

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-34, SUB 46

In the Matter of	)	TESTIMONY OF
Application of Appalachian State	)	POORNIMA JAYASHEELA
University, d/b/a New River Light and	)	PUBLIC STAFF – NORTH
Power Company, for Adjustment of	)	CAROLINA UTILITIES
Rates and Charges Applicable to	)	COMMISSION
Electric Utility Service in North Carolina	)	

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**DOCKET NO. E-34, SUB 46**

**Testimony of Poornima Jayasheela**

**On Behalf of the Public Staff**

**North Carolina Utilities Commission**

**December 20, 2017**

1    **Q.    PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2        **PRESENT POSITION.**

3    A.    My name is Poornima Jayasheela. My business address is 430  
4        North Salisbury Street, Dobbs Building, Raleigh, North Carolina.  
5        I am an Accountant with the Accounting Division of the Public Staff –  
6        North Carolina Utilities Commission.

7    **Q.    BRIEFLY STATE YOUR QUALIFICATIONS AND DUTIES.**

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

9    **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10   A.    The purpose of my testimony is to present the Public Staff's  
11        accounting and ratemaking adjustments and to incorporate the  
12        adjustments recommended by other Public Staff witnesses in the  
13        areas of Engineering and Economic Research. The Public Staff has

1 made its adjustments based on its investigation of the revenue,  
2 expenses, and rate base presented by New River Light and Power  
3 Company (New River or Company) in support of its July 28, 2017,  
4 request for \$1,874,337 in additional revenue. On October 30, 2017,  
5 New River filed supplemental testimony and exhibits requesting a  
6 revenue increase of \$1,931,296.

7 **Q. WHAT REVENUE INCREASE IS THE PUBLIC STAFF**  
8 **RECOMMENDING?**

9 A. Based on the level of rate base, revenue, and expenses annualized  
10 at October 31, 2017, with certain updates, the Public Staff is  
11 recommending an increase in annual operating revenue of  
12 \$1,739,251.

13 **Q. PLEASE DESCRIBE THE SCOPE OF YOUR INVESTIGATION**  
14 **INTO THE COMPANY'S FILING.**

15 A. My investigation included a review of the application, testimony,  
16 exhibits, and other data filed by New River, an examination of the  
17 books and records for the test year, and a review of New River's  
18 accounting, end-of-period, and after-period adjustments to test year  
19 revenue, expenses, and rate base. The Public Staff has also  
20 conducted extensive discovery in this matter, including the review of  
21 numerous data responses provided by New River in response to the  
22 Public Staff's data requests, a site visit to New River's facilities, and

1 participation in conference calls with New River and Appalachian  
2 State University (ASU).

3 **Q. PLEASE BRIEFLY DESCRIBE THE PUBLIC STAFF'S**  
4 **PRESENTATION OF THE ISSUES IN THIS CASE.**

5 A. Each Public Staff witness will present testimony and exhibits  
6 supporting his or her position and recommend any appropriate  
7 adjustments to New River's proposed rate base and cost of service.  
8 My exhibits incorporate adjustments from other Public Staff  
9 witnesses, as well as the adjustments I recommend.

10 **Q. PLEASE GIVE A MORE DETAILED DESCRIPTION OF THE**  
11 **ORGANIZATION OF YOUR EXHIBITS.**

12 A. Schedule 1 of Jayasheela Exhibit 1 presents a reconciliation of the  
13 difference between New River's requested increase of \$1,931,296  
14 and the Public Staff's recommended increase of \$ 1,739,251.

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

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

1 Schedule 4 presents the calculation of required net operating  
2 income, based on the rate base and cost of capital recommended by  
3 the Public Staff.

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

8 **Q. WHAT ADJUSTMENTS ARE YOU RECOMMENDING TO NEW**  
9 **RIVER'S COST OF SERVICE?**

10 A. I am recommending the following adjustments:

- 11 1) Removal of Construction Work in Progress
- 12 2) Remove Payne Branch Dam costs
- 13 3) Removal of non-electric service items
- 14 4) Include customer deposits, and materials and supplies  
15 inventory
- 16 5) Adjustment to prepayments
- 17 6) Adjustment to customer deposits
- 18 7) Adjustment to reduce allowance for funds used during  
19 construction
- 20 8) Adjustment to working capital
- 21 9) Adjustment to correct billing determinants

- 1                    10) Adjustments to customer growth, usage, and weather  
2    normalization
- 3                    11) Adjustment to test year inflation
- 4                    12) Adjustment to set base purchased power expense
- 5                    13) Adjustment to amortization of gain on truck disposal
- 6                    14) Adjustments to the unamortized regulatory assets and  
7    liabilities
- 8                    15) Adjustment to the regulatory fee and uncollectible  
9    expenses
- 10                   16) Adjustment to annualize depreciation expense and  
11    accumulated depreciation

12    **Q.    WHAT ADJUSTMENTS RECOMMENDED BY OTHER PUBLIC**  
13                    **STAFF WITNESSES DO YOUR EXHIBITS INCORPORATE?**

14    A.    My exhibits reflect the following adjustments recommended by other  
15                    Public Staff witnesses:

- 16                   1)    The recommendations of Public Staff witness Hinton  
17    regarding the rate of return, capital structure, cost rate of long-  
18    term debt, and return on common equity.
- 19                   2)    The recommendation of Public Staff witness Saillor regarding  
20    customer growth, revenue apportionment, and changes to  
21    New River's service regulations and rate schedules.

1           3)     The recommendation of Public Staff witness Lawrence  
2                   regarding the cost-of-service study.

3     **Q.     PLEASE BRIEFLY EXPLAIN THE PUBLIC STAFF'S**  
4           **RECOMMENDATIONS REGARDING THE RATE OF RETURN.**

5     A.     As testified to by Public Staff witness Hinton, the Public Staff is  
6           recommending a 50% debt and 50% equity capital structure, with a  
7           debt rate of 3.80% and a common equity return of 9.10%. The  
8           adjustments serve to reduce the return on rate base from New  
9           River's proposed overall return of 6.965% to the Public Staff's overall  
10          return of 6.450%.

11    **Q.     PLEASE EXPLAIN WHY CONSTRUCTION WORK IN PROGRESS**  
12          **(CWIP) WAS NOT INCLUDED IN RATE BASE.**

13    A.     North Carolina General Statute § 62-133(b)(1)a states:

14                   [t]o the extent the Commission considers inclusion in  
15                   the public interest and necessary to the financial  
16                   stability of the utility in question, reasonable and  
17                   prudent expenditures for construction work in progress  
18                   may be included, subject to the provisions of  
19                   subdivision (4a) of this subsection.

