-2A.  
[2] Public Staff Calculation  
[3] Per Company Exhibit REH-3.  
[4] Per Company Exhibit REH-4.  
[5] Per Company Exhibit REH-5.  
[6] Per Company Exhibit REH-6.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ADJUSTMENT TO AFUDC RATE**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(f)(1)**

Line No.	Item	Amount
1.	Overall annual rate of return recommended by Public Staff	<u>6.07%</u> [1]
2.	Monthly rate to produce semiannual compounding	<u>0.0049915</u> [2]

[1] Public Staff Accounting Exhibit I, Schedule 4.

[2] Equivalent to the 6th root of one-half the annual rate.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ADJUSTMENT TO ACCUMULATED DEPRECIATION**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(f)**

Line No.			
1.	Total Unadjusted Accumulated Depreciation at December 31, 2022	\$	(16,780,786) [1]
2.	Total Unadjusted Depreciation Expense at December 31, 2021	\$	1,067,225 [1]
3.	Average Monthly Depreciation Expense	\$	88,935.43
4.	Number of Months from December 31, 2021 to August 1, 2023		7
5.	Accumulated Depreciation for this Period	\$	622,548 <u>\$ (622,548) [2]</u>
6.	Accumulated Depreciation at July 31, 2023 per the Company	\$	(17,403,334)
7.	Accumulated Depreciation at July 31, 2023 per the Company	\$	(17,721,655) [1]
8.	New Campus Substation (July 31, 2023)		(52,194) [3]
9.	Laydown Yard (July 31, 2023)		(15,973) [4]
10.	SCADA (July 31, 2023)		(16,668) [5]
11.	Underground Conversions (July 31, 2023)		(26,853) [6]
12.	Warehouse (July 31, 2023)		<u>(28,625) [7]</u>
13.	Accumulated Depreciation at July 31, 2023 per the PS		(17,861,968)
14.	Accumulated Depreciation at December 31, 2022 per the NRLP		<u>(16,780,786)</u>
15.	Public Staff Adjustment	\$	<u><u>(1,081,182)</u></u>

[1] Per Company Exhibit REH-13.

[2] Line 1 - Line 3

[3] Per Public Staff.

[4] Per Company Supplemental Exhibit REH 3.

[5] Per Company Exhibit REH-4.

[6] Per Company Exhibit REH-5.

[7] Per Company Exhibit REH-6.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ADJUSTMENT TO WORKING CAPITAL**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 2-1(g)**

Line No.	Item	Amount
1.	Working capital per Public Staff:	
2.	O&M expense, excluding purchased power	\$ 3,868,677 [1]
3.	Working capital factor	0.125 [2]
4.	Working capital subtotal (L2 x L3)	<u>\$ 483,585</u>
5.	Estimated revenue lag days	40.00 [3]
6.	Estimated purchased power expense lag days	30.50 [4]
7.	Net lag days (L5 - L6)	<u>9.50</u>
8.	Adjusted purchased power expense	<u>\$ 14,940,108 [5]</u>
9.	Average daily amount (L8/365)	<u>40,932</u>
10.	Working capital related to purchased power (L7 x L9)	<u>388,852</u>
11.	Total working capital per Public Staff (L4 + L10)	872,437
12.	Working capital per University	<u>1,439,733 [6]</u>
13.	Adjustment to working capital (L11 - L12)	<u>\$ (567,296)</u>

[1] Public Staff Accounting Exhibit I, Schedule 3, Column (c), Lines 17-12.

[2] Traditional one-eighth working capital formula.

[3] Based on a 15.25-day half service period, a 4-day lag in billing, and a 20-day lag in payment.

[4] Based on Company testimony that purchased power bills are paid one month after midpoint of calendar month.

[5] Public Staff Accounting Exhibit I, Schedule 3, Line 12, Column (c).

[6] Per Company Exhibit REH-13.

NEW RIVER LIGHT AND POWER COMPANY  
Docket Nos. E-34, Sub 54 and Sub 55  
NET OPERATING INCOME FOR RETURN  
For the Test Year Ended December 31, 2021