20           Since New River has not shown any proof of financial distress, I,  
21           pursuant to discussions with Public Staff witness Hinton, made an  
22           adjustment to remove CWIP of \$62,292 from rate base.

1     **Q.     PLEASE EXPLAIN THE PUBLIC STAFF'S RECOMMENDATION**  
2           **REGARDING NEW RIVER'S PROPOSAL TO REMOVE THE**  
3           **PAYNE BRANCH DAM.**

4     A.     Company witness Brown testified that the grant received by ASU  
5           from the Clean Water Management Trust Fund (CWMTF) will be  
6           used for design, permitting, and restoration of the Middle Fork River  
7           affected by the Payne Branch Dam and also the removal of the  
8           Payne Branch Dam. However, in its discovery responses, New River  
9           has stated that the CWMTF grant is specific to stream survey,  
10          mapping, design, and permitting only. The response also states that  
11          ASU anticipated to apply for construction funding in the 2018 cycle.

12          New River has yet to provide any reports and/or studies by  
13          independent third parties or a government body regarding the  
14          necessity of this project. Moreover, New River has not yet provided  
15          an estimate of additional removal costs, if any are expected.  
16          Consequently, at this time, the Public Staff has decided to disallow  
17          New River sponsored estimated costs related to the removal of the  
18          Payne Branch Dam.

19          Once additional information is received, the Public Staff might be  
20          agreeable to the creation of a regulatory asset with the caveat that  
21          New River will start amortizing the costs effective with the next  
22          general rate case or a future date certain, whichever is earlier.



1    **Q.    PLEASE EXPLAIN THE PUBLIC STAFF'S ADJUSTMENT TO**  
2       **REMOVE NON-ELECTRIC SERVICE ITEMS.**

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

7    **Q.    PLEASE EXPLAIN THE PUBLIC STAFF'S TREATMENT OF**  
8       **MATERIALS AND SUPPLIES AND CUSTOMER DEPOSITS.**

9    A.    The Public Staff has made an adjustment to include customer  
10      deposits (a reduction) and materials and supplies in rate base.

11   **Q.    DID THE PUBLIC STAFF MAKE AN ADJUSTMENT TO**  
12      **PREPAYMENTS?**

13   A.    The Public Staff has used a thirteen month average to calculate the  
14      Prepayments, which resulted in a small adjustment to rate base.

15   **Q.    PLEASE EXPLAIN THE PUBLIC STAFF'S ADJUSTMENTS TO**  
16      **THE ALLOWANCE FOR FUNDS USED DURING**  
17      **CONSTRUCTION (AFUDC) FOR ADVANCED METERING**  
18      **INFRASTRUCTURE (AMI) EXPENDITURES AND GENERAL**  
19      **OFFICE BUILDING RENOVATION EXPENDITURES.**

20   A.    The Public Staff made adjustments to the AFUDC calculation for AMI  
21      and General Office Building Renovation Expenditures by using the  
22      Public Staff's recommended rate of return. Also, since AMI meters

1           were functional in August 2017, the Public Staff has calculated  
2           AFUDC on AMI only through July 2017 (aggregate of fifty months  
3           versus New River's fifty-three months). Likewise, the General Office  
4           building became operational in March 2017. Therefore, the Public  
5           Staff calculated AFUDC for thirteen months, instead of New River's  
6           proposed sixteen months.

7   **Q.   PLEASE EXPLAIN THE PUBLIC STAFF'S TREATMENT OF**  
8   **WORKING CAPITAL.**

9   A.   For purchased power expense, the Public Staff has calculated the  
10       working capital amount using lead-lag principles that take into  
11       account the difference between the estimated revenue and expense  
12       collection and payment lags, respectively. This analysis results in a  
13       lag of approximately 10 days, as opposed to the 15 days used by  
14       New River. For non-purchased power expenses, the Public Staff  
15       used the standard one-eighth of operations and maintenance (O&M)  
16       expense method.

17 **Q.   PLEASE EXPLAIN THE ADJUSTMENT TO CORRECT BILLING**  
18 **DETERMINANTS.**

19 A.   Public Staff witness Lawrence made certain corrections in the cost  
20       of service study to test year kWh sales and sales revenues to reflect  
21       corrections and non-recurring items in the Company's billing for the  
22       test year.

1    **Q.    PLEASE BRIEFLY DESCRIBE THE PUBLIC STAFF'S**  
2           **ADJUSTMENTS TO CUSTOMER GROWTH, USAGE, AND**  
3           **WEATHER NORMALIZATION.**

4    A.    Public Staff witness Saillor has calculated customer growth and  
5           usage adjustments for residential, commercial, and ASU revenues,  
6           to bring these items to an appropriate end-of-period level. Public  
7           Staff witness Hinton has calculated weather normalization  
8           adjustments for residential revenues.

9    **Q.    PLEASE ELABORATE ON ANY INFLATION ADJUSTMENTS**  
10          **MADE BY THE PUBLIC STAFF.**

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

14   **Q.    PLEASE EXPLAIN THE PUBLIC STAFF'S ADJUSTMENTS TO**  
15          **SET BASE PURCHASED POWER EXPENSE.**

16   A.    The Public Staff has generally accepted New River's proposed  
17          purchased power expense factor, but refined its calculation due to  
18          the corrections made to 2016 kWh sales. The base purchased  
19          power expense factor recommended by the Public Staff is \$0.062846  
20          per kWh (before gross-up for uncollectibles and regulatory fee) and  
21          \$0.063005 per kWh, including the gross-up.

1    **Q.    PLEASE EXPLAIN THE PUBLIC STAFF'S ADJUSTMENT TO**  
2           **CALCULATE THE AMORTIZATION OF GAIN ON TRADE-IN OF**  
3           **TRUCKS.**

4    A.    The Public Staff recommends an amortization period of three years  
5           to calculate the amortization of gain on trade-in of trucks. New River  
6           recommended an amortization period of nine and one-half years.  
7           The trucks disposed of were almost completely depreciated, and  
8           there is no reason to withhold the flowback of the gain for an  
9           extended period.

10   **Q.    PLEASE DESCRIBE THE PUBLIC STAFF'S TREATMENT OF**  
11           **THE UNAMORTIZED BALANCES OF LEGACY METERS AND**  
12           **THE GAIN ON TRADE-IN OF OLD TRUCKS.**

13   A.    The Public Staff applied its recommended amortization period to the  
14           beginning balances of the legacy meters retired upon operation of  
15           the AMI meters (a regulatory asset) and the gain on the trade-in of  
16           old trucks (a regulatory liability). The difference between the net  
17           unamortized balance between the Public Staff calculations and New  
18           River's calculations leads to an adjustment to unamortized balances.  
19           The Public Staff typically reduces unamortized balances on new  
20           deferred assets and liabilities by a full year, instead of a half year.

1     **Q.     PLEASE ELABORATE ON THE PUBLIC STAFF’S ADJUSTMENT**  
2           **TO THE REGULATORY FEE AND UNCOLLECTIBLE EXPENSES.**

3     A.     New River calculated the uncollectible and regulatory fee expenses  
4           as products of the total New River proposed revenue requirements  
5           and the percentage rate of the public utility regulatory fee.

6           The Public Staff applied the same percentages to New River’s total  
7           pro forma revenue under current rates, and provided for  
8           uncollectibles expense and the regulatory fee on each of our pro  
9           forma adjustments to sales revenue. We also provided for  
10          uncollectible expenses and the regulatory fee on the recommended  
11          increase using the Commission’s traditional “gross-up” method. The  
12          different methodologies used by New River and the Public Staff  
13          resulted in an adjustment to the regulatory fee and uncollectible  
14          expenses.

15    **Q.     DID THE PUBLIC STAFF ANNUALIZE DEPRECIATION EXPENSE**  
16          **AND ACCUMULATED DEPRECIATION?**

17    A.     The Public Staff has annualized overall depreciation expense at an  
18          end-of-period level, including the three new trucks, the new General  
19          Office building, and the AMI meters.

20          The Public Staff made corresponding adjustments to accumulated  
21          depreciation to annualize it, and updated the per books accumulated  
22          depreciation to account for post-test-year retirements. These

1 updates and adjustments lead to a reduction (additional credit) in  
2 accumulated depreciation.

3 **Q. DOES THE PUBLIC STAFF HAVE ANY OTHER**  
4 **RECOMMENDATIONS?**

5 A. The Public Staff also recommends that within one year from the  
6 issuance of the Commission's order in this docket, New River should  
7 provide a cost-of-service study using a full year of its AMI data.

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

9 A. Yes, it does.

## APPENDIX A

**POORNIMA JAYASHEELA****Qualifications and Experience**

I received a Bachelor of Science degree and a Master of Business Administration degree from Osmania University, Hyderabad, India. I was employed by the Michigan Public Service Commission (MPSC) from July 2004 to August 2015. During my employment with the MPSC, I participated in contested rate cases, Times Interest Earned Ratio (TIER) case audits for regulated co-operatives, Power Supply Cost Recovery reconciliation audits, reconciliations of uncollectible expense tracking mechanism and revenue decoupling mechanism, and any special audits required by the MPSC.

I started employment with the Public Staff – North Carolina Utilities Commission in August 2015 as a staff accountant. I have presented testimony and exhibits or assisted with the following general rate case audits: Docket No. E-35, Sub 45, Western Carolina University; and Docket No. W-1058, Sub 7, Elk River Utilities, Inc. I have also presented testimony and exhibits in Piedmont Natural Gas Company's annual gas cost reviews in 2016 (Docket No. G-9, Sub 690) and 2017 (Docket No. G-9, Sub 710).

**NEW RIVER LIGHT AND POWER COMPANY**

Docket No. E-34, Sub 46

INDEX TO JAYASHEELA EXHIBIT I

For the Test Year Ended December 31, 2016

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**RECONCILIATION OF COMPANY &**  
**PUBLIC STAFF PROPOSED GROSS REVENUE INCREASE**  
**For the Test Year Ended December 31, 2016**

Jayasheela Exhibit I  
Schedule 1

Line No.	Item	Revenue Effect
1.	<b>Company's proposed increase</b>	<b>\$ 1,931,296 [1]</b>
2.	<b><u>Public Staff adjustments: [2]</u></b>	
3.	Gross up Company proposed increase to revenue requirement level	4,895
4.	Impact of reducing rate of return	(139,709)
5.	Removal of CWIP	(4,028)
6.	Remove Payne Branch Dam costs	(18,433)
7.	Removal of non-utility items	10,675
8.	Include materials and supplies inventory	28,870
9.	Adjust prepaid expenses	113
10.	Adjustment to customer deposits	(13,722)
11.	Adjustment to reduce AFUDC	(3,602)
12.	Adjustment to working capital	(11,674)
13.	Adjustment to correct billing determinants	(26,487)
14.	Customer growth, usage, and weather normalization	(183,464)
15.	Test year inflation	5,721
16.	Adjustment to set base purchased power expense	148,214
17.	Adjustment to amortization of gain on truck disposal	(3,229)
18.	Adjustment to unamortized regulatory assets and liabilities	(2,574)
19.	Adjustment to regulatory fee	(4,970)
20.	Adjustment to depreciation expense	21,354
21.	Rounding	5
22.	<b>Total Public Staff adjustments (Sum of Lines 3-21)</b>	<b>(192,045)</b>
23.	<b>Public Staff recommended increase (L1 + L22)</b>	<b>\$ 1,739,251 [3]</b>

[1] Per Company Exhibit SLB-7R.

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

[3] Jayasheela Exhibit 1, Schedule 5, Line 5.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**CALCULATION OF GROSS REVENUE EFFECT FACTORS**

**Jayasheela Exhibit I**  
**Schedule 1-1**

Line No.	Item	Capital Structure (a)	[1]	Cost Rates (b)	[2]	Retention Factor (c)	Gross Revenue Effect (d)	[5]
1.	<b>Rate Base Factor</b>							
2.	Long-term debt	50.00%		3.80%		0.9974716	0.0190500	[3]
3.	Common equity	50.00%		9.10%		0.9974716	0.0456200	[4]
4.	Total (Sum of Lines 1-3)	100.00%					0.0646700	
5.	<b>Net Income Factor</b>							
6.	Total revenue			1.0000000				
7.	Gross receipts tax			-	[6]			
8.	Uncollectible rate			0.0011300	[7]			
9.	Balance			0.9988700				
10.	Regulatory fee (L6 x 0.0014)			0.0013984	[6]			
11.	Balance (L9 - L10)			0.9974716				
12.	N.C. state income tax			-	[6]			
13.	Balance (L10-L12)			0.9974716				
14.	Federal income tax			-	[6]			
15.	Retention factor (L13-L14)			0.9974716				

[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 No. E-34, Sub 46**  
**ORIGINAL COST RATE BASE**  
**For the Test Year Ended December 31, 2016**

**Jayasheela 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	\$ 30,746,271	\$ (55,692)	\$ 30,690,579
2.	Accumulated depreciation	(12,266,604)	(65,329)	(12,331,933)
3.	Net plant in service (L1 + L2)	18,479,667	(121,021)	18,358,646
4.	Construction work in progress	62,292	(62,292)	-
5.	Investment in capital credits	7,381,343	-	7,381,343
6.	Regulatory assets and liabilities	205,589	(92,306)	113,283
7.	Materials and supplies	-	446,426	446,426
8.	Prepaid expenses	34,573	1,746	36,319
9.	Customer Deposits	-	(212,192)	(212,192)
10.	Accounts payable - plant in service	-	-	-
11.	Cash working capital on purchased power expense	528,073	(189,779)	338,294
12.	Cash working capital for other O&M expenses	367,908	9,261	377,169
13.	Total original cost rate base (Sum of Lines 3-12)	<u>\$ 27,059,445</u>	<u>\$ (220,157)</u>	<u>\$ 26,839,288</u>

[1] Per Company Exhibit SLB-7R

[2] Jayasheela Exhibit I, Schedule 2-1.