Public Staff Accounting Exhibit I  
Schedule 3

Line No.	Item	Present Rates		
		Per Revised Application [1] (a)	Public Staff Adjustments [2] (b)	Per Public Staff [3] (c)
1.	<b><u>Electric operating revenues:</u></b>			
2.	Electric sales revenues	\$ 18,596,795	\$ 744,034	\$ 19,340,829
3.	Other electric revenue	52,251	-	52,251
4.	Miscellaneous service revenue	44,466	-	44,466
5.	Rent from electric property	27,492	-	27,492
6.	Jobbing and contrac ing	131,606	(226,601)	(94,995)
7.	Miscellaneous non-opera ing income	2	(3)	(1)
8.	Other interest income	1,480	(3,760)	(2,280)
9.	<b>Total operating revenues (sum of Lines 2-8)</b>	<b>18,854,092</b>	<b>513,670</b>	<b>19,367,762</b>
10.	<b><u>Operating revenue deductions:</u></b>			
11.	Operations and maintenance (O&M) expense:			
12.	Purchased power	14,940,108	-	14,940,108
13.	Distribution expenses	1,500,068	64,480	1,564,548
14.	Customer accounts expense	829,900	-	829,900
15.	Uncollectibles	51,506	2,068	53,574
16.	Administrative and general expense	1,420,655	-	1,420,655
17.	Total O&M expense (Sum of Lines 12-16)	18,742,237	66,548	18,808,785
18.	Depreciation expense	1,161,463	194,687	1,356,150
19.	Amortization of regulatory assets and liabilities	573,900	(457,520)	116,380
20.	Payroll taxes	-	-	-
21.	Regulatory fee	35,650	(8,594)	27,056
22.	(Gain)/Loss on sale of utility property	18,138	-	18,138
23.	Interest expense on customer deposits	13,066	-	13,066
24.	Jobbing and contrac ing expenses	198,200	(226,139)	(27,939)
25.	Unrelated Business Income Tax	373,280	(62,519)	310,761
26.	Inflation adjustment through July 31, 2023	240,411	(172,343)	68,068
27.				
28.	<b>Total operating revenue deductions (Sum of Lines 17-24)</b>	<b>21,356,344</b>	<b>(665,879)</b>	<b>20,690,465</b>
29.	<b>Net operating income for a return (L9 - L25)</b>	<b>\$ (2,502,252)</b>	<b>\$ 1,179,549</b>	<b>\$ (1,322,703)</b>

[1] Per Company Exhibit REH-13.

[2] Public Staff Accounting Exhibit I, Schedule 3-1, Column (j).

[3] Column (a) plus (b).

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NEW RIVER LIGHT AND POWER COMPANY  
Docket Nos. E-34, Sub 54 and Sub 55  
SUMMARY OF PUBLIC STAFF  
NET OPERATING INCOME ADJUSTMENTS  
For the Test Year Ended December 31, 2021

Public Staff Accounting Exhibit I  
Schedule 3-1

Line No.	Item	Remove Non-Utility Items [1]	Remove UBIT Amortization [2]	Customer Growth, Usage, And Weather [3]	Test Year Inflation Adjustment [4]	Adjust Substation Amortization [5]	Adjust Uncoll. And Reg Fee [6]	Annualize Depreciation Expense [7]	Adjust UBIT [7]	Total Public Staff Adjustments [8]
		(a)	(b)	(c)	(d)	(d)	(e)	(f)	(g)	(h)
1.	<b>Electric operating revenues:</b>									
2.	Electric sales revenues			\$ 744,034						\$ 744,034
3.	Temporary construction revenue									-
4.	Miscellaneous service revenue									-
5.	Ren from electric property									-
6.	Jobbing and contracting	(226,601)								(226,601)
7.	Miscellaneous non-operating income	(3)								(3)
8.	Other interest income	(3,760)								(3,760)
9.	<b>Total operating revenues (sum of Lines 2-8)</b>	<u>(230,364)</u>	<u>-</u>	<u>744,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,670</u>
10.	<b>Operating revenue deductions:</b>									
11.	Operations and maintenance (O&M) expense:									
12.	Purchased power									-
13.	Distribution expenses			64,480	-					64,480
14.	Customer accounts expense									-
15.	Uncollectibles			2,061			7			2,068
16.	Administrative and general expense						7			66,548
17.	Total O&M expense (Sum of Lines 12-16)	<u>-</u>	<u>-</u>	<u>66,541</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>66,548</u>
18.	Depreciation expense							194,687		194,687
19.	Amortization of regulatory assets and liabilities		(342,598)			(114,922)				(457,520)
20.	Payroll taxes									-
21.	Regulatory fee			1,039			(9,633)			(8,594)
22.	(Gain)/Loss on sale of utility property									-
23.	Interest expense on customer deposits									-
24.	Jobbing and contracting expenses	(226,139)								(226,139)
25.	Unrelated Business Income Tax								(62,519)	(62,519)
26.	Inflation adjustment through July 31, 2023				(172,343)					(172,343)
27.	<b>Total operating revenue deductions (Sum of Lines 17-24)</b>	<u>(226,139)</u>	<u>(342,598)</u>	<u>67,580</u>	<u>(172,343)</u>	<u>(114,922)</u>	<u>(9,625)</u>	<u>194,687</u>	<u>(62,519)</u>	<u>(665,879)</u>
28.	<b>Net operating income for a return (L9 - L25)</b>	<u>\$ (4,225)</u>	<u>\$ 342,598</u>	<u>\$ 676,454</u>	<u>\$ 172,343</u>	<u>\$ 114,922</u>	<u>\$ 9,625</u>	<u>\$ (194,687)</u>	<u>\$ 62,519</u>	<u>\$ 1,179,549</u>
29.	<b>Revenue requirement impact</b>	<u>\$ 5,508</u>	<u>\$ (446,649)</u>	<u>\$ (881,901)</u>	<u>\$ (224,685)</u>	<u>\$ (149,824)</u>	<u>\$ (12,549)</u>	<u>\$ 253,815</u>	<u>\$ (62,519)</u>	<u>\$ (1,537,791)</u>