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

NEW RIVER LIGHT AND POWER COMPANY  
Docket No. E-34, Sub 46  
SUMMARY OF PUBLIC STAFF  
RATE BASE ADJUSTMENTS  
For the Test Year Ended December 31, 2016

Jayasheelu Exhibit I  
Schedule 2-1

Line No.	Item	Remove CWIP [1] (a)	Remove Payne Branch Dam Costs [2] (b)	Include Materials and Supplies [3] (c)	Adjust Prepaid Expenses [4] (d)	Deduct Customer Deposits [5] (e)	Adjustment To Reduce AFUDC [6] (f)	Annualize Accumulated Depreciation [7] (g)	Working Capital [8] (h)	Adjust Unamortized Balances [9] (i)	Total Rate Base Adjustment [10] (j)
1.	Electric plant in service (net of cost-free capital)						\$ (55,692)				\$ (55,692)
2.	Accumulated depreciation							(65,329)			(65,329)
3.	Net plant in service (L1 + L2)	-	-	-	-	-	(55,692)	(65,329)	-	-	(121,021)
4.	Construction work in progress	(62,292)									(62,292)
5.	Investment in capital credits										-
6.	Regulatory assets and liabilities		(52,500)							(39,806)	(92,306)
7.	Materials and supplies			446,426							446,426
8.	Prepaid expenses				1,746						1,746
9.	Customer Deposits					(212,192)					(212,192)
10.	Accounts payable - plant in service										-
11.	Cash working capital on purchased power expense								(189,779)		(189,779)
12.	Cash working capital for other O&M expenses								9,261		9,261
13.	Total original cost rate base (Sum of Lines 3-12)	<u>\$ (62,292)</u>	<u>\$ (52,500)</u>	<u>\$ 446,426</u>	<u>\$ 1,746</u>	<u>\$ (212,192)</u>	<u>\$ (55,692)</u>	<u>\$ (65,329)</u>	<u>\$ (180,518)</u>	<u>\$ (39,806)</u>	<u>\$ (220,157)</u>
14.	Revenue requirement impact	<u>\$ (4,028)</u>	<u>\$ (3,395)</u>	<u>\$ 28,870</u>	<u>\$ 113</u>	<u>\$ (13,722)</u>	<u>\$ (3,602)</u>	<u>\$ (4,225)</u>	<u>\$ (11,674)</u>	<u>\$ (2,574)</u>	<u>\$ (14,238)</u>

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

NEW RIVER LIGHT AND POWER COMPANY  
Docket No. E-34, Sub 46  
ADJUSTMENT TO REMOVE  
CONSTRUCTION WORK IN PROGRESS  
For the Test Year Ended December 31, 2016

Jayasheela Exhibit I  
Schedule 2-1(a)

Line No.	Item	Amount
1.	Adjustment to remove CWIP	<u>\$ (62,292)</u> [1]

[1] Per Company exhibit SLB-7R

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO REMOVE**  
**UNAMORTIZED PAYNE BRANCH DAM COSTS**  
**For the Test Year Ended December 31, 2016**

Jayasheela Exhibit I  
Schedule 2-1(b)

Line No.	Item	Amount
1.	Adjustment to remove unamortized Payne Branch Dam costs	<u>\$ (52,500)</u> [1]

[1] Per Company Exhibit SLB-7R.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**CALCULATION OF MATERIALS AND SUPPLIES**  
**For the Test Year Ended December 31, 2016**

**Jayasheelaa Exhibit I**  
**Schedule 2-1(c)**

Line No.	<u>Item</u>	Amount [1]
1.	December 2015	\$ 437,183
2.	January 2016	441,858
3.	February	448,730
4.	March	446,465
5.	April	438,356
6.	May	449,895
7.	June	441,170
8.	July	444,791
9.	August	450,871
10.	September	440,356
11.	October	460,331
12.	November	453,762
13.	December 2016	<u>449,767</u>
14.	Total Sum of (L1 thru L13)	<u>5,803,537</u>
15.	Thirteen month average (L14 / 13 months)	446,426
16.	Amount included by Company	<u>-</u>
17.	Public Staff adjustment (L15 - L16)	<u>\$ 446,426</u>

[1] Per examination of E-1, Item 5c.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**CALCULATION OF PREPAYMENTS**  
**For the Test Year Ended December 31, 2016**

Jayasheela Exhibit I  
Schedule 2-1(d)

Line No.	Item	Prepaid Insurance (a)	[1] Other Prepayments (b)	Total Prepayments (c) [2]
1.	December 2015	\$ 16,649	\$ 16,234	\$ 32,883
2.	January 2016	15,252	29,998	45,249
3.	February	13,854	27,471	41,325
4.	March	12,386	24,312	36,698
5.	April	10,918	33,681	44,599
6.	May	9,450	31,179	40,629
7.	June	7,982	31,294	39,277
8.	July	16,857	22,410	39,267
9.	August	14,449	18,658	33,107
10.	September	12,041	14,458	26,499
11.	October	9,633	24,392	34,025
12.	November	8,165	20,612	28,777
13.	December 2016	6,697	23,127	29,824
14.	Total Sum of (L1 thru L13)	154,334	317,825	472,159
15.	Thirteen month average (L14 / 13 months)	\$ 11,872	\$ 24,448	36,319
16.	Amount included by Company			34,573 [3]
17.	Public Staff adjustment (L15 - L16)			\$ 1,746

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

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

[3] Per Company Exhibit SLB-7R.

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**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**CALCULATION OF CUSTOMER DEPOSITS**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 2-1(e)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u> [1]
1.	December 2015	\$ (215,352)
2.	January 2016	(212,302)
3.	February	(212,743)
4.	March	(211,918)
5.	April	(212,244)
6.	May	(211,185)
7.	June	(211,600)
8.	July	(218,447)
9.	August	(214,776)
10.	September	(209,223)
11.	October	(210,562)
12.	November	(209,272)
13.	December 2016	<u>(208,872)</u>
14.	Total Sum of (L1 thru L13)	<u>(2,758,501)</u>
15.	Thirteen month average (L14 / 13 months)	(212,192)
16.	Amount included by Company	<u>-</u>
17.	Public Staff adjustment (L15 - L16)	<u><u>\$ (212,192)</u></u>

[1] E-1, Item 6.

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**Dec 20 2017**

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO REDUCE AFUDC TO REFLECT**  
**ACTUAL IN-SERVICE DATES AND RECOMMENDED ROR**  
**For the Test Year Ended December 31, 2016**

Jayasheela Exhibit I  
Schedule 2-1(f)

Line No.	Month	AMI Expenditures (a)	[1] AFUDC on AMI Expenditures (b)	General Office Expenditures (c)	[2] AFUDC on General Office Expenditures (d)
1	Jun-13	\$ 4,350	\$ 1,317	\$ -	\$ -
2	Jul-13	2,400	710	-	-
3	Aug-13	2,700	781	-	-
4	Sep-13	3,600	1,016	-	-
5	Oct-13	-	-	-	-
6	Nov-13	5,500	1,478	-	-
7	Dec-13	2,800	734	-	-
8	Jan-14	-	-	-	-
9	Feb-14	5,800	1,443	-	-
10	Mar-14	4,126	999	-	-
11	Apr-14	2,225	524	-	-
12	May-14	4,555	1,044	-	-
13	Jun-14	3,116	694	-	-
14	Jul-14	2,756	596	-	-
15	Aug-14	750	157	-	-
16	Sep-14	1,800	366	-	-
17	Oct-14	900	177	-	-
18	Nov-14	525	100	-	-
19	Dec-14	-	-	-	-
20	Jan-15	-	-	-	-
21	Feb-15	-	-	-	-
22	Mar-15	-	-	-	-
23	Apr-15	-	-	-	-
24	May-15	1,200	184	-	-
25	Jun-15	-	-	-	-
26	Jul-15	-	-	-	-
27	Aug-15	-	-	-	-
28	Sep-15	-	-	-	-
29	Oct-15	-	-	-	-
30	Nov-15	-	-	-	-
31	Dec-15	-	-	-	-
32	Jan-16	-	-	-	-
33	Feb-16	-	-	-	-
34	Mar-16	861	81	1,360	97
35	Apr-16	21,646	1,912	12,240	802
36	May-16	3,922	324	33,984	2,036
37	Jun-16	7,413	570	12,470	677
38	Jul-16	-	-	12,196	595
39	Aug-16	-	-	21,690	938
40	Sep-16	4,300	258	4,882	184
41	Oct-16	20	1	67,323	2,171
42	Nov-16	300	15	85,759	2,299
43	Dec-16	1,054	46	490,767	10,496
44	Jan-17	-	-	4,540	73
45	Feb-17	49,250	1,588	72,318	769
46	Mar-17	119,608	3,206	17,557	93
47	Apr-17	769,707	16,461	5,302	N/A
48	May-17	841,931	13,468	67,569	N/A
49	Jun-17	123,065	1,309	(4,500)	N/A
50	Jul-17	104,314	553	-	N/A
51	Aug-17	15,961	N/A	-	N/A
52	Sep-17	6,584	N/A	-	N/A
53	Oct-17	3,178	N/A	-	N/A
54	Total	<u>\$ 2,122,214</u>	52,113	<u>\$ 905,457</u>	21,230
55	AFUDC per Company		<u>95,306</u>		<u>33,729</u>
56	Public Staff adjustments		<u>\$ (43,193)</u>		<u>\$ (12,499)</u>
57	Total Public Staff adjustment				<u>\$ (55,692)</u>

[1] Per Company Exhibit SLB-2R.

[2] Per Company Exhibit SLB-4.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO AFUDC RATE**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 2-1(f)(1)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Overall annual rate of return recommended by Public Staff	<u>6.45%</u> [1]
2.	Monthly rate to produce semiannual compounding	<u>0.0053042</u> [2]

[1] Jayasheela Exhibit I, Schedule 4.

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

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO ACCUMULATED DEPRECIATION**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 2-1(g)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Annualized depreciation expense at 12/31/16, updated for certain items	\$ 1,040,076 [1]
2.	Per book depreciation expense at 12/31/16	<u>902,971 [2]</u>
3.	Adjustment to accumulated depreciation for annualization (L2 - L1)	(137,105)
4.	Per books accumulated depreciation, 12/31/16, less post-test year retirements	<u>(12,194,828) [2]</u>
5.	Annualized accumulated depreciation (L3 + L4)	(12,331,933)
6.	Accumulated depreciation per Company	<u>(12,266,604) [2]</u>
7.	Adjustment to accumulated depreciation	<u><u>\$ (65,329)</u></u>

[1] Per Jayasheela Exhibit I, Schedule 3-1(h).

[2] Per Company Exhibit SLB-7R.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO WORKING CAPITAL**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 2-1(h)**

Line No.	Item	Amount
1.	Working capital per Public Staff:	
2.	O&M expense, excluding purchased power	\$ 3,017,354 [1]
3.	Working capital factor	<u>0.125 [2]</u>
4.	Working capital subtotal (L2 x L3)	<u>\$ 377,169</u>
5.	Estimated revenue lag days	40.00 [3]
6.	Estimated purchased power expense lag days	<u>30.50 [4]</u>
7.	Net lag days (L5 - L6)	<u>9.50</u>
8.	Adjusted purchased power expense	<u>\$ 12,997,617 [5]</u>
9.	Average daily amount (L8/365)	<u>35,610</u>
10.	Working capital related to purchased power (L7 x L9)	<u>338,294</u>
11.	Total working capital per Public Staff (L4 + L10)	715,463
12.	Working capital per University	<u>895,981 [6]</u>
13.	Adjustment to working capital (L11 - L12)	<u>\$ (180,518)</u>

[1] Jayasheela Exhibit I, Schedule 3, Column (c), Lines 13-20.

[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] Jayasheela Exhibit I, Schedule 3, Line 12, Column (c).

[6] Jayasheela Exhibit I, Schedule 2, Line 5, Column (a).