[1] Public Staff Accounting Exhibit I, Schedule 3-1(a).

[2] Public Staff Accounting Exhibit I, Schedule 3-1(b).

[3] Public Staff Accounting Exhibit I, Schedule 3-1(c).

[4] Public Staff Accounting Exhibit I, Schedule 1-1(a)(1).

[5] Public Staff Accounting Exhibit I, Schedule 3-1(d).

[6] Public Staff Accounting Exhibit I, Schedule 3-1(e).

[7] Public Staff Accounting Exhibit I, Schedule 3-1(f).

[8] Sum of columns (a) - (i).

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ADJUSTMENT TO REMOVE**  
**NON-UTILITY ITEMS**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 3-1(a)**

Line No.	Item	Amount	[1]
1.	Removal of non-electric service items:		
2.	Revenues		
3.	Jobbing and contracting	\$	(226,601)
4.	Miscellaneous non-operating income	\$	(3)
5.	Other interest income	\$	(3,760)
6.	Expenses:		
7.	Jobbing and contracting expenses	\$	<u>(226,139)</u>

[1] Per Company DR response 17.



**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**CUSTOMER GROWTH, USAGE, AND WEATHER ADJUSTMENTS**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 3-1(b)**

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Line No.	Item	kWh Adjustment [1] (a)	Applicable Rate (\$/kWh) [1] (b)	Adjustment [3] (c)
1.	Operating revenues:			
2.	Customer growth:			
3.	Residential	2,327,221	\$ 0.10640	\$ 247,616
4.	Commercial	243,406	\$ 0.09880	24,049
5.	Commercial - Demand	1,311,156	\$ 0.07800	102,270
6.	Lighting	(4,240)	\$ 0.12130	(514)
7.	Usage:			
8.	Residential	324,657	\$ 0.08900	28,894
9.	Commercial	102,523	\$ 0.08570	8,786
10.	Commercial - Demand	476,877	\$ 0.07700	36,720
11.	ASU	<u>3,702,657</u>	\$ 0.08000	<u>296,213</u>
12.	Total adjustment to revenues (L2 + L3)	<u>8,484,257</u>		<u>\$ 744,034</u>
13.	O&M expenses (Not annualized for usage else where)	<u>8,484,257</u> [1]	\$ 0.00760 [2]	<u>64,480</u>

[1] Provided by Public Staff witness Hinton.

[2] Public Staff Accounting Exhibit I, Schedule 3-1(c)(1).

[3] Column (a) x Column (b).

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**O&M EXPENSES TO ADJUST**  
**FOR GROWTH IN KWH SALES**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 3-1(b)(1)**

Line No.	Item	Amount [1]
1	Per books O&M expenses net of labor, consulting fees, and purchased power:	
2	Account 580	\$ 8,814
3	Account 582	1,680
4	Account 583	1,394
5	Account 586	36,288
6	Account 587	1,680
7	Account 588	20,771
8	Account 590	6,328
9	Account 592	18,003
10	Account 593	454,651
11	Account 594	86,617
12	Account 595	37,058
13	Account 596	78,427
14	Account 597	14,475
15	Account 598	9,407
16	Account 901	2,610
17	Account 902	-
18	Account 903	326,114
19	Account 910	-
20	Account 911	-
21	Account 921	53,627
22	Account 924	12,542
23	Account 925	125,381
24	Account 930	179,296
25	Account 932	85,997
26	Total expenses for growth adjustment	\$ 1,561,158
27	Test year kWh usage	205,526,911 [2]
28	Expenses per kWh for growth adjustment	\$ 0.00760 [3]
29	Additional expenses for inflation adjustment:	
30	Account 923	389,431 [1]
31	ASU Administrative support	226,823 [2]
32	Total expenses for inflation adjustment	\$ 2,177,412 [3]

[1] Per Company response to PSDR 17, Item 2.