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO UNAMORTIZED BALANCES**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 2-1(i)**

Line No.	Item	Amount
1.	Beginning balance of regulatory asset related to legacy meters	\$ 155,232 [1]
2.	Beginning balance of regulatory liability related to truck disposal	(14,124) [2]
3.	First-year amortization of regulatory asset	(31,046) [1]
4.	First-year amortization of regulatory liability	<u>3,221 [3]</u>
5.	Net unamortized balance for ratemaking purposes	113,283 [4]
6.	Net unamortized balance proposed by Company	<u>153,089 [5]</u>
7.	Public Staff adjustment	<u><u>\$ (39,806)</u></u>

[1] Per Company Exhibit SLB-3.

[2] Per Company Exhibit SLB-6R.

[3] Jayasheela Exhibit I, Schedule 3-1(f)

[4] Sum of Lines 1 - 4.

[5] Per Company Exhibits SLB-3 and 6R.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**NET OPERATING INCOME FOR RETURN**  
**For the Test Year Ended December 31, 2016**

Jayasheela 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	\$ 16,835,581	\$ 218,206	\$ 17,053,787
3.	Temporary construction revenue	21,974	-	21,974
4.	Miscellaneous service revenue	10,645	-	10,645
5.	Ren from electric property	30,569	-	30,569
6.	Jobbing and contracting	31,110	(31,110)	-
7.	Miscellaneous non-operating income	51	(51)	-
8.	Other interest income	9,831	(9,831)	-
9.	<b>Total operating revenues (sum of Lines 2-8)</b>	<u>16,939,761</u>	<u>177,214</u>	<u>17,116,975</u>
10.	<b><u>Operating revenue deductions:</u></b>			
11.	Operations and maintenance (O&M) expense:			
12.	Purchased power	12,849,778	147,839	12,997,617
13.	Distribution expenses	1,313,908	13,941	1,327,849
14.	Customer accounts expense	594,626	-	594,626
15.	Uncollectibles	21,250	(1,979)	19,271
16.	Administrative and general expense	<u>1,075,608</u>	<u>-</u>	<u>1,075,608</u>
17.	Total O&M expense (Sum of Lines 12-16)	15,855,170	159,801	16,014,971
18.	Depreciation expense	1,014,563	25,514	1,040,077
19.	Amortization of regulatory assets and liabilities	44,560	(18,221)	26,339
20.	Payroll taxes	-	-	-
21.	Regulatory fee	26,274	(2,426)	23,848
22.	(Gain)/Loss on sale of utility property	2,526	-	2,526
23.	Interest expense on customer deposits	12,933	-	12,933
24.	Jobbing and contracting expenses	<u>30,344</u>	<u>(30,344)</u>	<u>-</u>
25.	Total operating revenue deductions (Sum of Lines 17-24)	<u>16,986,370</u>	<u>134,324</u>	<u>17,120,694</u>
26.	Net operating income for a return (L9 - L25)	<u>\$ (46,609)</u>	<u>\$ 42,890</u>	<u>\$ (3,719)</u>

[1] Per Company Exhibit SLB-7R.

[2] Jayasheela Exhibit I, Schedule 3-1, Column (j).

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

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NEW RIVER LIGHT AND POWER COMPANY  
Docket No. E-34, Sub 46  
SUMMARY OF PUBLIC STAFF  
NET OPERATING INCOME ADJUSTMENTS  
For the Test Year Ended December 31, 2016

Jayasheela Exhibit I  
Schedule 3-1

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Line No.	Item	Remove Non-Utility Items [1]	Remove Payne Branch Dam Costs [2]	Customer Growth, Usage, And Weather [3]	Test Year Inflation Adjustment [4]	Adjust Purchased Power Expense [5]	Adjust Gain Amortization [6]	Adjust Uncoll. And Reg Fee [7]	Annualize Depreciation Expense [8]	Correct Billing Determinants [9]	Total Public Staff Adjustments [10]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1.	<b>Electric operating revenues:</b>										
2.	Electric sales revenues			\$ 191,719						\$ 26,487	\$ 218,206
3.	Temporary construction revenue										-
4.	Miscellaneous service revenue										-
5.	Ren from electric property										-
6.	Jobbing and contracting	(31,110)									(31,110)
7.	Miscellaneous non-operating income	(51)									(51)
8.	Other interest income	(9,831)									(9,831)
9.	<b>Total operating revenues (sum of Lines 2-8)</b>	<u>(40,992)</u>	<u>-</u>	<u>191,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,487</u>	<u>177,214</u>
10.	<b>Operating revenue deductions:</b>										
11.	Operations and maintenance (O&M) expense:										
12.	Purchased power					147,839					147,839
13.	Distribution expenses			8,234	5,707						13,941
14.	Customer accounts expense										-
15.	Uncollectibles			217				(2,226)		30	(1,979)
16.	Administrative and general expense										-
17.	Total O&M expense (Sum of Lines 12-16)	<u>-</u>	<u>-</u>	<u>8,451</u>	<u>5,707</u>	<u>147,839</u>	<u>-</u>	<u>(2,226)</u>	<u>-</u>	<u>30</u>	<u>159,801</u>
18.	Depreciation expense								25,514		25,514
19.	Amortization of regulatory assets and liabilities		(15,000)				(3,221)				(18,221)
20.	Payroll taxes										-
21.	Regulatory fee			268				(2,731)		37	(2,426)
22.	(Gain)/Loss on sale of utility property										-
23.	Interest expense on customer deposits										-
24.	Jobbing and contracting expenses	<u>(30,344)</u>									<u>(30,344)</u>
25.	<b>Total operating revenue deductions (Sum of Lines 17-24)</b>	<u>(30,344)</u>	<u>(15,000)</u>	<u>8,719</u>	<u>5,707</u>	<u>147,839</u>	<u>(3,221)</u>	<u>(4,957)</u>	<u>25,514</u>	<u>67</u>	<u>134,324</u>
26.	<b>Net operating income for a return (L9 - L25)</b>	<u>\$ (10,648)</u>	<u>\$ 15,000</u>	<u>\$ 183,000</u>	<u>\$ (5,707)</u>	<u>\$ (147,839)</u>	<u>\$ 3,221</u>	<u>\$ 4,957</u>	<u>\$ (25,514)</u>	<u>\$ 26,420</u>	<u>\$ 42,890</u>
27.	Revenue requirement impact	<u>\$ 10,675</u>	<u>\$ (15,038)</u>	<u>\$ (183,464)</u>	<u>\$ 5,721</u>	<u>\$ 148,214</u>	<u>\$ (3,229)</u>	<u>\$ (4,970)</u>	<u>\$ 25,579</u>	<u>\$ (26,487)</u>	<u>\$ (42,998)</u>

[1] Jayasheela Exhibit I, Schedule 3-1(a).  
[2] Jayasheela Exhibit I, Schedule 3-1(b).  
[3] Jayasheela Exhibit I, Schedule 3-1(c).  
[4] Jayasheela Exhibit I, Schedule 3-1(d).  
[5] Jayasheela Exhibit I, Schedule 3-1(e).