[2] Per Company Exhibit REH-13.

[3] Line 26 divided by Line 27.

[4] Line 26 plus Line 30 plus Line 31.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**TEST YEAR INFLATION ADJUSTMENT**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 3-1(c)**

Line No.	Item	Amount
1.	CPI-U index - December 2021	278.802 [1]
2.	CPI-U index - December 2022	296.797 [1]
3.	Mid point index (L1 + L2, divided by 2)	<u>287.800</u>
4.	Half-year inflation factor (L2/L3, minus 1)	3.13%
5.	Total expenses for inflation adjustment	<u>2,177,412 [2]</u>
6.	Test year inflation per Public Staff (L4 x L5)	68,068
7.	Test year inflation per Company	<u>240,411 [3]</u>
8.	Public Staff adjustment to inflation	<u><b>\$ (172,343)</b></u>

[1] Per monthly CPI-U Detailed Reports, Table 1.

[2] Public Staff Accounting Exhibit I, Schedule 3-1(c)(1) Line 32.

[3] Per Company Exhibit REH-13.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ADJUSTMENT TO UNCOLLECTIBLES EXPENSE**  
**AND REGULATORY FEE**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 3-1(d)**

<u>Line No.</u>	<u>Item</u>	<u>Current Rates (a)</u>
1.	Total pro forma sales revenue per Company	\$ 18,596,795 [1]
2.	Uncollectibles rate	0.2770% [2]
3.	Uncollectibles expense on Company present revenues	51,513
4.	Uncollectibles expense per Company	51,506
5.	Adjustment to uncollectibles expense (L3 - L4)	<u>\$ 7</u>
6.	Revenues net of uncollectibles expense (L1 - L3)	\$ 18,545,282
7.	Regulatory fee rate	0.1400% [3]
8.	Regulatory fee on Company present revenues (L6 x L7)	25,963
9.	Regulatory fee per Company	35,596
10.	Adjustment to regulatory fee (L8 - L9)	<u>\$ (9,633)</u>

[1] Public Staff Exhibit I, Schedule 3, Column (a), Line 2.

[2] Public Staff Accounting Exhibit I, Schedule 1-1, Line 8.

[3] Statutory rate.

NEW RIVER LIGHT AND POWER COMPANY  
Docket Nos. E-34, Sub 54 and Sub 55  
ADJUSTMENT TO DEPRECIATION EXPENSE  
For the Test Year Ended December 31, 2021

Public Staff Accounting Exhibit I  
Schedule 3-1(e)

Line No.	Account	Item	Depreciable Balance 12/31/2022 [1] (a)	Depreciation Rate [1] (b)	Depreciation Expense Per Public Staff [2] (c)	NRLP Proposed Depreciation Expense [1] (d)	Public Staff Adjustment [3] (e)
1.	360	Land & Land Rights	\$ 93,756	0.000%	\$ -	\$ -	\$ -
2.	362	Station Equipment	8,090,732	3.000%	242,722	174,846	67,876
3.	364	Poles, Towers and Fixtures	1,964,701	3.500%	68,765	66,906	1,859
4.	365	Overhead Conductors and Devices	2,455,540	2.600%	63,844	62,855	989
5.	366	Underground Conduit	4,597,798	2.050%	94,255	71,531	22,724
6.	367	Underground Conductors & Devices	3,894,399	2.450%	95,413	82,407	13,006
7.	368	Transformers	4,223,727	2.950%	124,600	108,332	16,268
8.	369	Services	1,792,001	3.300%	59,136	57,393	1,743
9.	370	Meters	2,420,309	3.250%	78,660	118,118	(39,458)
10.	373	Area Lighting	962,838	3.250%	31,292	29,952	1,340
11.	384	Fiber	53,187	0.040%	21	2,128	(2,107)
12.	389	Land & Land Rights	91,916	0.000%	-	-	-
13.	390	Structures & Improvements, including Public Staff AFUDC adjustment	4,933,933	2.572%	126,901	275,810	(148,909)
14.	391	Office Furniture & Equipment	895,126	10.000%	89,512	28,533	60,979
15.	392	Transportation Equipment	1,484,062	10.250%	152,116	40,701	111,415
16.	393	Stores Equipment	68,000	5.000%	3,400	2,037	1,363
17.	394	Tools, Shops and Garage Equipment	131,203	5.000%	6,561	3,472	3,089
18.	395	Laboratory Equipment	101,973	5.345%	5,450	5,388	62
19.	396	Power Operated Equipment	218,848	11.897%	26,036	5,269	20,767
20.	397	Communications Equipment	401,089	7.180%	28,798	13,668	15,130
21.	398	Miscellaneous Equipment	26,997	10.000%	2,700	889	1,811
22.		Total depreciation expense (Sum of Lines 1 - 22 )	<u>\$ 38,902,136</u>		<u>1,300,182</u>	<u>1,150,233</u>	<u>149,949</u>
					-	(44,738) [4]	-
					<u>\$ 1,300,182</u>	<u>\$ 1,105,495</u>	<u>\$ 194,687</u>

[1] Audit Report plus Company adjustments per Company books.

[2] Column (a) multiplied by Column (b).

[3] Column (c) minus Column (d).

[4] To remove 2022 depreciation expense for Campus Substation.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**ADJUSTMENT TO REFLECT INCOME TAXES**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 3-1(f)**

<u>Line No.</u>	<u>Item</u>	<u>KwH Sales</u> (a)
1.	Net Income Before Taxes	\$ 1,834,952 [1]
2.	Non ASU & TOB Usage (per KPMG)	73.21% [2]
3.	Taxable Net Income	1,343,368
4.	Composite tax rate	23.13%
5.	Unrelated Business Income Taxes (UBIT) per PS	310,761
6.	UBIT per NRLP	373,280
7.	Public Staff adjustment to UBIT	<u><u>\$ (62,519)</u></u>

[1] Per Public Staff witness Sailor.

[2] Per Company Exhibit REH-16.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**RETURN ON ORIGINAL COST NET INVESTMENT**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 4**

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Line No.	Item	Before Public Staff Proposed Increase					
		Capitalization	Original Cost	Cost	Weighted	Net Operating	
		Ratio	Rate Base	Rates	Cost Rates	Income	
		(a)	(b)	(c)	(d)	(e)	
1.	Long-term debt	50.00% [1]	\$ 15,127,387 [3]	3.23% [1]	1.615% [4]	\$ 488,615 [6]	
2.	Common equity	50.00% [1]	15,127,387 [3]	-11.97% [8]	-5.985% [4]	(1,811,318) [7]	
3.	Total (L1 + L2)	100.00%	\$ 30,254,773 [2]		-4.370%	\$ (1,322,703) [5]	

Line No.	Item	After Public Staff Proposed Increase									
		Capitalization Ratio		Original Cost Rate Base		Cost Rates		Weighted Cost Rates		Net Operating Income	
		(a)		(b)		(c)		(d)		(e)	
4.	Long-term debt	50.00%	[1]	\$ 15,127,387	[9]	3.23%	[1]	1.615%	[4]	\$ 488,615	[6]
5.	Common equity	50.00%	[1]	<u>15,127,387</u>	[9]	8.90%	[1]	<u>4.450%</u>	[4]	<u>1,346,337</u>	[6]
6.	Total (L4 + L5)	100.00%		<u>\$ 30,254,773</u>	[2]			<u>6.07%</u>		<u>\$ 1,834,952</u>	

[1] Per Public Staff witness Hinton.

[2] Public Staff Accounting Exhibit I, Schedule 2, Line 13, Column (c).

[3] Line 3, Column (b) x Column (a).

[4] Column (a) x Column (c).

[5] Public Staff Accounting Exhibit I, Schedule 3, Line 26, Column (c).

[6] Column (b) x Column (c).

[7] Line 3 - Line 1.

[8] Column (e) divided by Column (b).

[9] Line 6, Column (b) x Column (a).

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket Nos. E-34, Sub 54 and Sub 55**  
**CALCULATION OF PUBLIC STAFF'S**  
**ADDITIONAL REVENUE REQUIREMENT**  
**For the Test Year Ended December 31, 2021**

**Public Staff Accounting Exhibit I**  
**Schedule 5**

Line No.	Item	Amount
1.	Required net operating income	\$ 1,834,952 [1]
2.	Net operating income before proposed increase	<u>(1,322,703) [2]</u>
3.	Additional net operating income required (L1 - L2)	3,157,655
4.	Retention factor	<u>0.7670411 [3]</u>
5.	Public Staff recommended increase in overall revenue requirement (L3 / L4)	<u><u>\$ 4,116,670</u></u>

[1] Public Staff Accounting Exhibit I, Schedule 4, Line 6.

[2] Public Staff Accounting Exhibit I, Schedule 4, Line 3.

[3] Public Staff Accounting Exhibit I, Schedule 1-1, Line 15.