[6] Jayasheela Exhibit I, Schedule 3-1(f).  
[7] Jayasheela Exhibit I, Schedule 3-1(g).  
[8] Jayasheela Exhibit I, Schedule 3-1(h).  
[9] Jayasheela Exhibit I, Schedule 3-1(i).  
[10] Sum of columns (a) - (i).



**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO REMOVE**  
**NON-UTILITY ITEMS**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 3-1(a)**

Line No.	Item	Amount	[1]
1.	Removal of non-electric service items:		
2.	Revenues		
3.	Jobbing and contracting	\$	(31,110)
4.	Miscellaneous non-operating income	\$	(51)
5.	Other interest income	\$	(9,831)
6.	Expenses:		
7.	Jobbing and contracting expenses	\$	(30,344)

[1] Per Company Exhibit SLB-7R.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO REMOVE**  
**AMORTIZATION OF PAYNE BRANCH DAM COSTS**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 3-1(b)**

Line No.	Item	Amount
1.	Adjustment to remove amortization of Payne Branch Dam costs	<u>\$ (15,000) [1]</u>

[1] Per Company Exhibit SLB-7R.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**CUSTOMER GROWTH, USAGE, AND WEATHER ADJUSTMENTS**  
**For the Test Year Ended December 31, 2016**

Jayasheela Exhibit I  
Schedule 3-1(c)

Line No.	Item	kWh Adjustment [1] (a)	Applicable Rate (\$/kWh) [1] (b)	Adjustment [4] (c)
1.	Operating revenues:			
2.	Customer growth:			
3.	Residential	741,803	\$ 0.09580	\$ 71,065
4.	Commercial	52,968	\$ 0.08880	4,704
5.	Commercial - Demand	1,591,341	\$ 0.07220	114,895
6.	ASU	338,542	\$ 0.07980	27,016
7.	Usage:			
8.	Residential	(1,025,803)	\$ 0.08700	(89,245)
9.	Commercial	98,008	\$ 0.08230	8,066
10.	Commercial - Demand	(38,442)	\$ 0.07170	(2,756)
11.	ASU	(837,126)	\$ 0.07950	(66,552)
12.	Weather Normalization:			
13.	Residential	<u>1,431,331</u> [2]	\$ 0.08700	<u>124,526</u>
14.	Total adjustment to revenues (L2 + L3)	<u>2,352,622</u>		<u>\$ 191,719</u>
15.	O&M expenses (Not annualized for usage else where)	<u>2,352,622</u> [1]	\$ 0.00350 [3]	<u>8,234</u>

[1] Provided by the Public Staff witness Saillor.

[2] Provided by Public Staff witness Hinton.

[3] Jayasheela Exhibit I, Schedule 3-1(c)(1).

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

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**O&M EXPENSES TO ADJUST**  
**FOR GROWTH IN KWH SALES**  
**For the Test Year Ended December 31, 2016**

Jayasheelu Exhibit I  
Schedule 3-1(c)(1)

Line No.	Item	Amount	[1]
1	Per books O&M expenses net of labor, consulting fees, and purchased power:		
2	Account 580	\$ 2,977	
3	Account 582	823	
4	Account 583	1,722	
5	Account 586	5,769	
6	Account 587	823	
7	Account 588	11,139	
8	Account 590	3,792	
9	Account 592	3,068	
10	Account 593	170,426	
11	Account 594	8,206	
12	Account 595	16,180	
13	Account 596	18,554	
14	Account 597	11,882	
15	Account 598	6,666	
16	Account 901	3,681	
17	Account 902	3,693	
18	Account 903	202,704	
19	Account 910	3,379	
20	Account 911	4,572	
21	Account 921	26,862	
22	Account 924	6,190	
23	Account 925 (net of one-time payout)	68,569	
24	Account 930	64,415	
25	Account 932	69,681	
26	Total expenses for growth adjustment	\$ 715,773	
27	Test year kWh usage	204,333,228	[2]
28	Expenses per kWh for growth adjustment	\$ 0.00350	[3]
29	Additional expenses for inflation adjustment:		
30	Account 923	120,975	[1]
31	ASU Administrative support	201,580	[1]
32	Total expenses for inflation adjustment	\$ 1,038,328	[4]

[1] Per Company Exhibit SLB-7R.

[2] Per Public Staff witness Lawrence.

[3] Line 26 divided by Line 27.

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

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**TEST YEAR INFLATION ADJUSTMENT**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 3-1(d)**

Line No.	Item	Amount
1.	CPI-U index - December 2015	230.147 [1]
2.	CPI-U index - December 2016	232.692 [1]
3.	Mid point index (L1 + L2, divided by 2)	<u>231.420</u>
4.	Half-year inflation factor (L2/L3, minus 1)	0.005496
5.	Total expenses for inflation adjustment	<u>1,038,328 [2]</u>
6.	Test year inflation adjustment (L4 x L5)	<u><u>\$ 5,707</u></u>

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

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

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO PURCHASED POWER EXPENSE**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 3-1(e)**

Line No.	Item	Amount
1.	Purchased power expense per Company	\$ 12,841,540 [1]
2.	Corrected per books kWh sales per Public Staff	<u>204,333,228 [2]</u>
3.	Recommended base purchased power expense factor (L1/L2)	<u>\$ 0.062846</u>
4.	Pro forma kWh sales:	
5.	Per books	204,333,228
6.	Customer growth, usage, and weather adjustments	<u>2,352,622 [3]</u>
7.	Total pro forma kWh sales (L5 + L6)	<u>206,685,850</u>
8.	Adjusted purchased power expense (L3 x L7)	12,989,379
9.	Purchased power expense per Company	<u>12,841,540 [1]</u>
10.	Adjustment to purchased power expense (L8 - L9)	<u><u>\$ 147,839</u></u>

[1] Per Company Exhibit SLB-7R.

[2] Per Public Staff witness Lawrence.

[3] Jayasheela Exhibit I, Schedule 3-1(c), Line 15.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO AMORTIZATION OF GAIN ON TRUCK DISPOSAL**  
**For the Test Year Ended December 31, 2016**

Jayasheela Exhibit I  
Schedule 3-1(f)

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Gain on trade-in of trucks, per Company	\$ 14,124 [1]
2.	Public Staff recommended amortization period	3
3.	Public Staff recommended amortization of gain (L1 / L2)	(4,708)
4.	Amortization amount proposed by Company	(1,487) [1]
5.	Adjustment to amortization of gain (L3 - L4)	<u>\$ (3,221)</u>

[1] Per Company Exhibit SLB-6R.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO UNCOLLECTIBLES EXPENSE**  
**AND REGULATORY FEE**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 3-1(g)**

<u>Line No.</u>	<u>Item</u>	<u>Current Rates (a)</u>
1.	Total pro forma sales revenue per Company	\$ 16,835,581 [1]
2.	Uncollectibles rate	<u>0.1130% [2]</u>
3.	Uncollectibles expense on Company present revenues	19,024
4.	Uncollectibles expense per Company	<u>21,250</u>
5.	Adjustment to uncollectibles expense (L3 - L4)	<u>\$ (2,226)</u>
6.	Revenues net of uncollectibles expense (L1 - L3)	\$ 16,816,557
7.	Regulatory fee rate	<u>0.1400% [3]</u>
8.	Regulatory fee on Company present revenues (L6 x L7)	23,543
9.	Regulatory fee per Company	<u>26,274</u>
10.	Adjustment to regulatory fee (L8 - L9)	<u>\$ (2,731)</u>

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

[2] Jayasheela Exhibit I, Schedule 1-1, Line 8.

[3] Statutory rate.



**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO DEPRECIATION EXPENSE**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 3-1(h)**

Line No.	Account	Item	Depreciable Balance Updated [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	5,937,688	3.000%	178,131	178,131	0
3.	364	Poles, Towers and Fixtures	1,696,838	3.500%	59,389	58,362	1,027
4.	365	Overhead Conductors and Devices	2,120,555	2.600%	55,134	54,133	1,001
5.	366	Underground Conduit	3,145,930	2.050%	64,492	63,409	1,083
6.	367	Underground Conductors & Devices	3,023,665	2.450%	74,080	72,511	1,569
7.	368	Transformers	3,443,088	2.950%	101,571	100,624	947
8.	369	Services	1,594,916	3.300%	52,632	52,186	446
9.	370	AMI Meters, including Public Staff AFUDC adjustment	2,174,327	5.000%	108,716	110,876	(2,160)
10.	370	Meters	0	3.250%	0	0	0
11.	373	Area Lighting	735,639	3.250%	23,908	23,288	620
12.	384	Fiber	40,601	0.040%	16	16	0
13.	389	Land & Land Rights	91,916	0.000%	0	0	0
14.	390	Structures & Improvements, including Public Staff AFUDC adjustment	3,823,101	2.572%	98,330	98,533	(203)
15.	391	Office Furniture & Equipment	779,647	10.000%	77,964	72,512	5,452
16.	392	Transportation Equipment	1,191,361	7.426% [4]	88,470	83,206	5,264
17.	393	Stores Equipment	68,807	5.000%	3,441	2,037	1,404
18.	394	Tools, Shops and Garage Equipment	58,867	5.000%	2,944	2,045	899
19.	395	Laboratory Equipment	69,085	5.345%	3,692	3,363	329
20.	396	Power Operated Equipment	259,067	11.897%	30,821	23,963	6,858
21.	397	Communications Equipment	198,784	7.180%	14,273	14,404	(131)
22.	398	Miscellaneous Equipment	20,717	10.000%	2,072	965	1,107
23.		Total depreciation expense (Sum of Lines 1 - 22 )	<u>\$ 30,568,354</u>		<u>\$ 1,040,076</u>	<u>\$ 1,014,562</u>	<u>\$ 25,514</u>

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

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

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

[4] Depreciation rate based on review of 2014 and 2015 depreciation expense.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**ADJUSTMENT TO REFLECT CORRECTION OF**  
**BILLING DETERMINANTS AND PPA RATE**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 3-1(i)**

Line No.	<u>Item</u>	KwH Sales <u>(a)</u>	Electric Sales Revenue <u>(b)</u>
1.	kWh sales and revenues as corrected by Public Staff	204,333,228 [1]	\$ 16,862,068 [1]
2.	kWh sales and revenues as filed by Company	<u>202,215,273 [2]</u>	<u>16,835,581 [2]</u>
3.	Public Staff adjustment (L1 - L2)	<u>2,117,955</u>	<u>\$ 26,487</u>

[1] Per Public Staff witness Lawrence  
[2] Per Company Exhibit REH-4R.

**NEW RIVER LIGHT AND POWER COMPANY**  
**Docket No. E-34, Sub 46**  
**RETURN ON ORIGINAL COST NET INVESTMENT**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 4**

Line No.	Item	Before Public Staff Proposed Increase					
		Capitalization Ratio	Original Cost Rate Base	Cost Rates	Weighted Cost Rates	Net Operating Income	
		(a)	(b)	(c)	(d)	(e)	
1.	Long-term debt	50.00% [1]	\$ 13,419,644 [3]	3.80% [1]	1.900% [4]	\$ 509,946 [6]	
2.	Common equity	50.00% [1]	13,419,644 [3]	-3.83% [8]	-1.915% [4]	(513,665) [7]	
3.	Total (L1 + L2)	100.00%	\$ 26,839,288 [2]		-0.015%	\$ (3,719) [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]	\$ 13,419,644 [9]	3.80% [1]	1.900% [4]	\$ 509,946 [6]	
5.	Common equity	50.00% [1]	13,419,644 [9]	9.10% [1]	4.550% [4]	1,221,188 [6]	
6.	Total (L4 + L5)	100.00%	\$ 26,839,288 [2]		6.450%	\$ 1,731,134	

[1] Per Public Staff witness Hinton.

[2] Jayasheela Exhibit I, Schedule 2, Line 13, Column (c).

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

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

[5] Jayasheela 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 No. E-34, Sub 46**  
**CALCULATION OF PUBLIC STAFF'S**  
**ADDITIONAL REVENUE REQUIREMENT**  
**For the Test Year Ended December 31, 2016**

**Jayasheela Exhibit I**  
**Schedule 5**

Line No.	Item	Amount
1.	Required net operating income	\$ 1,731,134 [1]
2.	Net operating income before proposed increase	<u>(3,719) [2]</u>
3.	Additional net operating income required (L1 - L2)	1,734,853
4.	Retention factor	<u>0.9974716 [3]</u>
5.	Public Staff recommended increase in overall revenue requirement (L3 / L4)	1,739,251
6.	Amount to be recovered through increase in fees	<u>34,304 [4]</u>
7.	Amount to be recovered through increase sales revenues (L5 - L6)	<u><u>\$ 1,704,947</u></u>

[1] Jayasheela Exhibit I, Schedule 4, Line 6.

[2] Jayasheela Exhibit I, Schedule 4, Line 3.

[3] Jayasheela Exhibit I, Schedule 1-1, Line 15.

[4] Per Company SLB-7R.